



LARGE BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

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COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Bremer Bank, National Association
Charter Number: 23285

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Alexandria, Minnesota 56308

Office of the Comptroller of the Currency

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

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Overall CRA Rating

Institution’s CRA Rating: This institution is rated Outstanding.

The following table indicates the performance level of **Bremer Bank, National Association** 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	x
High Satisfactory	x		
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

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

The major factors that support this rating include:

- Bremer Bank achieved good lending performance in both the Minnesota and North Dakota assessment areas. Lending levels reflect good responsiveness in relation to area credit needs.
- The borrower distribution of loans is good and the geographic distribution of loans is adequate.
- The bank provided an excellent level of qualified investments in both assessment areas. Qualified investments primarily consist of charitable contributions that address social service needs.
- The bank’s delivery systems are readily accessible to low- and moderate-income individuals and geographies. Bank personnel provided an excellent level of financial expertise through participation in community development services in each rated area.

Definitions and Common Abbreviations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Description of Institution

Bremer Bank, National Association (Bremer) is a \$600 million interstate bank headquartered in Alexandria, Minnesota. Bremer is wholly-owned by Bremer Financial Corporation (BFC), a \$7.7 billion banking organization headquartered in St. Paul, Minnesota. BFC affiliates have more than 100 banking locations throughout Minnesota, North Dakota, and Wisconsin. BFC is owned by the Otto Bremer Foundation (Foundation) and its employees. A majority of the Foundation's assets are invested in BFC. Earnings generated by BFC and other investments support local nonprofit activities through the grant-making activities of the Foundation.

Bremer is a full-service bank offering a variety of loan and deposit products. The bank's lending focus is commercial, agricultural, and home mortgage lending. In addition to the main office and one branch location in Alexandria, the bank has six branches located in the Minnesota communities of Brandon, Morris, Starbuck, Breckinridge, and Fergus Falls. Bremer also operates one supermarket branch in Wahpeton, North Dakota.

As of December 31, 2008, gross loans totaled \$504 million, representing 81 percent of total assets. The bank's loan to deposit ratio was 108.12 percent and Tier 1 Capital totaled \$49 million. Loan portfolio composition was: commercial (47 percent), residential real estate (24 percent), agriculture (12 percent), consumer (9 percent), and other loans (8 percent).

There are no financial, legal, or other factors that impede the bank's ability to help meet the credit needs of its assessment areas. Bremer received a Satisfactory rating on its last CRA examination dated January 12, 2005.

Scope of the Evaluation

Evaluation Period/Products Evaluated

The evaluation period for the lending test, including community development loans, is January 1, 2004 through December 31, 2008. Products reviewed in the lending test include home mortgage, small business, and small farm loans. We used 2007 peer lending data, the most recent available, for small business and small farms to compare Bremer's lending performance to other reporting lenders in the assessment areas.

The evaluation period for the investment and services tests is January 1, 2005 through December 31, 2008. At the bank's request, we considered qualified investments made by the Foundation.

We used deposit information, reported to the Federal Deposit Insurance Corporation annually, to determine the bank's deposit market share and market presence within its assessment areas. The most recent deposit information available is as of June 30, 2008.

Data Integrity

To assess the accuracy of the data, we conducted an independent test of data for home mortgage, small business, and small farm loan products. We determined the loan data to be substantially accurate and it is used without exception in this evaluation.

We also reviewed community development loans, investments, and services provided by Bremer management and community development investments provided by the Foundation. Only those activities that meet the definition of community development are presented and considered in this evaluation.

Selection of Areas for Full-Scope Review

In each state where the bank has an office, a sample of assessment areas within that state was selected for full-scope reviews. Refer to the "Scope" section under each State Rating for details regarding how the areas were selected.

Ratings

The bank's overall rating is a blend of the two state ratings. We rated the bank's CRA performance in the State of Minnesota most heavily because it represented 96 percent of the bank's total deposit base and 90 percent of reported loan originations during this evaluation period.

Inside/Outside Ratio

For the geographic distribution analysis under the Lending Test, we performed an inside/outside ratio analysis at the bank level. A substantial majority of the bank's loans by number, 94 percent, are inside its assessment areas. By product type, 92 percent of home mortgage loans, 95 percent of small business loans, and 97 percent of farm loans originated to borrowers inside the bank's assessment areas. We viewed this as a positive characteristic in our analysis of lending performance.

Fair Lending or Other Illegal Credit Practices Review

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

State Rating

State of Minnesota

CRA Rating for Minnesota: Outstanding

The lending test is rated: High Satisfactory

The investment test is rated: Outstanding

The service test is rated: Outstanding

The major factors that support this rating include:

- The volume of lending in the state of Minnesota is good. The borrower distribution of loans was good and the geographic distribution was adequate
- The level of qualified investments is excellent. Qualified investments consist of charitable contributions, primarily to social service programs.
- Delivery systems are readily accessible to individuals of different income levels. Bremer is a leader in providing community development services.

