



## Public Disclosure

October 4, 1999

### Community Reinvestment Act Performance Evaluation

Marquette Bank, National Association  
Charter Number: 22831

8200 Golden Valley Road  
Golden Valley, Minnesota 55427

Office of the Comptroller of the Currency  
Minneapolis Field Office  
920 Second Avenue South, Suite 800  
Minneapolis, Minnesota 55402

**NOTE:** 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>General Information</b> . . . . .	1
<b>Definitions and Common Abbreviations</b> . . . . .	2
<b>Overall CRA Rating</b> . . . . .	5
<b>Description of Institution</b> . . . . .	6
<b>Scope of Evaluation</b> . . . . .	7
<b>Fair Lending Review</b> . . . . .	9
<b>Conclusions with Respect to Performance Tests</b>	
Lending Test . . . . .	10
Investment Test . . . . .	21
Service Test . . . . .	23
<b>Appendix A: Scope of Evaluation</b> . . . . .	A-1
<b>Appendix B: Market Profiles for Areas Receiving Full-Scope Reviews</b> . . . . .	B-1
<b>Appendix C: Tables of Performance Data</b> . . . . .	C-1

## General Information

*The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority, when examining financial institutions subject to its supervision, to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.*

*This document is an evaluation of the CRA performance of **Marquette Bank, National Association** prepared by the **Office of the Comptroller of the Currency (OCC)**, the institution's supervisory agency, as of **October 4, 1999**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this Performance Evaluation. 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 by another company. A company is under common control with another company if both companies are directly or indirectly controlled by the same company. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Block Numbering Area (BNA)** - Statistical subdivisions of counties in which census tracts have not been established. BNAs have been established by the United States Census Bureau in conjunction with state agencies.

**Census Tract (CT)** - Small, locally defined statistical areas within metropolitan statistical areas. These areas are determined by the United States Census Bureau in an attempt to group homogenous populations. A CT has defined boundaries per ten year census and an average population of 4,000.

**Community Development (CD)** - Affordable 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.

**Full-Scope Review** - Performance under the Lending, Investment and Service Tests is analyzed considering fully understood performance context, quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, branch distribution) and qualitative factors (e.g., innovation, complexity).

**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 statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, and the disposition of the application (e.g., approved, denied, withdrawn).

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

**Limited-Scope 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, branch distribution).

**Low-Income** - Income levels that are less than 50% of the median family income.

**Median Family Income (MFI)** - The median income determined by the United States 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 Statistical Area (MSA)** - Area defined by the Director of the United States Office of Management and Budget. MSAs consist of one or more counties, including large population centers and nearby communities that have a high degree of interaction.

**Middle-Income** - Income levels that are at least 80% and less than 120% of the MFI.

**Moderate-Income** - Income levels that are at least 50% and less than 80% of the MFI.

**Small Business Loans** - Loans with original amounts of \$1 million or less that are: (1) secured by nonfarm nonresidential properties; or (2) commercial and industrial loans to U.S. addresses.

**Small Farm Loans** - Loans with original amounts of \$500 thousand or less that are: (1) secured by farmland; or (2) to finance agricultural production and other loans to farmers.

**Tier 1 Capital** - The total of common shareholders' equity, perpetual preferred shareholders' equity with noncumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**Upper-Income** - Income levels that are 120% or more of the MFI.

## Overall CRA Rating

**Institution’s CRA Rating:** This institution is rated **“Satisfactory.”**

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

Performance Levels	Marquette 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:

- < MBNA made an excellent level of contributions to the assessment area in the form of community development investments and grants. The bank made 17 qualified investments totaling \$8.2 million. One of the investments was highly complex in nature and MBNA acted in a leadership role.
- < Overall, home mortgage lending is good. Distribution of home mortgage loans among borrowers of different income levels is excellent. Geographic distribution of home mortgage loans among census tracts of different income levels is good.
- < Overall, small business lending is adequate. Both distribution of small business loans among businesses of different sizes and geographic distribution of small business loans among census tracts of different income levels are adequate.
- < The level of community development lending is good and is responsive to identified community credit needs.
- < MBNA has internally developed several innovative and flexible loan programs specifically addressing the identified need for affordable rental and owner-occupied housing.

- < Bank personnel provided an excellent level of community development services. Retail banking services are adequate.

## Description of Institution

Marquette Bank, National Association (MBNA) is a \$1.4 billion financial institution headquartered in Golden Valley, Minnesota. MBNA has 31 banking offices and operates 32 ATMs, located throughout its assessment areas.

MBNA is a subsidiary of Marquette Bancshares, Inc. (MBI), a \$3.1 billion multi-bank holding company located in Minneapolis, Minnesota. Affiliates related through MBI and common ownership include: banks located in South Dakota, Iowa, Illinois, Wisconsin, Nebraska, Montana, Texas, Arizona, New Mexico, and California; and non-bank subsidiaries offering trust, investment, leasing, and consumer finance services. MBI originated community development loans and investments, which are allocated on a shared basis between MBNA and its affiliate, Marquette Capital Bank, N.A. The activities of other affiliated organizations did not impact MBNA's CRA evaluation.

On September 30, 1999, Marquette Bank Rochester, N.A. (MBR) merged into MBNA. MBNA and MBR have been affiliated through common ownership since MBNA's inception on January 1, 1995. MBR converted to a national bank charter on January 1, 1997 and became a subsidiary bank of MBI in 1998. MBR received a "Satisfactory" rating at its May 1, 1995 CRA examination by the FDIC. MBR's performance is combined with that of MBNA for this evaluation. There were no other merger or acquisition activities during the evaluation period.

Net loans represent 68% of total assets at September 30, 1999. By dollar volume, the loan portfolio is comprised of consumer loans (40%), commercial and commercial real estate loans and leases (35%), residential real estate loans (24%), and agricultural and agricultural real estate loans (1%). Tier 1 Capital totaled \$114 million at September 30, 1999.

MBNA's business focus is providing of traditional retail and commercial loan products. Consumer, residential, and commercial loans are the bank's primary products. Agricultural lending is not a major product offering, but is provided as part of MBNA's full product line.

There are no legal, financial, or other factors impeding the bank's ability to help meet the credit needs in its assessment areas. MBNA received a "Satisfactory" rating at its prior CRA examination dated January 6, 1998.

MBNA delineated three separate assessment areas. These assessment areas are legal, meet the requirements of the regulation, and do not arbitrarily exclude any low- or moderate-income geographies. Refer to Appendix B for full descriptions of these assessment areas.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

We examined MBNA using large bank tests pursuant to the revised CRA regulation. This evaluation covers lending, investment, and service activities since the previous CRA examination (January 6, 1998) with the following exceptions and notations:

- < Our analysis of HMDA lending included 1997 and 1998 loan originations. We included all 1997 and 1998 loan originations and excluded year-to-date 1999 loan originations because CRA data is reported and aggregated in whole years. The previous CRA examination used HMDA data through year-end 1996.
- < Except for the Rochester Assessment Area, our analysis of small business lending included 1997 and 1998 loan originations. We included all 1997 and 1998 loan originations and excluded year-to-date 1999 loan originations because CRA data is reported and aggregated in whole years. The previous CRA examination used small business data through year-end 1996. For the Rochester Assessment Area, we used only 1998 small business data. Prior to the merger, 1998 was the first year MBR was required to report CRA data.
- < We weighted HMDA loans more heavily than small business loans in arriving at our conclusion for the bank's performance in the Lending Test. HMDA loan originations represented 67% by number and 69% by dollar volume of all reported loan originations during the evaluation period. In comparison, small business loan originations represented 27% by number and 28% by dollar volume of all reported loan originations during the evaluation period.
- < We did not consider the bank's small farm lending in arriving at our conclusion for its performance in the Lending Test. MBNA offers agricultural loan products; however, its volume of reportable farm loans is small and does not impact its overall rating. Small farm loan originations represented only 6% by number and 3% by dollar volume of the bank's total reported loan originations during the evaluation period. In addition, only 1% of the bank's outstanding loans by dollar volume are agricultural. Community contacts did not indicate a need for farm lending in the assessment area because of the urban and suburban nature of the assessment area. Refer to Tables 6 and 11 in Appendix C for more information.
- < We used an evaluation period of January 1, 1997 through September 30, 1999 for assessing MBNA's community development loan, investment, and service activities. We used this evaluation period to capture activities not considered in prior CRA examinations.

