



PUBLIC DISCLOSURE

October 19, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank & Trust Co. Of Williston
Charter No. 14275**

**22 East 4th Street
Williston, ND 58802**

**Office of the Comptroller of the Currency
Fargo Field Office
3211 Fiechtner Drive SW
Fargo, ND**

NOTE: 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.

GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of **First National Bank and Trust Company of Williston (FNB)** prepared by the **Office of The Comptroller of the Currency**, the institution's supervisory agency, as of October 19, 1998. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 25.*

INSTITUTION'S CRA RATING: This institution is rated **Satisfactory**.

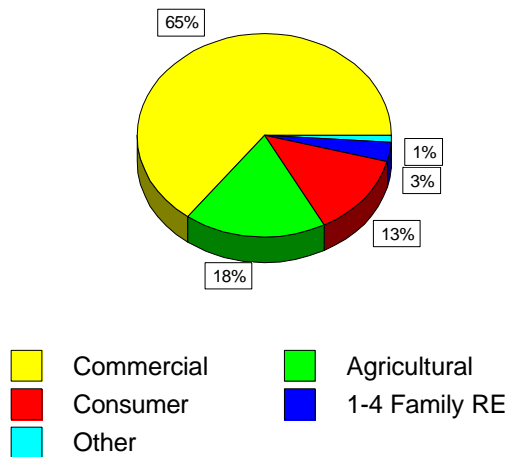
FNB is meeting the credit needs of its assessment areas.

- The bank's lending levels are reasonable, with the majority of loans being made within its assessment areas.
- Lending efforts penetrate all segments of the assessment areas and are dispersed to borrowers of all income levels.
- The bank does a good job of making loans to businesses of different revenue sizes.

DESCRIPTION OF INSTITUTION

First National Bank & Trust Company of Williston (FNB) is headquartered in Williston, North Dakota and is a wholly owned subsidiary of the Jorgenson Holding Company (JHC). JHC is a \$193 million three-bank holding company with headquarters in Kenmare, North Dakota. FNB consists of the main bank in Williston, branch offices in Crosby, Lignite, and Ray, North Dakota, as well as a paying and receiving station on the north side of Williston. The bank operates thirteen automated teller machines located onsite at the Williston bank, the Williston, Ray, and Crosby branches, and at various off-site locations throughout Williston and Crosby. The bank has neither opened nor closed any branches since the last CRA examination. At the last CRA examination dated April 12, 1995, FNB received an outstanding rating.

Portfolio Composition



As of June 30, 1998, FNB reported total assets of \$118 million and a 1.23 percent return on average assets. The bank’s loan-to-deposit ratio on that date was 66 percent and net loans represented 51 percent of total assets. The graph portrays the loan portfolio mix amongst the different types of credit. FNB offers a variety of agricultural, commercial and consumer loan products, in addition to deposit and trust services. There are no impediments which would hamper FNB’s ability to help meet the credit needs of its assessment areas.

DESCRIPTION OF ASSESSMENT AREA

The bank has two assessment areas (AA) covering six North Dakota counties and four Montana counties adjacent to North Dakota. The AAs comply with the regulation’s requirements. They have a combined population of 127,068. These markets enjoy relatively stable economies with low unemployment, but are affected by fluctuations in

agricultural conditions and oil production. Tourism generates employment opportunities throughout the AA. National and state parks attract visitors to the area as does hunting, fishing, boating, and camping around Lake Sakakawea and the Missouri River basin. A casino also attracts tourism to the region.

The North Dakota AA has a population of 98,355, includes Williams, Divide, Burke, McKenzie, Mountrail, and Ward Counties, and consists of 31 block numbering areas (BNAs). The 1998 NonMSA Median Family Income for North Dakota is \$35,800. Fifteen percent of households within the AA are currently below the poverty income level. The median average home in the AA was built in 1963 with a current average value of \$42,342. Owner occupied units account for 55 percent of all occupied housing within the AA.

