



PUBLIC DISCLOSURE

December 08, 2015

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Gate City Bank
Charter Number 700257

500 2nd Ave N
Fargo, ND 58102-4850

Office of the Comptroller of the Currency

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Minneapolis, MN 55402-3393

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 Gate City Bank with respect to the Lending, Investment, and Service Tests:

Performance Levels	Gate City Bank Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X	X	X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

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

The major factors that support this rating include:

- Gate City’s overall Lending Test performance is good. Gate City demonstrates excellent lending activity, overall adequate geographic distributions and overall good borrower income distributions. By rating area, overall Lending Test performance is excellent in the Fargo ND-MN Multistate Area and the Grand Forks ND-MN Multistate Area. Lending Test performance is good in the states of North Dakota and Minnesota.
- Gate City’s Investment Test performance is excellent in the state of Minnesota, good in the state of North Dakota, adequate in the Fargo ND-MN area, and inadequate in the Grand Forks ND-MN area. In general, investments focused on the primary identified credit needs in the assessment areas.
- Gate City’s Service Test performance is good. This rating is heavily based on the location of branches and ATMs for accessibility to low- and moderate-income customers. Gate City has good hours of operation in all rated areas.

Definitions and Common Abbreviations

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

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

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

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

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

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

Activities that revitalize or stabilize-

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

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

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

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

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

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

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

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

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

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

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

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

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine

the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

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

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

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

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

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

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

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

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

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

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

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

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

Tier 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 at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

Description of Institution

Gate City Bank (Gate City) is a federally chartered mutual savings bank headquartered in Fargo, North Dakota. This is an interstate bank with 29 branch offices in the State of North Dakota and five branches in the State of Minnesota. The bank operates primarily in the larger markets of North Dakota including Fargo-Moorhead, Minot, Grand Forks-East Grand Forks, and Bismarck. They also have a number of branches throughout rural North Dakota and two branches in west central Minnesota.

As of June 30, 2015, Gate City's assets totaled \$1.8 billion with net loans and leases representing 83.47 percent of total assets. The loan portfolio, by dollar volume, is comprised of 66.89 percent one-to-four family residential mortgages, 29.32 percent consumer loans, and 3.79 percent commercial loans. Tier One Capital totaled \$201 million with a Tier One Capital Leverage ratio of 11.17 percent.

Gate City is a traditional thrift with a primary focus in residential mortgage lending. The bank's goal is to be the number one mortgage lender in all markets they serve. The institution offers a variety of loan products from shorter repricing periods like adjustable rate mortgage loans to longer fixed rate loans such as government-insured and conventional 15 to 30 year fixed rate loans. The institution works with outside agencies such as Freddie Mac, Fannie Mae, Farmers Home Administration Rural Development, the Bank of North Dakota, and private insurance companies to offer lending programs directed at first-time and low-income homebuyers. The institution also offers low down payment and neighborhood revitalization loans geared toward low- and moderate-income borrowers. Gate City's commercial lending is focused on small businesses who have fewer than 20 employees and sales of less than \$1MM.

There are no known financial, legal, or other impediments affecting Gate City's ability to meet the credit needs of its assessment areas (AAs). Gate City received a CRA rating of "Satisfactory" at its last CRA evaluation dated June 30, 2012.

Scope of the Evaluation

Evaluation Period/Products Evaluated

The evaluation period for the Lending Test is January 1, 2012 through December 31, 2014, except for community development loans, which were evaluated from July 1, 2012 through June 30, 2015. In this evaluation, we considered home mortgage loan information reported by Gate City through home mortgage disclosure act (HMDA) reports. The bank's volume of multi-family housing was minimal in all rating areas so no analysis was conducted for this loan type, but Table 5 is included for informational purposes. We evaluated the bank's business and community development lending based on data collected by Gate City. Gate City is not involved in agricultural lending, so Tables 7 and 12 are not included in this performance evaluation.

All HMDA loans were evaluated using 2010 census data and MSA designations from 2014 with the exception of the Bismarck, ND Metropolitan Statistical Area (MSA). In 2014, the Bismarck MSA changed due to the addition of Oliver County to the MSA. Due to this change, we analyzed 2012 and 2013 information separately from 2014 information. This is reflected in the tables in Appendix D of this report. Loans to small businesses were evaluated using small business peer data. As with HMDA information, the 2012 and 2013 loans were analyzed separately from the 2014 loans in the Bismarck MSA.

Home mortgage loans represent the largest portion of lending activity during the evaluation period with 10,936 loans, totaling over \$1.5 billion or 94.86 percent of the lending volume by number and 97.75 percent by dollar. Small loans to businesses during the same timeframe account for 593 loans, totaling \$35 million or 5.14 percent of the lending volume by number and 2.25 percent by dollar.

Home mortgage purchase and/or home mortgage refinance loans were the predominant loan products in all of Gate City's assessment areas (AA) during the evaluation period. As a result, performance for home mortgage purchase and/or refinance loans received the most weight in all areas with home improvement and small loans to businesses receiving lesser weight.

The geographic distribution conclusions are based on the combination of the geographic distribution of the bank's loans within its AAs and the existence of any unexplained gaps in lending in any geographic areas within the AAs.

In our analysis of borrower distribution, we considered the level of poverty in each AA and the impact it could have on the ability of lower-income families to obtain loans. Similarly, we considered housing costs relative to area incomes and the limiting affects those costs could have on the demand for loans by lower-income families. Refer to Appendix C: Market Profiles for poverty levels and housing costs for each full-scope AA.

The evaluation period for the Investment Test was July 1, 2012 through June 30, 2015. We considered grants and investments made by Gate City with additional consideration given to the responsiveness of those grants and investments to identified community development needs.

The evaluation period for the Service Test was July 1, 2012 through June 30, 2015. We gave primary consideration to Gate City's delivery of retail products and services to its AAs. We evaluated the range

of products and services offered by the branch offices and considered the community development services Gate City provides in its AAs.

Data Integrity

Prior to the start of this CRA evaluation, we reviewed the accuracy of HMDA and small business loan data collected and reported by Gate City during the evaluation period. We found the data to be reliable for the use in our evaluation.

Selection of Areas for Full-Scope Review

In each state and multistate metropolitan area (MMSA) where the bank has an office, we selected one AA for a full-scope review. Gate City has five AAs in North Dakota and Minnesota, including two multistate MSAs. For purposes of this evaluation, we selected the Fargo ND-MN MSA, the Grand Forks ND-MN MSA, the North Dakota non-MSA AA, and the Minnesota non-MSA AA for full-scope reviews. We performed a limited-scope review of the Bismarck MSA. Refer to the “Scope” section under each State and Multistate MSA for details.

Ratings

The bank’s overall rating is a blend of the MMSA ratings and state ratings. We placed the greatest weight on those AAs which derived the greatest volume of deposits and loans. For purposes of this evaluation, we placed the greatest weight on the State of North Dakota followed by the Fargo ND-MN MMSA.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. 195.28(c), in determining a Federal savings association’s (FSA) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the FSA, or in any assessment area by an affiliate whose loans have been considered as part of the FSA’s lending performance.

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

Multistate Metropolitan Area Ratings

Fargo ND-MN MMSA

CRA rating for the Fargo ND-MN MMSA¹: Outstanding

The lending test is rated: Outstanding

The investment test is rated: Low Satisfactory

The service test is rated: Outstanding

The major factors that support this rating include:

- Outstanding Lending Test performance demonstrated by excellent lending activity, adequate geographic distributions, and excellent borrower income distributions. Community development lending had a positive impact on the overall Lending Test performance.
- Low Satisfactory Investment Test performance is based on the adequate level of community development investments that benefited the Fargo ND-MN AA.
- Outstanding Service Test performance is demonstrated by excellent accessibility of branches and ATMs to people and geographies of different income levels and a good level of community development services provided to the community.

Description of Institution's Operations in Fargo ND-MN MMSA

Gate City's Fargo ND-MN MMSA includes one AA that consists of the entire MSA. This MSA includes Cass County in North Dakota and Clay County in Minnesota. In this AA, the bank has 12 branches plus the main office and 21 automated teller machines (ATMs). One branch and four ATMs are located in low-income census tracts (CT) and one branch and one ATM are located in moderate-income tracts. The AA is comprised of two low-income and seven moderate-income CTs.

Per the FDIC Deposit Market Share report dated June 30, 2015, Gate City had \$456 million or 28.23 percent of its deposits in this AA. The bank ranked fourth out of 27 institutions with 6.99 percent of the total market share.

Of Gate City's loan originations and purchases considered in this evaluation, 31.21 percent were derived from this AA. Of these, 3,405 or \$454 million were home mortgages and 206 or \$12.5 million were small loans to businesses. Gate City ranked first out of 172 mortgage lenders with a market share of 12.24 percent and 13th out of 47 commercial lenders with a market share of 1.43 percent. During the evaluation period, 44.23 percent of the home mortgage loans were home purchase loans and 40.00 percent of the home mortgage loans were home refinance loans.

Refer to the market profile for the Fargo ND-MN MMSA AA in Appendix C for detailed demographics and other performance context information.

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.

Scope of Evaluation in Fargo ND-MN MMSA

We performed a full-scope review of Gate City's performance in the Fargo ND-MN MMSA AA as this is the only AA in the rated area. As such, the ratings are based solely on the results of this review. For our evaluation, we assessed Gate City's home mortgages and small loans to businesses giving the most weighting to home purchases and home refinances.

