PUBLIC DISCLOSURE

April 27, 2015

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Allied Bank
RSSD# 28349

311 Main Street
Mulberry, Arkansas 72947

Federal Reserve Bank of St. Louis

P.O. Box 442
St. Louis, Missouri 63166-0442

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 the 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.**

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

Allied Bank meets the criteria for a Satisfactory rating based on the evaluation of the bank's lending activity. The borrower's profile analysis reveals reasonable penetration among individuals of different income levels, including low- and moderate-income (LMI) levels and businesses of different sizes. Secondly, the bank's loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition, and the credit needs of the assessment areas, and a substantial majority of the bank's loans and other lending-related activities are in the bank's assessment areas. Alternatively, the geographic distribution of loans analysis reflects poor dispersion throughout the bank's assessment areas. Lastly, no CRA-related complaints were filed against the bank for this review period.

SCOPE OF EXAMINATION

The bank's CRA performance was evaluated using the Federal Financial Institutions Examination Council's (FFIEC's) *Interagency CRA Procedures for Small Institutions.* The period of review spanned from the bank's previous CRA evaluation on March 14, 2011 to April 27, 2015. Lending performance was based on the following loan products and the corresponding time periods, as displayed in the following table:

Loan Product	Time Period
Small Business	January 1, 2012 – December 31, 2013
Home Mortgage Disclosure Act (HMDA)	January 1, 2012 – December 31, 2013
Motor Vehicle	January 1, 2012 – December 31, 2013

These three loan categories are considered the bank's primary lines of business, based on lending volume by number and dollar amounts and in light of the bank's stated business strategy. Therefore, loan activity represented by these credit products is deemed indicative of the bank's overall lending performance. However, as the bank has a particular emphasis on commercial lending, performance based on the small business loan product carried the most significance toward the bank's overall performance conclusions.

The bank operates within two separate assessment areas, each located in separate metropolitan statistical areas (MSAs) in the state of Arkansas. The bank's primary assessment area is located in the Fort Smith, Arkansas-Oklahoma MSA (Fort Smith MSA). The second, smaller assessment area is located in the Little Rock-North Little Rock-Conway, Arkansas MSA (Little Rock MSA). The Fort Smith MSA assessment area was evaluated using full-scope CRA review procedures, while the Little Rock MSA assessment area, with minimal lending, was evaluated under limited-scope review procedures. In light of the bank's branch structure, loan and deposit activity, and supervisory history, the bank's overall CRA rating is based primarily on performance in the Fort Smith MSA assessment area.

Under the small bank CRA performance criteria, analyses often entail comparisons of bank performance to assessment area demographics and the performance of other lenders, based on HMDA and CRA aggregate lending data. Unless otherwise noted, assessment area demographics are based on 2010 U.S. Census data; certain business geodemographics are based on 2013 Dun & Bradstreet data, which are applicable to the two years of loan data being evaluated. When analyzing bank performance by comparing lending activity to both demographic data and aggregate lending data, greater emphasis is generally placed on the aggregate lending data, because it is expected to describe many factors impacting lenders within an assessment area. Aggregate lending datasets are also updated annually and are therefore expected to predict more relevant comparisons. In addition, the bank's lending levels were evaluated in relation to those of comparable financial institutions operating within the same general region. Three other banks were identified as similarly situated peers, with asset sizes ranging from $195.1 million to $365.2 million.

To augment this evaluation, three community contact interviews were conducted with members of the local community. These community contacts were used in order to ascertain specific credit needs, opportunities, and local market conditions within the bank's assessment areas. Key details from these interviews are included in the *Description of Assessment Area* section for each assessment area.

DESCRIPTION OF INSTITUTION

Allied Bank is a full-service retail bank offering both commercial and consumer loan and deposit products. Allied Bank is owned by ACME Holding Company, Inc., a one-bank holding company headquartered in Mulberry, Arkansas. The bank's retail network consists of seven offices (six full-service, one limited-service). In addition to the main office in Mulberry, the bank operates one full-service office in each of the cities of Alma, Little Rock, Mansfield, Ozark, and Van Buren. The bank also operates a limited-service facility in Mulberry that offers drive-through only access and a cash-dispensing automated teller machine (ATM). Furthermore, the bank owns and operates three additional cash-dispensing ATMs; one each at the Alma, Mansfield, and Van Buren offices. During this review period, the bank did not open any new offices. However, in its Little Rock MSA assessment area, the bank closed two branches.

The bank faces both legal and physical constraints that hinder its ability to serve the credit needs of both of its assessment areas. On May 2, 2012, the bank entered into a public Written Agreement with the Federal Reserve Bank of St. Louis that required strengthening of its credit risk practices. As a result of the agreement, the bank had some constraints on its ability to extend credit. The bank also faces physical constraints in its Fort Smith MSA assessment area. The Arkansas River creates a geographic barrier between branches that are north of the river and the branch that is south of both the river and the city limits of Fort Smith, situated along the southern border of Sebastian County, challenging its ability to serve this area. This branch structure and geographic barrier create a competitive disadvantage for the bank, especially in the city of Fort Smith. Lastly, the bank has a limited and declining branch presence within its Little Rock MSA assessment area; consequently, the bank is primarily accessible to the central portion of the city of Little Rock, with very limited ability to reach the outermost portions of this assessment area.

As of December 31, 2014, the bank reported total assets of $111.5 million, a 39.9 percent decline since the previous CRA examination. As of the same date, loans and leases outstanding were $70.3 million (63.1 percent of total assets), and deposits totaled $103.3 million. The bank's loan portfolio composition by credit category is displayed in the following table.

