



Stearns Bank Diversity, Equity, and Inclusion

# DEI Annual Report 2023



STEARNS  
BANK N.A.



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LETTER FROM KELLY

**As we reflect on the past year and the immeasurable ways we’ve been enriched by diversity as we continue to expand our horizons, increasing inclusion and mission-driven impact, our commitment to Diversity, Equity, and Inclusion (DEI) has never been more vital. Our Stearns Bank community embrace a belief of abundance rather than a scarcity mindset, where we believe there are more than enough resources available for all and increasing access and financial empowerment opportunities for all does not take from others or decrease opportunities and access for anyone else.**

At Stearns Bank, we welcome the opportunity to expand our reach and increase access and inclusion to all, and we invite the opportunity to discuss our DEI commitment and the future we see, to build upon the enrichment we’ve experienced, and to navigate the challenges and complex social landscape of today and tomorrow. Our mission at Stearns Bank “to help others achieve their greatest ambitions” is deeply intertwined with our commitment to fostering a true sense of belonging, for our employees, customers, and communities. This commitment is not just a cornerstone of our business strategy, but a fundamental pillar of our corporate values. It’s who we are and how we show up. We’re dedicated to ensuring that every individual, whether they are an employee or customer or community member, not only gets to be their authentic selves at Stearns Bank but are invited and welcomed as they are and valued for who they are and the life they want to build.

In 2023, our DEI initiatives have been driven by a profound belief that the power of inclusivity can bridge gaps and foster new levels of understanding

that generate more engagement, new and better ideas, and empowerment for all. From the establishment of our DEI Advisory Council to granting \$20 million to the African Development Center for increasing financial access and empowerment in underrepresented communities, these concrete actions underscore Stearns Bank’s dedication to driving meaningful change and measurable increases in access, inclusion and mission-driven impact.

Our commitment to diversity and inclusion begins at the governance level as we proactively expanded our board of directors and executive searches to ensure broadened diversity at the governance level, which is where many organizations fall short and never achieve significant change. Our Board of Directors is comprised of 86% women and 57% directors of color, with 43% Latino representation. While our executive management team is 65% women and our overall staff ratio 68% women, we have substantial work to do to increase diversity among our staff to reflect America and the communities nationwide that we serve. While we proud of our intentionality and achievements in setting the tone at the top and establishing diverse governance, we have much work to do and will employ the same determination and intentionality. Our recognition by Fortune as one of the Best Places to Work for 2023 highlights the strategic, dynamic and results-driven work of our Stearns Bank team as we continue to advance on our ongoing DEI journey. While we’ve made strides by intentionally attracting a talented diverse board to govern our company and set the tone at the top, we recognize the roadblocks that remain. For instance, attracting and ensuring more representative racial and ethnic diversity amongst our senior

leadership ranks and overall staff will be achieved by refining our executive and staffing search process and enhancing our DEI data collection processes, and we’re more committed than ever to implementing innovative DEI strategies that help close these gaps.

As we move into 2025, we are excited about the future and our future-forward embrace of diversity, equity and inclusion, which not only reflects our values and who we are but it’s essential for our continued success in serving our communities across the nation. We are further diversifying our overall talent pipelines, expanding leadership development programs, and deepening our community impact efforts. I am deeply grateful for the support, dedication and commitment of our entire Stearns Bank team, customers and community partners. Together, we are better for the diversity of our ideas and our collective commitment to increase opportunities and empowerment for all, which ensures we build together a future where inclusivity and respect are the cornerstones of how we do business, embrace one another and ultimately, enrich each other and thrive as a society.

I look forward to our future-forward progress and expanded opportunities for empowerment we will make together in the coming year.

Sincerely,

**Kelly Skalicky**  
President & CEO  
Stearns Bank, NA



WHO WE ARE

Stearns Bank, N.A., is a privately held national bank with over \$2.5 billion in assets, headquartered in Minnesota, and doing business nationwide with more than 35,000 business customers in the United States.

