



**LARGE BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

**PUBLIC DISCLOSURE**

June 30, 2012

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

Gate City Bank  
Charter Number 700257

500 2nd Avenue North  
Fargo, ND 58102-4850

Office of the Comptroller of the Currency

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Minneapolis, MN 55402-3393

**NOTE:** This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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## Overall CRA Rating

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

The following table indicates the performance level of Gate City Bank with respect to the Lending, Investment, and Service Tests:

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

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

The major factors that support this rating include:

- Gate City’s overall performance under the Lending Test is high satisfactory. Performance in both the State of North Dakota, the Fargo, ND-MN MSA and the Grand Forks, ND-MN MSA is high satisfactory. Performance in the State of Minnesota is low satisfactory. Community development lending had a positive impact on the State and North Dakota and State of Minnesota ratings.
- Gate City’s Investment Test needs to improve. The bank had no qualifying investments in the state of Minnesota and the Grand Forks, ND-MN MSA. Investment activity was limited in the State of North Dakota. Performance in the Fargo, ND-MN MSA was adequate.
- Gate City’s Service Test is high satisfactory. Branch and ATM locations are reasonably accessible to all portions of the bank’s assessment areas (AAs). Alternative delivery systems that enhance accessibility are available. In the Fargo, ND-MN MSA, employees demonstrated adequate participation in organizations that provide community development services to low- and moderate-income individuals in the AA.

## Definitions and Common Abbreviations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Description of Institution

Gate City Bank (Gate City) is a federally chartered mutual savings bank headquartered in Fargo, North Dakota. This is an interstate bank with 27 branch offices in the State of North Dakota and four branches in the State of Minnesota. The bank operates primarily in the larger markets of North Dakota including Fargo-Moorhead, Grand Forks and Bismarck. They also have a number of branches throughout rural North Dakota and two branches in northwestern Minnesota.

As of June 30, 2012, Gate City's assets totaled \$1.46 billion. Tier one capital totaled \$163 million with a tier one leverage ratio of 11.12 percent. At this time net loans and leases represented 77 percent of total assets and 88 percent of total deposits. Gate City is a traditional thrift with a primary focus in residential mortgage lending, however they also originate a large volume of consumer loans, specifically automobile loans. The loan portfolio is comprised primarily of one-to-four family residential mortgages (66%) followed by consumer loans (31%). Other types of credit offered by the bank include residential construction loans, commercial real estate loans, multifamily and small business loans. These types of credit each total less than one percent of total loans.

Gate City's lending strategy is focused in residential mortgage and consumer lending. Their goal is to be the number one mortgage lender in North Dakota while also continuing to be a leader in personal lending. The institution offers "low down payment" and "neighborhood revitalization" loans geared toward low- and moderate-income borrowers. Gate City has consistently been a top originator of the North Dakota Housing Finance Agency's (NDHFA) "First Time Homebuyer" loans. In 2010 the institution was named the 2009 Champion of Affordable Housing Lender based on their activity with the NDHFA homeownership programs.

The last CRA performance evaluation was conducted as of September 30, 2009, using intermediate small bank performance standards. Gate City received an Outstanding rating during the last performance evaluation. During the current evaluation period Gate City met the asset size threshold for large bank designation under CRA.

There are no known financial, legal, or other impediments affecting Gate City's ability to meet the credit needs of its AAs.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

The evaluation period for the Lending Test was July 1, 2009 through December 31, 2011, except for community development loans which were evaluated through June 30, 2012. Community development (CD) investments and services were considered from July 1, 2009 through June 30, 2012. We utilized home mortgage loan information and small business loan data collected by Gate City. We also conducted sampling of small loans to businesses that were originated prior to January 2011 when Gate City was designated as a large bank for CRA purposes. This was done to determine if Gate City's performance prior to large bank designation was representative of its performance during the time it was large bank. All HMDA loans were evaluated using 2000 census data. Loans to small businesses were evaluated using small business peer data. We also reviewed and utilized AA demographic information using 2000 census data in our evaluation.

Home mortgage loans represent the largest portion of Gate City's lending activity during the evaluation period with 7,195 originations totaling nearly \$844 million. Home purchase and home mortgage refinance loans comprise the largest portion of the lending activity. Small loans to businesses account for 167 loans totaling approximately \$7.7 million. Gate City also originates a large volume of consumer loans; however, the bank has chosen not to report these loans for our consideration.

The geographic distribution conclusions are based on the geographic distribution of the bank's loans, any unexplained gaps in lending in any of the AAs, and the degree of benefit to each AA.

The analysis of borrower distribution takes into consideration the percent of households in each AA and the impact on the ability of low-income families to obtain home loans. Housing costs per AA were also considered as a factor that may potentially limit demand by lower-income families. Refer to Appendix C: Market Profiles for poverty levels and housing costs in each AA.

The evaluation of community development activities included grants and donations for the Investment Test. The volume by number and dollar of investments received primary consideration. The Service Test was largely based on the delivery of products and services in Gate City's AAs. We also gave consideration to community development services provided by bank employees that provided benefit to one of the AAs.

### Data Integrity

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

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

Gate City has five AAs (AAs) in North Dakota and Minnesota including two multistate Metropolitan Statistical Areas (MSAs). For purposes of our evaluation we selected the Fargo, ND-MN multistate MSA AA, The Grand Forks, ND-MN multistate MSA AA, the ND AA and the MN AA for full scope review. We performed a limited scope review of the Bismarck MSA AA. Refer to the “Scope” section under each State and Multistate Metropolitan Area Rating section for details.

## **Ratings**

The bank’s overall rating is a blend of the multistate metropolitan area ratings as well as the state ratings in Minnesota and North Dakota. We placed the greatest weight on the bank’s performance in the State of North Dakota and the Fargo, ND-MN Multistate MSA because the bank derives the greatest volume of deposits and originates the most loans in these AAs.

## **Fair Lending or Other Illegal Credit Practices Review**

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

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

## Multistate Metropolitan Area Rating

### Fargo, ND-MN Metropolitan Statistical Area

#### CRA rating for the Fargo, ND-MN MSA<sup>1</sup>: Satisfactory

The lending test is rated: **High Satisfactory**

The investment test is rated: **Low Satisfactory**

The service test is rated: **High Satisfactory**

The major factors that support this rating include:

- Gate City's volume of lending in the Fargo, ND-MN MSA is good. This is based on good borrower and geographic distribution of loans.
- Gate City made an adequate level of qualified community development investments in the Fargo ND-MN MSA given the bank's resources and capacity.
- Gate City has excellent dispersion of branches and accessibility to products and services and performed an adequate level of community development services in the Fargo ND-MN MSA.

### Description of Institution's Operations in Fargo, ND-MN MSA

Gate City has one designated AA in the Fargo, ND-MN MSA which includes all of Cass County in North Dakota and Clay County in Minnesota. Gate City operates 10 branch offices within the AA including the main office. Three branches in this AA are located in moderate-income CTs. The bank operates 18 ATMs within this AA including six in moderate-income CTs. There are no CTs designated as low-income within the AA. Institution deposits in this AA totaled \$312 million or 28 percent of total deposits as of June 30, 2011. Gate City ranked fifth in deposit market share within the Fargo ND-MN MSA among 29 institutions in the market with a 6.14 percent market share.

Gate City originated 31 percent of their home mortgage and small loans to businesses within this AA during the evaluation period. Gate City's primary focus is residential mortgage lending. During the review period the institution originated 2,232 home mortgage loans totaling \$262 million in the Fargo, ND-MN MSA, the majority of which were refinancing transactions. In 2010, Gate City ranked second overall in market share among 149 HMDA lenders in the AA with a 12.15 percent market share.

Refer to the market profile for the Fargo, ND-MN MSA in appendix C for detailed demographics and other performance context information for AAs that received full-scope reviews.

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

## **Scope of Evaluation in Fargo, ND-MN Metropolitan Statistical Area**

We performed a full scope review of Gate City's performance in the Fargo, ND-MN MSA AA as this is the only AA within the rated area. As such, the ratings are based solely on results of this review. For our evaluation, we assessed Gate City's home mortgages giving more weight to home refinance loans as they amounted to 49 percent of all home mortgage loans made in the AA during the evaluation period. Refer to the table in appendix A for more information.

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

## **LENDING TEST**

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

The bank's performance under the lending test in the Fargo, ND-MN MSA is rated high satisfactory. Based on the full-scope review, the bank's performance in the Fargo, ND-MN MSA AA is good.

### **Lending Activity**

Refer to Tables 1 Lending Volume and 1 Other in the "Multistate Metropolitan Area(s)" section of appendix D for the facts and data used to evaluate the bank's lending activity.

Lending levels within the Fargo, ND-MN MSA AA reflect excellent responsiveness to AA credit needs given the bank's size and market share. During the review period, Gate City originated 2,232 mortgage loans within this AA representing \$262 million.

Gate City's primary business focus is originating residential mortgage loans; as such they had very few small loans to businesses during the review period and none to farms. During the review period, Gate City originated only 40 small loans to businesses totaling \$2.2 million. Prior to 2011, Gate City was not required to report data on small loans to businesses and farms, as such; we were unable to determine Gate City's rank among other lenders in the AA.

