



# LARGE BANK

---

Comptroller of the Currency  
Administrator of National Banks  
Washington, DC 20219

---

## Public Disclosure

January 12, 2005

### Community Reinvestment Act Performance Evaluation

Bremer Bank, National Association  
Charter Number: 23295

3100 S. Columbia Road  
Grand Forks, ND 58201

Office of the Comptroller of the Currency

Minneapolis North  
920 Second Avenue South Suite 800  
Minneapolis, MN 55402

**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.

# Table of Contents

<b>OVERALL CRA RATING .....</b>	<b>1</b>
<b>DEFINITIONS AND COMMON ABBREVIATIONS.....</b>	<b>2</b>
<b>DESCRIPTION OF INSTITUTION.....</b>	<b>6</b>
<b>SCOPE OF EVALUATION .....</b>	<b>6</b>
<b>FAIR LENDING REVIEW .....</b>	<b>8</b>
<b>MULTISTATE METROPOLITAN AREA RATING</b>	
Grand Forks, MN-ND Metropolitan Statistical Area.....	9
<b>STATE RATING</b>	
State of Minnesota .....	17
State of North Dakota .....	24
<b>APPENDIX A: SCOPE OF EXAMINATION .....</b>	<b>A-1</b>
<b>APPENDIX B: SUMMARY OF MULTISTATE METROPOLITAN AREA AND STATE RATINGS.....</b>	<b>B-1</b>
<b>APPENDIX C: MARKET PROFILES FOR FULL-SCOPE AREA .....</b>	<b>C-1</b>
<b>APPENDIX D: TABLES OF PERFORMANCE DATA.....</b>	<b>D-1</b>

## Overall CRA Rating

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

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

Performance Levels	Bremer Bank, National Association Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding		X	
High Satisfactory	X		X
Low Satisfactory			
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:

- A substantial majority of Bremer's loans are made in its assessment areas. We determined the inside/outside ratios at the bank level. During the evaluation period, Bremer originated 95% of its HMDA loans by number and 93% by dollar within its AAs. For small loans to businesses, 91% by number and 86% by dollar were within the AAs. Finally, for small loans to farms, 94% by number and 96% by dollar were within the AAs. This volume of local lending demonstrates excellent responsiveness to area credit needs.
- Overall Lending Test performance is good for the bank as a whole and for each rating area. Bremer demonstrates excellent lending activity, adequate geographic distributions, and good borrower distributions.
- Bremer has an excellent level of qualified investments in the Grand Forks MMSA. Qualified investments are adequate in the MN and ND AAs. Bremer's overall AA investments total 3.83% of the bank's Tier 1 Capital. In addition, they have additional regional investments that may benefit the AAs. The levels of qualified investments represent excellent responsiveness to community needs.
- Bremer's delivery systems are reasonably accessible to geographies and individuals of different income levels.

## 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.

**Block Numbering Area (BNA):** A statistical subdivision of a county for grouping and numbering blocks in non-metropolitan counties where local census statistical area committees have not established census tracts. A BNA does not cross county lines.

**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.

**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 or a block numbering area 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 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).

**Home Mortgage Loans:** such loans include home purchase and home improvement loans, as defined in the HMDA regulation. This definition also includes loans for multifamily (five or more families) dwellings, loans for the purchase of manufactured homes and refinancing of home improvement and home purchase loans.

**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 primary metropolitan area (PMA), metropolitan area (MA), or consolidated metropolitan area (CMA), as defined by the Office of Management and Budget, with a population of 250,000 or more, and any other area designated as such by the appropriate federal financial supervisory agency.

**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. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small

business loans" if the loans are reported on the TFR as nonmortgage, commercial 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 One 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 more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.

## **Description of Institution**

Bremer Bank, National Association (Bremer) is a \$637 million interstate bank headquartered in Grand Forks, North Dakota. Bremer has its main office and one branch located in Grand Forks, North Dakota. Additional North Dakota locations include full-service branches located in Larimore, Gilby, Grafton, Fordville, Hoople and St. Thomas. Minnesota full-service locations include Crookston, Fisher, Shelly and Warren. There was no merger or acquisition activity for this charter during the evaluation period.

Bremer is owned by Bremer Financial Corporation (BFC), a \$6.2 billion holding company headquartered in St. Paul, Minnesota. BFC affiliates have more than 100 locations throughout Minnesota, North Dakota and Wisconsin. Non-bank affiliates include trust and insurance companies. BFC is owned by the Otto Bremer Foundation (Foundation) and its employees. A majority of the Foundation's assets are invested in BFC. Earnings generated by BFC and other investments support local nonprofit activities through the grant-making activities of the Foundation. At the bank's request, we considered qualified investments of the Foundation in the evaluation of the bank's Investment Test performance.

Bremer is a full-service bank offering a variety of loan and deposit products. Its lending focus is commercial, agricultural, and also includes residential mortgage loans and consumer loans. As of December 31, 2004, net loans totaled \$467 million, representing 72% of total assets. Tier 1 capital totaled \$45 million. As of December 31, 2004, the loan portfolio consisted of the following composition: commercial 36%; agriculture 34%, consumer 18%, residential real estate 11% and 1% other loans.

There are no financial, legal or other factors that impede the bank's ability to help meet the credit needs in its assessment areas. Bremer received a Satisfactory rating as of its last CRA examination dated November 13, 2001.

## **Scope of the Evaluation**

### **Evaluation Period/Products Evaluated**

We evaluated Bremer's small business, small farm and residential mortgage data for the period beginning January 1, 2001 through December 31, 2003. The evaluation of this data was completed using two separate analysis periods due to changes in the census data available. Small business, small farm and residential mortgage loans originated through 2002 were compared to demographic data based on 1990 census information while loans originated in 2003 were compared to demographic data based on 2000 census information. Small business and small farm loans through 2002 were compared to 2002 peer data and 2003 peer data was used for comparison with the 2003 small business and small farm loans originated.

We evaluated Bremer's community development lending, investments, community development services and retail services for the period beginning January 1, 2001 through December 31, 2004.

The bank's branch distribution was compared to the demographics based on 2000 census data.

Products reviewed under the Lending Test include small business loans, small farm loans, home mortgage loans and community development loans. Our analysis of home mortgage loans did not include home improvement loans as the bank did not report this data. As a result, Tables 3 and 9 are not part of this evaluation.

Bremer's lending performance relative to demographics generally carried the most weight in this evaluation. Bremer's market share performance had an influence on the conclusions when it was significantly different than demographic performance.

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 own homes and obtain financing

### **Data Integrity**

Prior to conducting this evaluation, we tested the accuracy of the bank's small business, small farm and HMDA loan data. We found the data to be accurate and used the data in the evaluation.

We also reviewed community development loans, investments and services provided by Bremer management to ensure they met the regulatory definition of community development. The few that did not meet the definition were excluded from this evaluation.

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

In each state where the bank has an office, a sample of assessment areas (AAs) within that state was selected for full-scope reviews. Refer to the "Scope" section under each State Rating for details regarding how the areas were selected. Every multistate metropolitan area in which the bank has branches in more than one state received a full-scope review.

### **Ratings**

The bank's overall rating is a blend of the ratings for the one Multistate MSA and the two states in which Bremer has branch offices. Each of these three rated areas was not considered equally in arriving at the bank's overall rating. Instead, we placed greater weight on Bremer's performance in the area from which it derives the greatest volume of deposits. As a result, the most weight was placed on Bremer's performance in the

Grand Forks MMSA, from which Bremer derives 70% of its deposits. The percentage of deposits Bremer derives from the other rated areas is 11% for the Minnesota AA and 19% for the North Dakota AA.

## **Fair Lending Review**

An analysis of the most recent public comments and consumer complaint information was performed according to the OCC's risk based fair lending approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year. The latest comprehensive fair lending exam was performed in 1998.

## Multistate Metropolitan Area Rating

### Grand Forks, MN-ND Metropolitan Statistical Area

<b>CRA rating for the Grand Forks MSA<sup>1</sup>:</b>	<b>Satisfactory</b>
<b>The lending test is rated:</b>	<b>High Satisfactory</b>
<b>The investment test is rated:</b>	<b>Outstanding</b>
<b>The service test is rated:</b>	<b>High Satisfactory</b>

The major factors that support this rating include:

- In the Grand Forks MMSA, Bremer demonstrated excellent lending activity, adequate geographic distribution, and good borrower distribution.
- Bremer provides a significant level of qualified investments and provides good responsiveness to credit and community development needs.
- Bremer's service delivery systems are reasonably accessible, and bank provides convenient services that benefit individuals located in low- or moderate-income geographies.

