



Comptroller of the Currency
Administrator of National Banks

Public Disclosure

January 6, 1998

**Community Reinvestment Act
Performance Evaluation**

**Marquette Bank, National Association
Charter Number 22831**

**8200 Golden Valley Road
Golden Valley, Minnesota 55427**

Office of the Comptroller of the Currency

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NOTE: This evaluation is not, nor should it 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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Glossary of Terms and Common Abbreviations

The following terms and abbreviations are used throughout this Performance Evaluation.

Assessment Area (AA) - The geographic area which an institution selects as the community within which its regulator will assess the institution's record of CRA performance. Generally, an urban assessment area will not extend beyond the boundaries of a MSA. A rural assessment area may contain one or more neighboring counties.

Block Numbering Area (BNA) or Census Tract (CT) - Small, locally defined statistical areas. These areas are determined by the United States Census Bureau in an attempt to group homogeneous populations. They have defined boundaries per 10-year census and an average population of 4,000.

Community Development Purpose - Affordable housing (including multi-family rental housing) for low- and moderate-income individuals; community services targeted to low- and moderate-income individuals; activities that promote economic development by financing businesses or farms that meet size and revenue standards defined by the CRA regulation; and, activities that vitalize or stabilize low- and moderate-income geographies. Community development loans specifically exclude loans which have been reported under the Home Mortgage Disclosure Act or as small loans to businesses or farms, except for multi-family rental housing loans, which can be reported under both categories.

Home Mortgage Disclosure Act (HMDA) - A statute that requires certain mortgage lenders that do business or have banking offices in MSAs to file annual summary reports of their lending activity. The reports include such data as the race, gender, and the income of the applicant(s), the amount of loan requested and its disposition (e.g. made, turned down, withdrawn). The types of loan applications reported include home purchase and home improvement loans as well as refinancings, and loans for purchase of multi-family (5 or more units) dwellings. *(This is a generic description of the bank's requirements and not a legal explanation of the requirements contained in 12 U.S.C. 2801, as amended, and 12 C.F.R. 203, as amended.)*

Income Levels - These relate to individuals, families, or the CTs in a MSA.

Low = An income level that is less than 50% of the median income.

Moderate = An income level that is at least 50% and less than 80% of the median income.

LMI = An income level that is less than 80% of the median income.

Middle = An income level that is at least 80% and less than 120% of the median income.

Upper = An income level that is 120% or more of the median income.

Median Family Income - The median family income for a specific MSA as determined by the United States Census Bureau. The Department of Housing and Urban Development updates this figure annually using an estimated inflation factor.

Metropolitan Statistical Area (MSA) - An area containing a city with a population of at least 50,000 or an urbanized area with a population of at least 50,000 and a total metropolitan population of at least 100,000. Generally, MSAs consist of one or more whole counties that have a high degree of interaction.

Small Business or Small Farm - A business or farm that has \$1,000,000 or less in gross annual revenues.

Small Loan to a Business or Farm - A loan of \$1,000,000 or less to a business of any size or a loan of \$500,000 or less to a farm of any size.

General Information

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

This document is an evaluation of the CRA performance of **Marquette Bank, National Association (MBNA), Golden Valley, Minnesota** prepared by the **Office of the Comptroller of the Currency (OCC)**, the institution’s supervisory agency, as of **January 6, 1998**. 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.

The OCC examined MBNA using the lending, investment, and service tests for large banks pursuant to the revised CRA Regulation. These tests assess the bank’s record of helping to meet community credit needs. We analyzed the bank’s: mortgage, small business, small farm, and community development loans; the number and types of qualified investments; branch distribution and accessibility; and retail and community development services. The period of evaluation was calendar-year 1996.

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

The following table indicates the performance level of **MBNA** with respect to the lending, investment, and service tests.

Marquette Bank, National Association			
Performance Levels	Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High satisfactory	X		
Low satisfactory		X	X
Needs to improve			
Substantial noncompliance			

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

We rated MBNA’s CRA performance “Satisfactory” because:

- ▶ MBNA’s loan origination volume reflects excellent responsiveness to assessment area credit needs and a substantial majority of that volume originated within the assessment areas.
- ▶ The distribution of loans by borrower profile reflects good levels of lending to small businesses and farms and low- and moderate-income families.

