PUBLIC DISCLOSURE

February 22, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Bank of Little Rock
RSSD #1397471

200 North State Street
Little Rock, Arkansas 72201

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.

Bank of Little Rock meets the criteria for a Satisfactory rating based on the evaluation of the bank's lending activity. The factors supporting the institution's rating are as follows:

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.

- A majority of loans and other lending-related activities are in the assessment area.

- The borrower's profile analysis reveals reasonable penetration among businesses of different revenue sizes and individuals of different income levels, including low- and moderate-income (LMI) levels.

- The geographic distribution of loans reflects a poor dispersion throughout the assessment area.

- There was one CRA-related complaint filed against the bank since the previous CRA evaluation, which management took appropriate action to address.

SCOPE OF EXAMINATION

The bank's CRA performance was evaluated using the Federal Financial Institutions Examination Council's (FFIEC's) Examination Procedures for Small Institutions. Residential real estate and small business loans were used to evaluate the bank's lending performance, as these loan categories are considered the bank's core business lines based on lending volume and the bank's stated business strategy. Therefore, the loan activity represented by these credit products is deemed indicative of the bank's overall lending performance. While residential real estate lending is an important loan product category for the institution, management's business strategy entails channeling this business line activity through the bank's subsidiary, Bank of Little Rock Mortgage Corporation, which management elected to include in the scope of this evaluation.[1] Since the bank, through its Bank of Little Rock Mortgage Corporation subsidiary, has an emphasis on home mortgage lending and originates a high volume of HMDA-reportable loans within the assessment area, performance based on the HMDA loan category carried the most significance toward the bank's overall performance conclusions.

[1] Bank of Little Rock Mortgage Corporation originates residential real estate loans that are included in the bank's Home Mortgage Disclosure Act (HMDA) loan category for the loan distribution by borrower's profile analysis and the geographic distribution of loans analysis discussed under the *Conclusions with Respect to Performance Criteria* section of this evaluation; however, such affiliate lending activity is excluded from the assessment area concentration analysis.

The following table details the performance criterion and the corresponding time periods used in each analysis.

Performance Criterion	Time Period
LTD Ratio	March 31, 2016 – December 31, 2020
Assessment Area Concentration	January 1, 2019 – December 31, 2019
Loan Distribution by Borrower's Profile	
Geographic Distribution of Loans	
Response to Written CRA Complaints	January 11, 2016 – February 21, 2021

Lending Test 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 2015 American Community Survey data from the U.S. Census Bureau; certain business demographics are based on 2019 Dun & Bradstreet data. 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 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 in the same general region. Three other banks were identified as similarly situated peers, with asset sizes ranging from $320.6 million to $834.2 million as of December 31, 2020.

To augment this evaluation, three community contact interviews were conducted with members of the local community to ascertain specific credit needs, opportunities, and local market conditions within the bank's assessment area. Information from these interviews also assisted in evaluating the bank's responsiveness to identified community credit needs. Key details from these community contact interviews are included in the *Description of Assessment Area* section.

DESCRIPTION OF INSTITUTION

Bank of Little Rock is a full-service retail bank offering both consumer and commercial loan and deposit products. The bank is wholly owned by Little Rock Bancshares, Inc., a one-bank holding company headquartered in Little Rock, Arkansas. The bank also operates two subsidiaries, a real estate holdings entity and a mortgage company, Bank of Little Rock Mortgage Corporation. The bank's branch network consists of five offices (including the main office), all of which have full-service automated teller machines on site, as well as drive-up accessibility. The bank did not open or close any branch offices during this review period. Bank of Little Rock Mortgage Corporation operates 20 loan production offices, three of which are inside the bank's assessment area. Based on this branch network and other service delivery systems such as full-service online banking capabilities, the bank is adequately positioned to deliver financial services to its entire assessment area, particularly those areas in close proximity to bank branches, which are located in the central and west-central portions of Pulaski County, south of the Arkansas River.