We considered information from community organizations for this evaluation. Information obtained from these contacts is included in the Market Profile section in Appendix C.

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Lending Test in the Fargo ND-MN MMSA is rated "Outstanding." Based on full-scope reviews, the bank's performance in the Fargo ND-MN MSA AA is excellent.

Lending Activity

Refer to Table 1 Lending Volume in the Fargo ND-MN MMSA section of Appendix D for the facts and data used to evaluate the bank's lending activity.

Lending levels reflect excellent responsiveness to area credit needs and are strong in relation to the bank's deposit market share. According to the June 30, 2015 FDIC Summary of Deposit Market Share report, Gate City has the fourth largest share of deposits of 27 financial institutions with branch offices in the Fargo ND-MN AA which represents 6.99 percent of the aggregate market share.

During the evaluation period, for home mortgage purchase loans, Gate City ranked second of 140 lenders that reported HMDA data with a 10.46 percent market share. For home refinance loans, Gate City ranked first out of 108 lenders with an 11.68 percent market share. For home improvement loans, Gate City ranked first of 44 lenders with a 31.11 percent market share. Gate City ranked 13th of 47 financial institutions reporting small loans to businesses with a 1.43 percent market share.

Distribution of Loans by Income Level of the Geography

The geographic distribution of Gate City's home mortgage loans and small loans to businesses reflects adequate distribution throughout the Fargo ND-MN MMSA AA.

Home Mortgage Loans

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

The geographic distribution of Gate City's home mortgage loans reflects adequate distribution throughout the Fargo ND-MN AA.

Home Purchase Loans

The geographic distribution of home purchase loans reflects adequate distribution throughout the Fargo ND-MN AA. Gate City's lending in both low- and moderate-income CTs is somewhat lower than the percentage of owner-occupied units in the AA. The bank's performance in the low- and moderate-income areas was also slightly below the aggregate HMDA lenders.

Home Refinance Loans

The geographic distribution of home refinance loans reflects adequate distribution throughout the Fargo ND-MN AA. Gate City's lending in both low- and moderate-income CT is somewhat lower than the percentage of owner-occupied units in the AA. The bank's performance in the low- and moderate-income areas was also slightly below the aggregate HMDA lenders.

Home Improvement Loans

The geographic distribution of home improvement loans reflects good distribution throughout the Fargo ND-MN AA. Gate City's lending in low-income CTs is significantly lower than the percentage of owner-occupied units in the AA but exceeds this percentage in the moderate-income areas as well as the aggregate HMDA lenders.

Small Loans to Businesses

Refer to Table 6 in the Fargo ND-MN MMSA Area section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

Gate City's geographic distribution of small loans to businesses reflects excellent distribution throughout the Fargo ND-MN AA. Gate City's lending in both the low- and moderate-income CTs exceeds the percentage of businesses in these areas. In addition, the bank's performance exceeds the aggregate lending performance for the low-income areas but is slightly below that of the moderate-income CTs.

Lending Gap Analysis

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

Distribution of Loans by Income Level of the Borrower

The borrower distribution of Gate City's home mortgage loans and small loans to businesses reflects excellent distribution to low- and moderate-income individuals and to businesses of different sizes throughout the Fargo ND-MN MMSA AA.

Home Mortgage Loans

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

The borrower distribution of Gate City's home mortgage loans reflects excellent distribution throughout the Fargo ND-MN AA.

Home Purchase Loans

The borrower distribution of home purchase loans reflects excellent distribution throughout the Fargo ND-MN AA. While Gate City's lending to low-income borrowers is somewhat lower than the percentage of these families in the AA, the bank is comparable to the aggregate HMDA lending data. The bank's lending to moderate-income borrowers exceeds both the percentage of families in the AA and the aggregate HMDA lenders.

Home Refinance Loans

The borrower distribution of home refinance loans reflects good distribution throughout the Fargo ND-MN AA. Gate City's lending to low-income borrowers is somewhat lower than the percentage of these families in the AA and slightly lower than the aggregate HMDA lending data. The bank's lending to moderate-income borrowers exceeds both the percentage of families in the AA and the aggregate HMDA lenders.

Home Improvement Loans

The borrower distribution of home improvement loans reflects excellent distribution throughout the Fargo ND-MN AA. While Gate City's lending to low-income borrowers is somewhat lower than the percentage of these families in the AA, the bank exceeds the aggregate HMDA lending data. The bank's lending to moderate-income borrowers exceeds the percentage of families in the AA and is comparable to the aggregate HMDA lenders.

Small Loans to Businesses

Refer to Table 11 in the Fargo ND-MN AA section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's originations and purchases of small loans to businesses.

The borrower distribution of small loans to businesses reflects excellent distribution throughout the Fargo ND-MN AA. The percentage of loans to small businesses (those with revenues of \$1 million or less) exceeds the percentage of small businesses in the AA and the small business peer group.

Community Development Lending

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

Community development lending had a positive impact on the lending performance in the Fargo-ND MN AA. Gate City originated two community development loans in this AA during the evaluation period totaling \$1.8 million. In addition, the bank works with government-insured programs such as FHA, Freddie Mac, Fannie Mae, FMHA Rural Development, and the Bank of ND to offer first-time homebuyer and low-income lending programs. These programs include Freddie Mac's 97 percent loan-to-value Home Possible Program which requires just a 3 percent down payment for low- and moderate-income borrowers.

In 2014, Gate City was named the 2013 Champion of Affordable Housing Lender based on the bank's activity in the North Dakota Housing Finance Agency's homeownership programs. This award is based on the lender's activity in the North Dakota Housing Finance Agency's homeownership programs. In addition, the bank has been the top producer of First Time Home Buyer Loans eleven of the past twelve years.

Product Innovation and Flexibility

Gate City did not have any loan products that are considered innovative or flexible.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Investment Test in Fargo ND-MN MMSA AA is rated "Low Satisfactory." Based on the full-scope review, the bank's performance in the Fargo ND-MN MMSA is adequate.

Refer to Table 14 in the Fargo ND-MN MMSA AA section of Appendix D for the facts and data used to evaluate the bank's level of qualified investments.

The volume of qualified investments originated by Gate City in the Fargo ND-MN AA is adequate. The bank made 73 investments totaling \$1.178 million, which consisted of 71 donations totaling over \$505 thousand and two CRA qualifying mortgage backed securities totaling \$672 thousand. The majority of the donations were for purposes of community services and affordable housing for low- and moderate-income persons. We did not identify any investments that were complex or innovative, nor did we identify any situations in which the bank has taken a leadership role.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test in the Fargo ND-MN MMSA is rated "Outstanding." Based on the full-scope review, the bank's performance in the Fargo ND-MN AA is excellent.

Retail Banking Services

Refer to Table 15 in the Fargo ND-MN MMSA section of Appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

The dispersion of branches and accessibility to products and services is excellent. Gate City's delivery systems are readily accessible to individuals and geographies of different income levels within the Fargo ND-MN AA. Gate City offers extended lobby and drive-in hours at most of its locations, including Saturday banking hours. These services enhance the accessibility of the branches.

Gate City operates 13 branches in the Fargo ND-MN AA, representing 38 percent of all the bank's branches. The percentage of branches in low-income geographies (7.69 percent) exceeds the percentage

of the population residing in those tracts (4.49 percent). During the evaluation period, Gate City opened three branches during the evaluation period and did not close any. The three branches opened were in low-, middle-, and upper-income CTs.

ATMs supplement the branch network by providing consumers and small business customers access to funds both during and outside traditional banking hours. Gate City operates 21 ATMs throughout the Fargo ND-MN AA as part of its overall service delivery systems. Of these, four (or 19.05 percent) are located in a low-income CT and one (or 4.76 percent) is located in a moderate-income area. The percentage of ATMs in the low-income geography exceeds the percentage of the population residing in this area.

Other alternative delivery systems include 24 hour per day telephone banking, a full service banking call center with extended hours Monday through Saturday, free online banking to consumer and commercial customers, and free ATM and check cards. As of January 2014, Gate City began offering mobile banking with options of browser-based, text banking, or a free mobile app. The mobile app includes the ability to deposit funds via a photo from the customer's phone.

Community Development Services

The bank's level of community development services is good. This assessment is based on the opportunities in the AA and the type of organizations that benefit from the services provided.

Gate City employees provided a good level of community development services in the Fargo ND-MN AA. Gate City employees worked with 20 community development organizations during the evaluation period. In 15 of the organizations, employees served in a leadership capacity. The organizations provide a variety of services to low- and moderate-income individuals, create affordable housing for low- and moderate-income individuals, and promote economic development.

Grand Forks ND-MN MMSA

CRA rating for the Grand Forks ND-MN MMSA²: Satisfactory

The lending test is rated: Outstanding

The investment test is rated: Needs to Improve

The service test is rated: Needs to Improve

The major factors that support this rating include:

- Outstanding Lending Test performance demonstrated by excellent lending activity, excellent geographic distributions, and good borrower income distributions.
- Needs to Improve Investment Test performance is based on the inadequate level of community development investments that benefit the Grand Forks ND-MN AA.
- Needs to Improve Service Test performance is demonstrated by inadequate accessibility of branches and ATMs to people and geographies of different income levels and an inadequate level of community development services provided to the community.

