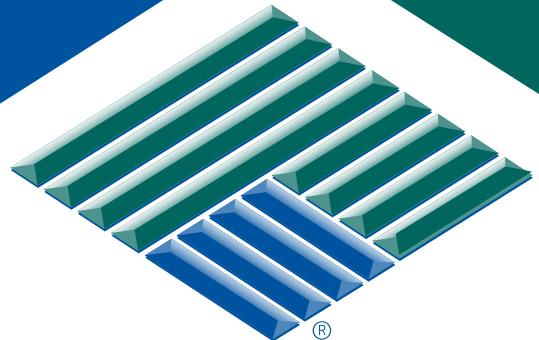




Community Minded. Nationally Recognized.

*Building Relationships
Nationwide.*

OUR CUSTOMERS DRIVE OUR SUCCESS





Greetings from Norm and Kelly...

We are pleased to report that 2017 was once again a very strong year for our performance, adding to the strength of Stearns Bank. We continue to evolve as a leader in our industry while navigating the ever-changing economy. At Stearns Bank, steady preparation is the foundation of our business and our strength in capital and performance. Our history of success has been dependent upon preparation, and we are extremely confident in our plans for the future! New technology, new products and even more streamlined efficiency to “Get the Job Done” are coming in 2018.

As we talk about success, we are pleased to report that *American Banker* and *Independent Community Bankers of America* each recognized Stearns Bank as the #1 top performing bank in our peer group for 2017. These are not new awards for Stearns Bank, but certainly bring cause to celebrate once again. Our employee owners/partners make this happen and inspire us every day with their relentless effort and commitment to deliver.

As Stearns Bank prepares for the future, this year’s message also serves as an exciting announcement that Kelly Skalicky has accepted the role of president of Stearns Bank. Kelly has been exposed to banking her entire life. From Saturday mornings with Dad at the bank; to becoming an attorney; to her role as General Counsel for Stearns Bank; Kelly knows this business from the ground up. She is an excellent fit for this role and will work hard to ensure we continue to grow strong as a top performer nationwide!

Looking forward, we will deliver on customer expectations. What’s important to you is urgent to us! In 2018, we will continue to make your business fun to run, giving you faster, easier access with cutting edge technology so you can connect 24/7. We’ll introduce our new All-Access Business Deposit Account and bring back our highly popular “Above the Norm” high-interest money market account. Your success is our success! Your business and your dreams are our mission. We sincerely thank you for your business – and we look forward to continue to “Get the Job Done” for you in 2018!



The Nation’s Local Bank

Stearns Financial Services, Inc (SFSI) is a well-capitalized, independent bank holding company with locations in Minnesota, Arizona and Florida. Founded in 1912, CEO Norm Skalicky has led Stearns Bank since 1964. We have a national presence specializing in small business lending and equipment financing, while staying focused on delivering service with a local, hometown feel. We strive to “Get The Job Done” for you.



Our Executive Team



Norman Skalicky
Chairman and CEO
of Stearns Financial
Services, Inc.
54 YEARS OF SERVICE



Kelly Skalicky
President, Stearns Bank
6 YEARS OF SERVICE



Harley Vestrum
Chief Risk Officer
12 YEARS OF SERVICE



Matt Geist
Chief Financial Officer
9 YEARS OF SERVICE



Greg Misterman
Chief Credit Officer
2 YEARS OF SERVICE



Steve Domine
President Minnesota
Community Banking /
SVP National Lending
41 YEARS OF SERVICE



Tom Hosier
Vice President /
Arizona Manager
12 YEARS OF SERVICE



Heather Plumski
Vice President / Director
of StearnsConnect
12 YEARS OF SERVICE



Pam Bjerke
Vice President /
Director of HR
1 YEAR OF SERVICE



Rory Bidingler
Chief Marketing Director
1 YEAR OF SERVICE

Board of Directors - Stearns Bank N.A.



Norman C. Skalicky
Chairman and CEO
of Stearns Financial
Services, Inc.



Kelly Skalicky
President, Stearns Bank



Thomas Williams
Retired CEO of Williams
Dingmann Family
Funeral Homes



Donald Weeres
Founder / President /
CEO of Spee-Dee
Delivery Service, Inc.



