



Public Disclosure

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Community Reinvestment Act Performance Evaluation

Bremer Bank, National Association
Charter Number: 23204

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Moorhead, Minnesota 56560

Office of the Comptroller of the Currency

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

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General Information

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

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

Definitions and Common Abbreviations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Overall CRA Rating

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

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

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

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

The major factors that support this rating include:

- < BBNA's lending activity in MSA #2520 reflects excellent responsiveness to business and farm credit needs.
- < BBNA's lending activity in the Lisbon AA reflects excellent responsiveness to farm credit needs and good responsiveness to business credit needs.
- < The loan distribution to businesses and farms of different sizes is excellent in both AAs. BBNA's percentage of loans to entities with annual gross revenues of \$1 million or less exceed market demographics. The borrower income distribution for home mortgage loans, a less significant credit product for the bank, is not as strong.
- < BBNA's geographic distribution in the Fargo/Moorhead AA is adequate for business and farm loans, but excellent for home mortgage loans.
- < BBNA originated a high volume of community development loans in the Lisbon AA over the evaluation period.
- < The bank has an excellent level of qualified investments in both AAs. Qualifying investments and grants totaled \$1.2 million in MSA #2520 and \$393 thousand in the Lisbon AA. These levels represent excellent responsiveness to community needs.

- < BBNA's retail delivery systems are reasonably accessible to geographies and individuals of different income levels in the AAs.
- < BBNA's level of community development services is limited in both AAs.

Description of Institution

Bremer Bank, National Association (BBNA) is a \$169 million interstate institution headquartered in Moorhead, Minnesota. In addition to its main office, BBNA operates six branches in Clay County, Minnesota and Cass and Ransom Counties, North Dakota. Bank customers also have access to the bank through seven proprietary ATMs in these counties.

BBNA is a full-service bank, offering a variety of deposit and loan products. The bank's lending focus is commercial and agricultural credit. This is evidenced by the distribution of outstanding loans, as well as the distribution of originations considered in this evaluation. As of December 31, 1998, BBNA's loan portfolio consisted of: commercial (47%); agricultural (36%); residential (10%); consumer (6%); and other (1%) loans. BBNA's loan to deposit ratio was 93% as of December 31, 1998 and 100% as of June 30, 1999. Tier 1 capital totaled \$13 million as of December 31, 1998. BBNA does not have any operating subsidiaries. There are no financial, legal, or other factors which impede the bank's ability to meet its CRA obligations.

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

BBNA is the combination of the former First American Bank in Lisbon, North Dakota and First American Bank in Moorhead, Minnesota. The latter was a de novo bank that opened January 1997. The two banks merged in August 1997, and the bank's name changed to BBNA in November 1998.

The bank has delineated two separate but contiguous AAs. One AA is the Fargo/Moorhead MSA (#2520). It consists of Clay County, Minnesota and Cass County, North Dakota. The Lisbon AA is southwest of Cass County. It consists of Ransom County, North Dakota, a nonmetropolitan area. 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 examination of First American Bank in Lisbon, North Dakota (January 9, 1995) with the following exceptions and notations:

- < Our analysis of business and farm lending included all 1997 and 1998 reported originations. We excluded year-to-date 1999 originations because data is reported and aggregated in whole years. We also excluded 1996 originations because the bank used a different geocoding system in that year. Business and farm lending information was not publicly reported prior to 1996.
- < 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.
- < Our analysis of home mortgage loans included 1997 and 1998 originations. We chose this period to be consistent with other loan products.
- < Our analysis of home mortgage loans did not include home improvement loans. Bank systems do not separately code this product.
- < In both AAs, we weighted loan products in the following order: farm loans; business loans; and, lastly, home mortgage loans. The weighting is based on distribution of loan originations over the evaluation period. In MSA #2520, 49% of reported loan originations were farm loans, 37% were business loans and 14% were home mortgage loans. Similarly in the Lisbon AA, 61% of reported loan originations were farm loans, 30% were business loans and 9% were home mortgage loans.
- < The geographic distribution analysis for MSA #2520 does not evaluate bank performance in the MSA's one low-income CT. Based on available demographic information, this CT does not include any owner-occupied housing units, businesses or farms.
- < The evaluation does not include a geographic distribution analysis for the Lisbon AA. This analysis was not meaningful given the homogeneity of the area, which consists entirely of middle-income geographies.

- < Although the refinance product comprised 49% of the bank's home mortgage originations in MSA #2520 (and 66% in the Lisbon AA), 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.
- < At the bank's request, we considered qualified investments of the affiliated Otto Bremer Foundation in the bank's "Investment Test" assessment.
- < 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

- < After validating the accuracy of the bank's CRA Disclosure Statements, we used this information in our analysis of business and farm lending.
- < 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

- < We performed a full-scope review of the Fargo/Moorhead AA (MSA #2520). This is a multistate metropolitan area and the bank has offices in both Minnesota and North Dakota. MSA #2520 contains 86% of the bank's branches and 86% of the bank's ATMs. BBNA has a 1% deposit market share in Clay County, Minnesota (with a deposit market rank of 9) and a 2% deposit market share in Cass County, North Dakota (with a deposit market rank of 11).
- < We also performed a full-scope review of the Lisbon AA, the bank's only other AA. This nonmetropolitan AA contains 14% of the bank's branches and 14% of the bank's ATMs. BBNA has a 32% market share in Ransom County and a deposit market rank of 2.

