



# LARGE BANK

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## Public Disclosure

March 31, 2000

### Community Reinvestment Act Performance Evaluation

U.S. Bank National Association North Dakota  
Charter Number: 23446

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Fargo, ND 58103

Office of the Comptroller of the Currency

Large Bank Supervision  
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**NOTE:** This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

## Table of Contents

<b>General Information</b> .....	2
<b>Definitions and Common Abbreviations</b> .....	3
<b>Overall CRA Rating</b> .....	6
<b>Description of Institution</b> .....	7
<b>Scope of Evaluation</b> .....	9
<b>Fair Lending Review</b> .....	11
<b>Conclusions with Respect to Performance Tests</b>	
Lending Test .....	12
Investment Test .....	15
Service Test .....	16
<b>Appendix A: Scope of Evaluation</b> .....	A-1
<b>Appendix B: Market Profiles for Area Receiving Full-Scope Review</b> .....	B-1
<b>Appendix C: Tables of Performance Data</b> .....	C-1

## General Information

*The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority, when examining financial institutions subject to its supervision, to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.*

*This document is an evaluation of the CRA performance of **U.S. Bank National Association North Dakota** prepared by the **Office of the Comptroller of the Currency (OCC)**, the institution's supervisory agency, as of **March 31, 2000**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this Performance Evaluation. 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 by another company. A company is under common control with another company if both companies are directly or indirectly controlled by the same company. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Block Numbering Area (BNA)** - Statistical subdivisions of counties in which census tracts have not been established. BNAs have been established by the United States Census Bureau in conjunction with state agencies.

**Census Tract (CT)** - Small, locally defined statistical areas within metropolitan statistical areas. These areas are determined by the United States Census Bureau in an attempt to group homogenous populations. A CT has defined boundaries per ten year census and an average population of 4,000.

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

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

**Full-Scope Review** - Performance under the Lending, Investment and Service Tests is analyzed considering fully understood performance context, quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, branch distribution) and qualitative factors (e.g., innovation, complexity).

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

**Home Mortgage Disclosure Act (HMDA)** - The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, and the disposition of the application (e.g., approved, denied, withdrawn).

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

**Limited-Scope 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, branch distribution).

**LMI** - Used as an adjective within the body of this document to describe either low- and moderate-income geographies or low- and moderate-income individuals.

**Low-Income** - Income levels that are less than 50% of the median family income.

**Median Family Income (MFI)** - The median income determined by the United States 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 Statistical Area (MSA)** - Area defined by the Director of the United States Office of Management and Budget. MSAs consist of one or more counties, including large population centers and nearby communities that have a high degree of interaction.

**Middle-Income** - Income levels that are at least 80% and less than 120% of the MFI.

**Moderate-Income** - Income levels that are at least 50% and less than 80% of the MFI.

**Small Business Loans** - Loans with original amounts of \$1 million or less that are: (1) secured by nonfarm nonresidential properties; or (2) commercial and industrial loans to U.S. addresses.

**Small Farm Loans** - Loans with original amounts of \$500 thousand or less that are: (1) secured by farmland; or (2) to finance agricultural production and other loans to farmers.

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

**Upper-Income** - Income levels that are 120% or more of the MFI.

## Overall CRA Rating

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

The following table indicates the performance level of **U.S. Bank National Association North Dakota** with respect to the Lending, Investment, and Service Tests:

Performance Levels	U.S. Bank National Association North Dakota Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		
Low Satisfactory			X
Needs to Improve			
Substantial Noncompliance		X	

\* 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:

- y USB's lending performance is good. The bank generated an excellent level of consumer loans to LMI borrowers in its AA. Because of the unique structure of this entity, other types of lending were only a secondary consideration or had no impact on the Lending Test rating.
- y USB provides adequate services to customers through an effective alternate delivery system.
- y USB did not, however, make any qualifying community development investments.

