



**LARGE BANK**

---

Comptroller of the Currency  
Administrator of National Banks

---

Minneapolis North Field Office  
Minneapolis, MN 55402

## **PUBLIC DISCLOSURE**

**February 7, 2005**

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Bremer Bank, National Association  
Charter Number 23286**

**321 S. 7th Street  
Brainerd, MN 56401**

**Comptroller of the Currency  
Minneapolis North Field Office  
920 Second Avenue South, Suite 800  
Minneapolis, MN 55402**

**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, 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**

## **Description of Institution**

Bremer Bank, National Association (Bremer) has its main office in Brainerd, Minnesota. It operates five branches, three of which are stand-alone banking facilities and two are located in Cub Foods grocery stores. The assessment area consists of the three contiguous counties of Cass, Crow Wing, and Aitkin. All of the bank's branches and deposit-taking ATMs are located within this area. The assessment area meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income (LMI) areas. For additional information on Bremer's assessment area (AA), see Market Profile – Demographic Information Tables in Appendix B.

As of December 31, 2004, Bremer reported total assets of \$310 million and held \$22.2 million in Tier 1 capital. The bank's primary focus is small business and residential real estate lending. As of December 31, 2004, the bank's \$224 million loan portfolio consisted of 61% commercial loans, 30% residential real estate loans, 7% consumer loans and 2% other. Less than 0.5% consists of agricultural loans. Net loans comprise 72.32% of the bank's total assets.

Bremer is owned by Bremer Financial Corporation (BFC), a \$6.2 billion holding company headquartered in St. Paul, Minnesota. BFC affiliates have more than 100 locations throughout Minnesota, North Dakota, and Wisconsin. Non-bank affiliates include trust and insurance companies. BFC is owned by the Otto Bremer Foundation (Foundation). A majority of the Foundation's assets are invested in BFC. Earnings generated by BFC and other investments support local nonprofit activities through the grant-making activities of the Foundation. At the bank's request, we considered qualified investments of the Foundation in the evaluation of the bank's Investment Test performance.

Bremer's performance was rated "Satisfactory" at its last CRA evaluation on July 12, 1999.

## **Evaluation Period**

We evaluated Bremer's small business, small farm, and mortgage data for the period beginning January 1, 1999 through December 31, 2003. The evaluation of this data was completed using two separate analysis periods due to changes in the census data available. Small business, small farm, and mortgage loans originated through 2002 were compared to demographic data based on 1990 census information while loans originated in 2003 were compared to demographic data based on 2000 census information. Small business and small farm loans through 2002 were compared to 2002 peer data and 2003 peer data was used for comparison with the 2003 small business and small farm loans originated.

For community development loans, investments, community development services and retail services, the evaluation period was July 13, 1999 through December 31, 2004. The bank's branch distribution was compared to demographics based on 2000 census data.

## **Scope of the Evaluation**

Bremer is not required to publicly report data on the home mortgage loans that it originates; however, it does gather HMDA data for internal use. The validity of that data was verified and was used to draw conclusions about the bank's home mortgage lending activities.

Prior to conducting this evaluation, we tested the accuracy of the bank's small business and small farm loan data. We found the data to be accurate and used the data in the evaluation.

We also reviewed community development loans, investments, and services provided by Bremer management to ensure they met the regulatory definition of community development. The few that did not meet the definition were excluded from this evaluation.

## Overall CRA Rating

**Institution's CRA Rating:** This institution is rated **Satisfactory**.

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

Performance Levels	Bremer Bank, National Association Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X	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.

Due to Bremer's business focus, we gave the greatest weight to small business loans. Small business loans made up 56.27% of the total reported loans during the evaluation period with residential real estate comprising 40.03%. Of the residential real estate loans, 63.76% are home mortgage refinance loans. The bank does not report home improvement loans. We did not evaluate the distribution of multifamily loans as the bank only reported 6 loans for the entire period. Our review also gave more weight to the four-year period from January 1, 1999 to December 31, 2002 using 1990 census data as it represented 82% of the loans originated during the evaluation period.

An analysis of the geographic distribution for 1999 to 2002 is not significantly meaningful as the moderate-income census tracts (CTs) are located in the northern and eastern portions of the AA. These CTs are geographically distanced from the bank's offices. There are no low-income CTs in the AA. As the demographics of the AA changed with the 2000 census, a geographic distribution analysis was completed for 2003 data.

