

PUBLIC DISCLOSURE

November 17, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Arkansas Bank and Trust Company
RSSD# 339540**

**835 Central Avenue
Hot Springs, Arkansas 71901**

**Federal Reserve Bank of St. Louis
P.O. Box 442
St. Louis, Missouri 63166-0442**

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 Reserve concerning the safety and soundness of this financial institution.

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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 **Arkansas Bank and Trust Company** prepared by the **Federal Reserve System**, the institution's supervisory agency, as of **November 17, 1997**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.*

INSTITUTION

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

Arkansas Bank and Trust Company meets the criteria for a satisfactory rating. The rating is based upon an analysis of the bank's lending performance, qualified investments, and retail and community development services.

An analysis of the bank's performance under the lending test revealed favorable responsiveness to assessment area credit needs. The loan-to-deposit ratio is excellent given the institution's size, its financial condition, the performance of its competitors, and the credit needs of the assessment area. A significant majority of the bank's loans and other lending related activities are extended within its assessment area. The distribution of borrowers reflects an acceptable penetration among individuals of different income levels and businesses of different sizes. The geographic distribution of the bank's loans reflects a satisfactory dispersion across moderate-income geographies in the assessment area. Furthermore, the institution has made a relatively high number of community development loans.

The bank's activities under the investment test are indicative of low satisfactory performance. The investment portfolio contains no qualifying community development investments. The bank does, however, make periodic monetary contributions to community development organizations and agencies that benefit low- and moderate-income individuals. The analysis reveals that the bank is adequately responsive to credit and community economic development needs.

Finally, Arkansas Bank and Trust Company's performance under the service test is considered outstanding. The bank offers service delivery systems which are accessible to all portions of the assessment area. Retail services and hours of operation are designed to make the bank's services conveniently available to all portions of the assessment area. In addition, the bank provides a relatively high level of community development services.

The following table indicates the performance level of Arkansas Bank and Trust Company with respect to the lending, investment, and service tests.

PERFORMANCE LEVELS	Arkansas Bank and Trust Company		
	PERFORMANCE TESTS		
	Lending Test	Investment Test	Service Test
Outstanding			X
High Satisfactory	X		
Low Satisfactory		X	
Needs to Improve			
Substantial Noncompliance			

DESCRIPTION OF INSTITUTION

Arkansas Bank and Trust Company is a subsidiary of First Commercial Corporation, a multi-bank holding company which reported \$6.6 billion in assets as of June 30, 1997. The institution operates ten banking facilities, which include the main office and seven branches in Hot Springs, Arkansas, and two branches in the neighboring community of Hot Springs Village, Arkansas. While each of the ten offices offer a full-range of deposit products and services, only two locations, the main office and one branch in Hot Springs Village, offer a complete range of lending services. Two other Hot Springs branches originate consumer and home equity loans only. Applications for all loan products are available at every banking facility. In addition, the bank operates automated teller machines (ATMs) at six office locations in Hot Springs and at both branches in Hot Springs Village. Two additional free-standing ATMs are provided in the city of Hot Springs.

Arkansas Bank and Trust Company is a commercial and retail institution whose primary loan products include residential real estate loans, motor vehicle loans and small business loans. As of June 30, 1997, the bank reported \$420.0 million in total assets. Given its available resources, size and financial condition, the bank has the ability to meet the credit needs of the community.

Within the Hot Springs market, a considerable level of competition exists among financial institutions. Presently, the bank considers itself to be

competing with six other area institutions of varied size and structure. The total assets of competing institutions range from \$9.6 million for a de novo institution operating in Hot Springs to \$548.7 million for a regional bank with a branch in the city.

DESCRIPTION OF ASSESSMENT AREA

The bank defines its assessment area as all of Garland County and contiguous census tract 105.02 in Saline County. In total, the assessment area contains twenty census tracts and includes the city of Hot Springs and the adjacent communities of Hot Springs Village, Jessieville, Lake Hamilton, Royal and Fountain Lake. With a population of approximately 33,000, Hot Springs is the largest city in the assessment area. Based on the 1990 census, the total population of the assessment area is 79,637.