- < Geographic distribution analysis for the Non-MSA Assessment Area is not meaningful. This assessment area contains only middle- and upper-income BNAs.

## **Data Integrity**

We selected a sample totaling 210 loans (120 HMDA and 90 CRA) to verify the accuracy of MBNA's and MBR's publicly reported CRA and HMDA data. Except for MBNA's HMDA data, we found a high error rate. MBNA and MBR conducted an extensive file review to correct the errors. Our subsequent review found that the banks' data was accurate. We based this evaluation on combined revised accurate data, not on the publicly reported data.

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

The bank has three assessment areas. We completed full-scope reviews of all three assessment areas. Refer to Appendices A and B for more information.

## **Ratings**

The bank's overall rating is based on the combination of the bank's performance in all three assessment areas. However, we weighted MNBA's performance in the Minneapolis Assessment Area most heavily as 74% of the total reported bank loans and 67% of total bank deposits are located in that assessment area. The Rochester and Non-MSA Assessment Areas received lesser, but equal, weight as the remainder of the total reported bank loans and deposits are distributed evenly between these two assessment areas.

## **Fair Lending Review**

No violations of the substantive provisions of the antidiscrimination laws and regulations were identified during our concurrent fair lending review. We performed a comparative file review of Marquette Outreach Mortgage home purchase loan approvals and denials based on race.

## Conclusions with Respect to Performance Tests

### LENDING TEST

The bank's performance under the Lending Test is rated "High Satisfactory." Home mortgage and small business lending levels are good and are responsive to identified credit needs. Geographic distribution of loans among census tracts of different income levels and distribution of loans by the income level of the borrower are good. Community development lending levels are good. Innovative and flexible loan products specifically address identified credit needs for affordable housing.

### Lending Activity

MBNA's lending levels reflect good responsiveness to identified home mortgage and small business credit needs. Competition for these types of loans in all assessment areas is strong.

#### Minneapolis Assessment Area

MBNA originated the following loan volumes included in our analysis in the assessment area during the evaluation period:

- < 3,735 home mortgage loans totaling \$294 million. This represents 1.3% of all reported home mortgage loans in the assessment area, ranking 17th among 586 lenders.
- < 1,662 small business loans totaling \$128 million. This represents 5% of all reported small business loans in the assessment area, ranking seventh among 137 lenders.

Competition for lending market share is strong, especially for home mortgage lending. Two regional banks and their affiliates dominate the market with combined market shares of 23% in home mortgage lending and 37% in small business lending.

MBNA's lending market share for small business loans exceeds its deposit market share. MBNA has a 2.6% deposit market share in the assessment area, ranking fifth among 112 banks and savings associations with offices located in the assessment area.

### Rochester Assessment Area

MBNA originated the following loan volumes included in our analysis in the assessment area during the evaluation period:

- < 719 home mortgage loans totaling \$68 million. This represents 5% of all reported home mortgage loans in the assessment area, ranking fourth among 197 lenders.
- < 200 small business loans totaling \$21 million (1998 only). This represents 16% of all reported small business loans in the assessment area, ranking second among 24 lenders.

Competition for lending market share is strong. One regional bank and its affiliates dominate the market with market shares of 27% in home mortgage lending and 54% in small business lending.

MBNA's lending market share for small business loans equals its deposit market share. MBNA has a 16% deposit market share in the assessment area, ranking second among 13 banks and savings associations with offices located in the assessment area.

### Non-MSA Assessment Area

MBNA originated the following loan volumes included in our analysis in the assessment area during the evaluation period:

- < 649 home mortgage loans totaling \$38 million. This represents 7.5% of all reported home mortgage loans in the assessment area, ranking second among 195 lenders.
- < 178 small business loans totaling \$13 million. This represents 13% of all reported small business loans in the assessment area, ranking third among 41 lenders.

Competition for lending market share is strong. One regional bank and its affiliates dominate the market with market shares of 27% in home mortgage lending and 35% in small business lending.

MBNA's lending market share for small business loans exceeds its deposit market share. MBNA has a 9% deposit market share in the assessment area, ranking first among 37 banks and savings associations with offices located in the assessment area.

Refer to Table 1 in Appendix C for the facts and data used to evaluate the bank's lending activity.

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

Distribution of loans among census tracts of different income levels is good based on good home mortgage lending performance in the Minneapolis Assessment Area, adequate home mortgage lending performance in the Rochester Assessment Area, and adequate small business lending performance overall. Geographic distribution analysis for the Non-MSA Assessment Area is not meaningful as this assessment area contains only middle- and upper-income BNAs.

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

MBNA's origination of home mortgage loans among census tracts of different income levels is good in the Minneapolis Assessment Area and adequate in the Rochester Assessment Area.

#### Minneapolis Assessment Area

The bank's origination of home mortgage loans among census tracts of different income levels in the assessment area is good. In addition, a substantial majority of the bank's home mortgage loans (88% by number and by dollar volume) were originated in the combined assessment areas.

MBNA's origination of home purchase and home improvement loans in low-income census tracts is good. The bank originated 1% of both its home purchase and home improvement loans in low-income census tracts, which contain 2% of the assessment area's owner-occupied housing units. MBNA's origination of home refinance loans in low-income census tracts is poor. The bank originated 0% of its home refinance loans in low-income census tracts, which is below assessment area demographics.

MBNA's origination of home purchase loans in moderate-income census tracts is good. The bank originated 8% of its home purchase loans in moderate-income census tracts, which contain 9% of the assessment area's owner-occupied housing units. MBNA's origination of home improvement and home refinance loans in moderate-income census tracts is adequate. The bank originated 4% of both its home improvement and home refinance loans in moderate-income census tracts. This is below assessment area demographics.

The bank ranks 21st among 446 lenders in originating home purchase loans. Its overall market share of 1% equals its market share in all tract income categories. The bank ranks fourth among 203 lenders in originating home improvement loans. Its overall market share of 5% is above its market share in both low- and moderate-income census tracts (2%). The bank ranks 20th among 472 lenders in originating home refinance loans. Its overall market share of 1% is above its

market share in low-income census tracts (0%) and equals its market share in moderate-income census tracts (1%).

A lending gap analysis showed no inexplicable gaps in the bank's lending. MBNA originated home mortgage loans in 364 of the 449 (81%) assessment area census tracts. These tracts contain 92% of the owner-occupied housing units in the assessment area.

### Rochester Assessment Area

The bank's origination of home mortgage loans among census tracts of different income levels in the assessment area is adequate. There are no low-income census tracts in this assessment area.

MBNA's origination of home improvement loans in moderate-income census tracts is excellent. The bank originated 16% of its home improvement loans in moderate-income census tracts, which contain 15% of the assessment area's owner-occupied housing units. MBNA's distribution of home purchase and home refinance loans in moderate-income census tracts is poor. The bank originated 7% of its home purchase loans and 6% of its home refinance loans in moderate-income census tracts. This is well below assessment area demographics.

The bank ranks third among 122 lenders in originating home purchase loans. Its overall market share of 4% is above its market share in moderate-income census tracts (2%). The bank ranks fifth among 29 lenders in originating home improvement loans. Its overall market share of 7% approximates its market share in moderate-income census tracts (8%). The bank ranks fourth among 149 lenders in originating home refinance loans. Its overall market share of 6% is above its market share in moderate-income census tracts (3%).

A lending gap analysis showed no inexplicable gaps in the bank's lending. MBNA originated home mortgage loans in all of the 22 assessment area census tracts.

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

## ***Small Business Loans***

MBNA's geographic distribution of small business loans is adequate based on adequate performance in the Minneapolis Assessment Area and excellent performance in the Rochester Assessment Area.

### Minneapolis Assessment Area

A substantial majority of the bank's small business loans (87% by number and 92% by dollar volume) were originated in the assessment areas. However, the distribution of small business loans among census tracts of different income levels is adequate. MBNA originated only 2% of its small business loans in low-income census tracts and 6% of its small business loans in moderate-income census tracts during the evaluation period. Bank performance is below assessment area demographics -- 5% of small businesses are located in low-income census tracts and 9% of small businesses are located in moderate-income census tracts.

MBNA's geographic distribution of small business loans is slightly below the performance of the overall market. All assessment area lenders combined originated or purchased 4% of their small business loans in low-income census tracts and 7% of their small business loans in moderate-income census tracts. Market lending performance more closely approximates community demographics.

