



LARGE BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

June 01, 2009

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Bremer Bank, National Association
Charter Number: 23290

633 S. Concord Street
South St. Paul, Minnesota 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** 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	X
High Satisfactory			
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:

- Lending levels reflect excellent responsiveness to the credit needs of the assessment areas. Bremer Bank made a substantial majority of its loans, 93 percent within its assessment areas.
- The geographic distribution of home mortgage loans is good and the distribution of small loans to businesses is excellent.
- The distribution of home mortgage loans to low- and moderate-income borrowers is excellent. The borrower distribution of small loans to businesses is adequate.
- Community development lending is excellent and responsive to area credit needs. Community development lending had a positive impact on the bank’s lending performance.
- Bremer Bank provided an excellent level of qualified investments throughout the bank’s assessment areas.
- Delivery systems are readily accessible to low- and moderate-income geographies and individuals in the bank’s Minneapolis/St. Paul Metropolitan Statistical Area (MSA). The bank is a leader in providing community development services.

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.

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 statistical 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.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize:

- (i) Low- or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on:
 - a. Rates of poverty, unemployment, and population loss; or
 - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

Community Reinvestment Act (CRA): The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

Full Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

Geography: A census tract 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 applications, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn). Beginning in 2004, the reports also include data on loan pricing, the lien status of the collateral, any requests for preapproval and loans for manufactured housing.

Home Mortgage Loans: Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

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 Division: As defined by Office of Management and Budget, a county or group of counties within a Metropolitan Statistical Area that contains a population of at least 2.5 million. A Metropolitan Division consists of one or more counties that represent an employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

Metropolitan Statistical Area: An area, defined by the Office of Management and Budget, as having at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties, plus adjacent outlying counties having a high degree of social and economic integration with the central county as measured through commuting.

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.

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 1 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 at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

Description of Institution

Bremer Bank, National Association (Bremer) is a \$2.5 billion intrastate bank headquartered in South St. Paul, Minnesota. Bremer is wholly owned by Bremer Financial Corporation (BFC), a \$7.7 billion banking organization headquartered in St. Paul, Minnesota. BFC affiliates have more than 100 banking locations throughout Minnesota, North Dakota, and Wisconsin. BFC is owned by the Otto Bremer Foundation (Foundation) and its employees. A majority of the Foundation's assets are invested in BFC. Earnings generated by BFC and other investments support local nonprofit activities through the grant-making activities of the Foundation.

Bremer is a full-service banking institution offering a wide range of products for individuals and businesses. Residential mortgage and commercial lending are the bank's primary business focus. Bremer operates 26 branch locations in the Minneapolis/St. Paul MSA, three branch locations in the adjacent non-MSA counties of Mille Lacs and Kanabec, and one seasonal branch at the Minnesota State Fair that operates 12 days each year.

As of December 31, 2008, the bank had net loans of \$1.8 billion, representing 71 percent of total assets and 95 percent of deposits. Tier 1 Capital totaled \$209 million. The loan portfolio is comprised of commercial (75 percent), residential mortgage (20 percent), consumer (3 percent), and other (2 percent).

There are no legal, financial, or other factors that impede the bank's ability to help meet the credit needs in its assessment areas. Bremer received an Outstanding rating on its last CRA evaluation dated October 6, 2005.

Scope of the Evaluation

Evaluation Period/Products Evaluated

The evaluation period for the lending test, including community development loans is January 1, 2004 through December 31, 2008. Products reviewed in the lending test include home mortgage and small business loans. We did not consider small farm or multifamily loans as these products combined accounted for less than one percent of total loan originations during the evaluation period. We used 2007 peer lending data, the most recent data available, for home mortgage and small business to compare Bremer's performance to other reporting lenders in the assessment area.

The evaluation period for qualified community development investments and services is January 1, 2005 through December 31, 2008. At the bank's request, we considered qualified investments made by the Foundation.

We used deposit information, reported to the Federal Deposit Insurance Corporation annually, to determine the bank's deposit market share and market presence within its assessment areas. The most recent deposit information is as of June 30, 2008.

