



PUBLIC DISCLOSURE

October 09, 2015

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
Campbell Mithun Tower
222 South Ninth Street Suite 800
Minneapolis, MN 55402-3393

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 Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

The primary factors supporting this rating include:

- The bank's net Loan-to-Deposit (LTD) ratio is reasonable given the bank's size, financial condition, and the credit needs of the assessment area (AA).
- The bank originated a majority of its loans within its AA.
- Distribution of loans reflects reasonable penetration among borrowers of different income levels and businesses of different sizes.
- The bank's community development (CD) activities demonstrate adequate responsiveness to the community development needs of the AA.

Scope of Examination

This Community Reinvestment Act (CRA) evaluation assessed The First National Bank and Trust of Williston's (FNBT) performance in meeting the credit needs of its community from April 12, 2010 through October 9, 2015. FNBT was evaluated under the standards tests for Intermediate Small Banks, which includes a Lending Test and a Community Development Test.

The Lending Test focused on the bank's primary loan products based on loan originations and purchases by number and dollar volume from January 1, 2013 through June 30, 2015. The evaluation of this data was completed using two separate analysis periods. On March 12, 2014, the bank closed its branch in Burke County located at 110 Main Street, Lignite, North Dakota. Because of the closure in Burke County, 2013 data was evaluated separately from 2014 and 2015 data. The first evaluation period included Williams, Divide, and Burke counties for the year 2013. The second evaluation period included Williams and Divide counties for the years 2014 and 2015. Data for the years 2014 and 2015 were combined for analysis purposes.

Commercial loans and consumer loans were determined to be the bank's primary loan products during the sample period. Commercial loans represent the largest product by aggregate dollar amount of loans originated and purchased, and consumer loans represented the largest product by aggregate number of loans originated and purchased.

The following table illustrates the number and dollar volume of loans originated and purchased during the sample period:

Loan Originations and Purchases in 2013 through 2015		
<i>Loan Type</i>	<i>Volume by #</i>	<i>Volume by \$</i>
Commercial	17.83%	67.10%
Consumer	44.22%	4.27%
Agricultural	26.22%	15.44%
Residential Real Estate	11.73%	13.19%

Source: Bank loan origination reports for January 1, 2013 – June 30, 2015

A random sample of 20 loans from each primary product was used to evaluate lending performance within the AA. Additional loans were selected as needed to have sufficient information to analyze borrower distribution within the AA.

The CD test included a review of CD loans, qualified investments, and CD services originated or performed during the evaluation period.

Description of Institution

FNBT is a \$490 million intrastate bank headquartered in Williston, North Dakota. The bank's business strategy is to focus on its commercial and consumer lending portfolios and increase its lending with the Small Business Association and Farm Service Agency. FNBT is wholly owned by Jorgenson Williston Holding Company (JWHC), a one-bank holding company headquartered in Kenmare, North Dakota. The holding company's total assets as of June 30, 2015 were \$43 million. JWHC is not engaged in any activities that materially affect the bank's CRA performance.

FNBT operates four branches. Two branches, including the main branch, are located within the city of Williston, ND, and the other two branches are located in the cities or townships of Ray and Crosby, ND. The bank operates three non-deposit taking automated teller machines (ATMs) which are adjacent to the branches of the bank. FNBT also operates 13 off-site non-deposit taking ATMs, nine located in Williams county and four located in Divide county.

FNBT is a full service financial institution offering a variety of commercial and retail banking products as well as trust services. As of September 30, 2015, the bank's net loans and leases totaled \$185 million or 39 percent of the bank's total assets. The loan portfolio was comprised of commercial loans (72 percent), residential real estate (14 percent), agriculture (11 percent), and consumer loans (3 percent). The investment portfolio totals \$288 million or 59 percent of total assets. Investment holdings include U.S. Treasury and Agency securities (\$131 million), municipal securities (\$149 thousand), and interest-bearing bank balances (\$9 million).