A lending gap analysis showed no inexplicable gaps in the bank's lending. MBNA originated small business loans in 269 of the 449 (60%) assessment area census tracts. These 269 census tracts contain 77% of total businesses and 76% of businesses with revenues of \$1 million or less.

### Rochester Assessment Area

The distribution of small business loans among census tracts of different income levels is excellent. MBNA originated 15% of its small business loans in moderate-income census tracts during 1998. Bank performance equals area demographics - - 15% of small businesses are located in moderate-income census tracts.

MBNA's geographic distribution of small business loans exceeds overall market performance. All assessment area lenders combined originated or purchased 11% of their small business loans in moderate-income census tracts.

A lending gap analysis showed no inexplicable gaps in the bank's lending. MBNA originated small business loans in 20 of the 22 assessment area census tracts. The bank originated small business loans in all four moderate-income census tracts. There are no low-income census tracts in the assessment area.

Refer to Table 5 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's small business loan originations.

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

Distribution of loans to borrowers of different income levels and to businesses of different sizes is good based on excellent performance in home mortgage lending and adequate performance in small business lending.

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

MBNA's origination of home mortgage loans to borrowers of different income levels is excellent based on excellent performance in the Minneapolis Assessment Area, good performance in the Rochester Assessment Area, and adequate performance in the Non-MSA Assessment Area.

#### Minneapolis Assessment Area

The bank's performance in lending to borrowers of different incomes in the assessment area is excellent based on strong home purchase lending to low-income borrowers and overall home mortgage lending to moderate-income borrowers.

MBNA's performance in home purchase lending to low-income borrowers is excellent. The percentage of the bank's home purchase loans originated to low-income borrowers (14%) approximates the percentage of low-income families in the assessment area (16%). MBNA's performance in home improvement and home refinance lending to low-income borrowers is adequate. The percentage of the bank's home improvement loans (9%) and home refinance loans (7%) originated to low-income borrowers is below assessment area demographics.

MBNA's performance in home purchase, home improvement, and home refinance lending to moderate-income borrowers is excellent. The percentage of the bank's home purchase loans (27%), home improvement loans (23%), and home refinance loans (22%) originated to moderate-income borrowers exceeds the percentage of moderate-income families in the assessment area (18%).

The bank ranks 21st among 446 lenders in originating home purchase loans. Its overall market share of 1% equals its market share in all income categories. The bank ranks fourth among 203 lenders in originating home improvement loans. Its overall market share of 5% approximates its market share in all income categories. The bank ranks 20th among 472 lenders in originating home refinance loans. Its overall market share of 1% equals its market share in all income categories.

#### Rochester Assessment Area

The bank's distribution of home mortgage loans to borrowers of different income levels in the assessment area is good based on strong home purchase lending to low-income borrowers and good overall home mortgage lending to moderate-income borrowers.

MBNA's performance in home purchase lending to low-income borrowers is excellent. The percentage of the bank's home purchase loans originated to low-income borrowers (12%) approximates the percentage of low-income families in the assessment area (15%). MBNA's performance in home improvement lending to low-income borrowers is good. The percentage of the bank's home improvement loans (11%) originated to low-income borrowers is slightly below assessment area demographics. MBNA's performance in home refinance lending to low-income borrowers is poor. The percentage of the bank's home refinance loans (5%) originated to low-income borrowers is well below assessment area demographics.

MBNA's performance in home purchase, home improvement, and home refinance lending to moderate-income borrowers is good. The percentage of the bank's home purchase loans (17%), home improvement loans (20%), and home refinance loans (18%) originated to moderate-income borrowers approximates the percentage of moderate-income families in the assessment area (19%).

The bank ranks third among 122 lenders in originating home purchase loans. Its overall market share of 4% approximates its market share to low-income (3%) and moderate-income (2%) borrowers. The bank ranks fifth among 29 lenders in originating home improvement loans. Its overall market share of 7% approximates its market share to both low- and moderate-income borrowers (5%). The bank ranks fourth among 149 lenders in originating home refinance loans. Its overall market share of 6% exceeds its market share to low-income borrowers (3%) and approximates its market share to moderate-income borrowers (5%).

#### Non-MSA Assessment Area

The bank's distribution of home mortgage loans to borrowers of different income levels is adequate. Although all home mortgage lending to low-income borrowers is poor, home mortgage lending to moderate-income borrowers is good, especially in home purchase lending.

MBNA's performance in home purchase, home improvement, and home refinance lending to low-income borrowers is poor. The percentage of the bank's home purchase loans (5%), home improvement loans (3%), and home refinance loans (3%) originated to low-income borrowers is well below the percentage of low-income families in the assessment area (13%).

MBNA's performance in home purchase lending to moderate-income borrowers is excellent. The percentage of the bank's home purchase loans originated to moderate-income borrowers (18%) exceeds the percentage of moderate-income families in the assessment area (15%). MBNA's performance in home improvement and home refinance lending to moderate-income borrowers is good. The percentage of the bank's home improvement loans (13%) and home refinance loans (12%) originated to moderate-income borrowers is slightly below assessment area demographics.

The bank ranks fourth among 111 lenders in originating home purchase loans. Its overall market share of 5% approximates its market share to low-income (6%) and moderate-income (5%) borrowers. The bank ranks first among 37 lenders in originating home improvement loans. Its overall market share of 21% exceeds its market share to low-income borrowers (11%) and approximates its market share to moderate-income borrowers (23%). The bank ranks third among 160 lenders in originating home refinance loans. Its overall market share of 6% approximates its market share to both low- and moderate-income borrowers (7%).

Refer to Tables 7, 8 and 9 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations.

### ***Small Business Loans***

The bank's distribution of loans to businesses of different sizes is adequate based on adequate performance in the Minneapolis and Non-MSA Assessment Areas and poor performance in the Rochester Assessment Area.

#### Minneapolis Assessment Area

MBNA's distribution of loans to businesses of different sizes is adequate. The bank originated 70% of its reported business loans in the assessment area to entities with gross annual revenues of \$1 million or less. This performance substantially exceeds the overall market performance of 38%. However, both MBNA and combined market lenders are well below assessment area demographics -- 86% of businesses with known revenues have gross annual revenues of \$1 million or less.

Of all banks subject to CRA data reporting, MBNA ranked fourth among 137 lenders in originating small business loans to businesses with revenues of \$1 million or less. This represents a 8.4% market share. MBNA's market share percentage for lending to businesses with revenues of \$1 million or less is above its market share percentage for lending to small businesses with revenues of any size (5%).

Loan size distribution for MBNA is consistent with that of combined market lenders. MBNA made 83% of its small business loans in amounts of \$100 thousand or less, with an average loan size of \$77 thousand. In aggregate, all market lenders made 85% of their small business loans in amounts of \$100 thousand or less, with an average loan size of \$74 thousand.

### Rochester Assessment Area

MBNA's distribution of loans to businesses of different sizes is poor. The bank originated 54% of its reported business loans in the assessment area to entities with gross annual revenues of \$1 million or less. This performance is below the overall market performance of 66%. In addition, both MBNA and combined market lenders significantly lag assessment area demographics -- 91% of businesses with known revenues have gross annual revenues of \$1 million or less.

Of all banks subject to CRA data reporting, MBNA ranked second among 24 lenders in originating small business loans to businesses with revenues of \$1 million or less. This represents a 14% market share. MBNA's market share percentage for lending to businesses with revenues of \$1 million or less is slightly below its market share percentage for lending to small businesses with revenues of any size (16%).

Loan size distribution for MBNA is less favorable than that of the combined market. MBNA made 67% of its small business loans in amounts of \$100 thousand or less, with an average loan size of \$104 thousand. In aggregate, all market lenders made 84% of their small business loans in amounts of \$100 thousand or less, with an average loan size of \$78 thousand.

### Non-MSA Assessment Area

MBNA's distribution of loans to businesses of different sizes is adequate. The bank originated 73% of its reported business loans in the assessment area to entities with gross annual revenues of \$1 million or less. This performance exceeds the overall market performance of 57%. However, both MBNA and combined market lenders significantly lag assessment area demographics -- 92% of businesses with known revenues have gross annual revenues of \$1 million or less.

