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Community Reinvestment Act Performance Evaluation

Bremer Bank, National Association
Charter Number: 11818

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St. Cloud, Minnesota 56301

Office of the Comptroller of the Currency

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NOTE: This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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General Information

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority, when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

*This document is an evaluation of the CRA performance of **Bremer Bank, National Association** prepared by the **Office of the Comptroller of the Currency (OCC)**, the institution's supervisory agency, as of **July 12, 1999**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 25.*

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this Performance Evaluation. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

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

Block Numbering Area (BNA) - Statistical subdivisions of counties in which census tracts have not been established. BNAs have been established by the United States Census Bureau in conjunction with state agencies.

Census Tract (CT) - Small, locally defined statistical areas within metropolitan statistical areas. These areas are determined by the United States Census Bureau in an attempt to group homogenous populations. A CT has defined boundaries per ten year census and an average population of 4,000.

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

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

Full-Scope Review - Performance under the Lending, Investment and Service Tests is analyzed considering fully understood performance context, quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, branch distribution) and qualitative factors (e.g., innovation, complexity).

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

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

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

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

Low-Income - Income levels that are less than 50% of the median family income.

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

Metropolitan Statistical Area (MSA) - Area defined by the Director of the United States Office of Management and Budget. MSAs consist of one or more counties, including large population centers and nearby communities that have a high degree of interaction.

Middle-Income - Income levels that are at least 80% and less than 120% of the MFI.

Moderate-Income - Income levels that are at least 50% and less than 80% of the MFI.

Small Business Loans - Loans with original amounts of \$1 million or less that are: (1) secured by nonfarm nonresidential properties; or (2) commercial and industrial loans to U.S. addresses.

Small Farm Loans - Loans with original amounts of \$500 thousand or less that are: (1) secured by farmland; or (2) to finance agricultural production and other loans to farmers.

Tier 1 Capital - The total of common shareholders' equity, perpetual preferred shareholders' equity with noncumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Upper-Income - Income levels that are 120% or more of the MFI.

Overall CRA Rating

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

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

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

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

The major factors that support this rating include:

- < BBNA’s lending activity reflects good responsiveness to business credit needs and adequate responsiveness to home mortgage and farm credit needs in the St. Cloud AA.
- < The loan distribution to businesses of different sizes, and borrowers of different income levels, is adequate overall. The distribution of business loans is adequate. The distribution of farm loans is good. The distribution of home purchase loans to moderate-income borrowers is excellent.
- < The geographic distribution of loans to businesses of different sizes, and borrowers of different income levels, is adequate overall. The distribution of business loans in low-income geographies is good.
- < BBNA’s level of qualified investments is adequate. The grants are responsive to AA needs. These needs include affordable housing and community services for low- and moderate-income individuals.
- < Retail delivery systems are reasonably accessible to geographies and individuals of different income levels.

Description of Institution

Bremer Bank, National Association (BBNA) is a \$355 million intrastate institution located in St. Cloud, Minnesota. BBNA maintains five full services offices. The main office is located in St. Cloud, Minnesota. The branch offices are located in Rice, Sauk Rapids, Sartell, and St. Cloud, Minnesota.

BBNA is a full-service bank, offering a variety of deposit and loan products. The bank's lending focus is commercial and residential real estate credit. This is evidenced by the distribution of outstanding loans, as well as the distribution of its originations considered in this evaluation. As of December 31, 1998, BBNA's \$238 million loan portfolio consisted of: commercial (51%); residential real estate (22%); consumer (12%); agricultural (8%); and other (7%) loans. Those loans represented 91% of bank deposits and 66% of bank assets. As of June 30, 1999, BBNA's loan-to-deposit ratio was 94%. The bank's Tier 1 capital was \$24.6 million as of December 31, 1998. There are no financial, legal or other factors which impede the bank's ability to meet its CRA obligations.

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

BBNA has one assessment area (AA). The St. Cloud AA consists of the St. Cloud MSA (Stearns and Benton Counties) and two contiguous census tracts from Sherburne County. The tracts are part of the City of St. Cloud. The St. Cloud AA meets the requirements of the regulation, and it does not arbitrarily exclude any low- or moderate-income geographies.