## Description of Institution

U.S. Bank National Association North Dakota (USB) is a \$2 billion intrastate bank located in Fargo, North Dakota. USB does not have any physical branch locations in the AA. Instead, its presence consists of a facility that processes, originates, and services retail loans for the greater US Bancorp. Only those loans originated within the single CT that USB has designated as its AA in the Fargo MSA are discussed in this Evaluation. This lone CT includes the physical location of the processing facility (bank). All loans originated outside this bank's AA are included in CRA performance evaluations of US Bank National Association or US Bank National Association Montana. This entity does not accept deposits from the public. Funding for this entity is non-traditional, as it comes from borrowings and deposit allocations by the holding company. For a more complete description of the corporation's commitment to CRA within the Fargo area, refer to the Community Reinvestment Act Performance Evaluation for the lead bank, U.S. Bank National Association which is dated March 31, 2000. This document contains a section that describes the lead bank's performance within the Fargo-Moorhead Metropolitan Statistical Area and for the State of North Dakota.

- y USB is a subsidiary of the U.S. Bancorp, an \$83 billion holding company located in Minneapolis, Minnesota. It is the eleventh largest financial services holding company in the United States. The holding company has offices in 16 Midwestern and Western states. Significant subsidiaries include this bank, two other nationally chartered banks, several trust companies, a brokerage company, a data processing center, an agricultural credit company, leasing companies, and a finance company
- y U.S. Bancorp has identified four primary business lines. Those are consumer banking, payment systems, wholesale banking, and wealth management. USB, as stated above, was chartered to underwrite and service consumer loans for the holding company.
- y USB has no subsidiaries that could impact the bank's CRA performance.
- y There are no merger or acquisition activities that have impacted this charter.
- y As of December 31, 1999, USB's loan portfolio represented 88% of total assets. The loan portfolio consists of 40% commercial loans (made up of corporate and purchasing cards), 32% consumer loans (of which, 31% is credit card loans), and 28% 1-4 family residential real estate. The funding source for these loans is deposits and borrowings provided by the holding company.
- y As of December 31, 1999, USB had \$235 million in Tier I capital.

- y There are no identified legal, financial or other factors impeding the bank's ability to help meet the credit needs in its assessment area.
- y This is USB's first CRA examination. This bank was chartered in August 1998.

## **Scope of the Evaluation**

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

We evaluated the bank's CRA performance from August 1, 1998 (the date it was chartered) through December 31, 1999. We used this evaluation period for all products and for all three tests included in our analysis. Included in our analysis was an analysis of USB's mortgage lending efforts, including home purchase, home improvement, and refinance loans, small business, small farm, and community development loans. We also reviewed, at the bank's option, bank supplied data pertaining to consumer lending efforts. We also evaluated the level of services offered by the bank to its community and the level of qualifying investments made.

In general, the Ratings discussion below and the Lending Activity section of the Lending Test describe the weights applied and the related impact on the overall rating for the bank.

### **Data Integrity**

To assess the accuracy of the bank's CRA and HMDA data, we sampled internal reviews completed by the bank. Quarterly, USB takes a statistically valid sample of loans reported for CRA purposes and reviews the accuracy of the reported information to the actual information contained in the credit file. These internal reviews determined that the reported data is accurate. Our review of the bank's reviews concluded that those reviews are accurate. Based on the above, we concluded that USB's publicly available CRA data is accurate and can be relied upon for analytical purposes.

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

The bank only has one assessment area. The bank's overall rating and the individual ratings for the Lending, Investment and Service Tests were based on the bank's performance in this assessment area. See the table in Appendix A for more information.

### **Ratings**

The bank's overall rating is based primarily on performance in the Lending Test with the most weighting placed on consumer loans. The Service Test had the next greatest impact on our rating, as USB was able to demonstrate that its alternate

delivery system is capable of generating an excellent level of loans to LMI consumers.

USB did not have any qualifying investments during this evaluation period.

## Fair Lending Review

Fair lending compliance is satisfactory; we did not identify any evidence of discrimination. We base our conclusions on findings from our concurrent fair lending examination. Our objectives were to assess compliance with the substantive provisions of fair lending laws and evaluate the adequacy of fair lending controls.

The transactional review compared decisions to approve or deny "piggy-back" home purchase applications between June 1, 1999 and December 31, 1999, using race as the prohibited basis. The "piggy-back" product is a subordinated loan (second lien position or a home equity loan) created at the time of the home purchase loan origination. This loan basically serves as the down payment for the first purchase money loan.

The fair lending analysis focused on override decisions because this "piggy-back" product is primarily underwritten using a credit scoring system. This product is underwritten using a combination of FICO scores (an external credit bureau scoring system widely used in the banking industry) and Relationship Management Scores (an internally developed scoring system designed to rank the risk and profitability of existing customers). The bank last validated its internally developed score cards during December 1998. Override decisions for this home purchase product are limited, however, when used, overrides are consistently applied, regardless of the applicant's race.