Of all banks subject to CRA data reporting, MBNA ranked third among 41 lenders in originating small business loans to businesses with revenues of \$1 million or less. This represents a 16% market share. MBNA's market share percentage for lending to businesses with revenues of \$1 million or less is above its market share percentage for lending to small businesses with revenues of any size (13%).

Loan size distribution for MBNA is less favorable than that of combined market lenders. MBNA made 81% of its small business loans in amounts of \$100 thousand or less, with an average loan size of \$72 thousand. In aggregate, all market lenders made 86% of their small business loans in amounts of \$100 thousand or less, with an average loan size of \$61 thousand.

Refer to Table 10 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's small business loan originations.

## **Community Development Lending**

MBNA provided a good level of community development lending in all three of its assessment areas that is responsive to identified credit needs. The bank originated three sizable community development loans totaling \$2.8 million, or 2.5% of Tier I Capital. One loan was innovative through its flexible lending terms.

MBNA originated a \$1.5 million loan to a regional small business investment company (SBIC). The SBIC's target market includes all three of the bank's assessment areas. Community contacts indicate that capital for funding the development of small businesses is in demand in the greater Minneapolis and Rochester areas. This loan is responsive to that credit need. The SBIC's strategy complements MBNA's commercial lending activities by providing equity and near-equity financing to companies that are unable to qualify for traditional commercial loans.

MBNA originated an \$850,000 gap financing loan to a community development organization to purchase land for low- and moderate-income housing in New Hope (Minneapolis Assessment Area). The flexible terms of the loan were key to the organization's ability to make the land purchase.

As part of MBNA's overall efforts to revitalize the Lake Street area in South Minneapolis, the bank financed a \$400,000 loan to create the Mercado Central (Minneapolis Assessment Area). This is a Mexican market at the intersection of Bloomington and Lake Streets that is the center of this low- and moderate-income area's revitalization efforts.

Refer to Table 1 in Appendix C for the facts and data used to evaluate the bank's level of community development lending.

## **Product Innovation and Flexibility**

MBNA offers several loan products with special features to help meet the unique credit needs of low- and moderate-income borrowers. These loans directly address the identified credit need for affordable owner-occupied and rental housing. All of these loans are included in the totals for HMDA-related loans discussed previously.

The Marquette Outreach Mortgage (MOM) is an affordable home loan program for low- and moderate-income borrowers in Minneapolis. MBNA originated 59 MOM loans for \$3.6 million during this evaluation period. Special features of the MOM product include slight variances in standard secondary market underwriting, reduced closing costs, elimination of mortgage insurance, and down payment and closing cost assistance.

The bank originated 99 Minnesota Housing Finance Association (MHFA) loans totaling \$7.4 million during the evaluation period. MHFA loans are targeted to low- and moderate-income first-time home buyers and feature below-market interest rates with standard conventional or FHA underwriting guidelines.

MBNA underwrites, originates, and services neighborhood revitalization program (NRP) loans on behalf of low- and moderate-income neighborhood groups and residents. The Whittier NRP uses a combination of bank and neighborhood organization funds to offer a 3% interest rate with a 10-year term to rehabilitate rental properties. MNBA originated 8 loans totaling \$220 thousand under the Whittier NRP during the evaluation period. The East Harriet and Longfellow NRPs have below-market interest rates and allow higher loan-to-values, similar to the Whittier program, but are targeted to single family homes. MBNA originated 27 loans totaling \$279 thousand under the East Harriet NRP and 33 loans totaling \$226 thousand under the Longfellow NRP during the evaluation period.

## INVESTMENT TEST

The bank's performance under the Investment Test is rated "Outstanding." This is based on excellent performance in the Minneapolis Assessment Area and adequate performance in the Rochester and Non-MSA Assessment Areas. MBNA generated an excellent level of qualified investments totaling \$8.2 million or 7.2% of Tier 1 Capital. The bank acted in a leadership role in one project. Its two largest investments are both highly complex and very responsive to the assessment area's most pressing community development needs. Investment opportunities in the Minneapolis Assessment Area are numerous and varied, but there are limited opportunities available in the Rochester and Non-MSA Assessment Areas.

Acting with its affiliate, Marquette Capital Bank, N.A., MBNA funded \$4.5 million of a \$4.9 million complex, near-equity financing package to fund the redevelopment of the abandoned Sears catalog warehouse building in the low- and moderate-income Phillips and Powderhorn neighborhoods of Minneapolis. The 1.9 million square foot facility will include a business incubator, retail space, office space, a child care center, and a government center. Upon completion, the project is expected to create about 5,000 new jobs. The project's funding represents a complex financial package involving several government agencies along with the banks' substantial investment. The complexity of the project was heightened by the exceptionally short time frame in which the banks analyzed and funded their investments after other involved financial institutions abandoned the project.

According to community sources, revitalization of the former Sears warehouse is critical to redeveloping businesses in the surrounding low- and moderate-income neighborhoods. Community representatives were extremely vocal in their support and appreciation of the combined banks' leadership role as the only private financing source. Several failed attempts to find financing for revitalizing the property evidenced that this financing is not routinely provided by private investors.

The bank's holding company, MBI, made a series of equity investments in a small business investment company (SBIC) totaling \$5.15 million, of which \$3.15 million is credited to MBNA. As noted above, community contacts indicate that capital for funding the development of small businesses is in demand in Minneapolis, and these investments are highly responsive to this credit need. All investments in the SBIC occurred during the evaluation period, except for \$150,000, which originated in November 1996. We are including the amount in this evaluation as we did not include it in the bank's previous CRA evaluation.

MBNA, through and with MBI, donated \$512,669 to entities that have community development as their primary purpose. This includes a donation of computer software valued at \$31 thousand to a Minneapolis community development organization. The donations were directly responsive to identified needs -- primarily enhancing the capacity of not-for-profit organizations to provide services targeted to low- and moderate-income populations. While the donations were not innovative or complex in structure, they showed excellent responsiveness to community development needs in the Minneapolis and Non-MSA Assessment Areas based on their aggregate dollar amount and total number.

MBNA donated \$31 thousand to organizations supporting services for low- and moderate-income individuals, small business development, and affordable housing in the Rochester Assessment Area. Again, these donations were not innovative or complex in structure, but were responsive to community development needs.

Refer to Table 12 in Appendix C for the facts and data used to evaluate the bank's level of qualified investments.

## SERVICE TEST

The bank's performance under the Service Test is rated "High Satisfactory." MBNA's performance in the Minneapolis Assessment Area is good, with excellent community development services and adequate retail banking services. The bank's overall performance in the Rochester and Non-MSA Assessment Areas is adequate.

### Retail Banking Services

#### Minneapolis Assessment Area

MBNA's branches and ATMs are reasonably accessible to geographies and individuals of different income levels. The distribution of branches and ATMs in low-income census tracts is comparable to community demographics. The percentage of branch offices in moderate-income census tracts (4%) is low in comparison to the percentage of the population residing in those tracts (11%). However, MBNA's low-income branch is centrally located within close proximity to a number of low- and moderate-income census tracts in the south central section of Minneapolis. Customers can also use the branch facilities of MBNA's affiliate, Marquette Capital Bank, N.A., which has two branches and three ATMs in the Minneapolis downtown business district. All of these downtown branches are readily accessible by public transportation. In addition, one MBNA branch is located in a nursing home facility serving primarily low- and moderate-income residents. This represents an innovative approach to delivering banking services to persons with very limited mobility.

MBNA provides reasonable hours and services at all branch locations. Customer feedback and timing of transactions are used to set branch hours, which are generally 9:00a.m. to 5:00p.m. Monday through Friday. MBNA offers extended service hours at drive-up windows and offers Saturday hours at most locations, including those located in low- and moderate-income census tracts.

Alternative delivery systems include 24-hour telephone banking and internet banking services. Telephone banking allows customers to obtain deposit and loan information and conduct a limited number of transactions. Internet banking allows customers access to account statements, bill payment, and funds transfer. Customers can also send electronic mail messages to bank personnel. Because MBNA does not maintain information to describe the impact that these alternative delivery systems have on low- and moderate-income individuals and geographies, we could not place much weight on these systems in determining the bank's performance under the Service Test.

The bank's record of opening and closing offices had no impact on low- and moderate-income census tracts. During this evaluation period, the bank closed one branch in an upper-income census tract and opened two branches in middle-income census tracts.

