



**LARGE BANK**

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Comptroller of the Currency  
Administrator of National Banks  
Washington, DC 20219

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## **Public Disclosure**

January 12, 2005

# **Community Reinvestment Act Performance Evaluation**

**Bremer Bank, National Association  
Charter Number: 23204**

**1444 45th Street SW  
Fargo, ND 58103**

**Office of the Comptroller of the Currency**

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920 Second Avenue South Suite 800  
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.**

# Table of Contents

<b>OVERALL CRA RATING</b> .....	<b>1</b>
<b>DEFINITIONS AND COMMON ABBREVIATIONS</b> .....	<b>3</b>
<b>DESCRIPTION OF INSTITUTION</b> .....	<b>7</b>
<b>SCOPE OF THE EVALUATION</b> .....	<b>7</b>
<b>FAIR LENDING REVIEW</b> .....	<b>10</b>
<b>MULTISTATE METROPOLITAN AREA RATING</b> .....	<b>11</b>
FARGO, ND–MN METROPOLITAN STATISTICAL AREA .....	11
<b>STATE RATING</b> .....	<b>20</b>
STATE OF MINNESOTA .....	20
<b>STATE RATING</b> .....	<b>28</b>
STATE OF NORTH DAKOTA .....	28
<b>APPENDIX A: SCOPE OF EXAMINATION</b> .....	<b>A-1</b>
<b>APPENDIX B: SUMMARY OF MULTISTATE METROPOLITAN AREA AND STATE RATINGS</b> .....	<b>B-1</b>
<b>APPENDIX C: MARKET PROFILES FOR FULL-SCOPE AREAS</b> .....	<b>C-1</b>
<b>APPENDIX D: TABLES OF PERFORMANCE DATA</b> .....	<b>D-3</b>

## Overall CRA Rating

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

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

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

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

The major factors that support this rating include:

- A substantial majority of Bremer's loans are made in its assessment areas. During the evaluation period, Bremer originated 95% of its HMDA loans by both number and dollar volume within its AAs. For small loans to businesses, 84% by number and 86% by dollar volume were within the AAs. For small loans to farms, 93% by number and 97% by dollar volume were within the AAs. This volume of local lending demonstrates excellent responsiveness to area credit needs.
- Bremer's deposit market share is good, ranking 7<sup>th</sup>, 2<sup>nd</sup>, and 2<sup>nd</sup> in the Fargo MSA AA, MN AA, and ND AA, respectively.
- Bremer's geographic distribution in the Fargo MSA is excellent for home purchase loans and good for multi-family loans.
- Bremer's geographic distribution in the MN AA is excellent. Geographic distribution is not meaningful for the ND AA due to lack of low- and moderate-income geographies.
- The loan distribution to businesses and farms of different sizes is excellent in the Fargo MSA and the ND AA. Bremer's percentages of loans to entities with gross annual revenues of \$1 million or less exceeds the market demographics. In the MN AA, loan distribution to businesses is excellent and good for farms of different sizes.

- The loan distribution to home mortgage customers of different income levels is excellent in the Fargo MSA. Loan distribution to home purchase customers is excellent in the MN AA.
- Bremer's lending activity reflects excellent responsiveness in the MN and ND non-MSA areas, represented by a first place market share in farm lending in each AA.
- Bremer originated a high volume of community development loans in both the MN and ND AAs over the evaluation period.
- Bremer has an excellent level of qualified investments in the Fargo MSA and MN AAs. Qualified investments are at a good level in the ND AA. Bremer's overall AA investments total more than 6% of the bank's Tier 1 Capital. These levels represent excellent responsiveness to community needs.
- Bremer's retail delivery systems are reasonably accessible to geographies and individuals of different income levels in the AAs.

## 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.

**Block Numbering Area (BNA):** A statistical subdivision of a county for grouping and numbering blocks in non-metropolitan counties where local census statistical area committees have not established census tracts. A BNA does not cross county lines.

**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.

**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 household 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 or a block numbering area delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan 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).

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

**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 primary metropolitan area (PMA), metropolitan area (MA), or consolidated metropolitan area (CMA), as defined by the Office of Management and Budget, with a population of 250,000 or more, and any other area designated as such by the appropriate federal financial supervisory agency.

**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. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

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

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

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



## **Description of Institution**

Bremer Bank, National Association (Bremer) is a \$1 billion interstate bank headquartered in Fargo, North Dakota. During the evaluation period, two mergers with Bremer affiliated charters have taken place. The Detroit Lakes charter merged into the Moorhead charter in November of 2000. In August of 2004, the Minot charter merged into the Moorhead charter. In conjunction with the Minot merger, the main office was relocated from Moorhead, MN to Fargo, ND. The bank has 16 North Dakota branch locations: Fargo-Cashwise, Casselton, Leonard, Lisbon (multiple), Carrington, Richardton, Minot (multiple), Max, Berthold, Rugby, Devils Lake, and Minnewaukan. There are three branch locations in Minnesota: Moorhead, Detroit Lakes, and Perham.

Bremer is owned by Bremer Financial Corporation (BFC), a \$6.2 billion holding company headquartered in St. Paul, Minnesota. BFC affiliates have more than 100 locations throughout Minnesota, North Dakota, and Wisconsin. Non-bank affiliates include trust and insurance companies. BFC is owned by the Otto Bremer Foundation (Foundation). A majority of the Foundation's assets are invested in BFC. Earnings generated by BFC and other investments support local nonprofit activities through the grant-making activities of the Foundation. At the bank's request, we considered qualified investments of the Foundation in the evaluation of the bank's Investment Test performance.

Bremer is a full-service bank offering a variety of loan and deposit products. Its lending focus is commercial, agricultural, and residential mortgage loans. As of December 31, 2004, net loans totaled \$737 million, representing 72% of total assets. Tier 1 capital totaled \$78 million. The loan portfolio consists of the following composition: commercial (43%), agriculture (22%), residential real estate (22%), consumer (10%), and 3% other loans.

There are no financial, legal, or other factors that impede the bank's ability to help meet the credit needs in its assessment areas. Bremer received a Satisfactory rating as of its last CRA evaluation dated July 12, 1999.

## **Scope of the Evaluation**

### **Evaluation Period/Products Evaluated**

We evaluated Bremer's small business, small farm, and residential mortgage data for the period beginning January 1, 1999 through December 31, 2003. The evaluation of this data was completed using two separate analysis periods due to changes in the census data available. Small business, small farm and residential mortgage loans originated through 2002 were compared to demographic data based on 1990 census information while loans originated in 2003 were compared to demographic data based on 2000 census information. Small business and small farm loans through 2002 were compared to 2002 peer data and 2003 peer data was used for comparison with the

2003 small business and small farm loans originated. The former Minot charter's lending data, other than community development loans, was not included in this examination as the loan data was reviewed through December 31, 2003, but the merger with the Minot charter did not take place until August 2004.

We evaluated Bremer's community development lending, investments, community development services, and retail services for the period beginning July 13, 1999 through December 31, 2004. For community development lending, investments, community development services, and retail services relate to the former Minot charter, the timeframe covered is January 1, 2001 through December 31, 2004.

The bank's branch distribution was compared to the demographics based on 2000 census data.

Products reviewed under the Lending Test include small business, small farm, home mortgage, and community development loans. Our analysis of home mortgage loans did not include home improvement loans as the bank did not separately report these loans.

For analysis purposes, more weight was applied to lending activity during the 1999 to 2002 evaluation period. Seventy six percent of the loan volume during this evaluation period was completed during this four-year period. More than 50% of Bremer's loans were originated in the Fargo MSA during this four-year period. In 2003, the Fargo MSA also originated nearly 50% of Bremer's loans. Therefore, this AA was weighted more heavily than the other AAs. The MN AA originated 31% of the loans during the 1999 to 2002 evaluation period and 40% of the loans in 2003. This compares to 19% and 13%, respectively, for the ND AA.

In our analysis of borrower distribution, we considered the level of poverty in each assessment area and the impact it could have on the ability of lower-income families to own homes and obtain financing.

### **Data Integrity**

Prior to conducting this evaluation, we tested the accuracy of the bank's HMDA, small business, and small farm loan data. We found the data to be accurate and used the data in the 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 the definition were excluded from this evaluation.

## **Selection of Areas for Full-Scope Review**

We selected each of Bremer's three assessment areas for full-scope reviews. The assessment areas include the Fargo, ND-MN metropolitan statistical area (Fargo MSA), the Minnesota non-MSA assessment area (MN AA), and the North Dakota non-MSA assessment area (ND AA). Refer to the "Scope" section under each State Rating for a more detailed description of the assessment areas (AAs).

