



**LARGE BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **PUBLIC DISCLOSURE**

November 07, 2011

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

Bremer Bank, National Association  
Charter Number: 23289

345 4th Avenue  
International Falls, MN 56649

Office of the Comptroller of the Currency

ADC-MINNEAPOLIS (8324) Field Office  
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Minneapolis, MN. 55402-3393

**NOTE:** This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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## Overall CRA Rating

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

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

Performance Levels	Bremer Bank, NA – International Falls Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding		X	
High Satisfactory	X		X
Low Satisfactory			
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:

- Bremer’s overall Lending Test performance is good. Bremer’s lending activity reflects good responsiveness to assessment area credit needs. A substantial majority of loans are made in the AA. Bremer demonstrates good borrower distribution of mortgage loans to individuals of all income levels and adequate borrower distribution of loans to small businesses.
- Bremer’s overall Investment Test performance is excellent. Bremer Bank and the Otto Bremer Foundation grants provide an excellent level of investments targeted to the specific needs of their community.
- Bremer’s overall Service Test performance is good. Bremer’s locations are accessible to essentially all portions of the bank’s assessment area. Employees provide a good level of Community Development (CD) services.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. 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 with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Aggregate Lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Census Tract (CT):** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community Development:** Affordable housing (including multifamily rental 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 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
  - a. Rates of poverty, unemployment, and population loss; or
  - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

**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.

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

**Full Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

**Geography:** A census tract 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 applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn). Beginning in 2004, the reports also include additional data on loan pricing, the lien status of the collateral, any requests for preapproval and loans for manufactured housing.

**Home Mortgage Loans:** Such loans include home purchase, home improvement and re-financings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Limited 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, and branch distribution).

**Low-Income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. 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 Area (MA):** Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget and any other area designated as such by the appropriate federal financial supervisory agency.

**Metropolitan Division:** As defined by Office of Management and Budget, a county or group of counties within a Metropolitan Statistical Area that contains a population of at least 2.5 million. A Metropolitan Division consists of one or more counties that represent an employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

**Metropolitan Statistical Area:** An area, defined by the Office of Management and Budget, as having at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties, plus adjacent outlying counties having a high degree of social and economic integration with the central county as measured through commuting.

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Other Products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination.

Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified Investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated Area:** A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

**Small Loan(s) to Business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

**Small Loan(s) to Farm(s):** A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

**Tier One Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**Upper-Income:** Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

## Description of Institution

Bremer Bank, National Association (Bremer) is a \$113.4 million intrastate bank located in International Falls, MN. Bremer has a single full-service bank location which offers traditional banking services, a drive-through window, and an automated teller machine (ATM). The bank also has an ATM located at the local Super One Grocery Store. Bremer's sole bank location and both ATMs are located in middle-income geographies. Products/services provided include loans, deposits, trust, investments, and insurance. Bremer's primary strategic focus is residential real estate and small business lending. As of September 30, 2011, Bremer's \$48 million loan portfolio represents 42% of total assets and consists of 42% residential real estate, 46% commercial loans, 10% consumer loans, and 2% other loans. Tier One Capital was \$7.9 million as of September 30, 2011.

Bremer has one assessment area that consists of Koochiching County, MN (AA) in its entirety. The AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income (LMI) areas. For additional information on Bremer's AA, refer to the Market Profile – Demographic Information Table in Appendix B.

Bremer is owned by Bremer Financial Corporation (BFC), a \$7.8 billion holding company headquartered in St. Paul, MN. BFC affiliates have more than 100 locations throughout Minnesota, North Dakota, and Wisconsin. Non-bank affiliates include trust and insurance companies. BFC is owned by the Otto Bremer Foundation (Foundation) and its employees. A majority of the Foundation's assets are invested in BFC. Earnings generated by BFC and other investments support local non-profit activities through the grant-making activities of the Foundation. At the bank's request, we considered qualified investments of the Foundation in the evaluation of the bank's Investment Test Performance.

There are no legal, financial, or other factors outstanding that limit the bank's ability to meet the credit needs of its assessment area. There was no merger, acquisition, or branch opening/closing activity during the evaluation period. Bremer's performance was rated "Outstanding" at its last CRA evaluation on February 7, 2005.

## Scope of Evaluation

### Evaluation Period/Products Evaluated

We evaluated Bremer's small business and home mortgage lending data for the period starting January 1, 2004 and ending December 31, 2010. Market comparisons for small bank lending are based on 2010 peer data. No loans to small farms were originated during the evaluation period; therefore, no analysis of this loan type was completed. For community development loans, investments, and services, the evaluation period was January 1, 2005 through September 30, 2011. For the investment test, we evaluated both the bank's equity investments and donations. For the service test, we evaluated retail services and CD services.