Description of Institution's Operations in Minnesota

Bremer operates seven branches and 13 ATMs within the state of Minnesota. The Minnesota assessment area consists of Otter Tail, Wilkin, Grant, Douglas, Stevens, Pope, and Traverse counties in Minnesota (known as the combined non-MSA assessment area). Approximately 96 percent of the bank's total deposits and 90 percent of total loan originations, by number, are attributed to the activity in the state of Minnesota. Home mortgage loans are the primary credit product, representing 44 percent by number and dollar volume, of all loan originations in the state.

Bremer ranks first in deposit market share among 40 financial institutions operating in the combined non-MSA assessment area. As of June 30, 2008, deposits in the assessment area totaled \$416 million and representing 16.8 percent of the market. Major competitors include Wells Fargo, with 9.07 percent of the market and Bank of the West, with 6.99 percent of the market.

Refer to the market profiles for the state of Minnesota in Appendix C for detailed demographics and other performance context information for assessment areas that received full-scope reviews.

Scope of Evaluation in Minnesota

We evaluated the bank's performance in the state of Minnesota by performing a full-scope review of the combined non-MSA assessment area. We gave equal weight to home mortgage lending and small loans to businesses and lesser weight to small loans to farms.

We conducted two community contacts for this evaluation with representatives from an economic development corporation and a community action group. The primary needs in the area consisted of affordable housing and stabilization activities.

LENDING TEST

Conclusions for Area Receiving A Full-Scope Review

The bank's performance under the Lending Test in Minnesota is rated High Satisfactory. Based on a full-scope review, the bank's performance in the combined non-MSA assessment area is good.

Lending Activity

The volume of lending in the combined non-MSA assessment area is good. Lending levels reflect good responsiveness in relation to area credit needs and the bank's deposit market share. Bremer originated 2,991 home mortgage loans totaling \$337 million during this evaluation period. The bank is not subject to home mortgage data collection and reporting, therefore no peer data is available for analysis. Bremer originated 2,407 reportable small loans to businesses totaling \$309 million and 1,390 small loans to farms totaling \$123 million. Bremer ranks fourth among 34 financial institutions in overall market share with 10.23% for reportable business and farm loans in 2007. In the combined non-MSA assessment area, home mortgage loans account for 44 percent of total loans originated and therefore received the greatest weight in the analysis. Small loans to business account for 35 percent, and small loans to farms account for 20 percent of total loans originated. An analysis of multi-family property lending is not meaningful since this loan type represents a negligible portion of reported loans.

Refer to Table 1, Lending Volume, in the state of Minnesota section 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

The geographic distribution of loans is adequate, however this performance factor carried no significant weight in the evaluation. There is no low- and one moderate-income tract in the combined non-MSA assessment area.

Home Mortgage Loans

Refer to tables 2, 3, and 4 in the state of Minnesota section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The geographic distribution of home mortgage loans is adequate. While the bank had no penetration in home purchase loans, there is penetration with both home improvement and home refinance loans. Although the bank's performance is below the percent of owner-occupied units in moderate-income tracts, performance is considered adequate given that the closest branch is more than 15 miles away. Further, the moderate-income tract contains only 528, or 1.31 percent, of all owner-occupied units in the combined non-MSA assessment area.

Small Loans to Businesses

Refer to table 6 in the Minnesota section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

The geographic distribution of small loans to business is adequate. While performance is below demographics, it is considered adequate given that there are only 231 small businesses located in the moderate-income geography. In the combined non-MSA assessment area, the bank ranks fifth with 7.45 percent of the market. Market share in the moderate-income tract is lower with 1.67 percent of the market.

Small Loans to Farms

Refer to Table 7 in the state of Minnesota section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to farms.

The geographic distribution of small loans to farms is poor. The bank did not penetrate the moderate-income tract during this evaluation period.

Lending Gap Analysis

Our geographic distribution analysis included a review for lending gaps in moderate-income areas. We did not identify any conspicuous lending gaps in the combined non-MSA assessment area.

Inside/Outside Ratio

We performed an analysis of the inside/outside ratio at the bank level. A substantial majority of the loans are inside the bank's assessment areas. Refer to the Scope of the Evaluation section for additional details.

Distribution of Loans by Income Level of the Borrower

Borrower distribution in the combined non-MSA assessment area reflects good penetration among borrowers of different income levels.

Home Mortgage Loans

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

The distribution of home mortgage loans is good. Performance to moderate-income borrowers is excellent for home purchase loans. The percentage of loans to moderate-income borrowers exceeds the percentage of moderate-income families within the assessment area. Performance for home improvement and home refinance loans is good and is near to the percent of families in those tracts.