For this review period, no legal impediments or financial constraints were identified that would have hindered the bank from serving the credit needs of its customers, and the bank appeared capable of meeting assessment area credit needs based on its available resources and financial products. As of December 31, 2020, the bank reported total assets of $253.0 million. As of the same date, loans and leases outstanding were $145.7 million (57.6 percent of total assets), and deposits totaled $203.5 million. The bank's loan portfolio composition by credit category is displayed in the following table.

Distribution of Total Loans as of December 31, 2020		
Credit Category	**Amount ($000s)**	**Percentage of Total Loans**
Construction and Development	$18,439	12.7%
Commercial Real Estate	$19,234	13.2%
1–4 Family Residential	$73,810	50.6%
Farmland	$225	0.2%
Commercial and Industrial	$29,673	20.4%
Loans to Individuals	$4,312	3.0%
Total Other Loans	$47	< 0.1%
TOTAL	**$145,740**	**100%**

As indicated by the table above, a significant portion of the bank's lending resources is directed to loans secured by 1–4 family residential properties, commercial and industrial loans, and commercial real estate loans. Furthermore, the bank also originates and subsequently sells a significant volume of residential real estate loans on the secondary market via its subsidiary, Bank of Little Rock Mortgage Corporation.

The bank received a Satisfactory rating at its previous CRA evaluation conducted on January 11, 2016, by this Reserve Bank.

DESCRIPTION OF ASSESSMENT AREA

General Demographics

The bank's assessment area consists of the entirety of Pulaski County, Arkansas, which has a population of 390,463 and is the population center of the Little Rock-North Little Rock-Conway Arkansas Metropolitan Statistical Area (Little Rock MSA). Little Rock, located within the assessment area, is the county seat of Pulaski County, the capital of Arkansas, and Arkansas' most populous city.

According to the Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report data as of June 30, 2020, there are 30 FDIC-insured depository institutions that operate 181 offices within the assessment area. Bank of Little Rock (operating five, or 2.8 percent of all bank branches in the assessment area) ranked 13th in terms of deposit market share, with 0.9 percent of the total assessment area deposit dollars.

Credit needs in the area are varied and include a blend of consumer and business loan products. Other particular credit needs in the assessment area, as noted primarily from community contacts, include a diverse outreach approach targeted to the unbanked community, home improvement loan products focused on rehabbing older housing stock, and home purchase mortgage loan products geared toward helping applicants with past credit history problems.

Income and Wealth Demographics

The following table summarizes the distribution of assessment area census tracts by income level and the family population within those tracts.

Assessment Area Demographics by Geography Income Level						
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**Unknown**	**TOTAL**
Census Tracts	10	29	24	30	2	**95**
	10.5%	30.5%	25.3%	31.6%	2.1%	**100%**
Family Population	5,842	23,025	26,843	36,466	698	**92,874**
	6.3%	24.8%	28.9%	39.3%	0.8%	**100%**

As shown above, 41.0 percent of the census tracts in the assessment area are LMI geographies, with 31.1 percent of the family population residing in these census tracts. These LMI areas are primarily centralized around downtown Little Rock, as well as extending to areas in the northeast and southcentral parts of Pulaski County.

Based on the 2015 American Community Survey data, the median family income for the assessment area was $59,305. At the same time, the median family income for the Little Rock MSA was $61,339. More recently, the FFIEC estimates the 2019 median family income for the Little Rock MSA to be $69,800. The following table displays population percentages of assessment area families by income level compared to the Little Rock MSA family population as a whole.

Family Population by Income Level					
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**TOTAL**
Assessment Area	22,138	15,898	16,880	37,958	**92,874**
	23.8%	17.1%	18.2%	40.9%	**100%**
Little Rock MSA	38,206	31,447	35,717	73,725	**179,095**
	21.3%	17.6%	19.9%	41.2%	**100%**

As shown in the table above, 40.9 percent of the family population within the assessment area is considered LMI, which is slightly higher than the 38.9 percent LMI family population in the Little Rock MSA. Additionally, while the prior table in this section shows that 31.1 percent of the assessment area family population resides in LMI census tracts, this table reveals that 40.9 percent of the assessment area family population is considered LMI. The percentage of families living below the poverty threshold in the assessment area, 12.3 percent, is above the 10.4 percent level in the Little Rock MSA. Considering these factors, the assessment area appears less affluent than the MSA as a whole.