## Conclusions with Respect to Performance Tests

### LENDING TEST

The bank's performance under the Lending Test is rated "High Satisfactory." Based on full-scope review, the bank's performance in the Fargo Assessment Area is good.

#### Lending Activity

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

Because of the very small size of the assessment area, lending activity is very limited. USB reported a limited number of small business loans (85 loans), few real estate loans (17 loans), and no small farm loans. We focused our analysis on the volume of consumer loans (513 loans) attributed to this entity. Please note that there are only 1,536 families located in the bank's AA. We weighted the consumer products more heavily in arriving at our rating for the Lending Test. The consumer loans included automobile, personal secured and personal unsecured loans. We placed secondary emphasis on small business loans in arriving at our conclusion for the Lending Test. An analysis of the real estate loans was not meaningful because there were too few loans spread among the three real estate categories. USB is not a small farm lender and, as a result, we did not place emphasis on this loan category.

The small business product for this charter is primarily comprised of corporate credit cards and purchasing cards used by commercial businesses.

The types and respective volumes of loans generated by USB are consistent with the stated purpose of this entity. US Bancorp. uses this charter primarily to underwrite and service consumer loans for the greater U.S. Bancorp. The small business products (the corporate and purchasing credit cards) reported by this entity are also reflective of this purpose for the holding company.

A discussion comparing the bank's deposit market share to its lending market share is not warranted. Deposits are allocated to this entity by the holding company. Although this entity is ranked first among the financial institutions in the entire Fargo-Moorhead Multi-state MSA, this entity does not generate its own deposits. Its affiliate, U.S. Bank National Association, is ranked third in terms of deposit market share in the greater Fargo-Moorhead Multi-state MSA. Lending market share analysis is also not relevant - primarily because of the small size of this

assessment area, one census tract within an MSA. Other institutions within this MSA have a more traditional assessment area, typically the entire MSA or an entire county within the MSA so the market shares of those other institutions in any one specific census tract would not necessarily accurately reflect true market position. And the consumer loans that formed the basis for our analysis do not have any market share information.

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

An analysis of this component is not meaningful because the assessment area is made up of one moderate-income census tract. All loans are located within this tract.

Tables 2, 3 and 4 in Appendix C contain the facts and data reported by the bank and show the geographic distribution of the bank's home mortgage loan originations and purchases.

Table 5 in Appendix C contains the facts and data reported by the bank and shows the geographic distribution of the bank's origination/purchase of small loans to businesses.

Table 6 in Appendix C shows that the bank did not report any small loans to farms.

Table 14 in Appendix C shows the facts and data regarding the bank's consumer loan originations and purchases.

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

An analysis of this component is not relevant because all loans are attributed to this one moderate-income census tract.

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

All loans discussed in this Evaluation were originated within the bank's assessment area. All loans originated outside the assessment area were considered in our assessment of the CRA performance of the other affiliated US Bancorp. banks. As a result, an analysis of this bank's in/out ratio is not meaningful.

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

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

Refer to Tables 7, 8 and 9 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

There were too few real estate loans originated to analyze and provide meaningful conclusions. There were only six home purchase loans, three home improvement loans, and eight home mortgage refinance loans. No conclusions are given for this component.

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

Refer to Table 10 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

Distribution of small loans to businesses is poor. The bank's portion of loans to small businesses (those with reported annual gross revenues of \$1 million or less) is well below the portion of businesses defined as such. Likewise, the bank's market share of such loans is well below its overall market share. Most loans, however, are less than \$100,000 when originated. This would be expected based on the nature of the product (a business credit card product).

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

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

As previously stated, there were no small loans to farms reported. No conclusions are given for this component.

### ***Consumer Loans***

Refer to Table 14 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's consumer loan originations and purchases.

Consumer loan borrower distribution is excellent. The portion of the bank's loans

made to LMI households is well above the households defined as such. Also note that a significant portion of households (15%) are described as living below the poverty level. This is a high percentage of the population for this assessment area and was considered in our analysis. It is generally more difficult for people with incomes at this low level to qualify for credit under traditional underwriting criteria.

