



LARGE BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

Public Disclosure

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Community Reinvestment Act Performance Evaluation

**Bremer Bank, National Association
Charter Number: 23290**

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South St. Paul, MN 55075**

Office of the Comptroller of the Currency

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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.

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Overall CRA Rating

Institution’s CRA Rating: This institution is rated **Outstanding**.

The following table indicates the performance level of **Bremer Bank, National Association** (BBNA) 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	X	
High Satisfactory			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:

- BBNA’s lending levels reflect good responsiveness to credit needs.
- BBNA originated a substantial majority of its loans within its assessment areas.
- The overall geographic distribution of BBNA’s loans is good. HMDA performance was weaker than the bank’s overall geographic distribution but was considered adequate.
- BBNA’s borrower distribution for home mortgage loans is excellent in relation to the family income characteristics of the Minneapolis/St. Paul MA and adequate for small loans to small businesses for an overall distribution of good.
- BBNA’s community development lending performance is excellent in the Minneapolis/St. Paul MA and had a positive impact on the bank’s Lending Test rating.
- BBNA’s level of qualified investments is excellent.
- The accessibility of BBNA’s retail delivery systems is good in the Minneapolis/St. Paul MA.

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 household 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 is an intrastate bank headquartered in South St. Paul, Minnesota. As of December 31, 2001, the bank had assets of \$1.6 billion and Tier 1 Capital of \$108 million. In addition to its main office, BBNA operates 22 branch offices in the Minneapolis/St. Paul MA and three in the adjacent non-MA counties of Mille Lacs and Kanabec.

BBNA is a subsidiary of Bremer Financial Corporation (BFC), a \$5 billion multi-bank holding company headquartered in St. Paul, Minnesota. BFC has 11 national bank subsidiaries (with more than 100 locations) throughout Minnesota, Wisconsin, and North Dakota. BFC's nonbank subsidiaries include trust, insurance, management, and operations service companies. At the bank's request, we considered automated teller machines (ATMs) owned and community development (CD) services provided by a management and operations subsidiary of BFC (Bremer Financial Services, Inc.). Otto Bremer Foundation (OBF), a charitable trust, owns BFC. As a charitable trust, OBF must disperse 5% of its assets for charitable causes each year. At the bank's request, we considered qualified investments of OBF for the evaluation of the bank's Investment Test performance.

BBNA significantly increased in size through acquisitions since its last CRA performance evaluation. In July 1999, BBNA acquired Dean Financial increasing its number of branch offices by seven and total assets of \$211 million. In May of 2001, BBNA acquired certain assets of Firststar Bank, N.A. increasing its number of branch offices by 11 and increasing its loan portfolio by \$300 million and its deposit base by \$700 million. BBNA has one subsidiary, an investment company. The activities of the subsidiary were not considered in this evaluation as they do not have a significant impact on the bank's ability to lend or invest.

BBNA is a full-service financial institution, offering a wide variety of retail and commercial banking products and services. The bank's lending focus is commercial and residential real estate. As of December 31, 2001, BBNA's net loans and leases totaled \$1 billion. Those loans and leases represented 63% of the bank's total assets, a percentage comparable to that of other banks. The loan portfolio was comprised of commercial and commercial real estate loans (67%), residential real estate loans (23%), loans to individuals (5%), and all other types of loans and leases (5%).

There are no legal, financial, or other factors that impede BBNA's ability to help meet the credit needs in its assessment areas.

The bank's most recent CRA performance evaluation was dated July 12, 1999 and a rating of "Satisfactory" was assigned.

Scope of the Evaluation

Evaluation Period/Products Evaluated

For the Lending Test, we evaluated the bank's HMDA, small business, and small farm loans. The evaluation period for the prior CRA examination included originations and purchases of those loans through December 31, 1998. This CRA evaluation period was from January 1, 1999 through December 31, 2001. Market comparisons are based on 2000 peer data because this was the most recent peer data available at the time of the evaluation.

Community development loans were also reviewed as part of the Lending Test assessment. At the bank's request, we considered community development loans made by the affiliated OBF. The evaluation period for the prior CRA examination included community development loan originations and purchases through July 12, 1999. For this examination, the evaluation period was July 13, 1999 through December 31, 2001. At BBNA's request, we also considered community development letters of credit issued by the bank.

Home improvement loans are not included in this evaluation because the bank does not separately code and report those loans. Multi-family loans are not sufficient in number to perform a meaningful analysis. Small farm loans are included in the tables in Appendix C but are not a primary product in the Minneapolis/St. Paul MA and were not further analyzed. BBNA did not provide optional information on consumer loans.

