



**LARGE BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **Public Disclosure**

March 13, 2000

# **Community Reinvestment Act Performance Evaluation**

**Wells Fargo Bank North Dakota, National Association**  
**Charter Number: 2377**

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Fargo, ND 58126

Office of the Comptroller of the Currency

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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.**

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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 **Wells Fargo Bank North Dakota, National Association**, prepared by the **Office of the Comptroller of the Currency (OCC)**, the institution's supervisory agency, as of **March 13, 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).

**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 **Wells Fargo Bank North Dakota, National Association**, with respect to the Lending, Investment, and Service Tests:

Performance Levels	Wells Fargo Bank North Dakota, N. A. Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		X
Low Satisfactory		X	
Needs to Improve			
Substantial Noncompliance			

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

The major factors that support this rating include:

- An excellent geographic distribution of home mortgage lending and small loans to businesses in the Fargo-Moorhead MSA.
- A good borrower distribution of home mortgage lending and small loans to businesses and farms in the Bismarck MSA and Minot assessment area.
- An adequate level of community development investments.
- A good distribution of retail services and a good level of community development services.

## Description of Institution

Wells Fargo Bank North Dakota, National Association (WFND), and intrastate bank, is headquartered in Fargo, North Dakota, and conducts business through a system of 26 branch offices in ten assessment areas. WFND was formerly known as Norwest Bank North Dakota, NA. Wells Fargo & Company changed the name of the bank in September 2000. In addition to Fargo (Fargo-Moorhead MSA), WFND has branch offices in the Grand Forks and Bismarck MSAs and in its Grafton, Hillsboro, Jamestown-Valley City, Wahpeton, Minot, Dickinson, and Bowman-Scranton assessment areas.

WFND is a subsidiary of Wells Fargo & Company (WFC), San Francisco, California, a multi-bank holding company. WFC recently merged with Norwest Corporation, formerly headquartered in Minneapolis, Minnesota. WFC has total assets in excess of \$200 billion and conducts business through nearly 3,000 offices and over 6,000 ATMs in 21 states.

As of December 31, 1999, WFND has total assets of approximately \$1.3 billion, and total deposits of some \$1.1 billion. Loans, net of allowances for losses, total approximately \$883 million, equating to about 68% of total assets and about 80% of total deposits. Approximately 26% of the bank's loans are to individuals for household, family, and personal use. Another 23% of the loan portfolio financed commercial and industrial businesses. The remainder of the portfolio is largely secured by real estate for purposes such as construction and land development, personal use, and farming. WFND has a total Tier I capital base of approximately \$94 million.

At the request of WFND and in accordance with provisions of the CRA, this evaluation considers lending activities of Wells Fargo Home Mortgage, Inc., Wells Fargo Funding, Inc, and Norwest Home Improvement, Inc. These affiliates are related subsidiaries of WFC and are not subsidiaries of WFND.

WFND is a full service bank offering a typical array of retail banking services and loan products. Its business strategy is in no way limited or specialized to any narrow field of endeavor. Through the bank's affiliate, Wells Fargo Home Mortgage, borrowers can obtain home purchase and refinance lending that is sometimes not available through commercial banks.

There are no legal financial, or other factors impeding the bank's ability to meet the credit needs of its assessment areas.

WFND was rated "Outstanding" at the previous CRA performance evaluation dated September 24, 1996.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

This evaluation included a review of the bank's reportable HMDA, small business, small farm, and community development lending; community development investments; and retail and community development services. In accordance with OCC policy, HMDA, small business, and small farm lending was evaluated for the calendar years 1997, 1998, and 1999. All other products and activities were evaluated for the period beginning at the date of the previous CRA public evaluation and concluding March 13, 2000.

### Data Integrity

In association with this review, small business and small farm data submitted by the bank in compliance with requirements of the CRA and used for analysis were reviewed for accuracy using a selected sample. This activity revealed no significant errors in reporting. Some minor errors were detected and corrected for analysis purposes. The accuracy of HMDA data was reviewed using reports and workpapers of the bank's internal auditors as well as a review of a sample of loans applications. The HMDA, small business, and small farm data were determined to be accurate and useful for analysis.

### Selection of Areas for Full-Scope Review

WFND has established ten assessment areas (AAs). The Bismarck MSA, Fargo-Moorhead MSA, and Minot AA were selected for full-scope review. The Grand Forks MSA, Grafton, Hillsboro, Jamestown-Valley City, Wahpeton, Dickinson, and Bowman-Scranton AAs received limited-scope reviews.

The Bismarck and Fargo-Moorhead MSAs are the most significant of the bank's AAs because of their size. These MSAs provide about 25% and 20% of the bank's deposits, respectively. WFND is the largest bank in the Bismarck MSA holding about 25% of the area's deposits. With about 11% of total deposits, WFND is the fifth largest bank in Fargo-Moorhead. Wells Fargo is the largest bank in the Minot AA, with 21% of total deposits and accounting for 15% of the bank's deposits.

### Ratings

WFND's overall rating is based on those areas that received full-scope reviews.

### Other

Community contacts with interested parties in several AAs of WFND were reviewed. Identified needs included affordable housing and small business lending.



## **Fair Lending Review**

An analysis of 1998 HMDA, Small Business, and Small Farm lending data, public comments, and consumer complaint information was performed according to the OCC's risk based fair lending approach. The analysis of this data revealed no basis for the OCC to conduct a comprehensive fair lending examination in connection with the CRA evaluation this year. The latest comprehensive fair lending exam was performed in 1996.

### **Conclusions:**

- There is no evidence of any violations of the substantive provisions of the anti-discrimination laws and regulations.
- Wells Fargo and Company has a satisfactory process in place, including training, to help ensure corporate-wide ongoing compliance with fair lending laws.

## Conclusions with Respect to Performance Tests

### LENDING TEST

WFND's performance under the Lending Test is rated "High Satisfactory." Based on full-scope reviews, the bank's performance is adequate in the Bismarck MSA, good in the Fargo-Moorhead MSA, and good in the Minot AA.

#### Lending Activity

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

WFND's lending record in North Dakota represents an excellent responsiveness to the credit needs of those AAs. Over the three-year evaluation period, the bank's loans for home mortgage, small business and small farm purposes totaled nearly twenty thousand in number for \$1.2 billion. Throughout all of WFND's AAs, the bank is among the top ranked volume lenders in all lending products and in most cases, #1 ranked. Within the above mentioned loan categories, home mortgage loans comprised 45% of the total loan activity of which 36% was home purchase and 49% home refinance loans. Small loans to farms represented 30% of the loan activity and small loans to businesses 25%. The bank also originated 10 CD loans totaling \$2.1 million during the evaluation period.