Scope of Evaluation

Evaluation Period/Products Evaluated

We examined BBNA using the large bank tests pursuant to the revised CRA regulation. This evaluation covers lending, investment, and service activities since the previous CRA evaluation dated February 5, 1998 with the following exceptions and notations:

- o Our analysis of business and farm lending included all 1997 and 1998 reported originations. We excluded year-to-date 1999 originations because data is reported and aggregated in whole years. We included 1997 originations because the data was not included in the previous evaluation.
- o Market comparisons for business and farm lending are based on 1997 CRA data. At the time of the examination, 1998 information was available for BBNA, but not for the market in aggregate.
- o We placed more reliance on market demographics than market share analysis in our evaluation. While many financial institutions report loans in the St. Cloud AA, only five of more than 50 financial institutions with a branch presence in the AA are subject to large bank reporting requirements. These five lenders represent only 32% of the AA's deposits.
- o Our analysis of home mortgage loans included 1997 and 1998 originations. We chose this time period to be consistent with other loan products.
- o Our analysis of home mortgage loans did not include home improvement loans. Bank systems do not separately code this product.
- o We gave the most weight to business loans in our analysis, followed by mortgage loans. Farm loans received the least emphasis. Business loans accounted for 36% of originations over the evaluation period. Home mortgage loans represented 51% of originations, however more than half were in the refinance product. As described below, the refinance product carries little weight in our overall assessment of home mortgage lending. Farm loans represented for only 13% of originations.

- o The refinance product comprised 54% of the bank's home mortgage originations over the evaluation period, but we gave it little weight in our overall assessment of home mortgage loans. This type of lending is primarily used to decrease a borrower's cost of credit, and it is not unusual to have weaker borrower income distributions. Many settlement costs associated with a loan refinancing do not vary based on loan amount. Therefore, it generally takes longer to recoup these costs (through interest savings) on smaller dollar loans. And it is likely the low- and moderate-income sectors have a higher proportion of small dollar loans given the direct correlation between income and debt service ability.
- o At the bank's request, we considered qualified investments of the affiliated Otto Bremer Foundation in the "Investment Test" assessment.
- o At the bank's request, we considered automated teller machines (ATMs) owned by the affiliated Bremer Services, Incorporated in the "Service Test" assessment.

Data Integrity

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

Selection of Areas for Full-Scope Review/Ratings

- o We performed a full-scope review of the St. Cloud assessment area (AA), the bank's only AA.
- o Refer to the table in Appendix A for more information regarding the examination scope.
- o Refer to the Appendix B for more information regarding the St. Cloud AA.

Fair Lending Review

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

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 "Low Satisfactory" based on our full-scope review of the St. Cloud assessment area (AA).

Lending Activity

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

Lending levels reflect good responsiveness to business credit needs. BBNA originated 542 reportable business loans (totaling \$76 million) during the evaluation period. A substantial majority of these loans (458 or 85%) were in the bank's AA. BBNA originated 18% of all reported 1997 business loans in the St. Cloud AA, ranking second of 44 reporting lenders.

Lending levels reflect adequate responsiveness to home mortgage credit needs. BBNA originated 805 home mortgage loans (totaling \$76 million) during the evaluation period. A majority of these loans (648 or 80%) were in the bank's AA. BBNA originated 4% of all reported 1997 HMDA loans in the St. Cloud AA.

Lending levels reflect adequate responsiveness to farm credit needs. BBNA originated 207 reportable farm loans (totaling \$15 million) during the evaluation period. A majority of these loans (153 or 74%) were in the bank's AA. BBNA originated 19% of all reported 1997 farm loans in the St. Cloud AA, ranking third of eight reporting lenders.

BBNA's business loan market share ratio exceeds its Stearns County, and approximates its Benton County, deposit market share ratios. BBNA's farm loan market share ratio exceeds its Stearns County, and equals its Benton County, deposit market share ratios. The bank's home mortgage loan market share ratio is less than its deposit market share ratio in both counties. BBNA has an 11% deposit market share in Stearns County, ranking third of 29 lenders. BBNA has a 19% deposit market share in Benton County, ranking third of six lenders.

