



# LARGE BANK

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## Public Disclosure

December 31, 2008

### 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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Washington, DC 20219

**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.**

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## **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 **December 31, 2008**. 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.

**U.S. Bank National Association North Dakota:** USBND

**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 metropolitan area/assessment area.

**Assessment Area (AA):** A geographic area that consists generally of one or more MSAs or one or more contiguous political subdivision, such as counties, cities, or towns, in which the bank has its main office, branches, or deposit-taking ATMs.

**Automated Teller Machine (ATM):** an automated, unstaffed banking facility owned or operated by, or operated exclusively for, the bank at which deposits are received, cash dispersed or money lent.

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

**Community Development (CD):** 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 the Office of the Comptroller of the Currency, based on:
  - a. Rates of poverty, density, unemployment, and 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.

**Community Development Corporation (CDC):** Nonprofit groups accountable to local residents that rebuild their communities through a wide range of housing, commercial, job development and other activities. A CDC's mission is normally focused on serving the needs of low- and moderate-income households. Resident control usually takes the form of board representation.

**Community Development Financial Institution (CDFI):** Specialized financial institutions that work in market niches that have not been adequately served by traditional financial institutions. CDFIs provide a wide range of financial products and services, including mortgage financing for first-time home buyers, financing for needed community facilities, commercial loans and investments to start or expand small businesses, loans to rehabilitate rental housing, and financial services needed by low-income households and local businesses. In addition, these institutions provide services that help ensure that credit is used effectively, such as technical assistance to small businesses and credit counseling to consumers. CDFIs include community development banks, credit unions, loan funds, venture capital funds, and micro-enterprise loan funds, among others.

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

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

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

**Geography:** A census tract delineated by the U. S. Bureau of the Census in the most recent decennial census.

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

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

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

**Limited-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, 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.

**Low-Income Housing Tax Credit (LIHTC):** A program through which investors receive a credit against federal tax owed in return for providing funds to developers to help build or renovate housing for low-income households.

**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 MSA/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 (HUD) 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:** A metropolitan statistical area (**MSA**) or a metropolitan division (**MD**) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs. A metropolitan statistical area that crosses into two or more bordering states is called a multistate metropolitan statistical area (**MMSA**). Performance within each MMSA is analyzed separately as a full-scope review and receives its own ratings under the Lending, Investment and Service Tests provided the financial institution has its main office, branch, or deposit-taking ATM located in each applicable state making up the MMSA.

**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 multistate 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 multistate metropolitan area, the institution will receive a rating for the multistate 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 non-farm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by non-farm residential real estate as "small business loans" if the loans are reported on the TFR as non-mortgage, commercial loans.

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

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

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

## 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 (USBND)** 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	X
Needs to Improve			
Substantial Noncompliance			

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

The major factors that support this rating include:

- USBND demonstrated good lending performance as a result of an excellent borrower distribution, good geographic distribution, and excellent lending activity.
- USBND made an adequate level of qualified investments, the vast majority of which are low-income housing tax credits or mortgage backed securities that funded affordable housing to low- and moderate-income people.
- USBND provides adequate services to customers through an effective alternate delivery system. In addition, employees provide an adequate level of community development related services to the area.

## Description of Institution

U.S. Bank National Association North Dakota (USBND) is a \$4.9 billion intrastate bank located in Fargo, North Dakota. USBND 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 U.S. Bancorp. Only those loans originated within what USBND has designated as its AA in the Fargo MSA are discussed in this Evaluation. The AA consists of Cass County, North Dakota and includes the location of the processing facility (bank). Loans originated outside this bank’s AA are included in the CRA performance evaluation of affiliated U.S. Bank National Association (U.S. Bank N.A.). USBND does not accept deposits from the public, and it is



funded by borrowings and deposits allocated by the holding company to the bank. For additional information regarding 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 N.A. That document contains a section that describes the lead bank's performance within the Fargo Multistate MSA and for the State of North Dakota.

USBND is a subsidiary of U.S. Bancorp, a \$267 billion holding company. It is the sixth largest financial services holding company in the United States. The holding company has bank offices in 24 Midwestern and Western states. Significant subsidiaries include this bank, the flagship bank (U.S. Bank N.A.), several trust companies, a brokerage company, a data processing center, an agricultural credit company, and leasing companies.

