



Timothy J. Karsky
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CSBS ACCREDITED 1993
NASCUS ACCREDITED 2000

JUL 21 2010

July 20, 2010

Legislative Council
State Capitol
600 E Blvd 2nd Fl
Bismarck ND 58505-0360

RE: Bank of North Dakota
Report of Examination

Gentlemen:

The Department of Financial Institutions is required under North Dakota Century Code Section 6-06-29 to examine the Bank of North Dakota at least once each 24 months. This is to inform you that we have completed our examination of the Bank of North Dakota as of the close of business May 3, 2010. Also, the above-referenced Section requires that the Commissioner shall report the results to the Legislative Assembly.

The findings of the examination indicate that the overall condition of the Bank is satisfactory. Management is guided by a well-established committee process, a comprehensive framework of policies, and has implemented effective risk control systems. Capital, earnings and asset quality are satisfactory. Liquidity is strong and sensitivity to market risk is well-controlled.

We believe we have met our statutory requirements as listed under the above-referenced Section.

If you have any questions regarding the findings of the examination, please do not hesitate to contact me.

Sincerely,

Timothy J. Karsky
Commissioner

TJK:sr