The analysis of borrower distribution considered housing costs relative to area incomes, the level of households below the poverty level and their difficulties in obtaining loans. Based on 1990 census information, 14.41% of households were below the poverty level. Poverty levels were reduced to 10.13% of households in the AA based on the 2000 census. During the same timeframe, median housing values increased from \$47,512 to \$86,981. Refer to Appendix B: Demographic Information Tables for detailed demographic information for the AA.

The major factors that support this overall rating and conclusions with respect to the performance tests are detailed on the following pages:

## Lending

Refer to Tables 1 through 12 in Appendix C for facts and data used to evaluate the bank's lending. Tables 3 and 9 were intentionally excluded as the information on home improvement loans is not available. Bremer is not required to publicly report data on the home mortgage loans that it originates and has chosen not to gather data on its home improvement loans.

Lending performance is rated High Satisfactory.

- 93% percent of Bremer's loans were made inside its assessment area, which represents a substantial majority of loans originated.
- Bremer's lending activity is excellent. The bank's deposit market share is the strongest within its AA at 14.19%. Bremer's small business lending market share, of those banks reporting CRA data within the AA, reflects a second place market share of 12.50% of loans by number and 44.13% of loans by dollar. Small farm lending market share represents a first place market share with 35.19% of loans by number and 51.78% of loans by dollar of those banks reporting CRA data within the AA. Because the bank is not required to report mortgage information under the Home Mortgage Disclosure Act (HMDA), market share information on its mortgage lending is not available.
- Bremer's distribution of loans in LMI areas for 2003 is adequate for moderate-income areas. There are no low-income CTs. Loans for home purchase and small business loans in LMI areas are considered adequate. 16.85% of home purchase loans and 20.39% of small loans to businesses were made in moderate-income geographies, which is somewhat lower than the AA demographics of 23.15% and 27.49%, respectively. Small loans to farm lending is excellent with 21.05% of Bremer's small farm loans exceeding the demographics of 20.40%. Distribution of home refinance loans is considered poor at 14.22% and is lower than the AA demographics of 23.15%. A geographic analysis was not considered meaningful for 1999 to 2002 as all LMI areas were geographically distanced from the bank's locations.
- Bremer's distribution of small business loans is excellent. Loans to businesses with revenues of \$1 million or less represented 74.82% of the bank's reportable loans in 1999-2002. This exceeds the AA demographics, which indicate that 73.63% of businesses in the AA have annual revenues of \$1 million or less, and is considered excellent. For 2003, the bank reported 62.57% of loans to businesses with revenues of \$1 million or less which is near to the 69.70% of similar businesses in the AA and is considered good.
- Bremer's distribution of loans to small farms is good. Loans to farms with revenues of \$1 million or less represented 93.44% of the bank's reportable loans in 1999 to 2002 and 68.42% of the bank's reportable loans in 2003. The 2002 percentage is near to the 96.66% of farms in the AA and is considered good. The 2003 percentage is somewhat lower than the 94.54% reported and is considered adequate.
- Bremer's distribution of residential real estate loans to low- and moderate-income individuals during the evaluation period is good.

- Bremer's distribution of home purchase loans to borrowers of different income levels is good. 7.21% of Bremer's purchase loans from 1999 to 2002 were made to low-income borrowers. This is somewhat lower than the demographics of 25.09% and is considered adequate. 29.04% of Bremer's purchase loans from 1999 to 2002 were made to moderate-income borrowers. This exceeds the demographics of 21.42% and is considered excellent. During 2003, 8.99% of Bremer's purchase loans were to low-income families which is somewhat lower than the demographics of 20.67% and is considered adequate. 33.71% of Bremer's purchase loans were made in 2003 to moderate-income borrowers which exceeds the demographics of 21.16% and is considered excellent. The number of loans made to low-income borrowers was affected by the high level of families below the poverty level of 12.98% for 1999 to 2002 and 7.65% for 2003.
- Bremer's distribution of refinance loans to borrowers of different income levels for the evaluation period is good. 8.24% of refinance loans were made to low-income borrowers from 1999 to 2002 and 7.11% in 2003. These numbers are somewhat lower than the demographics of 25.09% and 20.67%, respectively, but are considered adequate. 20.35% of Bremer's refinance loans from 1999 to 2002 were made to moderate-income borrowers, which is near to the demographics of 21.42% and is considered good. For 2003, 24.64% were made to moderate-income borrowers, exceeding the demographics of 21.16% and is considered excellent.
- Bremer originated two community development loans totaling \$95,000 during this evaluation period. A \$65,000 loan provided funds to purchase a home for transitional housing for women and children leaving abusive environments. The other \$30,000 loan provided funds to expand worksite and services to an organization that provides training and employment services to persons with developmental disabilities. The persons benefiting from these funds were mostly low- to moderate-income individuals.