WFND's proportion of lending in its AAs is generally commensurate with its collection of deposits from those AAs. The Bismarck MSA contributes the highest percentage of the bank's deposits at approximately 26%. Likewise, exclusive of community development loans, WFND has its largest percentage of CRA related loan categories in this AA at approximately 22%. The bank is also ranked 1<sup>st</sup> in all such lending categories within this AA. The second and third most contributing AAs to the bank's deposits are the Fargo-Moorhead MSA and Minot AAs. Likewise, the bank has its second and third highest lending volume (number) in these AAs.

Lending competition is intense for WFND. The bank's primary competitors in the Bismarck MSA is U.S. Bank, N.A., First Southwest Bank, and Bank Center First. In addition to these financial institutions, the State Bank of Fargo serves as a major competitor for WFND in its Fargo-Moorhead MSA AA.

Within the bank's AAs, several major credit needs have been identified and ranked. These include loans relating to affordable housing and small business initiatives, including those in the areas of expansion, new manufacturing and downtown redevelopment. Loans to small farms have also been identified as a major need, particularly in the rural North Dakota markets. Accordingly, in analyzing WFND's Lending Test performance, we gave greater weight to its home mortgage lending followed by small business and small farm lending. In addition, throughout the Lending Test evaluation, we gave refinance lending less consideration than home purchase lending to reflect the more pronounced credit needs identified in the bank's AAs.

## **DISTRIBUTION OF LOANS BY INCOME LEVEL OF THE GEOGRAPHY**

The geographic distribution of WFND's home mortgage loans, small loans for businesses and farms loans is poor in the Bismarck MSA and excellent in the Fargo-Moorhead AA. No conclusion is rendered for the Minot AA due to the lack of meaningful data. We based our conclusions primarily upon the bank's lending distribution compared to area demographics. The demographic comparison was then supplemented by a market share analysis.

In evaluating WFND's home mortgage loan geographic distribution, it should be noted that in all but one of the bank's AAs, there are no owner-occupied housing units in the low-income geographies. In the one AA (Fargo-Moorhead MSA) that did have owner occupied housing, it accounted for less than 1% of all available owner-occupied housing in that AA. This makes the analysis insignificant and/or meaningless with respect to conclusions for this component. Accordingly, our analysis focuses on the bank's performance in moderate-income geographies.

### **Home Mortgage Loans**

*Refer to Tables 2, 3, and 4 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations.*

The geographic distribution of home mortgage loans is poor in the Bismarck MSA and excellent in the Fargo Moorhead MSA.

### *Home Purchase Loans*

The geographic distribution of the bank's home purchase loans is poor in the Bismarck MSA, excellent in the Fargo-Moorhead MSA, and insignificant in the Minot AA. In the Bismarck MSA, the bank's distribution in moderate-income areas was well below the percentage of owner occupied housing there. The bank's respective market share was also well below its overall market share. In the Fargo-Moorhead MSA, the bank's distribution to moderate-income areas exceeded the percentage of owner occupied housing there and its respective market share was near to its overall market share. In the Minot AA, only 1% of the owner occupied housing are located in those geographies and thus, no conclusion is rendered.

### *Home Improvement Loans*

WFND's of home improvement loans is adequate in the Bismarck MSA and excellent in the Fargo-Moorhead MSA. In the Minot AA, no conclusion is rendered as the bank's loan activity was nominal as is the level of owner occupancy opportunities.

In the Bismarck MSA, the bank's percentage of loans in moderate-income geographies is below the percentage of owner-occupied houses there, but its respective market share is well above its overall market share. In the Fargo-Moorhead MSA, the percentage of the

bank's loans in moderate-income geographies is above the percentage of owner-occupied houses there and its respective market share is much higher than its overall market share.

### *Refinance Loans*

WFND's refinance loan distribution is poor in the Bismarck MSA and good in the Fargo-Moorhead MSA. In the Bismarck MSA, the percentage of lending to moderate-income geographies was well below the percentage of owner occupied housing there. The bank's respective market share was also below its overall market share. In the Fargo-Moorhead MSA, the bank's distribution to moderate-income areas was near to the percentage of owner occupied housing and its respective market share matched its overall market share. In the Minot AA, no conclusions were rendered on the bank's performance as there were essentially no units of owner occupied housing available for loan origination opportunities.

### **Small Business Loans**

*Refer to Table 5 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's small business loan originations.*

WFND's geographic distribution of small business loans is adequate in the Bismarck MSA and excellent in the Fargo-Moorhead MSA. In the Minot AA, no conclusions were rendered given the nominal number of small businesses located there. In the Bismarck MSA, the bank's percentage of loans made in moderate-income areas was below the percentage of businesses located there. Likewise, the bank's respective market share was below its overall market share. In the Fargo-Moorhead MSA, the percentage of small business loans to moderate-income areas was well above the percentage of small businesses there. In addition, the bank's respective market share was above its overall market share.

### **Small Farm Loans**

*Refer to Table 6 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's small farm loan originations.*

It is noted that there are no farms located in low-income tracts within the bank's North Dakota AAs and there are very few farms located in moderate-income geographies. In fact, the only AA where an analysis is meaningful is in the Bismarck MSA where there are 278 farms located in moderate-income geographies. The next highest level of farms in moderate-income geographies is in the Jamestown-Valley City AA where there are 74 farms. Accordingly, our analysis is focused on the Bismarck MSA where the activity and related context is meaningful.

WFND's geographic distribution of small loans to farms is good in the Bismarck MSA. There, the bank's percentage of loans was below the percentage of farms located there, although the bank's market share of loans made to farms in moderate-income geographies matched its overall market share.

## **Lending Gap Analysis**

This evaluation included an analysis of lending gaps in each of WFND's AAs. Although there were several geographies where very few or no loans were made, the gaps were mostly a result of limited opportunities due to either the small population, few owner-occupied homes or a limited number of businesses. Overall there were no unexplained gaps in the bank's lending or other factors that would reflect negatively on its performance in each AA.

## **Inside/Outside Ratio**

WFND has an excellent concentration of its loans for home mortgage, small business and small farms within its AAs. During the evaluation period, approximately 93% of the number and 95% of the dollar of the bank's reportable lending was within its AAs.

## **DISTRIBUTION OF LOANS BY INCOME LEVEL OF THE BORROWER**

*Please refer to the Appendix section, Content of Standardized Tables, for explanations regarding analysis methodologies.*

The loan distribution by borrower income of WFND's home mortgage, small loans to businesses and farms is good in each full-scope AA. We based our conclusions primarily upon the bank's lending distribution compared to area demographics. The demographic comparison was then supplemented by a market share analysis.

