PUBLIC DISCLOSURE

January 10, 2000

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

One Bank and Trust
RSSD# 568144

300 West Capitol
Little Rock, Arkansas 72203

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 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 ***One Bank and Trust*** *prepared by the* ***Federal Reserve Bank of St. Louis****, the institution's supervisory agency, as of January 10, 2000. The agency evaluates performance in assessment area(s), as they are delineated by this 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 C.F.R. Part 228.*

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

One Bank and Trust (One Bank) meets the criteria for a satisfactory rating. An institution in this category has a satisfactory performance record and participates in activities undertaken to help meet the credit needs of its entire assessment area, particularly in low- and moderate-income (LMI) neighborhoods and to LMI borrowers. This performance is in a manner consistent with institutional capacity and constraints, assessment area credit needs and opportunities, relevant demographic and economic factors, and safe and sound banking practices.

DESCRIPTION OF INSTITUTION

One Bank is an affiliate of One Financial Corporation, a one-bank holding company headquartered in Little Rock, Arkansas. The bank operates thirteen banking locations with automatic teller machines (ATMs) in Pulaski, Faulkner, Van Buren, Saline, and Searcy Counties, Arkansas. Four of the 13 locations are full-service, and six offer deposit, ATM, and loan services. One location does not offer an ATM. Loan applications are accepted at all locations, but all applications are processed at the main bank facility. Five branches have been opened since the last examination conducted by the Office of the Comptroller of the Currency on March 5, 1998. The bank received a satisfactory CRA rating at that examination.

As of September 30, 1999, the bank reported total assets of $176.1 million, with net loans and leases representing 52.1 percent of total assets. A significant portion of the bank's loans consist of commercial and industrial loans, followed by commercial real estate and 1-4 family residential loans. The following table reflects the bank's loan mix as of September 30, 1999.

Distribution of Total Loans[1]		
Credit Product Type	**Amount in 000s**	**Percentage of Total Loans**
Construction and Development	$ 11,715	12.7%
Commercial Real Estate	$ 16,942	18.3%
Multifamily Residential	$ 5,095	5.5%
1-4 Family Residential	$ 17,138	18.5%
Farmland	$ 1,817	2.0%
Commercial and Industrial	$ 31,377	34.0%
Loans to Individuals	$ 6,247	6.8%
Farm Loans	$ 341	0.4%
Other Loans	$ 1,716	1.8%
Total Loans	**$ 92,388**	**100%**

One Bank offers a wide range of consumer loan products such as automobile loans and loans for the purchase of recreational vehicles and equipment, both secured and unsecured. The bank also offers unsecured and secured personal loans as well as credit card loans. The bank offers fixed and adjustable rate real estate mortgage loans.

As part of the CRA assessment, the bank's performance was evaluated in relation to the performance of its competitors. Four financial institutions were identified as regional competitors with asset sizes ranging from $51.8 million to $245.6 million.

DESCRIPTION OF ASSESSMENT AREA

The bank's assessment area is comprised of the 78 census tracts in Pulaski County, the 11 census tracts in Faulkner County, three census tracts in Saline County, the four block numbering areas (BNAs) in Van Buren County, and two BNAs in Searcy County, in the state of Arkansas (see Appendix A). Pulaski, Faulkner, and Saline counties are three of the four counties comprising the Little Rock/North Little Rock Metropolitan Statistical Area (MSA 4400). Based on 1990 census tract data, the total population of the assessment area is 446,737.

[1] For purposes of this institution, total loan information is derived from gross loans and leases data as of September 30, 1999 on the Consolidated Report of Condition and Income.

The following table shows the distribution of the census tracts/BNAs within the bank's assessment area using 1990 census data.

Assessment Area Geographical Information by Income Level					
1990 Census Data	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**TOTAL**
Pulaski County	4	24	33	17	78
	5.1%	30.8%	42.3%	21.8%	100%
Faulkner County	0	4	6	1	11
	0.0%	36.4%	54.5%	9.1%	100%
Van Buren County	0	1	3	0	4
	0.0%	25.0%	75.0%	0.0%	100%
Saline County	0	0	3	0	3
	0.0%	0.0%	100.0%	0.0%	100%
Searcy County	0	2	0	0	2
	0.0%	100.0%	0.0%	0.0%	100%
Assessment Area Totals	**4**	**31**	**45**	**18**	**98**
	4.1%	**31.6%**	**45.9%**	**18.4%**	**100%**
Population Residing in Each Income Category	**9,986**	**114,869**	**210,627**	**111,255**	**446,737**
	2.2%	**25.7%**	**47.2%**	**24.9%**	**100.0%**

The majority of the assessment area population resides in middle- and moderate-income tracts, as shown above. Additionally, of the four low-income tracts, one (24.02) contains a population of only 15 based on 1990 census information.