At the bank's request, we considered qualified investments of the affiliated OBF in the Investment Test assessment. Also at the bank's request, we considered ATMs owned and community development services provided by the affiliated BFSI in the Service Test assessment. For both the Investment and Service Tests, the prior evaluation period included the bank's activities through July 12, 1999. The current evaluation period for those tests is July 13, 1999 through December 31, 2001.

Data Integrity

To assess the accuracy of the bank's HMDA and CRA data, we compared reported information to credit file documentation for an independent sample of loans. A material level of errors in reported revenue size was identified in the bank's small loans to businesses data for 2001. BBNA amended its small loans to businesses data, and we found the amended data accurate. We reviewed information on all of the activities that management considered to have as a primary purpose community development. Only those that qualified as community development were incorporated into this evaluation.

Selection of Areas for Full-Scope Review

We performed a full-scope review of the bank's performance in the Minneapolis/St. Paul MA. The Minneapolis/St. Paul MA is the bank's most significant assessment area as it represents 88% of the bank's offices, 89% of its reported loans, and 92% of its deposits. BBNA's only other assessment area (Mille Lacs and Kanabec counties) received a limited-scope review. Refer to the table in Appendix A for additional information about the scope of the evaluation.

Ratings

The bank's overall rating is based primarily on those areas that received full-scope reviews. We performed a full-scope review of one assessment area (Minneapolis/St. Paul MA) and accordingly that assessment area received the most weight in rating overall performance. The weighting we gave to each loan product in assigning the Lending Test rating is reflective of the relative volume of originations and purchases of that loan product over the evaluation period. Accordingly, we placed the most weight on small business loans, somewhat less weight on HMDA loans, and virtually no weight on small farm loans. BBNA's community development loans had a positive impact on the Lending Test rating.

Other

To better understand economic conditions and opportunities for banks in the Minneapolis/St. Paul MA, we considered information obtained from eight community contacts made since June 2001. The individuals contacted represented organizations supporting neighborhood revitalization, affordable housing, and assistance for small businesses. Also, one contact was with a residential realtor. Contacts described the local economy as generally strong. Five of eight contacts mentioned demand or opportunities for banks to invest in community development organizations that provide affordable housing and small business financing. Many low-income individuals have been priced out of the housing market and less established small businesses with financial and collateral constraints turn to community development organizations for assistance.

Fair Lending Review

An analysis of the most recent public comments and consumer complaint information, and HMDA, small business, and small farm lending data 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 conjunction with this CRA evaluation. The latest comprehensive fair lending examination was performed in 1998.

Conclusions with Respect to Performance Tests

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Lending Test is rated "Outstanding." Based on a full-scope review, the bank's performance in the Minneapolis/St. Paul MA is excellent.

Lending Activity

Refer to Tables 1 Lending Volume in appendix C for the facts and data used to evaluate the bank's lending activity.

BBNA's lending levels reflect a good responsiveness to credit needs in relation to the bank's deposit base. To put the bank's lending activity into perspective, we compared it to the bank's deposit volume as well as the loan and deposit volumes of other area financial institutions. Based on publicly available deposit information, BBNA held 2.6% of the deposits in the Minneapolis/St. Paul MA as of June 30, 2001. This deposit share ranked the bank fourth among the 151 financial institutions with at least one office in the MA. Due primarily to acquisitions, the bank's deposit market share has increased from .66% as of June 1999 (11th rank), to 1.01% as of June 2000 (8th rank), to its most recent market share of 2.60% as of June 2001.

Lending levels reflect an adequate responsiveness to home purchase credit needs. BBNA originated 997 home purchase loans totaling \$96 million during the evaluation period. There were 474 financial institutions that reported home purchase loans within the Minneapolis/St. Paul MA in 2000. BBNA ranked 50th with a .35% market share. Because most of the home mortgage reporters are non-bank lenders or are banks that do not have a branch office in the Minneapolis/St. Paul MA, we also calculated the bank's market share among the top reporters with a bank branch in the MA. Among the top 10 in this group in 2000, BBNA ranked seventh in deposits with a 1.34% market share and ninth in loans with a .95% market share.

Lending levels reflect an adequate responsiveness to home mortgage refinance credit needs. BBNA originated 570 home mortgage refinance loans totaling \$75 million during the evaluation period. There were 418 financial institutions that reported home mortgage refinance loans within the Minneapolis/St. Paul MA in 2000. BBNA ranked 81st with a .17% market share. Because most of the home mortgage reporters are non-bank lenders or are banks that do not have a branch office in the Minneapolis/St. Paul MA, we also calculated the bank's market share among the top reporters with a bank branch in the MA. Among the top 10 in this group in 2000, BBNA ranked seventh in deposits with a 1.33% market share and eighth in loans with a .56% market share.

