

2025

Annual Report

STEARNS
BANK

A Message From Our Leadership Team

We committed to three things: innovate with purpose, deepen our impact, and operate with shared ownership - and we delivered.

Empowered Innovation meant reducing friction and increasing transparency. We made it faster and easier for customers to access essential financial tools, setting a new standard for clarity and ease.

Purpose-Driven Commitment meant leaning in where it matters most. We expanded support for nonprofits, strengthened community partnerships, and continued to lead in affordable housing at a time when many pulled back.

Shared Ownership shined brightly in all that we did. When customers thrive, communities grow, and we grow with them.

This came to life through **Stearns Gold**, our relationship-first framework, and **Your Money. Your Power.**, a national platform advancing financial empowerment.

We took immediate action. We removed overdraft fees, reinforced fee-free ATM access, and elevated nonprofit banking solutions. We also helped to advance a marquee project in the state of Maryland, championed by Governor Wes Moore as part of an initiative to build and revitalize Park Place at Addison Road Metro, a 11,000 sqft, 349 unit development. This work also marked the beginning of our Missing Middle Housing initiative, focused on expanding access to attainable, community-centered housing that bridges the gap between single-family homes and large-scale developments.

This is our approach to leadership. Remove barriers. Expand access. Build lasting relationships.

Guided by Stearns Gold, we remain focused on delivering clarity, confidence, and opportunity.