Description of Institution's Operations in Grand Forks ND-MN MMSA

Gate City's Grand Forks ND-MN MMSA includes one AA that consists of the entire MSA with the exception of three CTs located on the eastern portion of the MSA in Minnesota. This MSA includes Grand Forks County in North Dakota and Polk County in Minnesota. In this AA, the bank has three branches and three ATMs. All branches and ATMs are located in middle-income CTs. The AA includes one low-income CT and four moderate-income CTs all in the city of Grand Forks.

Per the FDIC Deposit Market Share report dated June 30, 2015, Gate City had \$156 million or 10.03 percent of its deposits in this AA. The bank ranked sixth out of 21 institutions with 6.00 percent of the total market share.

Of Gate City's loan originations and purchases considered in this evaluation, 10.69 percent were derived from this AA. Of these, 1,155 or \$147 million were home mortgages and 77 or \$3.2 million were small loans to businesses. Gate City ranked first out of 121 mortgage lenders with a market share of 14.17 percent and 24th out of 43 commercial lenders with a market share of 0.42 percent. During the evaluation period, 46.41 percent of the home mortgage loans were home refinance loans, 39.91 percent were home purchase loans, and 13.59 percent were home improvement loans.

Refer to the Market Profile for the Grand Forks ND-MN MSA AA in Appendix C for detailed demographics and other performance context information.

² 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.

Scope of Evaluation in Grand Forks ND-MN MMSA

We performed a full-scope review of Gate City's performance in the Grand Forks ND-MN AA as this is the only AA in the rated area. As such, the ratings are based solely on the results of this review. For our evaluation, we assessed Gate City's home mortgages and small loans to businesses giving the greatest weight to home refinance loans followed by home mortgage purchases.

We considered information from community organizations for this evaluation. Information obtained from these contacts is included in the Market Profile section in Appendix C.

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Lending Test in the Grand Forks ND-MN MMSA is rated "Outstanding." Based on full-scope reviews, the bank's performance in the Grand Forks ND-MN AA is excellent.

Lending Activity

Refer to Table 1 Lending Volume in the Grand Forks ND-MN MMSA section of Appendix D for the facts and data used to evaluate the bank's lending activity.

Lending levels reflect excellent responsiveness to area credit needs and are strong in relation to the bank's deposit market share. According to the June 30, 2015 FDIC Summary of Deposit Market Share report, Gate City has the sixth largest share of deposits of 21 financial institutions with branch offices in the Grand Forks ND-MN AA which represents 6.00 percent of the aggregate market share.

During the evaluation period, for home mortgage purchase loans, Gate City ranked first of 91 lenders that reported HMDA data with a 13.06 percent market share. For home refinance loans, Gate City ranked first out of 75 lenders with a 12.75 percent market share. For home improvement loans, Gate City ranked first of 28 lenders with a 26.76 percent market share. Gate City ranked 24th of 43 financial institutions reporting small loans to businesses with a 0.42 percent market share.

Distribution of Loans by Income Level of the Geography

The geographic distribution of Gate City's home mortgage loans and small loans to businesses reflects excellent distribution throughout the Grand Forks ND-MN MMSA AA.

Home Mortgage Loans

Refer to Tables 2, 3, 4, and 5 in the Grand Forks ND-MN MMSA of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The geographic distribution of Gate City's home mortgage loans reflects excellent distribution throughout the Grand Forks ND-MN AA.

Home Purchase Loans

The geographic distribution of home purchase loans reflects excellent distribution throughout the Grand Forks ND-MN AA. Gate City's lending in the moderate-income CT exceeds both the percentage of owner-occupied units in the AA as well as the aggregate HMDA lending data. While Gate City did not make any loans in the low-income CT, there are only 956 owner-occupied units in this area and the bank's performance in this area is consistent with the aggregate HMDA lenders.

Home Refinance Loans

The geographic distribution of home refinance loans reflects excellent distribution throughout the Grand Forks ND-MN AA. Gate City's lending in low-income CTs is somewhat lower than the percentage of owner-occupied units in the AA but comparable to the aggregate HMDA lending data. The bank's performance in the moderate-income areas exceeds both the percentage of owner-occupied units and the aggregate HMDA lender percentage.

Home Improvement Loans

The geographic distribution of home improvement loans reflects good distribution throughout the Grand Forks ND-MN AA. Gate City's lending in low-income CTs is significantly lower than the percentage of owner-occupied units in the AA and the aggregate HMDA lenders. However, performance in the moderate-income geographies exceeds both comparative indicators.

Small Loans to Businesses

Refer to Table 6 in the Grand Forks ND-MN MMSA Area section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

Gate City's geographic distribution of small loans to businesses reflects good distribution throughout the Grand Forks ND-MN AA. Gate City's lending in the moderate-income CTs significantly exceeds the percentage of businesses in these areas as well as the aggregate lending performance of small businesses. The bank's performance in the low-income geography is lower than both the percentage of businesses in this area and the aggregate lending data.

Lending Gap Analysis

Our geographic analysis included a review of lending gaps, particularly in low- and moderate-income areas. We did not identify any unexplained conspicuous gaps in the Grand Forks ND-MN MMSA AA.

Distribution of Loans by Income Level of the Borrower

The borrower distribution of Gate City's home mortgage loans and small loans to businesses reflects good distribution to low- and moderate-income individuals and to businesses of different sizes throughout the Grand Forks ND-MN MMSA AA.

Home Mortgage Loans

Refer to Tables 8, 9, and 10 in the Grand Forks ND-MN MMSA section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The borrower distribution of Gate City's home mortgage loans reflects good distribution throughout the Grand Forks ND-MN AA.

Home Purchase Loans

The borrower distribution of home purchase loans reflects excellent distribution to borrowers of different incomes in the Grand Forks ND-MN AA. While Gate City's lending to low-income borrowers is somewhat lower than the percentage of these families in the AA, the bank exceeds the aggregate HMDA lending data. The bank's lending to moderate-income borrowers exceeds both the percentage of families in the AA and the aggregate HMDA lenders.

Home Refinance Loans

The borrower distribution of home refinance loans reflects good distribution to borrowers of different income levels in the Grand Forks ND-MN AA. Gate City's lending to low-income borrowers is lower than the percentage of these families in the AA and lower than the aggregate HMDA lending data. The bank's lending to moderate-income borrowers exceeds the percentage of families in the AA and is near the percentage for aggregate HMDA lenders.

Home Improvement Loans

The borrower distribution of home improvement loans reflects good distribution to borrowers of different incomes the Grand Forks ND-MN AA. While Gate City's lending to low-income borrowers is somewhat lower than the percentage of these families in the AA, the bank exceeds the aggregate HMDA lending data. The bank's lending to moderate-income borrowers exceeds the percentage of families in the AA and is slightly lower than the aggregate HMDA lenders.

Small Loans to Businesses

Refer to Table 11 in the Grand Forks ND-MN MMSA section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's originations and purchases of small loans to businesses.

The borrower distribution of small loans to businesses reflects good distribution to businesses of different sizes in the Grand Forks ND-MN AA. The percentage of loans to small businesses (those with revenues of \$1 million or less) is near the percentage of small businesses in the AA and exceeds the small business peer group.

Community Development Lending

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

Community development lending had a neutral impact on the lending performance in the Grand Forks ND-MN AA. Gate City did not originate any community development loans in this AA during the evaluation period.

Product Innovation and Flexibility

Gate City did not have any loan products that were considered innovative or flexible.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Investment Test in the Grand Forks ND-MN MMSA AA is rated "Needs to Improve." Based on the full-scope review, the bank's performance in the Grand Forks ND-MN MMSA is inadequate.

Refer to Table 14 in the Grand Forks ND-MN MMSA section of Appendix D for the facts and data used to evaluate the bank's level of qualified investments.

The volume of qualified investments originated by Gate City in the Grand Forks ND-MN AA is poor. The bank made nine investments totaling \$128,750, which consisted of eight donations totaling \$8,750 and one CRA qualifying mortgage backed securities totaling \$120 thousand. The donations were for purposes of community services for low- and moderate-income persons. We did not identify any investments that were complex or innovative, nor did we identify any situations in which the bank has taken a leadership role.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test in the Grand Forks ND-MN MMSA is rated "Needs to Improve." Based on the full-scope review, the bank's performance in the Grand Forks ND-MN AA is inadequate.

Retail Banking Services

Refer to Table 15 in the Grand Forks ND-MN MMSA section of Appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

The dispersion of branches and accessibility to products and services is inadequate. Gate City's delivery systems are not readily accessible to individuals and geographies of different income levels within the Grand Forks ND-MN MMSA. Gate City does offer extended lobby and drive-in hours at most of its locations, including Saturday banking hours. However, all of Gate City's three branches and three ATMs are located in middle-income CTs in the Grand Forks ND-MN AA. These three branches represent 8.82 percent of all the bank's branches. During the evaluation period, Gate City did not open or close any branches or ATMs in the AA.

Other alternative delivery systems include 24-hour telephone banking, a full service banking call center with extended hours Monday through Saturday, free online banking to consumer and commercial customers, and free ATM and check cards. As of January 2014, Gate City began offering mobile

banking with options of browser-based, text banking, or a free mobile app. The mobile app includes the ability to deposit funds via a photo from the customer's phone.

Community Development Services

The bank's level of community development services is inadequate. This assessment is based on the opportunities in the AA and the type of organizations that benefit from the services provided.