Data Integrity

Prior to conducting this evaluation, we tested the accuracy of the bank's home mortgage, small business, and small farm loan data. We determined the loan data to be substantially accurate and it is used without exception in this evaluation.

We also reviewed community development loans, investments, and services provided by Bremer management and community development investments provided by the Foundation. Only those activities that met the definition of community development are presented and considered in this evaluation.

Selection of Areas for Full-Scope Review

In each state where the bank has an office, a sample of assessment areas within that state was selected for full-scope reviews. Refer to the "Scope" section under each state rating for details regarding how the areas were selected and why they are representative.

Ratings

The state rating was based primarily on those areas that received full-scope reviews. Refer to the "Scope" section under the state rating for details regarding how the areas were weighted in arriving at the overall state rating.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

State Rating

State of Minnesota

CRA Rating for Minnesota: Outstanding

The lending test is rated: Outstanding

The investment test is rated: Outstanding

The service test is rated: Outstanding

The major factors that support this rating include:

- The volume of lending in the state of Minnesota is excellent. The geographic distribution of loans is good and the borrower distribution of loans is excellent.
- Bremer's level of community development lending is excellent and responsive to area credit needs. Community development lending had a positive impact on the bank's lending performance.
- The level of qualified investments is excellent. The majority of investments support community services for low- and moderate-income individuals or geographies, which demonstrates excellent responsiveness to the community development needs of the assessment area.
- Bremer is a leader in providing community development services in the Minneapolis/St. Paul MSA. Bremer's delivery systems are readily accessible to individuals of different income levels within the assessment area.

Description of Institution's Operations in Minnesota

Bremer operates 29 branches and 64 ATMs within their two assessment areas in the state of Minnesota. Bremer's Minneapolis/St. Paul MSA assessment area consists of the Minnesota portion of the multistate MSA including the entire counties of Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Sherburne, Washington, and Wright. Based on the 2000 U.S. Census information, the assessment area was comprised of 728 census tracts, including 47 low-; 145 moderate-; 355 middle-; and 176 upper-income census tracts. Bremer's other assessment area consists of the non-MSA counties of Mille Lacs and Kanabec located adjacent to the MSA.

Bremer ranks fifth in deposit market share among 165 financial institutions operating in the Minneapolis/St. Paul MSA assessment area and fourth in deposit market share among eight financial institutions operating in the non-MSA assessment area. As of June 30, 2008, deposits in the MSA totaled \$1.7 billion and represented three percent of the market and deposits in the non-MSA totaled \$97 million and represented 19 percent of the market. Major competitors in the MSA include Wells Fargo with 34 percent of the market and US Bank with 24 percent of the market. Major competitors in the non-MSA include FNB Milaca with 24 percent of the market, Kanabec State Bank with 20 percent of the market, and Peoples NB of Mora with 19 percent of the market.

Refer to the Market Profiles for the State of Minnesota in Appendix C for detailed demographics and other performance context information for assessment areas that received full-scope reviews.

Scope of Evaluation in Minnesota

We performed a full-scope review of the bank's performance in the Minneapolis/St. Paul MSA. The MSA is the bank's most significant assessment area as it represents 90 percent of the bank's offices, 94 percent of its reported loans, and 95 percent of its deposits. Therefore, ratings are based primarily on the results of the MSA review. The non-MSA assessment area (Mille Lacs and Kanabec counties) received a limited-scope review.

We gave slightly more weight to small loans to businesses as this loan type accounted for 55 percent by number and 64 percent by dollar of the total volume of loans originated during the evaluation period.

We conducted four community contacts in the Minneapolis/St. Paul MSA. The contacts were from various nonprofit organizations whose missions include economic development and revitalization and housing redevelopment. The primary needs of the assessment area were identified as affordable housing, foreclosure prevention, and revitalization and stabilization efforts.

Refer to the table in Appendix A for additional information about the scope of the evaluation.

LENDING TEST

Conclusions for Area Receiving A Full-Scope Review

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

Lending Activity

Refer to Table 1, Lending Volume, in the state of Minnesota section of Appendix D for the facts and data used to evaluate the bank's lending activity.