Signed - Executive Leadership Team



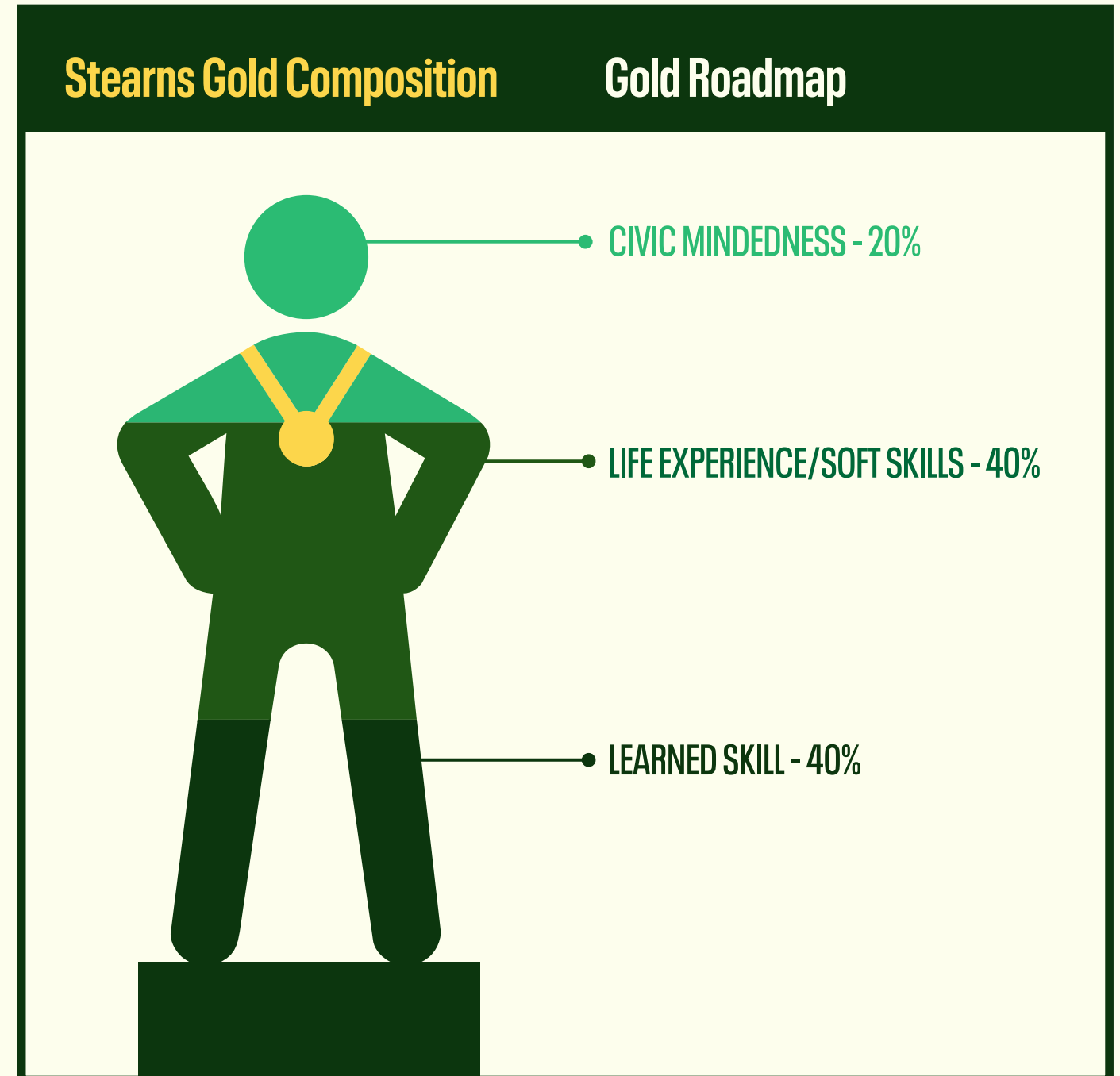
Who We Are - Ownership Mindset

In 2025, we launched Stearns Gold, our relationship-first framework for delivering consistent, human-centered banking. At its core is a belief that how we serve customers starts with who we are as employee owners. Stearns Gold is powered by a civic-minded owner model one that values character, experience, and capability in equal measure.

Each Stearns Bank employee owner is grounded in:

- **20% Civic Minded** – A shared responsibility to act with integrity, stewardship, and accountability to the communities we serve
- **40% Life Experience** – Real-world perspective that informs empathy, judgment, and customer understanding
- **40% Learned Skill** – Technical expertise and professional excellence applied with discipline and care

Together, this model ensures Stearns Gold is not just a framework, but a lived standard one that enables stronger relationships, better decisions, and more meaningful impact across customers, communities, and the bank.



Impact

Affordable Housing

Stearns Bank continued its long-term commitment to housing affordability by financing developments that expand access and strengthen communities nationwide.

- **Our housing impact expanded by 2,000 units in 2025 alone increasing our reach in just over five years to 41,000 affordable housing units financed.**
- **Our coast-to-coast reach continued in 2025, reaching 11 different states bringing the total to 40 states in just over five years.**
- **Stearns Bank financing combined with multiple investors across economic development centers, tax credit investors, state, county and city sources have made possible over \$2.4 billion of advancements in just over five years for housing.**



Equipment Finance Division

In 2025, our Equipment Finance Division (EFD) empowered businesses to invest in critical assets, supporting growth, operational efficiency and long-term success. These efforts drove strong volume, enhanced performance, and elevated our national standing within the industry.

- **All 50 States**
Deals successfully booked nationwide, reflecting true national scale.
- **Powerful network of 27,000 contacts**
We bridge the gap across 582 distinct industries. From the essentials of Healthcare and Agriculture to specialized niches in Construction and beyond.
- **Industry Recognition**
Ranked among the Top 40 Vendors, Top 100 Finance Companies, and Top 50 Banks by Monitor.

Nonprofit Banking

Investing in our home base, Stearns Bank expanded access to flexible capital across Central Minnesota through our partnership with the Initiative Foundation, a community development organization focused on advancing economic opportunity across rural Minnesota, leveraging \$7.6 million into more than \$53 million in funding to support jobs, housing, and childcare.

At the same time, through our nonprofit banking solutions and community development support, our total donation and sponsorship impact was over \$4 million, benefiting nearly 200 organizations by directing \$140,000 in donations exclusively to nonprofit deposit customers and reinforcing a model that reinvests directly into the communities we serve.



Salaam Banking

Stearns Salaam Banking expanded access to purpose-driven financial tools designed to align financial growth with community impact. Customers are able to direct profit-share dollars to nonprofits, schools, and mosques supporting meaningful reinvestment into the communities they serve.

- Customer-directed charitable giving enabled across the platform
- Deposits grew 208% year over year to \$65 million total

Community Impact and Responsibility

Amplify the Good

We introduced Amplify the Good at the close of 2025 to take meaningful action on a growing need. By dedicating **1.5% of our income** to food shelves across the country, we're reinforcing our belief that growth should be shared and that access to basic needs is foundational to financial stability. **What if other banks matched our ambition? What impact could we make?**

Enabling Mobility - Women Owned Small Business

Through our Childcare Award Program, we deployed \$855,000 in funding by partnering with trusted nonprofit and business development organizations across the country expanding access to childcare, supporting providers, and unlocking broader economic participation for working families and communities.

