



BND

Bank of North Dakota

Achieve more.

FINANCING HIGHER EDUCATION

REPORT 2017

President's Message



Achieve More: a phrase that represents opportunity and promise for North Dakotans. We introduced it in 2017 as Bank of North Dakota's tagline to encompass all our efforts to meet the Bank's mission "To promote agriculture, commerce and industry." Nowhere is it more relevant than our Education Market programs, helping the state's residents plan and pay for college. We provide solutions starting with College SAVE, the state's 529 plan, for children of all ages; college planning resources starting in high school; and student loans that pay for college and for refinancing afterward.

Education Market programs evolved and changes were made in 2017. College planning information became more accessible with our online College Handbook, weekly Facebook Live sessions and online Financial Aid Information Night and Career Discovery ND presentations. Expanding our online presence allows parents, counselors and students to learn about different college planning topics when it's convenient for them.

We also made the decision to sell and transfer the federal student loan portion of our student loan portfolio. This was not an easy decision, having made the nation's first federally guaranteed student loan in 1967. However, it is one we knew we'd eventually need to make when the federal government decided to administer the federal student loan program in 2010.

A well-educated workforce is essential for North Dakota's economy to grow and thrive. We thank our banking partners, local volunteers, businesses and other state agencies along with high school counselors and college personnel for collaborating with us to help North Dakotans.

A handwritten signature in black ink that reads "Eric Hardmeyer". The signature is written in a cursive, flowing style.

Eric Hardmeyer
President/CEO

How do students pay for college in North Dakota?

Financial aid data was collected for the 2016-17 academic year from University of Jamestown, University of Mary and North Dakota University System which includes all state colleges and universities.⁽¹⁾

Total financial aid dollars awarded for the 2016-17 academic year was \$388,081,923 and total enrollment was 51,692 students.

Percentage of North Dakota students receiving different types of financial aid

Federal Direct and Perkins Loans	73.4%
Federal PLUS Loans	1.7%
Federal Grad PLUS Loans	0.5%
Private Alternative Loans	13.5%
BND DEAL Student Loans	8.4%
Federal Grants	32.3%
North Dakota State Funds	20.7%
Institutional Scholarships	39.1%
Outside Scholarships	15.0%
Work-study Programs	5.8%

Education levels in North Dakota*



42% have an
associate
degree



28% have a
bachelor's
degree



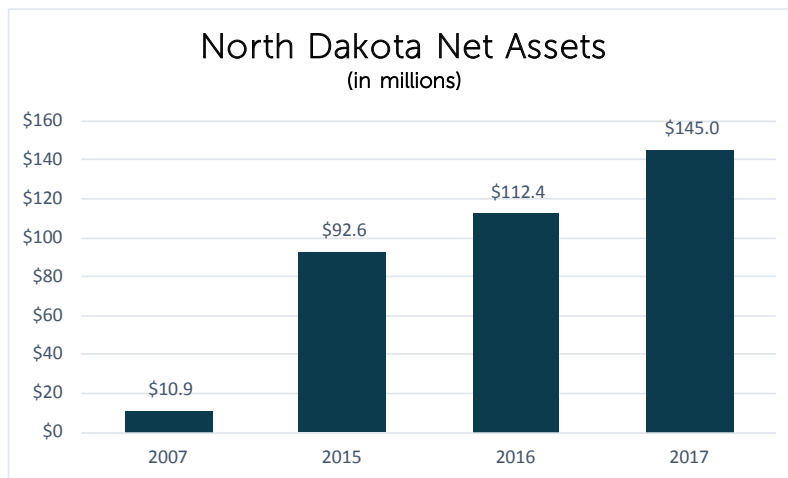
8% have a graduate
or professional
degree

*Based on five-year data of North Dakota residents, 25 years of age and older. This data is cumulative, meaning that a resident who has earned more than one level of degree will be included in each of the respective fields.⁽²⁾

College SAVE

College SAVE, North Dakota's 529 higher education savings plan, is one of the best ways to save for college. Earnings on investments grow state and federal tax deferred. Contributions are tax deductible in North Dakota and two programs, New Baby Match and BND Match, can help North Dakotans boost their college savings up to a combined \$1,100.

There are nearly 22,000 funded North Dakota accounts. In 2017, North Dakota residents made 2,380 qualified withdrawals totaling \$4,554,789.99.



Total assets by beneficiary age (ND resident)

Age	Funded Accounts	Total Assets
0-4 years old	7,325	\$21,710,017
5-8 years old	5,603	\$31,661,329
9-14 years old	5,531	\$49,108,649
15-18 years old	2,234	\$29,478,668
19 and older	1,107	\$13,072,130
Total	21,800	\$145,030,793



BND investing in North Dakota's higher education future

New Baby Match

BND matches up to \$200 in contributions into a College SAVE account for every North Dakota newborn, 12 months old and younger. There are no income requirements.

