

## **PUBLIC DISCLOSURE**

**October 18, 1999**

# **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Great Plains National Bank  
Charter Number: 9539**

**227 North Main  
Belfield, North Dakota 56622**

**Office of the Comptroller of the Currency  
Fargo Field Office  
3211 Fiechtner Drive SW  
Fargo, North Dakota 58103**

**NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.**

## GENERAL INFORMATION

*The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.*

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of **Great Plains National Bank** prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **October 18, 1999**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

**INSTITUTION'S CRA RATING:** This institution is rated **satisfactory**. The following factors highlight Great Plains National Bank's performance:

- C The bank has a very good loan penetration among businesses and farms of different revenue sizes and among individual of various income levels.
- C The loan-to-deposit ratio is reasonable and is comparable to those of other banks of similar size in the bank's assessment area.
- C The bank originates the majority of its loans within its assessment area.

## DESCRIPTION OF INSTITUTION

Great Plains National Bank (GPNB) is a \$32 million bank located in western North Dakota. The bank's main office is located in Belfield with a branch office located in Dickinson. The Dickinson branch office opened in June 1998. Belfield and Dickinson populations are approximately 1,200 and 16,000 respectively. GPNB also operates a paying and receiving station located in South Heart which has a population of about 200. The bank has two ATMs which are located in a Belfield convenience store/gas station and outside the Dickinson branch office. GPNB is 98% owned by Belfield Bancshares, Inc., a one bank holding company headquartered in Belfield, North Dakota.

GPNB is a full service institution offering traditional loan and deposit products and services. The bank's primary lending focus is agriculture, with the loan portfolio made up of 50% agriculture loans and another 14% of loans secured by farmland. Total loans as of June 30, 1999 are \$19,127,000 or 60% of total assets. The following illustrates the bank's loan mix:

<b>Loan Type</b>	<b>Dollar Volume (000s)</b>	<b>% of Total Loans</b>
<b>Agricultural Loans</b>	<b>\$9,678</b>	<b>50%</b>
<b>Agricultural Real Estate</b>	<b>\$2,614</b>	<b>14%</b>
<b>Commercial &amp; Industrial</b>	<b>\$2,611</b>	<b>14%</b>
<b>Commercial Real Estate</b>	<b>\$1,457</b>	<b>8%</b>
<b>Loans to Individuals</b>	<b>\$1,853</b>	<b>10%</b>
<b>1-4 Family</b>	<b>\$875</b>	<b>4%</b>
<b>Other Loans</b>	<b>\$39</b>	<b>0%</b>
<b>Total</b>	<b>\$19,127</b>	<b>100%</b>

Primary competition in the assessment area (AA) includes Farm Credit Services, rural community banks, credit unions and thrifts, and branches of larger regional banks. There are no legal or financial factors impeding GPNB's ability to help meet the credit needs of the community. The bank received an outstanding rating at the last CRA examination dated March 13, 1996.

**DESCRIPTION OF THE ASSESSMENT AREA**

GPNB's AA consists of eight Block Numbering Areas (BNAs) in Billings and Stark Counties of North Dakota. The AA has a population of about 22,300 persons and approximately 5,800 families. The median family income of the AA is \$26,195 or 71% of the state average of \$36,900. The AA consists of seven middle-income BNAs and one upper-income BNA. There are no low- or moderate-income BNAs in the AA. Family incomes within the AA are: 17% low, 16% moderate, 23% middle, and 44% upper income. Approximately 16% of the population is below poverty level. The median average home in the AA was built in 1970 with a current average value of \$43,607. Owner occupied units account for 60% of all occupied housing within the AA. The AA complies with the requirements of the CRA and does not arbitrarily exclude low- and moderate-income areas.

The bank's AA is dominated by agriculture and agriculturally related businesses. In the past several years, this industry has experienced a downturn due to low commodity prices and fluctuating livestock prices. Good crop production has helped offset low prices. The non-farm economy is stable with steady employment. The major employers include education and health care providers, oil related industries, and retail trade and services. Unemployment rates are low and stable throughout the AA.

Community contacts indicated most local credit needs are being satisfactorily met by financial institutions throughout GPNB's AA. The primary credit needs of the area include agriculture and small business loans and loans for home improvement. We conducted or reviewed three community contacts within the bank's AA. The contacts included a community economic development organization, a business development group, and a rural development group.

**DESCRIPTION OF SAMPLES**

We conducted a review of GPNB's lending activities since the last CRA examination by reviewing bank reports and sampling various products. The bank has three main product lines based on the number and volume of loans made. The following table depicts our loan sample of product lines:

	<b>Agricultural (Includes RE)</b>	<b>Commercial (Includes RE)</b>	<b>Loans to Individuals</b>
<b>Number of Total Originations</b>	<b>821</b>	<b>183</b>	<b>458</b>
<b>Sample Size</b>	<b>22</b>	<b>20</b>	<b>20</b>

	<b>Agricultural (Includes RE)</b>	<b>Commercial (Includes RE)</b>	<b>Loans to Individuals</b>
<b>% of Total Number Sampled</b>	<b>2%</b>	<b>11%</b>	<b>4%</b>
<b>Dollar Amount of Total Originations (000s)</b>	<b>\$28,909</b>	<b>\$7,317</b>	<b>\$2,909</b>
<b>Dollar Amount of Sample (000s)</b>	<b>\$1,260</b>	<b>\$612</b>	<b>\$157</b>
<b>% of Dollar Amount Sampled</b>	<b>4%</b>	<b>8%</b>	<b>5%</b>

