



LARGE BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

Public Disclosure

June 3, 2002

Community Reinvestment Act Performance Evaluation

**Bremer Bank, National Association
Charter Number: 11818**

**1100 West Saint Germain Street
St. Cloud, Minnesota 56301**

Office of the Comptroller of the Currency

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NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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Overall CRA Rating

Institution’s CRA Rating: This institution is rated **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			
High Satisfactory	X	X	X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

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

The major factors that support this rating include.

- Lending levels reflect excellent responsiveness to credit needs. The levels were especially strong for small loans to businesses.
- BBNA originated a majority of its loans within its assessment area.
- The overall geographic distribution of BBNA’s loans is good considering the unique demographic and proximity factors impacting its geographic distribution of loans.
- The borrower distribution of business loans, the bank’s primary loan product, is adequate. Borrower distribution for both home mortgage and agricultural loans is good.
- BBNA had a good level of investments within its assessment area.
- BBNA’s delivery systems are accessible to geographies and individuals of different income levels.
- The bank provides a relatively high level of Community Development services within the assessment area.

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

Block Numbering Area (BNA): A statistical subdivision of a county for grouping and numbering blocks in non-metropolitan counties where local census statistical area committees have not established census tracts. A BNA does not cross county lines.

Census Tract (CT): A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community Development: Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

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

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

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also

include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male household and no wife present) or 'female householder' (a family with a female householder and no husband present).

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

Geography: A census tract or a block numbering area delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

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

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Metropolitan Area (MA): Any primary metropolitan area (PMA), metropolitan area (MA), or consolidated metropolitan area (CMA), as defined by the Office of Management and Budget, with a population of 250,000 or more, and any other area designated as such by the appropriate federal financial supervisory agency.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Other Products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated Area: A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

Small Loan(s) to Business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

Small Loan(s) to Farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

Tier One Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Upper-Income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.

Description of Institution

Bremer Bank, National Association (BBNA) is an intrastate bank headquartered in St. Cloud, Minnesota. As of December 31, 2001, the bank had assets of \$464 million and Tier 1 Capital of \$33.7 million. In addition to its main office, BBNA operates four branch offices. All offices are located in the cities of St. Cloud, Sartell, Sauk Rapids, or Rice.

BBNA is a subsidiary of Bremer Financial Corporation (BFC), a \$5 billion multi-bank holding company headquartered in St. Paul, Minnesota. BFC has 11 national bank subsidiaries (with more than 100 locations) throughout Minnesota, Wisconsin, and North Dakota. BFC also operates one nationally chartered trust company. BFC's nonbank subsidiaries include 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 5% of its assets for charitable causes each year. At the bank's request, we considered qualified investments of the Foundation in the evaluation of the bank's Investment Test performance. BBNA has one subsidiary, an investment company. The activities of the subsidiary do not have a significant impact on BBNA's capacity to lend or invest and were not considered in this evaluation.

BBNA is a full-service financial institution, offering a wide variety of retail and commercial banking products and services. The bank's lending focus is commercial and residential real estate loans. As of December 31, 2001, BBNA's net loans and leases totaled \$343 million. Those loans and leases represented 74% of the bank's total assets, a percentage comparable to that of other banks. The loan portfolio was comprised of commercial and commercial real estate loans (67%), residential real estate loans (15%), agricultural and farmland loans (7%), loans to individuals (7%), and all other loans and leases (4%).

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

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

Scope of the Evaluation

Evaluation Period/Products Evaluated

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

The bank did not originate any Community Development loans since the previous examination in 1999 through year-end 2001. Home improvement loans are not included in this evaluation, because the bank does not separately code and report those loans.

At the bank's request, we considered Qualified Investments of the affiliated Otto Bremer Foundation in the Investment Test assessment. Also at the bank's request, we considered automated teller machines (ATMs) owned by the affiliated Bremer Services, Incorporated in the Service Test assessment. For both the Investment and Service Tests, the prior evaluation period had covered the bank's activities through July 12, 1999. The current evaluation period for those tests is July 13, 1999 through December 31, 2001.