U.S. Bancorp has four primary business lines. Those are consumer banking, payment systems, private client and asset management, and wholesale banking. USBND, as stated above, was chartered in 1998 to underwrite and service consumer loans for the holding company.

USBND has no subsidiaries that could impact the bank's CRA performance, and there have been no merger or acquisition activities associated with this charter. There are no identified legal, financial or other factors impeding the bank's ability to help meet the credit needs in its AA.

As of December 31, 2008, USBND's loan portfolio represented 92% of total assets. The loan portfolio consists of 42% commercial loans (made up of corporate and purchasing cards), 27% consumer loans and 31% 1-4 family residential real estate. USBND had \$647 million in Tier I Capital at year-end 2008.

The previous CRA examination was December 31, 2005 and the bank was rated Satisfactory.

## **Scope of the Evaluation**

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

The evaluation period was January 1, 2006 through December 31, 2008. For all products and services, we considered activity for the entire evaluation period.

The bank did not report any community development, small farm or multifamily residential real estate loans to evaluate. We evaluated the level of lending under the Lending Test, community development services provided to the bank's AA under the Service Test, and the level of qualifying investments made for the Investment Test.

The types and volumes of loans generated by USBND are consistent with the stated purpose of this entity. This bank was chartered to primarily underwrite and service consumer loans for the greater U.S. Bancorp. The small business products, corporate and purchasing credit cards, are underwritten in a similar manner and are consistent with the purpose of this entity.

### **Data Integrity**

As part of our ongoing supervision of the bank we tested the accuracy of the bank's HMDA and CRA Lending. We have found errors involving certain critical fields with the 2006 and 2007 HMDA data. USBND subsequently corrected all errors and resubmitted the revised data. The 2008 HMDA data was reported accurately. CRA data was accurate as reported. We also reviewed the appropriateness of the community development investments the bank is reporting. The investments and community development services included in this evaluation have also been reviewed during this examination to determine that the dollar amounts reported are accurate and the activities and investments qualify as community development. We have determined that the data shown on the tables in this performance evaluation are accurate.

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

The bank only has one AA. 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 AA.

### **Ratings**

The overall rating is based on the bank's performance in its one AA. More weight was given to small loans to businesses than HMDA in reaching our conclusions since small loans to businesses represent 90% of the loans USBND reported. Within the HMDA category, we gave greater weight to refinance loans because the bank only reported 12 home purchase and 50 home improvement loans.

## **Fair Lending Review**

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

## **Conclusions with Respect to Performance Tests**

### **LENDING TEST**

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

#### **Lending Activity**

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

Lending activity is excellent. We based this conclusion primarily on the bank's small business lending activity due to the small number of HMDA-reportable loans. Because of the unique structure and purpose of USBND, a discussion comparing the bank's deposit market share to its lending market share provides only limited value. Deposits are allocated to this entity by the holding company while other banks in the Fargo AA, including the affiliated U.S. Bank N.A., generate deposits through more traditional channels.

USBND ranks among the top seven lenders for small business loans which demonstrates excellent performance. Due to the relatively small volume of home purchase (12), home improvement loan (50), and refinance loans (126) loans, these categories had little impact on our conclusion. While the overall volume of small business loans (1,650) appears modest, the volume is good when considering performance context issues. These performance context issues involve such things as the somewhat limited size and population of the AA, the strong competition offered by locally based banks in the community, and the presence of the affiliated bank, U.S. Bank N.A.

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

The geographic distribution of loan products is good. This is a result of an excellent distribution of small business loans, poor distribution of refinance loans, and very poor distribution of home improvement loans. We applied more weight to the small business loan product because the bank reported significantly more small business loans (1,650) than combined HMDA-reportable loans (188). Our conclusion is based solely on performance noted in moderate-income census tracts because there are no low-income tracts in the AA.

Tables 2 through 7 and 13 in Appendix C contain the facts and data reported by the bank and show the geographic distribution of the bank's loan originations and purchases.

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

We did not identify any unexplained lending gaps.

***Inside/Outside Ratio***

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

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

USBND's distribution of loans to borrowers of different income levels is excellent. This is a result of an excellent distribution of refinance loans and a good distribution of small business and home improvement loans. Distribution of HMDA-reportable loans was particularly impressive given that nearly 11% of total households have incomes below the poverty level.