Lending levels reflect an excellent responsiveness to small business credit needs. BBNA originated 1,997 small loans to businesses totaling \$324 million during the evaluation period. In 2000, there were 155 financial institutions that reported small loans to businesses within the

Minneapolis/St. Paul MA. BBNA ranked 15th with a 1.07% market share. Because some of the small business loan reporters do not have a branch office in the Minneapolis/St. Paul MA, we also calculated the bank's market share among the top 10 reporters with a bank branch in the MA. Among the top 10 in this group in 2000, BBNA ranked sixth in deposits with a 1.33% market share and eighth in loans with a 3.37% market share.

An analysis of small loans to farms is not meaningful. Few farms are located within the Minneapolis/St. Paul MA.

Distribution of Loans by Income Level of the Geography

The overall geographic distribution of the bank's loans is good. HMDA performance was considered adequate. Small business loan performance, the bank's most significant loan product based on reported loans during the evaluation period, was good resulting in overall good performance because of the greater weight placed on small loans to businesses.

Home Mortgage Loans

Refer to Tables 2, 3, 4 and 5 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The geographic distribution of both BBNA's home purchase and home mortgage refinance loans is adequate. For both loan types, the bank's percentage of loans originated in both low- and moderate-income geographies is lower than the percentage of owner-occupied housing located in low-income geographies and moderate-income geographies, respectively, in the Minneapolis/St. Paul MA. Market share analysis shows similar performance. For both home purchase and home mortgage refinance loans, the bank's market share in both low- and moderate-income geographies is lower than its overall market share for both loan types. In evaluating the bank's performance, we considered the margin (that was somewhat narrow) between its geographic distribution of home mortgage loans and the percentage of owner-occupied real estate located in low- and moderate-income geographies, respectively.

The geographic distribution of BBNA's multi-family loans is not sufficient in number to perform a meaningful analysis.

Small Loans to Businesses

Refer to Table 6 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses

The geographic distribution of BBNA's small loans to businesses is good. The bank's percentage of small loans to businesses in low-income geographies is lower than the percentage of businesses located within such geographies in the Minneapolis/St. Paul MA. BBNA's percentage of small loans to businesses in moderate-income geographies exceeds the percentage of businesses located within such geographies in the Minneapolis/St. Paul MA. Market share analysis shows stronger performance. The bank's small business loan market share in both low- and moderate-income geographies exceeds its overall market share.

Small Loans to Farms

Refer to Table 7 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to farms.

An analysis of small loans to farms is not meaningful. Few farms are located within the Minneapolis/St. Paul MA.

Lending Gap Analysis

We reviewed the distribution of the bank's loans throughout the Minneapolis/St. Paul MA and found no conspicuous gaps in the bank's lending patterns.

Inside/Outside Ratio

BBNA's level of loan originations and purchases within its assessment areas is excellent. This analysis represents the ratio of loans made in either of the bank's assessment areas to total loans originated or purchased by the bank during the evaluation period. During the evaluation period, BBNA originated or purchased 91% of its home mortgage loans, 97% of its small loans to businesses, and 96% of its small loans to farms within its assessment areas.

Distribution of Loans by Income Level of the Borrower

The overall borrower distribution of bank's loans is good. The borrower distribution for home purchase and home mortgage refinance loans is excellent. The borrower distribution of business loans is adequate.

Home Mortgage Loans

Refer to Tables 8, 9, and 10 in appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The borrower distribution of BBNA's home purchase loans is excellent. The bank's percentage of home purchase loans made to low-income borrowers is lower than the percentage of families in the Minneapolis/St. Paul MA that have low-incomes. BBNA's performance is stronger after taking into consideration the percentage of families living below the poverty level. In addition, the bank's market share of home purchase loans to low-income borrowers exceeds its overall home purchase market share. For moderate-income borrowers, the bank's percentage of home purchase loans exceeds the percentage of families in the Minneapolis/St. Paul MA that have moderate-incomes and the bank's market share of home purchase loans to moderate-income borrowers is near its overall home purchase market share.

The borrower distribution of BBNA's home mortgage refinance loans is excellent. For both low- and moderate-income borrowers, the bank's percentage of home mortgage refinance loans exceeds the percentage of families in the Minneapolis/St. Paul MA that have low- and moderate-incomes, respectively. BBNA's market share of home mortgage refinance loans to low-income borrowers exceeds its overall market share of home purchase loans. For

moderate-income borrowers, the bank's percentage of home mortgage refinance loans is near its overall market share of home mortgage refinance loans.