## **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.*

In analyzing the bank's distribution of home mortgage loans by borrower income level, it should be noted that the bank's AAs are characterized by high poverty levels. This is particularly true in the Minot AA where the percentage of households below the poverty level is 17%. In the Fargo-Moorhead and Bismarck MSAs, these percentages are 14% and 12% respectively. Accordingly, the opportunities to extend credit to borrowers may be reduced. We considered this context when concluding on the bank's performance.

## **Home Purchase Loans**

Home purchase loan borrower distribution is good in each full-scope AA. In the Bismarck MSA, the distribution to low-income borrowers is below the percentage of such families, however its distribution to moderate-income borrowers is well above the respective demographics. The bank's market share for low-income borrowers is also near to its overall market share, and for moderate-income borrowers, is well above its overall market

share. In the Fargo-Moorhead MSA and Minot AAs, the bank's distribution of loans to low-income families was below the percentage of such families there, however its market share of such was above its overall market share. The bank's percentage of loans to moderate-income borrowers for these two areas exceeded the percentage of such families there. In the Fargo-Moorhead MSA, the bank's respective market share was modestly lower than its overall market share, but was much higher and exceeded its overall market share in the Minot AA.

### *Home Improvement Loans*

The bank's borrower distribution of home improvements is good in the Bismarck MSA, poor in the Fargo-Moorhead MSA, and good in the Minot AA. In the Bismarck MSA, the bank's lending to low-income families was below the percentage of such families there, however its respective market share was much higher than its overall market share. The bank's percentage of loans made to moderate-income families matches the percentage of such borrowers there and its respective market share significantly exceeded its overall market share. In the Fargo-Moorhead MSA, the portion to low-income families was below the percentage of such families there and its respective market share was also below its overall market share. The bank's percentage of loans there to moderate-income families was much better and closer to the percentage of such families there. The bank's respective market share was also closer to the bank's overall market share. In the Minot AA, the distribution to low-income families was below the percentage of such families, however its respective market share was well above its overall market share. The bank's distribution of loans to moderate-income borrowers was close to the percentage of such borrowers and its respective market share significantly exceeded its overall market share.

### *Refinance Loans*

WFND's overall distribution of refinance loans is adequate in each full-scope AA. In both the Bismarck and Fargo-Moorhead MSA's, the bank's lending percentage to low-income families was below the percentage of such families and its respective market shares were below its overall market share. The bank's percentage of loans to moderate-income borrowers in these two AAs was also below the percentage of such families there, although its respective market shares matched its overall market share. In the Minot AA, the bank's distribution to low-income borrowers was below the percentage of such families there, although its respective market share was above its overall market share. The bank's percentage of lending to moderate-income families there was below the percentage of such families and its respective market share was below its overall market share.

### **Small Business Loans**

*Refer to Table 10 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's small business loan originations*

WFND's lending to businesses of different revenue sizes is good in the Bismarck MSA, poor in the Fargo-Moorhead MSA, and good in the Minot AA. In the Bismarck MSA, the

bank's percentage of loans to small businesses (those with annual revenues of \$1 million or less) was close to the percentage of such businesses located there and its market share of loans made to smaller businesses was higher than its overall market share. In the Fargo-Moorhead MSA, the percentage of loans made to smaller businesses was below demographics and the respective market share was well below its overall market share. In the Minot AA, the bank's percentage of loans to small businesses nearly matched the percentage of such businesses there and its respective market share nearly matched its overall market share.

### **Small Farm Loans**

*Refer to Table 11 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's small farm loan originations.*

WFND's borrower distribution of small loans to farms is good in all full-scope AAs. In the Bismarck MSA, the bank's percentage of lending to small farms matched the percentage of such farms located there. Likewise, the bank's market share of lending to smaller farms essentially matched its overall market share. Comparable performances were recorded in the Fargo-Moorhead MSA and Minot AAs.

### **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.*

CD lending had a neutral impact on the bank's performance under the Lending Test for each full-scope AA. WFND made three CD loans totaling \$448 thousand in the Bismarck MSA and one CD loan in the Minot AA for \$550 thousand during the evaluation period. The majority of these loans went to benefit LMI families either for affordable housing initiatives or community development services.

WFND participates in North Dakota's state sponsored Pace Fund. Monies from the Pace Fund are used to buy down the interest rate on loan packages. Participating in these loan packages are the Bank of North Dakota, other financial institutions, and local communities. The fund provides up to \$250 thousand for interest rate buydowns per project. There is

a job creation requirement for each project supported by the fund. The business receiving the loan must create one new job for each \$75 thousand of borrowing within one year of receiving the loan. Funds may be used for working capital, equipment, and real estate.

WFND participated in seven Pace Fund projects totaling \$12.5 million. One of these projects also leveraged off North Dakota's New Jobs Training Program. This program supplements start-up costs associated with training individuals hired to new positions. To qualify, new employees must receive an annual wage of at least 120 percent of the poverty level for a family of four.

## **Product Innovation/Flexibility**

Product innovation and flexibility had a neutral impact on the Lending Test conclusions for each of the bank's full-scope AAs. WFND offers loan programs targeted to either small business/farm or LMI individuals. For example, the bank offers credit through its Small Enterprise Loan Program (SELP). The program, sponsored by a local group, receives bank funds for start-ups in southwestern North Dakota communities. The focus is on micro loans up to \$5 thousand to women, minorities, and low-income individuals. In 1998, WFND originated three loans for \$9 thousand. The bank also has activity through its HUD 184 Native American program. The program provides lending opportunities to Native Americans and Tribally Designated Housing Entities (TDHE) who wish to build/purchase a home on land within the operating area of a TDHE. Two such loans were made in North Dakota during the evaluation period totaling \$106 thousand.

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

Based on limited-scope reviews, the bank's performance under the Lending Test in all areas receiving limited scope review (Grand Forks MSA, Bowman-Scranton, Dickinson, Grafton, Hillsboro, Jamestown-Valley City, and Wahpeton) is not inconsistent with the bank's overall Lending Test performance.

Refer to Tables 1 through 11 in Appendix C for the facts and data that support these conclusions.



## INVESTMENT TEST

### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Investment Test is rated "Low Satisfactory." Based on full-scope reviews, the bank's performance in the Bismarck MSA is poor, in the Fargo-Moorhead MSA good, and in the Minot AA good. *Refer to Table 12 in Appendix C for the facts and data used to evaluate the bank's level of qualified investments.*

In the Bismarck MSA, WFND's largest, qualified investments are limited to approximately \$34 thousand in qualified contributions during the evaluation period. These are beneficial, but this is not a significant level of investment in the bank's largest community. To assist in gauging the relative volume of investments, we calculated their relationship to Tier 1 capital, allocated by AA. The bank's community development investment activity accounts for less than one percent of the bank's allocated Tier 1 Capital over the evaluation period.

