



LARGE BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

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Community Reinvestment Act Performance Evaluation

**Bremer Bank, National Association
Charter Number: 23295**

**3100 S. Columbia Road
Grand Forks, ND 58201**

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 **Satisfactory**.

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

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

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

The major factors that support this rating include:

- BBNA’s responsiveness to community credit needs is good to excellent in all rated areas. A substantial majority of the bank’s loans (94%) are inside its assessment areas.
- The distribution of loans to borrowers of different income, and to businesses/farms of different sizes, is good to excellent in all rated areas.
- The geographic distribution of loans is adequate to good in all rated areas.
- BBNA provided an adequate to good level of qualified investments in all rated areas.
- BBNA’s delivery systems are reasonably accessible to geographies and individuals of different income levels. BBNA provides half-day banking service to four communities in North Dakota that would otherwise not have a financial institution. Bank personnel provided an adequate to good level of community development services in all rated areas.

Standard CRA 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 statistical 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.

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.

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.

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 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).

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 statistical area (PMSA), metropolitan statistical area (MSA), or consolidated metropolitan area (CMSA), 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 (BBNA) is a \$506 million interstate institution located in Grand Forks, North Dakota adjacent to the Minnesota state border. The bank operates its main office location and one branch office in Grand Forks. In North Dakota, there are additional branch offices in Fordville, Forest River, Gilby, Grafton, Hillsboro, Hoople, Larimore, and St. Thomas. In Minnesota, there are branches in Crookston, Fisher, Shelly, and Warren. In August 2000, the Bremer Bank charter in Crookston, Minnesota was merged with the Grand Forks charter.

BBNA is a full-service bank offering a variety of loan and deposit products. Its lending focus is agricultural and commercial loans. As of September 30, 2001, net loans totaled \$346 million and represented 69% of total assets and 90% of total deposits. Tier 1 capital totaled \$37 million. The loan portfolio consists of the following: agricultural (36%); commercial (33%); residential real estate (15%); consumer (15%); and other loans (1%).

BBNA is owned by Bremer Financial Corporation (BFC), a \$5 billion holding company headquartered in St. Paul, Minnesota. BFC has 11 national bank subsidiaries (with more than 100 banking locations) throughout Minnesota, North Dakota, and Wisconsin. Non-bank affiliates include trust, insurance, management, and operations service companies. BFC is owned by Otto Bremer Foundation, a charitable trust. As a charitable trust, the Foundation must disperse at least 5% of its assets for charitable causes annually.

There are no financial, legal, or other factors that impede the bank's ability to help meet the credit needs in its assessment area. BBNA received a Satisfactory rating at its last CRA evaluation dated September 21, 1998.

Scope of the Evaluation

Evaluation Period/Products Evaluated

- The evaluation period for the lending test (excluding community development loans) is January 1, 1998 through December 31, 2000. Our analysis of home mortgage loans did not include 1998 HMDA data because many individual loan records were no longer available for validation.
- The evaluation period for community development loans, the investment test and the service test is September 22, 1998 through December 31, 2000.
- Products reviewed in the lending test include home mortgage loans, small business loans, small farm loans, and community development loans. Our analysis of home mortgage loans did not include home improvement loans. Bank systems do not separately code this product.
- At the bank's request, we considered qualified investments made by the affiliated Otto Bremer Foundation.
- At the bank's request, we also considered automated teller machines (ATMs) owned by the affiliated Bremer Services, Incorporated, in the "Service Test" assessment.

Data Integrity

- To assess the accuracy of the bank's CRA data, we compared reported information to credit file documentation for an independent sample of loans. We identified a material reporting error involving the inclusion of purchased leases made under master agreements as individual small business loans. The bank revised the data during the examination, and we validated its accuracy via another independent sample. The revised data is presented and considered in this evaluation.
- To assess the accuracy of the bank's HMDA data, we compared reported information to credit file documentation for an independent sample of loans. We did not identify any material errors. However, we adjusted the bank's data to omit three home improvement loans reported in error.
- We reviewed 100% of the bank's community development loans, investments and services. Only those activities that qualified 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 (AAs) 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. Every multistate metropolitan area in which the bank has branches in more than one state received a full-scope review.

Ratings

The bank’s overall rating is a blend of the multistate metropolitan area rating and state ratings. We gave the most weight to the Grand Forks MA, followed by the State of North Dakota, then the State of Minnesota. We weighted the areas in this way because the Grand Forks MA represents 43% of the offices, 64% of the deposits, and 65% of the loan originations for the bank. Activity in North Dakota represents 43% of the offices, 23% of the deposits, and 30% of the loan originations for the bank. Activity in Minnesota represents 14% of the offices, 12% of the deposits, and 5% of the loan originations for the bank.

The multistate metropolitan area rating and state ratings are based primarily on those areas that received full-scope reviews. Refer to the “Scope” section under each state rating for details regarding how the areas were weighted in arriving at the overall state rating.

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%), are inside its AAs. By product type, 95% of home mortgage loans, 90% of business loans, and 95% of farm loans are inside the bank’s AAs. We viewed this characteristic positively in our assessment of lending performance.

Fair Lending Review

We performed an analysis of 1999 and 2000 public comments, consumer complaint information, HMDA, small business and small farm lending data according to the OCC's risk based fair lending approach. Based on this analysis, we concluded that a comprehensive fair lending examination was not needed in connection with the CRA evaluation this year. The bank's last comprehensive fair lending examination was performed in 1998.

Multistate Metropolitan Area Rating

Grand Forks Metropolitan Area

CRA rating for the Grand Forks, ND-MN MA #2985¹: Satisfactory

The lending test is rated: Outstanding

The investment test is rated: High Satisfactory

The service test is rated: Low Satisfactory

The major factors that support this rating include:

- Lending levels reflect excellent responsiveness to credit needs of the MA.
 - Lending activity is excellent with regard to farm and business loans, and good for home mortgage products.
 - The distribution of loans to borrowers of different income levels and farms of different sizes is excellent. The distribution of business loans is good.
 - The geographic distribution of loans is adequate.
- BBNA provided a good level of qualified investments. Qualified investments consist of contributions to organizations that provide community development services in the MA.
- BBNA delivery systems are reasonably accessible to individuals and geographies of different income levels. Bank personnel provided a good level of community development services.

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

Description of Institution's Operations in Grand Forks MA

(Refer to Appendix C for detailed demographics and other performance context information related to the assessment areas receiving full-scope reviews.)

The Grand Forks MA consists of two counties - Grand Forks County in North Dakota and Polk County in Minnesota. Grand Forks is a center of commerce for northeastern North Dakota, and northwest Minnesota. Its primary economic base is the production, processing and trade of agricultural products. The city is also a center for retail trade, health care, and services.

BBNA operates six branches and 18 ATMs in the Grand Forks MA. This represents 43% of the bank's branches and 86% of the bank's ATMs. The Grand Forks MA accounts for 64% of the bank's deposits and 65% of its loan originations (by number).

BBNA ranks first among 18 financial institutions in the AA with approximately 22% of the deposit market share. Competition in this AA includes two large interstate banks, three large banks, and 12 community banks.

Scope of the Evaluation in the Grand Forks MA

(Refer to Appendix A for additional information.)

In the Lending Test assessment, we gave the most weight to farm loans followed by business and home mortgage loans. Farm lending represents 43% of the bank's loans in this market by dollar (and 47% by number). Business lending represents 42% of bank loans by dollar (and 35% by number). Home mortgage loans represent 14% of bank loans by dollar (and 18% by number).

In our assessment of home mortgage lending, we gave slightly more weight to home purchase loans. Home purchase loans represent 54% of the home mortgage loans reported by the bank over the evaluation period.

We gave more weight to borrower distribution than geographic distribution in our analysis of lending test performance. Opportunities to lend in moderate-income areas were limited over the evaluation period due to the availability of low-cost government loan programs. These programs were put in place to help the community rebuild from the catastrophic Red River flood in 1997.

LENDING TEST

BBNA's performance under the Lending Test in the Grand Forks MA is rated "Outstanding."