### **Community Development Lending**

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

USB did not report any community development loans. This had a neutral impact on our Lending Test conclusion.

### **Product Innovation and Flexibility**

USB did not offer any information on any particular program or product that fit this description. This element had a neutral impact on the Lending Test rating.

## **INVESTMENT TEST**

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

The bank's performance under the Investment Test is rated "Substantial Noncompliance." Based on full-scope review, the bank's performance in the Fargo Assessment Area is very poor.

Refer to Table 12 in Appendix C. USB did not make any qualifying investments.

While USB attributes the lack of investments to a lack of opportunities within the assessment area, the limited opportunities are a function of the unusually small assessment area USB delineated. Opportunities for investment would be much greater had USB selected an assessment area more typical of the size that other banks, including USB's affiliates, delineate around their offices. As noted in the Market Profile section of Appendix B, community development investment opportunities exist within the greater Fargo-Moorhead, ND-MN Multi-state MSA.

The bank purchased one within municipal bond from the assessment area. While

that bond does not meet the CRA definition of community development, it does show a commitment to provide financial support to the community.

## **SERVICE TEST**

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

The bank's performance under the Service Test is rated "Low Satisfactory." Based on full-scope review, the bank's performance in the Fargo Assessment Area, is adequate.

### **Retail Banking Services**

Refer to Table 13 in Appendix C for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

As noted in the Description of the Institution section of this document, this bank does not have any physical branches. The loans that we evaluated for this bank were originated through the bank's alternate delivery system of telephone banking. Our evaluation of the bank's performance under the Service Test is based on its demonstrated ability to generate loans through this alternate delivery system. The origination of loans attributed to this charter provides reasonable assurances that this alternate delivery system is adequately accessible to LMI borrowers.

Other evaluation factors for this test are not applicable because there are no hours of service based on traditional banking hours, there are no ATMs or physical branches. Branch openings and closings are not a meaningful factor for this entity.

### **Community Development Services**

There are no specific CD related services solely attributed to this charter. However, the holding company's lead bank affiliate, U.S. Bank National Association, provided some community development activities within the greater Fargo-Moorhead, ND-MN Multi-state MSA. This charter's assessment area is included within this greater MSA. The services provided by the affiliate are routine types of services as they focused on affordable-housing seminars, small business/farm seminars, provision of social services to LMI individuals, and providing financial education to its community.

## Appendix A: Scope of Evaluation

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered.

<b>Time Period Reviewed</b>	Lending Test (includes CD Loans): 8-01-98 to 12-31-99 Investment and Service Tests: 8-01-98 to 12-31-99	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
U.S. Bank National Association North Dakota (USB) Fargo, ND		
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
None		
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Fargo Assessment Area	Full-scope	Census tract 0101.03 located in Fargo

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

### Fargo Assessment Area

Demographic Information for Full-Scope Area: Fargo Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	1	NA	100%	NA	NA	NA
Population by Geography	6,249	NA	100%	NA	NA	NA
Owner-Occupied Housing by Geography	995	NA	100%	NA	NA	NA
Businesses by Geography	735	NA	100%	NA	NA	NA
Farms by Geography	20	NA	100%	NA	NA	NA
Family Distribution by Income Level	1,536	22.72%	28.65%	27.80%	20.83%	NA
Distribution of Low- and Moderate-Income Families throughout AA Geographies	789	NA	100%	NA	NA	NA
Median Family Income	= \$33,819	Median Housing Value		= \$57,800		
HUD Adjusted Median Family Income for 1999	= \$47,700	Unemployment Rate		= 3.70%		
Households Below the Poverty Level	= 14.72%					

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

Source: 1990 U.S. Census and 1999 HUD updated MFI.

The assessment area is located within one census tract of the Fargo-Moorhead, ND-MN Multi-state MSA which consists of Cass County in North Dakota and Clay County in Minnesota. The assessment area is one moderate-income census tract in the City of Fargo. The assessment area meets the requirements of the CRA.

Fargo is the largest city in the state of North Dakota. The Fargo area contains over one-quarter of the state of North Dakota's entire population. The assessment area's economy is strong but could be facing a period of instability. It is an important retail, education, health care, services, wholesale, transportation, and agricultural marketing center. The largest employers are health care services, educational providers, and manufacturing. The agricultural market has been hurt by unstable overseas markets which has weakened global demand for exports and sent commodity prices lower. Updated information from the city of Fargo shows that business growth is negatively impacted by a severe labor shortage. The city reported that at year-end 1999, unemployment was extremely low at 1.2%. Within the two cities of Fargo and Moorhead, there are two large state universities and a smaller private college.