As of the 1990 census, the median family income for the assessment area was \$25,879, compared to the statewide nonmetropolitan median family income of \$22,420. Based on the statewide figure, each of the twenty census tracts included in the assessment area can be classified according to the income characteristics of the geography.¹

¹ Low-income is defined as individual income, or in the case of a geography, a median family income that is less than 50 percent of the statewide nonmetropolitan median family income.

Moderate-income is defined as individual income, or in the case of a geography, a median family income that is at least 50 percent and less than 80 percent of the statewide nonmetropolitan median family income.

Middle-income is defined as individual income, or in the case of a geography, a median family income that is at least 80 percent and less than 120 percent of the statewide nonmetropolitan median family income.

Upper-income is defined as individual income, or in the case of a geography, a median family income that is 120 percent or more of the statewide nonmetropolitan median family income.

The following table reflects the classification of the geographies by income level, and the population distribution within those geographies:

Distribution of Census Tracts in Assessment Area by Income Level					
Census Tracts	Income Level Classification				Total
	Low-	Moderate-	Middle-	Upper-	
Number of Census Tracts	N/A	4 20.0%	9 45.0%	7 35.0%	20 100%
Population Distribution	N/A	13.4%	39.6%	47.0%	100%

As illustrated in the table above, there are no low-income geographies, four moderate-income geographies, nine middle-income geographies, and seven upper-income geographies. While 20.0 percent of the census tracts in the assessment area are classified as moderate-income, only 13.4 percent of the area's families reside within those tracts. Similarly, upper-income census tracts account for 35.0 percent of the geographies, while 47.0 percent of the area's families reside within those tracts.

Although the assessment area includes no low-income geographies, families of all income levels, including low-income, are present throughout the community. The following table represents the income characteristics of the population in the assessment area per the 1990 census:

Income Characteristics of Assessment Area Population				
Income Level	Low	Moderate	Middle	Upper
Population Percentage	17.2%	16.1%	21.3%	45.4%

Hot Springs' national reputation as a health spa resort, recreational area, and flourishing artistic community have contributed significantly to the development of tourism as a dominant source of economic support. The economic expansion experienced in the area over the last few years is due, in large part, to growth in the service sector. While this growth has led to lower unemployment, many of the added positions have been low paying jobs with few benefits, typical of the service industry. As of September 1997, the unemployment rate for the assessment area was roughly 4.0 percent. This compares favorably to the statewide rate of 5.4 percent.

The local housing market suffers from an inadequate stock of livable, affordable housing units available for owner-occupancy. Based on the 1990 census, only 31.8 percent of the assessment area's housing stock was valued at \$40,000, or less. This figure compares to the nonmetropolitan statewide distribution of 50.1 percent. Further, the median housing value for the area, at \$53,694, was 35.2 percent higher than the nonmetropolitan statewide median housing value. These figures, coupled with area income statistics, yield an affordability ratio of 0.388 percent, which is significantly lower

than the nonmetropolitan statewide ratio of 0.469 percent.² According to bank management and community contacts, the housing situation in the area has deteriorated further since the 1990 census. As a result, local civic leaders and business representatives formed the Affordable Housing Task Force to address the local housing crisis.

CONCLUSIONS WITH RESPECT TO THE PERFORMANCE TESTS:

Lending Test

Arkansas Bank and Trust Company meets the standards to receive a high satisfactory rating under the lending test performance criteria. Consideration of lending levels and patterns reveal that the bank is responsive to the credit needs of the assessment area. Loan distributions show that the bank originates a significant majority of its loans within the assessment area. Further, the distributions reveal reasonable lending penetration to borrowers

² The affordability ratio is calculated by dividing the median household income by the median housing value for a given area. The figure represents the amount of single family, owner-occupied housing that a dollar of income can produce for the median household in the area. Values closer to 1.0 percent indicate greater affordability.

of different income levels, to businesses of different sizes, and by geography. Given its size and available resources, the bank originates a relatively high volume of community development lending and exhibits an adequate level of innovativeness and flexibility in its lending practices.

