

PUBLIC DISCLOSURE

May 26, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Springdale Bank & Trust

RSSD# 913847

**415 West Emma Avenue
Springdale, Arkansas 72765**

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.

TABLE OF CONTENTS

I. General Information.....	1
II. Institution Rating	
a. Overall Rating.....	1
b. Lending, Investment, Service Test Table.....	2
c. Description of Institution.....	2
d. Description of Assessment Area.....	4
e. Conclusions with Respect to Performance Tests	6
III. Appendix	
a. Scope of Examination.....	19

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 **Springdale Bank and Trust** prepared by the **Federal Reserve System**, the institution's supervisory agency, as of May 26, 1998. 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 CFR. Part 228.*

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

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

An analysis of the performance under the lending test revealed favorable responsiveness to assessment area credit needs, including a good record of serving the credit needs of low- and moderate-income individuals and small businesses. Analysis of the geographic distribution of lending activity revealed a reasonable distribution throughout all geographies by income level and good dispersion among all geographies. Furthermore, this distribution of loans reflected an adequate penetration among retail customers of different income levels and a good penetration among businesses of various sizes. A high percentage of the bank's loans and other lending-related activities are extended within its assessment area. In addition, the bank makes use of innovative and/or flexible lending practices in serving assessment area credit needs.

For the investment test, the bank exhibits an adequate level of qualified community development investments through its grants. The bank has made periodic monetary contributions to community development organizations that benefit low- and moderate-income (LMI) individuals and families. The institution does not use innovative and/or complex investments to support community development initiatives.

Finally, the bank's performance under the service test is considered good. Delivery systems are readily accessible to all portions of the bank's assessment area. Springdale Bank and Trust's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly to LMI geographies and/or

individuals. Services are tailored to the convenience and the needs of the assessment area and do not inconvenience LMI geographies and/or individuals. In addition, the bank provides a limited level of community development services.

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

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

DESCRIPTION OF INSTITUTION:

Springdale Bank and Trust is a full service, retail bank offering a wide range of both consumer and commercial loan and deposit products. The bank is a wholly-owned subsidiary of Arvest Bank Group, Inc. (Arvest), a multi-bank holding company located in Bentonville, Arkansas. The holding company reported assets of \$3.0 billion as of March 31, 1998.

The bank's branch network consists of five full service branches (including the bank's main office), four with on-site automatic teller machines (ATMs). In addition, the bank maintains one stand-alone deposit taking ATM. Bank customers also may access the Arvest ATM network, which offers over 60 ATM locations in Northwest Arkansas.

Springdale Bank and Trust has the ability to meet the credit needs of its defined assessment area based on the bank's asset size, financial condition, and other resources. As of March 31, 1998, the bank reported total assets of \$179.2 million. As of the same date, the bank reported total loans of \$129.8 million, which represents 72.4

* Note: The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

percent of total assets. Significant portions of bank asset resources are directed to such loan products as 1-4 family residential, commercial real estate, commercial and industrial, and loans to individuals (including motor vehicle). These figures, along with all loan allocation figures, are displayed in the table below.

Distribution of Total Loans		
Credit Product Type	Amount in 000s	Percentage of Total Loans
All Real Estate Loans	\$ 82,720	63.7%
Construction and Development	\$ 10,801	8.3%
Commercial Real Estate	\$ 27,935	21.5%
Multifamily Residential	\$ 2,354	1.8%
1-4 Family Residential	\$ 39,541	30.5%
Farmland	\$ 2,089	1.6%
Commercial and Industrial	\$ 25,537	19.7%
Loans to Individuals	\$ 19,623	15.1%
Farm Loans	\$ 243	0.2%
Total Other Loans	\$ 1,703	1.3%
TOTAL LOANS	\$ 129,826	100%

This is the first time this institution has been assessed under the revised CRA performance tests for large banks. The bank received an outstanding CRA rating at its previous examination conducted on September 11, 1995, from the Federal Deposit Insurance Corporation.