Distribution of Loans by Income Level of the Borrower

Small Business Loans

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

The distribution of loans to businesses of different sizes is adequate. We emphasized the market demographic analysis as most banks in the AA are not subject to large bank reporting requirements. Bank performance approximates AA demographics - 64% of all businesses reported gross annual revenues of \$1 million or less. However, a large percentage of businesses in the AA (27%) did not report revenue information. Of the businesses that reported revenue information, 88% have gross annual revenues of \$1 million or less.

Bank performance in the St. Cloud AA is better than other lenders in aggregate, but worse than the market leaders for 1997. In aggregate, other lenders originated 49% of their business loans to entities with revenues of \$1 million or less. In aggregate, the market leaders (excluding the bank) made 77% of their 1997 business loans to entities with revenues of \$1 million or less. BBNA originated 288 (or 63%) of its 458 reported business loans to entities with gross annual revenues of \$1 million or less during the evaluation period. The top five lenders (including the bank) originated 92% of the reported loans to small businesses in 1997. BBNA made 117 (or 20%) of the 586 reported loans to small businesses, ranking third of 44 lenders.

The bank's loan size distribution in the St. Cloud AA is less favorable than other reporting lenders for 1997. BBNA originated 67% of its reportable business loans in original amounts of \$100 thousand or less, with an average loan size of \$140 thousand. Other lenders, in aggregate, originated 86% of their business loans in original amounts of \$100 thousand or less, with an average loan size of \$61 thousand. BBNA's average loan size to businesses with gross annual revenues of \$1 million or less (\$91 thousand) is also higher than the size reported by other lenders (\$45 thousand).

Home Mortgage Loans

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

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

Bank performance involving home purchase loans to moderate-income borrowers is excellent. The percentage of home purchase loans to moderate-income

borrowers (28%) substantially exceeds market demographics - 19% of the families in the AA are moderate-income. BBNA's market share for home purchase loans to moderate-income borrowers (7%) is slightly better than its market share to borrowers of all income levels (6%).

Bank performance involving refinance loans to moderate-income borrowers is adequate. The percentage of refinance loans to moderate-income borrowers is 13%. BBNA's market share for refinance loans to moderate-income borrowers (3%) approximates its market share to borrowers of all income levels (4%).

Bank performance involving home purchase loans to low-income borrowers is adequate. The percentage of home purchase loans to low-income borrowers (6%) is much less than market demographics - 17% of the families in the AA are low-income. However, this is not unreasonable given the high cost of housing in the AA. The monthly payment for a home loan (using the median housing value financed at current interest rates and standard amortization terms) significantly exceeds the median rental payment. Consequently, low-income families would typically spend a smaller percentage of their income by renting, rather than purchasing, a home. BBNA's market share for home purchase loans to low-income borrowers (6%) is equal to its market share to borrowers of all income levels.

Bank performance involving refinance loans to low-income borrowers is poor. The percentage of refinance loans to low-income borrowers (3%) is much less than market demographics. In addition, BBNA's market share for refinance loans to low-income borrowers (1%) is less than its market share to borrowers of all income levels (4%).

Small Farm Loans

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

The distribution of loans to farms of different sizes is good. We emphasized market demographics because most banks in the AA are not subject to the large bank reporting requirements. BBNA originated 144 (or 94%) of its 153 reported farm loans to entities with gross annual revenues of \$1 million or less. Bank performance is consistent with AA demographics - 90% of farms have gross annual revenues of \$1 million or less (6% of farms did not report revenue information). Of the farms that reported revenue information, 96% are small. Bank performance is slightly less than other lenders who reported loans in the St. Cloud AA. In aggregate, other lenders originated 97% of their 1997 farm loans to farms with revenues of \$1 million or less.

Of the banks subject to CRA data reporting, BBNA ranked third in loan originations to small farms (those with gross annual revenues of \$1 million or less) in the St. Cloud AA. BBNA originated 60 (or 18%) of the 330 reported loans to small farms in 1997.