Small Loans to Businesses

Refer to Table 11 in appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

BBNA's borrower distribution for small loans to businesses is adequate. The percentage of the bank's small loans to small businesses (those businesses with revenues of \$1 million or less) is lower than the percentage of businesses in the Minneapolis/St. Paul MA that report those smaller revenues. This level of performance is not unexpected. A recent national survey conducted by the Federal Reserve Bank shows that small businesses are less likely to have loan relationships with a bank than larger businesses. The same study also shows that small businesses are more likely to use forms of credit that would not be reported in small business loan data, such as, personal credit cards for business expenses and loans from family members. As such, banks that have the size and resources to make loans to larger businesses may not receive applications for small loans to small businesses at a rate that is as high as the percentage of small businesses located in its assessment area.

A market share analysis shows stronger performance than by demographic analysis, as the bank's market share of loans to businesses with revenues \$1 million or less exceeds its overall market share of small loans to businesses of all sizes.

Small Loans to Farms

Refer to Table 12 in the appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

An analysis of small loans to farms is not meaningful. Few farms are located within the Minneapolis/St. Paul MA.

Community Development Lending

Refer to Table 1 Lending Volume in appendix C for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multi-family loans, including those that also qualify as CD loans. However, Table 5 does not separately list CD loans.

The bank's level of community development loans is excellent and had a positive impact on Lending Test performance.

BBNA originated or purchased \$24 million (includes \$5 million of OBF loans) in community development loans during the evaluation period in the Minneapolis/St. Paul MA. Those loans helped finance the operations of four affordable housing organizations, five affordable housing projects, 18 organizations providing social services to low- and moderate-income individuals, and a secondary market transaction for affordable housing via participation in a loan pool. In addition, BBNA issued \$15 million in letters of credit during the evaluation period in the

Minneapolis/St. Paul MA. The letters of credit were used to guarantee repayment on new construction (five affordable housing projects and a women's shelter) and to enhance tax-exempt bond issues supporting affordable housing and buildings for community services targeted at low- and moderate-income individuals (jobs training center and crisis center).

The bank's affordable housing loans and letters of credit were considered responsive to the community development needs of the Minneapolis/St. Paul MA. Activities that resulted in the issuance of tax exempt bonds were considered especially responsive because they provide additional opportunities for financial institutions to purchase qualified investments.

BBNA also originated or purchased \$39 million in community developments loans in a broader regional area that includes the Minneapolis/St. Paul MA. BBNA adequately addressed the community development needs of its assessment areas; therefore, we gave positive consideration to community development activities that occurred in a broader regional area. Of the community development loans in this broader regional area, \$30 million were for the economic development and revitalization of a Native American Indian reservation.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on a limited-scope review, BBNA's performance under the lending test in the Mille Lacs/Kanabec non-MA area is weaker than the bank's overall "Outstanding" performance under the Lending Test. In the Mille Lacs/Kanabec non-MA area, the bank's performance is weaker, but adequate, based on the geographic distribution of loans and the borrower income distribution of home mortgage loans relative to the bank's overall performance. The bank's performance in the limited-scope assessment area had a minimal impact on overall performance as it represents less than 2% of the population located in the bank's assessment areas.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Investment Test is rated "Outstanding". Based on a full-scope review, the bank's performance in the Minneapolis/St. Paul MA is excellent.

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

BBNA's level of qualified investments is excellent in the Minneapolis/St. Paul MA. The bank's qualified investments consist entirely of grants and donations. Over 480 grants and donations totaling \$9.2 million were made during the evaluation period (most were made by OBF). The vast majority of BBNA's qualified investments were to organizations that provide social services to low- and moderate-income individuals. Those grants and donations that supported affordable housing (\$540 thousand) were considered especially responsive to the community development needs of the Minneapolis/St. Paul MA.

BBNA adequately addressed the community development needs of its assessment areas; therefore, we gave positive consideration to community development activities that were occurred in a broader regional area. The bank (through OBF) provided an additional \$57 thousand in qualified investments outside of its assessment areas.

Conclusions for Area Receiving Limited-Scope Reviews

Based on a limited-scope review, the bank's performance under the Investment Test in the Mille Lacs/Kanabec non-MA is not inconsistent with the bank's overall "Outstanding" performance under the Investment Test. Refer to Table 14 in appendix C for the facts and data that support these conclusions.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test is rated "High Satisfactory." Based on a full-scope review, the bank's performance in the Minneapolis/St. Paul MA is good.

