



Interstate Bank with No Multistate Metropolitan Areas

Comptroller of the Currency
Administrator of National Banks

LARGE BANK

Public Disclosure

July 12, 1999

Community Reinvestment Act Performance Evaluation

Bremer Bank, National Association
Charter Number: 23287

225 North Fifth Street
Breckenridge, Minnesota 56520

Office of the Comptroller of the Currency

Minneapolis North 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

General Information	3
Definitions and Common Abbreviations	4
Overall CRA Rating	6
Description of Institution	7
Scope of Evaluation	8
Fair Lending Review	11
State Ratings	
State of Minnesota	12
State of North Dakota	21
Appendix A: Scope of Evaluation	A-1
Appendix B: Summary of State Ratings	A-2
Appendix C: Market Profiles for Areas Receiving Full-Scope Reviews	A-3
Appendix D: Tables of Performance Data	A-8

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 **Bremer Bank, National Association** prepared by the **Office of the Comptroller of the Currency (OCC)**, the institution's supervisory agency, as of **July 12, 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 the 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 C.F.R. 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 C.F.R. 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 **Bremer Bank, National Association (BBNA)** with respect to the Lending, Investment, and Service Tests.

Performance Levels	Bremer Bank, National Association Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding		x	
High Satisfactory	x		
Low Satisfactory			x
Needs to Improve			
Substantial Noncompliance			

* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.

The major factors that support this rating include:

- < BBNA’s farm and business lending activity reflects good responsiveness in the Breckenridge AA and excellent responsiveness in the Wahpeton AA.
- < The loan distribution to businesses of different sizes is good in each of the bank’s AAs. Most businesses in the AA are small (i.e. annual gross revenues of \$1 million or less) and most of BBNA’s reported business loans are to these small businesses.
- < The loan distribution to farms of different sizes is excellent in the Breckenridge AA and adequate in the Wahpeton AA. Most farms in the AA are small (i.e. annual gross revenues of \$1 million or less) and most of BBNA’s reported farm loans are to these small farms.
- < The geographic distribution of loans in the Breckenridge AA is adequate. A substantial majority of the bank’s originations are in the bank’s AAs.
- < The bank has an excellent level of community development loans in the Wahpeton AA (\$810,000). This represents 13.9% of the bank’s Tier 1 capital.
- < BBNA’s level of qualified investments is excellent in both AAs. Qualified investments in the Breckenridge AA (\$1.2 million) and the Wahpeton AA (\$227 thousand) represent 24% of the bank’s Tier 1 capital.

- < Retail delivery systems are reasonably accessible to geographies and individuals of different income levels in the AAs.

Description of Institution

Bremer Bank, National Association (BBNA) is an \$80 million interstate institution headquartered in Breckenridge, Minnesota. BBNA has four offices near the southern-most section of the North Dakota/Minnesota border. The main office is in Wilkin County, Minnesota. In addition, the bank has two branches in Otter Tail County, Minnesota and one branch in Richland County, North Dakota. Bank customers also have access to the bank through ten automated teller machines (ATMs) in the same three counties.

BBNA is a full-service bank, offering a variety of deposit and loan products. The bank's lending focus is business and farm credit. This is evidenced by the distribution of outstanding loans, as well as the distribution of its originations considered during this evaluation. As of December 31, 1998, BBNA's loan portfolio consisted of: commercial (34%); agricultural (25%); consumer (25%); and residential (16%) loans. BBNA's loan to deposit ratio was 96% as of June 30, 1999. As of December 31, 1998, BBNA's loan to deposit ratio was 90% and Tier 1 Capital was \$5.8 million. There are no financial, legal or other factors which impede the bank's ability to meet its CRA obligations.

BBNA is owned by the Bremer Financial Corporation (BFC), a \$3 billion holding company headquartered in St. Paul, Minnesota. BFC has 14 national bank subsidiaries (with more than 85 banking locations) throughout Minnesota, North Dakota and Wisconsin. Non-bank affiliates include trust, insurance, management, and operations service companies. BFC is owned by the Otto Bremer Foundation, a charitable trust. As a charitable trust, the Foundation must disperse at least 5% of its assets for charitable causes annually.

BBNA has two separate, but contiguous AAs. BBNA's Breckenridge AA consists of Wilkin and Otter Tail Counties in Minnesota. The Wahpeton AA consists of Richland County in North Dakota. Both AAs are entirely nonmetropolitan. The AAs meet the requirements of the regulation, and they do not arbitrarily exclude any low- or moderate-income geographies.

Scope of the Evaluation

Evaluation Period/Products Evaluated

We examined BBNA using the large bank tests pursuant to the revised CRA regulation. This evaluation covers lending, investment, and service activities since the previous CRA examination dated December 5, 1994 with the following exceptions and notations:

- o Our analysis of business and farm lending included all 1997 and 1998 reported originations. We excluded year-to-date 1999 originations because data is reported and aggregated in whole years. We also excluded 1996 originations because the bank used a different geocoding system in that year. Business and farm lending information was not publicly reported prior to 1996.
- o Market comparisons for business and farm lending are based on 1997 CRA data. At the time of the examination, 1998 information was available for BBNA, but not for the market in aggregate.
- o In the Breckenridge AA, we placed more reliance on market demographics than market share analysis. Several community banks in this AA are not subject to large bank reporting requirements, so their lending activity is not included in the aggregate data. In the Wahpeton AA, market share analysis is more meaningful as six of the eight banking entities with an office in the AA are subject to large bank reporting requirements.
- o Our analysis of home mortgage loans included 1997 and 1998 originations. We chose this time period to be consistent with other loan products. The bank has also maintained a HMDA Loan Application Register since 1997 although it is not required to do so.
- o Because BBNA is not a HMDA reporter, market comparisons for home mortgage lending are not available.
- o Our analysis of home mortgage loans did not include home improvement loans. Bank systems do not separately code this product.
- o In the Breckenridge AA, we gave the most - and equal - weight to business and farm lending. We gave the least weight to home mortgage loans. Over the evaluation period, 39% of the bank's reported loan originations were farm loans, 37% were business loans, 12% were home purchase loans, and 12% were home mortgage refinance loans.