**Among the more than 4,600 banks in the United States, Stearns Bank consistently ranks as one of the highest performing banks in the country, recently ranked the 5th highest performing bank among those larger than \$1 billion in size based on a 3-year average return on assets.**

Stearns Bank earned Fortune's Great Place to Work certification and also repeatedly achieved top ranking as one of American Banker's Best Banks to Work For, most recently ranked the 5th best out of 90 banks earning this highly coveted distinction for banks in the U.S and ranked Independent Banker's 8th Best-Performing Banks for 2023.

CEO and president Kelly Skalicky was selected to serve on the Office of Comptroller of Currency's ("OCC") Minority Deposit Institution Advisory Committee, appointed for her second term by the OCC to its 10-member MDI Advisory Committee, which is empaneled by the OCC to advise on what is needed to support and sustain the more than 50 minority deposit institutions supervised by the OCC across the U.S. Diversity, equity and inclusion is a personal passion, and under Kelly's leadership, more women have risen in leadership than ever before with the bank's management comprised of 65% women. Stearns Bank is unique in that it is majority owned by women, and the bank started at the top by seeking diversity in governance, which is where most businesses are lacking. Stearns' board of directors is over 86% women and more than 57% directors of color – a rarity in banking in the United States.

Driven by a passion to help others achieve their greatest ambitions, Stearns Bank's mission is to Get the Job Done!





# At Stearns Bank, we are driven by our passion to help others achieve their greatest ambitions.

This mission can only be accomplished by embracing the humanity of each individual, whether they are an employee or customer. Diversity, equity, and inclusion isn't just a practice, it's the foundation of our business and who we are.

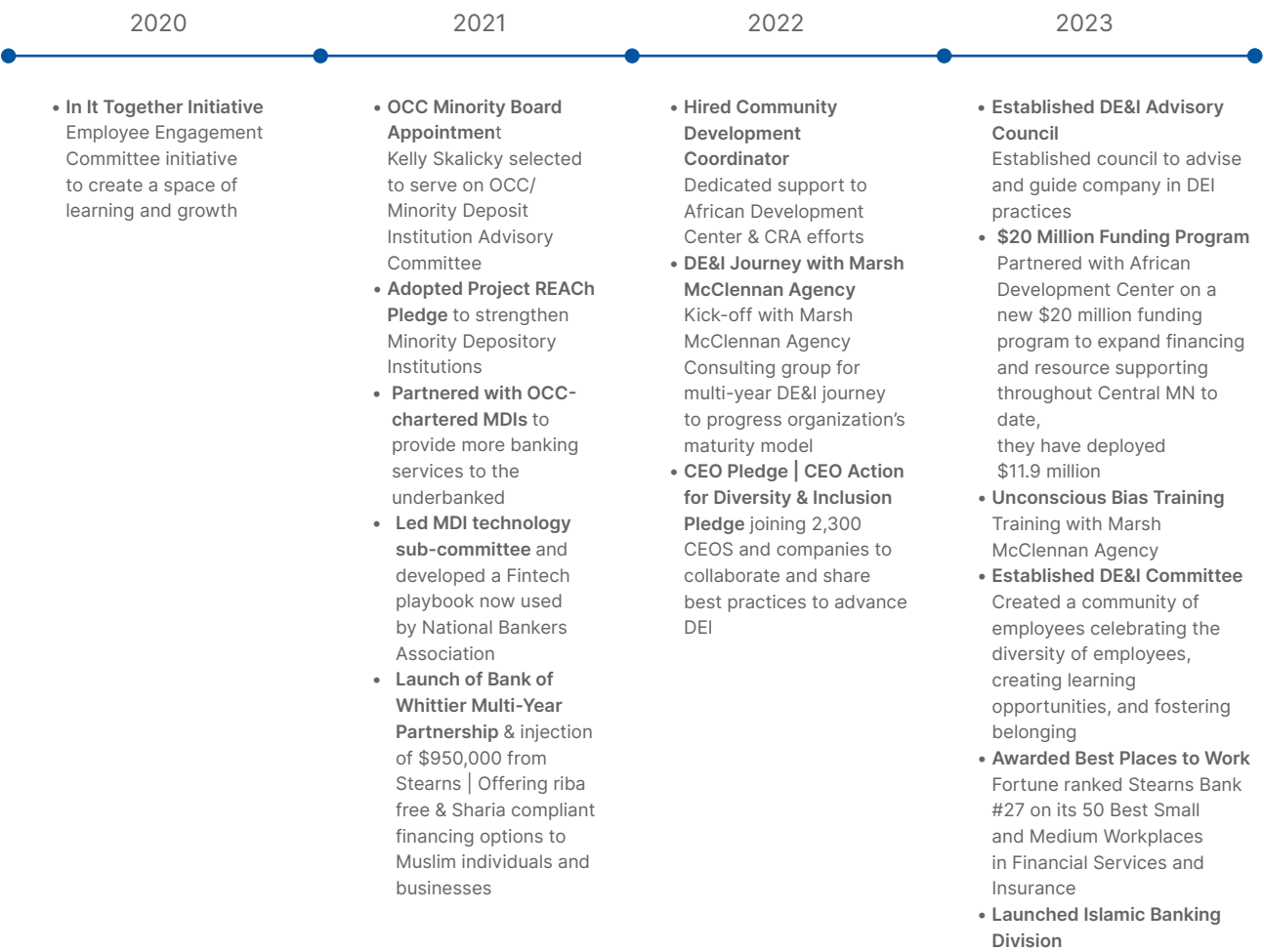
Stearns Bank has been tremendous strides in creating a place of work and business where people are able to embrace themselves. This journey of reflection and implementation has enriched our business, culture, and community work.

