



**LARGE BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **PUBLIC DISCLOSURE**

November 07, 2011

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Stearns Bank National Association  
Charter Number: 15576

4191 Second Street South  
St. Cloud, MN 56303

Office of the Comptroller of the Currency

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Minneapolis, MN. 55402-3393

**NOTE:** This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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## Overall CRA Rating

**Institution's CRA Rating:** This institution is rated Satisfactory.

The following table indicates the performance level of **Stearns Bank National Association** with respect to the Lending, Investment, and Service Tests:

<b>Performance Levels</b>	Stearns Bank NA Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory			
Low Satisfactory	<b>X</b>	<b>X</b>	<b>X</b>
Needs to Improve			
Substantial Noncompliance			

\*The Lending Test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The major factors that support this rating include:

- Stearns' Lending Test is adequate. For the bank as a whole, Stearns' lending activity is adequate in regards to geographic distribution and borrower income distribution. Performance in the State of Georgia, however, is poor. During the evaluation period, lending within one of the bank's seven assessment areas was good with 87% of all bank loans made in one of the designated assessment areas.
  
- Stearns' overall performance in the Investment Test is adequate. The bank had good performance in the State of Arizona but poor performance in the States of Florida and Georgia. Stearns' performance in the State of Minnesota was adequate, which carried the most weight given the overall volume of loans and deposits.
  
- Stearns' Service Test performance is adequate. Branch and ATM locations are accessible to low- and moderate-income persons. In the State of Minnesota, employees demonstrated good participation in organizations that provide community development services to low- and moderate-income people in the assessment area. In the State of Georgia, Stearns' performance was poor.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Aggregate Lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Census Tract (CT):** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community Development:** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

- (i) Low- or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
  - a. Rates of poverty, unemployment, and population loss; or
  - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

**Community Reinvestment Act (CRA):** The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

**Full Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

**Geography:** A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn). Beginning in 2004, the reports also include data on loan pricing, the lien status of the collateral, any requests for preapproval and loans for manufactured housing.

**Home Mortgage Loans:** Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Limited Review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

**Low-Income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Area (MA):** Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget, and any other area designated as such by the appropriate federal financial supervisory agency.

**Metropolitan Division:** As defined by Office of Management and Budget, a county or group of counties within a Metropolitan Statistical Area that contains a population of at least 2.5 million. A Metropolitan Division consists of one or more counties that represent an employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

**Metropolitan Statistical Area:** An area, defined by the Office of Management and Budget, as having at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties, plus adjacent outlying counties having a high degree of social and economic integration with the central county as measured through commuting.

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Other Products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified Investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated Area:** A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

**Small Loan(s) to Business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

**Small Loan(s) to Farm(s):** A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

**Tier 1 Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**Upper-Income:** Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

## Description of Institution

Stearns Bank National Association (Stearns) is an interstate bank headquartered in St. Cloud, MN. Its parent company, Stearns Financial Services, Inc. (SFSI) of St. Cloud, MN, had total assets of \$1.3 billion as of September 30, 2011.

Stearns is a full-service commercial bank. It has a business focus offering a variety of commercial loan products including United States Department of Agriculture (USDA) and Small Business Administration (SBA) loans throughout the United States. Stearns is a leader in USDA, SBA and section 42 housing loans. The bank has a leasing division which originates commercial leases in all 50 states through small business leasing programs. They also offer agriculture, consumer, and residential real estate lending as well as a variety of business and consumer products and services.

During the evaluation period, Stearns purchased several troubled banks in Georgia, Florida, and Minnesota. These acquisitions occurred in 2009. As a result, the evaluation includes the activity of the bank in four states. As of the start date of this CRA examination, Stearns no longer had a presence in Georgia. Stearns continues to have a presence in Minnesota, Florida, and Arizona.

Stearns currently has nine locations in Minnesota, Florida, and Arizona. During the evaluation period, Stearns had thirteen locations in the states of Minnesota, Florida, Arizona, and Georgia. The main office and one branch are located in the St. Cloud Metropolitan Statistical Area (MSA). This is also the location of bank operations. It operates two additional branches in the non-MSA portion of Minnesota, three offices in Florida (Sarasota and Tampa MSAs), and two offices in Arizona in the Phoenix MSA.

Stearns had \$1.2 billion in assets as of September 30, 2011, with net loans and leases representing 73% of those assets. Commercial loans at this time represented 83% by dollar volume of total outstanding loans. Tier 1 Capital at September 30, 2011 was \$232 million or 19% of total assets.

There are no known legal, financial, or other factors impeding Stearns ability to help meet the credit needs in its assessment areas.

Stearns was rated "Satisfactory" at the last CRA examination dated September 25, 2008.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

The evaluation period for the Lending Test was January 1, 2008 through December 31, 2010 except for community development loans which were evaluated through September 30, 2011. Community development investments and services were evaluated from September 16, 2008 through September 30, 2011. We used home mortgage loan information and small business and farm loan data collected by Stearns. All HMDA loans were evaluated using 2000 census data.

Small loans to businesses represent the largest portion of lending activity overall during the 2008-2010 evaluation period with 900 loans totaling over \$111 million. These account for 49% by number and 53% by dollar of loans evaluated. Home mortgage loans during the same timeframe accounted for 427 loans totaling nearly \$80 million and small loans to farms accounted for 512 loans totaling nearly \$18 million.

Small loans to businesses were the predominant loan product in the Minnesota, Arizona, and Georgia assessment areas. As a result, performance of these loans received the most weight in these areas. In the Florida assessment areas, home mortgage refinance loans were predominant in the Sarasota MSA and home purchase loans in the Tampa MSA. In some instances, there were very few loans of a certain loan type originated or purchased in an assessment area. When there were five or fewer loans of a certain type, no analysis was performed. Performance for that loan type would not have been a material consideration in the evaluation of the bank's overall performance for that assessment area.

The geographic distribution conclusions are based on the combination of the geographic distribution of the bank's loans within its assessment areas and whether there were any unexplained gaps in lending in any geographic areas within the assessment areas.

In our analysis of borrower distribution, we considered the level of poverty in each assessment area and the impact it could have on the ability of lower-income families to obtain loans. Similarly, we considered housing costs relative to area incomes and the limiting affects those costs could have on the demand for loans by lower-income families. Refer to Appendix C: Market Profiles for poverty levels and housing costs for each full-scope assessment area.

The evaluation period for the Investment Test was September 16, 2008 through September 30, 2011. We considered donations and investments made by Stearns and the Norman C. Skalicky Foundation (NCSF). We gave primary consideration to the volume of the donations and investments made during the current evaluation period and within the bank's assessment areas. Additional consideration was given to the responsiveness of those donations and investments to identified community development needs. We also considered investments made during prior evaluation periods that remain outstanding, although they received a lesser consideration in this evaluation.

The evaluation period for the Service Test was September 16, 2008 through September 30, 2011. We gave primary consideration to Stearns' range of products and services offered by

the branch offices. We also considered the community development services Stearns provides in its assessment areas.

### **Data Integrity**

Prior to starting this evaluation, we reviewed the HMDA and small business loan data Stearns had collected. We noted errors for both submission types. The bank made revisions to the 2008-2010 data. The corrected data was reviewed and we determined that it was reliable and was used for this evaluation.

During this evaluation, we also reviewed loans, investments and services presented with a primary purpose of community development. We confirmed the majority did have a primary purpose of community development and included them in our analysis.

### **Selection of Areas for Full-Scope Review**

In each state where the bank has an office, we selected one assessment area for a full-scope review. That assessment area was the one with the highest volume by dollar of deposits and number of loans within that state. Refer to the "Scope" section under each State for details regarding how the areas were selected.

### **Ratings**

The bank's overall rating is a blend of the four state ratings in which Stearns has branch offices. We placed greater weight on the bank's performance in the areas from which it derives greater volume of deposits. As a result, the most weight was placed on Stearns performance in the state of Minnesota, which derives 72% of the bank's deposits. The deposit percentages of other rated areas are 13% for Florida, 12% for Arizona, and 3% for Georgia. Refer to the "Scope" section under each state for details regarding how the areas were weighted in arriving at the respective ratings.

## **Fair Lending or Other Illegal Credit Practices Review**

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

## State Rating

### State of Minnesota

#### CRA Rating for Minnesota<sup>1</sup>: Low Satisfactory

The lending test is rated: Low Satisfactory

The investment test is rated: Low Satisfactory

The service test is rated: High Satisfactory

The major factors that support this rating include:

- Stearns' overall Low Satisfactory Lending Test in the State of Minnesota is based on the adequate overall geographic distribution and overall borrower income distributions.
- Stearns' Low Satisfactory performance under the Investment Test in the State of Minnesota is due to the adequate level of qualified community development investments given the bank's resources and capacity.
- Stearns' High Satisfactory performance under the Service Test for the State of Minnesota is demonstrated by the good dispersion of branches and accessibility to products and services and the good level of community development services.

### Description of Institution's Operations in the State of Minnesota

Stearns has three assessment areas (AAs) in Minnesota – the St. Cloud MSA, a portion of the Minneapolis MSA, and seven census tracts (CTs) in a non-MSA area of Minnesota. In June 2009, the bank closed one office in the Minneapolis MSA leaving only one office open in this AA. Stearns' Minnesota operations accounts for nearly 72% of Stearns' total deposits as of June 30, 2011.

