15
A
Annual Report 2015
7.407

Symbol — A
Name — Annual Report 2015
Element number — 7.407

Elements *for* Agility

1 **BND** Bank of North Dakota 130.7						
2 **M** Mission 1919	3 **Vi** Vision 2014					
4 **Cv** Core Values 4.0	5 **Le** Lending 1.84	6 **Bu** Business Loans 1.8	7 **Agl** Ag Loans 514	8 **Hm** Home Loans 694	9 **St** Student Loans 1.3	10 **Inv** Investments 679
11 **Tr** Trust 506	12 **Acc** Accounting 7,022	13 **Cls** College SAVE 19.6	14 **Dfs** Dollars for Scholars 93.0	15 **A** Annual Report 2015 7.407	16 **Cpc** College Planning Center 10,330	17 **Rt** Retail 445,000
18 **Op** Operations 54,472	19 **It** Information Technology 53.0	20 **Prm** Project Management 10.0	21 **Is** Information Security 1,200	22 **Fa** Facilities Management 1.3	23 **Rm** Risk Management 160	24 **Cm** Communications/Marketing 198
25 **Hr** Human Resources 95.0	26 **Fp** Flex PACE 20.1	27 **Bge** Beginning Entrepreneur 1.95	28 **Bp** Biofuels PACE 3.2	29 **Scl** School Construction 64.1	30 **Ka** Kris Ahmann 6.0	31 **Ea** Erika Albertson 1.0
32 **Aa** Alison Anderson 1.0	33 **Ja** Jason Anderson 6.0	34 **La** Liane Auch 4.0	35 **Mau** Mitch Auer 14.0	36 **Bba** Bob Baier 14.0		

BND
Bank *of* North Dakota

37 Jba James Barnhardt 13.0	38 Mab Marla Belohlavek 25.0	39 Sbe Steve Berger 3.0	40 Rb Rhiannon Betz 6.0	41 De Deana Binstock 6.0	42 Jb Jane Bjugstad 12.0	43 Trb Tracy Boehm 27.0
44 Kb Kelly Boespflug 12.0	45 Jbs Janell Bosch 17.0	46 Sy Sylvia Brockman 19.0	47 Bb Benjamin Brouillette 3.0	48 Cb Cynthia Buchanan 10.0	49 Mb Melanie Burgard 5.0	50 Jc Jonas Carlisle 5.0
51 Lc Lisa Carlson 2.0	52 Mc Mercedes Clark 10.0	53 Mco Mike Collins 8.0	54 Sa Sarah Crutchfield 5.0	55 Dc Devin Cunningham 5.0	56 Anc Annette Curl 29.0	57 Crd Crystal Deringer 25.0
58 Ci Cynthia Doll 13.0	59 Bea Brent Earsley 10.0	60 Lef Laura Entzel Fiedler 10.0	61 We Wally Erhardt 28.0	62 Je Joel Erickson 18.0	63 Roe Rose Espeland 27.0	64 Ke Kirby Evanger 1.0
65 Df David Falkenstein 24.0	66 Nf Nancy Feist 17.0	67 Ef Elaine Fischer 24.0	68 Tf Todd Flicek 2.0	69 Mf Melissa Fonder 23.0	70 Maf Mary Frohlich 33.0	71 Lga Lori Gabriel 24.0
72 Lg Lucas Gannarelli 5.0	73 Cg Christopher Gergen 4.0	74 Tg Tyler Giffey 1.0	75 Ng Nancy Glass 43.0	76 Sh Shirley Glass 31.0	77 Dg Donna Groth 27.0	78 Eh Eric Hardmeyer 30.0
79 Chh Chad Hatzenbuhler 4.0	80 Kh Kaylen Hausauer 4.0	81 Mha Mark Hawks 4.0	82 Ph Paula Hayward 26.0	83 Mh Melissa Heaton 7.0	84 Th Tammy Heick 2.0	85 Gh Gail Heinert 5.0
86 Ch Courtney Heiser 2.0	87 Che Carinna Hendrickson 10.0	88 Wh Wanda Herberholz 20.0	89 Jh Joe Herslip 9.0	90 Dh Darren Hertz 3.0	91 Lh Lance Hill 18.0	92 Ah Amy Howard 3.0

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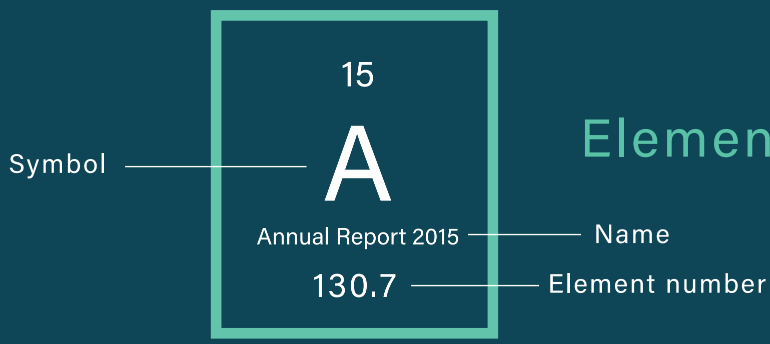
Bank *of* North Dakota

Annual Report 2015



Elements *for* Agility

Each element number is related to a business unit accomplishment in 2015 or, in the case of employees, the years of service for each employee as of December 31, 2015.

Symbol: BND
Name: Bank of North Dakota
Element number: 2015 Income - $130.7 million

Symbol: Le
Name: Lending
Element number: New or renewed loans - $1.84 billion

Symbol: Bu
Name: Business Loans
Element number: Total Business Loan Portfolio - $1.8 billion

Symbol: Agl
Name: Ag Loans
Element number: Total Ag Loan Portfolio - $514 million

Symbol: Hm
Name: Home Loans
Element number: Total Home Loan Portfolio - $694 million

Symbol: St
Name: Student Loans
Element number: Total Student Loan Portfolio - $1.3 billion

Symbol: Inv
Name: Investments
Element number: Liquidity through BND's secured and unsecured fed funds lines - $679 million

Symbol: Tr
Name: Trust
Element number: Bond issuances providing funding - $506 million

Symbol: Acc
Name: Accounting
Element number: Number of general ledger accounts that Accounting reviews - 7,022

Symbol: Cls
Name: College SAVE
Element number: ND College SAVE contributions - $19.6 million

Symbol: Dfs
Name: Dollars for Scholars
Element number: NDDFS scholarships - $93,000

Symbol: Cpc
Name: College Planning Center
Element number: Number of page views on College Planning Center website - 10,330

Symbol: Rt
Name: Retail
Element number: Pounds of coin distributed by BND - 445,000

Symbol: Op
Name: Operations
Element number: Number of wire transfers - 54,472

Symbol:	Name:	Element number:
It	Information Technology	Total computer devices deployed - 53
Prm	Project Management	Projects completed - 10
Is	Information Security	Number of patches analyzed and deployed monthly - 1,200
Fa	Facilities Management	Pieces of mail sent from BND - 1.3 million
Rm	Risk Management	Number of processes improved this year - 160
Hr	Human Resources	Retention rate - 95%
Cm	Communications and Marketing	New web pages written and designed - 198
Fp	Flex PACE	Flex PACE loans - $20.1 million
Bge	Beginning Entrepreneur Loan	Beginning Entrepreneur Loan Guarantees - $1.95 million
Bp	Biofuels PACE	Biofuels PACE Loans - $3.2 million
Scl	School Construction Loan	School Construction Loans - $64.1 million

To deliver quality, sound financial services that promote agriculture, commerce and industry in North Dakota.

2

M

Mission

1919

This mission statement was defined for BND in 1919 in the Bank's Founding Principles.

3

Vi

Vision

2014

Bank of North Dakota is an agile partner that creates financial solutions for current and emerging economic needs.

The vision statement was introduced in 2014.

Our core values of service, teamwork, ethics and people-centered allow us to excel and deliver while accomplishing more together by doing the right thing and setting ourselves apart.

4

Cv

Core Values

4.0

Four Core Values

CONTENTS

PRESIDENT'S LETTER

When we presented a new Bank of North Dakota (BND) vision statement in the fall of 2014, we didn't know that the next year would bring large swings in commodity prices and significantly lower oil prices. "BND is an agile partner that creates financial solutions for current and emerging economic needs" has proven to be a timely vision statement with great relevance to this period in history.

Eric Hardmeyer, President/CEO

Despite the shifting economic landscape, BND posted its 12th consecutive year of record profits with more than $130 million in income. Assets increased to $7.4 billion. The loan portfolio grew by $486 million with the largest increases in business loans and student loans.

BND's work with programs designed to meet the liquidity needs of our financial institution partners changed significantly during the year. At the beginning of the year, financial institutions were flush with deposits. By year-end, we were receiving a number of requests to assist with current and future liquidity needs because of shrinking deposits coupled with steady loan demand.

The 64th North Dakota Legislature assigned three new infrastructure loan programs to BND: the Medical PACE Program, School Construction Loan Fund and the BND Infrastructure Loan Program. These programs were designed to improve critical access medical facilities, remodel or construct new schools and build new road and water infrastructure.

We also introduced the Farm Financial Stability Loan to assist farmers who have been affected by low commodity prices or below average crop production.

In the past five years, BND's growth in assets has nearly doubled from $4 billion to $7.4 billion. This, along with the pace at which we need to initiate and respond to economic variables, prompted us to pursue a more nimble organizational structure.

BND's new structure focuses on our three customer service areas, allowing us to implement the vision for a more agile organization.

The reorganization plan divided the Lending Services area into Credit Administration and Business Development. Business Development is segmented into three markets: economic development and government programs, higher education and financial institutions. Credit Administration provides increased specialization for credit review and analysis.

Financial institutions, economic developers, government agencies and higher education institutions can expect strengthened partnerships and increased efficiencies. We opened a Grand Forks office in 2013 with a business banker and will open a Fargo office in 2016. A number of BND employees accepted new roles to support the new organizational structure and kept their customer's needs forefront throughout the transition. We recognize them for their dedication and exemplary work.

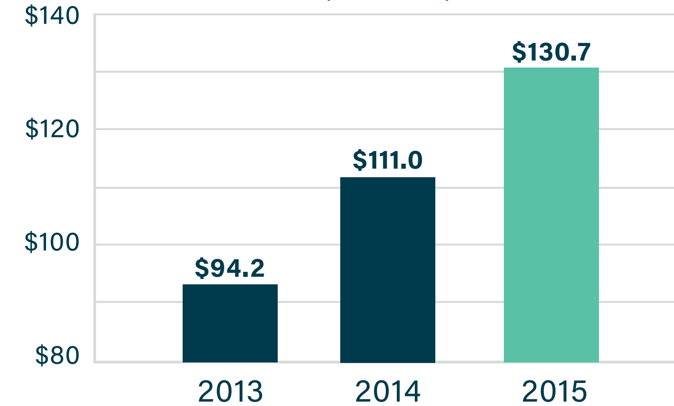
This year's report, Elements for Agility, embodies a chemistry analogy that is especially fitting for us. We know when two elements are combined, it leads to a chemical reaction, resulting in a change. This reorganization allows us to collaborate more capably with our partners to further economic development in our state.

Whether it is a college student receiving a student loan, helping a farmer negotiate the next growing season, improving infrastructure or building a large manufacturing plant, BND is committed to being an agile partner in order to accomplish our mission: To promote agriculture, commerce and industry in North Dakota.

Eric Hardmeyer, President/CEO

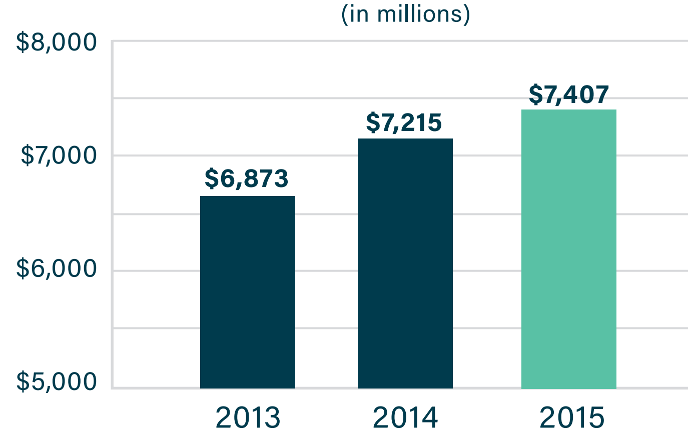
Annual Income

(in millions)

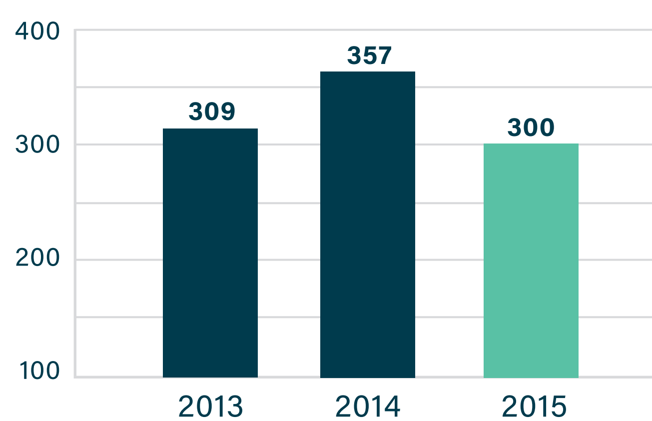


BND Assets

(in millions)



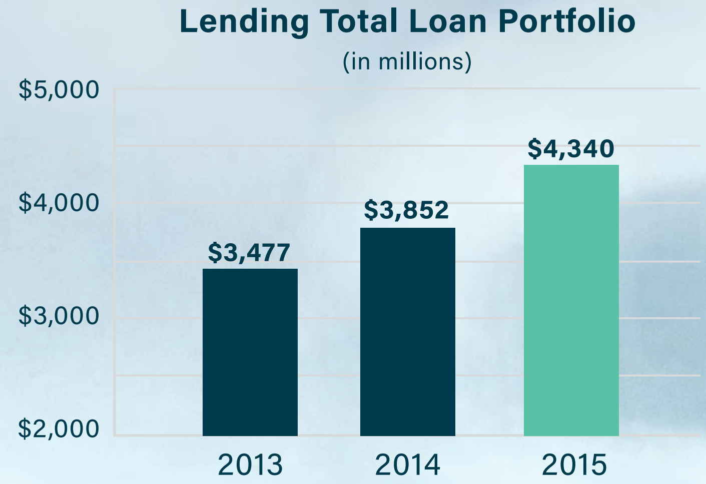
New business and industrial projects



LENDING PORTFOLIO

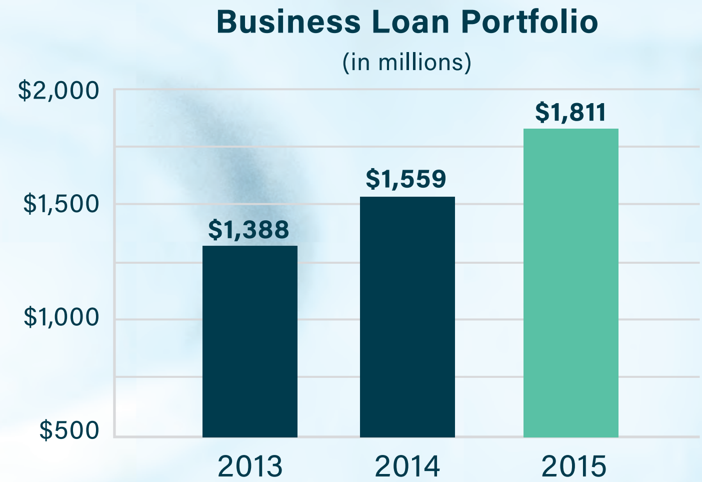
Lending Loan Portfolio

BND had an outstanding year with an overall loan growth of 12.7 percent. There were 22,993 loans originated or renewed for a total of $1.84 billion. The loan portfolio grew by $488 million with the largest increases in business loans and student loans.



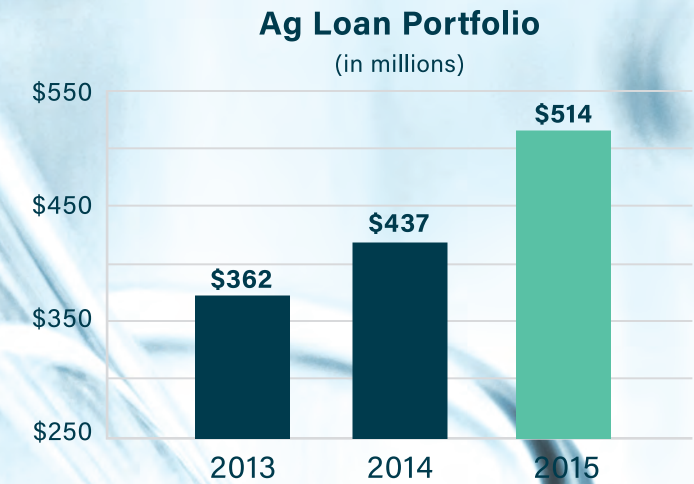
Business Loan Portfolio

The business loan portfolio originations increased in political subdivision and school construction activity. The total portfolio increased by $250 million, primarily due to increased commercial participations.