Chris Coborn
President, CEO of
Coborn's, Inc.



Mary Jepperson
Prof. of Accounting
and Finance, College
of Saint Benedict /
Saint John's University

Board of Directors - Stearns Bank Holdingford N.A.
Norm Skalicky, Steve Domine, Harley Vestrum,
Roger Voit, Audrey Lange, and Janice Pagen

Board of Directors - Stearns Bank Upsala N.A.
Norm Skalicky, Steve Domine, Harley Vestrum,
Roger Voit, Rosie Harren, and Pete Michels

Our Strength Is Our Story

Stearns Bank is synonymous with stability. It starts with our CEO and owner, Norm Skalicky, who first purchased majority ownership in Stearns County State Bank, in 1964, and First State Bank in Albany, Minnesota, in 1966.

Our stability will continue for the long term with Kelly Skalicky recently being named president of Stearns Bank. With Kelly and Norm's leadership, the future continues to look bright. We continue to look toward the future with technology advances that will make our customer's journey with us that much easier.

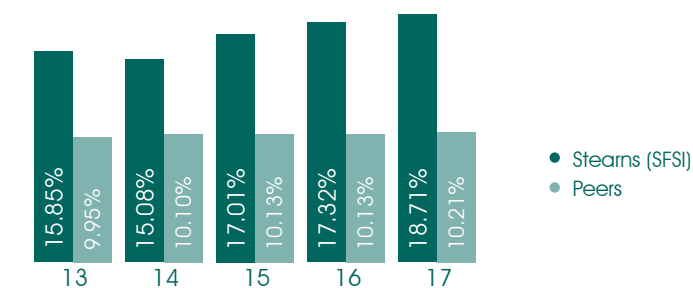
Our strategic plan continues to focus on having a strong capital position. Stearns Financial Services, Inc. 2017 Tier 1 leverage ratio was at 18.71 percent, which is twice that of our national peer group. Our total assets rose from \$2.048 billion in 2016 to \$2.136 billion in 2017. In addition, our total capital went from \$348 million in 2016 to \$392 million in 2017.

Those increases show how we have been able to maintain and improve on our capital position. We continue to deliver outstanding financial performance. In addition to our strong capital position, our earnings historically outperform our national peer group – ranking within the top 10% of peers. Stearns Bank maintains sound asset quality by emphasizing a strong credit culture.

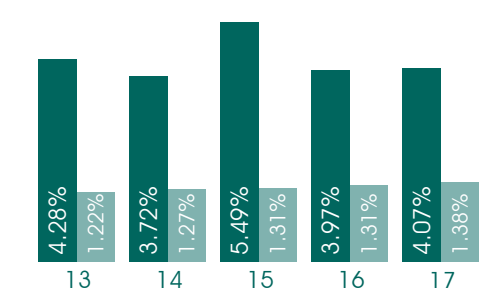
Our strength starts with our capital position and is driven by the contributions of our dedicated employees. We received recognition as *Minnesota Business Magazine's* "100 Best Companies To Work For" within the large company category, in the summer of 2017.

Our employees continue to work hard to help our customers achieve their small business dreams. At Stearns Bank, we have an environment that fosters positivity and collaboration. Our employees continue to be the strong foundation that Stearns Bank is built upon.

TIER ONE LEVERAGE RATIO
consolidated, nearly two times that of peers



PRE-TAX RETURN ON AVERAGE ASSETS
consolidated, three to four times that of peers



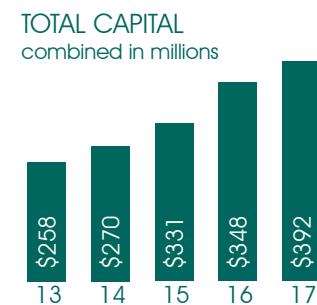
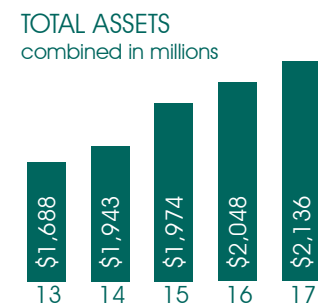
Our Performance, Our Strength

Balance Sheet* combined, dollars in thousands for years ending December 31 (unaudited)

