



Public Disclosure

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Community Reinvestment Act Performance Evaluation

Bremer Bank, National Association
Charter Number: 23286

321 South Seventh Street
Brainerd, Minnesota 56401

Office of the Comptroller of the Currency

Minneapolis North Field Office
920 Second Avenue South, Suite 800
Minneapolis, Minnesota 55402

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

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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 (HUD) 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 excellent responsiveness to business credit needs and adequate responsiveness to home mortgage needs.
- < The loan distribution to businesses of different sizes is adequate. The mortgage loan distribution to borrowers of different income levels is good.
- < BBNA originated a \$200 thousand community development loan that specifically addressed an identified need for affordable housing.
- < BBNA has an adequate level of qualified investments that are responsive to AA needs. This level is \$314 thousand or 2.5% of BBNA’s Tier 1 capital.
- < Retail delivery systems are reasonably accessible to individuals of different income levels.
- < BBNA provided a community development service that specifically addressed an identified need for affordable housing.

Description of Institution

Bremer Bank, National Association (BBNA) is a \$185 million intrastate institution located in central Minnesota. BBNA has two full service and two limited service offices. The main office is located in Brainerd. The other full service branch is located in Baxter. The limited service locations are grocery store branches in Brainerd and Baxter.

BBNA is a full-service bank, offering a variety of deposit and loan products. The bank's lending focus is business and home mortgage 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 \$113 million loan portfolio consisted of commercial (48%), residential real estate (37%), consumer (9%), and other (6%) loans. Those loans represented 72% of bank deposits and 60% of bank assets. The bank's Tier 1 capital was \$12.6 million as of December 31, 1998. As of June 30, 1999, BBNA's loan to deposit ratio was 77%. 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 nonmetropolitan assessment area (AA). The Brainerd AA consists of Crow Wing County. The Brainerd 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 examination dated May 15, 1995 with the following exceptions and notations:

- o Our analysis of business and farm lending included all 1997 and 1998 reported originations. We excluded year-to-date 1999 originations because data is reported and aggregated in whole years. We also excluded 1996 originations because the bank used a different geocoding system in that year. Business and farm lending information was not publicly reported prior to 1996.
- o Market comparisons for business and farm lending are based on 1997 CRA data. At the time of the examination, 1998 information was available for BBNA, but not for the market in aggregate.
- o We placed more reliance on market demographics than market share analysis in our evaluation. Of the more than 15 financial institutions in the AA, only three are subject to large bank data reporting.
- o Our analysis of home mortgage loans included 1997 and 1998 originations. We chose this period to be consistent with other loan products. In addition, the bank has maintained a HMDA Loan Application Register since 1997 even though it is not required to do so.
- o Because BBNA is not a HMDA reporter, market comparisons for home mortgage lending are not available.
- o Our analysis of home mortgage loans did not include home improvement loans. Bank systems do not separately code this product.
- o We gave the most weight to business loans in our evaluation. Business loans accounted for 66% of the bank's originations over the evaluation period.
- o We did not evaluate small farm lending as the bank originated only 24 such loans during the evaluation period.

- o Although the refinance product comprised 60% of the bank's home mortgage originations over the evaluation period, 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, making this product less attractive. 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. As such, it is not unusual to have weaker borrower income distributions within this product.
- 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 reporting errors in the bank's 1997 and 1998 CRA Disclosure Statements. The bank revised the data. After validating its accuracy, we used the revised information in our analysis of business 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 1997 and 1998 HMDA Loan Application Register, we used this information in our evaluation. We noted a reporting error involving overstated home mortgage refinance originations. However, we did not ask the bank to revise the data given the relatively low significance the product carries in the bank's overall CRA evaluation.

Selection of Areas for Full-Scope Review/Ratings

- o We performed a full-scope review of the Brainerd AA, the bank's only AA.
- o Refer to the tables in Appendix A for more information regarding the examination scope.
- o Refer to Appendix B for more information regarding the Brainerd 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 Brainerd 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 excellent responsiveness to business credit needs. BBNA originated 667 reportable business loans (totaling \$62 million) during the evaluation period. A substantial majority of these loans (605 or 91%) were in the Brainerd AA. BBNA originated 61% of all reported 1997 business loans in the Brainerd AA, ranking first of 21 reporting lenders. Reporting lenders ranking second and third originated only 7% of all reported business loans each.

