



**LARGE BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **PUBLIC DISCLOSURE**

December 15, 2008

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

Bremer Bank, National Association  
Charter Number: 11818

1100 W. St. Germain Street  
St. Cloud, MN 56301

Office of the Comptroller of the Currency

MINNEAPOLIS FIELD OFFICE  
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Minneapolis, MN 55402

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

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## Overall CRA Rating

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

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

Performance Levels	(Name of Depository Institution) Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory		X	X
Low Satisfactory	X		
Needs to Improve			
Substantial Noncompliance			

\* The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The major factors that support this rating include:

- Bremer demonstrated good lending activity, adequate geographic distribution, and adequate borrower income distribution.
- Bremer provides a good level of qualified investments to help support various needed services for individuals and families of low- and moderate-incomes, affordable housing and community development.
- Bremer originated a substantial majority of its loans within its assessment areas (AAs).
- Bremer's deposit market share is good. Of the local financial institutions, Bremer ranked second in deposit market share measurements based on June 30, 2008 FDIC data.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

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

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

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

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

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

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

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

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

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

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

**Geography:** A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn). Beginning in 2004, the reports also include additional data on loan pricing, the lien status of the collateral, any requests for preapproval and loans for manufactured housing.

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

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

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

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

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

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

**Metropolitan Area (MA):** Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget and any other area designated as such by the appropriate federal financial supervisory agency.

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

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

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

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

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

**Other Products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

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

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

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

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

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

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

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

## Description of Institution

Bremer Bank, National Association (Bremer) has its main office located in St. Cloud, Minnesota (MN). It also has four full-service branches located in St. Cloud, Rice, Sauk Rapids, and Sartell, MN. Bremer operates 15 automated teller machines (ATMs), including seven deposit-taking ATMs. There have been no mergers or acquisitions during this evaluation period.

As of December 31, 2007, Bremer had total assets of \$683 million and held \$61 million in Tier 1 capital. Bremer's lending focus is to meet the community's commercial, residential real estate, agricultural and consumer lending needs. As of December 31, 2007, Bremer's \$526 million loan portfolio consisted of 76% commercial loans, 15% residential real estate loans, 5% agricultural loans and 4% consumer loans, representing 77% of total assets.

Bremer has two assessment areas (AA). The first consists of the St. Cloud Metropolitan Area, including all of Benson and Stearns Counties, plus two adjacent census tracts (CTs) of Sherburne County. We refer to this AA throughout this report as the St. Cloud AA. The second AA is comprised of adjacent Morrison County, Minnesota and is referred to as the Morrison AA. The AAs meet the requirements of the regulation and do not arbitrarily exclude any low- or moderate-income CTs. For additional information on Bremer's AAs, refer to the Market Profile – Demographic Information Table in Appendix B.

Bremer is a subsidiary of Bremer Financial Corporation (BFC). BFC is a \$7.3 billion financial services company with banking affiliates in over 100 locations throughout MN, North Dakota and Wisconsin. BFC non-bank affiliates include trust and insurance companies. BFC is owned by the Otto Bremer Foundation (Foundation) and its employees. The Foundation is headquartered in St. Paul, MN. The Foundation's profits are distributed to support nonprofit activities through its grant-making activities in communities served by BFC affiliates. At Bremer's request, we considered qualified investments of the Foundation in the evaluation of the bank's Investment Test performance.

There are no financial, legal, or other factors that impede Bremer's ability to help meet the credit needs of its AAs. Bremer received a "Satisfactory" rating at its last CRA evaluation dated June 27, 2005.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

We evaluated Bremer's small business, small farm, and mortgage data for the period beginning January 1, 2004 through December 31, 2007. For community development loans, investments and services, the evaluation period was January 1, 2005 through December 31, 2007.

We evaluated performance with consideration given to each loan product's weight. Small loans to businesses and home mortgage loans were given equal weight while small loans to farms were considered but given much less consideration. By number of loans originated throughout the evaluation period, small loans to businesses represented 47% of all loans, home mortgage loans represented 45% and small loans to farms were at 8%. Of the home mortgage loans, equal weight was given to home purchase and home refinance loans. These loans represented 48% and 47% of all home mortgage loan originations, respectively. Although home improvement loans were considered, they were given minimal consideration. Multifamily loan originations were too few to warrant any meaningful analytical consideration and were not analyzed.