Housing Demographics

Based on housing values, income levels, and rental costs, overall housing costs in the assessment area are slightly higher than in the Little Rock MSA as a whole. The median housing value for the assessment area is $142,412, which is above the median housing value of $138,983 for the Little Rock MSA as a whole. The median gross rent for the assessment area of $779 per month is also higher than the $765 per month for the Little Rock MSA. Housing cost burden data from the U.S. Department of Housing and Urban Development suggests that LMI households within the assessment area face increased affordability challenges. This is evidenced by the percentages of renters and homeowners in the assessment area that are housing cost-burdened, or spending more than 30 percent of their income on rent/housing costs (in comparison, figures for the entire Little Rock MSA are shown in parentheses): 76.2 percent of low-income renters (75.4 percent) and 42.6 percent of moderate-income renters (39.2 percent) in the assessment area are housing cost-burdened, as well as 63.2 percent of low-income homeowners (59.2 percent) and 38.5 percent of moderate-income homeowners (35.2 percent). Based on housing data and community contact interviews, assessment area housing options do not appear to be as affordable overall, relative to the entire Little Rock MSA.

Industry and Employment Demographics

The assessment area supports a diverse business community, with many residents employed by government or by businesses in service-oriented sectors. Quarterly Census of Employment and Wages data from the first quarter of 2020 indicate that there are 198,545 paid private sector employees and 50,423 paid government employees in the assessment area. By percentage of employees, the three largest private sector job categories in the assessment area are healthcare and social assistance (18.9 percent), followed by retail trade (12.2 percent), and accommodation and food services (10.3 percent).

The table below details unemployment data from the U.S. Department of Labor, Bureau of Labor Statistics (not seasonally adjusted) for the assessment area compared to the Little Rock MSA as a whole.

Unemployment Levels for the Assessment Area		
Time Period (Annual Average)	**Assessment Area**	**Little Rock MSA**
2016	3.5%	3.5%
2017	3.4%	3.3%
2018	3.4%	3.3%
2019	3.4%	3.2%
2020 (8-month year-to-date)	8.2%	7.3%

As shown in the table above, unemployment levels for the assessment area, as well as the Little Rock MSA, remained relatively stable in recent years (from 2016 to 2019). However, both areas saw a sharp increase in unemployment during 2020, which can be attributed to the COVID-19 pandemic. Additionally, unemployment levels in the assessment area have typically been comparable to the levels in the Little Rock MSA as a whole, although the assessment area has seen higher unemployment than the Little Rock MSA during 2020.

Community Contact Information

Information from three community contacts was used to help shape the performance context in which the bank's activities in this assessment area were evaluated. Of these community contact interviews, one was with an individual specializing in affordable housing, one was with an individual working in a government economic development role, and one was with a representative of a community development financial institution. The community contact interviewees indicated that the economy of the Little Rock MSA has generally been growing in recent years, with people moving to the area from rural communities for employment opportunities. However, they also referenced the challenges to small businesses and the potential greater need for housing assistance for both renters and owners due to the ongoing COVID-19 pandemic. Contacts stated that the area is well served by financial institutions, but that LMI individuals sometimes choose nonbank financial providers for a range of reasons, including a lack of trust, education, or access, and suggested that banks continue to put effort into establishing and improving relationships with the unbanked population. With regard to housing, there is a lack of affordable single-family housing stock in livable condition, and low appraisal values can be a challenge for would-be homebuyers. In addition, much of the affordable housing stock in Pulaski County is old and in need of repair, making home improvement lending an important credit need in the area. Finally, one community contact noted that flexible home purchase mortgage products, targeted to LMI families with previous credit history issues, are a high priority need in Pulaski County.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit (LTD) Ratio

One indication of the bank's overall level of lending activity is its LTD ratio. The chart below displays the bank's average LTD ratio in comparison to those of regional peers. The average LTD ratio represents a 20-quarter average, dating back to the bank's last CRA evaluation.

