



## Public Disclosure

July 12, 1999

# Community Reinvestment Act Performance Evaluation

Bremer Bank, National Association  
Charter Number: 23298

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Willmar, Minnesota 56201

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	
Low Satisfactory	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 generated a good volume of loans during the evaluation period and originated a substantial majority in its assessment areas (AAs).
- < The distribution of loans to farms of different sizes is excellent with 96% of BBNA’s farm loans originated to small farms. The overall distribution of home mortgage loans to borrowers of different income levels is also good.
- < BBNA’s level of qualifying investments is good. BBNA provided \$563,026 in qualifying investments during the evaluation period equating to 4.81% of its Tier 1 capital.
- < Retail delivery systems are reasonably accessible to individuals of different income levels.

## Description of Institution

Bremer Bank, National Association (BBNA) is a \$166 million intrastate institution located in southwestern Minnesota. In addition to its main office in Willmar, BBNA operates full-service branches in Willmar and Hutchinson. BBNA also operates a loan production office in Hutchinson. The bank services 13 automated teller machines (ATMs) in its AAs, including three deposit-taking ATMs.

BBNA is a full-service bank, offering a variety of deposit and loan products. The bank's lending focus is commercial and commercial real estate credit. This is evidenced by the distribution of outstanding loans, as well as the distribution of originations considered in this evaluation. As of June 30, 1999, BBNA's loan portfolio consisted of commercial and commercial real estate (50%), consumer (20%), residential real estate (18%), agricultural (8%), and other (4%) loans. BBNA's ratio of net loans and leases to assets was 59%. Tier 1 capital on that date was \$11.7 million. 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.

The bank has two noncontiguous, nonmetropolitan AAs. The Willmar AA consists of Kandiyohi County. The Hutchinson AA consists of McLeod County. The bank established the Hutchinson AA when it opened a branch office in December 1996. The AAs meet the requirements of the regulation, and they do 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 January 30, 1996 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. This is BBNA's first evaluation under the revised CRA regulation.
- 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 19 financial institutions in the AA, only three are subject to large bank reporting requirements.
- 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 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 The evaluation does not include geographic distribution analysis. This analysis was not meaningful given the homogeneity of the bank's AAs, which consist entirely of middle- and upper-income geographies.

- o In the Willmar AA, we assigned the most weight to business loans in our analysis, followed by farm loans. Home mortgage loans received the least emphasis. Business loans accounted for 37% of originations over the evaluation period; farm loans represented 22%. Home mortgage loans accounted for 41% of originations, however 70% were in the refinance product. As described below, the refinance product carries little weight in our overall assessment of home mortgage lending.
- o Although the refinance product comprises 70% 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. 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 bank's "Investment Test" assessment.
- o At the bank'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 the bank's CRA Disclosure Statements, we used this information in our analysis of business and farm lending.
- 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 Willmar AA and a limited scope review of the Hutchinson AA. The Willmar AA accounts for 96% of BBNA's loan originations (by number and dollar) over the evaluation period and 98% of the bank's deposits. The Willmar AA contains 67% of the bank's branches and 69% of its ATMs. BBNA has a 22% deposit market share in Kandiyohi County (deposit market rank is 1).
- o We generally try to obtain a representative sample of both significant and less significant markets in which the bank operates when we select areas for full-scope reviews. But because BBNA's activities in the Hutchinson AA are so limited, a more detailed analysis in this market would not be meaningful.
- o BBNA's CRA rating is primarily based on the results of the Willmar AA.
- o Refer to the table in Appendix A for more information regarding the examination scope.

### **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" primarily based on our full-scope review of the Willmar 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 AA credit needs. BBNA's loan-to-deposit ratio (81%) as of June 30, 1999, was the third highest ratio of the eleven banks with a main office in the Willmar AA. The loan-to-deposit ratios of the other institutions ranged from 17% to 83%, with an average of 62%. BBNA has a 22% deposit market share in the Willmar AA, ranking first of 13 institutions.

Business and farm lending levels appear good based on available information. BBNA originated 314 reportable business loans (totaling \$50 million) during the evaluation period. A substantial majority of these loans (267 or 85%) were in the bank's assessment areas. BBNA made 256 business loans (totaling \$36 million) in the Willmar AA. BBNA originated 27% of all reported 1997 business loans in the Willmar AA, ranking second of 19 reporting lenders.

BBNA originated 233 reportable farm loans (totaling \$16 million) during the evaluation period. A majority of these loans (155 or 67%) were in the bank's assessment areas. BBNA made 155 farm loans (totaling \$8 million) in the Willmar AA. BBNA originated 69% of all reported 1997 farm loans in the Willmar AA, ranking first of 7 reporting lenders.

