INDUSTRIAL COMMISSION OF NORTH DAKOTA

Kelly Armstrong
Governor

Drew H. Wrigley
Attorney General

Doug Goehring
Agriculture Commissioner

Friday, October 30, 2026
BND Executive Board Room, 1200 Memorial Hwy, Bismarck
or Microsoft Teams – 9:00 am
Join the meeting now
Join on your computer or mobile app
Or call in (audio only)
+1 701-328-0950,,884395216#

** This is a joint meeting with the Bank of North Dakota Advisory Board. Advisory Board members will join the meeting for bank topics beginning at approximately 11:00 am.

I. Roll Call and Pledge of Allegiance

(approximately 9:00 am)

II. Department of Mineral Resources – Nathan Anderson, Mark Bohrer, Matt Sagsveen

A. **Consideration of Approval of Order –** Mark Bohrer
   i. **Case No. 32666/Order No. 35523 –** Application of Petro-Hunt, LLC (Attachment 1)
B. **DMR Legislative Priorities**, **Consideration of Approval of Support of Agency Sponsored Legislation –** Nathan Anderson (Attachment 3)
C. Director's Update (Attachment 4)
D. Legal Update – Case No. 28673 - Hess v. Sinclaire/Missouri River Royalties – Matt Sagsveen * Discussion may be held in executive session pursuant to NDCC 44-04-19.1 and 44-04-19.2
E. Other DMR Business

(approximately 9:45 am)

Meeting Closed to the Public for Executive Session Pursuant to NDCC 44-04-19.1 and 44-04-19.2

III. Attorney Consultation regarding North Dakota Mill legal matter

Meeting Returns to Public Session

IV. Action on Executive Session Topic

(approximately 10:15 am)

V. North Dakota Building Authority – DeAnn Ament

A. Presentation of FY 2026 Financial Audit – Mindy Piatz, Brady Martz (Attachment 5)
B. Other NDBA Business

(approximately 10:30 am)

VI. Industrial Commission Administrative Office – Karen Tyler, Jordan Kannianen

A. **Consideration of Approval of September 22, 2026, Industrial Commission Meeting Minutes** (Attachment 6)
B. **Consideration of Approval of Outdoor Heritage Fund Policy Changes** (Attachment 7)
C. Other NDIC Administrative Office Business

(approximately 10:45 am)

Possible Recess

(approximately 11:00 am)

Bank Advisory Board Members: Karl Bollingberg, Chair, Dennis Johnson, Vice Chair, Kathleen Neset, Christie Obenauer, Jean Voorhees, Bill Price, Brenda Foster

VII. Bank of North Dakota – Don Morgan, Rob Pfennig, Alison Anderson, Kirby Evanger, Ryan McKay, Kelvin Hullet, Craig Hanson, Rick Geloff, Brenna Grossbauer, Nate Martindale, BND Advisory Board Members

A. CEO Report (Attachment 8)
    i. Strategic

A> EOS Traction Update
B> Roughrider Coin Pilot
C> Cash Management Discussion – Advisory Board Perspective – Karl Bollingberg

ii. Financial - Presentation of Q3 2026 Performance Highlights – Rob Pfennig (Attachment 9)

B. Non-Confidential August 2026 Advisory Board and Committee Meeting Minutes (Attachment 10)
C. Other BND Business

(approximately 11:40 am)

Meeting Closed to the Public for Executive Session Pursuant to NDCC 6-09-35 and 44-04-19.2

VIII. Bank of North Dakota – Don Morgan, Rob Pfennig, Alison Anderson, Kirby Evanger, Ryan McKay, Kelvin Hullet, Craig Hanson, Rick Geloff, Brenna Grossbauer, Nate Martindale

A. Problem Loans Adversely Classified Quarterly Recap – Kirby Evanger (Confidential Attachment 11)
B. Non-Accrual Loan Quarterly Recap/Detail – Kirby Evanger (Confidential Attachment 12)
C. Off-Balance Sheet Risk Quarterly Recap/Detail – Kirby Evanger (Confidential Attachment 13)
D. Loan Charge-Offs and Recoveries as of June 30, 2026 – Kirby Evanger (Confidential Attachment 14)
E. **Consideration of Approval of One Confirming Letter of Credit** – Craig Hanson (Confidential Attachment 15)
F. Confidential August 2026 Advisory Board and Committee Meeting Minutes (Confidential Attachment 16)
G. Other BND Confidential Business

Meeting Returns to Public Session

(approximately 12:00 pm)

IX. Action on Executive Session Topics

X. Adjournment

Next Regular Industrial Commission Meeting
Monday, November 23, 2026
9:00 am – 12:30 pm
Governor's Conference Room

Case No. 32666 / Order No. 35523

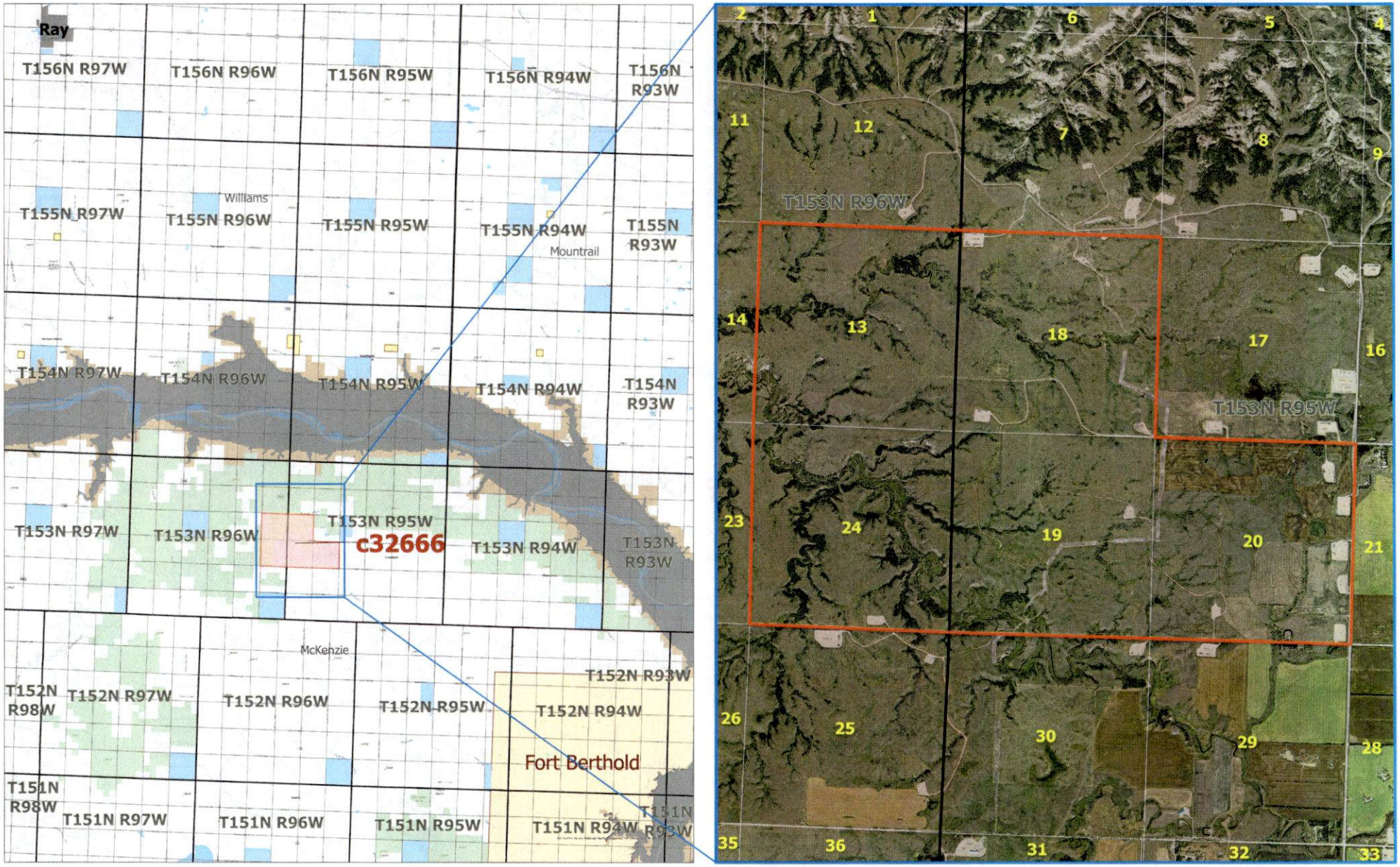
Application of Petro-Hunt, L.L.C. in accordance with N.D.C.C. § 38-08-04(1)(c) to retroactively and prospectively allocate production of oil and gas from the USA 153-96-13A-24-1HS well (File No. 31793) ("USA well"), drilled and completed on a spacing unit for the Charlson-Bakken Pool described as Sections 13 and 24, T.153N., R.96W. and Sections 18 and 19, T.153N., R.95W., McKenzie County, ND, Charlson and Keene Fields, in the following proportionate manner: 25% to Section 13, 25% to Section 24, 25% to Section 18, and 25% to Section 19; and in order to allocate oil and gas production among spacing units to protect the correlative rights of all owners, including those in the overlapped base spacing unit in the Charlson-Bakken Pool described as Sections 19 and 20, T.153N., R.95W., to further proportionately allocate the 25% of production attributable to Section 19 to Section 20, resulting in 12.5% of production from the USA well allocated to Section 19 and 12.5% allocated to Section 20; and to modify the affected spacing and pooling orders (Order Nos. 13922, 30323 and 32737), to the extent necessary to accomplish the allocation of oil and gas production described above; or granting such other relief as may be appropriate.

Discussion: This case is to allocate production from a lease-line horizontal well in light of the ND Supreme Court decision in Garaas v NDIC and Petro-Hunt. The Supreme Court vacated Order 33453 that ordered "The production from the USA #153-96-13A-24-1HS well (File No. 31793), drilled and completed in a lease-line spacing unit in the Charlson-Bakken Pool described as Sections 13 and 24, Township 153 North, Range 96 West and Sections 18 and 19, Township 153 North, Range 95 West, McKenzie County, North Dakota, shall be allocated to the various tracts based upon an acreage basis in the lease-line spacing unit. The production shall then be allocated to the base spacing units based upon any valid pooling agreement." The Supreme Court concluded the NDIC has authority to allocate production from the overlapping spacing unit to base spacing units, but it did not regularly pursue its authority. The Supreme Court found that "" The commission has the authority . . . [t]o limit and to allocate the production of oil and gas from any field, pool, or area[.]" N.D.C.C. § 38-08-04(1)(c)." The Supreme Court also found that "…NDIC's order approving Petro-Hunt's allocation of production from the overlapping spacing unit effectively enlarged the spacing unit for the lease-line horizontal well to include acreage outside the boundaries of the existing spacing unit—*i.e.*, both the overlapping unit and the base unit. However, it did so without an application to modify the existing orders. Without an application, Petro-Hunt was able to proceed without notice to the oil and gas interest owners in the existing spacing units and the modified spacing unit for that well. Proper notice of the action to be taken by NDIC and an opportunity by all potentially affected interest owners to participate is necessary to comply with fundamental notions of due process." Petro-Hunt's application is to comply with the Supreme Court's decision to provide notice to all owners in lands that will be allocated production from the lease-line horizontal well, modify the base spacing unit and overlapping spacing unit pooling orders and the order specifically identifies the allocation percentages to the base spacing units.

Recommendation: Approve order approving the application.

Industrial Commission c32666

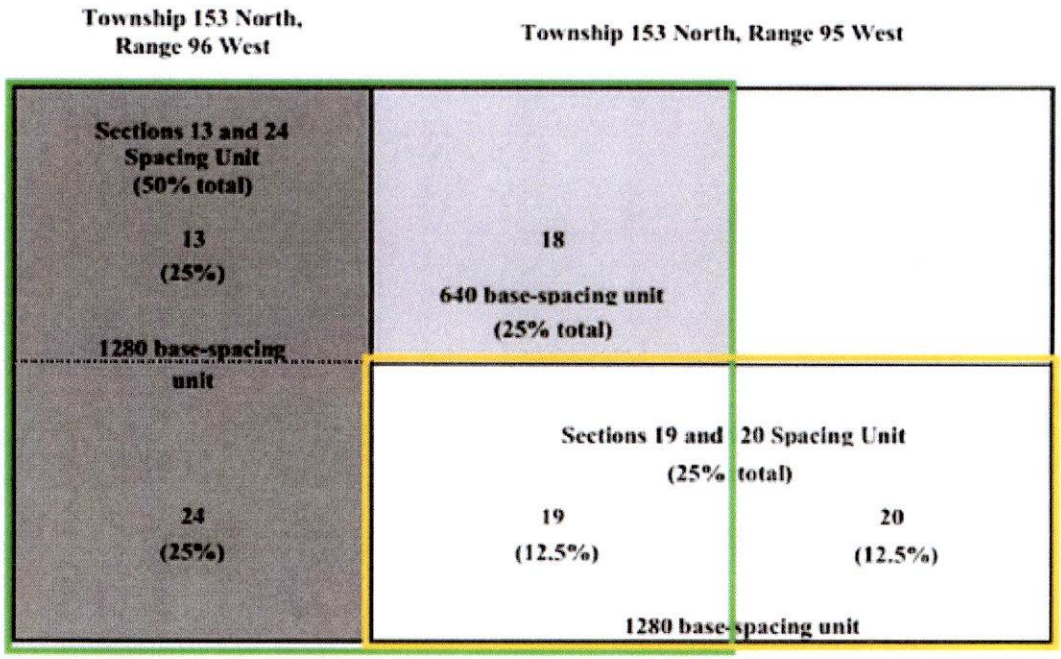
Attachment 1



10/15/2026

Sections
Townships
City Boundary
Surface Trust Land
Bureau of Land Management
National Grasslands
Army Corps of Engineers
Reservations


Area Map
Case No. 32666
Prepared by
Petro-Hunt L.L.C.
2101 Cedar Springs Rd., Suite 600
Renaissance Court, Dallas, TX 75201
Tel: 214-880-8400 Fax: 214-880-7101
1:15,000
0 0.1 0.2 0.4 0.6 Miles
WILLIAMS
153N
96W
MCKENZIE
153N
95W
1280 base-spacing unit
640 base-spacing unit
USA 153-96-13A-24-1HS
KLEVKOEN TRUST 153-95-20A-32-1HS
Legend
2560 Spacing
USA 153-96-13A-24-1HS, Klevmoen 153-95-20A-32-1HS
Petro-Hunt, L.L.C.
Case No. 32666
March 25, 2026
Exhibit #1
This document contains proprietary and/or confidential information which is the exclusive property of Petro-Hunt, L.L.C. Do not copy, distribute or disclose this document, or any portion of it, to others without the prior express written permission of Petro-Hunt, L.L.C.


Township 153 North, Range 96 West
Township 153 North, Range 95 West
Sections 13 and 24 Spacing Unit (50% total)
13
(25%)
1280 base-spacing unit
18
640 base-spacing unit
(25% total)
24
(25%)
Sections 19 and 20 Spacing Unit
(25% total)
19
(12.5%)
20
(12.5%)
1280 base-spacing unit



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70th LEGISLATIVE SESSION PRIORITIES



LEGISLATIVELY SPONSORED BILLS

PRIORITIES

- ❑ Enhancements to AWPSRF
- ❑ Define lease operating expenses as those defined by COPAS
- ❑ Grant DMR the ability to hire experts and charge accordingly
- ❑ Ability to commingle production without a hearing for diverse ownership
- ❑ Clarity around unit ratifications

ENHANCEMENTS TO AWPSRF

N.D.C.C. §§ 38-08-04.5 and 57-51-15

FUNDING & CAPACITY

$5MM → $7MM

Annual reclamation spending for pre-1983 wells

Adjusts for higher goods and service costs since the limit was set in 2017.

$2MM

Mineral-well conversions to freshwater wells

FLEXIBILITY & MODERNIZATION

50%

may be invested to earn interest

A portion would remain liquid.

1.5%

may fund DMR software maintenance

Enables modernization of DMR information technology infrastructure.