The bank's loan size distribution in the St. Cloud AA is less favorable than other reporting lenders. BBNA originated 80% of its reported farm loans in original amounts of \$100 thousand or less, with an average loan size of \$63 thousand to small farms. Other lenders, in aggregate, made 94% of their 1997 farm loans in original amounts of \$100 thousand or less, with an average loan size of \$29 thousand.

Distribution of Loans by Income Level of the Geography

Our geographic distribution analysis included a review for any lending gaps in the St. Cloud AA, particularly in low- and moderate-income census tracts. We did not identify any unexplained lending gaps.

Small Business Loans

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

The overall geographic distribution of business lending is adequate.

Bank performance in the one low-income CT is good. BBNA originated 5% of its business loans in the low-income CT, consistent with market demographics (5% of businesses in the AA are located in the low-income CT). BBNA's market share for business loans in low-income tracts (15%) is slightly less than its overall business loan market share (18%).

BBNA did not originate any business loans in the AA's one moderate-income CT, but this is not unreasonable. The CT contains only 3% of the AA's businesses. The most populated town in this CT (Belgrade, with an approximate population of 700) is located 50 miles from a bank office.

Home Mortgage Loans

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

BBNA did not originate any home mortgage loans in the low- or moderate-income geographies, but this is not unreasonable. The low-income CT contains no owner-occupied housing, and the moderate-income tract contains only 3% of the owner-occupied housing units in the AA. As previously discussed, the bank is not in close proximity to the moderate-income CT.

Small Farm Loans

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

The geographic distribution of farm loans is adequate.

BBNA did not originate any farm loans in the one low-income tract, but this is not unreasonable. Only 1% of the farms in the St. Cloud AA are located in this CT.

Bank performance in the AA's one moderate-income tract is adequate. BBNA originated 2% of its farm loans in this tract, which is less than market demographics (6% of farms in the AA are located in the moderate-income tract). BBNA's market share for farm loans in moderate-income tracts (8%) is also less than its overall farm loan market share (19%). Bank performance is reasonable given the tract's small number of farms and its poor proximity to the bank.

Community Development Lending

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

BBNA did not originate any community development loans during the evaluation period.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

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

The bank's performance under the Investment Test is rated "Low Satisfactory" based on our full-scope review of the St. Cloud AA.

BBNA's level of qualified investments is adequate given the bank's capacity and investment opportunities. Opportunities for qualified investment securities that specifically target the bank's AA are limited. However, there are ample opportunities for community development grants and donations.

BBNA's level of qualified investments is adequate at \$284 thousand. This represents 1.2% of the bank's Tier 1 capital (\$24.6 million). All investments attributed to the bank are grants made by the affiliated Otto Bremer Foundation. None of the investments are considered innovative or complex, and all are routinely provided by private investors.

The grants are responsive to AA needs. The grants assisted several organizations that promote affordable housing, provide community services to low- and moderate-income individuals and foster economic development for small businesses and farms. Specific examples include:

- C A \$100 thousand grant to the Boys and Girls Clubs of Central Minnesota for the construction of a community center. The center will provide educational and recreational activities for children from all income levels, but it targets low- and moderate-income families;
- C A \$25 thousand grant to the Diocese of St. Cloud, Catholic Charities for a community liaison in an low-income apartment complex; and,
- C A \$15 thousand grant to RESOURCE, Inc. for an employment training program in St. Cloud. The program is targeted to low- and moderate-income persons with limited employment experience.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

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

Retail Banking Services

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

Retail delivery systems are reasonably accessible to geographies and individuals of different income levels. BBNA has five offices and twenty automated teller machines (ATMs). The main office is located in the AA's only low-income CT (City of St. Cloud). BBNA has four other offices the AA - all are located in middle-income tracts. The branches have five deposit-taking ATMs on premise or nearby. In addition, BBNA offers five other deposit-taking ATMs (two in middle-income and three in upper-income CTs) and ten cash-dispensing ATMS (all in middle-income CTs). Eighty-two percent of the population and 89% of the low- and moderate-income families live in middle-income geographies.