The Montana AA has a population of 28,713, includes Daniels, Sheridan, Roosevelt, and Richland counties, and has 12 BNAs. The 1998 NonMSA Median Family income for Montana is \$36,100. Eighteen percent of households are currently below the poverty income level within the AA. The median average home in the AA was built in 1960 with a current average value of \$39,161. Owner occupied units account for 58 percent of all occupied housing within the AA. The following table shows key demographic data about the two AAs.

ASSESSMENT AREA PROFILES					
DEMOGRAPHIC CHARACTERISTICS	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
<i>North Dakota AA</i>					
Family Distribution	26,281	18%	18%	23%	41%
Block Numbering Areas	31	3%	3%	68%	8%
<i>Montana AA</i>					
Family Distribution	7,699	24%	20%	24%	32%
Block Numbering Areas	12	0%	25%	75%	0%

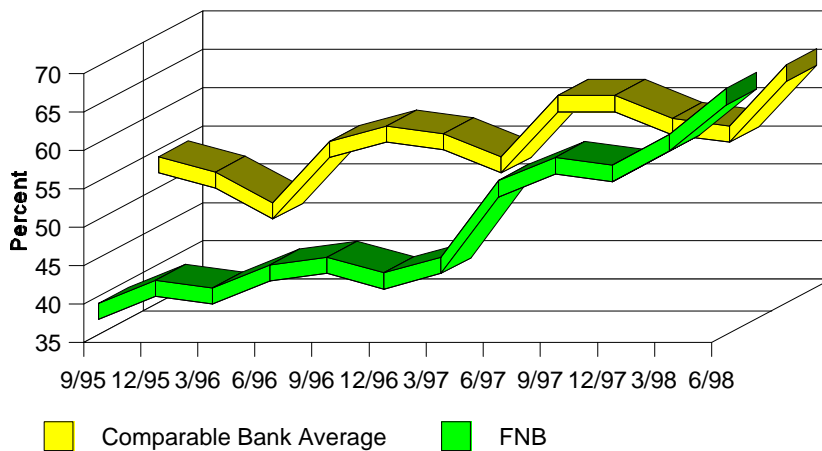
Source: 1990 Census Data, U.S. Bureau of the Census

Community contacts indicated most local credit needs are being satisfactorily met by financial institutions throughout FNB's AA. We conducted two and reviewed six community contacts within the bank's AA. These contacts included community economic development organizations, government housing agencies, and other business development groups. The community contacts identified primary credit needs which included small business start-up loans and agricultural operating and working capital loans. FNB competes for both loan and deposit business with nine financial institutions in and around Williston and numerous other financial institutions throughout their AA.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Loan-to-Deposit Analysis

Trend of Loan-to-Deposits



FNB's level of lending is reasonable. The bank's quarterly average loan-to-deposit ratio for this same period is 49 percent. This compares to the average loan-to-deposit ratio of 56 percent for twelve other comparable banks within FNB's AA. Of the thirteen banks, FNB has the fourth lowest average loan-to-deposit ratio. The twelve comparable banks average

loan-to-deposit ratios range from 37 percent to 85 percent. The bank's loan-to-deposit ratio trend has increased significantly since the last CRA examination. Since the last CRA examination, the loan-to-deposit ratio has risen from 38 percent to 66 percent.

Comparison of Credit Extended Inside and Outside of the Assessment Area

FNB extends a majority of its loans within its AAs. We used internal reports generated by the bank to analyze the extent of lending inside and outside of the AAs. We reviewed the bank's internal reports and determined that they were accurate. We based our assessment on total loan originations from June 30, 1995 to October 19, 1998. We also assessed consumer originations during the same time period because they are

FNB's main product line by number, and commercial loans because they are FNB's main product line by dollar volume.