- o In the Wahpeton AA, we gave the most weight to business loans, followed by farm loans. We gave the least weight to home mortgage loans. Over the evaluation period, 52% of the bank's reported loan originations were business loans, 29% were farm loans, 10% were home purchase loans, and 9% were home mortgage refinance loans.
- o Although the refinance product comprised 50% of the bank's home mortgage originations in the Breckenridge AA (and 48% in the Wahpeton AA), we gave it little weight in our overall assessment of home mortgage loans. This type of lending is primarily used to decrease a borrower's cost of credit, and it is not unusual to have weaker borrower income distributions. Many settlement costs associated with a loan refinancing do not vary based on loan amount. Therefore, it generally takes longer to recoup these costs (through interest savings) on smaller dollar loans. And it is likely the low- and moderate-income sectors have a higher proportion of small dollar loans given the direct correlation between income and debt service ability.
- o The evaluation does not include geographic distribution analysis for the Wahpeton AA. This analysis was not meaningful given the homogeneity of the area, which consists entirely of middle- and upper-income geographies.
- o At the bank's request, we considered a community development loan originated by an affiliate under the "Lending Test" assessment.
- o At the bank's request, we considered qualified investments of the affiliated Otto Bremer Foundation in the "Investment Test" assessment.
- o At the bank's request, we considered automated teller machines (ATMs) owned by the affiliated Bremer Services, Incorporated in the "Service Test" assessment.

Data Integrity

- o We identified some reporting errors in the bank's CRA Disclosure Statements. The bank revised the data. After validating its accuracy, we used the revised information in our analysis of business and farm lending. We also adjusted the aggregate loan data released by the Federal Financial Institutions Examination Council (FFIEC) for the bank's reporting errors.

- o After validating the accuracy of the bank's HMDA Loan Application Register, we used this information in our evaluation.

Selection of Areas for Full-Scope Review/Ratings

- o We performed full-scope reviews of the Breckenridge AA and the Wahpeton AA. These represent all of the bank's AAs.
- o The Minnesota state rating is based entirely on our full-scope review of the Breckenridge AA.
- o The North Dakota state rating is based entirely on our full-scope review of the Wahpeton AA.
- o The bank's overall CRA rating is a blend of the state ratings. We gave greater weight to the Minnesota rating as a majority of the bank's offices (75%), deposits (89%), and loans (65%) are in this state.
- o Refer to the table in Appendix A for more information regarding the examination scope.

Fair Lending Review

Examiners did not identify any instances of illegal discrimination or discouragement in a fair lending review conducted in 1998. The review compared loan terms and conditions, using gender as the prohibited basis, on conventional home purchase loans between January 1, 1997 and August 31, 1998.

Minnesota State Rating

CRA Rating for Minnesota:	<u>Satisfactory</u>
The Lending Test is rated:	<u>High Satisfactory</u>
The Investment Test is rated:	<u>Outstanding</u>
The Service Test is rated:	<u>Low Satisfactory</u>

The major factors that support this rating include:

- < BBNA's lending activity reflects good responsiveness to farm and business credit needs.
- < The loan distribution to farms of different sizes is excellent.
- < The loan distribution to businesses of different sizes is good.
- < The geographic distribution of loans is adequate. A substantial majority of the bank's originations are in the bank's AAs.
- < BBNA's level of qualified investments is excellent. BBNA provided \$1.2 million qualifying investments during the evaluation period.
- < Retail delivery systems are reasonably accessible to geographies and individuals of different income levels.

Description of Institution's Operations in Minnesota

(Refer to the Market Profile in Appendix C for detailed demographics and other performance context information for assessment areas that received full-scope reviews).

BBNA operates three full-service offices (including one grocery store location) and seven ATMs in Minnesota. All of these facilities are in the Breckenridge AA. The bank primarily serves the Cities of Breckenridge and Fergus Falls, and surrounding rural communities in West Central Minnesota. All products and services offered by BBNA are available in this AA.

Scope of Evaluation in Minnesota

- o We performed a full-scope review of the Breckenridge AA, the bank's only AA in the State of Minnesota.

- o The Minnesota state rating is based entirely on our full-scope review of the Breckenridge AA.

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Lending Test in Minnesota is rated "High Satisfactory" based on our full-scope review of the Breckenridge AA.

Lending Activity

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

Overall lending activity reflects good responsiveness to AA credit needs - especially in relation to the bank's capacity, the area's weak economic conditions, and strong competition for loans.

Lending levels reflect adequate responsiveness to home mortgage credit needs. BBNA originated 176 home mortgage loans (totaling \$13 million) during the evaluation period. A substantial majority of these loans (165 or 94%) were in the bank's combined AAs. BBNA made 115 home mortgage loans (totaling \$8 million) in the Breckenridge AA.

Lending levels reflect good responsiveness to business credit needs. BBNA originated 372 reportable business loans (totaling \$26 million) during the evaluation period. A substantial majority of these loans (307 or 83%) were in the bank's AAs. BBNA made 173 business loans (totaling \$9 million) in the Breckenridge AA. BBNA originated 26% of all reported 1997 business loans in the Breckenridge AA, ranking second of 22 reporting lenders.

Lending levels reflect good responsiveness to farm credit needs. BBNA originated 282 reportable farm loans (totaling \$14 million) during the evaluation period. A substantial majority of these loans (260 or 92%) were in the bank's AAs. BBNA made 185 farm loans (totaling \$9 million) in the Breckenridge AA. BBNA originated 16% of all reported 1997 farm loans in the Breckenridge AA, ranking second of 11 reporting lenders.