SALTWATER DISPOSAL COSTS

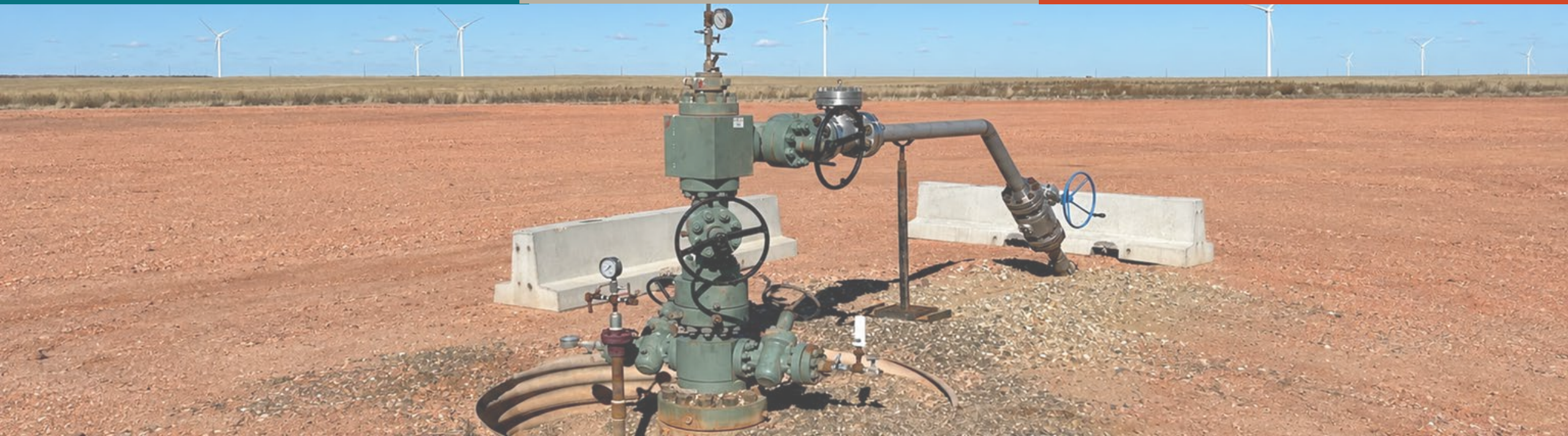
N.D.C.C. § 38-08-08

GOAL

Clarify how saltwater disposal & gathering costs fit into the accounting framework

PROPOSED SOLUTION

Define saltwater disposal & gathering costs as lease operating expenses



ABILITY TO HIRE EXPERTS AND CHARGE ACCORDINGLY

N.D.C.C. §§ 38-08-12 and 54-44.4-02

EXPERT SUPPORT

Allow DMR to hire an expert

Charge the expense to the non-prevailing party or unsuccessful candidate.

Statutorily the NDIC has the authority to request the records. In the event the records need expert analysis, this allows the NDIC the ability to hire that expert.

TIMELY ACTION

Exempt from procurement processes

to allow for timely action on cases.



COMMINGLING

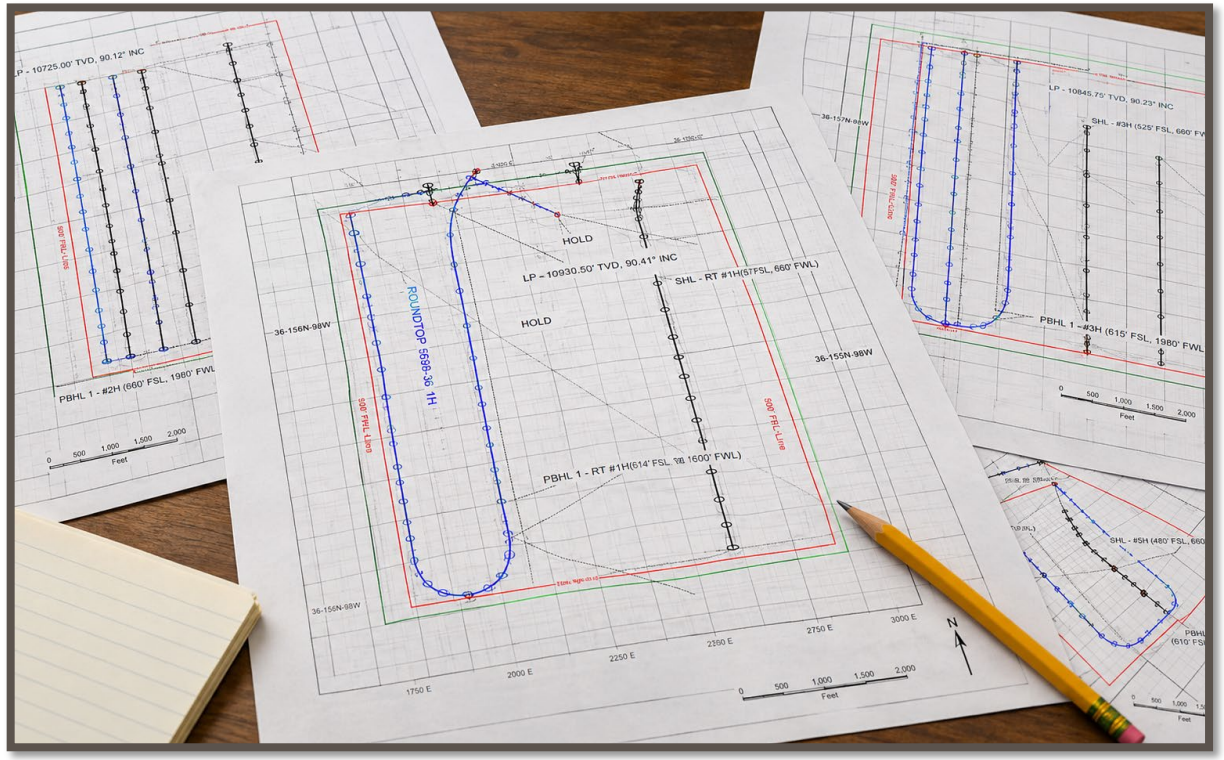
N.D.C.C. § 38-08-20

AUTHORIZATION

Allow for diverse ownership commingling without a hearing

Currently requires a hearing

Change would allow this to be administratively approved



REQUIREMENT

Requires the owner of the wells to demonstrate that production can be accurately determined monthly

UNIT RATIFICATIONS

N.D.C.C. § 38-08-09.5

UNIT RATIFICATION

Allow ratification of units without two interest owners

Provides a path forward for units with ONLY two owners, by means of preventing waste and affecting the greatest possible economic recovery of oil and gas.

APPROVAL WINDOW

6 → 12

MONTHS

Extends time for industry to achieve working interest & royalty owners' approval.





AGENCY SPONSORED BILLS

PRIORITIES

- ❑ Define fossils as surface estate, protect paleontological sites, & clean up language regarding paleontology in Parks and Recreation statute

- ❑ DMR organizational clean up language that aligns with other state agencies

FOSSIL OWNERSHIP, DIG SITES & DIRECTOR OF PARKS AND RECREATION LANGUAGE CLEAN UP

N.D.C.C. §§ 54-17.3-01, 54-17.3-06 and 55-08-01.3

OWNERSHIP & SITE PROTECTION

Fossils are part of the surface estate

The location of paleontological sites on all lands in North Dakota are considered exempt records

Similar to what currently is in place for the State Historical Society.



PARKS & RECREATION CLEAN-UP

Remove paleontology references

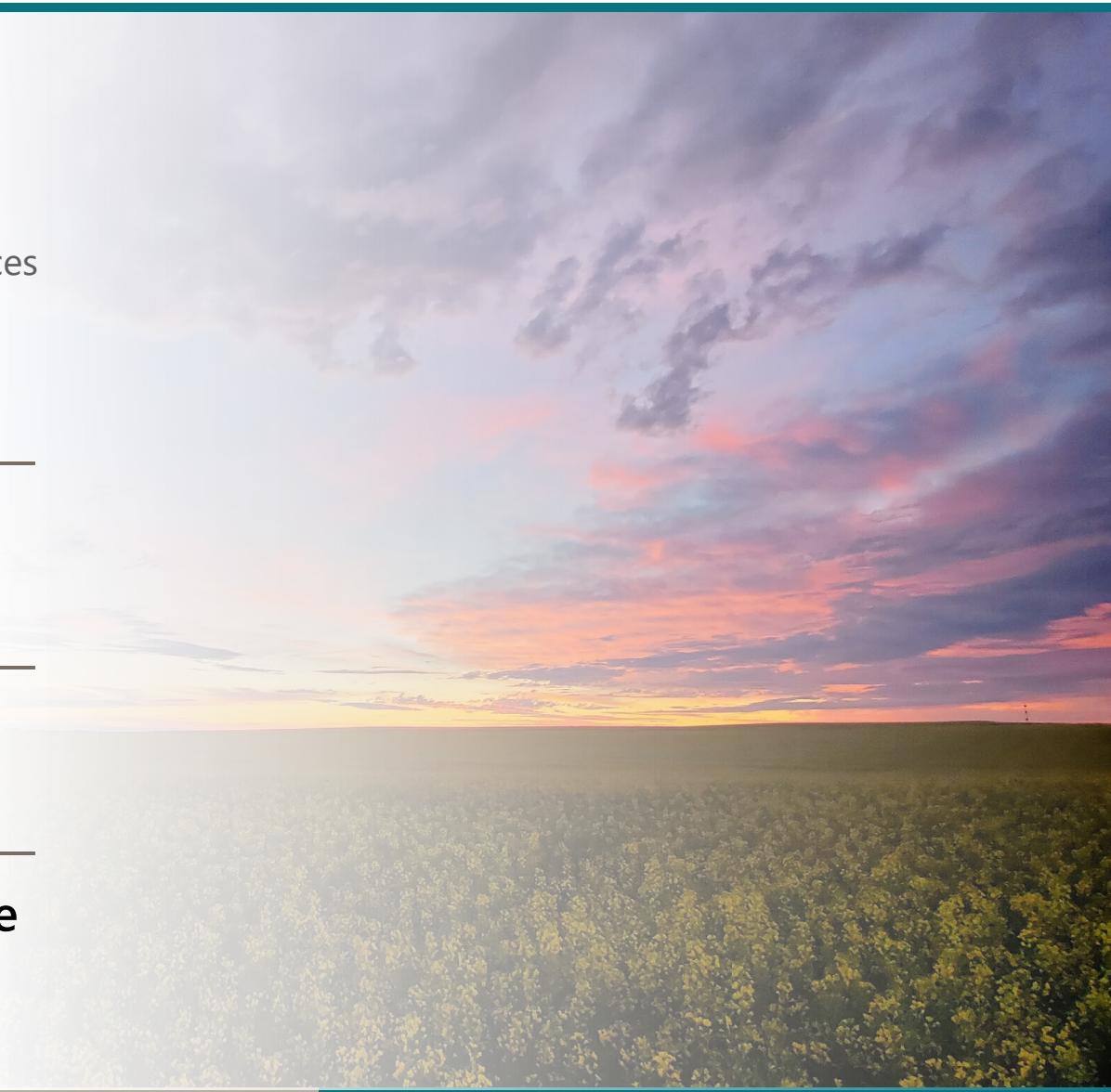
From North Dakota Parks and Recreation Department.

Parks and Recreation to consult with the State Geologist before earthmoving operations

Similar to State Historical Society language.

DMR LEADERSHIP LANGUAGE CLEAN UP

N.D.C.C. §§ 38-08-04.2, 38-12-02, 54-17.4-05 and 54-17.4-06



EXECUTIVE LEADERSHIP

Define Executive Director of Mineral Resources

Currently the position is defined as the Director of Mineral Resources

Would align with numerous other state agencies

Clearly defines head roles of the Oil & Gas Division and Geological Survey

SEPARATE ROLES

Define the Director of the Oil & Gas Division

Define the State Geologist as the Director of the Geological Survey Division

Each of these roles may be hired by the Executive Director of the DMR

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Director's Update | October 30, 2026

Legislation

- The DMR is preparing for the 70th Legislative session. We see a need for a few minor updates consistent with industry growth and technology advancements.

Geological Survey

- Subsurface section completed a second phase of produced water sampling this month to investigate the feasibility of extracting Lithium from produced waters.
- The second round of the critical minerals drilling project for this biennium was completed. For the biennium, 56 holes were drilled and logged for a total of 12,747' and 755' of core was recovered. Analysis is ongoing.

Succession Planning

- Amanda Westlake is our new Finance Manager, her first day with the DMR was September 1st.
- Backfill for Paleontology Manager is underway, finalist interviews are underway.

North Dakota Oil & Gas Production & Activity Level Summary

Activity:

- ND rig count has increased to 34 rigs. This is a flat to last month.
- The number of completions in July, August and September was 74, 96 & 105 respectively. This is a leading indicator of more oil production possibly coming online.
- Currently 19 different operators are drilling in the state.
- The number of drilling permits issued in September was 78 and August that was 84.

Production:

- Oil production increased 0.24% from July to August. Since December 2025 production has been increasing each month.
- August oil production was at 1,161,427 bbls/day, gas production at 3.633 BCF/d (all time high). Oil revenue forecast dropped in July from 1,150,000 to 1,100,000 bbls/day.
- Top oil producing counties in ND are (in order): McKenzie, Williams, Mountrail, Dunn, Divide. These counties produce 96.5% of ND oil statewide. 99.6% of oil and gas production comes from the top 10 counties.

Mark F. Bohrer
ASSISTANT DIRECTOR
OIL AND GAS DIVISION

Nathan D. Anderson
DIRECTOR
DEPT. OF MINERAL RESOURCES

Dr. Clint Boyd
STATE GEOLOGIST
GEOLOGICAL SURVEY

600 E Boulevard Ave – Dept 474 | Bismarck, ND 58505-0614 | PHONE: 701-328-8020 | FAX: 701-328-8022 | dmr.nd.gov

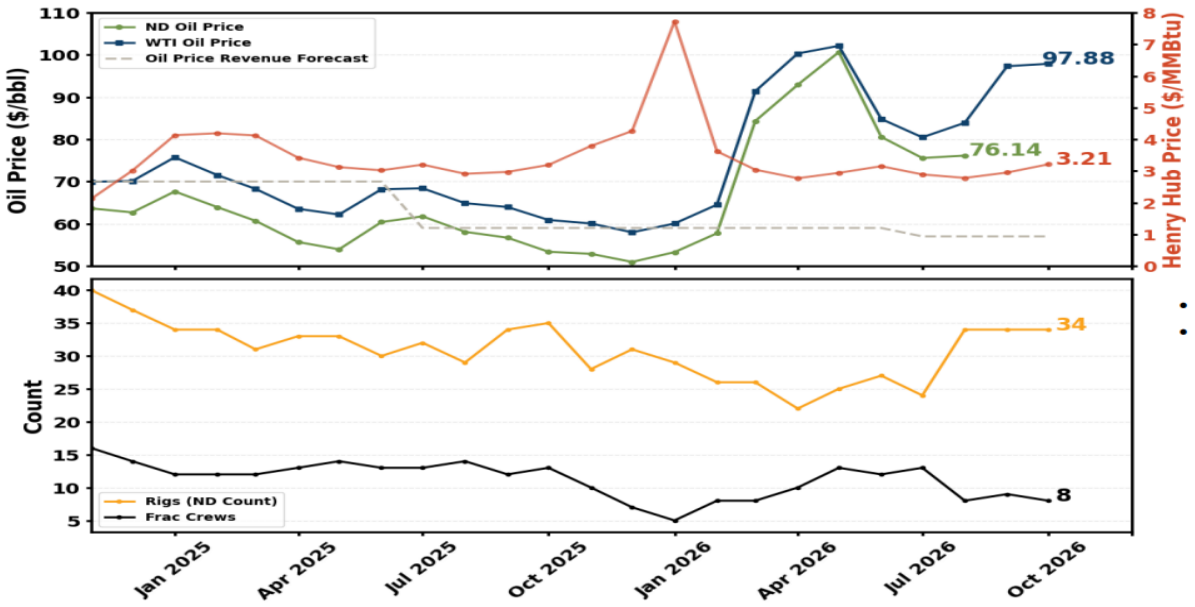
Operation Efficiencies:

- 27% of new wells are 2-mile laterals and 3-mile laterals increased to 56%, with 4-mile laterals at 17%.
- Estimated average producing lateral length is ~14,300' while just three years ago this number was 11,000'. This is a 3,400' increase in lateral length over that time.

