



America's Only Bank: Owned by the State  
Serving North Dakota for 106 Years  
House Government Operations - SB 2014

Bank of North Dakota



# About BND

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**BND partners with local financial institutions to “participate” in loans and who serve as the distribution channel for BND programs.**

## **MISSION STATEMENT**

**To deliver quality, sound financial services that promote agriculture, commerce and industry in North Dakota.**

## **VISION STATEMENT**

**Bank of North Dakota is an agile partner that creates financial solutions for current and emerging economic needs.**



# Mission Prioritization and Stacking

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## Our “Balanced” Mission Drives the Role of BND Within the State

### 1. Risk Managers

- 1. Liquidity Risk
- 2. IRRM Risk
- 3. Credit Risk

} **The Big “3”**

### 2. Provider of Liquidity Access

*(\$4B in Securities for Liquidity Management)*

### 3. Fund “Multipliers” for Economic Development

*(Multiply \$8B State Deposits into \$10B in Comm/Ag Loans for Economic Development and Return)*

### 4. Processors of Funds Flow and Special Programs (\$1B)

### 5. Generate Return to State

**Simplest Form: Total Return to State  
= ROA+COF adjusted to Assets**

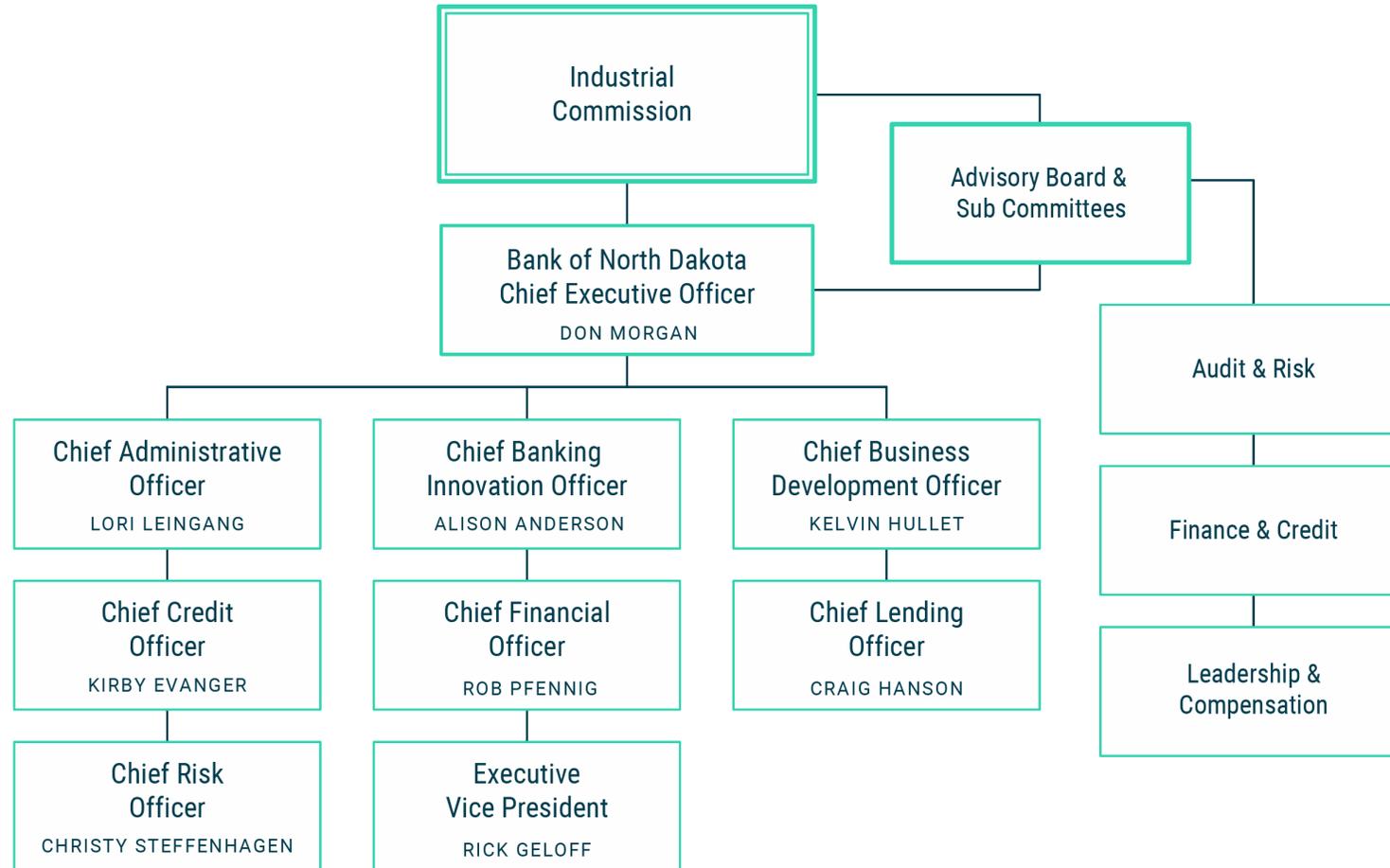
2% ROA + 2% ACOF = 4% Return

**‘or’**

\$400 million per year on \$10 billion in assets

# BND Organizational Structure

ND Century Code 6-09



# Key Accomplishments

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- Successful transition in leadership from Todd Steinwand to Don Morgan.
- Record loan portfolio of \$6.1 billion, 14.5% growth since 2022
  - Commercial portfolio +27.0%
    - Match program +60%
    - Pace programs +50.0%
  - Ag portfolio +11.9%
- Supported the state's cattle ranchers issuing 190 loans for \$16.7 million through the Livestock Rebuilders Program.
