



**SMALL BANK**

---

Comptroller of the Currency  
Administrator of National Banks

---

Washington, DC 20219

## **PUBLIC DISCLOSURE**

**October 19, 2010**

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

The Ramsey National Bank and Trust Co. of Devils Lake  
Charter Number 5886

300 4th Street  
Devils Lake, ND 58301

Office of the Comptroller of the Currency

Minneapolis Field Office  
Campbell Mithun Tower 222 South Ninth Street  
Minneapolis, MN 55402-3393

**NOTE:** This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, 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.

**INSTITUTION'S CRA RATING: This institution is rated Satisfactory.**

The major factors supporting this rating include:

- The bank's average loan-to-deposit ratio is reasonable.
- A substantial majority of loan originations are made in the bank's assessment area.
- Overall distribution of loans reflects reasonable penetration among businesses and farms of different sizes.
- The geographic distribution of loans reflects an excellent dispersion throughout the assessment area.

**SCOPE OF EXAMINATION**

We assessed Ramsey National Bank and Trust Co. of Devils Lake's (Ramsey) record of meeting the credit needs of the community, consistent with the provisions set forth in the Community Reinvestment Act (CRA).

Our examination focused on the bank's two assessment areas (AA), Devils Lake and Fargo-Moorhead. The Devils Lake AA carries more weight as the majority of lending and deposit activity for Ramsey is located in this AA. In order to determine the bank's lending performance, we selected primary products from each AA based on loan originations for the period beginning January 1, 2008 and ending June 30, 2010. Agriculture and commercial loans were the primary products for the Devils Lake AA. Ag loans represented 36% by number of loan originations and 58% by dollar volume and commercial loans represented 18% by number and 28% by dollar volume. The primary product for the Fargo-Moorhead AA is commercial loans, which represents 64% by number of loan originations and 85% by dollar volume. We selected a random sample of 20 loans from each of these product types in order to conduct our analysis. However, we did expand the sample of agricultural loans from 20 to 60 to achieve a more accurate understanding of borrower and geographic distribution.

**DESCRIPTION OF INSTITUTION**

Ramsey is a \$204 million bank chartered in Devils Lake, ND. The bank is wholly owned by Ramsey Financial Corporation and Affiliates Employee Stock Ownership Plan. Ramsey has two AA. One AA contains the bank's main office, a branch located in Leavers County Market in Devils Lake, and additional branches in the North Dakota communities of Cando, Cavalier, Esmond, Maddock, and Rugby. The Fargo-Moorhead AA includes the branch located in Fargo, ND. The bank has three non-deposit taking Automatic Teller Machines (ATMs). ATMs are located in the Leavers County Market branch location in Devils Lake, ND, the Holiday Mall in Devils Lake, ND, and the branch location in Fargo, ND.

Ramsey is a full-service bank and offers a variety of banking products designed to meet the needs of the assessment areas. As of June 30, 2010, the bank's \$165 million loan portfolio consisted of 12% residential real estate loans, 30% agricultural loans, 56% commercial loans, and 2% consumer loans. Net loans made up 80% of total assets.

There are no legal, financial, or other factors that impede Ramsey's ability to help meet the credit needs in the assessment area. At their last CRA examination, dated January 3, 2005, the bank received a satisfactory rating.

## **DESCRIPTION OF ASSESSMENT AREAS**

### **Devils Lake Assessment Area**

The Devils Lake assessment area (AA) consists of 21 contiguous census tracts (CT) located in Benson, Pembina, Pierce, Ramsey, and Towner Counties in the State of North Dakota. There are four moderate-income tracts, fourteen middle-income tracts, two upper-income tracts, and one not applicable census tract (a lake). There are no low-income tracts. The AA meets regulatory requirements and does not arbitrarily exclude any low- or moderate-income geographies.