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

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

Refer to Tables 2, 3, 4, and 5 in the "Multistate Metropolitan Area(s)" section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

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

#### **Home Purchase Loans**

The geographic distribution of home purchase loans reflects adequate penetration throughout the Fargo, ND-MN MSA AA. There are no low-income CTs in the AA. Gate City's lending in

moderate-income CTs was well below the demographic comparator, however their performance was in line with HMDA aggregate lenders.

### **Home Improvement Loans**

The geographic distribution of home improvement loans reflects good penetration throughout the Fargo, ND-MN MSA AA. Gate City's home improvement loans represent the lowest HMDA transaction volume. The bank's lending in the moderate-income CTs was near the demographic comparator and slightly exceeded the HMDA aggregate lenders.

### **Refinance Loans**

The geographic distribution of refinance loans reflects good penetration throughout the Fargo, ND-MN MSA AA. Gate City's home refinancing transactions made up the majority of HMDA lending in this AA during the review period. The bank's lending in the moderate-income CTs was below the demographic comparator, though it exceeds the performance of HMDA aggregate lenders.

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

Refer to Table 6 in the "Multistate Metropolitan Area(s)" section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

Gate City's geographic distribution of small loans to businesses reflects good penetration through the Fargo, ND-MN MSA AA. Gate City's lending to small businesses within moderate-income CTs exceeds the demographic comparator of businesses located within those CTs yet is below the performance of the small business peer group data.

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

Our geographic distribution analysis included a review of lending gaps, particularly in moderate-income areas. We did not identify any unexplained conspicuous gaps in the Fargo, ND-MN MSA AA. The one moderate-income CT with low lending levels contained a low number of owner occupied units in the CT compared to renter occupied units and had a high number of vacant units within the tract.

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

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

Refer to Tables 8, 9, and 10 in the "Multistate Metropolitan Area(s)" section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

Gate City's distribution of home mortgage loans in the Fargo, ND-MN MSA AA reflects good penetration among borrowers of different income levels.

### **Home Purchase Loans**

The distribution of home purchase loans reflects good penetration throughout the AA. Although the institution's lending to low-income borrowers fell well below the demographic comparator for home purchase loans, we took into consideration the fact that 12 percent of households in the AA are below the poverty level which presents difficulties in lending to low-income individuals. Gate City's lending to low-income borrowers meets the performance of HMDA aggregate lenders. Gate City's lending to moderate-income borrowers exceeds the demographic comparator and meets the performance of HMDA aggregate lenders.

### **Home Improvement Loans**

The distribution of home improvement loans reflects good penetration throughout the AA. Gate City's lending to low-income borrowers fell below the demographic comparator. We considered the AA poverty level, which presents difficulties in lending to low-income individuals. Gate City's lending to low- and moderate-income borrowers meets the performance of HMDA aggregate lenders.

### **Refinance Loans**

The distribution of refinance loans reflects good penetration throughout the AA. Gate City's lending to low-income borrowers fell below the demographic comparator, however, we took into consideration the AA poverty level. Gate City's lending to low-income borrowers meets the performance of HMDA aggregate lenders. Gate City's lending to moderate-income borrowers meets both the demographic comparator and the performance of HMDA aggregate lenders.

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

Refer to Table 11 in the "Multistate Metropolitan Area(s)" section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

The distribution of small loans to businesses in the Fargo, ND-MN MSA AA reflects excellent penetration among business customers of different sizes. The percentage of Gate City's loans to small businesses (those with revenues of \$1 million or less) is in line with the percentage of businesses with revenues of \$1 million or less. The bank's performance also exceeds the small business peer group.

### **Community Development Lending**

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

Community development lending had a neutral impact on the lending performance in the Fargo, ND-MN MSA AA. Gate City did not originate any community development qualifying loans in the Fargo, ND-MN MSA AA during the review period. We noted, however, that the

bank has participated in the Fargo Neighborhood Revitalization Initiative (NRI) since 2003. The purpose of the NRI is to revitalize targeted neighborhoods, stabilize the population and attract families to older neighborhoods, create more home ownership opportunities and maintain affordable housing stock. Through this program the bank partners with the City of Fargo to provide low interest (3.5%) housing rehabilitation loans up to \$50,000 and 100 percent loan to value. To date the bank has made \$6.15 million available for 275 different projects. In April 2012, the bank committed to an additional \$2 million in loan funds. Although these loans exhibit community development characteristics, we were unable to count them towards community development lending as they have already been considered in the evaluation of home mortgage lending.

## **INVESTMENT TEST**

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

The bank's performance under the investment test in the Fargo, ND-MN MSA AA is rated low satisfactory. Based on full-scope reviews, the bank's performance in the Fargo, ND-MN MSA AA is adequate.

Refer to Table 14 in the "Multistate Metropolitan Area(s)" section of appendix D for the facts and data used to evaluate the bank's level of qualified investments.

Gate City's volume of qualified investments in the Fargo, ND-MN MSA AA is adequate. During the evaluation period the bank made six qualified investments totaling \$141,000. All of Gate City's investments were in the form of charitable donations. The larger contributions included a \$92,000 donation to the YWCA Transitional Housing organization for renovation of a four-plex in North Fargo which serves as transitional living quarters for low-income women and children. Gate City also donated \$30,000 to the Lake Agassiz Habitat for Humanity to construct a home in West Fargo to provide affordable housing for a low-income family.

There were no prior period investments outstanding.

## **SERVICE TEST**

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

The bank's performance under the service test in the Fargo, ND-MN MSA AA is rated high satisfactory. Based on full-scope reviews, the bank's performance in the Fargo, ND-MN MSA AA is good.

### **Retail Banking Services**

Refer to Table 15 in the "Multistate Metropolitan Area(s)" section of appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

Gate City's dispersion of branches and accessibility to products and services is excellent. The

institution's delivery systems are readily accessible to all portions of the AA including geographies and individuals of different incomes.

Gate City operates ten full service branches in the Fargo, ND-MN MSA AA including the main office. Gate City's distribution of branches by income level of the geography reflects excellent penetration among geographies of different income levels. There are no low-income CTs within the AA. Three branches (30%) are located in moderate-income CTs. This exceeds the demographic comparator of percent of families living in moderate-income geographies in the AA.

Extended hours are offered in all the branch locations with the exception of the main office downtown. Extended drive-up hours are offered at all locations. Saturday hours are also available at all branch locations with the exception of the main office which is not open Saturday. In addition, two branches located in supermarkets are open until 6:00 pm on Saturdays. These services enhance the accessibility of the branches and do not vary in a way that inconveniences certain portions of the AA.

During the review period the bank opened one branch in the AA, which was located in a super market in an upper-income tract. There were no branches closed during the evaluation period.

Gate City operates 18 ATMs within the Fargo, ND-MN MSA AA including one at each office. Six (33%) of the ATMs are located in moderate-income CTs, while the others are in middle and upper income CTs. In addition to the many Gate City ATMs available throughout the community, the bank offers free use of any ATM with automatic refunds made to checking account customers when using out of network ATMs.

Branch and ATM services are supplemented by providing other alternative delivery systems. These include online banking, mobile banking, text banking, and telephone banking which provides 24 hour a day assistance Monday through Saturday.

### **Community Development Services**

Gate City's level of community development services is adequate in the Fargo, ND-MN MSA AA. This assessment is based on the opportunities in the AA and the type of organizations that benefit from the services provided.

During the review period six employees worked with five different community development organizations. These organizations provide a variety of services to low- and moderate-income individuals, support affordable housing, and promote economic development.

Gate City encourages all employees to volunteer in the community. The bank provides a number of different volunteer programs that allow employees the opportunity to serve in their communities. In 2011 alone, employees' volunteer hours totaled over 16,000 hours.

## Multistate Metropolitan Area Rating

### Grand Forks, ND-MN Metropolitan Statistical Area

#### CRA rating for the Grand Forks, ND-MN MSA<sup>2</sup>: Satisfactory

The lending test is rated: **High Satisfactory**

The investment test is rated: **Substantial Non Compliance**

The service test is rated: **Low Satisfactory**

The major factors that support this rating include:

- Gate City's volume of lending in the Grand Forks, ND-MN MSA is good. This is based on adequate borrower distribution and good geographic distribution.
- Gate City's volume of qualified community development investments is very poor given the bank's resources and capacity.
- Gate city has an adequate dispersion of branches and accessibility to products and services, however the level of community development services is very poor.

### Description of Institution's Operations in Grand Forks, ND-MN MSA

Gate City has one designated AA in the Grand Forks, ND-MN MSA which includes all of Grand Forks County in North Dakota and Polk County in Minnesota. The AA includes the bank's only low-income CT as well as two moderate-income CTs. The low-income CT includes the local University and contains a very small amount of owner occupied housing (0.09%).

Gate City operates three branch offices and three ATMs within the AA. All branches and ATMs are located in middle income geographies. Institution deposits in this AA totaled \$122 million or 10.8 percent of total deposits as of June 30, 2011. Gate City ranked fifth in deposit market share within the Grand Forks, ND-MN MSA among 21 institutions in the market.