DESCRIPTION OF ASSESSMENT AREA:

The bank's assessment area is comprised of three census tracts in Benton County and 13 census tracts in Washington County, all of which are part of the Fayetteville-Springdale-Rogers Metropolitan Statistical Area (MSA). The following table reflects the number and population of the census tracts within the assessment area in each income category.¹

Assessment Area Geographical Information by Income Level					
1990 Census Data	Low-	Moderate-	Middle-	Upper-	TOTAL
Benton County	0 0.0%	0 0.0%	3 100.0%	0 0.0%	3 100%
Washington County	1 7.7%	1 7.7%	9 69.2%	2 15.4%	13 100%
Assessment Area Totals	1 6.3%	1 6.3%	12 75.0%	2 12.4%	16 100%
Population Residing in Each Type of census Tract	0 0.0%	2,451 4.0%	46,475 75.9%	12,323 20.1%	61,249 100%

The above table reveals that the bank's assessment area contains one low-income and one moderate-income census tract, both of which are located in Washington County.² Twelve of the 16 assessment area census tracts are categorized as middle income and as expected, a majority of the assessment area population, 75.9 percent, resides within these census tracts.

The following table displays population percentages of the assessment area families by income level, compared to the MSA population as a whole.

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 MSA 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 MSA 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 MSA 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 MSA median family income.

² The one low-income census tract had no population at the time of the 1990 census, but it is now being developed. However, statistics are not yet available regarding tract population, specific number of housing units built, or the number of businesses operating in the geography.

Assessment Area Population by Family Income Level					
1990 Census Data	Low-Income	Moderate-Income	Middle-Income	Upper-Income	TOTAL
Assessment Area	2,692 15.0%	3,259 18.1%	4,728 26.3%	7,297 40.6%	17,976 100%
MSA 2580	10,143 17.0%	11,871 19.9%	14,973 25.2%	22,588 37.9%	59,575 100%

The assessment area population percentages resemble population percentages of the entire MSA. Although the majority of assessment area census tracts are classified as middle- and upper-income geographies, LMI families are dispersed within those census tracts. Both the assessment area and the MSA, as a whole, have experienced significant population growth over the last six years. The region's population has grown from a population of 210,908 in 1990 to a population of 259,782 by year-end 1996.³

The unemployment rate for the last 12 months has averaged 3.1 percent for the Fayetteville-Springdale-Rogers MSA. The Springdale unemployment rate of slightly less than 3 percent compares favorably to the MSA unemployment figure.

The assessment area economy is diverse and is supported by a mixture of manufacturing, light and heavy industrial, and service-oriented sectors. Major employers include Tyson's Foods Inc., George's Inc., Danaher Tool Group, and Cargill Inc., which employ work forces of 2,500, 2,500, 900, and 500, respectively.

One community contact was completed as part of this assessment. In addition, two community contacts completed at previous examinations in Northwest Arkansas were utilized in conjunction with this CRA assessment. The contacts categorized the economy as strong with moderate growth. Longer selling time periods for residential homes, however, was noted as an indication of an economic slow down in the residential sector. One contact stated that the majority of new homes being constructed in the Springdale area exceeded the medium home price, which may be extending the selling time for newer homes. In addition, these contacts revealed pertinent information regarding the credit needs of the assessment area's residents and businesses. These comments were helpful in determining the context in which to evaluate the bank's performance.

CONCLUSIONS WITH RESPECT TO THE PERFORMANCE TESTS:

Lending Test

³ Statistics provided by the Northwest Arkansas Regional Planning Commission.

Springdale Bank and Trust meets the standards of a high satisfactory rating under the lending performance test. Lending levels reflect good responsiveness to assessment area credit needs, including community development lending activity. A high percentage of loans are made in the bank's assessment area. Further, loan distribution reveals reasonable lending penetration to borrowers of different income levels and to businesses of various sizes. The bank also makes use of innovative and/or flexible lending practices in serving assessment area credit needs.

The bank's performance under the lending test was evaluated using 1997 Home Mortgage Disclosure Act (HMDA)⁴ data, 1997 CRA data for small businesses, and a sample of consumer loans secured by motor vehicles that were originated in the last six months. These three loan categories are considered the bank's primary lines of business and are, therefore, indicative of the overall lending performance of the bank.

⁴ In 1997, the bank reported data on home mortgage loans consisting of home purchases, home refinancings, and home improvement loans.

Loan Distribution by Geography

The bank's origination of loans reflects good penetration throughout the assessment area.

The bank's assessment area contains one low-income tract⁵, one moderate-income tract, 12 middle-income tracts, and two upper-income census tracts. The following table illustrates the distribution of the bank's motor vehicle loans, HMDA reportable loans, and small business loans across these geographies.