Unemployment levels in Benson, Pembina, and Pierce Counties are slightly higher than statewide averages and levels in Ramsey and Towner Counties were slightly lower. According to the U.S. Bureau of Labor Statistics, unemployment levels in the state of North Dakota as of August 2010 were 3.7%. Based on the Department of Housing and Urban Development's 2009-updated information, median family income is \$55,100. The 2000 U.S. Census data reported that 13.80% of the households are below the poverty level. See the chart on the following page for information about the bank's AA.

<b>Demographic and Economic Characteristics of Devils Lake's AA</b>	
<i>Population</i>	
Number of Families	9,351
Number of Households	13,991
Number of Low-Income Families	1,824
% of Low-Income Families	19.51%
Number of Moderate-Income Families	1,639
% of Moderate-Income Families	17.53%
Number of Middle-Income Families	2,276
% of Middle-Income Families	24.34%
Number of Upper-Income Families	3,612
% of Upper-Income Families	38.63%
<i>Geographies</i>	
Number of Census Tracts	21
% Low-Income Census Tracts	0.00%
% Moderate-Income Census Tracts	19.05%
% Middle-Income Census Tracts	66.67%
% Upper-Income Census Tracts	9.52%
% N/A Census Tracts	4.76%
<i>Median Family Income (MFI)</i>	
2000 MSA MFI for AA	\$39,651
2000 HUD-2009 Adjusted MFI	\$55,100
<i>Economic Indicators</i>	
Unemployment Rate Benson County	5.30%
Unemployment Rate Pembina County	6.10%
Unemployment Rate Pierce County	4.80%
Unemployment Rate Ramsey County	3.30%
Unemployment Rate Towner County	3.00%
Median Housing Value	49,608
% of Households Below Poverty Level	13.80%

Source: 2000 U.S. Census Data

Bank competition is moderate with eleven financial institutions having offices in Benson, Pierce, Ramsey and Towner Counties. Of those financial institutions, Ramsey had the third highest deposit volume, with 18.81% of the market share according to the June 30, 2010 Federal Deposit Insurance Corporation Deposit Market Share Report.

Rising waters in Devils Lake over the past several years is a significant concern for area residents and has had both positive and negative effects on the local economy. Increased water levels have led to Devils Lake becoming a recreation destination for outdoor enthusiasts, which contributes tourism dollars to the economy. However, the increased water also contributed to the flooding of thousands of farmland acres and numerous residences forcing the displacement of families.

Our community contact indicated that local financial institutions are active in the community and

have a positive impact in the AA by financing the needs of business and agricultural communities. The community contact also mentioned that although the rising waters have destroyed thousands of acres of farmland, crop yield and prices have been good over the past few years. There is a continued need for all types of loans including farm and real estate loans to assist those affected by the rising waters.

### **Fargo-Moorhead Assessment Area**

The Fargo-Moorhead AA consists of 40 contiguous census tracts (CT) located in Cass County in the State of North Dakota and Clay County of Minnesota. These two counties represent the Fargo, ND-MN MSA. There are six moderate-income tracts, twenty-nine middle-income tracts, and five upper-income tracts. There are no low-income tracts. The AA meets regulatory requirements and does not arbitrarily exclude any low- or moderate-income geographies.

Unemployment levels in Cass and Clay Counties mirror the statewide average. According to the U.S. Bureau of Labor Statistics, unemployment levels in the state of North Dakota as of August 2010 were 3.7%. Based on the Department of Housing and Urban Development's 2009-updated information, median family income is \$68,200. The 2000 U.S. Census data reported that 11.52% of the households are below the poverty level. See the chart on the following page for information about the bank's AA.