Gate City originated 11.1 percent of all home mortgage and small loans to businesses within this AA during the evaluation period. During the review period Gate City originated 807 home mortgage loans totaling \$91 million in the Grand Forks, ND-MN MSA, the majority of which were refinancing transactions, followed closely by home purchase transactions. In 2010, Gate City ranked third overall in market share among 111 HMDA lenders in the AA with an 11.83 percent market share.

Refer to the market profile for the Grand Forks, ND-MN MSA in appendix C for detailed demographics and other performance context information for AAs that received full-scope reviews.

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<sup>2</sup> This rating reflects performance within the multistate metropolitan area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan area.

## **Scope of Evaluation in Grand Forks, ND-MN Metropolitan Statistical Area**

We performed a full scope review of Gate City's performance in the Grand Forks, ND-MN MSA AA as this is the only AA within the rated area. As such, the ratings are based solely on the results of this review. For our evaluation, we assessed Gate City's home mortgages giving the most weight to home refinance and home purchase loans as they amounted to 44 percent and 38 percent of all home mortgage loans made in the AA during the evaluation period. Refer to the table in appendix A for more information.

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

## **LENDING TEST**

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

The bank's performance under the lending test in the Grand Forks, ND-MN multistate MSA is rated high satisfactory. Based on full-scope reviews, the bank's performance in the Grand Forks, ND-MN MSA AA is good.

### **Lending Activity**

Refer to Tables 1 Lending Volume and 1 Other in the "Multistate Metropolitan Area(s)" section of appendix D for the facts and data used to evaluate the bank's lending activity.

Lending levels within the Grand Forks, ND-MN MSA AA reflect good responsiveness to AA credit needs given the bank's size and market share. During the review period, Gate City originated 807 mortgage loans within this AA representing \$91 million.

Gate City's primary business focus is originating residential mortgage loans; as such they had very few small loans to businesses during the review period and none to farms. During the review period, Gate City originated only 26 small loans to businesses totaling \$868 thousand. Prior to 2011, Gate City was not required to report data on small loans to businesses and farms, as such; we were unable to determine Gate City's rank among other lenders in the AA.

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

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

Refer to Tables 2, 3, 4, and 5 in the "Multistate Metropolitan Area(s)" section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

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

### **Home Purchase Loans**

The geographic distribution of home purchase loans reflects poor penetration throughout the AA. During the review period the bank did not originate any home purchase loans in the low-income census tract. We took into consideration the fact that only 0.09 percent of homes in the low-income tract are owner occupied which presents difficulty in home mortgage lending within the tract. Additionally, the bank's performance in the moderate-income CTs fell well below both the demographic comparator and the performance of HMDA aggregate lenders.

### **Home Improvement Loans**

The geographic distribution of home improvement loans reflects good penetration throughout the AA. Although the bank made no home improvement loans in the low-income tract, we noted that this is consistent with the performance of the HMDA aggregate lenders. Lending in the moderate-income tract is below the demographic comparator, but meets the performance of HMDA aggregate lenders.

### **Home Refinance Loans**

The geographic distribution of refinance loans reflects good penetration throughout the AA. Gate City's home refinance activity exceeds the demographic comparator and meets the performance of the HMDA aggregate lenders. Lending in the moderate-income CTs meets both the demographic comparator and the performance of HMDA aggregate lenders.

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

Refer to Table 6 in the "Multistate Metropolitan Area(s)" section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

Gate City's distribution of small loans to businesses reflects excellent penetration throughout the Grand Forks, ND-MN MSA AA. The bank made no loans to small businesses within the low-income CT and fell below both the demographic comparator and the peer small business data. The geographic distribution of loans to small businesses in the moderate-income CT significantly exceeded both the demographic comparator and the small business peer group data.

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

Our geographic distribution analysis included a review of lending gaps, particularly in low- and moderate-income areas. We identified one low-income CT with very low lending levels during the review period. We determined that this particular area includes the University of North Dakota and thus has very low owner occupancy levels due to student housing.

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

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

Refer to Tables 8, 9, and 10 in the "Multistate Metropolitan Area(s)" section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

Gate City's distribution of home mortgage loans in the Grand Forks, ND-MN multistate MSA reflects adequate penetration among borrowers of different income levels.

### **Home Purchase Loans**

The distribution of home purchase loans reflects adequate penetration among borrowers of different income levels. Gate City's lending to low-income borrowers fell below the demographic comparator for home purchase loans. However, we took into consideration the fact that 12.5 percent of households are below the poverty level, which presents difficulties to lending to low-income individuals. Gate City's lending to low-income borrowers also fell below the performance of HMDA aggregate lenders. Gate City's lending to moderate-income borrowers exceeds the demographic comparator but is below the performance of HMDA aggregate lenders.

### **Home Improvement Loans**

The distribution of home improvement loans reflects excellent penetration among borrowers of different income levels. Gate City's lending to low-income borrowers fell below the demographic comparator, however we again took into consideration the AA poverty level. Gate City's lending to low-income borrowers exceeds the performance of HMDA aggregate lenders. Gate City's lending to moderate-income borrowers exceeds both the demographic comparator and the performance of HMDA aggregate lenders.

### **Home Refinance Loans**

The distribution of home mortgage loans reflects adequate penetration among borrowers of different income levels. Gate City's lending to low-income borrowers fell below the demographic comparator, and we again took into consideration the AA poverty level. Gate City's lending to low-income borrowers was also below the performance of HMDA aggregate lenders. Lending to moderate-income borrowers was slightly below both the demographic comparator and the performance of HMDA aggregate lenders.

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

Refer to Table 11 in the "Multistate Metropolitan Area(s)" section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

The distribution of small loans to businesses in the Grand Forks, ND-MN MSA reflects excellent penetration among business customers of different sizes. The percentage of Gate City's loans to small businesses (those with revenues of \$1 million or less) exceeds the percentage of businesses with revenues of \$1 million or less. Gate City's performance exceeds the small business peer group.

## **INVESTMENT TEST**

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

The bank's performance under the investment test in the Grand Forks, ND-MN MSA AA is rated substantial non compliance. Based on full-scope reviews, the bank's performance in the Grand Forks, ND-MN Multistate MSA AA is very poor.

Refer to Table 14 in the "Multistate Metropolitan Area(s)" section of appendix D for the facts and data used to evaluate the bank's level of qualified investments.

Gate City's volume of qualified investments in the Grand Forks, ND-MN MSA AA is very poor. During the evaluation period the bank made no qualifying investments in the AA and there were no prior period investments outstanding.

## **SERVICE TEST**

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

The bank's performance under the service test in the Grand Forks, ND-MN MSA AA is rated low satisfactory. Based on full-scope reviews, the bank's performance in the Grand Forks, ND-MN MSA AA is adequate.

### **Retail Banking Services**

Refer to Table 15 in the "Multistate Metropolitan Area(s)" section of appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

Gate City's dispersion of branches and accessibility to products and services is adequate. The institution's delivery systems are reasonably accessible to all portions of the AA including geographies and individuals of different incomes.

Gate City operates three full service branches in the Grand Forks, ND-MN MSA AA. The distribution of branches by income level of the geography reflects poor dispersion as all three branches are located in middle income geographies. The bank has not opened or closed any branches in this AA during the review period.

Extended hours are offered in all the branch locations including Saturdays. Extended drive-up hours are also offered at all locations. These services enhance the accessibility of the branches and do not vary in a way that inconveniences certain portions of the AA.

Gate City operates three ATMs within the Grand Forks, ND-MN MSA AA all of which are in middle income CTs. This reflects poor dispersion compared to the demographics of the AA. However, Gate City offers free use of any ATM with automatic refunds made to customers when using out of network ATMs. This increases availability of the bank's delivery systems to geographies and individuals of different incomes.

Branch and ATM services are supplemented by providing other alternative delivery systems. These include online banking, mobile banking, text banking, and telephone banking which provides 24 hour a day assistance Monday through Saturday.

### **Community Development Services**

Gate City's level of community development services is very poor in the Grand Forks, ND-MN MSA AA. This assessment is based on the opportunities in the AAs and the type of organizations that benefit from the services provided.

Gate City employees did not provide any community development services in the Grand Forks MSA AA.

## State Rating

### State of North Dakota

#### CRA Rating for North Dakota: Satisfactory

The lending test is rated: High Satisfactory

The investment test is rated: Needs to Improve

The service test is rated: High Satisfactory

The major factors that support this rating include:

- Gate City's volume of lending in the State of North Dakota is good. This is based on good borrower and geographic distribution of loans. Community development lending had a positive impact on the bank's lending performance in the AA.
- Gate City's volume of qualified community development investments is poor given the bank's resources and capacity.
- Gate City has an excellent dispersion of branches and accessibility to products and services, however, the level of community development services is very poor in the AA.

### Description of Institution's Operations in North Dakota

Gate City operates in several rural communities in the State of North Dakota, as well as in the Bismarck, ND MSA. As a result, the bank has designated two AAs in the state of North Dakota, the Bismarck MSA and the non-MSA area which includes 27 counties. Gate City has 16 offices in the State of North Dakota including four in the Bismarck MSA AA and twelve in the nonmetropolitan AA. There are no low-income CTs in either of the two North Dakota AAs.

