



## **Public Disclosure**

April 5, 1999

# **Community Reinvestment Act Performance Evaluation**

**The Midway National Bank of St. Paul  
Charter Number 13131**

**1578 University Avenue West  
St. Paul, Minnesota 55104**

**Comptroller of the Currency  
Minneapolis North Field Office  
920 Second Avenue South, Suite 800  
Minneapolis, Minnesota 55402**

**NOTE: This evaluation is not, nor should it 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.**

## General Information

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency, when examining financial institutions subject to its supervision, to use its authority 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 the examination’s conclusion, 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 **The Midway National Bank of St. Paul** prepared by **The Office of the Comptroller of the Currency**, the institution’s supervisory agency, as of **April 5, 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.

**Institution’s CRA Rating:** This institution is rated “Satisfactory record of meeting community credit needs”.

The Midway National Bank of St. Paul reasonably lends within its assessment area and satisfactorily distributes loans throughout the population and geographies of the assessment area. Services are tailored to the needs and for the convenience of the assessment area. The amount of qualified investments is reasonable and supports the identified credit and community development needs of the assessment area.

The following table indicates the performance level of **The Midway National Bank of St. Paul** with respect to the lending, investment, and service tests.

Performance Level	The Midway National Bank of St. Paul Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High satisfactory			
Low satisfactory	X	X	X
Needs to improve			
Substantial noncompliance			

\* Note: The lending test is weighted more heavily than the investment and service tests in the overall rating.

## Description of Institution

The Midway National Bank of St. Paul (MNB) is a privately-owned, \$415 million bank operating from its main office in St. Paul, Minnesota and branch offices in Apple Valley, Burnsville, and Bloomington, Minnesota. The Bloomington branch is located within the private retirement community of Friendship Village. Two automated teller machines (ATMs) are available at the main office and one ATM is available at the Apple Valley branch. Services offered at the main office include a wide range of business and consumer loan and deposit products, trust services, nondeposit investment products, and noncustomer check cashing. Branch locations offer similar products and services. The Friendship Village branch was established to service residents and employees of a secured retirement community and is generally not accessible to the public.

MNB's approximate \$226 million loan portfolio is comprised of: commercial loans secured by real estate (36%); consumer loans secured by residential real estate (25%); non-real estate secured commercial loans (18%); and general consumer and other miscellaneous loans (21%). Between June 30, 1997 and December 31, 1998, MNB's quarterly loan-to-deposit ratio averaged 69%. There are no legal or financial impediments limiting MNB's ability to meet community credit needs.

MNB is affiliated with the North Star State Bank of Roseville, Minnesota through common ownership. As MNB does not operate a mortgage loan operation, this affiliated bank processes residential purchase money and refinanced mortgage loans. MNB's residential purchase money and refinanced mortgage loan transactions have been generally limited to purchases from this affiliated bank.

MNB's last evaluation under the Community Reinvestment Act occurred as of June 17, 1997. MNB received a "Satisfactory record of meeting community credit needs" at that time.

## Description of Assessment Area

MNB designates two assessment areas; both of which are located within the Minneapolis/St. Paul Metropolitan Statistical Area (MSA #5120). The first assessment area includes all of Ramsey County, all of Dakota county except the eight census tracts (CTs) furthest south and east, and eight CTs in Scott County that constitute the communities of Savage, Shakopee, and Prior Lake. The second assessment area is the Hennepin County CT where the Friendship Village branch is located. The two assessment areas comprise 191 CTs. The distribution of the CTs by income category is 7% low-, 20% moderate-, 54% middle-, 17% upper-income, and 1% not applicable. Management determined the assessment areas should not include the entire MSA #5120 or the entire counties previously identified as MNB does not actively market loans and services throughout these geographies. MNB's assessment areas meet the requirements of the regulation and do not arbitrarily exclude any low- or moderate-income geographies. Examiners combined the assessment areas for purposes of the evaluation due to the location of both assessment areas within MSA #5120 and the comparatively small size and proximity of the second assessment area to the first assessment area. Therefore, throughout this evaluation, the term

“assessment area” will refer to the two combined assessment areas of MNB.