Revenue:

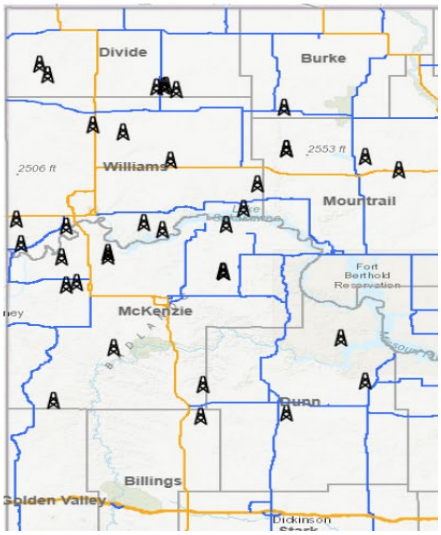
- ND Tax August oil price came in at $76.14 (revenue forecast at $57)

Pricing & Activity Levels



ND Rig Count Summary

Operator	9-14-2026	10-14-2026	Change
Chevron (Hess)	3	3	0
Chord (Enerplus, Whiting & Oasis)	3	4	+1
Conoco (Burlington Resources)	3	3	0
Continental Resources	2	2	0
Devon Energy	3	4	+1
EOG Resources	1	1	0
Formentera Operations	1	0	-1
Henry Hill Oil Services, Llc	0	1	+1
Hunt Oil	1	1	0
Iron Oil Operating	1	0	-1
Koda Resources Operating	2	2	0
Kraken Operating, Llc	0	1	+1
Murfin Drilling Company, Inc.	1	1	0
Petro-Hunt	1	1	0
Phoenix Operating	5	3	-2
Rockport Energy Solutions Llc	1	1	0
Silver Hill Energy Operating	1	1	0
Slawson Exploration Company	1	1	0
True Oil	1	1	0
XTO Energy	2	2	0
Zavanna Energy Operating	1	1	0
Total	**34**	**34**	**0**



Financial Statements
June 30, 2026 and 2025

North Dakota Building Authority

(A Component Unit of the State of North Dakota)

BradyMartz

Independent Auditor's Report

The Industrial Commission
The Legislative Assembly
State of North Dakota
Bismarck, North Dakota

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the North Dakota Building Authority, a component unit of the State of North Dakota ("Authority") as of and for the years ended June 30, 2026 and 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the North Dakota Building Authority, a component unit of the State of North Dakota as of June 30, 2026 and 2025, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Reporting Entity

As discussed in Note 1 to the financial statements, the financial statements present only the North Dakota Building Authority Fund and do not purport to, and do not, present fairly the financial position of the State of North Dakota as of June 30, 2026 and 2025, the changes in its financial position or 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.

Change in Accounting Principle

As described in Note 2 to the financial statements, the Authority has adopted new accounting guidance, GASB Statement No. 103 *Financial Reporting Model Improvements*. Our opinions are not modified with respect to this matter.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the North Dakota Building Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-7 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated August 20, 2026 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Brady Martz

BRADY MARTZ, PLLC
BISMARCK, NORTH DAKOTA

August 20, 2026

(continued on next page)

CONDENSED STATEMENT OF NET POSITION
JUNE 30,

	2026	2025
ASSETS		
CURRENT ASSETS - RESTRICTED	$ 5,346	$ 5,186
NONCURRENT ASSETS - RESTRICTED	87,494	92,285
TOTAL ASSETS	$ 92,840	$ 97,471
LIABILITIES		
CURRENT LIABILITIES	$ 3,879	$ 3,718
NONCURRENT LIABILITIES	88,961	93,753
TOTAL LIABILITIES	$ 92,840	$ 97,471
NET POSITION	$ -	$ -

Cash has increased by $70 to $105 at June 30, 2026, result of collecting additional rent to pay for operational expenses. The Authority's loan receivable decreased $4,616 to $92,286 at June 30, 2026 as loan payments are being made. There were no bonds issued in fiscal years 2026 and 2025.

Based on certain bond covenants, the Authority is required to establish and restrict prescribed amounts of resources for debt service reserves.

The State agencies pay the debt service on the related bonds. The loans also provide that the State agencies pay to the Authority reimbursement for trustee fees, paying agent fees, registrar fees, audit fees, arbitrage rebate payments and fees, and other reasonable and necessary expenses incurred by the Authority or the Trustee on behalf of the Authority.

(continued on next page)

The Authority has a bond rating of AA by Standard and Poor's and Aa2 from Moody's Investor's Service.

Contacting the North Dakota Building Authority's financial management

The information in this report is intended to provide the reader with an overview of the Authority's operations along with the Authority's accountability for those operations. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the North Dakota Building Authority, PO Box 5509, Bismarck, ND 58506-5509.

NORTH DAKOTA BUILDING AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2026 and 2025
(In Thousands)

	2026	2025
OPERATING REVENUES		
Loan interest	$ 2,561	$ 2,725
Other	36	38
	2,597	2,763
OPERATING EXPENSES		
Interest expense	2,594	2,762
Operating	38	38
	2,632	2,800
OPERATING LOSS	(35)	(37)
NONCAPITAL SUBSIDIES		
Federal Interest Subsidy	26	30
OPERATING INCOME (LOSS) AND NONCAPITAL SUBSIDIES	(9)	(7)
NONOPERATING REVENUE		
Investment interest	9	7
CHANGE IN NET POSITION	-	-
TOTAL NET POSITION, BEGINNING OF YEAR	-	-
TOTAL NET POSITION, END OF YEAR	$ -	$ -

See Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The North Dakota Building Authority (Authority) was established July 1, 1985, by the North Dakota Legislature, as provided in Chapter 54-17.2 of the North Dakota Century Code, as a separate instrumentality of the State of North Dakota. The purpose of the Authority is to promote the general welfare of the citizens of the State by providing projects for use by the State in providing public services by altering, repairing, maintaining or constructing buildings primarily for use by the State and making any improvements connected to those buildings or pertaining to those buildings and necessary to the use of those buildings in providing services to the public.

Reporting Entity

In accordance with Governmental Accounting Standards Board (GASB), the financial reporting entity of North Dakota Building Authority should include all component units over which North Dakota Building Authority exercises such aspects as (1) appointing a voting majority of an organization's governing body and (2) has the ability to impose its will on that organization or (3) the potential for the organization to provide specific financial benefits to, or impose specific burdens on North Dakota Building Authority. GASB further defined component units as reporting units that are legally separate, tax exempt affiliated organization that meet all of the following criteria:

- The economic resources of the organization entirely or almost entirely directly benefit North Dakota Building Authority or its constituents, and
- North Dakota Building Authority or its component units, are entitled to or can otherwise access, a majority of the economic resources of the organization, and
- The economic resources that North Dakota Building Authority is entitled to, or can otherwise access, are significant to North Dakota Building Authority.

Based upon criteria set forth by GASB, no organizations were determined to be part of the reporting entity. North Dakota Building Authority is included as part of the primary government of the State of North Dakota's reporting entity.

Budgetary Process

The Authority operates through a biennial appropriation provided by the State Legislature. The Authority prepares a biennial budget, which is included in the Governor's budget that is presented to the State Legislature at the beginning of each legislative session. The State Legislature enacts the budgets of the various State departments through passage of specific appropriation bills. The Governor has line item veto powers over all legislation subject to legislative override. Once passed and signed, the appropriation becomes the Authority's financial plan for the next two years. The Authority has continuing appropriation for monies received from the sale of indebtedness, loan payments and revenues generated by projects authorized by the legislature for the acquisition of authorized projects and the loan payments for these projects.

(continued on next page)

Restricted Assets

The Authority, based on certain bond covenants, is required to establish and maintain prescribed amounts of resources that can be used only to service outstanding debt. Other restricted assets can only be used for construction projects financed by related bonds.

Operating and Non-operating Revenues

Operating revenues consist of sales of goods and services, quasi-external operating transactions with other funds, grant revenue for specific activities that are considered to be operating activities of the grantor, receipts from other agencies for reimbursement of operating transactions and other miscellaneous revenue. Grants that would qualify as an operating activity are those that do not subsidize an existing program, rather they finance a program the agency would not otherwise undertake.

All other revenues that do not meet the above criteria are classified as non-operating.

NOTE 2 - CHANGE IN ACCOUNTING POLICY

The North Dakota Building Authority implemented Governmental Accounting Standard (GASB Statement) No. 103 *Financial Reporting Model Improvements* in 2025. Federal Interest Subsidy revenue previously classified as operating revenues was reclassified to noncapital subsidies as part of the Authority's principal ongoing operations. The accounting change had no effect on net position as of the beginning of 2026 or 2025.

NOTE 3 - DEPOSITS AND INVESTMENTS

Deposits

The North Dakota Building Authority is required to maintain its deposits at the Bank of North Dakota. As of June 30, 2026, the Building Authority had the following deposits (amount in thousands):

	Cash	Investments	Total
Current assets - restricted	$ 105	$ 235	$ 340
	$ 105	$ 235	$ 340

The North Dakota Building Authority is required to maintain its deposits at the Bank of North Dakota. As of June 30, 2025, the Building Authority had the following deposits (amount in thousands):

	Cash	Investments	Total
Current assets - restricted	$ 35	$ 235	$ 270
	$ 35	$ 235	$ 270

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NOTE 4 - LOANS RECEIVABLE

After receiving Legislative authority, the Authority issues bonds and lends the proceeds to the authorized State agencies to pay for the purchase or construction of various facilities.

Under the loan agreements, the State agencies have agreed to pay the debt service on the related bonds from funds appropriated by the Legislature from the General Fund or other special funds, which may include federal funds.

At June 30, 2026, future loan payments under agreements are as follows:

	Total Loan Payment	Interest Income	Loan Receivable
2027	$ 8,457	$ 3,665	$ 4,792
2028	8,461	3,480	4,981
2029	8,447	3,286	5,161
2030	8,443	3,082	5,361
2031	8,213	2,867	5,346
2032-2036	41,197	10,889	30,308
2037-3041	40,366	4,029	36,337
	$ 123,584	$ 31,298	$ 92,286

The loans also provide that the State agencies pay as additional payments to the Authority for trustee fees, paying agent fees, registrar fees, letter of credit fees, audit fees and other reasonable and necessary expenses incurred by the Authority or the Trustee on behalf of the Authority.

(continued on next page)

The following summarizes the Authority's bonds outstanding at June 30, 2026 and 2025:

Description and Due Date	Interest Rate	Original Value	2026	2025
Series 10A Bonds 12/1/16-12/1/30	3.50 - 6.25	$ 2,355	**$ 910**	$ 1,075
Series 20A Bonds 12/1/21-12/1/40	5.00	112,858	**91,611**	96,063
Total bonds payable			**92,521**	97,138
Less current portion			**3,560**	3,385
Long-term portion			**$ 88,961**	$ 93,753

2010 Series A

Interest on the 2010 Series A Bonds is payable semi-annually on June 1 and December 1 of each year. Bonds maturing on or after December 1, 2016 are subject to optional redemption in whole or in part. The bonds are secured by the funds, user charges and all rights, titles and interests of the Authority as lender, including all basic loan payments, investment earnings on the funds and any other income derived by the Authority with respect to the loan.

2020 Series A

Interest on the 2020 Series A Bonds is payable semi-annually on June 1 and December 1 of each year. The bonds are not subject to optional redemption prior to maturity except under extraordinary circumstances. The bonds are secured by the funds, user charges and all rights, titles and interests of the Authority as lender, including all basic loan payments, investment earnings on the funds and any other income derived by the Authority with respect to the loan.

Listing of Projects

Issue	Size	Agency	Project Description
2010A	$2,355	Veteran's Home	New Facility
2020A	88,585	University System	DSU - Pulver Hall
		University System	NDSU - Sugihara Hall
		University System	UND - Gamble Hall
		University System	VCSU - Communication & Fine Arts Center
		University System	UND - Deferred Maintenance

(continued on next page)

State Bonding Fund currently provides the agencies with blanket fidelity bond coverage in the amount of $2,000 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

There have been no significant reductions in insurance coverage from the prior year. In addition, there have been no claims filed or settled in the past three fiscal years.

NOTE 9 – ECONOMIC DEPENDENCIES AND CONCENTRATIONS

The Authority is economically dependent on the North Dakota University System and agencies of the State of North Dakota

NOTE 10 - SUBSEQUENT EVENTS

No significant events occurred subsequent to the Authority's year end. Subsequent events have been evaluated through August 20, 2026, which is the date these financial statements were available to be issued.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Brady Martz

BRADY MARTZ, PLLC
BISMARCK, NORTH DAKOTA

August 20, 2026

Independent Auditor's Communication to the Industrial Commission of North Dakota

The Industrial Commission
The Legislative Assembly
State of North Dakota
Bismarck, North Dakota

We have audited the financial statements of the North Dakota Building Authority ("Authority") for the year ended June 30, 2026. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you on July 30, 2026. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2025. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There are no significant estimates affecting the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. No such misstatements were detected as a result of our audit procedures.

North Dakota Industrial Commission
Outdoor Heritage Fund Grant Program Policies

Table of
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OHF – 1 General Provisions
OHF – 2 Eligibility
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OHF – 4 Application Requirements
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OHF – 01 GENERAL PROVISIONS

OHF – 1.01 History – Administration
OHF – 1.02 Definitions
OHF – 1.03 Costs of Application Preparation
OHF – 1.04 Acceptance and Rejection of Applications
OHF – 1.05 Reservation of Funds

OHF – 1.01 History – Administration. Since 2013, the North Dakota Industrial Commission has been authorized to make funds from the Outdoor Heritage Fund available to provide financial assistance for contracts to state agencies, tribal governments, political subdivision, and nonprofit organizations for the purpose of enhancing conservation practices in the state by: Directive A – Providing access to private and public lands for sportsmen, including projects that create fish and wildlife habitat; Directive B – Improving, maintaining and restoring water quality, soil conditions, plant diversity, animal systems, and by supporting other practices of stewardship to enhance farming and ranching; Directive C – Developing, enhancing, conserving, and restoring wildlife and fish habitat on private and public lands; and Directive D – Conserving natural areas and creating other areas for recreation through the establishment and development of parks and other recreation areas. The Outdoor Heritage Fund Advisory Board, established by NDCC 54-17.8-06 (House Bill 1278, 2013 Legislative Session), will review and make recommendations to the Commission on all applications for financial assistance under this Program.

OHF – 1.02 Definitions. As used in these policies:

1. "Advisory Board" – means the Outdoor Heritage Fund Advisory Board as appointed by the Governor.
2. "Applicant" – means any person or entity applying to the Commission for a grant from the Outdoor Heritage Fund.

3. “Application” – means the written document that is submitted to the Commission by an applicant seeking a grant from the Fund.
4. “Building” – means a structure with a roof either with walls or without walls and is attached to the ground in a permanent nature.
5. “Commission” – means the North Dakota Industrial Commission or its representative.
6. “Comprehensive Conservation Plan” – means a detailed plan that has been formally adopted by the governing board which includes goals and objectives – both short and long term, and if the plan includes a building, must show how the building will enhance the overall conservation goals of the project and the protection or preservation of natural areas and outdoor recreation. This does not need to be a complex multi-page document. It could be included as part of the application or be an attachment.
7. “Contract” – means the signed agreement between the Commission and Grantee which describes the rights and duties of the Commission and Grantee with regard to the Program.
8. “Extenuating/Exceptional Circumstances” – the Board will determine on a case-by-case basis whether they believe a project falls under the category of an extenuating circumstance. The applicant will have to describe during the application process why their project should be considered an exceptional circumstance. The Board will vote on whether they agree the project to be an extenuating circumstance, and if the project gets a favorable vote, the Commission will have the final vote.
9. “Fund” – means the Outdoor Heritage Funds available to the Commission to provide funding for the Program and as authorized in NDCC 54-17.8-02.
10. “Grant” – means the monetary award made by the Commission under the Program.
11. “Grantee” – means a successful applicant for a grant from the Fund.
12. “Indirect Costs” – means administrative and facilities costs not directly related to the cost of the project.
13. “In-Kind Services” – means contributed equipment, materials, personnel or services directly provided for the project. If In-Kind services are provided as match funding, documentation must be provided verifying the value of the In-Kind services.
14. “Maintenance” – means activities that preserve or keep infrastructure in a given existing condition, including repairs.
15. “Material Changes” – If a grantee requests an amendment for a budget adjustment, the Office of the Industrial Commission has the authority to move funds from one deliverable to another, not to exceed 10% of the total project cost or add any additional deliverables outside of the contracted project scope. Any requests larger than 10% of the total project costs, or additional project scopes, must be brought to the Board for approval.
16. “New and Expanded Recreational Project” – means that the proposed building cannot be a replacement of a current building. The proposed building must also be related to either a new or expanded recreational project – either an expansion in land or an expansion of an existing building or in the opportunities for recreation at the project site.