In the Fargo-Moorhead MSA, the second largest AA, WFND made a substantial volume of qualified investments. These consist primarily of LMI-mortgage-backed securities and LMI housing finance bonds totaling \$1.9 million and qualified grants and donations of \$184 thousand. The bank's community development investment activity accounts for almost eleven percent of the bank's allocated Tier 1 Capital over the evaluation period.

In the Minot AA, WFND has made approximately \$285 in total qualified investments. The majority of this amount consists of low-income housing tax credits for a multi-family housing project for LMI tenants in Ward County. The bank's community development investment activity accounts for two percent of the bank's allocated Tier 1 Capital over the evaluation period.

### Conclusions for Area Receiving Limited-Scope Reviews

Based on limited-scope reviews of the number and volume of investments, the bank's performance under the Investment Test in the Dickinson, Hillsboro, Jamestown-Valley City, and Wahpeton AAs is not inconsistent with the bank's overall "Low Satisfactory" performance under the Investment Test. In the Bowman-Scranton and Grafton AAs the bank's performance is weaker than the bank's overall performance. WFND has no qualified investments in Bowman-Scranton and minimal investment in Grafton.

Performance in the Grand Forks MSA is stronger than the bank's overall rating and bears special mention. WFND has made an excellent level of investment in this AA. The bank has invested in special municipal bonds for the purpose of assisting citizens who lost their home or were otherwise harmed by the devastating floods and fires in that community in 1997. The bank has determined that the majority of the homes destroyed during that catastrophe were in moderate-income areas.

## SERVICE TEST

### Conclusions for Areas Receiving Full-Scope Reviews

WFND's performance under the Service Test is rated High Satisfactory. Based on full-scope reviews the bank's performance in the Fargo-Moorhead MSA and Minot AAs is excellent while the performance in the Bismarck MSA 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 and ATM delivery system.*

WFND's delivery systems through its branch and ATM network are accessible to essentially all portions of its AAs. In general, the distribution of the bank's branches in low- and moderate-income areas approximates the percentage of the population living in those areas.

WFND's branch distribution in the Bismarck MSA is adequate. Although the bank does not have a branch located in a moderate-income area, there are two branches located within one mile of the moderate-income areas. In addition, the bank has one ATM located in a moderate-income area. There are no low-income geographies in the AA. This AA contains the largest share of the bank's deposits.

In the Fargo-Moorhead MSA, the bank's branch distribution is excellent. The percentage of the bank's branches located in moderate-income geographies significantly exceeds the percent of the population living in those geographies. Although the bank does not have a branch in a low-income geography, only a minimal percent of the population resides in those areas. The bank's distribution of ATMs in moderate-income areas exceeds the percent of the population living in those areas.

In the Minot AA, WFND's percent of branches located in moderate-income geographies significantly exceeds the percent of the population residing in those areas. There are no low-income geographies in this AA. The distribution of the bank's ATMs in moderate-income areas also exceeds the percent of the population residing in those areas.

The only branch activity in the full-scope AAs during the evaluation period was a branch opening in a middle-income geography in the Fargo-Moorhead AA. As a result, this activity did not have an impact on the accessibility of the bank's services in these AAs.

The bank's business hours are reasonable and are generally structured to accommodate customer needs. There were no major inconsistencies between branches in this regard.

WFND offers a wide array of products and services through many of its branch locations. WFND provides or administers products directed toward LMI individuals that include, but are not limited to, an affordable home loan product, a savings account that features

matching federal funds, and direct-deposit accounts for the homeless that feature innovative/flexible services. Its alternative delivery systems include, but are not limited to, telephone banking, bank by mail and on-line banking that are available to all. Although these alternative delivery systems are of potential benefit to persons across all income levels, there is no information available to demonstrate the actual benefits gained by any group of persons, and these services have been considered accordingly in this evaluation.

### **Community Development Services**

WFND provides a good level of community development services to its community. During the evaluation period, the bank provided over 60 community development services to its community. The following highlights a few of the community development services targeted to LMI persons that are provided by the bank.

- **Wells Fargo Adult Credit Education Program** - Wells Fargo uses this program to teach the basics of budgeting, banking, and lending to its communities.
- **Christmas in April** - WFND bankers have taken a leadership role in this newly created organization which provides revitalizes homes for LMI, elderly, and handicapped individuals or families. WFND has also applied for and received grants from Wells Fargo Housing Foundation in conjunction with this organization. Employees of WFND also volunteer their time to this organization.
- **LaGrave Place Neighborhood Network** - WFND bankers serve on the steering committee for this organization that runs a youth center and computer education center in conjunction with Low Income Housing Development. The centers serve low-income residents. The steering committee's goal is to determine ways to expand the services provided to the community.
- **Federal Home Loan Bank/ Friendship, Inc.** - WFND nominated Friendship, Inc. for the Federal Home Loan Bank's Community Awards for nonprofits. This award is given to organizations that support and provide housing for lower-income people and families. Friendship provides housing and care for people with disabilities. Because Friendship was selected for this award, the FHLB matched the funds that WFND contributed to Friendship.
- **Habitat for Humanity** - WFND employees volunteer time to this organization, which provides housing for low- and moderate-income families.

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

Based on limited-scope reviews, the bank's performance under the Service Test in the Bowman-Scranton, Dickinson, Grafton, Hillsboro, and Whapeton AAs is not inconsistent with the bank's overall High Satisfactory performance under the Service Test. We did, however, note weaker performance in the Grand Forks MSA and Jamestown-Valley City AA. Refer to Table 13 of Appendix C for the facts and data that support these conclusions.



## Appendix A: Scope of Examination

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

<b>Time Period Reviewed</b>	Lending Test: January 1, 1997 to December 31, 1999 CD Lending: July 24, 1996 to March 13, 2000 Investment Test: July 24, 1996 to March 13, 2000 Service Test: July 24, 1996 to March 13, 2000	
<b>Financial Institution</b>		<b>Products Reviewed</b>
Wells Fargo Bank North Dakota, National Association (WFND) Fargo, ND		Small Business Lending; Small Farm Lending; Community Development (CD) Lending, Investments, Services
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
Wells Fargo Home Mortgage Corporation	Holding Company Subsidiary	Home purchase and refinance mortgage loans
Wells Fargo Funding, Inc.	Holding Company Subsidiary	Home purchase and refinance mortgage loans
Norwest Home Improvement, Inc.	Holding Company Subsidiary	Home improvement loans
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Bismarck MSA # 1010 Fargo-Moorhead MSA # 2520 Grand Forks MSA # 2985 Bowman-Scranton Dickinson Grafton Hillsboro Jamestown-Valley City Minot Wahpeton	Full-Scope Full-Scope Limited-Scope Limited-Scope Limited-Scope Limited-Scope Limited-Scope Limited-Scope Full-Scope Limited-Scope	