Lending Activity

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

Lending levels reflects excellent responsiveness in relation to area credit needs and the bank's deposit market share. Agricultural, business and home mortgage loans are essential to the local economy. BBNA has the most deposits (\$249 million) among 18 financial institutions with an office in the Grand Forks MA. The bank's deposit market share is 22%.

Farm lending activity in the Grand Forks MA is excellent. BBNA reported 1,166 farm loans totaling \$94 million over the evaluation period. BBNA originated 60% of all reported 2000 farm loans in the Grand Forks MA, ranking first among 13 lenders. Four (of 17) local competitors report large bank CRA data. The CRA data reporters collectively account for 59% of the area's deposits. BBNA's deposit market share among CRA data reporters is 37%.

Business lending activity in the Grand Forks MA is excellent. BBNA reported 865 business loans totaling \$91 million. BBNA originated 20% of all reported 2000 business loans in the Grand Forks MA, ranking first among 32 lenders. Four (of 17) local competitors report large bank CRA data.

Home mortgage lending activity in the Grand Forks MA is good. BBNA reported 448 home mortgage loans (240 home purchase, 207 refinance and 1 multifamily) totaling \$30.7 million for the two year period covering 1999 and 2000. BBNA originated 10% of all reported 2000 home purchase loans in the Grand Forks MA, ranking fifth among 75 lenders. BBNA originated 17% of all reported 2000 refinance loans, ranking first of 80 lenders. Market share information is a good indicator of bank performance. Essentially all local competitors report HMDA data.

Distribution of Loans by Income Level of the Geography

BBNA's overall geographic distribution of loans is adequate.

Home Mortgage Loans

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

BBNA's overall geographic distribution of home mortgage loans is adequate.

The geographic distribution of home purchase loans is adequate. The bank's percentage of loans in moderate-income geographies is somewhat lower than the percentage of owner-occupied housing located in moderate-income areas. BBNA ranks third in reported home purchase loans in the Grand Forks MA for the year 2000. And the bank's market share in moderate-income geographies is somewhat lower than its overall market share.

The geographic distribution of refinance loans is good even though the percentage of loans in moderate-income geographies is significantly lower than the demographic comparator. Performance is good due to the limited opportunities to refinance mortgage loans in moderate-income geographies. Over the evaluation period, low-cost home improvement loans were available from government agencies to repair flood-damaged homes. These attractive loans allowed homeowners to use existing equity to secure short-term home improvement loans rather than refinance their existing mortgages for longer terms.

According to 2000 HMDA data, BBNA reported the most refinance loans in moderate-income tracts (and the most refinance loans) in the Grand Forks MA. Only one other lender had a market share greater than 10% for refinance loans. BBNA was the only lender with a market share greater than 10% for refinance loans in moderate-income areas.

Small Loans to Businesses

(Refer to Table 5 in 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 small loans to businesses is adequate even though the percentage of loans in moderate-income geographies is lower than the percentage of businesses located there. Lending opportunities were hampered during the evaluation period by the availability of government assistance programs. These programs offered low interest business loans to rebuild from the flood damage.

Of all banks who reported 2000 CRA data, BBNA originated the most business loans in moderate-income tracts (and the most business loans) in the Grand Forks MA. The bank's market share in moderate-income tracts is somewhat lower than its overall business loan market share.

Small Loans to Farms

(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 farms.)

The geographic distribution of farm loans is adequate even though the bank's percentage of loans in moderate-income tracts is significantly lower than the percentage of farms located in those geographies. Less than 20% of all AA farms are located in moderate-income geographies. Essentially all farms in moderate-income geographies (163 of 166 farms) are in two contiguous tracts in the far-eastern section of Polk County. These tracts are more than 30 miles away from a BBNA office. In addition, there are several small community banks which routinely service this area because they are located in (or in closer proximity to) these tracts.

Of all banks who reported 2000 CRA data, BBNA originated the second-most farm loans in moderate-income geographies (and the most farm loans) in the Grand Forks MA. The bank's market share in moderate-income tracts is significantly less than its overall farm loan market share.

Lending Gap Analysis

Our geographic distribution analysis included a review for any unexplained lending gaps in the Grand Forks MA, particularly in moderate-income areas. We did not identify any conspicuous gaps or under-served geographies.

Inside/Outside Ratio

We calculated this ratio at the bank level. A substantial majority of the bank's loans were originated in its AAs. Refer to the Scope of Evaluation section for additional detail.

Distribution of Loans by Income Level of the Borrower

BBNA's overall distribution of loans to borrowers of different income levels and businesses and farms of different sizes is excellent.

Home Mortgage Loans

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

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

Bank performance involving moderate-income borrowers is excellent. In both the home purchase and refinance products, the bank's percentage of loans to moderate-income borrowers exceeds market demographics. Of all banks that reported 2000 HMDA data, BBNA originated the most home mortgage loans and the most refinance loans to moderate-income borrowers in the Grand Forks MA. In addition, the bank's market share to moderate-income borrowers exceeds its overall market share for both products.

Performance involving low-income borrowers is excellent, despite the fact that the bank's percentage of loans to low-income borrowers is significantly below market demographics. There are several factors that mitigate weak penetration in the low-income sector:

- Of all families in the AA, 9% have annual incomes below poverty level (less than \$14,550 per 2001 HUD information). At this income level, it can be difficult to purchase a home (the median home value was \$55,587 in 1990).
- Many settlement costs associated with a loan refinancing do not vary based on loan amount. Therefore, it generally takes longer to recoup these costs (through interest savings) on smaller dollar loans. And the low-income sector likely has a higher proportion of small dollar loans given the direct correlation between income and debt service ability.
- Lastly, the availability of government assistance programs to rebuild from the 1997 Red River flood has limited the bank's ability to penetrate the low-income sector.

Of all banks that reported 2000 HMDA data, BBNA originated the most home mortgage loans and the most refinance loans to low-income borrowers in the Grand Forks MA. In addition, the bank's market share to low-income borrowers exceeds its overall market share for both products.

Small Loans to Businesses

(Refer to Table 9 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 businesses.)

The distribution of loans to businesses of different sizes is good. The percentage of loans to small businesses (i.e. gross annual revenues of \$1 million or less) is near the percentage of small businesses in the AA.

Of all banks that reported 2000 CRA data, BBNA originated the second-most loans to small businesses (and the second-most business loans) in the Grand Forks MA. The bank's market share for loans to small businesses is greater than its overall business loan market share.

BBNA's willingness to make loans to small businesses is further evidenced by its loan size distribution. Approximately 74% of BBNA's reported business loans originated in amounts of \$100,000 or less. The average size of its loans to small businesses is \$63,000.

Small Loans to Farms

(Refer to Table 10 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 loans to farms of different sizes is excellent. The percentage of loans to small farms (i.e. gross annual revenues of \$1 million or less) exceeds the percentage of small farms in the AA.

Of all banks that reported 2000 CRA data, BBNA originated the most loans to small farms (and the most farm loans) in the Grand Forks MA. The bank's market share for loans to small farms equals its overall farm loan market share.

BBNA's willingness to make loans to small farms is further evidenced by its loan size distribution. Approximately 73% of BBNA's reported farm loans originated in amounts of \$100,000 or less. The average size of its loans to small farms \$80,000.

Community Development Lending

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

BBNA originated five community development loans totaling \$375,000 over the evaluation period. The loans facilitated entrepreneurial training for women and minorities and various affordable housing projects (both construction and renovation) targeted to low- and moderate-income individuals.

This level of community development lending had a neutral impact on the Lending Test rating for the Grand Forks MA.

INVESTMENT TEST

(Refer to Table 11 in Appendix D for the facts and data used to evaluate the bank's level of qualified investments.)

Bank performance under the Investment Test in the Grand Forks MA is rated "High Satisfactory."

BBNA provided a good level of qualified investments in the AA. Qualified investments consist entirely of contributions to organizations that provide community development services.

During the evaluation period, BBNA provided 84 qualified grants and donations totaling \$981 thousand. Benefiting organizations include: a small business investment company that provides venture capital; local economic development corporations; chambers of commerce whose primary objectives are economic development; as well as food pantries and other organizations that provide social services to low- and moderate-income individuals.