- ▶ The distribution of loans by geography reflects adequate penetration within the MSA assessment area.
- ▶ MBNA uses flexible loan programs in order to serve credit needs.
- ▶ MBNA and related organizations have made an adequate level of qualified community development grants within the MSA assessment area.
- ▶ MBNA's retail banking delivery systems are reasonably accessible to the assessment areas.
- ▶ MBNA and its representatives provide a high level of community development services in the MSA assessment area.

Description of the Institution

MBNA was established January 1, 1995 through the consolidation of twelve separately-chartered Marquette banks. It is a wholly-owned subsidiary of Marquette Bancshares, Inc. (MBI). MBI's other banking subsidiaries are Marquette Bank Rochester, National Association, of Rochester, Minnesota and Marquette Capital Bank, National Association, of Minneapolis, Minnesota. MBNA offers a full range of commercial, agricultural, real estate, and consumer credit products. It operates 26 branches in Minnesota, most of which are in the western portion of the Minneapolis - St. Paul Metropolitan Statistical Area. It also operates branches in the out-state towns of Hutchinson, Dassel, New Prague, and Cannon Falls.

There are no factors which impede MBNA's ability to help meet community credit needs. As of December 31, 1996, the bank had total assets of \$967 million. The loan-to-deposit ratio on that date was 78% and gross loans represented 63% of total assets. The loan portfolio consisted of the following: 34% mortgage loans on one- to four-family residential real estate; 12% real estate loans on farm, multi-family, and commercial real estate; 3% agricultural loans; 20% commercial loans; 29% consumer loans; and 2% leases and all other loans. For calendar-year 1996, MBNA had net income of \$11,830,000.

Description of the Assessment Areas

MBNA has four assessment areas. The "MSA" assessment area consists of counties in the western and southeastern portions of the Minneapolis - St. Paul MSA. These counties are Carver, Dakota, Hennepin, Scott, Sherburne, and Wright as well as portions of Anoka. The remaining assessment areas are outside of the MSA. One of them is Goodhue County, the second is Le Sueur County, and the third is the combination of McLeod and Meeker Counties, which are contiguous. For the purposes of this evaluation, we have combined the information for these remaining assessment areas and refer to the combined areas as the "NonMSA" assessment area.

The MSA has a population of 1,731,173. Median family income at the 1990 census was \$43,063 and for 1996 was estimated at \$54,600. The NonMSA has a population of 116,805. Median family income at the 1990 census was \$28,933 and for 1996 was estimated at \$36,200. The following table shows the distribution of census tracts and families by income levels for the two areas. As indicated, the NonMSA assessment area does not include any low- or moderate-income census tracts.

Income Category	MSA		NonMSA	
	Census Tracts	Families	Block Numbering Areas	Families
	Number	Number (000's)	Number	Number (000's)
Low-income	38 (9%)	70 (16%)	0 (-)	4 (13%)
Moderate-income	62 (14%)	81 (18%)	0 (-)	5 (15%)
Middle-income	251 (56%)	125 (28%)	18 (64%)	8 (24%)
Upper-income	92 (21%)	171 (38%)	10 (36%)	15 (48%)
Total	443 (100%)	447 (100%)	28 (100%)	32 (100%)

Local economic conditions in the areas are good. The unemployment rate in the MSA is 3% and in the NonMSA is 2%. The major industry in both areas is services, followed by retail trade. A large portion of the NonMSA assessment area is rural. Agriculture represents 6% of the industries within the NonMSA and 2% within the MSA.

The following three tables show the distribution of businesses and farms by revenue volumes and by the income level of the census tract or block numbering area in which they are located.