Gate City employees provided an inadequate level of community development services in the Grand Forks ND-MN AA. One Gate City employee worked in a leadership role with a community development organization that focuses on affordable housing for low- and moderate-income individuals.

State Ratings

State of North Dakota

CRA Rating for North Dakota³: Satisfactory

The lending test is rated: High Satisfactory

The investment test is rated: High Satisfactory

The service test is rated: High Satisfactory

The major factors that support this rating include:

- High Satisfactory Lending Test performance demonstrated by excellent lending activity, adequate geographic distributions, and good borrower income distributions.
- High Satisfactory Investment Test performance is based on the good level of community development investments that benefited the State of North Dakota.
- High Satisfactory Service Test performance is demonstrated by excellent accessibility of branches and ATMs to people and geographies of different income levels but an inadequate level of community development services provided to the community.

Description of Institution's Operations in North Dakota

Gate City operates in twelve locations throughout the state of North Dakota (ND). This includes the Bismarck MSA but does not include the Fargo ND-MN and Grand Forks ND-MN MMSAs. The bank has designated two AA in the state of North Dakota – ND Non-MSA and the Bismarck MSA. The ND Non-MSA AA consists of 21 counties with twelve branch offices and ten ATMs. The Bismarck MSA has four branches and four ATMs. Each of the AAs have one low-income CT and two moderate-income CTs.

Per the FDIC Deposit Market Share report dated June 30, 2015, Gate City had \$957 million or 60.51 percent of its deposits in the state of North Dakota. In the ND Non-MSA AA the bank is ranked fourth out of 55 institutions with 6.46 percent of the total market share. In the Bismarck MSA AA, the bank is ranked sixth of 19 institutions with 7.91 percent of the total deposit market share.

Of Gate City's loan originations and purchases considered in this evaluation, 52.53 percent were derived from the state of North Dakota making this the largest area of Gate City's operations. In the ND Non-MSA, the bank originated 3,169 home mortgage loans totaling \$412 million and 208 small loans to businesses totaling \$13.5 million. In the ND Non-MSA, Gate City is ranked first out of 198 mortgage lenders with a market share of 14.09 percent and 16th out of 61 commercial lenders with a market share of 1.26 percent. During the evaluation period, 40.11 percent of the home mortgage loans were home purchase loans and 38.72 percent of the home mortgage loans were home refinance loans. In the

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 institution's performance in that area.

Bismarck MSA the bank originated 2,621 home mortgage loans totaling \$420 million and 58 small loans to businesses totaling \$4 million. In the Bismarck MSA, Gate City is ranked first out of 149 mortgage lenders with a market share of 13.97 percent and ninth out of 38 commercial lenders with a market share of 2.17 percent.

Refer to the Market Profile for the ND Non-MSA AA in Appendix C for detailed demographics and other performance context information.

Scope of Evaluation in state of North Dakota

We selected the ND Non-MSA AA for a full-scope review of Gate City's performance in the state of North Dakota. This is based on the volume of deposit and loan activity. As a result, the ND Non-MSA AA carried the most weight in assigning the state rating. We performed a limited-scope review of the Bismarck MSA. This AA had census information that changed during the evaluation period that affected the demographic information. As a result, we reviewed the 2012 and 2013 HMDA and small loans to businesses together, then completed a separate review of the 2014 HMDA and small loans to businesses. This information can be found in the tables in Appendix D.

We considered information from community organizations for this evaluation. Information obtained from these contacts is included in the Market Profile section in Appendix C.

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Lending Test in North Dakota is rated "High Satisfactory." Based on full-scope review, the bank's performance in the ND Non-MSA is good.

Lending Activity

Refer to Table 1 Lending Volume in the ND Non-MSA AA section of Appendix D for the facts and data used to evaluate the bank's lending activity.

Lending levels reflect excellent responsiveness to area credit needs and are strong in relation to the bank's deposit market share. According to the June 30, 2015 FDIC Summary of Deposit Market Share report, Gate City has the fourth largest share of deposits of 55 financial institutions with branch offices in the same ND counties, which represents 6.46 percent of the aggregate market share.

During the evaluation period, for home mortgage purchase loans, Gate City ranked first of 172 lenders that reported HMDA data with a 10.07 percent market share. For home refinance loans, Gate City ranked first out of 129 lenders with a 14.38 percent market share. For home improvement loans, Gate City first of 47 lenders with a 38.09 percent market share. Gate City ranked 16th of 61 financial institutions reporting small loans to businesses with a 1.26 percent market share.

Distribution of Loans by Income Level of the Geography

The geographic distribution of Gate City's home mortgage loans and small loans to businesses reflects adequate distribution throughout the state of North Dakota.

Home Mortgage Loans

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

The geographic distribution of Gate City's home mortgage loans reflects adequate distribution throughout the ND Non-MSA AA.

Home Purchase Loans

The geographic distribution of home purchase loans reflects good distribution throughout the ND Non-MSA AA. Gate City's lending in the low-income CT is lower than the percentage of owner-occupied units in the AA but comparable to the aggregate HMDA lending. The bank's lending in the moderate-income CTs is near the percentage of owner-occupied units in the AA and exceeds the aggregate HMDA lenders.

Home Refinance Loans

The geographic distribution of home refinance loans reflects adequate distribution throughout the ND Non-MSA AA. Gate City's lending in the low-income CT is lower than the percentage of owner-occupied units and the aggregate HMDA lending. The bank's lending in the moderate-income CTs exceeds the percentage of owner-occupied units in the AA and is below the aggregate HMDA lenders.

Home Improvement Loans

The geographic distribution of home improvement loans reflects adequate distribution throughout the ND Non-MSA AA. Gate City's lending in low- and moderate-income CTs is lower than the percentage of owner-occupied units in the AA. This lending in the low-income geographies is below aggregate HMDA lenders but comparable to aggregate HMDA lenders in the moderate-income geographies.

Small Loans to Businesses

Refer to Table 6 in the state of North Dakota Area section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

Gate City's geographic distribution of small loans to businesses reflects inadequate distribution throughout the ND Non-MSA AA. Gate City's lending in both the low- and moderate-income CTs are below the percentage of businesses in these areas. The bank's performance is below the aggregate lending performance for both the low- and moderate-income areas.

Lending Gap Analysis

Our geographic analysis included a review of lending gaps, particularly in low- and moderate-income areas. We did not identify any unexplained conspicuous gaps in the ND non-MSA AA.

Inside/Outside Ratio

Gate City made a substantial majority of its loans within each of its AAs reflecting good responsiveness to the credit needs of the communities they serve. During the evaluation period, 97.73 percent of all loans were made within the AAs with 97.73 percent of all HMDA loans and 95.02 percent of small business loans made in Gate City's AAs.

Distribution of Loans by Income Level of the Borrower

The borrower distribution of Gate City's home mortgage loans and small loans to businesses reflects good distribution to low- and moderate-income individuals and to businesses of different sizes throughout the ND Non-MSA AA.

Home Mortgage Loans

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

The borrower distribution of Gate City's home mortgage loans reflects good distribution to individuals of different income levels throughout the ND Non-MSA AA.

Home Purchase Loans

The borrower distribution of home purchase loans reflects good distribution to borrowers of different income levels in the ND Non-MSA AA. While Gate City's lending to low-income borrowers is somewhat lower than the percentage of these families in the AA, the bank exceeds the aggregate HMDA lending data. The bank's lending to moderate-income borrowers exceeds both the percentage of families in the AA and the aggregate HMDA lending data.

Home Refinance Loans

The borrower distribution of home refinance loans reflects adequate distribution to borrowers of different incomes in the ND Non-MSA AA. Gate City's lending to low- and moderate-income borrowers is somewhat lower than the percentage of these families in the AA. However, for both low- and moderate-income the bank's performance is comparable to the aggregate HMDA lenders.

Home Improvement Loans

The borrower distribution of home improvement loans reflects adequate distribution in the ND Non-MSA AA. While Gate City's lending to low-income borrowers is lower than the percentage of these families in the AA, the bank exceeds the aggregate HMDA lending data. The bank's lending to moderate-income borrowers is comparable to both the percentage of families in the AA and to the aggregate HMDA lending data.

Small Loans to Businesses

Refer to Table 11 in the ND Non-MSA AA section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's originations and purchases of small loans to businesses.

The borrower distribution of small loans to businesses reflects excellent distribution to businesses of different sizes in the ND Non-MSA AA. The percentage of loans to small businesses (those with

revenues of \$1 million or less) exceeds the percentage of small businesses in the AA and the peer bank data.

Community Development Lending

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

Community development lending had a neutral impact on the lending performance in the ND Non-MSA AA. Gate City did not originate any community development loans in this AA during the evaluation period.

Product Innovation and Flexibility

Gate City did not have any loan products that are considered innovative or flexible.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on a limited-scope review, the bank's performance under the Lending Test in the Bismarck MSA is not inconsistent with the bank's overall "High Satisfactory" performance in the state of North Dakota for all years in the evaluation period. Refer to the Tables 1 through 13 in the state of North Dakota section of Appendix D for the facts and data that support these conclusions.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Investment Test in state of North Dakota is rated "High Satisfactory." Based on the full-scope review, the bank's performance in the ND Non-MSA AA is good.