Distribution of Total Loans as of December 31, 2014		
Credit Category	**Amount ($000s)**	**Percentage of Total Loans**
Construction and Development	$6,775	9.6%
Commercial Real Estate	$16,031	22.8%
Multifamily Residential	$1,380	2.0%
1–4 Family Residential	$17,599	25.0%
Farmland	$4,352	6.2%
Agricultural	$501	0.7%
Commercial and Industrial	$19,982	28.4%
Loans to Individuals	$3,558	5.1%
Total Other Loans	$159	0.2%
Less: Unearned Income	$ (1)	0.0%
TOTAL LOANS	**$70,336**	**100%**

As indicated in the table above, a significant portion of the bank's lending resources is directed to commercial and industrial loans, loans secured by 1–4 family residential properties, and commercial real estate loans. Also worth noting is that, by number of loans originated, loans to individuals (such as consumer motor vehicle loans) represents a significant product offering of the bank. As consumer loans not related to residential real estate are typically made in smaller dollar amounts relative to other credit products, consumer loans may often represent a significant product line by number of loans made, even if not reflected as such by dollar amount outstanding.

The bank received a Satisfactory rating at its previous CRA evaluation conducted by the Federal Reserve Bank of St. Louis on March 14, 2011.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Allied Bank meets the standards for a Satisfactory rating under CRA small bank evaluation procedures, which evaluate bank performance under the following five criteria, as applicable.

- Loan distribution by borrower's profile (applicant income or business revenue profile).
- The bank's average LTD ratio.
- The concentration of lending within the assessment area.
- The geographic distribution of loans.
- A review of the bank's response to written CRA complaints.

The remaining sections of this evaluation are based on analyses of the bank's lending performance under these five performance criteria.

Loan Distribution by Borrower's Profile

This performance criterion focuses on the bank's lending penetration among borrowers of different income levels, with a specific emphasis on lending to LMI borrowers and business with gross annual revenues of $1 million or less. As displayed in the following table, the bank's overall loan distribution by borrower's profile reflects reasonable penetration throughout the bank's assessment areas.

Assessment Area	Loan Distribution by Borrower's Profile
Fort Smith MSA	Reasonable
Little Rock MSA	Consistent
OVERALL	**Reasonable**

Additional details regarding the loan distribution by borrower's profile are included later in this evaluation, under the sections applicable to individual assessment area analyses.

Geographic Distribution of Loans

This performance criterion focuses on the bank's lending penetration among geographies of different income levels, with a specific emphasis placed on lending in LMI geographies. As displayed in the following table, the bank's overall geographic distribution of loans reflects poor penetration throughout the bank's assessment areas.

Assessment Area	Loan Distribution By Geography
Fort Smith MSA	Poor
Little Rock MSA	Consistent
OVERALL	**Poor**

Additional details regarding the loan distribution by geography are included later in this evaluation, under the sections applicable to individual assessment area analyses.

Loan-to-Deposit (LTD) Ratio

One indication of the bank's overall level of lending activity is its LTD ratio. The table below displays the bank's quarterly average LTD ratio compared to those of regional peers with similar focus and branch structure. The quarterly average LTD ratio represents a 16-quarter average, dating back to the bank's last CRA evaluation.

LTD Ratio Analysis			
Name	**Asset Size ($000s) as of December 31, 2014**	**Headquarters**	**Average LTD Ratio**
Allied Bank	$111,538	Mulberry, Arkansas	85.1%
Regional Banks	$195,142	Fort Smith, Arkansas	97.2%
	$334,272	Hampton, Arkansas	80.9%
	$365,218	Van Buren, Arkansas	68.9%

Based on data from the previous table, the bank's level of lending is similar to that of other banks in the region. During the review period, the bank's quarterly LTD ratio ranged from a low of 64.2 percent (September 2014) to a high of 103.1 percent (September 2011) and represents a decreasing trend. The quarterly LTD ratios for the regional peers ranged from 65.6 percent to 111.7 percent. Therefore, compared to data from regional banks, as displayed in the table above, the bank's average quarterly LTD ratio is reasonable given the bank's size, financial condition, and assessment area credit needs.

Assessment Area Concentration

For the loan activity reviewed as part of this evaluation, the following table displays the number and dollar volume of loans inside and outside the bank's assessment areas.

Lending Inside and Outside of Assessment Areas ($000s) January 1, 2012 through December 31, 2013						
Loan Type	**Inside Assessment Area**		**Outside Assessment Area**		**TOTAL**	
Small Business	47	94.0%	3	6.0%	**50**	**100%**
	$9,582	98.7%	$124	1.3%	**$9,706**	**100%**
HMDA	52	89.7%	6	10.3%	**58**	**100%**
	$3,177	86.5%	$494	13.5%	**$3,671**	**100%**
Motor Vehicle	37	77.1%	11	22.9%	**48**	**100%**
	$350	68.6%	$160	31.4%	**$510**	**100%**
TOTAL LOANS	**136**	**87.2%**	**20**	**12.8%**	**156**	**100%**
	$13,109	**94.4%**	**$777**	**5.6%**	**$13,886**	**100%**

As shown above, a substantial majority of the loans sampled were extended to borrowers or businesses that reside or operate in the bank's assessment areas. In total, 87.2 percent of the total loans were made inside the assessment area, accounting for 94.4 percent of the dollar volume of total loans.

Review of Complaints

No CRA-related complaints were filed against the bank during this review period (March 14, 2011 through April 27, 2015).