LTD Ratio Analysis			
Name	**Headquarters**	**Asset Size ($000s) as of December 31, 2020**	**Average LTD Ratio**
Bank of Little Rock	Little Rock, Arkansas	$252,955	60.8%
Regional Banks	Little Rock, Arkansas	$458,393	67.3%
	Little Rock, Arkansas	$320,575	79.8%
	Little Rock, Arkansas	$834,230	73.4%

Based on data from the previous table, the bank's level of lending is slightly below that of other banks in the region. During the review period, the LTD ratio was initially relatively stable, shifting to a generally increasing trend in recent years with a 20-quarter average of 60.8 percent. In comparison, the average LTD ratios for the regional peers were generally higher. Two of the three peers had generally increasing trends, and one peer had an increasing trend in the early portion of the review period and a decreasing trend in the latter portion of the review period. Compared to data from regional banks, the bank's average 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,[2] the following table displays the number and dollar volume of loans inside and outside the bank's assessment area.

Lending Inside and Outside of Assessment Area January 1, 2019 through December 31, 2019						
Loan Type	**Inside Assessment Area**		**Outside Assessment Area**		**TOTAL**	
Small Business	54	85.7%	9	14.3%	63	**100%**
	$7,062	86.8%	$1,070	13.2%	$8,132	**100%**
	$11,721	**83.6%**	**$2,303**	**16.4%**	**$14,024**	**100%**

[2] As noted in the *Scope of Examination* section, affiliate lending data, such as Bank of Little Rock Mortgage Corporation HMDA lending activity, is not included in the assessment area concentration analysis.

A majority of small business loans were made in the bank's assessment area. As shown above, 85.7 percent of the total loans were made inside the assessment area, accounting for 86.8 percent of the dollar volume of total loans.

Loan Distribution by Borrower's Profile

Overall, the bank's loan distribution by borrower's profile is reasonable, based on performance from both loan categories reviewed.

Borrowers are classified into low-, moderate-, middle- and upper-income categories by comparing their reported income to the applicable median family income figure as estimated by the FFIEC ($69,800 for the Little Rock MSA as of 2019). The following table shows the distribution of Bank of Little Rock Mortgage Corporation's HMDA-reported loans by borrower income level. These HMDA-reported loans are displayed in comparison to 2019 aggregate HMDA lending data and family population income demographics for the assessment area.

Borrower Distribution of HMDA Loans Assessment Area: Pulaski County								
Product Type	Borrower Income Levels	2019						
		Count			Dollar			Families
		Bank		HMDA Aggregate	Bank		HMDA Aggregate	
		#	%	%	$ (000s)	$ %	$ %	%
Home Purchase	Low	16	5.3%	6.7%	1,588	2.6%	3.4%	23.8%
	Moderate	55	18.1%	19.5%	7,536	12.3%	13.9%	17.1%
	Middle	78	25.7%	20.4%	13,299	21.7%	18.3%	18.2%
	Upper	154	50.7%	37.1%	38,603	63.0%	49.9%	40.9%
	Unknown	1	0.3%	16.3%	231	0.4%	14.5%	0.0%
	TOTAL	**304**	**100.0%**	**100.0%**	**61,257**	**100.0%**	**100.0%**	**100.0%**
Refinance	Low	1	1.2%	5.0%	144	0.6%	2.4%	23.8%
	Moderate	6	7.0%	10.9%	642	2.9%	5.8%	17.1%
	Middle	20	23.3%	17.4%	4,525	20.3%	13.2%	18.2%
	Upper	54	62.8%	44.4%	15,771	70.8%	56.6%	40.9%
	Unknown	5	5.8%	22.4%	1,204	5.4%	22.0%	0.0%
	TOTAL	**86**	**100.0%**	**100.0%**	**22,286**	**100.0%**	**100.0%**	**100.0%**
Home Improvement	Low	0	0.0%	7.9%	0	0.0%	4.1%	23.8%
	Moderate	2	14.3%	15.3%	160	4.6%	9.3%	17.1%
	Middle	4	28.6%	19.2%	608	17.5%	14.7%	18.2%
	Upper	8	57.1%	47.5%	2,697	77.8%	61.5%	40.9%
	Unknown	0	0.0%	10.1%	0	0.0%	10.4%	0.0%
	TOTAL	**14**	**100.0%**	**100.0%**	**3,465**	**100.0%**	**100.0%**	**100.0%**
Multifamily	Low	0	0.0%	0.0%	0	0.0%	0.0%	23.8%
	Moderate	0	0.0%	0.0%	0	0.0%	0.0%	17.1%
	Middle	0	0.0%	1.8%	0	0.0%	0.0%	18.2%
	Upper	0	0.0%	2.6%	0	0.0%	0.3%	40.9%
	Unknown	0	0.0%	95.6%	0	0.0%	99.7%	0.0%
	TOTAL	**0**	**0.0%**	**100.0%**	**0**	**0.0%**	**100.0%**	**100.0%**
Purpose Not Applicable	Low	0	0.0%	0.4%	0	0.0%	0.1%	23.8%
	Moderate	0	0.0%	0.4%	0	0.0%	0.0%	17.1%
	Middle	0	0.0%	0.2%	0	0.0%	0.4%	18.2%
	Upper	0	0.0%	0.2%	0	0.0%	0.3%	40.9%
	Unknown	0	0.0%	98.7%	0	0.0%	99.1%	0.0%
	TOTAL	**0**	**0.0%**	**100.0%**	**0**	**0.0%**	**100.0%**	**100.0%**