BBNA's market share ratios for farm and business lending exceed its combined deposit market share ratio. BBNA has a 7% deposit market share in the Breckenridge AA (ranking third of 21 lenders).

Distribution of Loans by Income Level of the Borrower

Home Mortgage Loans

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

The overall distribution of home mortgage loans to borrowers of different income levels is adequate.

Bank performance involving home mortgage loans to moderate-income borrowers is excellent. The percentage of home purchase loans to moderate-income borrowers (24%) is better than market demographics - 20% of the families in the AA have moderate incomes. The percentage of refinance loans to moderate-income borrowers (18%) approximates market demographics.

Bank performance involving home mortgage loans to low-income borrowers is poor. The percentage of loans to low-income borrowers (10% for home purchase loans and 4% for refinance loans) is much less than market demographics (21% of the families in the AA are low-income).

Small Business Loans

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

The distribution of loans to businesses of different sizes is good. We emphasized the market demographic analysis as several banks in the AA are not subject to large bank reporting requirements. BBNA originated 134 (or 77%) of its 173 reported business loans to entities with gross annual revenues of \$1 million or less (i.e. small businesses). Bank performance is consistent with AA demographics - 77% of the 2,186 businesses are small. Of the businesses that reported revenue information (1,862), 91% have revenues of \$1 million or less. Bank performance is better than other lenders who reported loans in the Breckenridge AA. In aggregate, other lenders made 58% of their 1997 reported loans to businesses with gross annual revenues of \$1 million or less.

Of all banks subject to CRA data reporting, BBNA ranked second in loan originations to small businesses in the Breckenridge AA. BBNA made 69 (or 26%) of the 267 reported loans to small businesses in 1997.

The bank's willingness to make loans to small businesses is further evidenced by a good loan size distribution in 1997. BBNA made 87% of its reportable business loans in amounts of \$100 thousand or less, with an average loan size of \$52 thousand. Bank performance is consistent with other lenders who reported loans in the Breckenridge AA. In aggregate, other lenders made 90% of their reportable business loans in amounts of \$100 thousand or less, with an average loan size of \$50 thousand.

Small Farm Loans

(Refer to Table 11 in the Appendix D for the facts and data used to evaluate the borrower distribution of the bank's small farm loan originations.)

The distribution of loans to farms of different sizes is excellent. We emphasized the market demographic analysis as several banks in the AA are not subject to large bank reporting requirements. BBNA originated 178 (or 96%) of its 185 reported farm loans to entities with gross annual revenues of \$1 million or less (i.e. small farms). Bank performance is better than AA demographics (92% of the farms are small). Bank performance is also substantially better than the performance of other reporting lenders (other lenders made 81% of their 1997 reported farm loans to small farms).

Of all banks subject to CRA data reporting, BBNA ranked second in small farm originations in the Breckenridge AA. BBNA made 72 (or 17%) of the 416 reported loans to small farms in 1997.

The bank's willingness to make loans to small farms is further evidenced by an good loan size distribution. BBNA originated 87% of its reportable farm loans in original amounts of \$100 thousand or less, with an average loan size of \$51 thousand. Bank performance approximates other lenders who reported loans in the Breckenridge AA. In aggregate, other lenders made 93% of their 1997 reported farm loans in amounts of \$100 thousand or less, with an average loan size of \$37 thousand.

Distribution of Loans by Income Level of the Geography

The overall geographic distribution of loans is adequate. Our analysis of the bank's lending activity included a review to identify any unexplained gaps in lending in the Breckenridge AA, particularly in moderate-income areas. We did not identify any unexplained gaps.

Home Mortgage Loans

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

The geographic distribution of home mortgage loans is poor. BBNA made no home mortgage loans in moderate-income geographies. The AA contains two moderate-income geographies; both are located in Otter Tail County. In 1997 and 1998 (the evaluation period for home mortgage loans), BBNA had only one branch in Otter Tail County. The branch is a grocery store branch which opened December 1995. BBNA has less than a 1% deposit market share in Otter Tail County, ranking last of eight banking entities. The moderate-income geographies are located at least 20 miles from any BBNA office. And these moderate-income geographies contain only 12% of owner-occupied housing units in the AA.

Small Business Loans

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

The geographic distribution of small business loans is adequate given BBNA's poor proximity to the AA's moderate-income geographies and the relatively short time it has operated a branch facility in Otter Tail County. BBNA originated 1% of its small business loans in moderate-income geographies. Bank performance is less than market demographics - 8% of the businesses in the AA are located in moderate-income BNAs. The bank's market share of small business loans in moderate-income BNAs (3%) is less than its overall market share of small business loans (22%).

Small Farm Loans

(Refer to Table 6 in Appendix D for the facts and data used to evaluate the geographic distribution of the bank's small farm loan originations.)

The geographic distribution of small farm loans is adequate given BBNA's poor proximity to the AA's moderate-income geographies and the relatively short time it has operated a branch facility in Otter Tail County. BBNA made 5% of its small farm loans in moderate-income BNAs. Bank performance is less than market demographics - 10% of the farms in the AA are located in moderate-income BNAs. However, the bank's market share of small farm loans in moderate-income geographies (17%) is slightly better than its overall market share of small farm loans (16%).

Community Development Lending

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

BBNA purchased 21 loans (totaling \$24,000) from West Central Minnesota Communities Action, Inc. (WCMCA) under a program designed to assist low-income parents maintain employment or higher education. WCMCA underwrites its own loans. This loan program is available to residents in nine West Central Minnesota counties, including Wilkin and Otter Tail.

Product Innovation and Flexibility

BBNA financed nine homes in the City of Breckenridge during the evaluation period utilizing incentive programs available to LMI families. The incentives included grant money and special price reductions for eligible potential homeowners. Eight of the nine homes financed by BBNA were constructed in the Prairiewood Subdivision using the Minnesota Housing Finance Agency Disaster Recovery Program. BBNA has financed the majority of homes constructed in Prairiewood, a subdivision open to new affordable housing. These loans are included in the home mortgage originations analyzed in the lending test.

