



## Public Disclosure

July 12, 1999

# Community Reinvestment Act Performance Evaluation

Bremer Bank, National Association  
Charter Number: 23294

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Marshall, Minnesota 56258

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.

## Table of Contents

<b>General Information</b> .....	3
<b>Definitions and Common Abbreviations</b> .....	4
<b>Overall CRA Rating</b> .....	6
<b>Description of Institution</b> .....	7
<b>Scope of Evaluation</b> .....	8
<b>Fair Lending Review</b> .....	10
<b>Conclusions with Respect to Performance Tests</b>	
Lending Test .....	11
Investment Test .....	15
Service Test .....	16
<b>Appendix A: Scope of Evaluation</b> .....	A-1
<b>Appendix B: Market Profiles for Areas Receiving Full-Scope Reviews</b> .....	A-2
<b>Appendix C: Tables of Performance Data</b> .....	A-4

## 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	X	X	
Low Satisfactory			X
Needs to Improve			
Substantial Noncompliance			

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

The major factors that support this rating include:

- < BBNA’s lending activity reflects excellent responsiveness to farm credit needs and good responsiveness to business credit needs.
- < The loan distribution to farms of different sizes is excellent, and the distribution to businesses of different sizes is good.
- < BBNA has a good level of qualified investments that are responsive to the needs of the AA. Qualified investments total \$545 thousand and equate to 5% of Tier 1 capital.
- < Retail delivery systems are reasonably accessible to individuals of different income levels.
- < BBNA provides an adequate level of community development services.

## Description of Institution

Bremer Bank, National Association (BBNA) is a \$160 million intrastate institution located in southwestern Minnesota. BBNA has two full-service offices. The main office is in the City of Marshall. The branch office is in Redwood Falls.

BBNA is a full-service bank, offering a variety of deposit and loan products. The bank's lending focus is agricultural, 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 \$106 million loan portfolio consisted of agricultural (32%), commercial (27%), residential (24%), consumer (14%) and other (3%) loans. Those loans represented 74% of bank deposits (and 65% of bank assets). The bank's Tier 1 capital was \$10.8 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 nonmetropolitan assessment area (AA). The Marshall AA consists of Lyon, Redwood, and Yellow Medicine Counties. The 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 (August 28, 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 only 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 more than 25 financial institutions located in this AA, only four 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. BBNA systems do not separately code this product.
- o The evaluation does not include geographic distribution analysis. This analysis was not meaningful given the homogeneity of the bank's assessment areas, which consist entirely of middle-and upper-income geographies.
- o We gave the most weight to farm loans in our evaluation, followed by business loans. We gave the least weight to mortgage loans. During the evaluation period, 47% of the originations were farm loans, 33% were business loans and 20% were home mortgage loans.

- o The refinance product comprised 51% 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 BBNA's request, we considered qualified investments of the affiliated Otto Bremer Foundation in the bank's "Investment Test" assessment.
- o At BBNA's request, we considered automated teller machines (ATMs) owned by the affiliated Bremer Services, Incorporated in the bank's "Service Test" assessment.

### **Data Integrity**

- o After validating the accuracy of BBNA's 1997 and 1998 CRA Disclosure Statements, we used this information in our analyses of business and farm lending.
- o After validating the accuracy of BBNA's 1997 and 1998 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 Marshall AA, the bank's only AA.
- o Refer to the table in Appendix A for more information regarding the examination scope.
- o Refer to Appendix B for more information regarding the Marshall 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

BBNA's performance under the Lending Test is rated "High Satisfactory" based on our full-scope review of the Marshall 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 farm credit needs. BBNA originated 803 reportable farm loans (totaling \$46 million) during the evaluation period. A majority of these loans (643 or 80%) were in the bank's AA. BBNA originated 48% of all reported 1997 farm loans in the Marshall AA, ranking first of 12 lenders.

Lending levels reflect good responsiveness to business credit needs. BBNA originated 540 reportable business loans (totaling \$38 million) during the evaluation period. A substantial majority of these loans (463 or 86%) were in the bank's assessment area. BBNA originated 24% of all reported 1997 business loans in the Marshall AA, ranking second of 18 reporting lenders.