Given the family poverty rate of 6.43 percent in the combined non-MSA assessment area, performance to low-income borrowers is good for home purchase and home improvement loans and adequate for home refinance loans. The percentage of loans to low-income borrowers is near to or below the percentage of low-income families in the assessment area.

Small Loans to Businesses

Refer to Table 11 in the state of Minnesota section 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 borrower distribution of small loans to businesses is good. The percent of loans to businesses with revenues of \$1 million or less slightly exceeds the percentage of businesses reporting revenues of \$1 million or less in the combined non-MSA assessment area. In this assessment area, approximately 42 percent of businesses did not report revenue. The bank ranks fifth in overall market share for small loans to businesses, and fifth in market share to businesses with revenues of \$1 million or less. Market share to businesses with revenues of \$1 million or less is greater than the overall market share.

Small Loans to Farms

Refer to Table 12 in the state of Minnesota section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's originations and purchases of small loans to farms.

The borrower distribution of small loans to farms is excellent. Loans to farms with revenues of \$1 million or less is near to the percentage of small farms with revenues of \$1 million or less in the combined non-MSA assessment area. Bremer ranks first in overall market share and market share to farms with revenues if \$1 million or less. Market share to small farms with revenues of \$1 million or less is greater than the overall market share.

Community Development Lending

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

Community development lending had a neutral impact on lending performance in the combined non-MSA assessment area. During the evaluation period, Bremer originated eight loans totaling \$824 thousand. The majority of the loans helped provide affordable housing within the assessment area. This is a moderate volume relative to the bank's size and resources.

Product Innovation and Flexibility

The bank provides two types of flexible lending programs that benefit low- and moderate-income borrowers. The bank participates in the Minnesota Housing Finance Agency First Time Home Buyers program to provide low-interest financing for low- and moderate-income borrowers who are purchasing their first home. The bank also provides financing in conjunction with the Farm Service Agency for owner-operators who do not qualify for standard loans. These loans benefit low-income farmers and those experiencing financial distress.

INVESTMENT TEST

Conclusions for Area Receiving A Full-Scope Review

The bank's performance under the Investment Test in Minnesota is rated Outstanding. Based on a full-scope review, the bank's performance in the combined non-MSA assessment area is excellent. Refer to Table 14 in the state of Minnesota section of Appendix D for the facts and data used to evaluate the bank's level of qualified investments.

The number and dollar volume of Bremer's qualified investments is excellent based on the opportunities to make investments in the combined non-MSA assessment area. Bremer provided 58 qualified grants and donations totaling \$1.7 million inside the combined non-MSA assessment area during the evaluation period. The bank's qualified investments consisted primarily of charitable contributions to various organizations that provide services to low- and moderate-income individuals or provide affordable housing.

Forty eight percent of the donations (by dollar) funded organizations that provide social services to low- and moderate-income individuals and an additional forty two percent benefited organizations that promote affordable housing for low- and moderate-income individuals. Ten percent of charitable contributions benefited organizations that promote economic development.

SERVICE TEST

Conclusions for Area Receiving A Full-Scope Review

The bank's performance under the Service Test in Minnesota is rated Outstanding. Based on a full-scope review, the bank's performance in the combined non-MSA assessment area is excellent.

Retail Banking Services

Bremer's delivery systems are readily accessible to individuals and geographies of different income levels in the combined non-MSA assessment area. The level of community development services provided by the bank staff is excellent. Refer to Table 15 in the state of Minnesota section 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.

The combined non-MSA assessment area does not have any low-income geographies and only one moderate-income geography. Bremer operates seven offices within the assessment area. The main bank and all six branches are located in middle-income geographies. In addition to full-service branches, the bank has six deposit-taking ATM's and seven cash only ATM's located in middle-income geographies. The moderate-income geography is located more than 15 miles from the nearest bank branch or ATM. Bremer has not opened or closed any branches in the assessment area during the evaluation period.

There are no material differences in services offered at branch locations. Banking hours do not vary in a way that inconveniences its assessment area, particularly the moderate-income geographies or low- and moderate-income individuals. The Alexandria, Brandon, Morris, Breckenridge and Fergus Falls branches offer drive up Saturday hours while Alexandria South and Brandon offer lobby Saturday hours.

In addition to the bank's ATM network, Bremer offers a variety of additional alternative delivery systems including bank by mail, phone bank and online banking. However, the bank does not monitor the use of these systems by low- and moderate-income individuals. As a result, we did not place significant weight on these systems to reach conclusions on Bremer's performance under the Service Test.