As required by the Community Reinvestment Act, the bank collected and submitted data on small business and small farm loans. In addition, the bank opted to have motor vehicle, one-to-four family residential purchase, and one-to-four family residential refinance loans included in the analysis.

Combined, these five loan categories account for approximately 85 percent of the bank's loan portfolio. It should be noted, however, that the bank originated no small farm loans in 1996, and only four in year-to-date 1997. While small farm loans are included in the analysis, consideration of these loans had only minimal impact on the overall evaluation of the institution under the lending test.

Loan Distribution by Borrower Income/Business Revenue

Motor vehicle, one-to-four family residential purchase, and one-to-four family residential refinance loans were evaluated for penetration among borrowers of different income levels.³ Separately, small business and small farm loans originated by the bank were evaluated for distribution among business and farms of different revenue sizes. The reviews included all loans originated from January 1, 1996, through August 31, 1997. The dispersion of loans originated by the institution reveals acceptable loan penetration among individuals of different income levels and businesses of different sizes considering the demographics and economics of the assessment area.

The following table reflects the distribution of motor vehicle and one-to-four family residential loans to borrowers of different income:

Distribution of Loans (Number and Dollar Volume) Inside Assessment Area by Income Level of Borrower					
Loan Type	Borrower Income Classification ⁴				Totals
	Low-	Moderate-	Middle-	Upper-	
Motor Vehicle	147 6.8%	330 15.2%	483 22.2%	1,213 55.8%	2,173 100%

⁴ Distribution percentages exclude loans where income information was unavailable.

³ Depending on the year of loan origination, the borrowers' income levels were compared to either the 1996 statewide nonmetropolitan median family income of \$27,300 or the 1997 statewide nonmetropolitan median family income of \$29,500, as made available by the Department of Housing and Urban Development. Borrowers were categorized using the income definitions in footnote one.

Distribution of Loans (Number and Dollar Volume) Inside Assessment Area by Income Level of Borrower					
	\$1,129,594 4.3%	\$3,180,632 12.1%	\$5,371,676 20.5%	\$16,581,900 63.1%	\$26,263,802 100%
1-4 Family Residential Purchase	17 3.8%	39 8.7%	73 16.2%	320 71.3%	449 100%
	\$483,730 1.5%	\$1,468,875 4.6%	\$3,428,197 10.7%	\$26,743,698 83.2%	\$32,124,500 100%
1-4 Family Residential Refinance	22 3.6%	43 7.1%	93 15.3%	451 74.0%	609 100%
	\$981,775 2.2%	\$1,272,300 2.9%	\$4,158,098 9.4%	\$37,941,538 85.5%	\$44,353,711 100%
Total Loans Sampled	186 5.8%	412 12.7%	649 20.1%	1,984 61.4%	3,231 100%
	\$2,595,099 2.5%	\$5,921,807 5.8%	\$12,957,971 12.6%	\$81,267,136 79.1%	\$102,742,013 100%
Assessment Area Population	17.2%	16.1%	21.3%	45.4%	100%

As illustrated in the table, 18.5 percent of the bank's loans were originated to low- and moderate-income borrowers. In comparison, 33.3 percent of the assessment area population is classified as low- and moderate-income. While the bank's loan distribution to borrowers of low- and moderate-income levels appears somewhat low, the effect of the local housing market on the bank's lending patterns must be considered. As previously mentioned, the Hot Springs area suffers from an inadequate stock of affordable housing available for owner-occupancy. It is likely this factor creates lower demand from the low- and moderate-income segments of the population for one-to-four family residential financing. As a result, the distribution of one-to-four family residential lending to low- and moderate-income borrowers is expected to be somewhat limited. For motor vehicle loans, which comprised the majority of loans sampled, 22 percent of the loans were originated to low- and moderate-income borrowers, compared to the population percentage of 33.3 percent. Although low, this percentage does not appear to be unreasonable.