	2017	2016
Cash & Due	\$ 45,062	\$ 28,480
Securities	26,044	88,558
Federal Funds	14,575	11,425
Loans	807,420	755,504
Leases & Conditional Sales Contracts**	1,229,606	1,134,255
Loan Loss Reserve	(58,120)	(50,855)
Loans & Leases - Net	1,978,906	1,838,904
Bank Premises	14,846	14,780
Other Real Estate Owned	6,007	9,049
Other Assets	50,098	56,840
Total Assets	2,135,538	2,048,036
Demand	200,273	205,376
Time & Savings	1,494,740	1,427,485
Other Liabilities	48,096	66,710
Total Liabilities	1,743,109	1,699,571
Common Stock & Surplus	10,159	10,159
Undivided Profits	381,687	337,589
Unrealized Gain/Loss on Securities	583	717
Total Capital	392,429	348,465
Total Liability & Capital	2,135,538	2,048,036

* Includes Stearns Bank N.A., Stearns Bank Holdingford N.A., and Stearns Bank Upsala N.A.

**Conditional Sales Contracts included in loans for regulatory reporting

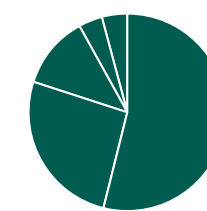


Earnings Statement* combined, dollars in thousands for years ending December 31 (unaudited)

	2017	2016
Loans	\$ 67,887	\$ 68,009
Leases & Conditional Sales Contracts**	84,051	80,452
Securities	1,381	1,435
Federal Funds	48	32
Total Interest Income	153,367	149,928
Interest Expense	16,017	12,585
Net Interest Income	137,350	137,343
Service Charges	352	451
Other Non-interest Income	34,482	23,378
Total Income	172,184	161,172
Salaries & Benefits	29,609	27,681
Other Expenses	36,539	37,040
Total Non-interest Expenses	66,148	64,721
Income Before Provision & Taxes	106,036	96,451
Loan Loss Provision	19,705	18,164
Net Income Before Taxes	86,331	78,287
Income Tax Expense	39,232	28,801
Net Income (Loss)	47,099	49,486

* Includes Stearns Bank N.A., Stearns Bank Holdingford N.A., and Stearns Bank Upsala N.A.

**Income from Conditional Sales Contracts included in loan interest for regulatory reporting



2017 EARNINGS MIX
based on earning assets

54% Equipment Finance
26% Commercial RE & Construction
12% Agriculture & Commercial

4% Residential
4% Other



Our Culture, Our Foundation

Many people wonder how Stearns Bank consistently remains a high-performing financial institution, particularly when coupled with significant growth.

This is rare considering many high-performance banks achieve success at the price of growth. At Stearns Bank, it is truly the people who achieve the results. Our culture mirrors the values and beliefs of our chief executive officer, Norman C. Skalicky. Under Norm's leadership, Stearns Bank has grown from a small rural bank to a very aggressive nationwide profit-oriented commercial banking company, utilizing a keen appreciation for risk and reward.

Norm inspires excellence. It is Norm's determination and innovation that permeates throughout the organization, and Norm's values are the heart of the company culture. Certain values found in small banking companies remain a significant part of the Stearns Bank culture. Communication is open, verbal and often. Rarely do we communicate with our employees through formal memorandums or stuffy meetings, relying heavily on open discussion and two-way interaction.

“Employees who enjoy working at Stearns are assertive, creative, intelligent and rely heavily on the use of common sense.”

Effective listening and the respect for each other are requirements for success. Caring for others is a common thread here. We are constantly evolving and rely on our employees' ideas and opinions in order to achieve our aggressive goals and objectives. Our dedication to a collaborative approach is built on the premise that the result from the efforts of several supersedes the result of one acting alone.

Our employees are assertive, creative, intelligent and rely heavily on the use of common sense. Being proactive is a necessary element to enjoying a career with the company. The open communication and high “sense of urgency” fosters a work environment that is highly stimulating, challenging and rewarding.

New employees coming from companies with rigid structure find Stearns Bank to be very different in our mode of operation. At Stearns Bank, much attention is afforded to each employee by our senior management and co-workers. Support is available to all with the belief that employees are more engaged when they know management cares.