In the state of Minnesota, the bank has its main office and operations center and four branches with \$619 million in deposits. According to the June 30, 2011 Summary of Deposits, Stearns has the seventh largest deposit market share in the nine-county area that comprises their AAs. This ranking is based on 135 institutions with a presence in the AAs. Stearns has the greatest presence in the St. Cloud MSA. The deposit market share reports show Stearns' has \$583 million in deposits or a market share of 16% in the St. Cloud MSA, ranking first out of 35 institutions. In the Minneapolis MSA, Stearns' \$9 million in deposits ranks 94th in market share of 103 financial institutions with a presence in that AA.

Refer to the market profile for the St. Cloud MSA in Appendix C for detailed demographics and other performance context information for AAs that received full-scope reviews.

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<sup>1</sup> For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

## **Scope of Evaluation in the State of Minnesota**

We selected the St. Cloud MSA for a full-scope review. Stearns' AA includes the entire MSA which consists of Stearns and Benton counties. The St. Cloud MSA is the area in which Stearns has the larger portion of deposits and loans in the State of Minnesota. As a result, the St. Cloud MSA carried the most weight in assigning the ratings. We performed a limited-scope review for the Minneapolis MSA and the non-MSA AA.

Because Stearns originated a minimal number of multifamily loans in Minnesota, an analysis was not conducted as the data was not meaningful. However, the number is included on Table 5 for the State of Minnesota.

We considered information from community organizations for this evaluation. Information obtained is included in the Market Profile section in Appendix C.

## **LENDING TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the Lending Test in the State of Minnesota is rated "Low Satisfactory". Based on full-scope reviews, the bank's performance in the St. Cloud MSA is adequate.

### **Lending Activity**

Refer to Table 1 Lending Volume in the State of Minnesota section of Appendix D for the facts and data used to evaluate the bank's lending activity.

Lending levels reflect adequate responsiveness in relation to area credit needs and the bank's deposit market share. Stearns' has the largest deposit share of the 35 financial institutions within its AA, representing 15.88% of aggregate deposits and totaling \$583 million.

During the evaluation period, Stearns originated and purchased 601 small loans to businesses in the St. Cloud AA totaling \$61 million. The bank ranked sixth out of 39 lenders with a market share of 6.3%.

For mortgage loans, Stearns ranked 17<sup>th</sup> with a market share of 1.12% out of 210 lenders reporting HMDA data. This represents 234 reportable home mortgage loans at \$34 million.

For small farm loans originated and purchased, Stearns had a market share of 47.52% totaling \$14 million in 461 loans and ranked 1<sup>st</sup> out of 13 lenders in the AA reporting small farm data.

## **Distribution of Loans by Income Level of the Geography**

### ***Small Loans to Businesses***

Refer to Table 6 in the state of Minnesota section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

The geographic distribution of Stearns' small loans to businesses in the St. Cloud AA is adequate.

In the St. Cloud AA, the percentage of Stearns' small loans to businesses in the low-income geography is comparable to the percentage of businesses located in that geography. Stearns' percentage of small loans to businesses in moderate-income geographies is somewhat lower than the percentage of businesses located in those geographies. Stearns' lending market share within this market was the sixth largest out of 39 lenders for the origination of small business loans in the AA.

### ***Home Mortgage Loans***

Refer to Tables 2, 3, and 4 in the state of Minnesota section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations/purchases.

The geographic distribution of Stearns' home mortgage loans is poor.

Home refinance loans to borrowers in moderate-income tracts is below the demographic information of the AA. Stearns did not make any home purchase or home improvement loans to borrowers in moderate-income tracts and home refinance loans were lower than the demographics of the AA. There are four moderate-income tracts in the AA with one located in the southwestern corner of the AA that is served by other financial institutions in the tract. The bank did not make any home mortgage loans to borrowers in low-income geographies. However, there are no owner-occupied units in the AA's low-income geography.

### ***Small Loans to Farms***

Refer to Table 7 in the state of Minnesota section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to farms.

The geographic distribution of Stearns' small loans to farms is poor.

The percentage of small loans to farms in the low- and moderate-income geographies is below the percentage of farms located in those geographies. Stearns' did not originate any small loans to farms located in the low-income geography. However, this location contains only four farms. The majority of farms are in the moderate-income tract which is located in the geography furthest from Stearns' bank locations. This geography is served by other financial institutions.

### ***Lending Gap Analysis***

Our geographic distribution analysis included a review of lending gaps, particularly in low- and moderate-income areas. We did not identify any unexplained conspicuous gaps in the St. Cloud MSA.

### ***Inside/Outside Ratio***

In the State of Minnesota, Stearns originated or purchased a low percentage of loans in one of its three designated AAs. During the evaluation period, Stearns originated only 33% of all loan types within one of its AAs in Minnesota. This low percentage is mitigated, however, by the high volume of conditional sales contract leases originated by Stearns Minnesota through a nationwide program. Without these, 74% of all loan types were originated or purchased in this AA.

## **Distribution of Loans by Income Level of the Borrower**

### ***Small Loans to Businesses***

Refer to Table 11 in the State of Minnesota section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The distribution of borrowers in the St. Cloud MSA reflects adequate penetration among business customers of different sizes.

In the St. Cloud MSA, the percentage of loans to small businesses (those with revenues of \$1 million or less) is below the percentage of businesses in the MSA with these revenues. However, Stearns' market share of loans to small businesses exceeds its overall market share.

### ***Home Mortgage Loans***

Refer to Tables 8, 9 and 10 in the State of Minnesota section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

Borrower distribution in the St. Cloud MSA reflects good penetration among home mortgage loan customers of different income levels.

Stearns' distribution of home purchase loans to low-income borrowers exceeds the percentage of low-income families in the AA. Home purchase and home refinance loans to moderate-income families is comparable to the demographics of the AA. Stearns' market share for low-income borrowers exceeds its overall market share for home purchase and home refinance. Home improvement loans to low- and moderate-income borrowers are below the percentage of low- and moderate-income families in the AA. However, this product represents only 5% (or 12 loans) of all HMDA loans originated.

### ***Small Loans to Farms***

Refer to Table 12 in the State of Minnesota section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

Borrower distribution in the St. Cloud MSA reflects adequate penetration among farms of different sizes.

In the St. Cloud MSA, the percentage of loans to small farms (those with revenues of \$1 million or less) is somewhat lower than the percentage of farms in the MSA with these revenues. However, Stearns' market share of loans to small farms exceeds its overall market share.

### **Community Development Lending**

Refer to Table 1 Lending Volume in the State of Minnesota section of Appendix D for the facts and data used to evaluate the bank's level of community development (CD) lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multifamily loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.

CD lending had a neutral impact on the lending performance in the St. Cloud MSA. Stearns originated four CD loans in the St. Cloud MSA during the evaluation period totaling \$625 thousand or .04% of the allocated Tier 1 Capital. They also originated three CD loans in the Minneapolis MSA totaling \$452 thousand. An additional \$930 thousand in CD loans were originated statewide but not in one of the bank's three Minnesota AAs.

Stearns originated 37 CD loans totaling \$86 million on a regional basis. These include two loans totaling \$10 million in Gulf Opportunity zones and 24 loans totaling \$15 million in loans in distressed and underserved areas.

### **Product Innovation and Flexibility**

None of the CD loans originated in the State of Minnesota are considered to be innovative or flexible.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the Lending Test in the Minneapolis MSA and the Minnesota non-MSA area is not inconsistent with the bank's overall Low Satisfactory performance under the Lending Test in the State of Minnesota. Refer to Tables 1 through 13 in the State of Minnesota section of Appendix D for the facts and data that support these conclusions.

## **INVESTMENT TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the Investment Test in the State of Minnesota is rated "Low Satisfactory". Based on full-scope reviews, the bank's performance in the St. Cloud MSA is adequate.

Refer to Table 14 in the State of Minnesota section of Appendix D for the facts and data used to evaluate the bank's level of qualified investments.

Stearns' volume of qualified investments in the St. Cloud MSA is adequate. During the evaluation period Stearns made 28 qualified investments in the St. Cloud MSA totaling nearly \$450 thousand. In addition, ten investments totaling \$965 thousand in prior period investments remain outstanding. This represents a total of 0.9% of the AAs allocated Tier 1 Capital.

All prior period investments were mortgage-backed securities and two current period investments were for the purpose of providing affordable housing to low- and moderate-income borrowers residing in the St. Cloud MSA. In addition, the bank made monetary contributions to eleven organizations totaling \$448 thousand. These organizations provided social services to low- and moderate-income individuals. We did not identify any investments that were complex or innovative, nor did we identify any situations in which the bank has taken a leadership role.

### **Conclusions for Area Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the Investment Test in the Minneapolis MSA and Minnesota non-MSA is inconsistent with the bank's overall "Low Satisfactory" performance under the Investment Test in the state of Minnesota. In the Minneapolis MSA the bank's performance is stronger than the bank's overall performance in the state. In the non-MSA the bank's performance is weaker than the bank's overall performance in the state. Refer to the Table 14 in the State of Minnesota section of Appendix D for the facts and data that support these conclusions.