The volume of lending in the Minneapolis/St. Paul MSA is excellent. Lending levels reflect excellent responsiveness in relation to the identified credit needs and the bank's deposit market share. During the evaluation period, Bremer originated 3,471 reportable home mortgage loans totaling \$575 million and 4,254 small business loans totaling \$1 billion. The bank ranks 39th in overall market share for home mortgage loans with 0.44 percent of the market. The bank ranks 16th in overall market share for small business loans with 0.60 percent of the market. Market ranking for home mortgage and small business lending was not weighted heavily due to the significant presence of major competitors in the assessment area.

Distribution of Loans by Income Level of the Geography

The overall geographic distribution of loans is excellent.

Home Mortgage Loans

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

Bremer's geographic distribution of home mortgage loans in low- and moderate-income geographies is good. The geographic distribution of home purchase loans is excellent. The percent of home purchase loans exceeds the percentage of owner-occupied units in low- and moderate-income geographies. The distribution of home refinance and home improvement loans is adequate in comparison to the percentage of owner-occupied units in low- and moderate-income geographies. More weight was given to home purchase and home refinance loans as they represent 96 percent of all home mortgage loans.

The bank ranks 50th for home purchase loans with 0.36 percent of the market; 34th for home refinance loans with 0.56 percent of the market; and 69th for home improvement loans with 0.17 percent of the market. Market share to low- and moderate-income geographies is somewhat below the bank's overall market share.

Small Loans to Businesses

Refer to Table 6 in the state of Minnesota section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination and purchase of small loans to businesses.

The geographic distribution of the bank's small loans to businesses in low- and moderate-income geographies is excellent. The percent of small loans to businesses exceeds the percentage of businesses in those geographies. In addition, Bremer's market share in those geographies is above the bank's overall market share.

Lending Gap Analysis

Our geographic distribution analysis included a review for lending gaps, particularly in low- and moderate-income geographies. We did not identify any conspicuous lending gaps in the Minneapolis/St. Paul MSA assessment area.

Inside/Outside Ratio

Bremer originated a substantial majority of its loans to borrowers within its assessment areas. By number, 93 percent and by dollar volume 92 percent of loans were originated to businesses and individuals within the bank's assessment areas. By product type, 90 percent of home mortgage loans and 96 percent of small business loans were originated or purchased within the bank's assessment areas. We viewed this as a positive characteristic in our analysis of lending performance.

Distribution of Loans by Income Level of the Borrower

The overall borrower distribution of loans is good.

Home Mortgage Loans

Refer to Tables 8, 9 and 10 in the state of Minnesota section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The distribution of home mortgage loans to low-income borrowers is excellent. The percent of home purchase loans exceeds the percentage of low-income families in the assessment area. The percent of home refinance and home improvement loans, while below the demographic comparator, is considered excellent given a six percent family poverty rate in the assessment area. In addition, Bremer's market share of loans to low-income borrowers exceeds its overall market share for each product type.

The distribution of home mortgage loans to moderate-income borrowers is excellent. The percent of home purchase, home improvement, and home refinance loans exceeds the percentage of moderate-income families in the assessment area. In addition, Bremer's market share of loans to moderate-income borrowers exceeded its overall market share for home purchase and home improvement loans and is somewhat below its market share for home refinance loans.

Small Loans to Businesses

Refer to Table 11 in the state of Minnesota section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The borrower distribution of small loans to businesses is adequate. The percent of loans to businesses with revenues of \$1 million or less is lower than the percentage of businesses in that same revenue category. Bremer's market share for loans to businesses with revenues of \$1 million or less is near its overall market share. The bank ranks 16th in overall market share for small loans to businesses and 17th in market share to businesses with revenues of \$1 million or less.