MSA				
CT Income Category	Businesses: Revenues ≤ \$1 Million	Businesses: Revenues > \$1 Million	Businesses: Revenues Not Reported	Total Businesses
Low-income CTs	2,328 (4%)	486 (1%)	748 (1%)	3,562 (5%)
Moderate-income CTs	4,298 (7%)	801 (1%)	1,080 (2%)	6,179 (10%)
Middle-income CTs	26,499 (41%)	4,917 (7%)	6,929 (11%)	38,345 (59%)
Upper-income CTs	11,387 (17%)	2,393 (4%)	2,872 (4%)	16,652 (26%)
Totals	44,512 (69%)	8,597 (13%)	11,629 (18%)	64,738 (100%)

MSA				
CT Income Category	Farms: Revenues ≤ \$1 Million	Farms: Revenues > \$1 Million	Farms: Revenues Not Reported	Total Farms
Low-income CTs	9 (1%)	1 (< 1%)	0 (-)	10 (1%)
Moderate-income CTs	113 (8%)	4 (< 1%)	13 (1%)	130 (9%)
Middle-income CTs	838 (60%)	26 (2%)	72 (5%)	936 (67%)
Upper-income CTs	281 (20%)	9 (1%)	25 (2%)	315 (23%)
Totals	1,241 (89%)	40 (3%)	110 (8%)	1,391 (100%)

NonMSA				
Business Type	Businesses: Revenues <= \$1 Million	Businesses: Revenues > \$1 Million	Businesses: Revenues Not Reported	Total Businesses
Businesses	2,955 (76%)	332 (9%)	568 (15%)	3,855 (100%)
Farms	223 (95%)	5 (2%)	8 (3%)	236 (100%)

Credit needs of the MSA assessment area are varied and include small business and home purchase loans. In the central and lower income areas of the assessment area, needs include property rehabilitation loans for residences as well as businesses. The prevalent need in the NonMSA assessment area is housing, notably starter homes. We determined these credit needs by contacting nonprofit housing organizations, Chambers of Commerce, as well as other community representatives. We made three contacts for the MSA area and four for the NonMSA area during the examination. We also reviewed information from contacts that had been made by this and other regulatory agencies during the past two years. Thirty of these contacts were from the MSA area and one was from the NonMSA area. The above credit needs had been previously identified by bank personnel.

Conclusions with Respect to Performance Tests

LENDING TEST

Lending Activity

The volume of small loans to businesses and farms and of HMDA loans shows excellent responsiveness to assessment area credit needs. Relative to banks of similar asset size in the MSA, the level of small loans to businesses and farms, as well as the level of HMDA loans, is very strong. In addition, MBNA made the substantial majority of those loans within the assessment areas. For small loans to businesses, 94% were in the assessment areas. For small loans to farms, 89% were in the assessment areas. Finally, for HMDA loans, 85% were in the assessment areas. Based on 1996 HMDA data for all lenders, MBNA ranked eleventh in the MSA assessment area in terms of HMDA loan originations and held a 1.81% market share. Table 1 shows the volumes of loan originations that were considered in this evaluation. Because the greater portion of originations occurred in the MSA assessment area, throughout this evaluation we placed greater weight on MBNA's lending performance in that area.

Table 1

Loan Type	MSA		NonMSA	
	Number	Dollars (000's)	Number	Dollars (000's)
Small Loans to Businesses	1,205	66,796	216	12,443
Small Loans to Farms	194	5,815	299	10,491
HMDA Loans:				
Home Purchase	527	52,196	44	3,104
Refinance	357	34,763	93	4,650
Home Improvement	568	11,613	62	1,068
Multi-Family	4	595	0	0
Total HMDA Loans	1,456	99,167	199	8,822

Distribution of Loans by Borrower Profile

MBNA’s overall distribution of loans reflects good penetration based on borrower profile in both the MSA and NonMSA assessment areas.

MBNA’s distribution of small business and farm loans reflects good penetration both in terms of lending to businesses and farms with smaller revenues, and in terms of originating loans of smaller dollar amounts. Especially strong is MBNA’s lending to businesses with revenues of less than \$1 million in both the MSA and NonMSA assessment areas. Tables 2 and 3 show the volumes of small business and farm loans MBNA extended to businesses of different revenue sizes. Included for comparative purposes is information regarding revenue sizes of businesses and farms per U.S. Census Bureau information. Also included is the “All Lenders” information, which was derived from 1996 aggregate data released by the Federal Financial Interagency Examination Council (FFIEC). Only large financial institutions, those with total assets of \$250 million or more or an institution of any size that is an affiliate of a bank holding company with \$1 million or more in banking and thrift assets, are required to report data on small loans to businesses and farms. As a result, the aggregate data does not represent all lenders providing small loans to businesses and farms. In addition, those lenders that reported were not required to report revenue information if it was not used in the credit decision.