The local economy is good. Major industries within the assessment area are service, retail trade, finance, insurance, and real estate. Small businesses (those reporting annual revenues less than \$1 million) represent 87% of businesses reporting revenues and dominate the assessment area’s market. The total population within the assessment area is 770,671 per 1990 U.S. Census data. There are 293,000 households and 8% report income below the poverty level. Total families of 198,000 represent 68% of total households. The Department of Housing and Urban Development’s 1998 median family income for MSA #5120 is \$60,800. The median housing value was \$91,000 as of the 1990 U.S. Census. Additional demographic information can be found throughout the tables in Appendix A.

Examiners determined that the credit needs for the assessment area were loans for the purchase or construction of affordable housing and rehabilitation of current housing stock to benefit the area’s low- and moderate-income individuals. Also, examiners noted loans to small business owners for start-up and general operating costs as an additional credit need. Primary competition within the assessment area includes several community banks, branches of large banks (consolidated assets of \$1 billion or more), credit unions, and mortgage lending companies. Examiners contacted five representatives from local community groups, government offices, and community development organizations to discuss local economic conditions, credit needs, and credit accessibility to all income groups.

## **Conclusions With Respect to Performance Tests**

### **Lending Test**

#### **Lending Within the Assessment Area**

MNB’s lending activity represents reasonable responsiveness to the credit needs of its assessment area. The bank has originated 67% by number of its combined residential real estate, small business, and consumer loans to borrowers within its assessment area. For all three products, the volume of loans originated within the assessment area exceeds 50% by number and dollar of the loans originated which is considered reasonable. The following table displays MNB’s lending for residential real estate secured, commercial, and consumer loans originated or purchased in 1997 and 1998 by the percentage of total number of loans and total dollar of loans.

<i>Loan Type</i>	<i>Within AA (%)</i>		<i>Outside AA (%)</i>	
Residential real estate secured	#	77.8	#	22.2
	\$	72.1	\$	27.9
Commercial	#	63.3	#	36.7
	\$	54.4	\$	45.6
Consumer*	#	64.2	#	35.8
	\$	61.1	\$	38.9
Combined	#	66.9	#	33.1
	\$	58.7	\$	41.3

\* Consumer loans include all non-Home Mortgage Disclosure Act reported home equity, vehicle secured, and other secured loans. Data was provided by the bank and verified by examiners. See Appendix A, Table 1 for number and dollar totals of the various types of lending reported by MNB during the evaluation period.

**Home Mortgage Lending**

The loans reported on the bank’s Home Mortgage Disclosure Act Loan Application Register (HMDA-LAR) are satisfactorily distributed throughout the various geographies and borrower income levels within the assessment area. Home improvement lending represents MNB’s largest share of loans reported on the HMDA-LAR (62.8% by number). MNB is a market leader in the origination of loans for home improvement purposes and ranks seventh. Refer to Appendix A, Table 3 for additional information. MNB originated or purchased few home purchase loans during this evaluation period. MNB refers home purchase and refinance applications to its affiliate and periodically purchases these loans from its affiliate. The number of home purchase loans originated or purchased during this evaluation period represents a minimal percent of the total number of loans involving home mortgage lending (6.7% of total residential loan volume by number). Given the low loan volume, MNB’s distribution of home purchase loan originations was not as relevant to this evaluation as the bank’s home improvement loan distribution. Refer to Appendix A, Tables 2 and 7.

**Borrower Distribution** - The distribution by number of home improvement and home mortgage refinance loans to borrowers of different income levels is satisfactory. MNB’s level of lending to moderate-income families for home improvement and refinance loans approximates the demographics. Lending levels to low-income borrowers for all residential real estate products and to moderate-income borrowers for home purchase loans are generally less than half of the assessment area demographics. However, families with incomes below the poverty level are included within the percentage of low-income families. Per demographic information, approximately 46% of low-income families are below the poverty level. Typically, families with incomes below the poverty level do not qualify for standard loan products, and therefore MNB’s level of home improvement and home mortgage purchase and refinance lending to low-income borrowers is considered reasonable. Although lending to moderate-income borrowers for home purchase loans is less than the percentage of moderate-income families, this is not a significant product line and did not adversely affect the bank’s overall performance. Refer Appendix A, Tables 7, 8 and 9 for additional information.