- < The bank's overall CRA rating is a blend of the multistate metropolitan area rating and the North Dakota rating. We gave slightly more weight to BBNA's ratings in MSA #2520 than the Lisbon AA because the Fargo/Moorhead AA represents a larger portion of the bank's deposits (59%) and its loans (69%). MSA #2520 also contains 86% of the bank's branches and ATMs.
- < The CRA rating for the State of North Dakota is based entirely on BBNA's performance in the Lisbon AA.
- < We did not assign a rating for the State of Minnesota because all of the bank's Minnesota branches are located in MSA #2520.
- < 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.

Multistate Metropolitan Area Rating

CRA Rating for MSA #2520 (Fargo, ND/Moorhead, MN)¹: Satisfactory

The Lending Test is rated: High Satisfactory

The Investment Test is rated: Outstanding

The Service Test is rated: Low Satisfactory

The major factors that support this rating include:

- < BBNA's volume of reported business and farm loans, and the percentage of those originations in the AA, show excellent responsiveness to business and farm credit needs.
- < The loan distribution to businesses and farms of different sizes is excellent. The borrower income distribution for home mortgage loans is adequate.
- < The geographic distribution of business and farm loans is adequate. The geographic distribution of home mortgage loans is excellent.
- < The bank has an excellent level of qualified investments.
- < Retail delivery systems are reasonably accessible to geographies and individuals of different income levels.
- < BBNA's level of community development services is limited.

Description of Institution's Operations in MSA #2520

(Refer to the Market Profile in Appendix C for detailed demographics and other performance context information for MSA #2520).

MSA #2520 is BBNA's more significant AA. The AA encompasses six (or 86%) of BBNA's branches, six (or 86%) of its ATMs, 1,164 (or 69%) of its CRA-related loans (see Table 1), and 59% of its deposit base. While there is some variation in the types of loans available at the branches in the AA, in aggregate all loan products offered by the bank are available in the AA.

During the examination, we reviewed information from three recent community contacts. The contacts included a community development organization, an organization that promotes area businesses and a local builder. The contacts cited

¹ This rating reflects performance within the multistate metropolitan area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan area.

a need for small business loans, start-up business loans and housing downpayment assistance loans.

LENDING TEST

Lending Activity

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

Lending levels reflect adequate responsiveness to home mortgage credit needs. BBNA originated 225 home mortgage loans (totaling \$18 million) during the evaluation period. A substantial majority of these loans (207 or 92%) were in the bank's AAs. BBNA made 160 home mortgage loans (totaling \$14 million) in MSA #2520. BBNA originated < 1% of all reported 1997 HMDA loans in the MSA.

Lending levels reflect excellent responsiveness to business credit needs. BBNA originated 665 reportable business loans (totaling \$53 million) during the evaluation period. A substantial majority of these loans (587 or 88%) were in the bank's AAs. BBNA made 434 business loans (totaling \$40 million) in MSA #2520. BBNA originated 5% of all reported 1997 business loans in MSA #2520, ranking seventh of 39 reporting lenders.

Lending levels reflect excellent responsiveness to farm credit needs. BBNA originated 988 reportable farm loans (totaling \$50 million) during the evaluation period. A substantial majority of these loans (887 or 90%) were in the bank's AAs. BBNA made 569 farm loans (totaling \$31 million) in MSA #2520. BBNA originated 27% of all reported 1997 farm loans in MSA #2520, ranking second of 12 reporting lenders.

BBNA's lending market share ratios exceed its deposit market share ratios for business and farm loans and are less than its deposit market share ratios for home mortgage loans. BBNA has a 1% deposit market share in Clay County, MN (ranking ninth of 13 lenders) and a 2% deposit market share in Cass County, ND (ranking eleventh of 19 lenders).

Distribution of Loans by Income Level of the Borrower

Home Mortgage Loans

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

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

Bank performance involving home purchase loans to moderate-income borrowers is excellent. The percentage of home purchase loans to moderate-income borrowers (34%) significantly exceeds market demographics - 18% of the families in the AA have moderate incomes.

Bank performance involving home purchase loans to low-income borrowers is poor. The percentage of home purchase loans to low-income borrowers (8%) is much less than market demographics - 18% of the families in the AA have low incomes.

Bank performance involving refinance loans to low- and moderate-income borrowers is poor. The percentage of refinance loans to low-income borrowers (2%), and the percentage to moderate-income borrowers (10%), is much less than market demographics - 18% of the families in the AA have low incomes and another 18% have moderate incomes.

BBNA's market share for home mortgage lending to low- and moderate-income borrowers is poor. BBNA's combined market share for both home mortgage and refinance loans to low- and moderate-income borrowers is .18%, which compares poorly to the bank's overall combined market share of .52%. The analysis was combined because of the very small market shares these loans represent.

BBNA significantly increased its home mortgage lending to low- and moderate-income borrowers from 1997 to 1998. The percentage of BBNA's loans to LMI borrowers increased from 8% to 30%. BBNA's increased emphasis on lending to LMI borrowers should be reflected in the 1998 aggregate HMDA data, which was not yet available at the time of the examination.