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

The volume of qualified investments originated by Gate City in the ND Non-MSA AA is good. The bank made 28 investments totaling \$2.941 million, which consisted of 27 donations totaling \$2.745 million and one CRA qualifying mortgage backed security totaling \$196 thousand. The majority of the donations were through Housing Initiative Funds that provides affordable housing for low- and moderate-income persons throughout the state of North Dakota, including the bank's designated AAs.

Conclusions for Area Receiving Limited-Scope Reviews

Based on a limited-scope review, the bank's performance under the Investment Test in the Bismarck MSA is not inconsistent with the bank's overall "High Satisfactory" performance in North Dakota.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test in North Dakota is rated "High Satisfactory." Based on the full-scope review, the bank's performance in the ND Non-MSA AA is good.

Retail Banking Services

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

The dispersion of branches and accessibility to products and services is excellent. Gate City's delivery systems are readily accessible to individuals and geographies of different income levels within the ND Non-MSA AA. Gate City offers extended lobby and drive-in hours at most of its locations, including Saturday banking hours. These services enhance the accessibility of the branches.

Gate City operates 12 branches in the ND Non-MSA AA, representing 35.29 percent of all the bank's branches. The percentage of branches in moderate-income geographies (8.33 percent) exceeds the percentage of the population residing in those tracts (6.27 percent). During the evaluation period, Gate City did not open or close any branches in the state of North Dakota.

ATMs supplement the branch network by providing consumers and small business customers access to funds both during and outside traditional banking hours. Gate City operates 10 ATMs throughout the ND Non-MSA AA as part of its overall service delivery systems. Of these, one is located in a moderate-income area.

Other alternative delivery systems include 24 hour per day telephone banking, a full service banking call center with extended hours Monday through Saturday, free online banking to consumer and commercial customers, and free ATM and check cards. As of January 2014, Gate City began offering mobile banking with options of browser-based, text banking, or a free mobile app. The mobile app includes the ability to deposit funds via a photo from the customer's phone.

Community Development Services

The bank's level of community development services is inadequate. This assessment is based on the opportunities in the AA and the type of organizations that benefit from the services provided.

Gate City employees provided an inadequate level of community development services in the ND Non-MSA AA. Two Gate City employees worked with two community development organizations during the evaluation period, one in a leadership capacity. Both organizations provide a variety of services to low- and moderate-income individuals.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on a limited-scope review, the bank's performance under the Service Test in the Bismarck MSA is weaker than the bank's overall "High Satisfactory" performance in the State of North Dakota. This is primarily a result of the location of branches and ATMs which provides easy accessibility to low- and

moderate-income people. Three branches and ATMs in the Bismarck MSA are located in middle-income geographies and one branch and one ATM is located in an upper-income area. Refer to Table 15 in the state of North Dakota section of Appendix D for the facts and data that support these conclusions.

State of Minnesota

CRA Rating for Minnesota⁴: Satisfactory

The lending test is rated: High Satisfactory

The investment test is rated: Outstanding

The service test is rated: Low Satisfactory

The major factors that support this rating include:

- High Satisfactory Lending Test performance demonstrated by excellent lending activity, good geographic distributions, and adequate borrower income distributions. Community development lending had a positive impact on the Lending Test.
- Outstanding Investment Test performance is based on the excellent level of community development investments that benefited the State of Minnesota.
- Low Satisfactory Service Test performance is demonstrated by an inadequate accessibility of branches and ATMs to people and geographies of different income levels but an adequate level of community development services provided to the community.

Description of Institution's Operations in Minnesota

Gate City operates in two contiguous, non-MSA locations in west-central Minnesota. The bank's designated AA includes the counties of Becker, Douglas, Norman, Ottertail, and Wilkin. Gate City has two branch locations and two ATMs in this AA. The AA does not have any low-income CTs but has three moderate-income tracts.

Per the FDIC Deposit Market Share report dated June 30, 2015, Gate City had \$20 million or 1.33 percent of its deposits in the state of Minnesota. In the MN Non-MSA AA the bank is ranked 27th out of 34 institutions with 0.64 percent of the total market share.

Of Gate City's loan originations and purchases considered in this evaluation, 5.47 percent were derived from the state of Minnesota making this the smallest area of Gate City's operations. In the MN Non-MSA, the bank originated 585 home mortgage loans totaling \$90 million and 45 small loans to businesses totaling \$1.3 million. In the MN Non-MSA, Gate City is ranked sixth out of 203 mortgage lenders with a market share of 3.84 percent and 24th out of 43 commercial lenders with a market share of 0.42 percent. During the evaluation period, 51.79 percent of the home mortgage loans were home purchase loans and 41.03 percent of the home mortgage loans were home refinance loans.

Refer to the Market Profile for the MN Non-MSA AA in Appendix C for detailed demographics and other performance context information.

⁴ For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

Scope of Evaluation in state of Minnesota

We performed a full-scope review of Gate City's performance in the state of Minnesota based on the MN Non-MSA AA since it was the only AA in the state. As such, the ratings are based solely on the results of this review. For our evaluation, we assessed Gate City's home mortgages and small loans to businesses giving the greatest weight to home purchase loans then home refinance mortgages. This information can be found in the tables in Appendix D.

We considered information from community organizations for this evaluation. Information obtained from these contacts is included in the Market Profile section in Appendix C.

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Lending Test in Minnesota is rated "High Satisfactory." Based on full-scope review, the bank's performance in the MN Non-MSA AA is good.

Lending Activity

Refer to Table 1 Lending Volume in the MN Non-MSA AA section of Appendix D for the facts and data used to evaluate the bank's lending activity.

Lending levels reflect excellent responsiveness to area credit needs and are strong in relation to the bank's deposit market share. According to the June 30, 2015 FDIC Summary of Deposit Market Share report, Gate City has the 27th largest share of deposits of 34 financial institutions with branch offices in the same MN counties, which represents 0.64 percent of the aggregate market share.

During the evaluation period, for home mortgage purchase loans, Gate City ranked sixth of 147 lenders that reported HMDA data with a 4.00 percent market share. For home refinance loans, Gate City ranked eighth out of 140 lenders with a 2.83 percent market share. For home improvement loans, Gate City ranks fifth of 39 lenders with an 8.02 percent market share. Gate City ranked 24th of 43 financial institutions reporting small loans to businesses with a 0.42 percent market share.

Distribution of Loans by Income Level of the Geography

The geographic distribution of Gate City's home mortgage loans and small loans to businesses reflects good distribution throughout the state of Minnesota.

Home Mortgage Loans

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

The geographic distribution of Gate City's home mortgage loans reflects good distribution throughout the MN Non-MSA AA.

Home Purchase Loans

The geographic distribution of home purchase loans reflects excellent distribution throughout the MN Non-MSA AA. Gate City's lending in the moderate-income CTs exceeds the percentage of owner-occupied units in the AA and the aggregate HMDA lending.

Home Refinance Loans

The geographic distribution of home refinance loans reflects adequate distribution throughout the MN Non-MSA AA. Gate City's lending in the moderate-income CTs is somewhat lower than the percentage of owner-occupied units and the aggregate HMDA lending.

Home Improvement Loans

The geographic distribution of home improvement loans reflects adequate distribution throughout the MN Non-MSA AA. Gate City's lending in the moderate-income CTs is comparable to the percentage of owner-occupied units in the AA and below the aggregate HMDA lenders.

Small Loans to Businesses

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

Gate City's geographic distribution of small loans to businesses reflects inadequate distribution throughout the MN Non-MSA AA. Gate City's lending in the moderate-income CTs is below the percentage of businesses in these areas.

Lending Gap Analysis

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

Inside/Outside Ratio

Gate City made a substantial majority of its loans within each of its AAs reflecting good responsiveness to the credit needs of the communities they serve. During the evaluation period, 97.73 percent of all loans were made within the AAs with 97.73 percent of all HMDA loans and 95.02 percent of small business loans made in Gate City's AAs.

Distribution of Loans by Income Level of the Borrower

The borrower distribution of Gate City's home mortgage loans and small loans to businesses reflects adequate distribution to low- and moderate-income individuals and to businesses of different sizes throughout the MN Non-MSA AA.

Home Mortgage Loans

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

The borrower distribution of Gate City's home mortgage loans reflects adequate distribution to individuals of different income levels throughout the MN Non-MSA AA.

Home Purchase Loans

The borrower distribution of home purchase loans reflects adequate distribution to borrowers of different income levels in the MN Non-MSA AA. While Gate City's lending to low-income borrowers is somewhat lower than the percentage of these families in the AA, the bank exceeds the aggregate HMDA lending data. The bank's lending to moderate-income borrowers is below both the percentage of families in the AA and the aggregate HMDA lenders.

Home Refinance Loans

The borrower distribution of home refinance loans reflects adequate distribution to borrowers of different incomes in the MN Non-MSA AA. Gate City's lending to moderate-income borrowers is somewhat lower than the percentage of these families in the AA and comparable to the peer HMDA data. Lending to low-income borrowers is below the demographic information and the aggregate HMDA lenders.

Home Improvement Loans

The borrower distribution of home improvement loans reflects inadequate distribution in the MN Non-MSA AA. Gate City's lending to low- and moderate-income borrowers is lower than the percentage of these families in the AA and the aggregate HMDA lending data.

Small Loans to Businesses

Refer to Table 11 in the state of Minnesota section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's originations and purchases of small loans to businesses.

