

PUBLIC DISCLOSURE

June 16, 2014

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First International Bank & Trust
Certificate Number: 10248**

**100 North Main Street
Watford City, North Dakota 58854**

**Federal Deposit Insurance Corporation
1100 Walnut Street, Suite 2100
Kansas City, Missouri 64106**

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.

II. INSTITUTION'S RATING

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

The Lending Test is rated Satisfactory.

The Community Development Test is rated Satisfactory.

An institution in this category has a satisfactory record of helping to meet the credit needs of its assessment areas, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities. Support for this rating is summarized below.

- The institution's average net loan-to-deposit ratio of 74 percent demonstrates a reasonable willingness to lend given the bank's financial condition and size.
- A majority of the sampled loans were extended within the assessment areas, reflecting satisfactory performance.
- The distribution of borrowers reflects reasonable penetration among businesses and farms of various revenue sizes and home mortgage borrowers of different income levels, given the demographics of the assessment areas.
- The geographic distribution of small business, small farm, and home mortgage loans reveals reasonable dispersion throughout the assessment areas.
- The institution's community development performance demonstrates an adequate responsiveness to the community development needs of its assessment areas, considering the bank's capacity and the needs and availability of community development opportunities in each assessment area. It meets these needs through community development loans, qualified investments, and community development services.

considered adequate when compared to the performance of 2 similarly situated banks with community development loan to net loan ratios of 3 percent and 2.87 percent.

Tables 14 and 15 reflect the distribution of the bank's community development loans since the previous evaluation by assessment area and community development category. The community development loans were qualified on the basis of revitalizing or stabilizing low- or moderate-income areas by creating or retaining permanent jobs, revitalizing or stabilizing distressed and/or underserved middle-income geographies by meeting essential community needs, including those of low- or moderate-income individuals, or revitalizing or stabilizing areas designated as federal disaster areas; helping to provide community services targeted to low- or moderate-income individuals; or providing affordable housing to low- or moderate-income individuals. The bank's level of community development lending in the Fargo, ND-MN MSA, Nonmetropolitan Minnesota Assessment Area, and the Phoenix-Mesa-Glendale, AZ MSA individually is limited. However, the opportunity for community development activity in the Nonmetropolitan Minnesota Assessment Area is limited. Similarly, the Fargo, ND-MN and Phoenix-Mesa-Glendale, AZ MSAs are highly competitive markets for community development activities. As such, the limited amount of community development loans in these areas is not of material concern. Details regarding community development activity in the individual assessment areas are discussed in other sections of this evaluation.

The number of qualified community development loans appears to be substantial; however, it is important to note that the majority of the loans to revitalize and/or stabilize areas were originated under the Bank of North Dakota's Rebuilders Loan Program. This program was implemented to help thousands of North Dakotans rebuild following the devastating floods of 2011. Local banks originated the rebuilder loans on behalf of the Bank of North Dakota. Specifically, FIBT originated 114 of these loans totaling approximately \$3,487,000. The bank's community development loan activity is still adequate even when not considering the rebuilder loans. Excluding the rebuilder loan activity, the bank originated 46 community development loans totaling approximately \$29,207,645, or 2.57 percent of net loans. Examples of other qualified community development loans originated by the bank are as follows:

- The bank originated a \$500,000 community service loan each year (2012, 2013, and 2014) to support a foundation with the purpose to ensure the safety, security, and protection of nursing home and United States Department of Housing and Urban Development senior housing residents against crime. These loans were originated in the Fargo, ND-MN MSA, Nonmetropolitan Minnesota Assessment Area, and the Phoenix-Mesa-Glendale, AZ MSA.
- The bank originated three affordable housing loans in 2013 totaling approximately \$6,742,500 to develop affordable housing units in western North Dakota. One of the projects was to remodel a junior high school building into income-based senior living apartments with rents ranging from \$285 to \$660 per month, which is well below the average rent in the area.
- The bank originated a \$6,900,000 loan to revitalize and stabilize a designated disaster area in the Nonmetropolitan North Dakota Assessment Area by providing financing to renovate a long-term care unit. The renovation of the facility will ensure permanent job retention for local residents, including low- to moderate-income individuals.

Table 14 - Qualified Community Development Lending Activity by Assessment Area