This volume is considered good given the somewhat limited investment opportunities in the AA. We did not identify any opportunities for community development investment securities in our performance context research, community contact work, or our review of the CRA performance evaluations of competing banks. CRA investment opportunities primarily consist of contributions to organizations with a community development purpose; although there have been ample opportunities for such grants and donations in the aftermath of the 1997 Red River flood.

SERVICE TEST

(Refer to Table 12 in Appendix D for the facts and data used to evaluate the distribution of the bank's branch and ATM delivery system.)

Bank performance under the Service Test in the Grand Forks AA is rated "Low Satisfactory."

Retail Banking Services

(Refer to Table 12 in Appendix D for the facts and data used to evaluate the distribution of the bank's branch and ATM delivery system.)

BBNA's delivery systems are reasonably accessible to geographies and individuals of different income levels throughout the MA. All six offices are located in middle-income tracts. The main office is approximately two miles from three moderate-income tracts, and the North Washington office is adjacent to a moderate-income tract. BBNA closed two banking offices in Grand Forks after the 1997 flood - one in a moderate-income tract and one in a middle-income tract. Approximately 62% of the MA's population reside in middle-income tracts. Sixty-one percent the area's low- and moderate-income families reside in middle-income tracts.

Business hours and services offered throughout the AA are reasonable and do not vary in a way that inconveniences its AA. All offices are open five days a week. Three offices offer Saturday lobby hours. Drive-up service is available six days a week at all locations (except Fisher, Minnesota and Gilby, North Dakota). The Fisher office is open half-days and is limited to teller operations.

Deposit services and loan product information can be obtained at each branch and via the bank's Internet site. BBNA offers two types of free, minimum balance checking account products - one product is available to all customers and the other is targeted to senior citizens. The Crookston, Minnesota office processes loan applications from the Fisher office. Lenders will also meet with customers by appointment at the Fisher office. The Crookston office is approximately 10 miles from the Fisher office.

BBNA operates a total of eighteen ATMs throughout the Grand Forks MA. Each branch (except Fisher and Gilby) has a 24-hour ATM. These "branch" ATMs accept deposits (except for the North Washington location). BBNA operates 14 additional ATMs in the MA - seven with 24-hour access and two that accept deposits. BBNA customers can also use the Fastbank ATM network. Six ATMs are located in a moderate-income tract on the University of North Dakota campus. The remaining ATMs are located in middle-income tracts throughout the area.

Other alternative delivery systems include a 24-hour telephone service and an Internet banking service. The telephone banking service allows customers to check balances, review account history, transfer funds, initiate stop payment orders, and check CD and loan rates. The Internet banking service offers similar features in addition to accepting loan payments and processing bill payment requests.

Alternate delivery systems did not influence service test performance, as the bank could not demonstrate the impact of these systems in low- and moderate-income geographies or the use of these systems by low- and moderate-income individuals.

Community Development Services

BBNA provided a good level of community development services in the Grand Forks MA. Bank officers regularly participate in a variety of organizations that primarily benefit low- and moderate-income individuals or promote economic development. Officers provided their financial expertise to 26 different community development organizations over the evaluation period. These activities involved economic development corporations; growth fund committees that provide gap-financing to new or expanding businesses; family service centers that provide homebuyer education seminars; and rural outreach programs that provide support to distressed farmers (most of which are low- or moderate-income).

State Rating

State of North Dakota

CRA Rating for North Dakota²: 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:

- Lending levels reflect good responsiveness to community credit needs.
 - Farm lending activity is excellent and business lending activity is adequate.
 - The distribution of loans to farms and businesses of different sizes is good.
- BBNA provided a good level of qualified investments. Qualified investments consist of contributions to organizations that provide community development services in the AA.
- BBNA's delivery systems provide reasonable access to individuals of different income levels. BBNA provided an adequate level of community development services.
- Performance differences in the limited-scope AA do not materially impact the ratings for the State of North Dakota.

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

Description of Institution's Operations in North Dakota

(Refer to Appendix C for detailed demographics and other performance context information related to the assessment areas receiving full-scope reviews.)

Within the state of North Dakota, BBNA has designated two AAs - Grafton and Hillsboro.

The Grafton AA consists of Pembina and Walsh Counties. These counties are adjacent to the Grand Forks MA to the north and the Canadian border to the south. The City of Grafton, North Dakota, is approximately 40 miles north of Grand Forks. The Grafton AA is primarily rural and agricultural based. BBNA ranks first among 14 financial institutions in this area with approximately 17% of the deposit market share. Competition in this AA includes two large interstate banks, one large bank, and ten community banks.

The Hillsboro AA consists of Traill County and is adjacent to the Grand Forks MA to the south. This AA is also rural with an agricultural market. BBNA ranks seventh among eight institutions in this area with approximately 4% of the deposit market share. Competition in this AA includes one large interstate bank, one large bank, and five community banks.

BBNA operates six branches and two ATMs in the state. This represents 43% of the bank's branches and 5% of the bank's ATMs. The North Dakota AAs account for 23% of the bank's deposits and 30% of its loan originations (by number). BBNA's primary business focus in both AAs is agricultural and commercial lending.

Scope of Evaluation in North Dakota

(Refer to Appendix A for additional information.)

We evaluated the bank's performance in the State of North Dakota by performing a full-scope review in the Grafton AA and a limited-scope review in the Hillsboro AA. We selected the Grafton AA for a full-scope review because 93% of the deposits in North Dakota (outside the MA), and 87% of the loans, are attributed to the Grafton AA.

We gave the most weight to farm loans, followed by business loans, in Grafton's Lending Test analysis. Farm lending represents 83% of the bank's loans in this market by dollar (and 77% by number). Business lending represents 14% of bank loans by dollar (and 17% by number).

Residential loans were not included in this evaluation. Residential loans are not a primary bank product in this market. Residential loans accounted for only 3% of loans by dollar (and 6% by number).

The geographic distribution of loans is not a meaningful analysis in the Grafton AA because the area contains no low- or moderate- income geographies.

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

Bank performance under the Lending Test in North Dakota is rated “High Satisfactory.” Based on our full-scope review, bank performance in the Grafton AA is good.

Lending Activity

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

Lending levels reflect good responsiveness in relation to area credit needs and the bank’s deposit market share. Agricultural and business loans are essential to the local economy. BBNA has the most deposits (\$84 million) among the 14 financial institutions with an office in the Grafton AA. The bank’s deposit market share is 17%.

Farm lending activity in the Grafton AA is excellent. BBNA reported 740 farm loans totaling \$74 million over the evaluation period. BBNA originated 55% of all reported 2000 farm loans in the Grafton AA, ranking first among seven lenders. Market share information, however, has limited meaning. Only three (of 13) local competitors report large bank CRA data. The CRA data reporters collectively account for 38% of the area’s deposits. BBNA’s deposit market share among CRA data reporters is 46%.

Business lending activity is adequate. BBNA reported 161 business loans totaling \$12 million over the evaluation period. BBNA originated 16% of all reported 2000 business loans in the Grafton AA, ranking second among 21 lenders. As previously mentioned, market share information has limited meaning.

Distribution of Loans by Income Level of the Geography

The geographic distribution of loans is not a meaningful analysis in the Grafton AA.

Lending Gap Analysis

Our analysis included a review for any unexplained lending gaps in the Grafton AA. We did not identify any conspicuous gaps or under-served geographies.

Inside/Outside Ratio

We calculated this ratio at the bank level. A substantial majority of the bank’s loans originated in its AAs. Refer to the Scope of Evaluation section for additional detail.

Distribution of Loans by Income Level of the Borrower

BBNA's overall distribution of loans to businesses and farms of different sizes is good.

Home Mortgage Loans

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

Residential loans are not a primary bank product in this market.

Small Loans to Businesses

(Refer to Table 9 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 businesses.)

The distribution of loans to businesses of different sizes is good. The percentage of loans to small businesses (i.e. gross annual revenues of \$1 million or less) is near the percentage of small businesses in the AA.