17. "Playground Equipment Calculation" – Only the actual costs of the playground equipment (a bid or invoice showing the amount of the equipment costs must be provided) – cannot include freight, installation, surface materials, or removal of old equipment.
18. "Program" – the Program administered by the Commission to carry out the statutory directives listed above in (**OHF – 1.01 History – Administration**) demonstrate the impact of funding the awarded projects.
19. "Repair" – means to restore to sound condition after damage, to renew or refresh; except repairs due to damage caused by Acts of God.
20. "Staffing Costs" – for funding requests for staffing or outside consultant costs, applicant must include information in application on the need for OHF funding to cover these costs. For example, if an applicant has an engineering staff, the applicant must explain why internal staff is not sufficient for completing the work, if specific expertise is needed, or any other reason the entity must retain an outside consultant. If it is a request for reimbursement for staff time, a written explanation is required in the application of why OHF funding is needed to pay for the cost of that staff member(s)' time. <u>The budget form must reflect on a separate line item the specific amount that is being requested for staffing and/or the hiring of an outside consultant.</u> This separate line item will be used to make the calculation of 5% or 10% as outlined in statute. *Note that the calculation will be made on the grant less the costs for the consultant or staff.
21. "Technical Committee" – means the Board non-voting members that review the merits of the applications and advise the full Advisory Board and the Commission.

OHF – 1.03 Costs of application preparation. The Commission is not liable for any cost, including costs of preparation of applications, incurred by applicants prior to issuance of a contract. The Commission will be liable only for those costs and expenses expressly identified by contract.

OHF – 1.04 Acceptance and rejection of applications. These policies do not commit the Commission to award funds. The Commission reserves the right to accept or reject any or all applications received as a result of the Program and to negotiate with any and all qualified applicants. If an applicant has previously received funding from the Commission and is delinquent in reporting, the new application will not be eligible for consideration until such time as the reporting on the prior project has been brought current. An application must have received a favorable Outdoor Heritage Fund Advisory Board recommendation prior to consideration by the Commission.

OHF – 1.05 Reservation of funds. The Commission is not obligated to award the total amount of funds made available under this Program. Funds not awarded will be reserved for future grants under the Program.

OHF – 02 ELIGIBILITY

OHF – 2.01 Eligible Applicants
OHF – 2.02 Eligible Projects
OHF – 2.03 Ineligible Projects

OHF – 2.04 Extenuating/Exceptional Circumstances

OHF – 2.01 Eligible applicants. Any State Agency, Political Subdivision, Tribal Entity, or Tax-exempt Nonprofit Organization whose project aligns with the purpose of the Outdoor Heritage Fund.

OHF – 2.02 Eligible projects. Any project proposing at least one of the four Outdoor Heritage Fund directives being: Directive A – Providing access to private and public lands for sportsmen, including projects that create fish and wildlife habitat; Directive B – Improving, maintaining and restoring water quality, soil conditions, plant diversity, animal systems, and by supporting other practices of stewardship to enhance farming and ranching; Directive C – Developing, enhancing, conserving, and restoring wildlife and fish habitat on private and public lands; and Directive D – Conserving natural areas and creating other areas for recreation through the establishment and development of parks and other recreation areas.

OHF – 2.03 Ineligible projects.

The following activities or uses are ineligible for funding under this Program:

- Litigation;
- Lobbying activities;
- Any activity that would interfere with, disrupt, or prevent activities associated with surface coal mining operations; sand, gravel, or scoria extraction activities; oil and gas operations; or other energy facility or infrastructure development;
- The acquisition of land or to encumber any land for a term longer than twenty years; or
- Projects outside the state or projects that are beyond the scope of defined activities that fulfill the purposes of Chapter 54-17.8-03 of the North Dakota Century Code.

OHF – 2.04 Extenuating/Exceptional circumstances.

OHF funds may not be used, except after a finding of exceptional circumstances by both the Outdoor Heritage Fund Advisory Board and the Industrial Commission, to finance the following:

- A completed project or project commenced before the grant application is submitted;
- A feasibility or research study;
- Maintenance costs;
- A paving project for a road or parking lot;
- A swimming pool or aquatic park;
- Property not affixed to the land;
- Playground Equipment, except that grants may be awarded for up to 25% of the cost of the playground equipment not exceeding $10,000 per project without a finding of exceptional circumstances,. The total amount awarded for playground equipment grants may not exceed 5% of the total grants awarded in a calendar year (See Definitions/Clarifications for how this will be calculated);

- A building except for a building that is included as part of a comprehensive conservation plan for a new or expanded recreational project (See Definitions/Clarifications for definition of comprehensive conservation plan and new or expanded recreational project); or
- A project in which the applicant is not directly involved in the execution and completion of the project.
- Construction or refurbishment of indoor/outdoor ice rinks;
- Construction or refurbishment of indoor/outdoor athletic courts and sports fields;
- Other substantially similar facilities;
- Infrastructure that is not part of a comprehensive conservation plan;
- Projects not meeting a minimum funding request of $2,500.

The applicant must explain during the application process why their project should be considered an exceptional circumstance. The Outdoor Heritage Fund Advisory Board will vote on whether the project falls under exceptional circumstances, and, if passed, the project will be presented to the Commission for final consideration.

OHF – 03 MAXIMUM GRANT AMOUNT AND MATCHING FUND REQUIREMENT

OHF – 3.01 Maximum/Minimum Grant Amount
OHF – 3.02 Matching Funds

OHF – 3.01 Maximum/Minimum grant amount. Grants may be of any amount within the limits of legislation appropriation, but no less than $2,500.

OHF – 3.02 Matching funds. A minimum twenty-five percent match funding of the total project cost is required. This twenty-five percent match can be any combination of Cash, In-Kind, and Indirect funding. The value of In-Kind services and Indirect Costs match funding must be verified with appropriate documentation. Documentation demonstrating the matching funds, including letters of commitment from other funding sources, must be submitted to the Commission within sixty days of the approval of an application by the Commission, or within any additional time granted by the Commission. The Commission's approval is contingent upon receiving this documentation. If it is not received, the approval lapses and no grant may be made. In-Kind services and Indirect Costs may be used by an applicant to supply the required funding match or contribution. A higher priority will be given to those applications having a match greater than twenty-five percent of the total project cost.

For projects that include fencing, a minimum cost share of 40% by the recipient is preferred. Applicants must include detailed information on the type of fencing to be installed, whether funding is requested for boundary fencing, new or replacement of existing fencing, and/or cross fencing.

Costs for seeding, fencing, pipelines, wells, and cover crops cannot exceed NRCS Field Office Tech Guidelines without justification. Projects involving perimeter fencing must follow NRCS eligibility standards.

In-kind services used to match the request for Outdoor Heritage Fund dollars shall be valued as follows:

- Labor Costs $30/hour *Commission staff may update this amount on an annual basis using the current rate published by the Independent Sector and the Bureau of Labor Statistics.
- Land Costs Average rent costs for the county as shown in the most recent publication of the USDA, National Agricultural Statistics Services, North Dakota Field Office
- Permanent Equipment Any equipment purchased must be listed separately with documentation showing actual cost. (Ex: Playground Equipment)
- Equipment Usage Actual Documentation
- Seed and Seedlings Actual Documentation
- Transportation Mileage at Federal rate
- Supplies and Materials Actual Documentation

Categories may be added, removed, or modified by the Board at any time. If a project includes work that has an established rate under another State Program, the rates and sources should be noted in the application.

OHF – 04 APPLICATION REQUIREMENTS

OHF – 4.01 Application Format
OHF – 4.02 Application Deadline and Grant Round Dates
OHF – 4.03 Application Contribution

OHF – 4.01 Application format. Applications must be submitted through the Commission's online Grant Management System, accessible on the Commission's website. The online application format must be followed for the application to be accepted. The $100 non-refundable application fee will be paid as part of the online application.An application must be direct, concise, and informative.

The application must contain the following as outlined in the application form:

1. Contact information. This includes the project name, name of the organization, federal tax ID number, contact person, address, email address, and phone number.
2. Directives. Note the major directive for the application, any additional directives, and the type of organization applying.
3. Abstract or Summary. This should be **no more than five hundred words**, stating the project objectives, expected results, duration, total project cost, and participants.
4. Project Duration. A detailed timeline of the project and schedule of drawing down awarded funding.
5. Project Costs. Note the total grant request, the total project costs, and the total amount of matching funds. For matching funds, an applicant must provide a breakdown of the funding source and type of match (cash, in-kind or indirect).

6. Narrative. A brief summary of no more than 300 words including your organization's history, mission, current programs and activities
7. Purpose. A description of the proposed project identifying how the project will meet the specific directive(s) of the program and the purpose of the grant.
8. Management of Project. A description of how the project will be managed to ensure it is carried out on schedule and in a manner that meets the stated objectives.
9. Evaluation. A description of the plan to document progress and results of the project.
10. Financial Information. A detailed project budget using the table that is provided in the application for an itemized list of project expenses, keeping in mind that a minimum of twenty-five percent match funding is required. Provide a budget narrative for additional detail regarding project expenses.
11. Sustainability. Describe how the project will be funded or sustained in future years.
12. Partnership Recognition. If successful, describe how you would recognize the Outdoor Heritage Fund partnership. There must be signage at the location of the project acknowledging Outdoor Heritage Fund funding when appropriate.
13. Awarding of Grants. Acknowledgement that the applicant can meet all the conditions of the sample contract that is provided on the website.

OHF – 4.02 Application deadline and grant round dates. Applications in a calendar year must be delivered to the Commission on or before May 1 and November 1. Barring conflicts, the OHF Advisory Board will meet on the last Tuesday in June and the second Tuesday in December. In addition to the two grant rounds, the Commission may establish additional grant rounds and set application deadlines for those rounds. After the application deadline, the applicant may amend its application only upon the approval of the Commission. The Board will have an annual Orientation and Policy Review meeting to be held on the second Tuesday in September unless otherwise noted. All application deadlines and meeting dates are subject to change by the Commission.

OHF – 4.03 Application contribution. All applications must be accompanied by a one-hundred-dollar nonrefundable application contribution. This application contribution will be paid at the time of application submittal through the grant software portal.

OHF – 05 REVIEW AND AWARD PROCESS

OHF – 5.01 Application Evaluation – Criteria
OHF – 5.02 Application Review – Initial Review
OHF – 5.03 Application Review – Technical Committee
OHF – 5.04 Application Review – Board Recommendation and Commission Decision
OHF – 5.05 Contracts
OHF – 5.06 Disbursement of Funds
OHF – 5.07 Project Duration
OHF – 5.08 Allocations
OHF – 5.09 Partially Funded or Delayed Projects
OHF – 5.10 Contract Modifications

EXEMPTIONS

Outdoor Heritage Fund grants may not be used to finance the following:

- Litigation;
- Lobbying activities;
- Any activity that would interfere, disrupt, or prevent activities associated with surface coal mining operations; sand, gravel, or scoria extraction activities; oil and gas operations; or other energy facility or infrastructure development;
- The acquisition of land or to encumber any land for a term longer than twenty years; or
- Projects outside this state or projects that are beyond the scope of defined activities that fulfill the purposes of Chapter 54-17.8 of the North Dakota Century Code.

OHF funds may not be used, except after a finding of exceptional circumstances by the Industrial Commission, to finance:

- A completed project or project commenced before the grant application is submitted;
- A feasibility or research study;
- Maintenance costs;
- A paving/concrete project for a road or parking lot;
- A swimming pool or aquatic park;
- Personal property that is not affixed to the land;
- Playground equipment~~ – Playground equipment~~ , ~~except that~~, except that grants ~~funds~~ may be ~~provided~~ awarded for up to 25% of the cost of the playground equipment not exceeding $10,000 per project without ~~determininga~~ finding of exceptional. circumstances. ~~However, and all~~The total amount awarded for playground equipment grants may not exceed 5% of the total grants ~~per~~ awarded in a calendar year (see Definitions/Clarifications for how this will be calculated);
- ~~Staffing or outside consultants except for costs for staffing or an outside consultant to design and implement an approved project based on the documented need of the applicant and the expenditures may not exceed 5% of the grant to a grantee if the grant exceeds $250,000 and expenditures may not exceed 10% of the grant to a grantee if the grant is $250,000 or less (see Definitions/Clarifications for how this will be calculated);~~
- A building except for a building that is included as part of a comprehensive conservation plan for a new or expanded recreational project (see Definitions/Clarifications for definition of comprehensive conservation plan and new or expanded recreational project); or
- A project in which the applicant is not directly involved in the execution and completion of the project.

The goal of the Industrial Commission is that at a minimum 15% of the funding received for a biennium will be given priority for recreation projects that meet Directive D.

The following projects are not eligible for funding, unless there is a finding of exceptional circumstances by the Industrial Commission include:

- Construction or refurbishment of indoor/outdoor ice rinks,
- Construction or refurbishment of indoor/outdoor athletic courts and sports fields,

- Other substantially similar facilities.
- Infrastructure that is not part of a comprehensive conservation plan.
- Projects not meeting a minimum funding request of $2,500.

Budget Information

A minimum of 25% match funding is required. No indirect costs will be funded.

For projects including fencing: A minimum cost share of 40% by the recipient is preferred. Include detailed information on the type of fencing to be installed, whether funding is requested for boundary fencing, new or replacement of existing fencing, and/or cross fencing.

Costs for seeding, fencing, pipelines, wells, and cover crops cannot exceed NRCS Field Office Tech Guide without justification. Projects involving perimeter fencing must follow NRCS eligibility standards.

In-kind services used to match the request for Outdoor Heritage Fund dollars shall be valued as follows:

- Labor costs $~~15.00~~30.00/~~ an~~ hour *Commission staff may update this amount on an annual basis using the current rate published by the Independent Sector and the Bureau of Labor Statistics.
- Land costs Average rent costs for the county as shown in the most recent publication of the USDA, National Agricultural Statistics Services, North Dakota Field Office
- Permanent Equipment with documentation Any equipment purchased must be listed separately showing actual cost. (For example: playground equipment)
- Equipment usage Actual documentation
- Seed & Seedlings Actual documentation
- Transportation Mileage at federal rate
- Supplies & materials Actual documentation

More categories will be added as we better understand the types of applications that will be submitted. We will use as our basis for these standards other State and Federal programs that have established rates. For example, the North Dakota Nonpoint Source Pollution Management Program has established rates. If your project includes work that has an established rate under another State Program, please use those rates and note your source.

Definitions/Clarifications:

Building - Defined as “A structure with a roof either with walls or without walls and is attached to the ground in a permanent nature.”

Comprehensive Conservation Plan - Defined as “A detailed plan that has been formally adopted by the governing board which includes goals and objectives--both short and long term, must show how this building will enhance the overall conservation goals of the

project and the protection or preservation of natural areas and outdoor recreation." This does not need to be a complex multi-page document. It could be included as a part of the application or be an attachment.

New and Expanded Recreational Project means that the proposed building cannot be a replacement of a current building. The proposed building must also be related to either a new or expanded recreational project--either an expansion in land or an expansion of an existing building or in the opportunities for recreation at the project site.

Playground equipment calculation - Only the actual costs of the playground equipment (a bid or invoice showing the amount of the equipment costs must be provided) - cannot include freight or installation or surface materials or removal of old equipment, etc.