There are some differences in service availability between offices. These differences are based on market needs and customer convenience. The main office is a full-service facility with onsite lenders for all types of loan products offered by the bank. Commercial lenders are available in branch offices by appointment. Mortgage lenders are onsite at the St. Cloud and Rice branches, and they are available by appointment in the other branch locations. All offices have onsite consumer lenders.

BBNA office hours vary slightly among locations, but not in a way that inconveniences low- or moderate-income geographies or individuals. The Sartell office is located in an elderly housing facility. Its limited lobby hours are set for the convenience of the housing occupants, but services are available to the general public. Hours at other offices are reasonable and comparable to other financial institutions in the AA.

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

BBNA did not open or close any branches during this evaluation period.

Community Development Services

BBNA has provided few, if any, community development services over the evaluation period.

BBNA offers a low-transaction fee checking account tailored to the needs of community and nonprofit organizations.

Appendix A: Scope of Evaluation

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term "Full-Scope") and those that received a less comprehensive review (designated by the term "Limited-Scope").

Time Period Reviewed	Lending Test: January 1, 1997 to December 31, 1998* Investment Test: February 6, 1998 to July 12, 1999 Service Test: February 6, 1998 to July 12, 1999	
Financial Institution	Loan Products Reviewed	
Bremer Bank, National Association (BBNA) St. Cloud, Minnesota	Small Business, Small Farm, Home Mortgage, Community Development	
Affiliate(s)	Affiliate Relationship	Activities Reviewed
Otto Bremer Foundation Bremer Services, Inc.	Parent Company Sister Company	Qualified Investments Automated Teller Machines
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
St. Cloud Assessment Area	Full-Scope	St. Cloud MSA #6980 (Benton and Stearns Counties, Minnesota) and Census Tracts #313 and #314 from Sherburne County, Minnesota (MSA #5120)

* The time period for community development lending was February 6, 1998 to July 12, 1999.

Appendix B: Market Profiles for Full-Scope Areas

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	3%	3%	79%	13%	2%
Population by Geography	154,672	< 1%	3%	82%	14%	< 1%
Owner-Occupied Housing by Geography	36,735	0%	3%	84%	13%	0%
Businesses by Geography	5,806	5%	3%	83%	9%	0%
Farms by Geography	215	1%	6%	85%	8%	0%
Family Distribution by Income Level	36,781	17%	19%	27%	37%	0%
Distribution of Low- and Moderate-Income Families throughout AA Geographies	13,199	0%	4%	89%	7%	0%
Median Family Income (Benton, Stearns Ctys) HUD Adjusted Median Family Income for 1998 = \$32,693 = \$45,300 Median Family Income (Sherburne Cty) HUD Adjusted Median Family Income for 1998 = \$43,063 = \$60,800		Households Below the Poverty Level Median Housing Value Unemployment Rate (1990)		= 12.9% = \$60,904 = 2.7%		

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

The St. Cloud AA is the bank's only AA. It consists of the St. Cloud MSA (Stearns and Benton Counties) and two contiguous CTs in Sherburne County. BBNA operates five offices and twenty ATMs in this AA. Commercial loans and home mortgage loans are the bank's primary loan products. BBNA has a 11% deposit market share in Stearns County, ranking third of 29 lenders. BBNA has a 19% deposit market share in Benton County, ranking third of six lenders. Competition includes three large banks (consolidated assets of \$1 billion or more), two national bank subsidiaries of large holding companies, and numerous national and state chartered community banks.

St. Cloud is the largest city within the AA and in Stearns County. The City of St. Cloud has an approximate population of 59,000. The City of Sartell (approximate population of 4,000) is also in Stearns County. The Cities of Rice and Sauk Rapids are in Benton County.

The local economy is strong. The economy is diversified with a number of sizable businesses in the AA. Major employers consist of manufacturing companies, hospitals, educational facilities, as well as government and service-related organizations.

Examiners reviewed six community contacts by the OCC in 1998 and 1999. The contacts included government officials, business development organizations and housing redevelopment authorities. Contacts cited a need for small business and low-income housing loans.