- Completed a Legislatively directed study on Sustainability. The STAND report provides a roadmap for the state on policy issues and provides a framework for the state to tell its story.
- Played a significant role in the cash management study.
- Implementation of a robust capital policy.
- Legislative-Directed programs have grown to 26 with over \$1.1 billion in total assets.
- BND continues to administer the various revolving loan funds and disburse loans for LIFT in coordination with the Department of Commerce.
- Maintain S&P Rating A+
- No findings in the Bank's 2023 FASB audit.

# Strategic Priorities

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## Strong Banking

- Protect the State’s “working capital” in a volatile/polarized world
- Strong banking practices, principles and policies at all times
- Evolved, robust enterprise risk management that drives strategy and capital
- Strong banking partnerships throughout the State
- Strong state agency partnerships with robust financial advisership

## Public Affairs

- “Tell the story” of the BND mission
- Proactive solutions with partner agencies, Industrial Commission and Legislature
- Financial literacy

## Digital Transformation and Innovation

- Embrace technology evolution (AI, cloud computing, blockchain, digital niche embedded banking)

## Cybersecurity & Data Privacy

- Embrace robust & evolving cybersecurity technology

## Talent Management

- Attract, develop, and retain
- Embrace changing workforce dynamics
- Support workforce housing and childcare needs statewide

## Energy & Ag

- Support and promote capital flow to all forms of sustainable energy
- Support evolution of base-load power needs of the future
- Support and promote evolution of traditional ag practices
- Support and promote emerging ag industries; regenerative, organic, micro-niche