INVESTMENT TEST

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

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Investment Test in Minnesota is rated "Outstanding" based on our full-scope review of the Breckenridge AA.

Opportunities for qualified investment securities that specifically target the Breckenridge AA are limited. However, there are ample opportunities for community development grants and donations. The abundance of such opportunities is attributable, in part, to the Red River Flood of 1997 since the regions most damaged by the flood were generally poorer, older, and less economically vital.

BBNA's level of qualified investments is excellent given the bank's capacity and available investment opportunities in the AA. BBNA's qualified investments in the Breckenridge AA total \$1.2 million. This represents 19% of the bank's Tier 1 capital (\$5.8 million). This is a very significant level of qualified investments and shows BBNA's strong commitment to helping its communities. All of the investments attributed to the bank are grants made by the affiliated Otto Bremer Foundation.

The qualified investments are primarily grants to local government, non-profit and charitable entities. None of the investments are considered innovative or complex, and all are routinely provided by private investors. Most of the organizations receiving qualifying grants provide social services to LMI people or help develop affordable housing for LMI people.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test in Minnesota is rated "Low Satisfactory" based on our full-scope review of the Breckenridge AA.

Retail Banking Services

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

Retail delivery systems are reasonably accessible to individuals and geographies of different income levels. BBNA maintains three full-service offices in the Breckenridge AA - the main office in Breckenridge, an office in Fergus Falls and a grocery store branch in Fergus Falls. Each office has a deposit-taking ATM on premise. All offices are in middle-income geographies. Eighty-one percent of the population in the AA, and 80% of the LMI families, live in middle-income geographies. BBNA also services four cash-dispensing ATMs in the Breckenridge AA, all in middle-income geographies.

BBNA does not have any branch offices or ATMs in the AA's two moderate-income geographies. These BNAs (located in the southeastern corner of the AA) are sparsely populated. Only 12% of the population in the AA, and 16% of the LMI families, live in these moderate-income BNAs. Community contacts stated that residents in this portion of the AA commute to Fergus Falls (where BBNA has two offices) or Alexandria (located outside the AA) for retail services.

BBNA opened both Fergus Falls branch facilities during the evaluation period. The grocery store branch opened in December 1995. BBNA opened the other Fergus Falls branch in March 1999. Prior to opening these branches, BBNA did not have any offices in Otter Tail County. BBNA did not close any branches in the Breckenridge AA during the evaluation period.

BBNA's business hours are reasonable. The bank offers extended hours at the grocery store branch and via drive-up facilities at the other two branches. The grocery store branch is open until 7 p.m. weekdays and 3 p.m. on Saturdays. Extended hours at the other Fergus Falls branch are until 6 p.m. weekdays and 12:30 p.m. on Saturdays. Extended hours at the Breckenridge Office are as late as 6:30 p.m. on Thursdays and noon on Saturdays. The on-premise ATMs are available 24-hours a day.

BBNA offers a wide variety of traditional banking products and services. Product offerings include a free consumer checking account with no minimum balance. BBNA does not charge its customers ATM maintenance fees or transaction fees at proprietary ATMs. Bank services include a 24-hour telephone banking service (account inquiries, transfers and loan payments) and accessibility to an interpreter for any nonEnglish language. The bank does not gather income information from the users of these products and services, so we could not place significant weight on these offerings. However, it is likely these products and services enhance accessibility to low- and moderate-income individuals.

Community Development Services

BBNA provides a limited level of community development services. Bank personnel provided community development services to four organizations that serve the AA. Based on the number of community development organizations in the bank's AA (and the greater regional area) to which the bank provided grants, there are additional opportunities for service involvement.

BBNA also offers a checking account tailored to the needs of community and nonprofit organizations with low transaction volumes.

North Dakota State Rating

CRA Rating for North Dakota: Outstanding
The Lending Test is rated: Outstanding
The Investment Test is rated: Outstanding
The Service Test is rated: Low Satisfactory

The major factors that support this rating include:

- < BBNA's lending activity reflects excellent responsiveness to business and farm credit needs, and good responsiveness to home mortgage credit needs.
- < The loan distribution to businesses of different sizes is good.
- < BBNA has an excellent level of community development loans.
- < BBNA has an excellent level of qualified investments.
- < Retail delivery systems are reasonably accessible to individuals of different income levels.

Description of Institution's Operations in North Dakota

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

BBNA operates one full-service office (a grocery store location) and three ATMs in North Dakota. All of these facilities are in the Wahpeton AA. The bank primarily serves the City of Wahpeton and surrounding rural communities in Richland County. All products and services offered by BBNA are available in this AA.

Scope of Evaluation in North Dakota

- o We performed a full-scope review of the Wahpeton AA, the bank's only AA in the State of North Dakota.

- o The North Dakota state rating is based entirely on our full-scope review of the Wahpeton AA.

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Lending Test in North Dakota is rated "Outstanding" based on our full-scope review of the Wahpeton AA.

Lending Activity

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

Overall lending activity reflects excellent responsiveness to AA credit needs - especially in relation to the bank's small deposit base in this AA, the weak local economy, and strong competition for loans. BBNA has deposits of \$6.5 million from Richland County (a/k/a Wahpeton AA). This represents only 2% of all deposits in the AA.

Lending levels reflect good responsiveness to home mortgage credit needs. BBNA originated 50 home mortgage loans (totaling \$3 million) in the Wahpeton AA.

Lending levels reflect excellent responsiveness to business credit needs. BBNA made 134 business loans (totaling \$12 million) in the Wahpeton AA. BBNA originated 11% of all reported 1997 business loans in the Wahpeton AA, ranking third of the fourteen reporting lenders.

Lending levels reflect excellent responsiveness to farm credit needs. BBNA made 75 farm loans (totaling \$4 million) in the Wahpeton AA. BBNA originated 8% of all reported 1997 farm loans in the Wahpeton AA, ranking second of the eight reporting lenders.

