

PUBLIC DISCLOSURE

August 5, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Peoples Bank and Trust Company of Madison County
419 Chestnut Street
Berea, Kentucky 40403

RSSD #746513

Federal Reserve Bank of Cleveland
P.O. Box 6387
Cleveland, Ohio 44101-1387

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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INSTITUTION'S CRA RATING: Outstanding

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Outstanding

The major factors supporting the ratings include:

- The loan-to-deposit ratio is (considering seasonal variations and taking into account lending-related activities) 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 distribution of loans to borrowers reflects an excellent penetration among individuals of different income (including low- and moderate-income) levels;
- The distribution of loans to businesses and farms reflects a reasonable penetration among businesses and farms of different revenue sizes;
- The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area.
- There were no CRA-related complaints filed against the bank since the prior CRA evaluation.
- Community development performance demonstrates an excellent responsiveness to the community development needs of the assessment area through community development loans, qualified investments, and community development services, as appropriate, considering the bank's capacity and the need and availability of such opportunities for community development in the bank's assessment area.

Peoples Bank and Trust Company of Madison County, Berea, Kentucky (Peoples) received a "Satisfactory" rating as a result of the February 1, 2016 CRA Performance Evaluation. The lending test was rated "Satisfactory," and the community development test was rated "Outstanding."

SCOPE OF EVALUATION

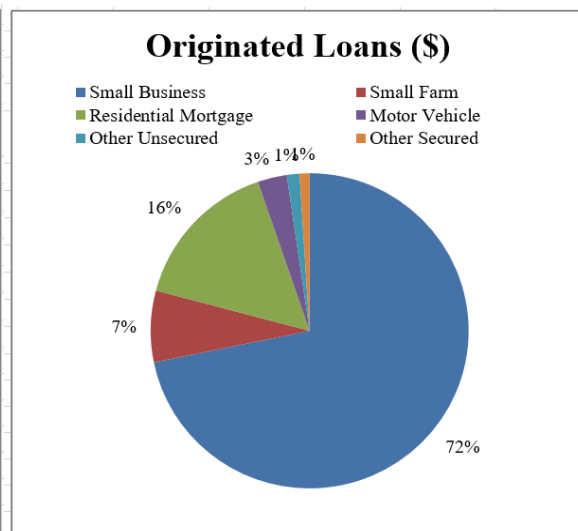
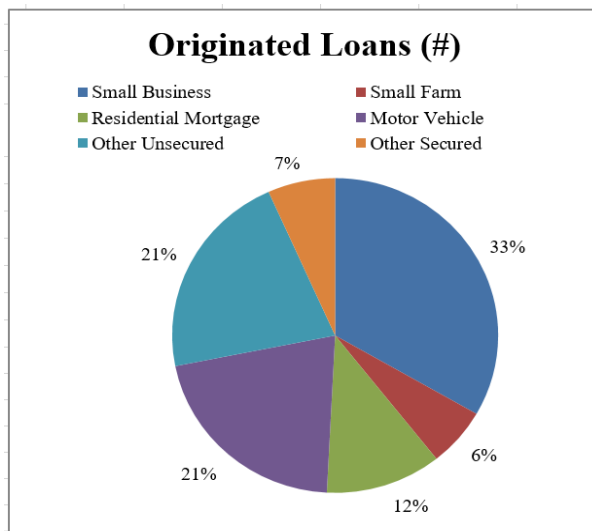
Peoples' Community Reinvestment Act (CRA) performance was evaluated using the interagency intermediate small bank evaluation procedures under Regulation BB.

Peoples' CRA lending performance was evaluated based on loans originated from January 1, 2017 to December 31, 2018. The products evaluated include residential real estate mortgage, consumer, small business, and small farm loans. Consumer loans are comprised of motor vehicle, other unsecured, and other secured loans. Small business loans are comprised of commercial purpose non-real estate and real-estate secured loans and were combined in this evaluation. Lastly, there were not enough consumer home equity loans to conduct a meaningful analysis.

Community development activities occurring from February 2, 2016 to July 31, 2019 were also reviewed as part of this evaluation; specifically, community development loans, qualified investments, and community development services occurring since the previous evaluation.

The following table and charts illustrate the volume and distribution of loans originated in Peoples’ assessment area during the evaluation period.

Loan Type	Number of Loans	Dollar Amount of Loans (000s)
Small Business	855	131,306
Small Farm	155	13,397
Residential Real Estate Mortgage	295	28,550
Motor Vehicle	541	5,434
Other Unsecured	550	2,354
Other Secured	172	1,856
Total	2,568	182,897



Based on loan volume by number and dollar amount, small business loans received the most weight in this evaluation followed by residential real estate mortgage, motor vehicle, other unsecured, small farm, and other secured loans. In addition, borrower distribution received greater weight than geographic distribution given the limited number of low- and moderate-income census tracts.

The size and financial condition of Peoples, lending opportunities in the assessment area, and competition with other institutions also were considered in Peoples performance context. The primary sources of demographic data in this evaluation are the U.S. Census Bureau and Dun & Bradstreet. The demographic data should not be construed as defining an expected level of lending in a particular area or to a particular group of borrowers. The data, along with housing and economic conditions information, is used to establish performance context and evaluate Peoples accordingly. Lastly, two community contact interviews were conducted to provide additional information regarding the credit needs and context to demographic and economic characteristics in the communities in which Peoples operates.

DESCRIPTION OF INSTITUTION

Peoples is an independently operated bank headquartered in Berea, Kentucky and a banking subsidiary of Whitaker Bank Corporation of Kentucky, Lexington, Kentucky, which also owns Whitaker Bank, Lexington, Kentucky. As of March 31, 2019, Peoples reported \$401.2 million in total assets.

Peoples' main office is in Berea, Kentucky. Peoples also operates eight branch offices with cash-only ATMs in addition to three stand-alone, cash-only ATMs throughout the assessment area. The main office (middle-income tract) and seven branch offices¹ (four in middle- and three in upper-income tracts) are in Madison County. The remaining branch office is in Mount Vernon, Kentucky (Rockcastle County) in a middle-income tract. Since the prior evaluation Peoples closed a branch office with a cash-only ATM in a Wal-Mart in Richmond, Kentucky in an upper-income tract.