There are no legal, financial, or other factors impeding FNBT's ability to help meet the credit needs in its AA. FNBT received a "Satisfactory" CRA rating at its prior CRA examination on April 12, 2010.

Description of Assessment Area

FNBT has one AA which includes Williams, Divide, and Burke counties for the year 2013 and Williams and Divide counties for years 2014 and 2015. These counties are all located in the northwestern portion of ND. The AA included eight middle-income and one upper-income census tracts (CT) in 2013, and 7 middle-income CTs and one upper-income CT in 2014 and 2015.

The Federal Financial Institution Examination Council (FFIEC) designated Burke County as distressed and underserved and Divide County as underserved in 2013. The FFIEC in 2014 and 2015 designated Divide County as underserved. There are no low-or moderate- income CTs in the AA. The AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income geographies.

In order to gather current information on the community and potential lending opportunities in the area, we contacted a community leader. We discussed with the community contact whether financial institutions in the area were meeting the credit needs of the community. The contact indicated that financial institutions are meeting the credit needs of the community. The main credit need was noted as affordable housing. The community contact did not identify any specific needs for community development services in which financial institutions could participate.

Major employers in the AA are related to oil production and mining, health care, retail, and government. The average unemployment rates in the 2013 and 2014 AAs are below the state unemployment rates of 2.9 percent in 2013 and 2.8 percent in 2014. The unemployment rates in the state of North Dakota are far below that national averages of 7.4 in 2013 and 6.2 in 2014.

Economic activity in the AA is centered in the services industry followed by agriculture, forestry, and fishing. Based on 2015 Business Geodemographic Data, services comprised of 39 percent of the AA area activity followed by agriculture, forestry, and fishing at 10 percent.

Competition from other financial institutions is moderate. Based on the June 30, 2015 FDIC market share data, there are seven different financial institutions with offices and deposits in the AA. FNBT ranks second in deposit market share, which equates to 25.01 percent or \$445 million. FNBT's primary banking competitors are American State Bank & Trust Company Williston, First International Bank & Trust, and The Bank of Tioga.

The following table shows demographic information for FNBT's AA for both 2013 and 2014/2015.

DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF THE WILLISTON AA in 2013	
Population	
Number of Families	7,099
Number of Households	11,186
% of Low-Income Families	13.82%
% of Moderate-Income Families	15.57%
% of Middle-Income Families	22.71%
% of Upper-Income Families	47.91%
Geographies	
Number of Census Tracts	9
% Low-Income Census Tracts	0.00%
% Moderate-Income Census Tracts	0.00%
% Middle-Income Census Tracts	88.89%
% Upper-Income Census Tracts	11.11%
<i>Median Family Income (MFI)</i>	
2010 MFI for AA	\$58,557
2013 FFIEC-Adjusted MFI	\$64,800
Economic Indicators	
2013 Average Unemployment Rate	1.67%
2010 Median Housing Value	\$87,325
% of Households Below Poverty Level	8.22%

Source: 2010 U.S. Census data with updated information when available

DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF THE WILLISTON AA in 2014/2015	
Population	
Number of Families	6,499
Number of Households	10,204
% of Low-Income Families	13.79%
% of Moderate-Income Families	15.36%
% of Middle-Income Families	22.50%
% of Upper-Income Families	48.36%
Geographies	
Number of Census Tracts	8
% Low-Income Census Tracts	0.00%
% Moderate-Income Census Tracts	0.00%
% Middle-Income Census Tracts	87.50%
% Upper-Income Census Tracts	12.50%
<i>Median Family Income (MFI)</i>	
2010 MFI for AA	\$58,592
2014 FFIEC-Adjusted MFI	\$64,200
Economic Indicators	
2014 Unemployment Rate	1.35%
2010 Median Housing Value	\$91,828
% of Households Below Poverty Level	8.47%

Source: 2010 U.S. Census data with updated information when available

Conclusions with Respect to Performance Tests

LENDING TEST

The bank's performance under the lending test is Satisfactory. The LTD ratio is reasonable, and the majority of loans originated were inside the bank's AA. Distribution of loans reflects excellent penetration among borrowers of different income levels and reasonable penetration among businesses of different sizes. Responses to complaints were reasonable.