### Rochester Assessment Area

MBNA's branches and ATMs are reasonably accessible to geographies and individuals of different income levels. The bank's five branches are all located in middle-income census tracts. This is inconsistent with 17% of the population residing in the assessment area's four moderate-income census tracts. However, these moderate-income tracts are in relatively close proximity to the middle-income tracts containing branches and ATMs. As noted above, MBNA provides telephone and internet banking services as alternative delivery systems, which offer additional access to its banking services.

The bank has not opened or closed any branches during this evaluation period. The five branch offices and five ATMs in this assessment area resulted from merging MBR into MBNA on September 30, 1999. Business hours and services are reasonable with no significant variance among branches.

### Non-MSA Assessment Area

MBNA's branches and ATMs are reasonably accessible to geographies and individuals of different income levels. The assessment area is primarily rural and MBNA's branches and ATMs are located in the more populous communities.

The bank has three branch offices, all of which are located in middle-income BNAs. This compares favorably with demographic data that shows 60% of the assessment area's population lives in middle-income BNAs and the remaining 40% reside in upper-income BNAs. As noted above, MBNA provides telephone and internet banking services as alternative delivery systems, which offer additional access to its banking services.

MBNA has not opened or closed any branches during this evaluation period. Business hours and services are reasonable with no significant variance among branches.

Refer to Table 13 in Appendix C for the facts and data used to evaluate the distribution of the bank's branch and ATM delivery system.

## Community Development Services

### Minneapolis Assessment Area

The bank provides an excellent level of community development services to the assessment area. MBNA personnel routinely take a leadership role in providing community development services to a broad array of organizations, especially those active in small business development and affordable housing. MBNA's community development services have generated significant positive results in the assessment area, frequently resulting in community development loans and investments. The following represent many of the bank's community development services:

- < Lake Street Council - Bank officer has been an active member of this group, which is dedicated to revitalizing businesses in this low- and moderate-income community. A leadership role in this organization resulted in the investment in the Sears project (\$4.5 million) and the loan for Mercado Central (\$400,000).
- < Salvation Army, Perspectives, Inc., and Longfellow - Bank employees took a leadership role in applying for and receiving four grants for transitional housing and home ownership not-for-profit organizations from the Federal Home Loan Bank of Des Moines' Affordable Housing Program totaling \$848,000. MBNA's willingness to dedicate the time and resources necessary to develop these grant proposals was key to the various organizations receiving the grants.
- < Metropolitan Economic Development Association - Bank officer serves on the loan committee of this organization, which supports economic development by primarily financing small businesses.
- < Second Harvest Food Bank of Greater Minnesota - Bank officer served on the board of this not-for-profit organization, which serves as a source of food for low-income people.
- < Southside Neighborhood Services Oversight Committee - Bank officer assisted this group by overseeing financial matters of a not-for-profit housing developer.
- < Central Minnesota Development Company - Bank officer served as an officer of the Board and member of the loan committee for this SBDC that finances businesses in Anoka County.
- < The Home Ownership Center - Bank officer serves on the board of this organization, which provides information about housing opportunities for low- and moderate-income individuals.

- < Community Revitalization Corporation - Bank officer serves on the board and has assisted this organization in identification of houses in Robbinsdale, Crystal, New Hope, Brooklyn Park, Brooklyn Center, and Maple Grove to rehabilitate for affordable housing.
- < Brooklyn Park Economic Development Agency - Bank officer provides credit expertise to this organization, which assists in financing small businesses to support economic development.
- < Partners for Enterprise - Bank officer served as an officer of this organization, which offers micro-loans to new small businesses.

#### Rochester Assessment Area

Bank personnel provided an adequate level of community development services in the assessment area. MBNA supported four community development organizations with financial expertise and guidance. Several of these organizations are responsive to the identified community development need for affordable housing:

- < Rochester Chamber of Commerce Affordable Housing Committee - Bank officer served on the Chamber board and has assisted committee efforts to increase the supply of affordable housing for employees of the local business community.
- < Rochester Community Foundation Board - Bank officer provided technical financial assistance to this housing organization and specifically worked on projects to increase low- and moderate-income housing in Rochester.
- < Minnesota Housing Finance Authority State Board - Bank officer provided mortgage financing expertise to this board, which promotes affordable housing.
- < Rochester Area Economic Development Corporation - Bank officer supported the board of this organization by helping this SBDC finance businesses in the Rochester community that are not bankable at the time of application.

#### Non-MSA Assessment Area

MBNA demonstrated an adequate level of community development services in the assessment area. Bank officers provided financial expertise to the Hutchinson Community Development Corporation's Finance and Industrial Park Committees. The purpose of these organizations is to develop and attract new businesses, including small businesses, to the Hutchinson community. Also, some of the

community development organizations listed under the Minneapolis Assessment Area serve this assessment area as well.

## 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.

<b>Time Period Reviewed</b>	Lending Test: January 1, 1997 to December 31, 1998 Investment Test: January 1, 1997 to September 30, 1999 Service Test: January 1, 1997 to September 30, 1999	
<b>Financial Institution</b>		<b>Products Reviewed</b>
Marquette Bank, National Association Golden Valley, Minnesota		Home Mortgage, Small Business, Community Development
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
Marquette Bancshares, Inc.	Holding Company	Community Development Loans and Investments
List of Assessment Areas and Type of Examination		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Minneapolis Assessment Area (MSA #5120)	Full-scope	Includes Carver, Dakota, Hennepin, Scott, Sherburne, and Wright Counties, and the southwest portion of Anoka County.
Rochester Assessment Area (MSA #6820)	Full-scope	Includes Olmstead County
Non-MSA Assessment Area	Full-scope	Includes Goodhue, LeSueur, Meeker, and McLeod Counties

## Appendix B: Market Profiles for Full-Scope Areas

---

### Table of Contents

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

Minneapolis Assessment Area . . . . .	B-2
Rochester Assessment Area . . . . .	B-4
Non-MSA Assessment Area . . . . .	B-6

## Minneapolis Assessment Area

Demographic Information for Full-Scope Area: Minneapolis Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA % of #
Geographies (Census Tracts/BNAs)	449	8%	14%	56%	21%	1%
Population by Geography	1,731,173	6%	11%	60%	23%	0%
Owner-Occupied Housing by Geography	453,457	2%	9%	63%	26%	0%
Businesses by Geography	71,390	5%	9%	61%	25%	0%
Farms by Geography	1,491	1%	9%	68%	22%	0%
Family Distribution by Income Level	446,546	16%	18%	28%	38%	0%
Distribution of Low- and Moderate-Income Families throughout AA Geographies	151,354	9%	16%	63%	12%	0%
Median Family Income	= \$45,176	Median Housing Value		= \$94,852		
HUD Adjusted Median Family Income for 1998	= \$60,800	Unemployment Rate (August 1999)		= 1.9%		
Households Below the Poverty Level	= 7.51%					

Source: 1990 U.S. Census and 1998 HUD updated MFI; Minnesota Department of Labor.

The Minneapolis Assessment Area consists of part of the Minnesota portion of the Minneapolis-St. Paul, MN-WI MSA #5120. The following counties are included in the assessment area: Carver, Dakota, Hennepin, Scott, Sherburne, Wright, and the southwest portion of Anoka. MBNA chose to exclude other portions of the MSA as they are far away from physical branch offices and are served by other area banks. This assessment area is unchanged from MBNA's prior CRA examination.

MBNA's primary business focus is retail and commercial lending, including home mortgage and business loan products. Although the bank offers agricultural loans as well, this is not a major product line. The bank has 23 branch locations and operates 24 ATMs throughout the assessment area. MBNA customers can also conduct transactions at Marquette Capital Bank, N.A.'s two offices and three ATMs located in downtown Minneapolis.

The market for both loans and deposits is dominated by two regional banks, U.S. Bank, N.A. and Norwest Bank Minnesota, N.A. These two organizations and their affiliates originated 23% of all home mortgage loans and 37% of all small business loans in the assessment area during 1997 and 1998 and control 61% of assessment area deposits. In comparison, MBNA ranks 17th in home mortgage lending (1.3% market share), seventh in small business lending (4.6% market share) and fifth in deposit market share (2.6%).

Minneapolis-St. Paul is the fifteenth largest metropolitan area in the United States. The area has a thriving, diversified economic base and is a center for electronics, medical instruments, health care, finance, entertainment and arts, printing and publishing, and processing and transporting agricultural products. Thirteen FORTUNE 500 companies have headquarters located in the Twin Cities area.