Retail Banking Services

Refer to Table 15 in appendix C for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

The bank's retail delivery systems provide good accessibility to geographies and individuals of different income levels. The bank operates 23 offices in Minneapolis/St. Paul MA. Of those offices, one is located in a low-income census tract and four are located in moderate-income tracts. BBNA's geographic distribution of offices is lower than the percentage of low-income geographies and exceeds the percentage of moderate-income geographies in the Minneapolis/St. Paul MA. Among the census tracts where the bank has an office, 16% of the families are low-income and 19% are moderate-income. As such, the bank's geographic distribution of offices reaches low-income families at a rate that is near the percentage of low-income families and at a rate that exceeds the percentage of moderate-income families living in the Minneapolis/St. Paul MA as a whole.

There are minor differences in service availability between offices. None of these differences inconvenience any particular geographies or individuals. Twenty-one of twenty-three offices have full service ATMs. The remaining two do have cash dispensing ATMs. All of the bank's offices, except for those located in either downtown Minneapolis or St. Paul have Saturday lobby and/or drive-up hours. Both of the respective downtowns are located in middle-income census tracts. All offices have onsite personnel who can open deposit accounts and originate consumer loans. All offices that do not have onsite commercial or home mortgage lenders can arrange for a meeting with a Bremer lender assigned coverage to that location.

The bank's alternative systems for delivering retail banking services include 24-hour telephone banking, 24-hour Internet banking, and ATM access. Because the bank does not gather information on the income level of the users of these alternative systems, we could not place

much weight on the systems in this evaluation. The 58 ATMs attributed to BBNA are located throughout the Minneapolis/St. Paul MA. Most of the ATMs are located at Bremer offices and at convenience stores. Among the bank's 33 ATMs not located at a Bremer office, 9% are located in moderate-income geographies. None are located in low-income geographies.

The bank did not open or close any offices, other than those related to acquisitions, during the evaluation period.

Community Development Services

The bank provides an adequate level of community development services within the Minneapolis/St. Paul MA. During the evaluation period, BBNA's employees provided qualifying services to 25 organizations. Most of the services were provided to organizations supporting affordable housing, or the assistance otherwise benefited affordable housing causes, or BBNA provided assistance to organizations providing social services to low- and moderate-income individuals. The types of services provided are not innovative in nature but are responsive to needs in the community, especially those services that supported affordable housing.

Another community development service that the bank provides is a 3 to 1 matched savings program for low-income individuals through its involvement with Family Assets in Minnesota (FAIM). BBNA has opened 146 matched savings accounts. The savings can be used to purchase a home, start a small business, or for education. Bremer (BBNA and its affiliate banks in Minnesota) is one of two banking companies in the state of Minnesota that participates in the FAIM matched savings program.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on a limited-scope review, the bank's performance under the Service Test in the Mille Lacs/Kanabec non-MA area is weaker than the bank's overall "High Satisfactory" performance under the Service Test. In the Mille Lacs/Kanabec non-MA area, the bank's performance is weaker, but adequate, based on its geographic distribution of branch offices relative to the bank's overall performance. The bank's performance in the limited-scope assessment area had a minimal impact on overall performance. The Mille Lacs/Kanabec non-MA area represents less than 2% of the population and less than 1% of all deposits in financial institutions located within the bank's assessment areas.

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”).

Time Period Reviewed	Lending Test (excludes CD Loans): 1/01/99 to 12/31/2001 Investment and Service Tests and CD Loans: 7/13/99 to 12/31/2001	
Financial Institution	Products Reviewed	
Bremer Bank, National Association (BBNA) South St. Paul, Minnesota	Home purchase, home mortgage refinance, small business, small farm, community development (CD) loans	
Affiliate(s)	Affiliate Relationship	Products Reviewed
Otto Bremer Foundation (OBF) Bremer Financial Services, Inc. (BFSI)	Parent Company Sister Company	CD loans and investments ATMs and CD services
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Minneapolis/St. Paul MA Mille Lacs/Kanabec	Full-scope Limited-scope	Minnesota portion of MA #5120 Mille Lacs and Kanabec counties Non-MA

Appendix B: Market Profiles for Full-Scope Areas

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Market Profiles for Areas Receiving Full-Scope Reviews

(Minneapolis/St. Paul MA)	B-2
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Minneapolis/St. Paul MA