Community Development Services

Bremer provides an excellent level of community developmental services in the combined non-MSA assessment area. Approximately 35 bank employees provided their financial expertise to 24 organizations that promote various community development initiatives in the assessment area. This includes affordable housing programs for low- and moderate-income individuals and families, services targeted to low- and moderate-income individuals, economic development initiatives, and programs that assist in revitalizing and stabilizing the assessment area. Examples of organizations that provide affordable housing to low- and moderate-income individuals and families include the Habitat for Humanity and Morris Housing and Redevelopment Authority. Staff members also provide housing related and credit counseling through the "Home Stretch" program sponsored by the Minnesota Housing Finance Agency.

In addition to volunteer activities by bank employees, the bank collaborates with the Foundation in funding a full-time Non-Profit Resource Specialist position. This person is responsible for working with the various non-profit organizations to provide training, education, and career building opportunities throughout the assessment area.

State Rating

State of North Dakota

CRA Rating for North Dakota: Satisfactory

The lending test is rated: High Satisfactory

The investment test is rated: Outstanding

The service test is rated: Low Satisfactory

The major factors that support this rating include:

- Lending volume in the State of North Dakota is good. Borrower distribution for home mortgage loans is excellent and loans to small businesses and small farms are good.
- The level of qualified investments is excellent. Qualified investments consist of charitable contributions, primarily to social service programs.
- Branch distribution is adequate and accessible to geographies and individuals of different income levels. Bank personnel provided a good level of community development services during this evaluation period.

Description of Institution's Operations in North Dakota

Bremer has one branch and one ATM located in Wahpeton, North Dakota. Wahpeton is located in Richland County, which comprises the entire North Dakota assessment area. Approximately four percent of Bremer's deposits and ten percent of loan originations, by number, are attributed to activity in the North Dakota assessment area. Commercial loans are the primary credit product, representing 45 percent by number and 53 percent by dollar volume, of all originations in the state.

Bremer ranks sixth in deposit market share out of nine financial institutions with offices located in the North Dakota assessment area. As of June 30, 2008, deposits in the assessment area totaled \$16 million and represented six percent of the market. Major competitors include Wells Fargo and Bank of the West, with combined market share of 47 percent.

Refer to the market profiles for the state of North Dakota in Appendix C for detailed demographics and other performance context information for assessment areas that received full-scope reviews.

Scope of Evaluation in North Dakota

We evaluated the bank's performance in the state of North Dakota by performing a full-scope review of the Richland County assessment area.

We gave more weight to small loans to businesses followed by home mortgage and small farm loans. We based this weighting on loan volume by number of originations.

Contextual research identified job creation and retention and services targeted to low- and moderate-income individuals as primary needs of the area.

LENDING TEST

Conclusions for Area Receiving A Full-Scope Review

The bank's performance under the Lending Test in North Dakota is rated High Satisfactory. Based on a full-scope review, the bank's performance in the Richland County assessment area is good.

Lending Activity

Refer to Tables 1, Lending Volume, in the state of North Dakota section of Appendix D for the facts and data used to evaluate the bank's lending activity.

The volume of lending in the Richland County assessment area is good. Lending levels reflect good responsiveness in relation to area credit needs and bank's deposit market share. Bremer originated 259 home mortgage loans totaling \$18 million during this evaluation period. The bank is not subject to home mortgage data reporting therefore no peer data is available. Bremer originated 344 small loans to businesses totaling \$36 million and 161 small loans to farms totaling \$13 million. Bremer ranks third with 8.38 percent market share for reportable CRA loans in 2007.

In the Richland County assessment area, small loans to business account for 45 percent of total loans reported and therefore received the greatest weight in the analysis. Home mortgage loans account for 34 percent, and small loans to farms account for 21 percent of total loans reported. An analysis of multi-family property is not meaningful since this loan type represents a negligible portion of reported loans.

For the home mortgage loan analysis, we gave the most weight to home refinance loans, which represented 51 percent by number of all home mortgage loans. We did not include an analysis of home improvement in the state of North Dakota assessment as the bank made only 14 loans of this type during the evaluation period.

Distribution of Loans by Income Level of the Geography

The geographic distribution of loans is adequate. There are no low- and two moderate-income tracts in the Richland County assessment area. The moderate-income tracts are located on an Indian Reservation more than 25 miles from the only branch operating in the state. Although the bank did not penetrate the moderate-income geographies, performance is considered adequate given that a very small and negligible percentage of the overall population, small businesses, and farms are located within the moderate-income census tracts in the Richland County assessment area. Refer to Tables 2, 3, 4, 6, and 7 in the state of North Dakota section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's loan originations and purchases.