Small Business Loans

(Refer to Table 10 in Appendix D 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 excellent. BBNA made 407 (or 94%) of its 434 reported business loans to businesses with gross annual revenues of \$1 million or less (i.e. small businesses). Bank performance is substantially better than MSA demographics - 70% of the businesses in the AA are small (19% did not report revenue information). Bank performance also compares favorably to small businesses as a percentage of businesses that report revenue information (87%). Bank performance is substantially better than other lenders who reported loans in MSA #2520. In aggregate, other lenders made 59% of their 1997 reported loans to small businesses. Loans to small and start-up businesses was one of the key credit needs mentioned by community contacts.

Of all banks subject to CRA data reporting, BBNA ranked sixth in loan originations to small businesses in MSA #2520. BBNA made 160 (or 7%) of the 2,240 reported loans to small businesses in 1997.

The bank's willingness to make loans to small businesses is further evidenced by a good loan size distribution. BBNA made 78% of its reported business loans in amounts of \$100 thousand or less, with an average loan size of \$91 thousand. Bank performance is consistent with other lenders who reported loans in MSA #2520. In aggregate, other lenders made 77% of their 1997 business loans in amounts of \$100 thousand or less, with an average loan size of \$100 thousand.

Small Farm Loans

(Refer to Table 11 in the Appendix D 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. BBNA made 567 (or 100%) of its 569 reported farm loans to farms with gross annual revenues of \$1 million or less (i.e. small farms). Bank performance is substantially better than MSA demographics - 87% of farms in the AA are small, although 8% did not report revenue information. Of the farms that report revenue information, 95% have revenues of \$1 million or less. Bank performance is substantially better than the performance of other lenders, who made 86% of their 1997 reported loans to small farms.

Of all banks subject to CRA data reporting, BBNA ranked second in small farm originations in MSA #2520. BBNA made 261 (or 30%) of the 866 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 82% of its reported farm loans in amounts of \$100 thousand or less, with an average loan size of \$54 thousand. Bank performance is better than other lenders who reported loans in MSA #2520. In aggregate, other lenders made 75% of their 1997 farm loans in amounts of \$100 thousand or less, with an average loan size of \$80 thousand.

Distribution of Loans by Income Level of the Geography

Our analysis of the geographic distribution of the bank's lending activity included a review to identify any unexplained gaps in lending within the AA, particularly in moderate income areas. We did not identify any unexplained lending gaps.

Home Mortgage Loans

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

The overall distribution of home mortgage loans in geographies of different income levels is excellent - especially in relation to the short time that the bank has operated branch facilities in close proximity to the LMI geographies in the AA.

MSA #2520 contains one low-income and seven moderate-income census tracts. The low-income tract is an airport - it does not contain any owner-occupied housing units, businesses, or farms. All of the moderate-income tracts are contiguous to each other. They are clustered in the center of the MSA in the Cities of Fargo, West Fargo, and Moorhead. Prior to December 1996, BBNA operated only two branches in the MSA. Both branches are in rural North Dakota communities some distance from the City of Fargo - the Casselton branch (at least 10 miles west) and the Leonard branch (at least 10 miles southwest).

Over the evaluation period, BBNA improved its accessibility to LMI tracts by opening four offices. Its Cashwise Office opened December 1996, in an upper-income tract contiguous to the moderate-income tracts in the City of Fargo. BBNA opened two offices in the City of Moorhead - the main office in January 1997, and another office in July 1997. Both Moorhead offices are located in a middle-income tract contiguous to the moderate-income tracts. BBNA also opened another office in West Fargo (July 1998) in a moderate-income geography.

Bank performance involving home purchase loans in moderate-income CTs is excellent. The percentage of home purchase loans to borrowers residing in moderate-income CTs (21%) significantly exceeds market demographics (12%).

Bank performance involving refinance loans in moderate-income CTs is good. The percentage of refinance loans in moderate-income CTs (10%) is only slightly less than market demographics (12%).

BBNA's market share for home mortgage lending in the moderate-income CTs (.32%) is less than its overall combined market share (.52%), but this is not unreasonable given the short time the bank has operated branches in close proximity to moderate-income geographies. In addition, the bank significantly increased its home mortgage lending in moderate-income geographies between 1997 (8%) and 1998 (17%). BBNA's increased penetration in moderate-income geographies should be reflected in the 1998 aggregate HMDA data, which was not yet available at the time of the examination.

BBNA originated a substantial majority of its home purchase loans (92%) and its refinance loans (also 92%) to borrowers in its AAs.

Small Business Loans

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

BBNA has not been as successful in penetrating LMI geographies with its business loan product. However, overall performance is still considered adequate in relation to the short time the bank has operated branch facilities in close proximity to the AA's moderate-income geographies.

BBNA's percentage of loans to businesses in moderate-income geographies (15%) is less than the percentage of businesses in those areas (44%). The bank's business loan market share in moderate-income tracts (1%) is less than its overall business loan market share (5%) as reflected in 1997 CRA data.

BBNA originated a substantial majority of its reported business loans (88%) in its AAs.

Small Farm Loans

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

BBNA has not been as successful in penetrating LMI geographies with its farm loan product. However, overall performance is still considered adequate in relation to the short time the bank has operated branch facilities in close proximity to the AA's moderate-income geographies.

BBNA's percentage of farm loans in moderate-income geographies (2%) is less than the percentage of farms in those areas (14%). The bank's farm loan market share in moderate-income tracts (17%) is less than its overall farm loan market share (27%) as reflected in 1997 CRA data.