Ag Loan Portfolio

Ag lending's portfolio increased by $77 million with BND funding and renewing $258 million of loans in 2015. Loan growth was a result of restructurings, inventory carryover and continued demand for farm real estate loans. There was a large increase in loans through the Established Farmer Program.

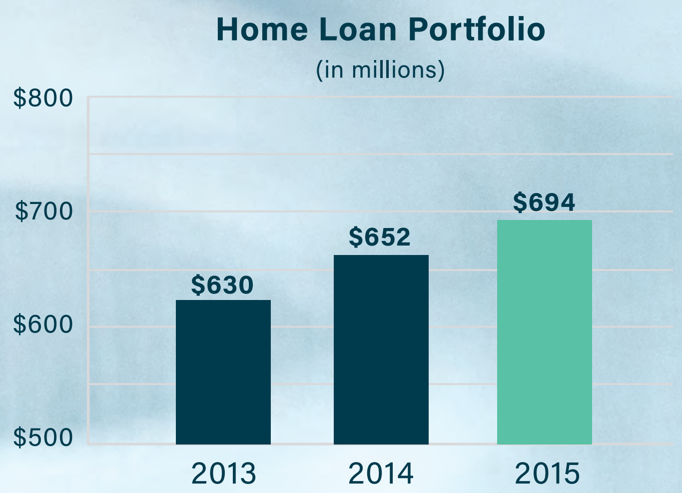


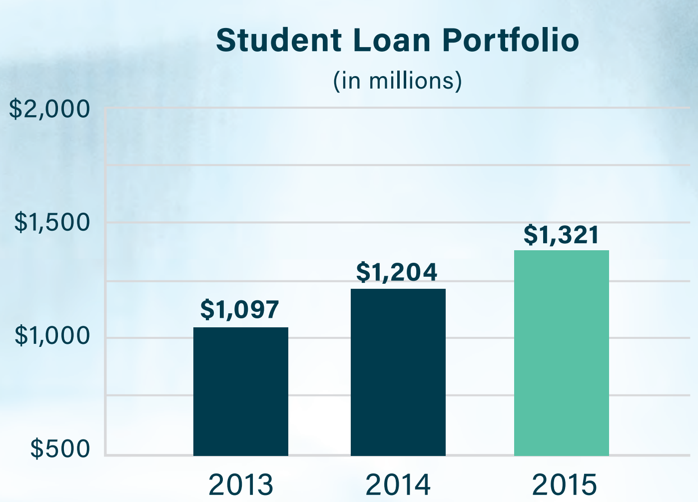
5

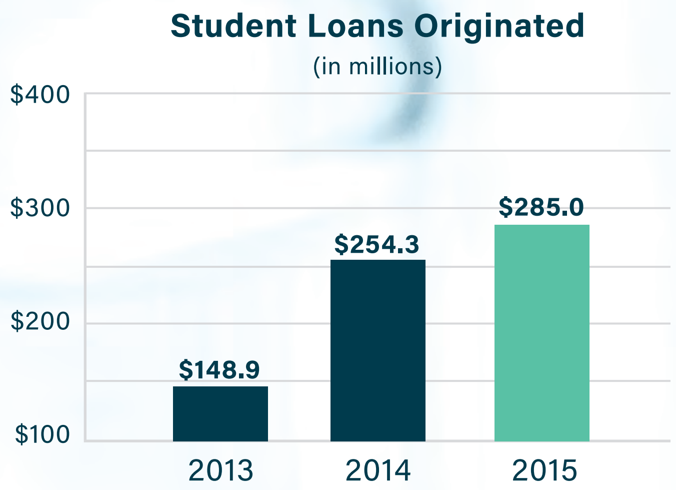
Le

Lending

1.84







Home Loan Portfolio

The home loan portfolio saw increased activity in home refinancing which resulted in $42 million of growth. There was an increase of nearly $41 million in originations with large increases in Federal Home Administration and Veterans Administration loans.

Student Loan Portfolio

Student Loans increased their portfolio by $117 million with BND disbursing more than $287 million in student loans in 2015. Student Loans had a $30 million increase in originations with the greatest growth in DEAL One Loans.

BRINGING BUILDING BLOCKS TO THE COMMUNITY

It's been said that it takes a village to raise a child. To help care for the children of a growing city like Bottineau, it takes much more. Like many communities in North Dakota, Bottineau has seen an increasing demand for childcare and preschool services as new families move in to take advantage of opportunities in the state. According to Lindsey Guss, owner and director of Building Blocks Learning Center (BBLC), other changes in the community had further increased this need.

"Several home daycare providers have retired in the past few years," said Guss. "Bottineau also used to have a Head Start and preschool, but no longer does, leaving a need for a preschool in the area."

BBLC, which now has 13 employees and 65 enrolled children, is the product of cooperation between a host of different organizations in Bottineau and around the state. The Bottineau County Economic Development Corporation (EDC) constructed the building with funding assistance from the North Dakota Department of Commerce and used BND's Flex Partnership in Assisting Community Expansion (PACE) Program. Building Blocks Learning Center leases the building from the Bottineau EDC.

The Flex PACE Program offers an interest buydown and requires community involvement, lowering the borrower's payment.

"By using the Flex PACE program, along with other community and state support, Bottineau EDC was able to keep their overall building and operating costs down," said Joel Erickson, the BND Business Banker who worked on the project. "Access to affordable daycare is vital to a growing community—this type of project is a perfect example of the Bank's mission."

The land that the building sits on is a gift from Dakota College at Bottineau, which shares utilities, maintenance and food service with BBLC.

"There were a lot of partners in this," said Nicki Weissman, Director of the Bottineau EDC. "Without Ken Gross at Dakota College, Turtle Mountain Communications and local donors, this wouldn't have happened. It takes huge dedication to get things like this done."

Even so, the building was only part of the challenge.

"Besides the property and the building, it's finding someone with the education and expertise [to run the center]," said Weissman.

Weissman said the daycare needed the expertise and education of Guss to make the whole thing work. Among the employees who work at the center, several are students from Dakota College at Bottineau in the Early Childhood field. The location right next to campus and opportunity to apply their skills makes it an easy fit.

Chuck Neubauer, Market President at Starion Financial and President of the Bottineau EDC, worked with BND to make the project happen.

"BND has always been a tremendous partner with strong lenders and a good vision of what it takes to keep rural North Dakota competitive," said Neubauer. "We have a great relationship and I look forward to many more financing opportunities in the future."

Today, even with the downturn in the state's oil sector, Guss hasn't seen a decline in the demand for childcare services.

"Except for part-time preschool, the center is at full capacity," said Guss. "We've got a waiting list at this point."

Lindsey Guss' expertise was an essential component to the success of the new daycare.

26
Fp
Flex PACE
20.1

“Access to affordable daycare is vital to a growing community.”

A future paleontologist enjoys his days at the BBLC.

THE HEART AND SOUL OF CARING FOR ANIMALS

Justin Voll, President of First International Bank & Trust, remembers a time when the future of Watford City's veterinary business was in question. The city's longtime veterinarian had closed his practice after experiencing health issues.

"Watford City was lucky enough to have a longtime vet, Dr. Nelson, in town for many years. There was uncertainty of how he could be replaced. We were worried that if a vet didn't come into the community the service would be lost forever," said Voll. "When Dr. Pedersen came along and told us about his plans, we were all in with him to try to figure out a way to make it work."

And the plans that Dr. Bruce Pedersen brought were big. He started out by leasing Dr. Nelson's practice, but quickly outgrew it.

"It didn't take me long to realize that it was going to keep growing," said Pedersen, who spent 12 years in Idaho before hearing about the need for a veterinarian in Watford City.

In spring 2013, Pedersen approached the Livestock Association about buying some land for a new facility. Recognizing the need for veterinary services, the Livestock Association practically gave the land to Pedersen, selling it for just $20 an acre.

A spacious greeting area welcomes four-legged and winged animals to be cared for by Dr. Pedersen and his staff.

"It was really their gift that allowed this," said Pedersen. "My goal was to match what they risked on me with a facility that really matched that generosity ... I think we've done it."

It's hard to argue with that. The new Watford City Veterinary Center is the largest veterinary facility in North Dakota and the third largest in the U.S., at 32,000 square feet. With all that space, the facility offers small and large animal medicine and surgery, large animal field services, equine services, oncology, telemedicine, behavioral services, herd health management, boarding and grooming services, in addition to a conference room and three apartments. Pedersen approaches all of these services with an eye toward keeping his practice on the cutting edge.

"The heart and soul of our culture is innovation," said Pedersen. "I view the hospital as a little bit of an incubator ... technology isn't always the answer, but it is a tool."

Cash flow during the building process was of particular importance. To get over this hurdle, Voll directed Pedersen to Bank of North Dakota's Flex Partnership in Assisting Community Expansion (PACE) Program.

"We have used this program throughout the years at First International Bank & Trust," said Voll. "Utilization of this BND program was instrumental for the ability of the project to get financed."

The Flex PACE Program supports community-based economic growth by combining the resources of the local community and the PACE fund to provide an interest rate buydown to projects which the community determines will be beneficial.

Pedersen says that the future of veterinary medicine has its challenges, but he doesn't let it worry him. "Every challenge is just an opportunity," he says.

26
Fp
Flex PACE
20.1

“Every challenge is just an opportunity.”

Dr. Bruce Pedersen believes in matching his generosity to that shown to him by the Watford City community.

BOUTIQUE OFFERS SUSTAINABLE FIBERS

Ashley Decker won't be offended if you call her a "crunchy hippy." In fact, it's a term she embraces. As the owner and operator of Whole Life Wellness, she's looking to introduce more people in Grand Forks and beyond to the benefits of organic Fair Trade clothing and bedding.

"We're looking not only at the ethics of garment production, but also the ethics and sustainability of where our fibers are coming from," said Decker.

Decker has spent years going through what she calls "a long personal journey of changing and growing," eventually leading her husband and her to start the niche retail store.

"With most of the money saved from working in our 20s and 30s, we decided that we were going to invest in a somewhat risky retail venture," said Decker. "We don't have a money tree in the backyard, so we quite frankly need to be successful."

And so far they've found success, with the help of First State Bank, and Bank of North Dakota's (BND) Beginning Entrepreneur Guarantee Program. The program provides an 85 percent guarantee to a financial institution lending money to an eligible startup business.

"Most startup small businesses have a difficult time financing their project because of limited equity and no historical track record," said Joel Erickson, Business Banker at BND. "A financial institution can mitigate those risks by using the Beginning Entrepreneur Guarantee Program."

"Ashley will be the first to tell you: 'Retail startups are not for sissies,'" said Will Kusler, Commercial Loan Officer at First State Bank. "The BND Beginning Entrepreneur Guarantee Program allowed us to listen to the Whole Life Wellness business plan presentation and focus on operations, knowing that we could backstop the project."

Decker says that the store focuses on selling clothing of the highest quality, so even if people aren't fully invested in the store's values, they can still recognize the quality of the product. So far business has been good, with slow but steady growth.

"Every day we have new folks coming in who are excited about us. And it seems like some of the more hippy-dippy folks, like myself, are starting to catch on," said Decker.

So far, since opening in June 2015, Decker is the store's only employee, manning the operation every Monday through Saturday from 10 a.m. to 6 p.m. She's hoping to hire their first part-time employee in early 2016, and thinks there's potential to expand the business to Bismarck, Fargo or Duluth.

A variety of bedding and women's clothing options, all created from sustainable fibers, are available at Whole Life Wellness.

27
Bge
Beginning Entrepreneur
1.95

“Retail startups are not for sissies.”

Ashley Decker believes in taking calculated risks when you believe in your business.

AUTOMATING FOR THE FUTURE OF DAIRY

Being a dairy farmer in North Dakota is a demanding profession. Dairying is time-intensive, highly dependent on milk and feed prices, and doesn't allow for long, carefree vacations. Few know this better than Dwane and Joan Wanzek, owners and operators of a 350-cow dairy farm near Jamestown, ND. Since starting with a few of his dad's cows in 1979, Dwane and his wife have seen milk prices go up and down (and up and down), lost their barns in a fire in the 90s, and overseen several expansions.

The most recent expansion has also been the most ambitious. Along with their son Jeremy, the Wanzeks have built an entirely new barn and installed five state-of-the-art robotic milkers. The robots handle the entire process of milking, operating nearly 24 hours a day.

"We were at a crossroads," said Dwane, talking about the decision to expand. "We have some land to farm, but not enough land to keep two families going."

After learning about other dairies that were using robotic milkers, Dwane thought it could be the future of their dairy, especially as his son prepares to take over the family business. North Dakota's robust employment figures have made it more difficult to find good labor. Before installing the robotic milkers, the Wanzeks needed to have four or five hired hands. Now they need only two. Robotic milkers allow a farmer to manage and care for their cows instead of spending a significant amount of their time milking.

"The robotic milkers seemed like a good option to reduce labor costs, and to increase family time," said Dwane. "This way, you can kind of set your own schedule."

But before the expansion could start, they would need a plan to finance it. Dwane had heard about Bank of North Dakota's Biofuels PACE Program, which provides an interest buydown on loans to several kinds of operations, including livestock operations that use byproducts of biodiesel or ethanol production facilities. He contacted BND and then worked with his local lender, Trent Sletto of AgCountry Farm Credit Services, to make it happen.

"AgCountry was aware of this program because of the close communication we have with Bruce Schumacher at BND," said Sletto. "They take the time to understand our customers and the potential loans we have and provide solutions that help our customers succeed."

The robots are the focal point of the Wanzeks' expansion, but they are hardly its only feature. The new barn also features an automatic cleaning system, waterbeds for the cows, improved ventilation, and even a robot that pushes the feed up to where the cows can reach it, which is pictured below.

Each milking robot can milk 60 cows. The Wanzeks' setup has room for one more robot should they decide to expand the herd in the future. Since installing the robots, Dwane said the cows have been much calmer. They eat when they want, sleep when they want, and get milked when they feel like it.

"A big motivator for this project was simply taking better care of our cows," said Dwane. "Cow comfort is the answer."

This 4-foot wide robot looks like a household Roomba vacuum, but instead of vacuuming, it pushes the feed closer to the cows so they are able to eat.

"A big motivator for this project was simply taking better care of our cows."

28

Bp

Biofuels PACE

3.2

Dwane Wanzek and his son Jeremy, expanded their dairy facilities to improve care for their cows.

EDUCATION'S FOUNDATION

North Dakota understands the importance of good schools to the future of the state. Bank of North Dakota's School Construction Loan Program funds new school construction or remodeling projects approved by the North Dakota Superintendent of Public Instruction. North Dakota schools can receive financing and an interest buydown to help meet the district's needs.

Don Williams, Assistant Director of School Finance and Organization with the North Dakota Department of Public Instruction (DPI), says school construction projects across the state in 2015 varied in need, scope and cost.

"Many schools in the western part of the state executed projects to accommodate increasing enrollment due to oil activity," said Williams. "In the case of the smaller, central or eastern school districts, they may have seen the School Construction Loan Program from DPI and BND as an opportunity to save interest dollars and complete projects that they've needed for years."

Alexander

The Alexander School District #2 has seen increasing K-12 enrollment, from 75 students in the 2009-10 academic year to 180 students in 2015-16. By 2025, they project to have as many as 415 students enrolled. To accommodate this growth, school district voters approved $17.2 million in renovations.

- Eleven new classrooms, including an art classroom
- New cafeteria and kitchen
- Locker rooms and weight room
- Facility updates to comply with fire codes and Americans with Disabilities Act (ADA)

Grenora

Nestled in the northwest corner of the state just five miles from the Montana border, Grenora School District #1's enrollment has nearly doubled since the 2010-11 academic year, from 95 students to 180. This enrollment is projected to remain steady in coming years. Voters approved the $10.1 million renovation project in 2014.

- Seven new classrooms, including a Title 1 room
- Multi-purpose gym and locker rooms
- Updated mechanical and HVAC systems
- Kitchen expansion
- Computer rooms
- New library

Kulm

With an upward trend in enrollment and serious facility needs, the Kulm School District approved $7.1 million in renovations and additions.

- Additional high school classrooms
- New gymnasium

Minto School District

Enrollment in this primarily agricultural district is expected to remain steady over the next decade. Voters approved a $5.2 million project to modernize the school in Minto.

- New high school addition to allow better access to Title 1 Program
- New exterior windows and doors
- Roof replacement
- HVAC and electrical updates
- ADA bathroom renovations

Nedrose

Previously offering classes only from Pre-K to eighth grade, in 2015 this district expanded to offer Pre-K through 12th grade education. For now, grades 9-12 are housed in portable buildings, but will soon move into a completely new middle/high school.

Park River Area

Park River Public School District #78 and Adams Public School near the state's border with Minnesota reorganized to create this district. Voters approved a $9 million project to renovate and add on to the school in Park River.