Lending Gap Analysis

Our geographic distribution analysis included a review for lending gaps, particularly in moderate-income areas. As previously stated, the bank did not make any loans in either of the two moderate-income census tracts located in Richland County, however this did not adversely impact the Lending Test analysis. These two tracts are located within an Indian Reservation and are more than 25 miles from the nearest Bremer branch. There are only 24, or 0.5 percent, of all owner occupied units in Richland County located in the moderate-income tracts. Only ten businesses and four farms are located in the moderate-income census tracts.

Distribution of Loans by Income Level of the Borrower

Borrower distribution in the Richland County assessment area reflects good penetration among borrowers of different income levels.

Home Mortgage Loans

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

The distribution of home mortgage loans is excellent. Performance to moderate-income borrowers is excellent for home purchase loans. The percentage of loans to moderate-income borrowers exceeds the percentage of moderate-income families. Performance for home refinance loans is good and is near to the percent of families in the Richland County assessment area.

Given the family poverty rate of 9.86 percent in the Richland County assessment area, performance to low-income borrowers is excellent for home purchase and home refinance loans.

Small Loans to Businesses

Refer to Table 11 in the state of North Dakota section 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 borrower distribution of small loans to businesses is good. The percent of loans to businesses with revenues of \$1 million or less slightly exceeds the percentage of businesses reporting revenues of \$1 million or less in the assessment area. In this assessment area, approximately 51 percent of businesses did not report revenue. The bank ranks fourth in overall market share for small loans to businesses and third in market share to businesses with revenues of \$1 million or less. Market share to businesses with revenues of \$1 million or less is greater than the overall market share.

Small Loans to Farms

Refer to Table 12 in the state of North Dakota section 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 farms.

The borrower distribution of small loans to farms is good. Loans to farms with revenues of \$1 million or less is near to the percentage of small farms in the Richland County assessment area. The bank ranks third in overall market share and market share to farms with revenues of \$1 million or less. Market share to small farms with revenues of \$1 million or less exceeds the overall market share.

Community Development Lending

Refer to Table 1 Lending Volume in the state of North Dakota section of Appendix D for the facts and data used to evaluate the bank's level of community development lending.

Bremer bank did not originate any community development loans in the Richland County assessment area during this evaluation period. This had a neutral impact on the bank's lending performance in the Richland county assessment area.

Product Innovation and Flexibility

Flexible lending programs offered in North Dakota are the same as those offered in the combined non-MSA assessment area in the state of Minnesota.

INVESTMENT TEST

Conclusions for Area Receiving A Full-Scope Review

The bank's performance under the Investment Test in North Dakota is rated Outstanding. Based on a full-scope review, the bank's performance in Richland County is excellent. Refer to Table 14 in the state of North Dakota section of Appendix D for the facts and data used to evaluate the bank's level of qualified investments.

The level of investments is considered excellent given the bank's capacity and available investment opportunities. The bank provided four qualified investments totaling \$118 thousand during the evaluation period. The majority of the bank's investments fund organizations that provide services to low- and moderate-income individuals.

SERVICE TEST

Conclusions for Area Receiving A Full-Scope Review

The bank's performance under the Service Test in North Dakota is rated Low Satisfactory. Based on a full-scope review, the bank's performance in the Richland County assessment area is adequate.

Retail Banking Services

Bremer's delivery systems are reasonably accessible to geographies and individuals of different income levels in Richland County. The level of community development services is provided by bank staff is good. Refer to Table 15 in the state of North Dakota section 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.

The bank operates one branch in Richland County, which is located in the Econofoods supermarket in Wahpeton. There are no low-income and two moderate-income geographies located in the non-MSA assessment area. The moderate-income geographies are located more than 25 miles from the one bank branch in the assessment area. The bank branch is located in an upper-income geography. Bremer has not opened or closed any branches in the assessment area during the evaluation period.

Banking services in North Dakota are identical to those offered in Minnesota. Banking hours do not vary in a way that inconveniences its assessment area, particularly the moderate-income geographies or low- and moderate-income individuals. Drive up and Lobby are open on Saturdays and ATM offers 24-hour service

Alternative delivery systems include bank-by-mail, automated teller machines, internet banking and telephone banking. However, the bank does not monitor the use of these systems by low- and moderate-income individuals. As a result, we did not place significant weight on these systems to reach conclusions on Bremer's performance under the Service Test.

Community Development Services

Bremer provided an adequate level of community developmental services in the Richland County assessment area. Seven bank employees provided their financial expertise to five organizations that promote various community development initiatives in the assessment area. This includes affordable housing programs for low- and moderate-income individuals and families as well as services targeted to low- and moderate-income individuals. Examples of organizations served on by bank employees include Habitat for Humanity, Red River Human Services, and Wahpeton Community Development Corporation.