Distribution of Loans by Income Level of the Borrower

Home Mortgage Loans

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

The overall distribution of home mortgage loans to borrowers of different income levels is adequate.

Bank performance involving home purchase loans to moderate-income borrowers is excellent. The percentage of home purchase loans to moderate-income borrowers (23%) is much better than market demographics - 15% of the families in the AA are moderate-income.

Bank performance involving refinance loans to moderate-income borrowers is poor. The percentage of refinance loans to moderate-income borrowers (5%) is much less than market demographics (15%).

Bank performance involving home purchase loans to low-income borrowers is poor. The percentage of home purchase loans to low-income borrowers (4%) is much less than market demographics - 15% of the families in the AA are low-income.

Bank performance involving refinance loans to low-income borrowers is very poor. The bank made no refinance loans to low-income borrowers over the evaluation period.

Small Business Loans

(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.)

The distribution of loans to businesses of different sizes is good. We emphasized the market share analysis as most financial institutions in the AA (75%) are subject to large bank reporting requirements. BBNA originated 101 (or 75%) of its 134 reported business loans to entities with gross annual revenues of \$1 million or less (i.e. small businesses). Bank performance approximates AA demographics - 76% of the 698 businesses are small. Of the businesses that reported revenue information (588), 90% have revenues of \$1 million or less. Bank performance is better than other lenders who reported loans in the Wahpeton AA. In aggregate, other lenders made 72% of their 1997 reported business loans to small businesses.

Of all banks subject to CRA data reporting, BBNA ranked third in loan originations to small businesses in the Wahpeton AA. BBNA made 50 (or 11%) of the 441 reported loans to small businesses in 1997.

The bank's willingness to make loans to small businesses is further evidenced by an adequate loan size distribution. BBNA made 82% of its reported business loans in amounts of \$100 thousand or less, with an average loan size of \$89 thousand.

Bank performance is less than other lenders who reported loans in the Wahpeton AA. In aggregate, other lenders made 94% of their 1997 business loans in amounts of \$100 thousand or less, with an average loan size of \$34 thousand.

Small Farm Loans

(Refer to Table 11 in the Appendix D for the facts and data used to evaluate the borrower distribution of the bank's small farm loan originations.)

The distribution of loans to farms of different sizes is adequate. We emphasized the market share analysis as most financial institutions in the AA (75%) are subject to large bank reporting requirements. BBNA made 60 (or 80%) of its 75 reported farm loans to entities with gross annual revenues of \$1 million or less (i.e. small farms). Bank performance is less than AA demographics - 94% of farms (and 98% of farms that report revenue information) are small. Bank performance approximates the performance of other lenders (other lenders made 81% of their 1997 reported farm loans to small farms).

Of all banks subject to CRA data reporting, BBNA ranked third in small farm originations in the Wahpeton AA. BBNA made 29 (or 7%) of the 388 reported loans to small farms in 1997.

The bank's willingness to make loans to small farms is further evidenced by a good loan size distribution. BBNA made 84% of its reported farm loans in amounts of \$100 thousand or less, with an average loan size of \$52 thousand. Bank performance is consistent with other lenders who reported loans in the Wahpeton AA. In aggregate, other lenders made 82% of their 1997 farm loans in amounts of \$100 thousand or less, with an average loan size of \$64 thousand.

Distribution of Loans by Income Level of the Geography

Home Mortgage Loans

(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.)

Geographic distribution is not a meaningful analysis in the Wahpeton AA as no geographies are low- or moderate-income.

Small Business Loans

(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.)

Geographic distribution is not a meaningful analysis in the Wahpeton AA.

Small Farm Loans

(Refer to Table 6 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's small farm loan originations.)

Geographic distribution is not a meaningful analysis in the Wahpeton AA.

Community Development Lending

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

BBNA's level of community development loans is excellent. The bank received credit for one community development loan in the Wahpeton AA totaling \$810,000. The loan funded the purchase of an apartment building and the refinancing of another. Both apartment units are for LMI families under the HUD Section 8 Moderate Rehabilitation Program.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

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

The bank's performance under the Investment Test in North Dakota is rated "Outstanding" based on our full-scope review of the Wahpeton AA.

Opportunities for qualified investment securities that specifically target the Wahpeton AA are limited. However, there are many opportunities for community development grants and donations. As previously mentioned, the Red River Flood in 1997 created additional opportunities for community development grants.

BBNA's level of qualified investments is excellent given the bank's capacity, small deposit base from this AA, and limited investment opportunities. BBNA's qualified investments in the Wahpeton AA total \$227 thousand. This represents 3.9% of the bank's Tier 1 capital (\$5.8 million). All of the investments attributed to the bank are grants made by the affiliated Otto Bremer Foundation.

The qualified investments are primarily grants to non-profit and charitable entities. None of the investments are considered innovative or complex, and all are routinely provided by private investors. Most of the organizations receiving qualifying grants provide social services to LMI people.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test in North Dakota is rated "Low Satisfactory" based on our full-scope review of the Wahpeton AA.

Retail Banking Services

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

Retail delivery systems are reasonably accessible to individuals of different income levels (there are no low- or moderate-income geographies in the Wahpeton AA). BBNA operates one full service branch (a grocery store office) in this AA. The bank also services two cash-dispensing ATMs in the AA. All facilities are in the City of Wahpeton. The population of the AA is concentrated in the City of Wahpeton (51%).

BBNA has not opened or closed any branches during the evaluation period.

BBNA's business hours are reasonable. The branch is open until 7 p.m. weekdays and 3 p.m. on Saturdays. It also has a drive-up which opens at 7:30 a.m. weekdays and Saturday. The on-premise ATM is accessible 24 hours a day.