Geographic Distribution of Loans (Number and Dollar Volume) Across Assessment Area by Income Level of Census Tract					
Loan Type	TRACT Income Classification				Total
	Low-	Moderate-	Middle-	Upper-	
Motor Vehicle	0 0.0%	8 8.1%	85 85.8%	6 6.1%	99 100%
	\$ 0 0.0%	\$ 71,193 7.4%	\$ 818,261 85.2%	\$ 71,292 7.4%	\$ 960,746 100%
1997 HMDA	0 0.0%	4 3.5%	96 84.2%	14 12.3%	114 100%
	\$ 0 0.0%	\$ 117,000 1.7%	\$5,876,000 82.6%	\$1,118,000 15.7%	\$7,111,000 100%
Small Business	0 0.0%	22 6.7%	271 82.9%	34 10.4%	327 100%
	\$ 0 0.0%	\$ 917,000 4.2%	\$16,527,000 75.8%	\$4,366,000 20.0%	\$21,810,000 100%
Total	0 0.0%	34 6.3%	452 83.7%	54 10.0%	540 100%
	\$ 0 0.0%	\$1,105,193 3.7%	\$23,221,261 77.7%	\$5,555,292 18.6%	\$29,881,746 100.0%
Population Percentage Residing in Census Tract	0.0%	4.0%	75.9%	20.1%	100.0%

⁵ See footnote two.

As illustrated in the table above, the number and dollar volume of all loans reviewed are consistent with the population percentages residing in each category of census tract. The bank originated 6.3 percent of the sampled loans (3.7 percent by dollar volume) in the moderate-income census tract where 4.0 percent of the assessment area population resides. The majority of the loans were originated within the middle-income census tracts (83.7 percent of the total number and 77.7 percent by dollar volume). Since approximately 75.9 percent of the assessment area population live in middle-income census tracts, it is reasonable for the majority of the loans to be in these census tracts. Further, a tract-by-tract analysis revealed lending activity within every geography inside the bank's assessment area, except the low-income census tract noted not to have any population. Consequently, the geographic distribution of loans reflects good penetration throughout the assessment area.

Loan Distribution by Borrower Income/Revenues

Residential and motor vehicle loans were reviewed to determine the level of penetration among borrowers of different income levels. Separately, small business loans originated by the bank were evaluated for distribution among businesses of various revenue sizes. The following table shows the distribution of residential and motor vehicle loans by income level of the borrower.

Distribution of Loans (Number and Dollar Volume) Inside Assessment Area by Income Level of Borrower					
Loan Type	Borrower Income Classification				TOTAL
	Low-	Moderate-	Middle-	Upper-	
1997 HMDA	9	15	25	65	114
	7.9%	13.2%	21.9%	57.0%	100%
	344,000	728,000	1,300,000	4,739,000	7,111,000
	4.9%	10.2%	18.3%	66.6%	100.0%
Motor Vehicle	12	16	31	39	98
	12.3%	16.3%	31.6%	39.8%	100%
	61,625	107,016	249,589	526,056	944,286
	6.5%	11.4%	26.4%	55.7%	100%
TOTAL	21	31	56	104	212
	9.9%	14.6%	26.4%	49.1%	100%
	405,625	835,016	1,549,589	5,265,056	8,055,286
	5.0%	10.4%	19.2%	65.4%	100%
Assessment Area Family Population	15.0%	18.1%	26.3%	40.6%	100%

The previous table indicates that of the 98 motor vehicle loans reviewed for this analysis and located within the bank's assessment area, 28.6 percent were originated to LMI borrowers. A significant number of motor vehicle loans were made for \$1,000 or less. Likewise, of 114 residential loans located within the bank's assessment area, 21.1 percent were originated to LMI borrowers. In comparison, the assessment area LMI population is 33.1 percent. For additional comparison, the 1996 MSA Aggregate HMDA indicates that 22 percent of all HMDA loans originated by all institutions in the MSA were to LMI borrowers. The bank in a further effort to accommodate LMI real estate borrowers originates FHA and VA loans through an affiliate, Arvest Mortgage Company (Arvest Mortgage). These loans are not reflected in the above figures in the table and are discussed later under the "Affiliate Lending Section." Given these factors, the distribution of borrowers reflects adequate penetration among retail customers of different income levels.