Appendix C: Tables of Performance Data

Content of Standardized Tables

The tables cover the entire CRA evaluation period. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to Appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: purchased loans are treated as originations; market rank is based on the number of loans made by the bank as compared to all other lenders in the MSA/assessment area; and market share is the number of loans originated by the bank as a percentage of the aggregate number of reportable loans originated by all lenders in the MSA/assessment area. The following is a listing and brief description of the tables included in each set:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated by the bank over the evaluation period by MSA/assessment area.
- Table 2. Geographic Distribution of HMDA Home Purchase Loan Originations** - Compares the percentage distribution of the number of loans originated by the bank in low-, moderate-, middle- and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of HMDA Home Improvement Loan Originations** - See Table 2.
- Table 4. Geographic Distribution of HMDA Refinance Loan Originations** - See Table 2.
- Table 5. Geographic Distribution of Small Business Loan Originations** - The percentage distribution of the number of small loans (< \$1 million) to businesses originated by the bank in low-, moderate-, middle- and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 6. Geographic Distribution of Small Farm Loan Originations** - The percentage distribution of the number of small loans (< \$500,000) to farms originated by the bank in low-, moderate-, middle- and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.

- Table 7. Borrower Distribution of HMDA Home Purchase Loan Originations** - Compares the percentage distribution of the number of loans originated by the bank to low-, moderate-, middle- and upper-income borrowers to the percentage distribution of families by income level in each MSA/assessment area. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 8. Borrower Distribution of HMDA Home Improvement Loan Originations** - See Table 7.
- Table 9. Borrower Distribution of HMDA Refinance Loan Originations** - See Table 7.
- Table 10. Borrower Distribution of Small Business Loan Originations** - Compares the percentage distribution of the number of small loans (< \$1 million) originated by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. The table also presents the percentage distribution of the number of loans originated by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 11. Borrower Distribution of Small Farm Loan Originations** - Compares the percentage distribution of the number of small loans (< \$500 thousand) originated by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. The table also presents the percentage distribution of the number of loans originated by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MSA/assessment area.
- Table 13. Distribution of Branch and ATM Delivery System** - Compares the percentage distribution of the number of the bank's retail branches and ATMs in low-, moderate-, middle- and upper-income geographies to the percentage of the population within each geography.

Table 1. Lending Volume

LENDING VOLUME													State: Minnesota	Evaluation Period: January 1, 1997 to December 31, 1998
MSA/Assessment Area:	% of Total Bank Deposits in Rated Area	Home Mortgage		Small Business		Small Farm		Community Development		Total Reported Loans		% of Total Reported Bank Loans in Rated Area		
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)			
Full-Scope:														
St. Cloud Assessment Area	100%	648	\$61,018	458	\$64,170	153	\$9,713	0	\$0	1,259	\$134,901	100%		

Table 2. Geographic Distribution of Home Purchase Loan Originations

Geographic Distribution: HOME PURCHASE LOANS																
State: Minnesota																
Evaluation Period: January 1, 1997 to December 31, 1998																
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Purchase Loans	
	% Owner Occ Units	% BBNA Loans**	% Owner Occ Units	% BBNA Loans**	% Owner Occ Units	% BBNA Loans**	% Owner Occ Units	% BBNA Loans**		Overall	Low	Mod	Mid	Upp	#	% of Total
Full-Scope:																
St. Cloud Assessment Area	0%	0%	3%	0%	84%	75%	13%	25%	4	6%	0%	0%	5%	7%	290	100%

(*) Based on 1997 Aggregate HMDA Data only.

(**) As a percentage of loans with geocode information available. Geocode information was available for 100% of BBNA loans originated in the St. Cloud AA.

Table 3. Geographic Distribution of Home Improvement Loan Originations

Geographic Distribution: HOME IMPROVEMENT LOANS																State: Minnesota		Evaluation Period: January 1, 1997 to December 31, 1998	
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Improvement Loans				
	% Owner Occ Units	% BBNA Loans	% Owner Occ Units	% BBNA Loans	% Owner Occ Units	% BBNA Loans	% Owner Occ Units	% BBNA Loans		Overall	Low	Mod	Mid	Upp	#	% of Total			
Full-Scope:																			
Not applicable.																			