## **Ratings**

The bank's overall rating is a blend of the ratings for the three AAs. Each of these three rated areas was not considered equally in arriving at the bank's overall rating. Instead, we placed greater weight on Bremer's performance in the areas from which it derives the greatest volume of deposits. As a result, the most weight for the lending test was placed on Bremer's performance in the Fargo MSA and the MN AAs, from which Bremer derives 44% and 41% of its deposits respectively. The percentage of deposits Bremer derives from its ND AA is 15%.

For the investment and service tests, we included the Minot AA as part of the ND AA. As a result, the most weight for these tests was placed on the ND AA representing 60% of Bremer's deposits as of December 31, 2004. The Fargo MSA and MN AAs each had 20% of the deposits as of that date.

## **Fair Lending Review**

An analysis of the most recent public comments and consumer complaint information was performed according to the OCC's risk based fair lending approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year. The latest comprehensive fair lending exam was performed in 1998.

# Multistate Metropolitan Area Rating

## Fargo MSA

**CRA rating for the Fargo MSA<sup>1</sup>: SATISFACTORY**  
**The lending test is rated: High Satisfactory**  
**The investment test is rated: Outstanding**  
**The service test is rated: High Satisfactory**

The major factors that support this rating include:

- In the Fargo MSA, Bremer demonstrated good lending activity, adequate geographic distribution, and excellent borrower distribution.
- Bremer provides an excellent level of qualified investments and provides good responsiveness to credit and community development needs.
- Bremer's service delivery systems are reasonably accessible, the bank provides convenient services, and changes made during the evaluation period did not adversely affect low- or moderate-income geographies.

## Description of Institution's Operations in the Fargo MSA

Bremer's Fargo MSA AA (Fargo MSA) consists of Cass County in North Dakota and Clay County in Minnesota. Based on the 1990 U.S. Census information, the assessment area was comprised of thirty-six census tracts (CTs), including one low-income CT and seven moderate-income CTs. AA composition based on the 2000 Census information is slightly changed. The AA now includes forty CTs, six of which are moderate-income. Based on 2000 Census information, the AA does not include any low-income CTs.

Bremer maintains five full-service branch locations and seven automated teller machines (ATM) in the Fargo MSA AA. As of June 30, 2004, Bremer maintained approximately 4.5% of deposits in the AA, which ranks seventh out of twenty-five institutions in the AA. Bremer offers a variety of deposit and loan products.

Refer to the market profiles for the Fargo MSA in Appendix C for detailed demographics and other performance context information.

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

## **LENDING TEST**

Bremer's performance under the Lending Test in the Fargo MSA is rated "High Satisfactory." Based on a full scope review, the bank's performance in the AA is good. Refer to Table 1 in Appendix D for the facts and data used to evaluate the bank's lending activity.

### **Lending Activity**

Lending levels reflect good responsiveness in relation to area credit needs and the bank's deposit market share. Bremer's lending activity was strongest for small loans to farms, where Bremer was ranked second in the number of loans originated and purchased.

During the evaluation period, Bremer originated 1,107 reportable HMDA loans totaling \$141 million in the Fargo MSA. Based on 2003 HMDA data, Bremer's HMDA loans represent a 2.14% market share. Bremer was ranked 11<sup>th</sup> out of 269 financial institutions that reported HMDA loans in 2003.

Bremer originated 1,378 reportable small loans to businesses during the evaluation period totaling \$146 million. Based on 2003 numbers, Bremer had a 3.35% market share and ranked tenth among the fifty financial institutions that reported business loans.

Bremer originated 979 reportable small loans to farms totaling \$80 million during the evaluation period. Of the 17 financial institutions that reported farm loans, Bremer ranked second in the MSA with a 21.79% market share in 2003.

For the Lending Test in the MSA, we gave the most weight to Bremer's small loans to businesses as they represented 40% both by number and dollar of the loan originations during the evaluation period. Home mortgage loans represented 32% by number and 38% by dollar and small loans to farms represented 28% by number and 22% by dollar.

For the home mortgage loan analysis, we placed the most weight on refinance loans. Those loans represented 48% by number and 39% by dollar of all of Bremer's home mortgage loans.

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

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

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

For the 1999 through 2002 portion of the evaluation period, only one CT was designated low-income and virtually none (0.08%) of the housing units in the CT were owner-occupied. For 2003, none of the CTs in the MSA were designated low-income. Due to the low number of housing units in the low-income CT, the bank's performance in low-income geographies in the Fargo MSA was not considered meaningful for this evaluation.

Bremer's overall geographic distribution of home mortgage loans in the Fargo MSA is adequate.

### ***Home Purchase Loans***

Bremer's geographic distribution of home purchase loans in the Fargo MSA is excellent. The percentage of Bremer's home purchase loans in the moderate-income geographies exceeds the percentage of owner-occupied housing units in those geographies. In addition, Bremer's market share in those geographies is higher than its overall market share.

### ***Home Refinance Loans***

Bremer's geographic distribution of home refinance loans in the Fargo MSA is adequate. The percentage of Bremer's home refinance loans in the moderate-income geographies is below the percentage of owner-occupied housing units in those geographies. However, Bremer's market share in those geographies is above its overall market share for the period from 1999 to 2002 and near to the overall market share for 2003 loan data, which provides a positive consideration.

### ***Multifamily Loans***

Bremer's geographic distribution of multifamily loans in the Fargo MSA is good. The percentage of Bremer's multifamily loans in the moderate-income geographies is near to, or exceeds, the percentage of multifamily units in those geographies. Bremer's market share of multifamily loans in those geographies is also near to or above the bank's overall market share.

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

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

For the 1999 through 2002 portion of the evaluation period, only 0.27% of the businesses were located in the sole low-income CT and there are no low-income CTs in this AA based on the 2000 census. Due to the low number of businesses in low-income CT, we did not consider geographic distribution in low-income CTs to be meaningful. Therefore, our geographic distribution analysis is based on the moderate-income CTs.

The geographic distribution of Bremer's small loans to businesses in the Fargo MSA is adequate.

For the 1999 through 2002 portion of the evaluation period, the percentage of Bremer's small loans to businesses in moderate-income geographies was well below the percentage of businesses located in those geographies, which is considered poor. However, in 2003, the percentage of Bremer's small loans to businesses in moderate-income geographies exceeded the percentage of businesses in those geographies, indicating excellent performance. Considering both sets of demographic data, Bremer's overall geographic distribution of small loans to businesses in the Fargo MSA is adequate.

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

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

For the 1999 through 2002 portion of the evaluation period, only one CT was designated low-income and none of the farms in the AA were in that geography. For 2003, none of the CTs in the MSA were designated low-income. As a result, the bank's performance in low-income geography in the Fargo MSA was not considered meaningful for this evaluation.

The geographic distribution of Bremer's small loans to farms in the Fargo MSA is poor. Throughout the evaluation period, the percentage of Bremer's small loans to farms in moderate-income geographies was significantly lower than the percentage of farms located in those geographies, which is considered poor. However, the small number of farms located in those moderate-income geographies somewhat mitigates that performance. Based on 1990 census information, only 4.7% of the farms in the AA were in the moderate-income geographies while 2000 census information indicates that only 6.4% of the farms were in the moderate-income geographies.

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

Our geographic distribution analysis included a review of lending gaps, particularly in low- and moderate-income geographies. We did not identify any unexplained or conspicuous lending gaps in the Fargo MSA.

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

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

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



Borrower distribution of home mortgage loans in the Fargo MSA reflects excellent penetration among loan customers of different income levels.

### **Home Purchase Loans**

Bremer's distribution of home purchase loans to borrowers of different income levels is excellent.

Throughout the evaluation period, the percentage of Bremer's home purchase loans to low-income borrowers was near the percentage of low-income families in the Fargo MSA, which represents good performance. Throughout the evaluation period, the percentage of Bremer's loans to moderate-income borrowers exceeded the percentage of moderate-income families and is considered excellent.

In addition, throughout the evaluation period, Bremer's market share of loans to low- and moderate-income borrowers generally exceeded its overall market shares. The only exception was that Bremer's 2003 market share to low-income borrowers was slightly below its overall market share, still demonstrating good performance.

### **Refinance Loans**

Bremer's distribution of refinance loans to borrowers of different income levels in the Fargo MSA is good.

Throughout the evaluation period, the percentage of Bremer's refinance loans to low-income borrowers was somewhat lower than the percentage of low-income families in the assessment area, which demonstrates adequate performance. However, performance improves to good in light of the level of families below the poverty level in the Fargo MSA. Bremer's market share of refinance loans to low-income borrowers exceeded its overall market share throughout the evaluation period.

Bremer's performance of home refinance lending to moderate-income borrowers is also good. The percentage of Bremer's refinance loans in the Fargo MSA from 1999 through 2002 was near to the percentage of moderate-income borrowers and considered good. Refinance lending performance to moderate-income borrowers during 2003 was excellent as the percentage of loans exceeded community demographics. Bremer's market share performance throughout the evaluation period was good as its market share of refinance loans to moderate-income borrowers was near to its overall market share.