Gate City's State of North Dakota operations account for 60 percent of Gate City's total deposits as of June 30, 2011. The ND AA makes up the majority of those deposits at 43 percent. Gate City ranks third overall in deposit market share with \$481 million in deposits in this AA out of 69 total institutions. In the Bismarck MSA, Gate City ranks seventh overall out of 17 total institutions with \$196 million in deposits.

The State of North Dakota operations also represent the majority of Gate City's lending activity. During the evaluation period, Gate City originated 51 percent of all loans within the combined AAs in the State of North Dakota. In the nonmetropolitan AA Gate City originated 2,078 home mortgage loans totaling \$210 million during the review period. Gate City ranked 2<sup>nd</sup> in market share in 2010 among all 134 HMDA lenders in this AA. In the Bismarck MSA AA Gate City originated 1,548 home mortgage loans totaling \$204 million during the review period. In 2010 Gate City ranked 1<sup>st</sup> in market share among all 110 HMDA lenders in the AA.

Refer to the market profiles for the state of North Dakota in appendix C for detailed demographics and other performance context information for AAs that received full-scope reviews.

## **Scope of Evaluation in North Dakota**

We selected the North Dakota nonmetropolitan AA (ND AA) for a full scope review given the volume of deposits and lending activity in this AA. As a result, the ND AA carried the most weight in assigning the ratings. We performed a limited-scope review for the Bismarck MSA. Refer to the table in appendix A for more information.

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

## **LENDING TEST**

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

The bank's performance under the lending test in North Dakota is rated high satisfactory. Based on full-scope reviews, the bank's performance in the ND AA is good.

### **Lending Activity**

Refer to Tables 1 Lending Volume and 1 Other in the state of North Dakota section of appendix D for the facts and data used to evaluate the bank's lending activity.

Lending levels within the ND AA reflects excellent responsiveness to AA credit needs given the bank's size and market share. During the review period, Gate City originated 2,078 mortgage loans within this AA representing \$210 million.

Gate City's primary business focus is residential mortgage lending; as such they originated very few small loans to businesses during the review period and none to farms. During the review period, Gate City originated only 67 small loans to businesses totaling \$2.7 million. Prior to 2011, Gate City was not required to report data on small loans to businesses and farms, as such; we were unable to determine the Gate City's rank among other lenders in the AA.

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

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

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

The geographic distribution of Gate City's home mortgage loans reflects good penetration throughout the ND AA.

### **Home Purchase Loans**

The geographic distribution of home purchase loans reflects good penetration throughout the ND AA. The bank's home purchase lending in moderate-income CTs meets the demographic comparator and the performance of HMDA aggregate lenders.

### **Home Improvement Loans**

The geographic distribution of home improvement loans reflects good penetration throughout the ND AA. The bank's home improvement lending in moderate-income CTs is below the demographic comparator, however, it meets the performance of HMDA aggregate lenders.

### **Home Refinance Loans**

The geographic distribution of home refinance loans reflects good penetration throughout the ND AA. The bank's home refinance lending in moderate-income CTs is below the demographic comparator, however, it exceeds the performance of HMDA aggregate lenders.

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

Refer to Table 6 in the state of North Dakota section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

Gate City's geographic distribution of small loans to businesses reflects good penetration throughout the ND AA. Gate City's lending to businesses within the moderate-income CTs is comparable to both the demographic comparator as well as the performance of the small business peer group data.

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

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

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

Gate City made a high percentage of its loans within each of its AAs. This includes all loan originations and purchases. Gate City made 83.57% of its HMDA loans and 94.35% of its small loans to businesses within its AAs. This level of local lending demonstrates good responsiveness to area credit needs. This reflects positively on the geographic distribution portion of the lending test.

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

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

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

Gate City's distribution of home mortgage loans in the State of North Dakota reflects good penetration among borrowers of different income levels.

### **Home Purchase**

The distribution of home purchase loans reflects excellent penetration among borrowers of different income levels. Although Gate City's lending to low-income borrowers fell below the demographic comparator, we took into consideration the fact that 13 percent of households in the AA are below the poverty level, which presents difficulties to lending to low-income individuals. Gate City's lending to low-income borrowers exceeds the performance of HMDA aggregate lenders. Lending to moderate-income borrowers exceeds both the demographic comparator and the performance of HMDA aggregate lenders.

### **Home Improvement Loans**

The distribution of home improvement loans reflects good penetration among borrowers of different income levels. Gate City's lending to low-income borrowers fell below the demographic comparator, however, we took into consideration the AA poverty level. Gate City's lending to low-income borrowers exceeds the performance of HMDA aggregate lenders. Gate City's performance in lending to moderate-income borrowers exceeds that of both the demographic comparator and the performance of HMDA aggregate lenders.

### **Home Refinance Loans**

The distribution of home refinance loans reflects good penetration among borrowers of different income levels. Lending to low-income borrowers is below the demographic comparator, however we took into consideration the AA poverty level. Lending to low-income borrowers exceeds the performance of HMDA aggregate lenders. In lending to moderate-income borrowers, the bank's performance is near the demographic comparator and exceeds the performance of HMDA aggregate lenders.

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

Refer to Table 11 in the State of North Dakota section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The distribution of small loans to businesses in the ND AA reflects excellent penetration among business customers of different sizes. The percentage of Gate City's loans to small businesses (those with revenues of \$1 million or less) is comparable to the percentage of businesses with revenues of \$1 million or less. The bank's performance also exceeds that of the small business peer group.

### **Community Development Lending**

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

Community development lending had a positive impact on the lending performance in the ND AA.

In July 2011, Gate City introduced the Flood Assistance Program in response to record flooding in the Minot, ND area that caused damage to over 4,100 homes. Many homes in the area had extensive flood damage; however, funding assistance was not readily available for rebuilding. As part of the program, Gate City offered mostly unsecured, low interest (3%) loans up to \$15,000. In 2011, 82 loans totaling \$1.1 million were issued to flood victims. Funds were used to repair flood damage as well as to take steps to prevent future flood issues. Ward County which includes the city of Minot was a designated disaster area for flooding in 2011.

Gate City also partnered with the Bank of North Dakota (BND) in the Rebuilders Loan Program to assist residents affected by flooding in 2011 in several additional counties within the bank's AA. These loans are unsecured up to \$30,000 at a fixed rate of 1 percent. No payments are required the first two years, after that, monthly payments for 18 years are required. To date the bank has originated 282 loans under the program totaling \$8.3 million.

Gate City has also worked with the city of Wahpeton to provide \$250,000 in low interest (3%) loans to homeowners to make needed repairs and updates to their homes. The city of Wahpeton is located in Richland County which was also a designated disaster area.

### **Product Innovation and Flexibility**

Gate City uses innovative and flexible loans products to serve the AA credit needs. Specifically, in 2011, the bank developed the Flood Assistance Program to assist homeowners affected by flooding in the Minot area. The bank also participates in the BND Rebuilder Program to assist flood victims.

These programs are innovative and flexible in that they allow homeowners affected by flooding to obtain unsecured credit at a low interest rate to rebuild or make needed repairs to their homes.

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

Based on limited-scope reviews, the bank's performance under the Lending Test in the Bismarck MSA is not inconsistent with the bank's overall performance in the State of North Dakota. Refer to the Tables 1 through 13 in the State of North Dakota section of Appendix D for the facts and data that support these conclusions.

## **INVESTMENT TEST**

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

The bank's performance under the Investment Test in North Dakota is needs to improve. Based on full-scope reviews, the bank's performance in the ND AA is poor.

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

During the review period, Gate City's made one qualified investment in the ND AA. In 2011, the bank donated \$25,000 to the Minot Rising benefit concert. All proceeds of the concert benefitted the Minot Area Community Foundation's Recovery Fund to assist the victims of the flooding in Minot and surrounding North Dakota communities.

The bank did not have any prior period investments outstanding.

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

Based on limited-scope reviews, the bank's performance under the Investment Test in the Bismarck MSA is not inconsistent with the bank's overall needs to improve performance under the investment test in the State of North Dakota.

## **SERVICE TEST**

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

The bank's performance under the service test in North Dakota is rated high satisfactory. Based on full-scope reviews, the bank's performance in the ND AA is good.

## **Retail Banking Services**

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

The dispersion of branches and accessibility to products and services is excellent. Gate City's delivery systems are accessible to essentially all portions of the AA including to geographies and individuals of different incomes. Extended lobby and drive up hours are offered in several of the larger market branch locations. Saturday drive up hours are available at various larger market branch locations as well. These services help to enhance the accessibility of the branches and do not vary in a way that inconveniences certain portions of the AA.

Gate City operates twelve full service branches in the ND AA. The bank's distribution of branches by income level of the geography reflects excellent penetration among geographies of different income levels. There are no low-income CTs within the AA. One branch (8.33%) is located in a moderate-income CT which exceeds the demographic comparator (6.30%) of families living in moderate-income geographies in the AA. During the review period the bank did not open or close any branches in the AA.

Gate City operates ten ATMs within the nonmetropolitan AA including one at each of eight branches in the AA. One ATM (10%) is located in a moderate-income tract, while the others are in middle and upper income CTs. In addition to the proprietary ATMs available throughout

the different communities that Gate City serves, the institution also offers free use of any ATM with automatic refunds made to customers when using out of network ATMs.