While the distribution to borrowers of different income levels is slightly weak, the bank's overall performance under this criteria is enhanced by its lending to businesses and farms of different revenue sizes. The following table shows the distribution of small business loans by business revenue level and loan size.

Distribution of Small Business Loans

Distribution of Small Business Loans				
Gross Revenue	Loan Origination Amount \$(000's)			Total Loans
	≤ \$100	> \$100 ≤ \$250	> \$250 < \$1,000	
Less than \$1 million	381 74.0%	33 6.4%	17 3.3%	431 83.7%
\$1 million or more	53 10.3%	12 2.3%	19 3.7%	84 16.3%
Total Loans	434 84.3%	45 8.7%	36 7.0%	515 100%

The table shows that 431 of the bank's 515 small business loans (83.7 percent) were made to businesses with gross annual revenues less than \$1 million. Further, 381 of those 431 loans (88.4 percent) were originated in amounts of \$100,000 or less. Overall, over 84 percent of the bank's small business loan originations were in amounts of \$100,000 or less. In addition, all four small farm loans reviewed were originated to farms with gross annual revenues less than \$500,000 and in amounts of \$100,000 or less.

Loan Distribution by Geography

The bank's assessment area contains four moderate-income census tracts, nine middle-income census tracts, and seven upper-income census tracts. There are no low-income census tracts in the bank's assessment area. The following chart depicts the distribution of the bank's motor vehicle, one-to-four family residential, small business and small farm loans across these geographies.

Geographic Distribution of Loans (Number and Dollar Volume) Across Assessment Area by Income Level of Census Tracts					
Loan Type	Census Tract Income Classification				Total
	Low-	Moderate-	Middle-	Upper-	
Motor Vehicle	N/A	269 12.2%	813 36.8%	1,130 51.0%	2,212 100%
	N/A	\$2,952,341 11.1%	\$9,746,459 36.5%	\$14,005,903 52.4%	\$26,704,703 100%
1-4 Family Residential Purchase	N/A	63 14.0%	149 33.2%	237 52.8%	449 100%

Geographic Distribution of Loans (Number and Dollar Volume) Across Assessment Area by Income Level of Census Tracts					
	N/A	\$3,169,408 9.9%	\$11,477,614 35.7%	\$17,477,478 54.4%	\$32,124,500 100%
1-4 Family Residential Refinance	N/A	40 6.6%	221 36.3%	348 57.1%	609 100%
	N/A	\$2,205,489 5.0%	\$18,731,054 42.2%	\$23,417,168 52.8%	\$44,353,711 100%
Small Business/ Small Farm	N/A	121 23.3%	191 36.8%	207 39.9%	519 100%
	N/A	\$9,318,503 27.4%	\$11,033,739 32.4%	\$13,717,538 40.2%	\$34,069,780 100%
Total Loans Sampled	N/A	493 13.0%	1,374 36.3%	1,922 50.7%	3,789 100%
	N/A	\$17,645,741 12.9%	\$50,988,866 37.1%	\$68,618,087 50.0%	\$137,252,694 100%
Population Residing in Census Tracts	N/A	13.4%	39.6%	47.0%	100%

As illustrated in the table above, the bank originated 13.0 percent of its loans in moderate-income census tracts. By dollar volume, 12.9 percent of the originations were made in those census tracts. Given that 13.4 percent of the assessment area population resides in moderate-income census tracts, the bank's distribution of loans to those geographies is reasonable.

Lending in the Assessment Area

A review of the bank's motor vehicle, one-to-four-family residential, small business and small farm loans revealed that a significant majority of the bank's loans are located within the assessment area. The following table identifies, by loan type, the number, dollar volume and percentage of loans originated inside the assessment area:

Distribution of Loans In/Out of the Assessment Area
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Distribution of Loans In/Out of the Assessment Area					
Loan Type	Sample Size	Inside Assessment Area		Outside Assessment Area	
		Number	Dollar	Number	Dollar
Motor Vehicle	3,227	2,212 68.5%	\$26,704,703 64.2%	1,015 31.5%	\$14,886,584 35.8%
1-4 Family Residential Purchase	484	449 92.8%	\$32,124,500 94.2%	35 7.2%	\$1,991,652 5.8%
1-4 Family Residential Refinance	647	609 94.1%	\$44,353,711 94.7%	38 5.9%	\$2,503,518 5.3%
Small Business/ Small Farm	572	519 90.7%	\$34,069,780 88.9%	53 9.3%	\$4,234,402 11.1%
Totals	4,930	3,789 76.9%	\$137,252,694 85.3%	1,141 23.1%	\$23,616,156 14.7%

As depicted in the table, 3,789 of the 4,930 loans reviewed (76.9 percent) were located within the assessment area. By dollar volume, over 85 percent of the loans reviewed were located inside the assessment area. It is noteworthy, however, that a substantial portion of the motor vehicle loans involve dealer paper originated outside of the assessment area. As a result, the overall distribution percentages are hampered by loans not directly made by the institution. If motor vehicle loans are excluded from the distribution analysis, 92.6 percent of the bank's loans are located inside the assessment area. This analysis reveals the bank's excellent concentration of lending in the assessment area.

Lending Activity

The bank's average net loan-to-deposit ratio for the last seven quarters reported from December 31, 1995 through June 30, 1997, is 79.0 percent. The bank's loan-to-deposit ratio is considered to be exceptional given the performance context. The performance context includes the bank's capacity to lend, the capacity of other similarly-situated banks to lend in the assessment area, demographic and economic factors, and lending opportunities available in the bank's assessment area. The average net loan-to-deposit ratios for similarly-situated competing institutions in the city of Hot Springs range from 51.8 percent to 81.2 percent.

Over the last seven quarters, Arkansas Bank and Trust Company's loan-to-deposit ratio has exhibited an upward trend. The ratio has risen from 76.3 percent at December 31, 1995 to 84.0 percent at June 30, 1997. The 84.0 percent reported last quarter represents the bank's highest quarterly ratio in several years, and was the highest among all institutions competing in the Hot Springs market.

Community Development Lending

Since the last examination, the bank has originated a relatively high level of community development loans. The bank has been actively involved in

the financing of one-to-four family and multi-family affordable rental housing. In fact, all of the bank's qualified community development loans have financed the construction, purchase or refinance of such properties. The following chart summarizes the bank's community development lending efforts:

Qualified Community Development Loans			
Entity Funded	Nature of Development	Use of Loan Proceeds	Loan Amount
Somerset Apartments	Multi-family housing units; all rents below \$550/mo.	Construction	\$1,135,000
Starlite Corporation	Multi-family housing units; all rents \$385/mo. or below	Purchase	\$450,000
Hilton Enterprises	Multi-family housing project managed by HUD	Purchase	\$138,750
Jonquil Enterprises	One-to-four family affordable rental housing	Purchase	\$36,135
Private Investors/Developers	Multi-family and one-to-four family affordable housing	Various	\$712,997
Total Community Development Loans			\$2,472,882

As shown in the table above, the bank originated \$2,472,882 in qualified community development loans. The private investors and developers group includes individuals who develop, purchase or manage affordable housing properties. Of the total loan volume in this category, \$613,497 was used for the construction of affordable multi-family housing, \$72,000 for the refinance of affordable multi-family housing, and \$27,500 for the purchase of a one-to-four family affordable housing unit.

Innovative or Flexible Lending Practices

Arkansas Bank and Trust Company offers several innovative loan products designed to increase the accessibility of credit for low- and moderate-income borrowers. These programs include the Low-to-Moderate Income Home Loan Program (the LMI Loan Program®), the Park Avenue Loan Program, and the Guaranteed Residual Investment Protection (GRI-P) financing program for indirect automobile loans. Below is a brief description of each of these programs.