There is stiff competition within the assessment area from Norwest Bank North Dakota and Norwest Bank MN-West (which has now been rolled into Wells Fargo Bank Minnesota, NA); Community First National Bank; State Bank of Fargo; First National Bank of North Dakota; and Gate City Federal Savings Bank. This charter, (U.S. Bank National Association North Dakota), has the largest deposit market share in the MSA at 15% with \$367 million in deposits according to the June 30, 1999 FDIC Deposit Market Share Report. An affiliate, U.S. Bank National Association, has a combined (deposits from both North Dakota and Minnesota portions of the MSA) total of \$338 million in deposits which is a 13% market share and is ranked third behind USB and the State Bank of Fargo.

We reviewed information from four community contacts in Fargo to better understand the credit, investment, and service needs within the assessment area. These groups included groups that focus on housing and economic development, business or trade, and a local government agency. Funding for affordable LMI housing and small business financing were the primary credit needs identified. Start-up capital for new businesses, funding for retail expansion, and mixed-use commercial real estate property were listed as critical needs. Opportunities for investment include funding for additional LMI housing, economic development and job creation.

Several banks and other employers in the MSA recently started the Dakota Certified Development Corporation. This is an attempt to support business development and recruitment by providing financial technical assistance and gap financing. Although multi-family rental housing in the MSA is described as plentiful, there has been more limited availability of new LMI home construction. The price on available land is rising, as are general construction costs. Only one low-income housing tax credit has been awarded during the last two years.

## Appendix C: Tables of Performance Data

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### Content of Standardized Tables

References to the bank include activities of any affiliates that the bank provided for consideration (refer to Appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: purchased loans are treated as originations/purchases; market rank is based on the number of loans originated and purchased by the bank as compared to all other lenders in the MSA/assessment area; and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MSA/assessment area.

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

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MSA/assessment area.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle- and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market rank and 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 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 rank and market share information based on the most recent aggregate market data available.
- Table 6. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle- and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size)

throughout

those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.

- Table 7. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle- and upper-income borrowers to the percentage distribution of families by income level in each MSA/assessment area. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 8. Borrower Distribution of Home Improvement Loans** - See Table 7.
- Table 9. Borrower Distribution of Home Mortgage Refinance Loans** - See Table 7.
- Table 10. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 11. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500 thousand) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MSA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial

reporting system.

**Table 13. Distribution of Branch Delivery System and Branch Openings/Closings -**  
Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle- and upper-income geographies to the percentage of the population within each geography in each MSA/AA. The table also presents data on branch openings and closings in each MSA/AA.

**Table 14. Geographic and Borrower Distribution of Consumer Loans -**  
For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle- and upper-income geographies to the percentage distribution of the population within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle- and upper-income borrowers to the percentage of households by income level in each MSA/assessment area.

**Table 1. Lending Volume**

LENDING VOLUME												State: North Dakota		Evaluation Period: August 1, 1998 to December 31, 1999	
MSA/Assessment Area:	% of Rated Area Deposits in MSA/AA*	Home Mortgage**		Small Loans to Businesses**		Small Loans to Farms**		Community Development***		Total Reported Loans		% of Rated Area Loans(#) in MSA/AA			
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)				
Full-Scope:															
Fargo Assessment Area	N/A	17	987	85	7,640	0	0	0	0	102	8,627	100			

(\*) This institution does not accept retail deposits from the public. Please refer to the description of the institution for further information.

(\*\*) The evaluation period for Home Mortgage Loans, Small Loans to Businesses and Small Loans to Farms is August 1, 1998 to December 31, 1999.

(\*\*\*) The evaluation period for Community Development Loans is August 1, 1998 to December 31, 1999.

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

Geographic Distribution: HOME PURCHASE																State: North Dakota		Evaluation Period: August 1, 1999 to December 31, 1999								
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Purchase Loans											
	% Owner Occ Units	% USB Loans	% Owner Occ Units	% USB Loans	% Owner Occ Units	% USB Loans	% Owner Occ Units	% USB Loans		Overall	Low	Mod	Mid	Upp	#	% of Total**										
Full-Scope:																										
Fargo Assessment Area	0.00	0.00	100.00	100.00	0.00	0.00	0.00	0.00	17	1.40	0.00	1.40	0.00	0.00	6	100.00										

(\*) Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.