Demographic Information for Full-Scope Area: MINNEAPOLIS/ST. PAUL MA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	640	8.13	16.25	54.84	19.22	1.56
Population by Geography	2,455,818	5.42	12.80	60.50	21.15	0.12
Owner-Occupied Housing by Geography	640,163	1.75	11.07	63.16	24.02	0.00
Businesses by Geography	120,577	4.87	10.21	61.34	23.52	0.06
Farms by Geography	4,983	0.84	13.83	71.16	14.15	0.02
Family Distribution by Income Level	632,062	16.66	18.50	27.78	37.07	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	222,221	8.43	19.80	60.91	10.86	0.00
Median Family Income = \$43,063		Median Housing Value = \$92,440				
HUD Adjusted Median Family Income 2002 = \$76,700		Unemployment Rate = 2.62%				
Households Below the Poverty Level = 7.87%		Unemployment (September 2002) = 4.03%				

(*) The NA category consists of geographies that have not been assigned an income classification.
 Source: 1990 U.S. Census, 2002 HUD updated MFI, unemployment MN Workforce Center/WI Department of Workforce Development

BBNA’s Minneapolis/St. Paul assessment area includes the 11 counties that comprise the Minnesota portion of MA #5120. The full MA #5120 includes two counties in Wisconsin. However, Bremer operates another national bank in Wisconsin. The Minneapolis/St. Paul MA is comprised of 640 census tracts. Most of the tracts are middle-income. Approximately 8% and 16% of the tracts are low- and moderate-income, respectively. Low- and moderate-income geographies are concentrated in and around the cities of Minneapolis and St. Paul. The bank’s entire assessment area consists of 13 contiguous counties. However, two of the counties (Mille Lacs and Kanabec) are outside of the MA #5120. As such, these two counties were considered a separate assessment area and received a limited-scope review.

The bank operates 23 offices within the Minneapolis/St. Paul MA. This is an increase of 15 from the bank’s prior CRA evaluation. The bank’s main office is located in the city of South St. Paul. In addition, BBNA has four offices in the city of St. Paul, two in the city of Minneapolis, 14 dispersed in cities surrounding St. Paul or Minneapolis, and one each in the in the far northwest and west sections of the Minneapolis/St. Paul MA. The bank’s increase in branch offices was due to acquisitions.

The bank is an active business and home mortgage lender. The bank provides a full range of financial products and services. BBNA, through an affiliate, also operates 58 ATMs within the Minneapolis/St. Paul MA. At least one is located at the main office and at each branch office. Most of the bank’s off-premise ATMs are located in convenience stores. All of the bank’s off-premise ATMs are cash dispensing.

Competition among financial institutions is strong. Based on June 30, 2001 data, there are 151 different financial institutions with offices and deposits in the Minneapolis/St. Paul MA. BBNA ranks fourth in terms of deposit market share (2.60%) in the MA. Market share has increased primarily through acquisitions from .66% (ranked 11th) in June 1999. Based on publicly reported 2000 data, there are many additional lenders originating and purchasing loans in the assessment in addition to those institutions that have a bank branch in the assessment area. BBNA's primary competitors are two much larger banks, Wells Fargo and U.S. Bank. Merger activity during the evaluation period eliminated a number of the banks operating in the Minneapolis/St. Paul MA that were more similarly situated by size to BBNA. These mergers have not diminished the level of competitiveness for customers in the Minneapolis/St. Paul MA.

Over the evaluation period, the economy of the Minneapolis/St. Paul MA has been strong. The MA has experienced significant growth in population. In 2000, the population of the Minneapolis/St. Paul MA was 2.9 million, an increase of 17% since 1990. The number of jobs in the assessment area has increased at a slightly higher rate. Unemployment is low at 4%. The median family income in the Minneapolis/St. Paul MA rose to \$77 thousand in 2002, an increase of 79% since 1990. The local real estate market is strong. In 2000, the median home value in the Minneapolis/St. Paul MA was \$140 thousand, an increase of 70% from 1990. Current residential listings show that home listing prices are higher.

To better understand opportunities for banks in the Minneapolis/St. Paul MA, we considered information obtained from eight community contacts made since June of 2001. The individuals contacted represented organizations supporting neighborhood revitalization, affordable housing, and assistance to small businesses. A local realtor was also among the contacts. Those contacts revealed that many low-income individuals have been priced out of the housing market and less established small businesses with financial and collateral constraints turn to community development organizations for assistance. Demand for affordable housing is high because of population growth and rapid appreciation in home values. Demand for credit from established businesses has lessened in some cases because of economic slowdown. However, businesses without a bank lending relationship because of financial and collateral constraints remain in need of credit.