Appendix A: Scope of Examination

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

Time Period Reviewed	Lending Test (including community Development Loans): January 1, 2004 to December 31, 2008 Investment and Service Tests: January 1, 2005 to December 31, 2008	
Financial Institution	Products Reviewed	
Bremer Bank, National Association (Bremer) Alexandria, Minnesota	Home Mortgage, Small Business, Small Farm and Community Development Loans; Qualified Investments; Community Development Services	
Affiliate(s)	Affiliate Relationship	Products Reviewed
Otto Bremer Foundation	Holding Company	Qualified Investments
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
State of Minnesota Combined non-MSA	Full Scope	Douglas, Grant, Pope, Stevens, Traverse, and Wilkin Counties
State of North Dakota	Full Scope	Richland County

Appendix B: Summary of State Ratings

Bremer Bank National Association				
Overall Bank:	Lending Test Rating*	Investment Test Rating	Service Test Rating	Overall Bank/State/ Rating
Bremer	Satisfactory	Outstanding	Outstanding	Outstanding
State:				
Minnesota	High Satisfactory	Outstanding	Outstanding	Outstanding
North Dakota	High Satisfactory	Outstanding	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

State of Minnesota

Combined non-MSA Assessment Area

Demographic Information for Full-Scope Area: Combined non-MSA Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	37	NA	2.70	97.30	NA	0.00
Population by Geography	128,830	NA	1.33	98.67	NA	0.00
Owner-Occupied Housing by Geography	40,345	NA	1.31	98.69	NA	0.00
Businesses by Geography	14,225	NA	1.62	98.38	NA	0.00
Farms by Geography	2,100	NA	3.00	97.00	NA	0.00
Family Distribution by Income Level	35,171	18.47	20.44	26.07	35.02	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	13,685	NA	1.73	98.27	NA	0.00
Median Family Income	= \$45,925	Median Housing Value		=\$86,168		
HUD Adjusted Median Family Income for 2008	= \$56,700	Unemployment Rate (December 2008)		= 7.81%		
Households Below the Poverty Level	= 11%					

(*) The NA category consists of geographies that have not been assigned an income classification.
 Source: 2000 U.S. Census, 2008 HUD updated MFI, and Bureau of Labor Statistics.

The combined non-MSA assessment area consists of Wilkin, Otter Tail, Grant, Douglas, Stevens, Pope, and Traverse Counties in the state of Minnesota. The assessment area complies with the regulation and does not arbitrarily exclude any low- and moderate-income geographies.

Economic conditions in the assessment are relatively stable despite the unemployment rate. The area relies heavily on manufacturing, tourism, and construction. Local Unemployment rates are usually higher in the winter months as a result of the cyclical nature of tourism and construction. The December 2008 unemployment rate in the combined non-MSA assessment area of 7.81 percent is higher than the state rate of 6.6 percent and the national rate of 7.2 percent for the same period.

Major employment industries consist of retail trade, manufacturing, accommodation and food services, and construction. Largest employers within the assessment area are Central Specialties, Barrel O'Fun Snack Foods Inc., West Central Turkeys, Alexandria Extrusion Co., Douglas Machine, Lund Boat Co., Tastefully Simple, University of Minnesota, Douglas County Hospital, and Lake Region Health Care Corp.

State of North Dakota

Richland County North Dakota

Demographic Information for Full-Scope Area: Richland County						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	8	NA	25.00	37.50	37.50	0.00
Population by Geography	17,998	NA	0.45	65.82	33.73	0.00
Owner-Occupied Housing by Geography	4,787	NA	0.50	58.72	40.78	0.00
Businesses by Geography	1,915	NA	0.52	61.98	37.49	0.00
Farms by Geography	341	NA	1.17	39.30	59.53	0.00
Family Distribution by Income Level	4,397	12.67	14.10	27.06	46.17	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	1,177	NA	0.93	69.75	29.31	0.00
Median Family Income HUD Adjusted Median Family Income for 2008 Households Below the Poverty Level	= \$39,651 = \$52,800 = 13%	Median Housing Value Unemployment Rate (December 2008)			= \$65,965 = 4.30%	

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2000 U.S. Census, 2008 HUD updated MFI, and Bureau of Labor Statistics.

The Richland county assessment area complies with the regulation and does not arbitrarily exclude any low- and moderate-income geographies.

Economic conditions in the assessment are stable. The December 2008 unemployment rate in Richland County of 4.30 percent is higher than the state rate of 3.3 percent but lower than the national rate of 7.20 percent for the same period.

Major employment industries consist of manufacturing, services, federal and state government, and retail trade. Largest employers within the assessment area are WCCO Belting, Inc., Minn-Dak, Cargill, and Giant Snacks, Inc.