We evaluated performance with consideration given to each product's weight. Loans to small businesses represented 48% of the number of loans generated during the evaluation period, while home mortgage loans represented 52%. Equal weight was given to business and mortgage lending. For home mortgage loans, we gave most weight to refinance loans which represented 53% of the total, while purchase loans, which represented 44%, were weighted slightly less. We gave the least amount of weight to home improvement loans which represented 3% of the total home mortgage loans. As loans for multifamily dwellings represented less than 1% of total home mortgage loans, an analysis of that product would not be meaningful and was not done for this evaluation. Peer data for the bank's home mortgage lending is not available since the bank is not subject to HMDA reporting.

### Data Integrity

Bremer is not required to publicly report data on the home mortgage loans that it originates; however, it does gather HMDA data for internal use. The validity of that data was verified and used to draw conclusions about the bank's home mortgage lending activities. Prior to conducting this evaluation, we also tested the accuracy of the bank's small business and small farm loan data. We found the data to be accurate and used the data in this evaluation.

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

### Selection of Areas for Full-Scope Review

Bremer has one AA which is located in a non-metropolitan statistical area (MSA). We conducted a full scope review of the bank's Koochiching County AA.

## **Ratings**

The bank's overall rating is based upon our full-scope review of the AA.

## **Other**

We made one community contact during this evaluation. We used the information gathered to determine opportunities for participation by banks in helping to meet local credit needs and understand perceptions on the performance of banks in helping to meet these needs. The local business development contact noted small business lending as a primary credit need and described the local financial institutions as aggressive in meeting those needs.

## **Fair Lending or Other Illegal Credit Practices Review**

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet the community credit needs.

## 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 High Satisfactory. Based on the full scope review, Bremer's performance in the AA is good.

#### Lending Activity

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

Bremer's lending activity is good. Lending levels reflect good responsiveness in relation to the identified credit needs and the bank's deposit market share. Bremer reports the highest market share of those banks within the AA reporting CRA data for small business loans. Bremer ranks first out of thirteen lenders in the AA for small business loans both by number and dollar volume. Bremer has a market share of 30% by number and 77% by dollar volume. Since Bremer is not required to report mortgage information under the Home Mortgage Disclosure Act, market share information for home mortgage lending is not available.

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

The geographic distribution of all loans within the AA was not meaningful since the AA does not include any low- or moderate income census tracts.

#### *Inside/Outside Ratio*

A substantial majority of Bremer's loan originations/purchases (89% by number) were made within the AA. This ratio excludes affiliate lending and is calculated at the bank level. By product type, 85% of home mortgage loans and 91% of small business loans were originated or purchased within the AA. We viewed this as a positive characteristic in our analysis of lending performance.

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

##### *Home Mortgage Loans*

Refer to Tables 8, 9, and 10 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The overall borrower distribution of Bremer's home mortgage loans reflects good penetration among individuals of different income levels. Bremer's distribution of home mortgage loans to borrowers of different income levels is good. Home mortgage

refinance loans represented the largest category of residential real estate lending during the evaluation period, while home purchase lending represented the second largest category. As a result, home refinance and purchase lending received greater weight than home improvement lending which was very limited during the evaluation period. Performance of lending to low-income individuals takes a moderate poverty level of 13% into consideration. Twenty-two percent of the AA families are low-income families and 17% are moderate-income families.

Bremer's distribution of home mortgage refinance loans to borrowers of different income levels is good. The percentage of home refinance loans to low-income borrowers was somewhat lower than the demographic. The percentage of home refinance loans made to moderate-income borrowers met the AA demographic.

Bremer's distribution of home purchase loans to borrowers of different income levels is excellent. The percentage of home purchase loans to low- and moderate-income borrowers exceeds the demographic.

Bremer's distribution of home improvement loans to borrowers of different income levels is good. The percentage of home improvement loans made to low-income borrowers was somewhat lower than the demographic. The percentage of home improvement loans made to moderate-income borrowers exceeded the demographic.

### ***Small Loans to Businesses***

Refer to Table 11 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's originations and purchase of small loans to businesses.

Bremer's distribution of loans to small businesses is adequate. The percentage of loans to small businesses is somewhat lower than the demographic for the AA. Although the bank does not meet the AA demographics for small business lending, they rank highest of 13 banks for small business lending market share and have partnered with Koochiching Economic Development Authority (KEDA) and the SBA in order to qualify business customers for financing. The community contact stated that small business lending is the primary credit need in the area, and many small businesses have utilized their services for gap financing. Absent this gap financing option, many small businesses do not qualify for credit at local financial institutions. Additionally, Bremer's market share of small loans to small businesses exceeded its overall market share.