**Geographic Distribution** - MNB's home improvement loans are reasonably distributed throughout the assessment area. Home improvement lending within low- and moderate-income geographies is comparable to the percentage of total owner-occupied housing units. Owner-occupied and renter-occupied demographics are used for this analysis as occupied units display the opportunity for mortgage related lending. Renter-occupied units dominate occupied housing within the low-income geographies at 68% of total occupied units. Owner-occupied housing units in low-income geographies are minimal at 1.9% of total owner-occupied housing units. Refer to Appendix A, Tables 3 and 4 for additional information on the bank's lending distribution.

The geographic distribution of home purchase and refinance loans was below the percentage of owner-occupied housing units in low- and moderate-income census tracts. However, the volume of these loans purchased from the bank's affiliate was limited. As a result of the limited number of loans purchased, these products were not weighted as heavily in the evaluation.

### **Small Business Lending**

Small business lending is reasonably distributed among businesses of various revenue sizes and throughout the area's geographies. MNB lends to small businesses in a reasonable proportion to the number of small businesses located within the assessment area. The percent of small businesses within the assessment area is high at 87% of all businesses. While MNB's business lending levels do not mirror the small business demographics, MNB's small business lending at 48% is well above the local market rate of 38% as noted in Appendix A, Table 10. In addition, the average size of the business loans originated by MNB is relatively small at \$113,000. MNB originates the largest number of its business loans in amounts less than \$100,000. Refer to Appendix A, Table 10 for additional information. MNB's lending levels within the various geographies are similar to the percentage of businesses within each geography. Refer to Appendix A, Table 5 for additional information.

### **Consumer Lending**

MNB's consumer lending activities are satisfactorily distributed throughout the various geographies and borrower income levels within the assessment area. Refer to Appendix A, Table 14 for additional information.

MNB originates consumer loans to households in good proportion to the income levels of the borrowers. Consumer lending to moderate-income borrowers exceeds the percentage of moderate-income households within the assessment area. MNB's lending to low-income borrowers is reasonable given the high percentage of low-income households with income below the poverty level. Refer to Appendix A, Table 14 for additional information.

MNB's consumer lending within low-, moderate-, middle-, upper-income geographies is reasonable. MNB's lending within low- and moderate-income geographies is comparable to the population percentages within the assessment area. Refer to Appendix A, Table 14 for additional information.

### **Community Development Lending**

MNB's community development lending demonstrates adequate responsiveness to the credit needs of the assessment area. During the evaluation period, MNB originated \$2.88 million, or 5.75% of total capital, in loans qualifying for community development purposes. Specifically:

- MNB consolidated three community development notes into a \$2.3 million term loan to the developer of a mobile home park located within the assessment area. The consolidation increased the borrower's cashflow and indirectly makes additional funds available to be used to purchase additional affordable housing units. MNB also increased this borrower's line of credit by \$500M to allow for additional purchases of mobile homes for resale or lease to residents of the park. These loans qualify as community development loans as they were provided to the developer for housing units which are primarily occupied by low- and moderate-income families.
- MNB originated a \$95 thousand loan to provide funds for a nonprofit women's shelter and crisis center within the St. Paul area. This shelter is located in a moderate-income census tract and provides services to primarily low- and moderate-income women.

### **Innovative or Flexible Lending Practices**

MNB originates mortgage loans under the **Community Builder** program. This program is designed to assist low- to moderate-income households in low- and moderate-income census tracts in the St. Paul area. The program permits relaxed underwriting standards for qualifying borrowers, such as a higher debt-to-income ratio and ability to borrow up to 100% of the home's equity. MNB does not specifically track the number of loans originated under this program.

