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Comptroller of the Currency  
Administrator of National Banks

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**SMALL BANK**

## **PUBLIC DISCLOSURE**

**July 16, 2004**

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

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

**201 Main Street North  
Belfield, North Dakota 56622**

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

**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.**

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## INSTITUTION'S CRA RATING:

Great Plains National Bank is rated Satisfactory. An institution in this group has a satisfactory record of helping to meet the credit needs of the assessment area it serves, consistent with its resources and capabilities. This conclusion is based on the following results:

- Great Plains National Bank's loan-to-deposit ratio meets the standard for satisfactory performance given the bank's size, financial condition, and lending opportunities within its assessment area.
- The bank originated a majority of its loans inside its assessment area.
- The distribution of loans reflects, given the demographics of the assessment area, reasonable penetration among businesses and farms of different sizes, and individuals of different income levels.

## DESCRIPTION OF INSTITUTION

Great Plains National Bank (GPNB) is a \$52 million bank located in western North Dakota. The bank's main office is located in Belfield, with a branch office located in Dickinson. Belfield and Dickinson populations are approximately 1,500 and 16,000, respectively. GPNB also operates a paying and receiving station located in South Heart, ND, which has a population of approximately 300. The bank operates three automatic teller machines (ATMs); two of which are located in Belfield convenience stores, and one deposit-taking ATM located at the Dickinson branch. 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 approximately 60% of loan volume comprised of farm loans and loans secured by farmland. Total loans as of March 31, 2004 were \$30,666,000, or 59% of total assets. The following table depicts the loan portfolio composition.

<b>Loan Portfolio Composition (3/31/04)</b>	<b>\$ (000)</b>	<b>%</b>
Farm Loans (including real estate)	16,292	53.13
Business Loans (including real estate)	8,610	28.07
Consumer Loans	3,250	10.6
Residential Real Estate Loans	1,710	5.58
Other Loans	804	2.62
<b>Total</b>	<b>\$30,666</b>	<b>100%</b>

*\*Source: Consolidated Report of Condition for 3/31/04*

Primary competition for GPNB comes from local community banks. There are no legal or financial impediments that restrict the bank's ability to meet the credit needs of the community. GPNB was rated 'Satisfactory' at the last CRA examination dated October 18, 1999.

## **DESCRIPTION OF GREAT PLAINS NATIONAL BANK'S ASSESSMENT AREA**

GPNB's assessment area (AA) consists of nine contiguous census tracts (CTs), which represent all of Billings and Stark Counties located in western North Dakota. The AA is not located within a metropolitan statistical area (MSA). According to the 2000 census, the population of the AA was 23,524, which is a decrease of approximately 416 persons since the 1990 census.

Based on the 2000 census, the AA includes eight middle-income tracts and one upper-income tract. There are no low- or moderate-income tracts within the AA. The AA meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income tracts.

The bank's AA is highly dependent upon agriculture. Other employment opportunities include retail trade, education and health care providers, accommodation and food services, and manufacturing. Information from the Bureau of Labor Statistics lists the 2003 unemployment rates for Billings and Stark Counties as 6.1% and 3.7%, respectively. For the same time period, unemployment rates for the nation and state of North Dakota were 6.0% and 4%. The 2000 Department of Housing and Urban Development (HUD) estimated median family income at \$39,651. The number of households below the poverty level is moderate at 15.1%.

During our evaluation, we contacted a local business development organization and an agricultural agency to better understand the demographics and primary credit needs of the community. The contacts identified agriculture, business, and residential real estate lending as the top credit needs of the AA and indicated that local financial institutions are cooperative in meeting these needs.

The demographics of the AA are illustrated on the next page.