Of all banks that reported 2000 CRA data, BBNA originated the second-most loans to small businesses (and the second-most business loans) in the Grafton AA. In addition, the bank's market share for loans to small businesses is greater than its overall business loan market share.

BBNA's willingness to make loans to small businesses is further evidenced by its loan size distribution. Approximately 83% of BBNA's reported business loans originated in amounts of \$100,000 or less. The average size of its small business loan is \$37,000.

Small Loans to Farms

(Refer to Table 10 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 loans to farms of different sizes is good. The percentage of loans to small farms (i.e. gross annual revenues of \$1 million or less) is near the percentage of small farms in the AA.

Of all banks that reported 2000 CRA data, BBNA originated the most loans to small farms (and the most farm loans) in the Grafton AA. In addition, the bank's market share for loans to small farms is near its overall farm loan market share.

BBNA's willingness to make loans to small farms is further evidenced by its loan size distribution. Approximately 69% of BBNA's reported farm loans originated in amounts of \$100,000 or less. The average size of its small farm loan is \$111,000.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on our limited-scope review, bank performance under the Lending Test in the Hillsboro AA is stronger than the bank's overall "High Satisfactory" performance under the Lending Test in North Dakota.

In particular, borrower income distributions are excellent in both the farm and business loan products. The percentage of loans to small farms and businesses exceeds market demographics. This performance difference did not materially impact North Dakota's Lending Test rating as the Hillsboro AA accounts for only 7% of the bank's North Dakota deposits outside the MA.

Refer to the Tables 1 through 10 in Appendix D for the facts and data that support this conclusion.

INVESTMENT TEST

(Refer to Table 11 in Appendix D for the facts and data used to evaluate the bank's level of qualified investments.)

Conclusions for Areas Receiving Full-Scope Reviews

Bank performance under the Investment Test in North Dakota is rated “Low Satisfactory.” Based on our full-scope review, bank performance in the Grafton AA is adequate.

BBNA provided a good level of qualified investments in the AA. Qualified investments consist entirely of contributions to organizations that provide community development services.

During the evaluation period, BBNA provided 26 qualified grants and donations totaling \$264 thousand. Benefiting organizations include: local economic development corporations; a small business investment company that provides venture capital; as well as crisis intervention programs and other organizations that provide social services to low- and moderate-income individuals.

This volume is considered good given the limited investment opportunities in the AA. We did not identify any community development investment securities in our performance context research, community contact work, or our review of the CRA performance evaluations of competing banks. CRA investment opportunities primarily consist of contributions to organizations with a community development purpose.

Conclusions for Area Receiving Limited-Scope Reviews

Based on our limited-scope review, bank performance under the Investment Test in the Hillsboro AA is stronger than the bank's overall “High Satisfactory” performance under the Investment Test in North Dakota.

In particular, the volume of investments over the evaluation period (\$196 thousand) is a significantly higher percentage of the bank's allocated Tier 1 capital for this area. This performance difference did not materially impact North Dakota's Lending Test rating as the Hillsboro AA accounts for only 7% of the bank's North Dakota deposits outside the MA.

Refer to the Tables 11 in Appendix D for the facts and data that support this conclusion.

SERVICE TEST

(Refer to Table 12 in Appendix D for the facts and data used to evaluate the distribution of the bank's branch and ATM delivery system.)

Conclusions for Areas Receiving Full-Scope Reviews

Bank performance under the Service Test in North Dakota is rated "Low Satisfactory." Based on our full-scope review, bank performance in the Grafton AA is adequate.

Retail Banking Services

BBNA's delivery systems are reasonably accessible to individuals of different income levels throughout the AA. BBNA operates five branch offices in the Grafton AA. One office is located in an upper-income geography and the other facilities are in middle-income geographies (there are no low- or moderate-income areas in the Grafton AA). Approximately 80% of the population resides in the middle-income geographies and 20% of the population resides in the upper-income geographies. Of the low- and moderate-income families, 85% reside in middle-income geographies and 15% reside upper-income geographies.

Business hours vary among the branches but not in a way that inconveniences low- or moderate-income individuals.

- The Grafton and Fordville offices offer full service business hours Monday through Friday. The Grafton office has a drive-up facility that provides Saturday hours and an ATM. Bank customers can also use the FastBank ATM network.
- The Forest River, Hoople, and St. Thomas offices are open half-days and service is limited to teller operations. After meeting with customers and members of the community, BBNA determined there was a need for banking services in these areas but community activity did not support full-time banking hours. Rather than close these offices, BBNA retained half-day service to meet community needs. BBNA is the only financial institution serving these towns.

BBNA offers its complete line of products and services at each office in the AA, including two types of free, minimum balance checking account products. With the exception of the Grafton office, branches in this AA do not have full-time loan officers. Loan applications are processed at the Grafton office and lenders will arrange appointments at other offices to accommodate customer needs.

Alternative delivery systems include the 24-hour telephone and Internet banking services discussed in the Service Test section of the Grand Forks MA. Please refer to that section for additional detail.

Community Development Services

BBNA provided an adequate level of community development services in the Grafton AA. Bank officers participated in five community development services over the evaluation period. Officers provided their financial expertise to area economic development councils by providing information to small businesses, instructing technical businesses courses, and participating in crop insurance programs designed to assist local farmers.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on our limited-scope review, bank performance under the Service Test in the Hillsboro AA is not inconsistent with the bank's overall "Low Satisfactory" performance under the Service Test in North Dakota. Refer to Table 12 in Appendix D for the facts and data that support this conclusion.

State Rating

State of Minnesota

CRA Rating for Minnesota³: Satisfactory

The lending test is rated: High Satisfactory

The investment test is rated: Low Satisfactory

The service test is rated: Low Satisfactory

The major factors that support this rating include:

- Lending levels reflect good responsiveness to the credit needs of the Warren AA:
 - Lending activity is good with regard to farm loans (and adequate for other loan products).
 - The distribution of loans to farms of different sizes is good.
 - The geographic distribution of farm loans is excellent.
- BBNA provided an adequate level of qualified investments. Qualified investments consist of contributions to organizations that provide community development services in the AA.
- BBNA's delivery systems are reasonably accessible to geographies and individuals of different income levels. Bank personnel provide an adequate level of community development services.
- Performance under the lending, investment, and service tests for the limited-scope AA is not inconsistent with performance in the full-scope area.

³ 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 institutions performance in that area.

Description of Institution's Operations in Minnesota

(Refer to Appendix C for detailed demographics and other performance context information related to the assessment areas receiving full-scope reviews.)

Within the state of Minnesota, BBNA has designated two AAs - Warren and Shelly.

The Warren AA consists of Marshall County which is adjacent to the Grand Forks MA to the north. Warren is located approximately 25 miles northeast of Grand Forks. The Warren AA is primarily rural and agricultural based. In this AA, BBNA ranks first among nine financial institutions with approximately 22% of the deposit market share. Competition in this AA includes eight community banks.

The Shelly AA consists of Norman County and is adjacent to the Grand Forks MA to the south. This AA is also a rural community with an agricultural market. In this AA, BBNA ranks fifth among eight area institutions with approximately 9% of the deposit market share. Competition includes one large interstate bank, one community interstate bank, and five community banks.

BBNA operates two branches and one ATM in the state. This represents 14% of the bank's branches and 5% of the bank's ATMs. The Minnesota AAs account for 12% of the bank's deposits and 5% of its loan originations (by number). BBNA's primary business focus in both AAs is agricultural loans.

Scope of Evaluation in Minnesota

(Refer to Appendix A for additional information.)

We evaluated the bank's performance in the State of Minnesota by performing a full-scope review in the Warren AA and a limited-scope review in the Shelly AA. We selected the Warren AA for a full-scope review because 76% of the deposits in the State of Minnesota, and 91% of the loans, are attributed to the Warren AA.

We gave the most weight to farm loans in Warren's Lending Test analysis. Farm lending represents 80% of the bank's loans in this market (by both dollar and number). Other loan products (business, home purchase, and home refinance) have an insufficient number of loans for meaningful analysis (less than 20).

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

Bank performance under the Lending Test in Minnesota is rated “High Satisfactory.” Based on our full-scope review, performance in the Warren AA is very good.