### **Community Development Lending**

Bremer had no community lending activities during the assessment period.

### **Product Innovation and Flexibility**

Bremer's loan products are consistent with those found throughout the Bremer banking organization and those offered by competitors. The products are not considered to be innovative or flexible, and had a neutral impact on the lending test performance.

## **INVESTMENT TEST**

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

The bank's performance under the Investment Test is rated Outstanding. Based on the full-scope review, the bank's performance in the AA is excellent.

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

To evaluate Bremer's performance under the investment test, we considered the amount of community development investment opportunities available within the AA. We noted that there are fewer opportunities compared to those found in larger metropolitan areas. Bremer has actively sought out opportunities within its AA and surrounding cities that are responsive to the needs of the AA.

Bremer's level of investments is excellent given the bank's capacity and the AA's limited investment opportunities. During the evaluation period, Bremer funded \$1 million of qualified investments within the AA and another \$858 thousand benefiting the greater area of Minnesota. Investments in surrounding cities that do not directly benefit people in the AA were given lesser weight in our analysis.

Qualified investments consist of donations and grants made by the bank and Foundation. Bremer supports a number of organizations that provide social services and affordable housing to LMI individuals. Bremer is also a strong supporter of educational opportunities directed to LMI children and adults. Specific grants include those to Koochiching County Health Department (charity care), Koochiching County Community Service (low-income assistance and education), Kootasca Community Action, Inc. (low-income housing and shelter), and Rainy River Community College (scholarships for underprivileged students).

## **SERVICE TEST**

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

The bank's performance under the Service Test is rated High Satisfactory. Based on the full-scope review, the bank's performance in the AA was good.

#### **Retail Banking Services**

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

Bremer's performance with regards to retail banking services is good. The bank's sole location in International Falls provides convenient access to a majority of the AA population which is concentrated around the city and comprised of individuals from all income levels. The bank and its off-site ATM are located within a middle-income census tract. Bremer has not opened or closed any offices during this evaluation period; however, the bank did close an ATM formerly located at the local Holiday Station per the store's request. The bank also discontinued the deposit-taking capabilities of the ATM located on-site at the bank. Hours of operation reasonably accommodate the AA population and delivery systems for small business and retail banking services are standard to the industry. Bremer utilizes internet banking, telephone banking, ATMs, bank-by-mail systems, and remote deposit capture to provide accessibility to all customers. Because Bremer does not maintain information on how the alternative delivery systems impact LMI individuals, we did not place significant weight on these systems for this evaluation.

#### **Community Development Services**

Bremer's community development service performance is good. The bank is involved with various local organizations focused upon the needs of LMI individuals. For example, Bremer employees provide their financial expertise by serving on the Boards or committees of organizations that target LMI individuals or promote small business development in the area. Such organizations include The Salvation Army, Koochco, Inc., and the Chamber of Commerce. Bank employees are also involved in teaching classes for LMI individuals to assist them as first-time home buyers. A Bremer employee was recognized by MN Housing, which finances affordable housing opportunities for LMI individuals in Minnesota, as a top producing loan officer for first-time homebuyer loans. In addition, this particular charter of Bremer Bank is the only Bremer Bank that offers Family Assets for Independence in Minnesota (FAIM) accounts free-of-charge to low-income first-time home buyer customers. The account assists the home buyer in saving up for a sufficient down payment. Funds deposited into the account are matched at some level by the state of MN and are strictly to be used for a home purchase.

## Appendix A: Scope of Examination

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 (excludes CD Loans): (1/01/04 to 12/31/10) Investment and Service Tests and CD Loans: (1/01/05 to 9/30/11)	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Bremer Bank, National Association (Bremer) International Falls, MN	Home mortgage, small business, small farm, multifamily, and CD loans	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
Otto Bremer Foundation (Foundation)	Owner	Investments
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Entire Koochiching County in MN	Full Scope	

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

### International Falls Assessment Area

Demographic Information for Full Scope Area: Bremer I Falls AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	4	0.00	0.00	100.00	0.00	0.00
Population by Geography	14,355	0.00	0.00	100.00	0.00	0.00
Owner-Occupied Housing by Geography	4,856	0.00	0.00	100.00	0.00	0.00
Business by Geography	1,031	0.00	0.00	100.00	0.00	0.00
Farms by Geography	44	0.00	0.00	100.00	0.00	0.00
Family Distribution by Income Level	3,997	22.02	17.34	22.97	37.68	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	1,573	0.00	0.00	100.00	0.00	0.00
Median Family Income		45,608	Median Housing Value		63,398	
HUD Adjusted Median Family Income for 2011		58,700	Unemployment Rate (2000 US Census)		2.65%	
Households Below Poverty Level		13%				

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

Source: 2000 US Census and 2011 HUD updated MFI

Bremer's AA consists of four contiguous census tracts which comprise all of Koochiching County in the state of Minnesota. This AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income geographies.