### Data Integrity

Prior to conducting this evaluation, we tested the accuracy of Bremer's HMDA, small loans to businesses, and small loans to farms data. We found the data to be accurate and used the data in this evaluation.

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

### Selection of Areas for Full-Scope Review

We selected the St. Cloud AA to receive a full-scope review. The Morrison AA received a limited-scope review. The St. Cloud AA loan originations represented 95% of the total loans throughout the evaluation period while the Morrison AA originations represented only 5%.

### Ratings

Bremer's rating is based predominately upon the area that received a full-scope review, the St. Cloud AA. While considered, data related to the area that received a limited-scope review, the Morrison AA, was not given much weight in our analysis. As noted above, this approach is due to Bremer's low volume of activity in the Morrison AA in comparison to the St. Cloud AA.

## **Other**

We made one community contact during this assessment from the St. Cloud AA. We also reviewed another community contact from the St. Cloud AA made during this evaluation period. Information obtained from these contacts helped to confirm the community profile, opportunities for local financial institutions to meet the credit needs, and the perceived performance of the financial institutions operating within the AAs.

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

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

## Conclusions with Respect to Performance Tests

### LENDING TEST

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

Bremer's performance under the Lending Test in the St. Cloud AA is rated Low Satisfactory. Based upon a full-scope review, Bremer's lending performance is adequate.

#### Lending Activity

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

Lending levels reflect good responsiveness in relation to area credit needs. Bremer's lending activity was good for home mortgage loans, small loans to businesses and small loans to farms. The market leaders in each loan category are large financial institutions based outside of the AA. Bremer ranked eighth in market share, by number of loan originations, for home mortgage financing, ninth for small business and third for small farm lending.

During the evaluation period, Bremer originated 1,415 reportable HMDA loans totaling \$201 million in the St. Cloud AA. Based upon 2007 peer mortgage data, Bremer's HMDA loans represented a 3.42% market share. Bremer was ranked eighth out of 301 financial institutions that reported HMDA loans in 2007. This market share data also detailed that Bremer ranked seventh for home purchase loans with a market share of 4.43%, nineteenth for home improvement loans with a market share of 1.52%, and seventh for home mortgage refinance loans with a market share of 3.06%.

Bremer originated 1,508 small loans to businesses during the evaluation period totaling \$304 million. Based upon 2007 peer small business data, Bremer ranked ninth out of 48 financial institutions reporting this data, with a market share of 3.70%.

Bremer originated 259 small loans to farms during the evaluation period totaling \$27 million. Based upon 2007 peer data, Bremer ranked third out of 18 financial institutions reporting this data, with a market share of 12.53%.

Bremer ranked second in deposit market share with a 12.69% market share per the June 30, 2008 FDIC Market Share data report.

## Distribution of Loans by Income Level of the Geography

### ***Home Mortgage Loans***

Refer to Tables 2, 3, 4 and 5 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

Bremer's geographic distribution of home mortgage loans in the St. Cloud AA is poor. The AA is comprised of 34 CTs, one of which is low-income and four are moderate-income.

### Home Purchase Loans

Bremer's geographic distribution of home purchase loans is poor. The percentage of loans originated from the low-income CT is not meaningful as there are no owner-occupied units reported for this geography. The percentage originated in the moderate-income CTs is significantly lower than the percentage of owner-occupied units and is very poor, at 3.71% compared to 7.70%. In addition, Bremer's market share of home purchase loans to moderate-income geographies is lower than their overall market share and represents poor performance.

### Home Improvement Loans

Bremer's geographic distribution of home improvement loans is adequate. The percentage originated in the moderate-income CTs is somewhat lower than the percentage of owner-occupied units but is adequate at 6.45% compared to 7.70%. In addition, Bremer's market share of home improvement loans to moderate-income geographies is significantly lower than their overall market share and represents very poor performance.

### Home Refinance Loans

Bremer's geographic distribution of home refinance loans is very poor. The percentage originated in the moderate-income CTs is significantly lower than the percentage of owner-occupied units at 3.72% compared to 7.70%. In addition, Bremer's market share of home refinance loans to moderate-income geographies is lower than their overall market share and represents poor performance.