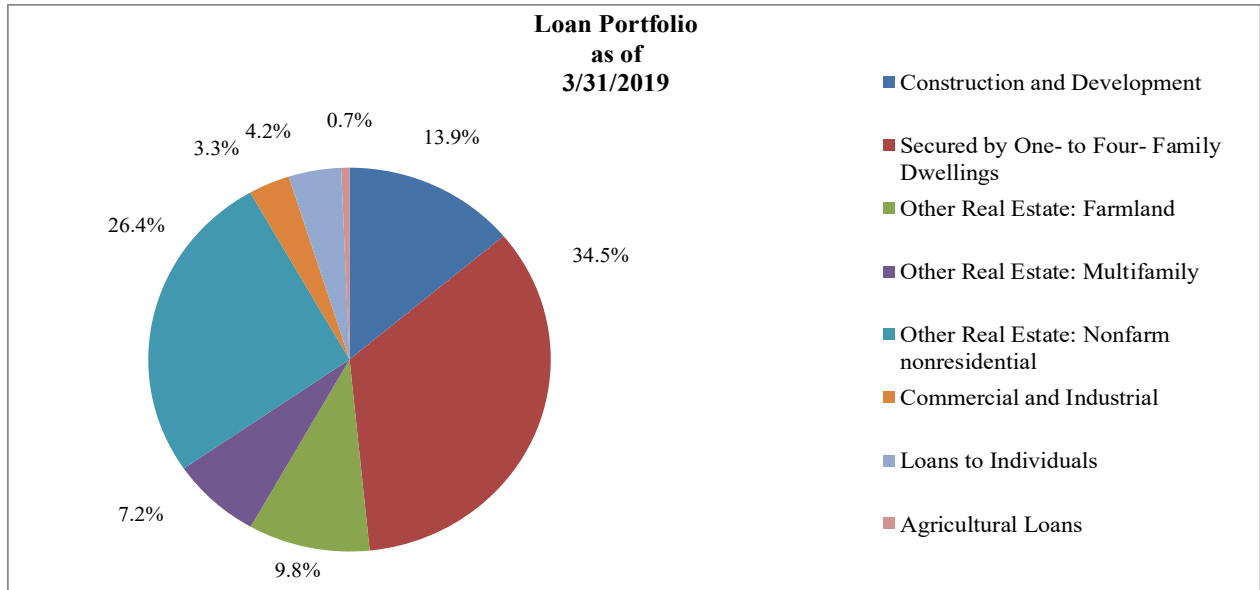
Peoples is a full-service retail bank offering deposit accounts, lines of credit, revolving lines of credit and residential real estate mortgage, consumer, commercial, and agricultural loans. Peoples also engages in a wide range of commercial and personal banking and trust activities that include cash management and full-service brokerage services through its affiliate, Kentucky Trust Company, Danville, Kentucky.

As of March 31, 2019, Peoples net loans and leases represent 62.4% of total assets. The following table and chart illustrate the composition of loans originated during the evaluation period.

COMPOSITION OF LOAN PORTFOLIO						
Loan Type	3/31/2019		12/31/2018		12/31/2017	
	\$ (000s)	Percent	\$ (000s)	Percent	\$ (000s)	Percent
Construction and Development	35,099	13.9%	39,425	15.5%	32,090	14.0%
Secured by One- to Four- Family Dwellings	87,238	34.5%	86,955	34.3%	78,875	34.5%
Other Real Estate: Farmland	24,676	9.8%	24,314	9.6%	21,652	9.5%
Other Real Estate: Multifamily	18,285	7.2%	18,125	7.1%	17,512	7.7%
Other Real Estate: Nonfarm nonresidential	66,720	26.4%	63,693	25.1%	57,151	25.0%
Commercial and Industrial	8,395	3.3%	8,529	3.4%	9,326	4.1%
Loans to Individuals	10,657	4.2%	10,448	4.1%	9,983	4.4%
Agricultural Loans	1,688	0.7%	2,075	0.8%	1,962	0.9%
<i>Total</i>	<i>\$252,758</i>	<i>100.00%</i>	<i>\$253,564</i>	<i>100.00%</i>	<i>\$228,551</i>	<i>100.00%</i>

* This table does not include the entire loan portfolio. Specifically, it excludes loans to depository institutions, bankers acceptances, lease financing receivables, obligations of state and political subdivisions, and other loans that do not meet any other category. Contra assets are also not included in this table.

¹ 3 branch offices in Berea, Kentucky; 3 branch offices in Richmond, Kentucky; and 1 branch office in Waco, Kentucky



Peoples' investment portfolio as of March 31, 2019 was \$116.3 million or 29.0% of total assets. Investments in U.S. Treasuries and Agencies account for 32.3%, municipal securities comprise 24.1%, and all other investments comprise the remaining 43.6% of total investments.

There are no legal or financial constraints preventing Peoples from meeting the credit needs of the assessment area consistent with its asset size, business strategy, resources, and local economy.

DESCRIPTION OF NON-METROPOLITAN KENTUCKY ASSESSMENT AREA

Peoples' delineated CRA footprint is comprised of one assessment area in Non-metropolitan Kentucky consisting of the entireties of Madison and Rockcastle counties. Peoples' assessment area has 23 census tracts consisting of four moderate-, 10 middle-, and nine upper-income tracts. In 2018, all 10 middle-income tracts are designated as distressed due to poverty;² this is a significant year-over-year increase from the 2017 data.³

Madison County is in eastern Kentucky and mostly rural. Richmond is the largest city and county seat (about 30 miles southeast of Lexington, Kentucky). Richmond has an estimated population of 35,894 as of July 1, 2018, representing a 14.6% increase in population since 2010. In addition, Berea, Kentucky has an estimated population of 15,787 as of July 1, 2018, representing a 16.4% increase in population since 2010.⁴ Further, Berea is ranked as the 14th fastest growing city in Kentucky by percent increase in population since 2010.⁵