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Based on findings from the Consumer Affairs examination, including a fair lending analysis performed under Regulation B – Equal Credit Opportunity and the Fair Housing Act requirements, conducted concurrently with this CRA evaluation, no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

FORT SMITH MSA ASSESSMENT AREA

(Full-Scope Review)

DESCRIPTION OF FORT SMITH MSA ASSESSMENT AREA

General Demographics

The bank's Fort Smith MSA assessment area is located in western Arkansas and includes all Arkansas counties making up the Fort Smith MSA: Crawford, Sebastian, and Franklin Counties in their entireties. Based on 2010 U.S. Census data, the assessment area has a population of 205,817.

This assessment area is largely rural, except for the cities of Van Buren and Fort Smith, located in Crawford and Sebastian County, respectively. These cities are separated by the Arkansas River, which forms the boundary between Crawford and Sebastian Counties. Of the three counties in this assessment area, Sebastian has the largest population by far, at 125,744, followed by Crawford, at 61,948, and Franklin at 18,125. According to the Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report as of June 30, 2014, the bank ranked 10th out of the 17 FDIC-insured depository institutions with a branch presence in this assessment area. The bank holds 2.1 percent of the assessment area's deposit market share.

Credit needs in the area are varied and include a mix of consumer and business loan products. Other particular credit needs in the assessment area, noted primarily from community contacts, include efforts directed at small business lending and education on how to obtain small business financing.

Income and Wealth Demographics

As previously noted, the Fort Smith MSA assessment area is comprised of Crawford, Sebastian, and Franklin Counties in their entireties, including all 40 census tracts therein. The following table reflects the number and population of these census tracts in each income category.

Assessment Area Demographics by Geography Income Level						
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**Unknown**	**TOTAL**
Census Tracts	0 0.0%	11 27.5%	19 47.5%	10 25.0%	0 0.0%	**40** **100%**
Family Population	0 0.0%	12,188 22.3%	27,893 51.1%	14,464 26.5%	0 0.0%	**54,545** **100%**

The previous table shows that this assessment area does not contain any census tracts designated as low-income. Also, 8 of the 11 moderate-income census tracts are contained within Sebastian County. By far, the largest portion of the assessment area family population resides in middle-income census tracts, 51.1 percent. Although the 11 moderate-income census tracts represent 27.5 percent of total assessment area census tracts, only 22.3 percent of the family population resides there.

Based on 2010 U.S. Census data, the median family income for the assessment area was $47,498. At the same time, the Fort Smith MSA median family income was lower at $46,201. More recently, the FFIEC estimates the 2012 and 2013 Fort Smith MSA median family income to be $48,400 and $47,000, respectively. The following table displays population percentages of assessment area families by income level compared to the Fort Smith multistate MSA family population as a whole.

Family Population by Income Level					
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**TOTAL**
Assessment Area	10,981	9,936	10,495	23,133	**54,545**
	20.1%	18.2%	19.2%	42.4%	**100%**
Fort Smith MSA	16,992	14,334	15,298	32,383	**79,007**
	21.5%	18.1%	19.4%	41.0%	**100%**

Based on the data in the preceding table, the assessment area is slightly more affluent than the Fort Smith MSA as a whole. Although the first table in this section indicates that the vast majority of the assessment area families live in middle-income census tracts, this table reveals that a significant portion of assessment area families (38.3 percent) are considered LMI. This LMI family population figure is below that of the Fort Smith MSA, 39.6 percent. Lastly, the level of assessment area families living below the poverty level, 14.0 percent, is slightly below that of all Fort Smith MSA families, 14.6 percent.

Housing Demographics

Based on housing values, income levels, and rental costs, housing in the assessment area appears to be less affordable than in the Fort Smith MSA. The median housing value for the assessment area was $102,205, which is higher than the figure for the Fort Smith MSA, $92,400. Similarly, housing appears to be relatively less affordable considering income levels. The assessment area housing affordability ratio of 38.1 percent is slightly below the MSA figure of 41.4 percent. Also, the median gross rent for the assessment area of $577 per month is higher compared to $564 per month for the MSA.

Industry and Employment Demographics

The assessment area economy is diverse and is supported by a mixture of manufacturing and service-oriented sectors. According to the U.S. Census Bureau 2013 County Business Patterns, by number of paid employees in the assessment area, manufacturing leads by far with 18,030, followed by health care and social assistance (13,320), retail trade (10,360), and accommodation and food services (7,560). Together, these four industries comprise 58.3 percent of the 84,485 total employees in the assessment area. Furthermore, 2013 business geodemographic estimates indicate that there were 8,592 businesses in the assessment area (88.5 percent with gross annual revenue of $1 million or less). Also, population has increased this decade, and employment has improved since the previous examination, evidenced by declining unemployment rates. The table below details unemployment data from the U.S. Department of Labor, Bureau of Labor Statistics (not seasonally adjusted) for each county in this assessment area.

Unemployment Levels for Assessment Area Counties				
Time Period	**Arkansas**	**Crawford County**	**Franklin County**	**Sebastian County**
2012 Annual Average	7.6%	7.7%	6.9%	7.5%
2013 Annual Average	7.4%	7.6%	6.8%	7.4%
2014 Annual Average	6.1%	5.9%	5.6%	5.6%

As shown in the table above, unemployment levels for each county, as well as the state of Arkansas, have shown a decreasing trend since 2012. Additionally, unemployment levels in each of these three counties align with or are slightly lower than statewide levels.

Community Contact Information

Information from two community contacts was used to help shape the performance context in which the bank's activities in this assessment area were evaluated. Of these interviews, one was with an individual specializing in affordable housing for LMI borrowers, and the other one was with an individual working in an economic and community development role.