Lending levels reflect adequate responsiveness to home mortgage credit needs. BBNA originated 330 home mortgage loans (totaling \$23 million) during the evaluation period. A majority of these loans (276 or 79%) were in the bank's AA.

BBNA's lending market share ratios exceed its deposit market share ratio. BBNA has a 20% deposit market share in Lyon County, ranking second of 10 lenders. And BBNA has a 14% deposit market share in Redwood County, ranking third of 12 lenders.

## **Distribution of Loans by Income Level of the Borrower**

### ***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 excellent. Our assessment gives more emphasis to market demographics as most banks in the AA are not subject to large bank reporting requirements. BBNA made 640 (or 99%) of its 643 reported farm loans to entities with gross annual revenues of \$1 million or less (i.e. small farms). Bank performance is better than AA demographics - 90% of the farms in the Marshall AA are small (9% did not report revenue information). Of the farms that report revenue information, 99% are small. BBNA's performance is also better than other lenders who reported loans in the Marshall AA. In aggregate, other lenders made 95% of their 1997 reported farm loans to small farms.

Of all banks subject to CRA data reporting, BBNA originated the most loans to small farms in the Marshall AA. BBNA made 352 (or 49%) of the 719 reported loans to small farms in 1997.

The bank's willingness to make loans to small farms is further evidenced by a good loan size distribution. BBNA made 87% of its reported farm loans in amounts of \$100 thousand or less, with an average loan size of \$50 thousand. Bank performance is slightly better than other lenders who reported farm loans in the Marshall AA. In aggregate, other lenders made 86% of their 1997 farm loans in amounts of \$100 thousand or less, with an average loan size of \$63 thousand.

### ***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 good. Our assessment gives more emphasis to market demographics as most banks in the AA are not subject to large bank reporting requirements. BBNA made 84% of its 463 reported business loans to entities with gross annual revenues of \$1 million or less (i.e. small businesses). Bank performance is better than AA demographics - 65% of all businesses in the AA are small, although a large percentage of businesses in the Marshall AA (27%) did not report revenue information. Of the businesses that report revenue information, 89% are small. Bank performance is better than other lenders who reported loans in the Marshall AA. In aggregate, other lenders made 49% of their 1997 reported business loans to small businesses.

Of all banks subject to CRA data reporting, BBNA originated the second-most loans to small businesses in the Marshall AA. BBNA made 185 (or 35%) of the 526 reported loans to small businesses in 1997.

The bank's willingness to make loans to small businesses is further evidenced by a good loan size distribution. BBNA made 85% of its reported business loans in amounts of \$100 thousand or less, with an average loan size of \$66 thousand. Bank performance approximates other lenders who reported loans in the Marshall AA. In aggregate, other lenders made 91% of their 1997 business loans in amounts of \$100 thousand or less, with an average loan size of \$49 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 adequate.

Bank performance involving home purchase loans to moderate-income borrowers is excellent. The percentage of home purchase loans to moderate-income borrowers (19%) equals 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 12% of its refinance loans to moderate-income borrowers.

Bank performance involving low-income borrowers is poor. The percentage of home purchase loans to low-income borrowers is 8%. The percentage of refinance loans to low-income borrowers is 2%. These ratios are much less than market demographics - 18% of the families in the AA have low-incomes. However, 15% of all households in the AA have annual incomes below the poverty level.

## **Distribution of Loans by Income Level of the Geography**

### ***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.)*

Geographic distribution is not a meaningful analysis in the Marshall AA as there are no low- or moderate-income geographies.

### ***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.)*

Geographic distribution is not a meaningful analysis in the Marshall AA.

### ***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.)*

Geographic distribution is not a meaningful analysis in the Marshall AA.

### **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 "High Satisfactory" based on our full-scope review of the Marshall AA.

Opportunities for qualified investment securities that specifically target the bank's AA are limited. There are, however, opportunities for community development grants and donations.