**Community Development Lending**

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

**Product Innovation and Flexibility**

USBND did not provide us any information on particular programs or products 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 Low Satisfactory. Based on a full-scope review and given the bank's performance context described earlier in this document, the bank's performance in the Fargo AA is adequate.

Refer to Table 14 in Appendix C for investment details.

During the evaluation period, USBND made 54 investments totaling \$6.5 million. As of year-end 2008, 14 prior period investments totaling \$4 million were still outstanding, which had a positive impact on the AA's investment rating. Most of the investments are LIHTCs, historic tax credits, or mortgage backed securities. USBND's investment volume represents adequate responsiveness to the area's needs, particularly affordable housing.

## **SERVICE TEST**

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

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

### **Retail Banking Services**

Refer to Table 15 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.

This bank has no offices open to the public and does not accept deposits from the public. Refer to the Description of Institution section of the report for more information concerning the structure of this bank and its strategic focus. 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. This alternative delivery system is readily accessible 24 hours per day through a toll-free phone number and is equally accessible to all parts of its AA and areas outside of the AA. The origination of loans attributed to this charter provides reasonable assurances that this alternate delivery system is adequately accessible to low- and moderate-income borrowers.

There have been no branch openings or closings.

### **Community Development Services**

USBND provided an adequate level of community development services to the AA. Between this charter and the lead bank, employees are involved in 14 community development organizations in Fargo. For our analysis purposes, we attributed most of these activities to the lead bank. For more specific information as to the commitment of employees to this community, refer to the performance evaluation for the lead bank.

## Appendix A: Scope of Evaluation

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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>	January 1, 2006 through December 31, 2008 for all products and services	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
U.S. Bank National Association North Dakota (USBND) Fargo, ND	HMDA, small business loans Community Development Investments	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
U.S. Bank National Association	affiliate	Investments and Community Development Services
<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	ND side of the Fargo, ND-MN MSA consisting of Cass County ND

## 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)	27	NA	14.81	70.37	14.81	NA
Population by Geography	123,138	NA	14.81	70.37	14.81	NA
Owner-Occupied Housing by Geography	27,892	NA	8.72	68.99	22.29	NA
Businesses by Geography	14,237	NA	30.02	53.14	16.84	NA
Farms by Geography	590	NA	8.47	78.14	13.39	NA
Family Distribution by Income Level	30,086	16.88	18.31	26.71	38.10	NA
Distribution of Low- and Moderate-Income Families throughout AA Geographies	10,588	NA	20.56	69.12	10.32	NA
Median Family Income = \$50,758		Median Housing Value = \$138,800				
HUD Adjusted Median Family Income for 2008 = \$65,600		Unemployment Rate = 3.4%				
Households Below the Poverty Level = 10.84%						

(\*) The NA category consists of geographies that have not been assigned an income classification.  
 Source: 2000 U.S. Census, 3Q2008 National Association of Realtors, December 2008 unemployment (BLS) and 2008 HUD updated MFI.

The bank’s AA is the North Dakota portion of the Fargo-Moorhead, ND-MN Multistate MSA. It consists of Cass County. The AA meets the requirements of the CRA.

The Fargo area contains roughly twenty percent of the population of the state. Its economy is far stronger than the rest of the state, as it has a greater degree of job diversity. The Fargo economy has experienced growth from food processing, manufacturing, technology, retail trade, higher education, and healthcare. Fargo is a regional center for retail, higher education, and health care services. However, similar to the rest of the state, it has a deep dependence on agriculture and related support businesses. Overall, the state suffers from a severe out-migration problem and declining population. The largest cities have had the only population growth, with Fargo taking the lead. The declining population and trend of college-educated youth leaving the state has been a major political issue.

The recession that hit the nation during the latter part of the evaluation period has not had as severe an impact on the Fargo MSA. Retail sales in the city in 2008 were up when compared to 2007 quarter over quarter. Housing prices have remained relatively stable with continued new construction. North Dakota has reported the lowest foreclosure rates in the country. Unemployment remains low.

The largest employers in the area are the local hospitals and clinics, Alien Technology, Microsoft,

Blue Cross/Blue Shield, U.S. Bank, Forum Communications, and Wells Fargo. North Dakota State University with 5,300 staff and faculty employees remains the largest public sector employee in the city.

Besides the large university in Fargo, neighboring Moorhead, Minnesota also has a state university, a private liberal arts college and a community/technical college. The area's student population is in excess of 25,000 students and is a major factor in the rental housing market. Information from the city's website indicates that the average sales price of an existing home was \$150,000; the average sales price of new construction was \$221,000; and the rent for a two-bedroom apartment was \$660 during 2008.