Data Integrity

To assess the accuracy of the bank's HMDA and CRA data, we compared reported information to credit file documentation for an independent sample of loans. We did not identify any material errors. We reviewed information on all activities that management considered having a primary purpose of Community Development. Only those that qualified were incorporated into this evaluation.

Selection of Areas for Full-Scope Review

BBNA has one assessment area, which consists of the St. Cloud MA and two census tracts of Sherburne County in the Minneapolis-St. Paul MA. We performed a full-scope review of BBNA's performance in the assessment area. Refer to the table in Appendix A for more information about the scope of the evaluation.

Ratings

We performed a full-scope review of the St. Cloud Assessment Area, the bank's only assessment area. The weighting that we gave to each loan product is reflective of the relative volume of originations and purchases of that loan product over the evaluation period. Accordingly, we placed the most weight on small business loans, lesser weight on HMDA loans, and the least weight on small farm loans.

Other

To better understand the local economy and opportunities for banks, we considered information obtained from representatives of the local community. One of the representatives is employed by a government authority and the other two representatives work for nonprofit organizations. Their areas of expertise are in small business development and housing. The contacts did not identify any lending needs that are not being met by local financial institutions. They mentioned a need for additional housing stock, but they also stated that once families find a house, they do not have difficulty in obtaining financing. One of the contacts mentioned that various area banks have Preferred Lender status with the Small Business Administration, which allows for faster loan decisions and more financing options for local businesses. BBNA was one of these banks. Information from the contacts did not reveal any investment or service needs in the community that banks have not helped to meet. Refer to Appendix B for more information about the St. Cloud Assessment Area.

Fair Lending Review

An analysis of the most recent public comments and consumer complaint information, and HMDA, small business, and small farm lending data was performed according to the OCC's risk-based fair lending approach. Based on an analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year. The latest comprehensive fair lending exam was performed in 1998.

Conclusions with Respect to Performance Tests

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Lending Test is rated "High Satisfactory." Based on a full-scope review, the bank's performance in the St. Cloud Assessment Area is good.

Lending Activity

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

Lending levels reflect excellent responsiveness to credit needs in relation to the bank's deposit market share. We based this conclusion primarily on the bank's lending levels for small business loans, the bank's most significant loan product. To put the bank's lending activity into perspective, we compared it to the bank's deposit volume as well as the loan and deposit volumes of other area financial institutions. Based on publicly available deposit information, BBNA held 11% of the deposits in its assessment area, which made it the financial institution with the third highest level of deposits.

BBNA's lending levels reflect good responsiveness to home purchase credit needs. BBNA originated 326 home purchase loans totaling \$34 million during the three-year evaluation period. During 2000, the most recent year for which aggregate market data is available, there were 163 financial institutions that reported home purchase loans within the assessment area. Based on BBNA's originations during that year, it ranked sixth and had a 3% market share. Because most of the home purchase loan reporters do not have branch offices in the assessment area, we also calculated the bank's market share among just the home purchase loan reporters with branch offices in the assessment area. Among those 24 financial institutions, BBNA's lending activity was more closely in line with its deposit market share. For deposits, BBNA ranked third with a 12% market share. For home purchase loans, BBNA ranked second with an 11% market share.

BBNA's lending levels reflect good responsiveness to home mortgage refinance credit needs. BBNA originated 359 home mortgage refinance loans totaling \$37 million during the three-year evaluation period. During 2000, the most recent year for which aggregate market data is available, there were 155 financial institutions that reported refinance loans within the assessment area. Based on BBNA's originations during that year, it ranked eleventh and had a 3% market share. Because most of the refinance loan reporters do not have branch offices in the assessment area, we also calculated the bank's market share among just the refinance loan reporters with branch offices in the assessment area. Among those 21 financial institutions, BBNA's lending activity was more closely in line with its deposit market share. For deposits, BBNA ranked third with a 12% market share. For refinance loans, BBNA ranked fourth with a 9% market share.