At Stearns Bank, we are an evolving institution that constantly strives to improve, develop and expand its operations. The efforts and interaction of our employees, customers and peers have become the foundation for which we will build our future.

Our Norm *is* the difference!

At Stearns Bank, you'll find...

Exceptional is the Norm

Relentless is the Norm

Strength is the Norm

Urgency is the Norm

Creativity is the Norm

Our History, Our Longevity

- ◆ **1912** Stearns County State Bank is chartered in Albany, MN – *Total Assets: \$300,000*
- ◆ **1964** Norman C. Skalicky purchases majority ownership in Stearns County State Bank in Albany, MN – *Total Assets: \$3.5 million*
- ◆ **1966** Norman C. Skalicky purchases majority ownership in First State Bank in Albany, MN and combines both into a National Charter – *Total Assets: \$7.5 million*
- ◆ **1976** Stearns Bank purchases National Machine Tool and begins its leasing operations; Holdingford, MN charter is acquired – *Total Assets: \$32.3 million*
- ◆ **1978** Stearns Bank opens a branch location in St. Cloud, MN; Upsala, MN charter is acquired – *Total Assets: \$46.7 million*
- ◆ **1984** Stearns Bank starts an Employee Stock Ownership Plan – *Total Assets: \$82.1 million*
- ◆ **1990** Stearns Bank and other banks form a holding company, Stearns Financial Services Inc. (SFSI) – *Total Assets: \$136.8 million*
- ◆ **1997** Stearns Bank opens a location in Scottsdale, AZ – *Total Assets: \$589 million*
- ◆ **1998** Stearns Bank establishes a dedicated Small Business Administration (SBA) Division – *Total Assets: \$674.6 million*
- ◆ **1999** Stearns Bank opens the financial center in St. Cloud, MN – *Total Assets: \$916.8 million*
- ◆ **2003** SFSI exceeds \$1 billion in assets for the first time – *Total Assets: \$1.04 billion*



Stearns County State Bank building (Albany, MN), circa 1964.

- ◆ **2005** “We Get The Job Done!” is registered and becomes the official trademark of Stearns Bank – *Total Assets: \$1.48 billion*
- ◆ **2007** Stearns Bank radically curbs lending in preparation of what becomes “The Great Recession” – *Total Assets: \$1.44 billion*
- ◆ **2008** Stearns Bank acquires nine banks in AZ, FL, GA, MN; and one large loan pool; adds branches in North Branch and Pine City, MN, as well as Sarasota, St. Petersburg and Venice, FL; Stearns Bank celebrates 100 years in business
- ◆ **2012** Stearns Bank celebrates 100 years in business – *Total Assets: \$1.58 billion*
- ◆ **2015** Stearns Bank SBA Division establishes its FastTrack program – a streamlined process for SBA Loans – *Total Assets: \$1.97 billion*
- ◆ **2016** Stearns Bank exceeds the benchmark of over \$2 billion in assets – *Total Assets: \$2.1 billion*



Nationwide Business Loans

Stearns Bank aims to make a lasting impression on small business owners. We strive to provide customized financial solutions to small businesses, whether they're a start-up or have been in business for years.

With an exceptional commitment to personalized customer service, we're deeply committed to understand our customer's needs to help them receive the loan they need in a fast and efficient manner.

We are one of the nation's most active U.S. Small Business Administration (SBA) 7a lenders, based on lending volume, and we continue to provide exactly what franchisees, business owners and potential owners are looking for in a financing relationship.

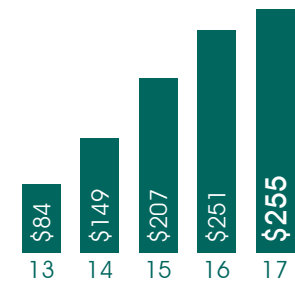
Our loan process is easy and streamlined thanks to advancements in technology. This includes our online portal which allows our customers to upload the necessary documents without the hassle of scanning, emailing or faxing. Our portal keeps our customers informed of their status throughout the approval process, notifying them when their documents have been processed and approved.