The AA is not located in a Metropolitan Statistical Area as it is located in the northernmost region of Minnesota along the Canadian border. The AA is mostly woodlands and lakes with very small towns and a total population of 13,311 residents based on 2010 U.S. Census Bureau data. Nearly half of the AA population resides in International Falls. The population is characterized as aging and has declined significantly (approximately 7%) in the past few years. This is attributable to lack of education and employment opportunities in the AA.

The economic status of the AA is considered distressed and underserved. Unemployment is low at 2.65%; however, 13% of the households are below poverty level. The real estate market has remained relatively stable compared to other parts of the country affected by the economic downturn. The local economy is centered in timber and tourism and a single wood company (Boise Cascade) is the largest employer in International Falls.

The AA has a moderate number of financial institutions serving the area and competition for deposits and loans is moderate. There is a combination of national and state banks, credit unions, finance companies, mortgage companies and other financial service entities competing for market share. According to the Federal Deposit Insurance Corporation Market Share Report, as of June 30, 2011, Bremer ranks first in deposit market share at 49% compared to three other FDIC insured institutions in the AA.



## Appendix C: Tables of Performance Data

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### Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: (1) purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables 8 through 12 and part of Table 13. Tables without data are not included in this PE. [Note: Do not renumber the tables.]

The following is a listing and brief description of the tables:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. See Interagency Q&As \_\_.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table

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

- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm.

Market share information is presented based on the most recent aggregate market data available.

**Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL)** - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/assessment area.

**Table 14. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As \_\_.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings** - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

**Table 1. Lending Volume**

LENDING VOLUME		Geography: BREMER I FALLS AA						Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2010				
Assessment Area (2011):	% of Rated Area Loans (#) in MA/AA <sup>*</sup>	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans <sup>**</sup>		Total Reported Loans		% of Rated Area Deposits in MA/AA <sup>***</sup>
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
<b>Full Review:</b>												
Bremer I Falls AA I	100.00	577	50,705	527	70,092	0	0	0	0	1,104	120,797	0.00

<sup>\*</sup> Loan Data as of December 31, 2010. Rated area refers to either state or multi-state MA rating area.

<sup>\*\*</sup> The evaluation period for Community Development Loans is from January 01, 2005 to September 30, 2011.

<sup>\*\*\*</sup> Deposit Data as of December 31, 2010. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

**Table 2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE DECEMBER 31, 2010		Geography: BREMER I FALLS AA								Evaluation Period: JANUARY 1, 2004 TO					
Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Bremer I Falls AA	252	100.00	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2010 Peer Mortgage Data (USPR)

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

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 3. Geographic Distribution of Home Improvement Loans**

Geographic Distribution: HOME IMPROVEMENT DECEMBER 31, 2010		Geography: BREMER I FALLS AA						Evaluation Period: JANUARY 1, 2004 TO							
Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overa ll	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Bremer I Falls AA	17	100.00	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2010 Peer Mortgage Data (USPR)

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

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

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

Geographic Distribution: HOME MORTGAGE REFINANCE DECEMBER 31, 2010		Geography: BREMER I FALLS AA								Evaluation Period: JANUARY 1, 2004 TO					
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Bremer I Falls AA	307	100.00	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2010 Peer Mortgage Data (USPR)

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

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 5. Geographic Distribution of Multifamily Loans**

Geographic Distribution: MULTIFAMILY 2010		Geography: BREMER I FALLS AA						Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31,							
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% of MF Units***	% BANK Loans****	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Overa II	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Bremer I Falls AA	1	100.00	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2010 Peer Mortgage Data (USPR)

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

\*\*\* Percentage of Multi Family Units is the number of multi family units in a particular geography divided by the number of multifamily housing units in the area based on 2000 Census information.

\*\*\*\* Multifamily loan distribution includes Home Purchases, Home Improvement and Refinances.