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

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

The distribution of small loans to businesses in the Fargo MSA reflects excellent penetration among business customers with revenues of less than \$1 million.

Throughout the evaluation period, the percentage of Bremer's loans to small businesses exceeded the percentage of businesses in the Fargo MSA in the same revenue category. In addition, Bremer's market share of loans to small businesses significantly exceeded its overall business loan market share.

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

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

The distribution of small loans to farms in the Fargo MSA reflects excellent penetration among farms of different sizes.

Throughout the evaluation period, the percentage of Bremer's loans to small farms was at or above the percentage of farms in the Fargo MSA with revenues of \$1 million or less. In addition, Bremer's market share of loans to small farms exceeded its overall farm loan market share.

### **Community Development Lending**

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

Bremer originated five community development loans in this AA totaling \$145,000 during the evaluation period. Bremer's community development loans generally helped to provide community services to low- and moderate-income individuals.

### **INVESTMENT TEST**

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

Investment Test performance is rated Outstanding. Qualified investments in the Fargo MSA are numerous and responsive to the identified needs of the MSA. None of the investments are considered innovative or complex, and all are routinely provided by private investors.

Bremer's level of investments in the Fargo MSA is considered excellent given the bank's investment opportunities. Qualifying investments in the Fargo MSA total \$3,527,000. This represents 2.19% of the bank's Tier 1 capital allocated to this AA. In addition, the bank has additional investments totaling \$1,992,000 that benefit the broader regional area of Minnesota and North Dakota and that have the potential to benefit the Fargo MSA. As we were unable to determine the actual effect these broader regional investments had on the AA, they were given less weight in our analysis.

Bremer provided funds primarily to organizations that provide social services and affordable housing to LMI individuals. The following are examples of Bremer's qualified investments:

- ❑ Bremer provided funds to several organizations that provide community services to LMI individuals.
- ❑ Bremer provided funds to organizations that assist with affordable housing such as Beyond Shelter, Inc.
- ❑ Bremer provided funds to several organizations for renovation projects including various homeless shelters.
- ❑ Bremer provided funds to Gentle, Inc., which assists people with disabilities in the areas of housing, employment, advocacy, and technology.
- ❑ Bremer provided funds to an organization that provides access to needed medication for low-income individuals.

## **SERVICE TEST**

### **Retail Banking Services**

Refer to Table 15 of Appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings. We performed our analysis using the 2000 census data.

Performance under the Service Test is rated High Satisfactory.

- ❑ Bremer's service delivery systems are accessible to individuals of different income levels. The bank operates five offices within the Fargo MSA. The Fargo main bank is located in a moderate-income CT. All remaining branches are located in a middle-income CT. An analysis of the geographic distribution of the bank's offices relative to the populations of low- and moderate-income individuals in the MSA shows that branch offices are readily accessible to these individuals. Bremer closed one branch in the MSA during the evaluation period. Bremer's in-store location at Cashwise Foods in Moorhead, MN was closed due to the close proximity of another full service branch. The closure generally did not adversely affect low- and moderate-income individuals, as there are other branches in the area.
- ❑ Bremer has seven ATMs in the Fargo MSA, including three deposit-taking ATMs, one of which is located in moderate-income CTs and the remaining two in middle-income CTs. One ATM (cash dispensing only) was closed during the evaluation period. The ATM at the Red Roof location in Fargo was closed due to low volume and activity.

- Bremer's business hours are reasonable and its services do not vary in a way that inconveniences its customers, particularly low- and moderate-income individuals. Bremer offers a wide variety of standard banking products and services to meet the needs of the Fargo MSA.
- The alternative delivery systems the bank offers include bank-by-mail, telephone banking, and Internet banking. We did not place significant weight on these systems for this evaluation because Bremer does not maintain information on how the alternative delivery systems impact low- and moderate-income individuals.

## **Community Development Services**

- Bremer's community development services are considered good. Through its services, Bremer works on a variety of community development issues. Many bank employees are involved with non-profit organizations that provide services for LMI individuals. Employees primarily serve on Boards of Directors of local organizations including Village Family Services, Fargo Planning Commission, and the Nokomis Child Care Center, which specializes in providing daycare to LMI families with special-needs children.
- Employees are also involved with providing financial expertise to such organizations including the City of Fargo Affordable Housing Development Committee and Charism, which serves LMI families by offering job-seeking/keeping education and meeting their basic health and nutritional needs. In addition, employees provide financial assistance to Centro Cultural de Fargo-Moorhead, which serves the large Hispanic and LMI individuals surrounding its headquarters. One employee teaches homebuyer education to LMI individuals within the Spanish speaking communities of Fargo and Moorhead as part of the initiative.
- Employees also provide financial expertise to organizations providing services to small businesses and small farmers, including the Chamber of Commerce of Fargo-Moorhead and the Moorhead Farm Business Management Advisory Board, which works with smaller farm operators to foster growth.
- Bremer is collaborating with the Otto Bremer Foundation to fund a Nonprofit Resource Specialist position in the Fargo-Moorhead area. This person works with non-profit organizations in Fargo-Moorhead and surrounding communities to provide training, education and career building opportunities. The organizations benefiting from this position are largely comprised of low-income and disadvantaged persons.
- Bremer's community development services also include accounts or services that

increase access to financial services for low- and moderate-income individuals. Specifically, Bremer offers free government check cashing for both customers and non-customers.

## □ State Rating

### State of Minnesota

<b>CRA Rating for Minnesota<sup>2</sup>:</b>	<b>SATISFACTORY</b>
<b>The lending test is rated:</b>	<b>Outstanding</b>
<b>The investment test is rated:</b>	<b>Outstanding</b>
<b>The service test is rated:</b>	<b>Low Satisfactory</b>

The major factors that support this rating include:

- In the Minnesota AA, Bremer demonstrated excellent lending activity, excellent distribution of loans by income level of geography, and good distribution of loans by income level of the borrower.
- Qualified investments in Minnesota are considered significant and responsive to the identified needs of the AA, but are not considered innovative or complex, and all are routinely provided by private investors.
- Bremer's service delivery systems are reasonably accessible, the bank provides convenient services, and changes made during the evaluation period did not adversely affect low- or moderate-income geographies.

### Description of Institution's Operations in Minnesota

Bremer's Minnesota non-MSA AA (MN AA) consists of Becker and Ottertail Counties. Based on the 1990 U.S. Census information, the AA was comprised of twenty-seven CTs, including six moderate-income CTs. AA composition based on the 2000 Census information is slightly changed. The AA now includes twenty-six CTs, two of which are moderate-income. The AA does not include any low-income CTs.

Bremer maintains two full-service branch locations and four automated teller machines (ATM) in the Minnesota AA. As of June 30, 2004, Bremer maintained approximately 10.2% of deposits in the AA, which ranks second out of twenty-three institutions in the AA. Bremer offers a variety of deposit and loan products. Based on available information, the primary lending focus in the Minnesota AA is home mortgage lending.

Refer to the market profiles for the State of Minnesota in Appendix C for detailed demographics and other performance context information.

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

## **Scope of Evaluation in Minnesota**

We performed a full-scope review of Bremer's only AA in Minnesota. Our analysis and results were weighted most heavily toward Bremer's home mortgage lending in the MN AA. During the evaluation period, 52% of the bank's reported loans by number and 56% by dollar volume were home mortgage loans. During this time, by number, approximately 35% of loans were to small businesses and 13% were to small farms.

Of the home mortgage loans originated by the bank, 76% by number and 74% by dollar volume were home mortgage refinance loans. Refinance loans were weighted significantly more than home purchase and multifamily loans for our analysis.

The analysis of the geographic distribution of loans is focused solely on performance in the moderate-income CTs because the MN AA did not include any low-income CTs throughout the evaluation period.

## **LENDING TEST**

Bremer's performance under the Lending Test in the MN AA is rated "Outstanding." Based on a full scope review, the bank's performance in the AA is excellent. Refer to Tables 1 of Appendix D for the facts and data used to evaluate the bank's lending activity.

### **Lending Activity**

Lending levels reflect excellent responsiveness in relation to area credit needs and the bank's deposit market share. Bremer's lending activity was strongest for small loans to farms, where Bremer was ranked first in the number of loans originated and purchased.

As of June 30, 2004, Bremer was ranked second out of 23 financial institutions for deposit market share in the Minnesota AA. Bremer's deposits total \$118 million and represent 10.18% of aggregate market deposits.

During the evaluation period, Bremer originated 1,215 reportable HMDA loans totaling \$109 million in the assessment area. Based on 2003 HMDA data, Bremer had a 4.27% market share and ranked sixth among the 282 financial institutions that reported HMDA loans.