- **\$855,000 in total funding deployed** to expand access to childcare solutions
- **\$175,000 in direct award** distributed across leading nonprofit and women's business centers
- **7 partner organizations activated** across local, regional, and national networks
- **68 childcare providers supported** through award-funded programming
- **Up to \$680,000 in additional impact unlocked** through partner-led distribution and support models
- **Multi-state reach**, including Minnesota, North Dakota, Nebraska, Pennsylvania, and California, plus national coverage



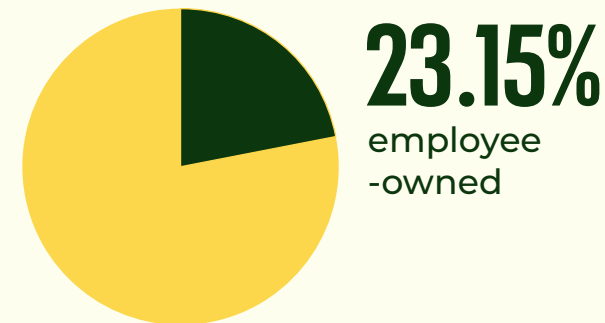
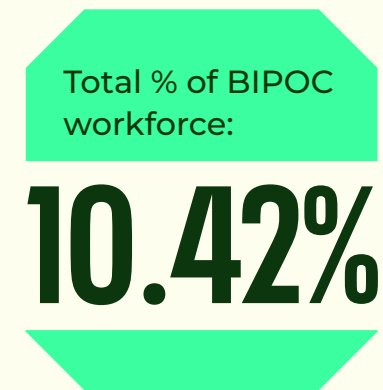
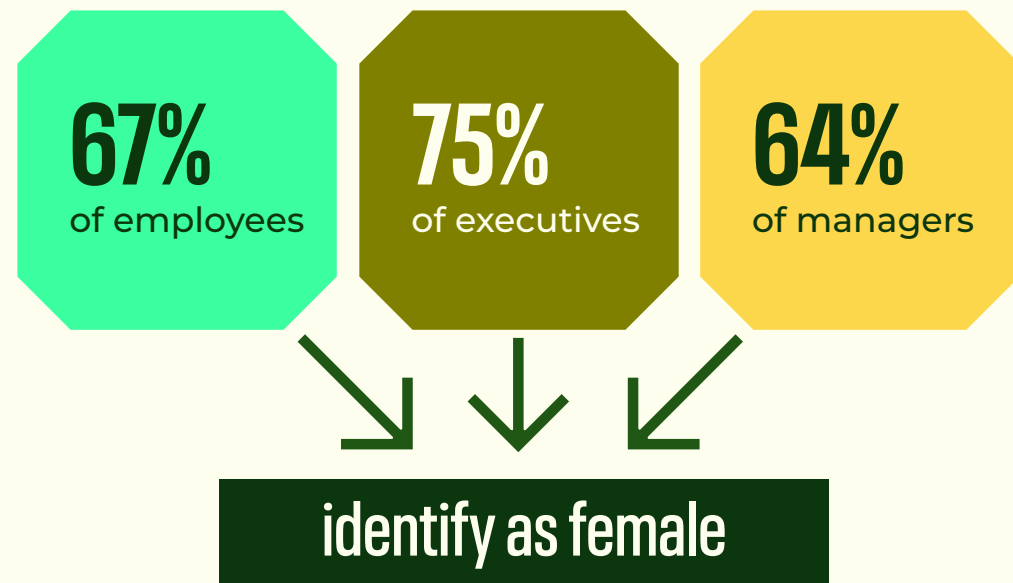
Simplifying Banking. Scaling Impact.

In 2025, we continued to invest in digital capabilities that improve how we serve customers and operate as a bank. We enhanced tools and platforms to create more seamless experiences, drive efficiency, and support scalable growth.

We also prioritized clear, consistent communication ensuring both customers and employees understood how to use these solutions and the value they deliver. This focus accelerated adoption and strengthened how digital capabilities show up across the organization.

People, Culture, and Organizational Effectiveness

Stearns Bank believes long-term success is driven by engaged and empowered employees. In 2025, we invested in internal communications, and professional development to strengthen clarity, enhance collaboration, and support continued growth across the organization.