### Description of Institution's Operations in the GRAND FORKS MMSA

Bremer's Grand Forks MMSA AA consists of Grand Forks County, North Dakota and Polk County, Minnesota. Based on the 1990 Census information, the AA was comprised of 29 census tracts (CTs), including 6 moderate-income CTs. AA composition based on the 2000 census information is slightly changed with 1 low-income CT and 2 moderate-income CTs. The AA includes 27 CTs per the 2000 census.

Bremer maintains six full-service branch locations in the Grand Forks MMSA. As of June 30, 2004, Bremer has the second largest share of deposits of the 18 financial institutions with branch offices in the Grand Forks MMSA. Bremer's deposits total \$274 million and represent 21.28% of aggregate market deposits.

Refer to the market profile for the Grand Forks MMSA in appendix C for detailed demographics and other performance context information.

---

<sup>1</sup> This rating reflects performance within the multistate metropolitan area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan area.

## **LENDING TEST**

### **Grand Forks, MN-ND Metropolitan Statistical Area**

Bremer's performance under the Lending Test in the Grand Forks MMSA is rated "High Satisfactory". Based on a full scope review, the bank's performance in the AA is good. Refer to Table 1 in Appendix D for the facts and data used to evaluate the bank's lending activity.

### **Scope of the Evaluation in the Grand Forks MMSA**

For the Lending Test in the MMSA, we gave equal weight to Bremer's performance for home mortgage loans, small loans to businesses, and small loans to farms. Of Bremer's loan originations during the evaluation period, 39% by number and 35% by dollar were home mortgage loans, 22% by number and 31% by dollar were small loans to businesses, and 39% by number and 34% by dollar were small loans to farms.

For the home mortgage loan analysis, we gave the most weight to refinance loans. Those loans represented 64% by number and 62% by dollar of all of Bremer's home mortgage loans.

### **Lending Activity**

Lending levels reflect excellent responsiveness in relation to area credit needs and the bank's deposit market share. Bremer's lending activity was strongest for small loans to farms, where Bremer was the market leader in the number of loans originated and purchased. In addition, its farm loan market share was significantly higher than its deposit market share.

During 2003, the most recent year for which market data is available, Bremer originated 607 reportable HMDA loans totaling \$51 million in the MSA. Based on numbers of HMDA loans, Bremer had a 9.49% market share and ranked third among the 182 financial institutions that reported HMDA loans.

Bremer originated 284 reportable small loans to businesses totaling \$36 million in the MMSA. Based on the number of these business loans, Bremer had a 10.82% market share and ranked third among the 36 financial institutions that reported business loans.

Bremer originated 604 reportable small loans to farms totaling \$45 million in the MMSA. Of the 15 financial institutions that reported farm loans, Bremer led the market and had a 64.46% market share.

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

The geographic distribution of Bremer's loans in the Grand Forks MMSA is adequate.

## **Home Mortgage Loans**

Bremer's overall geographic distribution of home mortgage loans is good.

While some of the bank's home mortgage lending was below demographics, performance was considered at least adequate due to a combination of limited numbers of owner-occupied housing units in the low- and moderate-income census tracts and the distance between those census tracts and Bremer's branches.

For the 2001 through 2002 portion of the evaluation period, none of the census tracts in the MSA were designated low-income. For 2003, only one census tract was designated low-income and virtually none of the housing units in the census tract were owner occupied. As a result, the bank's performance in low-income geographies in the Grand Forks MSA was not considered meaningful for this evaluation.

During 2001 through 2002, there were six census tracts in the MSA that were designated moderate-income. Four of the six census tracts were in the North Dakota side of the MSA and were a relatively short distance from Bremer's branch offices. However, only 17% of the owner-occupied housing units in the moderate-income areas of the MSA were in these four census tracts. The other 83% were in moderate-income census tracts in Minnesota, in the easternmost area of the MSA. These two Minnesota census tracts were a further distance from Bremer offices, which limited Bremer's ability to lend there. With the change in demographics effective for 2003, only two census tracts in the entire MSA were designated moderate-income. Very few of the owner-occupied housing units in the MSA were located in those census tracts.

## **Home Purchase Loans**

Bremer's geographic distribution of home purchase loans in the Grand Forks MSA is adequate. The percentage of Bremer's home purchase loans in both low- and moderate-income geographies is below the percentage of owner-occupied housing units in those geographies. In addition, Bremer's market share in those geographies is lower than its overall market share. Nonetheless, this performance is considered reasonable in light of the combination of the limited numbers of owner-occupied housing units in those census tracts and the distance between those census tracts and Bremer's branches, as described above.

## **Refinance Loans**

Bremer's geographic distribution of refinance loans in the Grand Forks MSA is good. In moderate-income geographies in 2001 and 2002, the percentage of Bremer's loans was lower than the percentage of owner-occupied housing units in those geographies. Bremer's market share in moderate-income geographies is near to its overall market share and was a positive consideration. In 2003, there were fewer moderate-income census tracts and relatively few owner-occupied housing units within those tracts. The percentage of Bremer's loans in those census tracts exceeded the percentage of

owner-occupied housing units located there. In addition, Bremer's market share in moderate-income geographies exceeded its overall market share.

### **Multifamily Loans**

Due to the limited number of multifamily loans Bremer originated during the evaluation period, an analysis of the geographic distribution of the loans would not be meaningful.

### **Small Loans to Businesses**

The geographic distribution of Bremer's small loans to businesses in the Grand Forks MMSA is adequate.

For the 2001 through 2002 portion of the evaluation period, none of the CTs in the MMSA were designated low-income. For 2003, only one CT was designated low-income. While Bremer did not originate any small loans to businesses in that CT during 2003, that was not a significant consideration in this evaluation since only 3% of the businesses in the MMSA were located there.

During 2001 through 2002, the percentage of Bremer's small loans to businesses in moderate-income geographies was significantly lower than the percentage of businesses located in those geographies. In 2003, the percentage of Bremer's loans in moderate-income geographies was lower than the percentage of businesses in those geographies. With the change in demographics effective for 2003, only two CTs in the entire MMSA were designated moderate-income and only 6% of the businesses in the MMSA were located within the tracts. As with home mortgage lending, the distance from the bank's offices to the moderate-income census tracts was a factor that mitigated Bremer's lower levels of lending in those geographies. In both 2002 and 2003, Bremer's market share of small loans to businesses in moderate-income geographies is near to its overall market share of those loans.

### **Small Loans to Farms**

The geographic distribution of Bremer's small loans to farms in the Grand Forks MMSA is adequate.

For the 2001 through 2002 portion of the evaluation period, none of the CTs in the MMSA were designated low-income. For 2003, only one CT was designated low-income. While Bremer did not originate any small loans to farms in that CT, this was not a significant consideration in this evaluation since less than 1% of the farms in the MMSA were located there.

Throughout the evaluation period, the percentage of Bremer's small loans to farms in moderate-income geographies was significantly lower than the percentage of farms located in those geographies. For the 2001 to 2002 timeframe, the distance from the bank's offices to the moderate-income CTs was a factor that mitigated Bremer's lower levels of lending in those geographies. With the change in demographics effective for

2003, only two CTs in the entire MMSA were designated moderate-income and only 8% of the farms in the MMSA were located in those two tracts. In 2002, Bremer's market share of small loans to farms in moderate-income geographies was significantly lower than its overall market share; in 2003, Bremer's market share in moderate-income geographies exceeded its overall market share.

### **Lending Gap Analysis**

Our geographic distribution analysis included a review for lending gaps, particularly in low- and moderate-income areas. We did not identify any unexplained conspicuous gaps in the Grand Forks MMSA.

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

Bremer's overall borrower distribution in the Grand Forks MMSA is good.

#### **Home Mortgage Loans**

Borrower distribution of home mortgage loans in the Grand Forks MMSA reflects good penetration among loan customers of different income levels.