While the distribution to borrowers of different income levels is adequate, the bank's overall level of performance is enhanced by its lending to businesses of various revenue sizes. The following table reflects the distribution of small business loans by gross annual business revenue and loan amount.

Distribution of Small Business Loans				
Gross Revenue	Loan Origination Amount (in 000s)			TOTAL
	≤\$100	>\$100 ≤ \$250	>\$250<\$1,000	
Less Than \$1 Million	228	12	11	251
	69.7%	3.7%	3.4%	76.8%
\$1 Million or Greater	52	13	11	76
	15.9%	4.0%	3.4%	23.2%
TOTAL	280	25	22	327
	85.6%	7.7%	6.7%	100%

The above table demonstrates a significant volume of loans made to small businesses, which is defined as those business entities having gross annual revenues of less than \$1 million. The bank originated 76.8 percent of its commercial loans to small businesses. This compares favorably to the 1997 CRA Aggregate data percentages, which show that 76.3% of all business loans in the MSA were made to small businesses. Furthermore, of the 251 loans to small businesses, 90.8 percent were for loan amounts of \$100,000 or less, indicating a willingness to meet the credit needs of small businesses.

Lending Activity

The bank's lending activity reflects good responsiveness to assessment area credit needs given the bank's size, financial condition, and credit needs of the assessment area.

An indication of the bank's overall level of lending activity is its loan-to-deposit ratio. For the last eleven quarters, (reported from September 30, 1995, to March 31, 1998), the bank has had an average loan-to-deposit ratio of 84.5 percent. In comparison, the average loan-to-deposit ratios of the bank's four local competitors ranged from 48.1 percent to 100.5 percent. The average loan-to-deposit ratios for the bank and its competitors are displayed below.

Loan-to-Deposit Ratio Analysis			
Name	Asset Size⁶ (in 000s)	Headquarters	Average Loan to Deposit⁷
Springdale Bank and Trust	\$ 179,211	Springdale, Arkansas	84.5%
Regional Bank Competitors	\$ 359,642	Springdale, Arkansas	48.1%
	\$ 65,812	Springdale, Arkansas	99.0%
	\$ 212,704	Bentonville, Arkansas	100.5%
	\$ 36,964	Fayetteville, Arkansas	60.4%

The following table identifies the number, dollar volume, and percent of loans sampled that the bank originated inside and outside of its assessment area.

⁶ Total assets as of March 31, 1998, consolidated Reports of Condition and Income.

⁷ This figure represents an eleven quarter average going back to the quarter ending nearest the previous consumer affairs examination (September 11, 1995).

Distribution of Lending Inside Assessment Area					
Loan Type	Number in Assessment Area		Dollar Amount in Assessment Area		TOTAL Number/Dollars
Motor Vehicle	99	68.8%	\$ 960,746	66.6%	144 \$ 1,442,344
1997 HMDA	114	75.0%	\$ 7,111,000	76.8%	152 \$ 9,261,000
Small Business	327	85.2%	\$21,810,000	88.1%	384 \$24,752,000
TOTAL	540	79.4%	\$29,881,746	84.3%	680 \$35,455,344

The above table demonstrates that a high percentage of loans were extended to borrowers residing inside the bank's assessment area. Of the 680 total loans reviewed, 540 or 79.4 percent were originated within the bank's assessment area. By dollar volume, 84.3 percent of the loans reviewed were located inside of the assessment area.

Community Development Lending

Springdale Bank and Trust makes an adequate level of community development loans. In 1997 the bank made 50 community development loans totaling over \$2.7 million. These loans were mainly short-term credits of less than one year secured by residential real estate for the construction of affordable housing ("spec homes"). Furthermore, for 1998 the bank has made 10 affordable housing loans totaling \$567,000 from January 1, 1998, to the date of this evaluation.

Innovative or Flexible Lending Practices

The bank uses innovative and flexible lending practices to help meet assessment area credit needs. The bank is a member of the Federal Home Loan Bank which allows it to participate in special loan programs designed to make home loans more affordable for LMI borrowers and to promote community development and small business loan programs. Further, the bank offers Small Business Administration services and products and offers FHA and VA real estate loans through its affiliate, Arvest Mortgage Company.

