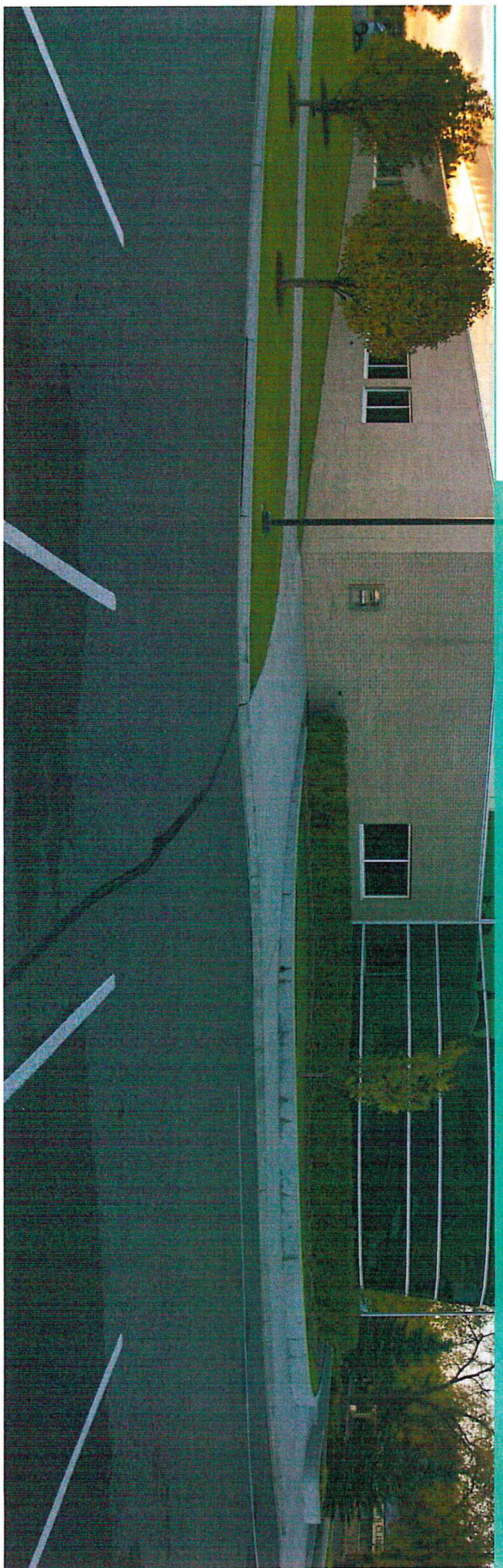


America's Only Bank - Owned by a State
Serving North Dakota for 104 years



Governor Proposed compared to BND Request

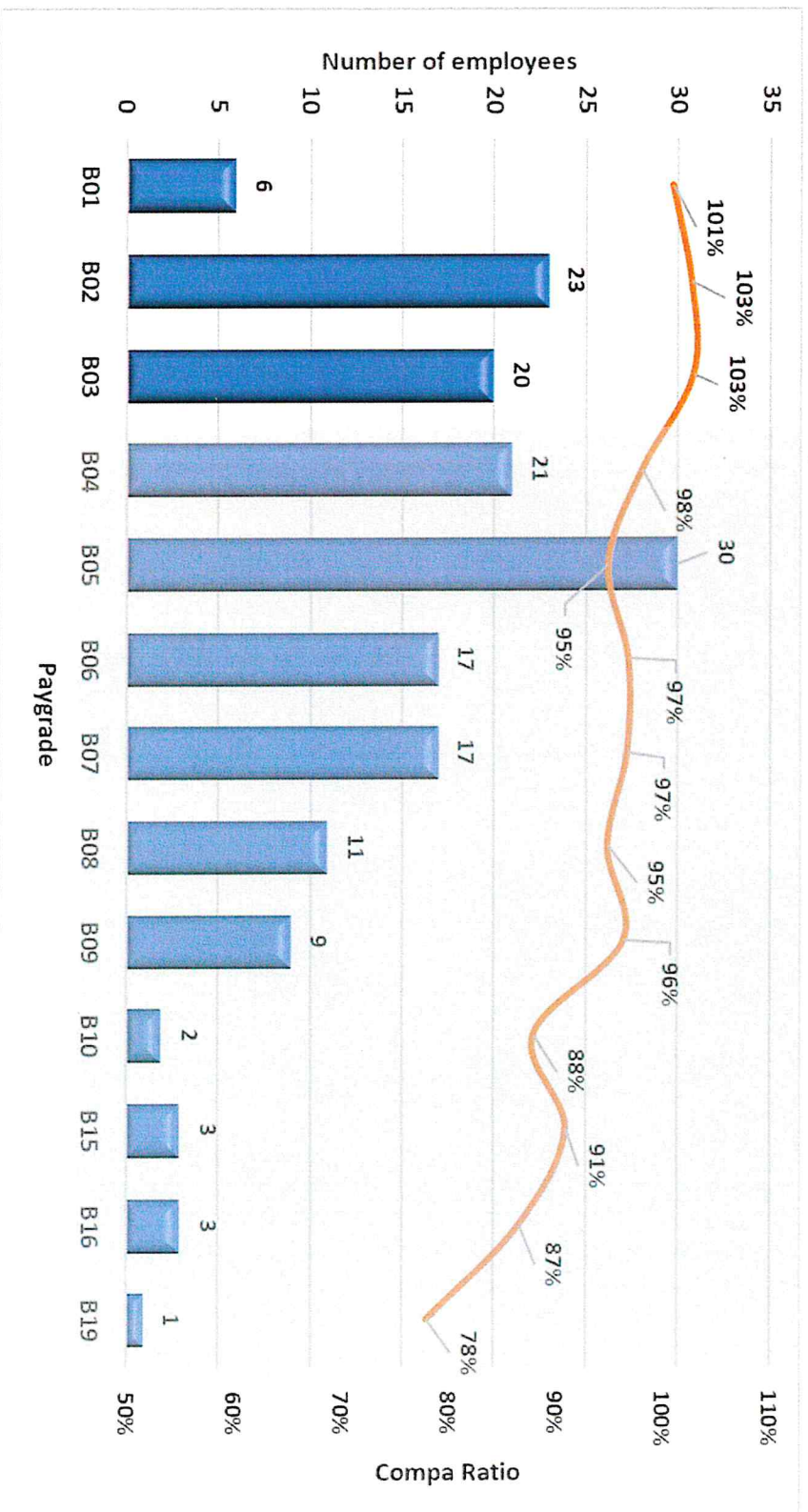
BND is a special fund agency. All expenses, including employee salaries are funded by revenues generated by the Bank.

	Governor's Proposed Budget	Less 6%/4%	Adjusted Governor's Proposed Budget	BND Proposed Budget 23-25	Difference
Operations	\$74,395,765	(\$1,410,373)	\$72,985,392	\$74,860,232	\$1,874,840
Capital Assets	\$1,510,000	-	\$1,510,000	\$1,510,000	-
Total	\$75,905,765	(\$1,410,373)	\$74,495,392	\$76,370,232	\$1,874,840
FTEs	181		181	190	9

- \$1,874,840 - related to 9 additional FTEs in BND's request, this includes benefits but excludes the proposed 6%/4% salary increase by the Governor
- Governor's budget proposal included 8 additional FTEs

Employee Compa-Ratio by Paygrade

- 101 employees or 62% are below salary midpoint
- Previous min/max salary increases created compression at the higher end salary level



FTE Request – BND Growth –2022 Statistics

Bank Overview

- Bank assets have grown from \$7.0 billion in 2018 to \$10.2 billion in 2022, a 46% increase.
- Total approved FTE's declined by 4.4%.
- BND initiated loans with 70 different lead banks (parent) and 207 different branches.
- In 2022, BND originated and renewed over \$2.8 billion in total loans.
- Combined loan portfolio is now \$5,400,000,000
- BND structured investments for the \$2 Billion in federal funds received

Commercial and Agriculture Lending

- 1,510 applications received. Dispositioned 1,364 loans / modifications.
- BND Total Commercial and Agriculture Loans: \$3,491,226,381
- BND Renewal Total: \$1,330,333,908
- BND New Origination Total: \$2,163,671,252
- 162,004 Loan Ops Payments totaling: \$2,385,532,610
- 20,286 Loan Ops Advances totaling: \$2,944,997,433
- 32,665 Loan Ops Student Loan Payments/Coupons totaling: \$20,408,583

Treasury and Trust Services

- 14,500 Customers for which BND holds bonds
- Settled 3,400 customer trades in 2022
- When combined with BNDs bond portfolio: \$15,000,000,000 in bonds held at BND
- This is a 9% increase from beginning and year and 44% increase since 2020