Community Development Lending

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

Community development lending in the Minneapolis/St. Paul MSA is excellent. The bank is responsive to the area's identified credit needs of affordable housing and revitalization and stabilization efforts. Community development lending had a positive impact on the bank's overall lending performance. The bank originated 120 community development loans, totaling \$69 million, including:

- 42 loans totaling \$25 million that provide affordable housing to low- and moderate-income individuals;
- 72 loans totaling \$37 million that provide services to low- and moderate-income individuals;
- Two loans totaling \$4 million for economic development projects in the Minneapolis/St. Paul MSA; and
- Four loans totaling \$3 million that revitalize and stabilize low- and moderate-income areas.

Product Innovation and Flexibility

Bremer developed various flexible products to address the credit needs of the assessment area. Bremer participates in many loan programs that are targeted to low- and moderate-income borrowers and have flexible underwriting features. Examples of these programs include: Gateway to Homeownership, Fannie Mae products, Freddie Mac products, Federal Home Loan Bank Affordable Housing Program, Minnesota Housing Finance Agency products, and various neighborhood and county housing programs.

Conclusions for Area Receiving A Limited-Scope Review

Based on a limited-scope review, the bank's performance under the Lending Test in the non-MSA is weaker than the bank's overall performance in the state of Minnesota. Performance is considered weaker because the overall distribution of home mortgage loans by geography is lower than the demographic comparator. The bank's performance in the non-MSA had no impact on the overall lending test performance. Refer to the Tables 1 through 11 in the state of Minnesota section of Appendix D for the facts and data that support these conclusions.

INVESTMENT TEST

Conclusions for Area Receiving A Full-Scope Review

The bank's performance under the Investment Test in Minnesota is rated Outstanding. Based on a full-scope review, the bank's performance in the Minneapolis/St. Paul MSA is excellent. Refer to Table 14 in the state of Minnesota section of Appendix D for the facts and data used to evaluate the bank's level of qualified investments.

The bank made 974 investments in the Minneapolis/St. Paul MSA totaling \$28.6 million. This represents 15 percent of the bank's Tier 1 Capital allocated to this assessment area. In addition, the bank made six investments totaling \$260 thousand that benefit the broader regional area and have potential to benefit the MSA. However, we were unable to determine the actual effect of these investments on the MSA, therefore we gave less weight to these investments in our analysis.

By number, 78 percent of the bank's investments supported community services for low- and moderate-income individuals or geographies, 17 percent supported affordable housing, and 5 percent supported economic development and the revitalization or stabilization of low- and moderate-income areas. This demonstrates excellent responsiveness to community development needs in the assessment areas.

Examples of investments include: funding to support nonprofit organizations serving the housing needs of the immigrant community; funding to support a nonprofit organization that provides housing and a variety of social services to homeless teenagers; funding for a nonprofit community development financial institution that provides financing and a variety of management assistance services to small business; and funding to support community land trusts that provide affordable housing to low- and moderate-income individuals or geographies.

None of the bank's investments are considered innovative or complex and all are routinely provided by other private investors.

Conclusions for Area Receiving A Limited-Scope Review

Based on a limited-scope review, the bank's performance under the Investment Test in the non-MSA is weaker than the bank's overall outstanding performance in the state of Minnesota. Performance is considered weaker because of the limited number of investments made in the assessment area during the evaluation period. The bank's performance in the non-MSA had no impact on the overall investment test performance. Refer to the Tables 14 in the state of Minnesota section of Appendix D for the facts and data that support these conclusions.

SERVICE TEST

Conclusions for Area Receiving A Full-Scope Review

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

Retail Banking Services

Refer to Table 15 in the state of Minnesota section of Appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

Bremer's delivery systems are readily accessible to low- and moderate-income individuals in the assessment area. The bank operates one branch location in a low-income census tract and five branch locations in moderate-income tracts. The percent of branches located in low-income geographies is near the percentage of the population residing in those geographies, and the percent of branches located in moderate-income geographies exceeds the percentage of the population residing in those tracts.

Bremer's business hours are reasonable and its services do not vary in ways that inconvenience its customers, particularly low- and moderate-income individuals. In addition, 15 branch locations provide bilingual services for their customers.

The bank closed one branch in a moderate-income tract during the evaluation period. This closure was due to a consolidation with another branch located in the same moderate-income census tract. This branch closure did not result in any reduced availability of services.

