



SMALL BANK

Comptroller of the Currency
Administrator of National Banks
Washington, DC 20219

PUBLIC DISCLOSURE

March 29, 2004

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

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

**22 East Fourth Street
Williston, ND 58802**

**Comptroller of the Currency
North Dakota & NW Minnesota
3211 Fiechtner Drive, SW
Fargo, ND 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.

Institution's CRA Rating: This institution 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. Factors contributing to this rating include the following:

- First National Bank & Trust Company of Williston's loan-to-deposit is reasonable.
- The bank's overall lending to households of different income levels and to businesses and farms of different sizes is comparable to the demographic information of the assessment area.
- The geographic distribution of loans reflects a satisfactory dispersion throughout the assessment area given the bank's size, financial condition and the credit needs of the assessment area.

Description of Institution

First National Bank & Trust Company of Williston (FNB) is a \$142 million bank located in Williston, ND and is wholly owned by Jorgenson Holding Company (JHC). JHC is a three-bank holding company with total assets of \$239 million and is headquartered in Kenmare, ND. FNB is located in northwestern North Dakota in Williams County.

The bank has three branches located in the communities of Crosby, Lignite, and Ray. The bank also has a paying and receiving station on the north end of Williston. The bank operates eighteen ATMs throughout the assessment area of the bank.

The bank's loan portfolio is diverse. As of March 31, 2004, the composition of the portfolio was as follows:

Loan Portfolio Composition	\$ (000)	%
Commercial (including real estate)	67,090	72%
Agricultural (including real estate)	12,595	14%
Residential Real Estate Loans	4,093	4%
Consumer Loans	5,848	6%
Other (state & political subdivisions)	3,655	4%
Total	93,281	100%

FNB offers traditional banking products in addition to trust services. During the assessment period, lending practices focused on small business, agriculture, and consumer loans. In addition, management purchases a number of large commercial loans from various financial groups. As of March 31, 2004, net loans represent 64% of total assets and the bank's Tier One Leverage Capital is 10.7% or \$15 million. There are no legal or financial impediments that restrict the bank's ability to meet the credit needs of the community.

FNB was rated Satisfactory at the last CRA examination dated October 19, 1998.

Description of First National Bank & Trust Company of Williston's Assessment Area

FNB's assessment area (AA) includes ten contiguous census tracts (CT) located in Williams, Divide, and Burke 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. The AA meets the requirements of the regulation and does not exclude any low- or moderate-income geographies. Cities in the AA include, but are not limited to Williston, Ray, Crosby, Bowbells, Powers Lake, Tioga, and Lignite. The community of Williston is the largest in population with 12,512 people based on the 2000 census information. This constitutes 63% of Williams County's population and 52% of FNB's AA population. The remaining communities are small in nature with populations of under 1300 people.

Competition among financial institutions exists in the city of Williston as well as in the smaller communities in the surrounding counties. FNB competitors include various state banks, national banks, and two credit unions. In total deposits, FNB has a market share of 18%, which is second out of twelve institutions in the AA. The remaining institutions have market shares ranging from 25% to less than 1%.

The bank's AA is dependent on agriculture and the service industries. Local employers include the hospital and nursing home facilities, the public school and state university, and local government agencies.

Information from the Bureau of Labor Statistics lists the 2003 unemployment rates for Williams, Divide, and Burke counties at 3.3%, 2.3%, and 2.1%, respectively. The average unemployment for North Dakota is 3.5% and 6.0% nationwide.

During our evaluation, we contacted a community agency to better understand the credit needs of the AA. Based on this information we determined that the financial institutions in the area are effectively meeting the community's needs.

The demographics of the AA are illustrated on the next page. The information is based on 2000 census data unless otherwise noted.

DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF AA	
<i>Population</i>	
Number of Families	6,572
Number of Households	10,110
Number of Low-Income Families	1,240
% of Low-Income Families	19%
Number of Moderate-Income Families	1,285
% of Moderate-Income Families	20%
Number of Middle-Income Families	1,674
% of Middle-Income Families	25%
Number of Upper-Income Families	2,373
% of Upper-Income Families	36%
<i>Geographies</i>	
Number of Census Tracts	10
% Low-Income Census Tracts	0%
% Moderate-Income Census Tracts	10%
% Middle-Income Census Tracts	90%
% Upper-Income Census Tracts	0%
<i>Median Family Income (MFI)</i>	
2000 MFI for AA	\$39,695
<i>Economic Indicators</i>	
Unemployment Rate	3%
2004 Median Housing Value	\$48,095
% of Households Below Poverty Level	13%

Loan Sampling

The bank's primary loan types were determined by reviewing all loans originated from October 19, 1998 through March 31, 2004.

For purposes of this evaluation, the primary loan types are small business loans, agricultural loans, and consumer loans. Business loans account for 77% of the dollar volume and consumer loans represent 52% of the number of loans originated. Agricultural loans comprise 24% of the number and 14% of the dollar volume of all loan originations made during our evaluation period. The bank identifies these three loan types as primary loan products.

To conduct our analysis we applied statistically valid sampling techniques to select a sample of forty consumer loans, forty business loans, and forty agriculture loans. After initial sampling to determine the bank's lending within the AA, additional files were selected as needed so all loans in the sample were made in the AA. These loans were then used to conduct the analysis of lending to borrowers of different incomes and to businesses and farms of different sizes. For the analysis of the geographic distribution of loans, we used the twenty loan originations from our sample made in 2003 only. These loans were compared to the 2000 census information which included one moderate-income CT. Using 1990 census information, none of the CTs in the bank's AA were low- or moderate-income and, therefore, the information would not be meaningful for loans originated in 2002.

The table below shows a breakdown of all originations in our review period.

Loan Products	#	%	\$ (000)	%
Agricultural Loans	845	24%	\$34,752	14%
Commercial Loans	707	20%	\$190,383	77%
Consumer Loans	1,850	52%	\$16,234	7%
Residential Real Estate Loans	129	4%	\$6,296	2%
Total	3,531	100%	\$247,665	100%

Conclusions about Performance Criteria

Loan-to-Deposit Ratio

FNB's loan-to-deposit (LTD) ratio meets the standard for satisfactory performance given the size and financial condition of the bank, assessment area needs, and local economic conditions. Since the last CRA evaluation, the bank's quarterly average LTD ratio is 77%.

When compared to four similarly situated institutions in the AA, FNB is ranked second out of five banks. These banks have asset sizes ranging from \$26 to \$189 million with LTD ratios of 44% to 83%. The average LTD ratio for all five banks is 64%.

Institution	Assets (as of 12/31/04)	Average LTD Ratio
Liberty State Bank	\$26 million	83%
<i>First National Bank & Trust Co. of Williston</i>	<i>\$144 million</i>	<i>77%</i>
American State Bank & Trust Co. of Williston	\$189 million	65%
The Bank of Tioga	\$52 million	50%
Farmers State Bank of Crosby	\$49 million	44%

Lending in Assessment Area

The FNB meets the standard for satisfactory performance for lending within the AA. Eighty-seven percent of the number and thirty-six percent of the dollar volume of loans are originated from within the AA.

The dollar volume of loans made within the AA are considerably lower than the number of loans made within the AA due to the significant volume of business loans that are purchased from financial organizations outside the bank's lending area. This is a result of low loan demand in the bank's AA as demonstrated in the average LTD ratio for FNB and the comparison banks. This quarterly average of 64% is discussed above. Total purchased loans are equivalent to 55% of the total loan portfolio. Taking this into consideration, the performance demonstrates that the bank is meeting the credit needs of its AA. Refer to the table on the following page.