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

Refer to Table 6 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

Bremer's geographic distribution of small loans to businesses in the St. Cloud AA is excellent. Bremer originated loans in both the low- and moderate-income CTs that exceeded the demographics. Bremer originated 7.10% of its small loans to businesses in the low-income CT, compared to the 3.49% of the businesses located in this geography. Bremer originated 11.67% of its small loans to businesses in the moderate-income CTs, compared to the 9.97% of businesses located in these geographies. In addition, Bremer's market share of small loans to businesses in the low- and moderate-income geographies exceeds its overall market share and represents excellent performance.

### ***Small Loans to Farms***

Refer to Table 7 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to farms.

A geographic distribution analysis of Bremer's small loans to farms in the low-income CT is not considered meaningful as only .26% of the farms are located in this CT. However, Bremer has very poor distribution in the moderate-income CTs which contain 11.76% of the farms within the AA.

### ***Lending Gap Analysis***

Our geographic distribution analysis included a review of lending gaps, particularly in the low- and moderate-income geographies. We did not identify any unexplained or conspicuous lending gaps in Bremer's loan originations in the St. Cloud AA.

### ***Inside/Outside Ratio***

Bremer originated and purchased a substantial majority of its loans within its AAs. During the evaluation period, Bremer originated 80% of home mortgage, small loans to business, and small loans to farms, by number, within its AAs. Bremer originated 78% of its home mortgage loans, 80% of its small loans to businesses, and 89% of its small loans to farms within the AAs.

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

Bremer's distribution of loans by the income level of the borrower in the St. Cloud AA is good. The distribution of home mortgage loans is good, small loans to businesses and small loans to farms is adequate.

### ***Home Mortgage Loans***

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

Bremer's distribution of home mortgage loans by the income level of the borrower in the St. Cloud AA is good.

### **Home Purchase Loans**

Bremer's distribution of home purchase loans is good. Bremer's percentage of loans originated from families with low-incomes was somewhat lower than the demographics of the AA and is considered adequate. Bremer originated 8.18% of home purchase loans to low-income families compared to the demographics of 16.28%. Bremer's percentage of loans originated from moderate-income families exceeded the demographics of the AA and is excellent. Bremer originated 26.52% of home purchase loans to families with moderate-incomes compared to the demographics of 19.24%. In addition, Bremer's market share of home loans to low-income borrowers was near to their overall market share while the market share of loans to moderate-income borrowers exceeded their overall market share, representing good and excellent performance, respectively.

### Home Improvement Loans

Bremer's distribution of home improvement loans is adequate. Bremer's percentage of loans originated from families with low incomes was somewhat lower than the demographics of the AA and is adequate. Bremer originated 5.17% of home improvement loans to families of low incomes compared to the demographics of 16.28%. Bremer's percentage of loans originated from families with moderate-incomes was somewhat lower than the demographics of the AA and is adequate. Bremer originated 13.79% of home improvement loans to families with moderate incomes compared to the demographics of 19.24%. In addition, Bremer's market share of home improvement loans to low-income borrowers exceeds their overall market share and represents excellent performance while loans to moderate-income borrowers is significantly lower and represents very poor performance.

### Home Refinance Loans

Bremer's distribution of home refinance loans is good. Bremer's percentage of loans originated from families with low-incomes was somewhat lower than the demographics of the AA and is adequate. Bremer originated 8.43% of home refinance loans to families of low incomes compared to the demographics of 16.28%. Bremer's percentage of loans originated from families with moderate-incomes exceeded the demographics of the AA and is excellent. Bremer originated 20.48% of home improvement loans to families with moderate incomes compared to the demographics of 19.24%. In addition, Bremer's market share of home refinance loans to low-income borrowers is significantly lower than their overall markets share and represents very poor performance while loans to moderate-income borrowers is near to their market share and represents good performance.

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

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

Bremer's distribution of small loans to businesses with revenues of \$1 million or less is adequate. Bremer's percentage of loans originated to these businesses was somewhat lower than the demographics of the AA. Bremer originated 41.78% of its small loans to businesses with revenues of less than \$1 million compared to the demographics of 58.65%. Bremer's market share represents good performance.

