



PUBLIC DISCLOSURE

February 21, 2017

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

One Bank & Trust, National Association
Charter Number 24136

300 W. Capitol Avenue
Little Rock, AR 72203

Office of the Comptroller of the Currency

Victory Building
1401 West Capitol Avenue, Suite 350
Little Rock, AR 72201

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.

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

The Lending Test is rated: Satisfactory.

The Community Development (CD) Test is rated: Outstanding

- The loan-to-deposit (LTD) ratio for One Bank & Trust, N.A. (One Bank) is reasonable compared to similarly situated banks in the assessment area (AA).
- The majority of home mortgage and loans to small businesses were originated within the bank's AA.
- The bank's distribution of loans to borrowers of different incomes and businesses of different sizes reflects reasonable penetration.
- The bank's distribution of loans to low- and moderate-income geographies reflects reasonable dispersion.
- One Bank demonstrates excellent responsiveness to CD needs of the AA through its level of CD loans, qualified investments, and CD services.

Scope of Examination

One Bank was evaluated as an intermediate small bank. Primary lending products including home mortgage loans (home purchase, home improvement, and refinance) and loans to small businesses were evaluated for this assessment and covered calendar years 2015 through 2016. Evaluation dates for CD loans, qualified investments, and CD services range from September 6, 2013 through February 21, 2017.

Description of Institution

One Bank is located in Little Rock (Pulaski County), Arkansas. The bank has its main office in downtown Little Rock. Additionally, there are five full-service branches in Little Rock and one full-service branch in North Little Rock. The bank is majority owned by Onefinancial Corporation, a single-bank holding company headquartered in Little Rock, AR. As of December 31, 2016, the bank reported total assets of \$306 million. Assets are centered primarily in loans (\$209 million or 69 percent of total assets) and investment securities (\$46 million or 15 percent of total assets). As of December 31, 2016, total deposits were \$263 million. Tier 1 capital was \$12.7 million.

One Bank's primary loan products are commercial real estate and residential real estate related loans. Home improvement loans are not a significant product line for the bank. One Bank offers convenient banking hours and a variety of loan and deposit products to meet the needs of the AA. Mobile banking is also available via mobile devices (smart phones and tablets).

The loan portfolio composition as of December 31, 2016, is as follows:

Loan Category	\$ (000's)	%
Residential Real Estate	80,134	38%
Commercial Real Estate	52,400	25%
Commercial and Industrial	36,420	17%
Other Loans	26,252	13%
Consumer	14,475	7%
Total	\$209,681	100%

Source: December 31, 2016 Call Report.

The Bank was rated **Satisfactory** at the last CRA examination conducted as of June 3, 2013.

Description of Assessment Area

One Bank's AA is comprised of Pulaski County, which is within the Little Rock-North Little Rock-Conway Metropolitan Statistical Area (MSA). The AA meets the requirements of the regulation and does not arbitrarily exclude any low- and moderate-income geographies. Pulaski County is located in the geographical center of AR. There are 95 census tracts (CT) in the AA based on 2010 Census information. There are 10 low-income CTs, 29 moderate-income CTs, 31 middle-income CTs, 24 upper-income CTs, and 1 CT where the income designation is not available. The population of the county was 382,748.

The Median Family Income (MFI) for the AA was \$58,911 in 2010. This income figure is used to determine the income level of individual CTs. The 2016 Housing and Urban Development (HUD) estimated MFI for Pulaski County was \$62,400. The HUD estimated MFI is updated annually and is used to determine the income level of individual applicants. The percent of households below poverty level is reported at 15 percent. The poverty level is considered high which means it is difficult for low-income individuals to qualify for mortgage financing.

The economy of the AA for this period was considered to be in moderate growth mode. The leading employment industries were government, education, medical, finance, construction, and retail. According to the 2016 Business Demographic Data, there were 30,092 businesses and 710 farms in the AA. For businesses that reported revenues, 24,074 or 97 percent reported revenues less than or equal to \$1 million. The average unemployment rate for 2016 was 3.3 percent for Pulaski County, 3.9 percent for the state of Arkansas, and 4.7 percent for the United States. The unemployment rate for Pulaski County was below average compared to the unemployment rates for Arkansas and the United States.