Branch and ATM services are supplemented by providing other alternative delivery systems. These include online banking, mobile banking, text banking, and telephone banking which provides 24 hour a day assistance Monday through Saturday.

### **Community Development Services**

Gate City's level of community development services is very poor in the ND AA. This assessment is based on the opportunities in the AAs and the type of organizations that benefit from the services provided.

Gate City employees did not provide any community development services in the ND AA.

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

Based on limited-scope reviews, the bank's performance under the Service Test in the Bismarck MSA was weaker than the bank's overall performance in the state. The distribution of bank branches within the Bismarck MSA does not meet the demographic comparators as all branches are located in middle or upper income CTs. Refer to Table 15 in the State of North Dakota section of Appendix D for the facts and data that support these conclusions.

## State Rating

### State of Minnesota

#### **CRA Rating for Minnesota: Needs to Improve**

**The lending test is rated: Low Satisfactory**

**The investment test is rated: Needs to Improve**

**The service test is rated: Low Satisfactory**

The major factors that support this rating include:

- Gate City's volume of lending in the State of Minnesota is adequate. This is based on adequate borrower distribution of loans and poor geographic distribution of loans. Community development lending had a positive impact on the bank's lending test rating in the AA.
- Gate City's volume of qualified community development investments is poor given the bank's resources and capacity.
- Gate City has an adequate dispersion of branches and accessibility to products and services, however, the level of community development services is very poor in the AA.

### Description of Institution's Operations in Minnesota

Gate City has designated one AA in the State of Minnesota which includes the northwestern non MSA counties of Becker, Douglas, Grant, Norman, Ottertail, Pope, Todd, Wadena, and Wilkin. Gate City operates two branches offices and two ATMs in this AA.

The Minnesota nonmetropolitan AA (MN AA) represents Gate City's smallest AA in both deposits and lending activity. As of June 30, 2011 the bank had approximately \$15 million in deposits in this AA representing 1.3 percent of total deposits. Gate City ranked 45<sup>th</sup> in deposit market share out of a total of 51 institutions within the AA. During the review period, Gate City originated 530 home mortgage loans within the MN AA totaling \$77 million. The institution ranks seventh among 238 HMDA lenders in the AA in 2010.

Refer to the market profiles for the State of Minnesota in appendix C for detailed demographics and other performance context information for AAs that received full-scope reviews.

### Scope of Evaluation in Minnesota

We performed a full scope review of Gate City's performance in the State of Minnesota as this is the only AA within the rated area. As such, the ratings are based solely on the results of this review. For our evaluation, we assessed Gate City's home mortgages giving the most weight to home purchase and home refinance loans as they amounted to 52 percent and 43 percent of all home mortgage loans made in the AA during the evaluation period. Refer to the table in appendix A for more information.

## LENDING TEST

### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test in Minnesota is rated low satisfactory. Based on full-scope reviews, the bank's performance in the MN AA is adequate.

### Lending Activity

Refer to Tables 1 Lending Volume and 1 Other in the state of Minnesota section of appendix D for the facts and data used to evaluate the bank's lending activity.

Lending levels within the MN AA reflect good responsiveness to AA credit needs given the bank's size and market share within the AA. The MN AA represents the smallest AA for the institution in both deposits and lending activity. During the review period, Gate City originated 530 mortgage loans within this AA representing \$77 million. Gate City ranked 45<sup>th</sup> overall in deposit market share within the AA with a 0.40 percent market share. In 2010 the institution ranked seventh overall with a 3.70 percent market share among all HMDA lenders within in the AA.

During the review period, Gate City originated only five small loans to businesses and none to farms. Given that the bank is a traditional thrift with a primary focus of residential mortgage lending and the small presence in the market, the limited lending activity to small businesses is considered acceptable. Prior to 2011, Gate City was not required to report data on small loans to businesses and farms, as such; we were unable to determine Gate City's rank among other lenders in the AA.

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

#### *Home Mortgage Loans*

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

Gate City's geographic distribution of home mortgage loans reflects poor penetration throughout the MN AA.

#### **Home Purchase Loans**

The geographic distribution of home purchase loans reflects poor penetration throughout the AA. There are no low-income CTs in the MN AA so our analysis focused on the bank's performance in moderate-income CTs. The institution's home purchase lending performance in the moderate-income CTs fell well below both the demographic comparator and the performance of HMDA aggregate lenders.

### **Home Improvement Loans**

The geographic distribution of home improvement loans reflects good penetration throughout the AA. Home improvement loans represent the smallest transaction type in this AA. Gate City's lending is well below the demographic comparator and meets the performance of HMDA aggregate lenders.

### **Home Refinance Loans**

The geographic distribution of home refinance loans reflects poor penetration throughout the AA. Gate City's lending is well below both the demographic comparator and the performance of HMDA aggregate lenders.

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

Refer to Table 6 in the State of Minnesota section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

The distribution of small loans to businesses in the MN AA reflects very poor penetration among business customers of different sizes. Gate City only originated five small loans to businesses within the AA. None of those loans were to businesses in moderate-income geographies. As such, the institution's lending performance fell well below the demographic comparator and the small business peer group. Given the small lending volume during the review period, the analysis was determined to not be meaningful.

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

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

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

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

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

Gate City's distribution of home mortgage loans reflects adequate penetration among borrowers of different income levels.

### **Home Purchase Loans**

The distribution of home purchase loans reflects adequate penetration among borrowers of different income levels. Although Gate City's lending to low-income borrowers is below the demographic comparator, we took into consideration the fact that 12 percent of the households in the AA are below the poverty level which presents difficulties in lending to low-income individuals. However, the bank also fell slightly below the performance of HMDA aggregate lenders in lending to low-income borrowers. The bank's performance in lending to moderate-

income borrowers is near both the demographic comparator and the performance of the HMDA aggregate lenders.

### **Home Improvement Loans**

The distribution of home improvement loans reflects adequate penetration among borrowers of different income levels. Gate City's lending to low-income borrowers fell below the demographic comparator. The bank's performance exceeds the performance of HMDA aggregate lenders. Lending to moderate-income borrowers is very poor. The bank made no home improvement loans to moderate-income borrowers and lending performance falls significantly below both the demographic comparator and the performance of HMDA aggregate lenders.

### **Home Refinance Loans**

The distribution of home refinance loans reflects good penetration among borrowers of different income levels. Gate City's lending to low-income borrowers fell below the demographic comparator, however, we again considered the AA poverty level which presents difficulties in lending to low-income individuals. Gate City's lending to low-income borrowers exceeds the performance of HMDA aggregate lenders. Gate City's lending to moderate-income borrowers fell below the demographic comparator and meets the performance of HMDA aggregate lenders.

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

Refer to Table 11 in the State of Minnesota section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The distribution of small loans to businesses in the MN AA reflects excellent penetration among business customers of different sizes. The percentage of Gate City's loans to small businesses (those with revenues of \$1 million or less) exceeds the percentage of businesses with revenues of \$1 million or less. Gate City only originated five small loans to businesses with revenues of \$1 million or less, exceeding the demographic comparator. The bank's performance also far exceeds the small business peer group.

### **Community Development Lending**

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

Community development lending had a positive impact in the MN AA. In August 2009 Gate City committed \$125,000 to the Fergus Falls Economic Development Fund loan pool the purpose of which is to fund business development projects that may not qualify for traditional financing. In May 2011, \$75,000 of these funds were used for the construction and renovation of the Pioneer Care Center, a care facility for the aging.

## **Product Innovation and Flexibility**

None of the CD loans originated in the State of Minnesota are considered to be innovative or flexible.

## **INVESTMENT TEST**

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

The bank's performance under the investment test in Minnesota is rated substantial non compliance. Based on full-scope reviews, the bank's performance in the MN AA is very poor.

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

Gate City did not make any qualified investments during the evaluation period in the MN AA nor were there any prior period investments outstanding.

## **SERVICE TEST**

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

The bank's performance under the service test in Minnesota is rated low satisfactory. Based on full-scope reviews, the bank's performance in the MN AA is adequate.

### **Retail Banking Services**

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

The dispersion of branches and accessibility to products and services is adequate. Gate City's delivery systems are reasonably accessible to essentially all portions of the institution's AAs.

Gate City operates two full service branches in the MN AA. The bank's distribution of branches by income level of the geography reflects poor penetration among geographies of different income levels. The bank does not operate any branches in the moderate-income CTs. During the review period the bank did not open or close any branches within the AA.

Extended lobby and drive up hours are offered in both branch locations. Saturday hours are available at both locations as well. These services enhance the accessibility of the branches and do not vary in a way that inconveniences certain portions of the AA.

Gate City operates two ATMs at each office within the MN AA. Both of the ATMs are located in middle income CTs. In addition to the bank's ATM locations, Gate City also offers free use

of any ATM with automatic refunds made to customers when using out of network ATMs which enhances accessibility.

Branch and ATM services are supplemented by providing other alternative delivery systems. These include online banking, mobile banking, text banking, and telephone banking which provides 24 hour a day assistance Monday through Saturday.

### **Community Development Services**

Gate City's level of community development services is very poor in the MN AA. This assessment is based on the opportunities in the AAs and the type of organizations that benefit from the services provided.

Gate City employees did not provide any community development services in the MN AA.