We reviewed information from 26 prior community contacts located throughout the assessment area. These contacts were made during 1997, 1998, and 1999 by the OCC and other regulatory agencies. We also interviewed individuals from four community groups during this examination. The contacts represented business trade organizations, housing authorities, housing development and rehabilitation organizations, economic development groups, city and government leaders, credit counseling services, social services organizations, and consumer advocacy groups. These community contacts provided valuable background information on the general economy of the area, the condition of the housing markets, the types of credit offered for housing and small businesses, the availability of financial services, and the responsiveness of banks and other financial institutions.

Contacts identified a strong need for affordable housing. This includes first-time home buyer programs, multi-family and other rental housing, and combination financing for home purchase and home improvement under a first mortgage. The 1998 average sales price of a home in the assessment area was \$143,500. The combination of a strong economy and favorable interest rates has resulted in increasing home prices during the last few years. Contacts stated that there was a need for housing at all income levels and that this would be an opportunity for banks to assist in community development lending. Home improvement loans are also needed to improve the quality of aging housing stock in many neighborhoods.

Many contacts also stated that there is a strong need for small business loans and for loans that foster job creation. There is also a need for technical and managerial counseling services for small business owners. Some contacts indicated that it would be beneficial if financial institutions could provide smaller suburban communities with technical advice on alternate or tax increment financing for city-based development projects.

## Rochester Assessment Area

Demographic Information for Full-Scope Area: Rochester Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA % of #
Geographies (Census Tracts/BNAs)	22	0%	18%	64%	14%	4%
Population by Geography	106,470	0%	17%	65%	17%	1%
Owner-Occupied Housing by Geography	29,012	0%	15%	66%	19%	0%
Businesses by Geography	3,778	0%	15%	71%	14%	0%
Farms by Geography	115	0%	23%	67%	10%	0%
Family Distribution by Income Level	28,097	15%	19%	29%	37%	0%
Distribution of Low- and Moderate-Income Families throughout AA Geographies	9,808	0%	25%	66%	9%	0%
Median Family Income	= \$44,143	Median Housing Value		= \$75,645		
HUD Adjusted Median Family Income for 1998	= \$60,400	Unemployment Rate (August 1999)		= 1.7%		
Households Below the Poverty Level	= 7.57%					

Source: 1990 U.S. Census and 1998 HUD updated MFI; Minnesota Department of Labor.

The Rochester Assessment Area consists of the Rochester MSA #6820. This is also Olmstead County.

MBNA's primary business focus is retail and commercial lending, including home mortgage and business loan products. Although the bank offers agricultural loans as well, this is not a major product line. The bank has five branch locations and operates five ATMs throughout the assessment area.

The market for both loans and deposits is dominated by a regional bank, Norwest Bank Minnesota South, N.A. This organization and its affiliates originated 27% of all 1997 and 1998 home mortgage loans and 54% of all 1998 small business loans in the assessment area and controls 34% of assessment area deposits. In comparison, MBNA ranks fourth in home mortgage lending (5% market share), second in small business lending (16% market share) and second in deposit market share (16%).

Rochester is the fifth largest city in the state of Minnesota. It is located about 90 miles southeast of Minneapolis. Rochester's economy is strong and is heavily tied to a regional medical center. IBM is also a major employer, with the balance of employers in small, light manufacturing, distributing, and service-related businesses catering to tourists and the large medical patient population.

We reviewed information from three prior community contacts located throughout the assessment area. These contacts were made during 1997 by other regulatory agencies. We also interviewed individuals from two community groups during this examination. The contacts represented business trade organizations, economic development groups, and various housing-related organizations. These community contacts provided valuable background information on the general economy of the area, the condition of the housing market, the types of credit offered for housing and small businesses, the availability of financial services, and the responsiveness of banks and other financial institutions.

The community's primary credit need is affordable housing for low- and moderate-income individuals and small business venture capital loans. Rental prices are high due to community pressures to increase property values. To address this, the community has begun organizing both single- and multi-family rental housing efforts based on affordability factors. Low-income borrowers need flexible home purchase loan programs with features that reduce closing costs and downpayment requirements.

Small business loans are also a credit need in the community, particularly those financing venture capital. This may also include flexible financing in the form of Small Business Administration programs. Community contacts made favorable comments about MBNA's level of community development activity and willingness to be involved in projects to meet the assessment areas credit needs.

## Non-MSA Assessment Area

Demographic Information for Full-Scope Area: Non-MSA Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA % of #
Geographies (Census Tracts/BNAs)	28	0%	0%	64%	36%	0%
Population by Geography	116,805	0%	0%	60%	40%	0%
Owner-Occupied Housing by Geography	33,753	0%	0%	61%	39%	0%
Businesses by Geography	4,397	0%	0%	63%	37%	0%
Farms by Geography	246	0%	0%	69%	31%	0%
Family Distribution by Income Level	31,579	13%	15%	24%	48%	0%
Distribution of Low- and Moderate-Income Families throughout AA Geographies	9,078	0%	0%	66%	34%	0%
Median Family Income	= \$33,701	Median Housing Value		= \$59,128		
HUD Adjusted Median Family Income for 1998	= \$40,500	Unemployment Rate (August 1999)		= 2.3%		
Households Below the Poverty Level	= 10.44%					

Source: 1990 U.S. Census and 1998 HUD updated MFI; Minnesota Department of Labor.

The Non-MSA Assessment Area consists of Goodhue, LeSueur, Meeker, and McLeod Counties. Although these counties are not contiguous, we grouped them as one assessment area due to the similarities in their community demographics and their locations (ie: first-tier counties contiguous to the Minneapolis-St. Paul, MN-WI MSA #5120). MBNA uses the same approach when analyzing its own CRA performance.

MBNA's primary business focus is retail and commercial lending, including home mortgage and business loan products. Although the bank also offers agricultural loans, this is not a major product line. However, the bank does generate its highest farm loan output in this assessment area. The bank has three branch locations and operates three ATMs throughout the assessment area.

The market for loans is dominated by a regional bank, Norwest Bank Minnesota South, N.A. This organization and its affiliates originated 27% of all home mortgage loans and 35% of all small business loans in the assessment area during 1997 and 1998. In comparison, MBNA ranks second in home mortgage lending (8% market share) and third in small business lending (13% market share). Competition for deposit market share is also strong. MBNA ranks first in deposit market share (9%), with Norwest Minnesota South, N.A. and its affiliates also combining for 9% market share.

MBNA has branches and ATMs serving the communities of Hutchinson, Dassel, Cannon Falls, and New Prague, which borders the Minneapolis MSA.

We reviewed information from four community contacts located throughout the assessment area. These contacts were made in 1997, 1998, and 1999 by the OCC and other regulatory agencies. The contacts represented business trade organizations and economic development groups. These community contacts provided valuable background information on the general economy of the area, the condition of the housing markets, the types of credit offered for housing and small businesses, the availability of financial services, and the responsiveness of banks and other financial institutions.

Community contacts identified assessment area primary credit needs of affordable housing for low- and moderate-income families and small business lending. The local economies are very strong and stable. These suburban communities have experienced strong growth in population due to industrial park expansions offering job opportunities combined with a trend of population movement from Minneapolis to more rural towns. The success in creating employment opportunities has led to more demand for housing, which is in short supply and has experienced a dramatic price increase in recent years. There is a shortage of housing at all price levels, but it is more difficult to for low-income families to find affordable rental or owner-occupied housing. Some community organizations have begun to address the housing situation because a continued housing shortage will be a barrier to further economic growth and expansion. A few programs have been started to assist low- and moderate-income and first-time homebuyers, but these are in the beginning phases. Community contacts made favorable comments about MBNA's involvement in community development projects, especially those related to small business lending to facilitate expansion.

## Appendix C: Tables of Performance Data

---

### Content of Standardized Tables

The tables cover the entire CRA evaluation period. 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; market rank is based on the number of loans made by the bank as compared to all other lenders in the MSA/assessment area; and market share is the number of loans originated by the bank as a percentage of the aggregate number of reportable loans originated by all lenders in the MSA/assessment area. 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 by the bank over the evaluation period by MSA/assessment area.
- Table 2. Geographic Distribution of HMDA Home Purchase Loan Originations** - Compares the percentage distribution of the number of loans originated 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 rank and market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of HMDA Home Improvement Loan Originations** - See Table 2.
- Table 4. Geographic Distribution of HMDA Refinance Loan Originations** - See Table 2.
- Table 5. Geographic Distribution of Small Business Loan Originations** - The percentage distribution of the number of small loans (< \$1 million) to businesses originated 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 rank and market share information based on the most recent aggregate market data available.