The city and state offer financial incentives for business expansion and for attracting new businesses to the area. The area offers multiple industrial parks, technology parks, several office parks, and business incubators. Downtown Fargo is also designated as a Renaissance Zone which helps spur revitalization programs. Because of the universities, there is a large base of highly-skilled, educated labor available. Retaining college graduates continues to be a concern as graduates migrate to higher wages offered outside the state. The labor force is tight in the AA and unemployment was a low 3.4% in December 2008. As recently as July 2008, the unemployment rate was below three percent.

Information from the community contact and performance evaluations for other local banks mentioned a need for continued economic development and financing to fund rehabilitation of the city's older housing stock. There is a general concern over retaining local college graduates. One contact said that banks appear reluctant to finance loans for older commercial real estate buildings with projects to rehabilitate second story apartment units. Public housing is available; much of it is old and in dire need of repair. This could present an opportunity for public/private participation. Banks were generally credited for involvement in community functions and volunteer activities. The other performance evaluations said that there is stiff competition in the MSA qualified loan customers and for attracting deposits.

We reviewed information from one recent community contact, the performance evaluations of four other banks in the Fargo MSA, and the Internet to help us develop this performance context. This information led us to conclude that there are many opportunities for formal community development relationships at the local level. There are also opportunities available through statewide programs.

pendix C: Tables of Performance Data

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## **Content of Standardized Tables**

A separate set of tables is provided for each state. 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 MSA/assessment area; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables 8 through 12 and part of Table 13. Deposit data are compiled by the FDIC and are available as of June 30<sup>th</sup> of each year. Tables without data are not included in this performance evaluation.



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

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MSA/assessment area. Community development loans to statewide or regional entities or made outside the bank's assessment area may receive positive CRA consideration. Refer to Interagency Q&As \_\_.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. When such loans exist, insert a line item in the MSA/Assessment Area column and record the corresponding numbers and amounts in the "Community Development Loans" column with the appropriate caption, such as "Statewide/Regional," "Statewide/Regional with potential benefit to one or more AAs" or "Out of Assessment Area." "Out of Assessment Area" is used ONLY if the bank has otherwise adequately met the CD lending needs of its assessment area.
- 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 MSA/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 MSA/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 Home Mortgage Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.
- Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL)** - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MSA/assessment area.
- Table 14. 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.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As \_\_.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. When

such investments exist, insert a line item in the MSA/Assessment Area column and record the corresponding numbers and amounts in the “Qualified Investments” column with the appropriate caption, such as “Statewide/Regional,” “Statewide/Regional with potential benefit to one or more AAs” or “Out of Assessment Area.” “Out of Assessment Area” is used ONLY if the bank has otherwise adequately met the qualified investment needs of its assessment area.

**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 MSA/AA. The table also presents data on branch openings and closings in each MSA/AA.

### ble 1. Lending Volume

LENDING VOLUME												Geography: NORTH DAKOTA		Evaluation Period: JANUARY 1, 2006 To DECEMBER 31, 2008	
MA/Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***			
		#	\$(000's)	#	\$(000's)	#	\$(000's)	#	\$(000's)	#	\$(000's)				
<b>Full-Review:</b>															
Fargo	100.00	188	16,017	1,650	18,446	0	0	0	0	1,838	34,463	100.00			

Loan Data as of December 31, 2008. Rated area refers to either the state or multistate MA rating area.

\*\* The evaluation period for Community Development Loans is from January 1, 2006 to December 31, 2008.

\*\*\* Deposit Data as of June 30, 2008. Rated Area refers to the state, multistate MA, or institution, as appropriate.

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

Geographic Distribution: HOME PURCHASE												Geography: NORTH DAKOTA		Evaluation Period: JANUARY 1, 2006 To DECEMBER 31, 2008		
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*					
	#	% of Total**	% Owner Occ Units***	% USB Loans	% Owner Occ Units***	% USB Loans	% Owner Occ Units***	% USB Loans	% Owner Occ Units***	% USB Loans	Overall	Low	Mod	Mid	Upp	
<b>Full-Review:</b>																
Fargo	12	100.00	0.00	0.00	8.72	0.00	68.99	91.67	22.29	8.33	0.05	0.00	0.00	0.10	0.00	

Data shown includes only one to four-family and manufactured housing (property type 1 or 2).