Lending Activity

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

Lending levels reflect good responsiveness in relation to area credit needs and the bank’s deposit market share. As previously mentioned, agricultural loans are critical to the economic vitality of this AA. BBNA has the most deposits (\$36 million) among nine financial institutions with an office in the Warren AA. The bank’s deposit market share is 22%.

Farm lending activity in the Warren AA is good. BBNA reported 220 farm loans totaling \$13 million over the evaluation period. BBNA originated approximately 64% of all reported 2000 farm loans in the Warren AA, ranking first among six lenders. Market share information, however, has limited meaning. None of the eight local competitors are subject to large bank CRA data reporting requirements.

Business lending activity is adequate. BBNA reported 18 business loans totaling \$2 million over the evaluation period. BBNA originated approximately 13% of all reported 2000 business loans in the Warren AA, ranking second of sixteen lenders. As previously mentioned, market share information has limited meaning.

Home mortgage lending activity is adequate. BBNA reported 18 home purchase loans and 19 refinance loans, totaling \$2 million, over the evaluation period. BBNA respectively originated 22% and 18% of all reported 2000 home purchase and refinance loans, ranking first in overall market share for both products. Again, market share information has limited meaning. Only one of eight local competitors is subject to HMDA reporting.

In our assessment of lending activity, we also considered the favorable comments received from our community contact and the lack of CRA complaints in the bank’s public CRA file.

Distribution of Loans by Income Level of the Geography

BBNA's overall geographic distribution of loans is good.

Home Mortgage Loans

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

BBNA did not originate any home mortgage loans in the AA's only moderate-income geography over the evaluation period. However, the small number of home mortgage loans precludes meaningful analysis. Nonetheless, bank performance appears adequate in light of the following:

- Only one of eight local competitors are subject to HMDA reporting, and that bank did not report any 2000 home mortgage loans in the moderate-income geography.
- 2000 HMDA data reflects just two home purchase and six refinance loans in this moderate-income geography - all of which were reported by large, non-local mortgage companies.
- Three local competitors (none of which are HMDA reporters) have offices in closer proximity to the moderate-income geography.

Small Loans to Businesses

(Refer to Table 5 in 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.)

BBNA did not originate any business loans in the AA's only moderate-income geography over the evaluation period. The small number of business loans precludes meaningful analysis. Nonetheless, bank performance appears adequate in light of the following:

- The 2000 CRA data reports just two business loans in this moderate-income geography - both of which were reported by large, non-local financial institutions.
- None of the eight local competitors report large bank CRA data. And three local competitors have offices in closer proximity to the moderate-income geography than BBNA.

Small Loans to Farms

(Refer to Table 6 in 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 farm loans is excellent. The bank's percentage of loans in the moderate-income geography exceeds the percentage of farms located in that geography.

Of all banks who reported 2000 CRA data, BBNA originated the most farm loans (and the most farm loans in the moderate-income geography) in the Warren AA. In addition, the bank's market share in the moderate-income geography exceeds its overall farm loan market share.

Lending Gap Analysis

Our geographic distribution analysis included a review for any unexplained lending gaps in the Warren AA, particularly in the moderate-income geography. We did not identify any unexplained gaps.

Inside/Outside Ratio

We calculated this ratio at the bank level. A substantial majority of the bank's loans originated in its AAs. Refer to the Scope of Evaluation section for additional detail.

Distribution of Loans by Income Level of the Borrower

BBNA's overall borrower-income distribution is good.

Home Mortgage Loans

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

The small number of home mortgage loans in this AA precludes meaningful analysis.

Small Loans to Businesses

(Refer to Table 9 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 businesses.)

The small number of business loans in this AA precludes meaningful analysis.

Small Loans to Farms

(Refer to Table 10 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 loans to farms of different sizes is good. The percentage of loans to small farms (i.e. gross annual revenues of \$1 million or less) nearly equals the percentage of small farms in the AA.

Of all banks that reported 2000 CRA data, BBNA originated the most farm loans (and the most loans to small farms) in the Warren AA. In addition, the bank's market share for loans to small farms equals its overall farm loan market share (64%).

The bank's willingness to make loans to small farms is further evidenced by its loan size distribution. Approximately 80% of BBNA's reported farm loans originated in amounts of \$100,000 or less. And the average size of its loans to small farms is \$60,000.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on our limited-scope review, bank performance under the Lending Test in the Shelly AA is not inconsistent with the bank's overall "High Satisfactory" performance under the Lending Test in Minnesota. Refer to the Tables 1 through 10 in Appendix D for the facts and data that support this conclusion.

INVESTMENT TEST

(Refer to Table 11 in Appendix D for the facts and data used to evaluate the bank's level of qualified investments.)

Conclusions for Areas Receiving Full-Scope Reviews

Bank performance under the Investment Test in Minnesota is rated “Low Satisfactory.” Based on our full-scope review, performance in the Warren AA is adequate.

BBNA provided an adequate level of qualified investments in the AA. Qualified investments consist entirely of contributions to organizations that provide community development services.

During the evaluation period, BBNA provided six grants and donations totaling \$11 thousand. Benefiting organizations include: a local food pantry that serves low- and moderate-income families; a state-operated farm advocacy program that works with low-income farmers; and a state-sponsored early learning program targeted to adolescent/single mothers, fathers, and their children, a majority of which are low- or moderate-income.

This volume is considered adequate given the lack of investment opportunities in the AA. We did not identify any community development investment securities in our performance context research, community contact work, or our review of the CRA performance evaluations of competing banks. CRA investment opportunities primarily consist of contributions to organizations with a community development purpose.

Conclusions for Area Receiving Limited-Scope Reviews

Based on our limited-scope review, bank performance under the Investment Test in the Shelly AA is not inconsistent with the bank's overall “Low Satisfactory” performance under the Investment Test in Minnesota. Refer to the Tables 11 in Appendix D for the facts and data that support this conclusion.

SERVICE TEST

(Refer to Table 12 in Appendix D for the facts and data used to evaluate the distribution of the bank's branch and ATM delivery systems.)

Conclusions for Areas Receiving Full-Scope Reviews

Bank performance under the Service Test in Minnesota is rated “Low Satisfactory.” Based on our full-scope review, performance in the Warren AA is adequate.

Retail Banking Services

BBNA's delivery systems are reasonably accessible to geographies and individuals of different income levels throughout the AA. The bank operates one office in the Warren AA located in a middle-income geography. Seventy-five percent of the population, and 72% of the low- and moderate-income families, reside in middle-income geographies.

Business hours do not vary in a way that inconveniences low- or moderate-income geographies or individuals. This branch is not open Saturdays, but lobby hours are extended on Thursdays. This office also provides a drive-up facility and a 24-hour, full-service ATM.

BBNA offers its complete line of products and services at the Warren office, including its two types of free, minimum balance checking account products. The office has full-time loan officers on staff to assist customers.

Alternative delivery systems include the 24-hour telephone and Internet banking services discussed in the Service Test section of the Grand Forks MA. Please refer to that section for additional detail.

Community Development Services

BBNA provided an adequate level of community development services in the Warren AA. Bank officers participated in five community development service activities over the evaluation period. In particular, officers provided their financial expertise to: a regional development corporation that grants loans and provides training to small businesses; a city commission that promotes housing and development targeted to low- and moderate-income persons; and, the local chamber of commerce which promotes economic development in Warren.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on our limited-scope review, performance under the Service Test in the Shelly AA is not inconsistent with the bank's overall “Low Satisfactory” performance under the Service Test in Minnesota. Refer to Table 12 in Appendix D for the facts and data that support this conclusion.

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”).