Bremer originated 806 reportable small loans to businesses totaling \$63 million in the MN AA during the evaluation period. Based on the number of these business loans reported in 2003, Bremer had an 8.24% market share and ranked fourth among the 33 financial institutions that reported business loans.

During the evaluation period, Bremer originated 302 reportable small loans to farms totaling \$21 million in the MN AA. Of the fourteen financial institutions that reported farm loans, Bremer ranked first in the assessment area with a 26.01% market share.

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

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

Bremer's overall geographic distribution of home mortgage loans in the MN AA is excellent.

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

### ***Home Purchase Loans***

Bremer's geographic distribution of home purchase loans in the MN AA is good.

From 1999 through 2002, the percentage of Bremer's home purchase loans in the moderate-income geographies was somewhat lower than the percentage of owner-occupied housing units in those geographies, representing adequate performance. Bremer's market share in those geographies was also somewhat lower than its overall market share.

During 2003, the percentage of Bremer's home purchase loans in the moderate-income geographies significantly exceeded the percentage of owner-occupied housing units in those geographies. During 2003, Bremer's market share in those geographies also exceeded its overall market share. These both indicate excellent performance for this time period.

### ***Home Refinance Loans***

Bremer's geographic distribution of home refinance loans in the MN AA is excellent.

Throughout the evaluation period, the percentage of Bremer's home refinance loans in the moderate-income geographies exceeded the percentage of owner-occupied housing units in those geographies. In addition, Bremer's market share in those geographies exceeded its overall market share of home refinance loans.

### ***Multifamily Loans***

An analysis of Bremer's geographic distribution of multifamily loans in the MN AA is not meaningful due to the very low volume of multifamily loans originated by the bank in this AA. During the evaluation period, Bremer originated only twelve multifamily loans totaling \$229,000 in the MN AA. This represented only 1% of Bremer's total home mortgage lending in this AA.



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

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

The geographic distribution of Bremer's small loans to businesses in the MN AA is excellent.

Throughout the evaluation period, the percentage of Bremer's small loans to businesses in the moderate-income geographies significantly exceeded the percentage of businesses located in those geographies. Bremer's market share of small business loans in the moderate-income CTs significantly exceeds its overall market share of small loans to businesses in the AA.

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

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

Bremer's geographic distribution of small loans to farms in the MN AA is excellent.

Throughout the entire evaluation period, the percentage of Bremer's small loans to farms in the moderate-income geographies exceeded the percentage of farms located in those geographies. Also, Bremer's market share of small farm loans in the moderate-income CTs significantly exceeds its overall market share of small farm loans in the MN AA.

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

Our geographic distribution analysis included a review of lending gaps, particularly in low- and moderate-income geographies. We did not identify any unexplained or conspicuous lending gaps in the MN AA.

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

Bremer's overall distribution of loans by income level of the borrower in the MN AA is good.

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

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

Borrower distribution of home mortgage loans in the MN AA reflects good penetration among loan customers of different income levels.

## **Home Purchase Loans**

Bremer's distribution of home purchase loans to borrowers of different income levels is excellent.

Bremer's performance of home purchase lending to low-income borrowers is good. From 1999 through 2002, the percentage of Bremer's home purchase loans to low-income borrowers was somewhat lower than the percentage of low-income families in the MN AA, which demonstrates adequate performance. Performance is considered good after consideration of the number of families in the AA with incomes below the poverty level. During the same time period, Bremer's market share of home purchase loans to low-income families exceeded its overall market share of home purchase loans, which further supports the rating of good. During 2003, the percentage of Bremer's home purchase loans to low-income borrowers exceeded the community demographics, representing excellent performance.

Throughout the evaluation period, Bremer's performance of home purchase lending to moderate-income borrowers was excellent. The percentage of home purchase loans to moderate-income families exceeded the percentage of moderate-income families in the MN AA. Furthermore, Bremer's market share of home purchase loans to moderate-income families exceeded its overall market share of home purchase loans.

## **Refinance Loans**

Bremer's distribution of home refinance loans to borrowers of different income levels in the MN AA is good.

Bremer's performance of home refinance lending to low-income borrowers is good. From 1999 through 2002, the percentage of Bremer's home refinance loans to low-income borrowers was lower than the percentage of low-income families in the MN AA, which demonstrates poor performance. Performance is considered adequate in light of the number of families in this AA with incomes below the poverty level. During the same time period, Bremer's market share of home refinance loans to low-income families was near to its overall market share of home refinance loans, which further supports the adequate rating.

During 2003, the percentage of Bremer's home refinance loans to low-income borrowers was somewhat lower than the community demographics, representing adequate performance. Bremer's market share of home refinance loans to low-income families exceeded its overall market share.

Throughout the evaluation period, Bremer's performance of home refinance lending to moderate-income borrowers was excellent. The percentage of home refinance loans to moderate-income families exceeded the percentage of moderate-income families in the MN AA.

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

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

The distribution of small loans to businesses in the MN AA reflects excellent penetration among business customers of different sizes. Throughout the evaluation period, the percentage of Bremer's loans to small businesses with revenues of less than \$1 million exceeded the percentage of businesses in the MN AA in the same revenue category. In addition, Bremer's market share of loans to small businesses significantly exceeded its overall business loan market share.

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

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

The distribution of small loans to farms in the MN AA reflects good penetration among farms of different sizes. From 1999 through 2002, the percentage of Bremer's loans to small farms was near to the percentage of farms in the MN AA in the same revenue category, which is considered good. During 2003, Bremer's loans to small farms exceeded the AA demographics, indicating excellent performance. Throughout the evaluation period, Bremer's market share of loans to small farms was essentially equal to its overall farm loan market share.

### **Community Development Lending**

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

Bremer originated three community development loans in this AA totaling \$4,280,000 during the evaluation period. One community development loan helped to construct an alternative learning center targeted to low- and moderate-income individuals. The other community development loans were targeted to affordable housing in the MN AA.

### **INVESTMENT TEST**

The bank's performance under the investment test in the MN AA is rated "Outstanding". Based on a full-scope review, the bank's performance in the MN AA is excellent. None of the investments are considered innovative or complex, and all are routinely provided by private investors.

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

Bremer's level of investments in the MN AA is considered excellent given the bank's investment opportunities. Qualifying investments in the AA total \$434,000. This represents 2.82% of the bank's Tier 1 capital allocated to this AA. In addition, the bank has investments totaling \$1,992,000 that benefit the broader regional area of Minnesota and North Dakota and that have the potential to benefit this AA. As we were unable to determine the actual effect these broader regional investments had on the AA, they were given less weight in our analysis.

Bremer provided funds primarily to organizations that provide social services and affordable housing to LMI individuals. The following are examples of Bremer's qualified investments:

- ❑ Bremer provided funds to organizations that assist with affordable housing such as the Greater Minnesota Housing Fund, Habitat for Humanity, Minnesota Housing Partnership, and the Minnesota Society of American Foresters.
- ❑ Bremer provided economic development funding to an organization committed to the recovery of 30% of the land base of a reservation through legislation, donation, and purchase.
- ❑ Bremer provided many funds for the benefit of American Indians, primarily comprised of LMI individuals.
- ❑ Bremer provided funds to well-known nationwide organizations for the benefit of local LMI individuals, including the United Way, NOW Legal Defense Fund, and Center for Community Change.

## **SERVICE TEST**

The bank's performance under the service test in Minnesota is rated "Low Satisfactory". Based on a full-scope review, the bank's performance in the MN AA is adequate.

### **Retail Banking Services**

Refer to Table 15 of Appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings. We performed our analysis using the 2000 Census data.

- ❑ Bremer's service delivery systems are accessible to individuals of different income levels. The bank operates two branches within the MN AA. The Detroit Lakes branch is located in a moderate-income CT whereas the Perham branch is located in a middle-income CT. An analysis of the geographic distribution of the bank's offices relative to the populations of low- and moderate-income individuals in the AA shows that branch offices are readily accessible to these individuals. Bremer did not close any branches in the MN AA during the evaluation period.

- Bremer has four ATMs, including one deposit-taking ATM located in a moderate-income CT. Two of the cash-dispensing only ATMs are also located in a moderate-income CT, while the fourth ATM is located in a middle-income CT. Five ATMs (cash-dispensing only) were closed during the evaluation period. Two ATMs were removed at the client's request, while another was removed due to client's relocation to a new location with an existing ATM. One ATM was closed due to low volume and activity, whereas the fifth ATM was closed as a result of being next to a building already containing a Bremer-owned ATM.
- Bremer's business hours are reasonable and its services do not vary in a way that inconveniences its MN AA, particularly low- and moderate-income individuals. Bremer offers a wide variety of standard banking products and services to meet the needs of the AA.
- The alternative delivery systems the bank offers include bank-by-mail, telephone banking, and Internet banking. We did not place significant weight on these systems for this evaluation because Bremer does not maintain information on how the alternative delivery systems impact low- and moderate-income individuals.