HMDA TOTALS	Low	17	4.2%	5.9%	1,732	2.0%	2.5%	23.8%
	Moderate	63	15.6%	16.1%	8,338	9.6%	9.2%	17.1%
	Middle	102	25.2%	18.6%	18,432	21.2%	13.6%	18.2%
	Upper	216	53.5%	38.2%	57,071	65.6%	42.8%	40.9%
	Unknown	6	1.5%	21.2%	1,435	1.6%	32.0%	0.0%
	TOTAL	**404**	**100.0%**	**100.0%**	**87,008**	**100.0%**	**100.0%**	**100.0%**

As displayed in the preceding table, the bank's percentage of lending to low-income borrowers (4.2 percent) is below the aggregate lending levels to low-income borrowers (5.9 percent), and it is substantially below the low-income family population figure (23.8 percent). Based on these figures, performance in lending to low-income borrowers is poor. The bank's level of lending to moderate-income borrowers (15.6 percent) is only slightly below the moderate-income family population percentage (17.1 percent) and similar to the aggregate lending level to moderate-income borrowers (16.1%), reflecting reasonable performance. Overall, the bank's combined lending to LMI borrowers is below but reasonably close to comparison figures, particularly aggregate lending percentages to LMI borrowers. Therefore, considering lending performance in both income categories, the bank's overall distribution of loans by borrower's profile is reasonable.

Next, small business loans were reviewed to determine the bank's lending levels to businesses of different sizes. The following table shows the distribution of 2019 small business loans by loan amount and business revenue size compared to Dun & Bradstreet and aggregate data.