The LMI Loan Program is offered in conjunction with the local Community Service Organizations (CSO) Affordable Housing Program. The CSO's program provides home buyer counseling and training for low- and moderate-income persons. Upon completion of the program, participants qualify for down payment assistance from various state agencies. The LMI Loan Program is designed to allow those potential borrowers to qualify for up to \$40,000 of credit. Loans made under the program require no points to be paid, have no origination fees, and allow closing costs to be financed into the loan amount. These loans are offered at a competitive market fixed rate for 15- or 30-year terms. Underwriting guidelines are

relaxed to allow for a loan-to-value ratio of up to 95 percent, and front- and back-end debt-to-income ratios of up to 33 and 50 percent, respectively. Since the last examination, the bank has originated 18 loans under the program totaling \$581,034.

A separate loan offering is made through the Park Avenue Community Association. The Park Avenue community is a moderate-income, historic area located north of downtown Hot Springs. Over the last several years, the area has suffered from deteriorating housing stock and falling property values. In an effort to provide local residents with an incentive to improve their properties, the bank offers a loan program with a preferential rate and terms. The program allows for an 8.5 percent annual rate, fixed for the first five years of the loan. In addition, monthly payments are lowered by longer loan terms of between 10 and 15 years. The bank's normal home improvement product calls for a rate of 9 percent and a term of three years. To date, however, no loans have been originated under the program.

The GRI P program makes it easier for persons with lower incomes and marginal credit to qualify for new automobile loans. While the program is open to all potential borrowers, the majority of customers assisted by the program are low- and moderate-income. Under the program, borrowers pay only for the portion of the vehicle's value used over the course of ownership. At the end of the loan term, the borrower has four options: (1) keep the vehicle and make the final balloon payment; (2) refinance the balance at the lender's discretion; (3) sell the vehicle and pay off the balance; or (4) return the vehicle without any further obligation. The program lowers monthly payments by 20 percent or more, and allows new car affordability for those who otherwise would only qualify for late model used cars based on income limitations. The program also ensures the dealer and lender against loss resulting from repossession.

Investment Test

Qualified Investments

Currently, the bank's investment portfolio does not contain any qualified community development investments. Through its provision of qualified community development grants, however, the bank does exhibit an adequate responsiveness to credit and community economic development needs. The following table details the bank's qualified grants made since January 1, 1996:

Qualified Community Development Grants		
Recipient Organization	Service Provided	Year of Grant
Hot Springs & North Garland Co. Boys & Girls Clubs	Various enrichment activities; majority of members are low-/moderate-income (LMI).	1996/1997
Community Counseling Foundation	Provide assistance and housing for mentally challenged; majority low-income.	1996/1997
Garland Co. Industrial Development Corporation	Approximately 60% of budget devoted to attracting and expanding small businesses.	1996
Habitat for Humanity	Housing for LMI persons.	1996

Qualified Community Development Grants		
Hot Springs Lions Clubs	Provide eyeglasses for LMI persons.	1996/1997
Homes Uniting Good Friends	Housing for low-income, mentally challenged persons.	1996
Independent College Fund of Arkansas	Scholarships based on academic merit and financial need; majority LMI recipients.	1996/1997
Junior Auxiliary of Hot Springs	Various programs for youth; over 70% of service budget targeted to LMI youth.	1996/1997
Salvation Army	Services and programs for LMI families.	1996
Park Avenue Community Association	Pursuing efforts to revitalize moderate-income section of the city.	1996/1997
Community Services Office	Affordable Housing Workshop	1996/1997
Hot Springs Development Foundation	Pursuing efforts to revitalize downtown through small business development.	1997
Visitors Chapel Church	Vast majority of congregation is LMI.	1997
Webb Center Camp Program	Summer camp for LMI children.	1997
Womens Chamber	Scholarship fund for LMI students.	1997
Quapaw Community Center	Counseling service for LMI mothers.	1997
Total Dollar Amount of Qualified Community Development Grants		\$32,600

Service Test

Given the bank's extensive branch network, hours of operation, and comprehensive product and service offerings, the bank's delivery systems are accessible to all portions of the assessment area. Further, the bank's retail services meet the needs of low- and moderate-income families and geographies in the assessment area. The institution also provides a significant number of community development services. As a result, the bank's performance under the service test is considered outstanding.