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

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

Geographic Distribution: HOME IMPROVEMENT																State: North Dakota		Evaluation Period: August 1, 1998 to December 31, 1999	
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Improvement Loans				
	% Owner Occ Units	% USB Loans	% Owner Occ Units	% USB Loans	% Owner Occ Units	% USB Loans	% Owner Occ Units	% USB Loans		Overall	Low	Mod	Mid	Upp	#	% of Total**			
Full-Scope:																			
Fargo Assessment Area	0.00	0.00	100.00	100.00	0.00	0.00	0.00	0.00	3	8.70	0.00	8.70	0.00	0.00	3	100.00			

\*) Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.

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

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

Geographic Distribution: HOME MORTGAGE REFINANCE				State: North Dakota				Evaluation Period: August 1, 1998 to December 31, 1999								
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Mortgage Refinance Loans	
	% Owner Occ Units	% USB Loans	% Owner Occ Units	% USB Loans	% Owner Occ Units	% USB Loans	% Owner Occ Units	% USB Loans		Overall	Low	Mod	Mid	Upp	#	% of Total**
Full-Scope:																
Fargo Assessment Area	0.00	0.00	100.00	100.00	0.00	0.00	0.00	0.00	11	4.38	0.00	4.38	0.00	0.00	8	100.00

(\*) Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.

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

**Table 5. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES																	State: North Dakota		Evaluation Period: August 1, 1998 to December 31, 1999	
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Small Business Loans					
	% of Businesses	% USB Loans	% of Businesses	% USB Loans	% of Businesses	% USB Loans	% of Businesses	% USB Loans		Overall	Low	Mod	Mid	Upp	#	% of Total**				
Full-Scope:																				
Fargo Assessment Area	0.00	0.00	100.00	100.00	0.00	0.00	0.00	0.00	5	10.01	0.00	10.01	0.00	0.00	85	100.00				

(\*) Based on 1998 Aggregate Small Business Data only. Market rank is for all income categories combined.

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

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

Geographic Distribution: SMALL LOANS TO FARMS		State: North Dakota		Evaluation Period: August 1, 1998 to December 31, 1999												
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank	Market Share by Geography					Total Small Farm Loans	
	% of Farms	% USB Loans	% of Farms	% USB Loans	% of Farms	% USB Loans	% of Farms	% USB Loans		Overall	Low	Mod	Mid	Upp	#	% of Total
Full-Scope:																
Fargo Assessment Area			Not Applicable - No Farm Loans Made													

**Table 7. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE																	State: North Dakota		Evaluation Period: August 1, 1998 to December 31, 1999				
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank**	Market Share by Borrower Income**					Total Home Purchase Loans								
	% of Families	% USB Loans*	% of Families	% USB Loans*	% of Families	% USB Loans*	% of Families	% USB Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total***							
Full-Scope:																							
Fargo Assessment Area	22.72	0.00	28.65	16.67	27.80	66.67	20.83	16.67	17	1.40	0.00	1.23	2.04	1.82	6	100.00							

(\*) As a percentage of loans with borrower income information available.

(\*\*) Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.

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

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

Borrower Distribution: HOME IMPROVEMENT																State: North Dakota		Evaluation Period: August 1, 1998 to December 31, 1999	
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank**	Market Share by Borrower Income**					Total Home Improvement Loans				
	% of Families	% USB Loans*	% of Families	% USB Loans*	% of Families	% USB Loans*	% of Families	% USB Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total***			
Full-Scope:																			
Fargo Assessment Area	22.72	0.00	28.65	33.33	27.80	33.33	20.83	33.33	3	8.70	0.00	12.50	14.29	0.00	3	100.00			

(\*) As a percentage of loans with borrower income information available.

(\*\*) Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.