Table 2

MSA					
Revenues	Demographic Distribution of Businesses/Farms	Loan Distribution All Lenders Based on Number	Loan Distribution MBNA Based on Number	Loan Volume MBNA By Number	Loan Volume MBNA By Dollars (000's)
Businesses <=\$1 Million	69%	36%	61%	739	30,788
Businesses > \$1 Million or Not Reported or Used	31%	64%	39%	466	36,008
Total	100%	100%	100%	1,205	66,796
Farms <=\$1 Million	89%	92%	97%	189	5,380
Farms > \$1 Million or Not Reported or Used	11%	8%	3%	5	435
Total	100%	100%	100%	194	5,815

Table 3

NonMSA					
Revenues	Demographic Distribution of Businesses/Farms	Loan Distribution All Lenders Based on Number	Loan Distribution MBNA Based on Number	Loan Volume MBNA By Number	Loan Volume MBNA By Dollars (000's)
Businesses <=\$1 Million	76%	55%	77%	167	5,208
Businesses > \$1 Million or Not Reported or Used	24%	45%	23%	49	7,235
Total	100%	100%	100%	216	12,443
Farms <=\$1 Million	95%	95%	98%	294	10,185
Farms > \$1 Million or Not Reported or Used	5%	5%	2%	5	306
Total	100%	100%	100%	299	10,491

Tables 4 and 5 show the sizes of the small business and farm loans originated by MBNA and other lenders in the assessment areas. We analyzed this data because loan sizes generally correlate to the sizes of businesses.

Table 4

MSA				
Loan Type and Size	All Lenders Based on Number	MBNA Based on Number	MBNA Number	MBNA Dollars (000's)
Small Loans to Businesses:				
0 to \$100,000	84%	87%	1,044	29,381
\$100,001 to \$250,000	7%	9%	114	18,903
\$250,001 to \$1,000,000	9%	4%	47	18,512
Total	100%	100%	1,205	66,796
Small Loans to Farms:				
0 to \$100,000	86%	95%	185	3,945
\$100,001 to \$250,000	10%	4%	8	1,470
\$250,001 to \$1,000,000	4%	1%	1	400
Total	100%	100%	194	5,815

Table 5

NonMSA				
Loan Type and Size	All Lenders Based on Number	MBNA Based on Number	MBNA Number	MBNA Dollars (000's)
Small Loans to Businesses:				
0 to \$100,000	88%	87%	188	4,388
\$100,001 to \$250,000	7%	9%	19	3,375
\$250,001 to \$1,000,000	5%	4%	9	4,680
Total	100%	100%	216	12,443
Small Loans to Farms:				
0 to \$100,000	93%	93%	277	6,939
\$100,001 to \$250,000	6%	6%	19	2,708
\$250,001 to \$1,000,000	1%	1%	3	844
Total	100%	100%	299	10,491

The distribution of MBNA’s HMDA lending based on borrower income shows good penetration to borrowers of different income levels, particularly in the MSA assessment area, in which it originated the substantial majority of HMDA loans.

Table 6 illustrates the bank’s distribution of HMDA lending by borrower income. For comparative purposes, it includes a similar distribution for all lenders in the MSA assessment area. A similar comparison for the NonMSA assessment area is not practical since many lenders in the area are not required to report lending data under the HMDA. The table also allows comparison of lending distribution by borrower income to the distribution of families at those income levels in the assessment areas. The table shows MBNA’s borrower distribution, regardless of loan product, is similar to that of all lenders in the MSA assessment area. Specifically, MBNA and all lenders originated 10% of their HMDA loans to low-income people and 24% to moderate-income people. By loan product, MBNA’s record of lending to LMI borrowers exceeds that of all lenders for the home purchase category, is comparable for refinance, and is slightly below for home improvement. For example, for home

purchase loans, MBNA originated 17% to low-income people and 32% to moderate-income people, while all lenders originated 12% and 28%, respectively.