Operations Division

- ACH Originations: \$15,865,833,405 (3,693,801 originated)
- ACH Received: \$9,060,667,861 (1,599,557 entries)
- Wire Incoming: \$33,127,495,321 (19,310 entries)
- Wire Outgoing: \$39,430,796,651 (23,172 originated)
- Images: \$59,447,749,138 (19,598,444)

Student Loans

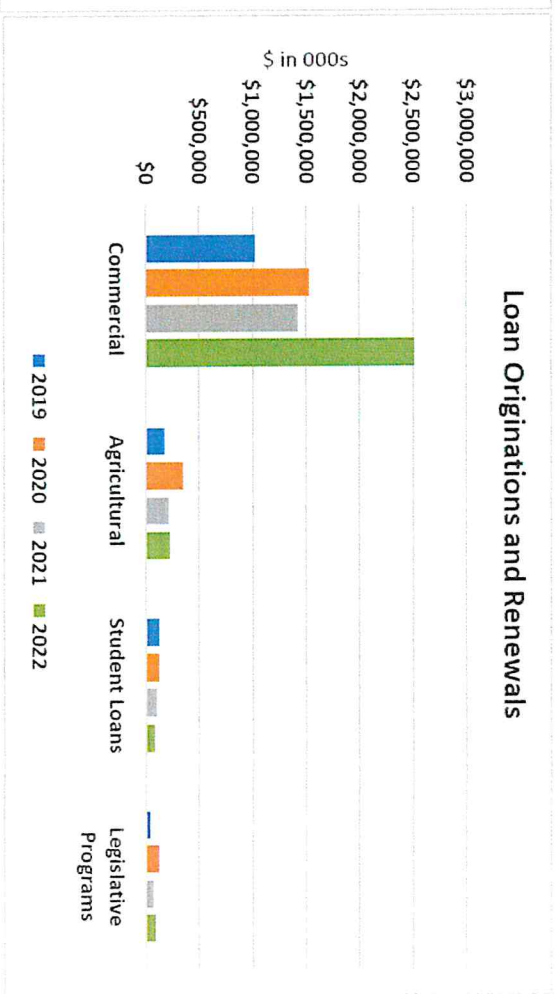
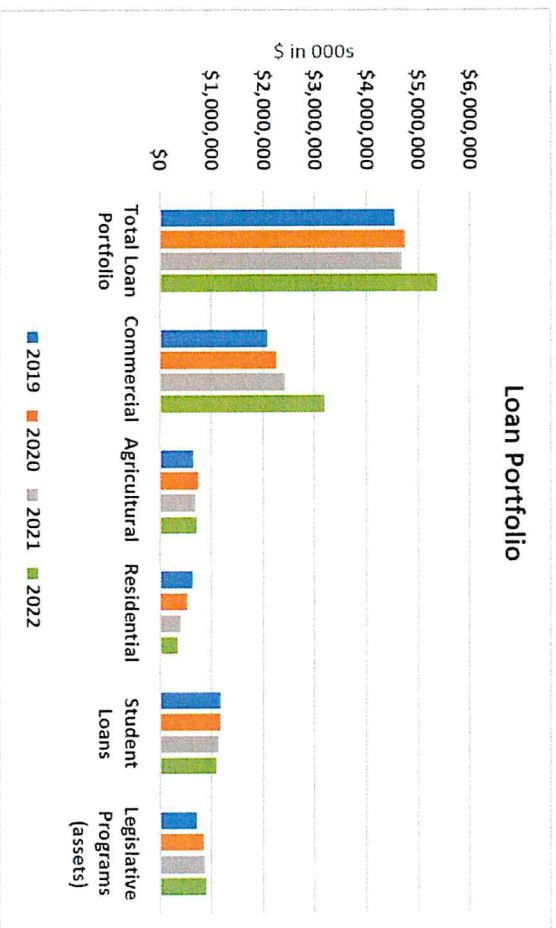
- 78,429 students, borrowers, and families served across all programs
- Total Student Loan portfolio \$1,100,000,000
- 10,486 student loans initiated in 2022
- 26,147 phone calls; 12,808 emails; 500 chats; 203,935 visitors to websites for information
- 14,112 brochures and other materials distributed via various access and success touchpoints
- 67 Financial Literacy events with 2,213 students in attendance
- 151 College Application Month (CAM) events

Legislatively Directed Programs

- Legislative directed programs have grown 131% since 2016 from \$391 million to \$904 million
- In 2022, BND provides 74 Legislatively directed loans totaling \$97,484,624
- BND implemented new administered loan programs for Clean Sustainable Energy Authority, Agriculture Diversification and Development Fund, established a Permanent Rebuilders Loan Fund and merged the BND-Water Infrastructure Loan Fund into the State Water Commission's Water Infrastructure Loan Fund.