# BND Proposed 2025-2027 Biennium Budget

Bank of North Dakota Bank Appropriation Request 2025-2027 Biennium						
Line Item	2023-25 Biennium Appropriation	Governor's 2025-27 Budget	Change from prior Biennium	Change	Senate Bill 2014	Change from Governor Proposed
Salaries and benefits	45,275,085	52,011,844	6,736,759	14.9%	50,845,871	(1,165,973)
Operating Expenses	28,054,661	24,387,607	(3,667,054)	-13.1%	24,387,607	-
BND Operations (1)	\$ 73,329,746	\$ 76,399,451	3,069,705	4.2%	\$ 75,233,478	(1,165,973)
Capital Assets (2)	1,510,000	1,510,000	-	0.0%	4,143,299	2,633,299
Contingency	3,000,000	3,000,000	-	0.0%	3,000,000	-
	\$ 77,839,746	\$ 80,909,451	3,069,705	3.9%	\$ 82,376,777	2,633,299
(1) BND Operations:						
<b>Salaries and Benefits</b>	\$ 45,275,085	\$ 52,011,844	6,736,759	14.9%	\$ 50,845,871	(1,165,973)
IT & System Costs	19,628,366	15,961,312	(3,667,054)	-18.7%	15,961,312	-
Operating Expenses	7,218,845	7,218,845	-	0.0%	7,218,845	-
Occupancy and Equipment	1,207,450	1,207,450	-	0.0%	1,207,450	-
<b>Other Operating Expenses</b>	<b>\$ 28,054,661</b>	<b>\$ 24,387,607</b>	<b>(3,667,054)</b>	<b>-13.1%</b>	<b>\$ 24,387,607</b>	<b>\$ (1,165,973)</b>
<b>BND Operations</b>						
(2) Capital Budget includes:						
Building	\$ -	1,010,000	1,010,000	0.0%	\$ 3,643,299	2,633,299
Office Equipment	250,000	250,000	-	0.0%	250,000	-
IT Equipment	-	-	-	0.0%	-	-
Software	1,260,000	250,000	(1,010,000)	-80.2%	250,000	-
	<b>\$ 1,510,000</b>	<b>\$ 1,510,000</b>	<b>0</b>	<b>0.0%</b>	<b>\$ 4,143,299</b>	<b>\$ 2,633,299</b>

- Salaries and Benefits (\$1,165,973)
  - (\$909,460) 25-27 new and vacant FTE pool
  - \$(600,000) removal of cash mgmt. temp salaries
  - \$343,487 salary funding cost to continue
- Capital Expenditures:
  - \$2,633,299 building refresh