#### **Home Purchase Loans**

Bremer's distribution of home purchase loans to borrowers of different income levels is excellent. Throughout the evaluation period, the percentage of Bremer's home purchase loans to low-income borrowers was near to the percentage of low-income families in the Grand Forks MMSA. Also, throughout the evaluation period, the percentage of Bremer's loans to moderate-income borrowers exceeded the percentage of moderate-income families. In both 2002 and 2003, Bremer's market shares of loans to both low- and moderate-income borrowers exceeded its overall market shares.

#### **Refinance Loans**

Bremer's distribution of refinance loans to borrowers of different income levels is good in the Grand Forks MMSA. During 2001 through 2002, the percentage of Bremer's refinance loans to low-income borrowers was significantly lower than the percentage of low-income families in the MMSA. In 2002, Bremer's market share of loans to low-income borrowers was near to its overall market share. In 2003, Bremer's percentage of refinance loans to low-income borrowers was lower than the percentage of low-income families and is considered adequate in light of the level of families below the poverty level in the MMSA. Bremer's market share of loans to low-income borrowers exceeded its overall market share.

During 2001 through 2002, the percentage of Bremer's refinance loans to moderate-income borrowers was near to the percentage of moderate-income families in the MMSA. In 2003, Bremer's percentage of refinance loans to moderate-income

borrowers was very near to the percentage of moderate-income families. In both 2002 and 2003, Bremer's market share of loans to moderate-income families exceeded its overall market share.

### **Small Loans to Businesses**

The distribution of borrowers in the Grand Forks MMSA reflects excellent penetration among business customers of different sizes.

During 2001 through 2002, the percentage of Bremer's loans to small businesses (those with revenues of \$1 million or less) was near to the percentage of businesses in the Grand Forks MMSA with those smaller revenues. During 2003, the percentage of Bremer's loans to small businesses exceeded the percentage of businesses with those smaller revenues. In addition, in both 2002 and 2003, Bremer's market share of loans to small businesses significantly exceeded its overall business loan market share.

### **Small Loans to Farms**

The distribution of borrowers in the Grand Forks MMSA reflects good penetration among farm customers of different sizes.

During 2001 through 2002, the percentage of Bremer's loans to small farms (those with revenues of \$1 million or less) exceeded the percentage of farms in the Grand Forks MMSA with those smaller revenues. During 2003, the percentage of Bremer's loans to small farms was somewhat lower than the percentage of farms with those smaller revenues. In both 2002 and 2003, Bremer's market share of loans to small farms exceeded its overall farm loan market share.

### **Community Development Lending**

Community development lending had a neutral impact on lending performance in the Grand Forks MMSA. During the evaluation period, Bremer originated five community development loans totaling \$542 thousand in the Grand Forks MMSA. This is a moderate volume relative to the bank's size and resources. The majority of the loans helped provide community services to low- and moderate-income individuals.

## **INVESTMENT TEST**

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

Investment Test performance is rated Outstanding. Qualified Investments in the MMSA are numerous and responsive to the identified needs of the MMSA. None of the investments are considered innovative or complex, and all are routinely provided by private investors. Bremer's level of investments in the MMSA is considered excellent given the bank's investment opportunities. Qualifying investments in the MMSA total

\$1,550,594. This represents 4.88% of the bank's Tier 1 capital allocated to this AA. In addition, the bank has additional investments totaling \$438,931 that benefit the broader regional area of Minnesota and North Dakota and that have the potential to benefit the MMSA. As we were unable to determine the actual effect these broader regional investments had on the AA, they were given less weight in our analysis.

Bremer provided funds primarily to organizations that provide social services and affordable housing to LMI individuals. The following are examples of Bremer's qualified investments:

- Bremer provided funds to several organizations that provide community services to LMI individuals.
- Bremer provided funds to organizations that provide occupational and personal counseling for low-income families.
- Provided funds to the City of Grand Forks to supplement bus service for disabled persons, most of which are LMI individuals.
- Provided funds to the Northlands Rescue Mission for an educational program on services available to homeless persons.
- Bremer provided funds to a substance abuse center for women and their children in Grand Forks, most of which are low-income individuals.
- Bremer provided funds to several organizations to assist with affordable housing projects including transitional housing.

## **SERVICE TEST**

### **Retail Banking Services**

Refer to Table 15 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. We performed our analysis using the 2000 census data.

Performance under the Service Test is rated High Satisfactory.

Bremer's service delivery systems are accessible to individuals of different income levels. The bank operates six offices within the Grand Forks MMSA. All offices are located in middle-income CTs. An analysis of the geographic distribution of the bank's offices relative to the populations of low- and moderate-income individuals in the MMSA shows that branch offices are readily accessible to these individuals.

Bremer has 17 ATMs in the MMSA, seven of which are located in moderate-income CTs including the University of Grand Forks campus where no ATM fees are charged to students. Four of the ATMs accept deposits while the remaining ATMs are cash dispensing only. Bremer customers also have access to the Fastbank ATM network.

Bremer's business hours are reasonable and its services do not vary in a way that inconveniences its customers, particularly low- and moderate-income individuals. One Grand Forks location has lobby hours on Saturday and four other MMSA locations offer Saturday drive-up services for its customers. Bremer offers a wide variety of standard banking products and services to meet the needs of the MMSA.

The alternative delivery systems the bank offers include bank by mail, telephone banking and Internet banking. We did not place significant weight on these systems for this evaluation because Bremer does not maintain information on how the alternative delivery systems impact low- and moderate-income individuals.

### **Community Development Services**

Bremer's community development services are considered good. Through its services, the bank works on a variety of community development issues. Many bank employees are involved with non-profit organizations that provide services for LMI individuals. Employees serve on Boards of Directors of local organizations including various Economic Development Corporations, North Country Food Bank, and Crookston Jobs, Inc.

Bremer employees are also involved with providing financial expertise to area farm organizations through organizations such as the Credit Review Board which provides financial assistance to distressed farmers.

Bremer commercial and ag lenders volunteer time to share their financial expertise with MarketPlace of Ideas to assist small business owners, farmers and inventors to introduce products, share marketing ideas and sharpen management skills.

Bremer employees are involved with teaching seminars through Job Service targeted to LMI individuals as part of the FDIC's MoneySmart financial literacy program.

Bremer is collaborating with the Otto Bremer Foundation to fund a Nonprofit Resource Specialist position in the greater Grand Forks market. This person works with non-profit organizations to assess community needs and provide education for non-profit organizations as well as opportunities for networking and outreach. The organizations benefiting from this position are largely comprised of low-income and disadvantaged persons.

Bremer's community development services also include accounts or services that increase access to financial services for low- and moderate-income individuals. Specifically, Bremer offers free government check cashing for both customers and non-customers.

## State Rating

### State of Minnesota

<b>CRA Rating for Minnesota<sup>2</sup>:</b>	<b>Satisfactory</b>
<b>The lending test is rated:</b>	<b>High Satisfactory</b>
<b>The investment test is rated:</b>	<b>Low Satisfactory</b>
<b>The service test is rated:</b>	<b>Low Satisfactory</b>

The major factors that support this rating include:

- In the Minnesota AA, Bremer demonstrated excellent lending activity, adequate geographic distribution, and good borrower distribution.
- Bremer provides an adequate level of qualified investments and provides a reasonable responsiveness to credit and community development needs.
- Bremer's service delivery systems are reasonably accessible, and bank provides convenient services that benefit individuals located in low- or moderate-income geographies.

### Description of Institution's Operations in Minnesota

Bremer's Minnesota AA consists of Marshall and Norman Counties, Minnesota. Based on 1990 census information, the AA was comprised of 7 CTs, including 1 moderate-income CT. Based on 2000 census information, there are still 7 CTs, none of which are considered low- or moderate-income CTs.

Bremer maintains two full-service branch locations in the MN AA. As of June 30, 2004, Bremer maintained approximately 15% of the deposits in the AA, which ranks 2<sup>nd</sup> out of 14 institutions in the AA. Bremer offers a variety of deposit and loan products.

Refer to the market profile for the MN AA in appendix C for detailed demographics and other performance context information.

---

<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.

## **Scope of Evaluation in Minnesota**

For the Lending Test in the Minnesota AA, we gave the greatest weight to Bremer's performance for small loans to farms. Of Bremer's loan originations during the evaluation period, 77% by number and 79% by dollar were small loans to farms. We gave lesser, and relatively equal, weight to Bremer's performance for home mortgage loans and small loans to businesses. Of Bremer's loan originations, home mortgage loans represented 11.5% by number and 9% by dollar and small loans to businesses represented 11.5% by number and 12% by dollar.