Both contacts conveyed that the local economy was improving and significant community revitalization projects were underway. The contacts indicated that housing programs, grants, and special financing options were available to LMI borrowers. Contacts stated that affordable housing programs were in place for low-income families in the form of rental assistance programs and the American Dream Down Payment Initiative. One contact identified educational needs for small business owners regarding credit worthiness, financial organization and preparation, understanding appropriate collateral and the risk of loss, and alternative financing options through the Small Business Administration.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA IN THE FORT SMITH MSA ASSESSMENT AREA

Loan Distribution by Borrower's Profile

An analysis was conducted of the bank's distribution of small business loans to businesses of various sizes within the assessment area. The following table reflects Allied Bank's distribution of small business loans by gross annual business revenue and loan amount.

Distribution of Loans Inside Assessment Area by Business Revenue January 1, 2012 through December 31, 2013								
Gross Revenue	**Loan Amounts in $000s**						**TOTAL**	
	<$100		**>$100 and ≤$250**		**>$250 and ≤$1,000**			
$1 Million or Less	12	30.8%	9	23.1%	7	17.9%	**28**	**71.8%**
Greater than $1 Million/Unknown	3	7.7%	4	10.3%	4	10.3%	**11**	**28.2%**
TOTAL	**15**	**38.5%**	**13**	**33.3%**	**11**	**28.2%**	**39**	**100%**
Dun & Bradstreet Businesses ≤ $1 million							**88.5%**	
2012 CRA Aggregate Data							**45.3%**	
2013 CRA Aggregate Data							**46.0%**	

Based on this analysis of small business loans, Allied Bank is doing a reasonable job of meeting the credit needs of small businesses. The table above demonstrates that 28 of 39 loans (71.8 percent) reviewed were made to businesses with gross annual revenues of $1 million or less; this exceeds CRA aggregate data. According to Dun & Bradstreet, 88.5 percent of business institutions inside the assessment area are small businesses. In addition, 12 of 28 loans (42.9 percent) to small businesses reviewed were in amounts of $100,000 or less. Loans in these amounts indicate the bank's willingness to meet the credit needs of small businesses. Therefore, the bank's borrower's profile performance for the small business loan category is reasonable.

As with the bank's small business loan activity, the borrower distribution of HMDA loans was analyzed by borrower's income profile. Borrowers are classified into low-, moderate-, middle-, and upper-income categories by comparing their reported income to the applicable median family income as estimated by the FFIEC ($48,400 and $47,000 for the Fort Smith MSA as of 2012 and 2013, respectively). The following table shows the distribution of HMDA loans by borrower income level compared to family population income characteristics and 2012 and 2013 aggregate data for the assessment area.

Distribution of Loans Inside Assessment Area by Borrower Income January 1, 2012 through December 31, 2013												
	Borrower Income Level										TOTAL	
	Low-		Moderate-		Middle-		Upper-		Unknown			
Home Purchase	1	10.0%	4	40.0%	2	20.0%	1	10.0%	2	20.0%	**10**	**100%**
Refinance	5	45.5%	1	9.1%	1	9.1%	4	36.4%	0	0.0%	**11**	**100%**
Home Improvement	5	20.8%	4	16.7%	4	16.7%	9	37.5%	2	8.3%	**24**	**100%**
TOTAL HMDA	**11**	**24.4%**	**9**	**20.0%**	**7**	**15.6%**	**14**	**31.1%**	**4**	**8.9%**	**45**	**100%**
Family Population	20.1%		18.2%		19.2%		42.4%		0.0%		**100%**	
2012 HMDA Aggregate	7.1%		14.9%		20.3%		40.8%		16.9%		**100%**	
2013 HMDA Aggregate	6.5%		15.1%		20.3%		41.8%		16.2%		**100%**	

The bank's distribution of HMDA loans by borrower income profile is excellent, especially in light of aggregate performance. The bank's total percentage of lending to low-income borrowers (24.4 percent) is above the percentage of low-income families within the assessment area (20.1 percent) and significantly above that of other lenders in the assessment area. Bank performance to moderate-income borrowers is similar to that of low-income borrowers and exceeds both the family population and aggregate lending in the assessment area. At 20.0 percent, the bank's level of lending to moderate-income borrowers is above the moderate-income family population figure of 18.2 percent and the aggregate lending levels. Therefore, the bank's HMDA lending performance by borrower's profile is excellent.

Similar to the borrower's profile analysis conducted for the two previous loan categories, the borrower distribution of motor vehicle loans was analyzed by borrower's income profile. The following table shows the distribution of motor vehicle loans by income level of the borrower compared to household population income characteristics.

Distribution of Bank Loans Inside Assessment Area by Income Level of Borrower January 1, 2012 through December 31, 2013												
	Borrower Income Level										TOTAL	
	Low-		Moderate-		Middle-		Upper-		Unknown			
Motor Vehicle	13	39.4%	4	12.1%	3	9.1%	12	36.4%	1	3.0%	**33**	**100%**
Household Population	21.8%		17.6%		18.0%		42.6%		0.0%		**100%**	

This analysis revealed excellent penetration to LMI borrowers. By number, 51.5 percent of the motor vehicle loans reviewed were made to LMI borrowers, which significantly exceeds the LMI household population of 39.4 percent. Reviewed separately, the bank's performance by number of motor vehicle loans made to low-income borrowers, 39.4 percent, significantly exceeds the household population comparison of 21.8 percent. However, the bank's performance by number of motor vehicle loans made to moderate-income borrowers, 12.1 percent, is below the household population comparisons of 17.6 percent. Based on this data, the overall distribution of the bank's motor vehicle loans reflects reasonable penetration among individuals of different income levels. Based on the bank's performance in extending motor vehicle loans to low-income borrowers, lending performance is considered to be excellent.

Therefore, the bank's overall borrower's profile performance, based analyses of all three loan categories, is reasonable.