## Appendix A: Scope of Examination

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

<b>Time Period Reviewed</b>	Lending Test (excludes CD loans): 07/01/09 to 12/31/11 Investment and Service Tests and CD Loans: 06/30/09 to 06/30/12	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Gate City Bank (Gate City) Fargo, ND	Home Mortgage Loans Small Business Loans Community development loans, investments and services	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
NA		
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Fargo ND/MN Multistate MSA Grand Forks ND/MN Multistate MSA Non MSA North Dakota Non MSA Minnesota Bismarck MSA	Full-Scope Full-Scope  Full-Scope Full-scope Limited-Scope	

## Appendix B: Summary of Multistate Metropolitan Area and State Ratings

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RATINGS		BANK NAME		
Overall Bank:	Lending Test Rating*	Investment Test Rating	Service Test Rating	Overall Bank/State/Multistate Rating
Gate City Bank	High Satisfactory	Needs to Improve	High Satisfactory	Satisfactory
Multistate Metropolitan Area or State:				
Fargo ND/MN MSA	High Satisfactory	Low Satisfactory	High Satisfactory	Satisfactory
Grand Forks, ND/MN MSA	High Satisfactory	Substantial Non Compliance	Low Satisfactory	Satisfactory
North Dakota	High Satisfactory	Needs to Improve	High Satisfactory	Satisfactory
Minnesota	Low Satisfactory	Substantial Non Compliance	Low Satisfactory	Satisfactory

(\*) The lending test is weighted more heavily than the investment and service tests in the overall rating.

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

### Fargo, ND-MN Multistate MSA

Demographic Information for Full-Scope Area: (Fargo, ND-MN Multistate MSA)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	40	0.00	15.00	72.50	12.50	0.00
Population by Geography	174,367	0.00	16.18	67.69	16.12	0.00
Owner-Occupied Housing by Geography	41,269	0.00	8.26	72.89	18.86	0.00
Businesses by Geography	22,004	0.00	22.48	58.95	18.56	0.00
Farms by Geography	1,229	0.00	5.37	83.08	11.55	0.00
Family Distribution by Income Level	42,527	17.69	18.73	26.50	37.08	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	15,492	0.00	17.58	72.43	9.99	0.00
Median Family Income = \$50,758		Median Housing Value = \$89,182				
HUD Adjusted Median Family Income for 2011 = \$69,400		Unemployment Rate (2000 US Census) = 2.48 %				
Households Below the Poverty Level = 12%						

(\*) The NA category consists of geographies that have not been assigned an income classification.  
 Source: 2000 U.S. Census, and 2011 HUD updated MFI.

The Fargo, ND-MN MSA AA consists of all of Cass County in North Dakota and Clay County in Minnesota. Gate City operates a total of ten branches and 18 ATMs within this AA including the home office. As of June 30, 2011, Gate City had \$312 million in deposits in this AA. Gate City ranked 5<sup>th</sup> in deposit market share out of the 29 institutions with a presence in the MSA with a 6.14 percent market share. Gate City’s largest competitors in this market include Wells Fargo, US Bank, State Bank and Trust, Bremer Bank and Alerus Financial.

The primary industries located in the Fargo, ND-MN MSA are retail trade, health, education, and entertainment/recreation. The largest employers are; Sanford Health, North Dakota State University, Fargo public schools, Blue Cross Blue Shield of ND/Noridian, and Case New Holland. Unemployment in 2011 was 3.9 percent for the Fargo, ND-MN MSA which was well below the national unemployment rate of 8.9 percent.

During our evaluation we made a local community contact to better understand the demographics and primary credit needs of the AA. The contact identified start up small business financing as one of the areas primary credit needs. The contact indicated that financial institutions have done a good job in meeting the needs of their community.

### Grand Forks, ND-MN Multistate MSA

Demographic Information for Full-Scope Area: (Grand Forks, ND-MN Multistate MSA)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	27	3.70%	7.41%	70.37%	18.52%	0.00%
Population by Geography	97,478	5.13%	6.27%	70.35%	18.25%	0.00%
Owner-Occupied Housing by Geography	41,381	.09%	1.58%	75.52%	22.81%	0.00%
Businesses by Geography	10,461	2.34%	3.17%	70.60%	23.89%	0.00%
Farms by Geography	1,030	.10%	.58%	79.51%	19.81%	0.00%
Family Distribution by Income Level	23,881	17.59%	19.53%	25.02%	37.85%	0.00%
Distribution of Low- and Moderate-Income Families throughout AA Geographies	8,866	4.15%	8.82%	77.22%	9.81%	0.00%
Median Family Income = \$46,352		Median Housing Value = \$80,357				
HUD Adjusted Median Family Income for 2011 = \$63,800		Unemployment Rate = 3.17%				
Households Below the Poverty Level = 12.52%						

(\*) The NA category consists of geographies that have not been assigned an income classification.  
 Source: 2000 U.S. Census, and 2011 HUD updated MFI.

The Grand Forks, ND-MN MSA AA consists of all of Grand Forks County in North Dakota and Polk County in Minnesota. Gate City operates three branches and three ATMs within this AA all of which are located in middle income CTs. As of June 30, 2011, Gate City had \$122 million in deposits in this AA ranking fifth in deposit market share among 21 institutions with a 5.60 percent market share. Gate City’s largest competitors in this market include Bremer Bank, Alerus Financial and US Bank.

The primary industries located in the Grand Forks, ND-MN MSA are agriculture, aerospace & defense and education. The largest employers are the University of North Dakota, Grand Forks Air Force Base and Altru Health System. In 2011 unemployment was 4.6 percent for the Grand Forks, ND-MN MSA which was well below the national unemployment rate of 8.9 percent.

**State of North Dakota**

**Nonmetropolitan Area**

Demographic Information for Full-Scope Area: North Dakota Non MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	109	0.00	11.93	76.15	10.09	1.83
Population by Geography	264,396	0.00	6.30	81.89	11.81	0.00
Owner-Occupied Housing by Geography	75,253	0.00	5.14	81.96	12.90	0.00
Businesses by Geography	35,533	0.00	4.75	83.67	11.58	0.00
Farms by Geography	5,378	0.00	3.72	85.55	10.73	0.00
Family Distribution by Income Level	70,421	17.10	18.36	24.82	39.72	0.00
Distribution of Low- and Moderate- Income Families throughout AA Geographies	24,971	0.00	8.81	82.88	8.31	0.00
Median Family Income = \$39,651						
HUD Adjusted Median Family Income = \$63,000						
for 2011						
Households Below the Poverty Level = 13%						
			Median Housing Value = \$56,876			
			Unemployment Rate (2000 US Census) =2.41 %			

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2000 U.S. Census, and 2011 HUD updated MFI.

The ND AA consists of 27 rural counties in North Dakota. Gate City operates twelve branches within this AA and ten ATMs. As of June 30, 2011, Gate City had \$481 million in deposits in this AA. The institution ranked third among 69 institutions with a 6.06 percent market share. Major competitors in the AA include, Wells Fargo, Bremer Bank, and US Bank.

Major industries in the AA include agriculture, mining, oil & natural gas production, manufacturing, and tourism. North Dakota continues to have the lowest unemployment rate in the country. In 2011, the unemployment rate for the State of North Dakota was 3.5 percent which was well below the national average of 8.9 percent.

During our evaluation we made a local community contact to better understand the demographics and primary credit needs of the AA. The contact did not identify any community credit needs that were going unmet. The contact indicated that financial institutions are meeting the needs of their community.

**State of Minnesota**

**Nonmetropolitan Area**

Demographic Information for Full-Scope Area: Minnesota Non MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	56	0.00	7.14	92.86	0.00	0.00
Population by Geography	190,224	0.00	6.95	93.05	0.00	0.00
Owner-Occupied Housing by Geography	60,245	0.00	6.42	93.58	0.00	0.00
Businesses by Geography	25,058	0.00	8.07	91.93	0.00	0.00
Farms by Geography	3,045	0.00	5.45	94.55	0.00	0.00
Family Distribution by Income Level	52,115	19.96	21.12	25.87	33.05	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	21,410	0.00	8.58	91.42	0.00	0.00
Median Family Income = \$45,608		Median Housing Value = \$83,483				
HUD Adjusted Median Family Income for 2011 = \$59,200		Unemployment Rate (2000 US Census) = 2.48%				
Households Below the Poverty Level = 12%						

(\*) The NA category consists of geographies that have not been assigned an income classification.  
 Source: 2000 U.S. Census, and 2011 HUD updated MFI.

The MN AA consists of Norman, Becker, Wadena, Otter Tail, Wilkin, Grant, Douglas, Todd, and Pope Counties in northwestern Minnesota. Gate City operates two branches and two ATMs in the AA. As of June 30, 2011, Gate City had \$15 million in deposits in this AA and ranked 45<sup>th</sup> in deposit market share out of 51 institutions with a presence in the AA. Major competitors in the AA include Wells Fargo, US Bank, State Bank and Trust, Bremer Bank and Viking Savings Bank.

Major industries in the Minnesota AA include education, health services, manufacturing, and trade, transportation and utilities. Unemployment in 2011 for the State of Minnesota was 6.4 percent which was below the national average of 8.9 percent.