Time Period Reviewed	Lending Test (excludes CD loans): 01/01/98 to 12/31/00 Investment and Service Tests and CD Loans: 09/22/98 to 12/31/00	
Financial Institution	Products Reviewed	
Bremer Bank, National Association (BBNA) Grand Forks, North Dakota	Home Mortgage Loans, Small Business and Small Farm Loan Community Development Loans Qualified Investments	
Affiliate(s)	Affiliate Relationship	Products Reviewed
Bremer Financial Corporation (BFC) Otto Bremer Foundation Bremer Services, Inc.	Parent of BBNA Parent of BFC Affiliate	None Qualified Investments ATMs
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Grand Forks MA	Full-Scope	
State of North Dakota		
Grafton AA	Full-Scope	
Hillsboro AA	Limited-Scope	
State of Minnesota		
Warren AA	Full-Scope	
Shelly AA	Limited-Scope	

Appendix B: Summary of Multistate Metropolitan Area and State Ratings

RATINGS				
Bremer Bank, National Association				
Overall Bank:	Lending Test Rating*	Investment Test Rating	Service Test Rating	Overall Bank/State/Multistate Rating
Bremer Bank, N.A.	High Satisfactory	High Satisfactory	Low Satisfactory	Satisfactory
Multistate Metropolitan Area or State:				
Grand Forks MA	Outstanding	High Satisfactory	Low Satisfactory	Satisfactory
North Dakota	High Satisfactory	High Satisfactory	Low Satisfactory	Satisfactory
Minnesota	High Satisfactory	Low 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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Market Profiles for Areas Receiving Full-Scope Reviews

Grand Forks Multistate Metropolitan Area	C-1
State of North Dakota.....	C-2
State of Minnesota.....	C-3

Grand Forks Metropolitan Area #2985

Demographic Information for Full-Scope Area: Grand Forks Metropolitan Area (ND & MN)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	29	n/a	20.69	65.52	13.79	n/a
Population by Geography	103,181	n/a	25.09	62.30	12.61	n/a
Owner-Occupied Housing by Geography	21,296	n/a	12.93	70.66	16.41	n/a
Businesses by Geography	4,226	n/a	18.65	71.56	9.80	n/a
Farms by Geography	833	n/a	19.93	77.43	2.64	n/a
Family Distribution by Income Level	25,746	17.51	19.28	25.57	37.64	n/a
Distribution of Low- and Moderate-Income Families throughout AA Geographies	9,476	n/a	33.66	60.62	5.72	n/a
Median Family Income HUD Adjusted Median Family Income for 2001 Households Below the Poverty Level	= \$29,793 = \$48,500 = 14.61%	Median Housing Value Unemployment Rate (September 2001)				= \$55,587 = 1.7%

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 1990 U.S. Census, 2001 HUD updated MFI, and Bureau of Labor Statistics.

The Grand Forks MA consists of two counties - Grand Forks County in North Dakota and Polk County in Minnesota. There are no low-income tracts in the AA, but there are six moderate-income geographies. Two of the six moderate-income tracts are located in the far-eastern section of Polk County. Three other moderate-income tracts are located in the City of Grand Forks, adjacent to the Red River. The remaining moderate-income census tract is the Grand Forks Air Force Base, which is west of Grand Forks. The AA complies with the regulation and does not arbitrarily exclude any low- or moderate-income areas.

While economic conditions are generally stable, low commodity prices and government price supports are undoubtedly straining the agricultural sector. Grand Forks is a center of commerce for northeastern North Dakota and northwest Minnesota. Its primary economic base is the production, processing, and trade of agricultural products.

The city is also a center for retail trade, health care, and services. Large employers include the University of North Dakota, Altru Health Systems, and the Grand Forks Air Force Base. The September 2001 area unemployment rate of 1.7% is the same as the state rate (and lower than the national rate of 4.9%) for the same period.

The area continues to rebuild from the catastrophic Red River flood of 1997. The flood precipitated an estimated population loss of 10% from 1990. Revitalization of downtown Grand Forks has been a priority with numerous projects completed within the past two years including the new Corporate Center, a County Office Building, the Herald Building, and the Empire Arts Building - all of which were funded through government programs. A Renaissance Zone encompassing 22-city blocks was established in April 1999 to encourage new investments in under-utilized/vacant properties and the preservation of historic properties.

We performed community contacts with an affordable housing organization and a local government social service representative from this AA. We also reviewed a recent contact by another regulator. These contacts cited agriculture-related loans, affordable-housing stock, and elder care assistance as primary community needs. Opportunities for agricultural lending are good with the availability of many government-guaranteed loan programs through area lenders.

Opportunities for business and home improvement lending in moderate-income areas were limited over the evaluation period. Three (of the area's six) moderate-income tracts lie adjacent to the Red River. They were significantly damaged during the 1997 flood. Several local, state, and federal government programs have been available to assist with community rebuilding efforts. These programs provided low-interest loans to area residents and businesses. Local financial institutions cannot match the favorable terms offered under these loan programs.

Competition is strong with 17 other financial institutions operating in the AA. BBNA ranks first in the area's deposit market share at 22%. Primary competition includes Alerus Financial, U.S. Bank, Community National Bank of Grand Forks, and Wells Fargo Bank North Dakota, which have deposit market shares of 19%, 14%, 8%, and 4%, respectively.

State of North Dakota

Grafton AA

Demographic Information for Full-Scope Area: Grafton AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	11	n/a	n/a	81.82	18.18	n/a
Population by Geography	23,078	n/a	n/a	79.57	20.43	n/a
Owner-Occupied Housing by Geography	6,672	n/a	n/a	81.18	18.82	n/a
Businesses by Geography	1,277	n/a	n/a	72.20	27.80	n/a
Farms by Geography	561	n/a	n/a	86.45	13.55	n/a
Family Distribution by Income Level	6,260	15.40	18.51	23.59	42.49	n/a
Distribution of Low- and Moderate-Income Families throughout AA Geographies	2,123	n/a	n/a	85.16	14.84	n/a
Median Family Income HUD Adjusted Median Family Income for 2001 Households Below the Poverty Level	= \$26,194 = \$41,000 = 12.37%	Median Housing Value Unemployment Rate (September 2001)		= \$39,447 = 2.15%		

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 1990 U.S. Census, 2001 HUD updated MFI, and the State of North Dakota Labor Force Data

The Grafton AA consists of Pembina and Walsh Counties in North Dakota, adjacent to the Grand Forks MA to the north. Grafton is located approximately 40 miles north of Grand Forks in Walsh County. There are no low- or moderate-income geographies in this AA. The AA complies with the regulation.

The Grafton AA is rural and largely influenced by agriculture. Small grains and row crops are primary products. Area farms are decreasing in number as farmers retire but increasing in size with the efficiency of automation. Grafton serves as the area’s economic heart and has shifted from agriculture to a more commercial base in the last few years.

Economic conditions in the AA are stable, although there are no immediate plans for growth or development. Major employment industries include agriculture, health care, and manufacturing. The September 2001 unemployment rate of 2.15% is higher than the state rate of 1.7% (but lower than the national rate of 4.9%) for the same period.

BBNA ranks first in deposit market share among 14 financial institutions in this AA with 17% of the market. Competition includes Citizens State Bank, First United Bank, and Wells Fargo Bank North Dakota which have deposit market shares of 14%, 11%, and 11%, respectively.

State of Minnesota

Warren AA

Demographic Information for Full-Scope Area: Warren AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	4	n/a	25.00	75.00	n/a	n/a
Population by Geography	10,993	n/a	22.50	77.50	n/a	n/a
Owner-Occupied Housing by Geography	3,443	n/a	22.51	77.49	n/a	n/a
Businesses by Geography	464	n/a	5.39	94.61	n/a	n/a
Farms by Geography	317	n/a	5.68	94.32	n/a	n/a
Family Distribution by Income Level	3,081	21.23	21.32	25.48	31.97	n/a
Distribution of Low- and Moderate-Income Families throughout AA Geographies	1,311	n/a	27.92	72.08	n/a	n/a
Median Family Income HUD Adjusted Median Family Income for 2001 Households Below the Poverty Level	= \$28,933 = \$47,100 = 15.32%	Median Housing Value Unemployment Rate (September 2001)				= \$32,461 = 4.1%

(*) The NA category consists of geographies that have not been assigned an income classification.
Sources: 1990 U.S. Census, 2001 HUD updated MFI, and the State of Minnesota Workforce Center.