Geographic Distribution of Loans

As noted previously, the bank's assessment area contains no low-income census tracts, 11 moderate-income census tracts, 19 middle-income census tracts, and 10 upper-income census tracts. The analysis in this section illustrates the distribution of the bank's loan activity across these geographies. Overall, the bank's geographic distribution of loans reflects poor dispersion throughout this assessment area based on activity analyzed from all three loan categories, with small business loans carrying the most significance towards this rating.

The following table displays the results of the bank's geographic distribution of small business loans, along with the estimated percentages of small businesses located in each geography income category and 2012 and 2013 aggregate data for the assessment area.

Distribution of Loans Inside Assessment Area by Income Level of Geography
January 1, 2012 through December 31, 2013

	Geography Income Level										**TOTAL**	
	Low-		**Moderate-**		**Middle-**		**Upper-**		**Unknown**			
Small Business Loans	0	0.0%	3	7.7%	34	87.2%	2	5.1%	0	0.0%	**39**	**100%**
Business Institutions	0.0%		29.3%		44.1%		26.7%		0.0%		**100%**	
2012 CRA Aggregate Data	0.0%		28.4%		41.3%		26.5%		3.8%		**100%**	
2013 CRA Aggregate Data	0.0%		28.6%		41.7%		27.4%		2.3%		**100%**	

As illustrated in the previous table, the bank's level of lending in the moderate-income census tracts is well below data used for comparison. The bank originated 7.7 percent of small business loans to businesses within moderate-income census tracts, which is below the 29.3 percent of assessment area businesses located in moderate-income census tracts. Similarly, the bank's performance does not compare favorably to that of other lenders. Therefore, the geographic distribution of the bank's small business loans reflects poor dispersion throughout the assessment area.

As with the bank's small business lending activity, the geographic distribution of HMDA loans was also reviewed. The following table displays the geographic distribution of HMDA loans in comparison to owner-occupied housing and 2012 and 2013 aggregate data for the assessment area.

Distribution of Loans Inside Assessment Area by Income Level of Geography
January 1, 2012 through December 31, 2013

	Geography Income Level										TOTAL	
	Low-		Moderate-		Middle-		Upper-		Unknown			
Home Purchase	0	0.0%	0	0.0%	10	100%	0	0.0%	0	0.0%	**10**	**100%**
Refinance	0	0.0%	0	0.0%	10	90.9%	1	9.1%	0	0.0%	**11**	**100%**
Home Improvement	0	0.0%	2	8.3%	22	91.7%	0	0.0%	0	0.0%	**24**	**100%**
Multifamily	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	**0**	**100%**
TOTAL HMDA	**0**	**0.0%**	**2**	**4.4%**	**42**	**93.3%**	**1**	**2.2%**	**0**	**0.0%**	**45**	**100%**
Owner-Occupied Housing	0.0%		19.3%		52.7%		27.9%		0.0%		**100%**	
2012 HMDA Aggregate Data	0.0%		14.9%		50.8%		34.3%		0.0%		**100%**	
2013 HMDA Aggregate Data	0.0%		14.8%		51.0%		34.1%		0.0%		**100%**	

The analysis of HMDA loans revealed lending performance well below data used for comparison purposes. The bank's total penetration of moderate-income census tracts by number of loans (4.4 percent) is significantly less than the percentage of owner-occupied housing units (19.3 percent) and aggregate lending in the assessment area. Furthermore, the bank's performance by individual HMDA loan type did not approach the demographic comparison figure in any case. Therefore, the bank's geographic distribution of HMDA loans is poor.

Alternatively, the geographic distribution of motor vehicle loan activity reflects favorably on the bank's CRA performance, as displayed in the following table.

Distribution of Loans Inside Assessment Area by Income Level of Geography January 1, 2012 through December 31, 2013												
	Geography Income Level										**TOTAL**	
	Low-		**Moderate-**		**Middle-**		**Upper-**		**Unknown**			
Motor Vehicle	0	0.0%	9	27.3%	23	69.7%	1	3.0%	0	0.0%	**33**	**100%**
Household Population	0.0%		24.98%		49.5%		25.6%		0.0%		**100%**	

This analysis revealed excellent loan distribution throughout the assessment area. The bank's performance in moderate-income census tracts is 27.3 percent, which exceeds the moderate-income household population of 24.8 percent. Based on this data, the geographic distribution of motor vehicle loans reflects excellent performance.

Overall, based on reviews from all three loan categories and the weight of the bank's small business loan performance, the bank's overall geographic distribution of loans reveals poor penetration throughout the assessment area.

LITTLE ROCK MSA ASSESSMENT AREA

(Limited-Scope Review)

DESCRIPTION OF LITTLE ROCK MSA ASSESSMENT AREA

This assessment area consists of Pulaski County, which is one of six counties that comprise the Little Rock MSA. The bank operates one full-service branch within this assessment area. As previously stated, the bank consolidated operations in this assessment area since the previous examination. This assessment area was analyzed using a limited-scope review, because this assessment area lacked adequate lending activity to conduct a meaningful analysis. Since the previous examination, the bank has downsized retail operations in this assessment area and has significantly reduced both loan activity and total deposits. The tables below detail key demographics relating to this assessment area.