BBNA originated a substantial majority of its reported farm loans (90%) in its AAs.

Community Development Lending

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

BBNA originated one community development loan (totaling \$20,000) during the evaluation period. The loan funded the purchase of vans for the transportation of halfway house residents in Moorhead, who are primarily LMI individuals.

INVESTMENT TEST

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

BBNA's level of qualified investments is excellent given the bank's capacity and available investment opportunities. Opportunities for qualified investment securities that specifically target MSA #2520 are limited. However, there are ample opportunities for community development grants and donations. The abundance of such opportunities is attributable, in part, to the 1997 Red River flood since the regions most damaged by the flood were generally poorer, older, and less economically vital.

BBNA's level of qualified investments for the evaluation period total \$1.2 million. This represents 9.2% of the bank's Tier 1 capital (\$13 million) which is very significant and shows BBNA's strong commitment to helping its community. Most 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.

The grants assisted a wide range of community development needs, including organizations that provide social services to LMI people, that promote affordable housing for LMI people, and that foster economic development for small businesses and farms. Specific examples of BBNA's qualified investments follow:

- < The bank provided grants totaling \$200,300 to a health care center for the improvement of health care delivery systems to LMI families. The center is the principal provider of health care to low-income and uninsured people in Cass and Clay Counties.
- < The bank provided grants totaling \$65,000 to an organization that operates a food pantry and homeless shelter in the Fargo/Moorhead area.
- < The bank invested \$50,000 in the North Dakota Small Business Investment Company, which primarily serves businesses in North Dakota.

SERVICE TEST

Retail Banking Services

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

Retail delivery systems are reasonably accessible to geographies and individuals of different income levels in the AA. In addition to its main facility, the bank has five other branches in MSA #2520, one of which (the 45th Street branch in Fargo) is located in a moderate-income geography. The geographic distribution of the bank's branches compares closely to the population distribution in the AA.

BBNA improved its accessibility during the evaluation period by opening four branches, including the branch in a moderate-income geography. The bank did not close any branches during this period. Prior to the evaluation period, the bank did not have a presence in the Cities of Fargo and Moorhead. The Casselton and Leonard branches were its only offices in the MSA.

BBNA office hours do not vary in a way that inconveniences LMI geographies or individuals. Five branches have expanded hours. The hours are limited at the branch in Leonard, North Dakota, which is in a middle-income geography. With the exception of the Leonard branch, bank hours are extended on weekdays (until 6:00 p.m. or 7:00 p.m.) and include Saturday hours (until 12:00 p.m. or 3:00 p.m.). These extended hours are available at drive-ups or in the lobbies for branches that do not have drive-up facilities.

Customers also have access to the bank through full-service ATMs that are located at four of the bank's six offices. The four locations that have ATMs include the branch facility that is located in a moderate-income geography. The bank also has two other ATMs in the AA that are cash-dispensing only.

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

Accessibility to products and services varies by bank location. Deposit accounts can be opened at all branches with the exception of the Leonard branch. While all branches do not have onsite lenders for all loan types, lenders will visit branches to accommodate customers. Onsite accessibility to lenders at the branch in the moderate-income geography is slightly better than the accessibility to lenders at the other branches, on average.

Community Development Services

BBNA's level of community development services in MSA #2520 is limited. During the evaluation period, six employees were involved in community development services with seven organizations. Based on the significant volume of organizations in the bank's AA and the greater regional area to which the bank provided grants, there are numerous additional opportunities for involvement. The following are some examples of community development services provided by the bank:

- < A bank employee assisted the Cass County Rural Community Emergency Food Pantry with the preparation of a grant application for updating and expanding the food pantry. In addition, the bank served as a solicitation and collection site for the annual food drive.

- < Two bank employees served on the Board (one as Treasurer) of the Casselton Job Development Authority. This organization primarily promotes small business development in the Casselton area. During 1999, the Authority raised funds for a Community Development Financial Institution matching program to develop a revolving loan fund for local small business development.

The bank also offers a checking account tailored to the needs of community and nonprofit organizations with low transaction volumes.

North Dakota State Rating

CRA Rating for North Dakota²: Outstanding
The Lending Test is rated: Outstanding
The Investment Test is rated: Outstanding
The Service Test is rated: Low Satisfactory

The major factors that support this rating include:

- < BBNA's volume of reported farm loans, and the percentage of those originations in the AA, show excellent responsiveness to farm credit needs.
- < BBNA's volume of reported business loans, and the percentage of those originations in the AA, show good responsiveness to business credit needs.
- < The loan distribution to businesses and farms of different sizes is excellent. The borrower income distribution for home mortgage loans is adequate.
- < BBNA originated a high volume of community development loans over the evaluation period.
- < The bank has an excellent level of qualified investments.
- < Retail delivery systems are reasonably accessible to individuals of different income levels.
- < BBNA's level of community development services is limited.

² For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

Description of Institution's Operations in North Dakota

(Refer to the Market Profiles for the State of North Dakota in Appendix C for detailed demographics and other performance context information for assessment areas that received full-scope reviews.)

The Lisbon AA is BBNA's less significant AA. The AA encompasses one (or 14%) of BBNA's branches, one (or 14%) of its ATMs, 519 (or 31%) of its CRA-related loans (see Table 1) and 41% of its deposit base. All loan products offered by the bank are available at BBNA's Lisbon branch.