A community contact within the area indicated that the primary needs within the AA were affordable housing (home ownership and rental) for low- and moderate-income individuals. The contact stated that more jobs and commercial development needs to

occur in the county to put more people to work. The contact stated that all of the banks in the Little Rock area seem to be doing a good job at financing new developments.

The following table shows the demographic and economic characteristics of the AA.

Pulaski County 2016

Demographic Information for Full Scope Area: Pulaski County 2016						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	95	10.53	30.53	32.63	25.26	1.05
Population by Geography	382,748	8.16	27.93	30.78	33.13	0.00
Owner-Occupied Housing by Geography	93,672	4.94	24.33	32.20	38.53	0.00
Business by Geography	30,092	6.11	30.51	28.76	34.60	0.02
Farms by Geography	710	4.23	19.30	31.97	44.51	0.00
Family Distribution by Income Level	97,400	23.22	17.77	18.93	40.09	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	39,920	13.34	40.34	29.60	16.71	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2016 Households Below Poverty Level		58,911 62,400 15%	Median Housing Value Unemployment Rate		143,569 3.3%	

Conclusions with Respect to Performance Tests

LENDING TEST

Loan-to-Deposit Ratio

One Bank’s LTD ratio is reasonable. The LTD ratio was calculated over fourteen quarters beginning September 30, 2013 through December 31, 2016. The bank’s LTD ratio was compared to similarly situated financial institutions in the AA. The following table shows total assets as of December 31, 2016 and the quarterly average LTD ratio over the evaluation period.

Loan-To-Deposit Ratio Averages		
Institution	Total Assets (\$000's)	Average LTD Ratio (%)
Heartland Bank	205,875	89.99
First Arkansas Bank & Trust	702,959	74.53
One Bank & Trust, National Association	305,966	74.28
Central Bank	116,244	70.57
Bank of Little Rock	206,323	59.83
The Capital Bank	143,047	50.06
Eagle Bank and Trust Company	393,340	47.08

Source: Call Report Data from September 30, 2013 to December 31, 2016

Lending in Assessment Area

A majority of the number and dollar volume of One Bank's primary loan products were originated in the bank's AA. The following table details One Bank's lending within the AA by number and dollar amount of loans. Seventy-one percent of the number of loans originated in these primary loan products were made within the AA, representing \$121 million.

Lending in Pulaski County, AR – 2013 through 2016										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	171	70.95	70	29.05	241	39,651	72.03	15,399	27.97	55,050
Home Improvement	3	60.00	2	40.00	5	50	57.47	37	42.53	87
Refinance	146	74.11	51	25.89	197	45,842	75.49	14,883	24.51	60,725
Multi-family	9	75.00	3	25.00	12	7,853	70.86	3,229	29.14	11,082
Business Loans	158	69.60	69	30.40	227	27,923	71.23	11,277	28.77	39,200
Totals	487	71.41	195	28.59	682	121,319	73.06	44,825	26.99	166,144

Source: 2015-2016 HMDA data; sample of loans to small businesses.

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

Lending to borrowers of different incomes and to businesses of different sizes meets the standard for satisfactory performance. One Bank's lending demonstrated reasonable penetration throughout the AA.

Home Mortgage Loans

The distribution of home loans reflects reasonable penetration to low- and moderate-income individuals. The percentage of home purchase loans to low-income borrowers is lower than the percentage of low-income families in the AA and the percentage of home

purchase loans to moderate-income borrowers is somewhat lower than the percentage of moderate-income families in the AA. The percentage of home refinance loans to low-income borrowers is significantly lower than the percentage of low-income families in the AA and the percentage of home refinance loans to moderate-income borrowers is lower than the percentage of moderate-income families in the AA. Poor performance for home purchase and refinance loans to low- and moderate-income families within the AA is mitigated by the elevated poverty rate within the AA of 15 percent. The level of approved loans to low- and moderate-income borrowers is limited by the difficulty in finding qualified borrowers who meet prudent underwriting standards. In addition, the median home price in the AA is higher than other parts of the state at \$143,569, furthering the limited ability of low- and moderate-income borrowers to qualify for a mortgage.