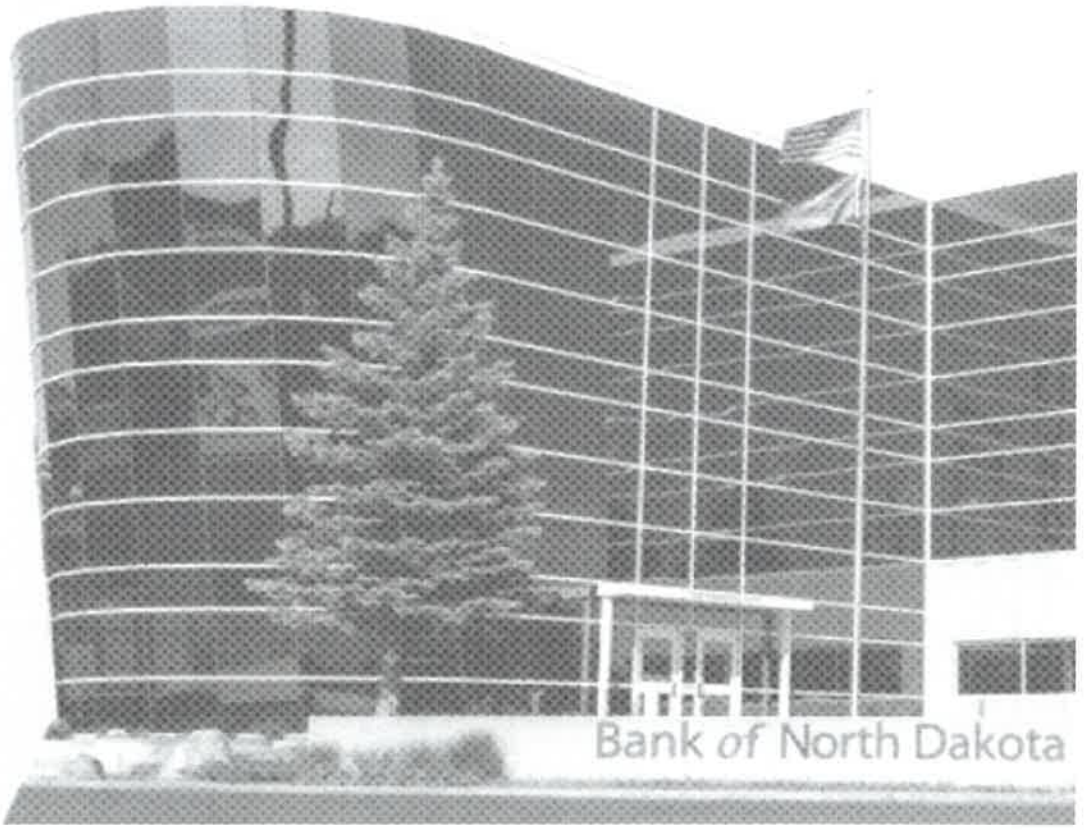
Staffing/Outside Consultants Costs - If you are requesting OHF funding for staffing or for an outside consultant, you must provide information in your application on the need for OHF funding to cover these costs. For example, if you are an entity that has engineering staff you must explain why you don't have sufficient staff to do the work or if specific expertise is needed or whatever the reason is for your entity to retain an outside consultant. If it is a request for reimbursement for staff ~~time~~time, then a written explanation is required in the application of why OHF funding is needed to pay for the costs of that staff member(s)' time. **The budget form must reflect on a separate line item the specific amount that is being requested for staffing and/or the hiring of an outside consultant, including engineering consultants.** This separate line item will then be used to make the calculation of 5% or 10% as outlined in the law. Staffing/outside consulting cost expenditures may not exceed 5% of the grant to a grantee if the grant exceeds $250,000 and expenditures may not exceed 10% of the grant to a grantee if the grant is $250,000 or less. Note that the calculation will be made on the grant less the costs for the consultant or staff.
Outside consultants do not include archeologist's site reviews, as required by State law to install a project requiring consultation with the Historical Society of North Dakota (SHSND) and the State Historic Preservation Office (SHPO), in alignment with the State Historical Resources Protection Act and federal laws such as the National Historic Preservation Act and the Archaeological Resources Protection Act

Maintenance – Activities that preserve or keep infrastructure in a given existing condition, including repairs. Repair means to restore to sound condition after damage, to renew or refresh; except repairs due to damage caused by Acts of God.

BND
Bank of North Dakota

Performance Highlights

September 30, 2026



BANK OF NORTH DAKOTA
BALANCE SHEET - COMPARATIVE DATA
SEPTEMBER 30, 2026 - UNAUDITED

(In Thousands)

	9/30/2026	Budget	Difference	% Change	9/30/2025
Cash	$ 276,658	$ 75,000	$ 201,658	268.88%	$ 298,168
Due from Banks	121,673	225,000	(103,327)	-45.92%	223,108
Federal funds sold	940	10,000	(9,060)	-90.60%	21,075
Securities	3,642,835	3,743,358	(100,523)	-2.69%	3,965,706
Loans					
Commercial	4,133,117	4,081,696	51,421	1.26%	4,057,239
Agriculture	1,268,798	1,101,694	167,104	15.17%	851,689
Residential	241,321	234,958	6,363	2.71%	266,233
Student Loans	912,359	920,762	(8,403)	-0.91%	969,640
	6,555,595	6,339,110	216,485	3.42%	6,144,801
Less allow for credit loss	(124,062)	(113,858)	(10,204)	-8.96%	(119,702)
	6,431,533	6,225,252	206,281	3.31%	6,025,099
Other assets	187,968	164,433	23,535	14.31%	144,775
Total assets	$ 10,661,607	$ 10,443,043	$ 218,564	2.09%	$ 10,677,931
Deposits -					
Non-interest bearing	$ 619,449	$ 425,000	$ 194,449	45.75%	$ 637,178
Interest bearing	7,879,941	8,001,650	(121,709)	-1.52%	8,406,587
	8,499,390	8,426,650	72,740	0.86%	9,043,765
Federal funds purchased and repurchase agreements	317,070	250,000	67,070	26.83%	264,995
Short term borrowings	400,000	271,747	128,253	47.20%	-
Off Balance Sheet Reserve Allowance	7,313	7,313	-	0.00%	7,835
Other Liabilities	15,532	13,926	1,606	11.53%	16,150
Total Liabilities	9,239,305	8,969,636	269,669	3.01%	9,332,745
Equity	1,422,302	1,473,407	(51,105)	-3.47%	1,345,186
Total Liabilities and Equity	$ 10,661,607	$ 10,443,043	$ 218,564	2.09%	$ 10,677,931

BND's primary financial objective is to maintain the strength and integrity of the Bank while generating a consistent financial return to the State.

- BND ended the third quarter of 2026 with assets of $10.7 billion.
- The $3.6 billion securities portfolio is primarily a source of liquidity. As the Bank identifies excess funds and the portfolio runs off, maturities can be reinvested, utilized to fund new loans, or reduce short and long-term borrowings.
- The loan portfolio balance is $6.6 billion. Commercial portfolio is above budget driven by strong commercial participation loans. Activity in the Farm Financial Stability program supported the growth in the agriculture portfolio. The balance of the residential loan portfolio continues to decline due to normal loan runoff. The student loan portfolio continues to focus on state-sponsored DEAL loans.
- Changes in the Bank's Equity position are a result of net income, changes in unrealized gain/loss positions, allocations of capital to various legislative programs, and distributions to the State's General Fund. For the nine months ended September 30, 2026, the Bank transferred $20.0 million to buydown programs and $6.7 million to other state programs. During 2025, the Bank transferred $210.0 million to the General Fund, $31.0 million to buydown programs and $17.3 million to other state programs.

BANK OF NORTH DAKOTA
INCOME STATEMENT - COMPARATIVE DATA
SEPTEMBER 30, 2026 - UNAUDITED

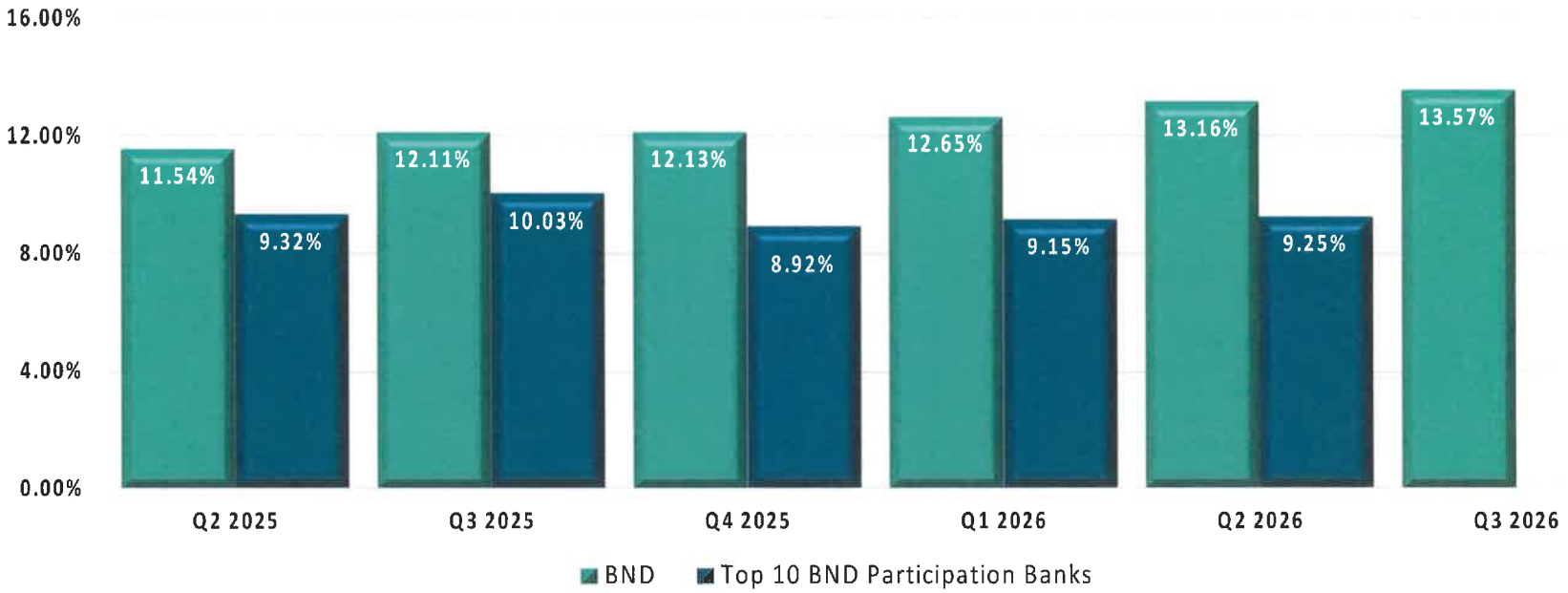
(In Thousands)

	9/30/2026	Budget	Difference	% Change	9/30/2025
Interest Income	$ 379,188	$ 364,832	$ 14,356	3.9%	$ 372,642
Interest Expense	142,559	129,911	12,648	-9.7%	157,944
Net Interest Income	236,629	234,921	1,708	0.7%	214,698
Provision for Credit Losses	10,800	10,800	-	-	14,892
Net Interest Income After Provision	225,829	224,121	1,708	0.8%	199,806
Non-Interest Income	3,495	5,313	(1,818)	-34.2%	(10,772)
Non-Interest Expense					
Salaries and benefits	20,369	20,954	(585)	2.8%	19,411
Occupancy and equipment	636	736	(100)	13.6%	663
IT & System Costs	6,777	8,699	(1,922)	22.1%	6,979
Other Operating Expenses	5,756	8,974	(3,218)	35.9%	5,277
	33,538	39,363	(5,825)	14.8%	32,330
Net Income	$ 195,786	$ 190,071	$ 5,715	3.0%	$ 156,704

BND's primary financial objective is to maintain the strength and integrity of the Bank while generating a consistent financial return to the State.

- BND reported year-to-date earnings of $195.8 million with a total return to the state of 5.02% which includes interest paid to state agencies of $87.7 million.
- Interest income exceeded budget by $14.4 million, primarily due to increased commercial participation and agriculture loan volumes and higher rates on securities.
- Interest expense was $12.6 million over budget, driven by higher Fed Funds purchased and borrowing, along with larger balances and higher rates in certain indexed accounts.
- Year-to-date provision expense was $10.8 million. The Bank continues to evaluate its loan porfolio and adequacy of the allowance for credit loss.
- Non-interest income was $3.5 million. This includes a $3.2 million loss on the sale of short duration, low yielding securities earlier in the year. The Bank utilized the proceeds from the sales to purchase longer duration, higher yielding securities for its portfolio.
- Non-interest expense was $33.5 million, which is $5.8 million below budget, driven by timing differences with IT projects and project implementation.

Leverage Ratio



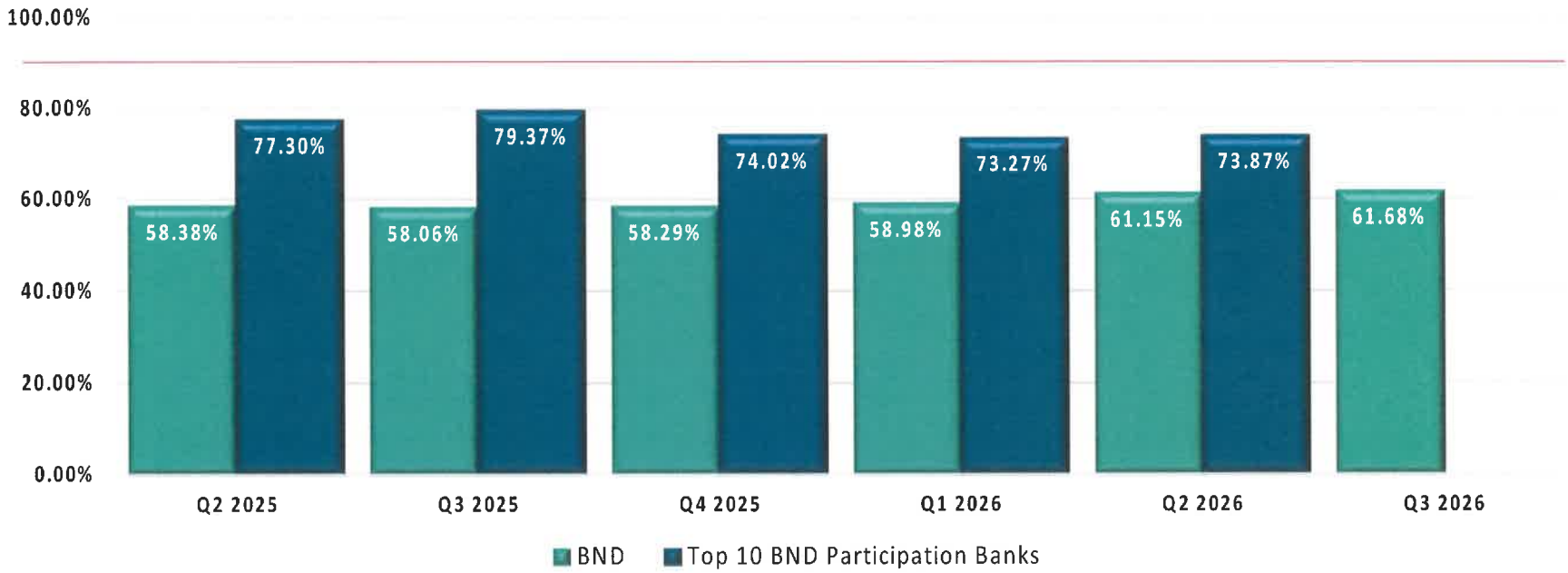
- Leverage ratio is a measure of financial strength. It is calculated by dividing Tier One Capital by average assets for the quarter. As of September 30, 2026, average asset size was $10.6 billion compared to $10.5 billion one year ago. Tier One Capital was $1.4 billion. Fluctuating quarterly ratios are the result of the Bank's quarterly earnings offset by capital transfers.

- As of September 30, 2026, the Bank's leverage ratio increased to 13.57%.

- As of June 30, 2026, the leverage ratio for BND's top 10 participation Banks was 9.25%.

The Top 10 participation banks for the Bank of North Dakota are ranked by loan volume, based on Call Report data compiled by S&P Capital IQ Pro.
Note: The top 10 participation banks' average for the current quarter has not yet been determined, as Call Report data was not available as of this document's publication date.

Net Loans to Earning Assets



- Net Loans to Earning Assets is a ratio used to measure the liquidity of a financial institution.
- BND has established an internal guideline for the Net Loans to Earning Assets Ratio to be 90% or lower (red line).
- As shown above, BND was well within this limit at 61.68%.
- As of June 30, 2026, the ratio for BND's top 10 participation Banks was in the state is 73.87%.