During the examination, we conducted one new community contact and reviewed information from another. The contacts consisted of a commerce organization and an organization involved in the local agricultural economy. Both contacts cited a need for increased housing stock.

Scope of Evaluation in North Dakota

- < We performed a full-scope review of the Lisbon AA, the bank's only AA in North Dakota.
- < Ratings for the State of North Dakota are based entirely on our full-scope review of the Lisbon AA.
- < Refer to the table in Appendix A for more information regarding the examination scope.

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's only AA in North Dakota is its Lisbon AA, for which we performed a full-scope review.

Lending Activity

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

Lending levels reflect adequate responsiveness to home mortgage credit needs. BBNA made 47 home mortgage loans (totaling \$2 million) in the Lisbon AA. BBNA originated 21% of all reported 1997 HMDA loans in the Lisbon AA.

Lending levels reflect good responsiveness to business credit needs. BBNA made 153 business loans (totaling \$6 million) in the Lisbon AA. BBNA originated 83% of all reported 1997 business loans in the Lisbon AA, ranking first of 11 reporting lenders.

Lending levels reflect excellent responsiveness to farm credit needs. BBNA made 318 farm loans (totaling \$16 million) in the Lisbon AA. BBNA originated 91% of all reported 1997 farm loans in the Lisbon AA, ranking first of three reporting lenders.

BBNA's lending market share ratios exceed its deposit market share ratio for business and farm loans and are less than its deposit market share ratio for home mortgage loans. BBNA has a 32% deposit market share in Ransom County, ranking second of the four lenders.

Distribution of Loans by Income Level of the Borrower

Home Mortgage Loans

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

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

Bank performance involving both home purchase and refinance loans to moderate-income borrowers is excellent. The percentage of home purchase loans to moderate-income borrowers (19%) exceeds market demographics (17%) and the percentage of refinance loans to moderate-income borrowers (17%) meets market demographics.

Bank performance involving refinance loans to low-income borrowers is poor. The percentage of refinance loans to low-income borrowers (3%) is much less than market demographics (17%).

Bank performance involving home purchase loans to low-income borrowers is very poor. BBNA made no loans to low-income borrowers during the evaluation period, while 17% of the families in the Lisbon AA are designated low-income.

Market share analysis has limited use as there are few lenders that report HMDA data in the Lisbon AA. BBNA did not originate any home purchase loans to LMI borrowers or any refinance loans to low-income borrowers in 1997. BBNA originated refinance loans to moderate-income borrowers in 1997. Its market share to moderate-income borrowers (33%) is less than its overall market share (50%).

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 excellent. BBNA made 148 (or 97%) of its 153 reported business loans to businesses with gross annual revenues of \$1 million or less (i.e. small businesses). Bank performance is better than AA demographics - 82% of businesses in the AA are small (12% did not report revenue information). Bank performance also compares favorably to small businesses as a percentage of businesses that report revenue information (94%). Bank performance is substantially better than other lenders who reported loans in the Lisbon AA. In aggregate, other lenders made 35% of their reported 1997 business loans to small businesses.

Of all banks subject to CRA data reporting, BBNA originated the most loans to small businesses in the Lisbon AA. BBNA made 81 (or 93%) of the 87 reported loans to small businesses in 1997.

The bank's willingness to make loans to small businesses is further evidenced by a good loan size distribution. BBNA made 92% of its reported business loans in amounts of \$100 thousand or less, with an average loan size of \$40 thousand. The four other lenders who reported loans in the Lisbon AA made 100% of their 1997 business loans in amounts of \$100 thousand or less, with an average loan size of \$10 thousand.

Small Farm Loans

(Refer to Table 11 in the Appendix D 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. BBNA originated 315 (or 99%) of its 318 reported farm loans to farms with gross annual revenues of \$1 million or less (i.e. small farms). Bank performance exceeds AA demographics. Ninety-six percent of farms in the AA are small, although 4% did not report revenue information. Of the farms that report revenue information, 100% have revenues of \$1 million or less. Bank performance is consistent with that of other lenders, who made 100% of their 1997 reported loans to small farms.

Of all banks subject to CRA data reporting, BBNA ranked first in small farm loan originations in the Lisbon AA. BBNA originated 175 (or 91%) of the 192 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 originated 86% of its reported farm loans in amounts of \$100 thousand or less, with an average loan size of \$50 thousand. The two other lenders who reported loans in this AA made 94% of their 1997 farm loans in amounts of \$100 thousand or less, with an average loan size of \$44 thousand.

Distribution of Loans by Income Level of the Geography

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 purchase loans (92%) and its refinance loans (also 92%) to borrowers in its AAs.

Geographic distribution within the bank's Lisbon AA is not meaningful as all BNAs are middle-income.

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 small business loans (88%) to businesses within its AAs.

Geographic distribution within the bank's Lisbon AA is not meaningful.

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 substantial majority of its small farm loans (90%) to farms within its AAs.

Geographic distribution within the bank's Lisbon AA is not meaningful.

