



Financial Report

2023



Economic empowerment for all.



OUR MISSION

Inspired by the belief that our world is filled with opportunity, we will work tirelessly to nurture inclusive growth by helping others achieve their greatest ambitions.

OUR PROMISE

At Stearns Bank, we believe in the transformative potential of economic empowerment and its ability to effect positive change. By acknowledging the significant impact, a small business can have on community prosperity, we designed our approach to help transform those businesses into successful enterprises that can drive health and wellness, and create generational wealth that lasts well into the future.

Our commitment to delivering first-class service, both in-person and digitally, comes from knowing that behind every transaction lies a real

person who's investing in themselves, a small business owner who's pursuing success, and a proud community that's relying on their own resilience to achieve their dreams. These aren't just customers trying to launch, operate, or build a business. They're entrepreneurs trying to create a legacy. Economic empowerment for all isn't just our passion. It's our purpose.

So, join us as we explore the impact our support and solutions continue to have as we advance the goal of a more inclusive and prosperous economic future for everyone.

Handwritten signature of Kelly Skalicky in blue ink.

Kelly Skalicky
President & CEO

Ripples Making Waves.

A look at our impact in

IN 2023, STEARNS BANK CONTINUED OUR INDUSTRY LEADERSHIP WHILE USHERING IN ROBUST GROWTH AND INNOVATION. BY PROVIDING OVER \$1.2 BILLION IN LOANS TO ENTREPRENEURS, WE FUELED ECONOMIC EXPANSION ACROSS A VARIETY OF SECTORS, INCLUDING THROUGH STRATEGIC FINTECH PARTNERSHIPS.

A significant rise in digital transactions highlights our adaptability, while \$19 million in community investments, nearly 3,000 volunteer hours, and nearly \$1 million in charitable donations underscored our commitment to driving significant community impact through high-value education and environmental sustainability efforts.

Stearns Bank not only reinforced our reputation as an industry-leading innovator and thriving financial institution, but we also proved that a bank devoted to positive change, empowering small businesses and communities, and championing social responsibility can be both purposeful and profitable.

2023





\$1.2 billion

IN LOANS TO ENTREPRENEURS

\$19 million

IN COMMUNITY INVESTMENTS



\$1 million

IN CHARITABLE DONATIONS



3,000

VOLUNTEER HOURS

What we're doing now.

What we'll do in the future.

Digital Banking

DEMONSTRATED SUSTAINED GROWTH YEAR-OVER-YEAR

- > Electronic Payments
 - ACH volume surpassed \$5.9 Billion
 - Wire payments exceeded \$68 Million
 - Debit Card volume \$530MM
- > Online Account Opening launched for consumers with business online account opening coming early 2024
- > Free Financial Literacy + Empowerment Tools offered to customers
 - MyCredit
 - ID Protection
 - ZOGO
- > Expanded fintech banking program with ecosystem of API-enabled technology for faster payments and card products, with financially-inclusive programs:
 - Earned wage access
 - Emergency savings accounts
 - Small business payroll processing
 - International banking services
- > FedNow ready in 2024!

Financing for Small Business-Equipment

ACHIEVED 10% GROWTH OVER THE PREVIOUS YEAR IN KEY SEGMENTS

- > Progress
 - Construction
 - Landscaping
 - Agriculture
- > Innovation
 - Drone Technology
 - Electric Vehicles
- > Opportunities
 - Veterinary
 - Dental
 - Manufacturing

Affordable Housing

ALLEVIATING THE HOUSING GAP AND INFLATION IMPACT

- > Building housing
- > Empowering communities

Social Impact Savings

- > Expanding Savings Power
 - Swipe-to-Save
 - Round-Up to Save
 - Emergency Savings Accounts
- > Nonprofit Growth and Donation Deposits
 - Full Suite of Non-Profit Banking Solutions
 - Round-up to Donate

LOOKING AHEAD

Looking ahead.