## **SERVICE TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the Service Test in Minnesota is rated "High Satisfactory". Based on the full-scope review, the bank's performance in the St. Cloud MSA is good.

### **Retail Banking Services**

Refer to Table 15 in the State of Minnesota section of Appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

The dispersion of branches and accessibility to products and services is good. Stearns' delivery systems are readily accessible to geographies and individuals of different incomes. All Minnesota locations offer drive-up hours on Saturdays and extended hours on Friday evenings. This enhances the accessibility of the branches.

Stearns operates two branches in the St. Cloud MSA, representing 40% of the branches in the state of Minnesota. Both branches are located in middle-income census tracts. Stearns also has 12 ATMs in the St. Cloud MSA with two in a low-income tract and one located in a moderate-income tract. This helps to serve the population residing in those areas. The percentage of ATMs in low-income tracts (17%) exceeds the population residing in low-income tracts (1%).

Stearns' record of opening and closing branches does not adversely affect the accessibility of its delivery systems, particularly to low- and moderate-income geographies or low- and moderate-income individuals. The bank did not open or close any branches in the St. Cloud MSA during the evaluation period.

Stearns offers a variety of alternative delivery systems including online banking and telephone banking.

### **Community Development Services**

The bank's level of community development services is good. This assessment is based on the opportunities in the AA and the type of organizations that benefit from the services provided.

Stearns employees provided a good level of community development services in the St. Cloud MSA. Stearns worked with eight community development organizations. In five of the organizations, employees served in a leadership capacity. The organizations provide a variety of services to low- and moderate-income individuals and promote economic development.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the Service Test in the Minnesota Non-MSA and Minneapolis MSA is not inconsistent with the bank's overall "High Satisfactory" performance under the Service Test in Minnesota. Refer to Table 15 in the state of Minnesota section of Appendix D for the facts and data that support these conclusions

## State Rating

### State of Florida

#### CRA Rating for Florida<sup>2</sup>: Low Satisfactory

The lending test is rated: Low Satisfactory

The investment test is rated: Needs to Improve

The service test is rated: Low Satisfactory

The major factors that support this rating include:

- Stearns' overall Low Satisfactory Lending Test in the State of Florida is based on the adequate overall geographic distribution and overall borrower income distributions.
- Stearns' Needs to Improve performance under the Investment Test in the State of Florida is due to the poor level of qualified community development investments given the bank's resources and capacity.
- Stearns' Low Satisfactory performance under the Service Test for the State of Florida is demonstrated by the good dispersion of branches and accessibility to products and services combined with a poor level of community development services.

### Description of Institution's Operations in Florida

Stearns has two assessment areas (AAs) in Florida – the North Port-Bradenton-Sarasota MSA and the Tampa-St. Petersburg MSA. Stearns' Florida operations account for nearly 13% of Stearns' total deposits as of June 30, 2011.

Stearns has the greatest presence in the Sarasota MSA. In this AA, they have two branches with \$67 million in deposits. According to the June 30, 2011 Summary of Deposits, Stearns has the 28<sup>th</sup> largest deposit market share in the one-county area that comprises their AA relative to the 42 institutions with a presence in that AA. In the Tampa MSA, Stearns' \$42 million in deposits ranks 33<sup>rd</sup> by market share out of the 38 financial institutions with a presence in that AA.

Refer to the market profile for the Sarasota MSA in Appendix C for detailed demographics and other performance context information for this AA that received a full-scope review.

### Scope of Evaluation in Florida

We selected the Sarasota MSA for a full-scope review. Stearns' AA includes the county of Sarasota. The Sarasota MSA is the area in which Stearns has the larger portion of deposits and loans in the State of Florida. As a result, the Sarasota MSA carried the most weight in assigning the ratings. We performed a limited-scope review for the Tampa MSA.

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<sup>2</sup> For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

Because Stearns originated a minimal number of small loans to farms and home improvement loans and no multifamily loans in Florida, an analysis was not conducted as the data was not meaningful. However, the numbers are included on Tables 3 and 7 for the State of Florida.

We considered information from community organizations for this evaluation. Information obtained is included in the Market Profile section in Appendix C.

## **LENDING TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the Lending Test in Florida is rated "Low Satisfactory". Based on full-scope reviews, the bank's performance in the Sarasota MSA is adequate.

#### **Lending Activity**

Refer to Tables 1 Lending Volume in the State of Florida section of Appendix D for the facts and data used to evaluate the bank's lending activity.

Lending levels reflect adequate responsiveness in relation to area credit needs and the bank's deposit market share. Stearns' is ranked 28 out of 42 within its AA, representing 0.6% of aggregate deposits totaling \$67 million.

During the evaluation period, Stearns originated and purchased 31 small business loans in the Sarasota AA totaling \$4 million. The bank's market share was 0.44%, or 23 out of 83 lenders.

For mortgage loans, Stearns ranked 87<sup>th</sup> out of 397 lenders reporting HMDA data with a market share of 0.10%. This represents 31 reportable home mortgage loans at \$6 million.

### **Distribution of Loans by Income Level of the Geography**

#### ***Small Loans to Businesses***

Refer to Table 6 in the state of Florida section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

The geographic distribution of Stearns' small loans to businesses in the Sarasota AA is excellent.

In the Sarasota AA, the percentage of Stearns' small loans to businesses in the moderate-income geography exceeds the percentage of businesses located in that geography. Stearns' did not make any small loans to businesses in the low-income CT, but only 0.5% of small businesses are located in this area.

### ***Home Mortgage Loans***

Refer to Tables 2 and 4 in the State of Florida section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home purchase and refinance loan originations/purchases.

The geographic distribution of Stearns' home mortgage loans is the Sarasota MSA is adequate.

Home purchase loans to borrowers in moderate-income tracts are comparable to the demographic information of the AA. Stearns did not make any home refinance loans to borrowers in low- or moderate-income tracts or home mortgage loans to borrowers in low-income tracts. The lending in the low-income tracts is mitigated based on 0.5% of all owner-occupied housing units being in this CT. In addition, only 1% of the population resides in this area with 38% of those being below the poverty level. This makes qualifying for a home mortgage loan more difficult.

### ***Lending Gap Analysis***

Our geographic distribution analysis included a review of lending gaps, particularly in low- and moderate-income areas. We did not identify any unexplained conspicuous gaps in the Sarasota MSA

### ***Inside/Outside Ratio***

In the State of Florida, Stearns' originated and purchased a high percentage of loans from one of its designated AAs. During the evaluation period, Stearns originated 83% of all loan types within one of its AAs in Florida.

## **Distribution of Loans by Income Level of the Borrower**

### ***Small Loans to Businesses***

Refer to Table 11 in the State of Florida section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The distribution of borrowers in the Sarasota MSA reflects adequate penetration among business customers of different sizes.

In the Sarasota MSA, the percentage of loans to small businesses (those with revenues of \$1 million or less) is below the percentage of businesses in the MSA with these revenues. However, Stearns' market share of loans to small businesses exceeds its overall market share.

### ***Home Mortgage Loans***

Refer to Tables 8 and 10 in the State of Florida section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

Borrower distribution in the Sarasota MSA reflects poor penetration among home purchase and home refinance loan customers of different income levels.

Stearns' distribution of home purchase loans to moderate-income borrowers and refinance loans to low-income borrowers is below the percentage of low- and moderate-income families in the AA. Stearns did not make any home purchase loans to low-income borrowers during the evaluation period. Home refinance loans to moderate-income families is comparable to the demographics of the AA.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the Lending Test in the Tampa MSA is stronger than the bank's overall performance in the State. Home purchase and refinance loans to moderate-income borrowers exceeds the demographics for this area. Refer to the Tables 1 through 13 in the State of Florida section of Appendix D for the facts and data that support these conclusions.

## **INVESTMENT TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the Investment Test in Florida is rated "Needs to Improve". Based on full-scope reviews, the bank's performance in the Sarasota MSA is poor.

Refer to Table 14 in the State of Florida section of Appendix D for the facts and data used to evaluate the bank's level of qualified investments.

Stearns' volume of qualified investments in the Sarasota MSA is poor. During the evaluation period Stearns made three investments in the Sarasota MSA totaling \$2,100 or 0.01% of the allocated Tier 1 Capital. These were monetary contributions to three organizations that provided social services to low- and moderate-income individuals. We did not identify any investments that were complex or innovative, nor did we identify any situations in which the bank has taken a leadership role.

### **Conclusions for Area Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the Investment Test in the Tampa MSA is not inconsistent with the bank's overall "Needs to Improve" performance under the investment test in the State of Florida.

## **SERVICE TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the Service Test in Florida is rated "Low Satisfactory". Based on a full-scope review, the bank's performance in the Sarasota MSA is adequate.

## **Retail Banking Services**

Refer to Table 15 in the state of Florida section of Appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

The dispersion of branches and accessibility to products and services is good. Stearns' delivery systems are readily accessible to geographies and individuals of different incomes.

Stearns operates two branches in the Sarasota MSA, representing 67% of the branches in the state of Florida. The percentage of branches in moderate-income geographies (50%) exceeds the percentage of population residing in those tracts (20%). While the bank does not have any branches located in low-income tracts, only 1% of the population resides there.