BBNA offers a wide variety of traditional banking products and services. Product offerings include a free consumer checking account with no minimum balance. BBNA does not charge its customers ATM maintenance fees or transaction fees at proprietary ATMs. Bank services include a 24-hour telephone banking service (account inquiries, transfers, and loan payments) and accessibility to an interpreter for any nonEnglish language. The bank does not gather income information from the users of these products and services, so we could not place significant weight on these offerings. However, it is likely these products and services enhance accessibility to low- and moderate-income individuals.

Community Development Services

BBNA provides a limited level of community development services. Bank personnel provided community development services to four organizations that serve the AA. Based on the number of community development organizations in the bank's AA (and the greater regional area) to which the bank provided grants, there are additional opportunities for service involvement.

BBNA also offers a checking account tailored to the needs of community and nonprofit organizations with low transaction volumes.

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 nonmetropolitan 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: January 1, 1997 to July 12, 1999* Investment Test: January 1, 1996 to July 12, 1999 Service Test: December 6, 1994 to July 12, 1999**	
Financial Institution		Loan Products Reviewed
Bremer Bank, National Association (BBNA) Breckenridge, Minnesota		Small Business, Small Farm, Home Mortgage, Community Development
Affiliate(s)	Affiliate Relationship	Products Reviewed
Otto Bremer Foundation Bremer Services, Inc.	Parent Company Sister Company	Qualified Investments Automated Teller Machines
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
State of Minnesota: Breckenridge AA	Full-scope	Wilkin and Otter Tail Counties, Minnesota; nonmetropolitan
State of North Dakota: Wahpeton AA	Full-scope	Richland County, North Dakota; nonmetropolitan

(*) The time period for community development lending is January 1, 1996 to July 12, 1999.

(**) The time period for community development services is January 1, 1996 to July 12, 1999.

Appendix B: Summary of State Ratings

RATINGS				
Bremer Bank, National Association				
	Lending Test Rating*	Investment Test Rating	Service Test Rating	Overall Bank/State/Multistate Rating
Overall				
Bremer Bank, National Association	High Satisfactory	Outstanding	Low Satisfactory	Satisfactory
State:				
State of Minnesota	High Satisfactory	Outstanding	Low Satisfactory	Satisfactory
State of North Dakota	Outstanding	Outstanding	Low Satisfactory	Outstanding

(*) The Lending Test is weighted more heavily than the Investment and Service Tests in the overall rating.

The bank’s overall CRA rating is a blend of the state ratings. We gave greater weight to the Minnesota rating as a majority of the bank’s offices (75%), deposits (89%), and loans (65%) are attributed to this state.

Appendix C: Market Profiles for Full-Scope Areas

Table of Contents

Market Profiles for Areas Receiving Full-Scope Reviews

Breckenridge AA, State of Minnesota	A-4
Wahpeton AA, State of North Dakota	A-6

State of Minnesota Full-Scope Areas

Breckenridge Assessment Area

Demographic Information for Full-Scope Area: Breckenridge Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA % of #
Geographies (Census Tracts/BNAs)	19	n/a	11%	84%	5%	n/a
Population by Geography	58,230	n/a	12%	81%	7%	n/a
Owner-Occupied Housing by Geography	17,413	n/a	12%	81%	7%	n/a
Businesses by Geography	2,186	n/a	8%	86%	6%	n/a
Farms by Geography	118	n/a	10%	84%	6%	n/a
Family Distribution by Income Level	16,107	21%	20%	25%	34%	n/a
Distribution of Low- and Moderate-Income Families throughout AA Geographies	6,527	n/a	16%	80%	4%	n/a
Median Family Income (MFI) HUD Adjusted Median Family Income for 1998 Households Below the Poverty Level	= \$28,933 = \$40,500 = 15.4%	Median Housing Value Unemployment Rate (1990)		= \$47,593 = 2.75%		

Source: 1990 U.S. Census and 1998 HUD updated MFI.

The Breckenridge AA consists of Wilkin and Otter Tail Counties, Minnesota. It is the bank's most predominant AA. It accounts for three (or 75%) of BBNA's office facilities, seven (or 70%) of its ATMs, 89% of its deposits, and 65% of the loan originations considered in this evaluation. All products and services offered by BBNA are available in this AA.

Banking and financial services competition in the AA is strong. BBNA is one of 21 banking entities with a branch presence in the Breckenridge AA. Competition is also heightened by the availability of government-subsidized flood disaster relief loans. BBNA has a 45% deposit market share in Wilkin County (ranking first of five lenders) and a 1% deposit market share in Otter Tail County (ranking last of nineteen lenders). On a combined basis, BBNA has a 7% deposit market share in Wilkin and Otter Tail Counties, ranking third of 21 lenders.

Current economic conditions are strained due to weaknesses in the agricultural economy. The local economy is highly dependent on agriculture. Agricultural production is centered in sugar beets, wheat, potatoes, and soybeans. The area was devastated by a major flood in the spring of 1997, and it is still recovering. In addition, agricultural commodity prices are now at historically low levels. Services, government, and retail trade provide some diversity. The unemployment level is low at 2.75% as of August 1999.

During the examination, we conducted two community contacts in the AA with a quasi-government organization (involved with flood recovery, housing and economic development) and a community-based organization (involved with job creation and expansion). Contacts cited flood recovery as a continuing credit need and a boost to the local construction economy. Affordable housing is a need for low-income individuals. There is also a need to increase the labor force which has grown only modestly in the 1990's (1.7% annualized average).

State of North Dakota Full-Scope Areas

Wahpeton Assessment Area

Demographic Information for Full-Scope Area: Wahpeton Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA % of #
Geographies (Census Tracts/BNAs)	7	n/a	n/a	57%	43%	n/a
Population by Geography	18,148	n/a	n/a	52%	48%	n/a
Owner-Occupied Housing by Geography	4,489	n/a	n/a	58%	42%	n/a
Businesses by Geography	698	n/a	n/a	71%	29%	n/a
Farms by Geography	55	n/a	n/a	58%	42%	n/a
Family Distribution by Income Level	4,599	15%	15%	24%	46%	n/a
Distribution of Low- and Moderate-Income Families throughout AA Geographies	1,400	n/a	n/a	61%	39%	n/a
Median Family Income (MFI)	= \$26,195	Median Housing Value		= \$43,075		
HUD Adjusted Median Family Income for 1998	= \$35,800	Unemployment Rate (1990)		= 2.30%		
Households Below the Poverty Level	= 13.7%					

Source: 1990 U.S. Census and 1998 HUD updated MFI.