TOTAL LOANS REVIEWED								
	IN ASSESSMENT AREA				OUT OF ASSESSMENT AREA			
LOAN TYPE	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Business Loan Sample	30	75%	\$2,191	27%	10	25%	\$5,951	73%
Agricultural Loan Sample	37	92.5%	\$1,239	89%	3	7.5%	\$148	11%
Consumer Loan Sample	37	92.5%	\$388	90%	3	7.5%	\$44	10%
Total Reviewed	104	87%	\$3,430	36%	16	13%	\$6,143	64%

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

Overall, lending to borrowers of different incomes and farms and businesses of different sizes meets the standard for satisfactory performance. Lending to borrowers of different incomes exceeds the standard for satisfactory performance while lending to businesses of different sizes does not meet the standard for satisfactory performance.

Consumer Loans

The borrower distribution of consumer loans to low- and moderate-income households exceeds the demographics of the AA. The following chart illustrates that 30% of the number and 24% of the dollar volume of loans sampled are to low-income households and 30% of the number and 35% of the dollar volume of loans sampled are to moderate-income households. The demographic information indicates that 24% of the households in the AA are low-income and 18% are moderate-income.

CONSUMER							
Borrower Income Level	LOW		MODERATE		MIDDLE		UPPER
% of AA Households	24%		18%		19%		39%
	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number
Loans	30%	24%	30%	35%	25%	30%	15%
							11%

Business Loans

Lending to small businesses does not meet the demographics of the AA. Of the loans included in our sample, 82.5% of the number and 72% of the dollar volume are to businesses with revenues of less than \$1 million. The demographic information indicates that 93% of the businesses in the AA have revenues in this category. Refer to the table on the next page.

BORROWER DISTRIBUTION OF SMALL LOANS TO BUSINESSES		
Business Revenues	≤\$1,000,000	>\$1,000,000
% of AA Businesses	93%	7%
% of Bank Loans in AA #	82.5%	17.5%
% of Bank Loans in AA \$	72%	28%

Agricultural Loans

Lending to small farms meets the demographics of the AA. The majority of farms located in the AA have revenues of less than \$1 million. All loans in our sample were in this category as shown in the table below.

BORROWER DISTRIBUTION OF SMALL LOANS TO FARMS		
Farm Revenues	≤\$1,000,000	>\$1,000,000
% of AA Farms	98.5%	1.5%
% of Bank Loans in AA #	100%	0%
% of Bank Loans in AA \$	100%	0%

Geographic Distribution of Loans

FNB's geographic distribution of loans throughout the AA meets the standard for satisfactory performance. No commercial loans were made in the moderate-income tract. However, this is a factor of the composition of this tract. This moderate-income tract is located in a sparsely populated geography that is dominated by agriculture.

Consumer Loans

Consumer loans made to individuals living in the moderate-income CT is equivalent to the demographics for the distribution of the AA. As illustrated in the table below, 5% of the number and 8% of the dollar volume of loans are made to moderate-income households. This is comparable to the demographic information indicating that 5% of the AA households are located in the moderate-income CT.

CONSUMER								
Census Tract Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Households	0%		5%		95%		0%	
	% of Number	% of Amount						
Loans	N/A	N/A	5%	8%	95%	92%	N/A	N/A

Business Loans

Lending to small businesses located in the moderate-income CT meets the demographics of the AA. Given the composition of the moderate-income tract, as discussed previously, the lack of sampled loans in this tract is mitigated and FNB does not purposely exclude lending to businesses in this area.

BUSINESS LOANS								
Census Tract Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Businesses	0%		5%		95%		0%	
	% of Number	% of Amount						
Loans	N/A	N/A	0%	0%	100%	100%	N/A	N/A

Agricultural Loans

Lending to small farms located in the moderate-income CT meets the demographic information. Out of the loans sampled, 10% of the number and 9% of the dollar volume are made to small farms located in this tract. The demographic information indicates that 11% of small farms are located in this area.

FARM LOANS								
Census Tract Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Farms	0%		11%		89%		0%	
	% of Number	% of Amount						
Loans	N/A	N/A	10%	9%	90%	91%	N/A	N/A

Responses to Complaints

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

Fair Lending or Other Illegal Credit Practices Review

An analysis of public comments and consumer complaint information was performed according to the OCC's risk based fair lending approach. During our evaluation, we found no evidence of illegal discrimination or other illegal credit practices.