Stearns' record of opening and closing branches does not adversely affect the accessibility of its delivery systems, particularly to low- and moderate-income geographies or low- and moderate-income individuals. The bank opened both branches in the Sarasota MSA during the evaluation period.

ATMs supplement the branch network by providing consumers and small business accounts access to funds during and outside traditional banking hours. Stearns operates two ATMs, one at each branch location.

Stearns offers a variety of alternative delivery systems including online banking and telephone banking.

## **Community Development Services**

The bank's level of community development services is poor. This assessment is based on the opportunities in the AA and the type of organizations that benefit from the services provided.

Stearns employees provided a limited level of community development services in the Sarasota MSA. Stearns worked with one community development organization that provides affordable housing to low- and moderate-income individuals.

## **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the Service Test in the Tampa MSA is weaker than the bank's overall performance in the state. This is based on one branch location in a middle-income tract and lack of involvement in community development service activities. Refer to Table 15 in the State of Florida section of Appendix D for the facts and data that support these conclusions.

## State Rating

### State of Arizona

#### CRA Rating for Arizona<sup>3</sup>: Low Satisfactory

The lending test is rated: **Low Satisfactory**

The investment test is rated: **High Satisfactory**

The service test is rated: **Low Satisfactory**

The major factors that support this rating include:

- Stearns' overall Low Satisfactory Lending Test in the State of Arizona is based on the adequate overall geographic distribution and overall borrower income distributions.
- Stearns' High Satisfactory performance under the Investment Test in the State of Arizona is due to the good level of qualified community development investments given the bank's resources and capacity.
- Stearns' Low Satisfactory performance under the Service Test for the State of Arizona is demonstrated by the adequate dispersion of branches and accessibility to products and services and the adequate level of community development services.

### Description of Institution's Operations in Arizona

Stearns has one assessment area (AA) in Arizona – the Phoenix-Mesa-Scottsdale MSA. Stearns' Arizona operations account for 13% of Stearns' total deposits as of June 30, 2011.

Stearns has one branch in the Phoenix MSA with \$109 million in deposits. During the evaluation period, two locations were closed. According to the June 30, 2011 Summary of Deposits, Stearns has the 29<sup>th</sup> largest deposit market share in the one-county area that comprises their AA out of 61 institutions with a presence in that AA.

Refer to the market profile for the Phoenix MSA in Appendix C for detailed demographics and other performance context information for assessment areas that received full-scope reviews.

### Scope of Evaluation in Arizona

We selected the Phoenix MSA for a full-scope review. Stearns' AA includes the county of Maricopa. The Phoenix MSA is the only area in which Stearns has deposits and loans in the State of Arizona.

Because Stearns originated a minimal number of home purchase loans and no multifamily, home improvement, or small loans to farms in Arizona, an analysis was not conducted as the

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<sup>3</sup> For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

data was not meaningful. However, the numbers are included on Table 2 for the State of Arizona.

We considered information from community organizations for this evaluation. Information obtained is included in the Market Profile section in Appendix C.

## **LENDING TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the Lending Test in Arizona is rated "Low Satisfactory". Based on a full-scope review, the bank's performance in the Phoenix MSA is adequate.

### **Lending Activity**

Refer to Table 1 Lending Volume in the State of Arizona section of Appendix D for the facts and data used to evaluate the bank's lending activity.

Lending levels reflect adequate responsiveness in relation to area credit needs and the bank's deposit market share. Stearns' has the 29<sup>th</sup> largest deposit share of the 61 financial institutions within its AA, representing 0.18% of aggregate deposits and totaling \$109 million.

During the evaluation period, Stearns originated and purchased 65 small loans to businesses in the Phoenix AA totaling \$14 million. The bank ranked 45<sup>th</sup> with a market share of 0.3% out of 164 lenders.

For mortgage loans, Stearns ranked 297<sup>th</sup> out of 715 lenders reporting HMDA data with a market share of 0%. This represents 10 reportable home mortgage loans at \$20 million.

### **Distribution of Loans by Income Level of the Geography**

#### ***Small Loans to Businesses***

Refer to Table 6 in the State of Arizona section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

The geographic distribution analysis of Stearns' small loans to businesses in the Phoenix MSA is good.

In the Phoenix AA, the percentage of Stearns' small loans to businesses in the moderate-income geography is comparable to the percentage of businesses located in that geography. Stearns' percentage of small loans to businesses in low-income geographies is lower than the percentage of businesses located in those geographies. However, Stearns' lending market shares in low-income geographies exceeds the overall market share of the AA.

### ***Home Mortgage Loans***

Refer to Table 4 in the State of Arizona section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home refinance loan originations/purchases.

The geographic distribution of Stearns' home refinance loans in the Phoenix MSA is poor.

Home refinance loans to borrowers in low- and moderate-income tracts are below the demographic information of the AA. Stearns did not make any home refinance loans to borrowers in low- income tracts. The lending in the low-income tracts is mitigated based on 1.53% of all owner-occupied housing units being in these CTs. In addition, only 3.5% of the population resides in this area.

### ***Lending Gap Analysis***

Our geographic distribution analysis included a review of lending gaps, particularly in low- and moderate-income areas. We did not identify any unexplained conspicuous gaps in the Phoenix MSA.

### ***Inside/Outside Ratio***

In the State of Arizona, Stearns' originated or purchased a substantial majority of loans in its designated AA. During the evaluation period, Stearns originated 91% of all loan types within its AA in Arizona.

## **Distribution of Loans by Income Level of the Borrower**

### ***Small Loans to Businesses***

Refer to Table 11 in the State of Arizona section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The distribution of borrowers in the Phoenix MSA reflects poor penetration among business customers of different sizes.

In the Phoenix MSA, the percentage of loans to small businesses (those with revenues of \$1 million or less) is below the percentage of businesses in the MSA with these revenues.

### ***Home Mortgage Loans***

Refer to Table 10 in the State of Arizona section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home refinance loan originations and purchases.

Borrower distribution in the Phoenix MSA reflects good penetration among home mortgage loan customers of different income levels.

Stearns' distribution of home refinance loans to low-income borrowers exceeds the percentage of low-income families in the AA. Home refinance loans to moderate-income families is below the demographics of the AA. Stearns' market share for low-income borrowers exceeds its overall market share for home refinance. However, home refinance loans represent only 11% of loans analyzed in this AA.

## **Community Development Lending**

Refer to Table 1 Lending Volume in the State of Arizona section of Appendix D for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.

Community development lending had a positive impact on the lending performance in the Phoenix MSA. Stearns originated one community development loan in the Phoenix MSA during the evaluation period totaling \$3.75 million.

## **Product Innovation and Flexibility**

This community development loan originated in the State of Arizona is not considered to be innovative or flexible.

## **INVESTMENT TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the Investment Test in the State of Arizona is rated "High Satisfactory". Based on full-scope reviews, the bank's performance in the Phoenix MSA is good.

Refer to Table 14 in the State of Arizona section of Appendix D for the facts and data used to evaluate the bank's level of qualified investments.

Stearns' volume of qualified investments in the Phoenix is good. During the evaluation period Stearns made one qualified investments in the Phoenix MSA totaling \$2,500. In addition, four investments totaling \$1.016 million in prior period investments remain outstanding representing a total of 3.46% of the area's allocated Tier 1 Capital.

Three prior period investments were mortgage-backed securities and one current period investments were for the purpose of providing affordable housing to low- and moderate-income borrowers residing in the Phoenix MSA. In addition, the bank had a prior period investment outstanding for purposes of supporting small businesses and promoting economic development. We did not identify any investments that were complex or innovative, nor did we identify any situations in which the bank has taken a leadership role.

## **SERVICE TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the Service Test in Arizona is rated "Low Satisfactory". Based on a full-scope review, the bank's performance in the Phoenix MSA is adequate.

#### **Retail Banking Services**

Refer to Table 15 in the State of Arizona section of Appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

The dispersion of branches and accessibility to products and services is adequate. Stearns' delivery systems are reasonably accessible to geographies and individuals of different incomes.

Stearns operates four branches in the Phoenix MSA, representing 100% of the branches in the state of Arizona. All four branches and three ATMs are located in middle- or upper-income tracts. Two of these tracts, however, border moderate-income geographies making access available to individuals residing in these areas.

Stearns' record of opening and closing branches does not generally adversely affect the accessibility of its delivery systems. Three branches were opened and two closed in the Phoenix MSA during the evaluation period. All activity was in middle- and upper-income geographies.

ATMs supplement the branch network by providing consumers and small business accounts access to funds during and outside traditional banking hours. Stearns operates three ATMs, all at branch locations.

Stearns offers a variety of alternative delivery systems including online banking and telephone banking.

#### **Community Development Services**

The bank's level of community development services is adequate. This assessment is based on the opportunities in the AA and the type of organizations that benefit from the services provided.

Stearns employees provided an adequate level of community development services in the Phoenix MSA. Stearns worked with two community development organizations that provide services to low- and moderate-income individuals.