- Gym addition
- Locker room and stage addition
- Classroom renovations
- Library renovation
- Entry improvements
- Roof repairs

Williston

With 3,371 students in K-12, The Williston School District is the largest district in northwestern North Dakota. Schools across the district have been using 54 portable classrooms to expand their capacity, and they estimate that enrollment will continue to grow by more than 1,300 students in the next five years. In order to handle the explosive enrollment growth, the district has big plans.

- New high school in northwest Williston
- New grades 5 and 6 campus in existing high school
- Updates of existing elementary schools, including elimination of portable classrooms
- Safety and security upgrades

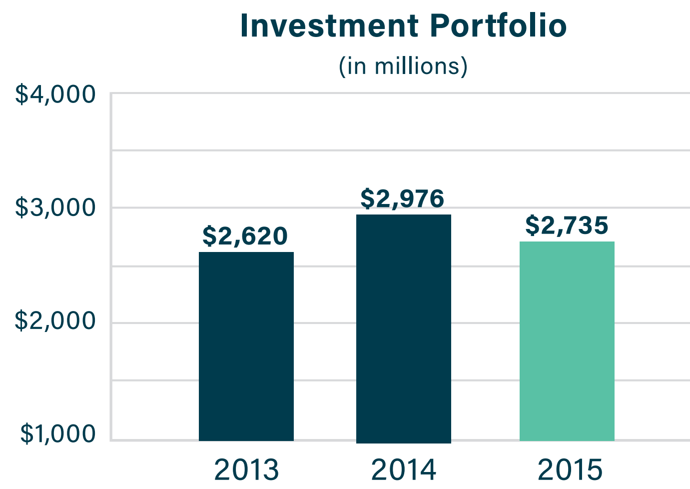
STRENGTHENED LIQUIDITY

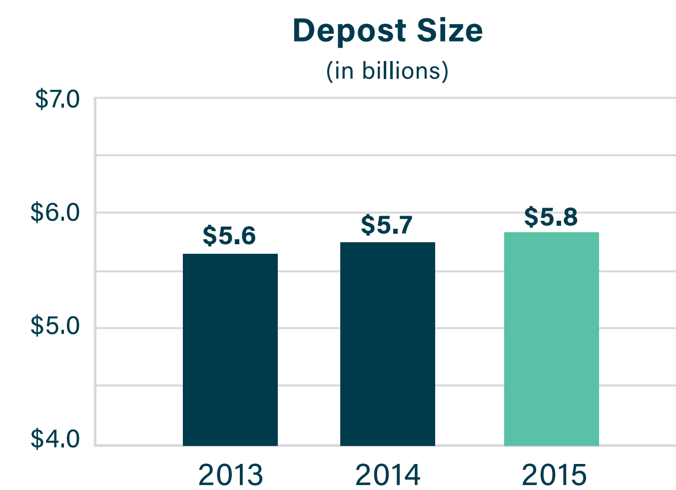
Bank of North Dakota continued to improve technology in investment services for its financial institution partners. This included offering automated downloading of bond accounting and safekeeping transactions.

With a decrease in oil activity and reductions in overall commodity prices, financial institutions are realizing a decrease in deposits and yet, fairly steady loan growth. This leads to greater demand for pledging, repurchase agreements, and increasing their secured and unsecured lines with BND. This will in turn, impact BND's liquidity, which will be managed through various alternative funding sources.

Financial institutions benefited from their partnerships with BND's treasury and investment services in 2015 with:

- More than $2.5 billion in public deposits through pledging services, an increase of $0.5 billion from last year
- $230 million in large non-public deposits through repurchase agreement accounts, an increase of nearly $50 million
- $679 million of liquidity through BND's secured and unsecured federal funds lines, an increase of $60 million
- More than $288 million of additional liquidity through the Letters of Credit for Public Deposits Program





NORTH DAKOTA INDUSTRIAL COMMISSION

Jack Dalrymple
Governor

Doug Goehring
Agriculture Commissioner

Wayne Stenehjem
Attorney General

BND ADVISORY BOARD

Standing: Pat Mahar, Karl Bollingberg, Frank Larson, Gary Petersen

Seated: Sue Morton, John Stewart, Pat Clement

BND EXECUTIVE COMMITTEE

Standing: Joe Herslip, Bob Humann, Wally Erhardt, Eric Hardmeyer

Seated: Lori Leingang, Tim Porter

2015 FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

BND

Bank of North Dakota

BANK OF NORTH DAKOTA

Table of Contents

EideBailly®

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To the Industrial Commission
State of North Dakota
Bismarck, North Dakota

Report on the Financial Statements
We have audited the accompanying financial statements of the Bank of North Dakota, which comprise the balance sheets as of December 31, 2015 and 2014, and the related statements of income, comprehensive income, equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bank of North Dakota as of December 31, 2015 and 2014, and the results of its operations and its cash flows for years then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Reporting Entity
The financial statements of the Bank of North Dakota are intended to present the financial position, results of operations, and cash flows of only that portion of the State of North Dakota that is attributable to the transactions of the Bank of North Dakota. They do not purport to, and do not, present fairly the financial position of the State of North Dakota as of December 31, 2015 and 2014 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Eide Bailly LLP

Bismarck, North Dakota
February 24, 2016

BANK OF NORTH DAKOTA
BALANCE SHEETS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands)

	2015	2014
ASSETS		
Cash and due from banks	$ 318,354	$ 362,985
Federal funds sold	77,905	42,105
Cash and cash equivalents	396,259	405,090
Securities	2,657,527	2,933,570
Loans	4,339,618	3,852,155
Less allowance for loan losses	(69,294)	(58,346)
	4,270,324	3,793,809
Interest receivable	44,635	41,843
Bank premises, equipment, and software, net	11,566	11,678
Rebuilders loan program receivable	21,369	25,472
Other assets	6,262	4,225
Total assets	$ 7,407,942	$ 7,215,687
LIABILITIES AND EQUITY		
Deposits		
Non-interest bearing	$ 641,264	$ 700,446
Interest bearing	5,160,878	5,030,165
	5,802,142	5,730,611
Federal funds purchased and repurchase agreements	119,500	178,455
Short and long-term debt	727,322	645,126
Other liabilities	9,485	9,361
Total liabilities	6,658,449	6,563,553
Equity		
Capital	2,000	2,000
Capital surplus	72,000	72,000
Undivided profits	673,330	571,276
Accumulated other comprehensive income	2,163	6,858
Total equity	749,493	652,134
Total liabilities and equity	$ 7,407,942	$ 7,215,687

See Notes to Financial Statements

BANK OF NORTH DAKOTA
STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands)

	2015	2014
INTEREST INCOME		
Federal funds sold	$ 380	$ 214
Securities	38,026	32,678
Loans, including fees	155,892	141,692
Total interest income	194,298	174,584
INTEREST EXPENSE		
Deposits	12,814	13,210
Federal funds purchased and repurchase agreements	223	269
Short and long-term debt	19,127	17,976
Total interest expense	32,164	31,455
NET INTEREST INCOME	162,134	143,129
PROVISION FOR LOAN LOSSES	12,500	8,000
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	149,634	135,129
NONINTEREST INCOME		
Service fees and other	7,648	7,555
Net gain on available-for-sale securities	40	432
Total noninterest income	7,688	7,987
NONINTEREST EXPENSE		
Salaries and benefits	14,817	13,751
Data processing	4,838	4,636
Occupancy and equipment	726	795
Long-term debt prepayment fee	-	6,819
Other operating expenses	6,287	6,156
Total noninterest expenses	26,668	32,157
NET INCOME	$ 130,654	$ 110,959

See Notes to Financial Statements

BANK OF NORTH DAKOTA
STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands)

	2015	2014
Net income	**$ 130,654**	$ 110,959
Other comprehensive income		
Unrealized gain/(loss) on securities available for sale	**(4,897)**	11,500
Unrealized gain/(loss) on interest rate swap	**242**	(4,443)
Reclassification adjustment for (gains) realized in net income	**(40)**	(291)
Other comprehensive income	**(4,695)**	6,766
Comprehensive income	**$ 125,959**	$ 117,725

BANK OF NORTH DAKOTA
STATEMENTS OF EQUITY
YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands)

	Capital	Capital Surplus	Undivided Profits	Accumulated Other Comprehensive Income (Loss)	Total
BALANCE, DECEMBER 31, 2013	$ 2,000	$ 72,000	$ 477,705	$ 92	$ 551,797
Net income			110,959		110,959
Unrealized gain on securities available for sale				11,500	11,500
Unrealized loss on interest rate swap				(4,443)	(4,443)
Reclassification adjustment for (gains) losses realized in net income				(291)	(291)
Transfers to other state funds			(17,388)		(17,388)
BALANCE, DECEMBER 31, 2014	2,000	72,000	571,276	6,858	652,134
Net income			130,654		130,654
Unrealized loss on securities available for sale				(4,897)	(4,897)
Unrealized gain on interest rate swap				242	242
Reclassification adjustment for (gains) losses realized in net income				(40)	(40)
Transfers to other state funds			(28,600)		(28,600)
BALANCE, DECEMBER 31, 2015	$ 2,000	$ 72,000	$ 673,330	$ 2,163	$ 749,493

BANK OF NORTH DAKOTA
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands)

	2015	2014
OPERATING ACTIVITIES		
Net income	$ 130,654	$ 110,959
Adjustments to reconcile net income to net cash from operating activities		
Depreciation and amortization	742	771
Provision for loan losses	12,500	8,000
Net amortization/(accretion) of securities	10,065	(4,266)
Gain on available-for-sale securities	(40)	(432)
Gain on sale of residential loans	(201)	(99)
Loss on sale of foreclosed assets	-	105
Increase in interest receivable	(2,792)	(2,244)
Increase in other assets	(1,173)	(841)
Decrease in other liabilities	(452)	(4,539)
NET CASH FROM OPERATING ACTIVITIES	149,303	107,414
INVESTING ACTIVITIES		
Securities available for sale transactions		
Purchase of securities	(475,155)	(1,234,928)
Proceeds from sales, maturities, and principal repayments	740,336	909,559
Purchase of Federal Home Loan Bank stock	(25,015)	(24,857)
Sale of Federal Home Loan Bank stock	21,283	16,826
Purchase of other equity securities	(397)	(700)
Sale of other equity securities	28	606
Proceeds from sales of loans	14,332	8,352
Net increase in loans	(503,146)	(384,886)
Purchases of premises and equipment	(630)	(491)
Payments from rebuilders loan program	4,103	6,783
Proceeds from sale of foreclosed assets	-	319
NET CASH USED FOR INVESTING ACTIVITIES	(224,261)	(703,417)
FINANCING ACTIVITIES		
Net decrease in non-interest bearing deposits	(59,182)	(98,113)
Net increase in interest bearing deposits	130,713	227,597
Net decrease in federal funds purchased and repurchase agreements	(58,955)	(66,655)
Proceeds from issuance of short and long-term debt	615,000	600,000
Payment of short and long-term debt	(532,804)	(420,835)
Payment of transfers to other state funds	(28,645)	(17,345)
NET CASH FROM FINANCING ACTIVITIES	66,127	224,649
NET CHANGE IN CASH AND CASH EQUIVALENTS	(8,831)	(371,354)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	405,090	776,444
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 396,259	$ 405,090

See Notes to Financial Statements

(In Thousands)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Bank of North Dakota (BND) is owned and operated by the State of North Dakota under the supervision of the Industrial Commission as provided by Chapter 6-09 of the North Dakota Century Code. BND is a unique institution combining elements of banking, fiduciary, investment management services, and other financial services, and state government with a primary role in financing economic development. BND is a participation lender; the vast majority of its loans are purchased from financial institutions throughout the State of North Dakota. BND's primary deposit products are interest-bearing accounts for state and political subdivisions.

Bank of North Dakota is included as part of the primary government in the State of North Dakota's reporting entity. As such, BND is required to follow the pronouncements of the Government Accounting Standards Board (GASB), which is the nationally accepted standard setting body for establishing generally accepted accounting principles for governmental entities.

However, the accompanying financial statements are prepared in accordance with Financial Accounting Standards Board Accounting Standards Codification, which are generally accepted accounting principles for financial institutions.

BND also prepares financial statements in accordance with GASB pronouncements.

Use of Estimates

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near-term relate to the determination of the allowance for loan losses.

Significant Group Concentrations of Credit Risk

Most of the Bank's lending activities are with customers within the State of North Dakota. The Bank's loan portfolio is comprised of the following concentrations as of December 31, 2015 and 2014:

	2015	2014
Commercial loans, of which 4% and 3% are federally guaranteed	**42%**	41%
Student loans, of which 99% and 99% are guaranteed	**30%**	31%
Residential loans, of which 73% and 77% are federally guaranteed	**16%**	17%
Agricultural loans, of which 4% and 4% are federally guaranteed	**12%**	11%
	100%	100%

(continued on next page)

Cash and Cash Equivalents

For purposes of the statements of cash flows, cash and cash equivalents include cash and balances due from banks and federal funds sold, all with original maturities of three months or less.

Securities

Securities that may be sold before maturity in response to changes in interest rates or prepayment risk, or due to liquidity needs or changes in funding sources or terms are classified as available for sale. These securities are recorded at fair value, with unrealized gains and losses reported in equity. The changes in unrealized gains and losses are excluded from earnings and reported in other comprehensive income. Securities that management has the positive intent and ability to hold to maturity are classified as held to maturity and recorded at amortized cost.

Purchase premiums and discounts are recognized in interest income using the interest method over the terms of the securities. Declines in the fair value of securities below their cost that are deemed to be other than temporary are reflected in earnings as realized losses. In estimating other-than-temporary impairment losses, management considers (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the Bank to retain its investment in the issue for a period of time sufficient to allow for any anticipated recovery in fair value. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

In order to borrow from the Federal Home Loan Bank (FHLB), the Bank is required to hold FHLB stock. The amount of stock that the Bank must hold is equal to .12% of total bank assets plus 4% of total FHLB advances. Since ownership of this stock is restricted, these securities are carried at cost and evaluated periodically for impairment.

Nonmarketable equity securities represent venture capital equity securities that are not publicly traded. The Bank reviews these assets at least annually for possible other-than-temporary impairment. These securities do not have a readily determinable fair value and are stated at cost. The Bank reduces the asset value when it considers declines in value to be other than temporary. We recognize the estimated loss as a loss from equity securities in the line item net gain/(loss) on available-for-sale securities included in non-interest income.

Loans Held For Sale

Mortgage loans held for sale are generally sold with the mortgage servicing rights retained by the Bank. The carrying value of the mortgage loans sold is reduced by the cost allocated to the associated mortgage servicing rights. Loans held for sale are carried at the lower of aggregate cost or market value. Gains or losses on sale of mortgage loans are recognized based on the difference between the selling price and the carrying value of the related mortgage loans sold.

(continued on next page)

Loans

Loans are reported at the outstanding unpaid principal balances, adjusted for charge-offs, unamortized deferred fees and costs on originated loans and premiums or discounts on purchased loans. Interest income on loans is accrued at the specific rate on the unpaid principal balance. Unearned income, deferred fees and costs, and discounts and premiums are amortized to income over the estimated life of the loan using the interest or straight line method.

The accrual of interest is discontinued when, in management's opinion, the borrower may be unable to meet payments as they become due. Past due status is based on contractual terms of the loan. In all cases, loans are placed on non-accrual or charged-off at an earlier date if collection of principal or interest is considered doubtful. When interest accrual is discontinued, all unpaid accrued interest is reversed against interest income. Future payments are generally applied against principal until the loan balance is at zero. Any further payments are then recorded as interest income on the cash basis. Loans can be returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Allowance for Credit Losses

The Bank uses the allowance method in providing for credit losses. Accordingly, the allowance is increased by the current year's provision for credit losses charged to operations and reduced by net charge-offs. Credit losses are charged against the allowance when management believes the uncollectability of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.

The adequacy of the allowance for credit losses and the provision for credit losses charged to operations are based on management's evaluation of a number of factors, including recent credit loss experience, continuous evaluation of the loan portfolio quality, current and anticipated economic conditions, and other pertinent factors. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

The allowance consists of specific, general and unallocated components. The specific component relates to loans that are classified as doubtful, substandard or special mention. For such loans that are also classified as impaired, an allowance is established when the discounted cash flows (or collateral value or observable market price) of the impaired loan is lower than the carrying value of that loan. The general component covers non-classified loans and is based on historical loss experience adjusted for qualitative factors. An unallocated component is maintained to cover uncertainties that could affect management's estimate of probable losses. The unallocated component of the allowance reflects the margin of imprecision inherent in the underlying assumptions used in the methodologies for estimating specific and general losses in the portfolio.

A loan is considered impaired when, based on current information and events, it is probable that the Bank will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and amount of the shortfall in relation to the principal and interest owed.

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Impairment is measured on a loan-by-loan basis for commercial, agricultural, farm real estate, state institution and bank stock loans by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price, or the fair value of the collateral if the loan is collateral dependent.

Large groups of smaller balance homogeneous loans are collectively evaluated for impairment. Accordingly, the Bank does not separately identify individual guaranteed student and residential loans for impairment disclosures, except for such loans that are placed on nonaccrual.