## **Investment Test**

MNB purchased or made a reasonable level of qualified investments and grants for community development purposes. Qualified investments made between June 18, 1997 and April 5, 1999 total \$1.08 million; please refer to Appendix A, Table 12. These investments include the purchase of one bond totaling \$1 million that assists with the purchase of housing by low- and moderate-income persons throughout the State of Minnesota including the bank's assessment area. The remaining \$78 thousand is comprised of donations to various organizations for purposes of purchase and rehabilitation of affordable housing, economic development through business retention and job expansion, and general services benefitting low- and moderate-income families. The majority of the funds donated were used by an organization to match grant funds which resulted in the exterior renovations of numerous homes owned by low-income persons. These exterior renovations were part of a program to stabilize and rehabilitate a distressed area.

While MNB's investments are not innovative or complex, the level of qualified investments has increased significantly from the last CRA evaluation and the investments reflect the needs within the community. Qualified investments currently represent approximately 2.2% of the bank's capital

structure.

Community contacts indicated the needs for rehabilitation of existing housing stock as the housing stock in the St. Paul area is aged, increased affordable rental housing, and economic development of small businesses. MNB's investments are responsive to the housing related needs, specifically its direct involvement in the rehabilitation of local housing stock and indirectly through the purchase of a housing authority bond.

Based on this agency's knowledge of the assessment area, there is not a lack of organizations with which the bank could develop meaningful partnerships. Opportunities for qualified investments and community development activities include affordable housing organizations, small business development organizations addressing unemployment and underemployment, investment companies, and community development financial institutions.

## **Service Test**

MNB provides a good system for retail service delivery to low- and moderate-income persons and an adequate level of community development services. MNB's service delivery systems are accessible to geographies and individuals of different income levels, especially to individuals in low- and moderate-income geographies. Services and business hours do not vary in a way that inconveniences low- or moderate-income individuals. Community development services address some credit needs of the assessment area.

### **Retail Banking Services**

The quantity and quality of the bank's retail banking services are reasonable and MNB's delivery systems are accessible to all portions of its assessment areas. MNB's main office in St. Paul is located in a low-income CT. This office is located on a major thoroughfare and transit route and 53 of the 55 low- and moderate-income CTs in the assessment area border and are accessible to this office. The office's ATMs are accessible 24 hours per day. Although only 4% of the population resides in the low-income CTs, the bank has 25% of its offices and 67% of its ATMs located in low-income CTs. Fifty percent of MNB's offices and 33% of its ATMs are located in middle-income CTs; while middle-income CTs contain 59% of the assessment area's population. The fact that MNB does not have any offices or ATMs in moderate-income geographies is not a concern due to the proximity of the main office to most moderate-income CTs. Refer to Appendix A, Table 13 for details on the distribution of offices and ATMs. The bank has not opened or closed any offices since the last CRA evaluation.

MNB management continues to tailor office hours for the convenience and needs of the residents in the assessment area. In 1997, management adjusted bank hours to provide extended service by increasing weekday drive-up hours and establishing Saturday lobby hours for the St. Paul office. To better serve customer needs, management also altered evening lobby hours to include an extra hour of service on Monday evenings. The following table details lobby and drive-up hours of the four locations:



<i>Office location</i>	<i>St. Paul</i>	<i>Apple Valley</i>	<i>Burnsville</i>	<i>Bloomington*</i>
Lobby hours	Monday: 9am-6pm Tuesday-Friday: 9am-5pm Saturday: 9am-12pm		Monday: 9am-6pm Tuesday-Friday: 9am-5pm	Monday-Friday: 9am-1pm
Drive-up hours	Monday-Friday: 7am-6pm Saturday: 9am-12pm			No drive-up

\*The Bloomington office is located within the private retirement community of Friendship Village. Management indicated that the limited hours available at this office adequately serve the needs of the residents.