The borrower distribution of small loans to businesses reflects good distribution to businesses of different sizes in the MN Non-MSA AA. The percentage of loans to small businesses (those with revenues of \$1 million or less) is comparable to the percentage of small businesses in the AA but exceeds the peer aggregate lending data.

Community Development Lending

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

Community development lending had a positive impact on the lending performance in the MN Non-MSA AA. Gate City originated one community development loan in the amount of \$300 thousand in the AA for the purpose of economic development.

Product Innovation and Flexibility

Gate City did not have any loan products that were considered innovative or flexible.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Investment Test in state of Minnesota is rated "Outstanding." Based on the full-scope review, the bank's performance in the MN Non-MSA AA is excellent.

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

The volume of qualified investments originated by Gate City in the MN Non-MSA AA is excellent. The bank made eight investments totaling \$634 thousand, which consisted of seven donations totaling \$3 thousand and one CRA qualifying mortgage backed security totaling \$601 thousand.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test in Minnesota is rated "Low Satisfactory." Based on the full-scope review, the bank's performance in the MN Non-MSA AA is adequate.

Retail Banking Services

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

The dispersion of branches and accessibility to products and services is inadequate. Gate City's delivery systems are not readily accessible to individuals and geographies of different income levels within the MN Non-MSA AA. Gate City does offer extended lobby and drive-in hours at most of its locations, including Saturday banking hours, which enhances the accessibility of the branches.

Gate City operates two branches in the MN Non-MSA AA, representing 5.88 percent of all the bank's branches. All branches and ATMs are located in middle-income geographies. ATMs supplement the branch network by providing consumers and small business customers access to funds both during and outside traditional banking hours. Gate City operates two ATMs in the MN Non-MSA AA as part of its overall service delivery systems.

Other alternative delivery systems include 24 hour per day telephone banking, a full service banking call center with extended hours Monday through Saturday, free online banking to consumer and commercial customers, and free ATM and check cards. As of January 2014, Gate City began offering mobile banking with options of browser-based, text banking, or a free mobile app. The mobile app includes the ability to deposit funds via a photo from the customer's phone.

Community Development Services

The bank's level of community development services is adequate. This assessment is based on the opportunities in the AA and the type of organizations that benefit from the services provided.

Gate City employees provided an adequate level of community development services in the ND Non-MSA AA. Three Gate City employees worked with three community development organizations during the evaluation period, all in a leadership capacity. These organizations provide affordable housing and economic development to the MN Non-MSA AA.

Appendix A: Scope of Examination

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

Time Period Reviewed	Lending Test (excludes CD loans): 1/1/2012 to 12/31/2014 Investment and Service Tests and CD Loans: 7/1/2012 to 6/30/2015	
Financial Institution	Products Reviewed	
Gate City Bank (Gate City) Fargo, ND	Home Mortgage Loans Small Business Loans Community development loans, investments, and services	
Affiliate(s)	Affiliate Relationship	Products Reviewed
None		
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Fargo ND-MN multistate MSA	Full-Scope	#22020
Grand Forks ND-MN multistate MSA	Full-Scope	#24220
State of North Dakota Non-MSA Bismarck MSA	Full-Scope Limited-Scope	#13900
State of Minnesota Non-MSA	Full-Scope	

Appendix B: Summary of Multistate Metropolitan Area and State Ratings

RATINGS GATE CITY BANK				
Overall Bank:	Lending Test Rating*	Investment Test Rating	Service Test Rating	Overall Bank/State/Multistate Rating
Gate City Bank	High Satisfactory	High Satisfactory	High Satisfactory	Satisfactory
Multistate Metropolitan Area or State:				
Fargo ND-MN MSA	Outstanding	Low Satisfactory	Outstanding	Outstanding
Grand Forks ND-MN MSA	Outstanding	Needs to Improve	Needs to Improve	Satisfactory
North Dakota	High Satisfactory	High Satisfactory	High Satisfactory	Satisfactory
Minnesota	High Satisfactory	Outstanding	Low Satisfactory	Satisfactory

(*) The Lending Test is weighted more heavily than the investment and service tests in the overall rating.

Appendix C: Market Profiles for Full-Scope Areas

Fargo ND-MN Multistate Metropolitan Area

Demographic Information for Full Scope Area: Fargo ND-MN MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	46	4.35	15.22	60.87	19.57	0.00
Population by Geography	208,777	4.49	12.80	56.35	26.36	0.00
Owner-Occupied Housing by Geography	49,149	0.69	9.77	62.54	26.99	0.00
Business by Geography	20,501	3.03	19.71	54.24	23.01	0.00
Farms by Geography	1,289	0.31	6.05	72.69	20.95	0.00
Family Distribution by Income Level	48,919	18.15	17.92	24.84	39.09	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	17,646	4.62	17.75	61.66	15.97	0.00
Median Family Income HUD Adjusted Median Family Income for 2014 Households Below Poverty Level		67,695 72,100 14%	Median Housing Value Unemployment Rate (2010 US Census)	146,683 2.50%		

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 US Census and 2014 HUD updated MFI

The Fargo, ND-MN MSA AA consists of all of Cass County in North Dakota and Clay County in Minnesota. Gate City operates a total of 13 branches and 21 ATMs within this AA including the home office. As of June 30, 2015, Gate City had \$456 million in deposits in this AA. Gate City ranked fourth in deposit market share out of the 27 institutions with a presence in the MSA with a 6.99 percent market share. Gate City’s largest competitors in this market include Bell State Bank, Wells Fargo, US Bank, First International Bank & Trust, Alerus Financial, and Bremer Bank.

The primary industries located in the Fargo ND-MN MSA are health care and social assistance, retail trade, accommodation and food service, and manufacturing. The largest employers include: Sanford Health, North Dakota State University, Fargo public schools, Noridian Mutual Insurance Co, and Essentia Health. The unemployment rate in 2014 was 2.7 percent for the Fargo ND-MN MSA, which was well below the national unemployment rate of 6.2 percent.

During our evaluation, we made a local community contact to better understand the demographics and primary credit needs of the AA. The contact identified homelessness, public transport, and lack of banking opportunities for new Americans as the three primary issues in the Fargo community. The contact indicated that financial institutions have done a good job in meeting the needs of their community.

Grand Forks ND-MN Multistate Metropolitan Area

Demographic Information for Full Scope Area: Grand Forks ND-MN MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	25	4.00	16.00	68.00	12.00	0.00
Population by Geography	88,787	5.87	14.67	66.08	13.38	0.00
Owner-Occupied Housing by Geography	20,172	0.57	14.00	67.99	17.44	0.00
Business by Geography	8,462	2.85	15.92	68.09	13.14	0.00
Farms by Geography	861	0.12	3.60	88.27	8.01	0.00
Family Distribution by Income Level	20,143	18.79	17.95	23.99	39.27	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	7,400	3.11	19.69	69.53	7.68	0.00
Median Family Income HUD Adjusted Median Family Income for 2014 Households Below Poverty Level		64,258 69,800 17%	Median Housing Value Unemployment Rate (2010 US Census)	131,450 2.73%		

(*) The NA category consists of geographies that have not been assigned an income classification.
 Source: 2010 US Census and 2014 HUD updated MFI

The Grand Forks, ND-MN MSA consists of all of Grand Forks County in North Dakota and Polk County in Minnesota. Gate City’s AA excludes three CTs located on the furthest eastern portion of the MSA. Gate City operates three branches and three ATMs within its AA all of which are located in middle income CTs. As of June 30, 2015, Gate City had \$156 million in deposits in this AA ranking sixth in deposit market share among 21 institutions with a 6.00 percent market share. Gate City’s largest competitors in this market include Bremer Bank, Alerus Financial and US Bank.

The primary industries located in the Grand Forks ND-MN MSA are agriculture, aerospace & defense and education. The largest employers are the University of North Dakota, Grand Forks Air Force Base and Altru Health System. In 2014 unemployment was 3.1 percent for the Grand Forks ND-MN MSA which was below the national unemployment rate of 6.2 percent.

State of North Dakota

Nonmetropolitan Area

Demographic Information for Full Scope Area: ND Non-MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	76	1.32	5.26	84.21	9.21	0.00
Population by Geography	232,806	1.08	6.27	82.12	10.52	0.00
Owner-Occupied Housing by Geography	66,878	0.35	4.74	83.80	11.11	0.00
Business by Geography	28,025	0.47	6.34	82.55	10.64	0.00
Farms by Geography	4,161	0.24	1.54	88.32	9.90	0.00
Family Distribution by Income Level	60,718	18.04	18.30	23.45	40.21	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	22,067	1.55	8.99	82.44	7.02	0.00
Median Family Income HUD Adjusted Median Family Income for 2014 Households Below Poverty Level		58,592 64,200 12%	Median Housing Value Unemployment Rate (2010 US Census)		91,485 1.61%	

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

Source: 2010 US Census and 2014 HUD updated MFI

The North Dakota Non-MSA AA consists of 21 rural counties in North Dakota. Gate City operates 12 branches within this AA and ten ATMs. As of June 30, 2015, Gate City had \$652 million in deposits in this AA. The institution ranked fourth among 55 institutions with a 6.46 percent market share. Major competitors in the AA include First International Bank and Trust, Wells Fargo, Bremer Bank, American Bank Center, and First Western Bank & Trust.