Loan Charge-Offs

Loans are generally fully or partially charged down to the fair value of collateral securing the asset when:

- An unsecured loan that has principal or interest 120 or more days past due.
- A loan secured by a commercial real estate mortgage, farm real estate mortgage, conventional real estate mortgage, or by other than real property that has principal or interest 120 or more day past due.
- A loan classified as a "loss" by the North Dakota Department of Banking and Financial Institutions.
- A loan where there is a recognized loss in conjunction with the acquisition of real estate by the Bank.
- A loan where the Bank deems itself insecure due to the financial condition of the borrower.
- A loan or portion of a loan has been forgiven.

Transfers of Financial Assets

Transfers of financial assets are accounted for as sales, when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Bank, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (3) the Bank does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

Bank Premises, Equipment, and Software

Bank premises, equipment, hardware and software are stated at cost less accumulated depreciation or amortization. Depreciation and amortization are provided over the estimated useful lives of the individual assets using the straight-line method.

Foreclosed Assets

Foreclosed assets, which are included in other assets, represent assets acquired through loan foreclosure or other proceedings. Foreclosed assets are recorded at the lower of the amount of the loan or fair market value of the assets. Any write-down to fair market value at the time of the transfer to foreclosed assets is charged to the allowance for loan losses. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of carrying amount or fair value less cost to sell. Revenue and expenses from operations and change in the valuation allowance are included in other operating expenses. Foreclosed assets totaled $508 and $400 as of December 31, 2015 and 2014, respectively.

(continued on next page)

Derivatives and Hedging Activities

At the inception of a derivative contract, the Bank designates the derivative as one of three types based on the Bank's intentions and belief as to likely effectiveness as a hedge. These three types are (1) a hedge of the fair value of a recognized asset or liability or of an unrecognized firm commitment ("fair value hedge"), (2) a hedge of a forecasted transaction or the variability of cash flows to be received or paid related to a recognized asset or liability ("cash flow hedge"), or (3) an instrument with no hedging designation ("stand-alone derivative"). For a fair value hedge, the gain or loss on the derivative, as well as the offsetting loss or gain on the hedged item, are recognized in current earnings as fair values change. For a cash flow hedge, the gain or loss on the derivative is reported in other comprehensive income and is reclassified into earnings in the same periods during which the hedged transaction affects earnings. For both types of hedges, changes in the fair value of derivatives that are not highly effective in hedging the changes in fair value or expected cash flows of the hedged item are recognized immediately in current earnings. Changes in the fair value of derivatives that do not qualify for hedge accounting are reported currently in earnings, as non-interest income.

Net cash settlements on derivatives that qualify for hedge accounting are recorded in interest income or interest expense, based on the item being hedged. Net cash settlements on derivatives that do not qualify for hedge accounting are reported in non-interest income. Cash flows on hedges are classified in the cash flow statement the same as the cash flows of the items being hedged.

The Bank formally documents the relationship between derivatives and hedged items, as well as the risk-management objective and the strategy for undertaking hedge transactions at the inception of the hedging relationship. This documentation includes linking fair value or cash flow hedges to specific assets and liabilities on the balance sheet or to specific firm commitments or forecasted transactions. The Bank also formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivative instruments that are used are highly effective in offsetting changes in fair values or cash flows of the hedged items. The Bank discontinues hedge accounting when it determines that the derivative is no longer effective in offsetting changes in the fair value or cash flows of the hedged item, the derivative is settled or terminates, a hedged forecasted transaction is no longer probable, a hedged firm commitment is no longer firm, or treatment of the derivative as a hedge is no longer appropriate or intended.

When hedge accounting is discontinued, subsequent changes in fair value of the derivative are recorded as non-interest income. When a fair value hedge is discontinued, the hedged asset or liability is no longer adjusted for changes in fair value and the existing basis adjustment is amortized or accreted over the remaining life of the asset or liability. When a cash flow hedge is discontinued but the hedged cash flows or forecasted transactions are still expected to occur, gains or losses that were accumulated in other comprehensive income into earnings over the same periods which the hedged transactions will affect earnings.

Defined Benefit Plan

The Bank funds amounts equal to pension costs accrued.

Income Taxes

Bank of North Dakota is a governmental agency of the State of North Dakota and, as such, is not subject to federal or state income taxes.

(continued on next page)

(In Thousands)

NOTE 2 - RESTRICTION AND CONCENTRATION ON CASH AND DUE FROM BANKS

Federal Reserve Board regulations require the Bank to maintain reserve balances with the Federal Reserve Bank. The average required reserve balances maintained at the Federal Reserve Bank were approximately $65,079 in 2015 and $67,693 in 2014.

The Bank has depository relationships where it is a requirement of the other institution in order to have a business relationship. Deposits at these institutions are insured up to $250,000 with the Federal Deposit Insurance Corporation except for deposits with the Federal Reserve Bank and the Federal Home Loan Bank. The amount of cash deposits not covered by FDIC insurance was $73,691 and $102,321 as of December 31, 2015 and 2014, respectively. Of these amounts, $65,854 and $46,822 were deposited at the Federal Reserve Bank.

NOTE 3 - DEBT AND EQUITY SECURITIES

Debt and equity securities have been classified in the financial statements according to management's intent. The carrying value of securities as of December 31, 2015 and 2014 consists of the following:

	2015	2014
Securities available for sale, at fair value	**$ 2,615,296**	$ 2,895,440
Federal Home Loan Bank stock, at cost	**37,758**	34,027
Other equity securities, at cost	**4,473**	4,103
	$ 2,657,527	$ 2,933,570

(continued on next page)

(In Thousands)

The amortized cost and fair value of securities with gross unrealized gains and losses follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
DECEMBER 31, 2015				
Securities available for sale				
Federal agency	**$ 1,588,252**	**$ 6,850**	**$ 2,985**	**$ 1,592,117**
Mortgage-backed	**973,428**	**5,062**	**2,747**	**975,743**
US treasuries	**39,621**	**175**	**-**	**39,796**
State and municipal	**7,631**	**9**	**-**	**7,640**
	$ 2,608,932	**$ 12,096**	**$ 5,732**	**$ 2,615,296**

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
DECEMBER 31, 2014				
Securities available for sale				
Federal agency	$ 1,803,205	$ 6,726	$ 1,279	$ 1,808,652
Mortgage-backed	1,027,475	8,016	2,296	1,033,195
US treasuries	39,449	142	-	39,591
State and municipal	14,010	1	9	14,002
	$ 2,884,139	$ 14,885	$ 3,584	$ 2,895,440

There were no securities pledged as of December 31, 2015 and 2014 for repurchase agreements or for other required pledging purposes**.** FHLB stock totaling $37,758 and $34,027 at December 31, 2015 and 2014, respectively are pledged on the FHLB advances (Note 9).

(continued on next page)

(In Thousands)

The maturity distribution of debt securities at December 31, 2015, is shown below. The distribution of mortgage-backed securities is based on average expected maturities. Actual maturities may differ because issuers may have the right to call or prepay obligations.

	Available for Sale	
	Amortized Cost	Fair Value
Within one year	$ 369,092	$ 369,210
Over one year through five years	2,140,413	2,147,251
Over five years through ten years	85,725	85,047
Over ten years	13,702	13,788
	$ 2,608,932	$ 2,615,296

For the year ended December 31, 2015, proceeds from the sale of securities available for sale were $9,552. Gross realized gains were $40 on these sales. For the year ended December 31, 2014, proceeds from the sale of securities available for sale were $59,299. Gross realized gains were $291 on these sales.

(continued on next page)

(In Thousands)

Information pertaining to securities with gross unrealized losses at December 31, 2015 and 2014 aggregated by investment category and length of time that individual securities have been in a continuous loss position, follows:

	Less Than Twelve Months		Over Twelve Months	
DECEMBER 31, 2015	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
Securities available for sale				
Federal agency	**$ 2,985**	**$ 761,919**	**$ -**	**$ -**
Mortgage-backed	**2,384**	**501,757**	**363**	**46,726**
State and municipal	**-**	**-**	**-**	**-**
	$ 5,369	**$ 1,263,676**	**$ 363**	**$ 46,726**

	Less Than Twelve Months		Over Twelve Months	
DECEMBER 31, 2014	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
Securities available for sale				
Federal agency	$ 729	$ 345,335	$ 550	$ 84,630
Mortgage-backed	465	218,904	1,831	152,564
State and municipal	9	6,481	-	-
	$ 1,203	$ 570,720	$ 2,381	$ 237,194

Management evaluates securities for other-than-temporary impairment at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the Bank to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

At December 31, 2015 and 2014, no securities were written down as other-than-temporary impairments. The unrealized loss position is primarily driven by changes in interest rates and not due to underlying credit losses. The Bank has evaluated and concluded that it does not intend to sell any of the securities, and that it is more likely than not that it will not be required to sell prior to recovery.

(continued on next page)

(In Thousands)

NOTE 4 - LOANS

The composition of the loan portfolio at December 31, 2015 and 2014 is as follows:

	2015	2014
Commercial	**$ 1,811,259**	$ 1,559,137
Student	**1,320,748**	1,203,972
Residential	**693,712**	652,076
Agricultural	**513,899**	436,970
	4,339,618	3,852,155
Allowance for loan losses	**(69,294)**	(58,346)
	$ 4,270,324	$ 3,793,809

Unamortized deferred student loan costs totaled $15,571 and $11,586 as of December 31, 2015 and 2014, respectively. Net unamortized loan premiums and discounts, including purchased servicing rights, on residential loans totaled $6,195 and $7,382 as of December 31, 2015 and 2014, respectively.

In the normal course of business, overdrafts of deposit accounts are reclassified as loans. There were no overdrafts of deposit accounts at December 31, 2015 and 2014.

Management has an established methodology to determine the adequacy of the allowance for credit losses that assesses the risks and losses inherent in the loan portfolio. For purposes of determining the allowance for credit losses, the Bank has segmented certain loans in the portfolio by product type. Loans are segmented into the following pools: commercial, agricultural, residential real estate, and student loans. The Bank also sub-segments the commercial and agricultural segments into classes based on the associated risks within those segments. Commercial loans are divided into three classes: commercial participations, bank stock, and all other business loans (including PACE). Agricultural loans are also divided into three classes: farm & ranch, farm real estate, and all other farm loans. Each class of loan exercises significant judgment to determine the estimation method that fits the credit risk characteristics of its portfolio segment.

The adequacy of the allowance for credit losses and the provision for credit losses charged to operations are based on management's evaluation of a number of factors, including recent credit loss experience, continuous evaluation of the loan portfolio quality, current and anticipated economic conditions, and other pertinent factors. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available. Changes in the allowance for credit loss and the related provision expense can materially affect net income.

(continued on next page)

(In Thousands)

The allowance consists of specific, general and unallocated components. The specific component relates to loans that are classified as doubtful, substandard or special mention. For such loans that are also classified as impaired, an allowance is established when the discounted cash flows (or collateral value or observable market price) of the impaired loan is lower than the carrying value of that loan. The general component covers non-classified loans and is based on historical loss experience adjusted for qualitative factors. An unallocated component is maintained to cover uncertainties that could affect management's estimate of probable losses. The unallocated component of the allowance reflects the margin of imprecision inherent in the underlying assumptions used in the methodologies for estimating specific and general losses in the portfolio.

The total allowance reflects management's estimate of credit losses inherent in the loan portfolio at the balance sheet date. The Bank considers the allowance for credit losses of $69,294 adequate to cover loan losses inherent in the loan portfolio, at December 31, 2015. The following tables represent, by portfolio segment, the changes in the allowance for credit losses and the recorded investment in loans.

	2015				
	Commercial	**Agricultural**	**Residential**	**Student**	**TOTAL**
Beginning Balance:	**$ 46,298**	**$ 9,552**	**$ 710**	**$ 1,786**	**$ 58,346**
Charge-offs	**(6,632)**	**-**	**-**	**(256)**	**(6,888)**
Recoveries	**5,319**	**11**	**-**	**6**	**5,336**
Provision	**7,946**	**4,376**	**205**	**(27)**	**12,500**
Ending Balance	**$ 52,931**	**$ 13,939**	**$ 915**	**$ 1,509**	**$ 69,294**

	2014				
	Commercial	Agricultural	Residential	Student	TOTAL
Beginning Balance:	$ 43,059	$ 6,486	$ 655	$ 1,570	$ 51,770
Charge-offs	(1,962)	-	-	(172)	(2,134)
Recoveries	693	13	-	4	710
Reallocation	4,508	3,053	55	384	8,000
Ending Balance	$ 46,298	$ 9,552	$ 710	$ 1,786	$ 58,346

(continued on next page)

(In Thousands)

The following tables disaggregate our allowance for credit losses by impairment methodology.

	2015				
	Commercial	**Agricultural**	**Residential**	**Student**	**TOTAL**
Collectively evaluated	**$ 45,794**	**$ 13,482**	**$ 915**	**$ 1,509**	**$ 61,700**
Individually evaluated	**7,137**	**457**	**-**	**-**	**7,594**
Total	**$ 52,931**	**$ 13,939**	**$ 915**	**$ 1,509**	**$ 69,294**

	2014				
	Commercial	Agricultural	Residential	Student	TOTAL
Collectively evaluated	$ 39,332	$ 9,493	$ 710	$ 1,786	$ 51,321
Individually evaluated	6,966	59	-	-	7,025
Total	$ 46,298	$ 9,552	$ 710	$ 1,786	$ 58,346

The following tables disaggregate our loan portfolio by impairment methodology.

	2015				
	Commercial	**Agricultural**	**Residential**	**Student**	**TOTAL**
Collectively evaluated	**$ 1,635,748**	**$ 490,837**	**$ 693,250**	**$ 373,917**	**$ 3,193,752**
Individually evaluated	**37,745**	**3,550**	**365**	**-**	**41,660**
Loan types excluded from allowance	**137,766**	**19,512**	**97**	**946,831**	**1,104,206**
Total	**$ 1,811,259**	**$ 513,899**	**$ 693,712**	**$ 1,320,748**	**$ 4,339,618**

	2014				
	Commercial	Agricultural	Residential	Student	TOTAL
Collectively evaluated	$ 1,390,426	$ 419,612	$ 651,644	$ 457,260	$ 2,918,942
Individually evaluated	39,945	582	373	-	40,900
Loan types excluded from allowance	128,766	16,775	60	746,712	892,313
Total	$ 1,559,137	$ 436,969	$ 652,077	$ 1,203,972	$ 3,852,155

(continued on next page)

The Bank's internally assigned ratings are as follows:

	Risk Code	Description
Exceptional	1	Loan considered prime on the basis of very substantial financial capacity with minimal risk of non payment.
Excellent	2	Loan considered sound on the basis of strong financial capacity with little or no apparent weakness and very limited risk of non payment. The probability of serious financial deterioration is highly unlikely.
Good	3	Loan may reveal weaknesses in some areas, however, not of a serious nature and the debt remains collectible in its entirety. The collateral may be characterized as being less marketable than that of a higher rated borrower.
Acceptable	4	Bank feels that the credit risk is acceptable, but may require above average officer attention. Credit in this class exhibit the earliest signs of potential problems. A greater reliance will be placed on the quality and marketability of the underlying collateral as the cash flow may be unproven or somewhat erratic.
Special Mention	5	May be bankable based on certain types of loan programs which fall within the Bank's mission. This type of loan may be currently protected, but has potential unrealized weaknesses. The loan will require close monitoring as deterioration remains a strong possibility. The potential problems must remain manageable and must not pose a serious threat to repayment.
Substandard	6	Well defined weaknesses jeopardize orderly repayment. The loan is no longer protected by sound net worth or repayment capacity of the borrower. Even though elements of loss are present, the borrower can potentially repay if deficiencies are corrected. Close monitoring of this type of loan is extremely important to prevent loss to the Bank.
Doubtful	7	Loan had deteriorated to the point where collection or liquidation in full on the basis of current information, conditions and values is highly questionable and improbable. A doubtful classification is warranted during this period of quantifying/defining the amount of exposure or loss. A well defined corrective action or liquidation plan should be developed and implemented as soon as possible to limit further loss potential for the bank.
Loss	8	Loan is considered uncollectible and of such value that it should be charged-off. This classification does not mean that the asset has no recovery or salvage value.

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(In Thousands)

The following table represents credit exposures by internally assigned risk ratings for the years ended December 31, 2015 and 2014. The rating analysis estimates the capability of the borrower to repay the contractual obligations of the loan agreements as scheduled or at all. The Bank's internal credit risk rating is based on experiences with similarly rated loans. Credit risk ratings are refreshed periodically as they become available, at which time management analyzes the resulting scores, as well as other external statistics and factors, to track loan performance.