Table 6

Borrower Income and Loan Type	MSA			NonMSA	
	All Lenders	MBNA (1,452 loans)	Percent of Families in Income Category	MBNA (199 loans)	Percent of Families in Income Category
Low-Income Borrowers			16%		13%
Overall	10%	10%		5%	
Home Purchase	12%	17%		7%	
Refinance	8%	6%		5%	
Home Improvement	8%	7%		2%	
Moderate-Income Borrowers			18%		15%
Overall	24%	24%		12%	
Home Purchase	28%	32%		11%	
Refinance	19%	20%		16%	
Home Improvement	23%	19%		6%	
Middle-Income Borrowers			28%		24%
Overall	30%	33%		28%	
Home Purchase	30%	28%		32%	
Refinance	30%	32%		24%	
Home Improvement	34%	38%		31%	
Upper-Income Borrowers			38%		48%
Overall	32%	32%		55%	
Home Purchase	29%	23%		50%	
Refinance	35%	39%		54%	
Home Improvement	34%	36%		61%	
Borrowers with Unknown Incomes			NA		NA
Overall	4%	1%		-	
Home Purchase	1%	-		-	
Refinance	8%	3%		1%	
Home Improvement	1%	-		-	

Table 7 further illustrates HMDA lending by borrower income. It shows the bank’s market shares within the MSA assessment area. A similar table for the NonMSA assessment area is not available since many lenders in the NonMSA assessment area are not required to report lending data under the HMDA. The table shows MBNA’s strongest category in terms of lending to LMI borrowers is home purchase lending, the category for which MBNA’s market shares to low-income borrowers (1.93%) and to moderate-income borrowers (1.54%) exceed its overall market share (1.34%). MBNA’s weakest loan category is home improvement loans, for which its market shares to LMI borrowers did not keep pace with its overall market share.

Table 7

MSA			
Borrower Income Category	Home Purchase (527 loans)	Refinance (357 loans)	Home Improvement (568 loans)
Overall	1.34%	1.24%	4.59%
Low-Income Borrowers	1.93%	1.04%	3.63%
Moderate-Income Borrowers	1.54%	1.32%	3.82%
Middle-Income Borrowers	1.26%	1.30%	5.26%
Upper-Income Borrowers	1.05%	1.39%	4.84%

Distribution of Loans by Geography

MBNA’s overall distribution of lending reflects adequate penetration of the MSA assessment area. Distribution within the NonMSA assessment area was not considered in this evaluation because the area consists entirely of middle- and upper-income block-numbering areas.

The geographic distribution of small loans to businesses reflects a poor penetration of the LMI geographies within the MSA assessment area. For small loans to farms, the geographic distribution reflects good penetration of those geographies. Table 8 shows this distribution. For comparative purposes, it includes the distribution of small business and small farm loan originations by all lenders in the MSA assessment area. It also includes the distribution of businesses and farms by income level of the geography in which they are located, along with the distribution of census tracts within the assessment area. For example, the table shows 15% of businesses in the MSA assessment area are in the combined low- and moderate-income census tracts, 11% of all lenders’ small loans to businesses are in those tracts, and only 5% of MBNA’s loans are in those tracts.

Table 8

MSA				
Loan Type and CT Income Category	MBNA Based on Number	All Lenders Based on Number	Distribution of Businesses or Farms in AA	Distribution of CTs in AA
Small Loans to Businesses	1,205 loans			
Low-Income CTs	1%	4%	5%	9%
Moderate-Income CTs	4%	7%	10%	14%
Middle-Income CTs	77%	58%	59%	56%
Upper-Income CTs	18%	31%	26%	21%
Small Loans to Farms	194 loans			
Low-Income CTs	0%	1%	1%	9%
Moderate-Income CTs	17%	15%	9%	14%
Middle-Income CTs	83%	76%	67%	56%
Upper-Income CTs	0%	8%	23%	21%

The geographic distribution of MBNA’s HMDA lending within the MSA assessment area reflects adequate penetration of the LMI geographies within MBNA’s MSA assessment area.