The Wahpeton AA consists of Richland County, North Dakota. It is the bank's least predominant AA. It accounts for one (or 25%) of BBNA's office facilities, three (or 30%) of its ATMs, 11% of its deposits, and 35% of the loan originations considered in this evaluation. All products and services offered by BBNA are available in this AA.

Banking and financial services competition in the AA is strong. BBNA is one of eight banking entities with a branch presence in the Wahpeton AA. Competition is also heightened by the availability of government-subsidized flood relief loans. BBNA has a 2% deposit market share in Richland County (ranking last of eight lenders).

Current economic conditions are strained due to weaknesses in the agricultural economy. The local economy is highly dependent on agriculture. Agricultural production is centered in sugar beets, wheat, potatoes and soybeans. The area was devastated by a major flood in the spring of 1997, and it is still recovering. In addition, agricultural commodity prices are now at historically low levels. Durable

goods manufacturing and services provide some diversity. The unemployment level is low at 2.3% as of August 1999.

During the examination, we conducted two community contacts in the AA with a government economic development commission and a local chamber of commerce. Contacts cited a need for affordable housing, retail infrastructure to attract new residents and start-up funds for new businesses. There is also a continuing need for flood recovery.

Appendix D: 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												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:													
State of Minnesota:													
Breckenridge AA	100%	115	\$8,297	173	\$8,970	185	\$9,386	21	\$24	494	\$26,677	100%	
State of North Dakota:													
Wahpeton AA	100%	50	\$3,424	134	\$11,966	75	\$3,920	1	\$810	260	\$19,310	100%	
Limited-Scope:													

Table 2. Geographic Distribution of Home Purchase Loan Originations

Geographic Distribution: HOME PURCHASE										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	% BBNA Loans	% Owner Occ Units	% BBNA Loans	% Owner Occ Units	% BBNA Loans	% Owner Occ Units	% BBNA Loans		Overall	Low	Mod	Mid	Upp	#	% of Total
Full-Scope:																
State of Minnesota:																
Breckenridge AA	n/a	n/a	12%	0%	81%	88%	7%	12%	n/a	n/a	n/a	n/a	n/a	n/a	57	100%
State of North Dakota:																
Wahpeton AA	n/a	n/a	n/a	n/a	58%	45%	42%	55%	n/a	n/a	n/a	n/a	n/a	n/a	26	100%
Limited-Scope:																

(*) Based on 1997 Aggregate HMDA Data only.

(**) As a percentage of loans with geocode information available. Information was not available for 14% of BBNA loans originated in the Breckenridge AA and 18% of BBNA loans originated in the Wahpeton AA.

Table 3. Geographic Distribution of Home Improvement Loan Originations

Geographic Distribution: HOME IMPROVEMENT										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	%BBNA Loans**	% Owner Occ Units	% BBNA Loans**	% Owner Occ Units	% BBNA Loans**	% Owner Occ Units	% BBNA Loans**		Overall	Low	Mod	Mid	Upp	#	% of Total	
Full-Scope:																	
Not applicable.																	
Limited-Scope:																	

(*) Based on 1997 Aggregate HMDA Data only.

Table 4. Geographic Distribution of Home Mortgage Refinance Loan Originations

Geographic Distribution: HOME MORTGAGE REFINANCE										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	% BBNA Loans**	% Owner Occ Units	% BBNA Loans**	% Owner Occ Units	% BBNA Loans**	% Owner Occ Units	% BBNA Loans**		Overall	Low	Mod	Mid	Upp	#	% of Total
Full-Scope:																
State of Minnesota:																
Breckenridge AA	n/a	n/a	12%	0%	81%	92%	7%	8%	n/a	n/a	n/a	n/a	n/a	n/a	58	100%
State of North Dakota:																
Wahpeton AA	n/a	n/a	n/a	n/a	58%	52%	42%	48%	n/a	n/a	n/a	n/a	n/a	n/a	24	100%
Limited-Scope:																

(*) Based on 1997 Aggregate HMDA Data only.

(**) As a percentage of loans with geocode information available. Information was available for 10% of BBNA loans originated in the Breckenridge AA and 4% of BBNA loans originated in the Wahpeton AA.

Table 5. Geographic Distribution of Small Business Loan Originations

Geographic Distribution: SMALL BUSINESS										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	% BBNA Loans**	% of Businesses	% BBNA Loans**	% of Businesses	% BBNA Loans**	% of Businesses	% BBNA Loans**		Overall	Low	Mod	Mid	Upp	#	% of Total
Full-Scope:																
State of Minnesota:																
Breckenridge AA	n/a	n/a	8%	1%	86%	96%	6%	3%	2	22%	n/a	3%	23%	38%	173	100%
State of North Dakota:																
Wahpeton AA	n/a	n/a	n/a	n/a	71%	53%	29%	47%	3	11%	n/a	n/a	5%	33%	134	100%
Limited-Scope:																

(*) Based on 1997 Aggregate Small Business Data only.

Table 6. Geographic Distribution of Small Farm Loan Originations

Geographic Distribution: SMALL FARM										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	% BBNA Loans	% of Farms	% BBNA Loans	% of Farms	% BBNA Loans	% of Farms	% BBNA Loans		Overall	Low	Mod	Mid	Upp	#	% of Total
Full-Scope:																
State of Minnesota:																
Breckenridge AA	n/a	n/a	10%	5%	84%	92%	6%	3%	2	16%	n/a	17%	16%	10%	185	100%
State of North Dakota:																
Wahpeton AA	n/a	n/a	n/a	n/a	58%	49%	42%	51%	2	8%	n/a	n/a	6%	12%	75	100%
Limited-Scope:																

(*) Based on 1997 Aggregate Small Farm Data only.