Bremer's Family Assets for Independence in Minnesota Program (FAIM) helps low-income individuals build assets and develop positive financial management skills and habits to achieve long-term economic self-reliance. FAIM participants earn a 3:1 matching funds rate for every dollar they save. During the evaluation period, 652 new FAIM accounts were established.

In addition to the bank's existing branch network, banking services are available in several formats and include online banking, telephone banking, online loan applications, and an ATM network with two machines located in low-income census tracts and eleven machines located in moderate-income tracts. Bremer does not have the ability to track usage of these alternative delivery systems by low- and moderate-income individuals or residents of low- and moderate-income geographies. Therefore, we did not place significant weight on these systems to reach conclusions on Bremer's performance under the Service Test.

Community Development Services

Bremer is a leader in providing community development services in the Minneapolis/St. Paul MSA. Bremer works with several non-profit organizations and housing agencies to address the issues of affordable housing and foreclosure prevention. Bank employees offered technical assistance to approximately 60 organizations that provide services to low- and moderate-income individuals. This includes affordable housing programs, economic development initiatives, services targeted to low- and moderate-income individuals, and revitalization and stabilization efforts. Examples of organizations that receive community development services from Bremer include Women's Recovery Center, Minnesota Home Ownership Center, and Habitat for Humanity of Minnesota.

Conclusions for Area Receiving A Limited-Scope Review

Based on a limited-scope review, the bank's performance under the Service Test in the non-MSA is weaker than the bank's overall performance in the state of Minnesota. Performance is considered weaker because the percent of branches located in moderate-income geographies is somewhat lower than the percentage of the population residing in moderate-income geographies. The bank's performance in the non-MSA had no impact on the overall service test performance. Refer to Table 15 in the state of Minnesota section of Appendix D for the facts and data that support these conclusions.

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 (including Community Development Loans): January 1, 2004 to December 31, 2008 Investment and Service Tests: January 1, 2005 to December 31, 2008	
Financial Institution		Products Reviewed
Bremer Bank, National Association South St. Paul, Minnesota		Home purchase, home refinance, home improvement, small business, and community development loans; qualified investments and community development services.
Affiliate(s)	Affiliate Relationship	Products Reviewed
Otto Bremer Foundation	Holding Company	Qualified Investments
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
State of Minnesota Minneapolis/St. Paul MSA	Full-Scope	Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, Sherburne, Washington, and Wright Counties
Non-MSA	Limited-Scope	Mille Lacs, and Kanabec Counties

Appendix B: Summary of State Ratings

RATINGS Bremer Bank, National Association				
Overall Bank:	Lending Test Rating*	Investment Test Rating	Service Test Rating	Overall Bank/State Rating
Bremer Bank, NA	Outstanding	Outstanding	Outstanding	Outstanding
State:				
Minnesota	Outstanding	Outstanding	Outstanding	Outstanding

(*) The lending test is weighted more heavily than the investment and service tests in the overall rating.

Appendix C: Market Profiles for Full-Scope Areas

State of Minnesota

Minneapolis/St. Paul MSA

Demographic Information for Full-Scope Area: Minneapolis/St. Paul MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	728	6.46	19.92	48.76	24.18	0.68
Population by Geography	2,868,847	4.72	17.25	52.26	25.70	0.07
Owner-Occupied Housing by Geography	795,932	1.55	13.44	56.15	28.86	0.00
Businesses by Geography	247,149	4.07	15.62	54.14	26.01	0.16
Farms by Geography	6,305	0.79	8.03	65.85	25.30	0.03
Family Distribution by Income Level	723,128	17.05	18.87	26.31	37.77	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	259,759	7.22	24.59	54.32	13.87	0.00
Median Family Income HUD Adjusted Median Family Income for 2008 Households Below the Poverty Level	= \$64,885 = \$80,900 = 6%				Median Housing Value Unemployment Rate (December 31, 2008)	= \$145,292 = 6.93%

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

Source: 2000 U.S. Census, 2008 HUD updated MFI, and Bureau of Labor Statistics

The Minneapolis/St. Paul assessment area consists of the Minnesota portion of the multistate MSA. The assessment area complies with the regulation and does not arbitrarily exclude low- or moderate-income geographies.