At the heart of our vision is the principle of **Economic Empowerment For All.**

Through innovative products and services, cutting-edge technologies, and strategic alliances, Stearns Bank aims to dismantle barriers to entry and provide individuals of all backgrounds with the resources they need to achieve their economic dreams. By embracing our mission of financial inclusivity, Stearns Bank not only addresses the immediate needs of our clients, we also demonstrate our unwavering commitment to a world where economic opportunities are open to everyone.

FINANCIALS

STEARNS FINANCIAL SERVICES INC. AND SUBSIDIARIES		
CONSOLIDATED BALANCE SHEET		
	2023	2022
CASH & DUE	\$430,392	\$196,144
SECURITIES	82,217	66,648
LOANS	1,652,104	1,086,073
LEASES & CONDITIONAL SALES CONTRACTS*	1,019,263	960,844
RESERVE FOR LOAN LOSS	(80,941)	(55,579)
LOANS & LEASES - NET	2,590,426	1,991,338
BANK PREMISES & EQUIPMENT	15,536	12,531
OTHER REAL ESTATE OWNED	14,531	18,982
OTHER ASSETS	100,344	75,120
TOTAL ASSETS	\$3,233,446	\$2,360,763
DEPOSITS	\$2,303,671	\$1,703,259
OTHER LIABILITIES	386,053	127,062
TOTAL LIABILITIES	2,689,724	1,830,321
COMMON STOCK & SURPLUS	44,146	43,622
UNDIVIDED PROFITS	496,860	489,851
UNREALIZED LOSS ON SEC.	(1,952)	(3,031)
NONCONTROLLING MINORITY INTERESTS	4,668	0
TOTAL CAPITAL	543,722	530,442
TOTAL LIABILITIES & CAPITAL	\$3,233,446	\$2,360,763

Numbers are consolidated dollars in thousands for years ending December 31 (unaudited) for Stearns Financial Services, Inc.

STEARNS FINANCIAL SERVICES INC. AND SUBSIDIARIES		
CONSOLIDATED EARNINGS STATEMENT		
	2023	2022
LOANS	\$128,685	\$83,675
LEASES & CONDITIONAL SALES CONTRACTS*	89,696	78,042
SECURITIES	22,632	4,077
TOTAL INTEREST INCOME	241,013	165,794
INTEREST EXPENSE	77,136	16,166
NET INTEREST INCOME	163,877	149,628
SERVICE CHARGES	279	271
OTHER NON-INTEREST INCOME	10,515	15,458
TOTAL INCOME	174,671	165,357
EXPENSES		
SALARIES & BENEFITS	60,810	58,926
OTHER EXPENSES	27,361	21,132
TOTAL NON-INTEREST EXPENSES	88,171	80,085
INCOME BEFORE PROVISION & TAXES	86,500	85,299
PROVISION (CREDIT) FOR CREDIT LOSSES	39,873	(200)
INCOME TAX EXPENSE	11,451	20,209
NET INCOME ATTRIBUTE TO HOLDING COMPANY AND NONCONTROLLING MINORITY INTERESTS	35,176	65,290
LESS NET INCOME ATTRIBUTE TO NONCONTROLLING MINORITY INTERESTS	318	0
NET INCOME ATTRIBUTE TO HOLDING COMPANY	\$34,858	\$65,290

Numbers are consolidated dollars in thousands for years ending December 31 (unaudited) for Stearns Financial Services, Inc.



This isn't the end. It's just the beginning.

Our 2023 financial report is more than just a series of numbers and charts. It's the latest chapter of a financial institution committed to excellence, innovation, and social responsibility. But our story is still being written.

Through significant increases in lending, digital transactions, charitable giving, and sustainability initiatives, Stearns Bank has not only achieved impressive financial results, we've also made a significant impact on the communities we serve.

At Stearns Bank, inclusion is at the heart of what we do. By increasing access to financial services, we empower everyone. And we will continue to do so as we drive more positive change for individuals and businesses, and pave the way to a brighter future.



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