(*) Based on 1997 Aggregate HMDA Data only.

Table 4. Geographic Distribution of Home Mortgage Refinance Loan Originations

Geographic Distribution: HOME MORTGAGE REFINANCE LOANS																
State: Minnesota																
Evaluation Period: January 1, 1997 to December 31, 1998																
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Mortgage Refinance Loans	
	% Owner Occ Units	% BBNA Loans**	% Owner Occ Units	% BBNA Loans**	% Owner Occ Units	% BBNA Loans**	% Owner Occ Units	% BBNA Loans**		Overall	Low	Mod	Mid	Upp	#	% of Total
Full-Scope:																
St. Cloud Assessment Area	0%	0%	3%	0%	84%	71%	13%	29%	5	4%	0%	2%	4%	5%	348	100%

(*) Based on 1997 Aggregate HMDA Data only.

(**) As a percentage of loans with geocode information available. Geocode information was available for 100% of BBNA loans originated in the St. Cloud AA.

Table 5. Geographic Distribution of Small Business Loan Originations

Geographic Distribution: SMALL BUSINESS LOANS																
State: Minnesota																
Evaluation Period: January 1, 1997 to December 31, 1998																
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Small Business Loans	
	% of Businesses	% BBNA Loans	% of Businesses	% BBNA Loans	% of Businesses	% BBNA Loans	% of Businesses	% BBNA Loans		Overall	Low	Mod	Mid	Upp	#	% of Total
Full-Scope:																
St. Cloud Assessment Area	5%	5%	3%	0%	83%	72%	9%	23%	2	18%	15%	0%	14%	34%	458	100%

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

Table 6. Geographic Distribution of Small Farm Loan Originations

Geographic Distribution: SMALL FARM LOANS																
State: Minnesota																
Evaluation Period: January 1, 1997 to December 31, 1998																
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Small Farm Loans	
	% of Farms	% BBNA Loans	% of Farms	% BBNA Loans	% of Farms	% BBNA Loans	% of Farms	% BBNA Loans		Overall	Low	Mod	Mid	Upp	#	% of Total
Full-Scope:																
St. Cloud Assessment Area	1%	0%	6%	2%	85%	89%	8%	9%	3	19%	0%	8%	19%	53%	153	100%

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

Table 7. Borrower Distribution of Home Purchase Loan Originations

Borrower Distribution: HOME PURCHASE LOANS																State: Minnesota		Evaluation Period: January 1, 1997 to December 31, 1998	
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank*	Market Share by Borrower Income**					Total Home Purchase Loans				
	% of Families	% BBNA Loans*	% of Families	% BBNA Loans*	% of Families	% BBNA Loans*	% of Families	% BBNA Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total			
Full-Scope:																			
St. Cloud Assessment Area	17%	6%	19%	28%	27%	32%	37%	34%	4	6%	6%	7%	7%	6%	290	100%			

(*) As a percentage of loans with borrower income information available. Borrower income information was available for 100% of BBNA loans originated in the St. Cloud AA.

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

Table 8. Borrower Distribution of Home Improvement Loan Originations

Borrower Distribution: HOME IMPROVEMENT LOANS																	State: Minnesota		Evaluation Period: January 1, 1997 to December 31, 1998	
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank*	Market Share by Borrower Income**					Total Home Improvement Loans					
	% of Families	% BBNA Loans*	% of Families	% BBNA Loans*	% of Families	% BBNA Loans*	% of Families	% BBNA Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total				
Full-Scope:																				
Not applicable.																				

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

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

Table 9. Borrower Distribution of Home Mortgage Refinance Loan Originations

Borrower Distribution: HOME MORTGAGE REFINANCE LOANS																	State: Minnesota		Evaluation Period: January 1, 1997 to December 31, 1998	
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank*	Market Share by Borrower Income**					Total Home Mortgage Refinance Loans					
	% of Families	% BBNA Loans*	% of Families	% BBNA Loans*	% of Families	% BBNA Loans*	% of Families	% BBNA Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total				
Full-Scope:																				
St. Cloud Assessment Area	17%	3%	19%	13%	27%	34%	37%	50%	5%	4%	1%	3%	4%	5%	348	100%				

(*) As a percentage of loans with borrower income information available. Borrower income information was not available for 4% of BBNA loans originated in the St. Cloud AA.
 (**) Based on 1997 Aggregate HMDA Data only.