Economic conditions within the Minneapolis/St. Paul MSA are declining. The unemployment rate in the MSA as of December 31, 2008 is 6.93 percent. This rate is slightly higher than the state rate of 6.6 percent but lower than the national rate of 7.2 percent for the same period. Examples of industries that experienced high levels of layoffs include transportation, technology, department stores, and school districts. In addition, the Twin Cities metro experienced a large influx of immigrants in the last 10 years. The increase in unemployment rates and immigrants resulted in a need for affordable housing and sustainable job creation. Bremer has responded to these community needs by establishing a number of community land trusts, offering flexible mortgage products for low- and moderate-income individuals, and offering financial expertise to organizations focusing on homeownership education and foreclosure prevention.

Community contacts and contextual research identified affordable housing, foreclosure prevention, and revitalization and stabilization efforts as primary needs for the area. Opportunities to participate in community development activities are available in the assessment area.

Appendix D: 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: (1) purchased loans are treated as originations and 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 assessment area; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables 8 through 12 and part of Table 13. 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 assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. See Interagency Q&As __.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans.
- 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 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 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 assessment area.

Table 14. Qualified Investments - Presents the number and dollar amount of qualified investments made by the bank in each assessment area. 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.

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 assessment area. The table also presents data on branch openings and closings in each assessment area.

Tables of Performance Data

State of Minnesota

Table 1. Lending Volume

LENDING VOLUME		Geography: MINNESOTA						Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2008				
Assessment Area (2008):	% 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-Scope												
Minneapolis/St. Paul MSA	93.81	3,471	575,050	4,254	1,037,522	31	2,134	120	68,501	7,876	1,683,207	94.51
Limited-Scope												
Mille Lacs & Kanabec Co.	6.19	313	32,664	170	19,878	35	2,341	2	1,630	520	56,513	5.49

* Loan Data as of December 31, 2008. Rated area refers to either state or multi-state rating area.

** The evaluation period for Community Development Loans is from January 01, 2004 to December 31, 2008.

*** Deposit Data as of June 30, 2008. Rated Area refers to either the state or multi-state as appropriate.

Table2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE 2008			Geography: MINNESOTA				Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31,					Market Share (%) by Geography				
Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occupied Units***	% BANK Loans****	% Owner Occupied Units***	% BANK Loans****	% Owner Occupied Units***	% BANK Loans****	% Owner Occupied Units***	% BANK Loans****						
Full-Scope																
Minneapolis/St. Paul MSA	1,532	93.53	1.55	3.92	13.44	16.78	56.15	59.27	28.86	20.04	0.36	0.22	0.53	0.35	0.32	
Limited-Scope																
Mille Lacs & Kanabec Co.	106	6.47	NA	NA	6.37	5.66	93.63	94.34	NA	NA	2.24	NA	0.00	2.36	NA	

* Based on 2007 Peer Mortgage Data (Western)

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

*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT 2008		Geography: MINNESOTA								Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2008					
Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% Owner Occupied Units***	% BANK Loans****	% Owner Occupied Units***	% BANK Loans****	% Owner Occupied Units***	% BANK Loans****	% Owner Occupied Units***	% BANK Loans****	Over all	Low	Mod	Mid	Upper
Full-Scope															
Minneapolis/St. Paul MSA	119	90.15	1.55	0.00	13.44	8.40	56.15	66.39	28.86	25.21	0.17	0.00	0.12	0.21	0.12
Limited-Scope															
Mille Lacs & Kanabec Co.	13	9.85	NA	NA	6.37	0.00	93.63	100.00	NA	NA	0.65	NA	0.00	0.68	NA

* Based on 2007 Peer Mortgage Data (Western)