<b>Demographic and Economic Characteristics of Fargo/Moorhead AA</b>	
<i>Population</i>	
Number of Families	42,527
Number of Households	69,950
Number of Low-Income Families	7,525
% of Low-Income Families	17.69%
Number of Moderate-Income Families	7,967
% of Moderate-Income Families	18.73%
Number of Middle-Income Families	11,268
% of Middle-Income Families	26.50%
Number of Upper-Income Families	15,767
% of Upper-Income Families	37.08%
<i>Geographies</i>	
Number of Census Tracts	40
% Low-Income Census Tracts	0.00%
% Moderate-Income Census Tracts	15.00%
% Middle-Income Census Tracts	72.50%
% Upper-Income Census Tracts	12.50%
<i>Median Family Income (MFI)</i>	
2000 MFI for AA	\$50,728
2000 HUD-2009 Adjusted MFI	\$68,200
<i>Economic Indicators</i>	
Unemployment Rate Fargo-Moorhead MSA	3.70%
Median Housing Value	\$89,182
% of Households Below Poverty Level	11.52%

Source: 2000 U.S. Census

Bank competition is high with twenty-nine financial institutions having offices in Cass and Clay Counties. Of those financial institutions, Ramsey had the twenty-fifth highest deposit volume, with 0.45% of the market share according to the June 30, 2010 Federal Deposit Insurance Corporation Deposit Market Share Report. Many of the other institutions have multiple office locations in the AA versus Ramsey's one location.

Our community contact indicated that although bank competition within the AA is strong there is a continued financing need for new businesses and low-income housing projects. The contact also indicated that financial institutions are fulfilling primary credit needs to qualified applicants, but feels that there is always room for additional funding.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

### Loan-to-Deposit Ratio

The loan-to-deposit ratio (LTD) is reasonable given the bank’s size, financial condition, and lending opportunities within its AA. The quarterly LTD ratio averaged 97.52% in the 22 quarters since the previous examination. Similarly situated banks have quarterly average LTD ratios ranging from 71.61% to 120.42% over the same period. These banks have a presence in Ramsey, Cass, and Clay Counties with total assets ranging from \$83 million to \$207 million.

<b>Average Loan-to-Deposit Ratio</b>	<b>Assets Size</b>	<b>Average LTD Ratio</b>
<b>Institution</b>	<b>(As of 6/30/2010)</b>	<b>(1Q05 to 2Q10)</b>
First State Bank of North Dakota	\$206.9 million	120.42%
<b>Ramsey National Bank and Trust Co</b>	<b>\$203.8 million</b>	<b>97.52%</b>
Dakota Heritage Bank of North Dakota	\$108.5 million	80.28%
State Bank of Hawley	\$83.1 million	71.61%

Source: OCC Financial Institution Data Retrieval System (FINDRS)

### Lending in Assessment Area

A substantial majority of loan originations, 95.00% by number and 93.58% by dollar volume, were originated within the bank’s AA. The following table illustrates that the bank is meeting the credit needs of its AA as shown by the number of loans within the AA.

<b>Lending in Fargo and Devils Lake AA</b>										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Commercial	38	95.00	2	5.00	40	9,910,422	94.28	601,641	5.72	10,512,063
Agricultural	19	95.00	1	5.00	20	2,220,993	91.74	200,400	8.26	2,421,033
Totals	57	95.00	3	5.00	60	12,131,415	93.80	802,041	6.20	12,933,456

Source: Loan Sample

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

Overall, Ramsey’s borrower distribution reflects reasonable penetration among businesses and farms of different sizes.

**Devils Lake AA**

*Distribution of Agricultural Loans to Farms of Different Sizes*

The distribution of loans reflects excellent penetration among farms of different sizes. Of the loans included in our sample of 60 loans, 95.00% of loans by number and 92.07% by dollar volume were to farms with gross revenues of less than or equal to \$1 million. AA demographics indicate 98.65% of farms in the AA have gross revenues of \$1 million or less, 0.94% have revenues over \$1 million, and 0.40% did not report data. The floodwaters over the past years have taken over thousands of farmland acres forcing many small farms out of business. The following table illustrates this distribution.