For the home mortgage loan analysis, we gave the most weight to home mortgage refinance loans, which represented 72% by number and 69% by dollar of all of Bremer's home mortgage loans.

While we considered Bremer's geographic distribution performance in this AA, the conclusions did not carry significant weight as there were no census tracts designated low-income during the evaluation period. In addition, while there was one census tract designated moderate-income for the 2001 through 2002 timeframe, there were none so designated for 2003.

## **LENDING TEST**

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

Bremer's performance under the Lending Test in the MN AA is rated "High Satisfactory." Based on a full scope review, the bank's performance in the MN AA is good.

### **Lending Activity**

Lending levels reflect excellent responsiveness in relation to area credit needs and the bank's deposit market share. Bremer's lending activity was strongest for small loans to farms, where Bremer was the market leader and its farm loan market share was significantly higher than its deposit market share.

Bremer has the second largest share of deposits of 14 financial institutions with branch offices in the MN AA. Bremer's deposits total \$44 million and represent 15.07% of aggregate market deposits.

During 2003, the most recent year for which market data is available, Bremer originated 48 reportable HMDA loans totaling \$2.7 million in the MN AA. Based on numbers of HMDA loans, Bremer had a 7.38% market share and ranked fourth among the 91 financial institutions that reported HMDA loans.

Bremer originated 52 reportable small loans to businesses totaling \$2.5 million in the MN AA. Based on the number of these business loans, Bremer had a 10.90% market share and ranked third among the 22 financial institutions that reported business loans.

Bremer originated 375 reportable small loans to farms totaling \$25 million in the MN AA. Of the 14 financial institutions that reported farm loans, Bremer was the predominant lender with a 72.53% market share.

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

The geographic distribution of Bremer's loans in the MN AA is adequate.

#### **Home Mortgage Loans**

Bremer's overall geographic distribution of home mortgage loans in the MN AA is very poor.

#### **Home Purchase Loans**

Bremer's geographic distribution of home purchase loans in the MN AA is poor. The percentage of Bremer's loans in the moderate-income census tract of the AA is significantly lower than the percentage of owner-occupied housing units in those geographies. Bremer's market share in that census tract is near to its overall market share.

#### **Refinance Loans**

Bremer's geographic distribution of refinance loans in the MN AA is very poor. The percentage of Bremer's loans in the moderate-income census tract of the AA is significantly lower than the percentage of owner-occupied housing units in those geographies. Bremer's market share in that census tract is significantly lower than its overall market share.

#### **Multifamily Loans**

Bremer did not originate multifamily loans in the MN AA during the evaluation period.

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

The geographic distribution of Bremer's small loans to businesses in the MN AA is adequate. The percentage of Bremer's small loans to businesses in the one moderate-income census tract in the AA is lower than the percentage of businesses located there. Market share performance was a positive consideration in this AA, as Bremer's market share in the moderate-income geography exceeded its overall market share.

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

The geographic distribution of Bremer's small loans to farms in the MN AA is good. The percentage of Bremer's small loans to farms in the one moderate-income census tract in the AA is somewhat lower than the percentage of farms located there. Market share

performance was a positive consideration in this AA, as Bremer's market share in the moderate-income geography exceeded its overall market share.

### **Lending Gap Analysis**

Our geographic distribution analysis included a review for lending gaps, particularly in the moderate-income census tract of Marshall County. We did not identify any unexplained conspicuous gaps in the MN AA.

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

Bremer's overall borrower distribution in the MN AA is good.

#### **Home Mortgage Loans**

Borrower distribution of home mortgage loans in the MN AA reflects good penetration among loan customers of different income levels.

#### **Home Purchase Loans**

Bremer's distribution of home purchase loans to borrowers of different income levels is excellent. For lending to low-income borrowers during 2001 through 2002, the percentage of Bremer's home purchase loans to such borrowers exceeded the percentage of low-income families. This performance was especially strong in light of the poverty levels in the AA. In 2003, Bremer's percentage of home purchase loans to low-income borrowers was somewhat lower than the percentage of low-income families. In both 2002 and 2003, Bremer's market share of loans to low-income borrowers exceeded its overall market share, in 2003 to a significant extent.

For lending to moderate-income borrowers throughout the evaluation period, the percentage of Bremer's home purchase loans to such borrowers exceeded the percentage of moderate-income families, significantly so during the 2001 through 2002 timeframe. For 2002, Bremer's market share of loans to moderate-income borrowers exceeded its overall market share. For 2003, Bremer's market share of loans to such borrowers was lower than its overall market share.

#### **Refinance Loans**

Bremer's distribution of refinance loans to borrowers of different income levels is adequate in the MN AA.

For lending to low-income borrowers throughout the evaluation period, the percentage of Bremer's refinance loans to such borrowers was significantly lower than the percentage of low-income families. Bremer did not originate any refinance loans to low-income borrowers during 2002, so it has no market share for these loans. In 2003, Bremer's market share of loans to low-income borrowers was near to its overall market share.

For lending to moderate-income borrowers throughout the evaluation period, the percentage of Bremer's refinance loans to such borrowers was near to the percentage of moderate-income families, although performance was stronger in the 2001 through 2002 timeframe than during 2003. In both 2002 and 2003, Bremer's market share of loans to moderate-income families was somewhat lower than its overall market share.

### **Small Loans to Businesses**

The distribution of borrowers in the MN AA reflects excellent penetration among business customers of different sizes.

Throughout the evaluation period, the percentage of Bremer's loans to small businesses (those with revenues of \$1 million or less) exceeded the percentage of businesses in the MN AA with those smaller revenues. In addition, in both 2002 and 2003, Bremer's market shares of loan to small businesses significantly exceeded its overall lending market share.

### **Small Loans to Farms**

The distribution of borrowers in the MN AA reflects good penetration among farm customers of different sizes.

During 2001 through 2002, the percentage of Bremer's loans to small farms (those with revenues of \$1 million or less) is almost equal to the percentage of farms in the MN AA with those smaller revenues. During 2003, the percentage of Bremer's loans to small farms was somewhat lower than the percentage of farms with those smaller revenues. In both 2002 and 2003, Bremer's market share of loans to small farms exceeded its overall lending market share.

### **Community Development Lending**

Community development lending had a neutral impact on lending performance in the MN AA. During the evaluation period, Bremer originated a community development loan that helped serve its assessment areas within MN and ND. Bremer allocated \$12,000 of this loan to its MN AA. This is not a significant volume relative to the bank's size and resources. The loan went to a nonprofit organization that works with farmers to help break the cycle of poverty.

## **INVESTMENT TEST**

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

Investment Test performance in the MN AA is rated Low Satisfactory. Qualified investments in the MN AA are limited and the bank has sought out opportunities to make investments. The investments made during the evaluation period are responsive

to the identified needs of the AA. Virtually all of the investments attributed to the bank are grants made by the affiliated Otto Bremer Foundation. None of the investments are considered innovative or complex, and all are routinely provided by private investors.

Bremer's level of investments in the MN AA is considered adequate given the bank's investment opportunities. Qualifying investments in the MN AA total \$85,339. This represents 1.70% of the bank's Tier 1 capital allocated to this AA. In addition, the bank has additional investments totaling \$438,931 that benefit the broader regional area of Minnesota and North Dakota and that have the potential to benefit the AA. As we were unable to determine the actual effect these broader regional investments had on the AA, they were given less weight in our analysis.

The following are examples of Bremer's qualified investments:

- Bremer provided funds to an area group home to make building and equipment improvements to better serve the developmentally disabled adults and children it serves, most of which are low-income individuals.
- Bremer provided funds to help sustain area farmers in rural distressed areas.

## **SERVICE TEST**

### **Retail Banking Services**

Refer to Table 15 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. We performed our analysis using the 2000 census data.

Performance under the Service Test is rated Low Satisfactory.

Bremer's service delivery systems are accessible to individuals of different income levels. The bank operates two full-service offices within the MN AA. All offices are located in middle-income CTs. The AA does not include any low- or moderate-income CTs based on the 2000 Census information.

Bremer has 2 ATMs in the MN AA, one of which is deposit taking. Bremer customers also have access to the Fastbank ATM network.