Table 7. Borrower Distribution of Home Purchase Loan Originations

Borrower Distribution: HMDA HOME PURCHASE										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	% BBNA Loans*	% of Families	% BBNA Loans*	% of Families	% BBNA Loans*	% of Families	% BBNA Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total
Full-Scope:																
State of Minnesota:																
Breckenridge AA	21%	10%	20%	24%	25%	35%	34%	31%	n/a	n/a	n/a	n/a	n/a	n/a	57	100%
State of North Dakota:																
Wahpeton AA	15%	4%	15%	23%	24%	32%	46%	41%	n/a	n/a	n/a	n/a	n/a	n/a	26	100%
Limited-Scope:																

(*) As a percentage of loans with borrower income information available. Information was available for 14% of BBNA loans originated in the Breckenridge AA and 18% of BBNA loans originated in the Wahpeton AA.

(**) Based on 1997 Aggregate HMDA Data only.

Table 8. Borrower Distribution of Home Improvement Loan Originations

Borrower Distribution: HOME IMPROVEMENT										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	% BBNA Loans*	% of Families	% BBNA Loans*	% of Families	% BBNA Loans*	% of Families	% BBNA Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total
Full-Scope:																
Not applicable.																
Limited-Scope:																

(*) As a percentage of loans with borrower income information available.

(**) Based on 1997 Aggregate HMDA Data only.

Table 9. Borrower Distribution of Home Mortgage Refinance Loan Originations

Borrower Distribution: HOME MORTGAGE REFINANCE										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	% BBNA Loans*	% of Families	% BBNA Loans*	% of Families	% BBNA Loans*	% of Families	% BBNA Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total
Full-Scope:																
State of Minnesota:																
Breckenridge AA	21%	4%	20%	18%	25%	23%	34%	55%	n/a	n/a	n/a	n/a	n/a	n/a	58	100%
State of North Dakota:																
Wahpeton AA	15%	0%	15%	5%	24%	18%	46%	77%	n/a	n/a	n/a	n/a	n/a	n/a	24	100%
Limited-Scope:																

(*) As a percentage of loans with borrower income information available. Information was available for 14% of BBNA loans originated in the Breckenridge AA and 8% of BBNA loans originated in the Wahpeton AA.

(**) Based on 1997 Aggregate HMDA Data only.

Table 10. Borrower Distribution of Small Business Loan Originations

Borrower Distribution: SMALL BUSINESS			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*	% BBNA 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
Full-Scope:											
State of Minnesota:											
Breckenridge AA	77%	77%	58%	87%	11%	2%	22%	26%	173	100%	\$52
State of North Dakota:											
Wahpeton AA	76%	75%	72%	82%	10%	8%	11%	11%	134	100%	\$89
Limited-Scope:											

(*) As a percentage of all businesses in the AA. Revenue information was not available for 15% of the businesses in the Breckenridge AA and 16% of the businesses in the Wahpeton AA.
 (**) As a percentage of all BBNA loans. Revenue information was not available for 2% of the loans originated by BBNA in the Breckenridge AA and 1% of the loans in the Wahpeton AA.
 (***) The market consists of all other Small Business reporters in BBNA's assessment area and is based on 1997 Aggregate Small Business Data only.
 (****) Based on 1997 Aggregate Small Business Data only.

Table 11. Borrower Distribution of Small Farm Loan Originations

Borrower Distribution: SMALL FARM			Evaluation Period: January 1, 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*	% BBNA 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
Full-Scope:											
State of Minnesota:											
Breckenridge AA	92%	96%	81%	87%	12%	1%	16%	17%	185	100%	\$51
State of North Dakota:											
Wahpeton AA	94%	80%	81%	84%	15%	1%	8%	7%	75	100%	\$52
Limited-Scope:											

(*) As a percentage of all farms in the AA. Revenue information was not available for 5% of the farms in the Breckenridge AA and 4% of the farms in the Wahpeton AA.
 (**) As a percentage of all BBNA loans. Revenue information was not available for 4% of the loans originated by BBNA in the Breckenridge AA and 19% in the Wahpeton AA.
 (***) The market consists of all other Small Farm reporters in BBNA's assessment area and is based on 1997 Aggregate Small Farm Data only.
 (****) Based on 1997 Aggregate Small Farm Data only.

Table 12. Qualified Investments

QUALIFIED INVESTMENTS			Evaluation Period: January 1, 1996 to July 12, 1999						
MSA/Assessment Areas:	Prior Period Investments*			Current Period Investments			Total Investments		
	#	\$ (000's)	%**	#	\$ (000's)	%**	#	\$ (000's)	% of Total \$'s
Full-Scope:									
State of Minnesota:									
Breckenridge AA	0	\$0	0%	69	\$1,180	100%	69	\$1,180	100%
State of North Dakota:									
Wahpeton AA	0	\$0	0%	34	\$227	100%	34	\$227	100%
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								Evaluation Period: December 5, 1995 to July 12, 1999									
MSA/Assessment Area:	Deposits	Branches						ATMs				Population					
	% of Total BBNA Deposits	# of BBNA Branches	% of Total BBNA Branches	Location of Branches by Income of Geographies				# of BBNA ATMs	% of Total BBNA 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:																	
State of Minnesota:																	
Breckenridge AA	100%	3	100%	n/a	0%	100%	0%	7	100%	n/a	0%	100%	0%	n/a	12%	81%	7%
State of North Dakota:																	
Wahpeton AA	100%	1	100%	n/a	n/a	0%	100%	3	100%	n/a	n/a	0%	100%	n/a	n/a	52%	48%
Limited-Scope:																	