



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **PUBLIC DISCLOSURE**

**April 12, 2010**

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

First National Bank & Trust Co. of Williston  
Charter Number 14275

22 East Fourth Street  
Williston, ND 58802

Office of the Comptroller of the Currency

Minneapolis Field Office  
222 South Ninth Street, Suite 800  
Minneapolis, MN 55402-3371

**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 First National Bank & Trust Company of Williston (FNB) has a satisfactory record of helping to meet the credit needs of the assessment area (AA) it serves. Factors contributing to this rating include the following:

- The bank’s quarterly average loan-to-deposit ratio is reasonable.
- FNB originates a majority of its loans within the AA.
- Lending to consumer borrowers of different income levels and commercial borrowers of different sizes reflects reasonable penetration.
- The geographic distribution of consumer and commercial loans reflects reasonable dispersion.

**SCOPE OF EXAMINATION**

We assessed the bank’s record of meeting the credit needs of the entire community, consistent with the provisions set forth in the Community Reinvestment Act (CRA) for the period beginning March 31, 2004, and ending February 28, 2010. In order to determine the bank’s lending performance, we reviewed a sample of loans based on the dollar volume and number of loan originations for the period beginning January 1, 2008, and ending February 28, 2010. Commercial loans are a primary product based on the dollar volume of originations of 73%. Consumer loans are a primary product based on the number of originations of 54%.

The table below illustrates the dollar volume and number of originations for the evaluation period.

<b>Loan Type</b>	<b>% by #</b>	<b>% by \$</b>
Agricultural (including real estate)	13.82	12.01
Commercial (including real estate)	25.50	73.39
Consumer	53.60	7.13
Residential Real Estate	7.08	7.47

We initially selected a random sample of 20 loans from each of the primary products in order to evaluate lending within the AA. Additional files were selected as needed so all loans in the samples were made in the AA. These loans were then used to evaluate the income distribution and geographic distribution performance criteria. The expanded samples were necessary to confirm that the results of the initial geographic distribution test were representative of the bank’s lending throughout the AA. To accomplish this, we expanded both primary product samples to 60 loans made in the AA. We used 2000 U.S. Census information and 2009 Business Geodemographic Data for comparison purposes.

## **DESCRIPTION OF INSTITUTION**

FNB is a \$238 million bank headquartered in Williston, ND. FNB is located in the northwest corner of North Dakota in Williams County. The bank is wholly owned by Jorgenson Holding Company (JHC), a three-bank holding company located in Kenmare, ND. Holding company total assets of \$378 million consist solely of the three banks. Affiliate banks include The Citizens State Bank of Mohall, ND, (\$46 million), and State Bank and Trust of Kenmare, ND, (\$94 million).

FNB has four branch locations. One branch is located at the north end of Williston and the other three are located in the communities of Crosby, Lignite, and Ray. The bank operates 4 onsite non-deposit taking automated teller machines (ATMs) – one at each bank location except the Lignite branch. FNB also operates 13 offsite non-deposit taking ATMs, 11 at various businesses in Williston and 2 at businesses in Crosby.

The bank offers traditional banking products in addition to trust services. During the evaluation period, lending activity focused on commercial and consumer loans. In addition, management purchased a number of large commercial loans from various institutions. As of December 31, 2009, the bank's net loans and leases totaled \$140 million or 59% of the bank's total assets. The loan portfolio was comprised of commercial loans (71%), agricultural loans (13%), residential real estate (9%), and consumer loans (6%).

FNB received a rating of Satisfactory at the last CRA examination dated March 29, 2004. There are no legal, financial, or other factors that impede the bank's ability to help meet the credit needs of its AA.

## **DESCRIPTION OF ASSESSMENT AREA**

FNB's AA includes ten contiguous census tracts (CT) located in Burke, Divide, and Williams counties of North Dakota. The AA includes nine middle-income CTs and one moderate-income CT. There are no low-income or upper-income tracts in the AA. All middle-income CTs in the AA are either distressed and/or underserved. The AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income tracts.