Major industries in the AA include agriculture, mining, oil & natural gas production, manufacturing, and tourism. North Dakota continues to have the lowest unemployment rate in the country. The unemployment rate for 2014 was 2.8 percent for the State of North Dakota, which was well below the national average of 6.2 percent.

During our evaluation, we made a local community contact to better understand the demographics and primary credit needs of the AA. The contact identified high housing costs, money for food, and access to dental care are the three primary issues in the Minot community. The contact indicated that financial institutions are meeting the needs of their community.

State of Minnesota

Nonmetropolitan Area

Demographic Information for Full Scope Area: MN Non-MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	38	0.00	7.89	84.21	7.89	0.00
Population by Geography	130,151	0.00	9.95	81.85	8.20	0.00
Owner-Occupied Housing by Geography	43,970	0.00	7.65	82.98	9.37	0.00
Business by Geography	16,197	0.00	11.66	81.13	7.22	0.00
Farms by Geography	1,851	0.00	3.89	91.03	5.08	0.00
Family Distribution by Income Level	37,632	19.32	18.70	23.98	38.00	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	14,306	0.00	12.30	81.16	6.54	0.00
Median Family Income		57,683	Median Housing Value	169,012		
HUD Adjusted Median Family Income for 2014		61,700	Unemployment Rate	2.71%		
Households Below Poverty Level		12%	(2010 US Census)			

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

Source: 2010 US Census and 2014 HUD updated MFI

The MN Non-MSA AA consists of Norman, Becker, Otter Tail, Wilkin, and Douglas counties in west central Minnesota. Gate City operates two branches and two ATMs in the AA. As of June 30, 2015, Gate City had \$20 million in deposits in this AA and ranked 27th in deposit market share out of 34 institutions with a presence in the AA. Major competitors in the AA include Wells Fargo, US Bank, State Bank and Trust, Bremer Bank and Viking Savings Bank.

Major industries in the Minnesota AA include education, health services, manufacturing, and trade, transportation and utilities. Unemployment in 2014 for the State of Minnesota was 3.7 percent which was below the national average of 6.2 percent.

Community credit needs in the MN Non-MSA AA primarily include affordable housing and small business lending. The community contact indicated that financial institutions have generally done a good job of meeting the needs of the community.

Appendix D: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan areas are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: (1) purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables 8 through 12 and part of Table 13. Deposit data is compiled by the FDIC and are available as of June 30th of each year. Tables without data are not included in this PE.

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

Table 1. Lending Volume - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. See Interagency Q&As __.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.

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

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

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

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

Table 5. Geographic Distribution of Multifamily Loans - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.

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

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

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

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

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

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

Table 12. Borrower Distribution of Small Loans to Farms - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.

Table 14. Qualified Investments - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of

unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

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

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

Tables of Performance Data

Fargo ND-MN Multistate Metropolitan Area

Grand Forks ND-MN Multistate Metropolitan Area

State of North Dakota

State of Minnesota

Table 1. Lending Volume

LENDING VOLUME												Geography: GATE CITY BANK		Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2014	
Assessment Area (2014):	% 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)				
Full Review:															
Fargo ND-MN MSA	31.21	3,405	453,989	206	12,516	0	0	2	1,800	3,613	468,305	100.00			
ND Non-MSA	29.29	3,169	412,266	208	13,553	0	0	0	0	3,377	425,819	69.42			
Grand Forks ND-MN MSA	10.69	1,155	147,410	77	3,229	0	0	0	0	1,232	150,639	100.00			
MN Non-MSA	5.46	585	90,338	45	1,285	0	0	1	300	631	91,623	100.00			
Limited Review:															
Bismarck ND MSA 2012-2013	17.01	1,928	301,844	33	2,418	0	0	0	0	1,961	304,262	30.58			
Bismarck ND MSA - 2014	6.23	693	117,935	25	2,062	0	0	0	0	718	119,997	30.58			

* Loan Data as of December 31, 2014. Rated area refers to either state or multi-state MA rating area.

** The evaluation period for Community Development Loans is from January 01, 2014 to December 31, 2014.

*** Deposit Data as of December 08, 2015. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 1. Other Products

LENDING VOLUME		Geography: GATE CITY BANK						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2014						
Assessment Area (2014):	% of Rated Area Loans (#) in MA/AA	Total Optional Loans		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in MA/AA**
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
Full Review:														
Fargo ND-MN MSA	37.62	38	14,536	38	14,536	0	0	0	0	0	0	0	0	100.00
ND Non-MSA	36.63	37	3,395	37	3,395	0	0	0	0	0	0	0	0	69.42
Grand Forks ND-MN MSA	11.88	12	805	12	805	0	0	0	0	0	0	0	0	100.00
MN Non-MSA	2.97	3	78	3	78	0	0	0	0	0	0	0	0	100.00
Limited Review:														
Bismarck ND MSA 2012-2013	6.93	7	1,746	7	1,746	0	0	0	0	0	0	0	0	30.58
Bismarck ND MSA – 2014	3.96	4	477	4	477	0	0	0	0	0	0	0	0	30.58

* Loan Data as of December 31, 2014. Rated area refers to either state or multi-state MA rating area.

** The evaluation period for Optional Product Line(s) is from January 01, 2012 to December 31, 2014.

*** Deposit Data as of December 08, 2015. 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: GATE CITY BANK					Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2014							
Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income [*]			
	#	% of Total ^{**}	% Owner Occ Units ^{***}	% BANK Loans ^{****}	% Owner Occ Units ^{***}	% BANK Loans	% Owner Occ Units ^{***}	% BANK Loans	% Owner Occ Units ^{***}	% BANK Loans	Low	Mod	Mid	Upp
Full Review:														
Fargo ND-MN MSA	1,506	31.91	0.69	0.46	9.77	6.44	62.54	48.34	26.99	44.75	0.60	7.64	52.70	39.06
ND Non-MSA	1,271	26.93	0.35	0.00	4.74	4.64	83.80	84.97	11.11	10.39	0.02	3.85	85.07	11.06
Grand Forks ND-MN MSA	461	9.77	0.57	0.00	14.00	14.97	67.99	60.52	17.44	24.51	0.00	14.80	66.62	18.58
MN Non-MSA	303	6.42	0.00	0.00	7.65	15.51	82.98	76.57	9.37	7.92	0.00	9.55	79.08	11.37
Limited Review:														
Bismarck ND MSA 2012-2013	760	16.10	4.58	1.32	7.50	4.47	68.54	65.00	19.39	29.21	2.01	4.97	67.23	25.80
Bismarck ND MSA - 2014	419	8.87	4.49	0.72	7.35	3.58	69.17	60.86	18.99	34.84	1.61	5.34	66.23	26.83

* Based on 2014 Peer Mortgage Data -- US and PR

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

*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.

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

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT		Geography: GATE CITY BANK						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2014						
Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
Full Review:														
Fargo ND-MN MSA	534	31.50	0.69	0.19	9.77	10.67	62.54	55.43	26.99	33.71	0.70	10.28	57.84	31.18
ND Non-MSA	671	39.59	0.35	0.15	4.74	3.87	83.80	87.63	11.11	8.35	0.34	3.88	85.16	10.62
Grand Forks ND-MN MSA	157	9.26	0.57	0.00	14.00	17.83	67.99	54.78	17.44	27.39	0.47	16.11	62.09	21.33
MN Non-MSA	42	2.48	0.00	0.00	7.65	7.14	82.98	90.48	9.37	2.38	0.00	9.83	84.19	5.98
Limited Review:														
Bismarck ND MSA 2012-2013	159	9.38	4.58	5.03	7.50	3.14	68.54	74.21	19.39	17.61	1.54	7.25	63.52	27.69
Bismarck ND MSA - 2014	132	7.79	4.49	3.03	7.35	4.55	69.17	63.64	18.99	28.79	1.71	5.12	68.29	24.88

* Based on 2014 Peer Mortgage Data -- US and PR

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

*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.

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

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: GATE CITY BANK						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2014					
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
Full Review:														
Fargo ND-MN MSA	1,362	30.17	0.69	0.51	9.77	7.05	62.54	57.05	26.99	35.39	0.88	8.12	58.36	32.64
ND Non-MSA	1,227	27.18	0.35	0.00	4.74	5.54	83.80	82.48	11.11	11.98	0.05	6.73	81.24	11.98
Grand Forks ND-MN MSA	536	11.87	0.57	0.19	14.00	17.72	67.99	58.21	17.44	23.88	0.27	13.67	64.48	21.58
MN Non-MSA	240	5.33	0.00	0.00	7.65	6.25	82.98	86.25	9.37	7.50	0.00	6.77	80.83	12.39
Limited Review:														
Bismarck ND MSA 2012-2013	1,009	22.35	4.58	0.99	7.50	3.77	68.54	62.74	19.39	32.51	0.97	4.77	66.85	27.41
Bismarck ND MSA - 2014	140	3.10	4.49	0.00	7.35	5.71	69.17	64.29	18.99	30.00	1.00	5.12	69.70	24.18

* Based on 2014 Peer Mortgage Data -- US and PR

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

*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.