### ***Small Loans to Farms***

Refer to Table 12 in the Appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

Bremer's distribution of small loans to farms with revenues of \$1 million or less is adequate. Bremer's percentage of loans originated to these farms was somewhat lower than the demographics of the AA and is adequate. Bremer originated 73.75% of its small loans to farms with revenues of less than \$1 million compared to the demographics of 98.27%. Bremer's market share was also somewhat lower than its overall small loans to farms market share, 10.28% compared to 12.53%, respectively, and represents adequate performance.

## Community Development Lending

Refer to Table 1 Lending Volume in Appendix C for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including multi-family loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.

Bremer originated one community development loan within the St. Cloud AA during the evaluation period. This \$98 thousand dollar letter of credit helped to support low-income housing tax credits and related affordable housing.

## Product Innovation and Flexibility

Bremer's loan products are consistent with those found throughout the Bremer banking organization. Throughout this evaluation period, Bremer has noted none of these products innovative or flexible.

## Conclusions for Area Receiving Limited-Scope Review

Based on a limited-scope review, Bremer's performance for the Morrison AA is not meaningful for geographic distribution, as there are no low- or moderate-income CTs in the AA. Also, performance for the distribution of loans by income level of the borrower is not inconsistent with the bank's overall performance. Refer to Tables 1 through 13 in Appendix C for the facts and data that support these conclusions.

## INVESTMENT TEST

### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Investment Test is rated High Satisfactory. Based on a full-scope review, the bank's performance in the St. Cloud AA is good.

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

Bremer's level of investment in the St. Cloud AA is good given the bank's opportunities for investment. Qualified investments total \$1.3 million. Bremer invested another \$155 thousand in nearby regions of MN. As we were unable to determine the effect these broader regional investments had on the AA, they were given less weight in our analysis.

These qualified investments helped various organizations to provide various needed services to individuals and families with low- and moderate-incomes, affordable housing options, services to those with disabilities, and the immigrant and refugee populations in the AA. Specific examples of the organizations benefiting from these investments include the Catholic Charities of the Diocese of St. Cloud, Housing Coalition of the St. Cloud Area, Central Minnesota Habitat for Humanity, Stearns-Benton Employment and Training Council, ARC

Midstate, Central Minnesota Housing Partnership, the United Way, Hands Across the World, the Salvation Army, and others.

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

Based on a limited-scope review, the bank's performance under the Investment Test in the Morrison AA is weaker than the bank's overall performance. Bremer reported no qualified investments originating out of this AA. Opportunities for investment in this small, rural AA are extremely limited, however, this adjacent AA benefits directly from the investments made in the St. Cloud AA. This weaker performance has no material impact upon the overall conclusion in the state. Refer to Table 14 in Appendix C for the facts and data that support these conclusions.

## **SERVICE TEST**

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

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

### **Retail Banking Services**

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

Good performance with regards to retail banking services is supported primarily by the distribution of the bank's branches and ATMs. This distribution fosters accessibility to individuals of all income levels in the AA. Bremer's main bank is located in the low-income CT. The remaining four branches are located in middle-income CTs. Of its 15 ATMs, Bremer has two ATMs (13%) in the low-income CT, another in a moderate-income CT (7%), and the remainder of the branches in middle- and upper-income CTs. Bremer has not opened or closed any offices this evaluation period. Hours of operation are reasonable and include Saturday lobby hours at two office locations and Saturday drive-up hours at three locations.

Alternative delivery systems for small business and retail banking services are routine to the industry. Bremer utilizes Internet banking, telephone banking, ATMs, and bank-by-mail systems to foster accessibility to all customers. Bremer does not track the impact of these services on its low- and moderate-income customers. Absent this impact data, and given the routine nature of these services, such alternative delivery systems warrant little special weight in our evaluation.

## **Community Development Services**

Bremer's community development services are good. These services provide training, information, referral and collaboration efforts and key leadership and technical support roles in various organizations focused upon community development and meeting the needs of persons with low- and moderate- incomes.

Bremer's employs a Non-profit Resource Specialist to assist them with coordination of community development services and works with local non-profits to assess community needs. This position transitioned from part-time to full-time status during this evaluation period. The Non-profit Resource Specialist provided numerous resource referrals, training seminars, and provides grant application support. This position also works with non-profit organizations to help individuals with limited English speaking capacity obtain needed support services and assists low-income individuals to become aware of and receive earned income tax credits.