## **Community Development Services**

- Bremer's community development services are considered adequate. Through its services, the bank works on a variety of community development issues. Many bank employees are involved with non-profit organizations that provide services for LMI individuals. Employees primarily serve on Boards of Directors of local organizations including Boys and Girls Club of Detroit Lakes, United Way of Becker County, Salvation Army, Habitat for Humanity, and Perham Area Food Shelf. In addition, employees provide financial expertise to Kinship of the Perham Area, the national big brother/big sister organization, of which over half of the children are from LMI families, as well as Perham Housing and Redevelopment Authority, which promotes small business economic development.
- Bremer's community development services also include accounts or services that increase access to financial services for low- and moderate-income individuals. Specifically, Bremer offers free government check cashing for both customers and non-customers.

## State Rating

### State of North Dakota

**CRA Rating for North Dakota<sup>3</sup>: SATISFACTORY**  
**The lending test is rated: High Satisfactory**  
**The investment test is rated: High Satisfactory**  
**The service test is rated: Low Satisfactory**

The major factors that support this rating include:

- In the North Dakota assessment area, Bremer demonstrated excellent lending activity and good distribution of loans to borrowers with different income levels.
- Qualified investments in North Dakota are numerous and responsive to the identified needs of the AA, but are not considered innovative or complex, and all are routinely provided by private investors.
- Bremer's service delivery systems are reasonably accessible, Bremer provides convenient services, and changes made during the evaluation period did not adversely affect low- or moderate-income geographies.

### Description of Institution's Operations in North Dakota

Bremer's North Dakota non-MSA AA (ND AA) consists of Ransom County. Based on the 1990 and 2000 U.S. Census information, the AA consists of three CTs, all of which are middle-income. The AA does not include any low- or moderate-income CTs, therefore an analysis of Bremer's geographic distribution of loans is not meaningful for the ND AA.

Bremer maintains two full-service branch locations and one automated teller machine (ATM) in the ND AA. As of June 30, 2004, Bremer maintained approximately 33.8% of deposits in the AA, which ranks second out of four institutions in the AA. Bremer offers a variety of deposit and loan products. Based on available information, the primary lending focus in the ND AA is small farm lending.

Refer to the market profiles for the State of North Dakota in Appendix C for detailed demographics and other performance context information.

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<sup>3</sup> For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

## **Scope of Evaluation in North Dakota**

We performed a full-scope review of Bremer's non-MSA AA in North Dakota. Our analysis and results were weighted most heavily toward Bremer's small farm lending in the ND AA. During the evaluation period, 63% of the bank's reported loans by number and 66% by dollar volume were small loans to farms. During the evaluation period, 23% of loans were to small businesses and 14% were home mortgage loans.

Of the home mortgage loans originated by the bank, 68% by number and 55% by dollar volume were home mortgage refinance loans. Refinance loans were weighted significantly more than home purchase and multifamily loans for our analysis.

An analysis of Bremer's geographic distribution of loans in the ND AA is not meaningful due to the lack of low- and moderate-income CTs in the ND AA during the evaluation period.

For the Service and Investment tests, we also included the Minot AA which includes the North Dakota counties of Stark, Dunn, McLean, Ward, Pierce, Bottineau, McHenry, Benson, Ramsey, Eddy, Foster, and Stutsman.

## **LENDING TEST**

Bremer's performance under the Lending Test in the ND AA is rated "High Satisfactory." Based on a full scope review, the bank's performance in the AA is good.

### **Lending Activity**

Lending levels reflect excellent responsiveness in relation to area credit needs and the bank's deposit market share. Bremer's lending activity was strongest for home mortgage lending and small loans to farms, where Bremer was ranked first in the number of loans originated and purchased.

As of June 30, 2004, Bremer was ranked second out of four financial institutions for deposit market share in the ND AA. Bremer's deposits totaled \$44 million and represented 33.76% of aggregate market deposits.

During the evaluation period, Bremer originated 166 reportable HMDA loans totaling \$11 million in the AA. Based on 2003 HMDA data, Bremer had a 15.96% market share and ranked first among the 56 financial institutions that reported HMDA loans.

Bremer originated 280 reportable small loans to businesses totaling \$14 million in the ND AA during the evaluation period. Based on the number of these business loans, Bremer had a 24.57% market share and ranked second among the 18 financial institutions that reported business loans.

Bremer originated 764 reportable small loans to farms totaling \$49 million in the ND AA during the evaluation period. Of the seven financial institutions that reported farm loans, Bremer ranked first in the AA with a 91.39% market share.

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

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

An analysis of Bremer's distribution of loans by income level of the geography in the ND AA is not meaningful due to the lack of low- and moderate-income CTs in the AA.

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

Bremer's overall distribution of loans by income level of the borrower in the ND AA is good.

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

Refer to Tables 8 and 10 of Appendix D for the facts and data used to evaluate the borrower distribution of Bremer's home mortgage loan originations and purchases.

Borrower distribution of home mortgage loans in the ND AA reflects an adequate penetration among loan customers of different income levels.

#### **Home Purchase Loans**

Bremer's distribution of home purchase loans to borrowers of different income levels is adequate.

Bremer's performance of home purchase lending to low-income borrowers is poor. From 1999 through 2002, the percentage of Bremer's home purchase loans to low-income borrowers was somewhat lower than the percentage of low-income families in the ND AA, which demonstrates adequate performance. Bremer's performance of home purchase lending to low-income borrowers during 2003 is considered poor. During 2003, Bremer did not originate any home purchase loans to low-income borrowers in the ND AA. While performance is considered poor, it did not raise further concerns due to the low volume of home purchase loans originated by Bremer during that year.

Throughout the evaluation period, Bremer's performance of home purchase lending to moderate-income borrowers was excellent. The percentage of home purchase loans to moderate-income families exceeded the percentage of moderate-income families in the ND AA. Furthermore, Bremer's market share of home purchase loans to moderate-income families exceeded its overall market share of home purchase loans.



## **Refinance Loans**

Bremer's distribution of home refinance loans to borrowers of different income levels in the ND AA is adequate.

Bremer's performance of home refinance lending to low-income borrowers is adequate. From 1999 through 2002, the percentage of Bremer's home refinance loans to low-income borrowers was lower than the percentage of low-income families in the ND AA, which demonstrates poor performance. Performance is considered adequate in light of the number of families in the ND AA with incomes below the poverty level. During the same time period, Bremer's market share of home refinance loans to low-income families exceeded its overall market share of home refinance loans, which further supports the adequate rating.

During 2003, the percentage of Bremer's home refinance loans to low-income borrowers was near to the community demographics, representing good performance. Bremer's market share of home refinance loans to low-income families exceeded its overall market share.

Bremer's performance of home refinance lending to moderate-income borrowers is adequate. From 1999 through 2002, the percentage of Bremer's home refinance loans to moderate-income borrowers was significantly lower than the percentage of moderate-income families in the ND AA, which is considered poor. Market share of home refinance loans to moderate-income families was near to its overall market share of home refinance loans.

During 2003, the percentage of Bremer's home refinance loans to moderate-income borrowers exceeded the NA AA demographics, which is considered excellent. Bremer's market share of refinance loans to moderate-income borrowers exceeded its overall market share of refinance loans during the same year.

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

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

The distribution of small loans to businesses in the ND AA reflects excellent penetration among business customers with revenues of less than \$1 million. Throughout the evaluation period, the percentage of Bremer's loans to small businesses exceeded the percentage of businesses in the ND AA in the same revenue category. In addition, Bremer's market share of loans to small businesses significantly exceeded its overall business loan market share.

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

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

The distribution of small loans to farms in the ND AA reflects excellent penetration among farm customers of different sizes. Throughout the evaluation period, the percentage of Bremer's loans to small farms was at or above the percentage of farms in the ND AA with revenues of less than \$1 million. In addition, Bremer's market share of loans to small farms was comparable to its overall business loan market share.

### **Community Development Lending**

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

Bremer originated five community development loans in this AA totaling \$4,322,000 during the evaluation period. Three of these community development loans were targeted for affordable housing. Two loans totaling \$3,000,000 were in the Minot AA and were specifically targeted to stabilizing and revitalizing the Spirit Lake Tribe community.

### **INVESTMENT TEST**

The bank's performance under the investment test in North Dakota is rated "High Satisfactory". Based on a full-scope review, the bank's performance in the non-MSA ND AA is good. None of the investments are considered innovative or complex, and all are routinely provided by private investors.

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

Bremer's level of investments in the ND AA is good given the bank's investment opportunities. Qualifying investments in the ND AA total \$788,000, including investments made by the Minot charter as a result of the August 2004 merger. This represents 1.70% of the bank's Tier 1 capital allocated to this AA. In addition, the bank has investments totaling \$1,992,000 that benefit the broader regional area of Minnesota and North Dakota and that have the potential to benefit the NA AA. As we were unable to determine the actual effect these broader regional investments had on the AA, they were given less weight in our analysis.