Assessment Area Demographics by Geography Income Level						
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**Unknown**	**TOTAL**
Census Tracts	10	29	31	24	1	**95**
	10.5%	30.5%	32.6%	25.3%	1.1%	**100%**
Household Population	12,363	41,960	49,686	51,151	0	**155,160**
	8.0%	27.0%	32.0%	33.0%	0.0%	**100%**
Family Population	6,828	26,571	30,145	33,856	0	**97,400**
	7.0%	27.3%	31.0%	34.8%	0.0%	**100%**
Business Institutions	1,581	7,504	7,384	8,398	4	**24,871**
	6.4%	30.2%	29.7%	33.8%	0.0%	**100%**

Assessment Area Demographics by Population Income Level					
Demographic Type	**Population Income Classification**				**TOTAL**
	Low-	**Moderate-**	**Middle-**	**Upper-**	
Family Population	22,617	17,305	18,432	39,046	**97,400**
	23.2%	17.8%	18.9%	40.1%	**100%**
Household Population	38,934	25,955	27,438	62,833	**155,160**
	25.1%	16.7%	17.7%	40.5%	**100%**

Community Contact Information

Information from one community contact interview was completed to help shape the performance context in which the bank's activities in this assessment area were evaluated. The interview was conducted with an individual working in an economic development role. The interviewee categorized the local economy as improving, with various community development projects in the city of Little Rock. In addition, the interviewee indicated that banking competition is strong in this assessment area and that all banks seem to be involved in the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA IN THE LITTLE ROCK MSA ASSESSMENT AREA

Allied Bank's overall lending performance in this assessment area is consistent with the performance for the full-scope Fort Smith MSA assessment area. For more detailed information relating to the bank's performance in this assessment area, see the tables in *Appendix A*.

LENDING PERFORMANCE TABLES FOR LIMITED-SCOPE REVIEW ASSESSMENT AREA

Distribution of Loans Inside Assessment Area by Business Revenue
January 1, 2012 through December 31, 2013

Gross Revenue	Loan Amounts in $000s						TOTAL	
	<$100		>$100 and ≤$250		>$250 and ≤$1,000			
$1 Million or Less	3	37.5%	3	37.5%	1	12.5%	**7**	**87.5%**
Greater than $1 Million/Unknown	0	0.0%	1	12.5%	0	0.0%	**1**	**12.5%**
TOTAL	**3**	**37.5%**	**4**	**50.0%**	**1**	**12.5%**	**8**	**100%**
Dun & Bradstreet Businesses ≤ $1 Million							**88.7%**	
2012 Small Business Aggregate ≤ $1 Million							**40.4%**	
2013 Small Business Aggregate ≤ $1 Million							**46.2%**	

Distribution of Loans Inside Assessment Area by Borrower Income
January 1, 2012 through December 31, 2013

	Borrower Income Level										TOTAL	
	Low-		Moderate-		Middle-		Upper-		Unknown			
Home Purchase	0	0.0%	1	16.7%	0	0.0%	1	16.7%	4	66.7%	**6**	**100%**
Refinance	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	**0**	**100%**
Home Improvement	1	100%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	**1**	**100%**
Multifamily	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	**0**	**100%**
TOTAL HMDA	**1**	**14.3%**	**1**	**14.3%**	**0**	**0.0%**	**1**	**14.3%**	**4**	**57.1%**	**7**	**100%**
Family Population	23.2%		17.8%		18.9%		40.1%		0.0%		**100%**	
2012 HMDA Aggregate	6.0%		12.7%		17.7%		39.5%		24.2%		**100%**	
2013 HMDA Aggregate	6.5%		13.8%		17.8%		35.9%		26.0%		**100%**	

Distribution of Bank Loans Inside Assessment Area by Income Level of Borrower January 1, 2012 through December 31, 2013												
	Borrower Income Level										**TOTAL**	
	Low-		**Moderate-**		**Middle-**		**Upper-**		**Unknown**			
Motor Vehicle	3	75.0%	1	25.0%	0	0.0%	0	0.0%	0	0.0%	**4**	**100%**
Household Population	25.1%		16.7%		17.7%		40.5%		0.0%		**100%**	