# Appendix B: Market Profiles for Full-Scope Areas

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## Table of Contents

### Market Profiles for Areas Receiving Full-Scope Reviews

Bismarck MSA # 1010 .....	B-2
Fargo-Moorhead MSA # 2520 .....	B-3
Minot AA .....	B-4

**Bismarck MSA # 1010**

Demographic Information for Full-Scope Area: Bismarck MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	20	0	25	65	10	0
Population by Geography	83,831	0	17	69	15	0
Owner-Occupied Housing by Geography	21,050	0	20	65	15	0
Businesses by Geography	4,568	0	18	69	13	0
Farms by Geography	458	0	61	34	6	0
Family Distribution by Income Level	22,435	18	20	25	38	0
Distribution of Low- and Moderate-Income Families throughout AA Geographies	8,404	0	26	64	9	0
Median Family Income HUD Adjusted Median Family Income for 1998 Households Below the Poverty Level	= \$33,275 = \$46,600  = 11.99%	Median Housing Value Unemployment Rate				= \$63,470 = 3.39%

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 1990 U.S. Census and 199X HUD updated MFI.

The Bismarck MSA assessment area encompasses the entire MSA (Burleigh and Morton Counties). WFND garners approximately 26% of its deposits from this AA and has made approximately 22% of its reportable loans here. This AA complies with regulatory guidelines and does not arbitrarily exclude any LMI areas. WFND is the largest bank in the AA with approximately 25% of the total deposits. US Bank, NA, is a close second in size, and the two institutions control nearly half of all deposits in this MSA. WFND operates four offices and eight ATMs in the AA.

Bismarck is the capital of North Dakota, with attendant state government activity. Its economy and population have been relatively stable and are predicted to remain so. Per capita personal income in the Bismarck MSA is slightly higher than for the state of North Dakota, but approximately 14% lower than the U. S. average. The service and trade sectors are the largest employers, but also have relatively lower wage rates than some other sectors. Mining and construction have recently shown higher growth rates in Bismarck.

## Fargo-Moorhead MSA # 2520

Demographic Information for Full-Scope Area: Fargo-Moorhead MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	23	4	17	65	13	0
Population by Geography	102,,874	3	19	60	17	0
Owner-Occupied Housing by Geography	22,073	<1	13	67	20	0
Businesses by Geography	5,519	<1	46	38	15	0
Farms by Geography	584	0	7	85	8	0
Family Distribution by Income Level	25,596	17	18	27	38	0
Distribution of Low- and Moderate-Income Families throughout AA Geographies	8,954	3	25	64	8	0
Median Family Income HUD Adjusted Median Family Income for 1998 Households Below the Poverty Level	= \$33,819 = \$47,700  = 14.19%	Median Housing Value Unemployment Rate				= \$64,288 = 3.26%

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 1990 U.S. Census and 199X HUD updated MFI.

The Fargo-Moorhead MSA assessment area consists of Cass County, one of two counties in the MSA (The other is Clay County, Minnesota.). WFND gains approximately 21% of its deposits from this AA and has made approximately 20% of its reportable loans here during the evaluation period. This AA complies with regulatory guidelines and does not arbitrarily exclude any LMI areas. WFND is the fourth largest bank in the AA, ranking behind US Bank, NA; State Bank of Fargo; and Community First National Bank. Those banks, combined, have approximately 61% of the deposits in the AA, while WFND has about 11%. WFND operates six offices and 7 ATMs in the AA.

Fargo is North Dakota's largest city and home to about one fourth of the state's citizens. Much of its economic base is linked to the agricultural endeavors of the eastern part of the state. Agricultural equipment enterprises are especially important to its economy. Like most of the rest of the state, growth has been stagnant in the most recent years. Nonetheless, Fargo is reported to provide about one third of all jobs in North Dakota. As in most regional centers, health care is a major enterprise and employer in Fargo, also.



## Minot

Demographic Information for Full-Scope Area: Minot						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	12	0	8	50	42	0
Population by Geography	57,921	0	16	40	44	0
Owner-Occupied Housing by Geography	12,832	0	1	47	52	0
Businesses by Geography	2,748	0	2	54	44	0
Farms by Geography	463	0	<1	75	25	0
Family Distribution by Income Level	15,356	17	18	24	42	0
Distribution of Low- and Moderate-Income Families throughout AA Geographies	5,308	0	24	47	29	0
Median Family Income HUD Adjusted Median Family Income for 1998 Households Below the Poverty Level	= \$26,195 = \$36,900  = 9.27%	Median Housing Value Unemployment Rate				= \$40,012 = 6.68%

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 1990 U.S. Census and 199X HUD updated MFI.

The Minot assessment area consists of Ward County. WFND gains approximately 15% of its deposits from this AA and has made approximately 12% of its reportable loans here during the evaluation period. This AA complies with regulatory guidelines and does not arbitrarily exclude any LMI areas. WFND is the largest bank in the AA with approximately 21% of the bank deposits. WFND operates four offices and three ATMs in this AA.

Minot is located in north central North Dakota and is the fourth largest community in the state. As such, it is a center for commerce in the sparsely populated northern tier of the state. As in the rest of the state, the labor market is very tight, making growth difficult. A somewhat stagnant economy and the decline of the agricultural sector have resulted in significant out-migration of population from North Dakota to other states. In 1999, the state lost some 4,000 people, with Minnesota the primary destination.

## 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 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 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. The table also compares the banks percentage distribution with the percentage of loans originated and purchased by all other small business reporters in the bank's AA to businesses with revenues of \$1 million or less and is based on the most recent aggregate market data available. 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. The table also compares the banks percentage distribution with the percentage of loans originated and purchased by all other small farm reporters in the bank's AA to farms with revenues of \$1 million or less and is based on the most recent aggregate market data available. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MSA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must have been reported on schedule RC-L of the Call Reports as an off-balance sheet item.