Community Development Lending

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

BBNA originated a high volume of community development loans over the evaluation period. The bank made one community development loan totaling \$1.8 million. The loan is to a partnership for the construction of LMI housing in southwestern North Dakota. The project involves building multi-family rental housing units in six rural communities, including two towns in the Lisbon AA. Twenty-one percent of the units in each town are tax credit units (i.e. dedicated for LMI housing). Although less than a majority of units are dedicated for LMI housing, the activity still qualifies as a community development loan based on its purpose, structure and end result - increased availability of LMI housing in rural communities.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

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

BBNA's level of qualified investments is excellent given the bank's capacity and limited investment opportunities.

Opportunities for qualified investment securities that specifically target the Lisbon AA are limited. Opportunities for community development grants and donations are also limited in this rural, sparsely populated area.

Qualifying investments for the evaluation period total \$393 thousand. This volume represents 3% of the bank's Tier 1 capital (\$13 million) which is very significant.

The grants assisted a wide range of community development organizations. The majority of the grants were to organizations that provide social services to LMI people. Some of the grants went to organizations that promote affordable housing for LMI and that foster economic development for small businesses and farms. Some examples of BBNA's qualified investments follow:

- < The bank provided a grant of \$80,000 to an agency which provides child care targeted to LMI families. The grant was used to construct a new facility.
- < The bank provided a grant of \$34,000 to an agency for the development of new multi-family rental housing for low-income families.
- < The bank invested \$50,000 in the North Dakota Small Business Investment Company, which primarily serves businesses in North Dakota.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

We performed a full-scope review of the Lisbon AA, the bank's only AA in North Dakota.

Retail Banking Services

(Refer to Table 13 in Appendix D 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 in the AA. BBNA operates one branch in the Lisbon AA. A geographic distribution analysis is not meaningful since this AA includes only middle-income geographies.

The bank did not open or close any branches in the AA during the evaluation period.

Hours at the Lisbon branch are convenient. The bank has extended hours at its drive-up facility, on weekdays (until 6:00 p.m.) and Saturdays (until 12:00 p.m.).

Customers also have access to the bank through a full-service ATM located at the branch.

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

All of the products and services offered by the bank are available at the Lisbon branch.

Community Development Services

BBNA provided a limited level of community development services in the Lisbon AA. During the evaluation period, four employees were involved in community development services with four organizations. Based on the significant volume of organizations in the bank's AA and the greater regional area to which the bank provided grants, there are numerous additional opportunities for involvement. The following are examples of community development services provided by the bank:

- < During 1999, a bank employee served on the Lisbon STAR Committee. The Committee allocates city sales tax funds for economic and social development projects - primarily small business assistance and a revolving building fund for LMI housing.
- < Throughout the evaluation period, a bank employee has served on a Lisbon foundation that provides scholarships to LMI students.

The bank also offers a checking account tailored to the needs of community and nonprofit organizations with low transaction volumes.

Appendix A: Scope of Evaluation

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

Time Period Reviewed	Lending Test: January 1, 1997 to July 12, 1999* Investment Test: January 1, 1996 to July 12, 1999 Service Test: January 10, 1995 to July 12, 1999**	
Financial Institution	Loan Products Reviewed	
Bremer Bank, N.A. (BBNA) Moorhead, Minnesota	Small Business, Small Farm, Home Mortgage, Community Development	
Affiliate(s)	Affiliate Relationship	Products Reviewed
Otto Bremer Foundation Bremer Services, Inc.	Parent Company Sister Company	Qualified Investments Automated Teller Machines
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Multistate MSA #2520	Full-scope	Fargo/Moorhead MSA - Cass County, Minnesota and Clay County, North Dakota
State of North Dakota: Lisbon Assessment Area	Full-scope	Ransom County, North Dakota; nonmetropolitan

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

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

Appendix B: Summary of Multistate Metropolitan Area and State Ratings

RATINGS				
Bremer Bank, National Association				
	Lending Test Rating*	Investment Test Rating	Service Test Rating	Overall Bank/State/Multistate Rating
Overall				
Bremer Bank, N.A.	High Satisfactory	Outstanding	Low Satisfactory	Satisfactory
Multistate Metropolitan Area or State:				
Multistate MSA #2520	High Satisfactory	Outstanding	Low Satisfactory	Satisfactory
State of North Dakota	Outstanding	Outstanding	Low Satisfactory	Outstanding

(*) The Lending Test is weighted more heavily than the Investment and Service Tests in the overall rating.

The bank’s overall CRA rating is a blend of the multistate metropolitan area rating and the North Dakota rating. We gave slightly more weight to BBNA’s ratings in MSA #2520 than the Lisbon AA because the Fargo/Moorhead AA represents a larger portion of the bank’s deposits (59%) and its loans (69%). MSA #2520 also contains 86% of the bank’s branches and ATMs.

Appendix C: Market Profiles for Full-Scope Areas

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Market Profiles for Areas Receiving Full-Scope Reviews

Multistate MSA #2520 (Fargo, ND/Moorhead, MN)	A-4
State of North Dakota	A-5

Multistate MSA #2520 (Fargo, ND/Moorhead, MN)

Demographic Information for Full-Scope Area: Multistate MSA #2520						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA % of #
Geographies (Census Tracts/BNAs)	36	3%	19%	67%	11%	n/a
Population by Geography	153,296	2%	17%	66%	15%	n/a
Owner-Occupied Housing by Geography	34,021	0%	12%	71%	17%	n/a
Businesses by Geography	6,082	0%	44%	45%	11%	n/a
Farms by Geography	210	0%	14%	79%	7%	n/a
Family Distribution by Income Level	37,506	18%	18%	26%	38%	n/a
Distribution of Low- and Moderate-Income Families throughout AA Geographies	13,432	2%	22%	68%	8%	n/a
Median Family Income (MFI)	= \$33,819	Median Housing Value		= \$62,208		
HUD Adjusted Median Family Income for 1998	= \$46,400	Unemployment Rate (1990)		= 2.5%		
Households Below the Poverty Level	= 14.2%					

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

The Fargo/Moorhead AA consists of the entire multi-state MSA. Fargo, North Dakota is to the west of the Red River and Moorhead, Minnesota is to the east.