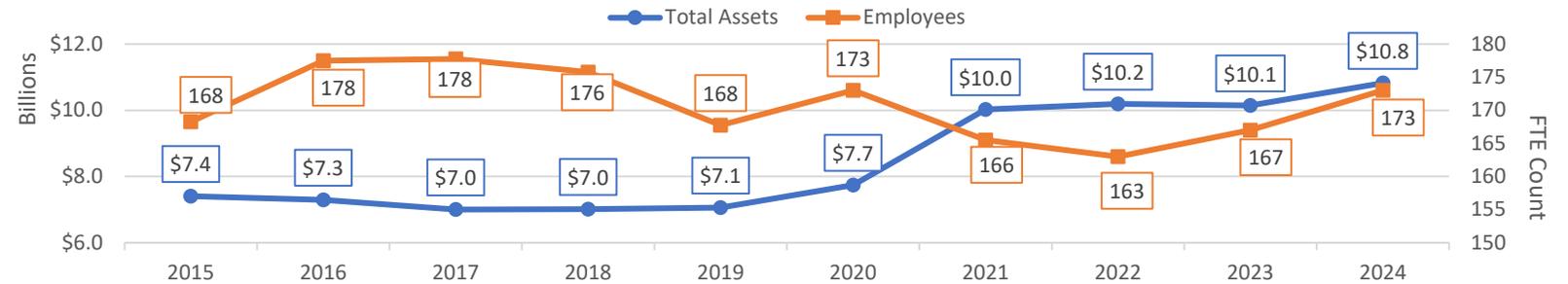
# FTE Overview – as of 12/31/24

## FTE Overview

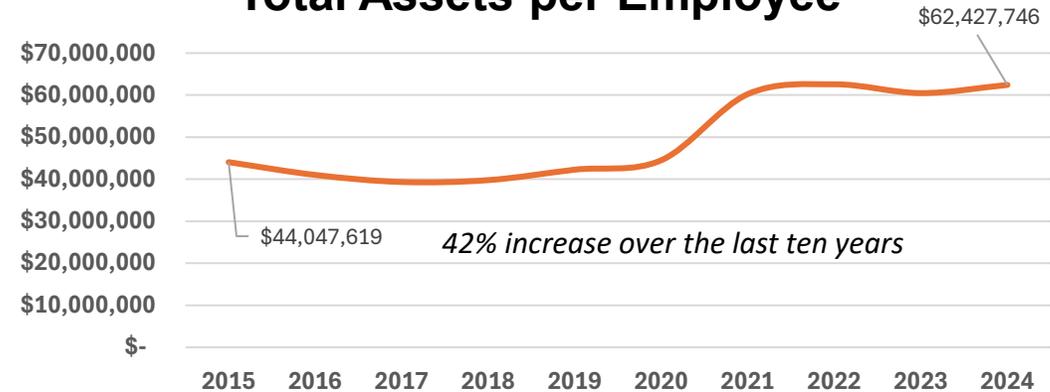
21-23 Biennium	23-25 Biennium	25-27 Biennium
173	187	187

- 23-25 biennium  
14 additional FTE's
- 2024 restructured collateral valuation due to lower volume
  - Reallocated three FTE's
- Current FTE's as of 12/31
  - 173
  - Pending start = 1
  - Intention to fill = 13
    - Lending and credit administration due to loan growth

## Total Assets & Employees



## Total Assets per Employee



# Utilization of FTEs from 23-25 Biennium

Utilization of 14 Additional FTE's from 23-25 Biennium					
# of FTE's	FTE requested	FTE filled as	Strategy supported	Additional comments	
1	Loan Servicing Associate III	Public Information Specialist I	Public Affairs	Financial literacy (Smart WithMyMoney.nd.gov)	
1	Collateral Valuation Analyst IV	Facility Manager	Succession planning		
1	Commercial Valuation Supervisor	FI Market Manager	Strong Banking	BND projected the need for additional FTE's in September 2022. Our loan portfolio grew by 14.5% or +\$780 million from 2022 to 2024 which shifted strategic needs	
1	Agricultural Valuation Supervisor	Business Banker I	Strong Banking		
1	Collateral Valuation Analyst IV	Business Banker I	Strong Banking		
1	Credit Underwriter IV	Business Banker I	Strong Banking		
1	Loan Operations Supervisor	Business Banker I	Strong Banking		
1	Credit Underwriter III	Credit Underwriter III	Strong Banking		
1	Collateral Valuation Analyst III	Compliance Officer III	Strong Banking		
1	Loan Servicing Supervisor	Loan Quality Control Specialist	Strong Banking		
1	Loan Servicing Associate II	Loan Quality Control Specialist	Strong Banking		
1	Staff Accountant III	Bank Ops Processing Supervisor	Strong Banking		
1	Business Banking Associate I	Business Banking Associate III	Strong Banking		
1	Business Banking Associate II	Loan Servicing Associate II	Strong Banking		
<b>14</b>					

Change in FTEs over the last six biennium's				
Biennium	FTEs	% Change	Change since 2013	% Change
2023-2025	187	8.1%	7.5	4.2%
2021-2023	173	-4.7%		
2019-2021	181.5	0.0%		
2017-2019	181.5	0.0%		
2015-2017	181.5	1.1%		
2013-2015	179.5			
21-23 Net change of +8.5, -16 FTE's transferred to NDI, +7.5 FTE's mainly added for collateral valuation start up				
Loan portfolio has grown by \$2.7 billion or 77% since 2013				

Notes:

-Originally requested 5 FTE's related to collateral valuation to expand services, volumes didn't materialize as expected so FTE's were reallocated due to loan portfolio growth (Business Banker I, Compliance Officer and FI Market Manager)