<b>Demographic and Economic Characteristics of the AA</b>	
<i>Population</i>	
Number of Families	6,165
Number of Households	9,281
Number of Low-Income Families	1,060
% of Low-Income Families	17.1%
Number of Moderate-Income Families	1,065
% of Moderate-Income Families	17.3%
Number of Middle-Income Families	1,509
% of Middle-Income Families	24.5%
Number of Upper-Income Families	2,531
% of Upper-Income Families	41.1%
<i>Geographies</i>	
Number of Census Tracts/BNA	9
% Low-Income Census Tracts/BNA	0%
% Moderate-Income Census Tracts/BNA	0%
% Middle-Income Census Tracts/BNA	89%
% Upper-Income Census Tracts/BNA	11%
<i>Median Family Income (MFI)</i>	
2000 MFI for AA	\$39,651,
<i>Economic Indicators</i>	
2003 Unemployment Rate- Billings County	6.1%
2003 Unemployment Rate- Stark County	3.7%
2002 Median Housing Value	\$68,812
% of Households Below Poverty Level	15.1%

*\*Information included within the table is based on 2000 census data, with updated information when available.*

## **LOAN SAMPLING**

The bank's primary loan types were determined by reviewing all loans originated and purchased during the time period from January 1, 2003 to July 16, 2004. In determining primary loan products, consideration is given to both the number and dollar volume of loans originated and purchased during the allotted time frame. The following table depicts the number and dollar volume of loans originated and purchased.

<b>Loan Products</b>	<b>#</b>	<b>%</b>	<b>\$</b>	<b>%</b>
Farm Loans (including real estate)	683	50.86	35,714,016	59.52
Business Loans (including real estate)	173	12.88	15,040,520	25.07
Consumer Loans	403	30.01	3,518,593	5.86
Residential Real Estate Loans	84	6.25	5,732,131	9.55
<b>Total</b>	<b>1,343</b>	<b>100%</b>	<b>\$60,005,260</b>	<b>100%</b>

*\*Source: Loans originated and purchased from January 1, 2003 to July 16, 2004. Due to data processing limitations, the bank could not run origination reports prior to this time period.*

For the purpose of this evaluation, we identified the primary loan types as farm loans, business loans, and consumer loans. Farm loans account for over 50% of the number and nearly 60% of the volume of the loans originated. Business loans account for nearly 13% of the number and over 25% of the volume of loans originated. Consumer loans represent over 30% of the number of loans originated.

To conduct our analysis, we performed statistically valid sampling techniques in selecting a sample of twenty farm loans, twenty business loans, and twenty consumer loans. After initial sampling to determine the bank's lending within the AA, additional files were selected so that all loans used in the borrower distribution analysis were made within the AA.

We expanded the business loans and the consumer loan samples to 60 files to get a better representation of the bank's lending performance for these two types of loans.

## CONCLUSIONS ABOUT PERFORMANCE CRITERIA

### Loan-to-deposit Ratio

GPNB's loan-to-deposit ratio meets the standard for satisfactory performance given the bank's size, financial condition, and lending opportunities within its AA. Since the last CRA evaluation, the bank's loan-to-deposit increased slightly from 63.16% on October 31, 1999 to 68.83% on March 31, 2004, with a quarterly average loan-to-deposit ratio of 65.92%.

When compared to four similarly situated banks' loan-to-deposit ratios in the AA, GPNB ranked fourth out of five banks. These banks have asset sizes ranging from \$32 million to \$160 million and operate within GPNB's AA. While GPNB ranks fourth, its loan-to-deposit ratio is closely related to its comparison banks. Factors affecting the bank's loan-to-deposit ratio include seasonal fluctuations in borrowing due to agriculture operating lines and participations sold to area banks. The bank's loan-to-deposit ratio for year-end 2003 would be approximately 83% if participations were included. The following table portrays the bank's loan-to-deposit ratio compared to similarly situated banks in the area.