Rockcastle County is in eastern Kentucky and mostly rural. Mount Vernon is the largest city and county seat (about 48 miles north of Lexington, Kentucky). Mount Vernon has an estimated population of 2,438 as of July 1, 2018, representing a 1.5% decrease in population since 2010.⁶ According to the Centers of Disease Control and Prevention, Rockcastle County is ranked 40th of 220 most vulnerable counties as a result of the opioid epidemic; several surrounding counties (Laurel, Lincoln, and Garrard) are also vulnerable.⁷ As indicated in *The Opioid Epidemic and Its Effects: A Perspective on What We Know from the Federal Reserve Bank of Cleveland*,⁸ recent Federal Reserve Bank of Cleveland research suggests that counties that have higher levels of opioid prescriptions have substantially lower prime-age labor force participation rates and reduced labor market activity, which ultimately impacts economic growth potential of a local area.

According to the Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report,⁹ as of June 30, 2018, Peoples ranked first of 15 institutions with 23.4% of the deposit market share, followed by Community Trust Bank, Inc. with 16.6%, JPMorgan Chase Bank, NA with 10.0%, Kentucky Bank with 7.6%, and Citizens Bank with 7.2%, respectively.

Community Contacts

Two community contact interviews were conducted to provide additional information regarding the assessment area. The first contact, representing a community action agency, explained they provide a variety of programs and assistance designed to fight poverty including Early Head Start, substance abuse and prevention, emergency shelter, workforce development, affordable housing, transitional housing assistance, and home weatherization in the Cumberland Valley area. The contact explained the Cumberland Valley area has some of the poorest counties in the country with

² 2018 Distressed Tracts: Seven in Madison County; three in Rockcastle County

³ 2017 Distressed Tracts: Three in Rockcastle County

⁴ U.S. Census Bureau – QuickFacts: <https://www.census.gov/quickfacts/fact/table/US/PST045218>

⁵ HomeSnacks: <https://www.homesnacks.net/fastest-growing-cities-in-kentucky-127078/>

⁶ Suburbanstats: <https://suburbanstats.org/race/kentucky/mount-vernon/how-many-white-people-live-in-mount-vernon-kentucky>

⁷ amfAR – Kentucky Opioid Epidemic: <https://opioid.amfar.org/KY>

⁸ Cleveland Fed: <https://www.clevelandfed.org/newsroom-and-events/publications/community-development-briefs/db-20180531-the-opioid-epidemic.aspx>

⁹ Deposit Market Share Reports – Summary of Deposits: <https://www5.fdic.gov/sod/sodMarketBank.asp?barItem=2>

the poverty rate nearly 1.5 times the national rate, which translates to roughly 34.0%. Since 2012, this region has experienced declines in population and median household income primarily due to the large reduction in jobs in the coal industry. Many people have stopped looking for jobs because total employment in the region has reduced by at least 20.0% in the past 12 years. The contact stated that lower workforce participation likely has a greater impact on hiring for entry-level and lower-wages jobs than for jobs that require advanced skills and pay more. However, efforts are underway to diversify the region's economy and bring more jobs to the area. For the past several years this region benefitted from several Obama-era federal grants intended to assist areas suffering economically by downturns in the coal industry. These grants included workforce development, broadband networks, and supporting entrepreneurship activities. Unfortunately, the monies for workforce development programs have been exhausted. The contact explained that, while requests for assistance have not increased, they have not tapered off either. The opioid epidemic has affected the workforce causing higher employee turnover, bringing additional costs to train new employees, and dealing with employee thefts. Most of the counties in this region have some of the highest opioid rates in the nation and a relatively low percentage of people in the workforce. As a result, area businesses have difficulty finding workers who can pass drug screening; however, the contact indicated there are many good workers available in the region (i.e., who can pass a drug test), including former coal miners. Former miners have a variety of skills that transfer well to industries such as manufacturing, transportation, and warehousing. At a recent job fair, there were 1,500 applicants for about 60 jobs and less than 2.0% failed an unannounced drug screening. In regards to housing, the lower-income housing stock is in need of weatherization and other repairs. Section 8 housing has long waiting lists and no openings. The need for rental assistance is increasing, especially for those who get behind in rents when looking for work or learning new job skills. One advantage of the grant programs for miners was that the grants were bridge programs that helped miners pay for wraparound services while receiving vocational training. The contact considers homelessness to be a growing concern in the area and there are a limited number of homeless shelters in the region, especially for families. From a needs perspective, the contact stated that employment and housing are the area's top needs. Opportunities for participation by local financial institutions include: rental assistance programs for low- and moderate-income individuals, transitional housing for the homeless, and/or housing rehabilitation grants for low- and moderate-income homeowners.

The second contact, representing an affordable housing agency, explained they are a charitable organization whose mission is to create safe, decent, affordable housing in partnership with those in need. The agency also provides referrals for those who lack sufficient income to qualify to buy a home and existing homeowners who have experienced financial, health, or job-related setbacks and are struggling to make monthly mortgage payments. The agency receives numerous requests for short-term emergency assistance (i.e., rental assistance, utility assistance, and home repairs). The contact stated this agency does not provide temporary housing, and there is a significant need for temporary and transitional housing; unfortunately, the area only has one homeless shelter that only has 20 beds. Recent research conducted by this agency finds one in four area homes require rehabilitation and nearly 60.0% of rentals have renters who are cost burdened. The contact stated there are not a lot of affordable rentals in the area. In addition, because of the high demand for affordable housing and comparatively low supply, it is typical for individuals to be on Section 8 wait lists for 16 to 18 months. For the first time in three years, the area's Section 8 Housing Choice Voucher Program has openings on the wait list. In addition, there is a limited supply of buildable

lots, because the lots have been purchased by developers who are building higher-end single-family housing units. The average price of house has escalated to over \$165,000. The contact said they are having trouble finding available and low-cost land on which to build affordable single-family units, particularly in Berea and Richmond. The contact stated there are opportunities for banks to provide down-payment assistance. Lower-income individuals can typically afford monthly homeownership costs but saving 20.0% for a down payment is very burdensome.