Lending levels reflect excellent responsiveness to small business credit needs. BBNA originated 964 small loans to businesses totaling \$157 million during the evaluation period. There were 49 financial institutions that reported such loans within the assessment area during 2000. Among them, BBNA ranked first with a 29% market share. Among just the six small business loan reporters with branch offices in the assessment area, BBNA ranked third in deposits with a 19% market share and first in loans with a 33% market share.

Lending levels reflect good responsiveness to small farm credit needs. BBNA originated 189 small loans to farms totaling \$12 million during the evaluation period. There were ten financial institutions that reported such loans within the assessment area during 2000. Among them, BBNA ranked third with a 22% market share. Among the five small farm loan reporters with branch offices in the assessment area, BBNA ranked third in deposits with a 20% market share and third in loans with a 23% market share.

Distribution of Loans by Income Level of the Geography

The overall geographic distribution of BBNA's loans is good. Of the 38 census tracts that comprise the assessment area, only one has a low-income designation and one a moderate-income designation. BBNA's business lending activity in the low-income census tract is excellent, but the activity is not unexpected given the tract is the location of BBNA's main office and is part of St. Cloud's downtown business district. As such, there are opportunities for originating business loans to the neighboring businesses. In contrast, BBNA has virtually no lending activity in the moderate-income census tract. Nonetheless, this does not reflect negatively on the bank because the tract is on the far edge of the assessment area, BBNA's offices are some distance from the tract, and there are other financial institutions situated in closer proximity to the tract that would be more likely to benefit from local loan demand.

Home Mortgage Loans

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

The geographic distribution of both BBNA's home purchase and home mortgage refinance loans is adequate. BBNA originated only one home purchase loan and no home mortgage refinance loans in the assessment area's low-income census tract. There are few opportunities for such loans, as the census tract is part of the City of St. Cloud's downtown business district and has few owner-occupied housing units. In the assessment area's moderate-income census tract, BBNA also originated one home purchase loan and no home mortgage refinance loans. This is not unreasonable as a small percentage of the owner-occupied housing units in the assessment area are located in that census tract and the tract is on the far edge of the assessment area, some distance from BBNA's offices.

The geographic distribution of BBNA's multi-family loans is not meaningful. None of the 25 multi-family loans BBNA originated during the evaluation period were in the assessment area's low- or the moderate-income census tracts. There are few opportunities for such loans in those tracts, as just a small percentage of the multi-family housing units in the assessment area are located there.

Small Loans to Businesses

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

The geographic distribution of BBNA's small loans to businesses is excellent. The percentage of BBNA's business loans originated or purchased in the low-income census tract significantly exceeds the percentage of businesses in the assessment area that are located in that geography. BBNA's strong penetration of loans in the assessment area's one low-income census tract is not unexpected, as the tract is located in downtown St. Cloud and is the site of BBNA's main office. BBNA did not originate or purchase any small loans to businesses in the assessment area's one moderate-income census tract. This is not unreasonable as a very small percentage of the businesses in the assessment area are located in that census tract and the tract is on the far edge of the assessment area, some distance from BBNA's offices.

Small Loans to Farms

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

The geographic distribution of BBNA's small loans to farms is adequate. While BBNA did not originate any small loans to farms in either the low- or moderate-income census tract during the evaluation period, this absence of lending in these areas is considered reasonable given the circumstances. There are virtually no farms in the low-income census tract in downtown St. Cloud. While there are numerous farms in the moderate-income census tract, the tract is on the far edge of the assessment area, some distance from BBNA's offices.

Lending Gap Analysis

We reviewed the distribution of the bank's loans throughout its assessment area and found no conspicuous gaps in the bank's lending patterns.

Inside/Outside Ratio

BBNA's level of loan originations and purchases within the assessment area is good. During the evaluation period, BBNA originated or purchased 80% of its home purchase loans and 80% of its home mortgage refinance loans within the assessment area. For small loans to businesses and farms, BBNA originated 81% and 75% of its loans within the assessment area, respectively.

Distribution of Loans by Income Level of the Borrower

The overall borrower distribution of BBNA's loans is adequate. The borrower distribution of business loans, the bank's primary loan product, is adequate. Borrower distribution for both home mortgage and agricultural loans is good.