Bremer provided funds primarily to organizations that provide social services and affordable housing to LMI individuals. The following are examples of Bremer's qualified investments:

- ❑ Bremer provided funds to an organization that provides various community services for American Indians.
- ❑ Bremer provided economic development funding for Indian farm advocacy.
- ❑ Bremer provided funds to several organizations that assist with affordable housing such as Roosevelt-Custer Regional Council for Development and Independent Order of Odd Fellows.
- ❑ Bremer provided funds to the Minot Area Homeless Coalition, Inc., which advocates, coordinates, and optimizes services for homeless individuals.

## **SERVICE TEST**

The bank's performance under the service test in North Dakota is rated "Low Satisfactory". Based on full-scope reviews, the bank's performance in the ND AA and in the Minot AA is adequate.

During the evaluation period two mergers with Bremer affiliated charters have taken place. The Detroit Lakes charter merged into the Moorhead charter in November of 2000. In August of 2004 the Minot charter merged with the Moorhead charter. In conjunction with the Minot merger, the main office was relocated from Moorhead, MN to Fargo, ND. Since the Minot merger took place prior to December 31, 2004 and was an affiliate, we included the Minot AA in our analysis for the service test.

## **Retail Banking Services**

Refer to Table 15 of Appendix D for the facts and data used to evaluate the distribution of Bremer's branch delivery system and branch openings and closings. We performed our analysis using the 2000 Census data.

- ❑ Bremer's service delivery systems are accessible to individuals of different income levels. The bank operates twelve branches within the ND and Minot AAs. Three branches, Minnewaukan, Rugby, and Devils Lake, are located in a moderate-income CT. All other branches are located in a middle-income CT, with the exception of the S. Broadway Minot branch, which is located in an upper-income CT. An analysis of the geographic distribution of the bank's offices relative to the populations of low- and moderate-income individuals in the AAs shows that branch offices are readily accessible to these individuals. Bremer closed one of the branches in Devils Lake in the fall of 2004 due to the sale of the building. The closure did not adversely affect low- and moderate-income individuals, as there is another branch in the area.
- ❑ Bremer has twelve ATMs in the AAs, including four deposit-taking ATMs, one of which is located in a moderate-income CT, two are located in middle-income

CTs, and one is located in an upper-income CT. No ATMs were closed during the evaluation period.

- Bremer's business hours are reasonable and its services do not vary in a way that inconveniences its AAs, particularly low- and moderate-income individuals. Bremer offers a wide variety of standard banking products and services to meet the needs of the AAs.
- The alternative delivery systems the bank offers include bank-by-mail, telephone banking, and Internet banking. We did not place significant weight on these systems for this evaluation because Bremer does not maintain information on how the alternative delivery systems impact low- and moderate-income individuals.

### **Community Development Services**

- Bremer's community development services are considered adequate throughout the ND AAs. Through its services, the bank works on a variety of community development issues. Many bank employees are involved with non-profit organizations that provide services for LMI individuals. Employees primarily serve on Boards of Directors of local organizations including the United Way, Salvation Army, the Rugby Economic Development Corporation and Job Development Authority, and Sertoma, which serves LMI children with speech and hearing disabilities in Minot.
- Employees also provide financial expertise to organizations providing services to small businesses and farmers, including the Lisbon Area Development Authority, Kensal County Extension Service, Devils Lake Mayor's Business Committee, and the Richardton Businessmen's Association.
- Bremer's community development services also include accounts or services that increase access to financial services for low- and moderate-income individuals. Specifically, Bremer offers free government check cashing for both customers and non-customers.

## 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 non-metropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

<b>Time Period Reviewed</b>	Lending Test (excludes CD loans): (1/1/1999 to 12/31/2003)	
	Investment and Service Tests and CD Loans: (1/1/1999 to 12/31/2004)	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Bremer Bank, National Association (Bremer) Fargo, North Dakota	Home Mortgage, Small Business, Small Farm and Community Development Loans Qualified Investments	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
<i>Bremer Financial Corporation (BFC)</i>	Parent of Bremer	None
<i>Otto Bremer Foundation (OBF)</i>	Holding Company	CD Investments
<i>Bremer Financial Services, Inc.</i>	Affiliate	ATMs
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Fargo, ND-MN MA #22020	Full Scope	
State of Minnesota AA	Full Scope	
State of North Dakota AA	Full Scope	

## Appendix B: Summary of Multistate Metropolitan Area and State Ratings

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<b>RATINGS</b>				
Overall Bank:	Lending Test Rating*	Investment Test Rating	Service Test Rating	Overall Bank/State/ Multistate Rating
Bremer	High Satisfactory	Outstanding	Low Satisfactory	Satisfactory
<b>Multistate Metropolitan Area or State:</b>				
Fargo MSA	High Satisfactory	Outstanding	High Satisfactory	Satisfactory
Minnesota AA	Outstanding	Outstanding	Low Satisfactory	Satisfactory
North Dakota AA	High Satisfactory	High Satisfactory	Low Satisfactory	Satisfactory

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

# Appendix C: Market Profiles for Full-Scope Areas

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## Table of Contents

### Market Profiles for Areas Receiving Full-Scope Reviews

<i>Fargo, ND-MN Multistate Metropolitan Area</i> .....	2
<i>State of Minnesota</i> .....	3
<i>State of North Dakota</i> .....	4

## Fargo, ND-MN Multistate Metropolitan Area

Demographic Information for Full Scope Area: Fargo MSA 1990						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	36	2.78	19.44	66.67	11.11	0.00
Population by Geography	153,296	2.03	17.01	65.99	14.96	0.00
Owner-Occupied Housing by Geography	34,021	0.08	12.14	70.87	16.92	0.00
Business by Geography	11,927	0.27	37.78	46.73	15.22	0.00
Farms by Geography	1,006	0.00	4.77	88.37	6.86	0.00
Family Distribution by Income Level	37,506	17.66	18.16	26.40	37.79	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	13,432	2.32	21.98	68.04	7.67	0.00
Median Family Income HUD Adjusted Median Family Income for 2001 Households Below Poverty Level		33,819 55,000 14.19%	Median Housing Value Unemployment Rate (1990 US Census)		62,208 2.52%	

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

Source: 1990 US Census and 2001 HUD updated MFI

Demographic Information for Full Scope Area: Fargo MSA 2000						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	40	0.00	15.00	72.50	12.50	0.00
Population by Geography	174,367	0.00	16.18	67.69	16.12	0.00
Owner-Occupied Housing by Geography	41,269	0.00	8.26	72.89	18.86	0.00
Business by Geography	12,401	0.00	34.52	54.39	11.09	0.00
Farms by Geography	1,031	0.00	6.40	85.06	8.54	0.00
Family Distribution by Income Level	42,527	17.66	18.69	26.50	37.15	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	15,459	0.00	17.58	72.42	10.00	0.00
Median Family Income HUD Adjusted Median Family Income for 2001 Households Below Poverty Level		50,872 55,000 11.52%	Median Housing Value Unemployment Rate (2000 US Census)		89,182 2.48%	

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

Source: 2000 US Census and 2001 HUD updated MFI



# State of Minnesota

## Minnesota Assessment Area 1990

Demographic Information for Full Scope Area: Fargo Non-MSA MN 1990						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	27	0.00	22.22	74.07	3.70	0.00
Population by Geography	78,595	0.00	23.53	71.43	5.04	0.00
Owner-Occupied Housing by Geography	23,385	0.00	22.82	71.93	5.26	0.00
Business by Geography	5,810	0.00	23.39	74.06	2.55	0.00
Farms by Geography	1,119	0.00	26.18	73.10	0.71	0.00
Family Distribution by Income Level	21,731	22.30	20.50	24.45	32.75	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	9,301	0.00	29.89	67.46	2.66	0.00
Median Family Income HUD Adjusted Median Family Income for 2001 Households Below Poverty Level		28,933 47,100 14.41%	Median Housing Value Unemployment Rate (1990 US Census)		47,512 2.78%	

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

Source: 1990 US Census and 2001 HUD updated MFI

## Minnesota Assessment Area 2000

Demographic Information for Full Scope Area: Fargo Non-MSA MN 2000						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	26	0.00	7.69	92.31	0.00	0.00
Population by Geography	87,159	0.00	8.55	91.45	0.00	0.00
Owner-Occupied Housing by Geography	27,668	0.00	7.28	92.72	0.00	0.00
Business by Geography	5,944	0.00	12.28	87.72	0.00	0.00
Farms by Geography	1,186	0.00	5.06	94.94	0.00	0.00
Family Distribution by Income Level	24,037	19.89	21.43	25.74	32.95	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	9,932	0.00	10.32	89.68	0.00	0.00
Median Family Income HUD Adjusted Median Family Income for 2001 Households Below Poverty Level		46,129 47,100 10.13%	Median Housing Value Unemployment Rate (2000 US Census)		86,981 2.52%	