Both contacts said local financial institutions are actively involved with their organizations. Bank management serves as board members, helps sponsor grants for affordable housing initiatives, and assists in providing financial education (i.e., first-time homebuyer education). These banks also provide financial assistance such as cash donations and volunteerism.

Population Characteristics

According to the 2015 U.S. Census Bureau, the population in Peoples’ assessment area was 102,780 with 11.7% of individuals residing in moderate-, 50.4% residing in middle-, and 38.0% residing in upper-income census tracts. As indicated in the table below, the majority of the area’s population resides in Madison County. The table also shows the area’s estimated population change from 2010 to 2018.

Geography	2010	2018	Percent of Change
	Actual	Estimated	
Madison	82,913	92,368	11.40%
Rockcastle	17,056	16,750	-1.79%
Total	99,969	109,118	9.15%

During this period, the overall the population increased by nearly 10.0%, primarily due to the growth in Madison County. A community contact mentioned that the declines in population are mainly due to the loss of jobs in the coal industry over the past six years.

Further, 78.7% of the population is 18 years of age or older, the legal age to enter into a contract. While the population in the assessment area age 65 and over is 13.1% compared to 14.4% in Kentucky, the population age 65 and over in Rockcastle County is 16.2%, which is 1.8 percentage points greater than in Kentucky. A larger senior population typically indicates the county probably has a smaller working- and consumer-age population and reduced economic activity.

Income Characteristics

According to 2015 Census data, the median family income the assessment area was \$53,761, which is below Kentucky’s median family income of \$55,367. As shown in the table below, the median family income for Non-metropolitan Kentucky increased to \$49,400 in 2018 but was still below the median family income in Peoples’ assessment area.

**Borrower Income Levels
Kentucky State Nonmetropolitan**

HUD Estimated Median Family Income		Low	Moderate	Middle	Upper
		0 - 49.99%	50% - 79.99%	80% - 119.99%	120% - & above
2017	\$47,800	0 - \$23,899	\$23,900 - \$38,239	\$38,240 - \$57,359	\$57,360 - & above
2018	\$49,400	0 - \$24,699	\$24,700 - \$39,519	\$39,520 - \$59,279	\$59,280 - & above

In the assessment area, 22.1% of the 38,685 households are below the poverty level, 3.1% are receiving public assistance, and 17.6% have renters with rent costs greater than 30.0% of their monthly income.

As shown in the table below, between 2016 and 2017 the poverty rates decreased overall in the assessment area with Madison County experiencing the greater decrease. However, poverty rates in the assessment area remained higher than Kentucky’s and substantially higher than the nation’s during this period.¹⁰

Geography	2016	2017	Percentage Point Change
Madison	21.3%	17.0%	-4.3
Rockcastle	24.2%	21.3%	-2.9
Kentucky	18.2%	17.1%	-1.1
U.S.	14.0%	13.4%	-0.6

Housing Characteristics

According to the 2015 Census Bureau, there are 43,319 housing units and 24,938 families in the assessment area. From an income perspective, 10.3% of the housing units and 7.6% of families are in the assessment area’s moderate-income tracts. Of the housing units in moderate-income tracts, only 31.9% are owner-occupied and over two-thirds are rentals (51.3%) or vacant (16.8%). Therefore, based on the limited number of moderate-income tracts, families, and housing units and the high percentage of rental/vacant units, there appears to be limited credit-related opportunities for Peoples to make residential real estate mortgage loans and provide various aspects of affordable housing in these tracts.

The Census Bureau’s 2015 data shows the median age of housing stock is 33 years old, and 9.4% of the assessment area’s 43,319 housing units are at least 65 years old (built before 1950). This indicates there are limited opportunities to make home improvement loans. The median housing value in the assessment area was \$130,228 with an affordability ratio of 31.45. The affordability ratio is derived by dividing the median household income by the median housing value. The higher the affordability ratio, the more affordable a home is considered. Both community contacts

¹⁰ U.S. Census Bureau, Small Area Income and Poverty Estimates (SAIPE): <https://www.census.gov/did/www/saipe/>

indicated the need for short-term emergency assistance (i.e., utility assistance and home repairs/rehabilitation/weatherization).

As indicated in the table below,¹¹ median housing values increased slightly between 2015 and 2013-2017 with the greatest increase in value occurring in Rockcastle County. During this same period, housing became more affordable across the assessment area primarily attributed to the increase in median family income. Conversely, median gross rents increased throughout the assessment area but at a slightly lower rate than rents across Kentucky.

Geography	2015 Median Housing Value	2015 Affordability Ratio	2013-2017 Median Housing Value	2013-2017 Affordability Ratio	2015 Median Gross Rent	2013-2017 Median Gross Rent	Percent of Change in Rents
Madison	\$144,800	29.27	\$151,000	30.91	\$647	\$679	4.9%
Rockcastle	\$73,900	42.70	\$80,800	44.42	\$522	\$548	5.0%
Kentucky	\$123,200	35.50	\$130,000	35.80	\$675	\$713	5.6%

Across the assessment area, 36.0% of renters have rent costs greater than \$700 a month and nearly half (46.3%) of units for rent (14,678) have renters who are considered to be cost burdened or have rent costs greater than 30.0% of their monthly income. Increasing rental costs may make it more difficult for potential first-time homebuyers to save enough money to make a sufficient down payment in the rising interest rate environment. In addition, a community contact noted that nearly 60.0% of rental units have renters who are cost burdened and need down payment assistance.

Building permits are a leading indicator of future activity in the construction sector. As indicated in the table below, building permits in Madison County¹² fell well below statewide and national trends between 2016 and 2017.

Geography	2016	2017	Percent of Change 2016-2017
Madison	192	171	-10.94%
Rockcastle	N/A	N/A	N/A
Kentucky	12,714	12,630	-0.66%
U.S.	1,206,642	1,281,977	6.24%

The overall decrease in the number of permits could indicate a decreasing demand for residential real estate mortgage loans during this evaluation period. However, a community contact stated there is a limited supply of buildable lots for single-family homes because the lots have been purchased by developers who are building higher-end housing units.