Home Mortgage Loans

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

The borrower distribution of both home purchase and home mortgage refinance loans is good. For both loan types, the percentage of loans made to low-income borrowers is lower than the percentage of families in the assessment area that have low incomes. Performance is stronger after taking into consideration the percentage of families living below the poverty level. In addition, the bank's market share of home purchase loans to low-income borrowers substantially meets its overall market share for home purchase loans and exceeds its overall market share for mortgage refinance loans. The percentage of both home purchase and mortgage refinance loans to moderate-income borrowers exceeds the market demographic. For moderate-income borrowers, the bank's market share is lower for home purchase loans than its overall home purchase market share and for mortgage refinance loans exceeds its overall mortgage refinance market share.

Small Loans to Businesses

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

BBNA's borrower distribution for small loans to businesses is adequate. The percentage of BBNA's small loans to small businesses (those with revenues of \$1 million or less) is lower than the percentage of businesses in the assessment area that report those smaller revenues. A market share analysis shows stronger performance, as the bank's market share of loans to businesses with those smaller revenues exceeds its overall market share of loans to businesses of all sizes. There are no unmet business credit needs per community contacts. The difference between market and demographic performance indicates strong loan demand in the assessment area from businesses with revenue greater than \$1 million. In aggregate for the year 2000, all other CRA data reporters originated 45% of their small business loans to businesses with revenue of \$1 million or less compared to 55% for BBNA.

Small Loans to Farms

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

BBNA's borrower distribution for small loans to farms is good. The percentage of BBNA's small loans to small farms (those with revenues of \$1 million or less) is near to the percentage of farms in the assessment area that report those smaller revenues. A market share analysis shows similar good performance, as the bank's market share of loans to farms with those smaller revenues substantially meets its overall market share of loans to farms of all sizes.

Community Development Lending

Refer to Table 1 Lending Volume in appendix C for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including

multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.

BBNA did not originate any Community Development loans during the evaluation period. This had a neutral impact on the assessment of BBNA's Lending Test performance.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Investment Test is rated "High Satisfactory." Based on a full-scope review, the bank's performance in the St. Cloud Assessment Area is good.

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

BBNA has a good level of investments. The investments consist entirely of grants and donations. They were made to approximately 50 different organizations and total \$837 thousand. The vast majority of the organizations BBNA helped support were those that serve the needs of low- and moderate-income people. The services that the organizations provide are varied and include social, health, and legal. BBNA also contributed an additional \$27 thousand in grants to Community Development organizations that serve communities outside of the assessment area.

BBNA's level of investments is considered good especially in light of the limited level of opportunities for equity investments within the assessment area. The CRA Performance Evaluations of other banks mention few equity investments that have been made in the assessment area during recent years.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test is rated "High Satisfactory." Based on a full-scope review, the bank's performance in the St. Cloud Assessment Area is good.

Retail Banking Services

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

BBNA's retail delivery systems are accessible to geographies and individuals of different income levels. The bank operates five offices and 23 ATMs within its assessment area. One of those offices and two of those ATMs are located in a low-income geography. As such, the bank's penetration in the low-income census tract exceeds the percentage of the population in the assessment area that lives in that area. The bank does not have offices or ATMs near the moderate-income census tract in the assessment area.

There are some differences in service availability between offices. These differences are based on customer demand. The main office has full-time onsite lenders for all loan types. Business lenders are available in the West St. Cloud office every Thursday and other days by

appointment. Business lenders are available at the other offices only by appointment. Mortgage lenders are onsite at both St. Cloud offices and the Rice office. They are available by appointment at the Sartell and Sauk Rapids offices. There are onsite consumer lenders at all of the offices. BBNA has drive-up facilities at three of its five offices. The two offices that do not have drive-up facilities are both located in middle-income geographies.

BBNA's hours of operation vary slightly between offices, based on customer demand. The variances are not such that they would inconvenience any particular individuals or geographies.