Individuals from a local government office and a housing authority agency were contacted to obtain information about the assessment area. The contacts stated that population and economic growth is occurring, but is concentrated in the western and northern parts of the metropolitan area. In comparison, less affluent areas are located to the east and south of Little Rock. Contacts stated that moderate-income areas are experiencing some economic improvement, and estimated current unemployment at 2.8 percent. However, there remains a need for small dollar home loans and improved processing time for LMI loan approvals.

According to a 1994 US Census Bureau County Business Patterns report, the services industry (40.0 percent), retail trade (22.7 percent) and finance, insurance and real estate industries (10.3 percent) are the largest industries in Little Rock. These three industries combine to provide 73.0 percent of available employment opportunities. The Bureau of Labor Statistics reported an unemployment rate of 2.9 percent (not seasonally adjusted), which is less than the 1999 average through November of 3.3 percent.

The assessment area includes a total of 191,646 housing units. According to the 1990 census data, 4,068 units (2.1 percent) are located in low-income tracts. Of these, 43.5 percent are owner-occupied, as compared to 57.2 percent for the assessment area overall. The number of units in moderate-income tracts is higher, with 48,750 or 25.4 percent of all housing units. Mobile homes make up 9.3 percent of the overall housing units, and rental units make up 32.9 percent. For the assessment area, the housing affordability ratio is 44 percent.[2] This is similar to the affordability ratio of 45 percent for the MSA, and 46 percent for the state of Arkansas. This seems to indicate housing is less affordable to LMI borrowers in the assessment area.

[2] The affordability ratio is calculated by dividing the median household income by the median housing value and represents the amount of single family owner-occupied housing that a dollar of income can purchase for the median household in the geography. Values closer to 100 percent indicate greater affordability.

CONCLUSIONS WITH RESPECT TO THE PERFORMANCE TESTS

The bank's performance was evaluated using the CRA small bank performance standards. Loan information was taken from statistical samples of installment[3] and small business lending originated during the six months prior to the examination. Additionally, the bank's 1999 HMDA Loan Application Register data[4] was used in the analysis.

The performance standards evaluate:

- The bank' s lending to borrowers of different income levels and businesses of different sizes;
- The geographic distribution of loans within its assessment area;
- The bank' s average loan-to-deposit ratio;
- The overall level of lending within the assessment area; and
- The response to any written complaints since the last examination.

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

Lending to borrowers of different incomes shows the distribution of sampled loans inside the assessment area by the applicant's disclosed income. Borrowers are classified into low-, moderate-, middle-, and upper-income categories by comparing borrower income levels against HUD's estimated 1999 metropolitan median family income level of $45,900 and non-metropolitan median family income level of $31,800. Performance in this category is evaluated by comparing the bank's loan penetration to borrowers in each income classification to the percentage of families within the income classification. Aggregate reporting figures were also used to analyze the bank's lending activity when available.

Overall, the distribution of loans originated by the bank shows a reasonable penetration among borrowers of different income levels. The following table illustrates the penetration of 1999 HMDA and sampled installment loans among borrowers of different income levels.

Distribution of Loans (Number and Dollar Volume in $000s) Inside Assessment Area by Income Level of Borrower

[3] Installment lending included consumer and motor vehicle loans.
[4] The HMDA data included home purchase, home improvement, and multi-family loans.

Loan Type	Borrower Income Classification				TOTAL
	Low-	Moderate-	Middle-	Upper-	
1999 HMDA	4	8	17	50	**79**
	5.1%	10.1%	21.5%	63.3%	**100%**
	$64	$439	$1,210	$4,860	**$6,573**
	1.0%	6.7%	18.4%	73.9%	**100.0%**
Installment	12	16	22	35	**85**
	14.1%	18.8%	25.9%	41.2%	**100%**
	$82	$98	$132	$382	**$694**
	11.8%	14.1%	19.0%	55.0%	**100%**
TOTAL	**16**	**24**	**39**	**85**	**164**
	9.8%	**14.6%**	**23.8%**	**51.8%**	**100%**
	$146	**$537**	**$1,342**	**$5,242**	**$7,267**
	2.0%	**7.4%**	**18.5%**	**72.1%**	**100%**
Assessment Area Family Population	**19.9%**	**17.9%**	**22.0%**	**40.2%**	**100%**

One Bank's consumer installment lending reflects a fair penetration to low-income borrowers and a good penetration to moderate-income borrowers. Installment loans to low-income borrowers totaled 12 of 85, or 14.1 percent, compared to the percentage of low-income families in the assessment area of 19.9 percent. Loans to moderate-income borrowers totaled 16 of 85, or 18.8 percent, which exceeded the percentage of moderate-income families in the assessment area of 17.9 percent. The distribution of installment loans to borrowers of different income levels is satisfactory overall.