BBNA has a good level of qualified investments given the bank's capacity, investment opportunities and length of the evaluation period (approximately 42 months). Qualifying investments total \$545 thousand. This represented 5% of the bank's Tier 1 capital (\$10.8 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 numerous 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 Five grants, totaling \$95 thousand, to the Southwest Minnesota Housing Partnership for construction of affordable housing and home ownership education for low-income families;
- C A \$40 thousand grant to the Western Human Development Center to develop housing for LMI individuals with mental illnesses; and
- C A \$61 thousand grant to the Lyon County Development Achievement Center. The center provides job training to persons with developmental disabilities (primarily LMI).

## 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 Marshall 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 individuals of different income levels. BBNA has two full service offices and five automated teller machines (ATMs). One office is located in a middle-income BNA; the other office is in an upper-income BNA. Each office has a deposit-taking ATM on premise. Eighty-eight percent of the population and 90% of the LMI families live in middle-income geographies. BBNA also offers three cash dispensing ATMs in upper-income geographies. All of these ATMs are in high-traffic, retail facilities (Wal-Mart, SuperAmerica) that serve individuals of all income levels.

BBNA office hours are the same at both locations. Hours are reasonable and comparable to other financial institutions within 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 has not opened or closed any branches during the evaluation period.

## **Community Development Services**

BBNA provides a limited level of community development services. Over the evaluation period, the bank was involved in the following activities:

- BBNA's president serves as a trustee for the Southwest Minnesota Foundation. This organization serves 18 counties in southwestern Minnesota, including the Marshall AA. The Foundation provides technical assistance, grants, and loans to businesses. Most of the businesses in this area are small. During 1997 and 1998, the Foundation made 17 direct loans. All of these loans were to small businesses. Eight of these loans were for start-up assistance, including two loans (totaling \$80,000) to businesses in the Marshall AA.
- A bank officer serves as a director for Lutheran Social Services of Minnesota, Inc. (LSS). LSS provides consumer credit counseling services throughout the State of Minnesota. Approximately two-thirds of its clients are LMI. During 1998, LSS provided credit counseling to 3,833 clients, debt reduction assistance to 2,531 clients and credit education to 2,838 clients.
- A bank officer serves twice annually as an instructor of the Home Stretch Program. This home buyer education program targets LMI individuals throughout the State of Minnesota.

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").

<b>Time Period Reviewed</b>	Lending Test: January 1, 1997 to December 31, 1998*	
	Investment Test: January 1, 1996 to July 12, 1999	
	Service Test: August 29, 1995 to July 12, 1999**	
<b>Financial Institution</b>	<b>Loan Products Reviewed</b>	
Bremer Bank, National Association (BBNA) Marshall, MN	Small Business, Small Farm, Home Mortgage, Community Development	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Activities Reviewed</b>
Otto Bremer Foundation Bremer Services, Inc.	Parent Company Sister Company	Qualified Investments Automated Teller Machines
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Marshall Assessment Area	Full-Scope	Lyon, Redwood and Yellow Medicine Counties, MN; nonmetropolitan

(\*) The time period for community development lending is January 1, 1996 to July 12, 1999.

(\*\*) The time period for community development services is January 1, 1996 to July 12, 1999.

## Appendix B: Market Profiles for Full-Scope Areas

### Marshall Assessment Area

Demographic Information for Full-Scope Area: Marshall Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA % of #
Geographies (Census Tracts/BNAs)	17	n/a	n/a	88%	12%	n/a
Population by Geography	53,727	n/a	n/a	88%	12%	n/a
Owner-Occupied Housing by Geography	14,852	n/a	n/a	88%	12%	n/a
Businesses by Geography	2,190	n/a	n/a	81%	19%	n/a
Farms by Geography	125	n/a	n/a	83%	17%	n/a
Family Distribution by Income Level	14,144	18%	19%	26%	37%	n/a
Distribution of Low- and Moderate-Income Families throughout AA Geographies	5,272	n/a	n/a	90%	10%	n/a
Median Family Income (MFI) HUD Adjusted Median Family Income for 1998 Households Below the Poverty Level	= \$28,933 = \$40,500 = 15%	Median Housing Value Unemployment Rate (1998)		= \$37,596 = 1.95%		