The bank's alternative systems for delivering retail banking services include 24-hour telephone banking, 24-hour Internet banking and ATM access. Because the bank does not gather information on the income level of the users of these alternative systems, we could not place much weight on the systems in this evaluation. The 23 ATMs attributed to BBNA are located throughout the assessment area, at each of BBNA's offices and at various retail businesses and universities in the assessment area. BBNA's main office, in the assessment area's low-income census tract, is the location of 2 of the 23 ATMs.

The bank did not open or close any offices during the evaluation period.

Community Development Services

The bank provides a relatively high level of Community Development services within the assessment area. During the evaluation period, BBNA's employees provided qualifying services to 16 organizations. The types of services provided are not innovative in nature, but are responsive to needs in the community. The majority of the services consisted of serving on Boards and committees of organizations that promote economic and small business development and provide community services to low- and moderate-income individuals. Another Community Development service the bank provides is a matched savings program for low- and moderate-income families. BBNA participates in the program by servicing the deposit accounts of participating families. Any deposits the families place in the accounts receive a matching deposit from various public and private organizations. The savings can be used for home purchases, education, or starting a small business.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and non-metropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

Time Period Reviewed	Lending Test (excludes CD Loans): January 1, 1999 to December 31, 2001 Investment and Service Tests and CD Loans: July 13, 1999 to December 31, 2001	
Financial Institution	Products Reviewed	
Bremer Bank, National Association Saint Cloud, Minnesota	Residential real estate, small business, small farm, and Community Development	
Affiliate(s)	Affiliate Relationship	Products Reviewed
Otto Bremer Foundation Bremer Services, Incorporated	Parent company Sister company	Qualified investments Automated teller machines
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
St. Cloud Assessment Area (St. Cloud MA and CTs 0313.00 and 0314.00 in Sherburne County)	Full-Scope	

Appendix B: Market Profiles for Full-Scope Areas

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Market Profiles for Areas Receiving Full-Scope Reviews

St. Cloud Assessment Area

Demographic Information for Full-Scope Area: St. Cloud Assessment Area							
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #	
Geographies (Census Tracts/BNAs)	38	2.63	2.63	78.95	13.16	2.63	
Population by Geography	154,672	0.34	2.52	82.43	14.22	0.49	
Owner-Occupied Housing by Geography	36,735	0.03	2.99	84.01	12.97	0.00	
Businesses by Geography	7,758	4.16	2.63	80.65	12.52	0.04	
Farms by Geography	1,701	0.06	12.52	81.19	6.23	0.00	
Family Distribution by Income Level	36,781	17.20	18.68	26.96	37.15	0.00	
Distribution of Low- and Moderate-Income Families throughout AA Geographies	13,199	0.12	3.82	88.70	7.36	0.00	
Median Family Income	= \$32,693						
HUD Adjusted Median Family Income for 2002	= \$56,300	Median Housing Value		= \$60,904			
Households Below the Poverty Level	=12.89%	Unemployment Rate		= 2.72%			

(*) The NA category consists of geographies that have not been assigned an income classification.
 Source: 1990 U.S. Census, and 2002 HUD updated MFI.

BBNA's St. Cloud Assessment Area includes the entire St. Cloud Metropolitan Area (Benton and Stearns County) plus two census tracts in Sherburne County. The two census tracts in Sherburne County are contiguous to the MA and are part of the City of St. Cloud. Most of the 39 census tracts that comprise the assessment area are designated middle- or upper-income. The one census tract designated low-income is in downtown St. Cloud and surrounds the site of BBNA's main office. The one census tract designated as moderate-income is a rural area on the western side of the MA. BBNA's closest office is 30 miles from the near edge of the moderate-income census tract.

The bank operates five offices within the assessment area. The bank's main office and one other office are in the City of St. Cloud. In addition, BBNA has three offices north of St. Cloud, in Sauk Rapids, Sartell, and Rice. The bank operates 23 ATMs within its assessment area. It has at least one ATM at each of its offices and ATMs at various retail businesses and

universities. The bank provides a full range of products and services. It is an especially active business lender and is a significant home mortgage lender as well.