Small Business Loans by Revenue and Loan Size

Assessment Area: Pulaski County

Business Revenue and Loan Size		2019						
		Count			Dollars			Total Businesses
		Bank		Aggregate	Bank		Aggregate	
		#	%	%	$ (000s)	$ %	$ %	%
Business Revenue	$1 Million or Less	36	66.7%	40.1%	$2,712	38.4%	33.9%	89.3%
Business Revenue	Over $1 Million/ Unknown	18	33.3%	59.9%	$4,350	61.6%	66.1%	10.7%
Business Revenue	**TOTAL**	**54**	**100.0%**	**100.0%**	**$7,062**	**100.0%**	**100.0%**	**100.0%**
Loan Size	$100,000 or Less	36	66.7%	89.6%	$1,644	23.3%	29.9%	
Loan Size	$100,001–$250,000	9	16.7%	5.3%	$1,870	26.5%	17.5%	
Loan Size	$250,001–$1 Million	9	16.7%	5.1%	$3,548	50.2%	52.6%	
Loan Size	Over $1 Million	0	0.0%	0.0%	$0	0.0%	0.0%	
Loan Size	**TOTAL**	**54**	**100.0%**	**100.0%**	**$7,062**	**100.0%**	**100.0%**	
Loan Size – Revenue $1 Million or Less	$100,000 or Less	30	83.3%		$1,296	47.8%		
Loan Size – Revenue $1 Million or Less	$100,001–$250,000	4	11.1%		$830	30.6%		
Loan Size – Revenue $1 Million or Less	$250,001–$1 Million	2	5.6%		$586	21.6%		
Loan Size – Revenue $1 Million or Less	Over $1 Million	0	0.0%		$0	0.0%		
Loan Size – Revenue $1 Million or Less	**TOTAL**	**36**	**100.0%**		**$2,712**	**100.0%**		

The bank's level of lending to small businesses is reasonable. The bank originated 66.7 percent of its small business loans to businesses with revenues of $1 million or less. This compares favorably to the 2019 aggregate lending level of 40.1 percent, although it is below the estimated 89.3 percent of businesses in the assessment area with annual revenues of $1 million or less.

Geographic Distribution of Loans

As noted previously, the assessment area includes 10 low-income and 29 moderate-income census tracts, representing 41.0 percent of all assessment area census tracts. While the bank's geographic distribution of small business lending is reasonable, the distribution of HMDA loans in LMI geographies is very poor. As mentioned in the *Scope of Examination* section, when making overall performance conclusions, the HMDA loan product carried more weight. Consequently, the bank's overall geographic distribution of loans in this assessment area reflects poor penetration throughout LMI census tracts.

The following table displays the geographic distribution of 2019 Bank of Little Rock Mortgage Corporation's HMDA loans compared to owner-occupied housing demographics and aggregate performance for the assessment area.

Geographic Distribution of HMDA Loans Assessment Area: Pulaski County								
Product Type	Tract Income Levels	2019						
		Count			Dollar			Owner-Occupied Units
		Bank		HMDA Aggregate	Bank		HMDA Aggregate	
		#	%	%	$ (000s)	$ %	$ %	%
Home Purchase	Low	0	0.0%	2.2%	0	0.0%	1.2%	4.4%
	Moderate	25	8.2%	15.2%	2,828	4.6%	8.8%	22.4%
	Middle	73	24.0%	29.5%	10,883	17.8%	23.8%	29.8%
	Upper	205	67.4%	52.8%	47,446	77.5%	65.8%	42.9%
	Unknown	1	0.3%	0.2%	100	0.2%	0.3%	0.5%
	TOTAL	**304**	**100.0%**	**100.0%**	**61,257**	**100.0%**	**100.0%**	**100.0%**
Refinance	Low	0	0.0%	1.4%	0	0.0%	0.7%	4.4%
	Moderate	4	4.7%	12.0%	634	2.8%	6.5%	22.4%
	Middle	9	10.5%	25.5%	1,635	7.3%	20.0%	29.8%
	Upper	73	84.9%	61.0%	20,017	89.8%	72.7%	42.9%
	Unknown	0	0.0%	0.1%	0	0.0%	0.2%	0.5%
	TOTAL	**86**	**100.0%**	**100.0%**	**22,286**	**100.0%**	**100.0%**	**100.0%**
Home Improvement	Low	0	0.0%	3.2%	0	0.0%	1.3%	4.4%
	Moderate	0	0.0%	16.0%	0	0.0%	10.4%	22.4%
	Middle	1	7.1%	23.2%	154	4.4%	17.7%	29.8%
	Upper	13	92.9%	57.1%	3,311	95.6%	70.4%	42.9%
	Unknown	0	0.0%	0.5%	0	0.0%	0.2%	0.5%
	TOTAL	**14**	**100.0%**	**100.0%**	**3,465**	**100.0%**	**100.0%**	**100.0%**
Multifamily	Low	0	0.0%	19.3%	0	0.0%	7.1%	4.4%
	Moderate	0	0.0%	34.2%	0	0.0%	24.8%	22.4%
	Middle	0	0.0%	18.4%	0	0.0%	17.8%	29.8%
	Upper	0	0.0%	28.1%	0	0.0%	50.3%	42.9%
	Unknown	0	0.0%	0.0%	0	0.0%	0.0%	0.5%
	TOTAL	**0**	**0.0%**	**100.0%**	**0**	**0.0%**	**100.0%**	**100.0%**
Purpose Not Applicable	Low	0	0.0%	5.4%	0	0.0%	3.7%	4.4%
	Moderate	0	0.0%	30.4%	0	0.0%	21.7%	22.4%
	Middle	0	0.0%	40.7%	0	0.0%	39.4%	29.8%
	Upper	0	0.0%	23.5%	0	0.0%	35.2%	42.9%
	Unknown	0	0.0%	0.0%	0	0.0%	0.0%	0.5%
	TOTAL	**0**	**0.0%**	**100.0%**	**0**	**0.0%**	**100.0%**	**100.0%**