Table 10. Borrower Distribution of Small Business Loan Originations

Borrower Distribution: SMALL BUSINESS LOANS			State: Minnesota			Evaluation Period: January 1, 1997 to December 31, 1998					
MSA/Assessment Area:	Businesses with Revenues of \$1 million or less			Loans by Original Amount Regardless of Business Size			Market Share****		Total Small Business Loans		
	% of Businesses*	% BBNA Loans**	% Market Loans***	\$100,000 or Less	> \$100,000 to \$250,000	> \$250,000 to \$1,000,000	All	Rev \$1 million or less	#	% of Total	Avg Loan Size
Full-Scope:											
St. Cloud Assessment Area	64%	63%	49%	67%	17%	16%	18%	20%	458	100%	\$140

(*) As a percentage of all businesses in the AA. Revenue information was not available for 27% of the businesses in the St. Cloud AA.
 (**) As a percentage of all BBNA loans. Revenue information was not available for 5% of the loans originated by BBNA.
 (***) The market consists of all other Small Business reporters in BBNA's assessment area and is based on 1997 Aggregate Small Business Data only.
 (****) Based on 1997 Aggregate Small Business Data only.

Table 11. Borrower Distribution of Small Farm Loan Originations

Borrower Distribution: SMALL FARM LOANS												State: Minnesota		Evaluation Period: January 1, 1997 to December 31, 1998								
MSA/Assessment Area:	Farms with Revenues of \$1 million or less			Loans by Original Amount Regardless of Farm Size			Market Share****		Total Small Farm Loans													
	% of Farms*	% BBNA Loans**	% Market Loans***	\$100,000 or Less	> \$100,000 to \$250,000	> \$250,000 to \$500,000	All	Rev \$1 million or less	#	% of Total	Avg Loan Size											
Full-Scope:																						
St. Cloud Assessment Area	90%	94%	97%	80%	18%	2%	19%	18%	153	100%	\$63											

(*) As a percentage of all farms in the AA. Revenue information was not available for 6% of the farms in the St. Cloud AA.
 (**) As a percentage of all BBNA loans. Revenue information was available for 1% of loans originated by BBNA.
 (***) The market consists of all other Small Farm reporters in BBNA's assessment area and is based on 1997 Aggregate Small Farm Data only.
 (****) Based on 1997 Aggregate Small Farm Data only.

Table 12. Qualified Investments

QUALIFIED INVESTMENTS										State: Minnesota		Evaluation Period: February 6, 1998 to July 12, 1999	
MSA/Assessment Areas:	Prior Period Investments*			Current Period Investments			Total Investments						
	#	\$ (000's)	%**	#	\$ (000's)	%**	#	\$ (000's)	% of Total \$'s				
Full-Scope:													
St. Cloud Assessment Area	0	\$0	0%	40	\$284	%100	40	\$284	100%				

(*) "Prior Period Investments" means investments made in a previous evaluation period that remain outstanding.

(**) Percentage of the dollars invested in that MSA/Assessment Area that are prior period investments or current period investments.

Table 13. Distribution of Branch and ATM Delivery System

DISTRIBUTION OF BRANCH AND ATM DELIVERY SYSTEM				State: Minnesota				Evaluation Period: February 6, 1998 to July 12, 1999									
MSA/Assessment Area:	Deposits	Branches						ATMs				Population					
	% of Total BBNA Deposits	# of BBNA Branches	% of Total BBNA Branches	Location of Branches by Income of Geographies				# of BBNA ATMs	% of Total BBNA ATMs	Location of ATMs by Income of Geographies				% of the Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full-Scope:																	
St. Cloud Assessment Area	100%	5	100%	20%	0%	80%	0%	20	100%	0%	0%	85%	15%	< 1%	3%	82%	14%