This annual report highlights our DEI initiatives, achievements, challenges, and future goals. It reflects our ongoing commitment to fostering an environment where all employees can thrive. This report also includes our opportunities to strengthen our DEI practices.



Starting in 2020 with our “In It Together” initiative, we educated, celebrated and advocated for DEI allowing us to become more aware and gain a deeper sense of pride for the diversity of who we are.

Since then, we focused on enhancing workforce diversity, creating an inclusive workplace culture, engaging with our communities, and driving social impact. While we are proud of our progress, we recognize that there is still much work to be done.



Our commitment to DEI is rooted in our core values of integrity, respect, and excellence.

We strive to create a workplace where differences are celebrated, everyone feels valued, and all employees have the opportunity to contribute and grow.

Our DEI strategy is built on four key pillars:

Workforce Diversity	Our employees are our best resource. Our goal is to ensure that we reflect our national community in race, nationality, religion, organizational membership, sex, sexual orientation, age, parental status, health, disability, culture and more.
Inclusive Workplace Culture	We are working to ensure everyone at Stearns receives competitive, best-in-class benefits that honor all people and their families.
Community Engagement	We are dedicated in working with all members of the communities we work with through community service, skills-based volunteering, and financing for the underbanked groups.
Social Impact	Through our work, we're building generational wealth and prosperity for everyone.



# DEI Initiatives

## Workforce Diversity

launched targeted recruitment campaigns to attract a diverse pool of candidates, resulting in significant increase in the hiring of underrepresented groups.

## Leadership Development

Implemented leadership development programs focusing on advancing women and minorities into management positions.

*"I love that we are employee owned and have a lot of unique benefits to fit team members lives, such as pet care and child-care reimbursement. The company cares about each of us as individuals and we are encouraged to develop ourselves in our careers. Many positions have flexible work arrangements, and the company continues to deepen its commitment to inclusion and belonging both with customers and team members."*

Culture Survey Feedback

## OCC-designated minority depository institution (MDI)

53%

women in executive leadership

100%

Governed with majority women & minority board members

*"In addition to fair compensation and generous benefits packages, the company promotes and is truly invested in DE&I initiatives. Allowing for much of the staff to be fully remote helps to promote DE&I as we are now able to have staff from all over the country which helps give us an edge more perspectives given the geographic diversity."*

Culture Survey Feedback

68%

of all team members are women



DEI Committee

Bringing different heritages, cultures, and backgrounds to the forefront has given our team members the opportunity to learn something new about the world and the people we work alongside of; it has opened our eyes to the importance of having a diverse team at Stearns Bank. To date, we’ve observed 14 celebrations and heritage months, including Juneteenth, Pride, Hispanic Heritage Month, National Disability Independence Day (ADA Day), and Neurodiversity Celebration Week.