## State Rating

### State of Georgia

#### CRA Rating for Georgia<sup>4</sup>: Needs to Improve

The lending test is rated: Needs to Improve

The investment test is rated: Substantial Noncompliance

The service test is rated: Needs to Improve

The major factors that support this rating include:

- Stearns' overall Needs to Improve Lending Test in the State of Georgia is based on the adequate overall geographic distribution and poor borrower income distributions. In addition, Stearns' made minimal home mortgage loans during the evaluation period, even though this was an identified need by community contacts.
- Stearns' Substantial Noncompliance under the Investment Test in the State of Georgia is due to the lack of any community development investments.
- Stearns' Needs to Improve performance under the Service Test for the State of Georgia is demonstrated by the adequate dispersion of branches and accessibility to products and services and the very poor level of community development services.

### Description of Institution's Operations in Georgia

Stearns has one assessment area (AA) in Georgia – the Atlanta-Sandy Springs-Marietta MSA. Stearns' Georgia operations account for 3% of Stearns' total deposits as of June 30, 2011.

Stearns had one branch in the Atlanta MSA with \$26 million in deposits. During the evaluation period, this location was closed leaving Stearns without a presence in the Atlanta MSA or Georgia. According to the June 30, 2011 Summary of Deposits, Stearns had the 57<sup>th</sup> largest deposit market share in the three-county area that comprised their AA out of the 68 institutions with a presence in that AA.

Refer to the market profile for the Atlanta MSA in Appendix C for detailed demographics and other performance context information for assessment areas that received full-scope reviews.

### Scope of Evaluation in Georgia

We selected the Atlanta MSA for a full-scope review. Stearns' AA includes the counties of Cobb, DeKalb, and Fulton which are three of the 28 counties that comprise the MSA. The Atlanta MSA is the only area in which Stearns had deposits and loans in the State of Georgia.

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<sup>4</sup> For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

Because Stearns originated a minimal number of home mortgage loans and small loans to farms and no multifamily loans in Georgia, an analysis was not conducted as the data was not meaningful. However, the numbers are included on Tables 2, 3, 4, and 7 for the State of Georgia.

We considered information from community organizations for this evaluation. Information obtained is included in the Market Profile section in Appendix C.

## **LENDING TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the Lending test in Georgia is rated "Needs to Improve". Based on full-scope reviews, the bank's performance in the Atlanta is poor.

#### **Lending Activity**

Refer to Table 1 Lending Volume in the State of Georgia section of Appendix D for the facts and data used to evaluate the bank's lending activity.

Lending levels reflect poor responsiveness in relation to area credit needs and the bank's deposit market share. Stearns' has the 29<sup>th</sup> largest deposit share of the 61 financial institutions within its AA, representing 0.18% of aggregate deposits and totaling \$109 million.

During the evaluation period, Stearns originated and purchased 35 small loans to businesses in the Atlanta AA totaling \$2 million. The bank ranked 33<sup>th</sup> out of 120 lenders with a market share of 0.6%.

For mortgage loans, Stearns ranked 434<sup>th</sup> out of 603 lenders reporting HMDA data with a market share of 0%. This represents 4 reportable home mortgage loans at \$1 million.

### **Distribution of Loans by Income Level of the Geography**

#### ***Small Loans to Businesses***

Refer to Table 6 in the State of Georgia section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

The geographic distribution analysis of Stearns' small loans to businesses in the Atlanta MSA is good.

In the Atlanta AA, the percentage of Stearns' small loans to businesses in the moderate-income geography exceeds the percentage of businesses located in that geography. Stearns' percentage of small loans to businesses in low-income geographies is somewhat lower than the percentage of businesses located in those geographies. However, Stearns' lending market shares in low-income geographies equals the overall market share of the AA.

### ***Lending Gap Analysis***

Our geographic distribution analysis included a review of lending gaps, particularly in low- and moderate-income areas. We did not identify any unexplained conspicuous gaps in the Atlanta MSA.

### ***Inside/Outside Ratio***

In the State of Georgia, Stearns' originated or purchased an adequate percentage of loans in its designated AA. During the evaluation period, Stearns originated 69% of all loan types within its AA in Georgia.

## **Distribution of Loans by Income Level of the Borrower**

### ***Small Loans to Businesses***

Refer to Table 11 in the state of Georgia section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The distribution of borrowers in the Atlanta MSA reflects poor penetration among business customers of different sizes.

In the Phoenix MSA, the percentage of loans to small businesses (those with revenues of \$1 million or less) is significantly below the percentage of businesses in the MSA with these revenues.

### ***Home Mortgage Loans***

Stearns' generated a very low level of home mortgage loans during the evaluation period even though community contacts identified affordable housing as a need in the AA. Due to this low volume, we did not conduct an analysis on home mortgage loans. This low level of home mortgage lending does not reflect positively on Stearns' lending activity in the Atlanta MSA.

## **INVESTMENT TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the Investment Test in the state of Georgia is rated "Substantial Noncompliance". Based on full-scope reviews, the bank's performance in the Atlanta MSA is very poor.

Refer to Table 14 in the State of Georgia section of Appendix D for the facts and data used to evaluate the bank's level of qualified investments.

Stearns did not make any qualifying investments in the Atlanta MSA during the evaluation period.

## **SERVICE TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the Service Test in Georgia is rated "Needs to Improve". Based on a full-scope review, the bank's performance in the Atlanta MSA is poor.

#### **Retail Banking Services**

Refer to Table 15 in the state of Georgia section of Appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

The dispersion of branches and accessibility to products and services is adequate. Stearns' delivery systems are reasonably accessible to geographies and individuals of different incomes.

Stearns operated one branch with an ATM in the Atlanta MSA during the evaluation period, representing 100% of the branches in the State of Georgia. This branch was located in an upper-income geography. This branch and ATM were closed in July 2011 leaving Stearns with no presence in the Atlanta MSA or the State of Georgia.

Stearns offers a variety of alternative delivery systems including online banking and telephone banking.

#### **Community Development Services**

The bank's level of community development services is very poor. This assessment is based on the opportunities in the AA and the type of organizations that benefit from the services provided.

Stearns employees did not provide any community development services in the Atlanta MSA.

## Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

<b>Time Period Reviewed</b>	Lending Test (excludes CD loans): (1/01/2008 to 12/31/2010) Investment/Service Tests & CD Loans: (9/26/2008 to 09/30/2011)	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Stearns Bank National Association (Stearns) St. Cloud, MN	Small Loans to Businesses Home Mortgage Loans Small Loans to Farms	
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Minnesota St. Cloud MSA #41060	Full-Scope	Includes Stearns and Benton counties Includes Sherburne, Wright, Hennepin, and portions of Isanti and Chisago counties
Minneapolis MSA #33460	Limited-Scope	
MN Non-MSA	Limited-Scope	Includes portions of Pine and Kanabec counties
Florida Sarasota MSA #14600	Full-Scope	Includes Sarasota County Includes Pinellas County
Tampa MSA #45300	Limited-Scope	
Arizona Phoenix MSA #38060	Full-Scope	Includes Maricopa County
Georgia Atlanta MSA #12060	Full-Scope	Includes Cobb, DeKalb, and Fulton counties

## Appendix B: Summary of State Ratings

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RATINGS FOR STEARNS BANK NATIONAL ASSOCIATION				
Overall Bank:	Lending Test Rating*	Investment Test Rating	Service Test Rating	Overall Bank/State
Stearns Bank	Low Satisfactory	Low Satisfactory	Low Satisfactory	Satisfactory
State:				
Minnesota	Low Satisfactory	Low Satisfactory	High Satisfactory	Low Satisfactory
Florida	Low Satisfactory	Needs to Improve	Low Satisfactory	Low Satisfactory
Arizona	Low Satisfactory	High Satisfactory	Low Satisfactory	Low Satisfactory
Georgia	Needs to Improve	Substantial Noncompliance	Needs to Improve	Needs to Improve

(\*) The lending test is weighted more heavily than the investment and service tests in the overall rating.

## Appendix C: Market Profiles for Full-Scope Areas

### State of Minnesota

Demographic Information for Full-Scope Area: St. Cloud MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	34	2.94	11.76	73.53	11.76	0.00
Population by Geography	167,392	0.66	9.93	71.05	18.36	0.00
Owner-Occupied Housing by Geography	43,883	0.00	7.89	73.68	18.43	0.00
Businesses by Geography	13,712	2.98	9.22	71.05	16.75	0.00
Farms by Geography	1,541	0.26	11.94	81.77	6.04	0.00
Family Distribution by Income Level	40,812	16.15	19.14	27.52	37.19	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	14,403	0.10	11.75	76.98	11.18	0.00
Median Family Income	\$51,474	Median Housing Value		\$101,889		
HUD Adjusted Median Family Income for 2010	\$66,800	Unemployment Rate (2000)		2.05%		
Households Below Poverty Level	9%					

(\*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2000 U.S. Census, and 2010 HUD updated MFI.

The assessment area (AA) consists of all the St. Cloud MSA which includes the counties of Stearns and Benton. As of June 30, 2011, Stearns Bank had \$583 million in deposits in this AA. Stearns ranks first in deposit market share in the two-county MSA that comprises their AA out of the 35 institutions with a presence in the MSA. The St. Cloud MSA represented 3.6% of the state population in 2010.