Bremer's business hours are reasonable and its services do not vary in a way that inconveniences its customers, particularly low- and moderate-income individuals. Bremer offers a wide variety of standard banking products and services to meet the needs of the AA.

The alternative delivery systems the bank offers include bank by mail, telephone banking and Internet banking. We did not place significant weight on these systems for

this evaluation because Bremer does not maintain information on how the alternative delivery systems impact low- and moderate-income individuals.

## **Community Development Services**

Bremer's community development services are considered adequate. Through its services, the bank works on area community development issues.

Bremer employees are involved with the Warren Economic Development Corporation to promote various projects to assist businesses with financial and employment issues.

Bremer employees are also involved with bringing new businesses to the area and assisting with training programs through the Warren Star City Committee and the Chamber of Commerce.

Bremer is collaborating with the Otto Bremer Foundation to fund a Nonprofit Resource Specialist position in the greater Grand Forks market but also serving the Warren area. This person works with non-profit organizations to assess community needs and provide education for non-profit organizations as well as opportunities for networking and outreach. The organizations benefiting from this position are largely comprised of low-income and disadvantaged persons.

Bremer's community development services also include accounts or services that increase access to financial services for low- and moderate-income individuals. Specifically, Bremer offers free government check cashing for both customers and non-customers.

## State Rating

### State of North Dakota

**CRA Rating for North Dakota<sup>3</sup>: Satisfactory**  
**The Lending Test is rated: High Satisfactory**  
**The Investment Test is rated: Low Satisfactory**  
**The Service Test is rated: Low Satisfactory**

The major factors that support this rating include:

- In the North Dakota Assessment Area, Bremer demonstrated excellent lending activity and good borrower distribution.
- Bremer provides an adequate level of qualified investments and provides reasonable responsiveness to credit and community development needs.
- Bremer's service delivery systems are reasonably accessible, and bank provides convenient services that benefit individuals located in low- or moderate-income geographies.

### Description of Institution's Operations in North Dakota

Bremer's North Dakota AA consists of Pembina, Traill and Walsh Counties, North Dakota. Based on the 1990 and 2000 Census information, the AA was comprised of 15 CTs, none of which were designated as low- or moderate-income CTs.

Bremer maintains four full-service branch locations in the ND AA. As of June 30, 2004, Bremer has the second largest share of deposits of 18 financial institutions with branch offices in the ND AA. Bremer's deposits total \$76 million and represent 10.79% of aggregate market deposits. Bremer offers a variety of deposit and loan products.

Refer to the market profile for the ND AA in appendix C for detailed demographics and other performance context information.

---

<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.

## **Scope of Evaluation in North Dakota**

For the Lending Test in the ND AA, we gave the greatest weight to Bremer's performance for small loans to farms. Of Bremer's loan originations during the evaluation period, 66% by number and 70% by dollar were small loans to farms. We gave lesser, and relatively equal, weight to Bremer's performance for home mortgage loans and small loans to businesses. Of Bremer's loan originations, home mortgage loans represented 21% by number and 12% by dollar and small loans to businesses represented 13% by number and 18% by dollar.

For the home mortgage loan analysis, we gave the most weight to home mortgage refinance loans, which represented 82% by number and 79% by dollar of all of Bremer's home mortgage loans.

The geographic distribution of loans in the ND AA is not a meaningful analysis because the area does not include any low- or moderate- income geographies.

## **LENDING TEST**

Bremer's performance under the Lending Test in the ND AA is rated "High Satisfactory." Based on a full scope review, the bank's performance in the ND AA is good.

### **Lending Activity**

Lending levels reflect excellent responsiveness in relation to area credit needs and the bank's deposit market share. Bremer's lending activity was strongest for small loans to farms, where Bremer was the market leader and its farm loan market share was significantly higher than its deposit market share.

During 2003, the most recent year for which market data is available, Bremer originated 73 reportable HMDA loans totaling \$4.1 million in the ND AA. Based on numbers of HMDA loans, Bremer had a 6.93% market share and ranked fifth among the 72 financial institutions that reported HMDA loans.

Bremer originated 33 reportable small loans to businesses totaling \$4.5 million in the ND AA. Based on the number of these business loans, Bremer had a 3.96% market share and ranked eighth among the 27 financial institutions that reported business loans.

Bremer originated 204 reportable small loans to farms totaling \$17 million in the ND AA. Of the 12 financial institutions that reported farm loans, Bremer led the market and had a 60.53% market share.

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

The geographic distribution of Bremer's loans within the ND AA is not meaningful because the AA does not include any low- or moderate-income geographies.

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

Our geographic distribution analysis included a review lending gaps. We did not identify any unexplained conspicuous gaps in the ND AA.

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

Bremer's overall borrower distribution in the ND AA is good.

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

Borrower distribution of home mortgage loans in the ND AA reflects good penetration among loan customers of different income levels.

#### **Home Purchase Loans**

Bremer's distribution of home purchase loans to borrowers of different income levels is good. For lending to low-income borrowers during 2001 through 2002, the percentage of Bremer's home purchase loans to such borrowers is significantly lower than the percentage of low-income families. This performance is considered adequate in light of the volume of families in the AA that are below the poverty level. Bremer did not originate any home purchase loans to low-income borrowers during 2002, so it has no market share for these loans. For lending to low-income borrowers in 2003, the percentage of Bremer's home purchase loans to such borrowers was near to the percentage of low-income families. In 2003, Bremer's market share of loans to low-income borrowers exceeded its overall market share.

For lending to moderate-income borrowers throughout the evaluation period, the percentage of Bremer's home purchase loans to such borrowers exceeded the percentage of moderate-income families. For 2002, Bremer's market share of loans to moderate-income borrowers was lower than its overall market share. For 2003, Bremer's market share of loans to such borrowers was somewhat lower than its overall market share.

#### **Refinance Loans**

Bremer's distribution of refinance loans to borrowers of different income levels is good in the ND AA. For lending to low-income borrowers during 2001 through 2002, the percentage of Bremer's refinance loans to such borrowers was significantly lower than the percentage of low-income families. In 2003, Bremer's percentage of refinance loans to low-income borrowers was lower than the percentage of low-income families. This performance is considered good in light of the volume of families in the AA that are below the poverty level. In both 2002 and 2003, Bremer's market share of loans to low-income borrowers exceeded its overall market share.

For lending to moderate-income borrowers throughout the evaluation period, the percentage of Bremer's refinance loans to such borrowers was near to the percentage

of moderate-income families, although performance was stronger in the 2001 through 2002 timeframe than during 2003. During 2002, Bremer's market share of loans to moderate-income families exceeded its overall market share. In 2003, its market share of loans to moderate-income families was near to its overall market share.

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

The distribution of borrowers in the ND AA reflects excellent penetration among business customers of different sizes.

Throughout the evaluation period, the percentage of Bremer's loans to small businesses (those with revenues of \$1 million or less) was near to the percentage of businesses in the ND AA with those smaller revenues, although performance was stronger during 2003 than during the 2001 through 2002 timeframe. During both 2002 and 2003, Bremer's market share of loans to small businesses exceeded its overall lending market share.

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

The distribution of borrowers in the ND AA reflects good penetration among farm customers of different sizes.

Throughout the evaluation period, the percentages of Bremer's loans to small farms (those with revenues of \$1 million or less) were near to the percentage of farms in the ND AA with those smaller revenues. In 2002, Bremer's market share of loans to small farms was near to its overall lending market share. In 2003, Bremer's market share of loans to small farms approximated its overall market share.

### **Community Development Lending**

Community development lending had a neutral impact on lending performance in the ND AA. During the evaluation period, Bremer originated a community development loan that helped serve its assessment areas within MN and ND. Bremer allocated \$24,000 of this loan to its ND AA. This is not a significant volume relative to the bank's size and resources. The loan went to a nonprofit organization that works with farmers to help break the cycle of poverty.

### **INVESTMENT TEST**

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

Investment Test performance in the ND AA is rated Low Satisfactory. Qualified investments in the ND AA are limited and the bank has sought out opportunities to make investments. The investments made during the evaluation period are responsive

to the identified needs of the AA. Virtually all of the investments attributed to the bank are grants made by the affiliated Otto Bremer Foundation. None of the investments are considered innovative or complex, and all are routinely provided by private investors.