Loan-to-Deposit Ratio

FNBT's net LTD ratio is reasonable given the bank's size, financial condition, and the credit needs of the AA. FNBT's quarterly ratio averaged 49.29 percent over the 22

quarters from March 31, 2010 to June 30, 2015. This ratio ranged from a quarterly low of 38.14 percent in March 2015 to a quarterly high of 70.42 percent in March 2010. FNBT's ratio showed a steady decline over these 22 quarters which decreased the overall LTD ratio during this time frame. Due to the high influx of oil income in the AA during the evaluation period, the bank has been unable to lend out funds at the same pace they are receiving deposits. This is true for the area as the other financial institutions also show depressed ratios. In addition, the demand for lending in the AA was low as a result of the high cash inflow.

FNBT's average LTD ratio ranks first among two similarly situated banks. The following table depicts the average LTD ratios of similarly situated banks, defined as banks located in the AA with total assets between \$250 million and \$700 million:

Loan-to-deposit Ratio	Assets as of	Average LTD Ratio
Institution (Headquarters)	6/30/15 (\$000s)	(1Q10-2Q15)
First National Bank & Trust Co. of Williston (Williston, ND)	\$489,977	49.29%
American State Bank & Trust Co. of Williston (Williston, ND)	\$670,720	46.23%
The Bank of Tioga (Tioga, ND)	\$291,047	32.98%

Source: Call Report Data

Lending in Assessment Area

FNBT originated a majority of its loans inside the AA. Loans originated to businesses and consumers within the bank's AA total 87.50 percent by number and 97.79 percent by dollar volume. The following table shows lending in the AA during the sample period:

Lending in Williston AA										
Loan Type	Number of Loans					Dollars of Loans (000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Consumer 2013	17	85	3	15	20	492	92.66	39	7.34	531
Consumer 2014/15	17	85	3	15	20	658	80.24	162	19.76	820
Commercial 2013	18	90	2	10	20	11,389	98.66	155	1.34	11,544
Commercial 2014/15	18	90	2	10	20	5,795	99.01	58	0.99	5,853
Totals	70	87.5	10	12.5	80	18,334	97.79	414	2.21	18,748

Source: Commercial and Consumer Loan Samples

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

Overall, FNBT's lending to borrowers of different incomes and to businesses of different sizes reflects reasonable penetration in the AA.

Consumer Loans

FNBT had excellent penetration among borrowers of different income levels in 2013. FNBT's consumer lending to low- and moderate-income borrowers significantly exceeded the demographic comparators in the 2013 AA. The following table compares the bank's consumer lending activities:

Borrower Distribution of Consumer Loans in Williston AA in 2013								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA House-holds	% of Number of Loans	% of AA House-holds	% of Number of Loans	% of AA House-holds	% of Number of Loans	% of AA House-holds	% of Number of Loans
Consumer	19.67	31.67	13.87	23.33	16.82	25.00	49.64	20.00

Source: Loan Sample; 2010 US Census Data

Business Loans

FNBT's borrower distribution of loans in 2013 reflects reasonable penetration among businesses of different sizes. Sixty percent of the bank's business loans by number were originated to businesses with gross annual revenues of \$1 million or less (small businesses). Demographic data contains a high level of businesses of unknown size, as they chose not to report the information. Although this 28 percent could potentially be additional small businesses, we have no reason to believe that the non-reporters are a disproportionate amount of small businesses. The following table shows the distribution of business loans among businesses of different sizes in the AA:

Borrower Distribution of Loans to Businesses in Williston AA in 2013				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	67.77	4.18	28.05	100
% of Bank Loans in AA by #	60.00	40.00	0.00	100
% of Bank Loans in AA by \$	53.49	46.51	0.00	100