# FTE Plan as of March 17

## Utilization of 14 Additional FTE's from 23-25 Biennium as of March 17, 2025

# of FTE's	FTE approved as	Job title filled as	Position #	Hire date	Anticipated hire date	Current status
1	Commercial Valuation Supervisor	FI Market Manager - NC9426	00031910	5/1/2024		
1	Credit Underwriter IV	Business Banker I - NC9422	00031911	7/1/2024		
1	Loan Servicing Supervisor	Loan Quality Control Specialist - NC9558	00031906	7/8/2024		
1	Collateral Valuation Analyst III	Compliance Officer III - NC9456	00031908	9/3/2024		
1	Loan Servicing Associate III	Public Information Specialist I	00032011	10/28/2024		
1	Credit Underwriter III	Credit Underwriter III	00032009	2/3/2025		
1	Loan Servicing Associate II	Loan Quality Control Specialist - NC9558	00031907	2/19/2025		
1	Staff Accountant III	Bank Ops Processing Supervisor	00032013	3/1/2025		training successor - retirement date 7/1
1	Business Banking Associate I	Business Banking Associate III	00032010	3/24/2025		
1	Collateral Valuation Analyst IV	Facility Manager	00032008		4/1/2025	In recruitment - training successor retirement 7/30
1	Collateral Valuation Analyst IV	Business Banker I - NC9422	00031912		4/15/2025	In recruitment
1	Loan Operations Supervisor	Business Banker I - NC9422	00031913		4/15/2025	In recruitment
1	Agricultural Valuation Supervisor	Business Banker I - NC9422	00031914		11/1/2025	Planned to hire
1	Business Banking Associate II	Loan Servicing Associate II	00032012		Open	
<b>14</b>				<b>9</b>	<b>5</b>	

Projected Open FTE's end 2025

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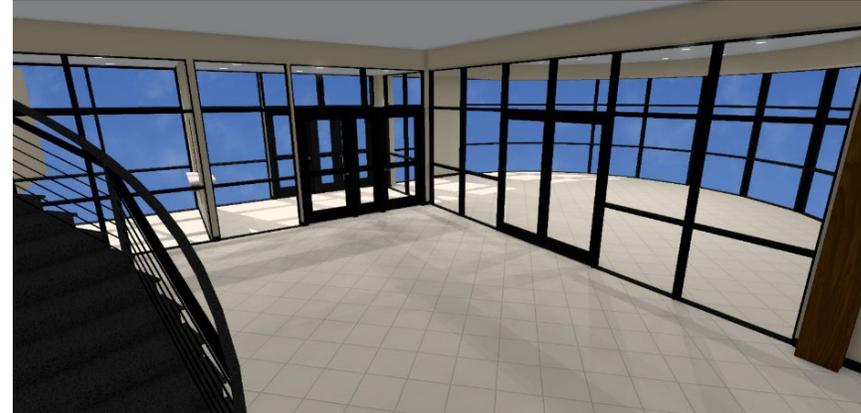
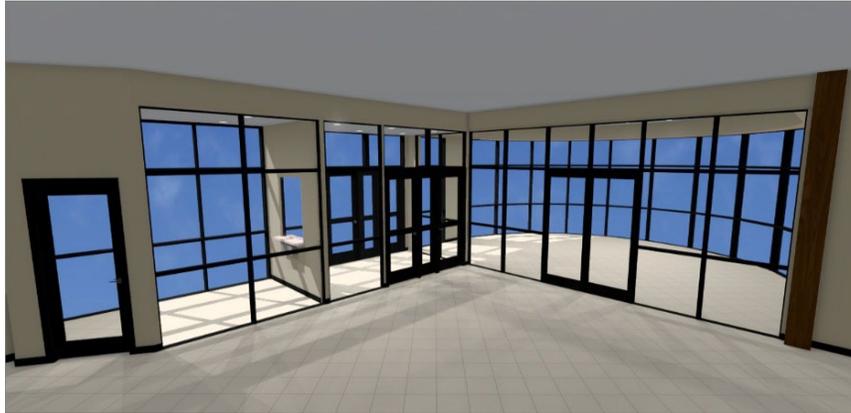
# Current Session asks of BND

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- NDDF – underwriting and potential servicing of loans
- Additional revolving loan funds
- Potential West to East gas pipeline involvement
- RINC and Home program administration
- Cash management board
- Administration of ESA program
- Federal shutdown paycheck program
- Ag disaster relief program
- Crypto and commodities



# Lobby Remodel



# Capital Policy

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## Intent of the Capital Policy

The overall purpose of the Bank's capital policy is to ensure the safety and soundness of the Bank, ensure the Bank can meet its mission and objectives and is aligned with industry best practices. A strong capital policy benefits the Bank by providing a framework for achieving its mission and strategic plan objectives consistent with maintaining regulatory guidance and providing for the safety and soundness of the Bank's depositors and operations.