The Warren AA consists of Marshall County in Minnesota. Marshall County is adjacent to Polk County, which is part of the Grand Forks MA. Warren is located approximately 25 miles northeast of Grand Forks. There are no low-income geographies in the AA. There is one moderate-income BNA. The AA complies with the regulation, and it does not arbitrarily exclude any low- or moderate-income areas.

Economic conditions in the AA are stagnant with no growth anticipated until 2003. The AA has suffered flood damage which demolished commercial and residential properties. The area is also dependent on agriculture and struggles with low commodity prices and government price supports that do not meet the cost of production. Major employment sectors are agriculture, manufacturing, local government, and public services. The September 2001 area unemployment rate of 4.1% is higher than the state rate of 3.3% (and somewhat lower than the national rate of 4.9%) for the same period.

We made a community contact with a regional development commission that offers micro lending via a revolving loan pool funded by the Federal Economic Development Agency. The commission typically partners with area banks to offer business loans for start-up or gap financing.

The contact stated the county relies heavily on its agricultural base, therefore, this type of lending is always necessary to sustain the economy. Small business lending was also cited as a need in the county - more for business retention than new business development. There is also a need for housing stock in the western portion of the county due to the flooding which destroyed many homes (primarily impacting middle-income areas). Lastly, our contact stated that most local financial institutions are willing and able to meet community credit needs.

BBNA ranks first in deposit market share among eight other financial institutions in this AA with 22% of the market. Local competition includes Rural American Bank and American Federal Bank which have deposit market shares of 18% and 3%, respectively.

Appendix D: Tables of Performance Data

Table of Contents

CONTENT OF STANDARDIZED TABLESD-1

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: 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 MSA/assessment area.

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

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MSA/assessment area.
- 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 Refinance Loans** - See Table 2.
- Table 5. 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.
- Table 6. 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.
- Table 7. 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 MSA/assessment area. The table also presents market share information based on the most recent aggregate market data available.

- Table 8. Borrower Distribution of Home Improvement Loans** - See Table 7.
- Table 9. Borrower Distribution of Refinance Loans** - See Table 7.
- Table 10. 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 11. 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 12. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MSA/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 have been reported on schedule RC-L of the call reports as an off-balance-sheet item.
- Table 13. 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 MSA/AA. The table also presents data on branch openings and closings in each MSA/AA.
- Table 14. 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.

Table 1. Lending Volume

LENDING VOLUME												Geography: ND & MN		Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2000 (Home Mortgage Loans)		JANUARY 1, 1998 TO DECEMBER 31, 2000 (Business and Farm Loans)	
MA/Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***					
		#	\$(000's)	#	\$(000's)	#	\$(000's)	#	\$(000's)	#	\$(000's)						
Multistate MA																	
Grand Forks MA (FS)	100.00	448	30,731	865	91,528	1,166	93,994	5	375	2,484	216,628	100.00					
State of North Dakota																	
Grafton AA (FS)	87.00	56	2,515	161	12,202	740	74,341	0	0	957	89,058	92.95					
Hillsboro AA (LS)	13.00	13	709	22	1,407	108	9,561	0	0	143	11,677	7.05					
State of Minnesota																	
Warren AA (FS)	91.09	38	1,690	18	1,719	220	13,256	0	0	276	16,665	76.43					
Shelly AA (LS)	8.91	6	190	3	64	18	612	0	0	27	866	23.57					

FS: full-scope review
 LS: limited-scope review

* Loan Data as of December 31, 2000. Rated area refers to either the state or multi-state MA rating area.
 ** The evaluation period for Community Development Loans is From September 28, 1998 to December 31, 2000.
 *** Deposit Data as of June 30, 2001. 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: ND & MN				Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2000					Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
Multistate MA																
Grand Forks MA (FS)	240	100.00	n/a	n/a	12.93	9.17	70.66	72.08	16.41	18.75	9.52	n/a	6.86	9.87	9.44	
State of North Dakota																
Grafton AA (FS)	14	66.67	n/a	n/a	n/a	n/a	81.18	85.71	18.82	14.29	6.32	n/a	n/a	6.76	4.76	
Hillsboro AA (LS)	7	33.33	n/a	n/a	n/a	n/a	100.00	100.00	n/a	n/a	4.05	n/a	n/a	4.05	n/a	
State of Minnesota																
Warren AA (FS)	18	94.74	n/a	n/a	22.51	0.00	77.49	100.00	n/a	n/a	21.88	n/a	0.00	22.58	n/a	
Shelly AA (LS)	1	5.26	n/a	n/a	n/a	n/a	100.00	100.00	n/a	n/a	2.22	n/a	n/a	2.22	n/a	

FS: full-scope review

LS: limited-scope review

* Based on 2000 Peer Mortgage Data: Midwest Region.

** 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 housing units in a particular geography divided by the number of owner occupied housing units in the area based on 1990 Census information.

Table 3. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE															Geography: ND & MN		Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2000				
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						
Multistate MA																					
Grand Forks MA (FS)	207	100.00	n/a	n/a	12.93	6.28	70.66	82.61	16.41	11.11	17.15	n/a	12.00	21.39	5.36						
State of North Dakota																					
Grafton AA (FS)	42	87.50	n/a	n/a	n/a	n/a	81.18	73.81	18.82	26.19	16.79	n/a	n/a	17.82	13.89						
Hillsboro AA (LS)	6	12.50	n/a	n/a	n/a	n/a	100.00	100.00	n/a	n/a	5.88	n/a	n/a	5.88	n/a						
State of Minnesota																					
Warren AA (FS)	19	79.17	n/a	n/a	22.51	0.00	77.49	100.00	n/a	n/a	18.33	n/a	0.00	20.37	n/a						
Shelly AA (LS)	5	20.83	n/a	n/a	n/a	n/a	100.00	100.00	n/a	n/a	8.57	n/a	n/a	8.57	n/a						

FS: full-scope review
 LS: limited-scope review

* Based on 2000 Peer Mortgage Data: Midwest Region.

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

*** Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

Table 4. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY																
Geography: ND & MN																
Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2000																
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
Multistate MA																
Grand Forks MA (FS)	1	100.00	n/a	n/a	23.80	0.00	67.95	100.00	8.25	0.00	6.25	n/a	0.00	0.00	0.00	
State of North Dakota																
Grafton AA (FS)	0	0.00	n/a	n/a	n/a	n/a	60.77	0.00	39.23	0.00	0.00	n/a	n/a	0.00	0.00	
Hillsboro AA (LS)	0	0.00	n/a	n/a	n/a	n/a	100.00	0.00	n/a	n/a	0.00	n/a	n/a	0.00	n/a	
State of Minnesota																
Warren AA (FS)	1	100.00	n/a	n/a	3.92	0.00	96.08	100.00	n/a	n/a	0.00	n/a	0.00	10.00	n/a	
Shelly AA (LS)	0	0.00	n/a	n/a	n/a	n/a	100.00	0.00	n/a	n/a	0.00	n/a	n/a	0.00	n/a	

FS: full-scope review
 LS: limited-scope review

* Based on 2000 Peer Mortgage Data: Midwest Region.

** Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.

*** Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 1990 Census information.

Table 5. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES															Geography: ND & MN		Evaluation Period: JANUARY 1, 1998 TO DECEMBER 31, 2000												
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														
Multistate MA																													
Grand Forks MA (FS)	865	100.00	n/a	n/a	18.65	10.87	71.56	76.18	9.80	12.95	20.01	n/a	16.28	24.75	13.68														
State of North Dakota																													
Grafton AA (FS)	161	87.98	n/a	n/a	n/a	n/a	72.20	64.60	27.80	35.40	16.00	n/a	n/a	19.81	13.58														
Hillsboro AA (LS)	22	12.02	n/a	n/a	n/a	n/a	100.00	100.00	n/a	n/a	2.30	n/a	n/a	2.70	n/a														
State of Minnesota																													
Warren AA (FS)	18	85.71	n/a	n/a	5.39	0.00	94.61	100.00	n/a	n/a	12.95	n/a	0.00	16.98	n/a														
Shelly AA (LS)	3	14.29	n/a	n/a	n/a	n/a	100.00	100.00	n/a	n/a	2.86	n/a	n/a	3.33	n/a														

FS: full-scope review
 LS: limited scope review

* Based on 2000 Peer Small Business Data: US&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 (2001).