Retail Services

As previously discussed, the bank operates ten banking facilities, which include the main office and nine branches. Four of the facilities are located in moderate-income census tracts, three are in middle-income tracts, and three are in upper-income tracts. The office locations have varying banking hours, but all operate within the hours of 8:30 a.m. and 6:00 p.m. Monday thru Friday, and within the hours of 9:00 a.m. and 3:00 p.m. on Saturday. The K Roger Store branch location, located in a moderate-income geography, has the most expanded hours and is accessible via the city's mass

transportation system. In addition to the ten office locations, the bank operates two free-standing A TMs. One is located in a moderate-income census tract, while the other stands in a middle-income tract.

The bank offers a full-range of loan products, including agriculture, consumer, commercial, construction, home mortgage, and home improvement loans. The bank also offers mobile home loans and an affordable housing loan program. Credit cards are offered through the bank by First Commercial Corporation. A comprehensive array of deposit products are offered, including no-cost checking.

A wide variety of services are also made available by the bank. Bank-by-phone permits customers to access an automated system for determining account balances, verify check clearings and deposit activity, and inquire about credit card accounts. In addition, customers may speak with customer service representatives to initiate transactions from or between accounts. Bank-by-mail allows customers to access account information and initiate account transactions. The bank also offers trust and investment services.

Community Development Services

Overall, the institution provides a significant number of community development services. Bank employees serve in various capacities to improve the level of community and financial services available to low- and moderate-income persons residing in the Hot Springs area. The following table lists and describes the qualified community development services undertaken by bank personnel:

Qualified Community Development Services		
Organization Served	Nature of Qualified Service	Year Served
Junior Auxiliary of Hot Springs	Serve on Finance Committee; organization provides services for LMI persons.	1996/1997
Hot Springs Rehabilitation Volunteers	Serve on Finance Committee; group provides funding to meet critical needs of LMI persons.	1996/1997
Quorum Court	Provide expertise as Finance Chairman on funding decisions for housing, medical care and special needs for LMI individuals.	1996/1997
Garland County Industrial Development Corporation	Provide technical expertise in managing budget for creation and expansion of small businesses.	1996/1997
Community Counseling Foundation	As Trustee and Chairman, provide financial expertise; organization serves mentally challenged LMI individuals.	1996/1997
Hot Springs Development Foundation	Provide financial expertise; organization provides monetary and technical assistance to small businesses.	1996/1997

Qualified Community Development Services		
Hot Springs Area Community Foundation	Serve as Treasurer; organization funding for LMI persons to participate in local programs.	1996/1997
Ouachita Children's Center Board of Directors	As President, provides technical assistance; center provides housing for LMI juveniles.	1996/1997
Neighborhood Revitalization Task Force	Serve on Finance Committee; organization identifies, prioritizes and funds housing projects to benefit LMI individuals.	1997
Community Services Organization	Provided financial expertise in teaching Affordable Housing Program classes.	1996/1997

Seven bank employees participated in the ten community organizations described above. In fulfilling their duties for those organizations, those seven employees logged over 550 hours of qualified community development service.

Additional Information

A fair lending analysis was performed to assess compliance with the Equal Credit Opportunity and the Fair Housing Acts. The analysis revealed that the bank is in compliance with the substantive provisions of the antidiscrimination laws and regulations. Further, results of the analysis suggested that applications were actively solicited from all segments of the bank's assessment area.

SCOPE OF EXAMINATION			
TIME PERIOD REVIEWED	January 1, 1996 to August 31, 1997		
FINANCIAL INSTITUTION	PRODUCTS REVIEWED		
Arkansas Bank and Trust Company	Motor Vehicle		
Hot Springs, Arkansas	One-to-Four Family Residential Purchase		
	One-to-Four Family Residential Refinance		
	Small Farm		
	Small Business		
AFFILIATE(S) REVIEWED	AFFILIATE RELATIONSHIP		PRODUCTS REVIEWED
None			
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
ARKANSAS	On-site	None	

Garland County 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119 Saline County 105.02			