The population of the AA is 23,769 people, according to 2009 Projected Geodemographic Data. This represents a 2.13% decrease from the 2000 census population of 24,286. Larger cities in the AA include Williston, Tioga, Crosby, Ray, Bowbells, Powers Lake, Grenora, and Lignite. Based on 2008 U.S. Census estimates, these communities range in population from Williston at 12,641 to Lignite at 141. All other communities in the AA have populations under 140 each.

Based on 2000 U.S. Census information, there are 10,110 households and 6,572 families in the AA. Poverty levels in the AA are high with 13.00% of households below the poverty level and 9.78% of families below the poverty level.

According to the Bureau of Labor Statistics, as of February 2010, unemployment rates in Burke, Divide, and Williams County were 2.9%, 3.7%, and 2.0%, respectively. These rates are below the North Dakota and national seasonally adjusted unemployment rates of 4.0% and 9.7%, respectively.

The 2000 weighted average median household income for the AA is \$30,711. This income figure was used in determining the borrower income level for the borrower income distribution analysis. According to the 2000 U.S. Census data, the weighted average median housing value for the AA was \$48,095. Approximately 54% of the housing units in the AA are owner occupied, 19% are rental occupied, and 18% are vacant. The median gross rent for the AA is \$320.

We contacted a representative of the community to better understand the local economy and credit needs of the AA. Based on this information we determined that business loans and home construction loans help support the local community. The contact stated that FNB is active in the community on both a volunteer and lending basis.

According to the community contact, the local economy is strong. Traditionally the local economy has been dependent on the agriculture industry and more recently the oil industry. Local major employers include the hospital, agriculture related businesses, and oil industry related businesses. The area is experiencing growth and is trending toward being a younger community.

Competition among financial institutions exists in the city of Williston, but is lesser in the smaller surrounding communities. FNB's primary competitors include smaller state banks, national banks, and credit unions. There are also some large regional bank branches located in Williston. According to the June 30, 2009 FDIC Deposit Market Share Report, FNB holds 23% of the market share in the AA. The remaining institutions have market shares ranging from 31% to just less than 3%.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

### **Loan-to-Deposit Ratio**

FNB of Williston's net quarterly average loan-to-deposit (LTD) ratio is reasonable given the bank's financial capacity, lending opportunities available in the AA, and comparison to similarly situated institutions. From March 31, 2004 to December 31, 2009, the bank's quarterly LTD ratio ranged from 58.02% to 85.95% and averaged 73.75%.

When compared to four similarly situated institutions in the AA, FNB is ranked second out of five banks. The bank's have asset sizes ranging from \$40 to \$334 million with LTD ratios of 28.35% to 81.17%. The average LTD ratio for all five banks is 57.42%.

Institution	Assets 12/31/2009	Quarterly Average LTD Ratio
Liberty State Bank	\$40 million	81.17%
<b>First National Bank &amp; Trust Co. of Williston</b>	<b>\$238 million</b>	<b>73.75%</b>
American State Bank & Trust Company of Williston	\$334 million	56.56%
The Bank of Tioga	\$80 million	47.27%
Farmers State Bank of Crosby, North Dakota	\$48 million	28.35%

### Lending in Assessment Area

The bank originates a majority of its loans within the AA, meeting the standard for satisfactory performance for lending within the AA. Of the 20 commercial and 20 consumer loans sampled, the bank originates 80% of these loans by number within the AA. The following table summarizes the bank's lending activity within the AA during the evaluation period.