	2015				
Risk Rating	**Commercial Participations**	**Bank Stock**	**Business Loans (Including PACE)**	**Farm & Ranch**	**Farm Real Estate**
No assigned risk rating	$ -	$ -	$ -	$ -	$ -
1	-	-	-	-	-
2	-	-	137,323	5,536	89
3	305,801	164,314	54,317	53,991	52,867
4	704,858	83,947	144,859	132,908	142,081
5	26,711	1,010	3,685	22,158	42,112
6	40,079	674	1,308	6,555	-
7	1,652	-	2,956	-	-
8	-	-	-	-	-
Loan types excluded from allowance	-	-	137,766	-	-
Total	$ 1,079,101	$ 249,945	$ 482,214	$ 221,148	$ 237,149

Risk Rating	**All Other Farm Loans**	**Residential Real Estate**	**Student Loans**	**Total**
No assigned risk rating	$ -	$ 693,615	$ 373,917	$ 1,067,532
1	-	-	-	-
2	878	-	-	143,826
3	10,790	-	-	642,080
4	16,475	-	-	1,225,128
5	7,946	-	-	103,622
6	-	-	-	48,616
7	-	-	-	4,608
8	-	-	-	-
Loan types excluded from allowance	19,512	97	946,831	1,104,206
Total	$ 55,601	$ 693,712	$ 1,320,748	$ 4,339,618

(continued on next page)

(In Thousands)

	2014				
Risk Rating	Commercial Participations	Bank Stock	Business Loans (Including PACE)	Farm & Ranch	Farm Real Estate
No assigned risk rating	$ -	$ -	$ -	$ -	$ -
1	-	-	-	-	-
2	-	-	67,107	4,857	94
3	349,589	125,625	59,040	58,175	51,873
4	544,333	76,529	123,312	117,990	105,071
5	51,754	1,958	5,146	9,441	35,718
6	23,446	795	914	-	-
7	415	-	408	-	-
8	-	-	-	-	-
Loan types excluded from allowance	-	-	128,766	-	-
Total	$ 969,537	$ 204,907	$ 384,693	$ 190,463	$ 192,756

Risk Rating	All Other Farm Loans	Residential Real Estate	Student Loans	Total
No assigned risk rating	$ -	$ 652,017	$ 457,260	$ 1,109,277
1	241	-	-	241
2	811	-	-	72,869
3	10,601	-	-	654,903
4	16,986	-	-	984,221
5	8,204	-	-	112,221
6	117	-	-	25,272
7	16	-	-	839
8	-	-	-	-
Loan types excluded from allowance	16,775	59	746,712	892,312
Total	$ 53,751	$ 652,076	$ 1,203,972	$ 3,852,155

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(In Thousands)

Following are tables which include an aging analysis of the recorded investment of past due financing receivables as of December 31, 2015 and 2014. Also included are loans that are 90 days or more past due as to interest and principal and still accruing, because they are (1) well-secured and in the process of collection, (2) real estate loans or loans exempt under regulatory rules from being classified as nonaccrual or (3) student loans where accrued interest is guaranteed.

2015

Loan Class	**31-60 days past due**	**61 - 90 days past due**	**Greater than 90 days**	**Total Past Due**	**Current**	**Total Loans**	**Investment >90 days and accruing**
Commercial Participations	**$ 316**	**$ -**	**$ 5,909**	**$ 6,225**	**$ 1,072,876**	**$ 1,079,101**	**$ 271**
Bank Stock	**-**	**-**	**-**	**-**	**249,945**	**249,945**	**-**
All other Business Loans (Including PACE)	**838**	**2,027**	**964**	**3,829**	**478,385**	**482,214**	**-**
Farm & Ranch	**1,448**	**487**	**788**	**2,723**	**218,425**	**221,148**	**788**
Farm Real Estate	**2,090**	**4**	**165**	**2,259**	**234,890**	**237,149**	**165**
All other Farm loans	**188**	**41**	**19**	**248**	**55,353**	**55,601**	**19**
Residential Real Estate	**15,079**	**5,224**	**5,815**	**26,118**	**667,594**	**693,712**	**5,815**
Student Loans	**20,440**	**8,409**	**47,689**	**76,538**	**1,244,210**	**1,320,748**	**47,619**
Totals	**$ 40,399**	**$ 16,192**	**$ 61,349**	**$ 117,940**	**$ 4,221,678**	**$ 4,339,618**	**$ 54,677**

2014

Loan Class	31-60 days past due	61 - 90 days past due	Greater than 90 days	Total Past Due	Current	Total Loans	Investment >90 days and accruing
Commercial Participations	$ 861	$ -	$ 865	$ 1,726	$ 967,811	$ 969,537	$ 15
Bank Stock	-	-	-	-	204,907	204,907	-
All other Business Loans (Including PACE)	93	78	100	271	384,422	384,693	-
Farm & Ranch	239	-	-	239	190,224	190,463	-
Farm Real Estate	901	93	-	994	191,762	192,756	-
All other Farm loans	80	10	116	206	53,545	53,751	-
Residential Real Estate	14,771	2,200	2,612	19,583	632,493	652,076	2,612
Student Loans	23,060	8,527	51,539	83,126	1,120,846	1,203,972	51,441
Totals	$ 40,005	$ 10,908	$ 55,232	$ 106,145	$ 3,746,010	$ 3,852,155	$ 54,068

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Management considers a loan to be impaired when, based on current information and events, it is determined that the Bank will not be able to collect all amounts due according to the loan contract, including scheduled interest payments. Determination of impairment is treated the same across all classes of loans. When management identifies a loan as impaired, the impairment is measured based on the present value of expected future cash flows, discounted at the loan's effective interest rate, except when the sole (remaining) source of repayment for the loan is the operation or liquidation of the collateral. In these cases management uses the current fair value of the collateral, less selling costs when foreclosure is probable, instead of discounted cash flows. If management determines that the value of the impaired loan is less than the recorded investment in the loan (net of previous charge-offs, deferred loan fees or costs and unamortized premium or discount), impairment is recognized through an allowance estimate or a charge-off to the allowance.

When the ultimate collectability of the total principal of an impaired loan is in doubt and the loan is on nonaccrual status, all payments are applied to principal, under the cost recovery method. When the ultimate collectability of the total principal of an impaired loan is not in doubt and the loan is on nonaccrual status, contractual interest is credited to interest income when received, under the cash basis method.

The following tables include the recorded investment and unpaid principal balances for impaired financing receivables with the associated allowance amount, if applicable. Management determined the specific allowance based on the present value of expected future cash flows, discounted at the loan's effective interest rate, except when the remaining source of repayment for the loan is the operation or liquidation of the collateral. In those cases, the current fair value of the collateral, less selling costs was used to determine the specific allowance recorded.

Also presented are the average recorded investments in the impaired loans during the time within the period that the impaired loans were impaired. When the ultimate collectability of the total principal of an impaired loan is in doubt and the loan is on nonaccrual status, all payments are applied to principal, under the cost recovery method. When the ultimate collectability of the total principal of an impaired loan is not in doubt and the loan is on nonaccrual status, contractual interest is credited to interest income when received, under the cash basis method.

(continued on next page)

(In Thousands)

	2015				
Loan Class	**Recorded Investment**	**Unpaid Principal Balance (1)**	**Associated Allowance**	**Average Recorded Investment**	**Interest Income Recognized**
With No Specific Allowance Recorded:					
Commercial Participations	$ -	$ -	$ -	$ -	$ -
Bank Stock	-	-	-	-	-
All other Business Loans (Including PACE)	-	-	-	-	-
Farm & Ranch	-	-	-	-	-
Farm Real Estate	-	-	-	-	-
All other Farm loans	-	-	-	-	-
Residential Real Estate	365	365	-	369	17
With an Allowance Recorded:					
Commercial Participations	$ 33,683	$ 39,992	$ 6,072	$ 41,653	$ 1,298
Bank Stock	674	674	101	752	24
All other Business Loans (Including PACE)	3,388	3,388	964	3,394	90
Farm & Ranch	3,142	3,142	427	3,374	146
Farm Real Estate	84	84	6	88	3
All other Farm loans	324	324	24	337	8
Residential Real Estate	-	-	-	-	-
Totals:					
Commercial Participations	$ 33,683	$ 39,992	$ 6,072	$ 41,653	$ 1,298
Bank Stock	674	674	101	752	24
All other Business Loans (Including PACE)	3,388	3,388	964	3,394	90
Farm & Ranch	3,142	3,142	427	3,374	146
Farm Real Estate	84	84	6	88	3
All other Farm loans	324	324	24	337	8
Residential Real Estate	365	365	-	369	17

(1) Represents the borrower's loan obligation, gross of any previously charged-off amounts.

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(In Thousands)

	2014				
Loan Class	Recorded Investment	Unpaid Principal Balance (1)	Associated Allowance	Average Recorded Investment	Interest Income Recognized
With No Specific Allowance Recorded:					
Commercial Participations	$ -	$ -	$ -	$ -	$ -
Bank Stock	-	-	-	-	-
All other Business Loans (Including PACE)	-	-	-	-	-
Farm & Ranch	-	-	-	-	-
Farm Real Estate	-	-	-	-	-
All other Farm loans	-	-	-	-	-
Residential Real Estate	373	373	-	380	20
With an Allowance Recorded:					
Commercial Participations	$ 37,759	$ 37,759	$ 6,366	$ 41,604	$ 1,506
Bank Stock	1,610	1,610	180	1,747	67
All other Business Loans (Including PACE)	576	576	420	635	5
Farm & Ranch	-	-	-	-	-
Farm Real Estate	89	89	7	93	2
All other Farm loans	493	493	52	519	8
Residential Real Estate	-	-	-	-	-
Totals:					
Commercial Participations	$ 37,759	$ 37,759	$ 6,366	$ 41,604	$ 1,506
Bank Stock	1,610	1,610	180	1,747	67
All other Business Loans (Including PACE)	576	576	420	635	5
Farm & Ranch	-	-	-	-	-
Farm Real Estate	89	89	7	93	2
All other Farm loans	493	493	52	519	8
Residential Real Estate	373	373	-	380	20

(1) Represents the borrower's loan obligation, gross of any previously charged-off amounts.

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(In Thousands)

A loan which meets any of the following criteria must be placed in a non-accrual status:

- The following loans on which the principal and interest is 90 or more days past due: Unsecured loans, loans secured by other than real property, loans secured by a mortgage on commercial real estate, loans secured by a farm real estate mortgage, loans secured by a conventional residential real estate mortgage.
- A loan where the borrower has filed for bankruptcy or where the lead bank or the Bank deems itself insecure due to the financial condition of the borrower.
- A loan which the North Dakota Department of Financial Institutions recommends to be placed in a non-accrual status.

A loan which meets the criteria for non-accrual status may be retained in accrual status if it is (1) guaranteed or insured by the state or federal government or secured by collateral with a fair market value sufficient to discharge the outstanding principal and interest and (2) in the process of collection supported by a document source of collection.

A loan which has been placed in a non-accrual status may be returned to an accrual status only if principal and interest are no longer due and unpaid and if current principal and interest appear to be collectable. In addition, the loan must either be secured by collateral with a fair market value sufficient to discharge the outstanding principal and interest or the borrower must demonstrate through a documented repayment plan the ability to discharge the outstanding principal and interest.

On the following table are the financing receivables on nonaccrual status as of December 31, 2015 and 2014. The balances are presented by class of financing receivable.

	2015	2014
Commercial Participations	**$ 12,082**	$ 8,305
Bank Stock	**-**	-
All Other Business Loans (Including PACE)	**3,066**	509
Farm & Ranch	**-**	-
Farm Real Estate	**-**	-
All Other Farm Loans	**-**	132
Residential Real Estate	**-**	-
Student	**70**	98
TOTAL	**$ 15,218**	$ 9,044

Accruing loans 90 days or more past due include guaranteed student loans of $47,619 and $51,441 as of December 31, 2015 and 2014, respectively. The Bank is entitled to reimbursement from the guarantor 270 days after default in the case of a student loan payable in monthly installments and 330 days in the case of a student loan payable in less frequent installments.

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(In Thousands)

Residential loans of $5,815 and $2,612 as of December 31, 2015 and 2014, respectively, are also included in accruing loans 90 days or more past due. In the event of a foreclosure a residential loan guaranteed by the Federal Housing Administration will be paid in full and the property title is transferred to them with the exception of flooded properties. The Department of Veterans Affairs has the option of paying their guaranty percentage and the Bank keeps the foreclosed property as well as any gain or loss from the sale or they can pay the loan in full and title is transferred to them.

The Bank's loan portfolio also includes certain loans that have been modified in a Trouble Debt Restructuring (TDR), where economic concessions have been granted to borrowers who have experienced or are expected to experience financial difficulties. These concessions typically result from the Bank's loss mitigation activities and could include reductions in the interest rate, payment extensions, forgiveness of principal, forbearance or other actions. Certain TDRs are classified as nonperforming at the time of restructure and may only be returned to performing status after considering the borrower's sustained repayment performance for a reasonable period, generally six months.

When the Bank modifies a loan, management evaluates any possible impairment based on the present value of expected future cash flows, discounted at the contractual interest rate of the original loan agreement, except when the sole (remaining) source of repayment for the loan is the operation or liquidation of the collateral. In these cases management uses the current fair value of the collateral, less selling costs, instead of discounted cash flows. If management determines that the value of the modified loan is less than the recorded investment in the loan (net of previous charge-offs, deferred loan fees or costs and unamortized premium or discount), impairment is recognized by segment or class of loan, as applicable, through an allowance estimate or a charge-off to the allowance. Segment and class status is determined by the loan's classification at origination.

The following table presents information related to loans modified in a troubled debt restructuring during the years ended December 31, 2015 and 2014. None of these loans subsequently defaulted after modification.

	2015		2014	
	Number of Modifications	**Recorded Investment**	Number of Modifications	Recorded Investment
Commercial Participations	**12**	**$ 8,800**	9	$ 13,419
Bank Stock	-	-	-	-
All Other Business Loans (Including PACE)	**4**	**293**	-	-
Farm & Ranch	-	-	-	-
Farm Real Estate	-	-	-	-
All Other Farm Loans	-	-	2	361
Residential Real Estate	-	-	4	373
Student Loans	-	-	-	-
TOTAL	**16**	**$ 9,093**	15	$ 14,153

(continued on next page)

(In Thousands)

The following table presents the unpaid principal of loans modified in a troubled debt restructuring during the years ended December 31, 2015 and 2014, by type of modification.

	2015			
	To Interest Only	**Below Market Rate**	**Other (1)**	**Total**
Commercial Participations	$ 586	$ -	$ 8,214	$ 8,800
Bank Stock	-	-	-	-
All Other Business Loans (Including PACE)	138	-	155	293
Farm & Ranch	-	-	-	-
Farm Real Estate	-	-	-	-
All Other Farm Loans	-	-	-	-
Residential Real Estate	-	-	-	-
Student Loans	-	-	-	-
TOTAL	$ 724	$ -	$ 8,369	$ 9,093

	2014			
	To Interest Only	Below Market Rate	Other (1)	Total
Commercial Participations	$ 7,608	$ -	$ 5,811	$ 13,419
Bank Stock	-	-	-	-
All Other Business Loans (Including PACE)	-	-	-	-
Farm & Ranch	-	-	-	-
Farm Real Estate	-	-	-	-
All Other Farm Loans	-	-	361	361
Residential Real Estate	-	-	373	373
Student Loans	-	-	-	-
TOTAL	$ 7,608	$ -	$ 6,545	$ 14,153

(1) Other modifications include reamortization of payments, extended maturity and reduction of interest rate.

There were no material commitments to lend additional funds to customers whose loans were classified as impaired or restructured at December 31, 2015 and 2014.

(continued on next page)

(In Thousands)

NOTE 5 - LOAN SALES AND LOAN SERVICING

A summary of BND loan sales during 2015 and 2014 follows:

		2015		2014
Residential loans sold on the secondary market	**$**	**14,131**	$	8,253

BND recognized gains on sale of loans of $201 in 2015 and $99 in 2014 which is included in non-interest income on the Statements of Income.

BND has contracts to provide servicing of loans for others. These loans are not included in the accompanying balance sheets. The unpaid principal balances of loans serviced for others as of December 31, 2015 and 2014 were as follows:

		2015		2014
Student loans				
North Dakota Student Loan Trust	**$**	**20,915**	$	25,110
Residential loans				
Fannie Mae		**36,856**		28,078
Other state fund loans				
Western Area Water		**99,500**		73,022
Rebuilders Loan Program		**40,230**		44,838
Board of University and School Lands		**13,238**		15,882
Community Water Facility Loan Fund		**19,204**		15,564
Information Technology Department		**8,144**		8,787
Department of Human Services		**6,018**		6,414
State Water Commission		**689**		706
Workforce Safety		**139**		161
	$	**244,933**	$	218,562

Under existing student loan servicing agreements, the Bank generally agrees to reimburse lenders for all principal, accrued interest and special allowance which the lender has been denied if the denial resulted from the actions or inactions of the Bank. Under the existing residential loan servicing agreement with Fannie Mae, the Bank will indemnify Fannie Mae and hold them harmless against all losses, damages, judgments or legal expenses that result from the Bank’s failure in any way to perform its services and duties.