Inclusive Workplace Culture training

DEI Training-conducted comprehensive DEI training for all employees, with 90% participation. Topics included unconscious bias, exploring microaggressions, and professional development.

Unconscious Bias Completion

Managers **91%**  
Non-Managers **87%**

Exploring Microaggressions

Leaders **88%**  
Employees **85%**

Professional Development

We continue to invest in our team members to pursue career growth and development opportunities. Team members can take advantage of multiple programs, including tuition assistance, student loan payback, internal and external skills and leadership training opportunities, certifications, and conferences.

Inclusive Policies

Updated our policies to ensure inclusivity, including expanding parental leave and implementing flexible work arrangements. One of Stearns Banks inclusive benefits is our family care programs, which provides up to \$5000 annually for childcare, elder care, pet care, infertility care, tuition payback, and adoption related financial assistance to team members. Stearns Bank recently enhanced the family care benefits to include downpayment assistance for the purchase of a home or automobile.

Community Engagement

Community Partnerships: Partnered with local organizations to support underrepresented communities, including mentorship programs for minority youth and financial literacy workshops.

Social Impact

Volunteer Initiatives: Encouraged employees to volunteer, resulting in over 3,000 hours dedicated to community service.

- **Donated over \$1, million in charitable donations.**
- **\$19 million in community investments**
- **\$1.2 Billion in loans to entrepreneurs**

While we have made notable progress, we acknowledge ongoing challenges:

Representation

Achieving proportional representation at senior leadership levels remains a challenge.

Data Collection

Enhancing our ability to collect and analyze DEI-related data to better inform our strategies.

*“Stearns Bank has committed wholeheartedly to inclusion and is investing (putting their money where their mouth is) in building a welcoming and diverse workplace where everyone feels a true sense of belonging for who they are, which is a very rare these days and very important to me and my family. I also truly believe Stearns Bank wants me to grow, personally and professionally, and the company and my workmates at Stearns Bank have supported every opportunity I have wanted to pursue to grow my career and personal life. Stearns Bank also lives by and invests in its mission to help others achieve their greatest ambitions -- and the commitment of management and the entire company to empowerment for all -- makes me feel like I am making a meaningful difference in the world and in the lives of the customers I work with. I love working at Stearns Bank, and I love how we make a real, lasting, and positive impact in the lives of the customers we serve. It's more fulfilling than any work I have done before in my life.”*

Culture Survey Feedback







# Goals for 2024

Enhanced Recruitment	Further diversifying our talent pipeline through partnerships with diverse professional organizations and universities.
Leadership Training	Expanding our leadership development programs to include more participants from underrepresented groups.
Inclusive Benefits	Reviewing and enhancing our benefits to ensure they meet the needs of a diverse workforce.
Community Impact	Increasing our investment in community initiatives that promote equity and inclusion.
Supplier Diversity	Setting a target to increase our spending with diverse suppliers by an additional 20%.
Targeting Approach	Hiring a Diversity Manager whose priority will be to consolidate strategy.



# Conclusion

**We are proud of our achievements in 2023 and remain dedicated to our DEI journey. By continuing to prioritize diversity, equity, and inclusion, we believe Stearns Bank will not only enhance our organizational culture but also positively impact the communities we serve. We look forward to building on this foundation in the coming year and beyond.**

Thank you for supporting Stearns Bank's commitment to DEI.  
Together, we are creating a more inclusive and equitable future.

This DEI Annual Report was prepared by  
the Stearns Bank DEI Committee, May 2024.



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