- Table 6. Geographic Distribution of Small Farm Loan Originations** - The percentage distribution of the number of small loans (< \$500,000) to farms originated 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 rank and market share information based on the most recent aggregate market data available.
- Table 7. Borrower Distribution of HMDA Home Purchase Loan Originations** - Compares the percentage distribution of the number of loans originated by the bank to low-, moderate-, middle- and upper-income borrowers to the percentage distribution of families by income level in each MSA/assessment area. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 8. Borrower Distribution of HMDA Home Improvement Loan Originations** - See Table 7.
- Table 9. Borrower Distribution of HMDA Refinance Loan Originations** - See Table 7.
- Table 10. Borrower Distribution of Small Business Loan Originations** - Compares the percentage distribution of the number of small loans (< \$1 million) originated 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. The table also presents the percentage distribution of the number of loans originated 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 11. Borrower Distribution of Small Farm Loan Originations** - Compares the percentage distribution of the number of small loans (< \$500 thousand) originated 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. The table also presents the percentage distribution of the number of loans originated 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 12. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MSA/assessment area.

**Table 13. Distribution of Branch and ATM Delivery System** - Compares the percentage distribution of the number of the bank's retail branches and ATMs in low-, moderate-, middle- and upper-income geographies to the percentage of the population within each geography.

**Table 1. Lending Volume**

LENDING VOLUME												State: Minnesota		Evaluation Period: January 1, 1997 To December 31, 1998	
MSA/Assessment Area:	% of Total Bank Deposits in Rated Area	Home Mortgage		Small Business		Small Farm		Community Development		Total Reported Loans		% of Total Reported Bank Loans in Rated Area			
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)				
Full-Scope:															
Minneapolis Assessment Area	67%	3,735	\$294,156	1,662	\$128,072	183	\$6,644	3	\$2,745	5,583	\$431,617	74%			
Rochester Assessment Area	18%	719	\$67,536	200	\$20,726	4	\$209	0	\$0	923	\$88,471	12%			
Non-MSA Assessment Area	15%	649	\$37,806	178	\$12,826	270	\$11,480	0	\$0	1,097	\$62,112	14%			
Limited-Scope:															

**Table 2. Geographic Distribution of Home Purchase Loan Originations**

Geographic Distribution: HOME PURCHASE																State: Minnesota		Evaluation Period: January 1, 1997 To December 31, 1998	
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Purchase Loans				
	% Owner Occ Units	% MBNA Loans	% Owner Occ Units	% MBNA Loans	% Owner Occ Units	% MBNA Loans	% Owner Occ Units	% MBNA Loans		Overall	Low	Mod	Mid	Upp	#	% of Total			
Full-Scope:																			
Minneapolis Assessment Area	2%	1%	9%	8%	63%	71%	26%	20%	21	1%	1%	1%	1%	1%	1,140	72%			
Rochester Assessment Area	NA	NA	15%	7%	66%	63%	19%	30%	3	4%	NA	2%	4%	6%	281	18%			
Non-MSA Assessment Area	NA	NA	NA	NA	61%	54%	39%	46%	4	5%	NA	NA	5%	5%	168	10%			
Limited-Scope:																			

(\*) Based on 1997 and 1998 Aggregate HMDA Data.

**Table 3. Geographic Distribution of Home Improvement Loan Originations**

Geographic Distribution: HOME IMPROVEMENT				State: Minnesota		Evaluation Period: January 1, 1997 To December 31, 1998										
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Improvement Loans	
	% Owner Occ Units	% MBNA Loans	% Owner Occ Units	% MBNA Loans	% Owner Occ Units	% MBNA Loans	% Owner Occ Units	% MBNA Loans		Overall	Low	Mod	Mid	Upp	#	% of Total
Full-Scope:																
Minneapolis Assessment Area	2%	1%	9%	4%	63%	80%	26%	15%	4	5%	2%	2%	6%	3%	1,286	83%
Rochester Assessment Area	NA	NA	15%	16%	66%	59%	19%	25%	5	7%	NA	8%	6%	8%	71	5%
Non-MSA Assessment Area	NA	NA	NA	NA	61%	60%	39%	40%	1	21%	NA	NA	20%	23%	188	12%
Limited-Scope:																

(\*) Based on 1997 and 1998 Aggregate HMDA Data.

**Table 4. Geographic Distribution of Home Mortgage Refinance Loan Originations**

Geographic Distribution: HOME MORTGAGE REFINANCE																
State: Minnesota																
Evaluation Period: January 1, 1997 To December 31, 1998																
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Mortgage Refinance Loans	
	% Owner Occ Units	% MBNA Loans	% Owner Occ Units	% MBNA Loans	% Owner Occ Units	% MBNA Loans	% Owner Occ Units	% MBNA Loans		Overall	Low	Mod	Mid	Upp	#	% of Total
Full-Scope:																
Minneapolis Assessment Area	2%	0%	9%	4%	63%	74%	26%	22%	20	1%	0%	1%	1%	1%	1,305	66%
Rochester Assessment Area	NA	NA	15%	6%	66%	69%	19%	24%	4	6%	NA	3%	6%	7%	367	19%
Non-MSA Assessment Area	NA	NA	NA	NA	61%	61%	39%	39%	3	6%	NA	NA	6%	7%	291	15%
Limited-Scope:																

(\*) Based on 1997 and 1998 Aggregate HMDA Data.

**Table 5. Geographic Distribution of Small Business Loan Originations**

Geographic Distribution: SMALL BUSINESS																	State: Minnesota		Evaluation Period: January 1, 1997 To December 31, 1998	
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Small Business Loans					
	% of Businesses	% MBNA Loans	% of Businesses	% MBNA Loans	% of Businesses	% MBNA Loans	% of Businesses	% MBNA Loans		Overall	Low	Mod	Mid	Upp	#	% of Total				
Full-Scope:																				
Minneapolis Assessment Area	5%	2%	9%	6%	61%	75%	25%	17%	7	5%	2%	4%	6%	3%	1,662	81%				
Rochester Assessment Area	NA	NA	15%	15%	71%	72%	14%	13%	2	16%	NA	21%	17%	12%	200	10%				
Non-MSA Assessment Area	NA	NA	NA	NA	63%	42%	37%	58%	3	13%	NA	NA	9%	19%	178	9%				
Limited-Scope:																				

(\*) Based on 1997 and 1998 Aggregate Small Business Data for the Minneapolis and Non-MSA Assessment Areas. Based on 1998 Aggregate Small Business Data for the Rochester Assessment Area.

**Table 6. Geographic Distribution of Small Farm Loan Originations**

Geographic Distribution: SMALL FARM																	State: Minnesota		Evaluation Period: January 1, 1997 To December 31, 1998	
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Small Farm Loans					
	% of Farms	% MBNA Loans	% of Farms	% MBNA Loans	% of Farms	% MBNA Loans	% of Farms	% MBNA Loans		Overall	Low	Mod	Mid	Upp	#	% of Total				
Full-Scope:																				
Minneapolis Assessment Area	1%	0%	9%	25%	68%	75%	22%	0%	1	35%	0%	51%	37%	0%	183	40%				
Rochester Assessment Area	NA	NA	23%	0%	67%	100%	10%	0%	3	3%	NA	0%	5%	0%	4	1%				
Non-MSA Assessment Area	NA	NA	NA	NA	69%	66%	31%	34%	2	28%	NA	NA	25%	36%	270	59%				
Limited-Scope:																				

(\*) Based on 1997 and 1998 Aggregate Small Farm Data for the Minneapolis and Non-MSA Assessment Areas. Based on 1998 Aggregate Small Farm Data for the Rochester Assessment Area.