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

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY		Geography: GATE CITY BANK								Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2014				
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income			
	#	% of Total**	% of MF Units***	% BANK Loans***	% MF Units** *	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Low	Mod	Mid	Upp
Full Review:														
Fargo ND-MN MSA	3	50.00	9.15	0.00	22.07	33.33	51.79	66.67	17.00	0.00	2.83	22.64	48.11	26.42
ND Non-MSA	0	0.00	0.75	0.00	9.62	0.00	81.10	0.00	8.53	0.00	0.00	11.76	82.35	5.88
Grand Forks ND-MN MSA	1	16.67	4.91	0.00	26.34	0.00	61.10	100.00	7.65	0.00	0.00	5.88	88.24	5.88
MN Non-MSA	0	0.00	0.00	0.00	22.87	0.00	76.14	0.00	0.99	0.00	0.00	26.32	68.42	5.26
Limited Review:														
Bismarck ND MSA 2012-2013	0	0.00	0.79	0.00	4.35	0.00	79.72	0.00	15.14	0.00	0.00	12.90	74.19	12.90
Bismarck ND MSA - 2014	2	33.33	0.79	50.00	4.35	0.00	79.75	50.00	15.11	0.00	2.86	8.57	82.86	5.71

* Based on 2014 Peer Mortgage Data -- US and PR

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

*** Percentage of Multi Family Units is the number of multi family units in a particular geography divided by the number of multi family housing units in the area based on 2010 Census information.

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

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES														Geography: GATE CITY BANK				Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2014			
Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income										
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses**	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	Low	Mod	Mid	Upp							
Full Review:																					
Fargo ND-MN MSA	206	34.68	3.03	4.37	19.71	20.39	54.24	47.57	23.01	27.67	2.87	24.95	45.20	26.97							
ND Non-MSA	208	35.02	0.47	0.00	6.34	4.81	82.55	83.65	10.64	11.54	0.07	5.99	81.79	12.14							
Grand Forks ND-MN MSA	77	12.96	2.85	0.00	15.92	27.27	68.09	45.45	13.14	27.27	1.61	17.76	63.39	17.24							
MN Non-MSA	45	7.58	0.00	0.00	11.66	4.44	81.13	82.22	7.22	13.33	0.00	13.51	77.66	8.83							
Limited Review:																					
Bismarck ND MSA 2012-2013	33	5.56	NA	6.06	NA	3.03	NA	63.64	NA	27.27	8.56	4.91	68.77	17.75							
Bismarck ND MSA - 2014	25	4.21	5.45	8.00	6.75	4.00	71.12	68.00	16.69	20.00	7.92	5.90	66.92	19.26							

* Based on 2014 Peer Small Business Data -- US and PR

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

*** Source Data - Dun and Bradstreet (2012).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: GATE CITY BANK						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2014						
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data			
	#	% of Total**	% Families**	% BANK Loans****	% Families ⁵	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	Low	Mod	Mid	Upp
Full Review:														
Fargo ND-MN MSA	1,506	31.91	18.15	8.25	17.92	27.70	24.84	29.62	39.09	34.43	8.56	23.84	30.03	37.56
ND Non-MSA	1,271	26.93	18.04	5.65	18.30	22.29	23.45	28.03	40.21	44.03	2.46	16.92	27.16	53.46
Grand Forks ND-MN MSA	461	9.77	18.79	7.13	17.95	23.83	23.99	28.29	39.27	40.76	5.97	22.71	28.60	42.72
MN Non-MSA	303	6.42	19.32	10.77	18.70	15.49	23.98	22.56	38.00	51.18	8.42	21.56	23.68	46.34
Limited Review:														
Bismarck ND MSA 2012-2013	760	16.10	18.60	8.11	18.99	25.40	23.59	33.51	38.81	32.98	7.34	25.20	31.63	35.83
Bismarck ND MSA - 2014	419	8.87	18.10	4.37	18.44	18.93	23.19	31.07	40.27	45.63	5.73	20.69	30.25	43.33

* Based on 2014 Peer Mortgage Data -- US and PR

** 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 Families is based on the 2010 Census information.

**** As a percentage of loans with borrower income information available. No information was available for 2.4% of loans originated and purchased by BANK.

⁵ Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT		Geography: GATE CITY BANK						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2014						
Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data			
	#	% of Total**	% Families***	% BANK Loans****	% Families ⁶	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	Low	Mod	Mid	Upp
Full Review:														
Fargo ND-MN MSA	534	31.50	18.15	11.00	17.92	18.34	24.84	27.22	39.09	43.44	6.82	18.94	27.65	46.59
ND Non-MSA	671	39.59	18.04	8.26	18.30	18.17	23.45	24.17	40.21	49.40	5.66	17.70	25.00	51.64
Grand Forks ND-MN MSA	157	9.26	18.79	8.28	17.95	22.29	23.99	31.21	39.27	38.22	7.11	26.90	25.38	40.61
MN Non-MSA	42	2.48	19.32	2.38	18.70	11.90	23.98	23.81	38.00	61.90	5.50	17.43	24.77	52.29
Limited Review:														
Bismarck ND MSA 2012-2013	159	9.38	18.60	9.62	18.99	22.44	23.59	22.44	38.81	45.51	7.41	21.76	28.47	42.36
Bismarck ND MSA - 2014	132	7.79	18.10	2.29	18.44	16.03	23.19	17.56	40.27	64.12	5.17	14.47	22.74	57.62

* Based on 2014 Peer Mortgage Data -- US and PR

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

*** Percentage of Families is based on the 2010 Census information.

**** As a percentage of loans with borrower income information available. No information was available for 1.5% of loans originated and purchased by BANK.

⁶ Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography: GATE CITY BANK					Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2014							
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data			
	#	% of Total**	% Families***	% BANK Loans****	% Families ₇	% BANK Loans****	% Families*	% BANK Loans****	% Families*	% BANK Loans****	Low	Mod	Mid	Upp
Full Review:														
Fargo ND-MN MSA	1,362	30.17	18.15	7.91	17.92	19.82	24.84	28.03	39.09	44.24	9.11	19.08	27.08	44.73
ND Non-MSA	1,227	27.18	18.04	4.52	18.30	14.07	23.45	28.06	40.21	53.35	5.07	15.01	23.87	56.05
Grand Forks ND-MN MSA	536	11.87	18.79	4.90	17.95	20.78	23.99	29.41	39.27	44.90	9.12	22.08	25.28	43.52
MN Non-MSA	240	5.33	19.32	4.72	18.70	14.59	23.98	22.75	38.00	57.94	8.22	16.25	22.81	52.72
Limited Review:														
Bismarck ND MSA 2012-2013	1,009	22.35	18.60	6.02	18.99	19.40	23.59	33.51	38.81	41.08	7.16	21.22	29.57	42.05
Bismarck ND MSA - 2014	140	3.10	18.10	5.84	18.44	19.71	23.19	27.01	40.27	47.45	5.99	18.13	28.50	47.39

* Based on 2014 Peer Mortgage Data -- US and PR

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

*** Percentage of Families is based on the 2010 Census information.

**** As a percentage of loans with borrower income information available. No information was available for 3.7% of loans originated and purchased by BANK.

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

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: GATE CITY BANK			Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2014					
Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Aggregate Lending Data		
	#	% 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	
Full Review:										
Fargo ND-MN MSA	206	34.68	73.02	73.79	89.81	6.31	3.88	5,904	2,523	
ND Non-MSA	208	35.02	74.19	87.50	84.62	11.06	4.33	5,727	2,535	
Grand Forks ND-MN MSA	77	12.96	71.83	66.23	92.21	7.79	0.00	2,044	780	
MN Non-MSA	45	7.58	76.74	73.33	100.00	0.00	0.00	3,020	1,515	
Limited Review:										
Bismarck ND MSA 2012-2013	33	5.56	NA	90.91	75.76	15.15	9.09	2,157	922	
Bismarck ND MSA - 2014	25	4.21	71.96	92.00	80.00	16.00	4.00	2,329	947	

* Based on 2014 Peer Small Business Data -- US and PR

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

*** Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2012).

**** 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 5.97% of small loans to businesses originated and purchased by the bank.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: GATE CITY BANK				Evaluation Period: JULY 1, 2012 TO JUNE 30, 2015			
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Full Review:									
Fargo ND-MN MSA	0	0	73	1,178	73	1,178	17.73	0	0
ND Non-MSA	0	0	28	2,941	28	2,941	44.26	0	0
Grand Forks ND-MN MSA	0	0	9	129	9	129	1.94	0	0
MN Non-MSA	0	0	8	634	8	634	9.54	0	0
Limited Review:									
Bismarck ND MSA	0	0	20	1,763	20	1,763	26.53	0	0

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

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

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS Geography: GATE CITY BANK Evaluation Period: JULY 1, 2012 TO JUNE 30, 2015																	
Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full Review:																	
Fargo ND-MN MSA	100.00	13	100.00	7.69	7.69	61.54	23.08	3	0	1	0	1	1	4.49	12.80	56.35	26.36
ND Non-MSA	69.42	12	75.00	0.00	8.33	91.67	0.00	0	0	0	0	0	0	1.08	6.27	82.12	10.52
Grand Forks ND-MN MSA	100.00	3	100.00	0.00	0.00	100.00	0.00	0	0	0	0	0	0	5.87	14.67	66.08	13.38
MN Non-MSA	100.00	2	100.00	0.00	0.00	100.00	0.00	0	0	0	0	0	0	0.00	9.95	81.85	8.20
Limited Review:																	
Bismarck ND MSA	30.58	4	25.00	0.00	0.00	75.00	25.00	0	0	0	0	0	0	3.60	7.95	69.18	19.27