Launched Amplify the Good campaign, committing over **\$1M** to food shelves across the country. 💰

Launched **phase 1** of inclusive strategy with vendor management partners. 👤👤



Financials Performance Overview

The following section provides a summary of Stearns Bank's financial performance for the *years ended December 31, 2025 and 2024*. Detailed financial statements and accompanying notes are presented to provide transparency and support informed review.

STEARNS FINANCIAL SERVICES INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET (Dollars in thousands)

	2025	2024
CASH & DUE	\$213,669	\$286,404
SECURITIES	106,384	94,071
LOANS	1,814,900	1,608,899
LEASES & CONDITIONAL SALES CONTRACTS*	1,138,569	1,183,007
RESERVE FOR LOAN LOSS	(96,430)	(80,587)
LOANS & LEASES - NET	2,857,039	2,711,319
BANK PREMISES & EQUIPMENT	23,561	22,878
OTHER REAL ESTATE OWNED	38,189	23,944
OTHER ASSETS	135,536	89,782
TOTAL ASSETS	\$3,374,378	\$3,228,398
DEPOSITS	\$2,540,763	\$2,551,748
OTHER LIABILITIES	272,568	161,673
TOTAL LIABILITIES	\$2,813,331	\$2,713,421
COMMON STOCK & SURPLUS	\$45,700	\$44,825
UNDIVIDED PROFITS	486,381	466,948
UNREALIZED LOSS ON INVESTMENTS	(118)	(2,187)
NONCONTROLLING MINORITY INTERESTS	29,084	5,391
TOTAL CAPITAL	561,047	514,977
TOTAL LIABILITIES & CAPITAL	\$3,374,378	\$3,228,398

*Conditional Sales Contracts included in loans for Regulatory Reporting

CONSOLIDATED EARNINGS STATEMENT (Dollars in thousands)

	2025	2024
LOANS	\$167,105	\$155,832
LEASES & CONDITIONAL SALES CONTRACTS*	120,553	113,065
INVESTMENTS	14,472	13,339
TOTAL INTEREST INCOME	302,130	282,236
INTEREST EXPENSE	98,565	101,586
NET INTEREST INCOME	203,565	180,650
SERVICE CHARGES	173	288
OTHER NON-INTEREST INCOME	24,978	19,479
TOTAL INCOME	\$228,716	\$200,417
EXPENSES:		
SALARIES & BENEFITS	\$85,520	\$71,042
OTHER EXPENSES	38,156	34,718
TOTAL NON-INTEREST EXPENSES	123,676	105,760
INCOME BEFORE PROVISION & TAXES	\$105,040	\$94,657
PROVISION FOR CREDIT LOSSES	18,059	24,932
INCOME TAX EXPENSE	20,372	16,421
NET INCOME ATTRIBUTABLE TO HOLDING COMPANY AND NONCONTROLLING MINORITY INTERESTS	66,609	53,304
LESS NET INCOME ATTRIBUTABLE TO NONCONTROLLING MINORITY INTERESTS	3,102	723
NET INCOME ATTRIBUTABLE TO HOLDING COMPANY	\$63,507	\$ 52,581

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

* Income from Conditional Sales Contracts included in Loan interest for Regulatory Reporting

Built for What's Next

**STEARNS
BANK**

As we look ahead to 2026, Stearns Bank remains focused on disciplined growth, strong risk management, and continued investment in our people and platforms. We are entering the year from a position of strength well-equipped to navigate a dynamic environment while pursuing opportunities aligned with our long-term strategy.

A Foundation That Scales

With a diversified business model and a clear sense of purpose, we continue to build a bank designed for resilience and growth. Our commitment remains steady: to serve customers, communities, and stakeholders responsibly while expanding our impact.

Our Focus for 2026

Our work is guided by a clear vision expanding access, driving innovation, and creating pathways to generational wealth. This vision comes to life through three priorities:

- **Empowered Innovation**
Delivering faster, more transparent experiences that reduce friction and expand access to essential financial tools.
- **Purpose-Driven Commitment**
Deepening our investment in nonprofits, affordable housing, and community organizations to advance financial inclusion.
- **Shared Ownership**
Expanding employee ownership as a model for inclusive economic mobility and long-term wealth creation.