Major industries in the St. Cloud MSA include services and retail trade. The largest employers are the St. Cloud Hospital System, Coburn's Grocery Stores, and the State of Minnesota. Unemployment in 2010 for the St. Cloud MSA is comparable to the statewide level of 7.3% and below the nationwide rate of 9.6%.

Community and credit needs in the St. Cloud MSA include affordable housing for low- and moderate-income individuals, economic development for small businesses, and community service support for the LMI population. Our community contact indicated the need for venture capital to attract new businesses to the area.

## State of Florida

Demographic Information for Full-Scope Area: Sarasota MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	83	1.20	19.28	55.42	24.10	0.00
Population by Geography	325,957	1.20	20.05	53.82	24.93	0.00
Owner-Occupied Housing by Geography	118,538	0.51	17.37	54.96	27.17	0.00
Businesses by Geography	50,388	0.59	18.60	51.19	29.62	0.00
Farms by Geography	1,337	0.52	18.18	52.73	28.57	0.00
Family Distribution by Income Level	95,167	16.14	19.23	23.84	40.79	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	33,659	1.84	28.59	54.45	15.13	0.00
Median Family Income	\$48,550					\$143,654
HUD Adjusted Median Family Income for 2010	\$62,200					1.60%
Households Below the Poverty Level	7%					
		Median Housing Value				
		Unemployment Rate (2000)				

(\*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2000 U.S. Census, and 2010 HUD updated MFI.

The assessment area (AA) consists of Sarasota County in the North Port-Bradenton-Sarasota MSA. As of June 30, 2011, Stearns Bank had \$67 million in deposits in this AA. Stearns ranks 28th in deposit market share out of the 42 institution with a presence in the MSA. The Sarasota MSA represented 2.1% of the state population in 2010.

Major industries in the Sarasota MSA include services, retail trade, and the construction industry. The largest employers are the public education system of Sarasota County, Sarasota Memorial Health Care System, and county and city government. Unemployment in 2010 for the Sarasota MSA is slightly higher than the statewide level of 11.3% and above the nationwide rate of 9.6%.

Community and credit needs in the Sarasota MSA include affordable housing for low- and moderate-income individuals, economic development for small businesses, and community service support for the LMI population.

## State of Arizona

Demographic Information for Full-Scope Area: Phoenix MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	663	6.03	27.30	34.69	31.37	0.60
Population by Geography	3,072,149	4.88	28.69	36.78	29.64	0.01
Owner-Occupied Housing by Geography	764,563	1.53	21.47	40.34	36.66	0.00
Businesses by Geography	272,431	4.25	19.81	32.28	43.57	0.08
Farms by Geography	5,010	2.34	18.96	36.85	41.80	0.06
Family Distribution by Income Level	768,800	19.09	18.51	21.75	40.65	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	289,057	7.44	41.75	36.25	14.56	0.00
Median Family Income	\$51,172					\$130,648
HUD Adjusted Median Family Income for 2010	\$66,600	Median Housing Value				2.31%
Households Below the Poverty Level	10%	Unemployment Rate (2000)				

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2000 U.S. Census, and 2010 HUD updated MFI.

The assessment area (AA) consists of Maricopa County in the Phoenix-Mesa-Scottsdale MSA. As of June 30, 2011, Stearns Bank had \$109 million in deposits in this AA. Stearns ranks 29th in deposit market share out of the 61 institution with a presence in the MSA. The Phoenix MSA represented 64% of the state's population in 2010.

Major industries in the Phoenix MSA include services, retail trade, and the finance industry. The largest employers are Wal-Mart, the Banner Health Systems, Wells Fargo & Co., and Honeywell International Inc. (an aerospace manufacturer). Unemployment in 2010 for the Phoenix MSA is below the statewide level of 10.5% and comparable to the nationwide rate of 9.6%.

Community and credit needs in the Phoenix MSA include affordable housing for low- and moderate-income individuals and economic development for small businesses.

## State of Georgia

Demographic Information for Full-Scope Area: Atlanta MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	369	18.43	23.85	26.56	31.17	0.00
Population by Geography	2,089,622	10.57	23.23	30.53	35.68	0.00
Owner-Occupied Housing by Geography	468,007	4.56	16.54	33.10	45.80	0.00
Businesses by Geography	243,046	7.35	16.06	30.32	46.27	0.00
Farms by Geography	2,982	4.02	15.83	34.91	45.24	0.00
Family Distribution by Income Level	503,731	21.53	16.80	19.48	42.19	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	193,061	19.01	34.67	29.24	17.08	0.00
Median Family Income	\$58,537	Median Housing Value Unemployment Rate (2000)		\$170,044 3.43%		
HUD Adjusted Median Family Income for 2010	\$71,800					
Households Below the Poverty Level	10%					

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2000 U.S. Census, and 2010 HUD updated MFI.

The assessment area (AA) consists of Cobb, DeKalb, and Fulton Counties in the Atlanta-Sandy Springs-Marietta MSA. As of June 30, 2011, Stearns Bank had \$26 million in deposits in this AA. Stearns ranks 57<sup>th</sup> in deposit market share out of the 68 institutions with a presence in the MSA. The Atlanta MSA represented 26% of the state's population in 2010. The bank location was closed in July 2011 leaving Stearns with no presence in the state of Georgia.

Major industries in the Atlanta MSA include services, retail trade, and the finance industry. The largest employers are the public education system, Emory University, Delta Airlines, and several grocery stores. Unemployment in 2010 for the Atlanta MSA is comparable to the statewide level of 10.2% and slightly higher than the nationwide rate of 9.6%.

Community and credit needs in the Atlanta MSA include affordable housing for low- and moderate-income individuals.

## Appendix D: Tables of Performance Data

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### Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan areas are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to Appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: (1) purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables 8 through 12 and part of Table 13. Deposit data are compiled by the FDIC and are available as of June 30<sup>th</sup> of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

- Table 1 Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. See Interagency Q&As \_\_.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.
- Table 1 Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank, if applicable, over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- Table 2 Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3 Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4 Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5 Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the

bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.

- Table 6 Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 7 Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9 Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10 Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11 Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 12 Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the

table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.

**Table 13 Geographic and Borrower Distribution of Consumer Loans (OPTIONAL)** - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/assessment area.

**Table 14 Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As \_\_.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.

**Table 15 Distribution of Branch Delivery System and Branch Openings/Closings** - Compares the percentage distribution of the number of the bank's branches in low-moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

Table 1. Lending Volume

LENDING VOLUME		Geography: STEARNS BANK Assessment Areas						Evaluation Period: JANUARY 1, 2008 TO DECEMBER 31, 2010				
Assessment Area (2010):	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>												
St Cloud MSA	70.47	234	33,748	601	61,300	461	14,279	4	450	1,300	109,777	94.29
Sarasota MSA	3.37	31	5,588	31	4,122	0	0	0	0	62	9,710	61.76
Phoenix MSA	4.08	10	20,077	65	13,655	0	0	1	3,075	76	36,807	100.00
Atlanta MSA	2.18	4	1,145	35	2,187	1	27	0	0	40	3,359	100.00
<b>Limited Review:</b>												
MN Non-MSA	4.89	28	2,913	36	2,972	26	1,224	0	0	90	7,109	4.31
Minneapolis MSA	10.39	48	6,556	122	26,399	21	1,710	3	452	194	35,117	1.40
Tampa MSA	4.62	72	9,646	10	430	3	549	0	0	85	10,625	38.24

\* Loan Data as of December 31, 2010. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from September 16, 2008 to September 30, 2011.

\*\*\* Deposit Data as of September 30, 2011. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

**Table 2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE																
Geography: STEARNS BANK Assessment Areas																
Evaluation Period: JANUARY 1, 2008 TO DECEMBER 31, 2010																
Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*					
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid
<b>Full Review:</b>																
St Cloud MSA	76	44.97	0.00	0.00	7.89	0.00	73.68	77.63	18.43	22.37	0.78	0.00	0.00	1.15	0.00	
Sarasota MSA	13	7.69	0.51	0.00	17.37	15.38	54.96	69.23	27.17	15.38	0.02	0.00	0.00	0.03	0.00	
Phoenix MSA	2	1.18	1.53	0.00	21.47	0.00	40.34	0.00	36.66	100.00	0.00	0.00	0.00	0.00	0.00	
Atlanta MSA	1	0.59	4.56	0.00	16.54	100.00	33.10	0.00	45.80	0.00	0.00	0.00	0.00	0.00	0.00	
<b>Limited Review:</b>																
MN Non-MSA	15	8.88	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	2.26	0.00	0.00	2.26	0.00	
Minneapolis MSA	23	13.61	2.45	0.00	14.90	4.35	51.95	95.65	30.70	0.00	0.08	0.00	0.03	0.14	0.00	
Tampa MSA	39	23.08	0.52	0.00	14.42	25.64	57.88	46.15	27.18	28.21	0.00	0.00	0.00	0.00	0.00	

\* Based on 2010 Peer Mortgage Data (USPR)

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 3. Geographic Distribution of Home Improvement Loans**