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

**Table 1. Lending Volume**

LENDING VOLUME		Evaluation Period: 01/01/1997 TO 12/31/1999										
MSA/Assessment Area	% of Rating Area Deposits in AA*	Home Mortgage		Small Business		Small Farm		Community Development		Total Reported Loans		% of Rating Area Loans in AA (% of #)
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
<b>Full Scope</b>												
Bismarck MSA	26	2,811	170,534	762	90,593	722	27,625	3	448	4,298	289,200	22
Fargo-Moorhead MSA	21	2,077	134,313	1,440	155,557	378	22,902	1	2,250	3,896	315,022	20
Minot	15	1,184	62,334	544	37,426	634	29,112	1	550	2,363	129,422	12
<b>Limited Scope</b>												
Bowman-Scranton	3	87	3,398	167	6,298	496	16,665	0	0	750	26,361	4
Dickinson	6	540	27,948	403	24,291	341	10,361	6	1,932	1,290	64,532	7
Grafton	5	307	9,892	260	12,150	574	47,716	1	1,550	1,142	70,899	6
Grand Forks MSA	2	551	40,265	358	27,576	30	714	3	5,060	941	73,615	5
Hillsboro	3	151	5,081	179	5,928	401	21,406	0	0	731	32,415	4
Jamestown-Valley City	14	762	31,721	366	26,015	1,206	55,495	3	3,330	2,337	116,561	12
Wahpeton	6	391	18,246	325	20,065	1,073	72,348	0	0	1,789	110,659	8

\* Deposit Data as of June 30, 1999

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

Geographic Distribution: HOME PURCHASE										Evaluation Period: 01/01/1997 TO 12/31/1999							
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	% Bank Loans	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans		Overall	Low	Mod	Mid	Upp	#	% of Total**	
<b>Full Scope</b>																	
Bismarck MSA	0	0	20	5	65	73	15	22	1	22.6	0.0	16.2	21.8	27.8	1,071	34	
Fargo-Moorhead MSA	0	0	13	15	67	49	20	37	4	9.1	0.0	7.2	8.9	10.6	703	22	
Minot	0	0	1	<1	47	40	52	59	1	25.1	0.0	0.0	26.3	24.5	440	14	
<b>Limited Scope</b>																	
Bowman-Scranton	0	0	0	0	100	100	0	0	1	28.6	0.0	0.0	28.6	0.0	18	1	
Dickinson	0	0	0	0	88	83	12	17	2	21.4	0.0	0.0	21.8	19.2	193	6	
Grafton	0	0	0	0	81	53	19	47	2	17.4	0.0	0.0	13.8	27.5	77	2	
Grand Forks MSA	0	0	4	4	73	76	23	20	4	7.9	0.0	8.1	8.1	7.5	246	8	
Hillsboro	0	0	0	0	100	100	0	0	1	19.0	0.0	0.0	19.0	0.0	56	2	
Jamestown-Valley City	0	0	5	1	70	71	25	28	1	27.7	0.0	22.2	28.3	26.7	255	8	
Wahpeton	0	0	0	0	58	49	42	51	1	24.5	0.0	0.0	21.4	27.8	120	4	

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

\*\* Home purchase loans within an MSA/AA as a % of all home purchase loans in the rating area.

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

Geographic Distribution: HOME IMPROVEMENT										Evaluation Period: 01/01/1997 TO 12/31/1999							
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	% Bank Loans	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans		Overall	Low	Mod	Mid	Upp	#	% of Total**	
<b>Full Scope</b>																	
Bismarck MSA	0	0	20	11	65	75	15	14	1	39.9	0.0	48.8	41.7	25.8	384	30	
Fargo-Moorhead MSA	<1	0	13	16	67	56	20	28	2	22.9	0.0	30.9	18.1	30.1	251	19	
Minot	0	0	1	1	47	39	52	60	1	44.9	0.0	0.0	43.2	46.4	188	14	
<b>Limited Scope</b>																	
Bowman-Scranton	0	0	0	0	100	100	0	0	1	90.9	0.0	0.0	90.9	0.0	18	1	
Dickinson	0	0	0	0	88	68	12	33	2	33.6	0.0	0.0	30.2	46.2	80	6	
Grafton	0	0	0	0	81	69	19	31	1	47.6	0.0	0.0	44.8	53.8	61	5	
Grand Forks MSA	0	0	4	8	73	67	23	25	5	5.4	0.0	0.0	6.3	3.8	52	4	
Hillsboro	0	0	0	0	100	100	0	0	1	46.4	0.0	0.0	46.4	0.0	37	3	
Jamestown-Valley City	0	0	5	0	70	71	25	29	1	50.0	0.0	0.0	48.2	55.6	140	11	
Wahpeton	0	0	0	0	58	45	42	55	2	28.9	0.0	0.0	21.7	40.5	88	7	

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

\*\* Home improvement loans within an MSA/AA as a % of all home improvement loans in the rating area.

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

Geographic Distribution: HOME MORTGAGE REFINANCE										Evaluation Period: 01/01/1997 TO 12/31/1999						
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	% Bank Loans	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans		Overall	Low	Mod	Mid	Upp	#	% of Total**
<b>Full Scope</b>																
Bismarck MSA	0	0	20	4	65	75	15	21	1	25.1	0.0	21.6	26.5	21.6	1,342	31
Fargo-Moorhead MSA	0	<1	13	10	67	55	20	35	1	14.1	0.0	13.9	14.2	14.1	1,105	26
Minot	0	0	1	<1	47	38	52	62	1	31.0	0.0	0.0	27.3	33.2	554	13
<b>Limited Scope</b>																
Bowman-Scranton	0	0	0	0	100	100	0	0	1	88.9	0.0	0.0	88.9	0.0	50	1
Dickinson	0	0	0	0	88	76	12	24	1	27.4	0.0	0.0	27.2	27.9	267	6
Grafton	0	0	0	0	81	53	19	47	1	28.4	0.0	0.0	19.1	43.8	168	4
Grand Forks MSA	0	0	4	3	73	66	23	31	2	11.3	0.0	11.8	11.2	11.5	250	6
Hillsboro	0	0	0	0	100	100	0	0	1	19.2	0.0	0.0	19.2	0.0	58	1
Jamestown-Valley City	0	0	5	1	70	68	25	31	1	37.4	0.0	33.3	38.4	35.3	358	8
Wahpeton	0	0	0	0	58	38	42	62	1	31.4	0.0	0.0	20.5	42.0	182	4

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

\*\* Refinance loans within an MSA/AA as a % of all refinance loans in the rating area.



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

Geographic Distribution: SMALL BUSINESS																
Evaluation Period: 01/01/1997 TO 12/31/1999																
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	% Bank Loans	% of Businesses	% Bank Loans	% of Businesses	% Bank Loans	% of Businesses	% Bank Loans		Overall	Low	Mod	Mid	Upp	#	% of Total**
<b>Full Scope</b>																
Bismarck MSA	0	0	18	12	69	76	13	13	1	27.1	0.0	21.1	26.9	25.0	762	16
Fargo-Moorhead MSA	0	0	46	61	39	25	15	14	1	18.9	0.0	19.4	10.8	14.2	1,440	30
Minot	0	0	2	<1	54	63	44	37	1	32.1	0.0	0.0	36.3	23.1	544	11
<b>Limited Scope</b>																
Bowman-Scranton	0	0	0	0	100	100	0	0	1	80.2	0.0	0.0	76.7	0.0	167	3
Dickinson	0	0	0	0	81	73	19	27	2	34.7	0.0	0.0	35.1	34.1	403	8
Grafton	0	0	0	0	73	37	27	63	1	37.7	0.0	0.0	24.1	48.5	260	5
Grand Forks MSA	0	0	17	8	70	65	13	27	3	8.8	0.0	3.8	7.7	15.0	358	7
Hillsboro	0	0	0	0	100	100	0	0	1	69.6	0.0	0.0	47.5	0.0	179	4
Jamestown-Valley City	0	0	5	1	69	62	27	37	1	37.2	0.0	<1	30.0	55.7	366	8
Wahpeton	0	0	0	0	70	58	30	42	2	25.9	0.0	0.0	31.5	34.5	325	7

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

\*\* Small Business loans within an MSA/AA as a % of all Small Business loans in the rating area.