Other Bremer staff members are also involved in related activities. For example, staff members served on the loan committee of the Initiative Foundation who focuses on loans to small businesses in rural parts of the AA, provided training regarding affordable home ownership responsibilities and availabilities with the Central Minnesota Housing Partnership and Create Community, and also worked with individuals with low-incomes prepare tax returns and maximize their earned income tax credits.

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

Based on a limited-scope review, the bank's performance under the Service Test in the Morrison AA is not inconsistent with the bank's overall High Satisfactory performance under the Service Test. Many of the organizations noted above serve the areas included in both AAs.

## Appendix A: Scope of Examination

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

<b>Time Period Reviewed</b>	Lending Test (excludes CD Loans): (01/01/04 to 12/31/07) Investment and Service Tests and CD Loans: (01/01/05 to 12/31/07)	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Bremer Bank, National Association (Bremer) St. Cloud, Minnesota (MN)	Home Mortgage Small Loans to Businesses Small Loans to Farms	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
Otto Bremer Foundation (Foundation)	Affiliate	Investments
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
St. Cloud MA #41060  Morrison AA	Full Scope  Limited Scope	Benton & Becker Counties, MN; 2 CTs in Sherburne County, MN  Morrison County, MN

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

### St. Cloud AA

Demographic Information for Full-Scope Area: St. Cloud AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	36	2.78	11.11	72.22	11.11	2.78
Population by Geography	173,789	0.63	9.56	72.11	17.70	0.00
Owner-Occupied Housing by Geography	44,981	0.00	7.70	74.32	17.98	0.00
Businesses by Geography	15,950	3.49	9.97	70.58	15.92	0.04
Farms by Geography	1,565	0.26	11.76	81.92	6.06	0.00
Family Distribution by Income Level	41,991	16.28	19.24	27.57	36.91	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	14,918	0.09	11.34	77.77	10.80	0.00
Median Family Income	= \$64,287					
HUD Adjusted Median Family Income for 2007	= \$76,868					
Households Below the Poverty Level	=9%					
				Median Housing Value	= \$101,719	
				Unemployment Rate	= 2.04%	
				(2000 US Census)		

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2000 U.S. Census, and 2007 HUD updated MFI.

The St. Cloud AA consists of the St. Cloud MSA, which includes the MN counties of Stearns and Benton, along with two adjacent CTs in Sherburne County, MN. (Bremer's second AA, consisting of adjacent Morrison County, received a limited-scope review and its market profile is not detailed in this report.)

Throughout the evaluation period, the economy of the AA was stable with growth in the business, home and retail sectors. Major industries in the AA include services, manufacturing, and agriculture. The largest employers are from the medical field, public school systems, light manufacturing and computer related services. At year-end 2007, unemployment in the St. Cloud MA was above the state and national rates, 5.6% compared to 4.8% and 4.8%, respectively.

Credit needs in the AA are typical. Credit needs exist for business, home and retail lending, including loans for affordable housing, and agriculture.

Competition amongst financial institutions in the AA is high. The FDIC June 30, 2008 market share report details 36 competing state and national banks including local, intrastate and interstate banks. There are also a variety of credit unions, mortgage companies, and other financial intermediaries in the AA.

## Appendix C: Tables of Performance Data

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### Content of Standardized Tables

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

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

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. See Interagency Q&As 12 CFR 25.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table

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

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

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

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

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

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As 12 CFR 25.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.

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

**Table 1. Lending Volume**

LENDING VOLUME 2007												
Geography: MINNESOTA												
Evaluation Period: January 1, 2004 to December 31, 2007												
MA/Assessment Area:	% of Rated Area Loans (#) in MA/AA	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
<b>Full Review:</b>												
St Cloud AA	95	1,415	200,929	1,508	303,921	259	26,684	1	98	3,183	531,632	94.73
<b>Limited Review:</b>												
Morrison AA	5	88	8,624	33	3,781	56	4,991	0	0	177	17,396	5.27

\* Loan Data as of December 31, 2007. Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is January 1, 2005 to December 31, 2007.