The 1999 HMDA data reflected lower levels of penetration of LMI borrowers (5.1 and 10.1 percent of loans respectively) when compared to the percentage of LMI families. This outcome was also evaluated using the context of the 1998 HMDA aggregate data for the bank's assessment area. This data reveals that in 1998, of the total HMDA lending in the assessment area, all other lenders made 1,579 loans (6.0 percent) to low-income borrowers and 3,635 loans to moderate-income borrowers (13.9 percent). One Bank's 1999 HMDA lending penetration to LMI borrowers, while slightly less than the aggregate data, is reasonable when compared to the aggregate data.

The bank's record of lending to small businesses (those with gross annual revenues of less than $1 million) is satisfactory. The following table reflects the distribution of small business loans by gross annual business revenue and loan amount.

Lending Distribution by Business Revenue Level		
Gross Revenue	**Loan Origination Amount (in 000s)**	**TOTAL**

	≤$100	<$100≥$250	>$250<$1,000	
Less Than $1 Million	29	2	3	**34**
	85.3%	5.9%	8.8%	**69.4%**
$1 Million or Greater	10	5	0	**15**
	66.7%	33.3%	0.0%	**30.6%**
TOTAL	**39**	**7**	**3**	**49**
	79.6%	**14.3%**	**6.1%**	**100.0%**

The bank considers itself a strong lender to the small business market. The bank made a large number of loans, 34 of 49 sampled, or 69.4 percent, to small businesses, which are defined as those business entities with less than $1 million in gross revenues. Of the number of loans made to small businesses, 85.3 percent were in amounts of less than $100,000. Data available through Dun and Bradstreet indicates that 86.9 percent of businesses in the assessment area are small businesses. In comparison, 61.3 percent of the total business loans originated by all reporting financial institutions in the assessment area were made to small businesses, which compares favorably with the bank's lending to small businesses. The bank's performance relative to these aggregate figures indicates the bank's willingness to fulfill small business borrowing needs.

At the previous examination, performed by the OCC on February 23, 1998, the bank's penetration of lending among individuals of different income levels (including low- and moderate-incomes) was rated as poor. Performance of the bank, given the demographics of the assessment area, the branch and operational structure, and the bank's institutional focus on business lending, now appears to be reasonable. The bank's lending to borrowers of different incomes and businesses of different sizes meets the definition of satisfactory performance under this performance test.

Geographic Distribution

The geographic distribution of loans in the assessment area is considered in evaluating lending performance. The bank is evaluated by comparing its loan penetration in each income category of geography to the population residing in the geography, as defined by 1990 census information. Further comparisons are included as deemed relevant. For mortgage lending, the level of lending is also compared to the percentage of owner-occupied housing units and the aggregate lending activity within each income level.

The geographic distribution of One Bank's loans demonstrates a marginally satisfactory level of penetration throughout its assessment area, primarily based on its slightly low penetration rates to LMI geographies in its residential and small business portfolios. At the last examination, the bank's performance under this criterion was assessed as "satisfactory." The prior examination focused on lending performance in HMDA and consumer installment lending. The current examination focused on HMDA, consumer installment, and business lending. The results of the current lending performance are summarized in the table below.

Distribution of Loans (Number and Dollar Volume in 000's) Inside Assessment Area by Income Level of Census Tract/BNA					
Loan Type	Census Tract/BNA Income Classification				**Total**
	Low-	Moderate-	Middle-	Upper-	
1999 HMDA	0	15	26	43	**84**
	0.0%	17.9%	30.9%	51.2%	**100%**
	$0	$758	$2,332	$4,543	**$7,633**
	0.0%	9.9%	30.6%	59.5%	**100%**
Installment	0	25	26	38	**89**
	0.0%	28.1%	29.2%	42.7%	**100.0%**
	$0	$160	$234	$338	$732
	0.0%	21.8%	32.0%	46.2%	100%
Small Business	0	10	21	18	**49**
	0.0%	20.4%	42.9%	36.7%	**100%**
	$0	$1,157	$1,253	$1,846	**$4,256**
	0.0%	27.2%	29.4%	43.4%	**100%**
Total	**0**	**50**	**73**	**99**	**222**
	0.0%	**22.5%**	**32.9%**	**44.6%**	**100%**
	0	**$2,075**	**$3,819**	**$6,727**	**$12,621**
	0.0%	**16.4%**	**30.3%**	**53.3%**	**100.0%**
Population Percentage Residing in Census Tract/BNA	**2.2%**	**25.7%**	**47.2%**	**24.9%**	**100.0%**
Owner-Occupied Housing Units	**1.6%**	**21.1%**	**49.7%**	**27.6%**	**100.0%**
Percentage of Businesses by Census Tract/ BNA	**2.1%**	**23.2%**	**45.6%**	**29.1%**	**100%**