This is BBNA's more predominant AA - 69% of the loan originations we evaluated, and 59% of the bank's deposits, were from this AA. BBNA's primary loan products are business and farm loans. For business lending, BBNA's major competitors are State Bank of Fargo, First National Bank of North Dakota, Norwest, U.S. Bank and the 1st International Bank and Trust. BBNA is ranked sixth after these banks in terms of business loan origination numbers. For farm loans, BBNA's other primary product, the only bank with a greater number of loan originations is Norwest. BBNA operates six branches and six ATMs in this AA.

The economy of the area is good. Area industry is diverse and includes agriculture, wholesale and retail trade, communications, transportation and medical services. As a result of this diversity, depressed agricultural prices have had only a modest effect on the overall economy. The August 1999 unemployment rate was very low at 1.4%.

During the examination, we reviewed information from three recent community contacts. The contacts included a community development organization, an organization that promotes area businesses and a local builder. The contacts cited

a need for small business loans, start-up business loans and housing downpayment assistance loans.

State of North Dakota Full-Scope Areas

Lisbon Assessment Area

Demographic Information for Full-Scope Area: Lisbon Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA % of #
Geographies (Census Tracts/BNAs)	3	n/a	n/a	100%	n/a	n/a
Population by Geography	5,921	n/a	n/a	100%	n/a	n/a
Owner-Occupied Housing by Geography	1,710	n/a	n/a	100%	n/a	n/a
Businesses by Geography	177	n/a	n/a	100%	n/a	n/a
Farms by Geography	25	n/a	n/a	100%	n/a	n/a
Family Distribution by Income Level	1,629	17%	17%	23%	43%	n/a
Distribution of Low- and Moderate-Income Families throughout AA Geographies	557	n/a	n/a	100%	n/a	n/a
Median Family Income (MFI) HUD Adjusted Median Family Income for 1998 Households Below the Poverty Level	= \$26,195 = \$35,800 = 13.0%	Median Housing Value Unemployment Rate (1990)		= \$32,212 = 1.3%		

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

The Lisbon AA consists of Ransom County, a nonmetropolitan county that is southwest of, and contiguous to, MSA #2520.

The Lisbon AA is not as significant for the bank - 31% of the loan originations we evaluated and 41% of the bank's deposits were from this AA. BBNA's predominant loan products are business and farm loans. Of the banks in the AA that are required to publicly report small business and farm information, BBNA is the predominant lender. BBNA has only one branch with an onsite ATM in this AA.

The economy of the area is satisfactory, but it has been impacted by depressed agricultural prices.

During the examination, we conducted one new community contact and reviewed information from another. The contacts consisted of a commerce organization and an organization involved in the local agricultural economy. Both contacts cited a need for increased housing stock.

Appendix D: Tables of Performance Data

Content of Standardized Tables

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

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

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

Table 1. Lending Volume

LENDING VOLUME												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:													
Multistate MSA:													
MSA #2520	100%	160	\$14,149	434	\$39,551	569	\$30,737	1	\$20	1,164	\$84,457	100%	
State of North Dakota:													
Lisbon Assessment Area	100%	47	\$2,486	153	\$6,104	318	\$15,877	1	\$1,800	519	\$26,267	100%	
Limited-Scope:													

Table 2. Geographic Distribution of Home Purchase Loan Originations

Geographic Distribution: HOME PURCHASE										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:																
Multistate MSA:																
MSA #2520	0%	0%	12%	21%	71%	58%	17%	21%	24	< 1%	0%	< 1%	< 1%	< 1%	81	100%
State of North Dakota:																
Lisbon Assessment Area	n/a	n/a	n/a	n/a	100%	100%	n/a	n/a	3	14%	n/a	n/a	14%	n/a	16	100%
Limited-Scope:																

(*) Based on 1997 Aggregate HMDA Data only.

(**) As a percentage of loans with geocode information available. Geocode information was available for 100% of BBNA loans in both AA's.

Table 3. Geographic Distribution of Home Improvement Loan Originations

Geographic Distribution: HOME IMPROVEMENT										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										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:																
Multistate MSA:																
MSA #2520	0%	0%	12%	10%	71%	67%	17%	23%	26	< 1%	n/a	0%	< 1%	< 1%	79	100%
State of North Dakota:																
Lisbon Assessment Area	n/a	n/a	n/a	n/a	100%	100%	n/a	n/a	1	50%	n/a	n/a	50%	n/a	31	100%
Limited-Scope:																

(*) Based on 1997 Aggregate HMDA Data only.

(**) As a percentage of loans with geocode information available. Geocode information was available for 100% of BBNA loans in both AA's.