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

Source: 2000 US Census and 2001 HUD updated MFI

# State of North Dakota

## North Dakota Assessment Area 1990

Demographic Information for Full Scope Area: Fargo Non-MSA ND1990						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	3	0.00	0.00	100.00	0.00	0.00
Population by Geography	5,921	0.00	0.00	100.00	0.00	0.00
Owner-Occupied Housing by Geography	1,710	0.00	0.00	100.00	0.00	0.00
Business by Geography	389	0.00	0.00	100.00	0.00	0.00
Farms by Geography	166	0.00	0.00	100.00	0.00	0.00
Family Distribution by Income Level	1,629	16.94	17.25	22.84	42.97	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	557	0.00	0.00	100.00	0.00	0.00
Median Family Income HUD Adjusted Median Family Income for 2001 Households Below Poverty Level		26,194 41,000 16.63%	Median Housing Value Unemployment Rate (1990 US Census)		36,698 2.57%	

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

Source: 1990 US Census and 2001 HUD updated MFI

## North Dakota Assessment Area 2000

Demographic Information for Full Scope Area: Fargo Non-MSA ND 2000						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	3	0.00	0.00	100.00	0.00	0.00
Population by Geography	5,890	0.00	0.00	100.00	0.00	0.00
Owner-Occupied Housing by Geography	1,775	0.00	0.00	100.00	0.00	0.00
Business by Geography	392	0.00	0.00	100.00	0.00	0.00
Farms by Geography	161	0.00	0.00	100.00	0.00	0.00
Family Distribution by Income Level	1,565	13.16	13.74	27.60	45.50	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	421	0.00	0.00	100.00	0.00	0.00
Median Family Income HUD Adjusted Median Family Income for 2001 Households Below Poverty Level		39,651 41,000 13.85%	Median Housing Value Unemployment Rate (2000 US Census)		53,674 2.50%	

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

Source: 2000 US Census and 2001 HUD updated MFI

# Appendix D: Tables of Performance Data

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## Table of Contents

**CONTENT OF STANDARDIZED TABLES.....2**

**TABLES OF PERFORMANCE DATA .....5**

    FARGO, ND-MN MULTISTATE METROPOLITAN AREA.....5

    STATE OF MINNESOTA.....5

    STATE OF NORTH DAKOTA.....5

## Content of Standardized Tables

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A separate set of tables is provided for each state. All multistate metropolitan areas are presented in one set of 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: 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. Deposit data are compiled by the FDIC and are available as of June 30<sup>th</sup> of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

**Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated 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. Refer to Interagency Q&As \_\_\_ .12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. When such loans exist, insert a line item with the appropriate caption, such as “Statewide/Regional” or “Out of Assessment Area,” in the MA/Assessment Area column and record the corresponding numbers and amounts in the “Community Development Loans” column.

**Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank, if applicable, over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.

**Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.

**Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.

**Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income

geographies to the percentage distribution of multifamily housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.

**Table 6.** **Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.

**Table 7.** **Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.

**Table 8.** **Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.

**Table 9.** **Borrower Distribution of Home Improvement Loans** - See Table 8.

**Table 10.** **Borrower Distribution of Refinance Loans** - See Table 8.

**Table 11.** **Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.

**Table 12.** **Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to

\$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.

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

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

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As \_\_.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. When such investments exist, insert a line item with the appropriate caption, such as "Statewide/Regional" or "Out of Assessment Area," in the MA/Assessment Area column and record the corresponding numbers and amounts in the "Qualified Investments" column.

**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.

**Tables of Performance Data**

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**Fargo, ND-MN Multistate Metropolitan Area**

**State of Minnesota**

**State of North Dakota**

## Table 1. Lending Volume

LENDING VOLUME		Geography: BREMER - FARGO				Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2003						
MA/Assessment Area (2001):	% 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>												
Fargo MSA 1990	50.32	733	96,282	1,144	114,121	789	63,776	0	0	2,666	274,179	0.00
Fargo MSA 2000	46.97	374	44,670	234	31,937	190	16,675	5	145	803	93,427	0.00
Fargo Non MSA MN 1990	31.09	836	72,157	593	45,315	218	15,614	1	4,000	1,648	137,086	0.00
Fargo Non MSA MN 2000	39.79	379	36,520	213	17,676	84	5,420	2	280	678	59,896	0.00
Fargo Non MSA ND1990	18.59	122	8,067	237	10,670	626	38,712	2	1,312	987	58,761	0.00
Fargo Non MSA ND 2000	13.24	44	3,357	43	3,528	138	10,578	3	3,010	228	20,473	0.00

\* Loan Data as of December 31, 2002 and December 31, 2003. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from January 01, 1999 to December 31, 2004.

\*\*\* Deposit Data as of May 10, 2005. 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		Geography: BREMER - FARGO					Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2003									
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>																
Fargo MSA 1990	375	59.90	0.08	0.00	12.14	12.80	70.87	68.80	16.92	18.40	2.29	0.00	2.87	2.57	1.31	
Fargo MSA 2000	139	62.05	0.00	0.00	8.26	11.51	72.89	69.78	18.86	18.71	2.70	0.00	4.58	2.76	2.03	
Fargo Non MSA MN 1990	208	33.23	0.00	0.00	22.82	17.31	71.93	82.21	5.26	0.48	4.80	0.00	3.55	5.35	1.19	
Fargo Non MSA MN 2000	71	31.70	0.00	0.00	7.28	12.68	92.72	87.32	0.00	0.00	4.29	0.00	7.03	4.06	0.00	
Fargo Non MSA ND1990	43	6.87	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	25.00	0.00	0.00	25.00	0.00	
Fargo Non MSA ND 2000	14	6.25	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	24.56	0.00	0.00	24.56	0.00	

\* Based on 2002 (1990) and 2003 (2000) 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 1990 Census information for loans from 1999-2002 and based on 2000 Census Information for loans from 2003

## Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT		Geography: BREMER - FARGO					Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2003								
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 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>															
Fargo MSA 1990	0	0.00	0.08	0.00	12.14	0.00	70.87	0.00	16.92	0.00	0.00	0.00	0.00	0.00	0.00
Fargo MSA 2000	0	0.00	0.00	0.00	8.26	0.00	72.89	0.00	18.86	0.00	0.00	0.00	0.00	0.00	0.00
Fargo Non MSA MN 1990	0	0.00	0.00	0.00	22.82	0.00	71.93	0.00	5.26	0.00	0.00	0.00	0.00	0.00	0.00
Fargo Non MSA MN 2000	0	0.00	0.00	0.00	7.28	0.00	92.72	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Fargo Non MSA ND1990	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
Fargo Non MSA ND 2000	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 2002 (1990) and 2003 (2000) 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 1990 Census information for loans from 1999-2002 and based on 2000 Census information for loans from 2003.

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

Geographic Distribution: HOME MORTGAGE REFINANCE															
Geography: BREMER - FARGO															
Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2003															
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	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Fargo MSA 1990	314	31.18	0.08	0.00	12.14	9.55	70.87	73.89	16.92	16.56	2.08	0.00	3.03	2.32	1.19
Fargo MSA 2000	218	39.28	0.00	0.00	8.26	5.50	72.89	73.39	18.86	21.10	1.72	0.00	1.66	1.86	1.37
Fargo Non MSA MN 1990	616	61.17	0.00	0.00	22.82	23.38	71.93	76.62	5.26	0.00	7.47	0.00	9.43	7.52	0.00
Fargo Non MSA MN 2000	308	55.50	0.00	0.00	7.28	12.66	92.72	87.34	0.00	0.00	4.65	0.00	9.61	4.33	0.00
Fargo Non MSA ND1990	77	7.65	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	29.09	0.00	0.00	29.09	0.00
Fargo Non MSA ND 2000	29	5.23	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	18.13	0.00	0.00	18.13	0.00

\* Based on 2002 (1990) and 2003 (2000) 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 1990 Census information for loans from 1999-2002 and based on 2000 Census information for loans from 2003.

## Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY			Geography: BREMER - FARGO				Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2003										
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*						
	#	% of Total**	% of MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Fargo MSA 1990	44	75.86	1.75	0.00	33.38	31.82	50.69	63.64	14.18	4.55	22.89	0.00	16.13	34.15	0.00		
Fargo MSA 2000	17	94.44	0.00	0.00	30.13	52.94	60.36	29.41	9.51	17.65	22.67	0.00	33.33	11.90	50.00		
Fargo Non MSA MN 1990	12	20.69	0.00	0.00	18.94	0.00	75.47	100.00	5.59	0.00	50.00	0.00	0.00	60.00	0.00		
Fargo Non MSA MN 2000	0	0.00	0.00	0.00	13.79	0.00	86.21	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
Fargo Non MSA ND1990	2	3.45	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
Fargo Non MSA ND 2000	1	5.56	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	100.00	0.00	0.00	100.00	0.00		

\* Based on 2002 (1990) and 2003 (2000) 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 1990 Census information for loans from 1999-2002 and based on 2000 Census information for loans from 2003.