FTE Request – Loan Growth

- 10 FTEs needed to support significant loan growth since 2019
- Loan portfolio up 18% since 2019
 - Commercial up 54%
- Loan originations and renewals up 112% since 2019
 - Commercial up 146% since 2019
- Continued growth of Legislatively Directed Programs
 - 23 programs vs 19 in 2019
 - \$904 million in total assets up 27% since 2019



FTE Request - Commercial Real Estate Evaluations

- 7 FTEs are expected to be required to meet demand. BND will hire additional staff only as warranted
- BND's collateral valuation services are paid for by ND financial institutions and will result in a net profit to BND
- A comprehensive feasibility study was completed utilizing various ranges of survey results of expected demand. Commercial evaluation services are the most significant valuation need for financial institutions across North Dakota
- Banks and credit unions, especially smaller ones, often lack the staffing, independence, expertise, and access to market data to complete real estate evaluations

FTE Request by Position

# of FTE's	Service Area	Job Title	Estimated Timing	Paygrade	Annual Salary Midpoint	Biennium Request
6	Lending	Loan Servicing Associate Lead/Sr/Supervisor	7/1/2023	B05	\$ 67,829	\$ 135,658
		Loan Operations Supervisor/Manager	7/1/2023	B06	\$ 78,260	\$ 156,520
		Business Banking Associate II	7/1/2023	B03	\$ 50,086	\$ 100,172
		Loan Servicing Associate II	7/1/2023	B03	\$ 50,086	\$ 100,172
		Loan Servicing Associate III	7/1/2023	B04	\$ 57,399	\$ 114,798
		Business Banker I	7/1/2023	B07	\$ 92,872	\$ 185,744
1	Business Dev.	University/Student Development Coordinator	7/1/2023	B05	\$ 67,829	\$ 135,658
1	Accounting	Staff Accountant III	7/1/2023	B06	\$ 78,260	\$ 156,520
2	Underwriting	Credit Analyst III	7/1/2023	B06	\$ 78,260	\$ 156,520
		Credit Analyst II	7/1/2023	B05	\$ 67,829	\$ 135,658
7	Collateral Valuation	Commercial Valuation Supervisor	7/1/2023	B08	\$ 106,433	\$ 212,866
		Agricultural Valuation Supervisor	7/1/2023	B08	\$ 106,433	\$ 212,866
		Collateral Valuation Analyst IV	7/1/2023	B07	\$ 92,872	\$ 185,744
		Collateral Valuation Analyst IV	7/1/2023	B07	\$ 92,872	\$ 185,744
		Collateral Valuation Analyst IV	7/1/2023	B07	\$ 92,872	\$ 185,744
		Collateral Valuation Analyst III	7/1/2023	B06	\$ 78,260	\$ 156,520
		Collateral Valuation Analyst III	7/1/2023	B06	\$ 78,260	\$ 156,520
17	Total					\$ 2,673,424
					Benefit Costs	\$ 1,039,025
					Total Salaries and Benefits	\$ 3,712,450

Retention and Recruitment

- BND has developed a conceptual plan designed around:
 - Attracting and retaining talent
 - Limiting risk and enhancing organizational performance
 - Motivating employees to achieve and maintain high performance
 - Ensure competitive and consistent salary practices
- The BND Advisory Board will assist in establishing goals and targets and recommend to the Industrial Commission for approval
- The annual amount earned would be paid out over a three-year period in 1/3 increments
- Under the conceptual plan, the annual cost to BND over a six-year average (2017-2022) was \$1.1MM or 0.72% of earnings. The peak over the last six years would have been \$1.2MM or 0.85% of earnings

Thank You!



Todd Steinwand
President & CEO
phone: 701.328.5671
email: tsteinwand@nd.gov



Kelvin Hullet
Chief Business Development Officer
phone: 701.328.5689
email: klhullet@nd.gov



Rob Pfennig
Chief Financial Officer
phone: 701.328.5752
email: rpfennig@nd.gov



Kirby Evanger
Chief Credit Officer
phone: 701.328.5675
email: kevanger@nd.gov



Lori Leingang
Chief Administrative
Officer
phone: 701.328.5748
email: loleingang@nd.gov