** Home improvement loans originated and purchased in the MSA/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 units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE DECEMBER 31, 2008			Geography: MINNESOTA								Evaluation Period: JANUARY 1, 2004 TO				
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 Occupied Units***	% BANK Loans****	% Owner Occupied Units***	% BANK Loans****	% Owner Occupied Units***	% BANK Loans****	% Owner Occupied Units***	% BANK Loans****	Overall	Low	Mod	Mid	Upp
Full-Scope															
Minneapolis/St. Paul MSA	1,803	90.29	1.55	0.67	13.44	11.26	56.15	58.01	28.86	30.06	0.56	0.13	0.36	0.56	0.69
Limited-Scope															
Mille Lacs & Kanabec Co.	194	9.71	NA	NA	6.37	1.03	93.63	98.97	NA	NA	3.66	NA	1.45	3.79	NA

* Based on 2007 Peer Mortgage Data (Western)

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

*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY			Geography: MINNESOTA				Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2008					Market Share (%) by Geography*				
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies							
	#	% of Total**	% of MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****	Overall	Low	Mod	Mid	Upp	
Full-Scope																
Minneapolis/St. Paul MSA	17	100.00	10.03	17.65	29.60	29.41	46.68	23.53	13.69	29.41	0.47	0.00	1.41	0.00	0.00	
Limited-Scope																
Mille Lacs & Kanabec Co.	0	0.00	NA	NA	13.19	0.00	86.81	0.00	NA	NA	0.00	NA	0.00	0.00	NA	

* Based on 2007 Peer Mortgage Data (Western)

** Multi-family loans originated and purchased in the MSA/AA as a percentage of all multi-family loans originated and purchased in the rated area.

*** Percentage of Multi Family Units is the number of multi family units in a particular geography divided by the number of multifamily housing units in the area based on 2000 Census information.

**** Multifamily loan distribution includes Home Purchases, Home Improvement and Refinances.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES 31, 2008		Geography: MINNESOTA								Evaluation Period: JANUARY 1, 2004 TO DECEMBER					
Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans	Overall	Low	Mod	Mid	Upp
Full-Scope															
Minneapolis/St. Paul MSA	4,253	96.16	4.07	5.17	15.62	18.03	54.14	57.39	26.01	19.40	0.60	1.27	0.82	0.66	0.39
Limited-Scope															
Mille Lacs & Kanabec Co.	170	3.84	NA	NA	6.58	0.59	93.42	99.41	NA	NA	2.26	NA	0.00	2.45	NA

* Based on 2007 Peer Small Business Data -- US and PR

** Small loans to businesses originated and purchased in the MSA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Source Data - Dun and Bradstreet (2008).

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS DECEMBER 31, 2008			Geography: MINNESOTA								Evaluation Period: JANUARY 1, 2004 TO				
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-Scope															
Minneapolis/St. Paul MSA	31	46.97	0.79	0.00	8.03	0.00	65.85	90.32	25.30	9.68	0.39	0.00	0.00	0.20	1.00
Limited-Scope															
Mille Lacs & Kanabec Co.	35	53.03	NA	NA	1.23	0.00	98.77	100.00	NA	NA	3.13	NA	0.00	3.13	NA

* Based on 2007 Peer Small Business Data -- US and PR

** Small loans to farms originated and purchased in the MSA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

*** Source Data - Dun and Bradstreet (2008).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: MINNESOTA						Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2008							
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 ^{***}	Overall	Low	Mod	Mid	Upp
Full-Scope															
Minneapolis/St. Paul MSA	1,532	93.53	17.05	22.37	18.87	34.57	26.31	23.11	37.77	19.95	0.42	1.29	0.49	0.33	0.23
Limited-Scope															
Mille Lacs & Kanabec Co.	106	6.47	18.60	3.77	20.17	21.70	26.76	36.79	34.46	37.74	2.62	2.86	1.84	1.58	4.05

^{*} Based on 2007 Peer Mortgage Data (Western)

^{**} As a percentage of loans with borrower income information available. No information was available for 2.9% of loans originated and purchased by bank.

^{***} Percentage of Families is based on the 2000 Census information.