(continued on next page)

(In Thousands)

NOTE 6 - BANK PREMISES, EQUIPMENT, AND SOFTWARE

A summary of changes in bank premises, equipment, furniture, and software at December 31, 2015 and 2014 is as follows:

	Balance 2014	Additions	Retirements	Balance 2015
Land	**$ 2,449**	**$ -**	**$ -**	**$ 2,449**
Building	**10,212**	**105**	**-**	**10,317**
Equipment	**678**	**72**	**121**	**629**
Furniture	**698**	**-**	**1**	**697**
Hardware	**233**	**-**	**50**	**183**
Software	**5,045**	**453**	**34**	**5,464**
	19,315	**630**	**206**	**19,739**
Less accumulated depreciation	**7,637**	**742**	**206**	**8,173**
	$ 11,678	**$ (112)**	**$ -**	**$ 11,566**

	Balance 2013	Additions	Retirements	Balance 2014
Land	$ 1,688	$ 761	$ -	$ 2,449
Building	10,212	-	-	10,212
Equipment	783	68	173	678
Furniture	691	7	-	698
Hardware	203	158	128	233
Software	4,787	258	-	5,045
	18,364	1,252	301	19,315
Less accumulated depreciation	7,167	771	301	7,637
	$ 11,197	$ 481	$ -	$ 11,678

Depreciation and amortization expense on the above assets amounted to $742 and $771 in 2015 and 2014.

NOTE 7 - DEPOSITS

At December 31, 2015, the scheduled maturities of certificates of deposits are as follows:

One year or less	$ 3,544,985
One to three years	264,161
Over three years	92,230
	$ 3,901,376

(continued on next page)

(In Thousands)

NOTE 8 - REPURCHASE AGREEMENTS

The Bank enters into agreements to repurchase the same securities that it previously sold. These agreements may have a fixed maturity or be open-ended, callable at any time. There were no repurchase agreements as of December 31, 2015 and 2014.

NOTE 9 - SHORT AND LONG-TERM DEBT

Short and long-term debt consists of:

	2015	2014
Federal Home Loan Bank advances - long-term	**$ 526,942**	$ 544,574
Federal Home Loan Bank advances - short-term	**200,000**	100,000
ND Public Finance Authority, 3%, matures from September 2016 through September 2021	**380**	552
	$ 727,322	$ 645,126

A summary, by years, of future minimum payments required to amortize the outstanding short and long-term debt is as follows:

	Principal	Interest	Total
2016	$ 206,669	$ 16,650	$ 223,319
2017	6,966	16,434	23,400
2018	87,158	14,234	101,392
2019	47,348	13,388	60,736
2020	27,590	11,319	38,909
Later years	351,591	26,425	378,016
Totals	$ 727,322	$ 98,450	$ 825,772

The FHLB long-term advances outstanding at December 31, 2015, mature from January 2018 through October 2029. The FHLB long-term advances have fixed rate interest, ranging from 1.12% to 5.56%**.** All FHLB advances must be secured by minimum qualifying collateral maintenance levels. Residential loans and student loans with carrying values of $806,500 and $719,914 at December 31, 2015 and 2014, respectively, are currently being used as security to meet these minimum levels.

The money borrowed from the ND Public Finance Authority is unsecured and was used to fund irrigation and livestock waste program loans.

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(In Thousands)

NOTE 10 - OTHER LIABILITIES

Other liabilities consist of:

	2015	2014
Interest payable	**$ 966**	$ 1,103
Salary and benefits payable	**1,160**	1,102
Student loan related payables	**152**	162
Interest rate swap payable	**5,064**	4,443
Transfers payable	**-**	45
Accounts payable, accrued expenses and other liabilities	**2,143**	2,506
	$ 9,485	$ 9,361

The Bank does not have to transfer any funds to the State's General Fund for the biennium beginning July 1, 2015 and ending June 30, 2017.

NOTE 11 - PENSION PLAN

Bank of North Dakota participates in the North Dakota Public Employees' Retirement System (NDPERS) administered by the State of North Dakota. Following is a brief description of the plan.

NDPERS is a multi-employer defined benefit pension plan covering substantially all classified employees of Bank of North Dakota. The Plan provides retirement, disability, and death benefits. If an active employee dies with less than three years of credited service, a death benefit equal to the value of the employee's accumulated contributions, plus interest, is paid to the employee's beneficiary. If the employee has earned more than three years of credited service, the surviving spouse will be entitled to a single payment refund, lifetime monthly payments in an amount equal to 50% of the employee's accrued normal retirement benefit, 60 monthly payments equal to the employee's accrued normal retirement benefit calculated as if the employee were age 65 the day before death occurred, or monthly payments in an amount equal to the employee's accrued 100% joint and survivor retirement benefit if the member had reached normal retirement age prior to date of death. If the surviving spouse dies before the employee's accumulated pension benefits are paid, the balance will be payable to the surviving spouse's designated beneficiary.

Eligible employees who become totally disabled after a minimum of 180 days of service receive monthly disability benefits that are equal to 25% of their final average salary with a minimum benefit of $100. To qualify under this section, the employee must meet the criteria established by the Retirement Board for being considered totally disabled.

Employees are entitled to unreduced monthly pension benefits equal to 2.0% of their final average salary for each year of service beginning when the sum of age and years of credited service equal or exceed 85, or at normal retirement age (65). The Plan permits early retirement at ages 55-64, with five or more years of service.

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Benefit and contribution provisions are administered in accordance with chapter 54-52 of the North Dakota Century Code. This state statute requires that 5% of the participant's salary be contributed to the Plan by either the employee or by the employer under a "salary reduction" agreement. Bank of North Dakota is required to contribute 7.12% of each participant's salary as the employer's share. In addition to the 7.12% employer contribution, the employer is required to contribute 1.14% of each participating employee's gross wage to a prefunded retiree health insurance program. The required contributions are determined using an entry age normal actuarial funding method. The North Dakota Retirement Board was created by the State Legislature and is the governing authority of NDPERS. Bank of North Dakota's required and actual contributions to NDPERS for the fiscal years ending December 31, 2015 and 2014 were approximately $1,227 and $1,168, respectively, and are charged directly to operations. There were no surcharges paid by the Bank to the Plan in 2015 and 2014.

Specific plan assets and accumulated benefit information for the Bank's portion of the fund is not available. Under the Employee Retirement Income and Security Act of 1974 ("ERISA"), a contributor to a multi-employer pension plan may be liable in the event of complete or partial withdrawal for the benefit payments guaranteed under ERISA, but there is no intention to withdraw. NDPERS operates as a multi-employer plan for accounting purposes and as a multiple-employer plan under ERISA and the Internal Revenue Code. There are no collective bargaining agreements in place that require contributions to the Plan. As of December 31, 2015 and 2014, there were no funding improvement plans or rehabilitation plans implemented. The Plan is a single plan under Internal Revenue Code 413(c) and, as a result, all of the assets stand behind all of the liabilities. Accordingly, contributions made by a participating employer may be used to provide benefits to participants of other participating employers.

NDPERS issues a publicly available financial report that includes financial statements and the required supplementary information for NDPERS. The Bank's contributions to the Plan do not represent more than 5 percent of total contributions to the Plan as indicated in the Plan's most recently available annual report as of June 30, 2015. That report may be obtained by writing to NDPERS; 400 East Broadway, Suite 505; PO Box 1657; Bismarck, ND 58502-1657.

NOTE 12 - COMMITMENTS AND CONTINGENT LIABILITIES

Legislative Action – Various legislative bills provide state agencies the authority to borrow money from the Bank of North Dakota during the biennium beginning July 1, 2015 and ending June 30, 2017. Following is a summary of legislative action and/or North Dakota Statute in effect:

H.B. 1014, Section 7 – The Bank shall transfer the sum of $5,000 from the Bank's current earnings and undivided profits to the Housing Incentive Fund. As of December 31, 2015, the Bank had transferred $5,000.

H.B. 1014, Section 8 – The Bank of North Dakota shall transfer the sum of $5,000 from the Bank's current earnings and undivided profits to the Housing Incentive Fund for the period beginning July 1, 2015, and ending June 30, 2017, if the Bank's net income, reported in accordance with Financial Accounting Standards Board accounting standards, for the calendar year 2015 exceeds $130,000. The Bank transferred $5,000 in January 2016.

H.B. 1014, Section 9 – The Bank shall transfer up to $28,000 from its current earnings and undivided profits to the Partnership in Assisting Community Expansion Fund. As of December 31, 2015, the Bank had transferred $8,300.

H.B. 1014, Section 10 – The Bank shall transfer to $3,000 from its current earnings and undivided profits to the Agriculture Partnership in Assisting Community Expansion Fund. As of December 31, 2015, the Bank had transferred $600.

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H.B. 1014, Section 11 – The Bank shall transfer up to $2,000 from its current earnings and undivided profits to the Biofuels Partnership in Assisting Community Expansion Fund. As of December 31, 2015, the Bank had transferred $800.

H.B. 1014, Section 12 – The Bank shall transfer up to $7,000 from its current earnings and undivided profits to the Beginning Farmer Revolving Loan Fund. As of December 31, 2015, the Bank had transferred $2,000.

H.B. 1014, Section 13 – The Bank of North Dakota shall develop a Medical Partnership in Assisting Community Expansion Program to assist in the financing of critical access hospital medical infrastructure projects and transfer $10,250. As of December 31, 2015, the Bank had transferred $0.

H.B. 1014, Section 26 – The Bank of North Dakota approved budget includes $17,000 from the assets of the Bank of North Dakota for the purpose of constructing a North Dakota Financial Center on a site adjacent to the existing building in which the Bank is located. The Bank may spend the funding only if the Bank's net income, reported in accordance with Financial Accounting Standards Board accounting standards, for calendar year 2015 exceeds $125,000. The Bank’s net income exceeded this threshold as of December 31, 2015. As a result, the Bank has engaged an architect, and is pursuing the selection of a construction manager-at-risk, to assist in the Financial Center project.

H.B. 1049, Section 2 – The Bank of North Dakota shall develop and implement a program under which loans may be provided to qualified individuals participating in a paid or unpaid internship at a licensed substance abuse treatment facility in this state, in order to obtain licensure as an addiction counselor. Interest on outstanding loans under this section must accrue at the Bank of North Dakota's current base rate, but may not exceed six percent per annum. The maximum loan for which an applicant may qualify under this section is seven thousand five hundred dollars. The Bank of North Dakota shall maintain a revolving loan fund for the purpose of making loans under this section. All moneys transferred into the fund, interest upon moneys in the fund, and payments to the fund of principal and interest on loans under this section are appropriated to the Bank on a continuing basis. There is appropriated out of any moneys in the Student Loan Trust Fund in the State Treasury, not otherwise appropriated, the sum of $200, or so much of the sum as may be necessary, which the Director of the Office of Management and Budget shall transfer to the Bank of North Dakota, for purposes of the Addiction Counselor Internship Loan Program Revolving Fund. As of December 31, 2015, outstanding loans totaled $37.

H.B. 1112, Section 2 – When approved by the Emergency Commission, the Office of the Adjutant General is authorized to borrow from the Bank of North Dakota, to respond and recover from state disasters if the event has met the Stafford Act minimum for a presidential disaster declaration for which the request is denied, and to match federal funds under the Robert T. Stafford Disaster Emergency Assistance Act [Public Law 93-288, as amended]. In addition to the principal repayment, the Bank of North Dakota shall receive interest on the loan at a rate equal to other state agency borrowings. On behalf of the State, the Office of the Adjutant General shall administer the Disaster or Emergency Recovery Program according to State procedures based on federal laws or regulations. As of December 31, 2015, the outstanding loan totaled $78.

H.B. 1373, Section 1 – The Bank of North Dakota shall adopt rules to administer, manage, promote, and market the North Dakota Achieving a Better Life Experience Plan. The Bank shall ensure that the North Dakota Achieving a Better Life Experience Plan is maintained in compliance with internal revenue service standards for qualified state disability expense programs. The Bank, as trustee of the North Dakota Achieving a Better Life Experience Plan, may impose an annual administrative fee to recover expenses incurred in connection with operation of the plan. Administrative fees received by the Bank are appropriated to the Bank on a continuing basis to be used as provided under this section.

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H.B. 1443, Section 3 – Provides for the creation of the Infrastructure Revolving Loan Fund. The Infrastructure Revolving Loan Fund is a special loan fund in the State Treasury from which the Bank of North Dakota shall provide loans to political subdivisions for essential infrastructure projects. The Bank shall administer the Infrastructure Loan Fund. The maximum term of a loan made under this section is thirty years. A loan made from this Fund under this section must have an interest rate that does not exceed two percent per year. Loan funds must be used to address the needs of the community by providing critical infrastructure funding. In processing political subdivision loan applications under this section, the Bank shall calculate the maximum loan amount for which a qualified applicant may qualify, not to exceed fifteen million dollars per loan. The Bank shall deposit in the Infrastructure Revolving Loan Fund all payments of interest and principal paid under loans made from the Infrastructure Revolving Loan Fund. The Bank may use a portion of the interest paid on the outstanding loans as a servicing fee to pay for administrative costs which may not exceed one - half of one percent of the amount of the interest payment. All moneys transferred to the Fund, interest upon moneys in the Fund, and payments to the Fund of principal and interest are appropriated to the Bank on a continuing basis for administrative costs and for loan disbursement according to this section. If a political subdivision receives funds distributed by the State Treasurer under subsection 1 or 4 of section 1 or by the Department of Transportation under subsection 1 of section 2 of Senate Bill No. 2103, as approved by the sixty-fourth legislative assembly, it is the intent of the legislative assembly that political subdivision be ineligible to receive a loan under the Infrastructure Revolving Loan Fund until July 1, 2017.

During the biennium beginning July 1, 2015, and ending June 30, 2017, the Office of Management and Budget shall transfer the sum of $50,000 from the Strategic Investment and Improvements Fund to the Infrastructure Revolving Loan Fund. The Office of Management and Budget shall transfer the funds provided under this section to the Infrastructure Revolving Loan Fund as requested by the Bank of North Dakota. As of December 31, 2015 the Bank had not requested transfer of such funds.

During the biennium beginning July 1, 2015, and ending June 30, 2017, the Bank of North Dakota shall transfer the sum of $100,000, or so much of the sum as may be necessary, from the Bank's current earnings and undivided profits to the Infrastructure Revolving Loan Fund. As of December 31, 2015, the Bank had transferred $0.

S.B. 2008, Section 6 – The Bank of North Dakota shall transfer from the Beginning Farmer Revolving Loan Fund to the Public Service Commission the sum of $900, or so much of the sum as may be necessary, included in the estimated income line item in section 1 of this Act to pay for costs associated with a rail rate complaint case. Transfers must be made during the biennium beginning July 1, 2015, and ending June 30, 2017, upon order of the Commission. If any amounts are spent pursuant to this section, the Public Service Commission shall reimburse the Beginning Farmer Revolving Loan Fund using amounts available from damages or proceeds received, net of legal fees, from a successful outcome of a rail complaint case. As of December 31, 2015, the Bank had transferred $0.

S.B. 2018, Section 6 – The State Historical Society may obtain a loan from the Bank of North Dakota in an amount not to exceed $1,250, the sum of which is appropriated to the State Historical Society for the purpose of defraying the expenses of repairs to the Double Ditch historic site, for the biennium beginning July 1, 2015, and ending June 30, 2017. The loan authorization and appropriation in this section is contingent on the State Historical Society being unable to obtain assistance to contract with the Adjutant General for the Double Ditch historic site repairs. As of December 31, 2015, there was no outstanding loan balance.

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S.B. 2020, Section 7 – The State Water Commission shall obtain a loan from the Bank of North Dakota in an amount that may not exceed $56,000 for the purpose of paying off or defeasing outstanding bond issues, for the period ending June 30, 2017. As of December 31, 2015, the outstanding loan totaled $45,840.

S.B. 2020, Section 32 – The Bank of North Dakota shall extend a line of credit not to exceed two hundred million dollars at a rate that may not exceed one and three-quarters percent to the State Water Commission. The State Water Commission shall repay the line of credit from funds available in the Resources Trust Fund, Water Development Trust Fund, or other funds, as appropriated by the legislative assembly. The State Water Commission may access the line of credit, as necessary, to provide funding as authorized by the legislative assembly for water supply projects in suspense, water supply projects identified in section 19 of this Act and water supply projects approved before June 30, 2017, and flood control projects that have approval for funding before June 30, 2017. As of December 31, 2015, there was no outstanding loan balance.

S.B. 2039, Section 5 – The Bank of North Dakota may provide up to two hundred million dollars from the School Construction Assistance Loan Fund to eligible school districts for school construction loans, except that the total of all loans provided under this section prior to July 1, 2018, may not exceed fifty percent of the total amount authorized under this subsection. With the advice and consent of the Superintendent of Public Instruction, the Bank of North Dakota shall award the loans in accordance with a prioritization system that is based on a review of all applications filed during the twelve-month period preceding April 1st. The term of a loan under this section is twenty years, unless a shorter term is requested by the board of a school district in its application. The interest rate on a loan under this section may not exceed two percent. The legislative assembly shall, however, conduct a biennial review of interest rates applicable to new loans. The maximum loan amount to which a school district is entitled under this section is twenty million dollars. Bank may charge a school district a fee for managing and servicing the loan. The Bank shall receive payments of principal and interest from school districts and shall deposit such payments in the School Construction Assistance Loan Fund. As of December 31, 2015, there were no outstanding loan balances.