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

Geographic Distribution: SMALL FARM																
Evaluation Period: 01/01/1997 TO 12/31/1999																
MSA/Assessment Area	Low Income Geographies		Moderate Income Geographies		Middle Income Geographies		Upper Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Loans Small Farm Loans	
	% of Farms	% Bank Loans	% of Farms	% Bank Loans	% of Farms	% Bank Loans	% of Farms	% Bank Loans		Overall	Low	Mod	Mid	Upp	#	% of Total**
<b>Full Scope</b>																
Bismarck MSA	0	0	61	48	34	46	6	5	1	81.1	0.0	80.6	84.4	71.4	722	12
Fargo-Moorhead MSA	0	0	7	4	85	91	8	5	2	16.8	0.0	29.2	12.3	20.5	378	6
Minot	0	0	0	0	75	61	25	39	2	41.1	0.0	0.0	30.4	39.3	634	11
<b>Limited Scope</b>																
Bowman-Scranton	0	0	0	0	100	100	0	0	1	96.7	0.0	0.0	90.8	0.0	496	8
Dickinson	0	0	0	0	80	92	20	8	2	35.8	0.0	0.0	28.9	34.6	341	6
Grafton	0	0	0	0	84	67	16	33	2	39.7	0.0	0.0	26.6	55.1	574	10
Grand Forks MSA	0	0	4	0	89	93	7	7	4	2.3	0.0	0.0	1.4	4.3	30	1
Hillsboro	0	0	0	0	100	100	0	0	1	71.6	0.0	0.0	21.1	0.0	401	7
Jamestown-Valley City	0	0	11	7	69	71	20	21	1	74.2	0.0	94.1	75.8	65.1	1,206	21
Wahpeton	0	0	0	0	55	51	45	49	1	51.8	0.0	0.0	46.7	62.6	1,073	18

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

\*\* Small Farm loans within an MSA/AA as a % of all Small Farm loans in the rating area.

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

Borrower Distribution: HMDA HOME PURCHASE										Evaluation Period: 01/01/1997 TO 12/31/1999						
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	% Bank Loans**	% of Families	% Bank Loans**	% of Families	% Bank Loans**	% of Families	% Bank Loans**		Overall	Low	Mod	Mid	Upp	#	% of Total
<b>Full Scope</b>																
Bismarck MSA	18	10	20	26	25	34	38	30	1	22.6	20.0	25.4	24.3	23.3	1,071	34
Fargo-Moorhead MSA	17	7	18	22	27	32	38	35	4	9.1	11.5	7.0	11.2	11.0	703	22
Minot	17	5	18	19	24	35	42	41	1	25.1	26.9	33.8	30.1	27.1	440	14
<b>Limited Scope</b>																
Bowman-Scranton	17	6	20	22	25	39	37	33	1	28.6	0.0	66.7	0.0	33.3	18	1
Dickinson	17	2	17	16	23	30	43	51	2	21.4	26.7	14.7	24.7	25.8	193	6
Grafton	15	5	19	23	24	36	43	34	2	17.4	20.0	25.0	13.6	22.4	77	2
Grand Forks MSA	16	1	19	19	26	33	39	47	4	7.9	0.0	8.1	7.9	11.5	246	8
Hillsboro	15	0	19	25	25	41	42	30	1	19.0	0.0	30.8	18.2	22.6	56	2
Jamestown-Valley City	16	9	18	16	24	29	42	43	1	27.7	33.3	26.6	33.7	26.0	255	8
Wahpeton	15	4	15	15	24	36	46	44	1	24.5	20.0	20.0	25.0	35.0	120	4

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

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

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

Borrower Distribution: HOME IMPROVEMENT										Evaluation Period: 01/01/1997 TO 12/31/1999						
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	% Bank Loans**	% of Families	% Bank Loans**	% of Families	% Bank Loans**	% of Families	% Bank Loans**		Overall	Low	Mod	Mid	Upp	#	% of Total
<b>Full Scope</b>																
Bismarck MSA	18	9	20	20	25	29	38	40	1	39.9	50.0	54.4	39.1	31.8	384	30
Fargo-Moorhead MSA	17	4	18	14	27	25	38	52	2	22.9	13.3	16.3	17.5	29.9	251	19
Minot	17	6	18	15	24	27	42	50	1	44.9	60.0	59.1	43.5	40.5	188	14
<b>Limited Scope</b>																
Bowman-Scranton	17	6	20	11	25	17	37	44	1	90.9	100.0	0.0	100.0	85.7	18	1
Dickinson	17	3	17	10	23	29	43	55	2	33.6	25.0	21.1	42.4	33.3	80	6
Grafton	15	5	19	23	24	30	43	41	1	47.6	40.0	75.0	40.0	44.4	61	5
Grand Forks MSA	16	2	19	8	26	25	39	58	5	5.4	0.0	2.1	5.7	5.9	52	4
Hillsboro	15	3	19	8	25	49	42	35	1	46.4	0.0	33.3	66.7	35.7	37	3
Jamestown-Valley City	16	6	18	12	24	26	42	53	1	50.0	50.0	50.0	59.3	45.5	140	11
Wahpeton	15	2	15	6	24	24	46	66	2	28.9	12.5	0.0	33.3	31.3	88	7