¹¹ U.S. Census QuickFacts: <https://www.census.gov/quickfacts/fact/table/US/PST045218>

¹² U.S. Census Bureau Building Permits Survey: <http://www.census.gov/construction/bps>

Labor, Employment and Economic Characteristics

According to Dun & Bradstreet data, the majority of businesses (92.8%) in the assessment area have revenues under \$1 million. Further, 2015 Census data shows the working-age population (persons 16+ years) in the assessment area is 83,157, with approximately 49,983 (60.1%) paid employees working in the private sector or government, and with 4,468 (8.9%) persons unemployed. The table below shows the largest area industries by employment:¹³

Largest Industry Sectors	Madison County (# of employees)	Rockcastle County (# of employees)
Manufacturing	5,414	106
Trade, Transportation and Utilities	5,004	459
Education and Health Services	4,459	1,190
Leisure and Hospitality	4,262	311
Construction	1,375	91

Some major area employers include Berea College, Bluegrass Army Depot (15,000 acre storage facility for the U.S. military), Bluegrass Chemical Agent-Destruction Pilot Plan, Eastern Kentucky University, EnerSys, Hitachi Automotive Services, Nacco Materials Handling Group, Sherwin-Williams Company, and SOURCEHOV, Inc.

The highest paying industries in Madison County are: mining, quarrying, and oil and gas extraction (\$88,611); manufacturing (\$48,818); and professional, scientific, and technical services (\$46,188). The highest paying industries in Rockcastle County are: mining, quarrying, and oil and gas extraction (\$81,250); utilities (\$49,583); and transportation, warehousing, and utilities (\$47,639).¹⁴

The table below illustrates the average unemployment rates related to this assessment area.

**Unemployment Rates
Assessment Area: Nonmetropolitan KY**

Area	Years - Annualized	
	2017	2018
Madison Co.	3.3	3.5 (P)
Rockcastle Co.	4.5	4.2 (P)
Kentucky	4.0 (D)	3.8 (D)
National	3.9	3.7

Not Seasonally Adjusted

Data extracted on March 12, 2019

D: Reflects revised population controls and model reestimation

P: Preliminary

The unemployment rate increased between 2017 and 2018 in Madison County but decreased in Rockcastle County and Kentucky which reflects the national trend. A community contact mentioned the low percentage of people in the workforce (more so in region of Kentucky that includes Rockcastle County) is due to the opioid epidemic and loss of jobs in the coal industry.

¹³ Kentucky Cabinet for Economic Development: <http://www.thinkkentucky.com/cmnty/>

¹⁴ Datausa: <https://datausa.io/profile/geo/madison-county-ky/?compare=rockcastle-county-ky>

See Appendix B for tables that further illustrate the demographics of Peoples’ assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Lending Test

Peoples’ performance under the lending test is “Satisfactory.” The loan-to-deposit ratio is reasonable. Peoples made a majority of its loans inside the assessment area. The distribution of loans to borrowers is excellent and reasonable to businesses and farms. The geographic distribution of lending is reasonable, and there are no gaps in lending during the evaluation period.

Loan-to-Deposit Ratio

A financial institution’s loan-to-deposit ratio compares the institution’s aggregate loan balances outstanding to its total deposits outstanding. The ratio is a measure of an institution’s lending volume relative to its capacity to lend and is derived by adding the quarterly loan-to-deposit ratios and dividing the total by the number of quarters.

The following table shows Peoples’ quarterly loan-to-deposit ratios for the past 14 quarters since the previous evaluation, along with three similarly situated financial institutions’ (custom peer group) average loan-to-deposit over the same period.

Peoples B&TC of Madison Cty Loan-to-Deposit Ratios					
AS OF DATE	PEOPLES B&TC OF MADISON CTY	COMMUNITY TR BK INC	CENTRAL B&TC	KENTUCKY BK	CUSTOM PEER
March 31, 2019	81.26	93.22	99.32	79.95	90.83
December 31, 2018	83.44	95.62	97.66	79.23	90.84
September 30, 2018	77.41	95.61	97.16	82.42	91.73
June 30, 2018	74.80	94.32	98.17	82.07	91.52
March 31, 2018	72.05	92.53	97.18	78.35	89.35
December 31, 2017	73.67	94.25	99.02	78.41	90.56
September 30, 2017	71.60	95.80	99.46	85.46	93.57
June 30, 2017	72.12	97.96	95.33	81.98	91.76
March 31, 2017	76.02	92.58	94.35	78.81	88.58
December 31, 2016	76.60	93.90	92.60	80.71	89.07
September 31, 2016	76.85	94.54	91.04	89.11	91.56
June 30, 2016	72.90	94.92	89.51	86.06	90.16
March 31, 2016	71.04	93.71	90.30	82.17	88.73
December 31, 2015	73.71	94.90	90.94	81.40	89.08
Quarterly Loan-to-Deposit Ratio Average Since the Previous Evaluation	75.25	94.56	95.15	81.87	90.52

Peoples’ loan-to-deposit ratio is reasonable given its asset size, financial condition, and assessment area credit needs. Peoples averaged 74.8% over the past 13 quarters of operation or below the custom peer group average ratio of 90.5%.¹⁵ Overall Peoples’ performance has been stable since the previous evaluation period. The loan-to-deposit ratio ranged from a recent high of 83.4% in December 2018 to a low of 71.0% in March 2016. According to bank management, the loan-to-deposit ratio is increasing due to an increase in real estate lending and a slight rise in total deposits.

Lending in the Assessment Area

¹⁵ National peer group consists of all commercial banks having assets between \$100 and \$300 million in nonmetropolitan areas with three or more full service offices.

Peoples’ residential real estate mortgage, consumer, small business, and small farm loans were analyzed to determine the volume of lending inside and outside the assessment area. The following table shows the distribution of loans made inside and outside the assessment area by loan type.