Home mortgage lending levels are adequate. BBNA originated 349 home mortgage loans (totaling \$33 million) during the evaluation period. A substantial majority of these loans (306 or 88%) were in the bank's assessment areas. BBNA made 286 home mortgage loans (totaling \$28 million) in the Willmar 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 poor. We emphasized the market demographic analysis as most banks in the AA are not subject to large bank reporting requirements. BBNA originated 59% of its 256 reported business loans to businesses with gross annual revenues of \$1 million or less (i.e. small businesses). This approximates AA demographics - 63% of businesses are small; however, revenue information was not available for 29% of the businesses. Of the businesses that reported revenue information, 89% are small. BBNA's performance is also less than other lenders subject to large bank reporting requirements. In aggregate, these lenders made 69% of their 1997 reported business loans to small businesses.

Of all banks subject to large bank data reporting requirements, BBNA originated the second most loans to small businesses in the Willmar AA. BBNA made 84 (or 23%) of the 362 reported loans to small businesses in 1997.

BBNA's average loan size is significantly higher than other lenders who reported loans in the Willmar AA. BBNA made 70% of its reported business loans in amounts of \$100 thousand or less, with an average loan size of \$140 thousand. In aggregate, other reporting lenders made 94% of their 1997 business loans in amounts of \$100 thousand or less, with an average loan size of \$38 thousand.

As the largest financial institution in the Willmar AA, BBNA's capacity to serve large businesses (including its legal lending limit and human resources) are competitive advantages. BBNA has lending and deposit relationships with several large commercial businesses which, according to bank staff, impact the aforementioned statistics, particularly loan size. Competition from local community banks is strongest for small commercial loans (less than \$100 thousand).

**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. We emphasized the market demographic analysis as most banks in the AA are not subject to large bank reporting requirements. BBNA originated 149 (or 96%) of its 155 reported farm loans to farms with gross annual revenues of \$1 million or less (i.e. small farms). Bank performance is better than AA demographics - 83% of farms are small (11% do not report revenue information). Of the farms that report revenue information, 93% are small. BBNA's performance approximates other lenders subject to large bank reporting requirements. In the aggregate, other lenders originated 100% of their 1997 reported farm loans to small farms.

Of all banks subject to CRA data reporting, BBNA ranked first in small farm loan originations in the Willmar AA. BBNA originated 89 (or 68%) of the 131 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 88% of its reported farm loans in amounts of \$100 thousand or less, with an average loan size of \$51 thousand. Bank performance approximates other lenders who reported loans in the Willmar AA. In aggregate, other lenders made 93% of their 1997 farm loans in amounts of \$100 thousand or less, with an average loan size of \$40 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%) exceeds the percentage of moderate-income families in the AA (17%).

Bank performance involving refinance loans to moderate-income borrowers is adequate. The bank made 12% of its refinance loans to moderate-income borrowers as compared to the 17% of moderate-income families in the AA.

Bank performance involving home purchase loans to low-income borrowers is good. The percentage of home purchase loans to low-income borrowers (12%) is slightly less than the percentage of low-income families in the AA (16%).

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

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

#### ***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.)*

BBNA originated a substantial majority of its reported business loans (85%) inside its AAs.

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

#### ***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.)*

BBNA originated a majority of its reported farm loans (67%) in its AAs.

Geographic distribution is not a meaningful analysis in the Willmar 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.)*

BBNA originated a substantial majority of its home mortgage loans (88%) in its AAs.

Geographic distribution is not a meaningful analysis in the Willmar 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.)*

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

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on a limited-scope review, the bank's performance under the Lending Test in the Hutchinson AA is consistent with the bank's overall "Low Satisfactory" performance under the Lending Test. Refer to Tables 1 through 11 for the facts and data that support this conclusion.

## **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" primarily based on our full-scope review of the Willmar AA.

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 is good given the bank's capacity, investment opportunities and length of the evaluation period (approximately 42 months). Qualifying investments in the Willmar AA total \$517,866. This represents 4.4% of the bank's Tier 1 capital (\$11.7 million). All of the 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.

BBNA provided grants primarily to organizations which primarily provide social services to LMI people. Examples of BBNA's qualified investments are listed below - all grants benefitted LMI people:

- < BBNA provided a \$50,000 grant to a start-up nonprofit organization that provides prevention and intervention counseling services to Hispanic youth.
- < BBNA provided a \$25,000 grant to a nonprofit organization that provides housing and support services to people with physical disabilities.
- < BBNA provided grants totaling \$5,345 to a nonprofit organization that works with at-risk girls and battered women.

### **Conclusions for Area Receiving Limited-Scope Reviews**

*(Refer to the Tables 12 in Appendix C for the facts and data that support these conclusions.)*

Based on a limited scope review, BBNA's Investment Test performance in the Hutchinson AA is consistent with the bank's overall "High Satisfactory" performance under the Investment Test. Refer to Table 12 for the facts and data that support this conclusion.