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

The Marshall AA is the bank's only AA. It consists of Lyon, Redwood, and Yellow Medicine Counties, Minnesota. BBNA operates two offices and five ATMs. Agricultural loans, commercial loans and residential mortgage loans are the bank's primary loan products. BBNA has a 20% deposit market share in Lyon County, ranking second of ten lenders. And BBNA has a 14% deposit market share in Redwood County, ranking third of twelve lenders. Competition includes several community banks, one branch of a large bank (consolidated assets of \$1 billion or more) and one national bank subsidiary of a large holding company.

The Cities of Marshall and Redwood Falls are the largest cities in (and the county seats for) Lyon and Redwood Counties, respectively. The City of Marshall's population approximates 11,000. Major employers include a State University and Schwan's (corporate headquarters). Redwood Falls, which is 38 miles from Marshall, has an approximate population of 5,000.

The local economy is described as good, despite low farm commodity prices. The local economy is heavily agricultural-based. Small farms, with annual gross revenues of \$1 million or less, dominate the market.

Examiners contacted two organizations in the Marshall AA. In addition, we reviewed two AA contacts conducted by the OCC in 1998. The contacts included economic development organizations and city officials. These contacts cited the need for agricultural, small business and real estate loans.

## Appendix C: Tables of Performance Data

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### 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:																
Marshall Assessment Area	100%	276	\$19,277	463	\$30,515	643	\$32,201	0	\$0	1,382	\$81,993	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 Loan**s	% Owner Occ Units	% BBNA Loans**	% Owner Occ Units	% BBNA Loans**		Overall	Low	Mod	Mid	Upp	#	% of Total
Full-Scope:																
Marshall Assessment Area	n/a	n/a	n/a	n/a	88%	63%	12%	37%	n/a	n/a	n/a	n/a	n/a	n/a	134	100%

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

(\*\*) As a percentage of loans with geocode information available. Geocode information was not available for 1% of BBNA loans originated in the Marshall 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:																
Marshall Assessment Area	n/a	n/a	n/a	n/a	88%	59%	12%	41%	n/a	n/a	n/a	n/a	n/a	n/a	141	100%

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

(\*\*) As a percentage of loans with geocode information available. Geocode information was not available for 2% of BBNA loans originated in the Marshall 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:																				
Marshall Assessment Area	n/a	n/a	n/a	n/a	81%	78%	19%	22%	2	24%	n/a	n/a	34%	10%	463	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:																				
Marshall Assessment Area	n/a	n/a	n/a	n/a	83%	91%	17%	9%	1	48%	n/a	n/a	49%	21%	643	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:																
Marshall Assessment Area	18%	8%	19%	19%	26%	31%	37%	42%	n/a	n/a	n/a	n/a	n/a	n/a	134	100%

(\*) As a percentage of loans with borrower income information available. Borrower income information was not available for 1% of BBNA loans originated in the Marshall AA.

(\*\*) 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:																				
Marshall Assessment Area	18%	2%	19%	12%	26%	32%	37%	54%	n/a	n/a	n/a	n/a	n/a	n/a	141	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 Marshall 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:											
Marshall Assessment Area	65%	84%	49%	85%	10%	5%	24%	35%	463	100%	\$66

(\*) As a percentage of all businesses in the AA. Revenue information was not available for 27% of the businesses in the Marshall AA.  
 (\*\*) As a percentage of all BBNA loans. Revenue information was not available for 1% 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:											
Marshall Assessment Area	90%	99%	95%	87%	11%	2%	48%	49%	643	100%	\$50

(\*) As a percentage of all farms in the AA. Revenue information was not available for 9% of the farms in the Marshall 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:											
Marshall Assessment Area	0	\$0	0%	82	\$545	100%	82	\$545	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: August 29, 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:																	
Marshall Assessment Area	100%	2	100%	n/a	n/a	50%	50%	5	100%	n/a	n/a	20%	80%	n/a	n/a	88%	12%