HMDA TOTALS	Low	0	0.0%	2.3%	0	0.0%	2.1%	4.4%
	Moderate	29	7.2%	15.0%	3,462	4.0%	11.1%	22.4%
	Middle	83	20.5%	28.3%	12,672	14.6%	21.9%	29.8%
	Upper	291	72.0%	54.2%	70,774	81.3%	64.7%	42.9%
	Unknown	1	0.2%	0.2%	100	0.1%	0.2%	0.5%
	TOTAL	**404**	**100.0%**	**100.0%**	**87,008**	**100.0%**	**100.0%**	**100.0%**

The analysis of HMDA loans revealed very poor lending performance to borrowers residing in low-income geographies. The bank did not report any HMDA loan originations in low-income census tracts, and, therefore, the bank's total penetration of low-income census tracts by number of loans (0.0 percent) was below both the percentage of owner-occupied housing units in low-income census tracts (4.4 percent) and the aggregate performance of other lenders in the assessment area based on 2019 HMDA aggregate data (2.3 percent).

Similarly, bank performance in moderate-income census tracts was significantly below comparison data and also deemed very poor. The bank's total penetration of moderate-income census tracts by number of loans (7.2 percent) is well below the percentage of owner-occupied housing units in moderate-income census tracts (22.4 percent). The bank's performance in moderate-income census tracts is also significantly below that of other lenders based on aggregate lending data, which indicate that 15.0 percent of aggregate HMDA loans inside this assessment area were made to borrowers residing in moderate-income census tracts. Given the bank's distribution of HMDA loans in moderate-income geographies is less than half that of aggregate lenders, the bank's performance in moderate-income geographies is very poor. Furthermore, the bank's distribution of HMDA loans is significantly heavier in upper-income areas. Therefore, based on the combined performance in LMI areas, the bank's overall geographic distribution of HMDA loans is very poor, particularly for a lender having a significant portion of the mortgage lending market share in this assessment area.

Second, the bank's geographic distribution of small business loans was reviewed. The following table displays 2019 small business loan activity by geography income level compared to the location of businesses throughout the bank's assessment area and 2019 small business aggregate data.

Geographic Distribution of Small Business Loans
Assessment Area: Pulaski County

Tract Income Levels	2019						
	Count			Dollar			Businesses
	Bank		Aggregate	Bank		Aggregate	
	#	%	%	$ (000s)	$ %	$ %	%
Low	6	11.1%	6.6%	$1,000	14.2%	9.6%	6.3%
Moderate	9	16.7%	21.4%	$643	9.1%	23.8%	23.3%
Middle	13	24.1%	20.9%	$2,020	28.6%	16.3%	21.7%
Upper	26	48.1%	49.5%	$3,399	48.1%	49.8%	48.4%
Unknown	0	0.0%	1.7%	$0	0.0%	0.4%	0.2%
TOTAL	**54**	**100.0%**	**100.0%**	**$7,062**	**100.0%**	**100.0%**	**100.0%**