The bank made 50 of 222 (22.5 percent) total loans sampled in LMI census tracts and BNAs. This compares with 27.9 percent of the assessment area population, which resides in LMI census tracts and BNAs. Residential lending in LMI tracts is slightly low at 17.9 percent when compared to the percentage of owner-occupied housing units in LMI tracts (21.1 percent) and the population level (25.7 percent). Although no residential loans were made in low-income tracts, this is reasonable, given that only 1.6 percent of the owner-occupied housing units are within these tracts and they contain only 2.2 percent of the area population. Consumer installment lending at 28.1 percent, however, exceeds the moderate-income population at 25.7 percent.

Since the last examination, the bank has opened five branch facilities. Two of these are located in gas station/convenience stores in moderate-income census tracts and BNAs.

One other branch is in a moderate-income census tract. The relatively short existence of the convenience store locations, combined with the inherently limited capacity to take loan applications at those locations, is a major contributing factor to the lower percentage of loans made in LMI census tracts/BNAs. Loan processing and closing is handled at the main bank. This also limits the competitiveness of One Bank in the LMI tracts.

The bank originated 20.4 percent of small business loans in moderate-income tracts, and 27.2 percent by dollar volume. Dun & Bradstreet data shows that 25.3 percent of businesses within the assessment area are located in LMI tracts. This data, when compared to lending activity, indicates that the geographic distribution of small business lending is low, but reasonable. Small business loans were not sampled for the previous examination, so a comparison to prior results cannot be made.

Loan to Deposit Ratio

The bank's loan-to-deposit (LTD) ratio meets the standard for satisfactory performance. For the previous seven quarters, the bank's average LTD ratio was 68.1 percent, as compared to averages ranging from 64.5 percent to 86.3 percent for competitor banks of similar asset size.

Name	Asset Size in 000s	Headquarters	Seven Quarter Average March 31, 1998-September 30, 1999
One Bank & Trust	$ 176,056	Little Rock, Ark.	68.1%
Competitors	$ 245,583	Little Rock, Ark.	83.80%
	$ 102,567	Little Rock, Ark.	72.42%
	$ 85,607	Little Rock, Ark.	86.30%
	$ 51,806	Little Rock, Ark.	64.50%

One Bank's LTD ratio has remained relatively stable over the past year, from a low of 60.9 percent as of September 30, 1998, to a high of 65.1 percent on September 30, 1998. Competitor banks' LTD ratios generally varied over a 10-percentage point range. The bank's LTD ratio is considered satisfactory given its capacity to lend, the capacity of similarly situated banks to lend, demographic and economic factors, and lending opportunities available in the assessment area.

Lending in the Assessment Area

A review of the sample of loans originated by the bank revealed a substantial majority of the loans were originated to borrowers 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 Lending Inside Assessment Area					
Loan Type	**Number in Assessment Area**		**Dollar Amount in Assessment Area**		**Total Number/Dollars**
1999 HMDA	84	87.5%	$7,633,000	93.6%	**96 $8,153,000**
Installment	89	91.8%	$732,000	86.7%	**97 $844,000**
Small Business	49	96.1%	$4,257,000	98.7%	**51 $4,315,000**
TOTAL	**222**	**91.0%**	**$12,622,000**	**94.8%**	**244 $13,312,000**

Overall, of the 244 loans sampled, 222, or 91.0 percent, were located within the assessment area. By dollar volume, $12.6 million (94.8 percent) was located within the assessment area. The bank's performance in this category is rated outstanding, as the performance exceeds the standards for satisfactory performance under this criterion.

Review of Complaints

No CRA-related complaints have been received since the prior examination.

Additional Information

A fair lending analysis focusing on Regulation B (Equal Credit Opportunity) and the Fair Housing Act was performed during the examination. The analysis revealed that the bank is in compliance with the substantive provisions of anti-discrimination laws and regulations.