## **Investments**

In evaluating the bank's qualified investments, we considered community development opportunities in the AA. While such opportunities do arise, there are fewer opportunities in the AA than there are in other, more populous, areas.

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

Investment Test performance is rated High Satisfactory. Qualified investments in the bank's AA are limited and the bank has sought out opportunities to make investments. The investments made during the evaluation period are responsive to the identified needs of the AA. None of the investments are considered innovative or complex, and all are routinely provided by private investors.

Bremer's level of investments is considered good given the bank's capacity and limited investment opportunities. Qualifying investments in the AA total \$637,859. This represents 2.87% of the bank's Tier I capital. In addition, the bank has investments totaling \$571,379 that benefit the broader regional area of greater Minnesota and that have the potential to benefit

the AA. As we were unable to determine the actual effect these broader regional investments had on the AA, they were given less weight in our analysis.

Bremer provided grants primarily to organizations that provide social services and affordable housing to LMI people. The following are examples of Bremer's qualified investments:

- Bremer provided grants to an organization that prepares low-income women for employment and self sufficiency.
- Bremer provided grants to organizations that assist with affordable housing such as the Greater Minnesota Housing Fund and Habitat for Humanity.
- Bremer provides grants to several organizations that provide community services to LMI individuals.
- Bremer provides funds to the Initiative Foundation to support small businesses in Bremer's AA.

## **Services**

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

Performance under the Service Test is rated Low Satisfactory.

- Bremer's service delivery systems are accessible to individuals of different income levels. The bank operates five offices within the AA. The main bank and one grocery store branch are located in a moderate-income CT. Two branches and one grocery store branch are located in a middle-income CT. In addition, the bank has seven deposit-taking ATMs, two of which are located in moderate-income CTs and five in middle-income CTs. An analysis of the geographic distribution of the bank's offices relative to the populations of low- and moderate-income individuals in the AA shows that branch offices are readily accessible to these individuals. Bremer did not open or close any branch offices during the evaluation period.
- Bremer's business hours are reasonable and its services do not vary in a way that inconveniences its AA, particularly low- and moderate-income individuals. Bremer offers a wide variety of standard banking products and services to meet the needs of the AA.
- The alternative delivery systems the bank offers include bank-by-mail, automated teller machines, Internet banking and telephone banking. Because Bremer does not maintain information on how the alternative delivery systems impact low- and moderate-income individuals, we did not place significant weight on these systems for this evaluation.
- Bremer's community development services are considered adequate. Through its services, the bank works on a variety of community development issues. Bank employees are involved in non-profit organizations that assist LMI individuals in obtaining

jobs and organizations that match adult mentors with at-risk LMI youth. Employees also serve on Boards of Directors of local organizations such as Habitat for Humanity.

- Bremer's community development services also include accounts or services that increase access to financial services for low- and moderate-income individuals. Specifically, Bremer offers free government check cashing for both customers and non-customers.

### **Fair Lending Review**

We found no evidence of illegal discrimination or other illegal credit practices.



# Appendix B: Market Profile - Demographic Information Tables

## Bremer Brainerd Assessment Area

Demographic Information for Full Scope Area: Brainerd Minnesota 1990 Census						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	38	0.00	42.11	52.63	5.26	0.00
Population by Geography	78,465	0.00	30.98	60.79	8.22	0.00
Owner-Occupied Housing by Geography	24,372	0.00	33.50	60.03	6.47	0.00
Businesses by Geography	7,857	0.00	27.22	63.71	9.06	0.00
Farms by Geography	329	0.00	36.47	59.88	3.65	0.00
Family Distribution by Income Level	22,018	25.09	21.42	22.25	31.23	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	10,424	0.00	40.20	54.93	4.87	0.00
Median Family Income		28,933	Median Housing Value		47,512	
HUD Adjusted Median Family Income for 2002		48,500	Unemployment Rate (1990 US Census)		2.78%	
Households Below Poverty Level		14.41%				

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

Source: 1990 US Census and 2002 HUD updated MFI

Demographic Information for Full Scope Area: Brainerd Minnesota 2000 Census						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	26	0.00	30.77	69.23	0.00	0.00
Population by Geography	97,550	0.00	24.76	75.24	0.00	0.00
Owner-Occupied Housing by Geography	32,751	0.00	23.15	76.85	0.00	0.00
Businesses by Geography	7,816	0.00	27.49	72.51	0.00	0.00
Farms by Geography	348	0.00	20.40	79.60	0.00	0.00
Family Distribution by Income Level	27,510	20.67	21.16	24.24	33.93	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	11,507	0.00	30.30	69.70	0.00	0.00
Median Family Income		46,129	Median Housing Value		86,981	
HUD Adjusted Median Family Income for 2003		51,700	Unemployment Rate (2000 US Census)		2.52%	
Households Below Poverty Level		10.13%				

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

Source: 2000 US Census and 2003 HUD updated MFI

## 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.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table

also presents market share information based on the most recent aggregate market data available.