Home improvement loans were not analyzed due to the low number of loan originations. One Bank originated three home Improvement loans during the evaluation period.

Borrower Distribution of Residential Real Estate Loans in Pulaski County, AR - 2016								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	23.22	2.44	17.77	12.80	18.93	15.85	40.09	68.90
Home Improvement	23.22	0.00	17.77	0.00	18.93	33.33	40.09	66.67
Refinance	23.22	1.48	17.77	6.67	18.93	14.07	40.09	77.78

Source: 2016 HMDA data; 2010 U.S. Census data.
 Source: Loan sample; 2016 Dunn and Bradstreet data.

Small Business Loans

The distribution of loans to businesses reflects excellent penetration among businesses of different sizes. Based on 2016 Dunn and Bradstreet Data, 80.01 percent of all businesses located in the AA were considered small business. The percentage of bank loans to businesses with revenues of \$1 million or less exceeds the percentage of businesses that reported revenues of \$1 million or less.

Borrower Distribution of Loans to Businesses in Pulaski County, AR - 2016				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	80.01%	7.16%	12.83%	100%
% of Bank Loans in AA by #	84.96%	15.04%	0.00	100%
% of Bank Loans in AA by \$	100.00%	0.00	0.00	100%

Source: Loan sample; 2016 Dunn and Bradstreet data.

Geographic Distribution of Loans

Geographic distribution of home mortgage loans, multifamily, and loans to small businesses meets the standard for satisfactory performance. One Bank's lending performance demonstrated reasonable dispersion throughout the AA.

Home Mortgage Loans

The geographic dispersion of home purchase and refinance loans in low-income geographies is poor. The percentage of home purchase and refinance loans in low-income CTs is lower than the percentage of owner-occupied housing units in low-income CTs. Approximately 5 percent of owner-occupied housing units within the AA are located in low-income CTs, indicating there are fewer opportunities to originate home mortgage loans in these geographies. The geographic dispersion of home purchase loans in moderate-income geographies is adequate. The percentage of home purchase loans in moderate-income CTs is somewhat lower than the percentage of owner-occupied housing units in moderate-income CTs. The geographic dispersion of home refinance loans in moderate-income geographies is poor as the percentage of home refinance loans in moderate-income CTs is lower than the percentage of owner-occupied housing units in moderate-income CTs. Approximately 24 percent of owner-occupied housing units within the AA are located in moderate-income CTs. Poor performance for home purchase and home refinance loans in low- and moderate-income CTs within the AA is mitigated by the elevated poverty rate within the AA of 15 percent. This poverty level limits the opportunities to qualify borrowers for these home loan products.

Home Improvement loans were not analyzed during the review due to the low amount of loans. The bank originated three home Improvement loans. None of the three loans are located in a low- and moderate-income census tract.

Geographic Distribution of Residential Real Estate Loans in Pulaski County, AR								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	4.94	1.18	24.33	18.34	32.20	18.93	38.53	61.54
Home Improvement	4.94	0.00	24.33	0.00	32.20	33.33	38.53	66.77
Refinance	4.94	0.72	24.33	10.07	32.20	11.51	38.53	77.70

Source: Data reported under 2014 through December 31, 2016 HMDA; U.S. 2010 Census data.

Multifamily Loans

One Bank originates loans to multifamily housing units that provide affordable housing to low- and moderate-income individuals. The geographic dispersion of multifamily housing is excellent in low- and moderate-income census tracts. The bank’s multifamily loans exceed the percentage of multifamily units in low- and moderate-income geographies.

Geographic Distribution of Multifamily Units in Pulaski County, AR								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA MF Units	% of Number of Loans	% of AA MF Units	% of Number of Loans	% of AA MF Units	% of Number of Loans	% of AA MF Units	% of Number of Loans
Multifamily	10.54	22.22	24.04	33.33	35.42	44.44	30.00	0.00

Source: Data reported under 2014 through December 31, 2016 HMDA; U.S. 2010 Census data.