Community credit needs in the MN AA primarily include small business lending. The community contact indicated that financial institutions have generally done a good job of getting involved in the community.

## Appendix D: Tables of Performance Data

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### Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan areas are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: (1) purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables 8 through 12 and part of Table 13. Deposit data 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 PE. [Note: Do not renumber the tables.]

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

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CR A consideration. See Interagency Q&As \_\_.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank, if applicable, over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.

- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.

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

**Table 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 MA/assessment area.

**Table 14. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

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

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

Table 1. Lending Volume

LENDING VOLUME												
Geography: GATE CITY MN AND ND						Evaluation Period: JULY 1, 2009 TO DECEMBER 31, 2011						
Assessment Area (2011):	% 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>												
Gate City Fargo ND-MN MSA	30.51	2,232	261,876	40	2,200	0	0	0	0	2,272	262,687	100.00
Gate City Grand Forks ND-MN MSA	11.19	807	90,732	26	868	0	0	0	0	833	91,600	100.00
Gate City MN Non-MSA	7.20	530	76,902	5	203	0	0	1	125	536	77,230	100.00
Gate City ND Non-MSA	29.92	2,078	210,182	67	2,708	0	0	82	1,100	2,227	213,990	71.09
<b>Limited Review:</b>												
Gate City Bismarck MSA	21.18	1,548	204,305	29	1,768	0	0	0	0	1,577	206,073	28.91

\* Loan Data as of December 31, 2011. Rated area refers to either state or multi-state MA rating area.  
 \*\* The evaluation period for Community Development Loans is from July 01, 2009 to June 30, 2012.  
 \*\*\* Deposit Data as of July 26, 2012. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 1. Other Products

LENDING VOLUME		Geography: GATE CITY MN AND ND				Evaluation Period: JULY 1, 2009 TO DECEMBER 31, 2011								
Assessment Area (2011):	% of Rated Area Loans (#) in MA/AA*	Total Optional Loans		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>														
Gate City Fargo ND-MN MSA	22.22	4	244	4	244	0	0	0	0	0	0	0	0	100.00
Gate City Grand Forks ND-MN MSA	22.22	4	310	4	310	0	0	0	0	0	0	0	0	100.00
Gate City MN Non-MSA	0.00	0	0	0	0	0	0	0	0	0	0	0	0	100.00
Gate City ND Non-MSA	50.00	9	580	9	580	0	0	0	0	0	0	0	0	71.09
<b>Limited Review:</b>														
Gate City Bismarck MSA	5.56	1	100	1	100	0	0	0	0	0	0	0	0	28.91

\* Loan Data as of December 31, 2011. Rated area refers to either state or multi-state MA rating area.  
 \*\* The evaluation period for Optional Product Line(s) is from July 01, 2009 to December 31, 2011.  
 \*\*\* Deposit Data as of July 26, 2012. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

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

Geographic Distribution: HOME PURCHASE		Geography: GATE CITY MN AND ND					Evaluation Period: JULY 1, 2009 TO DECEMBER 31, 2011				Aggregate HMDA Lending (%) by Tract Income*			
Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Low	Mod	Mid	Upp
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans				
<b>Full Review:</b>														
Gate City Fargo ND-MN MSA	794	29.29	0.00	0.00	8.26	4.41	72.89	55.67	18.86	39.92	0.00	5.20	61.82	32.98
Gate City Grand Forks ND-MN MSA	307	11.32	0.09	0.00	1.58	0.65	75.52	62.21	22.81	37.13	0.30	2.11	67.37	30.21
Gate City MN Non-MSA	273	10.07	0.00	0.00	6.42	1.47	93.58	98.53	0.00	0.00	0.00	3.21	96.79	0.00
Gate City ND Non-MSA	737	27.19	0.00	0.00	5.14	5.56	81.96	74.90	12.90	19.54	0.00	5.00	74.75	20.26
<b>Limited Review:</b>														
Gate City Bismarck MSA	600	22.13	0.00	0.00	19.62	9.17	69.12	65.67	11.26	25.17	0.00	12.93	63.97	23.11

\* Based on 2010 Peer Mortgage Data (USPR)

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

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

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

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

Geographic Distribution: HOME IMPROVEMENT			Geography: GATE CITY MN AND ND				Evaluation Period: JULY 1, 2009 TO DECEMBER 31, 2011				Aggregate HMDA Lending (%) by Tract Income*			
Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Low	Mod	Mid	Upp
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans				
<b>Full Review:</b>														
Gate City Fargo ND-MN MSA	352	30.48	0.00	0.00	8.26	7.95	72.89	68.18	18.86	23.86	0.00	5.67	73.47	20.86
Gate City Grand Forks ND-MN MSA	146	12.64	0.09	0.00	1.58	1.37	75.52	58.90	22.81	39.73	0.00	1.21	67.74	31.05
Gate City MN Non-MSA	27	2.34	0.00	0.00	6.42	3.70	93.58	96.30	0.00	0.00	0.00	3.55	96.45	0.00
Gate City ND Non-MSA	490	42.42	0.00	0.00	5.14	3.67	81.96	75.92	12.90	20.41	0.00	3.52	76.55	19.93
<b>Limited Review:</b>														
Gate City Bismarck MSA	140	12.12	0.00	0.00	19.62	10.00	69.12	68.57	11.26	21.43	0.00	12.93	68.82	18.25

\* Based on 2010 Peer Mortgage Data (USPR)

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

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

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

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

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: GATE CITY MN AND ND				Evaluation Period: JULY 1, 2009 TO DECEMBER 31, 2011							
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Gate City Fargo ND-MN MSA	1,086	32.63	0.00	0.00	8.26	3.68	72.89	62.52	18.86	33.79	0.00	2.95	63.72	33.33
Gate City Grand Forks ND-MN MSA	354	10.64	0.09	0.28	1.58	1.41	75.52	53.11	22.81	45.20	0.21	1.76	63.45	34.58
Gate City MN Non-MSA	230	6.91	0.00	0.00	6.42	0.87	93.58	99.13	0.00	0.00	0.00	3.30	96.70	0.00
Gate City ND Non-MSA	851	25.57	0.00	0.00	5.14	4.11	81.96	74.38	12.90	21.50	0.00	3.05	73.72	23.22
<b>Limited Review:</b>														
Gate City Bismarck MSA	807	24.25	0.00	0.00	19.62	7.43	69.12	70.38	11.26	22.18	0.00	9.21	70.52	20.28

\* Based on 2010 Peer Mortgage Data (USPR)

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

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

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

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

Geographic Distribution: MULTIFAMILY		Geography: GATE CITY MN AND ND					Evaluation Period: JULY 1, 2009 TO DECEMBER 31, 2011				Aggregate HMDA Lending (%) by Tract Income*			
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Low	Mod	Mid	Upp
	#	% of Total**	% of MF Units***	% BANK Loans***	% MF Units** *	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans				
<b>Full Review:</b>														
Gate City Fargo ND-MN MSA	0	0.00	0.00	0.00	30.13	0.00	60.36	0.00	9.51	0.00	0.00	25.93	61.11	12.96
Gate City Grand Forks ND-MN MSA	0	0.00	7.01	0.00	3.65	0.00	80.23	0.00	9.11	0.00	0.00	0.00	100.00	0.00
Gate City MN Non-MSA	0	0.00	0.00	0.00	7.67	0.00	92.33	0.00	0.00	0.00	0.00	0.00	100.00	0.00
Gate City ND Non-MSA	0	0.00	0.00	0.00	8.86	0.00	84.24	0.00	6.90	0.00	0.00	8.57	88.57	2.86
<b>Limited Review:</b>														
Gate City Bismarck MSA	1	100.00	0.00	0.00	4.08	0.00	84.44	100.00	11.48	0.00	0.00	12.50	83.33	4.17

\* Based on 2010 Peer Mortgage Data (USPR)

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

\*\*\* Percentage of Multi Family Units is the number of multi family units in a particular geography divided by the number of multi family housing units in the area based on 2000 Census information.

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

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

Geographic Distribution: SMALL LOANS TO BUSINESSES		Geography: GATE CITY MN AND ND				Evaluation Period: JULY 1, 2009 TO DECEMBER 31, 2011					Aggregate Lending (%) by Tract Income*			
Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Low	Mod	Mid	Upp
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans				
<b>Full Review:</b>														
Gate City Fargo ND-MN MSA	40	23.95	0.00	0.00	22.48	25.00	58.95	57.50	18.56	17.50	0.00	30.39	48.52	21.09
Gate City Grand Forks ND-MN MSA	26	15.57	2.34	0.00	3.17	19.23	70.60	46.15	23.89	34.62	2.06	2.61	63.66	31.67
Gate City MN Non-MSA	5	2.99	0.00	0.00	8.07	0.00	91.93	100.00	0.00	0.00	0.00	1.99	98.01	0.00
Gate City ND Non-MSA	67	40.12	0.00	0.00	4.75	4.48	83.67	73.13	11.58	22.39	0.00	4.81	81.02	14.16
<b>Limited Review:</b>														
Gate City Bismarck MSA	29	17.37	0.00	0.00	19.30	24.14	68.43	65.52	12.27	10.34	0.00	20.55	65.48	13.97

\* Based on 2010 Peer Small Business Data -- US and PR

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

\*\*\* Source Data - Dun and Bradstreet (2011).