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

Geographic Distribution: SMALL LOANS TO BUSINESSES DECEMBER 31, 2010		Geography: BREMER I FALLS AA								Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2010					
Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% of Business***	% BANK Loans	% of Business***	% BANK Loans	% of Business***	% BANK Loans	% of Business***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Bremer I Falls AA	527	100.00	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	29.91	0.00	0.00	34.18	0.00

\* Based on 2010 Peer Small Business Data -- US and PR

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

\*\*\* Source Data - Dun and Bradstreet (2010).

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

Geographic Distribution: SMALL LOANS TO FARMS DECEMBER 31, 2010		Geography: BREMER I FALLS AA								Evaluation Period: JANUARY 1, 2004 TO					
Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Bremer I Falls AA	0	0.00	0.00	0.00	0.00	0.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2010 Peer Small Business Data -- US and PR

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

\*\*\* Source Data - Dun and Bradstreet (2010).

**Table 8. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE 31, 2010		Geography: BREMER I FALLS AA						Evaluation Period: JANUARY 1, 2004 TO DECEMBER							
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share <sup>1</sup>				
	#	% of Total <sup>2</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>3</sup>	% BANK Loans <sup>**</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>**</sup>	% BANK Loans <sup>****</sup>	Overa ll	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Bremer I Falls AA	252	100.00	22.02	27.13	17.34	23.89	22.97	23.48	37.68	25.51	0.00	0.00	0.00	0.00	0.00

<sup>\*</sup> Based on 2010 Peer Mortgage Data (USPR)

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

<sup>\*\*\*</sup> Percentage of Families is based on the 2000 Census information.

<sup>\*\*\*\*</sup> As a percentage of loans with borrower income information available. No information was available for 2.0% of loans originated and purchased by bank.

<sup>1</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 9. Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT 31, 2010		Geography: BREMER I FALLS AA						Evaluation Period: JANUARY 1, 2004 TO DECEMBER							
Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share <sup>4*</sup>				
	#	% of Total <sup>**</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>5</sup>	% BANK Loans <sup>****</sup>	% Families <sup>**</sup>	% BANK Loans <sup>****</sup>	% Families <sup>**</sup>	% BANK Loans <sup>****</sup>	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Bremer I Falls AA	17	100.00	22.02	11.76	17.34	17.65	22.97	23.53	37.68	47.06	0.00	0.00	0.00	0.00	0.00

\* Based on 2010 Peer Mortgage Data (USPR)

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

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 0.0% of loans originated and purchased by bank.

<sup>4</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

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

Borrower Distribution: HOME MORTGAGE REFINANCE TO DECEMBER 31, 2010			Geography: BREMER I FALLS AA						Evaluation Period: JANUARY 1, 2004						
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share <sup>6</sup>				
	#	% of Total <sup>**</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Bremer I Falls AA	307	100.00	22.02	10.92	17.34	17.06	22.97	31.74	37.68	40.27	0.00	0.00	0.00	0.00	0.00

<sup>6</sup> Based on 2010 Peer Mortgage Data (USPR)

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

<sup>\*\*\*</sup> Percentage of Families is based on the 2000 Census information.

<sup>\*\*\*\*</sup> As a percentage of loans with borrower income information available. No information was available for 4.6% of loans originated and purchased by bank.

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

Borrower Distribution: SMALL LOANS TO BUSINESSES DECEMBER 31, 2010			Geography: BREMER I FALLS AA			Evaluation Period: JANUARY 1, 2004 TO			
Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share <sup>*</sup>	
	#	% of Total <sup>**</sup>	% of Businesses <sup>***</sup>	% BANK Loans <sup>****</sup>	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Bremer I Falls AA	527	100.00	79.53	63.57	66.41	18.98	14.61	29.91	34.75

<sup>\*</sup> Based on 2010 Peer Small Business Data -- US and PR

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

<sup>\*\*\*</sup> Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2010).

<sup>\*\*\*\*</sup> Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 2.66% of small loans to businesses originated and purchased by the bank.

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

Borrower Distribution: SMALL LOANS TO FARMS DECEMBER 31, 2010		Geography: BREMER I FALLS AA			Evaluation Period: JANUARY 1, 2004 TO				
Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Bremer I Falls AA	0	0.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2010 Peer Small Business Data -- US and PR

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

\*\*\* Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2010).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0.00% of small loans to farms originated and purchased by the bank.

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS 30, 2011		Geography: Bremer I Falls AA			Evaluation Period: JANUARY 1, 2005 TO SEPTEMBER				
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Bremer I Falls AA			126	1,858,612	126	1,858,612	100.00		
<b>Limited Review:</b>									

\* 'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.  
 \*\* 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