### **Community Development Services**

MNB's community development services include providing financial services to low- and moderate-income individuals and counseling and technical assistance in financial services. In addition, a few employees are actively involved with local organizations whose focus is to benefit businesses and low- and moderate-income residents within the assessment area. Specifically:

- A bank officer provides financial expertise and serves as Board President, Executive Committee Chair, and Grant Committee member of the Hamline Midway Area Rehabilitation Corporation (H-MARC). H-MARC's primary focuses are the acquisition and rehabilitation of single family homes, administering grant and loan programs which assist low-income homeowners, and providing information on housing issues. In 1997, H-MARC granted 17 low-income homeowners funds for exterior renovations under the 1997 Roof and Renovation Project. In 1998, H-MARC granted 15 low-income homeowners funds under the 1998 Exterior Fix-Up Fund.
- A bank officer serves as Treasurer and Executive Committee member of University UNITED. University UNITED's focus includes business retention and expansion, job creation, workforce development, and building improvements to rehabilitate and stabilize the Midway area (which includes low- and moderate-income CTs).
- Retail services benefit low- and moderate-income individuals. MNB offers a free checking account with no minimum balance requirement, monthly maintenance fee, or per check charge. MNB also charges no fees for withdrawals at the St. Paul office ATMs. In addition, MNB offers a no-cost, government check cashing service to noncustomers with a St. Paul ZIP code of 55104.

### **Compliance with Antidiscrimination Laws and Regulations**

National bank examiners did not identify any violations of the substantive provisions of the antidiscrimination laws or regulations. To reach this conclusion, examiners compared denied home improvement applications submitted by female applicants to approved home improvement applications submitted by male applicants during 1998. The 25 files reviewed included the entire population of home improvement applicants for 1998.

### Scope of Examination

<b>Time Period Reviewed:</b>	Lending Test: Investment Test: Service Test:	January 1, 1997 to December 31, 1998 June 18, 1997 to April 5, 1999 June 18, 1997 to April 5, 1999
<b>Financial Institution:</b>  The Midway National Bank of St. Paul, St. Paul, MN		<b>Products Reviewed:</b>  Home purchase, refinancing, home improvement, small business, and consumer loans
<b>Affiliate:</b>  North Star Bank of Roseville, Roseville, MN	<b>Affiliate Relationship:</b>  Common ownership	<b>Products Reviewed:</b>  None
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Examination</b>	<b>Other Information</b>
Minnesota  MSA 5120 190 adjacent census tracts MSA 5120 1 nonadjacent census tract	Onsite  Onsite	

At the request of the bank, originations of consumer loans were analyzed and considered in the assessment of the bank's lending performance.

## Appendix A: Tables of Performance Data

Unless otherwise noted, the tables cover the CRA evaluation period of January 1, 1997 to December 31, 1998. References to the bank does not include the activities of any affiliates. 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 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 assessment area. 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 by the bank over the evaluation period by 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 description for Table 2.

**Table 4. Geographic Distribution of HMDA Refinance Loan Originations** - See description for 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 the 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 description for Table 7.
- Table 9. Borrower Distribution of HMDA Refinance Loan Originations** - See description for 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 14. Geographic and Borrower Distribution of Consumer Loan Originations** - 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 the population 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 the assessment area.

**Table 1. Lending Volume**

LENDING VOLUME													State: Minnesota		Assessment Period: January 1, 1997 to December 31, 1998	
MSA/Assessment Area:	% of Total Bank Deposits in Rated Area	Residential		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:																
Portions of MSA 5120	100%	494	16,186	331	56,359	0	0	3	2,880	2,077	97,687	100%				

**Table 2. Geographic Distribution of HMDA Home Purchase Loan Originations**

Geographic Distribution: HMDA HOME PURCHASE													State: Minnesota		Assessment Period: January 1, 1997 to December 31, 1998	
MSA/Assessment Area:	Low-Income Tracts		Moderate-Income Tracts		Middle-Income Tracts		Upper-Income Tracts		Overall Market Rank*	Market Share*					Total Loans	
	% 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	#	% of Total
Full Scope:																
Portions of MSA 5120	1.9%	0.0%	13.3%	3.0%	61.0%	57.6%	23.8%	39.4%	73/298	0.15	0.00	0.09	0.14	0.24	33	100%

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

**Table 3. Geographic Distribution of HMDA Home Improvement Loan Originations**

Geographic Distribution: HMDA HOME IMPROVEMENT																State: Minnesota		Assessment Period: January 1, 1997 to December 31, 1998				
MSA/Assessment Area:	Low-Income Tracts		Moderate-Income Tracts		Middle-Income Tracts		Upper-Income Tracts		Overall Market Rank*	Market Share*					Total Loans							
	% 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	#	% of Total						
Full Scope:																						
Portions of MSA 5120	1.9%	1.6%	13.3%	9.0%	61.0%	56.8%	23.8%	32.6%	7/139	3.60	2.47	2.76	3.18	5.18	310	100%						