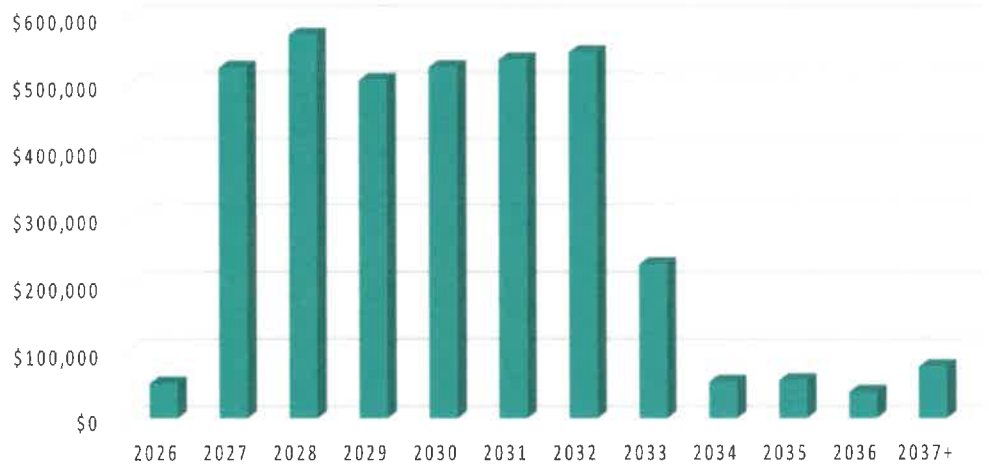
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Security Portfolio / Trends

(in thousands)

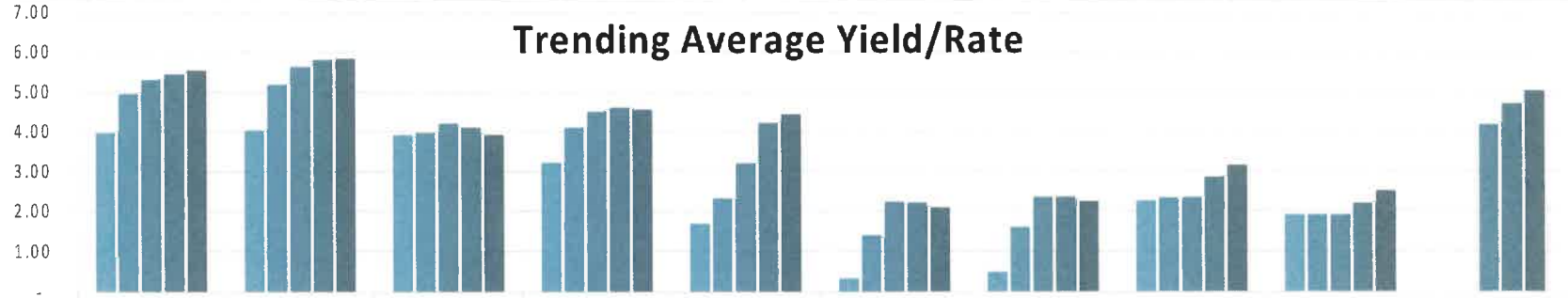
BND Security Portfolio Balance: $3.6 Billion

Principal Cash flow Projections



- The Security Portfolio provides Bank of North Dakota with a source of liquidity, interest rate risk management as well as earnings.
- The duration of the portfolio as of September 30, 2026 was 3.0 years.
- The average yield on the Securities portfolio for September 30, 2026 was 4.43%.

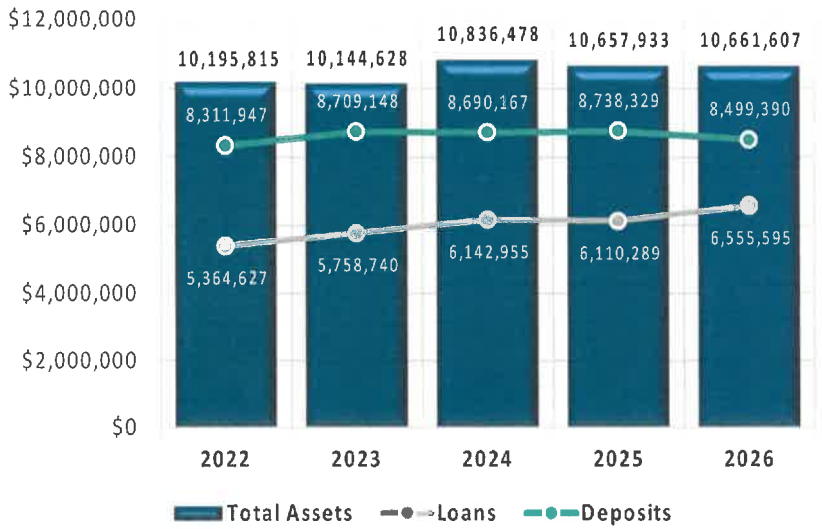
Trending Average Yield/Rate



	Commercial Portfolio	Ag Portfolio	Residential Portfolio	Student Loan Portfolio	Securities	Deposits	Cost of Funds	Net Interest Margin	Return on Assets	BND Total State Return
2022	3.97	4.03	3.91	3.21	1.69	0.33	0.49	2.25	1.91	-
2023	4.95	5.18	3.97	4.10	2.32	1.40	1.60	2.33	1.91	-
2024	5.30	5.63	4.20	4.50	3.20	2.23	2.35	2.34	1.90	4.17
2025	5.44	5.80	4.10	4.60	4.21	2.21	2.35	2.84	2.19	4.69
3Q '26	5.54	5.83	3.91	4.55	4.43	2.08	2.24	3.14	2.50	5.02

Five-Year History

(In Thousands)



- The Bank assets were $10.7 billion as of September 30. Strong liquidity has allowed the Bank to continue to grow its loan portfolio and reinvest in its securities portfolio as securities mature.
- The loan portfolio has grown nearly 22% from $5.4 billion in 2022 to $6.6 billion as of September 30, 2026, continuing the Bank's mission to deliver quality, sound financial services that promote agriculture, commerce, and industry in North Dakota.

Bank of North Dakota Peer Group Comparison

Bank of North Dakota Peer Group Comparison				
As of 6/30/2026	BND	Banker's Bank Peer Composite	ND Bank's Peer Composite	Top 10 Participation Banks
NPLs/Loans	1.06	0.69	1.09	1.13
ROAA	2.55	1.47	1.18	1.34
ROAE	19.22	11.05	11.63	12.39
Tier 1 Lev. Capital	13.16	13.75	9.86	9.25
Net Interest Margin	3.04	2.88	3.39	3.49
Ave. Cost of Funds	2.06			2.02

Banker's Bank Peer Group

Banker's Bank
First National Banker's Bank
Pacific Coast Bankers' Bank
TIB, National Association
United Bankers Bank

ND Bank's Peer Group

Bell Bank
First International Bank
Alerus Financial
Choice Financial Group

- BND established a peer group for the purpose of measuring performance. Though a pure-play peer group does not exist, BND selected five national banker's banks with assets greater than $1.0 billion and four North Dakota banks with assets greater than $3.0 billion. The top 10 participation banks is based on volume of loans BND participates with financial institutions in the state at the time of reporting.
- The Bank's profits are utilized in 4 ways: appropriated through the State Legislature to fund the General Fund, mission driven programs, retained in BND Capital and interest paid on state deposits. BND's ratios will fluctuate as the organization maintains a balance between adequate liquidity and capital while managing the volatility of its deposit base.

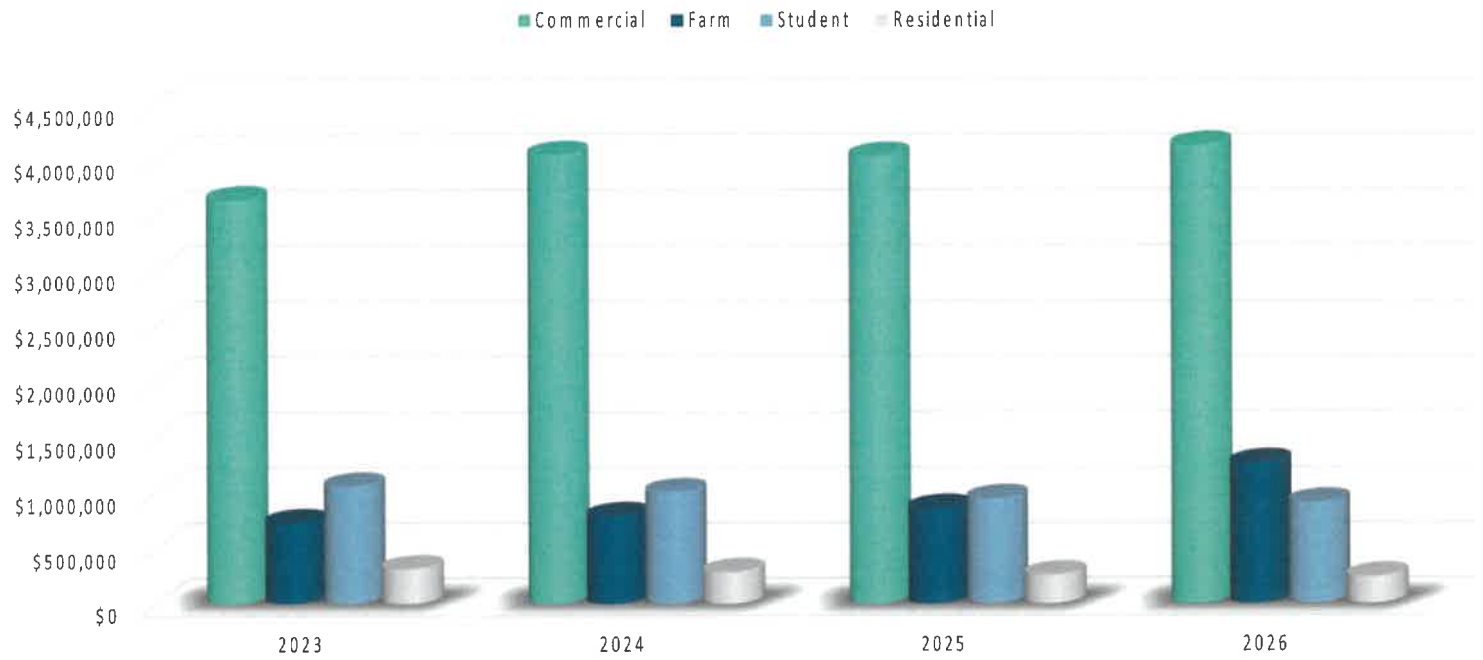
Loan Originations

(includes renewals)
Year to Date

	September 30, 2026		September 30, 2025		Variance	
	###	$$$	###	$$$	###	$$$
Bank Participations - Commercial	177	817,119,087	186	698,461,789	(9)	118,657,298
Bank Stock	36	147,687,048	20	142,073,612	16	5,613,436
State Institution	1	125,000,000	5	230,300,000	(4)	(105,300,000)
Flex PACE	183	100,475,442	143	51,454,407	40	49,021,035
Business Development	39	13,642,292	42	13,081,517	(3)	560,775
Biofuels PACE w/ADD buydown	1	12,500,000	0	0	1	12,500,000
COVID-19 PACE Recovery	14	8,769,854	3	711,135	11	8,058,719
PACE	4	6,143,500	9	23,238,836	(5)	(17,095,336)
PACE w/ADD buydown	1	3,750,000	0	0	1	3,750,000
Biofuels PACE	11	3,403,912	7	1,056,767	4	2,347,145
Affordable Housing Flex PACE	2	1,653,106	3	2,996,489	(1)	(1,343,383)
Accelerated Growth	2	1,125,000	3	3,500,000	(1)	(2,375,000)
Total Commercial Loans	**471**	**1,241,269,241**	**421**	**1,166,874,552**	**50**	**74,394,689**
Farm Financial Stability/ Disaster Loan Programs	618	478,399,944	244	86,113,477	374	392,286,467
Farm & Ranch	88	160,255,901	93	114,918,671	(5)	45,337,230
Established Farmer	22	21,109,359	36	20,730,942	(14)	378,417
Beginning Farmer Real Estate	39	14,276,059	44	15,803,325	(5)	(1,527,266)
Farm & Ranch w/ADD buydown	2	6,100,000	0	0	2	6,100,000
Farm Operating	21	4,969,000	18	2,237,350	3	2,731,650
Farm Service Agency	8	4,094,696	12	8,790,856	(4)	(4,696,160)
Ag Pace	35	3,569,287	71	7,402,425	(36)	(3,833,138)
Beginning Farmer Chattel	63	2,971,404	68	4,086,173	(5)	(1,114,769)
Family Farm	3	729,929	6	1,245,221	(3)	(515,292)
Total Agricultural Loans	**899**	**696,475,579**	**592**	**261,328,440**	**307**	**434,147,139**
DEAL Loans	5,442	41,866,711	5,550	40,202,383	(108)	1,664,328
DEAL One	80	5,020,035	69	3,227,024	11	1,793,011
Purchased Student Loans	6	49,605	1	48,021	5	1,584
Total Student Loans	**5,528**	**46,936,351**	**5,620**	**43,477,428**	**(92)**	**3,458,923**
Total Bank of North Dakota Loans	**6,898**	**1,984,681,171**	**6,633**	**1,471,680,420**	**265**	**513,000,751**
		Legislature-Directed Programs				
Department of Water Resources RLF	1	68,330,000	2	12,802,440	(1)	55,527,560
School Construction	4	34,800,000	3	9,132,346	1	25,667,654
Infrastructure RLF	10	19,880,825	12	26,248,253	(2)	(6,367,428)
Clean Sustainable Energy	1	10,000,000	1	30,000,000	0	(20,000,000)
Medical Facility Infrastructure	1	5,000,000	1	5,450,000	0	(450,000)
Beginning Entrepreneur Loan Guarantee	29	1,987,280	24	1,281,724	5	705,556
Legacy Investment Technology Loan Fund	3	1,650,000	4	1,747,500	(1)	(97,500)
Disaster Ag Facility Repair and Replacement	6	1,291,211	53	19,437,111	(47)	(18,145,900)
Bulk Propane Storage Tank RLF	4	554,678	0	0	4	554,678
Furloughed Federal Employee Relief Program	4	70,713	0	0	4	70,713
Rail Revolving Loan Fund	0	0	7	16,967,785	(7)	(16,967,785)
Disaster Temporary Grain Storage Support	0	0	25	2,374,705	(25)	(2,374,705)
R WISH (Rural Workforce Housing Initiative Program)	0	0	1	3,078,000	(1)	(3,078,000)
Legislature-Directed	**63**	**143,564,707**	**133**	**128,519,864**	**(70)**	**15,044,843**

Consolidated Loan Portfolio

(In Thousands)



COMMERCIAL - The commercial loan portfolio total of $4.1 billion increased by $96 million YTD 2026 with BND funding and renewing $1.2 billion of loans. The largest area of activity was in commercial participations with BND funding and renewing $817 million.

AGRICULTURE - The farm loan portfolio total of $1.3 billion increased by $406 million YTD 2026 with BND funding and renewing $696 million of loans. Farm Financial Stability/ Disaster Loan Programs led the way with $478 million, followed by Farm and Rach which funded $160 million in loans.

STUDENT - The student loan portfolio total of $912 million decreased by $39 million YTD 2026. BND disbursed $47 million in DEAL loans YTD 2026.

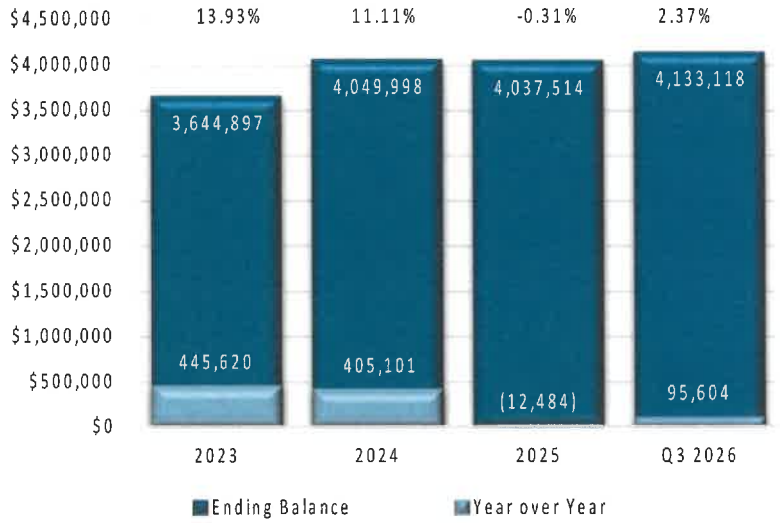
RESIDENTIAL - Transition of all residential originations to Housing Finance Agency occurred on August 1, 2021, and the transition of nearly all residential servicing and collections to Housing Finance Agency occurred on October 1, 2021. As a result, the residential loan portfolio total of $241 million decreased by $165 million since year end 2021.