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

**Table 9. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE				State: North Dakota				Evaluation Period: August 1, 1998 to December 31, 1999								
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank**	Market Share by Borrower Income**					Total Home Mortgage Refinance Loans	
	% of Families	% USB Loans*	% of Families	% USB Loans*	% of Families	% USB Loans*	% of Families	% USB Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total***
Full-Scope:																
Fargo Assessment Area	22.72	12.50	28.65	25.00	27.80	37.50	20.83	25.00	11	4.38	0.00	10.53	8.11	3.51	8	100.00

(\*) As a percentage of loans with borrower income information available.

(\*\*) Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.

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

**Table 10. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES		State: North Dakota		Evaluation Period: August 1, 1998 to December 31, 1999					
MSA/Assessment Area:	Businesses with Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share***		Total Small Loans to Businesses	
	% of Businesses*	% USB Loans**	\$100,000 or Less	> \$100,000 to \$250,000	> \$250,000 to \$1,000,000	All	Rev \$1 million or less	#	% of Total****
Full-Scope:									
Fargo Assessment Area	50.34	34.12	83.53	8.24	8.24	10.01	4.44	85	100.00

(\*) Businesses with revenues of \$1 million or less as a percentage of all businesses.

(\*\*) 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 16.2% of small loans to businesses originated and purchased by the bank.

(\*\*\*) Based on 1998 Aggregate Small Business Data only.

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

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

Borrower Distribution: SMALL LOANS TO FARMS		State: North Dakota		Evaluation Period: August 1, 1998 to December 31, 1999					
MSA/Assessment Area:	Farms with Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share***		Total Small Farm Loans	
	% of Farms*	% USB Loans**	\$100,000 or Less	> \$100,000 to \$250,000	> \$250,000 to \$500,000	All	Rev \$1 million or less	#	% of Total****
Full-Scope:									
Fargo Assessment Area	95.00	0.00	Not Applicable - No Farm Loans Made			0.00	0.00	0	0.00

(\*) Farms with revenues of \$1 million or less as a percentage of all farms.

(\*\*) Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms.

(\*\*\*) Based on 1998 Aggregate Small Farm Data only.

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

**Table 12. Qualified Investments**

QUALIFIED INVESTMENTS										State: North Dakota		Evaluation Period: August 1, 1998 to December 31, 1999							
MSA/Assessment Areas:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**											
	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	% of Total \$'s	#	\$ (000's)										
Full-Scope:																			
Fargo Assessment Area	0	0	0	0	0	0	0	0	0	0	0								

(\*) ΔPrior Period InvestmentsΔ means investments made in a previous evaluation period that are outstanding as of the examination date.

(\*\*) ΔUnfunded CommitmentsΔ means legally binding investment commitments that are tacked and reported by the bank's financial reporting system.

**Table 13. Distribution of Branch Delivery System and Branch Openings/Closings**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS																State: North Dakota				Evaluation Period: August 1, 1998 to December 31, 1999			
MSA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population									
	% of Rated Area Deposits in MSA	# of USB Branches	% of Rated Area Branches in MSA/AA	Location of Branches by Income of Geographies				# of Branch Closings	# of Branch Openings	Net Change in Location of Branches (+ or -)				% of the Population within Each Geography									
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp						
Full-Scope:																							
Fargo Assessment Area	N/A *	0	0.00	0.00	0.00	0.00	0.00	0	0	0	0	0	0	0.00	100.00	0.00	0.00						

\* This institution does not accept retail deposits from the public. Please refer to the description of the institution for further information.

**Table 14. Geographic and Borrower Distribution of Consumer Loans**

Geographic and Borrower Distribution: CONSUMER LOANS																		State: North Dakota		Evaluation Period: August 1, 1998 to December 31, 1999			
MSA/Assessment Area:	Geographic Distribution								Borrower Distribution														
	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Total Consumer Loans						
	% of Pop*	% USB Loans	% of Pop*	% USB Loans	% of Pop*	% USB Loans	% of Pop*	% USB Loans	% of Hshlds	% USB Loans	% of Hshlds	% USB Loans	% of Hshlds	% USB Loans	% of Hshlds	% USB Loans	#	% of Total**					
Full-Scope:																							
Fargo Assessment Area	0.00	0.00	100.00	100.00	0.00	0.00	0.00	0.00	21.38	27.22	22.87	28.60	28.30	22.88	27.46	21.30	513	100.00					

(\*) The percentage of the population in the AA that resides in these geographies.

(\*\*) Consumer loans originated and purchased in the AA as a percentage of all consumer loans originated and purchased in the rated area.