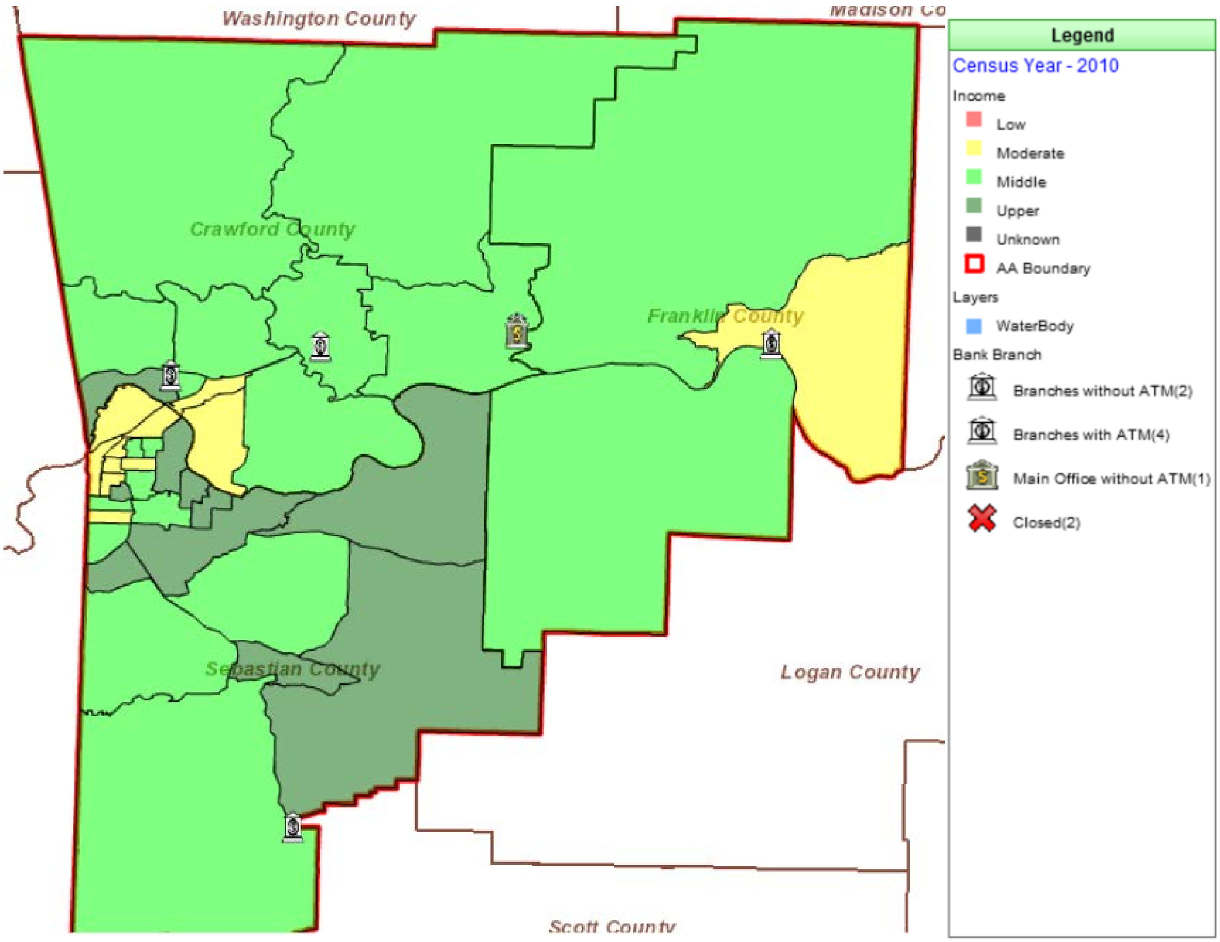
Distribution of Loans Inside Assessment Area by Income Level of Geography January 1, 2012 through December 31, 2013												
	Geography Income Level										**TOTAL**	
	Low-		**Moderate-**		**Middle-**		**Upper-**		**Unknown**			
Small Business Loans	0	0.0%	2	25.0%	2	25.0%	4	50.0%	0	0.0%	**8**	**100%**
Business Institutions	6.4%		30.2%		29.7%		33.8%		0.0%		**100%**	
2012 Small Business Aggregate	5.5%		24.8%		27.5%		39.2%		2.9%		**100%**	
2013 Small Business Aggregate	5.4%		25.5%		28.2%		39.2%		1.6%		**100%**	

Distribution of Loans Inside Assessment Area by Income Level of Geography January 1, 2012 through December 31, 2013												
	Geography Income Level										**TOTAL**	
	Low-		**Moderate-**		**Middle-**		**Upper-**		**Unknown**			
Home Purchase	2	33.3%	0	0.0%	0	0.0%	4	66.7%	0	0.0%	**6**	**100%**
Refinance	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	**0**	**100%**
Home Improvement	0	0.0%	0	0.0%	1	100%	0	0.0%	0	0.0%	**1**	**100%**
Multifamily	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	**0**	**100%**
TOTAL HMDA	**2**	**28.6%**	**0**	**0.0%**	**1**	**14.3%**	**4**	**57.1%**	**0**	**0.0%**	**7**	**100%**
Owner-Occupied Housing	4.9%		24.3%		32.2%		38.5%		0.0%		**100%**	
2012 HMDA Aggregate	1.4%		10.2%		31.1%		57.3%		0.0%		**100%**	
2013 HMDA Aggregate	1.9%		13.2%		33.3%		51.5%		0.0%		**100%**	

Distribution of Bank Loans Inside Assessment Area by Income Level of Geography January 1, 2012 through December 31, 2013												
	Geography Income Level										**TOTAL**	
	Low-		**Moderate-**		**Middle-**		**Upper-**		**Unknown**			
Motor Vehicle	0	0.0%	2	50.0%	1	25.0%	1	25.0%	0	0.0%	**4**	**100%**
Household Population	8.0%		27.0%		32.0%		33.0%		0.0%		**100%**	