Appendix D: Tables of Performance Data

Content of Standardized Tables

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: (1) purchased loans are treated as originations and 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 assessment area; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables 8 through 12 and part of Table 13. Deposit data are compiled by the FDIC and are available as of June 30th 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 assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. See Interagency Q&As __.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans.
- 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 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 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 assessment area.

Table 14. Qualified Investments - Presents the number and dollar amount of qualified investments made by the bank in each assessment area. 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.

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 assessment area. The table also presents data on branch openings and closings in each assessment area.

Tables of Performance Data

State of Minnesota

State of North Dakota

Table 1. Lending Volume

LENDING VOLUME DECEMBER 31, 2008		Geography: MINNESOTA AND NORTH DAKOTA						Evaluation Period: JANUARY 1, 2004 TO				
Assessment Area (2008):	% 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)	
State of Minnesota												
Combined non-MSA	100%	2,991	337,243	2,407	309,493	1,390	122,995	8	824	6,796	770,555	100%
State of North Dakota												
Richland County	100%	259	18,310	344	35,850	161	12,855	0	0	764	67,015	100%

* Loan Data as of December 31, 2008. Rated area refers to the state rating area.

** The evaluation period for Community Development Loans is from January 01, 2004 to December 31, 2008.

*** Deposit Data as of June 30, 2008. Rated Area refers to the state.

Table2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE 2004 TO DECEMBER 31, 2008		Geography: MINNESOTA AND NORTH DAKOTA										Evaluation Period: JANUARY 1,				
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****	Overa ll	Low	Mod	Mid	Upp	
State of Minnesota																
Combined non-MSA	1,416	100.00	NA	NA	1.31	0.00	98.69	100.00	NA	NA	NA	NA	NA	NA	NA	
State of North Dakota																
Richland County	111	100.00	NA	NA	0.50	0.00	58.72	68.47	40.78	31.53	NA	NA	NA	NA	NA	

* Based on 2007 Peer Mortgage Data (Western).

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

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

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

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT 2004 TO DECEMBER 31, 2008		Geography: MINNESOTA AND NORTH DAKOTA										Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2008				
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****	Over all	Low	Mod	Mid	Upp	
State of Minnesota																
Combined non-MSA	140	100.00	NA	NA	1.31	0.71	98.69	99.29	NA	NA	NA	NA	NA	NA	NA	
State of North Dakota																
Richland County	14	100.00	NA	NA	0.50	0.00	58.72	78.57	40.78	21.43	NA	NA	NA	NA	NA	

* Based on 2007 Peer Mortgage Data (Western).

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

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

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

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE JANUARY 1, 2004 TO DECEMBER 31, 2008			Geography: MINNESOTA AND NORTH DAKOTA								Evaluation Period:				
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total*	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	Overa ll	Low	Mod	Mid	Upp
State of Minnesota															
Combined non-MSA	1,429	100.00	NA	NA	1.31	0.07	98.69	99.93	NA	NA	NA	NA	NA	NA	NA
State of North Dakota															
Richland County	131	100.00	NA	NA	0.50	0.00	58.72	57.25	40.78	42.75	NA	NA	NA	NA	NA

* Based on 2007 Peer Mortgage Data (Western).

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

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

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

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY TO DECEMBER 31, 2008		Geography: MINNESOTA AND NORTH DAKOTA										Evaluation Period: JANUARY 1, 2004				
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*					
	#	% of Total*	% of MF Units***	% BANK Loans***	% MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****	Overa II	Low	Mod	Mid	Upp	
State of Minnesota																
Combined non-MSA	6	100.0 0	NA	NA	0.61	0.00	99.39	100.00	NA	NA	NA	NA	NA	NA	NA	
State of North Dakota																
Richland County	3	100.0 0	NA	NA	0.00	0.00	93.56	66.67	6.44	33.33	NA	NA	NA	NA	NA	

* Based on 2007 Peer Mortgage Data (Western).

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

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

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

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES 1, 2004 TO DECEMBER 31, 2008		Geography: MINNESOTA AND NORTH DAKOTA									Evaluation Period: JANUARY				
Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of Business es ***	% BANK Loans	% of Business es ***	% BANK Loans	% of Business es **	% BANK Loans	% of Business es ***	% BANK Loans	Overall	Low	Mod	Mid	Upp
State of Minnesota															
Combined non-MSA	2,407	100.00	NA	NA	1.62	0.08	98.38	99.92	NA	NA	7.45	0.00	1.67	7.99	NA
State of North Dakota															
Richland County	344	100.00	NA	NA	0.52	0.00	61.98	76.45	37.49	23.55	9.33	NA	0.00	11.96	7.24

* Based on 2007 Peer Small Business Data – US and PR.