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

Geographic Distribution: SMALL LOANS TO FARMS		Geography: GATE CITY MN AND ND						Evaluation Period: JULY 1, 2009 TO DECEMBER 31, 2011						
Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income*			
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Gate City Fargo ND-MN MSA	0	0.00	0.00	0.00	5.37	0.00	83.08	0.00	11.55	0.00	0.00	1.80	89.90	8.30
Gate City Grand Forks ND-MN MSA	0	0.00	0.10	0.00	0.58	0.00	79.51	0.00	19.81	0.00	0.00	0.44	84.67	14.89
Gate City MN Non-MSA	0	0.00	0.00	0.00	5.45	0.00	94.55	0.00	0.00	0.00	0.00	2.03	97.97	0.00
Gate City ND Non-MSA	0	0.00	0.00	0.00	3.72	0.00	85.55	0.00	10.73	0.00	0.00	2.24	83.33	14.42
<b>Limited Review:</b>														
Gate City Bismarck MSA	0	0.00	0.00	0.00	29.84	0.00	62.20	0.00	7.96	0.00	0.00	25.47	63.21	11.32

\* Based on 2010 Peer Small Business Data -- US and PR

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

\*\*\* Source Data - Dun and Bradstreet (2011).

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

Borrower Distribution: HOME PURCHASE		Geography: GATE CITY MN AND ND					Evaluation Period: JULY 1, 2009 TO DECEMBER 31, 2011								
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data <sup>3*</sup>				
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Low	Mod	Mid
<b>Full Review:</b>															
Gate City Fargo ND-MN MSA	794	29.29	17.69	10.78	18.73	30.00	26.50	28.70	37.08	30.52	11.93	28.86	28.27	30.94	
Gate City Grand Forks ND-MN MSA	307	11.32	17.59	6.25	19.53	27.96	25.02	29.28	37.85	36.51	8.41	30.59	25.22	35.78	
Gate City MN Non-MSA	273	10.07	19.96	10.86	21.12	19.10	25.87	23.97	33.05	46.07	13.79	21.60	22.42	42.19	
Gate City ND Non-MSA	737	27.19	17.10	6.16	18.36	25.58	24.82	29.96	39.72	38.30	4.59	20.52	31.83	43.06	
<b>Limited Review:</b>															
Gate City Bismarck MSA	600	22.13	17.38	9.36	18.54	27.76	27.27	31.27	36.81	31.61	10.02	27.96	30.21	31.80	

\* Based on 2010 Peer Mortgage Data (USPR)

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

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

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 1.3% of loans originated and purchased by BANK.

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

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

Borrower Distribution: HOME IMPROVEMENT														Geography: GATE CITY MN AND ND				Evaluation Period: JULY 1, 2009 TO DECEMBER 31, 2011			
Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data4*										
	#	% of Total**	% Families***	% BANK Loans****	% Families**	% BANK Loans****	% Families**	% BANK Loans****	% Families**	% BANK Loans****	Low	Mod	Mid	Upp							
<b>Full Review:</b>																					
Gate City Fargo ND-MN MSA	352	30.48	17.69	9.65	18.73	20.76	26.50	31.58	37.08	38.01	8.96	20.00	29.12	41.92							
Gate City Grand Forks ND-MN MSA	146	12.64	17.59	8.90	19.53	31.51	25.02	22.60	37.85	36.99	8.37	20.50	28.87	42.26							
Gate City MN Non-MSA	27	2.34	19.96	14.81	21.12	0.00	25.87	14.81	33.05	70.37	7.31	18.13	29.24	45.32							
Gate City ND Non-MSA	490	42.42	17.10	6.78	18.36	18.89	24.82	26.08	39.72	48.25	4.23	17.64	28.22	49.91							
<b>Limited Review:</b>																					
Gate City Bismarck MSA	140	12.12	17.38	7.25	18.54	18.12	27.27	30.43	36.81	44.20	5.58	15.14	30.68	48.61							

\* Based on 2010 Peer Mortgage Data (USPR)

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

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

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 1.3% of loans originated and purchased by BANK.

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

Borrower Distribution: HOME MORTGAGE REFINANCE			Geography: GATE CITY MN AND ND				Evaluation Period: JULY 1, 2009 TO DECEMBER 31, 2011				Aggregate Lending Data4*			
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Low	Mod	Mid	Upp
	#	% of Total**	% Families** *	% BANK Loans****	% Families** *	% BANK Loans****	% Families** *	% BANK Loans****	% Families** *	% BANK Loans****				
<b>Full Review:</b>														
Gate City Fargo ND-MN MSA	1,086	32.63	17.69	6.04	18.73	18.02	26.50	30.30	37.08	45.64	5.41	18.33	28.38	47.88
Gate City Grand Forks ND-MN MSA	354	10.64	17.59	4.29	19.53	14.57	25.02	26.57	37.85	54.57	5.08	17.32	25.21	52.39
Gate City MN Non-MSA	230	6.91	19.96	7.49	21.12	14.98	25.87	22.03	33.05	55.51	6.10	15.61	26.34	51.95
Gate City ND Non-MSA	851	25.57	17.10	4.54	18.36	16.37	24.82	23.66	39.72	55.44	3.40	13.46	26.36	56.78
<b>Limited Review:</b>														
Gate City Bismarck MSA	807	24.25	17.38	6.18	18.54	16.14	27.27	33.04	36.81	44.64	5.28	18.69	30.59	45.45

\* Based on 2010 Peer Mortgage Data (USPR)

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

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

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 2.3% of loans originated and purchased by BANK.

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

Borrower Distribution: SMALL LOANS TO BUSINESSES									
Geography: GATE CITY MN AND ND									
Evaluation Period: JULY 1, 2009 TO DECEMBER 31, 2011									
Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Aggregate Lending Data*	
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Gate City Fargo ND-MN MSA	40	23.95	68.65	67.50	87.50	10.00	2.50	4,377	1,874
Gate City Grand Forks ND-MN MSA	26	15.57	68.55	84.62	96.15	3.85	0.00	1,427	557
Gate City MN Non-MSA	5	2.99	73.87	100.00	100.00	0.00	0.00	2,958	1,526
Gate City ND Non-MSA	67	40.12	68.77	68.66	88.06	10.45	1.49	4,014	1,700
<b>Limited Review:</b>									
Gate City Bismarck MSA	29	17.37	70.11	79.31	86.21	3.45	10.34	1,580	631

\* Based on 2010 Peer Small Business Data -- US and PR

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

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

Borrower Distribution: SMALL LOANS TO FARMS		Geography: GATE CITY MN AND ND			Evaluation Period: JULY 1, 2009 TO DECEMBER 31, 2011				
Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Aggregate Lending Data*	
	#	% of Total**	% of Farms***	% BANK 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>									
Gate City Fargo ND-MN MSA	0	0.00	97.31	0.00	0.00	0.00	0.00	734	497
Gate City Grand Forks ND-MN MSA	0	0.00	97.38	0.00	0.00	0.00	0.00	699	498
Gate City MN Non-MSA	0	0.00	98.49	0.00	0.00	0.00	0.00	812	596
Gate City ND Non-MSA	0	0.00	98.92	0.00	0.00	0.00	0.00	2,621	1,921
<b>Limited Review:</b>									
Gate City Bismarck MSA	0	0.00	99.07	0.00	0.00	0.00	0.00	110	81

\* Based on 2010 Peer Small Business Data -- US and PR

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

\*\*\* Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2011).

\*\*\*\* 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 bank.

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS									
Geography: GATE CITY MN AND ND									
Evaluation Period: JULY 1, 2009 TO DECEMBER 31, 2011									
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>									
Gate City Fargo ND-MN MSA	0	0	6	141	6	141	82.46	0	0
Gate City Grand Forks ND-MN MSA	0	0	0	0	0	0	0.00	0	0
Gate City MN Non-MSA	0	0	0	0	0	0	0.00	0	0
Gate City ND Non-MSA	0	0	0	0	1	25	14.62	0	0
<b>Limited Review:</b>									
Gate City Bismarck MSA	0	0	2	5	2	5	2.92	0	0

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

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

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS				Geography: GATE CITY MN AND ND				Evaluation Period: JULY 1, 2009 TO DECEMBER 31, 2011									
Assessment Area:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Gate City Fargo ND-MN MSA	100.00	10	34.48	0.00	30.00	50.00	20.00	1	0	0	0	0	+	0.00	16.18	67.69	16.12
Gate City Grand Forks ND-MN MSA	100.00	3	10.34	0.00	0.00	100.00	0.00	0	0	0	0	0	0	5.13	6.27	70.35	18.25
Gate City MN Non-MSA	100.00	2	100.00	0.00	0.00	100.00	0.00	0	0	0	0	0	0	0.00	6.95	93.05	0.00
Gate City ND Non-MSA	71.09	12	75.00	0.00	8.33	91.67	0.00	0	0	0	0	0	0	0.00	6.30	81.89	11.81
<b>Limited Review:</b>																	
Gate City Bismarck MSA	28.91	4	25.00	0.00	0.00	75.00	25.00	0	0	0	0	0	0	0.00	17.05	71.16	11.79