**Table 7. Borrower Distribution of Home Purchase Loan Originations**

Borrower Distribution: HMDA HOME PURCHASE																	State: Minnesota		Evaluation Period: January 1, 1997 To December 31, 1998				
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank*	Market Share by Borrower Income**					Total Home Purchase Loans								
	% of Families	% MBNA Loans*	% of Families	% MBNA Loans*	% of Families	% MBNA Loans*	% of Families	% MBNA Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total							
Full-Scope:																							
Minneapolis Assessment Area	16%	14%	18%	27%	28%	29%	38%	30%	21	1%	1%	1%	1%	1%	1,140	72%							
Rochester Assessment Area	15%	12%	19%	17%	29%	32%	37%	39%	3	4%	3%	2%	6%	8%	281	18%							
Non-MSA Assessment Area	13%	5%	15%	18%	24%	41%	48%	36%	4	5%	6%	5%	7%	5%	168	10%							
Limited-Scope:																							

(\*) As a percentage of loans with borrower income information available. Information was available for 100% of loans originated by MBNA.

(\*\*) Based on 1997 and 1998 Aggregate HMDA Data.

**Table 8. Borrower Distribution of Home Improvement Loan Originations**

Borrower Distribution: HOME IMPROVEMENT																State: Minnesota		Evaluation Period: January 1, 1997 To December 31, 1998	
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank*	Market Share by Borrower Income**					Total Home Improvement Loans				
	% of Families	% MBNA Loans*	% of Families	% MBNA Loans*	% of Families	% MBNA Loans*	% of Families	% MBNA Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total			
Full-Scope:																			
Minneapolis Assessment Area	16%	9%	18%	23%	28%	36%	38%	32%	4	5%	5%	5%	6%	5%	1,286	83%			
Rochester Assessment Area	15%	11%	19%	20%	29%	35%	37%	34%	5	7%	5%	5%	8%	8%	71	5%			
Non-MSA Assessment Area	13%	3%	15%	13%	24%	29%	48%	55%	1	21%	11%	23%	22%	23%	188	12%			
Limited-Scope:																			

(\*) As a percentage of loans with borrower income information available. Information was available for 100% of loans originated by MBNA.

(\*\*) Based on 1997 and 1998 Aggregate HMDA Data.

**Table 9. Borrower Distribution of Home Mortgage Refinance Loan Originations**

Borrower Distribution: HOME MORTGAGE REFINANCE										State: Minnesota		Evaluation Period: January 1, 1997 To December 31, 1998				
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank*	Market Share by Borrower Income**					Total Home Mortgage Refinance Loans	
	% of Families	% MBNA Loans*	% of Families	% MBNA Loans*	% of Families	% MBNA Loans*	% of Families	% MBNA Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total
Full-Scope:																
Minnesota Assessment Area	16%	7%	18%	22%	28%	31%	38%	38%	20	1%	1%	1%	1%	1%	1,305	66%
Rochester Assessment Area	15%	5%	19%	18%	29%	33%	37%	44%	4	6%	3%	5%	7%	8%	367	19%
Non-MSA Assessment Area	13%	3%	15%	12%	24%	25%	48%	60%	3	6%	7%	7%	6%	8%	291	15%
Limited-Scope:																

(\*) As a percentage of loans with borrower income information available. Information was available for 100% of loans originated by MBNA.

(\*\*) Based on 1997 and 1998 Aggregate HMDA Data.

**Table 10. Borrower Distribution of Small Business Loan Originations**

Borrower Distribution: SMALL BUSINESS											
State: Minnesota				Evaluation Period: January 1, 1997 To December 31, 1998							
MSA/Assessment Area:	Businesses with Revenues of \$1 million or less			Loans by Original Amount Regardless of Business Size			Market Share****		Total Small Business Loans		
	% of Businesses*	% MBNA Loans**	% Market Loans***	\$100,000 or Less	> \$100,000 to \$250,000	> \$250,000 to \$1,000,000	All	Rev \$1 million or less	#	% of Total	Avg Loan Size (000s)
Full-Scope:											
Minneapolis Assessment Area	86%	70%	38%	83%	11%	6%	5%	8%	1,662	81%	\$77
Rochester Assessment Area	91%	54%	66%	67%	25%	8%	16%	14%	200	10%	\$104
Non-MSA Assessment Area	92%	73%	57%	81%	12%	7%	13%	16%	178	9%	\$72
Limited-Scope:											

(\*) As a percentage of businesses with known revenues.  
 (\*\*) As a percentage of loans with revenue information available. Information was available for 100% of loans originated by MBNA.  
 (\*\*\*) The market consists of all other Small Business reporters in MBNA's assessment area and is based on 1997 and 1998 Aggregate Small Business Data for the Minneapolis and Non-MSA Assessment Areas. The market is based on 1998 Aggregate Small Business data for the Rochester Assessment Area.  
 (\*\*\*\*) Based on 1997 and 1998 Aggregate Small Business Data for the Minneapolis and Non-MSA Assessment Areas. Based on 1998 Aggregate Small Business Data for the Rochester Assessment Area.



**Table 11. Borrower Distribution of Small Farm Loan Originations**

Borrower Distribution: SMALL FARM			State: Minnesota			Evaluation Period: January 31, 1997 To December 31, 1998					
MSA/Assessment Area:	Farms with Revenues of \$1 million or less			Loans by Original Amount Regardless of Farm Size			Market Share****		Total Small Farm Loans		
	% of Farms*	% MBNA Loans**	% Market Loans***	\$100,000 or Less	> \$100,000 to \$250,000	> \$250,000 to \$500,000	All	Rev \$1 million or less	#	% of Total	Avg Loan Size (000s)
Full-Scope:											
Minneapolis Assessment Area	97%	98%	92%	92%	7%	1%	35%	37%	183	40%	\$36
Rochester Assessment Area	98%	100%	92%	100%	0%	0%	3%	3%	4	1%	\$52
Non-MSA Assessment Area	97%	99%	95%	88%	11%	1%	28%	29%	270	59%	\$43
Limited-Scope:											

(\*) As a percentage of farms with known revenues.

(\*\*) As a percentage of loans with revenue information available. Information was available for 100% of loans originated by MBNA.

(\*\*\*) The market consists of all other Small Farm reporters in MBNA's assessment area and is based on 1997 and 1998 Aggregate Small Farm Data for the Minneapolis and Non-MSA Assessment Areas. The market is based on 1998 Aggregate Small Farm Data for the Rochester Assessment Area.

(\*\*\*\*) Based on 1997 and 1998 Aggregate Small Farm Data for the Minneapolis and Non-MSA Assessment Areas. Based on 1998 Aggregate Small Farm Data for the Rochester Assessment Area.

**Table 12. Qualified Investments**

QUALIFIED INVESTMENTS State: Minnesota Evaluation Period: January 1, 1997 To September 30, 1999									
MSA/Assessment Areas:	Prior Period Investments*			Current Period Investments			Total Investments		
	#	\$ (000's)	%**	#	\$ (000's)	%**	#	\$ (000's)	% of Total \$'s
Full-Scope:									
Minneapolis Assessment Area	0	\$0	0%	10	\$8,174	99%	10	\$8,174	99%
Rochester Assessment Area	NA	NA	NA	7	\$31	1%	7	\$31	1%
Non-MSA Assessment Area	0	\$0	0%	0	\$0	0%	0	\$0	0%
Limited-Scope:									

(\*) "Prior Period Investments" means investments made in a previous evaluation period that remain outstanding.  
 (\*\*) Percentage of the dollars invested in that MSA/Assessment Area that are prior period investments or current period investments.

**Table 13. Distribution of Branch and ATM Delivery System**

DISTRIBUTION OF BRANCH AND ATM DELIVERY SYSTEM				State: Minnesota				Evaluation Period: January 1, 1997 To September 30, 1999									
MSA/Assessment Area:	Deposits	Branches						ATMs				Population					
	% of Total MBNA Deposits	# of MBNA Branches	% of Total MBNA Branches	Location of Branches by Income of Geographies				# of MBNA ATMs	% of Total ATMs	Location of ATMs by Income of Geographies				% of the Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full-Scope:																	
Minneapolis Assessment Area	67%	23	74%	4%	4%	88%	4%	24	76%	4%	0%	96%	0%	6%	11%	60%	23%
Rochester Assessment Area	18%	5	16%	0%	0%	100%	0%	5	16%	0%	0%	100%	0%	0%	17%	66%	17%
Non-MSA Assessment Area	15%	3	10%	0%	0%	100%	0%	3	9%	0%	0%	100%	0%	0%	0%	60%	40%
Limited-Scope:																	