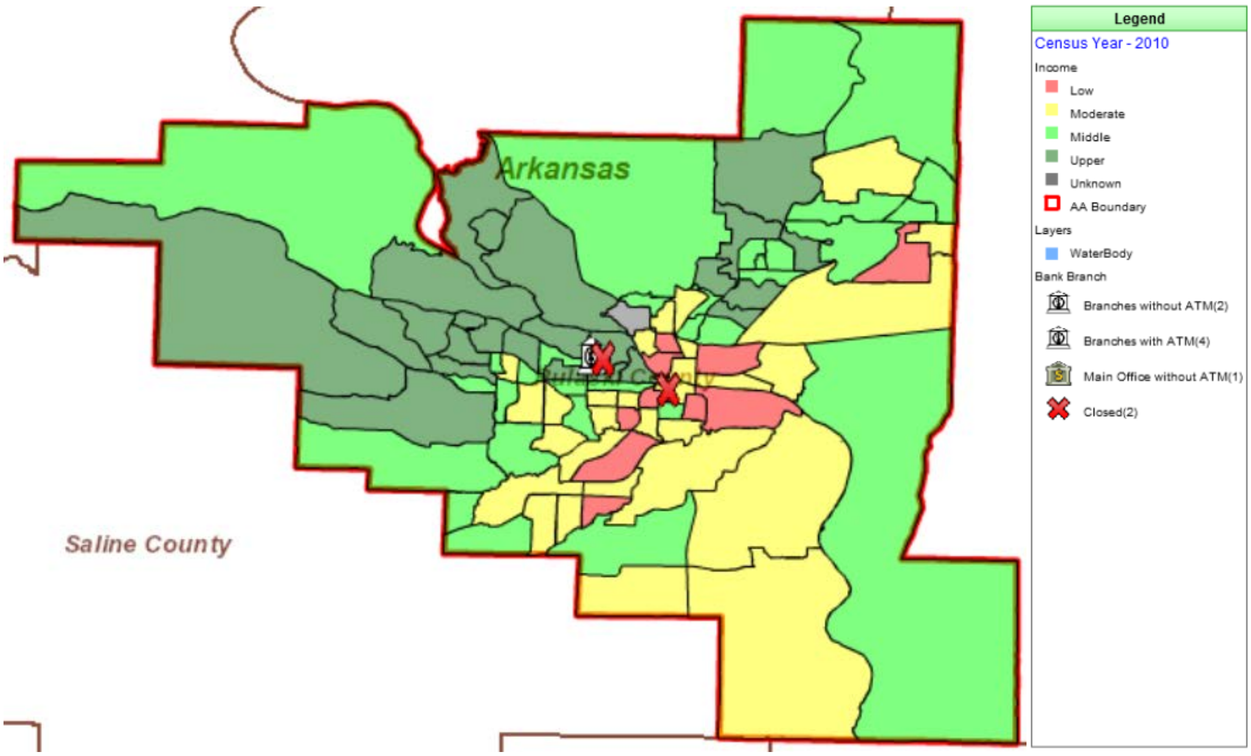
ASSESSMENT AREA DETAIL

Fort Smith MSA Assessment Area



ASSESSMENT AREA DETAIL

Little Rock MSA Assessment Area



GLOSSARY

Aggregate lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Assessment area: One or more of the geographic areas delineated by the bank and used by the regulatory agency to assess an institution's record of CRA performance.

Census tract: A small subdivision of metropolitan and nonmetropolitan counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending on population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community contact: Interviews conducted as part of the CRA examination to gather information that might assist examiners in understanding the bank's community, available opportunities for helping to meet local credit and community development needs, and perceptions on the performance of financial institutions in helping meet local credit needs. Communications and information gathered can help to provide a context to assist in the evaluation of an institution's CRA performance.

Community development: An activity associated with one of the following five descriptions: (1) affordable housing (including multifamily rental housing) for low- and moderate-income individuals; (2) community services targeted to low- and moderate-income individuals; (3) activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of $1 million or less; (4) activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies; or (5) Neighborhood Stabilization Program (NSP) eligible activities in areas with HUD-approved NSP plans, which are conducted within two years after the date when NSP program funds are required to be spent and benefit low-, moderate-, and middle-income individuals and geographies.

Consumer loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Demographics: The statistical characteristics of human populations (such as age, race, sex, income, etc.) used especially to identify markets.

Distressed nonmetropolitan middle-income geography: A middle-income, nonmetropolitan geography will be designated as distressed if it is in a county that meets one or more of the following triggers: (1) an unemployment rate of at least 1.5 times the national average, (2) a poverty rate of 20 percent or more, or (3) a population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include nonrelatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into "male householder" (a family with a male householder and no wife present) or "female householder" (a family with a female householder and no husband present).

Full-scope review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders who do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes, and refinancing of home improvement and home purchase loans.

Household: One or more persons who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements.

Housing affordability ratio: Is calculated by dividing the median household income by the median housing value. It represents the amount of single family, owner-occupied housing that a dollar of income can purchase for the median household in the census tract. Values closer to 100 percent indicate greater affordability.

Limited-scope review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

Market share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Median family income: The dollar amount that divides the family income distribution into two equal groups, half having incomes above the median, half having incomes below the median. The median family income is based on all families within the area being analyzed.

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. An MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. An MD is a division of an MSA based on specific criteria including commuting patterns. Only an MSA that has a population of at least 2.5 million may be divided into MDs.

Middle-income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent in the case of a geography.

Moderate-income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Nonmetropolitan statistical area (nonMSA): Not part of a metropolitan area. (See metropolitan area.)

Other products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

Owner-occupied units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Performance context: The performance context is a broad range of economic, demographic, and institution- and community-specific information that an examiner reviews to understand the context in which an institution's record of performance should be evaluated. The performance context is not a formal or written assessment of community credit needs.

Performance criteria: These are the different criteria against which a bank's performance in helping to meet the credit needs of its assessment area(s) is measured. The criteria relate to lending, investment, retail service, and community development activities performed by a bank. The performance criteria have both quantitative and qualitative aspects. There are different sets of criteria for large banks, intermediate small banks, small banks, wholesale/limited purpose banks, and strategic plan banks.

Performance evaluation (PE): A written evaluation of a financial institution's record of meeting the credit needs of its community, as prepared by the federal financial supervision agency responsible for supervising the institution.

Qualified investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Small businesses/small farms: A small business/farm is considered to be one in which gross annual revenues for the preceding calendar year were $1 million or less.

Small loan(s) to business(es): That is, "small business loans" are included in "loans to small businesses" as defined in the Consolidated Reports of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of $1 million or less and typically are secured by either nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

Small loan(s) to farm(s): That is, "small farm loans" are included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Reports of Condition and Income (Call Report). These loans have original amounts of $500,000 or less and are either secured by farmland or are classified as loans to finance agricultural production and other loans to farmers.

Underserved middle-income geography: A middle-income, nonmetropolitan geography will be designated as underserved if it meets criteria for population size, density, and dispersion that indicate the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

Upper-income: Individual income that is 120 percent or more of the area median income, or a median family income that is 120 percent or more, in the case of a geography.