Geographic Distribution: HOME IMPROVEMENT		Geography: STEARNS BANK Assessment Areas						Evaluation Period: JANUARY 1, 2008 TO DECEMBER 31, 2010							
Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
St Cloud MSA	12	70.59	0.00	0.00	7.89	0.00	73.68	75.00	18.43	25.00	0.00	0.00	0.00	0.00	0.00
Sarasota MSA	1	5.88	0.51	0.00	17.37	0.00	54.96	0.00	27.17	100.00	0.00	0.00	0.00	0.00	0.00
Phoenix MSA	0	0.00	1.53	0.00	21.47	0.00	40.34	0.00	36.66	0.00	0.00	0.00	0.00	0.00	0.00
Atlanta MSA	0	0.00	4.56	0.00	16.54	0.00	33.10	0.00	45.80	0.00	0.00	0.00	0.00	0.00	0.00
<b>Limited Review:</b>															
MN Non-MSA	2	11.76	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	5.71	0.00	0.00	5.71	0.00
Minneapolis MSA	1	5.88	2.45	0.00	14.90	0.00	51.95	100.00	30.70	0.00	0.05	0.00	0.00	0.10	0.00
Tampa MSA	1	5.88	0.52	0.00	14.42	0.00	57.88	100.00	27.18	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2010 Peer Mortgage Data (USPR)

\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: STEARNS BANK Assessment Areas				Evaluation Period: JANUARY 1, 2008 TO DECEMBER 31, 2010									
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*					
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
St Cloud MSA	145	60.67	0.00	0.00	7.89	1.38	73.68	74.48	18.43	24.14	1.08	0.00	0.81	1.12	1.03	
Sarasota MSA	17	7.11	0.51	0.00	17.37	0.00	54.96	58.82	27.17	41.18	0.02	0.00	0.00	0.00	0.05	
Phoenix MSA	8	3.35	1.53	0.00	21.47	12.50	40.34	25.00	36.66	62.50	0.01	0.00	0.02	0.00	0.01	
Atlanta MSA	3	1.26	4.56	0.00	16.54	33.33	33.10	0.00	45.80	66.67	0.00	0.00	0.02	0.00	0.00	
<b>Limited Review:</b>																
MN Non-MSA	10	4.18	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	0.95	0.00	0.00	0.95	0.00	
Minneapolis MSA	24	10.04	2.45	0.00	14.90	0.00	51.95	83.33	30.70	16.67	0.02	0.00	0.00	0.04	0.01	
Tampa MSA	32	13.39	0.52	0.00	14.42	3.13	57.88	78.13	27.18	18.75	0.04	0.00	0.00	0.04	0.05	

\* Based on 2010 Peer Mortgage Data (USPR)

\*\* Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 5. Geographic Distribution of Multifamily Loans**

Geographic Distribution: MULTIFAMILY		Geography: STEARNS BANK Assessment Areas						Evaluation Period: JANUARY 1, 2008 TO DECEMBER 31, 2010							
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of MF Units***	% BANK Loans****	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
St Cloud MSA	1	50.00	1.91	0.00	17.24	0.00	66.46	100.00	14.39	0.00	0.00	0.00	0.00	0.00	0.00
Sarasota MSA	0	0.00	0.89	0.00	13.23	0.00	39.09	0.00	46.79	0.00	0.00	0.00	0.00	0.00	0.00
Phoenix MSA	0	0.00	6.97	0.00	40.88	0.00	36.33	0.00	15.82	0.00	0.00	0.00	0.00	0.00	0.00
Atlanta MSA	0	0.00	14.40	0.00	27.29	0.00	26.61	0.00	31.71	0.00	0.00	0.00	0.00	0.00	0.00
<b>Limited Review:</b>															
MN Non-MSA	1	50.00	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	100.00	0.00	0.00	100.00	0.00
Minneapolis MSA	0	0.00	14.90	0.00	28.89	0.00	39.72	0.00	16.49	0.00	0.00	0.00	0.00	0.00	0.00
Tampa MSA	0	0.00	1.04	0.00	13.30	0.00	58.79	0.00	26.87	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2010 Peer Mortgage Data (USPR)

\*\* Multi-family loans originated and purchased in the MA/AA as a percentage of all multi-family loans originated and purchased in the rated area.

\*\*\* Percentage of Multi Family Units is the number of multi family units in a particular geography divided by the number of multifamily housing units in the area based on 2000 Census information.

\*\*\*\* Multifamily loan distribution includes Home Purchases, Home Improvement and Refinances.

**Table 6. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES		Geography: STEARNS BANK Assessment Areas								Evaluation Period: JANUARY 1, 2008 TO DECEMBER 31, 2010					
Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
St Cloud MSA	601	66.85	2.98	2.00	9.22	4.99	71.05	84.03	16.75	8.99	6.30	3.57	4.44	8.03	3.92
Sarasota MSA	31	3.45	0.59	0.00	18.60	35.48	51.19	45.16	29.62	19.35	0.44	0.00	1.21	0.36	0.26
Phoenix MSA	64	7.12	4.25	1.56	19.81	14.06	32.28	25.00	43.57	59.38	0.03	0.04	0.02	0.03	0.03
Atlanta MSA	35	3.89	7.35	2.86	16.06	22.86	30.32	22.86	46.27	51.43	0.06	0.06	0.17	0.03	0.06
<b>Limited Review:</b>															
MN Non-MSA	36	4.00	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	12.00	0.00	0.00	13.28	0.00
Minneapolis MSA	122	13.57	5.44	1.64	14.17	6.56	51.84	72.13	28.25	19.67	0.15	0.08	0.08	0.21	0.10
Tampa MSA	10	1.11	0.61	0.00	15.27	30.00	55.28	50.00	28.85	20.00	0.05	0.00	0.09	0.05	0.02

\* Based on 2010 Peer Small Business Data -- US and PR

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2010).

**Table 7. Geographic Distribution of Small Loans to Farms**

Geographic Distribution: SMALL LOANS TO FARMS			Geography: STEARNS BANK Assessment Areas				Evaluation Period: JANUARY 1, 2008 TO DECEMBER 31, 2010					Market Share (%) by Geography*				
Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans						
<b>Full Review:</b>																
St Cloud MSA	461	90.04	0.26	0.00	11.94	3.69	81.77	95.88	6.04	0.43	47.52	0.00	26.67	50.00	14.29	
Sarasota MSA	0	0.00	0.52	0.00	18.18	0.00	52.73	0.00	28.57	0.00	0.00	0.00	0.00	0.00	0.00	
Phoenix MSA	0	0.00	2.34	0.00	18.96	0.00	36.85	0.00	41.80	0.00	0.00	0.00	0.00	0.00	0.00	
Atlanta MSA	1	0.20	4.02	0.00	15.83	0.00	34.91	0.00	45.24	100.00	0.00	0.00	0.00	0.00	0.00	
<b>Limited Review:</b>																
MN Non-MSA	26	5.08	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	75.00	0.00	0.00	75.00	0.00	
Minneapolis MSA	21	4.10	1.01	0.00	8.46	0.00	67.75	100.00	22.76	0.00	9.63	0.00	0.00	13.64	0.00	
Tampa MSA	3	0.59	0.25	0.00	18.14	0.00	57.00	100.00	24.61	0.00	2.70	0.00	0.00	5.56	0.00	

\* Based on 2010 Peer Small Business Data -- US and PR

\*\* Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2010).

**Table 8. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE		Geography: STEARNS BANK Assessment Areas						Evaluation Period: JANUARY 1, 2008 TO DECEMBER 31, 2010							
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total**	% Families***	% BANK Loans****	% Families <sup>5</sup>	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
St Cloud MSA	76	44.97	16.15	18.46	19.14	15.38	27.52	24.62	37.19	41.54	0.65	0.75	0.33	0.48	1.17
Sarasota MSA	13	7.69	16.14	0.00	19.23	8.33	23.84	33.33	40.79	58.33	0.02	0.00	0.00	0.00	0.05
Phoenix MSA	2	1.18	19.09	0.00	18.51	0.00	21.75	0.00	40.65	100.00	0.00	0.00	0.00	0.00	0.00
Atlanta MSA	1	0.59	21.53	0.00	16.80	0.00	19.48	100.00	42.19	0.00	0.00	0.00	0.00	0.00	0.00
<b>Limited Review:</b>															
MN Non-MSA	15	8.88	18.30	28.57	19.21	21.43	25.69	28.57	36.80	21.43	2.56	2.70	2.50	4.08	1.47
Minneapolis MSA	23	13.61	18.33	23.81	19.05	42.86	24.89	28.57	37.72	4.76	0.08	0.07	0.14	0.10	0.00
Tampa MSA	39	23.08	17.45	12.82	18.61	23.08	22.24	20.51	41.70	43.59	0.00	0.00	0.00	0.00	0.00

\* Based on 2010 Peer Mortgage Data (USPR)

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 9.5% of loans originated and purchased by bank.