Affiliate Lending

Conventional fixed rate, FHA, and VA real estate loans are available through an affiliate, Arvest Mortgage Company. The bank opted to have these loans considered to enhance the bank's overall 1-4 family residential lending performance. To limit the interest rate risk in its loan portfolio, the bank only offers adjustable rate mortgage loans. Arvest Mortgage Company offers fixed rate and government-insured loans through the bank. The loan applications are processed by bank personnel and are closed and funded by Arvest Mortgage for sale in the secondary market.

The evaluation of affiliate lending to enhance the bank's lending performance included an analysis of loans by borrower's income level and by the percent of loans within the assessment area. The affiliate originated 191 loan applications that were processed by the bank.

The following table shows the number and dollar volume of loans originated.

1997 Affiliate Lending		
Loan Type	Number	Dollar Volume
Conventional Purchase	59	6,633,000
Conventional Refinance	92	9,324,000
FHA/VA/FmHA	40	2,937,000
TOTALS	191	18,894,000

The overall level of real estate lending by the affiliate enhances the bank's lending level. Through its affiliate, the bank was able to provide financing for more loan applicants (191 loans totaling \$19 million) than the bank could individually finance (152 loans totaling \$9.3 million). The bank's real estate loans for 1997 more than doubled when combined with the affiliate. Of the 191 loans, 133 were inside the bank's assessment area. The next table demonstrates the distribution of the 133 loans by income level of the borrower.

Distribution of Loans (Number and Dollar Volume) Inside Assessment Area by Income Level of Borrower					
Loan Type	Borrower Income Classification				TOTAL
	Low-	Moderate-	Middle-	Upper-	
Conventional Purchase	2	1	6	34	43
	4.7%	2.3%	14.0%	79.0%	100%
	62,000	91,000	499,000	4,504,000	5,156,000
	1.2%	1.8%	9.7%	87.3%	100%
Conventional Refinance	1	7	17	40	65
	1.5%	10.8%	26.2%	61.5	100%
	30,000	403,000	1,200,000	5,447,000	7,080,000
	.4%	5.7%	17.0%	76.9%	100%
FHA/VA	0	9	11	5	25
	0.0	36.0%	44.0%	20.0	100%
	0	588,000	766,000	575,000	1,929,000
	0.0	30.5%	39.7	29.8	100%
TOTAL	3	17	34	79	133
	2.2%	12.8%	25.6%	59.4%	100%
	92,000	1,082,000	2,465,000	10,526,000	14,165,000
	.7%	7.6%	17.4%	74.3%	100%

As can be seen from the table above, 15.0 percent of the loans originated through Arvest Mortgage and attributable to Springdale Bank and Trust, were originated to LMI borrowers. This further supplements the bank's 21.1 percent volume of real estate loans to LMI borrowers and substantiates that the bank is responsive to assessment area credit needs.

Investment Test

Qualified Investments

The bank is rated a low satisfactory under the investment test. Although the bank has no investments, it has an adequate level of qualified community development grants. However, they do not place the bank in a leadership position. In general, the bank exhibits adequate responsiveness to credit and community development needs given the opportunity for such investments in the assessment area. It has not used innovative and/or complex investments to support community development initiatives. The bank's qualified investments consist of several community development grants, totaling \$2,632, as demonstrated in the tables below.

1998 Community Development Investment Matrix		
Organization Name	Purpose	Amount of Donation
Springdale Head Start	Funds benefit families enrolled in Head Start who cannot afford to purchase shoes.	\$ 66
Noon Kiwanis	Provides dental care to children whose families are unable to afford such services.	\$ 42
Meals on Wheels	Delivers low-cost/free meals to low-income and elderly individuals.	\$ 25
Stars In Your Eyes	Provides scholarships for individuals meeting income and scholastic performance requirements.	\$ 500
Habitat for Humanity	Constructs homes for LMI families.	\$ 500
TOTAL		\$1,133

1997 Community Development Investment Matrix		
Organization Name	Purpose	Amount and Type of Investment
United Way	Supports non-profit organizations in Springdale, which offer services to needy individuals.	\$ 1,000