BBNA's business loan market share ratio far exceeds its deposit market share ratio. BBNA has a 23% deposit market share in Crow Wing County, ranking first of 15 lenders.

Lending levels reflect adequate responsiveness to home mortgage credit needs. BBNA originated 393 home mortgage loans (totaling \$36 million) during the evaluation period. A majority of these loans (291 or 74%) were in the Brainerd AA.

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. BBNA originated 454 (or 75%) of its 605 reported business loans to entities with gross annual revenues of \$1 million or less (i.e. small businesses). Bank performance approximates AA demographics - 76% of all businesses in the Brainerd AA are small, although 17% did not report revenue information. Of the businesses that reported revenue information, 93% have gross annual revenues of \$1 million or less. BBNA's performance is better than other lenders who reported loans in the Brainerd AA. In aggregate, other lenders made 32% of their 1997 reported business loans to small businesses.

Of all banks subject to CRA data reporting, BBNA originated the most loans to small businesses in the Brainerd AA. BBNA made 262 (or 79%) of the 331 reported loans to small businesses in 1997.

The bank's willingness to make loans to businesses with gross annual revenues of \$1 million or less is also evidenced by an adequate loan size distribution. BBNA originated 77% of its reportable business loans in original amounts of \$100 thousand or less, with an average loan size of \$92 thousand. In aggregate, other lenders made 87% of their 1997 business loans in amounts of \$100 thousand or less, with an average loan size of \$50 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 (30%) substantially exceeds market demographics - 19% of the families in the AA have moderate incomes.

Bank performance involving refinance loans to moderate-income borrowers is adequate. BBNA made 15% of its refinance loans to moderate-income borrowers.

Bank performance involving home purchase loans to low-income borrowers is adequate. The percentage of home purchase loans to low-income borrowers (13%) is less than market demographics - 22% of the families in the AA are low-income. However, this is not unreasonable given the median housing cost and the percentage of families living below poverty (11%). Families below the poverty level have annual incomes less than \$12,150. At this income level, it can be difficult to afford a home at the AA's median value of \$58,453.

Bank performance involving refinance loans to low-income borrowers is poor. BBNA made 3% of its refinance loans to low-income borrowers.

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.)

Farm loan analysis is not meaningful due to the small volume of farm loans originated by the bank during this evaluation period.

Distribution of Loans by Income Level of the Geography

Our geographic distribution analysis included a review for any lending gaps in the Brainerd AA, particularly in moderate-income areas. 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 geographic distribution of business loans is adequate. BBNA originated 1% of its business loans in moderate-income geographies. While bank performance is less than market demographics (8% of businesses are located in moderate-income BNAs), it is still reasonable given these geographies' distance from a BBNA office and the business' proximity to competing banks. The BNAs are located in the northern-most portion of the Brainerd AA, at least 25 miles from a BBNA office. There are 16 competing financial institutions that are closer to these geographies than BBNA.

BBNA's market share of business loans in moderate-income geographies (41%) is less than its overall business loan market share (61%). Nonetheless, BBNA

originated more loans in these geographies than any other local lender subject to large bank data reporting requirements.

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.)

The geographic distribution of home mortgage loans is adequate. BBNA originated 1% of its home purchase loans in moderate-income geographies. While bank performance is less than market demographics (8% of the owner-occupied housing units are in these BNAs), it is still reasonable given the aforementioned reasons.

The two moderate-income BNAs are located in the northern-most portion of the Brainerd AA, which includes a large chain of lakes as well as smaller individual lakes. The area contains a significant number of seasonal and vacation homes. Per local realtors and BBNA personnel, non-residents do not usually apply for loans with local banks as they prefer to maintain lending relationships with financial institutions closer to their primary residences.

BBNA did not originate any refinance loans in the moderate-income geographies, but this is not unreasonable given the aforementioned reasons.

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.)

Small farm loan analysis is not meaningful given the bank's volume of farm lending.