<b>Borrower Distribution of Loans to Farms in Devils Lake</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Farms	98.65%	0.94%	0.40%	100%
% of Bank Loans in AA by #	95.00%	5.00%	0.00%	100%
% of Bank Loans in AA by \$	92.07%	7.93%	0.00%	100%

*Source: 2010 Business Goedemographic Data and loan sample*

*Distribution of Commercial Loans to Businesses of Different Sizes*

The distribution of loans reflects reasonable penetration among businesses of different sizes. Of the 20 business loans included in our sample, 80.00% of loans by number and 81.12% of loans by dollar volume were to businesses with gross revenues of less than or equal to \$1 million. AA demographics indicate 74.47% of businesses in the AA have gross revenues of \$1 million or less, 3.82% have revenues over \$1 million, and 23.71% did not report data. The following table illustrates this distribution.

<b>Borrower Distribution of Loans to Businesses in Devils Lake</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	72.47%	3.82%	23.71%	100%
% of Bank Loans in AA by #	80.00%	20.00%	0.00%	100%
% of Bank Loans in AA by \$	81.12%	18.88%	0.00%	100%

*Source: 2010 Business Goedemographic Data and loan sample*

**Fargo-Moorhead AA**

*Distribution of Commercial Loans to Businesses of Different Sizes*

The distribution of loans reflects reasonable penetration among businesses of different sizes. Of the loans included in our sample, 70.00% of loans by number and 72.28% of loans by dollar volume were to businesses with gross revenues of less than or equal to \$1 million. (AA demographics indicate 75.08% of businesses in the AA have gross revenues of \$1 million or less, 4.87% have revenues over \$1 million, and 20.05% did not report data.) The following table

illustrates this distribution.

<b>Borrower Distribution of Loans to Businesses in the Fargo AA</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	75.08%	4.87%	20.05%	100%
% of Bank Loans in AA by #	70.00%	25.00%	5.00%	100%
% of Bank Loans in AA by \$	72.28%	25.86%	1.86%	100%

Source: Loan Sample and 2010 Geodemographic Data

### **Geographic Distribution of Loans**

The overall geographic distribution of loans throughout the AA reflects an excellent dispersion of lending to farms and businesses located in moderate-income CTs.

#### **Devils Lake AA**

##### *Geographic Distribution of Farm Loan*

The dispersion of Ramsey’s agricultural lending is excellent in the moderate-income CTs. As shown in the following table, the percentage of loans extended to farms located in the moderate-income CTs slightly exceeds the percentage of farms located in moderate-income CTs in the bank’s AA.

<b>Geographic Distribution of Loans to Farms in Devils Lake</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Farms	% of Number of Loans						
	0.00%	0.00%	11.17%	11.67%	80.08%	81.67%	8.75%	6.66%

Source: Loan Source and 2010 Geodemographic Data

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

Ramsey displays excellent dispersion in lending to businesses located in moderate-income CTs. As shown in the following table, the percentage of loans extended to businesses located in the moderate-income CTs exceeds the percentage of businesses located in moderate-income CTs in the bank’s AA.

Geographic Distribution of Loans to Businesses in Devils Lake								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
	0.00%	0.00%	19.24%	40.00%	70.71%	55.00%	10.05%	5.00%

Source: Loan Sample and 2010 Geodemographic Data

**Fargo-Moorhead AA**

*Geographic Distribution of Business Loans*

Ramsey displays an excellent dispersion of lending to businesses located in moderate-income CTs. As shown in the chart below the percentage of loans extended to businesses located in the moderate-income CTs slightly exceeds the percentage of businesses located in the moderate-income CTs in the banks AA.

Geographic Distribution of Loans to Businesses in Fargo								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Commercial	0.00%	0.00%	24.69%	25.00%	58.75%	60.00%	16.56%	15.00%

Source: Loan Source and 2010 Geodemographic data.

**Responses to Complaints**

The bank has not had any CRA related complaints since the last evaluation.

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

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