Table 5. Geographic Distribution of Small Business Loan Originations

Geographic Distribution: SMALL BUSINESS										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:																
Multistate MSA:																
MSA #2520	0%	0%	44%	15%	45%	74%	11%	11%	7	5%	0%	1%	10%	3%	434	100%
State of North Dakota:																
Lisbon Assessment Area	n/a	n/a	n/a	n/a	100%	100%	n/a	n/a	1	83%	n/a	n/a	83%	n/a	153	100%
Limited-Scope:																

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

Table 6. Geographic Distribution of Small Farm Loan Originations

Geographic Distribution: SMALL FARM										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:																
Multistate MSA:																
MSA #2520	0%	0%	14%	2%	79%	97%	7%	1%	2	27%	n/a	17%	29%	2%	569	100%
State of North Dakota:																
Lisbon Assessment Area	n/a	n/a	n/a	n/a	100%	100%	n/a	n/a	1	91%	n/a	n/a	91%	n/a	318	100%
Limited-Scope:																

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

Table 7. Borrower Distribution of Home Purchase Loan Originations

Borrower Distribution: HMDA HOME PURCHASE										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:																
Multistate MSA:																
MSA #2520	18%	8%	18%	34%	26%	28%	38%	30%	24	< 1%	0%	< 1%	1%	< 1%	81	100%
State of North Dakota:																
Lisbon Assessment Area	17%	0%	17%	19%	23%	37%	43%	44%	3	14%	0%	0%	13%	25%	16	100%
Limited-Scope:																

(*) As a percentage of loans with borrower income information available. Borrower income information was available for 98% of BBNA loans originated in MSA #2520 and 100% of BBNA loans originated in the Lisbon AA.

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

Table 8. Borrower Distribution of Home Improvement Loan Originations

Borrower Distribution: HOME IMPROVEMENT								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										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:																
Multistate MSA:																
MSA #2520	18%	2%	18%	10%	26%	23%	38%	65%	26	< 1%	0%	0%	< 1%	< 1%	79	100%
State of North Dakota:																
Lisbon Assessment Area	17%	3%	17%	17%	23%	30%	43%	50%	1	50%	0%	33%	67%	57%	31	100%
Limited-Scope:																

(*) As a percentage of loans with borrower income information available. Borrower income information was available for 100% of BBNA loans originated in MSA #2520 and 97% of BBNA loans originated in the Lisbon AA.

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

Table 10. Borrower Distribution of Small Business Loan Originations

Borrower Distribution: SMALL BUSINESS				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:												
Multistate MSA:												
MSA #2520	70%	94%	59%	78%	13%	9%	5%	7%	434	100%	\$91	
State of North Dakota:												
Lisbon Assessment Area	82%	97%	35%	92%	4%	4%	83%	93%	153	100%	\$40	
Limited-Scope:												

(*) As a percentage of all businesses in the AA. Revenue information was not available for 19% of the businesses in MSA #2520 and 12% of the businesses in the Lisbon AA.
 (**) As a percentage of all BBNA loans. Revenue information was available for 100% of the loans originated by BBNA in both AA's.
 (***) The market consists of all other Small Business reporters in BBNA's assessment area and is based on 1997 Aggregate Small Business Data only.
 (****) Based on 1997 Aggregate Small Business Data only.

Table 11. Borrower Distribution of Small Farm Loan Originations

Borrower Distribution: SMALL FARM			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:											
Multistate MSA:											
MSA #2520	87%	100%	86%	82%	16%	2%	27%	30%	569	100%	\$54
State of North Dakota:											
Lisbon Assessment Area	96%	99%	100%	86%	10%	4%	91%	91%	318	100%	\$50
Limited-Scope:											

(*) As a percentage of all farms in the AA. Revenue information was available for 108% of the farms in MSA #2520 and 96% of the farms in the Lisbon AA.

(**) As a percentage of all BBNA loans. Revenue information was available for 100% of the loans originated by BBNA in both AA's.

(***) 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			Evaluation Period: January 1, 1996 to July 12, 1999						
MSA/Assessment Areas:	Prior Period Investments*			Current Period Investments			Total Investments		
	#	\$ (000's)	%**	#	\$ (000's)	%**	#	\$ (000's)	% of Total \$'s
Full-Scope:									
Multistate MSA:									
MSA #2520	1	\$30	3%	109	\$1,138	97%	110	\$1,168	100%
State of North Dakota:									
Lisbon Assessment Area	1	\$20	5%	41	\$373	95%	42	\$393	100%
Limited-Scope:									

(*) "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								Evaluation Period: January 10, 1995 to July 12, 1999									
MSA/Assessment Area:	Deposits	Branches						ATMs				Population					
	% of Total BBNA Deposits	# of BBNA Branches	% of Total BBNA Branches	Location of Branches by Income of Geographies				# of BBNA ATMs	% of Total BBNA ATMs	Location of ATMs by Income of Geographies				% of the Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full-Scope:																	
Multistate MSA:																	
MSA #2520	100%	6	100%	0%	17%	66%	17%	6	100%	0%	25%	50%	25%	2%	17%	66%	15%
State of North Dakota:																	
Lisbon Assessment Area	100%	1	100%	n/a	n/a	100%	n/a	1	100%	n/a	n/a	100%	n/a	n/a	n/a	100%	n/a
Limited-Scope:																	