## **SERVICE TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the Service Test is rated "Low Satisfactory" primarily based on our full-scope review of the Willmar 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 maintains two full-service offices in the Willmar AA, both are in middle-income geographies. Both offices have deposit-taking ATMs on premise. Eighty percent of the population, and 86% of the LMI families, live in middle-income geographies. BBNA also services seven cash-dispensing ATMs in the Willmar AA, three in middle-income and four in upper-income geographies.

BBNA's business hours are reasonable. The main office is open until 4:00 p.m. weekdays while the drive-up facility is open until 5:30 p.m. The branch office is open from 9:00 a.m. to 7:00 p.m. on weekdays and 9:00 a.m. to 3:00 p.m. on

Saturdays. The two ATMs located at BBNA office locations are accessible 24 hours per day.

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 LMI individuals.

BBNA did not open or close any branches in the Willmar AA since the last CRA evaluation.

### **Community Development Services**

BBNA provided a limited level of community development services. During the evaluation period, three employees were involved in community development services with three organizations. Based on the number of community development organizations in the bank's AA (and the greater regional area) to which the bank provided grants, there are additional opportunities for involvement. The bank provided the following community development services:

- < One bank officer was instrumental in obtaining a \$625M grant from the Federal Home Loan Bank which will be used to construction affordable housing units throughout Minnesota, including the Willmar area.
- < A bank officer conducts first-time home buyer classes. These classes are required of LMI home buyers before they can participate in certain Minnesota Housing Finance Agency programs.
- < Another bank officer is active with a local economic development program organized to provide low-rate loans to small businesses.

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

### **Conclusions for Areas Receiving Limited-Scope Reviews**

*(Refer to Table 13 in Appendix C for the facts and data that support these conclusions.)*

Based on a limited scope review, the bank's performance under the Service Test in the Hutchinson AA is consistent with the bank's overall "Low Satisfactory" performance under the Service Test. Refer to Table 13 for the facts and data that support this conclusion.

## 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 31, 1996 to July 12, 1999 Service Test: January 31, 1996 to July 12, 1999	
<b>Financial Institution</b>	<b>Loan Products Reviewed</b>	
Bremer Bank, National Association (BBNA) Willmar, 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>
Willmar Assessment Area	Full-Scope	Kandiyohi County, MN; nonmetropolitan
Hutchinson Assessment Area	Limited-Scope	McLeod County, MN; nonmetropolitan

(\*) The time period for community development lending is January 31, 1996 to July 12, 1999.

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

### Willmar Assessment Area

Demographic Information for Full-Scope Area: Willmar Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA % of #
Geographies (Census Tracts/BNAs)	12	n/a	n/a	83%	17%	n/a
Population by Geography	38,761	n/a	n/a	80%	20%	n/a
Owner-Occupied Housing by Geography	10,418	n/a	n/a	78%	22%	n/a
Businesses by Geography	1,610	n/a	n/a	85%	15%	n/a
Farms by Geography	84	n/a	n/a	81%	19%	n/a
Family Distribution by Income Level	10,223	16%	17%	25%	42%	n/a
Distribution of Low- and Moderate-Income Families throughout AA Geographies	3,382	n/a	n/a	86%	14%	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 **		= \$56,356 = 4.1%		

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

(\*\*) Minnesota Department of Trade and Economic Development

The Willmar AA consists of all of Kandiyohi County, Minnesota. BBNA originated 96% of the loans considered in this evaluation in the Willmar AA. Kandiyohi County is composed of 12 BNAs. Ten of the BNAs are middle-income geographies, the remaining two BNAs are upper-income. The estimated 1998 population for the City of Willmar was 18,900.

Current economic conditions are satisfactory and stable. The AA is heavily influenced by the agricultural economy which has been negatively impacted by low commodity prices in recent years. Strong crop yields, however, have reduced the effect of weak prices in 1998 and 1999. Despite the overall dependence on agricultural, health care and commercial business activity provide diversity in the local economy.

Banking and financial service competition in the AA are strong. The AA is serviced by 11 financial institutions headquartered in the AA plus two regional bank branches. As of June 30, 1998, total deposits of the 13 institutions ranged from \$120 million to \$12 million.



The primary credit needs of the AA are agricultural, commercial and residential real estate loans. As part of this evaluation, we reviewed two community contacts conducted in 1998. One of the contacts, a real estate agent, indicated the housing market was strong and that local banks did a good job meeting credit needs. The other contact was an individual active in local economic development. He felt the local economy was quite strong at that time. He also stated local businesses and individuals have access to credit, but he would like to see programs for retail and service businesses similar to the Industrial Initiatives program established for manufacturing businesses.