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 originated one community development loan totaling \$200 thousand during the evaluation period. The loan was responsive to the AA's need for quality, affordable housing. BBNA provided interim financing to a non-profit organization for improvements (cabinets, carpeting, and windows) in a 60-unit LMI housing complex.

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 Brainerd AA.

BBNA's level of qualified investments is adequate given the bank's capacity, investment opportunities, and length of the evaluation period (approximately 42 months). Opportunities for qualified investment securities that specifically target the bank's AA are limited. However, there are opportunities for community development grants and donations.

BBNA's level of qualified investments total \$314 thousand. This represents 2.5% of the bank's Tier 1 capital (\$12.6 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 investments are responsive to AA needs. The grants assisted numerous organizations that promote affordable housing, provide community services to LMI individuals, and foster economic development for small businesses and farms. Specific examples include:

- C A \$40 thousand grant to Habitat for Humanity, Brainerd Lakes Area, to develop affordable housing in the AA;
- C A \$10 thousand grant to Central Lakes College to support a program that prepares low-income women for employment and self-sufficiency;
- C A \$25 thousand grant to Legal Aid Services of Northeastern Minnesota to provide legal services for low-income persons in the Brainerd Lakes Area; and
- C A \$50 thousand grant to Mid-Minnesota Women's Center to construct a child safety center that will provide child care and recreational activities for children of LMI families.

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 Brainerd 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 two full-service offices, two limited service grocery store branches (teller and retail loan services), and ten automated teller machines (ATMs). The main, full-service office and a limited service grocery store branch are located in middle-income geographies in Brainerd. The other branch offices (one full-service and one limited service grocery store branch) are located in an upper-income geography in Baxter. The offices all have deposit-taking ATMs on premise or nearby. In addition, BBNA offers six cash-dispensing ATMs - four in middle-income and two in upper-income geographies. Seventy-nine percent of the population and 80% of the LMI families live in middle-income geographies.

BBNA office hours do not vary in a way that inconveniences LMI geographies or individuals. Hours 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 on 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 opened one limited-service grocery store branch on July 2, 1997. This office is located in an upper-income BNA. It is located on US Highway 371, a main thoroughfare in the Brainerd AA. BBNA did not close any branches during the evaluation period.

Community Development Services

BBNA community service activities are limited but responsive to AA needs.

BBNA personnel were instrumental in a local home development project. The project is expected to develop 55 affordable homes (\$95 to \$105 thousand). Down payment assistance and below market interest rates are available to borrowers meeting income limits, including LMI families. BBNA participated by establishing eligibility requirements for home buyer assistance, developing record-keeping forms, and instructing a home buyer education class.

BBNA also 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: January 1, 1996 to July 12, 1999 Service Test: May 16, 1995 to July 12, 1999	
Financial Institution	Loan Products Reviewed	
Bremer Bank, National Association (BBNA) Brainerd, 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
Brainerd Assessment Area	Full-Scope	Crow Wing County, MN; nonmetropolitan

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

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

Appendix B: Market Profiles for Full-Scope Areas

Brainerd Assessment Area

Demographic Information for Full-Scope Area: Brainerd Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA % of #
Geographies (Census Tracts/BNAs)	16	n/a	13%	81%	6%	n/a
Population by Geography	44,249	n/a	7%	79%	14%	n/a
Owner-Occupied Housing by Geography	13,188	n/a	8%	80%	12%	n/a
Businesses by Geography	2,339	n/a	8%	77%	15%	n/a
Farms by Geography	65	n/a	9%	72%	19%	n/a
Family Distribution by Income Level	12,279	22%	19%	23%	36%	n/a
Distribution of Low- and Moderate-Income Families throughout AA Geographies	5,025	n/a	10%	80%	10%	n/a
Median Family Income (MFI)	= \$28,933	Median Housing Value				= \$58,453
HUD Adjusted Median Family Income for 1998	= \$40,500	Unemployment Rate (1990)				= 3.4%
Households Below the Poverty Level	= 15.4%					

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

The Brainerd AA is the bank's only AA. It consists of Crow Wing County, Minnesota. BBNA operates four offices and ten ATMs. Business and residential mortgage loans are the bank's primary loan products. BBNA has a 23% deposit market share in Crow Wing County, ranking first of fifteen lenders. Competition includes several community banks, branches of a large bank (consolidated assets of \$1 billion or more), and credit unions.