Bremer's level of investments in the ND AA is considered adequate given the bank's investment opportunities. Qualifying investments in the ND AA total \$103,882. This represents 1.21% of the bank's Tier 1 capital allocated to this AA. In addition, the bank has additional investments totaling \$438,931 that benefit the broader regional area of Minnesota and North Dakota and that have the potential to benefit the AA. As we were unable to determine the actual effect these broader regional investments had on the AA, they were given less weight in our analysis.

The following are examples of Bremer's qualified investments:

- Bremer provided funds to crisis centers to assist with the operations and programs that benefit victims of violence, many of which are low-income persons.
- Provided funds to support programs that encourage excellence in math and science for children in income-disadvantaged homes.

## **SERVICE TEST**

### **Retail Banking Services**

Refer to Table 15 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. We performed our analysis using the 2000 census data.

Performance under the Service Test is rated Low Satisfactory.

Bremer's service delivery systems are accessible to individuals of different income levels. The bank operates four full-service offices within the ND AA. All offices are located in middle-income CTs. The AA does not include any low- or moderate-income CTs based on the 2000 Census information.

Bremer has 1 deposit-taking ATM in the ND AA. Bremer customers also have access to the Fastbank ATM network.

Bremer's business hours are reasonable and its services do not vary in a way that inconveniences its customers, particularly low- and moderate-income individuals. One branch has both lobby and drive-up hours on Saturday mornings for its customer's convenience. Bremer closed two branches during the evaluation period. The Hillsboro branch was sold in December, 2001 and the Forest River branch was closed in September, 2003. Both branch locations were in middle-income areas and did not adversely affect low- and moderate-income individuals, as there are other Bremer branches in the area. Bremer offers a wide variety of standard banking products and services to meet the needs of the AA.

The alternative delivery systems the bank offers include bank by mail, telephone banking and Internet banking. We did not place significant weight on these systems for this evaluation because Bremer does not maintain information on how the alternative delivery systems impact low- and moderate-income individuals.

## **Community Development Services**

Bremer's community development services are considered adequate. Through its services, the bank works on area community development issues.

Bremer employees are involved with various meetings coordinated with the Otto Bremer Foundation to review programs available for organizations that support low- and moderate-income individuals, economic development organizations, area chambers of comers and area farmers.

Bremer is collaborating with the Otto Bremer Foundation to fund a Nonprofit Resource Specialist position in the greater Grand Forks market but also serving the Grafton area. This person works with non-profit organizations to assess community needs and provide education for non-profit organizations as well as opportunities for networking and outreach. The organizations benefiting from this position are largely comprised of low-income and disadvantaged persons.

Bremer's community development services also include accounts or services that increase access to financial services for low- and moderate-income individuals. Specifically, Bremer offers free government check cashing for both customers and non-customers.

## 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 non-metropolitan 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): (January 1, 2001 to December 31, 2003 Investment and Service Tests and CD Loans: (January 1, 2001 to December 31, 2004)	
<b>Financial Institution</b>		<b>Products Reviewed</b>
Bremer Bank, National Association (Grand Forks)		Home Mortgage, Small Business, Small Farm and Community Development Loans Investments
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
Bremer Financial Corporation (BFC) Otto Bremer Foundation (Foundation) Bremer Financial Services, Inc.	Parent of Bremer Holding Company Affiliate	None  CD Investments ATM's
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Grand Forks, MN-ND Multi State Metropolitan Statistical Area	Full Scope	
State of Minnesota AA	Full Scope	
State of North Dakota AA	Full Scope	

## Appendix B: Summary of Multistate Metropolitan Area and State Ratings

---

RATINGS				
Bremer Bank, National Association				
Overall Bank:	Lending Test Rating*	Investment Test Rating	Service Test Rating	Overall Bank/State/Multistate Rating
Bremer Bank, N.A.	High Satisfactory	Outstanding	High Satisfactory	Satisfactory
Multistate Metropolitan Area or State:				
Grand Forks MMSA	High Satisfactory	Outstanding	High Satisfactory	Satisfactory
Minnesota Assessment Area	High Satisfactory	Low Satisfactory	Low Satisfactory	Satisfactory
North Dakota Assessment Area	High Satisfactory	Low Satisfactory	Low Satisfactory	Satisfactory

(\*) 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

---

### Table of Contents

#### Market Profiles for Areas Receiving Full-Scope Reviews

Grand Forks Minnesota/South Dakota Multistate Metropolitan Area	C-2
State of Minnesota Grand Forks Assessment Area	C-3
State of North Dakota Grand Forks Assessment Area	C-4

Institution ID: BREMER BANK, NA (GRAND FORKS)

**Bremer GF MN-ND MMSA - 1990**

Demographic Information for Full Scope Area: Bremer GF MN-ND MMSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	29	0.00	20.69	65.52	13.79	0.00
Population by Geography	103,181	0.00	25.09	62.30	12.61	0.00
Owner-Occupied Housing by Geography	21,296	0.00	12.93	70.66	16.41	0.00
Business by Geography	6,118	0.00	19.61	70.06	10.33	0.00
Farms by Geography	848	0.00	20.40	76.77	2.83	0.00
Family Distribution by Income Level	25,764	17.51	19.28	25.57	37.64	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	9,479	0.00	33.66	60.62	5.72	0.00
Median Family Income		29,793	Median Housing Value		55,587	
HUD Adjusted Median Family Income for 2002		48,800	Unemployment Rate (1990 US Census)		2.81%	
Households Below Poverty Level		14.61%				

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

Source: 1990 US Census and 2002 HUD updated MFI

**Bremer GF MN-ND MMSA - 2000**

Demographic Information for Full Scope Area: Bremer GF MN-ND MMSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	27	3.70	7.41	74.07	14.81	0.00
Population by Geography	97,478	5.13	6.27	75.75	12.85	0.00
Owner-Occupied Housing by Geography	22,582	0.09	1.58	82.42	15.92	0.00
Business by Geography	6,096	3.05	6.15	80.41	10.38	0.00
Farms by Geography	853	0.70	7.62	88.16	3.52	0.00
Family Distribution by Income Level	23,881	17.58	19.53	25.02	37.88	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	8,862	4.15	8.81	81.12	5.91	0.00
Median Family Income		45,860	Median Housing Value		80,357	
HUD Adjusted Median Family Income for 2003		54,100	Unemployment Rate (1990 US Census)		2.49%	
Households Below Poverty Level		12.52%				

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

Source: 2000 US Census and 2003 HUD updated MFI

Institution ID: BREMER BANK, NA (GRAND FORKS)

Bremer GF MN - 1990

Demographic Information for Full Scope Area: Bremer GF MN						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	7	0.00	14.29	85.71	0.00	0.00
Population by Geography	18,968	0.00	13.04	86.96	0.00	0.00
Owner-Occupied Housing by Geography	5,941	0.00	13.04	86.96	0.00	0.00
Business by Geography	1,222	0.00	8.18	91.82	0.00	0.00
Farms by Geography	574	0.00	9.41	90.59	0.00	0.00
Family Distribution by Income Level	5,224	21.13	21.15	26.15	31.57	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	2,209	0.00	16.57	83.43	0.00	0.00
Median Family Income		28,933	Median Housing Value		47,512	
HUD Adjusted Median Family Income for 2002		48,500	Unemployment Rate (1990 US Census)		2.78%	
Households Below Poverty Level		14.41%				

(\*) The NA category consists of geographies that have not been assigned an income classification.  
 Source: 1990 US Census and 2002 HUD updated MFI

Institution ID: BREMER BANK, NA (GRAND FORKS)

Bremer GF MN - 2000

Demographic Information for Full Scope Area: Bremer GF MN						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	7	0.00	0.00	100.00	0.00	0.00
Population by Geography	17,597	0.00	0.00	100.00	0.00	0.00
Owner-Occupied Housing by Geography	5,877	0.00	0.00	100.00	0.00	0.00
Business by Geography	1,164	0.00	0.00	100.00	0.00	0.00
Farms by Geography	568	0.00	0.00	100.00	0.00	0.00
Family Distribution by Income Level	4,873	19.70	21.22	29.39	29.69	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	1,994	0.00	0.00	100.00	0.00	0.00
Median Family Income		46,129	Median Housing Value		86,981	
HUD Adjusted Median Family Income for 2003		51,700	Unemployment Rate (1990 US Census)		2.52%	
Households Below Poverty Level		10.13%				