The development of this capital policy was driven by the following factors:

1. The size and complexity of the Bank's operations has reached a critical juncture where a robust, dynamic, industry best practice capital policy is prudent for continued safe and sound operations.
2. The Department of Financial institutions, as part of its biennial review recommended BND develop a capital policy as a best practice.
3. The legislature as part of the HB 1014 in the 68<sup>th</sup> legislative session included language in section 28 to "consider developing procedures or adopting legislative rules for introducing bills and amendments related to the use of Bank of North Dakota Profits".
4. To create a dividend policy that provides a level of funding for use by the legislature while maintaining appropriate capital levels at BND to mitigate risk and comply with industry best practices and continued safe and sound operations.

Bank Management, Advisory Board, and the Industrial Commission together, establish policies, procedures, and controls that mitigate material risks such as economic, interest rate volatility, credit, liquidity requirements, competitive environment changes, financial, operational, cybersecurity, and reputational risk. The Bank must be prepared to respond quickly to unforeseen major events such as interest rate shock environments, natural disasters, economic disruptions, and state budget deficits.

# 2023-2025 Biennium – Capital Dividends

23-25 Biennium	
2021 & 2022 Calendar Yr. Earnings	335,321,000
Dividends:	
General Fund	140,000,000
BND Buydown Programs	60,000,000
Skilled Workforce/Dual Credit	8,300,000
UND SBDC	1,500,000
AGPUC	3,000,000
Statewide Interoperable Radio	20,000,000
Infrastructure Revolving Loan Fund*	52,000,000
Creation of Permanent Disaster Program	20,000,000
Rwish	10,000,000
FHLB Housing Grant	1,281,553
<b>Total Dividends</b>	<b>316,081,553</b>
<b>Dividend Percentage</b>	<b>94.3%</b>

\*carry-over from 15-17 session

# 2025-2027 Biennium – Capital Dividends

Year End 2024	
Average Assets	\$ 10,903,675
Tier 1 Capital	1,291,443
Tier 1 Leverage Ratio	11.8%
BND Tier 1 Guideline	12.0%

25-27 Biennium	
2023 & 2024 Earnings	\$ 393,174,000
Anticipated Dividends	
General Fund	140,000,000
BND Buydown Programs	60,000,000
Skilled Workforce/Dual Credit	8,300,000
UND SBDC	1,900,000
AGPUC	3,000,000
<b>Total Dividends</b>	<b>\$ 213,200,000</b>
<b>Dividend Percentage</b>	<b>54.2%</b>

Total Return to the State	
BND 2023 & 2024 Earnings	\$ 393,174,000
Interest Paid on Captive Deposits	200,003,175
<b>Total Return to the State</b>	<b>\$ 593,177,175</b>

An aerial photograph of a city, likely Fargo, North Dakota, showing a multi-lane highway on the right side of the frame. The city is densely packed with green trees and various buildings. A large, semi-transparent graphic is overlaid in the center-left of the image. It consists of the letters 'BND' in a bold, white, sans-serif font. To the right of 'BND' are three horizontal teal bars of varying lengths, stacked vertically. Below this graphic, the text 'Bank of North Dakota' is written in a white, sans-serif font. At the bottom of the graphic, the website address 'thebndstory.nd.gov' is displayed in white text on a teal rectangular background.