S.B. 2178, Section 2 – In addition to any construction loans made available under North Dakota Century Code Section 15.1-36-02, the Bank of North Dakota may provide up to two hundred fifty million dollars to eligible school districts for school construction loans, except that the total of all loans provided under this section during the first year of the 2015-17 biennium may not exceed fifty percent of the total amount authorized under this subsection. With the advice and consent of the Superintendent of Public Instruction, the Bank of North Dakota shall award the loans in accordance with a prioritization system set out in this Section. The term of a loan under this section is twenty years, unless a shorter term is requested by the board of a school district in its application. The interest rate on a loan under this section may not exceed two percent, until July 1, 2025. Thereafter, the interest rate on the remainder of a loan under this section may not exceed the Bank of North Dakota’s base rate, or may be fixed. The maximum loan amount to which a school district is entitled under this section is twenty million dollars. As of December 31, 2015, outstanding loans totaled $29,492.

S.B. 2178, Section 5 – There is to be transferred from the Bank of North Dakota's current earnings and undivided profits the sum of $7,875,000, or so much of the sum as may be necessary, to the Bank of North Dakota for the purpose of providing interest rate buy-downs on construction loans awarded to school districts under section 2 of this Act, for the biennium beginning July 1, 2015, and ending June 30, 2017. As of December 31, 2015, the Bank had transferred $0.

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State Water Commission

Under chapter 61-02.1-04 of North Dakota Century Code, principal and interest on bonds issued are payable from transfers to be made and appropriated by the legislative assembly from the Water Development Trust Fund as provided in section 61-02.1-05, then from transfers to be made and appropriated by the legislative assembly from revenues in the Resources Trust Fund other than revenues from state taxes, then from appropriations of other available revenues in the then current biennium, and then from any other revenues the State Water Commission makes available during the then current biennium for that purpose, including any federal moneys received by the state for the construction of flood control or reduction projects to pay bonds issued for that project. If sufficient funds from these sources are not available, then from transfers to be made and appropriated by the legislative assembly from the first available current biennial earnings of the Bank of North Dakota not to exceed $6,500 per biennium prorated with any other bonds payable from transfers to be made and appropriated by the legislative assembly from the available current biennial earnings of the Bank of North Dakota, to be credited by the Trustee to the Fund established for paying principal and interest on the bonds under a trust indenture. If the Bank has to provide a transfer to the State Water Commission to make principal and interest payments on these bonds, the State Water Commission would then have to request from the next legislative assembly funding to repay the transfer made by the Bank. As of December 31, 2015, the Bank has provided no such transfers.

Farm Real Estate Loan Guarantee Program

Chapter 6-09.7-09 provides that the Bank of North Dakota may guarantee the loan of money by banks, credit unions, lending institutions that are part of the farm credit system, and savings and loan associations in this state to eligible persons for the purchase of agricultural real estate or the restructuring of agricultural real estate loans, provided the transactions do not exceed a loan to value ratio of 80% and further provided that no single loan exceeds $400. The Bank may have no more than $8,000 in outstanding loan guarantees under this Program. The Bank may guarantee up to 75% of the amount of principal due the lender. The guarantee term may not exceed 5 years. As of December 31, 2015 and 2014, the Bank has guarantees outstanding totaling $296 and $0, respectively, and had no guarantee commitments outstanding, respectively, included in commitments to extend credit. The Bank has not recorded a contingent liability related to the guarantee loan program as of December 31, 2015 and 2014.

Beginning Entrepreneur Loan Guarantee Program

Chapter 6-09.15 provides that the Bank of North Dakota provide a Beginning Entrepreneur Loan Guarantee Program. The Program includes an agreement with a lender that in the event of default by a beginning entrepreneur under a note and mortgage or other loan or financing agreement, the Bank shall pay the lender the amount agreed upon up to 85% of the amount of principal due the lender on a loan at the time the claim is approved. The total outstanding loans that the Bank may guarantee cannot exceed 5% of the Bank's tier one capital as defined by the Department of Financial Institutions. A lender may apply to the Bank for a loan guarantee for a loan up to $200. The term of the guarantee may not exceed five years. As of December 31, 2015 and 2014, the Bank has guarantees outstanding totaling $5,035 and $5,200, respectively, and had guarantee commitments outstanding of $379 and $394, respectively, included in commitments to extend credit. The Bank has not recorded a contingent liability related to the guarantee loan program as of December 31, 2015 and 2014.

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(In Thousands)

NOTE 13 - RELATED PARTY TRANSACTIONS

The Bank, because of its unique relationship with the State of North Dakota, is a party in many business transactions with other entities of state government. All state funds and funds of all state penal, education, and industrial institutions must be deposited in the Bank under state law. These transactions are a normal part of bank business and, accordingly, are included in the Bank's financial statements.

See Note 5 for disclosure relating to loans sold to other state funds and/or loans serviced for other state funds, including the North Dakota Student Loan Trust.

Dakota Education Alternative Loans are fully guaranteed by the North Dakota Guaranteed Student Loan Program, which is administered by the Bank. The outstanding principal balance of these loans was $934,666 and $739,851 at December 31, 2015 and 2014, respectively.

In the ordinary course of business, the Bank holds loans and deposits of principal officers and directors and their affiliates. Outstanding principal balances of these loans were held by the Bank at December 31, 2015 and 2014 amounted to $14,738 and $18,501, respectively. Deposits and short term borrowings held by the Bank were $13,212 and $44,174, respectively.

The Bank also made transfers to the Rebuilders Loan Program to fund loans to owners of homes damaged in the 2011 floods. These funds will be repaid to the Bank as payments are received from the borrowers. At year end December 31, 2015 the Bank had a receivable form this program for $21,369. At year end December 31, 2014 the Bank had a receivable from this program for $25,472.

NOTE 14 - OFF-BALANCE-SHEET ACTIVITIES

The Bank is a party to credit related financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit, financial standby letters of credit, and guarantees related to loan programs as discussed in Note 12. Such commitments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the balance sheet. The Bank's exposure to credit loss is represented by the contractual amount of these commitments. The Bank follows the same credit policies in making commitments as it does for on-balance-sheet instruments.

At December 31, 2015 and 2014, the following financial instruments were outstanding whose contract amounts represent credit risk:

	Contract Amount	
	2015	2014
Commitments to extend credit	**$ 1,158,518**	$ 1,036,020
Financial standby letters of credit	**379,528**	353,296
Guarantees provided	**5,710**	5,594

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Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The amount of collateral obtained by the Bank upon extension of credit is based on management's credit evaluation of the customer. Collateral held may include accounts receivable, inventory, property, plant, and equipment, and income-producing commercial properties.

Financial standby letters of credit are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party. Those letters of credit are primarily issued to support public borrowing arrangements. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. The Bank has segmented this category into three components: (1) letters of credit, (2) confirming letters of credit, and (3) letters of credit pledged for public deposits to North Dakota financial institutions.

Letters of credit are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party which require this type of facility. The maturities for these letters of credit range from three months to ten years, and the likelihood of funding any of these letters of credit is considered to be remote. The Bank holds collateral supporting those commitments. The Bank also has letters of credit with the North Dakota Public Finance Authority (NDPFA) with maturities ranging from four years to 30 years. If the letters issued to the NDPFA were ever drawn upon, the NDPFA is legally obligated to reimburse the Bank from funds legally available, or from any appropriation made available from the Legislative Assembly after certification by the Industrial Commission. The likelihood of funding any of these letters of credit is also considered to be remote. Outstanding issued letters of credit as of December 31, 2015 and 2014 were $84,806 and $80,428, respectively.

Confirming letters of credit are issued to North Dakota financial institutions to support letters of credit they have issued but are still in need of backing from an institution with a long-term, high quality bond rating. In the event these letters were to be drawn upon, based on the terms of the agreement, the Bank would immediately withdraw funds from the institution's correspondent bank account held at the Bank to cover the amount drawn. These agreements generally have terms of 12 months or less. The likelihood of funding any of these confirming letters of credit is also considered to be remote. Outstanding issued confirming letters of credit as of December 31, 2015 and 2014 were $6,532 and $6,043, respectively.

Letters of credit pledged for public deposits to North Dakota financial institutions are issued to support public borrowing arrangements. These letters are fully collateralized by a pool of loans pledged to the Bank. These agreements generally have terms of 12 months or less. Financial standby letters for public deposits by North Dakota banks totaled $288,190 and $266,825 at December 31, 2015 and 2014, respectively. The likelihood of funding any of these letters of credit is also considered to be remote. These letters of credit are an authorized form of collateral for public deposits per North Dakota Century Code 21-04-09.

The Bank has not recorded a contingent liability related to off-balance sheet activity as of December 31, 2015 and 2014.

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(In Thousands)

NOTE 15 - INTEREST RATE SWAP CONTRACTS

Interest rate swap contracts are entered into primarily as an asset/liability management strategy of the Bank to help manage its interest rate risk position. The primary risk associated with all swaps is the exposure to movements in interest rates and the ability of the counterparties to meet the terms of the contract. The Bank is exposed to losses if the counterparty fails to make its payments under a contract in which the Bank is in a receiving status. The Bank minimizes its risk by monitoring the credit standing of the counterparties. The Bank anticipates the counterparties will be able to fully satisfy their obligations under the remaining agreements. These contracts are typically designated as cash flow hedges.

The Bank has outstanding interest rate swap agreements with a notional amount totaling $100,000 as of December 31, 2015, and $50,000 as of December 31, 2014, to convert variable rate federal funds into fixed-rate instruments over the term of the contracts. The notional amount of the interest rate swaps does not represent amounts exchanged by the parties. The amount exchanged is determined by reference to the notional amount and other terms of the individual interest rate swap agreements. These cash flow hedges were determined to be fully effective during all periods presented, and as such, no amount of ineffectiveness has been included in net income. Therefore, the aggregate fair value of the swaps is recorded in other assets or other liabilities with changes in fair value recorded in other comprehensive income (loss). In the event a hedge is no longer considered effective, the resulting impact would be reclassified to current year earnings. The Bank expects the hedges to remain fully effective during the remaining terms of the swaps.

The following table summarizes the derivative financial instrument utilized at December 31, 2015:

	Balance sheet location	Notional amount	Estimated fair value Gain	Estimated fair value Loss
Cash flow hedge	Other assets	**$ 50,000**	**$ 863**	
Cash flow hedge	Other liabilities	**$ 50,000**		**$ (5,064)**

The following table details the derivative financial instruments, the remaining maturities, and the interest rates being paid and received at December 31, 2015:

	Notional value	Maturity (years)	Fair value gain/(loss)	Receive	Pay
Interest rate swap	**$ 50,000**	**13.4**	**$ (5,064)**	**0.06%**	**2.86%**
Interest rate swap	**$ 50,000**	**14.3**	**$ 863**	**0.13%**	**1.92%**

The Bank holds $1,210 in cash pledged under collateral arrangements related to the interest rate swap classified as “Other assets” at December 31, 2015, to satisfy the collateral requirement associated with this interest rate swap contract. The Bank pledged $4,750 in cash under collateral arrangements related to the interest rate swap classified as “Other liabilities” at December 31, 2015, to satisfy the collateral requirement associated with this interest rate swap contract.

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(In Thousands)

The following table summarizes the derivative financial instrument utilized at December 31, 2014:

	Balance sheet location	Notional amount	Estimated fair value Gain	Estimated fair value Loss
Cash flow hedge	Other liabilities	$ 50,000		$ (4,443)

The following table details the derivative financial instruments, the remaining maturities, and the interest rates being paid and received at December 31, 2014:

	Notional value	Maturity (years)	Fair value gain/(loss)	Receive	Pay
Interest rate swap	$ 50,000	14.4	$ (4,443)	0.06%	2.86%

The Bank pledged $4,010 in cash under collateral arrangements related to the interest rate swap classified as "Other liabilities" at December 31, 2014, to satisfy the collateral requirement associated with this interest rate swap contract.

Interest expense recorded on these swap transactions totaled $2,002 and $810 for the years ended December 31, 2015 and 2014, and is reported as a component of interest expense on short- and long-term debt.

NOTE 16 - FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value measurements are used to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. Available for sale securities are recorded at fair value on a recurring basis.

Effective January 1, 2008, the Bank adopted Statement of Financial Accounting Standards Accounting Standards Codification (ASC) 820-10, *Fair Value Measurements*. ASC 820-10 defines fair value and establishes a consistent framework for measuring fair value under generally accepted accounting principles and expands disclosure requirements for fair value measurements.

Fair Value Hierarchy

Under ASC 820-10, assets and liabilities are grouped at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

- Level 1 – Valuation is based upon quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.
- Level 2 – Valuation is based upon quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.
- Level 3 – Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect our own estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include use of option pricing models, discounted cash flow models and similar techniques.

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Determination of Fair Value

Under ASC 820-10, fair values are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is Bank policy to maximize the use of observable inputs and minimize the use of unobservable inputs when developing fair value measurements, in accordance with the fair value hierarchy of ASC 820-10.

The following is a description of valuation methodologies used for assets and liabilities recorded at fair value and for estimating fair value for financial instruments not recorded at fair value (ASC 825-10 disclosures).

Cash and Cash Equivalents

Cash and cash equivalents**,** include cash and due from banks, items out for collection, and federal funds sold. These assets are carried at historical cost. The carrying amounts of cash and cash equivalents approximate fair value due to the relatively short period of time between the origination of the instruments and their expected realization.

Securities

Securities available for sale consist primarily of Federal agencies and mortgage backed securities. Securities available for sale are recorded at fair value on a recurring basis. Fair value is based upon quoted prices, if available. If quoted market prices are not available, fair values are measured using observable market prices from independent pricing models, or other model-based valuation techniques such as the present value of future cash flows, adjusted for the security's credit rating, prepayment assumptions and other factors such as credit loss assumptions. Level 1 securities include those traded in an active market; examples would include U.S. Treasury securities and Agency securities. Level 2 securities as defined above would include mortgage-backed securities, collateralized mortgage obligations, and state and political subdivision securities. FHLB stock and nonmarketable securities are not publicly traded and management has determined fair value approximates cost.

Loans

The carrying value of loans is described in Note 1, "Summary of Significant Accounting Policies". We do not record loans at fair value on a recurring basis. As such, valuation techniques discussed herein for loans are primarily for estimating fair value for ASC 825-10 disclosure purposes. However, from time to time, we record nonrecurring fair value adjustments to loans to reflect (1) partial write-downs that are based on the observable market price or current appraised value of the collateral, or (2) the full charge-off of the loan carrying value.

The fair value estimates for ASC 825-10 purposes differentiates loans based on their financial characteristics, such as product classification, loan category, pricing features and remaining maturity. Prepayment and credit loss estimates are evaluated by product and loan rate.

(continued on next page)

- The fair value of student loans is based on market values as established by the secondary market.
- For real estate 1-4 family first and junior lien mortgages, fair value is based on market values as established by the secondary market.
- The fair value of all other loans is calculated by discounting contractual cash flows using discount rates that reflect our current pricing for loans with similar characteristics and remaining maturity.
- Off-Balance Sheet Credit-Related Instruments include loan commitments, standby letters of credit, and guarantees. These instruments generate ongoing fees at our current pricing levels, which are recognized over the term of the commitment period. The fair value of these instruments is estimated based upon fees charged for similar agreements. The carrying value of the deferred fees is a reasonable estimate of the fair value of the commitments.

Interest Receivable

The carrying amount of interest receivable approximates fair value due to the relatively short period of time between accrual and expected realization.

Rebuilders Loan Program Receivable

The fair value of the Rebuilders Loan Program receivable has been estimated by discounted future cash flows using an equivalent rate of a similar U.S. Treasury.

Non-Maturity Deposits

The fair value for deposits with no stated maturity, such as demand deposits, savings, NOW, and money market accounts, are disclosed as the amount payable upon demand.

Deposits with Stated Maturities

The fair value for interest bearing certificates of deposit has been estimated by discounted future cash flows using rates currently offered for deposits of similar remaining maturities.

Federal Funds Purchased and Repurchase Agreements

The carrying amount of federal funds purchased and repurchase agreements approximates fair value due to the relatively short period of time between the origination of the instruments and their expected payments.

Interest payable

The carrying amount of interest payable approximates fair value due to the relatively short period of time between accrual and expected payment.

Short and Long-Term Debt

Current market prices were used to estimate the fair value of short and long-term debt using current market rates of similar maturity debt.

(continued on next page)

(In Thousands)

Interest Rate Swap Agreements

Fair values for interest rate swap agreements are based upon the amounts required to settle the contracts.

Assets and Liabilities Recorded at Fair Value on a Recurring Basis

The tables below presents the balances of assets and liabilities measured at fair value on a recurring basis at December 31, 2015 and 2014.