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

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

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

Borrower Distribution: HOME MORTGAGE REFINANCE										Evaluation Period: 01/01/1997 TO 12/31/1999							
MSA/Assessment Area	Low Income Families		Moderate Income Families		Middle Income Families		Upper Income Families		Overall Market Rank*	Market Share by Borrower Income*					Total Loans		
	% of Families	% Bank Loans**	% of Families	% Bank Loans**	% of Families	% Bank Loans**	% of Families	% Bank Loans**		Overall	Low	Mod	Mid	Upp	#	% of Total	
<b>Full Scope</b>																	
Bismarck MSA	18	3	20	12	25	27	38	48	1	25.1	21.3	25.7	26.2	23.8	1,342	31	
Fargo-Moorhead MSA	17	3	18	9	27	25	38	51	1	14.1	13.2	14.8	16.4	16.0	1,105	26	
Minot	17	5	18	9	24	22	42	52	1	31.0	51.7	24.7	32.8	32.3	554	13	
<b>Limited Scope</b>																	
Bowman-Scranton	17	0	20	14	25	44	37	38	1	88.9	0.0	100.0	100.0	76.9	50	1	
Dickinson	17	4	17	11	23	24	43	54	1	27.4	35.7	34.1	27.3	26.9	267	6	
Grafton	15	4	19	15	24	17	43	60	1	28.4	57.1	33.3	15.6	33.9	168	4	
Grand Forks MSA	16	2	19	8	26	20	39	52	2	11.3	12.0	11.0	12.4	10.8	250	6	
Hillsboro	15	2	19	21	25	17	42	53	1	19.2	0.0	22.2	25.0	23.3	58	1	
Jamestown-Valley City	16	3	18	12	24	22	42	58	1	37.4	33.3	35.2	39.3	39.5	358	8	
Wahpeton	15	3	15	4	24	18	46	59	1	31.4	33.3	13.0	22.7	33.8	182	4	

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

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

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

Borrower Distribution: SMALL BUSINESS			Evaluation Period: 01/01/1997 TO 12/31/1999							
MSA/Assessment Area	Businesses With Revenues of \$1 million or less			% Distribution of Loans by Original Amount Regardless of Business Size			Market Share*		Total Small Business Loans	
	% Business**	% Bank Loans***	% Market Loans*	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev \$ 1 Million or Less	#	% of Total
<b>Full Scope</b>										
Bismarck MSA	71	66	52	75	13	12	26.8	30.8	762	16
Fargo-Moorhead MSA	68	43	70	78	12	10	17.0	8.3	1,440	30
Minot	74	73	78	84	10	6	31.9	30.9	544	11
<b>Limited Scope</b>										
Bowman-Scranton	75	88	63	93	5	2	80.3	85.1	167	4
Dickinson	72	77	90	88	8	4	34.7	29.4	403	8
Grafton	74	86	63	90	7	3	37.7	45.4	260	5
Grand Forks MSA	66	81	63	83	11	6	8.8	10.7	358	7
Hillsboro	75	96	81	93	5	2	69.6	73.4	179	4
Jamestown-Valley City	74	83	63	84	10	6	37.2	43.8	366	8
Wahpeton	75	81	91	87	8	5	25.9	24.5	325	7

\* The market consists of all other Small Business reporters in the bank's assessment area and is based on 1998 Aggregate Small Business Data only

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

\*\*\* Loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No revenue information was available for 5.2% of small loans to businesses reported by the bank.

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

Borrower Distribution: SMALL FARM			Evaluation Period: 01/01/1997 TO 12/31/1999							
MSA/Assessment Area	Businesses With Revenues of \$ 1million or less			% Distribution Loans by Original Amount Regardless of Farm Size			Market Share*		Total Small Farm Loans	
	% Farms**	% Bank Loans***	% Market Loans*	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev \$ 1 Million or Less	#	% of Total
<b>Full Scope</b>										
Bismarck MSA	99	99	98	93	6	1	81.1	81.3	722	12
Fargo-Moorhead MSA	96	89	95	84	13	3	16.8	17.5	378	6
Minot	97	95	100	86	12	2	41.1	40.6	634	11
<b>Limited Scope</b>										
Bowman-Scranton	98	99	100	93	5	2	96.7	96.7	496	8
Dickinson	99	95	100	96	4	0	35.8	35.1	341	6
Grafton	95	91	91	79	13	8	39.7	39.5	574	10
Grand Forks MSA	94	97	96	97	3	0	2.3	2.4	30	1
Hillsboro	97	100	100	85	13	2	71.6	71.3	401	7
Jamestown-Valley City	98	97	99	89	10	1	74.2	74.2	1,206	21
Wahpeton	98	90	99	80	16	4	51.0	51.0	1,073	18

\* The market consists of all other Small Farm reporters in the bank's assessment area and is based on 1998 Aggregate Small Farm Data only

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

\*\*\* Loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No revenue information was available for 3.0% of small loans to farms reported by the bank.

**Table 12. Qualified Investments**

QUALIFIED INVESTMENTS		Evaluation Period: 07/24/96 to 03/13/00								
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:										
Bismarck MSA	0	0	18	34	18	34	0.27	0	0	
Fargo-Moorhead MSA	0	0	49	2,111	49	2,111	16.62	0	0	
Minot	0	0	5	285	5	285	2.25	0	0	
Limited-Scope:										
Bowman-Scranton	0	0	0	0	0	0	0.00	0	0	
Dickinson	0	0	6	5	6	5	0.04	0	0	
Grafton	0	0	3	1	3	1	0.01	0	0	
Grand Forks MSA	0	0	20	10,228	20	10,228	80.52	0	0	
Hillsboro	0	0	5	5	5	5	0.04	0	0	
Jamestown-Valley City	0	0	15	21	15	21	0.16	0	0	
Wahpeton	0	0	10	11	10	11	0.09	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 tacked and reported by the bank's financial reporting system.



**Table 13. Distribution of Branch Delivery System**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM																	Evaluation Period: 7/24/96 TO 3/13/00			
MSA/Assessment Area	Deposits	Branches						Branch Openings/Closings						Population						
	% of Total Bank Deposits	# of Bank Branches	% of Total Bank Branches	Location of Branches by Income of Geographies (%)				# of Branch Closings	# of Branch Openings	Net gain(+) / loss(-) of branches due to openings/closings				% of the Population with Each Geography*						
				Low (%)	Mod (%)	Mid (%)	Upp (%)			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp			
Full-Scope:																				
Bismarck MSA	26	4	15	0	0	75	25	0	0	0	0	0	0	0	17	69	15			
Fargo-Moorhead MSA	21	6	23	0	50	50	0	0	1	0	0	+1	0	3	19	60	17			
Minot	15	4	15	0	25	50	25	0	0	0	0	0	0	0	16	40	44			
Limited-Scope:																				
Bowman-Scranton	3	2	8	0	0	100	0	0	0	0	0	0	0	0	0	100	0			
Dickinson	6	2	8	0	0	100	0	0	0	0	0	0	0	0	0	89	11			
Grafton	5	2	8	0	0	50	50	0	0	0	0	0	0	0	0	80	20			
Grand Forks MSA	2	1	4	0	0	100	0	0	0	0	0	0	0	0	26	58	15			
Hillsboro	3	1	4	0	0	100	0	0	0	0	0	0	0	0	0	100	0			
Jamestown - Valley City	14	3	12	0	0	67	33	1	2	0	0	+1	0	0	4	70	25			
Whapeton	6	1	4	0	0	100	0	0	0	0	0	0	0	0	0	52	48			

\* The percentage of the population in the MSA/AA that resides in these geographies.