*\* Source: Loan originations from January 1, 1998 to October 18, 1999. Due to data processing limitations, the bank could not run origination reports prior to this time period.*

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:**

### ***Loan-to-Deposit Ratio***

GPNB's loan-to-deposit ratio is reasonable given the bank's size, financial condition, and lending opportunities within the AA. GPNB's loan-to-deposit ratio is stable. The quarterly average since the last CRA examination is **66%**. GPNB's loan-to-deposit ratio as of June 30, 1999 is 67%. This ratio is the lowest out of two other comparable banks in its AA, with these institutions' loan-to-deposit ratio running at 79% and 84% as of the same date. These banks are similar in size and are GPNB's primary competitors. GPNB also sells loan participations to the Bank of North Dakota through a borrower interest assistance program. The bank's loan-to-deposit would be approximately 70% if these loans were included. Additionally, since GPNB opened the Dickinson branch in June 1998, Dickinson deposit growth has out paced loan growth, keeping the loan-to-deposit ratio from rising.

### ***Lending in the Assessment Area***

GPNB originates a majority of its loans within its AA. The bank tracks all originated loans inside and outside of its AA on an ongoing basis. GPNB's internal report shows the bank has originated 83% of its loans within its AA by number and 66% by volume. We verified the report for accuracy through our individual loan sample review and found it to be consistent with our findings. The following table illustrates the bank's lending activity from our sample review:

<b>Sample of Lending Within the Assessment Area</b>		
	<b>Inside AA</b>	<b>Outside AA</b>
<b>Loans by Number</b>	<b>54</b>	<b>8</b>
<b>% of Total Number</b>	<b>87%</b>	<b>13%</b>

<b>Sample of Lending Within the Assessment Area</b>		
<b>Dollar Amount (000s)</b>	<b>\$1,639</b>	<b>\$390</b>
<b>% of Dollar Amount</b>	<b>81%</b>	<b>19%</b>

\* Loans originated from January 1, 1998 to October 18, 1999.

***Lending to Borrowers of Different Incomes and to Businesses of Different Sizes***

GPNB has an excellent record of lending to farmers of different sizes and individuals of different income levels. The bank also has a good record of lending to businesses of different sizes. Our conclusions are based on samples of 20 agricultural loan originations, 17 commercial originations, and 17 consumer originations made in the AA since the last CRA examination.

GPNB has a very good record of lending to farms of all sizes. Our sample of 20 agricultural loans totaling \$1.1 million illustrates this record. The table below shows that 100% of the agricultural loan originations in the AA had gross farm income of less than \$1 million. This compares favorably to the demographics of the farms in the AA. Demographic data discloses that 99% of the farms in the bank's AA had annual gross farm income of less than \$1 million.

<b>Agricultural Loans</b>		
<b>Annual Gross Sales (000's)</b>	<b>% Number of Loans Sampled</b>	<b>% Dollar Volume Sampled</b>
<b>\$1 million or less</b>	<b>100%</b>	<b>100%</b>
<b>Over \$1 million</b>	<b>0%</b>	<b>0%</b>

\* Loans originated from January 1, 1998 to October 18, 1999.

The income distribution for small businesses also shows good penetration in the AA. Our sample of 1' commercial loans totaling \$392,000 illustrates this record. The table below shows that 88% by number and 75% by volume of the commercial loan originations in the AA had gross business income of less than \$1 million. This compares favorably to the demographics of the businesses in the AA. Demographic data discloses that 71% of the businesses in the bank's AA had annual gross revenues of less than \$1 million.

<b>Commercial Loans</b>		
<b>Annual Gross Sales (000's)</b>	<b>% Number of Loans Sampled</b>	<b>% Dollar Volume Sampled</b>
<b>\$1 million or less</b>	<b>88%</b>	<b>75%</b>
<b>Over \$1 million</b>	<b>12%</b>	<b>25%</b>

\* *Loans originated from January 1, 1998 to October 18, 1999.*

The distribution of consumer loan originations is excellent and above the demographic distribution of the low- and moderate-income population. We reviewed the income distribution of 17 consumer loan originations made within the AA. As shown in the following table, GPNB originated 41% by number and 17% by volume of its consumer loans to low-income borrowers and 18% by number and 20% by volume of its consumer loans to moderate-income borrowers. This compares favorably to the 1990 demographic data for the AA which shows a low-income family population base of 17% and a moderate-income family population base of 16%.

<b>Income Level</b>	<b>% Families in the AA (1990 Census Data)</b>	<b>% Number of Loans Sampled</b>	<b>% Dollar Volume Loans Sampled</b>
<b>Low-Income</b> <small>&lt; 50% Median Family income*</small>	17%	41%	17%
<b>Moderate-Income</b> <small>at least 50% &lt; 80% Median Family Income*</small>	16%	18%	20%
<b>Middle-Income</b> <small>at least 80% &lt; 120% Median Family Income*</small>	23%	18%	9%
<b>Upper-Income</b> <small>120% and &gt; Median Family Income*</small>	44%	23%	54%

\* *1999 Outstate Median Family Income \$36,900*

### ***Geographic Distribution of Loans***

The eight BNAs in the bank's assessment area are either considered middle- or upper- income. Analysis of this assessment criteria would not be meaningful.

**Record of Compliance with Anti-discrimination Laws**

Based on our review, the bank is complying with anti-discrimination laws. We found no substantive violations of the fair lending laws.

**Record of Response to Complaints**

GPNB received no complaints concerning its performance in meeting AA credit needs.