The cities of Brainerd and Baxter are the largest cities in Crow Wing County. Brainerd, the county seat, has a population approximating 13,000. Baxter has a population approximating 5,000. The Brainerd/Baxter area is the retail, commercial, and government hub of Crow Wing County. Crow Wing County is primarily a recreational area with numerous lakes. During the summer season, the county's population increases with the return of part-time residents.

The local economy is good. Unemployment is low at approximately 3% as of September 1999. Major employers are concentrated in the educational, health, and government industries.

Examiners reviewed five recent community contacts made by the OCC in 1998 and 1999. The contacts included government officials, realtors and a business development organization. Contacts cited the need for affordable housing, home improvement, and home rehabilitation 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:																
Brainerd Assessment Area	100%	291	\$28,106	605	\$55,494	20	\$658	1	\$200	917	\$84,458	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:																
Brainerd Assessment Area	n/a	n/a	8%	1%	80%	75%	12%	24%	n/a	n/a	n/a	n/a	n/a	n/a	115	100%

(*) Based on 1997 Aggregate HMDA Data only.

(**) As a percentage of loans with geocode information available. Geocode information was not available for 3% of BBNA loans originated in the Brainerd 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:																				
Brainerd Assessment Area	n/a	n/a	8%	0%	80%	71%	12%	29%	n/a	n/a	n/a	n/a	n/a	n/a	174	100%				

(*) Based on 1997 Aggregate HMDA Data only.

(**) As a percentage of loans with geocode information available. Geocode information was not available for 6% of BBNA loans originated in the Brainerd 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:																
Brainerd Assessment Area	n/a	n/a	8%	1%	77%	78%	15%	21%	1	61%	n/a	41%	62%	59%	605	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:																
Brainerd Assessment Area	n/a	n/a	9%	0%	72%	100%	19%	0%	1	72%	n/a	0%	76%	0%	20	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:																			
Brainerd Assessment Area	22%	13%	19%	30%	23%	17%	36%	40%	n/a	n/a	n/a	n/a	n/a	n/a	115	100%			

(*) As a percentage of loans with borrower income information available. Borrower income information was not available for 3% of BBNA loans originated in the Brainerd 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:																
Brainerd Assessment Area	22%	3%	19%	15%	23%	22%	36%	60%	n/a	n/a	n/a	n/a	n/a	n/a	174	100%

(*) As a percentage of loans with borrower income information available. Borrower income information was not available for 6% of BBNA loans originated in the Brainerd 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:											
Brainerd Assessment Area	76%	75%	32%	77%	14%	9%	61%	79%	605	100%	\$92

(*) As a percentage of all businesses in the AA. Revenue information was not available for 18% of the businesses in the Brainerd AA.
 (**) As a percentage of all BBNA loans. Revenue information was not available for 2% 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:																						
Brainerd Assessment Area	97%	100%	100%	100%	0%	0%	72%	72%	20	100%	\$33											

(*) As a percentage of all farms in the AA. Revenue information was not available for 3% of the farms in the Brainerd AA.
 (**) As a percentage of all BBNA loans. Revenue information was available for 100% 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: January 1, 1996 to July 12, 1999
MSA/Assessment Areas:	Prior Period Investments*			Current Period Investments			Total Investments				
	#	\$ (000's)	%**	#	\$ (000's)	%**	#	\$ (000's)	% of Total \$'s		
Full-Scope:											
Brainerd Assessment Area	0	\$0	0%	65	\$314	100%	65	\$314	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: May 16, 1995 to July 12, 1999			
MSA/Assessment Area:	Deposits	Branches						ATMs						Population					
	% of Total BBNA Deposits	# of BBNA Branches	% of Total BBNA Branches	Location of Branches by Income of Geographies				# of BBNA ATMs	% of Total BBNA ATMs	Location of ATMs by Income of Geographies				% of the Population within Each Geography					
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp		
Full-Scope:																			
Brainerd Assessment Area	100%	4	100%	n/a	0%	50%	50%	10	100%	n/a	0%	60%	40%	n/a	7%	79%	14%		