This type of convenience is exactly what small business owners have come to expect from us. No matter the size of the loan, we do everything with a sense of urgency. In fact, Stearns Bank specializes in approving loans up to \$350,000 in hours, while approving loans up to \$5 million in days.

Our lenders make sure they are there for customers at every step in the loan process and always available to answer any questions that may arise.

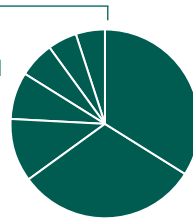
Stearns Bank customers have come to appreciate the sense of professionalism, convenience, honesty and hard work that we provide for them on a daily basis. Whether a small business owner runs a restaurant franchise, retail shop, medical practice or manufacturing business, Stearns Bank knows what is important to our customers and make it a priority from the beginning.

SBA 7A LOAN PRODUCTION in millions



2017 SBA 7A PORTFOLIO MIX number of loans by industry

- 24% Restaurants
- 23% Specialty Services/Retail
- 13% Construction/Manufacturing
- 11% Personal Care/Entertainment
- 8% Healthcare
- 8% Automotive
- 7% Other
- 6% Transportation



“The web portal really made things easy. I would refer any small business owner to Stearns Bank.”

Sean Miller
Jimmy John's Franchisee



Little Rock, Arkansas





“ As somebody who understands how businesses work, and understands how loans work, this process couldn't have been smoother. ”

Carla Palavecino, Owner, pictured with Jonathan Moravecs, Barracks Commander Soldierfit



Virginia Beach, Virginia



“ We've worked with other banks in the past where they over-promise things and don't deliver. With Stearns Bank, the level of service and accessibility was very high. ”

Rob Pantoja
CEO, First Care Clinic

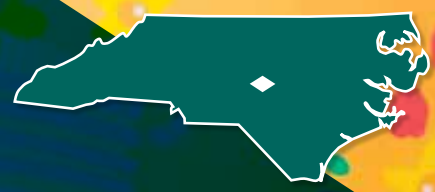


Bardstown, Kentucky



“ It's all about how quickly they work with their customers. That turnaround time was great. You couldn't ask for better efficiency. ”

Mo Nadeem Gafoor
Owner, Edible Arrangements



Sanford, North Carolina



“ The family-like environment that Stearns provided us was really welcoming. We would 100 percent come back. ”

Renee Kramer pictured with husband, Tim Kramer
Owner, Luv 2 Play



Grapevine, Texas

Nationwide Equipment Finance

Developing and growing solid relationships with our equipment finance customers is something Stearns Bank has always specialized in. Our success starts with our customers and we strive to offer a relationship that feels personal from the moment they contact us.

We take great satisfaction in getting to know our manufacturers, vendors, brokers and customers on a first-name basis. We take pride in our ability to be available when needed. When a customer or prospective customer contacts us, we answer the call on the first ring. Once they start to work with Stearns Bank, our customers soon view us like an extension of their own business. We treat our customers like family, and one of our own.

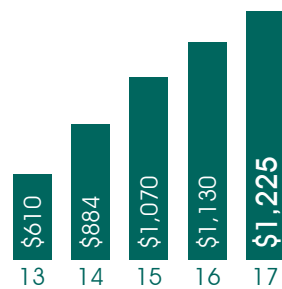
Stearns Bank received honors for its equipment finance performance in 2017. For instance, in Monitor Daily's "Top Bank 50" issue, Stearns Bank was ranked 26th in the net assets category. In Monitor Daily's "Top 100" issue, Stearns Bank was listed at No. 47 among the largest equipment financing companies in the United States. It was the first time that Stearns Bank has ever cracked the top 50 in the prestigious issue.

These accolades are important to us, but it's our industry knowledge, service and financial strength that sets us apart from other equipment financing institutions. And it's our close relationships with customers that make our success more meaningful.

Our portfolio remains as diversified as ever with an industry mix specializing in equipment financing for the ophthalmology/optometry, veterinary, landscaping, woodworking, construction, agriculture, rental and transportation industries.

We offer customized terms delivered with extraordinary service and speed to our customers, so they can purchase the equipment they need today. Our commitment remains unwavering to get the job done for those who truly matter — our customers.