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

**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 1. Lending Volume

LENDING VOLUME		Geography: BRAINERD				Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2003						
Assessment Area:	% of Rated Area Loans (#) in AA <sup>*</sup>	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans <sup>**</sup>		Total Reported Loans		% of Rated Area Deposits in AA <sup>***</sup>
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
Full Review:												
Loans from 1999-2002	100.00	1,224	123,799	1,787	170,637	122	2,870	2	65	3,135	297,371	100
Loans from 2003	100.00	302	39,349	358	38,057	19	641	0	0	679	78,047	100

<sup>\*</sup> Loan Data as of December 31, 2002/1990 Census Data; Loan Data as of December 31, 2003/2000 Census Data. Rated area refers to Bremer's entire AA.

<sup>\*\*</sup> The evaluation period for Community Development Loans is From July 13, 1999 to December 31, 2004.

<sup>\*\*\*</sup> Deposit Data as of December 31, 2003. Rated area refers to Bremer's entire AA.

## Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE		Geography: BRAINERD Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2003														
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography <sup>*</sup>					
	#	% of Total <sup>**</sup>	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans	Over all	Low	Mod	Mid
<b>Full Review:</b>																
1999-2002	458	100.00	0.00	0.00	33.50	8.30	60.03	71.18	6.47	20.52	N/A	N/A	N/A	N/A	N/A	N/A
2003	89	100.00	0.00	0.00	23.15	16.85	76.85	83.15	0.00	0.00	N/A	N/A	N/A	N/A	N/A	N/A

<sup>\*</sup> Based on Peer Mortgage Data.

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

<sup>\*\*\*</sup> Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by the number of owner occupied housing units in the area based on 1990 Census information for 1999-2002 loans and based on 2000 Census information for loans in 2003.

## Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE												Geography: BRAINERD					Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2003				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography <sup>*</sup>										
	#	% of Total <sup>**</sup>	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans	Over all	Low	Mod	Mid	Upp				
<b>Full Review:</b>																					
1999-2002	762	100.00	0.00	0.00	33.50	11.02	60.03	74.28	6.47	14.70	N/A	N/A	N/A	N/A	N/A						
2003	211	100.00	0.00	0.00	23.15	14.22	76.85	85.78	0.00	0.00	N/A	N/A	N/A	N/A	N/A						

<sup>\*</sup> Based on Peer Mortgage Data.

<sup>\*\*</sup> Home mortgage refinance loans originated and purchased in the AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

<sup>\*\*\*</sup> Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information for 1999-2002 loans and based on 2000 Census information for 2003 loans.

## Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY		Geography: BREMER BRAINERD					Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2003									
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography <sup>*</sup>					
	#	% of Total <sup>**</sup>	% of MF Units <sup>***</sup>	% BANK Loans	% MF Units <sup>***</sup>	% BANK Loans	% MF Units <sup>***</sup>	% BANK Loans	% MF Units <sup>***</sup>	% BANK Loans	Overall	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
1999-2002	4	100.00	0.00	0.00	15.89	0.00	63.06	75.00	21.05	25.00	0.00	0.00	0.00	0.00	0.00	
2003	2	100.00	0.00	0.00	24.25	0.00	75.75	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	

<sup>\*</sup> The evaluation period for Optional Product Line(s) is from January 1, 1999 to December 31, 2003.

<sup>\*\*</sup> Multi-family loans originated and purchased in the MA/AA as a percentage of all multi-family loans originated and purchased in the rated area.

<sup>\*\*\*</sup> Percentage of Multi Family Units is the number of multi family units in a particular geography divided by the number of multifamily housing units in the area based on 1999 Census information for 1999-2002 loans and on 2000 Census information for 2003 loans.



## Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES												Geography: BRAINERD Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2003				
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography					
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	Overall	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
1999-2002	1,787	100.00	0.00	0.00	27.22	13.04	63.71	70.17	9.06	16.79	17.08	0.00	8.44	22.33	31.54	
2003	358	100.00	0.00	0.00	27.49	20.39	72.51	79.61	0.00	0.00	12.50	0.00	12.37	14.89	0.00	

\* Based on 2002 and 2003 Peer Small Business Data: US.

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

\*\*\* Source Data - Dun and Bradstreet (2002 and 2003).

## Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS																
Geography: BRAINERD      Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2003																
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography					
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	Overall	Low	Mod	Mid
<b>Full Review:</b>																
1999-2002	122	100.00	0.00	0.00	36.47	22.13	59.88	77.87	3.65	0.00	62.75	0.00	44.00	80.77	0.00	
2003	19	100.00	0.00	0.00	20.40	21.05	79.60	78.95	0.00	0.00	35.19	0.00	21.05	44.12	0.00	

<sup>\*</sup> Based on 2002 and 2003 Peer Small Business Data: US.

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

<sup>\*\*\*</sup> Source Data - Dun and Bradstreet (2002 and 2003).

## Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: BRAINERD Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2003													
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
1999-2002	458	100.00	25.09	7.21	21.42	29.04	22.25	23.36	31.23	40.39	N/A	N/A	N/A	N/A	N/A
2003	89	100.00	20.67	8.99	21.16	33.71	24.24	24.72	33.93	32.58	N/A	N/A	N/A	N/A	N/A

\* Based on Peer Mortgage Data:

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

\*\*\*Percentage of Families is based on the 1990 Census information for 1999-2002 loans and based on 2000 Census information for 2003 loans.

\*\*\*\*As a percentage of loans with borrower income information available. Because the bank is not a HMDA reporter, the distribution of Home Purchase Loans was based on a HMDA data prepared by the bank.

## Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE															Geography: BRAINERD															Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2003														
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share																																	
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Over all	Low	Mod	Mid	Upp																											
<b>Full Review:</b>																																												
1999-2002	762	100.00	25.09	8.24	21.42	20.35	22.25	27.53	31.23	43.88	N/A	N/A	N/A	N/A	N/A																													
2003	211	100.00	20.67	7.11	21.16	24.64	24.24	26.54	33.93	41.71	N/A	N/A	N/A	N/A	N/A																													

\* Based on Peer Mortgage Data:

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

\*\*\* Percentage of Families is based on the 1990 Census information for loans in 1999-2002 and based on 2000 Census information for loans in 2003.

\*\*\*\* As a percentage of loans with borrower income information available. Because the bank is not a HMDA reporter, the distribution of Mortgage Refinance Loans is based on a HMDA data prepared by the bank.

## Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: BRAINERD		Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2003					
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
<b>Full Review:</b>									
1999-2002	1,787	100.00	73.63	74.82	76.27	13.88	9.85	17.08	35.48
2003	358	100.00	69.70	62.57	71.79	16.48	11.73	12.50	21.48

\* Based on 2002 and 2003 Peer Small Business Data: US.;

\*\* Small loans to businesses originated and purchased in the 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 - 2003).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses.

## Table 12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS		Geography: BRAINERD			Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2003				
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
<b>Full Review:</b>									
1999-2002	122	100.00	96.66	93.44	97.54	1.64	0.82	62.75	57.78
2003	19	100.00	94.54	68.42	94.74	5.26	0.00	35.19	27.08

\* Based on 2002 and 2003 Peer Small Business Data: US.;

\*\* Small loans to farms originated and purchased in the 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 - 2003).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms.

## Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: BRAINERD				Evaluation Period: JULY 13, 1999 TO DECEMBER 31, 2004			
MA/Assessment Area:	Prior Period Investments		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Brainerd AA	0	\$0	115	\$638	115	\$638	51.30%	0	0
Greater MN Area	0	\$0	45	\$571	45	\$571	45.96%	0	0
Outside AA	0	\$0	3	\$34	3	\$34	2.74%	0	0

\* '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.

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM & BRANCH OPENINGS/CLOSINGS    Geography: BRAINERD    Evaluation Period: JULY 13, 1999 TO DECEMBER 31, 2004																		
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population				
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography				
				Low*	Mod*	Mid*	Upp*			Low*	Mod*	Mid*	Upp*	Low*	Mod*	Mid*	Upp*	
<b>Full Review:</b>																		
	100	5	100	0	40	60	0	0	0	N/A	N/A	N/A	N/A	0	24.76	75.24	0	

\* Income of geographies is based on 2000 Census information.