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

**Table 4. Geographic Distribution of HMDA Refinance Loan Originations**

Geographic Distribution: HMDA REFINANCE																State: Minnesota		Assessment Period: January 1, 1997 to December 31, 1998				
MSA/Assessment Area:	Low-Income Tracts		Moderate-Income Tracts		Middle-Income Tracts		Upper-Income Tracts		Overall Market Rank*	Market Share*					Total Loans							
	% 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	#	% of Total						
Full Scope:																						
Portions of MSA 5120	1.9%	0.0%	13.3%	7.3%	61.0%	55.0%	23.8%	37.8%	35/290	0.78	0.00	0.48	0.73	1.06	151	100%						

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

**Table 5. Geographic Distribution of Small Business Loan Originations**

Geographic Distribution: SMALL BUSINESS																	State: Minnesota		Assessment Period: January 1, 1997 to December 31, 1998				
MSA/Assessment Area:	Low-Income Tracts		Moderate-Income Tracts		Middle-Income Tracts		Upper-Income Tracts		Overall Market Rank*	Market Share*					Total Loans								
	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total							
Full Scope:																							
Portions of MSA 5120	5.4%	4.8%	13.6%	8.5%	62.4%	60.1%	18.4%	26.6%	15/16 5	1.18	1.0 4	1.02	1.26	1.0 7	331	100%							

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

**Table 6. Geographic Distribution of Small Farm Loan Originations (NOT APPLICABLE)**

Geographic Distribution: SMALL FARM																	State: Minnesota		Assessment Period: January 1, 1997 to December 31, 1998				
MSA/Assessment Area:	Low-Income Tracts		Moderate-Income Tracts		Middle-Income Tracts		Upper-Income Tracts		Overall Market Rank*	Market Share*					Total Loans								
	% of Farms	% BANK Loans	% of Farms	% BANK Loans	% of Farms	% BANK Loans	% of Farms	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total							
Full Scope:																							
Portions of MSA 5120	MNB does not originate small farm loans.																						

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

**Table 7. Borrower Distribution of HMDA Home Purchase Loan Originations**

Borrower Distribution: HMDA HOME PURCHASE																State: Minnesota		Assessment Period: January 1, 1997 to December 31, 1998	
MSA/Assessment Area:	Low-Income Families		Moderate-Income Families		Middle-Income Families		Upper-Income Families		Overall Market Rank*	Market Share**					Total Loans				
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total			
Full Scope:																			
Portions of MSA 5120	17.6%	6.5%	18.3%	6.5%	27.3%	29.0%	36.9%	58.1%	73/298	0.15	0.09	0.04	0.17	0.39	33	100%			

(\*) As a percentage of loans with borrower income information available. No information was available for 6.1% of home purchase loans originated by BANK.

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



**Table 8. Borrower Distribution of HMDA Home Improvement Loan Originations**

Borrower Distribution: HMDA HOME IMPROVEMENT																State: Minnesota		Assessment Period: January 1, 1997 to December 31, 1998	
MSA/Assessment Area:	Low-Income Families		Moderate-Income Families		Middle-Income Families		Upper-Income Families		Overall Market Rank*	Market Share**					Total Loans				
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total			
Full Scope:																			
Portions of MSA 5120	17.6%	9.7%	18.3%	16.5%	27.3%	37.1%	36.9%	36.8%	7/139	3.60	3.76	2.75	4.39	3.50	310	100%			

(\*) As a percentage of loans with borrower income information available.