## 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:																
Willmar Assessment Area	98%	286	\$27,677	256	\$35,953	155	\$7,833	0	0\$	697	71,463\$	96%				
Limited-Scope:																
Hutchinson Assessment Area	2%	20	\$1,750	11	\$1,419	0	\$0	0	0\$	31	3,169\$	4%				

**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:																
Willmar Assessment Area	n/a	n/a	n/a	n/a	78%	67%	22%	33%	n/a	n/a	n/a	n/a	n/a	n/a	85	86%
Limited-Scope:																
Hutchinson Assessment Area	n/a	n/a	n/a	n/a	54%	23%	46%	77%	n/a	n/a	n/a	n/a	n/a	n/a	14	14%

(\*) 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 Willmar AA and 7% of BBNA loans originated in the Hutchinson 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.																
Limited-Scope:																

(\*) 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:																
Willmar Assessment Area	n/a	n/a	n/a	n/a	78%	68%	22%	32%	n/a	n/a	n/a	n/a	n/a	n/a	200	97%
Limited-Scope:																
Hutchinson Assessment Area	n/a	n/a	n/a	n/a	54%	0%	46%	100%	n/a	n/a	n/a	n/a	n/a	n/a	6	3%

(\*) 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 Willmar AA and 17% of BBNA loans originated in the Hutchinson 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:																
Willmar Assessment Area	n/a	n/a	n/a	n/a	85%	78%	15%	22%	2	27%	n/a	n/a	24%	50%	256	96%
Limited-Scope:																
Hutchinson Assessment Area	n/a	n/a	n/a	n/a	47%	9%	53%	91%	11	2%	n/a	n/a	0%	3%	11	4%

(\*) 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:																
Willmar Assessment Area	n/a	n/a	n/a	n/a	81%	66%	19%	34%	1	69%	n/a	n/a	63%	80%	155	100%
Limited-Scope:																
Hutchinson Assessment Area	n/a	n/a	n/a	n/a	52%	n/a	48%	n/a	8	0%	n/a	n/a	0%	0%	0	0%

(\*) 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:																				
Willmar Assessment Area	16%	12%	17%	28%	25%	27%	42%	33%	n/a	n/a	n/a	n/a	n/a	n/a	85	86%				
Limited-Scope:																				
Hutchinson Assessment Area	11%	8%	14%	23%	24%	38%	51%	31%	n/a	n/a	n/a	n/a	n/a	n/a	14	14%				

(\*) As a percentage of loans with borrower income information available. Borrower income information was not available for 4% of BBNA loans originated in the Willmar AA and 7% of BBNA loans in the Hutchinson 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.																	
Limited-Scope:																	

(\*) 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:																
Willmar Assessment Area	16%	3%	17%	12%	25%	28%	42%	57%	n/a	n/a	n/a	n/a	n/a	n/a	200	97%
Limited-Scope:																
Hutchinson Assessment Area	11%	0%	14%	20%	24%	0%	51%	80%	n/a	n/a	n/a	n/a	n/a	n/a	6	3%

(\*) As a percentage of loans with borrower income information available. Borrower income information was not available for 3% of BBNA loans originated in the Willmar AA and 17% of BBNA loans in the Hutchinson 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:											
Willmar Assessment Area	63%	59%	69%	70%	15%	15%	27%	23%	256	96%	\$140
Limited-Scope:											
Hutchinson Assessment Area	80%	45%	54%	55%	36%	9%	2%	1%	11	4%	\$129

(\*) As a percentage of all businesses in the AA. Revenue information was not available for 29% of the businesses in the Willmar AA and 14% of businesses in the Hutchinson AA.

(\*\*) As a percentage of all BBNA loan originations. Revenue information was available for 100% of the loans originated by BBNA.

(\*\*\*) The market consists of all other Small Business reporters in BBNA's AA 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:																						
Willmar Assessment Area	83%	96%	100%	88%	10%	2%	69%	68%	155	100%	\$51											
Limited-Scope:																						
Hutchinson Assessment Area	93%	n/a	98%	n/a	n/a	n/a	0%	0%	0	0%	n/a											

(\*) As a percentage of all farms in the AA. Revenue information was not available for 11% of the farms in the Willmar AA and 4% of the farms in the Hutchinson AA.  
 (\*\*) As a percentage of all BBNA loan originations. 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 31, 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:									
Willmar Assessment Area	0	\$0	0%	77	\$518	100%	77	\$518	92%
Limited-Scope:									
Hutchinson Assessment Area	0	\$0	0%	70	\$45	100%	70	\$45	8%

(\*) "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: January 31, 1996 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:																						
Willmar Assessment Area	98%	2	67%	n/a	n/a	100%	0%	9	69%	n/a	n/a	56%	44%	n/a	n/a	80%	20%					
Limited-Scope:																						
Hutchinson Assessment Area	2%	1	33%	n/a	n/a	0%	100%	4	31%	n/a	n/a	0%	100%	n/a	n/a	52%	48%					