The reports show that since June 30, 1995, FNB made 93 percent by number and 57 percent by dollar volume of 2,170 total loan originations in its AAs. More specifically, FNB made 96 percent by number and 95 percent by dollar volume of 1,221 consumer loan originations in its AAs. And, 80 percent by number and 40 percent by volume of 332 commercial loan originations in its AAs. The reports do show the bank made a high percentage of commercial loans by number in their AAs but a relatively low percentage by dollar volume. This is due to FNB's purchase of large loans from financial institutions outside of its AAs.

Distribution of Credit within the Assessment Area by Geography

The geographic distribution of loans reflects reasonable penetration in the middle and upper BNAs throughout North Dakota and in the moderate and middle BNAs in Montana.

FNB's distribution of loans in the low and moderate income BNAs in the North Dakota AA is poor. However, FNB has no offices in these BNAs, they are located over 75 miles from a FNB office in another BNA, and they are served by local institutions. One of our community contacts stated that because of distance, borrowers from the low income BNA do most of their banking with institutions that are more conveniently located. The moderate income BNA also has access to numerous institutions within a 15 mile radius of the BNA. Combined, these factors limit FNB's ability to make loans in these BNAs. In comparison, FNB successfully penetrates into the moderate income BNAs in Montana serving those BNAs with branches in close proximity. FNB originated 42 percent of its loans in the moderate income BNAs in its Montana AA. Moderate income BNAs comprise 25 percent of the total BNAs for the Montana AA.

To draw our conclusion, we sampled 186 consumer originations in the North Dakota AA and 64 in the Montana AA. The following table recaps the distribution of loans by income with FNB's AAs.

Distribution of Loan Originations within FNB's AAs By BNA Geographies						
BNA Type	North Dakota AA			Montana AA		
	# of Loans	% of Loans	% of BNAs	# of Loans	% of Loans	% of BNAs
Low Income	1	1%	3%	N/A	N/A	N/A
Moderate Income	0	0	3%	27	42%	25%
Middle Income	166	89%	68%	37	58%	75%
Upper Income	19	10%	26%	N/A	N/A	N/A
Total	186	100%	100%	64	100%	100%

Distribution of Credit within the Assessment Area by Borrower Income

The distribution of loans to borrowers reflects a good penetration among individuals of different income levels and among businesses of different sizes. Our conclusions are based on a sample of 250 consumer loans and 101 commercial loan originations made since the last CRA examination.

The distribution of loans to businesses of different revenue sizes was reasonable. We reviewed the revenue distribution of 101 commercial loans to determine the gross income levels of businesses. The following table shows that 78 percent by number and 50 percent by dollar volume of the commercial loan originations in the AAs had gross income of less than \$1 million.

Distribution of Commercial Credits within the AA By Different Gross Business Revenue Levels						
Gross Business Revenues	< \$100,000	\$100,000 to \$250,000	\$250,000 to \$500,000	\$500,000 to \$1,000,000	> \$1,000,000	Total
# of Loans	38	20	12	9	22	101
% of Loans	37%	20%	12%	9%	22%	100%

The distribution of consumer loan originations shows a reasonable penetration in the Montana AA and a good penetration in the North Dakota AA of loans to borrowers of different income levels. In its North Dakota AA, FNB originated 25 percent of its consumer loans to low income borrowers and 23 percent to moderate income borrowers (by number). This compares favorably to 1998 demographic data for the AA which shows a low income family population of 18 percent and a moderate income family population of 18 percent. In its Montana AA, FNB originated 14 percent of its consumer loans to low income borrowers and 20 percent to moderate income borrowers (by number). This also compares favorably to 1998 demographic data for the AA which shows a low income family population of 24 percent and a moderate income family population of 20 percent.

Response to Complaints

The bank received no CRA-related complaints since the previous CRA examination.

Compliance with Antidiscrimination Laws and Regulations

We did not find any violations of the substantive provisions of the antidiscrimination laws (Home Mortgage Disclosure, Equal Credit Opportunity and Fair Housing Acts) and their implementing regulations.