Based on 2007 Peer Mortgage Data.

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

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

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

Geographic Distribution: HOME IMPROVEMENT			Geography: NORTH DAKOTA		Evaluation Period: JANUARY 1, 2006 To DECEMBER 31, 2008		
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MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% USB Loans	% Owner Occ Units***	% USB Loans	% Owner Occ Units***	% USB Loans	% Owner Occ Units***	% USB Loans	Overall	Low	Mod	Mid	Upp
<b>Full-Review:</b>															
Fargo	50	100.00	0.00	0.00	8.72	2.00	68.99	76.00	22.29	22.00	2.87	0.00	0.00	3.87	1.35

Data shown includes only one to four-family and manufactured housing (property type 1 or 2).

Based on 2007 Peer Mortgage Data.

\*\* 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 housing units in a particular geography divided by number of owner-occupied housing units in the area based on 2000 Census information.

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

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: NORTH DAKOTA				Evaluation Period: JANUARY 1, 2006 To DECEMBER 31, 2008								
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% USB Loans	% Owner Occ Units***	% USB Loans	% Owner Occ Units***	% USB Loans	% Owner Occ Units***	% USB Loans	Overall	Low	Mod	Mid	Upp
<b>Full-Review:</b>															
Fargo	126	100.00	0.00	0.00	8.72	5.56	68.99	68.25	22.29	26.19	1.60	0.00	0.00	1.80	1.52

Data shown includes only one to four-family and manufactured housing (property type 1 or 2).

Based on 2007 Peer Mortgage Data (US).

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

\*\*\* Percentage of Owner-Occupied Units is the number of owner-occupied housing units in a particular geography divided by number of owner-occupied housing units in the

area based on 2000 Census information.

**Table 5. Geographic Distribution of Multifamily Loans**

Geographic Distribution: MULTIFAMILY		Geography: NORTH DAKOTA				Evaluation Period: JANUARY 1, 2006 To DECEMBER 31, 2008				
	Total Multifamily Loans	Low-Income Geographies	Moderate-Income Geographies	Middle-Income Geographies	Upper-Income Geographies	Market Share (%) by Geography*				

MA/Assessment Area:	#	% of Total**	% of MF Units***	% USB Loans	% MF Units***	% USB Loans	% MF Units***	% USB Loans	% MF Units***	% USB Loans	Overall	Low	Mod	Mid	Upp
<b>Full-Review:</b>															
Fargo	0	0.00	0.00	0.00	32.90	0.00	57.66	0.00	9.44	0.00	0.00	0.00	0.00	0.00	0.00

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

Based on 2007 Peer Mortgage Data (US).

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

\*\*\* Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 2000 Census information.

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

Geographic Distribution: SMALL LOANS TO BUSINESSES				Geography: NORTH DAKOTA				Evaluation Period: JANUARY 1, 2006 To DECEMBER 31, 2008								
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*					
	#	% of Total**	% of Businesses***	% USB Loans	% of Businesses***	% USB Loans	% of Businesses***	% USB Loans	% of Businesses***	% USB Loans	Overall	Low	Mod	Mid	Upp	
<b>Full-Review:</b>																
Fargo	1,650	100.00	0.00	0.00	30.02	40.18	53.14	39.09	16.84	20.73	6.47	0.00	8.80	5.13	5.78	

Based on 2007 Peer Small Business Data -- US.

\*\* 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 (2007).

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

Geographic Distribution: SMALL LOANS TO FARMS				Geography: NORTH DAKOTA				Evaluation Period: JANUARY 1, 2006 To DECEMBER 31, 2008								
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*					
	#	% of Total**	% of Farms***	% USB Loans	% of Farms***	% USB Loans	% of Farms***	% USB Loans	% of Farms***	% USB Loans	Overall	Low	Mod	Mid	Upp	
<b>Full-Review:</b>																
Fargo	0	0.00	0.00	0.00	8.47	0.00	78.14	0.00	13.39	0.00	0.00	0.00	0.00	0.00	0.00	

Based on 2007 Peer Small Business Data -- US.

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

\*\*\* Source Data - Dun and Bradstreet (2007).