(\*) The NA category consists of geographies that have not been assigned an income classification.  
 Source: 2000 US Census and 2003 HUD updated MFI

Institution ID: BREMER BANK, NA (GRAND FORKS)

Bremer GF ND - 1990

Demographic Information for Full Scope Area: Bremer GF ND						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts BNAs)	15	0.00	0.00	86.67	13.33	0.00
Population by Geography	31,830	0.00	0.00	85.19	14.81	0.00
Owner-Occupied Housing by Geography	9,035	0.00	0.00	86.10	13.90	0.00
Business by Geography	2,484	0.00	0.00	79.99	20.01	0.00
Farms by Geography	777	0.00	0.00	90.48	9.52	0.00
Family Distribution by Income Level	8,579	15.21	18.63	23.85	42.31	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	2,903	0.00	0.00	89.15	10.85	0.00
Median Family Income		26,194	Median Housing Value		36,698	
HUD Adjusted Median Family Income for 2002		41,700	Unemployment Rate (1990 US Census)		2.57%	
Households Below Poverty Level		16.63%				

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

Source: 1990 US Census and 2002 HUD updated MFI

Institution ID: BREMER BANK, NA (GRAND FORKS)

Bremer GF ND - 2000

Demographic Information for Full Scope Area: Bremer GF ND						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts BNAs)	15	0.00	0.00	86.67	13.33	0.00
Population by Geography	29,451	0.00	0.00	89.10	10.90	0.00
Owner-Occupied Housing by Geography	9,052	0.00	0.00	88.76	11.24	0.00
Business by Geography	2,454	0.00	0.00	86.92	13.08	0.00
Farms by Geography	765	0.00	0.00	90.72	9.28	0.00
Family Distribution by Income Level	7,934	13.98	16.04	26.12	43.86	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	2,382	0.00	0.00	90.76	9.24	0.00
Median Family Income		39,651	Median Housing Value		53,674	
HUD Adjusted Median Family Income for 2003		46,800	Unemployment Rate (1990 US Census)		2.50%	
Households Below Poverty Level		13.85%				

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

Source: 2000 US Census and 2003 HUD updated MFI

## Appendix D: Tables of Performance Data

---

### Content of Standardized Tables

All 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: 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. 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. Refer to Interagency Q&As 23.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. When such loans exist, insert a line item with the appropriate caption, such as “Statewide/Regional” or “Out of Assessment Area,” in the MA/Assessment Area column and record the corresponding numbers and amounts in the “Community Development Loans” column.
- 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 23.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. When such investments exist, insert a line item with the appropriate caption, such as "Statewide/Regional" or "Out of Assessment Area," in the MA/Assessment Area column and record the corresponding numbers and amounts in the "Qualified Investments" column.

**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.

Institution ID: BREMER BANK, NA (GRAND FORKS)

**Table 1. Lending Volume**

LENDING VOLUME												
Geography: GRAND FORKS												
Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2003												
MA/Assessment Area	% 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>												
1990 Bremer GF MN-ND MMSA	64.74	1,034	78,918	609	75,984	1,034	78,810	1	64	2,678	233,776	0.00
1990 Bremer GF MN	19.54	99	4,673	95	6,812	614	38,540	1	12	809	50,037	0.00
1990 Bremer GF ND	15.72	132	6,173	91	10,115	427	40,031	1	24	651	56,343	0.00
2000 Bremer GF MN-ND MMSA	65.57	607	51,435	284	36,074	604	44,833	4	478	1,499	132,820	0.00
2000 Bremer GF MN	20.83	48	2,682	52	2,542	375	24,894	0	0	475	30,118	0.00
2000 Bremer GF ND	13.60	73	4,114	33	4,523	204	16,995	0	0	310	25,632	0.00

\* Loan Data as of December 31, 2002 and December 31, 2003. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from January 01, 2001 to December 31, 2004.

\*\*\* Deposit Data as of February 09, 2005. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Institution ID: BREMER BANK, NA (GRAND FORKS)

**Table2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE															Geography: GRAND FORKS					Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2003				
MA/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	Overall	Low	Mod	Mid	Upp									
<b>Full Review:</b>																								
1990 Bremer GF MN-ND MMSA	370	88.73	0.00	0.00	12.93	3.51	70.66	74.86	16.41	21.62	14.63	0.00	7.56	15.02	16.07									
1990 Bremer GF MN	27	6.47	0.00	0.00	13.04	3.70	86.96	96.30	0.00	0.00	15.56	0.00	12.50	15.85	0.00									
1990 Bremer GF ND	20	4.80	0.00	0.00	0.00	0.00	86.10	80.00	13.90	20.00	3.93	0.00	0.00	3.90	4.17									
2000 Bremer GF MN-ND MMSA	210	87.14	0.09	0.00	1.58	0.95	82.42	79.52	15.92	19.52	12.50	0.00	6.06	13.39	10.49									
2000 Bremer GF MN	14	5.81	0.00	0.00	0.00	0.00	100.00	0.00	0.00	0.00	8.38	0.00	0.00	8.38	0.00									
2000 Bremer GF ND	17	7.05	0.00	0.00	0.00	0.00	88.76	100.00	11.24	0.00	7.14	0.00	0.00	7.83	0.00									

\* Based on 2002 and 2003 Peer Mortgage Data (Western)

\*\* 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 1990 and 2000 Census information.

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

Geographic Distribution: HOME MORTGAGE REFINANCE															Geography: GRAND FORKS					Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2003										
MA/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>																														
1990 Bremer GF MN-ND MMSA	659	78.17	0.00	0.00	12.93	7.74	70.66	76.93	16.41	15.33	14.47	0.00	12.34	16.24	10.39															
1990 Bremer GF MN	72	8.54	0.00	0.00	13.04	5.56	86.96	94.44	0.00	0.00	10.79	0.00	2.86	11.79	0.00															
1990 Bremer GF ND	112	13.29	0.00	0.00	0.00	0.00	86.10	79.46	13.90	20.54	11.44	0.00	0.00	11.05	13.04															
2000 Bremer GF MN-ND MMSA	394	81.40	0.09	.25	1.58	3.05	82.42	81.73	15.92	14.97	9.06	4.76	9.84	10.50	5.18															
2000 Bremer GF MN	34	7.02	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	7.69	0.00	0.00	7.69	0.00															
2000 Bremer GF ND	56	11.57	0.00	0.00	0.00	0.00	88.76	100.00	11.24	0.00	7.39	0.00	0.00	8.28	0.00															

\* Based on 2002 and 2003 Peer Mortgage Data (Western)

\*\* 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 1990 and 2000 Census information.

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

Geographic Distribution: MULTIFAMILY																
Geography: GRAND FORKS																
Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2003																
MA/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	% MF Units***	% BANK Loans	Overall	Low	Mod	Mid
<b>Full Review:</b>																
1990 Bremer GF MN-ND MMSA	5	100.00	0.00	0.00	23.80	20.00	67.95	40.00	8.25	40.00	15.15	0.00	25.00	8.00	50.00	
1990 Bremer GF MN	0	0.00	0.00	0.00	2.45	0.00	97.55	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
1990 Bremer GF ND	0	0.00	0.00	0.00	0.00	0.00	75.60	0.00	24.40	0.00	0.00	0.00	0.00	0.00	0.00	
2000 Bremer GF MN-ND MMSA	3	100.00	7.01	33.33	3.65	0.00	81.34	66.67	8.00	0.00	11.11	100.00	0.00	8.70	0.00	
2000 Bremer GF MN	0	0.00	0.00	0.00	0.00	0.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
2000 Bremer GF ND	0	0.00	0.00	0.00	0.00	0.00	90.28	0.00	9.72	0.00	0.00	0.00	0.00	0.00	0.00	

\* Based on 2002 and 2003 Peer Mortgage Data (Western)

\*\* 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 1990 and 2000 Census information.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES															
Geography: GRAND FORKS															
Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2003															
MA/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>															
1990 Bremer GF MN-ND MMSA	609	76.60	0.00	0.00	19.61	8.05	70.06	79.15	10.33	12.81	11.76	0.00	10.92	14.10	13.25
1990 Bremer GF MN	95	11.95	0.00	0.00	8.18	5.26	91.82	94.74	0.00	0.00	13.76	0.00	14.81	17.78	0.00
1990 Bremer GF ND	91	11.45	0.00	0.00	0.00	0.00	79.99	73.63	20.01	26.37	6.39	0.00	0.00	7.83	8.04
2000 Bremer GF MN-ND MMSA	284	76.96	3.05	0.00	6.15	3.52	80.41	82.75	10.38	13.73	10.82	0.00	9.62	12.09	12.23
2000 Bremer GF MN	52	14.09	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	10.90	0.00	0.00	12.87	0.00
2000 Bremer GF ND	33	8.93	0.00	0.00	0.00	0.00	86.92	100.00	13.08	0.00	3.96	0.00	0.00	4.88	0.00

\* Based on 2002 and 2003 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 (2002 and 2003).