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

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

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS JANUARY 1, 2004 TO DECEMBER 31, 2008			Geography: MINNESOTA AND NORTH DAKOTA								Evaluation Period:				
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	Over all	Low	Mod	Mid	Upp
State of Minnesota															
Combined non-MSA	1,390	100.00	NA	NA	3.00	0.00	97.00	100.00	NA	NA	25.67	NA	0.00	27.62	NA
State of North Dakota															
Richland County	161	100.00	NA	NA	1.17	0.00	39.30	32.92	59.53	67.08	6.78	NA	0.00	8.70	6.27

* Based on 2007 Small Business Data – US and PR.

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

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

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE DECEMBER 31, 2008		Geography: MINNESOTA AND NORTH DAKOTA										Evaluation Period: JANUARY 1, 2004 TO				
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****	Over all	Low	Mod	Mid	Upp	
State of Minnesota																
Combined non-MSA	1,416	100.00	18.47	10.32	20.44	28.34	26.07	28.56	35.02	32.78	NA	NA	NA	NA	NA	
State of North Dakota																
Richland County	111	100.00	12.67	9.17	14.10	28.44	27.06	24.77	46.17	37.61	NA	NA	NA	NA	NA	

* Based on 2007 Peer Mortgage Data (Western).

** As a percentage of loans with borrower income information available. No information was available for 2.8% of loans originated and purchased by bank.

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

**** Home purchase loans originated and purchased in the 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 1, 2004 TO DECEMBER 31, 2008		Geography: MINNESOTA AND NORTH DAKOTA										Evaluation Period: JANUARY				
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****	Overall	Low	Mod	Mid	Upp	
State of Minnesota																
Combined non-MSA	140	100.00	18.47	11.19	20.44	17.91	26.07	32.84	35.02	38.06	NA	NA	NA	NA	NA	
State of North Dakota																
Richland County	14	100.00	12.67	0.00	14.10	21.43	27.06	42.86	46.17	35.71	NA	NA	NA	NA	NA	

* Based on 2007 Peer Mortgage Data (Western).

** As a percentage of loans with borrower income information available. No information was available for 3.9% of loans originated and purchased by bank.

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

**** Home improvement loans originated and purchased in the 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 1, 2004 TO DECEMBER 31, 2008		Geography: MINNESOTA AND NORTH DAKOTA									Evaluation Period: JANUARY				
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 ****	Over all	Low	Mod	Mid	Upp
State of Minnesota															
Combined non-MSA	1,429	100.00	18.47	8.00	20.44	19.00	26.07	29.57	35.02	43.43	NA	NA	NA	NA	NA
State of North Dakota															
Richland County	131	100.00	12.67	4.00	14.10	10.40	27.06	29.60	46.17	56.00	NA	NA	NA	NA	NA

* Based on 2007 Peer Mortgage Data (Western).

** As a percentage of loans with borrower income information available. No information was available for 2.2% of loans originated and purchased by bank.

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

**** Home refinance loans originated and purchased in the 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 1, 2004 TO DECEMBER 31, 2008				Geography: MINNESOTA AND NORTH DAKOTA			Evaluation Period: JANUARY		
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
State of Minnesota									
Combined non-MSA	2,407	100.00	54.84	60.24	66.43	18.40	15.16	7.45	8.83
State of North Dakota									
Richland County	344	100.00	44.96	70.35	76.45	15.70	7.85	9.33	9.97

* Based on 2007 Peer Small Business Data – US and PR.

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

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

**** Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 2.25% 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 2004 TO DECEMBER 31, 2008		Geography: MINNESOTA AND NORTH DAKOTA					Evaluation Period: JANUARY 1,		
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
State of Minnesota									
Combined non-MSA	1,390	100.00	98.52	91.22	71.01	22.81	6.19	25.67	28.66
State of North Dakota									
Richland County	161	100.00	98.53	88.82	76.40	16.77	6.83	6.78	7.76

* Based on 2007 Peer Small Business Data – US and PR.

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

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

**** Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 1.55% of small loans to farms originated and purchased by the bank.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS DECEMBER 31, 2008		Geography: MINNESOTA AND NORTH DAKOTA					Evaluation Period: JANUARY 1, 2004 TO			
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**		
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)	
State of Minnesota										
Combined non-MSA	0	0	58	1,712	58	1,712	93.55	0	0	
State of North Dakota										
Richland County	0	0	4	118	4	118	6.45	0	0	

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

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

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS										Geography: MINNESOTA AND NORTH DAKOTA							
Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2008																	
Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
State of Minnesota																	
Combined non-MSA	100.00	7	100.00	NA	0.00	100.00	NA	0	0	0	0	0	0	NA	1.33	98.67	NA
State of North Dakota																	
Richland County	100.00	1	100.00	NA	0.00	0.00	100.00	0	0	0	0	0	0	NA	0.45	65.82	33.73