Loan Types	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Home Equity	47	87	\$2,529	87.5	7	13	\$362	12.5
Motor Vehicle	541	84.7	\$5,434	85.3	98	15.3	\$934	14.7
Other - Secured	172	84.7	\$1,856	83.4	31	15.3	\$371	16.6
Other - Unsecured	550	87.6	\$2,354	84.9	78	12.4	\$418	15.1
Residential Loans	295	78.9	\$28,550	77.1	79	21.1	\$8,492	22.9
Total Consumer related	1,605	84.6	\$40,723	79.4	293	15.4	\$10,576	20.6
Small Business	855	87.5	\$131,306	85.8	122	12.5	\$21,671	14.2
Total Small Bus. related	855	87.5	\$131,306	85.8	122	12.5	\$21,671	14.2
Small Farm	155	80.3	\$13,397	85.2	38	19.7	\$2,330	14.8
Total Small Farm related	155	80.3	\$13,397	85.2	38	19.7	\$2,330	14.8
TOTAL LOANS	2,615	85.2	\$185,426	84.3	453	14.8	\$34,578	15.7

As shown above, a majority of Peoples’ loans by volume (85.2%) and dollar amount (84.3%) were made inside the assessment area during this evaluation period.

Borrower Distribution of Lending

Peoples’ overall lending to borrowers of different income levels is excellent. Specifically, motor vehicle and other unsecured consumer lending are excellent; and residential real estate mortgages and other secured consumer lending are reasonable. Lending to businesses and farms of different revenue sizes is reasonable.

Small Business Lending

Peoples made 477 small business loans totaling \$74.0 million to businesses of different sizes in 2018; however, 320 (67.1%) of these small business loans were made to businesses with unknown revenues. Therefore, Peoples made 127 (80.9%) of these loans totaling \$22.4 million to businesses with known revenues of \$1 million or less in 2018. This is good performance compared to the percentage of small businesses in the assessment area at 92.8%. Therefore, the distribution of small business loans to businesses of different sizes is reasonable.

Peoples made 378 small business loans totaling \$57.3 million to businesses of different sizes in 2017; however, 276 (73.0%) of these small business loans were made to businesses with unknown revenues. Therefore, Peoples made 87 (85.3%) of these loans totaling \$14.1 million to businesses with known revenues of \$1 million or less in 2017. This is good performance compared to the percentage of small businesses in the assessment area at 91.9%. Therefore, the distribution of small business loans to businesses of different sizes is reasonable.

During the evaluation period, Peoples made an adequate percentage of small dollar loans (60.0% in 2018 and 66.7% in 2017) in amounts of \$100,000 or less, indicating a willingness to lend in smaller amounts, which tend to represent amounts typically requested by small businesses.

Overall, Peoples' small business lending performance based on known revenues was comparable to proxy and displayed an adequate willingness to make small dollar loans; therefore, borrower distribution of small business lending is reasonable.

Residential Real Estate Mortgage Lending

Peoples made 150 residential real estate mortgage loans totaling \$14.7 million in 2018. In addition, there were three (2.0%) residential real estate mortgage loans totaling \$182,000 made to borrowers with unknown incomes.

Peoples made four residential real estate mortgage loans totaling \$143,000 to low-income borrowers. This represents 2.7% of residential real estate mortgage loans by volume, which is well below the percentage of families at 20.1%. Given Peoples' performance compared to proxy, the borrower distribution of residential real estate mortgage loans to low-income borrowers is poor.

Peoples made 23 residential real estate mortgage loans totaling \$1.8 million to moderate-income borrowers. This is 15.3% of residential real estate mortgage loans by volume, which exceeds the percentage of families at 13.2%. Given Peoples' performance compared proxy, the borrower distribution of residential real estate mortgage loans to moderate-income borrowers is excellent.

Peoples made 28 residential real estate mortgage loans totaling \$1.9 million to middle-income borrowers. This represents 18.7% of residential real estate mortgage loans by volume, which exceeds the percentage of families at 17.6%.

Peoples made 92 residential real estate mortgage loans totaling \$10.7 million to upper-income borrowers. This represents 61.3% of residential real estate mortgage loans by volume, which exceeds the percentage of families at 49.1%.

Peoples made 145 residential real estate mortgage loans totaling \$13.9 million in 2017. Peoples made eight residential real estate mortgage loans totaling \$382,000 to low-income borrowers. This represents 5.5% of residential real estate mortgage loans by volume, which is well below the percentage of families at 20.1%. Given Peoples' performance compared to proxy, the borrower distribution of residential real estate mortgage loans to low-income borrowers is poor.

Peoples made 14 residential real estate mortgage loans totaling \$786,000 to moderate-income borrowers. This is 9.7% of residential real estate mortgage loans by volume which is below the percentage of families at 13.2%. Given Peoples' performance compared proxy, the borrower distribution of residential real estate mortgage loans to moderate-income borrowers is reasonable.

Peoples made 37 residential real estate mortgage loans totaling \$2.8 million to middle-income borrowers. This represents 25.5% of residential real estate mortgage loans by volume which exceeds the percentage of families at 17.6%.

Peoples made 86 residential real estate mortgage loans totaling \$10.0 million to upper-income borrowers. This represents 59.3% of residential real estate mortgage loans by volume, which exceeds the percentage of families at 49.1%.

Overall, considering the high poverty rates, limited affordable housing stock, and varied residential real estate mortgage performance compared to proxy, borrower distribution of residential real estate mortgage lending is reasonable.

Motor Vehicle (Consumer) Lending

Peoples made 280 motor vehicle loans totaling \$3.0 million in 2018. In addition, there were three (1.1%) motor vehicle loans totaling \$20,000 made to borrowers with unknown incomes.

Peoples made 68 motor vehicle loans totaling \$489,000 to low-income borrowers. This represents 24.3% of motor vehicle loans by volume, which exceeds the percentage of households at 23.4%. Given Peoples' performance compared to proxy, the borrower distribution of motor vehicle loans to low-income borrowers is excellent.

Peoples made 78 motor vehicle loans totaling \$722,000 to moderate-income borrowers. This represents 27.9% of motor vehicle loans by volume, which is above the percentage of households at 14.1%. Given Peoples' performance compared proxy, the borrower distribution of motor vehicle loans to moderate-income borrowers is excellent.