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS		Geography: GRAND FORKS					Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2003					Market Share (%) by Geography*				
MA/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>																
1990 Bremer GF MN-ND MMSA	1,034	49.83	0.00	0.00	20.40	1.74	76.77	95.55	2.83	2.71	64.67	0.00	16.67	71.39	76.67	
1990 Bremer GF MN	614	29.59	0.00	0.00	9.41	6.68	90.59	93.32	0.00	0.00	72.81	0.00	76.00	76.90	0.00	
1990 Bremer GF ND	427	20.58	0.00	0.00	0.00	0.00	90.48	90.16	9.52	9.84	60.12	0.00	0.00	61.41	59.38	
2000 Bremer GF MN-ND MMSA	604	51.06	0.70	0.00	7.62	2.98	88.16	95.36	3.52	1.66	64.46	0.00	69.23	66.51	26.32	
2000 Bremer GF MN	375	31.70	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	72.53	0.00	0.00	72.82	0.00	
2000 Bremer GF ND	204	17.24	0.00	0.00	0.00	0.00	90.72	99.02	9.28	0.98	60.53	0.00	0.00	62.54	22.22	

\* Based on 2002 and 2003 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 (2002 and 2003).

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

Borrower Distribution: HOME PURCHASE		Geography: GRAND FORKS					Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2003					Market Share*				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****						
<b>Full Review:</b>																
1990 Bremer GF MN-ND MMSA	370	88.73	17.51	14.36	19.28	22.76	25.57	29.81	37.64	33.06	17.82	22.73	18.50	18.16	15.97	
1990 Bremer GF MN	27	6.47	21.13	23.08	21.15	50.00	26.15	19.23	31.57	7.69	18.67	27.27	26.67	4.55	16.67	
1990 Bremer GF ND	20	4.80	15.21	5.00	18.63	25.00	23.85	40.00	42.31	30.00	4.46	0.00	2.78	7.58	2.13	
2000 Bremer GF MN-ND MMSA	210	87.14	17.58	13.40	19.53	32.54	25.02	27.27	37.88	26.79	15.45	19.86	19.48	14.00	12.28	
2000 Bremer GF MN	14	5.81	19.70	14.29	21.22	21.43	29.39	35.71	29.69	28.57	10.94	11.11	7.50	11.63	14.81	
2000 Bremer GF ND	17	7.05	13.98	11.76	16.04	17.65	26.12	17.65	43.86	52.94	7.87	11.76	5.77	4.17	12.00	

\* Based on 2002 and 2003 Peer Mortgage Data (Western)

\*\* As a percentage of loans with borrower income information available. No information was available for 0.5% of loans originated and purchased by bank in 2001-2002 and 0.4% of loans in 2003.

\*\*\* Percentage of Families is based on the 1990 and 2000 Census information.

\*\*\*\* 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.

Institution ID: BREMER BANK, NA (GRAND FORKS)

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

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography: GRAND FORKS					Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2003					Market Share*				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****						
<b>Full Review:</b>																
1990 Bremer GF MN-ND MMSA	659	78.17	17.51	3.55	19.28	15.74	25.57	26.70	37.64	54.01	18.96	15.19	19.23	16.26	20.45	
1990 Bremer GF MN	72	8.54	21.13	3.39	21.15	18.64	26.15	27.12	31.57	50.85	13.58	0.00	9.80	10.47	22.62	
1990 Bremer GF ND	112	13.29	15.21	5.50	18.63	16.51	23.85	30.28	42.31	47.71	13.14	15.38	14.00	16.04	11.57	
2000 Bremer GF MN-ND MMSA	394	81.40	17.58	8.05	19.53	18.96	25.02	30.91	37.88	42.08	13.02	15.58	14.37	13.95	11.60	
2000 Bremer GF MN	34	7.02	19.70	5.88	21.22	17.65	29.39	32.35	29.69	44.12	10.73	9.09	7.79	8.59	16.67	
2000 Bremer GF ND	56	11.57	13.98	9.26	16.04	12.96	26.12	35.19	43.86	42.59	8.74	13.89	7.00	9.84	7.96	

\* Based on 2002 and 2003 Peer Mortgage Data (Western)

\*\* As a percentage of loans with borrower income information available. No information was available for 3.2% of loans originated and purchased by bank in 2001-2002 and 2.3% of loans in 2003.

\*\*\* Percentage of Families is based on the 1990 and 2000 Census information.

\*\*\*\* 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.

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

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: GRAND FORKS			Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2003				
MA/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>									
1990 Bremer GF MN-ND MMSA	609	76.60	70.14	64.70	71.10	14.94	13.96	11.76	21.45
1990 Bremer GF MN	95	11.95	67.59	70.53	88.42	4.21	7.37	13.76	29.17
1990 Bremer GF ND	91	11.45	67.67	59.34	73.63	15.38	10.99	6.39	12.17
2000 Bremer GF MN-ND MMSA	284	76.96	60.93	61.97	69.72	14.79	15.49	10.82	18.84
2000 Bremer GF MN	52	14.09	64.52	84.62	90.38	5.77	3.85	10.90	22.22
2000 Bremer GF ND	33	8.94	62.14	60.61	66.67	21.21	12.12	3.96	6.85

\* Based on 2002 and 2003 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 – 2002 and 2003).

\*\*\*\* 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 6.04% of small loans to businesses originated and purchased by the bank in 2001-2002 and 6.50% of small loans to businesses originated and purchased by the bank in 2003.

**Table12. Borrower Distribution of Small Loans to Farms**

Borrower Distribution: SMALL LOANS TO FARMS		Geography: GRAND FORKS			Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2003				
MA/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 \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
1990 Bremer GF MN-ND MMSA	1,034	49.83	93.63	94.39	77.08	16.92	6.00	64.67	65.93
1990 Bremer GF MN	614	29.59	97.04	96.42	82.08	12.70	5.21	72.81	75.12
1990 Bremer GF ND	427	20.58	93.69	77.75	74.47	15.46	10.07	60.12	56.44
2000 Bremer GF MN-ND MMSA	604	51.06	93.43	93.38	76.82	17.72	5.46	64.46	65.43
2000 Bremer GF MN	375	31.70	96.65	91.47	80.00	15.73	4.27	72.53	72.98
2000 Bremer GF ND	204	17.24	93.46	84.31	77.45	17.65	4.90	60.53	60.14

\* Based on 2002 and 2003 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&B – 2002 and 2003).

\*\*\*\* 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 4.58% of small loans to farms originated and purchased by the bank in 2001-2002 and 4.82% of small loans to farms originated and purchased by the bank in 2003.

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS									
Geography: GRAND FORKS									
Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002									
MA/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>									
Bremer GF MN-ND MMSA	0	0	66	1,551	66	1,551	71.18	0	0
Bremer GF MN	0	0	10	85	10	85	3.90	0	0
Bremer GF ND	0	0	12	104	12	104	4.77	0	0
Regional Investments	0	0	19	439	19	439	20.15	0	0

---

\* '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: GRAND FORKS																		
Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2004																		
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population				
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	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 based on 2000 Census information				
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp	
<b>Full Review:</b>																		
Bremer GF MN-ND MMSA	70.00	6	50.00	0.00	0.00	100.00	0.00	0	0	0	0	0	0	0	5.13	6.27	75.75	12.85
Bremer GF MN	11.00	2	33.33	0.00	0.00	100.00	0.00	0	0	0	0	0	0	0.00	0.00	100.00	0.00	
Bremer GF ND	19.00	4	66.67	0.00	0.00	100.00	0.00	0	2	0	0	-2	0	0.00	0.00	89.10	10.90	