Lending in the Assessment Area										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total (000's)
	#	%	#	%		\$ (000's)	%	\$ (000's)	%	
Consumer	18	90.00	2	10.00	20	135	69.95	58	30.05	193
Commercial	14	70.00	6	30.00	20	2,545	39.23	3,943	60.77	6,488
Totals	32	80.00	8	20.00	40	2,680	40.11	4,001	59.89	6,681

Source: Loan Sample

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

Lending to borrowers of different incomes and businesses of different sizes reflects reasonable penetration. Both commercial and consumer loans meet the standard for satisfactory performance.

#### Consumer Loans

Consumer lending in the AA meets the standard for satisfactory performance. The following chart illustrates that the bank significantly exceeds the demographics for moderate-income households, but is lower than the demographics for low-income households. One factor contributing to the lower penetration of loans to low-income households is that the level of households in the AA below the poverty level is 13% and the level of low-income households below the poverty level is 18%. These borrowers have a higher degree of difficulty in qualifying for credit. In addition, the bank originated 15% of loans in the sample by dollar volume to low-income borrowers.

<b>Borrower Distribution of Consumer Loans in the AA</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% 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	24.38	10.00	17.66	30.00	19.43	25.00	38.54	35.00

Source: Loan Sample, 2000 U.S. Census Data

### Commercial Loans

Commercial lending in the AA overall meets the standard for satisfactory performance. The following chart illustrates that the bank's distribution of loans to businesses with gross revenues less than or equal to one million dollars by number exceeds the demographics. While the bank exceeds the demographics, we also considered that nearly 27% of the businesses in the AA did not report their revenue. It is possible that a portion of these businesses have gross revenues less than or equal to one million dollars which would increase the demographics.

<b>Borrower Distribution of Loans to Businesses in the AA</b>				
Gross Business Revenues	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	70.03	3.26	26.71	100%
% of Bank Loans in AA by #	80.00	20.00	0.00	100%
% of Bank Loans in AA by \$	42.23	57.77	0.00	100%

Source: Loan Sample, 2009 Business Geodemographic Data

### Geographic Distribution of Loans

FNB's geographic distribution of loans to borrowers and businesses in different income CTs reflecting reasonable dispersion. Both commercial and consumer loans meet the standard for satisfactory performance. The bank lends to borrowers in most income tract levels.

#### Consumer Loans

The geographic distribution of consumer loans reflects a reasonable dispersion through the AA. The following chart illustrates that the bank's consumer lending to borrowers in moderate-income CTs is lower than the demographic ratio of AA households. For consumer lending, this level of lending typically does not meet the standard for satisfactory performance and is considered poor dispersion. This is particularly true when considering that the bank's Lignite branch is located in the moderate-income CT. But, we also considered that all of the middle-income CTs in the bank's AA are distressed and/or underserved, and that the bank exceeds the demographics for households in these middle-income tracts. Therefore, the bank does not purposely exclude lending to individuals in the moderate-income CT and the performance under this criterion is considered satisfactory.

Geographic Distribution of Consumer Loans in the AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% 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	0.00	0.00	5.34	3.33	94.66	96.67	0.00	0.00

Source: Loan Sample, 2000 U.S. Census Data

*Commercial Loans*

The geographic distribution of commercial loans reflects a reasonable dispersion through the AA. Considering the location of the Lignite branch, the following chart illustrates that the bank’s commercial lending to businesses in moderate-income CTs is significantly lower than the demographic ratio of AA businesses. For commercial lending, this level of lending typically does not meet the standard for satisfactory performance and is considered poor dispersion. However, we also considered that all middle-income CTs in the AA are either distressed and/or underserved, and that the bank exceeds the demographics for businesses in those middle-income CTs. Therefore, the bank does not purposely exclude lending to individuals in the moderate-income CT and the performance under this criterion is considered satisfactory.

Geographic Distribution of Loans to Businesses in the AA								
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	5.42	1.67	94.58	98.33	0.00	0.00

Source: Loan Sample, 2009 Business Geodemographic Data

**Responses to Complaints**

FNB and the OCC have not received any complaints related to the bank’s CRA performance since the previous examination.

**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 credit needs.