BND Match

BND matches up to \$300 for residents earning less than \$80,000 annually if single or \$120,000 if married, filing jointly. Up to \$300 per year may be matched for an additional two years if residents make \$60,000 or less if single, or \$80,000 or less if married and filing jointly. Children must be 15 years old and younger when they first apply.

Planning for college



BND provides college planning resources to parents, students and high school counselors looking for advice on career planning, preparing for college and financing a college education. Resources are available for all residents with an emphasis on first-generation, low-income students.

Dual Credit Assistance

Dual Credit courses are college courses taken during high school that allow a student to earn both high school and college credits. BND funded nearly 700 low-income students' course fees in 2017.

College Application Month

North Dakota has 182 high schools and in October 2017, 120 partnered with BND to host College Application Month events to encourage students to apply to college. More than 3,200 high school seniors took advantage of BND's commitment to pay a one-time \$35 application fee when they applied to a North Dakota college. In 2017, that support totaled \$112,675.

Dollars for Scholars

BND provides more than \$100,000 each year in scholarship funding for the 67 local Dollars for Scholars chapters and the North Dakota Dollars for Scholars state chapter. In 2017, over 1,500 scholarships were awarded, totaling more than \$250,000 between the local and state chapters.

Career Discovery ND

The number of students in grades 7-12 and parents who participated in Career Discovery ND events, formerly known as Crash Course, more than doubled in 2017. In addition to a live Facebook event, we welcomed 836 people in 11 North Dakota communities to learn about current workforce needs and receive college preparation guidance and information.

Financial Aid Information Nights

Financial Aid Information Nights educate high school seniors and their parents on the types of financial aid and how to complete the FAFSA. Parents can participate at the local high school or from home on Facebook Live.

Native American resources

The Indian Youth Leadership Academy welcomes Native American students each summer for a variety of leadership development opportunities while learning from speakers and mentors. The website, whyapplynd.nd.gov, is specifically developed for Native American youth and their families and provides college planning and funding information.

College Handbook

The College Handbook is an easy-to-read guide, on BND's website, that helps students navigate through their freshman to senior year of high school as they prepare for college.

Scholarships

BND awarded \$500 Real DEAL scholarships to more than 50 high school seniors with one of those recipients receiving an additional \$3,000 scholarship. Each recipient must be a high school senior, have a 2.5 GPA or higher, be involved at the high school or in the local community and attend a North Dakota college.

Facebook Live

BND goes live every Tuesday afternoon on Facebook to discuss important college planning topics including starting a College SAVE account, selecting a career, choosing a college, repaying student loans and refinancing them.

GED Exams

General Education Development (GED) exams are required for a student to graduate with a GED equivalent. Many of these students are low income. BND covers the fees for the first and final exams for these students. In 2017, 445 students benefited from exam assistance.

Student Loans



Student loans are an important tool for many North Dakota residents to help them achieve their higher education goals.

North Dakota residents and out-of-state students attending North Dakota colleges can borrow the DEAL Student Loan with no fees and lower interest rates than most private loans. Students are encouraged to access Federal Perkins and Direct Student Loans before DEAL Student Loans as they may be eligible for federal loan repayment and forgiveness programs.

There were 10,209 students who used Bank of North Dakota's DEAL Student Loan program to pay higher education costs in 2017. As of December 31, 2017, BND's student loan portfolio had 47,559 active borrowers with 94,085 loans.



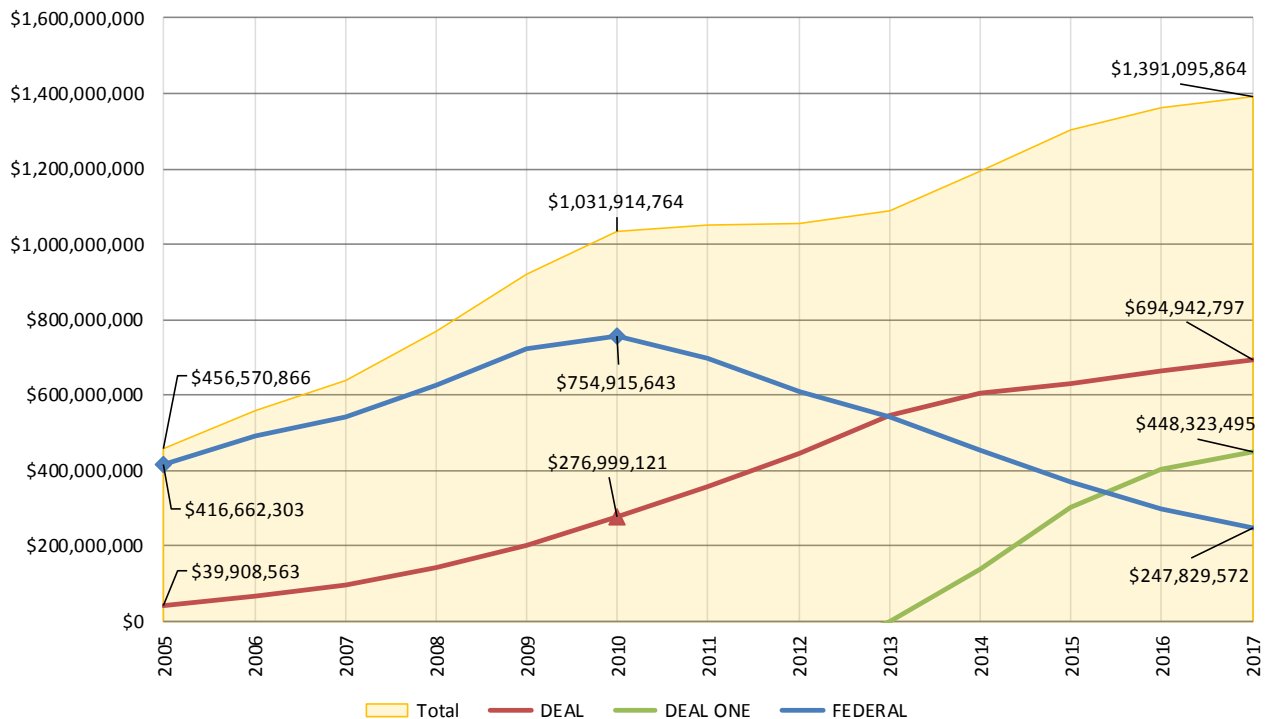
BND sells federal portion of its student loan portfolio