EFD PORTFOLIO ASSETS
in millions



2017 EFD PORTFOLIO MIX
number of loans by industry



When customers come back to us, they always want to use Stearns Bank after experiencing it the first time. They look out for the customer and have their best interests at heart.

Tony Steinhart
Owner, Steinhart's Farm Services



Platteville, Wisconsin



“ The customer service that Stearns Bank provides is exceptional. We know that we matter and we’re not just a number. ”

Bethany Thomas pictured with husband, **Brett Thomas**
Owners, No Limit Trucking #11 Inc.



Seaford, Delaware



“ Everything was made easy by Stearns Bank. I filled out everything online – it was all digital. I was very pleased with the entire process. ”

Dr. Melissa Heinz
Owner, Heinz Family Chiropractic

HEINZ
Family
chiropractic

Dr. Melissa A. Heinz
63-3333



Alexandria, Minnesota



“ Stearns Bank goes out of its way to make things work. You can tell that their employees appreciate working with us and we definitely recognize that. ”

Doug Richters
Owner, Accord Financial Group, Inc.



Covington, Ohio



ACCORD
Financial Group, Inc.

“ The turnaround was amazingly fast. Time was of the essence for me and Stearns Bank got the job done. ”

Dr. Laura Eslinger
Owner, Dr. Laura’s Mobile Animal Hospital



Parrish, Florida



Dr. Laura’s Mobile Animal Hospital

Dr. Laura’s Mobile Animal Hospital
Healing Hands. Caring Hearts.
LauraPetDoc.com



Nationwide Commercial Finance

Stearns Bank provides an unprecedented level of customer service to every loan transaction. Response times are quick and it is quite the “norm” to help facilitate modifications on the fly.

We avoid substituting paperwork for productivity and are always looking for the quickest route to a successful closing.

Our commercial finance group specializes in commercial real estate and construction lending, Low-Income Housing Tax Credit (LIHTC) affordable housing finance, United States Department of Agriculture (USDA) rural development, investor financing and bridge lending. The underwriting team is well-versed in a number of finance areas which allows our team to review all types of loan opportunities.

We routinely make loans from \$1 million to \$10 million, but have the ability to extend higher amounts for certain situations. Our experience in the LIHTC industry dates back to the very beginning of the program in the late 1980s, with more than \$1 billion financed to-date.

Stearns Bank’s experience with USDA programs dates back 30 years. These programs help stimulate job growth in rural American while providing competitive loan terms.

Our in-house construction disbursement group allows us to work directly with the customer to quickly address project change orders, and resolve any lien issues, which helps to insure a timely completion for our developers. Our lenders stay directly involved with each construction project from the day of the application through loan payoff to maintain a smooth transaction.

We truly appreciate the opportunity to work with our clients. Our objective is simply to always Get the Job Done!

2017 COMMERCIAL PRODUCTION MIX
by loan volume

- 24% National Construction Finance
- 21% Multi-Family Affordable Housing
- 15% Investor Financing
- 15% USDA/FSA Loans
- 11% Business Acquisition/Rehab-Refi
- 7% Historic Tax Credit Investments
- 6% Land Acquisition/Pre-Development



“Stearns Bank has always been good to work with. I like that they give you an answer fast and you can reach them when you need to.”

Curt Letnes
Owner, Grizzly’s



Waite Park, Minnesota





“ They execute on what they say they will do. We had underwriting approval in a couple of days. Stearns Bank is wonderful in getting everything approved quickly. ”

Robert Walker
President, Storage of America



Salt Lake City, Utah



“ I really value the relationship we have with Stearns Bank. When you know you have a partner in the process that you can count on, it makes a world of difference. ”

Ben Ide
Director of Development,
G.A. Haan Development



Harbor Springs, Michigan

Our Commitment to Customers

When Hurricanes Harvey and Irma hit Texas and Florida in 2017, Stearns Bank reacted quickly to help the recovery efforts of customers located throughout the affected region.

For many customers, this help came in the form of waived overdraft fees, reimbursed surcharges and refunded late fees during the weeks following the storm. Stearns Bank felt it needed to help beyond that.

A loan program aimed to help rebuild quickly

For business customers in the Federal Emergency Management Agency (FEMA) designated areas, Stearns Bank created the Hurricane Relief Express Loan Program, offering loans of up to \$25,000 with zero-interest, no payments and no fees. The loan program provided fast approvals and funding – often within 24 hours – to get customers back in business as soon as possible.