Using the above community contact information, information from the bank, and information obtained from other CRA performance evaluations, opportunities for community development activities were identified in the Minneapolis/St. Paul MA. Many organizations were identified that provide social services to low- and moderate-income individuals. A significant number of organizations were identified that serve needs by providing affordable housing assistance and small business financing. Also, opportunities exist to purchase Mortgage Backed Securities (MBS) comprised of loans to low- and moderate-income individuals living in the Minneapolis/St. Paul MA. Opportunities also exist to purchase municipal revenue bonds with a community development purpose from local governments.

Appendix C: Tables of Performance Data

Content of Standardized 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. Tables without data are not included in this PE.

The following is a listing and brief description of the tables:

- 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 __.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 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 __.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.

Table 1. Lending Volume

LENDING VOLUME		Geography: MINNESOTA						Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001				
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)	
Full Review:												
Minneapolis/St. Paul MA	89.46	1,588	192,929	1,997	323,527	83	2,839	33	24,175	3701	543,470	92.42
Limited Review:												
Mille Lacs/Kanabec	10.54	207	17,037	122	6,287	106	3,341	1	40	436	26,705	7.58
Outside of AAs:								21	38,968			

* Loan Data as of December 31, 2001. Rated area refers to either the state or multi-state MA rating area.

** The evaluation period for Community Development Loans is July 13, 1999 to December 31, 2001.

*** Deposit Data as of June 30, 2001. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE		Geography: MINNESOTA				Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001									
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***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
Full Review:															
Minneapolis/St. Paul MA	997	94.32	1.75	1.00	11.07	8.02	63.16	64.89	24.02	26.08	0.35	0.17	0.30	0.36	0.35
Limited Review:															
Mille Lacs/Kanabec	60	5.68	0.00	0.00	12.54	5.00	87.46	95.00	0.00	0.00	2.00	0.00	0.00	2.24	0.00

* Based on 2000 Peer Mortgage Data: Midwest Region.

** 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 housing units in a particular geography divided by the number of owner occupied housing units in the area based on 1990 Census information.

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT			Geography: MINNESOTA				Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001					Market Share (%) by Geography				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Over all	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
Full Review:																
Minneapolis/St. Paul MA	0	0.00	1.75	0.00	11.07	0.00	63.16	0.00	24.02	0.00	0.00	0.00	0.00	0.00	0.00	
Limited Review:																
Mille Lacs/Kanabec	0	00.00	0.00	0.00	12.54	0.00	87.46	00.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	

* Based on 2000 Peer Mortgage Data: Midwest Region.

** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE											Geography: MINNESOTA Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001				
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	Over all	Low	Mod	Mid	Upp
Full Review:															
Minneapolis/St. Paul MA	570	79.61	1.75	0.88	11.07	7.89	63.16	66.32	24.02	24.91	0.17	0.08	0.10	0.19	0.19
Limited Review:															
Mille Lacs/Kanabec	146	20.39	0.00	0.00	12.54	0.00	87.46	100.00	0.00	0.00	4.75	0.00	0.00	5.36	0.00

* Based on 2000 Peer Mortgage Data: Midwest Region.

** Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY		Geography: MINNESOTA						Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001							
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	Over all	Low	Mod	Mid	Upp
Full Review:															
Minneapolis/St. Paul MA	21	95.45	13.63	9.52	14.85	19.05	56.92	57.14	14.60	14.29	1.73	2.38	1.01	1.55	2.94
Limited Review:															
Mille Lacs/Kanabec	1	4.55	0.00	0.00	9.25	0.00	90.75	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

* Based on 2000 Peer Mortgage Data: Midwest Region.

** Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.

*** Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 1990 Census information.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES			Geography: MINNESOTA				Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31 2001					Market Share (%) by Geography				
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans						
Full Review:																
Minneapolis/St. Paul MA	1,997	94.24	4.87	3.46	10.21	10.62	61.34	61.09	23.52	24.79	1.07	1.23	1.14	1.03	1.18	
Limited Review:																
Mille Lacs/Kanabec	122	5.76	0.00	0.00	14.71	0.00	85.29	100.00	0.00	0.00	15.53	0.00	0.00	19.35	0.00	

* Based on 2000 Peer Small Business Data: US.

** 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 (2001).

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS												Geography: MINNESOTA					Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001				
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography										
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	Overall	Low	Mod	Mid	Upp						
Full Review:																					
Minneapolis/St. Paul MA	83	43.92	0.84	0.00	13.83	20.48	71.16	77.11	14.15	2.41	11.11	0.00	13.64	12.32	0.00						
Limited Review:																					
Mille Lacs/Kanabec	106	56.08	0.00	0.00	5.13	0.00	94.87	100.00	0.00	0.00	86.21	0.00	0.00	87.72	0.00						

* Based on 2000 Peer Small Business Data: US.