^{****} Home purchase loans originated and purchased in the MSA/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 DECEMBER 31, 2008		Geography: MINNESOTA								Evaluation Period: JANUARY 1, 2004 TO					
Assessment Area:	Total Home Improvement 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 ^{***}	Overall	Low	Mod	Mid	Upp
Full-Scope															
Minneapolis/St. Paul MSA	119	90.15	17.05	11.40	18.87	24.56	26.31	34.21	37.77	29.82	0.17	0.19	0.18	0.20	0.14
Limited-Scope															
Mille Lacs & Kanabec Co.	13	9.85	18.60	30.77	20.17	7.69	26.76	30.77	34.46	30.77	0.68	0.00	0.00	0.00	2.00

^{*} Based on 2007 Peer Mortgage Data (Western)

^{**} As a percentage of loans with borrower income information available. No information was available for 3.8% of loans originated and purchased by bank.

^{***} Percentage of Families is based on the 2000 Census information.

^{****} Home improvement loans originated and purchased in the MSA/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 31, 2008			Geography: MINNESOTA								Evaluation Period: JANUARY 1, 2004 TO DECEMBER				
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**	Overall	Low	Mod	Mid	Upp
Full-Scope															
Minneapolis/St. Paul MSA	1,803	90.29	17.05	13.28	18.87	23.74	26.31	27.70	37.77	35.29	0.64	1.13	0.57	0.53	0.69
Limited-Scope															
Mille Lacs & Kanabec Co.	194	9.71	18.60	10.94	20.17	25.52	26.76	25.52	34.46	38.02	4.07	7.14	5.22	2.43	4.34

* Based on 2007 Peer Mortgage Data (Western)

** As a percentage of loans with borrower income information available. No information was available for 3.3% of loans originated and purchased by bank.

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

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

Table11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES 31, 2008			Geography: MINNESOTA				Evaluation Period: JANUARY 1, 2004 TO DECEMBER		
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-Scope									
Minneapolis/St. Paul MSA	4,254	96.16	64.48	40.41	44.26	26.00	29.74	0.60	0.43
Limited-Scope									
Mille Lacs & Kanabec Co.	170	3.84	54.43	55.88	67.65	25.88	6.47	2.26	2.03

* Based on 2007 Peer Small Business Data -- US and PR

** Small loans to businesses originated and purchased in the MSA/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 - 2008).

**** 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 7.03% of small loans to businesses originated and purchased by the bank.

Table 12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS		Geography: MINNESOTA			Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2008				
Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share [*]	
	#	% of Total ^{**}	% of Farms ^{***}	% BANK Loans ^{****}	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
Full-Scope									
Minneapolis/St. Paul MSA	31	46.97	96.80	83.87	74.19	22.58	3.23	0.39	0.17
Limited-Scope									
Mille Lacs & Kanabec Co.	35	53.03	99.07	100.00	82.86	11.43	5.71	3.13	3.57

^{*} Based on 2007 Peer Small Business Data -- US and PR

^{**} Small loans to farms originated and purchased in the MSA/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 - 2008).

^{****} 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 6.06% of small loans to farms originated and purchased by the bank.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: MINNESOTA				Evaluation Period: JANUARY 1, 2005 TO DECEMBER 31, 2008			
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Full-Scope									
Minneapolis/St. Paul MSA	0	0	974	28,687	974	28,687	96.58	0	0
Limited-Scope									
Mille Lacs & Kanabec Co.	0	0	3	140	3	140	0.47	0	0
Broader Regional Area	0	0	6	260	6	260	0.87	0	0
Outside AA	0	0	14	617	14	617	2.08	0	0

* 'Prior Period Investments' means investments made in a previous period that are outstanding as of the examination date.

** 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS								Geography: MINNESOTA				Evaluation Period: JANUARY 1, 2005 TO DECEMBER 31, 2008					
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-Scope																	
Minneapolis/St. Paul MSA	94.51	26	90.00	4.00	19.00	50.00	27.00	3	1	0	-1	1	2	4.72	17.25	52.26	25.70
Limited-Scope																	
Mille Lacs & Kanabec Co.	5.49	3	10.00	0	0	100.00	0	0	1	0	0	-1	0	NA	7.44	92.56	NA