5 Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 9. Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT		Geography: STEARNS BANK Assessment Areas								Evaluation Period: JANUARY 1, 2008 TO DECEMBER 31, 2010					
Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total**	% Families***	% BANK Loans****	% Families <sup>6</sup>	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
St Cloud MSA	12	70.59	16.15	0.00	19.14	10.00	27.52	10.00	37.19	80.00	0.00	0.00	0.00	0.00	0.00
Sarasota MSA	1	5.88	16.14	0.00	19.23	0.00	23.84	100.00	40.79	0.00	0.00	0.00	0.00	0.00	0.00
Phoenix MSA	0	0.00	19.09	0.00	18.51	0.00	21.75	0.00	40.65	0.00	0.00	0.00	0.00	0.00	0.00
Atlanta MSA	0	0.00	21.53	0.00	16.80	0.00	19.48	0.00	42.19	0.00	0.00	0.00	0.00	0.00	0.00
<b>Limited Review:</b>															
Stearns Bank MN Non-MSA	2	11.76	18.30	0.00	19.21	50.00	25.69	50.00	36.80	0.00	5.88	0.00	10.00	7.14	0.00
Stearns Bank Mpls MSA	1	5.88	18.33	0.00	19.05	0.00	24.89	0.00	37.72	100.00	0.06	0.00	0.00	0.00	0.17
Stearns Bank Tampa MSA	1	5.88	17.45	0.00	18.61	0.00	22.24	100.00	41.70	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2010 Peer Mortgage Data (USPR)

\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 11.8% of loans originated and purchased by bank.

<sup>6</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 10. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE			Geography: STEARNS BANK Assessment Areas						Evaluation Period: JANUARY 1, 2008 TO DECEMBER 31, 2010						
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total**	% Families***	% BANK Loans****	% Families <sup>7</sup>	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
St Cloud MSA	145	60.67	16.15	7.56	19.14	18.49	27.52	31.93	37.19	42.02	0.97	1.15	0.93	0.94	0.98
Sarasota MSA	17	7.11	16.14	5.88	19.23	17.65	23.84	17.65	40.79	58.82	0.02	0.00	0.00	0.00	0.04
Phoenix MSA	8	3.35	19.09	25.00	18.51	0.00	21.75	0.00	40.65	75.00	0.01	0.03	0.00	0.00	0.01
Atlanta MSA	3	1.26	21.53	0.00	16.80	0.00	19.48	33.33	42.19	66.67	0.00	0.00	0.00	0.01	0.00
<b>Limited Review:</b>															
MN Non-MSA	10	4.18	18.30	12.50	19.21	12.50	25.69	25.00	36.80	50.00	1.08	2.33	1.15	0.68	1.07
Minneapolis MSA	24	10.04	18.33	4.76	19.05	28.57	24.89	23.81	37.72	42.86	0.02	0.00	0.00	0.04	0.02
Tampa MSA	32	13.39	17.45	0.00	18.61	20.83	22.24	29.17	41.70	50.00	0.04	0.00	0.00	0.00	0.07

\* Based on 2010 Peer Mortgage Data (USPR)

\*\* Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 18.0% of loans originated and purchased by bank.

<sup>7</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 11. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: STEARNS BANK Assessment Areas			Evaluation Period: JANUARY 1, 2008 TO DECEMBER 31, 2010				
Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
St Cloud MSA AA	601	66.78	78.87	40.10	73.04	16.97	9.98	6.30	9.88
Sarasota MSA	31	3.44	83.51	54.84	54.84	29.03	16.13	0.44	0.86
Phoenix MSA	65	7.22	78.05	35.38	56.92	12.31	30.77	0.03	0.02
Atlanta MSA	35	3.89	78.18	8.57	85.71	11.43	2.86	0.06	0.05
<b>Limited Review:</b>									
MN Non-MSA	36	4.00	87.46	66.67	83.33	11.11	5.56	12.00	22.08
Minneapolis MSA	122	13.56	76.85	40.98	54.92	13.93	31.15	0.15	0.18
Tampa MSA	10	1.11	81.51	40.00	100.00	0.00	0.00	0.05	0.04

\* Based on 2010 Peer Small Business Data -- US and PR

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2010).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 27.56% of small loans to businesses originated and purchased by the bank.

**Table 12. Borrower Distribution of Small Loans to Farms**

Borrower Distribution: SMALL LOANS TO FARMS		Geography: STEARNS BANK Assessment Areas			Evaluation Period: JANUARY 1, 2008 TO DECEMBER 31, 2010				
Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share*	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
St Cloud MSA	461	90.04	98.18	74.40	92.62	7.16	0.22	47.52	57.72
Sarasota MSA	0	0.00	96.56	0.00	0.00	0.00	0.00	0.00	0.00
Phoenix MSA	0	0.00	92.26	0.00	0.00	0.00	0.00	0.00	0.00
Atlanta MSA	1	0.20	94.53	0.00	100.00	0.00	0.00	0.00	0.00
<b>Limited Review:</b>									
MN Non-MSA	26	5.08	97.36	100.00	84.62	15.38	0.00	75.00	79.41
Minneapolis MSA	21	4.10	96.35	100.00	85.71	9.52	4.76	9.63	13.43
Tampa MSA	3	0.59	97.47	100.00	0.00	100.00	0.00	2.70	3.45

\* Based on 2010 Peer Small Business Data -- US and PR

\*\* Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

\*\*\* Farms with revenues of \$1 million or less as a percentage of all farms (Source D&amp;B - 2010).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 23.24% of small loans to farms originated and purchased by the bank.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS									
Geography: STEARNS BANK Assessment Areas					Evaluation Period: SEPTEMBER 16, 2008 TO September 30, 2011				
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
St. Cloud MSA	10	965	28	450	38	1,415	13%	0	0
Sarasota MSA	3	2	0	0	3	2	0%	0	0
Phoenix MSA	1	2	4	1,016	5	1,018	9%	0	0
Atlanta MSA	0	0	0	0	0	0	0	0	0
<b>Limited Review:</b>									
MN non- MSA	0	0	3	2	3	2	0%	0	0
Minneapolis MSA	1	1	24	8,536	25	8,537	78%	0	0
Tampa MSA	2	2	0	0	2	2	0%	0	0

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\* 'Prior Period Investments' means investments made in a previous period that are outstanding as of the examination date.

\*\* 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS				Geography: STEARNS BANK Assessment Areas				Evaluation Period: JAN 1, 2008 TO SEPT 30, 2011									
MA/Assessment Area:	Deposits	Branches				Branch Openings/Closings				Population							
	% of Rated Area Deposits in AA	# of BANK Branches	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography				
			Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp	
<b>Full Review:</b>																	
St Cloud MSA	93.86	2	40.00	0.00	0.00	100.0	0.00	0	0	0	0	0	0	0.66	9.93	71.05	18.36
Sarasota MSA	61.86	2	66.67	0.00	50.0	50.0	0.00	2	0	0	1	1	0	1.20	20.05	53.82	24.93
Phoenix MSA	100.00	4	100.00	0.00	0.00	50.0	50.0	3	2	0	0	0	1	4.88	28.69	36.78	29.64
Atlanta MSA	100.00	1	100.00	0.00	0.00	0.00	100.0	0	0	0	0	0	0	10.57	23.23	30.53	35.68
<b>Limited Review:</b>																	
MN Non-MSA	4.63	2	40.00	0.00	0.00	100.0	0.00	0	0	0	0	0	0	0.00	0.00	100.00	0.00
Minneapolis MSA	1.51	1	10.00	0.00	0.00	100.0	0.00	0	1	0	0	-1	0	7.86	18.94	46.54	26.62
Tampa MSA	38.14	1	33.33	0.00	0.00	100.0	0.00	1	0	0	0	1	0	1.15	17.57	56.61	24.67

## Distribution of Branch and ATM Delivery System

Distribution of Branch and ATM Delivery System				Geography: STEARNS BANK Assessment Areas				Evaluation Period: JANUARY 1, 2008 TO SEPTEMBER 30, 2011									
MA/Assessment Area:	Deposits	Branches						ATMs						Population			
	% of Total Bank Deposits	# of Bank Branches	% of Total Bank Branches	Location of Branches by Income of Geographies (%)				# of Bank ATMs	% of Total Bank ATMs	Location of ATMs by Income of Geographies				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
St Cloud MSA	67.62	2	20.00	0.00	0.00	100.00	0.00	12	48.00	16.67	8.33	58.33	16.67	0.66	9.93	71.05	18.36
Sarasota MSA	7.81	2	20.00	0.00	50.00	50.00	0.00	2	8.00	0.00	50.00	50.00	0.00	1.20	20.05	53.82	24.93
Phoenix MSA	12.64	1	10.00	0.00	0.00	0.00	100.00	3	12.00	0.00	0.00	66.67	33.33	4.88	28.69	36.78	29.64
Atlanta MSA	3.00	1	10.00	0.00	0.00	0.00	100.00	1	4.00	0.00	0.00	0.00	100.00	10.57	23.23	30.53	35.68
<b>Limited Review:</b>																	
MN Non-MSA	3.09	1	10.00	0.00	0.00	100.00	0.00	4	16.00	0.00	0.00	100.00	0.00	0.00	0.00	100.00	0.00
Minneapolis MSA	1.01	2	20.00	0.00	0.00	100.00	0.00	2	8.00	0.00	0.00	100.00	0.00	7.86	18.94	46.54	26.62
Tampa MSA	4.83	1	10.00	0.00	0.00	100.00	0.00	1	4.00	0.00	0.00	0.00	100.00	1.15	17.57	56.61	24.67