The bank's level of lending in low-income census tracts (11.1 percent) is above both the estimated percentage of businesses operating inside these census tracts (6.3 percent) and 2019 aggregate lending levels in low-income census tracts (6.6 percent), representing excellent performance. The bank's percentage of loans in moderate-income census tracts (16.7 percent) is lower than both the estimated percentage of businesses operating inside these census tracts (23.3 percent) and 2019 aggregate lending levels in moderate-income census tracts (21.4 percent). While lower than demographic and aggregate lending data, the bank's small business lending in moderate-income geographies is relatively close to figures used for comparison purposes, reflecting reasonable performance. Consequently, the bank's overall geographic distribution of small business loans in LMI areas is reasonable.

Lastly, based on reviews from both loan categories, the bank did not have any loan activity in 7 out of 10 low-income census tracts and in 12 out of 29 moderate-income census tracts within the assessment area. Several of these census tracts are adjacent to each other, forming a cluster of five LMI census tracts just south of the bank's main office and one of its branches. Based on HMDA and CRA aggregate activity, a total of 172 HMDA loans and 148 small business loans were made in 2019 in these census tracts by other lenders, including lenders identified as regional peers. This data reflects viable lending opportunities present in these census tracts. The bank's lack of lending within these census tracts, despite having locations nearby, represents a lending gap within the assessment area that supports the conclusion that the bank's overall geographic distribution is poor.

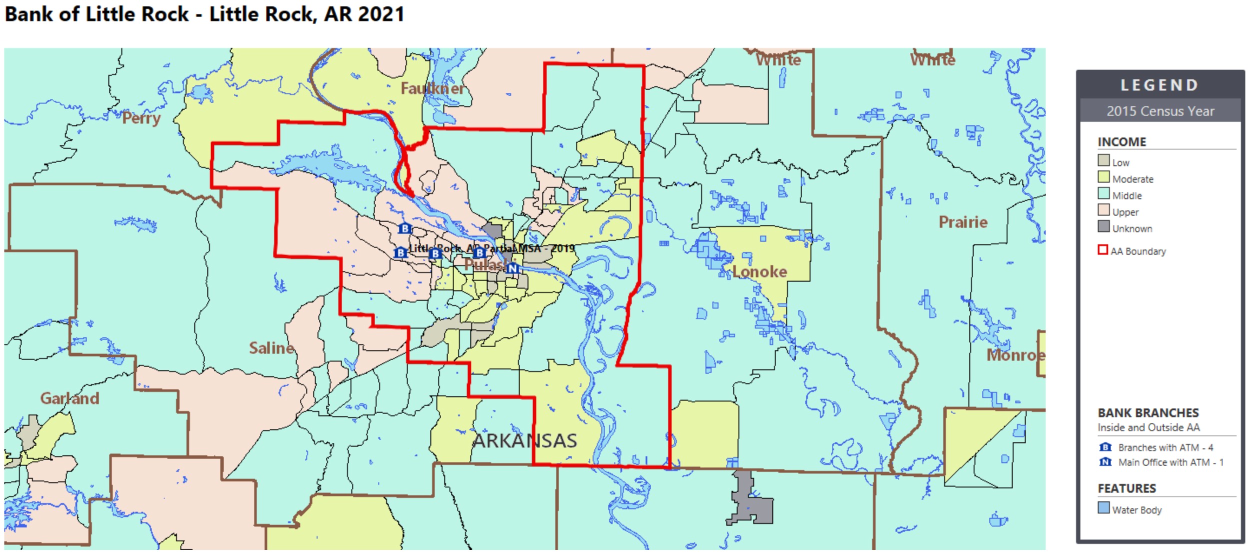
<u>Responses to Complaints</u>

During the review period (January 11, 2016 through February 21, 2021), the bank received one CRA public complaint letter on March 19, 2020. Bank of Little Rock responded appropriately by including a copy of the public comment letter in the bank's CRA Public File.

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.

ASSESSMENT AREA DETAIL



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- or moderate-income individuals; (2) community services targeted to low- or 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- or 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 (e.g., age, race, sex, and income) 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 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: 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.