Consumer Loans

FNBT had excellent penetration among borrowers of different income levels in 2014 and 2015. FNBT's consumer lending to low- and moderate-income borrowers significantly exceeds the demographic comparators in the AA. The following table compares the bank's consumer lending activities by borrower income level:

Borrower Distribution of Consumer Loans in Williston AA in 2014-2015								
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	19.05	35.00	13.69	20.00	16.86	20.00	50.40	25.00

Source: Loan Sample; 2010 US Census Data

Business Loans

FNBT's borrower distribution of loans reflects reasonable penetration among businesses of different sizes in 2014-2015. Fifty-eight percent of the bank's business loans by number were originated to businesses with gross annual revenues of \$1 million or less (small businesses). Demographic data contains a high level of businesses of unknown size, as they chose not to report the information. Although this 22 percent could potentially be additional small businesses, we have no reason to believe that the non-reporters are a disproportionate amount of small businesses. The following table shows the distribution of business loans among businesses of different sizes in the AA:

Borrower Distribution of Loans to Businesses in the Williston AA in 2014-2015				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	73.50	4.78	21.72	100
% of Bank Loans in AA by #	58.33	41.67	0.00	100
% of Bank Loans in AA by \$	21.74	78.26	0.00	100

Geographic Distribution of Loans

A geographic distribution analysis is not meaningful as the bank's AA consists only of middle- and upper-income geographies.

Responses to Complaints

FNBT's responses to complaints are reasonable. The bank has received CRA related complaints during this evaluation period. Specifically, the bank received three comment letters in response to the closure of a branch on March 12, 2014 located in Burke County. This branch was located approximately 36 miles from its branch in Crosby ND, 66 miles from its branch in Ray ND, and approximately 102 miles from its two offices in Williston, ND. There are two other financial institutions in Burke County, which are both approximately 25 miles from the closed branch in Burke County. Both financial institutions offer services similar to FNBT. As of the 2010 census data, the branch in Burke County serviced 155 residents in the city of Lignite and 1,968 residents in Burke County.

The branch in Burke County was closed due to limited deposit and loan activity and physical security concerns. Deposits in the area were approximately 3.1 percent of total deposits and the loans were less than 0.3 percent of total gross loans, making the branch unprofitable. In order to continue service to the residents of Burke County, the bank considered placing a deposit taking ATM in the vicinity but determined it was cost prohibitive. The bank does maintain internet banking services and a readily available phone line for consumers to continue banking with FNBT.

COMMUNITY DEVELOPMENT TEST

FNBT's performance under the CD test is Satisfactory. The bank's CD performance demonstrates adequate responsiveness to the CD needs of the AA through qualified investments, CD loans, and services. The bank's AA has a moderate level of opportunities for CD loans, qualified investments, and CD services.

Number and Amount of Community Development Loans

CD lending had a positive impact on the lending performance in the bank's AA. FNBT originated five CD loans during the evaluation period totaling \$6.99 million or 16.87 percent of the allocated Tier 1 Capital.

Number and Amount of Qualified Investments

FNBT's qualified investments are adequate in relation to the banks capacity, identified AA needs, and available investment opportunities. FNBT made eight charitable donations totaling \$222 thousand to organizations who used these funds to promote social services for LMI individuals and economic development for the area. This represents 0.54 percent of the bank's Tier 1 Capital as of September 30, 2015.

Extent to Which the Bank Provides Community Development Services

FNBT staff provided adequate responsiveness to CD services to local organizations. Five staff members provided services to six different organizations, providing financial expertise to these organizations who promote economic development and community services. Throughout the evaluation period, bank staff volunteered their expertise in roles such as board members and committee chairpersons.

Responsiveness to Community Development Needs

FNBT has shown adequate responsiveness to the CD needs throughout the evaluation period. FNBT addressed these needs primarily through its offering of bank products, services, delivery systems, and locations.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. 25.28(c), or 12 C.F.R. 195.28(c), in determining a national bank's (bank) or Federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.