According to Stearns Bank CEO, Norm Skalicky, it was an easy decision. “To be able to help in a time of need is something we didn’t have to think twice about. It’s part of our commitment to get the job done. We’re happy to help contribute to this relief effort and glad to see so many customers getting back on their feet.”

In addition to charging zero interest and waiving all fees for businesses taking part in hurricane relief loans, Stearns Bank made a commitment to donate 5 percent of all loan balances (up to \$5 million) to the American Red Cross.

Over \$250,000 donated to the American Red Cross to further support relief efforts

More than 200 Stearns Bank customers within the FEMA designated area took part in the Hurricane Relief Express Loan program, with a total of \$5 million in loans extended to help rebuilding efforts.

In total, Stearns Bank donated \$250,000 to the American Red Cross to aid disaster relief efforts. Our employees, with a matching donation from the Norman C. Skalicky Foundation, gave an additional \$30,000 to the support the American Red Cross.

“Generous gifts like the one from Stearns Bank enable American Red Cross volunteers to be there when disaster strikes, providing essentials such as safe shelter, hot food, medication and emotional support to families and individuals in their darkest days,” said Stephen Birkhauser, Chief Development Officer for the American Red Cross. “We simply could not respond if not for donations made out of compassion for those in need.”



“Working with the Stearns team is awesome. If someone at Stearns says something is going to be done, it’s going to get done,” Casey Cass, owner of Casco Tools in Stuart, FL. Casey took advantage of the Hurricane Relief Express Loan Program after being hit hard by Hurricane Irma in September 2017.



Left to right, American Red Cross Board Members: Lee Strom (Chair), Brad Tutunjian, Mary Kloehn; American Red Cross Minnesota Region CEO, Phil Hansen; Stearns Bank Representatives: Robin Studniski, Tom Ethen, Rory Bidingler.



Our Commitment to Innovation and Customized Solutions

Long-term relationships don't just happen overnight.

At Stearns Bank, we know that personalized customer service starts with building rapport over time. Our goal is to strengthen relationships with our customers every day to provide services and products that make their lives easier and more productive.

We have more than 100 years of banking experience and a deep understanding of our customers' needs to provide dependability in all we have to offer. Stearns Bank provides an array of products from checking and savings accounts to cash management, remote deposit, online and mobile banking, and personal and business loans.

Our FDIC-insured accounts, up to \$750,000 with our affiliates, offer terms at competitive rates to help our customers reach their financial goals.

We have our eyes set toward the future with major technology changes in development to increase offerings to our customers. And we will continue to look for innovative solutions to remain ahead of the curve.

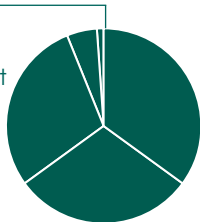
We not only have Stearns Bank customers at our branches in Minnesota, Arizona and Florida, but throughout the entire country. We aim to treat every one of our customers as a member of the family and come to know them on a first-name basis while always working with a sense of urgency.

That personalized relationship is something we take seriously from the moment a customer meets with us. Every time you visit one of our branches — or call us on the phone — you will experience a small-town feel from a national bank.

That's how We Get the Job Done!

2017 COMMUNITY BANKS LOAN MIX
by loan volume

- 35% Commercial & Agriculture
- 30% Construction & Development
- 29% Commercial Real Estate
- 5% Residential
- 1% Other



“ Having personal relationships with a bank that understands your needs, while offering great advice, is something I value with Stearns Bank. ”

Dr. Brownie Williams
Owner, Williams Integracare



Sartell, Minnesota





“ I have my personal and business accounts there and I stay with Stearns Bank because they know my name, they see my needs and are always helpful. ”

Gustavo Diaz
Owner, Gustavo Diaz Clearing



Sarasota, Florida



Stearns Bank was responsive to our request right away. The process was smooth. We definitely found the right bank for us. ”

Ed Gorman
President, Modus Development



Phoenix, Arizona

Our Commitment to Veterans

At Stearns Bank, we have quietly supported veteran business owners through the years by waiving all packaging fees on U.S. Small Business Administration (SBA) loans for eligible business owners. That support became even louder in 2017 through the Stearns Salutes Campaign.