Small Business Loans

The geographic dispersion of small business loans in low-income CTs is adequate. The bank’s loans to businesses in low-income CTs was somewhat lower than the percentage of AA businesses in low-income geographies. The geographic dispersion of business loans in moderate-income CTs within the AA is excellent. The percentage of the bank’s loans in moderate-income CTs exceeds the percentage of AA businesses in moderate-income geographies.

Geographic Distribution of Loans to Businesses in Pulaski County, AR – 2016								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Small Business	6.11%	3.85%	30.51%	34.62%	28.76%	15.38%	34.60%	46.15%

Source: Loan sample; 2016 Dunn & Bradstreet data.

Responses to Complaints

One Bank did not receive any CRA related complaints during the evaluation period. No further follow up or response is necessary.

COMMUNITY DEVELOPMENT (CD) TEST

One Bank demonstrates an excellent response to CD through its level of CD loans, qualified investments, and CD services.

Number and Amount of CD Loans

One Bank demonstrated excellent responsiveness to CD needs through lending activities within the AA during the evaluation period. The Bank originated 28 loans totaling \$25.6 million that qualify as CD loans between June 3, 2013 and February 21, 2017. In addition, One Bank renewed 26 loans totaling \$15.9 million that qualified as CD loans between January 1, 2013 and December 31, 2016. The majority of the loans were to finance the purchase of multi-family housing units and one- to four-family housing rental units in low- and moderate-income areas. All properties are leased at below market rates and the residents are low- and moderate-income individuals. Some units offer government assistance on rental payments. Nine of the loans renewed were to revitalize or stabilize low- and moderate-income geographies in the AA. The purpose of the loans were to support job creation and retention in low- and moderate-income geographies.

Number and Amount of Qualified Investments

One Bank demonstrated adequate responsiveness to CD needs through grant or donation activities. During the evaluation period the Bank donated \$19,000 to two non-profit organizations, in which the funds were used to help charities that serve low- and moderate-income individuals. Grants and donations in-kind were made to a local university development corporation. One Bank donated three parcels of land near the university. Future development of the land will revitalize and stabilize moderate-income geographies. The bank donated 9.02 acres to a non-profit organization in Jefferson County. The land will be used to construct a nursing and rehabilitation facility.

Extent to Which the Bank Provides CD Services

One Bank demonstrated adequate responsiveness to CD needs by offering qualifying services to low- and moderate-income individuals within the AA. Bank officers and employees are actively involved in six CD service activities. Bank employees used their banking experience and expertise to assist these organizations. These organizations provide educational opportunities, financial literacy programs, and youth mentoring opportunities to low- and moderate-income individuals and families.

The distribution of One Bank's branches throughout the AA is good. One Bank does not have any banking offices in low-income geographies. Three (43 percent) branches are located in moderate-income geographies, 1 branch (14 percent) is located in middle-income CTs, and 3 branches (43 percent) are in upper-income CTs. The main office is located in a moderate-income CT. Each branch location has an automated teller machine (ATM). One Bank currently has two interactive automated teller machines (iATM) located at the main branch on Capitol Avenue and a stand-alone iATM on Highway 10. The iATM

allows customers to video chat with a live teller, cash checks, make deposits and withdrawals, pay loans, or make transfers. One Bank is the first community bank in Arkansas to utilize this technology. During the evaluation period, One Bank closed two branches. The closing of the branches did not affect low- and moderate-income individuals or geographies.

Responsiveness to CD Needs

One Bank participates with various non-profit organizations that offer programs or services designed to meet the needs of the community. One Bank made several CD loans to individuals or businesses that provide affordable housing to low- and moderate-income individuals. The bank also participates in several financial literacy workshops for low- and moderate-income individuals.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c), or 12 CFR 195.28(c), in determining a national bank's (bank) or Federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any AA by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.