**BND**

Bank of North Dakota

[thebndstory.nd.gov](http://thebndstory.nd.gov)

An aerial photograph of a city, likely Bismarck, North Dakota, showing a multi-lane highway on the right, a large green park area in the center, and various buildings and trees in the background under a clear sky.

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# Legislatively-Directed Loan Programs

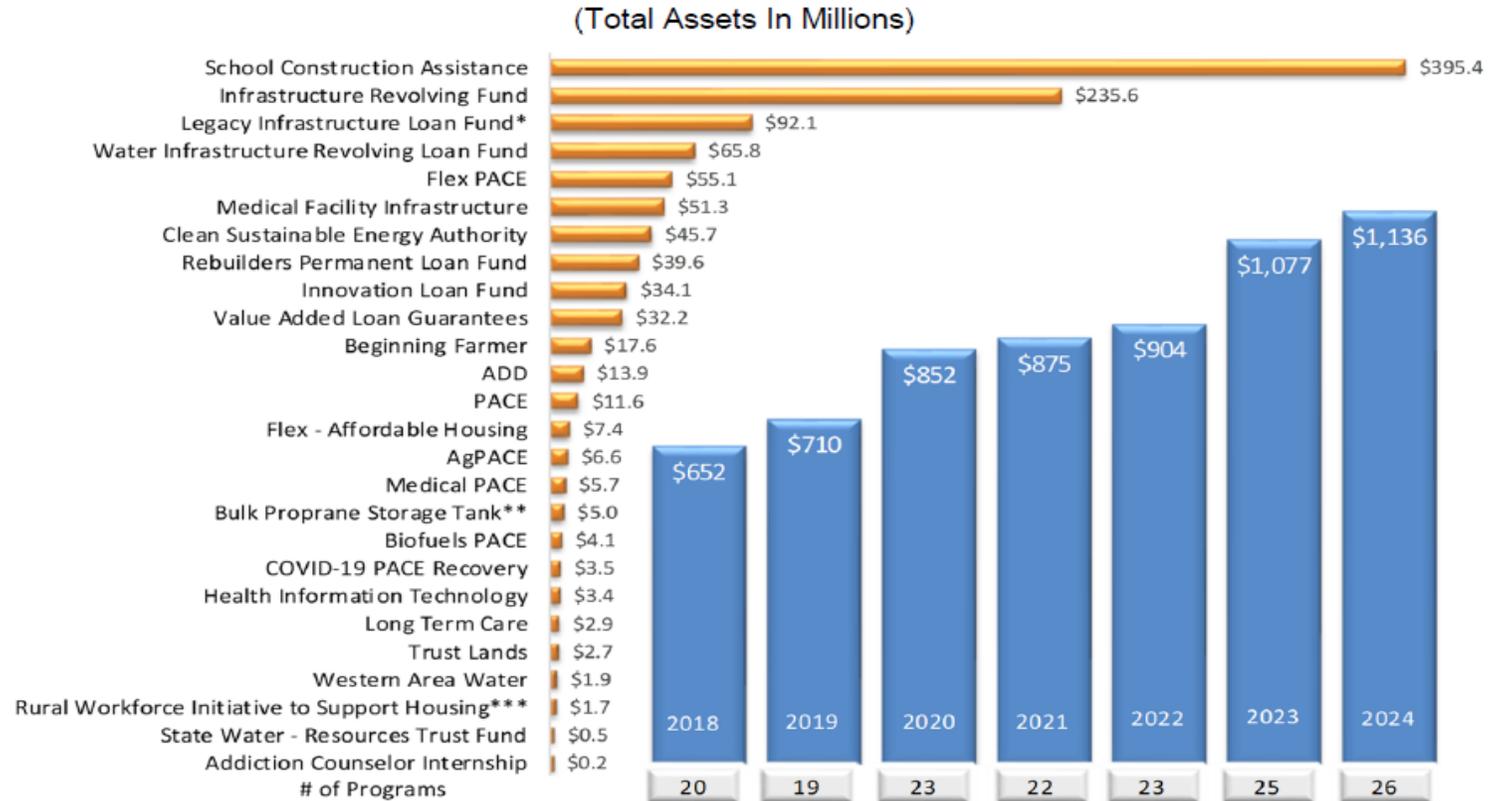
BND Currently administers \$1.1 billion in net assets for legislative-directed loan programs. These programs serve a wide range of purposes, including school construction, water projects, general and medical infrastructure, and disaster recovery.