Tables 9 and 10 illustrate the bank’s distribution of HMDA lending by income level of census tracts. For comparative purposes, they include similar distributions for all lenders in the MSA assessment area. In addition, for indications of the lending opportunities that exist in the MSA assessment area, Table 9 includes the

distribution of owner-occupied housing units and Table 10 includes the distribution of multi-family housing units. The tables show MBNA’s penetration of LMI census tracts is somewhat below that of all lenders in the area.

Table 9

MSA				
Loan Type and CT Income Category	All Lenders	MBNA	Distribution of Owner-Occupied Housing	Distribution of CTs in AA
Low-Income CTs			2%	9%
Overall	1%	<1%		
Home Purchase	1%	1%		
Refinance	1%	0		
Home Improvement	1%	<1%		
Moderate-Income CTs			9%	14%
Overall	7%	5%		
Home Purchase	8%	6%		
Refinance	7%	6%		
Home Improvement	8%	5%		
Middle-Income CTs			63%	56%
Overall	63%	78%		
Home Purchase	62%	76%		
Refinance	63%	77%		
Home Improvement	66%	79%		
Upper-Income CTs			26%	21%
Overall	29%	17%		
Home Purchase	29%	17%		
Refinance	29%	17%		
Home Improvement	25%	16%		

Table 10

MSA				
CT Income Category	All Lenders	MBNA (4 loans)	Distribution of Multi-Family Units	Distribution of CTs in AA
Low-Income CTs	19%	-	16%	9%
Moderate-Income CTs	22%	-	12%	14%
Middle-Income CTs	42%	100%	55%	56%
Upper-Income CTs	17%	-	17%	21%

Table 11 also illustrates HMDA lending by geographic income. It shows MBNA’s market shares within the MSA assessment area. MBNA’s market shares in LMI geographies are consistently below its overall market shares for each HMDA loan product.

Table 11

MSA				
CT Income Category	Home Purchase (527 loans)	Refinance (357 loans)	Home Improvement (568 loans)	Multi-Family (4 loans)
Overall	1.34%	1.24%	4.59%	2.60%
Low-Income CTs	.90%	-	.69%	-
Moderate-Income CTs	.98%	1.19%	2.59%	-
Middle-Income CTs	1.65%	1.50%	5.52%	6.25%
Upper-Income CTs	.78%	.75%	2.95%	-

Community Development Lending

MBNA has made a low level of community development loans. It extended one loan totaling \$317,500 to a nonprofit organization for the purchase of a building in the low-income area of Minneapolis from which it now conducts the majority of its operations. The organization conducts social services programs geared to LMI people within its local community.

Flexible Loan Programs

MBNA uses flexible loan programs in order to serve credit needs throughout its assessment areas. The following loan volumes are already included in the preceding HMDA loan volumes.

MBNA offers its own “Marquette Outreach Mortgage” program. The program was established to assist LMI people in purchasing homes. During 1996, the flexible feature of the program was it permitted low down payments and waiver of mortgage insurance. The bank originated eight loans totaling \$512,000 within the MSA assessment area and one loan totaling \$40,000 within the NonMSA assessment area.

MBNA also participates in the Minnesota Housing Finance Agency’s Minnesota Mortgage Program. The program is available to first-time home buyers and generally only those with low or moderate incomes are eligible. The flexible features of the program are below-market interest rates and closing cost assistance. The bank originated 93 loans totaling \$6,647,000 within the MSA assessment area and two loans totaling \$47,000 within the NonMSA assessment area.

Finally, MBNA participates in the Minnesota Housing Finance Agency’s Home Improvement Loan Program. Low- and moderate-income borrowers are eligible for this loan program, which features below-market interest rates. MBNA originated three loans totaling \$12,000 within the MSA assessment area and 13 loans totaling \$72,000 within the NonMSA assessment area.