Peoples made 64 motor vehicle loans totaling \$749,000 to middle-income borrowers. This is 22.9% of motor vehicle loans by volume which exceeds the percentage of households at 14.7%.

Peoples made 67 motor vehicle loans totaling \$994,000 to upper-income borrowers. This is 23.9% of motor vehicle loans by volume, which is well below the percentage of households at 47.7%.

Peoples made 261 motor vehicle loans totaling \$2.5 million in 2017. Additionally, there were four (1.5%) motor vehicle loans totaling \$40,000 made to borrowers with unknown incomes.

Peoples made 62 motor vehicle loans totaling \$363,000 to low-income borrowers. This represents 23.8% of motor vehicle loans by volume, which exceeds the percentage of households at 23.4%. Given Peoples' performance compared to proxy, the borrower distribution of motor vehicle loans to low-income borrowers is excellent.

Peoples made 68 motor vehicle loans totaling \$639,000 to moderate-income borrowers. This represents 26.1% of motor vehicle loans by volume, which is above the percentage of households at 14.1%. Given Peoples' performance compared proxy, the borrower distribution of motor vehicle loans to moderate-income borrowers is excellent.

Peoples made 71 motor vehicle loans totaling \$731,000 to middle-income borrowers. This is 27.2% of motor vehicle loans by volume, which exceeds the percentage of households at 14.7%.

Peoples made 56 motor vehicle loans totaling \$687,000 to upper-income borrowers. This is 21.5% of motor vehicle loans by volume or well below the percentage of households at 47.7%.

Overall, Peoples' motor vehicle lending performance consistently exceeded proxy particularly for low- and moderate-income borrowers; therefore, borrower distribution of motor vehicle lending is excellent.

Other Unsecured (Consumer) Lending

Peoples made 253 other unsecured loans totaling \$1.2 million in 2018. Further, there were 11 (4.3%) other unsecured loans totaling \$22,000 made to borrowers with unknown incomes.

Peoples made 69 other unsecured loans totaling \$154,000 to low-income borrowers. This represents 27.3% of other unsecured loans by volume and exceeds the percentage of households at 23.4%. Given Peoples' performance compared to proxy, the borrower distribution of other unsecured loans to low-income borrowers is excellent.

Peoples made 71 other unsecured loans totaling \$276,000 to moderate-income borrowers. This represents 28.1% of other unsecured loans by volume which exceeds the percentage of households at 14.1%. Given Peoples' performance compared proxy, the borrower distribution of other unsecured loans to moderate-income borrowers is excellent.

Peoples made 37 other unsecured loans totaling \$163,000 to middle-income borrowers. This is 14.6% of other unsecured loans by volume and comparable to the percentage of households at 14.7%.

Peoples made 65 other unsecured loans totaling \$603,000 to upper-income borrowers. This is 25.7% of other unsecured loans by volume or below the percentage of households at 47.7%.

Peoples made 297 other unsecured loans totaling \$929,000 in 2017. In addition, there were 14 (4.7%) other unsecured loans totaling \$53,000 made to borrowers with unknown incomes.

Peoples made 85 other unsecured loans totaling \$213,000 to low-income borrowers. This represents 28.6% of other unsecured loans by volume, which exceeds the percentage of households at 23.4%. Given Peoples' performance compared to proxy, the borrower distribution of other unsecured loans to low-income borrowers is excellent.

Peoples made 66 other unsecured loans totaling \$306,000 to moderate-income borrowers. This represents 22.2% of other unsecured loans by volume, which exceeds the percentage of households at 14.1%. Given Peoples' performance compared proxy, the borrower distribution of other unsecured loans to moderate-income borrowers is excellent.

Peoples made 60 other unsecured loans totaling \$177,000 to middle-income borrowers. This is 20.2% of other unsecured loans by volume, which exceeds the percentage of households at 14.7%.

Peoples made 72 other unsecured loans totaling \$387,000 to upper-income borrowers. This is 24.2% of other unsecured loans by volume or below the percentage of households at 47.7%.

While Peoples' other unsecured lending performance varied with proxy, performance consistently exceeded proxy for low- and moderate-income borrowers; therefore, borrower distribution of other unsecured lending is excellent. In addition, giving low- and moderate-income borrowers access to unsecured, small-dollar bank loans may prevent them from having to obtain alternative payday loans and incurring a cycle of debt.

Small Farm Lending

Peoples made 73 small farm loans totaling \$6.7 million to farms of different sizes in 2018; however, 69 (94.5%) were made to farms with unknown revenues. Therefore, Peoples made three (75.0%) of these loans totaling \$1.3 million to farms with known revenues of \$1 million or less in 2018. This is good performance compared to the percentage of small farms in the assessment area at 97.6%. Therefore, the distribution of small farm loans to farms of different sizes is reasonable.

During the evaluation period Peoples made a good percentage of small dollar loans (76.7%) in amounts of \$100,000 or less, indicating a willingness to lend in smaller amounts, which tend to represent amounts typically requested by small farms.

Peoples made 82 small farm loans totaling \$6.7 million to farms of different sizes in 2017; however, 79 (96.3%) were made to farms with unknown revenues. Therefore, Peoples made three (100.0%) of these loans totaling \$678,000 to farms with known revenues of \$1 million or less in 2017. This is excellent performance compared to the percentage of small farms in the assessment area at 98.0%. Therefore, the distribution of small farm loans to farms of different sizes is excellent.

During the evaluation period Peoples made a good percentage of small dollar loans (75.6%) in amounts of \$100,000 or less, indicating a willingness to lend in smaller amounts, which tend to represent amounts typically requested by small farms.

Overall, Peoples' small farm lending performance based on known revenues was comparable to proxy and displayed a good willingness to make small dollar loans; therefore, borrower distribution of small farm lending is reasonable.

Other Secured (Consumer) Lending

Peoples made 90 other secured loans totaling \$927,000 in 2018. Further, there were 35 (38.9%) other secured loans totaling \$274,000 made to borrowers with unknown incomes.