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

**Table 9. Borrower Distribution of HMDA Refinance Loan Originations**

Borrower Distribution: HMDA REFINANCE																State: Minnesota		Assessment Period: January 1, 1997 to December 31, 1998	
MSA/Assessment Area:	Low-Income Families		Moderate-Income Families		Middle-Income Families		Upper-Income Families		Overall Market Rank*	Market Share**					Total Loans				
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total			
Full Scope:																			
Portions of MSA 5120	17.6%	4.7%	18.3%	15.4%	27.3%	38.9%	36.9%	40.9%	35/290	0.78	0.45	0.57	1.00	1.20	151	100%			

(\*) As a percentage of loans with borrower income information available. No information was available for 1.3% of home mortgage refinance loans originated by BANK.

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

**Table 10. Borrower Distribution of Small Business Loan Originations**

Borrower Distribution: SMALL BUSINESS			State: Minnesota			Evaluation Period: January 1, 1997 to December 31, 1998					
MSA/Assessment Area:	Businesses with Revenues of \$1 million or less			Loans by Original Amount Regardless of Business Size			Market Share****		Total Small Business Loans		
	% of Businesses*	% BANK 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 \$ (000s)
Full-Scope:											
Portions of MSA 5120	87%	48%	38%	62.5%	17.5%	19.9%	1.18	1.40	331	100%	\$113

(\*) As a percentage of businesses with known revenues.

(\*\*) As a percentage of loans with revenue information available.

(\*\*\*) The market consists of all other Small Business reporters in BANK'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 (NOT APPLICABLE)**

Borrower Distribution: SMALL FARM			State: Minnesota			Assessment 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 Business Size			Market Share****		Total Loans		
	% of Businesses*	% BANK Loans**	% Market Loans***	< \$100,000	\$100,000 to \$250,000	> \$250,000	All	Rev \$1 million or less	#	% of Total	
Full Scope:											
Portions of MSA 5120	MNB does not originate small farm loans.										

(\*) As a percentage of farms with known revenues.

(\*\*) As a percentage of loans with revenue information available.

(\*\*\*) The market consists of all other Small Farm reporters in BANK's assessment area and is based on 1997 Aggregate Small Farm Data only.

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



**Table 12. Qualified Investments**

QUALIFIED INVESTMENTS										State: Minnesota		Evaluation Period: June 18, 1997 TO April 5, 1999						
MSA/Assessment Areas:	Prior Period Investments*			Current Period Investments			Total Investments											
	#	\$ (000's)	%**	#	\$ (000's)	%**	#	\$ (000's)	% of Total \$'s									
Full-Scope:																		
Portions of MSA 5120	None remain outstanding.			22	1,078	100%	22	1,078	100%									

(\*) "Prior Period Investments" means investments made in a previous evaluation period that remain outstanding.

(\*\*) Percentage of the dollars invested in that MSA/Assessment Area that are prior period investments or current period investments.

**Table 13. Distribution of Branch and ATM Delivery System**

DISTRIBUTION OF BRANCH AND ATM DELIVERY SYSTEM														State: Minnesota		Assessment Period: June 18, 1997 TO April 5, 1999			
MSA/Assessment Area:	Deposits	Branches						ATMs						Population					
	% of Total BANK Deposits	# of BANK Branches	% of Total BANK Branches	Location of Branches by Income of Geographies				# of BANK ATMs	% of Total BANK 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:																			
Portions of MSA 5120	100%	4	100%	1	0	2	1	3	100%	2	0	1	0	4.3	16.2	58.8	20.8		

**Table 14. Geographic and Borrower Distribution of Consumer Loan Originations**

Geographic and Borrower Distribution: CONSUMER LOANS																		State: Minnesota		Evaluation Period: January 1, 1997 to December 31, 1998			
MSA/Assessment Area:	Geographic Distribution								Borrower Distribution														
	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Total Consumer Loans						
	% of Pop*	% BANK Loans	% of Pop*	% BANK Loans	% of Pop*	% BANK Loans	% of Pop*	% BANK Loans	% of Hshlds	% BANK Loans	% of Hshlds	% BANK Loans	% of Hshlds	% BANK Loans	% of Hshlds	% BANK Loans	#	% of Total					
Full-Scope:																							
Portions of MSA 5120	4%	2%	16%	10%	59%	59%	21%	28%	22%	16%	17%	23%	23%	30%	38%	31%	1,249	100%					

(\*) The percentage of the population in the MSA/assessment area that resides in these geographies.