For the week leading up to Veterans Day (November 6-10, 2017), we made a commitment to collect all loan packaging fees and documentation fees from borrowers and donate those funds to Wounded Warriors Family Support.

At the conclusion of this week-long campaign, we donated \$108,680 to Wounded Warriors Family Support – a resounding donation for this non-profit organization with a mission to provide support to families of those who have been wounded, injured or killed during combat operations.



Norman C. Skalicky, United States Army

Our CEO and owner Norman C. Skalicky – a United States Army veteran – is proud of the money that was donated to such a worthwhile cause.

“This money is going to an organization that solely focuses on helping veterans and their families,” Norm said. “We support and recognize veterans at Stearns Bank because they are the foundation of our country’s freedom and security. We hope this donation – in some way – shows them how grateful we are for their dedication to the United States.”

Having respect for what veterans have done for our country is something Skalicky has never discounted.

He joined the University of North Dakota’s ROTC program when he was attending college in Grand Forks. Skalicky was in active duty in the United States Army from 1956-58. He continued to be in the reserves for more than 15 years after his active duty had concluded.

“Really, every day should be Veterans Day,” Skalicky said. “We should be thankful for what our veterans have done for our country and always be thankful for the things that we have. Honoring the military, veterans and the families that have lost people serving our country is very important.

“It’s what being a good citizen is all about. We should always honor our flag and what it stands for.”



Our Commitment to Community

In addition to the support given to the American Red Cross and Wounded Warriors Family Support, outlined on previous pages, Stearns Bank and bank employees continued to commit time and money to other community causes, throughout 2017.

Early in the year, a donation of \$25,000 was given to Holdingford (Minnesota) Elementary's new "Dream Catcher II" playground, after a community match challenge was met. Stearns Bank employees then volunteered their time to help with the construction of the project in August.

Later in August, employees donated 70 backpacks full of school supplies to the Boys and Girls Club of Central Minnesota. That meant that 70 children had school supplies they needed when school began in September.

We also proudly donated \$500,000 to the Albany (Minnesota) Area High School's renovation/addition project. In honor of the donation, the school's cafeteria was named after Stearns Bank. The cafeteria was officially made available to students in November 2017.

The Venice (Florida) branch held numerous blood drives throughout the year. All donors received a wellness check-up, along with blood pressure, pulse, temperature, iron count and cholesterol screening tests.

In November, the Equipment Finance Division spent three weeks collecting items for the Albany (Minnesota) Food Shelf. In the end, Stearns Bank employees donated 754 pounds of food and toiletry items.

In December, the entire company helped donate new and unopened toys to Toys for Tots.

Throughout the year our employees also volunteered in numerous ways, including:

- Helping tutor preschoolers at local schools
- Teaching in elementary classrooms through Junior Achievement
- Wrapping presents for a local Toys for Tots event
- Supporting local school fundraisers
- Supporting the United Way of Central Minnesota's "Day of Caring"
- Helping at assisted living homes
- Bell ringing for The Salvation Army during the holiday season

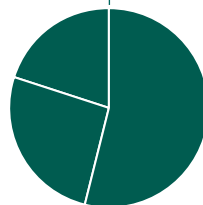
The Norman C. Skalicky Foundation partnered with the Central Minnesota Community Foundation once again on the annual Charity Challenge. The Skalicky Foundation matched every dollar donated to three area food shelves. In total, the campaign raised a record \$468,673.

Since the Challenge first began in 2001, the event has raised over \$3 million for Catholic Charities, the Salvation Army and the St. Joseph (Minnesota) Community Food Shelf.

Volunteering and giving to those less fortunate has always been a priority for our employees. We're focused on leaving a positive impact in everything that we do outside of our offices.

2017 COMMUNITY GIVING MIX by dollars donated

- 54% Human Services/Health
- 26% Arts & Education
- 20% Community Development





OUR EMPLOYEES FOSTER OUR CULTURE



4140 Thielman Lane | St. Cloud, MN 56301
1-800-320-7262 | StearnsBank.com

Member FDIC