** 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 (2001).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: MINNESOTA				Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001									
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families***	% BANK Loans****	% Families** *	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	Over all	Low	Mod	Mid	Upp
Full Review:															
Minneapolis/St. Paul MA	997	94.32	16.66	13.10	18.50	24.74	27.78	31.66	37.07	30.50	0.39	0.43	0.34	0.40	0.41
Limited Review:															
Mille Lacs/Kanabec	60	5.68	21.98	3.39	18.74	18.64	24.31	42.37	34.97	35.59	2.31	0.00	1.35	2.59	3.04

* Based on 2000 Peer Mortgage Data: Midwest Region.

** As a percentage of loans with borrower income information available. No information was available for 4.2% of loans originated and purchased by Bank.

*** Percentage of Families is based on the 1990 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.

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT			Geography: MINNESOTA				Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001					Market Share				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Over all	Low	Mod	Mid	Upp	
	#	% of Total**	% Families**	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****						
Full Review:																
Minneapolis/St. Paul MA	0	0.00	16.66	0.00	18.50	0.00	27.78	0.00	37.07	0.00	0.00	0.00	0.00	0.00	0.00	
Limited Review:																
Mille Lacs/Kanabec	0	0.00	21.98	0.00	18.74	0.00	24.31	0.00	34.97	0.00	0.00	0.00	0.00	0.00	0.00	

* Based on 2000 Peer Mortgage Data: Midwest Region.

** As a percentage of loans with borrower income information available. No information was available for NA% of loans originated and purchased by Bank.

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

**** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography: MINNESOTA				Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001									
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families**	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	Over all	Low	Mod	Mid	Upp
Full Review:															
Minneapolis/St. Paul MA	570	79.61	16.66	16.99	18.50	26.12	27.78	27.37	37.07	29.52	0.20	0.34	0.16	0.14	0.24
Limited Review:															
Mille Lacs/Kanabec	146	20.39	21.98	9.03	18.74	25.69	24.31	31.94	34.97	33.33	5.94	20.9 3	7.08	3.40	4.64

* Based on 2000 Peer Mortgage Data: Midwest Region.

** As a percentage of loans with borrower income information available. No information was available for 1.8% of loans originated and purchased by Bank.

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

**** Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage 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: MINNESOTA		Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001		
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
Full Review:									
Minneapolis/St. Paul MA	1,997	94.24	82.40	59.69	62.84	17.43	19.73	1.07	1.60
Limited Review:									
Mille Lacs/Kanabec	122	5.76	87.14	70.49	86.89	11.48	1.64	15.53	24.50

* Based on 2000 Peer Small Business Data: US.

** 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 - 2001).

**** 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 2.5% of small loans to businesses originated and purchased by the Bank.

Table12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS					Geography: MINNESOTA			Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001	
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 \$500,000	All	Rev \$1 Million or Less
Full Review:									
Minneapolis/St. Paul MA	83	43.92	92.61	96.39	95.18	4.82	0.00	11.11	13.33
Limited Review:									
Mille Lacs/Kanabec	106	56.08	95.90	91.51	92.45	7.55	0.00	86.21	86.54

* Based on 2000 Peer Small Business Data: US.

** 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 - 2001).

**** 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 0% of small loans to farms originated and purchased by Bank.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: MINNESOTA				Evaluation Period: JULY 13, 1999 TO DECEMBER 31, 2001			
MA/Assessment Area:	Prior Period Investments		Current Period Investments		Total Investments			Unfunded Commitments	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Full Review:									
Minneapolis/St. Paul MA	0	0	483	9,207	483	9,207	97.78	0	0
Limited Review:									
Mille Lacs/Kanabec	0	0	32	152	32	152	1.61	0	0
Outside of AAs:	0	0	3	57	3	57	0.61	0	0

* 'Prior Period Investments' means investments made in a previous evaluation 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: MINNESOTA Evaluation Period: JULY 13, 1999 TO DECEMBER 31, 2001																	
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			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full Review:																	
Minneapolis/St. Paul MA	92.42	23	88.46	4.35	17.39	60.87	17.39	15	0	1	3	9	2	5.42	12.80	60.50	21.15
Limited Review:																	
Mille Lacs/Kanabec	7.58	3	11.54	0.00	0.00	100.00	0.00	4	1	0	0	3	0	0.00	11.92	88.08	0.00

* Two acquisitions/purchase accounted for all branch openings/closings.