Competition among financial institutions is strong. Based on June 30, 2001 data, there are 31 different financial institutions with offices in the assessment area. BBNA ranked third in terms of the volume of deposits reported by these financial institutions with an 11% market share. Based on publicly reported 2000 data, there are 49 financial institutions that originate small business loans within the assessment area. BBNA ranks first in terms of the dollar volume of small business loans with a 29% market share. There are ten financial institutions that originate small farm loans and BBNA ranks third among them with a 22% market share. Competition is greatest for home mortgage loans. There are 215 financial institutions that originate HMDA loans within the assessment area. BBNA ranks eighth in terms of the volume of HMDA loans with a 2.77% market share. BBNA's major banking competitors are Wells Fargo, U.S. Bank, Stearns Bank, and Community First.

Over the three-year evaluation period, the economy of the St. Cloud area has been strong. The area has experienced significant growth in population and businesses. In 2000, the population of the MA was 167 thousand, an increase of 12% since 1990. A local organization has described the economy as healthy due to the diversity of industry of the area. Local employers include a mix of small manufacturers, agricultural-related entities, the health care industry, professional services, active retail businesses, and several large public sector employers. The rate of unemployment in the MA was just over 4% which was lower than the national average. Recently, the largest area employer announced it would close. It has subsequently received purchase offers. The outcome of the company and the eventual impact on the economy is not known. Government demographic information showed that 12.89% of households and 7.39% of families in the assessment area are considered to live in poverty. We considered these rates significant enough that they would hinder the ability of financial institutions to lend to many of the lower income families in the assessment area.

During the examination, we reviewed information from two contacts made by the OCC and another bank regulatory agency within the past year. We also made a new contact with a local organization. The contacts were conducted with a government authority and nonprofit organizations that work with affordable housing and business development issues. The contacts stated that there is a need for affordable housing stock within the MA, especially housing for lower income families. They stated that there is not a shortage of financing options for families once they find a home. Information from the contacts did not reveal any investment or service needs in the community that have not been met.

Appendix C: Tables of Performance Data

Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area. Tables without data are not included in this PE.

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

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. Refer to Interagency Q&As __.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. When such loans exist, insert a line item with the appropriate caption, such as “Statewide/Regional” or “Out of Assessment Area,” in the MA/Assessment Area column and record the corresponding numbers and amounts in the “Community Development Loans” column.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories. This table is not applicable and not included due to the lack of bank loans.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** – See Table 2. This table is not applicable and not included due to the lack of bank loans.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage

distribution of multifamily housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.

- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8. This table is not applicable and not included due to the lack of bank loans.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the

table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.

Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL) - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/assessment area. This table is not applicable and not included due to the lack of bank loans.

Table 14. Qualified Investments - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As __.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. When such investments exist, insert a line item with the appropriate caption, such as "Statewide/Regional" or "Out of Assessment Area," in the MA/Assessment Area column and record the corresponding numbers and amounts in the "Qualified Investments" column.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES					Geography: MINNESOTA		Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001		
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 Million or Less
Full Review:									
St. Cloud AA	964	100.00	86.05	56.43	58.20	22.41	19.40	10.21	12.28

* Based on 2000 Peer Small Business Data: US.

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

*** Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2001).

**** Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 2.59% of small loans to businesses originated and purchased by the Bank.

Table 12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS					Geography: MINNESOTA		Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001		
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share*	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev \$1 Million or Less
Full Review:									
St. Cloud AA	189	100.00	97.12	91.01	80.42	15.34	4.23	12.80	12.53
Limited Review:									

* Based on 2000 Peer Small Business Data: US.
 ** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.
 *** Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2001).
 **** Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 2.12% of small loans to farms originated and purchased by Bank.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: MINNESOTA				Evaluation Period: JULY 13, 1999 TO DECEMBER 31, 2001			
MA/Assessment Area:	Prior Period Investments		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Full Review:									
St. Cloud AA	0	0	75	837,094	75	837,094		0	0
Outside AA	0	0	2	27,273	2	27,273		0	0
Limited Review:									

* 'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.
 ** 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