Commercial Loan Portfolio

(In Thousands)

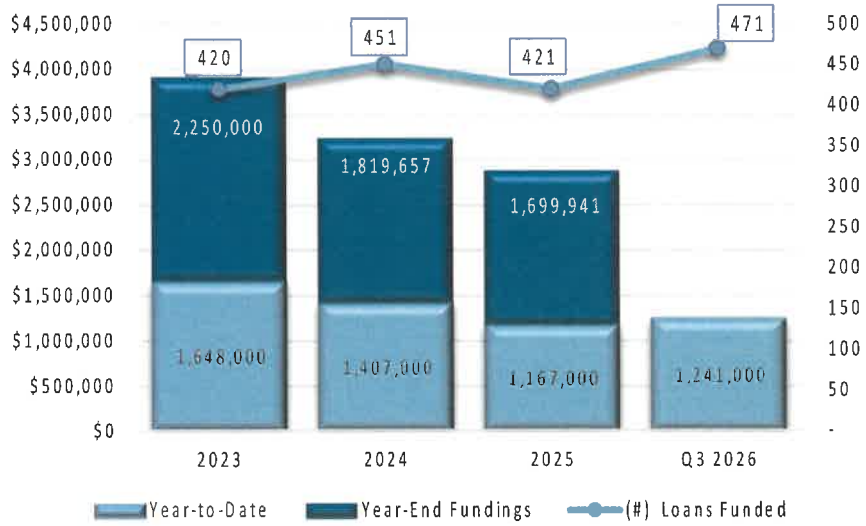
Total Commercial Portfolio

Year over Year/YTD Change



Loans Funded

Year-End & Year-to-Date



Portfolio Composition				
Loan Type	2023	2024	2025	2026
Bank Participation	55%	61%	61%	60%
PACE Loans	13%	15%	16%	17%
Bank Stock	11%	10%	9%	9%
State & Pol. Subs	8%	4%	5%	6%
Other	13%	10%	9%	8%

- The commercial loan portfolio increased by $96 million with BND funding and renewing $1.2 billion of loans YTD 2026.
- The largest areas of activity were in commercial participations funding and renewing $817 million, bank stock $148 million followed by state institutions funding and renewing $125 million in loans.

Agriculture Loan Portfolio

(In Thousands)

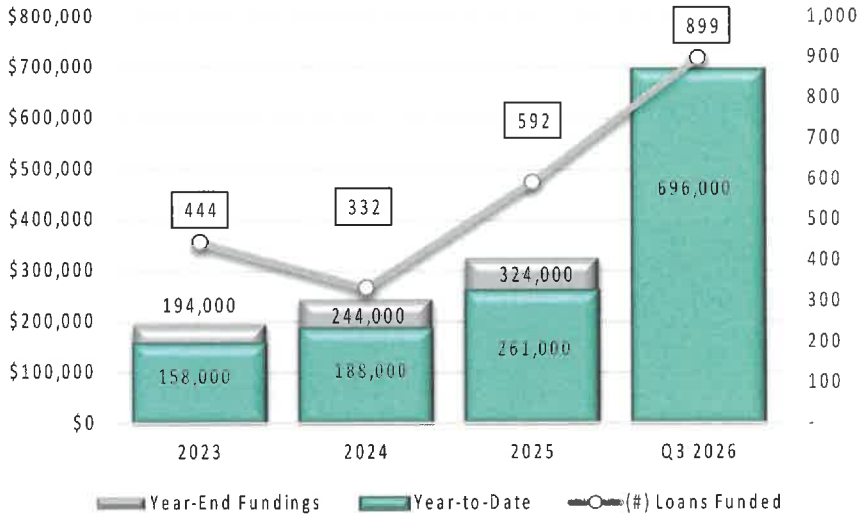
Total Agriculture Portfolio

Year over Year/YTD Change



Loans Funded

Year-End & Year-to-Date



Portfolio Composition				
Loan Type	2023	2024	2025	2026
Farm & Ranch	22%	26%	28%	20%
Beginning Farmer	30%	27%	26%	17%
Established Farmer	25%	24%	24%	16%
Farm Financial Stability/Farm Disaster Loans	13%	11%	13%	34%
Other	5%	12%	9%	13%

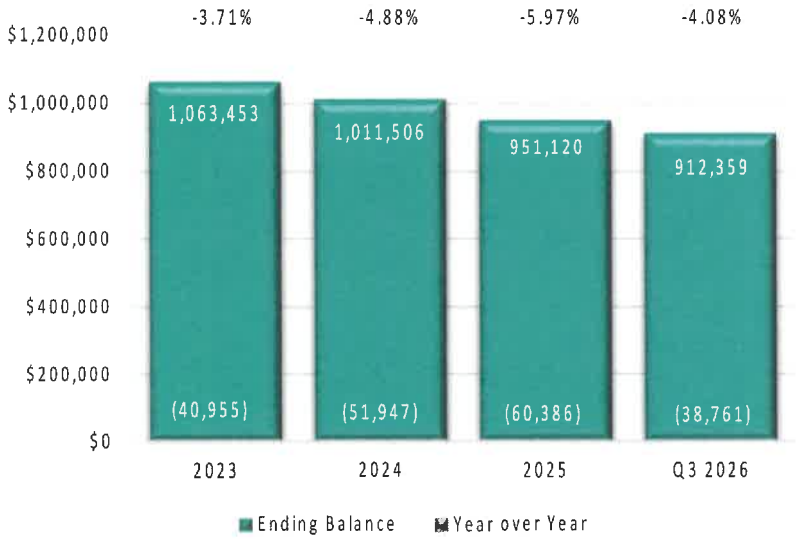
- The agriculture portfolio increased by $406 million with BND funding and renewing $696 million of loan YTD 2026.
- The largest areas of activity were Farm Financial Stability/ Disaster Loan Programs with $478 million. Farm Financial Stability funded 608 loans for $470 million and Grain Inventory funded 10 loans for $8 million YTD 2026.

Student Loan Portfolio

(In Thousands)

Total Student Portfolio

Year over Year/YTD Change



DEAL Loans Funded

Year-to-Date



Portfolio Composition				
Loan Type	2023	2024	2025	2026
DEAL	57%	58%	59%	60%
DEAL One	38%	37%	36%	35%
DEAL Consolidation	5%	5%	5%	5%

History of DEAL Rates (In-State)				
Interest Rate	2023	2024	2025	2026
Fixed	6.43%	6.62%	6.39%	7.15%
Variable	6.86%	5.85%	5.21%	5.45%

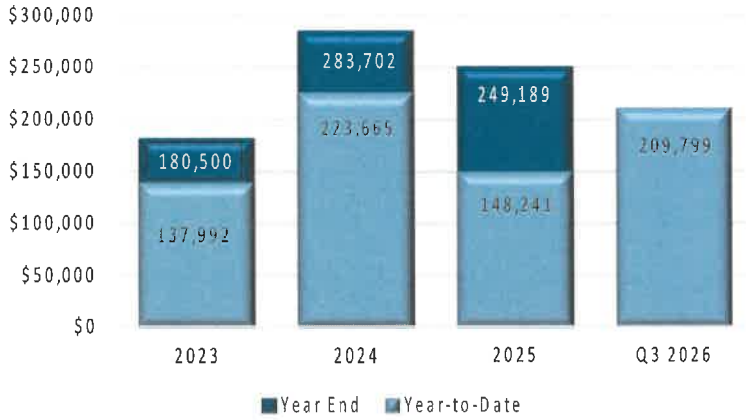
- The student loan portfolio decreased by $39 million YTD 2026, with BND disbursing $47 million in DEAL loans.

Commercial PACE

(In Thousands)

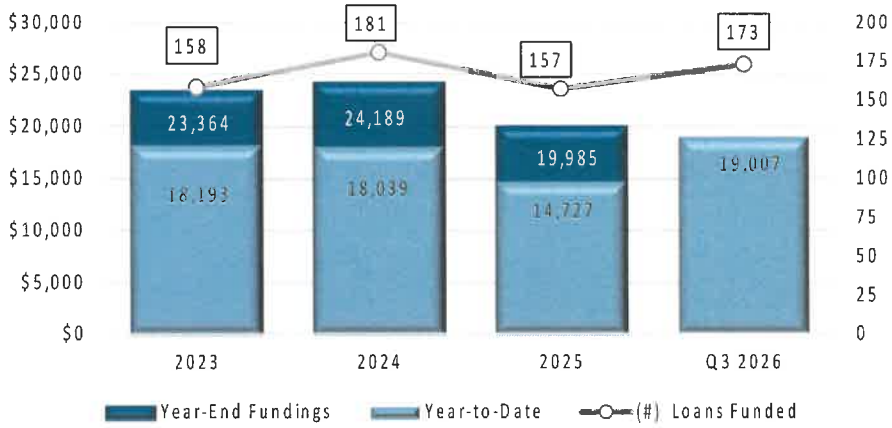
PACE Loan Amounts

Year-End



PACE Buydown Funded

Year-End



Loan Type	2023	2024	2025	2026
Pace	26%	25%	22%	22%
Flex Pace	56%	60%	67%	66%
Affordable Housing	12%	9%	6%	5%
Biofuels	3%	3%	3%	5%
Medical Pace	4%	3%	2%	2%

2025-2027 Biennium Buydown Funding (Commercial)					
	Pace	Flex	Housing	Biofuels	Total
Total Available					$40,000
Funded/ Committed	$5,244	$24,360	$793	$2,380	$32,777
Remaining Buydown*					$7,223
*Remaining buydown may be transferred between funds as needed.					

- A total of 158 Flex PACE loans were funded YTD 2026 for a total of $130 million compared to 143 in 2025. Flex PACE buydown demand continues due to the financing of essential community services and community approved businesses throughout North Dakota.
- A total of 8 PACE loans were funded YTD 2026 for a total of $24 million compared to 11 in 2025. Additional PACE loans funded were 8 biofuels for $31 million and 1 affordable housing for $2 million.

Ag PACE & Beginning Farmer

(In Thousands)

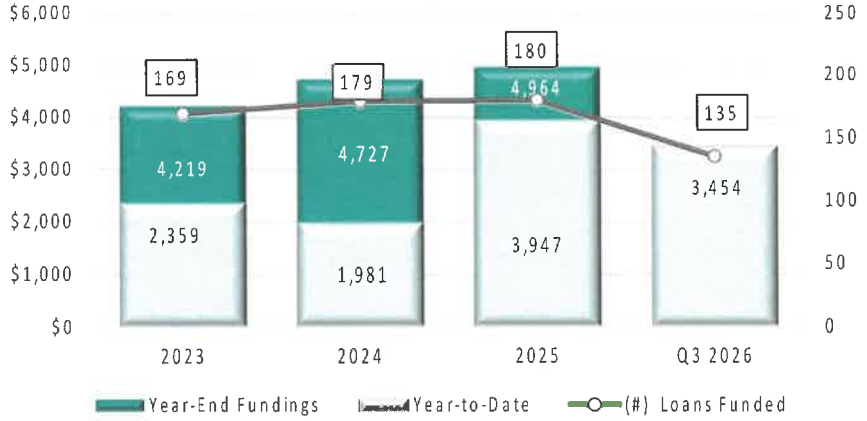
Loan Amounts

Year-End



Buydown Funded

Year-End



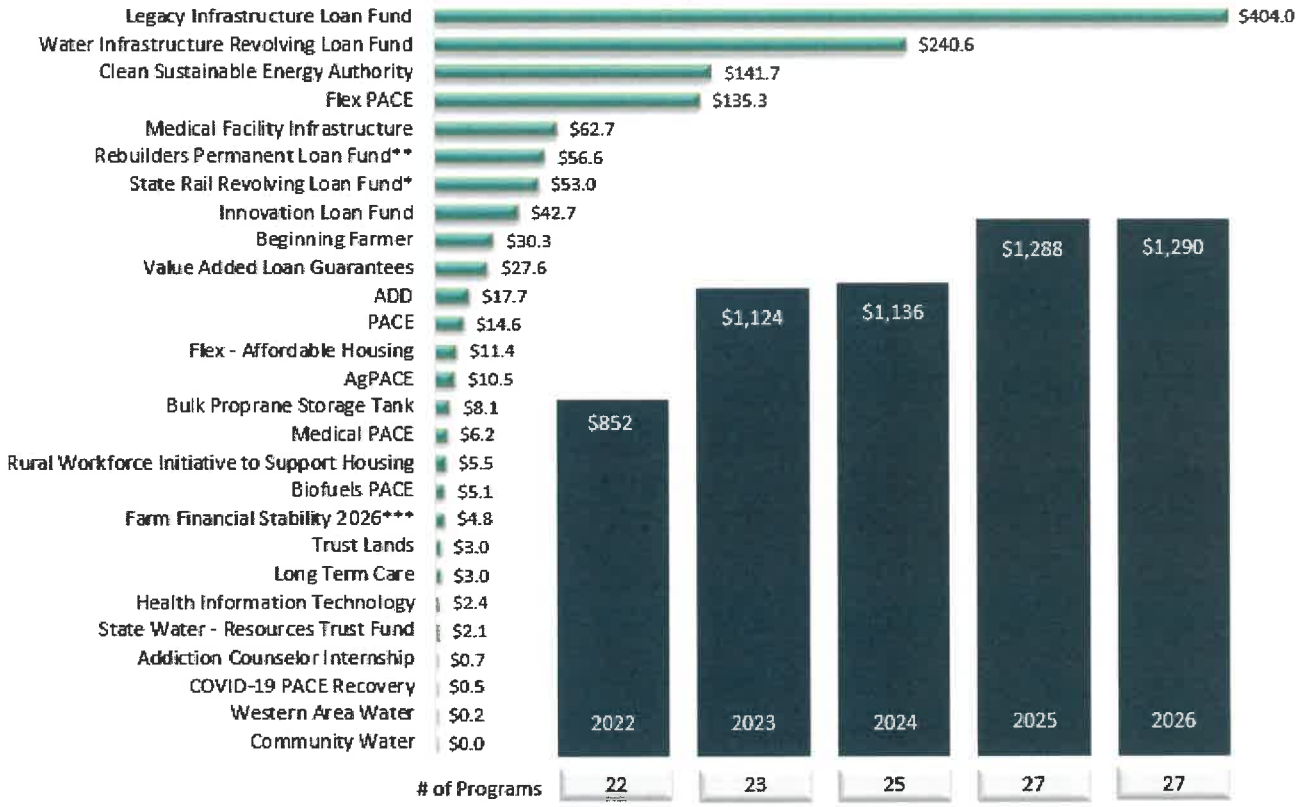
Loan Type	2023	2024	2025	2026
Ag Pace	26%	46%	41%	23%
Beginning Farmer - Real Estate	65%	39%	48%	64%
Beginning Farmer - Chattel	9%	15%	11%	13%

2025-2027 Biennium Buydown Funding (Agriculture)			
	Ag Pace	Beginning Farmer	Total
Total Available			$20,000
Funded/Committed	$1,500	$4,936	$6,436
Remaining Buydown*			$13,564
*Remaining buydown may be transferred between funds as needed.			

- There were 33 Ag PACE loans funded YTD 2026 compared to 69 in 2025. The Production Enhancement Program (PEP) has also created more opportunity for field tiling projects. All of the projects were for field tiling.
- A total of 39 Beginning Farmer Real Estate loans were funded YTD 2026 compared to 44 in 2025.
- A total of 63 Beginning Farmer Chattel loans were funded YTD 2026 compared to 67 in 2025.

Legislature-Directed Loan Programs

(Total Assets In Millions)



- BND currently administers $1.3 billion in net assets for legislature-directed loan programs. These programs serve a wide range of purposes, including school construction, water projects, general and medical infrastructure, and disaster recovery.