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

Borrower Distribution: HOME PURCHASE			Geography: NORTH DAKOTA				Evaluation Period: JANUARY 1, 2006 To DECEMBER 31, 2008									
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*					
	#	% of Total **	% Families ***	% USB Loans **	% Families ***	% USB Loans **	% Families ***	% USB Loans **	% Families ***	% USB Loans **	Overall	Low	Mod	Mid	Upp	
<b>Full-Review:</b>																
Fargo	12	100.00	16.88	8.33	18.31	41.67	26.71	16.67	38.10	33.33	0.06	0.00	0.12	0.00	0.08	

Data shown includes only one to four-family and manufactured housing (property type 1 or 2).

Based on 2007 Peer Mortgage Data (US).

\*\* As a percentage of loans with borrower income information available. No information was available for 0.00% of loans originated and purchased by USB.

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

**Table 9. Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT			Geography: NORTH DAKOTA				Evaluation Period: JANUARY 1, 2006 To DECEMBER 31, 2008								
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total **	% Families ***	% USB Loans **	% Families ***	% USB Loans **	% Families ***	% USB Loans **	% Families ***	% USB Loans **	Overall	Low	Mod	Mid	Upp
<b>Full-Review:</b>															
Fargo	50	100.00	16.88	0.00	18.31	22.00	26.71	40.00	38.10	38.00	2.99	0.00	1.03	4.90	2.59

Data shown includes only one to four-family and manufactured housing (property type of 1 or 2).

Based on 2007 Peer Mortgage Data (US).

\*\* As a percentage of loans with borrower income information available. No information was available for 0.00% of loans originated and purchased by USB.

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

**Table 10. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE			Geography: NORTH DAKOTA				Evaluation Period: JANUARY 1, 2006 To DECEMBER 31, 2008								
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total **	% Families ***	% USB Loans **	% Families ***	% USB Loans **	% Families ***	% USB Loans **	% Families ***	% USB Loans **	Overall	Low	Mod	Mid	Upp
<b>Full-Review:</b>															
Fargo	126	100.00	16.88	6.35	18.31	32.54	26.71	25.40	38.10	35.71	1.79	0.75	2.79	1.32	1.78

Data shown includes only one to four-family and manufactured housing (property type 1 or 2).

Based on 2007 Peer Mortgage Data (US).

\*\* As a percentage of loans with borrower income information available. No information was available for 0.00% of loans originated and purchased by USB.

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



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

Borrower Distribution: SMALL LOANS TO BUSINESSES			Geography: NORTH DAKOTA		Evaluation Period: JANUARY 1, 2006 To DECEMBER 31, 2008				
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% of Total**	% of Businesses***	% USB Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 Million or Less
<b>Full-Review:</b>									
Fargo	1,650	100.00	49.50	46.85	99.76	0.24	0.00	6.47	6.97

Based on 2007 Peer Small Business (US).

\* \*\* 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 - 2007).

\*\*\*\* 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 22.97% of small loans to businesses originated and purchased by the USB.

**Table 12. Borrower Distribution of Small Loans to Farms**

Borrower Distribution: SMALL LOANS TO FARMS			Geography: NORTH DAKOTA		Evaluation Period: JANUARY 1, 2006 To DECEMBER 31, 2008				
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share*	
	#	% of Total**	% of Farms***	% USB Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev \$1 Million or Less
<b>Full-Review:</b>									
Fargo	0	0.00	96.61	0.00	0.00	0.00	0.00	0.00	0.00

Based on 2007 Peer Small Business Data (US).

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

\*\*\* Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2007).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0.00% of small loans to farms originated and purchased by the USB.

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS		Geography: NORTH DAKOTA				Evaluation Period: JANUARY 1, 2006 To DECEMBER 31, 2008			
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full-Review:</b>									
Fargo	14	4,019	54	6,546	68	10,565	100.00	0	0
ND Statewide								0	0

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

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

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM/BRANCH OPENINGS/CLOSINGS		Geography: N. DAKOTA				Evaluation Period: JANUARY 1, 2006 To DECEMBER 31, 2008											
MA/Assessment Area:	Deposits	Branches				Branch Openings/Closings				Population							
	% of Rated Area Deposits in AA	# of USB 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
<b>Full-Review:</b>																	
Fargo	100.00	0 *	0.00	0.00	0.00	0.00	0.00	0	0	0	0	0	0	0.00	16.29	65.21	18.50

\* There are no retail branches associated with this institution. Please refer to the Definition of Institution for an explanation.