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

Geographic Distribution: SMALL LOANS TO BUSINESSES															
Geography: BREMER - FARGO															
Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2003															
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 Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Fargo MSA 1990	1,144	57.95	0.27	0.00	37.78	18.71	46.73	66.78	15.22	14.51	3.39	0.00	3.04	4.09	4.57
Fargo MSA 2000	234	47.76	0.00	0.00	34.52	34.62	54.39	50.85	11.09	14.53	3.35	0.00	3.92	3.42	3.39
Fargo Non MSA MN 1990	593	30.04	0.00	0.00	23.39	30.02	74.06	69.48	2.55	0.51	8.12	0.00	12.32	8.80	3.23
Fargo Non MSA MN 2000	213	43.47	0.00	0.00	12.28	30.52	87.72	69.48	0.00	0.00	8.24	0.00	22.57	7.03	0.00
Fargo Non MSA ND1990	237	12.01	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	35.47	0.00	0.00	40.40	0.00
Fargo Non MSA ND 2000	43	8.78	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	24.57	0.00	0.00	27.22	0.00

\* Based on 2002 (1990) and 2003 (2000) 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 (2002 and 2003).

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

Geographic Distribution: SMALL LOANS TO FARMS																
Geography: BREMER - FARGO																
Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2003																
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	% of Farms***	% BANK Loans	Overall	Low	Mod	Mid
<b>Full Review:</b>																
Fargo MSA 1990	789	48.32	0.00	0.00	4.77	1.27	88.37	97.97	6.86	0.76	34.06	0.00	27.27	38.13	2.38	
Fargo MSA 2000	190	46.12	0.00	0.00	6.40	1.05	85.06	94.74	8.54	4.21	21.79	0.00	12.50	23.14	10.81	
Fargo Non MSA MN 1990	218	13.35	0.00	0.00	26.18	30.28	73.10	67.89	0.71	1.83	30.46	0.00	74.47	24.24	5.26	
Fargo Non MSA MN 2000	84	20.39	0.00	0.00	5.06	25.00	94.94	75.00	0.00	0.00	26.01	0.00	84.00	21.36	0.00	
Fargo Non MSA ND1990	626	38.33	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	95.21	0.00	0.00	95.21	0.00	
Fargo Non MSA ND 2000	138	33.50	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	91.39	0.00	0.00	91.39	0.00	

\* Based on 2002 (1990) and 2003 (2000) 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 (2002 and 2003).

## Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: BREMER - FARGO					Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2003									
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***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Overall	Low	Mod	Mid
<b>Full Review:</b>																
Fargo MSA 1990	375	59.90	17.66	12.94	18.16	31.54	26.40	28.03	37.79	27.49	2.77	3.23	2.99	3.23	1.90	
Fargo MSA 2000	139	62.05	17.66	11.03	18.69	38.97	26.50	25.00	37.15	25.00	3.26	2.94	4.38	2.61	2.95	
Fargo Non MSA MN 1990	208	33.23	22.30	10.63	20.50	21.74	24.45	29.47	32.75	38.16	5.95	6.14	6.54	6.77	5.09	
Fargo Non MSA MN 2000	71	31.70	19.89	21.13	21.43	23.94	25.74	30.99	32.95	23.94	5.45	9.93	6.05	7.14	3.02	
Fargo Non MSA ND1990	43	6.87	16.94	9.30	17.25	20.93	22.84	32.56	42.97	37.21	31.03	0.00	60.00	16.67	60.00	
Fargo Non MSA ND 2000	14	6.25	13.16	0.00	13.74	28.57	27.60	35.71	45.50	35.71	35.00	0.00	44.44	29.41	38.46	

\* Based on 2002 (1990) and 2003 (2000) Peer Mortgage Data (Western)

\*\* As a percentage of loans with borrower income information available. No information was available for 0.8% of loans originated and purchased by bank.

\*\*\* Percentage of Families is based on the 1990 and 2000 Census information, respectively.

\*\*\*\* 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.

## Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT		Geography: BREMER - FARGO					Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2003										
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***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Fargo MSA 1990	0	0.00	17.66	0.00	18.16	0.00	26.40	0.00	37.79	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Fargo MSA 2000	0	0.00	17.66	0.00	18.69	0.00	26.50	0.00	37.15	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Fargo Non MSA MN 1990	0	0.00	22.30	0.00	20.50	0.00	24.45	0.00	32.75	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Fargo Non MSA MN 2000	0	0.00	19.89	0.00	21.43	0.00	25.74	0.00	32.95	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Fargo Non MSA ND1990	0	0.00	16.94	0.00	17.25	0.00	22.84	0.00	42.97	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Fargo Non MSA ND 2000	0	0.00	13.16	0.00	13.74	0.00	27.60	0.00	45.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2002 (1990) and 2003 (2000) Peer Mortgage Data (Western)

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

\*\*\* Percentage of Families is based on the 1990 and 2000 Census information, respectively.

\*\*\*\* 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.



# Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE															Geography: BREMER - FARGO					Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2003				
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***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Overall	Low	Mod	Mid	Upp							
<b>Full Review:</b>																								
Fargo MSA 1990	314	31.18	17.66	7.12	18.16	15.86	26.40	32.04	37.79	44.98	2.71	3.16	2.10	2.90	2.73									
Fargo MSA 2000	218	39.28	17.66	8.33	18.69	18.98	26.50	32.41	37.15	40.28	2.40	2.66	2.24	2.36	2.46									
Fargo Non MSA MN 1990	616	61.17	22.30	6.38	20.50	21.11	24.45	31.91	32.75	40.59	10.30	8.93	9.45	12.34	9.53									
Fargo Non MSA MN 2000	308	55.50	19.89	9.45	21.43	21.17	25.74	35.83	32.95	33.55	6.64	8.31	7.34	8.24	5.01									
Fargo Non MSA ND1990	77	7.65	16.94	2.63	17.25	6.58	22.84	28.95	42.97	61.84	38.10	50.00	33.33	36.36	38.89									
Fargo Non MSA ND 2000	29	5.23	13.16	10.34	13.74	17.24	27.60	17.24	45.50	55.17	26.13	50.00	33.33	14.71	28.57									

\* Based on 2002 (1990) and 2003 (2000) 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 1990 and 2000 Census information, respectively.

\*\*\*\* 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.

# Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: BREMER - FARGO			Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2003				
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>									
Fargo MSA 1990	1,144	57.95	69.77	71.50	74.74	15.21	10.05	3.39	8.00
Fargo MSA 2000	234	47.76	61.75	79.91	67.52	19.23	13.25	3.35	6.51
Fargo Non MSA MN 1990	593	30.04	74.10	83.31	82.63	10.96	6.41	8.12	20.32
Fargo Non MSA MN 2000	213	43.47	69.65	84.51	81.69	10.80	7.51	8.24	15.60
Fargo Non MSA ND 1990	237	12.01	78.66	87.34	92.83	3.38	3.80	35.47	67.50
Fargo Non MSA ND 2000	43	8.78	68.88	79.07	88.37	2.33	9.30	24.57	54.84

\* Based on 2002 (1990) and 2003 (2000) 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 - 2001).

\*\*\*\* 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 1.06% 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		Geography: BREMER - FARGO			Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2003				
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>									
Fargo MSA 1990	789	48.32	95.92	96.20	71.48	23.07	5.45	34.06	35.71
Fargo MSA 2000	190	46.12	94.37	94.21	72.11	22.11	5.79	21.79	22.57
Fargo Non MSA MN 1990	218	13.35	95.80	84.86	80.73	13.30	5.96	30.46	30.86
Fargo Non MSA MN 2000	84	20.39	94.94	95.24	80.95	15.48	3.57	26.01	26.85
Fargo Non MSA ND 1990	626	38.33	97.59	96.01	81.79	12.14	6.07	95.21	95.73
Fargo Non MSA ND 2000	138	33.50	96.89	99.28	76.09	16.67	7.25	91.39	91.33

\* Based on 2002 (1990) and 2003 (2000) 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 - 2001).

\*\*\*\* 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 1.35% of small loans to farms originated and purchased by the bank.

## Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: BREMER - FARGO				Evaluation Period: January 1, 1999 to December 31, 2004			
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>									
Fargo MSA	0	0	99	3,527	99	3,527	52.05	0	0
Fargo Non-MSA MN	0	0	28	434	28	434	6.4	0	0
Fargo Non-MSA ND	0	0	35	788	35	788	11.63	0	0
Regional	0	0	67	1,992	67	1,992	29.4	0	0

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

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