\*\*\* Deposit Data as of June 30, 2008. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

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

Geographic Distribution: HOME PURCHASE 2007		Geography: MINNESOTA						Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31,							
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
St Cloud AA	674	96.01	0.00	0.30	7.70	3.71	74.32	65.43	17.98	30.56	5.17	0.00	3.39	4.84	6.52
<b>Limited Review:</b>															
Morrison AA	28	3.99	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	1.71	0.00	0.00	1.71	0.00

\* Based on 2007 Peer Mortgage Data (Western)

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

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

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

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

Geographic Distribution: HOME IMPROVEMENT 2007		Geography: MINNESOTA								Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31,					
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% Owner Occ***	% BANK Loans****	% Owner Occ***	% BANK Loans	% Owner Occ***	% BANK Loans	% Owner Occ***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
St Cloud AA	62	89.86	0.00	0.00	7.70	6.45	74.32	69.35	17.98	24.20	2.03	0.00	0.00	1.81	3.77
<b>Limited Review:</b>															
Morrison AA	7	10.14	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	0.77	0.00	0.00	0.77	0.00

\* Based on 2007 Peer Mortgage Data (Western)

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

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

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

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

Geographic Distribution: HOME MORTGAGE REFINANCE DECEMBER 31, 2007		Geography: MINNESOTA								Evaluation Period: JANUARY 1, 2004 TO					
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% Owner Occ*** Units	% BANK Loans****	% Owner Occ*** Units	% BANK Loans	% Owner Occ*** Units	% BANK Loans	% Owner Occ*** Units	% BANK Loans	Overa ll	Low	Mod	Mid	Upp
<b>Full Review:</b>															
St Cloud AA	672	92.69	0.00	0.15	7.70	3.72	74.32	69.20	17.98	26.93	4.29	0.00	2.93	4.11	5.31
<b>Limited Review:</b>															
Morrison AA	53	7.31	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	1.89	0.00	0.00	1.89	0.00

\* Based on 2007 Peer Mortgage Data (Western)

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

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

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

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

Geographic Distribution: MULTIFAMILY		Geography: MINNESOTA								Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2007					
MA/Assessment Area:	Total Multi-family Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% of MF Units***	% BANK Loans****	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Overa ll	Low	Mod	Mid	Upp
<b>Full Review:</b>															
St Cloud AA	7	100.00	1.77	0.00	15.94	14.29	68.99	71.43	13.30	14.28	2.00	0.00	0.00	2.33	0.00
<b>Limited Review:</b>															
Morrison AA	0	0.00	0.00	0.00	0.00	0.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2007 Peer Mortgage Data (Western)

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

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

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

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

Geographic Distribution: SMALL LOANS TO BUSINESSES 31, 2007		Geography: MINNESOTA								Evaluation Period: JANUARY 1, 2004 TO DECEMBER					
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of Business***	% BANK Loans	% of Business***	% BANK Loans	% of Business***	% BANK Loans	% of Business***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
St Cloud AA	1,508	97.86	3.49	7.10	9.97	11.67	70.58	62.93	15.96	18.30	3.70	16.00	8.94	2.98	5.56
<b>Limited Review:</b>															
Morrison AA	33	2.14	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	0.62	0.00	0.00	0.65	0.00

\* Based on 2007 Peer Small Business Data -- US and PR

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

\*\*\* Source Data - Dun and Bradstreet (2008).

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

Geographic Distribution: SMALL LOANS TO FARMS DECEMBER 31, 2007		Geography: MINNESOTA								Evaluation Period: JANUARY 1, 2004 TO					
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% of Farms**	% BANK Loans	% of Farms*	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
St Cloud AA	259	82.22	0.26	0.00	11.76	0.00	81.92	98.84	6.06	1.15	12.53	0.00	0.00	13.32	8.33
<b>Limited Review:</b>															
Morrison AA	56	17.78	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	7.78	0.00	0.00	7.95	0.00

\* Based on 2007 Peer Small Business Data -- US and PR

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

\*\*\* Source Data - Dun and Bradstreet (2008).

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

Borrower Distribution: HOME PURCHASE		Geography: MINNESOTA						Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2007							
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families***	% BANK Loans****	% Families <sup>1</sup>	% BANK Loans**	% Families***	% BANK Loans****	% Families**	% BANK Loans****	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
St Cloud AA	674	96.01	16.28	8.18	19.24	26.52	27.57	24.85	36.91	40.45	5.84	5.67	6.22	4.08	7.23
<b>Limited Review:</b>															
Morrison AA	28	3.99	19.53	7.41	19.49	25.93	26.26	33.33	34.72	33.33	2.00	3.45	1.80	1.75	2.04

\* Based on 2007 Peer Mortgage Data (Western)

\*\* As a percentage of loans with borrower income information available. No information was available for 2.1% of loans originated and purchased by bank.