\*Legacy Investment Loan Fund created in December 2023. Loans purchased from Infrastructure Revolving Loan Fund.

\*\*SB 2242 created the Bulk Propane Storage Tank Revolving Loan Fund (BPST) during the 68th Legislative Session. This special fund was established by transferring \$5 million in cash from the Strategic Investment and Improvements Fund (SILF).

\*\*\*Rural Workforce Initiative to Support Housing was created in November 2024 to help rural communities with the construction of market-rate housing for the workforce when a company is locating or expanding in a community of 20,000 and under in population. BND has committed \$10 million of capital for the program.

*BND administers 26 programs and \$1.1 billion in assets for the Legislature*



# Amendments

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## Open Records Requests

### 6-08.1-02. Exemptions.

This chapter does not apply to any of the following:

7. The release by the Industrial Commission, in its capacity as the managing body of the Bank of North Dakota, of the following:
  - a. The name of any person who has obtained approval for direct ~~or indirect~~ financing or security, including a loan guarantee or a letter of credit, through the Bank of North Dakota primarily for purposes other than personal, family, or household purposes.
  - b. The amount of any financing or security referenced in subdivision a.
  - c. The amount of any net write off or loan forgiveness ~~associated with the financing or security referenced in subdivision a~~ which the industrial commission determines is uncollectible.
  - d. The program under which any financing or security referenced in subdivision a was made.

# Amendments

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## PACE Program Buydown Increase

### 6-09.14-04. Fund moneys - Eligible uses.

1. The fund moneys may be used to participate in an interest rate buydown on a loan to a new or expanding business for the following eligible uses:
  - a. Purchase of real property and equipment.
  - b. Expansion of facilities.
  - c. Working capital.
  - d. Inventory.

The loan funds cannot be used to refinance any existing debt or for the relocation of the business within North Dakota.

2. The community shall determine the amount of the interest rate buydown and apply to the Bank of North Dakota for participation from the partnership in assisting community expansion fund. The funds for the community's portion of the buydown may come from a local development corporation, contributions, community funds, future dedicated tax programs, or any other community source.
3. The fund participation portion in the buydown must be determined by the Bank of North Dakota based on economic conditions in the city or county in which the business is located.
4. The maximum amount from the fund in the interest rate buydown may not exceed five hundred thousand dollars ~~per loan~~ unless the project is deemed to have a substantial economic impact.
5. Projects deemed to have a substantial impact and qualified as a primary sector business may receive an additional \$1,000,000 in interest rate buydown with no required community match.
6. The fund participation must be limited to the amount required to buy down the interest to five hundred basis points below the national prime interest rate.
7. The Bank of North Dakota shall adopt rules to implement this chapter.

# Amendments

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## SECTION 9. TRANSFER - BANK OF NORTH DAKOTA PROFITS TO ECONOMIC

DEVELOPMENT PROGRAMS. During the biennium beginning July 1, 2025, and ending June 30, 2027, the Bank of North Dakota shall transfer the following amounts from the Bank's current earnings and undivided profits:

~~1. \$39,000,000 to the partnership in assisting community expansion;~~

~~2. \$5,000,000 to the agriculture partnership in assisting community expansion fund;~~

~~3. \$1,000,000 to the biofuels partnership in assisting community expansion fund;~~

~~4. \$15,000,000 to the beginning farmer revolving loan fund; and~~

1. \$60,000,000 to the Partnership in assisting community expansion; agriculture partnership in assisting community expansion; biofuels partnership and beginning farmer revolving loan fund.

2. \$1,900,000 to the university of North Dakota for the North Dakota small business development center for the purpose of matching federal grants.