INVESTMENT TEST

MBNA and related organizations have made an adequate level of community development grants, all of which benefit the MSA assessment area. MBNA, Marquette Bancshares, Inc. (MBI), and MBI’s charitable arm (The Carl & Eloise Pohlad Family Foundation), made a total of nine monetary donations during 1996 that totaled \$124,000 and had community development purposes. The donations provided support for organizations involved in housing, job training, and social services targeted to LMI people. In addition, the bank made a \$197,000 donation of property located in a moderate-income area to Scott County. The property donation

allowed the County to expand without relocating, and thereby had a stabilizing effect on the local economy. The total donations of MBNA and its related organizations represent .03% of MBNA’s total assets.

SERVICE TEST

Retail Banking Services

MBNA’s delivery systems are reasonably accessible to its assessment areas. MBNA’s delivery systems include branches, ATMs, telephone banking, and on-line banking.

MBNA has a branch and ATM in each of the four counties that comprise the NonMSA assessment area. MBNA has 22 branches and 21 ATMs in the MSA assessment area. Table 12 shows the distribution of the branches and ATMs within the MSA assessment area relative to the distribution of census tracts and families within those tracts. Based the distribution information, physical access to the bank’s branches and ATMs is somewhat less convenient for families who reside in the LMI portions of the MSA assessment area. The branch in the low-income census tract is MBNA’s newest branch, opened during 1994. MBNA did not open or close any branches during this 1996 evaluation period.

Table 12

MSA						
CT Income Category	CT Distribution	Family Distribution	Branch Distribution		Distribution of Deposit-taking ATMs	Distribution of Nondeposit-taking ATMs
			Percentage	Number	Number	Number
Low-Income CTs	9%	4%	5%	1	0	1
Moderate-Income CTs	14%	10%	4%	1	0	0
Middle-Income CTs	56%	62%	82%	18	13	7
Upper-Income CTs	21%	24%	9%	2	0	0
Total	100%	100%	100%	22	13	8

MBNA offers complete services at each of its four NonMSA branches and at 18 of its 22 MSA branches. At three of its branches, it offers deposit services through a lobby and drive-up, but no lending services. Each of these three branches is in close proximity to a full-service MBNA branch. At another of its branches, the bank provides limited services during limited hours within a senior citizen’s care center. All but two of MBNA’s branches have Saturday hours and some evening hours.

MBNA supplements the services available at its branch and ATM locations by offering telephone and on-line banking services. These services allow customers 24-hour access to certain banking services from any location. Through the telephone banking service, a customer can speak with a banker during extended hours, seven days a week.

Community Development Services

MBNA provides a high level of community development services within its MSA assessment area. It provides a limited level of community development services within the NonMSA assessment area where opportunities are also more limited. MBNA and its representatives provided the following community development services in the MSA assessment area during 1996:

- ▶ A bank representative served on the loan committee of an organization that focuses on providing businesses, primary start-up businesses, with financing and management assistance.
- ▶ The bank underwrites, originates, and services loans on behalf of a neighborhood group in a low-income area of Minneapolis. Under the program, both the bank and the neighborhood group simultaneously lend funds to each borrower for the rehabilitation of rental properties. The bank does the underwriting, originating, and servicing for its own loans as well as for the loans of the neighborhood group. MBNA's participation in this rehabilitation program directly addresses a key credit need of the neighborhood.
- ▶ As members of the boards of directors, bank representatives provided technical assistance on financial matters to ten different community development organizations. The services the representatives provided included assisting the organizations with fund raising, performing budgeting, acting as treasurer, and providing investment advice. The goals of the organizations include providing affordable housing, job skills, and social services to LMI people. The goals also include economic development of the LMI area surrounding the bank's Lake Street branch.

For the NonMSA area, the bank provided a community development service by conducting two home ownership seminars for LMI people in the Cannon Falls area.

An additional community development service the bank offers throughout its assessment areas is a checking account it established for lower-income people that allows no minimum balance and for which it charges no monthly fee.

Fair Lending Review

We did not identify violations of the substantive provisions of the antidiscrimination laws and regulations.