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

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

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

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

Borrower Distribution: HOME IMPROVEMENT DECEMBER 31, 2007		Geography: MINNESOTA								Evaluation Period: JANUARY 1, 2004 TO					
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total**	% Families***	% BANK Loans****	% Families <sup>2</sup>	% BANK Loans****	% Families*	% BANK Loans****	% Families*	% BANK Loans****	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
St Cloud AA	62	89.86	16.28	5.17	19.24	13.79	27.57	44.83	36.91	36.21	2.05	2.13	0.00	2.58	2.79
<b>Limited Review:</b>															
Morrison AA	7	10.14	19.53	0.00	19.49	28.57	26.26	42.86	34.72	28.57	0.79	0.00	3.03	0.00	0.00

\* Based on 2007 Peer Mortgage Data (Western)

\*\* As a percentage of loans with borrower income information available. No information was available for 5.8% of loans originated and purchased by bank.

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

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

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

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

Borrower Distribution: HOME MORTGAGE REFINANCE DECEMBER 31, 2007		Geography: MINNESOTA								Evaluation Period: JANUARY 1, 2004 TO					
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total**	% Families***	% BANK Loans****	% Families <sup>3</sup>	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans**	Overa ll	Low	Mod	Mid	Upp
<b>Full Review:</b>															
St Cloud AA	672	92.69	16.28	8.43	19.24	20.48	27.57	29.67	36.91	41.42	4.80	2.16	4.33	3.42	6.86
<b>Limited Review:</b>															
Morrison AA	53	7.31	19.53	5.66	19.49	13.21	26.26	39.62	34.72	41.51	2.31	2.13	0.81	4.28	1.61

\* Based on 2007 Peer Mortgage Data (Western)

\*\* As a percentage of loans with borrower income information available. No information was available for 1.1% of loans originated and purchased by bank.

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

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

<sup>3</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

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

Borrower Distribution: SMALL LOANS TO BUSINESSES 31, 2007					Geography: MINNESOTA			Evaluation Period: JANUARY 1, 2004 TO DECEMBER	
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
St Cloud AA	1,508	97.86	58.65	41.78	53.51	22.08	24.41	3.70	3.28
<b>Limited Review:</b>									
Morrison AA	33	2.14	50.85	63.64	81.82	3.03	15.15	0.62	0.67

\* Based on 2007 Peer Small Business Data -- US and PR

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

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2008).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 3.89% of small loans to businesses originated and purchased by the bank.

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

Borrower Distribution: SMALL LOANS TO FARMS 31, 2007					Geography: MINNESOTA			Evaluation Period: JANUARY 1, 2004 TO DECEMBER	
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share*	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
St Cloud AA	259	82.22	98.27	73.75	64.86	26.64	8.50	12.53	10.28
<b>Limited Review:</b>									
Morrison AA	56	17.78	99.05	75.00	76.79	12.50	10.71	7.78	7.35

\* Based on 2007 Peer Small Business Data -- US and PR

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

\*\*\* Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2008).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 2.54% of small loans to farms originated and purchased by the bank.

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS		Geography: MINNESOTA				Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2007			
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
St Cloud AA	0	0	38	1,311	38	1,311	89.43	0	0
Regional	0	0	6	155	6	155	10.57	0	0
<b>Limited Review:</b>									
Morrison AA	0	0	0	0	0	0	0.00	0	0

\* 'Prior Period Investments' means investments made in a previous period that are outstanding as of the examination date.

\*\* 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS										Geography: MINNESOTA				Evaluation Period: JANUARY			
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
St Cloud AA	94.73	5	100.00	20.00	0.00	80.00	0.00	0	0	0	0	0	0	0.63	9.56	72.11	17.70
<b>Limited Review:</b>																	
Morrison AA	5.27	0	0.00	0.00	0.00	0.00	0.00	0	0	0	0	0	0	0.00	0.00	100.00	0.00