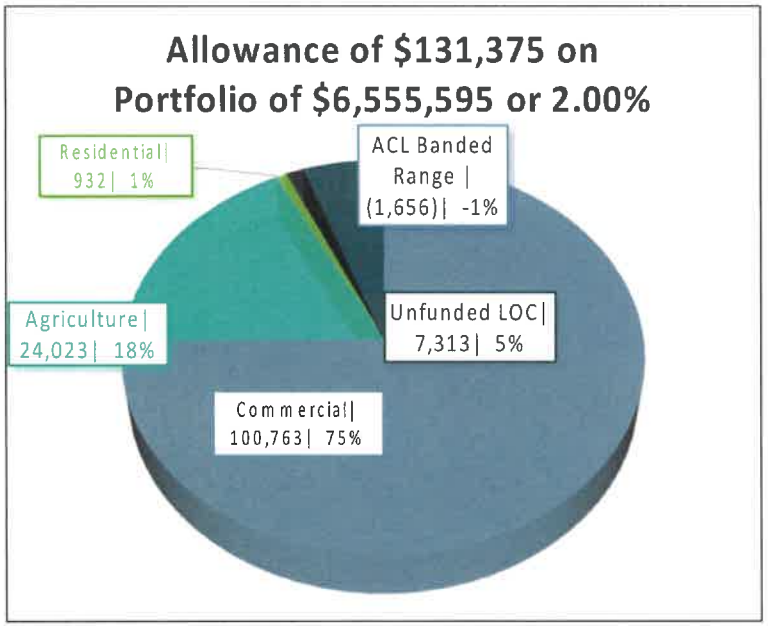
- *SB 2014 transferred the Rail Fund to the State Rail Revolving Loan Fund during the 69th Legislative Session. All outstanding loans and remaining balances from the fund were transferred from Department of Transportation effective July 1, 2025.

- ** BND committed $50 million to create permanent disaster relief funding under the Rebuilders Permanent Loan Fund. Of this amount; $30 million was used to create the Small Employer Revolving Loan Fund in 2020. The remaining $20 million has been dedicated to new disaster programs. In 2025, $6.5 million was transferred to permanent disaster programs. There is $13.5 million available for future fundings.

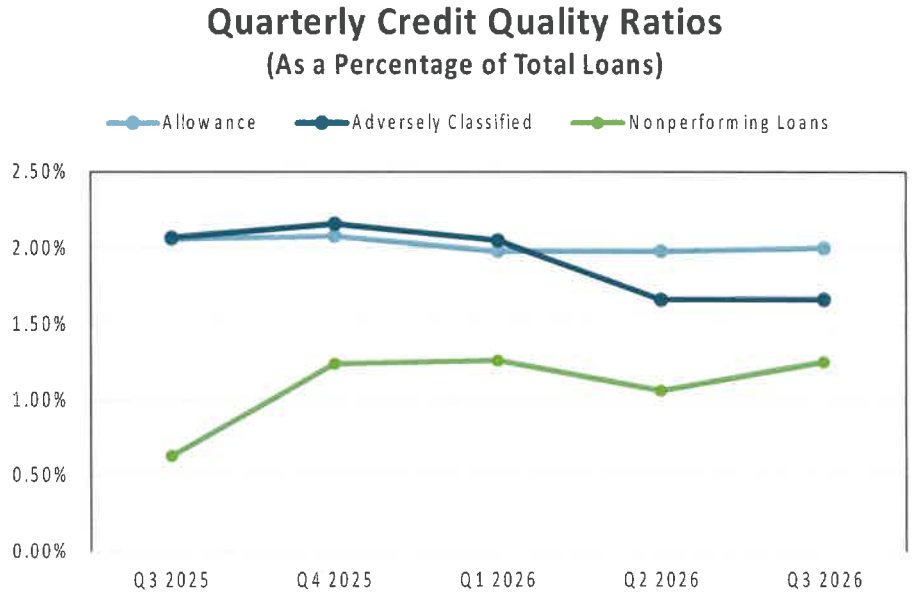
- *** The Farm Financial Stability 2026 Loan Program approved by the Industrial Commission will provide below-market interest rates and extended terms to North Dakota farmers who have been impacted by low commodity prices, weather, and/or high input costs. BND has committed up to $30 million for the loan buydown associated with these loans. As of September 30, 2026, $6 million has been transferred to the program.

Credit Quality

(In Thousands)



Quarter	Allowance for Credit Losses	Loan Portfolio	Allowance %	Avg Top 10 Participated Banks
September 2026	$131,375	$6,555,595	2.00%	TBD
June 2026	$126,841	$6,418,278	1.98%	1.14%
March 2026	$124,867	$6,239,552	2.00%	1.31%
December 2025	$121,171	$6,110,290	1.98%	1.20%
September 2025	$127,536	$6,144,801	2.08%	1.20%



- As of September 30, 2026, BND's total allowance as a percentage of total loans is 2.00%, higher than the most recently posted average for the top 10 BND participation banks of 1.14%. Total allowance increase since June 30, 2026 is primarily related to the 3rd quarter loan growth in the commercial and farm portfolios. BND's allowance percentage can be attributed to the Bank's mission driven nature of our loan portfolio. BND continues to evaluate the need to adjust allowance provision based on the changing economic conditions.

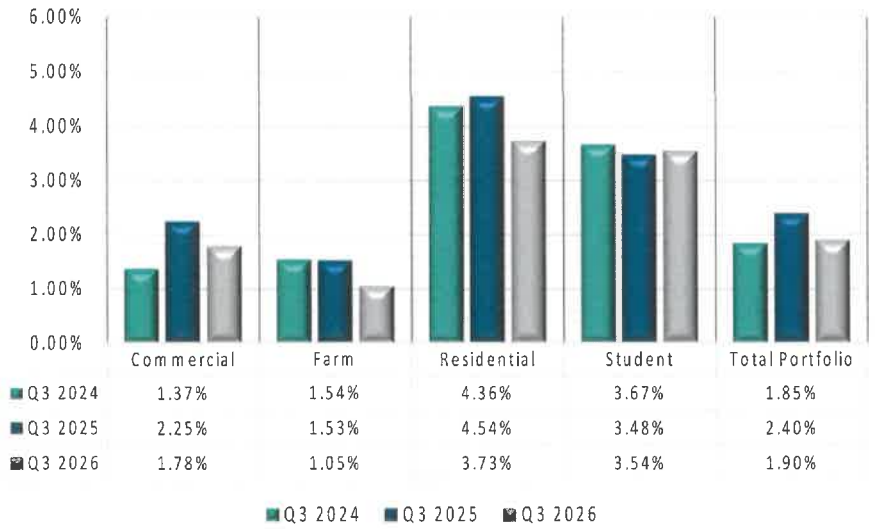
- Excluding the DEAL Student Loan portfolio, which is reserved for separately through the Guarantee Agency, BND's total allowance as a percentage is 2.33%. BND's total allowance as a percentage of all non-guaranteed loans is 2.43%.

- As of September 30, 2026, the percent of non-performing loans is 1.25%, higher when compared to last quarter, but comparable to early . This is higher than the most recent average for the top 10 BND participation banks of 1.13%. Adversely classified loans as a percentage of total loans equaled 1.66%, equal to last quarter and lower than the most recent North Dakota average of adversely classified loans at 2.00%.

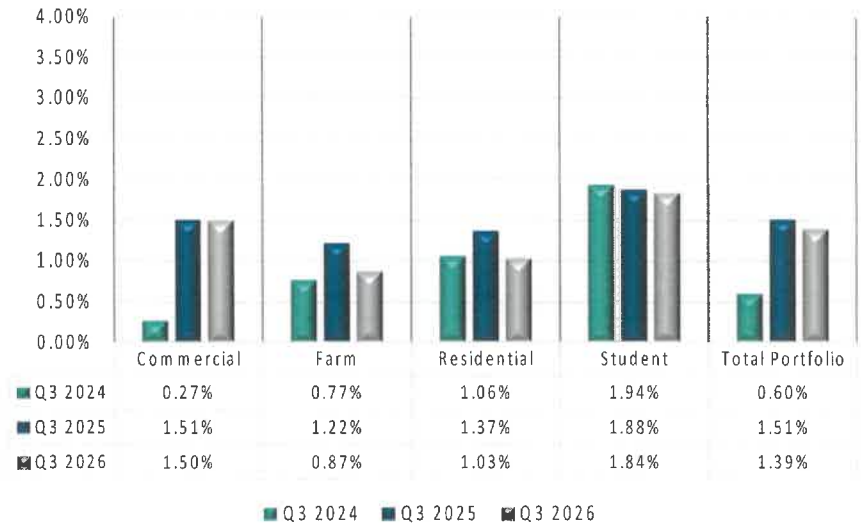
Credit Quality

(Year over Year)

Delinquencies over 30 Days



Delinquencies over 90 Days



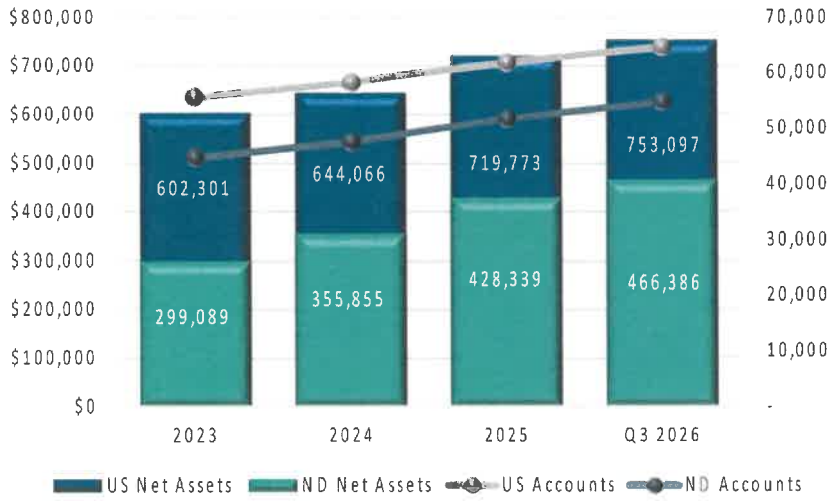
(In $000's)	Q3 2026	Q3 2025
	> 30 days	> 30 days
Commercial	$73,433	$91,102
Farm	$13,296	$13,026
Residential	$8,998	$12,070
Student Loans	$24,641	$25,498
Totals	$120,368	$141,696

(In $000's)	Q3 2026	Q3 2025
	> 90 days	> 90 days
Commercial	$61,847	$61,052
Farm	$11,062	$10,431
Residential	$2,480	$3,654
Student Loans	$12,766	$13,780
Totals	$88,155	$88,917

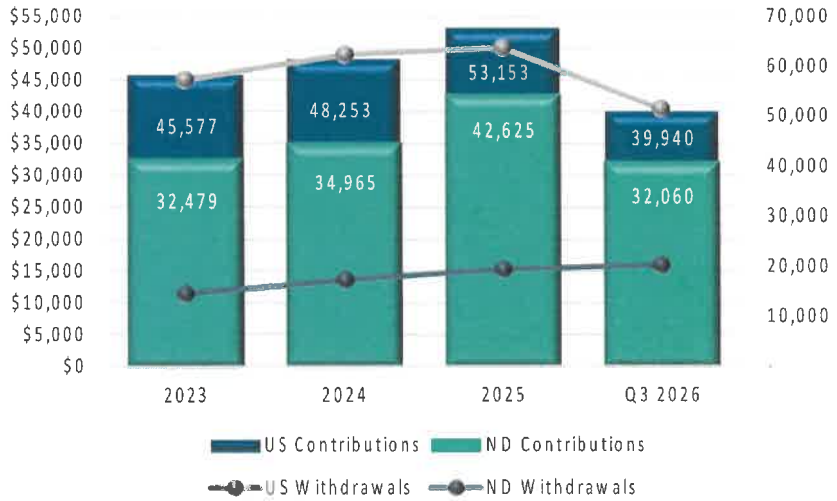
- Commercial delinquencies were 1.78% of which 1.50% were delinquent over 90 days. This is a decrease to delinquencies compared to June 30, 2026 of 1.94%. Past dues over 30 days are lower than the 2.25% reported at Q3 2025. Past dues over 90 days of 1.50% are higher to the 0.94% reported at June 30, 2026 but a similar level reported a year ago. A majority of commercial loans over 90 days past due are on non-accrual status. Delinquencies were higher compared to the most recent North Dakota average of 1.57%.
- Farm delinquencies were 1.05% of which 0.87% were delinquent over 90 days. Past dues were lower than prior year September 30, 2025, and lower than prior quarter reported at 2.03%. Past dues over 90 days are lower than prior year September 30, 2025 but slightly higher than the 0.73% reported at last quarter. BND delinquencies were higher than the North Dakota average of 1.74%.
- Residential delinquencies were 3.73% of which 1.03% were delinquent over 90 days. FHA delinquencies of 6.16% are lower than the North Dakota 30-day average of 9.79% and over 90-day delinquencies of 1.77% is lower than the average of 4.60%. Nearly all residential delinquencies represent federally guaranteed loans.
- The overall student loan portfolio has a delinquency rate of 3.54% with 1.84% of the loans being over 90 days. The $12.8 million delinquent over 90 days is a decrease compared to 13.8 million as of September 30, 2025.

College Save

Net Assets ($000) and Total Accounts (#)

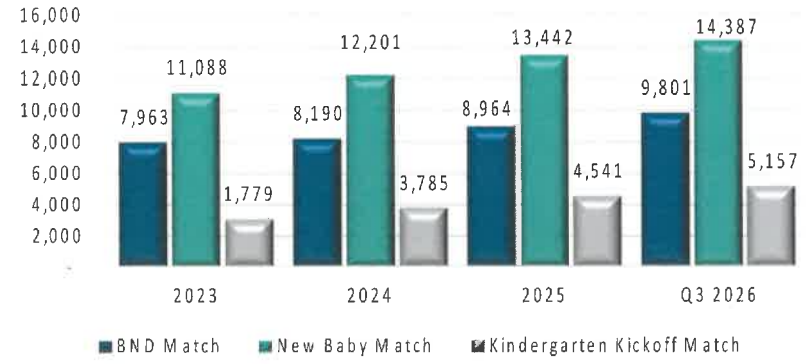


Contributions & Withdrawals ($000)



BND, New Baby, Kindergarten Match

(# of Accounts)



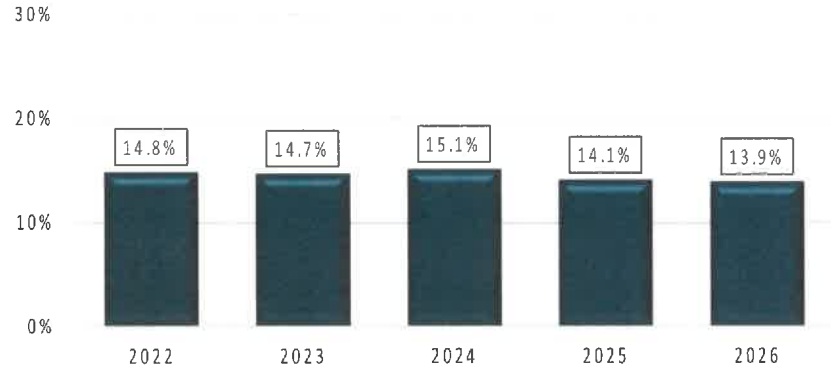
- North Dakota residents account for 62% of net assets in College SAVE.
- BND Matching grants numbers continue to increase with new enrollment process.

Human Resources

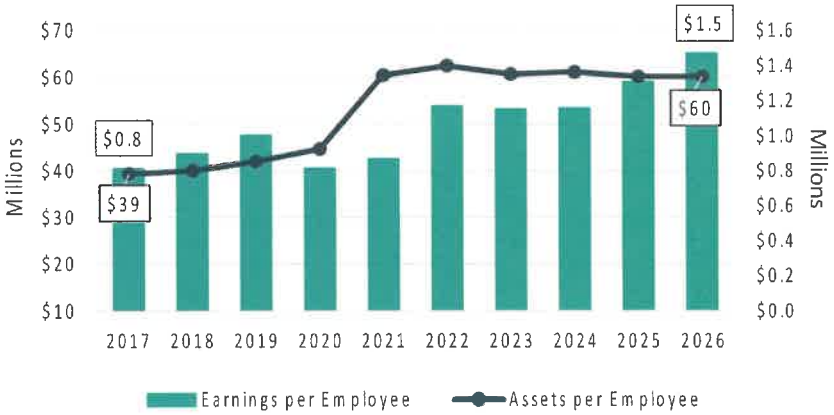
Total Assets & Employees



BND's Trending Efficiency Ratio



Assets & Earnings per Employee



- From 2017 to present, assets increased 52% to $10.7 billion. Annualized earnings are projected to be up 80% while total FTE count remain the stable. Earnings per employee have increased from $817 thousand in 2017 to $1.5 million.
- The efficiency ratio measures a bank's overhead costs as a percentage of its revenue; the lower the ratio, the better. September 2026 ratio excludes the $3.2 million loss on the sale of securities.
- The Bank is authorized 187 FTEs.