1996 Community Development Investment Matrix		
Organization Name	Purpose	Amount and Type of Investment
Springdale Noon Lions/Charity Golf	Provides vision wear for those individuals who cannot afford it.	\$ 50
Springdale Noon Lions/Springfest	Provides vision wear for those individuals who cannot afford it.	\$ 100
Independent College Fund	Provides scholarships for individuals meeting income and scholastic performance requirements.	\$ 100
Schmiedings Children Center	Provides child care for LMI/working families.	\$ 100
Lions Club Fund/Fundraiser	Provides vision wear for those individuals who cannot afford it.	\$ 24
Jones Center for Families	Provides free facilities to agencies offering services aimed at LMI individuals.	\$ 75
Wal-Mart/Adopt a Family	Provides gifts to families requiring financial assistance during the holiday season.	\$ 50
TOTAL		\$ 499

Service Test

The bank is rated high satisfactory under the service test for large banks. The bank's delivery systems are readily accessible to all portions of the assessment area, given the bank's branch network, hours of operation, and loan and deposit products. Services do not vary in a way that inconveniences portions of the assessment area, particularly LMI individuals. The bank has not closed any branches in the last two years and provides a limited level of community development services.

Reasonableness of Business Hours and Services/Accessibility of Delivery Systems

The bank offers a wide range of loan products, which include direct and indirect consumer loans; adjustable rate and nonconforming real estate loans, and commercial and industrial loans. In addition, the bank offers several government guaranteed loan products, including FHA loans, VA loans, and SBA loans.

The bank operates five full-service banking locations, three of which offer drive-up facilities with extended hours from 7:30 a.m. – 7:00 p.m. Three full-service branches offer extended lobby hours from 8:30 a.m. – 7:00 p.m. In addition, the bank operates four deposit-taking ATMs, and customers have access to the Arvest network of ATMs. Additionally, three full-service branch offices and two drive-up facilities offer Saturday hours from 8:30 a.m. to 1:00 p.m. The remaining drive-up facility is open on Saturdays from 8:30 a.m. to 4:00 p.m.

Also available through Arvest is a 24 access to accounts via telephone access. Available features include: loan statements, deposit account statements, current interest rates, incoming direct deposit amounts, funds transfer between accounts, and voice broker services.

The bank has two computer systems that allow Internet access to deposit and loan accounts. One of the systems, "Cash-Man," permits commercial deposit customers to transfer funds and stop payment on checks. The bank provides these customers with specific software enabling them to access these accounts. The other system, "Banking on the Net," permits consumers to review balances of deposit and loan accounts, check account histories, transfer funds, pay bills, order checks, and download account information into financial tracking software.

Community Development Services

The bank provides a limited level of community development services. A bank loan officer, together with a group of 4-6 other individuals having finance backgrounds, put together classes addressing consumer finance topics to target LMI individuals. Also, bank personnel worked at a United Way "Day of Caring," offering record keeping services for free dental/health care clinics.

Given the bank's current resources and relatively high level of "neighborhood" services, which do not qualify under definition of community development, the bank could improve its level of community development services. That is, the bank could enhance this assessment category by targeting its current level of resources to those financially related services that benefit LMI individuals, LMI geographies, or promote the growth of small businesses within the bank's assessment area.

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.

APPENDIX A

SCOPE OF EXAMINATION			
<p>The bank's three major product lines were reviewed for analysis under the lending test. These loans used in the analysis included all of the bank's 1997 HMDA data, 1997 CRA data regarding small businesses and a sample of motor vehicle loans originated in the last six months prior to the examination. The bank provided 1997 HMDA data from an affiliate lender for additional evaluation. Also, the bank was asked to provide information concerning the number and dollar volume of community development loans, the number and dollar volume of qualified community development investments, and retail services including any qualified community development services. The bank has one assessment area, and the bank's activities in this area were reviewed using the large bank examination procedures.</p>			
TIME PERIOD REVIEWED		September 11, 1995 to May 26, 1998	
FINANCIAL INSTITUTION		PRODUCTS REVIEWED	
Springdale Bank and Trust Springdale, Arkansas		Motor Vehicle, Residential Small Business	
AFFILIATE(S) REVIEWED	AFFILIATE RELATIONSHIP		PRODUCTS REVIEWED
ARVEST Mortgage Company	Owned by same holding company		Residential Lending
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
Benton County, Arkansas 213.03, 214.02, 214.03 Washington County, Arkansas 101.00, 101.01, 101.02, 101.03, 102.00, 103.00, 104.01, 104.02, 104.03, 105.01, 105.02, 105.03, 112.00	On site	Main Office South Bank Branch	