	2015			
	Total	**Quoted Prices in Active Markets Level 1**	**Significant Other Observable Inputs Level 2**	**Significant Unobservable Inputs Level 3**
ASSETS				
Available-for-sale debt securities				
Mortgage-backed securities				
Agency	$ 448,777	$ -	$ 448,777	$ -
Collateralized mortgage obligations				
Agency	526,835	-	526,835	-
Non-agency	132	-	132	-
Agency bonds	1,592,117	1,592,117	-	-
US treasuries	39,796	39,796	-	-
Municipal bonds	7,639	-	7,639	-
Interest rate swap	863	-	863	-
Totals	$ 2,616,159	$ 1,631,913	$ 984,246	$ -
LIABILITIES				
Interest rate swap	$ 5,064	$ -	$ 5,064	$ -
Totals	$ 5,064	$ -	$ 5,064	$ -

(continued on next page)

(In Thousands)

	2014			
	Total	Quoted Prices in Active Markets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Assets				
Available-for-sale debt securities				
Mortgage-backed securities				
Agency	$ 507,691	$ -	$ 507,691	$ -
Collateralized mortgage obligations				
Agency	525,303	-	525,303	-
Non-agency	202	-	202	-
Agency bonds	1,808,651	1,808,651	-	-
US Treasuries	39,591	39,591	-	-
Municipal bonds	14,002	-	14,002	-
Totals	$ 2,895,440	$ 1,848,242	$ 1,047,198	$ -
LIABILITIES				
Interest rate swap	$ 4,443	$ -	$ 4,443	$ -
Totals	$ 4,443	$ -	$ 4,443	$ -

Assets Measured at Fair Value on a Nonrecurring Basis

The tables below presents the Bank's balances of financial instruments measured at fair value on a nonrecurring basis at December 31, 2015 and 2014.

The significant unobservable inputs used in the fair value measurement of collateral for collateral-dependent impaired loans primarily relate to customized discounting criteria applied to the customer's reported amount of collateral. The amount of the collateral discount depends upon the marketability of the underlying collateral. The Bank's primary objective in the event of default would be to monetize the collateral to settle the outstanding balance of the loan, in which collateral with lesser marketability characteristics would receive a larger discount.

The valuations are reviewed at least quarterly by the internal Problem Loan Committee and are considered in the overall calculation of the allowance for credit losses. Unobservable inputs are monitored and adjusted if market conditions change.

(continued on next page)

(In Thousands)

	2015		
	Quoted Prices in Active Markets Level 1	**Significant Other Observable Inputs Level 2**	**Significant Unobservable Inputs Level 3**
Impaired loans	**$ -**	**$ -**	**$ 34,066**
Totals	**$ -**	**$ -**	**$ 34,066**

	2014		
	Quoted Prices in Active Markets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Impaired loans	$ -	$ -	$ 33,875
Totals	$ -	$ -	$ 33,875

ASC 825-10, Disclosures about Fair Value of Financial Instruments

The table below is a summary of fair value estimates as of December 31, 2015 and 2014, for financial instruments, as defined by ASC 825-10. The carrying amounts in the following table are recorded in the balance sheet under the indicated captions. In accordance with ASC 825-10, the Bank has not included assets and liabilities that are not financial instruments in the disclosure, such as premises and equipment and other assets. Additionally, the amounts in the table have not been updated since year end; therefore the valuations may have changed significantly since that point in time. For these reasons, the total of the fair value calculations presented does not represent, and should not be construed to represent, the underlying value of the Bank.

(continued on next page)

(In Thousands)

The carrying amounts and estimated fair values of the Bank's financial instruments as of December 31, 2015 and 2014 were as follows:

	2015		2014	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial assets				
Cash and cash equivalents	**$ 396,259**	**$ 396,259**	$ 405,090	$ 405,090
Securities	**2,657,527**	**2,657,527**	2,933,570	2,933,570
Interest receivable	**44,635**	**44,635**	41,843	41,843
Loans, net	**4,270,324**	**4,330,335**	3,793,809	2,846,931
Rebuilders loan receivable	**21,369**	**17,307**	25,472	20,846
Interest rate swap agreement	**863**	**863**	-	-
Financial liabilities				
Non-maturity deposits	**$ 1,900,766**	**$ 1,900,766**	$ 2,108,609	$ 2,108,609
Deposits with stated maturities	**3,901,376**	**3,904,539**	3,622,002	3,732,251
Federal funds purchased and repurchase agreements	**119,500**	**119,500**	178,455	178,455
Short and long-term debt	**727,322**	**758,432**	645,126	651,860
Interest payable	**966**	**966**	1,103	1,103
Interest rate swap agreement	**5,064**	**5,064**	4,443	4,443
Unrecognized financial instruments				
Commitments to extend credit	**$ 1,158,518**	**$ 1,158,518**	$ 1,036,020	$ 1,036,020
Financial standby letters of credit	**379,528**	**379,528**	353,296	353,296
Guarantees provided	**5,710**	**5,710**	5,594	5,594

NOTE 17 - ACCUMULATED OTHER COMPREHENSIVE INCOME

The Bank recognizes and includes revenues, expenses, gains and losses in net income. Although certain changes in assets and liabilities, such as unrealized gains and losses on available-for-sale securities, are reported as separate component of the equity section of the balance sheet, such items, along with net income, are components of comprehensive income.

(continued on next page)

(In Thousands)

The changes in accumulated other comprehensive income by component for the years ended December 31, 2015 and 2014 follows:

	Unrealized gain and losses on available-for-sale securities	Gains and losses on cash flow hedges	Total
Year ended December 31, 2015			
Beginning balance	**$ 11,301**	**$ (4,443)**	**$ 6,858**
Other comprehensive income (loss) before reclassifications	**(4,897)**	**242**	**(4,655)**
Amount reclassified from accumulated other comprehensive income	**(40)**	**-**	**(40)**
Net current period other comprehensive income	**(4,937)**	**242**	**(4,695)**
Ending balance	**$ 6,364**	**$ (4,201)**	**$ 2,163**

	Unrealized gain and losses on available-for-sale securities	Gains and losses on cash flow hedges	Total
Year ended December 31, 2014			
Beginning balance	$ 92	$ -	$ 92
Other comprehensive income (loss) before reclassifications	11,500	(4,443)	7,057
Amount reclassified from accumulated other comprehensive income	(291)	-	(291)
Net current period other comprehensive income	11,209	(4,443)	6,766
Ending balance	$ 11,301	$ (4,443)	$ 6,858

(continued on next page)

The line items in the statements of income affected by the reclassifications out of accumulated other comprehensive income for the years ended December 31, 2015 and 2014 is as follows:

2015

Details About Accumulated Other Comprehensive Income Components	**Amount Reclassified from Accumulated Other Comprehensive Income**		**Affected Line Item in the Statement where Net Income is Presented**
Unrealized gains and losses on available-for sale securities	**$**	**40**	**Net gain/(loss) on available-for-sale securities**

2014

Details About Accumulated Other Comprehensive Income Components	Amount Reclassified from Accumulated Other Comprehensive Income		Affected Line Item in the Statement where Net Income is Presented
Unrealized gains and losses on available-for sale securities	$	291	Net gain/(loss) on available-for-sale securities

(continued on next page)

(In Thousands)

NOTE 18 - SUPPLEMENTAL DISCLOSURES RELATED TO STATEMENTS OF CASH FLOWS

	2015	2014
Supplemental disclosures of cash flow information		
Cash payments for:		
Interest paid to customers	**$ 13,003**	$ 13,229
Interest paid on federal funds purchased and securities sold under repurchase agreements	**221**	269
Interest paid on short and long-term debt	**19,047**	17,856
Supplemental schedule of noncash investing and financing activities		
Transfers from undivided profits to other liabilities	**28,600**	17,388
Net change in unrealized gain (loss) on securities available for sale	**(4,937)**	11,209
Net change in unrealized gain (loss) on interest rate swap	**242**	(4,443)
Transfer from other assets to bank premises, equipment, and software, net	**-**	761

NOTE 19 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through February 24, 2016 which is the date these financial statements were available to be issued.

BANK OF NORTH DAKOTA
TEN YEAR SUMMARY

Bank of North Dakota experienced its twelfth consecutive year of record profits in 2015. The ten-year summary illustrates consistent growth across all bank portfolios.

Continued on next page

BANK OF NORTH DAKOTA
TEN YEAR SUMMARY

	2015	2014	2013	2012
Operating Results (in thousands)				
Interest income	$194,298	$174,584	$153,182	$145,870
Interest expense	32,164	31,455	30,217	35,349
Net interest income	162,134	143,129	122,965	110,521
Provision for loan losses	12,500	8,000	-	2,000
Net interest income after provision for loan losses	149,634	135,129	122,965	108,521
Non-interest income	7,688	7,987	7,422	4,659
Non-interest expense	26,668	32,157	36,172	31,586
Net income	**130,654**	**110,959**	**94,215**	**81,594**
Payments to general fund	-	-	-	-
Payments to other funds	28,645	17,345	19,356	28,997
Balance Sheet - (in thousands)				
Total Assets - Year End	**7,407,942**	**7,215,687**	**6,873,409**	**6,155,201**
Federal Funds Sold and Resell Agreements	77,905	42,105	36,645	24,050
Securtities	2,657,527	2,933,570	2,584,169	2,171,546
Loans	**4,339,618**	**3,852,155**	**3,476,946**	**3,279,778**
Student	1,320,748	1,203,972	1,097,155	1,064,041
Commercial	1,811,259	1,559,137	1,388,104	1,278,403
Residential	693,712	652,076	629,931	594,508
Agriculture	513,899	436,970	361,756	342,826
Deposits	**5,802,142**	**5,730,611**	**5,601,127**	**5,003,562**
Non-interest bearing	641,264	700,446	798,559	891,197
Interest bearing	5,160,878	5,030,165	4,802,568	4,112,365
Federal Funds Purchased and Repurchase Agreements	119,500	178,455	245,110	275,960
Short and Long - Term Debt	**727,322**	**645,126**	**465,961**	**406,252**
Equity	**749,493**	**652,134**	**551,797**	**463,662**
Capital	2,000	2,000	2,000	2,000
Capital surplus	72,000	72,000	72,000	42,000
Undivided profits	673,330	571,276	477,705	402,846
Accumulated other comprehensive income (loss)	2,163	6,858	92	16,816

BANK OF NORTH DAKOTA
TEN YEAR SUMMARY

2011	2010	2009	2008	2007	2006
$137,459	$133,400	$132,277	$148,613	$152,416	$126,598
39,541	45,188	50,994	71,801	87,090	71,284
97,918	88,212	81,283	76,812	65,326	55,314
11,000	12,100	10,300	8,900	3,100	3,400
86,918	76,112	70,983	67,912	62,226	51,914
4,911	6,113	6,206	7,617	6,673	7,748
21,494	20,374	19,106	18,485	17,813	16,808
70,335	**61,851**	**58,083**	**57,044**	**51,086**	**42,854**
-	-	30,000	30,000	30,000	30,000
2,815	5,088	-	46	46	43
5,375,073	**4,029,927**	**3,959,669**	**3,516,965**	**2,779,360**	**2,326,693**
18,315	33,100	24,190	75,675	277,565	129,135
1,008,051	537,157	397,370	331,416	235,551	219,412
2,995,154	**2,814,548**	**2,713,611**	**2,618,402**	**2,004,999**	**1,755,562**
1,062,534	1,044,442	932,323	776,473	643,297	561,178
1,068,598	1,022,002	1,038,589	1,064,811	689,150	564,946
575,020	471,411	475,124	509,052	419,700	388,043
289,002	276,693	267,575	268,066	252,852	241,395
4,179,837	**3,058,726**	**2,939,059**	**2,645,356**	**1,871,767**	**1,617,136**
649,922	387,040	442,867	313,900	317,949	230,993
3,529,915	2,671,686	2,496,192	2,331,456	1,553,818	1,386,143
318,325	240,725	337,627	304,020	434,061	249,145
471,422	**397,365**	**405,005**	**315,604**	**245,070**	**257,209**
399,903	**327,297**	**271,649**	**223,922**	**192,471**	**163,542**
2,000	2,000	2,000	2,000	2,000	2,000
42,000	42,000	42,000	42,000	42,000	42,000
350,249	282,729	225,966	182,883	145,843	119,894
5,654	568	1,683	(2,961)	2,628	(352)

Bank of North Dakota does not discriminate on the basis of race, color, national origin, sex, religion, age or disability in the admission to, access to, or operations of programs, services or activities. Individuals who need accommodations, alternative formats, or information on internal grievance procedures, contact Human Resources, 701.328.5748, M-F, 8 a.m. to 5 p.m.

93 Bo Bob Humann 24.0	94 Bei Beth IntVeld 2.0	95 Bi Brian Iverson 5.0	96 Rj Roxanne Jacobson 2.0	97 Aj Audree Joern 27.0	98 Cj Chad Johnson 12.0	99 Jj Jason Johnson 2.0
100 Lk Laura Kahn Brademeyer 4.0	101 Ks Kimberly Swenson 4.0	102 Mk Marsha Kauk 19.0	103 Kik Kim Kautzman 16.0	104 Sk Scott Kautzman 4.0	105 Kk Karen Keller 26.0	106 Ak Alexis Klein 2.0
107 Rk Richard Klingfus 1.0	108 Jkn Jodi Knudson 30.0	109 Mkr Mary Kraft 25.0	110 Jk John Kramer 28.0	111 Jkr Jenny Kringstad 18.0	112 Tk Terry Krueger 11.0	113 Jla Jennifer Lang 3.0
114 Rl Rebecca Larsen 1.0	115 Jl James Leier 20.0	116 Ldl LaDonna Leingang 40.0	117 Lle Lori Leingang 9.0	118 Ml Michael Leintz 3.0	119 Nl Nicholas Leintz 1.0	120 Pl Pamela Lewis 1.0
121 Kl Kirsten Lindsay 1.0	122 Jlo Joleen Loewen 2.0	123 Ll Lori Long 9.0	124 Cy Cynthia Lund 34.0	125 Tr Truman Lund 5.0	126 Rim Richard Marquardt 16.0	127 Shm Shar Martin 29.0
128 Ard Ardean Masseth 28.0	129 Km Kent Masseth 17.0	130 Ad Adam Matter 6.0	131 Sam Samantha Mattson 2.0	132 Rhm Rhonda Mendieta 19.0	133 Jm Jan Merkel 10.0	134 Jme Jamie Mertz 18.0
135 Mm Melanie Moen 1.0	136 Kn Kimberly Neigum 18.0	137 Ron Roxanne Nelson 14.0	138 Snu Susie Nuelle 24.0	139 Ro Robert O'Brien 7.0	140 Teo Terasa Olander 2.0	141 To Tanya Olson 16.0
142 Tor Thomas Orluck 5.0	143 Lp Laurie Pfliger 28.0	144 Sp Steven Pich 3.0	145 Dp David Plum 23.0	146 Tp Tim Porter 26.0	147 Aq Anita Quaglia 4.0	148 Sq Samuel Quainoo 16.0

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					149 Tra Tina Radenz 8.0	150 Lr Lori Rader 5.0
		151 Der Debra Reisenauer 34.0	152 Yr Yvonne Remmick 21.0	153 Bre Brenda Renner 15.0	154 Tri Teri Riedinger 27.0	155 Dr Donna Roll 30.0
156 Lir Linda Rosen 36.0	157 Mr Marcy Running 29.0	158 Par Pamela Rutherford 17.0	159 Js Joan Sawicki 8.0	160 Ks Karen Schaeffer 11.0	161 Ls Luke Schander 8.0	162 Das Danika Schell 8.0
163 Msc Melinda Schirado 26.0	164 Esc Elaine Schlinger 12.0	165 Jsc Janel Schmitz 5.0	166 Bos Bonnie Schneider 14.0	167 Csc Christopher Schneider 1.0	168 Bxs Bruce Schumacher 21.0	169 Ssc Sara Schumacher 2.0
170 Jas Janet Schwab 34.0	171 Mas Marcie Seagren 17.0	172 Sus Susan Seminary 30.0	173 Csk Char Skjonsby 34.0	174 Ps Perry Smith 20.0	175 Ssn Sydney Sneed 1.0	176 Hes Heather Solberg 3.0
177 Dis Diane Sperle 33.0	178 Brs Brandon Steckler 1.0	179 Chr Christy Steffenhagen 6.0	180 Csg Cheryl Storhaug Grondahl 21.0	181 Cst Cheryl Streifel 3.0	182 Jt Julie Ternes 8.0	183 Tt Tom Ternes 4.0
184 Jet Jeanne Thomas 22.0	185 Rt Rodney Thorson 7.0	186 Ct Charlie Tweet 2.0	187 Eun Erica Unrath 9.0	188 Rv Rhonda Vetter 32.0	189 Mw Mark Weide 6.0	190 Aw Al Weisbeck 28.0
191 Cw Carrie Willits 12.0	192 Ew Eric Wingenbach 7.0	193 Lw Lucas Winterberg 7.0	194 Py Paul Yanez 15.0	195 Jz Jayson Zeeb 18.0	196 Gz Greg Zeis 24.0	