In November 2017, Bank of North Dakota (BND) announced the sale and transfer of the federal student loan portion of its student loan portfolio to North Texas Higher Education Authority. The transfer is scheduled for completion in the first quarter of 2018. BND continues to own, offer and service its state-sponsored student loans that are used during college and to refinance afterward.

When the federal government recalled the federal student loan business in 2010, BND's portfolio had \$755 million in federal student loans for 57,000 borrowers. By the end of 2017, that portion of the portfolio had shrunk considerably to \$248 million for 19,000 borrowers. During the same period, BND's own state-sponsored student loan program grew from \$277 million to \$1.14 billion.

The sale of the federal student loan portfolio allows BND to eliminate numerous regulatory burdens established by the U.S. Department of Education, increase its outreach and default prevention efforts and begin the process of updating servicing and origination technology.

BND Student Loans as of 12/31/17



Student Loan Refinancing

More than 10,000 North Dakota residents have refinanced their student loans with BND. After refinancing federal, DEAL and private student loans into one loan with a lower interest rate, some borrowers are choosing to pay their loans off more quickly by making the same monthly payment amount they made prior to refinancing. Others choose to pay the lower refinanced monthly payment amount to increase their discretionary income.

Average DEAL One Loan
\$48,876

10,000+ DEAL One Loan
 borrowers

\$534 million refinanced since April 2014

BND average annual interest rates

North Dakota residents and out-of-state students attending a North Dakota college receive preferred interest rates.

	Fixed Interest Rate APR*	Variable Interest Rate APR*
2013	5.14%	1.78%
2014	5.40%	1.73%
2015	4.94%	1.78%
2016	4.61%	2.16%
2017	5.06%	2.67%

*The Annual Percentage Rate (APR) for these borrowers is the same as the stated rate because BND pays the fees.

BND invests in higher education

BND invests in programs that help North Dakotans achieve their higher education goals. Collaboration with local volunteers, high school counselors and college personnel aids in the success of these programs.

Program	Description	2016	2017
College SAVE New Baby Match (formerly Children FIRST Grant)	Since inception, 5,086 children have received this match. There were 971 newborns who enrolled in 2017.	\$193,100	\$188,245*
College SAVE BND Match (formerly North Dakota Matching Grant)	There are 5,031 BND Match accounts; 631 were approved in 2017.	\$296,443	\$310,236*
Career Discovery ND	Ten or more North Dakota communities host college preparation events annually.	\$53,828	\$0**
College Application Month	BND paid one \$35 application fee for every ND high school senior who applied to a ND college during their school's event.	\$92,750	\$112,675
Dual Credit Assistance	Low-income students receive assistance to pay for up to two college courses per year while in high school.	\$297,014	\$256,758
GED Exams	The first and final GED exam fees are covered by BND.	\$10,000	\$15,840
Indian Youth Leadership Academy	Native American youth gather in Bismarck for this weeklong, annual leadership conference.	\$20,000	\$20,000
North Dakota Dollars for Scholars	BND provides scholarship funding for the local Dollars for Scholars chapters and the North Dakota Dollars for Scholars state chapter.	\$99,408	\$104,478
RUReadyND.gov	This website provides career exploration, personal assessments, ACT preparation and financial aid information.	\$293,000	\$133,000
Scholarships	BND provides Real DEAL scholarships to high school seniors who have a 2.5 GPA or higher, are involved at the high school or in the local community and are planning to attend a North Dakota college.	\$25,000	\$21,500

* Actual receipt of New Baby Match and BND Match funds requires a match from another depositor, typically a family member.

** BND partnered with local banks to cover the expenses.



BND 
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