Table 6. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS															Geography: ND & MN		Evaluation Period: JANUARY 1, 1998 TO DECEMBER 31, 2000				
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*										
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	Overall	Low	Mod	Mid	Upp						
Multistate MA																					
Grand Forks MA (FS)	1,166	100.00	n/a	n/a	19.93	1.46	77.43	97.68	2.64	0.86	60.38	n/a	28.57	69.35	16.13						
State of North Dakota																					
Grafton AA (FS)	740	87.26	n/a	n/a	n/a	n/a	86.45	86.49	13.55	13.51	55.28	n/a	n/a	61.15	42.22						
Hillsboro AA (LS)	108	12.74	n/a	n/a	n/a	n/a	100.00	100.00	n/a	n/a	13.66	n/a	n/a	16.15	n/a						
State of Minnesota																					
Warren AA (FS)	220	92.44	n/a	n/a	5.68	5.91	94.32	94.09	n/a	n/a	63.95	n/a	81.25	77.24	n/a						
Shelly AA (LS)	18	7.56	n/a	n/a	n/a	n/a	100.00	100.00	n/a	n/a	25.37	n/a	n/a	32.69	n/a						

FS: full-scope review
 LS: limited-scope review

* Based on 2000 Peer Small Business Data: US&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 (2001).

Table 7. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: ND & MN					Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2000					Market Share*				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****						
Multistate MA																
Grand Forks MA (FS)	240	100.00	17.51	6.78	19.28	22.88	25.57	29.24	37.64	41.10	11.34	16.22	12.44	9.39	11.33	
State of North Dakota																
Grafton AA (FS)	14	66.67	15.40	14.29	18.51	21.43	23.59	35.71	42.49	28.57	6.90	12.50	0.00	11.11	5.88	
Hillsboro AA (FS)	7	33.33	14.70	0.00	18.93	42.86	24.54	28.57	41.83	28.57	4.41	0.00	5.88	6.67	3.03	
State of Minnesota																
Warren AA (FS)	18	94.74	21.23	16.67	21.32	33.33	25.48	44.44	31.97	5.56	28.00	50.00	29.41	28.57	0.00	
Shelly AA (LS)	1	5.26	21.00	100.00	20.91	0.00	27.11	0.00	30.98	0.00	2.70	16.67	0.00	0.00	0.00	

FS: full-scope review
 LS: limited-scope review

* Based on 2000 Peer Mortgage Data: Midwest Region.

** As a percentage of loans with borrower income information available. No information was available for 1.43% of loans originated and purchased by the bank.

*** Percentage of Families is based on the 1990 Census information.

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

Table 8. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE			Geography: ND & MN				Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2000					Market Share*				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers							
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Overall	Low	Mod	Mid	Upp	
Multistate MA																
Grand Forks MA (FS)	207	100.00	17.51	6.90	19.28	20.69	25.57	33.50	37.64	38.92	19.77	24.49	21.70	25.19	14.67	
State of North Dakota																
Grafton AA (FS)	42	87.50	15.40	12.20	18.51	4.88	23.59	19.51	42.49	63.41	17.89	28.57	0.00	17.65	22.22	
Hillsboro AA (LS)	6	12.50	14.70	0.00	18.93	33.33	24.54	33.33	41.83	33.33	6.82	0.00	14.29	10.00	4.00	
State of Minnesota																
Warren AA (FS)	19	79.17	21.23	0.00	21.32	31.25	25.48	25.00	31.97	43.75	16.67	0.00	21.43	14.29	20.00	
Shelly AA (LS)	5	20.83	21.00	0.00	20.91	20.00	27.11	60.00	30.98	20.00	9.68	0.00	9.09	16.67	10.00	

FS: full-scope review
 LS: limited-scope review

* Based on 2000 Peer Mortgage Data: Midwest Region.

** As a percentage of loans with borrower income information available. No information was available for 2.87% of loans originated and purchased by the bank.

*** Percentage of Families is based on the 1990 Census information.

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

Table 9. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: ND & MN			Evaluation Period: JANUARY 1, 1998 TO DECEMBER 31, 2000				
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
Multistate MA									
Grand Forks MA (FS)	865	100.00	85.92	72.14	73.99	15.49	10.52	20.01	21.16
State of North Dakota									
Grafton AA (FS)	161	87.98	87.08	79.50	83.23	9.32	7.45	16.00	19.50
Hillsboro AA (LS)	22	12.02	86.88	95.45	86.36	4.55	9.09	2.30	3.54
State of Minnesota									
Warren AA (FS)	18	85.71	87.93	77.78	88.89	0.00	11.11	12.95	20.29
Shelly AA (LS)	3	14.29	85.25	100.00	100.00	0.00	0.00	2.86	4.62

FS: full-scope review

LS: limited-scope review

* Based on 2000 Peer Small Business Data: US&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: Dun and Bradstreet 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 2.06% of small loans to businesses originated and purchased by the bank.

Table 10. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS		Geography: ND & MN			Evaluation Period: JANUARY 1, 1998 TO DECEMBER 31, 2000				
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
Multistate MA									
Grand Forks MA (FS)	1,166	100.00	94.48	95.54	72.81	21.70	5.49	60.38	60.53
State of North Dakota									
Grafton AA (FS)	740	87.26	94.65	88.51	68.51	22.16	9.32	55.28	51.82
Hillsboro AA (FS)	108	12.74	95.75	100.00	71.30	20.37	8.33	13.66	13.96
State of Minnesota									
Warren AA (FS)	220	92.44	98.11	97.27	80.45	14.09	5.45	63.95	64.26
Shelly AA (LS)	18	7.56	97.14	100.00	100.00	0.00	0.00	25.37	25.76

FS: full-scope review
 LS: limited-scope review

* Based on 2000 Peer Small Business Data: US&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: Dun and Bradstreet 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 1.82% of small loans to farms originated and purchased by the bank.

Table 11. Qualified Investments

QUALIFIED INVESTMENTS									
			Geography: ND & MN		Evaluation Period: SEPTEMBER 22, 1998 TO DECEMBER 31, 2000				
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Multistate MA									
Grand Forks MA (FS)	0	0	84	981	84	981	100.00	0	0
State of North Dakota									
Grafton AA (FS)	0	0	26	264	26	264	57.39	0	0
Hillsboro AA (LS)	0	0	23	196	23	196	42.61	0	0
State of Minnesota									
Warren AA (FS)	0	0	6	11	6	11	64.71	0	0
Shelly AA (LS)	0	0	3	6	3	6	35.29	0	0

FS: full-scope review
 LS: limited-scope review

* '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.

Table 12. Distribution of Branch and ATM Delivery System

DISTRIBUTION OF BRANCH AND ATM DELIVERY SYSTEM				Geography: ND & MN				Evaluation Period: SEPTEMBER 22, 1998 TO DECEMBER 31, 2000									
MA/Assessment Area:	Deposits	Branches						ATMS				Population					
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Bank ATMs	% of Total Bank ATMs	Location of ATMS by Income of Geographies				% of Population within each geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Multistate MA																	
Grand Forks MA (FS)	100.00	6	100.00	n/a	0.00	100.00	0.00	18	100%	n/a	6	12	0	n/a	25.09	62.30	12.61
State of North Dakota																	
Grafton AA (FS)	92.95	5	83.33	n/a	n/a	80.00	20.00	1	50%	n/a	n/a	0	1	n/a	n/a	79.57	20.43
Hillsboro AA (LS)	7.05	1	16.67	n/a	n/a	100.00	n/a	1	50%	n/a	n/a	1	n/a	n/a	n/a	100.00	n/a
State of Minnesota																	
Warren AA (FS)	76.43	1	50.00	n/a	0.00	100.00	n/a	1	100%	n/a	0	1	n/a	n/a	22.50	77.50	n/a
Shelly AA (LS)	23.57	1	50.00	n/a	n/a	100.00	n/a	0	0	n/a	n/a	0	n/a	n/a	n/a	100.00	n/a

FS: full-scope review
 LS: limited-scope review