<b>Loan-to-deposit Institution</b>	<b>Assets as of 3/31/04 (\$000s)</b>	<b>Average LTD Ratio (%)</b>
American State Bank and Trust of Dickinson	159,999	83.53%
The Bank of Baker	50,500	69.44%
Community First Bank of Glendive	36,249	67.89%
<b>Great Plains National Bank</b>	<b>51,606</b>	<b>65.92%</b>
McKenzie County Bank	31,678	64.74%

*\*Source: Consolidated Reports of Condition for the evaluation period.*

## Lending in Assessment Area

GPNB's lending within its AA meets the standard for satisfactory performance. A majority of loans are originated within the AA. Over 78% by number and 65% by dollar volume of farm, business, and consumer loans reviewed were within the bank's AA. The following table illustrates lending activity within the AA during the evaluation period.

<b>Table 1 - Lending in GPNB's Assessment Area</b>										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Farm (including RE)	16	80	4	20	20	623,012	65	328,385	35	951,397
Business (including RE)	17	85	3	15	20	849,406	63	502,610	37	1,352,016
Consumer	14	70	6	30	20	100,093	77	30,531	23	130,624
<b>Totals</b>	<b>47</b>	<b>78</b>	<b>13</b>	<b>22</b>	<b>60</b>	<b>1,572,511</b>	<b>65</b>	<b>861,526</b>	<b>35</b>	<b>2,434,037</b>

\*Source: Loan sample

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

Lending to businesses and farms of different sizes and borrowers of different incomes meets the standard for satisfactory performance. Compared to the demographics of the AA, lending to businesses and farms of different sizes is reasonable, while lending to consumers of different incomes is more than reasonable.

### Farm Loans

GPNB's lending to farms of different sizes meets the standards of satisfactory performance. Lending to farms with revenues under \$1 million meets the demographics of the AA. Discussions with bank lending officers and a review of loan sizes, it is reasonable to estimate that loans with unavailable revenues are to farms with revenues less than \$1 million dollars. The following table portrays the bank's lending to farms of different sizes.

<b>Borrower Distribution of Loans to Farms in GPNB's Assessment Area</b>				
Farm Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Farm	97.29	1.55	1.16	100%
% of Bank Loans in AA by #	80.00	5.00	15.00	100%
% of Bank Loans in AA by \$	89.64	3.07	7.29	100%

Source: Loan sample; 2000 U.S. Census data

Business Loans

GPNB’s lending to businesses of different sizes exceeds the standards for satisfactory performance. Lending to businesses with revenues under \$1 million meets the demographics of the AA. The following table depicts the bank’s lending to businesses of different sizes.

<b>Borrower Distribution of Loans to Businesses in GPNB’s Assessment Area</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	62.93	5.47	31.6	100%
% of Bank Loans in AA by #	86.67	11.67	1.67	100%
% of Bank Loans in AA by \$	82.13	17.54	0.33	100%

Source: Loan sample; 2000 U.S. Census data

Consumer Loans

Consumer lending to low- and moderate-income borrowers meets the standards of satisfactory performance. The percentage number of loans to moderate-income borrowers meets the demographics of the AA, while an adequate percentage number of loans to low-income borrowers reasonably meets the demographic needs. With consideration given to the bank’s performance context, the bank performs well with regard to low-income borrowers. Over 15% of households in the AA are below the poverty level, leaving only approximately 9% of low-income borrowers available for consumer loan qualification. Given this context, the bank’s lending to low-income borrowers significantly exceeds the demographics of the AA. The following table displays the bank’s consumer lending pattern to the AA demographic data.

<b>Borrower Distribution of Consumer Loans in GPNB’s Assessment Area</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	24.4	18.0*	14.2	13.0*	19.6	17.0*	41.8	37.0*

Source: Loan Sample; 2000 U.S. Census data

\*15% of loans did not contain borrower income information.

**Geographic Distribution of Loans**

The bank’s assessment area is comprised of eight middle-income tracts, and one upper-income tract. As there are no low- or moderate-income tracts, an analysis of the geographic distribution of loans is not meaningful.



### **Responses to Complaints**

Great Plains National Bank has not received any complaints regarding its performance in meeting the credit needs of the assessment area.

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

During our examination, we found no evidence of illegal discrimination or other illegal credit practices.