Peoples made 13 other secured loans totaling \$119,000 to low-income borrowers. This represents 14.4% of other secured loans by volume, which is below the percentage of households at 23.4%. Given Peoples' performance compared to proxy, the borrower distribution of other secured loans to low-income borrowers is reasonable.

Peoples made 13 other secured loans totaling \$118,000 to moderate-income borrowers. This represents 14.4% of other secured loans by volume and exceeds the percentage of households at 14.1%. Given Peoples' performance compared proxy, the borrower distribution of other secured loans to moderate-income borrowers is excellent.

Peoples made nine other secured loans totaling \$124,000 to middle-income borrowers. This is 10.0% of other secured loans by volume, which is below the percentage of households at 14.7%.

Peoples made 20 other secured loans totaling \$292,000 to upper-income borrowers. This is 22.2% of other secured loans by volume or well below the percentage of households at 47.7%.

Peoples made 82 other secured loans totaling \$929,000 in 2017. Additionally, there were 34 (41.5%) other secured loans totaling \$326,000 made to borrowers with unknown incomes.

Peoples made six other secured loans totaling \$86,000 to low-income borrowers. This represents 7.3% of other secured loans by volume, which is well below the percentage of households at 23.4%. Given Peoples' performance compared to proxy, the borrower distribution of other secured loans to low-income borrowers is poor.

Peoples made 13 other secured loans totaling \$115,000 to moderate-income borrowers. This represents 15.9% of other secured loans by volume, which exceeds the percentage of households at 14.1%. Given Peoples' performance compared proxy, the borrower distribution of other secured loans to moderate-income borrowers is excellent.

Peoples made 13 other secured loans totaling \$126,000 to middle-income borrowers. This is 15.9% of other secured loans by volume, which exceeds the percentage of households at 14.7%.

Peoples made 16 other secured loans totaling \$277,000 to upper-income borrowers. This is 19.5% of other secured loans by volume, which is well below the percentage of households at 47.7%.

While Peoples' other secured lending performance varied with proxy, performance exceeded proxy for moderate-income borrowers; therefore, borrower distribution of other secured lending is reasonable.

Geographic Distribution of Lending

Peoples' overall distribution of small business, residential real estate mortgage, motor vehicle, other unsecured consumer, small farm, and other secured consumer lending among geographies is reasonable. There were no lending gaps as shown in the table below.

Tract Income Level	Percentage of Lending Penetration	
	2017	2018
Moderate	100.0%	100.0%
Middle	100.0%	100.0%
Upper	100.0%	100.0%
Total	100.0%	100.0%

Achieving 100.0% penetration is noteworthy as there are a limited number families and housing units and a higher percentage of rental/vacant units in moderate-income tracts. In addition, 100.0% of middle-income tracts are designated as distressed due to poverty in 2018 and 30.0% in 2017.

Small Business Lending

Peoples made 477 small business loans totaling \$74.0 million in 2018. Peoples made 26 loans in moderate-income tracts totaling \$5.4 million. This represents 5.5% of small business loans by volume, which is below the percentage of businesses in these tracts at 8.7%. Given Peoples’ performance compared to the proxy, the geographic distribution of small business loans in moderate-income tracts is reasonable.

Peoples made 222 loans in middle-income tracts totaling \$35.8 million. This is 46.5% of small business loans by volume and comparable to the percentage of businesses in these tracts at 47.4%.

Peoples made 229 loans in upper-income tracts totaling \$32.7 million. This is 48.0% of small business loans by volume, which exceeds the percentage of businesses in these tracts at 43.9%.

Peoples made 378 small business loans totaling \$57.3 million in 2017. Peoples made 30 loans in moderate-income tracts totaling \$6.5 million. This represents 7.9% of small business loans by volume, which is below the percentage of businesses in these tracts at 9.5%. Given Peoples’ performance compared to the proxy, the geographic distribution of small business loans in moderate-income tracts is reasonable.

Peoples made 189 loans in middle-income tracts totaling \$31.3 million. This represents 50.0% of small business loans by volume or above the percentage of businesses in these tracts at 47.6%.

Peoples made 159 loans in upper-income tracts totaling \$19.5 million. This represents 42.1% of small business loans by volume or below the percentage of businesses in these tracts at 42.9%.

Overall, Peoples’ performance was slightly below proxy; therefore, the geographic distribution of small business lending is reasonable.

Residential Real Estate Mortgage Lending

Peoples made 150 residential real estate mortgage loans totaling \$14.7 million in 2018. Peoples made ten residential real estate mortgage loans totaling \$665,000 in moderate-income tracts. This

represents 6.7% of residential real estate mortgage loans by volume, which exceeds the percentage of owner-occupied units in these tracts at 5.9%. Given Peoples' performance compared to proxy, the geographic distribution of residential real estate mortgage loans in moderate-income tracts is excellent.

Peoples made 77 residential real estate mortgage loans totaling \$7.2 million in middle-income tracts. This represents 51.3% of residential real estate mortgage loans by volume, which exceeds the percentage of owner-occupied units in these tracts at 50.9%.

Peoples made 63 residential real estate mortgage loans totaling \$6.8 million in upper-income tracts. This represents 42.0% of residential real estate mortgage loans by volume, which is comparable to the percentage of owner-occupied units in these tracts at 43.2%.

Peoples made 145 residential real estate mortgage loans totaling \$13.9 million in 2017. Peoples made five residential real estate mortgage loans totaling \$351,000 in moderate-income tracts. This is 3.4% of residential real estate mortgage loans by volume or below the percentage of owner-occupied units in these tracts at 5.9%. Given Peoples' performance compared to proxy, the geographic distribution of residential real estate mortgage loans in moderate-income tracts is reasonable.

Peoples made 78 residential real estate mortgage loans totaling \$6.6 million in middle-income tracts. This represents 53.8% of residential real estate mortgage loans by volume, which exceeds the percentage of owner-occupied units in these tracts at 50.9%.

Peoples made 62 residential real estate mortgage loans totaling \$7.0 million in upper-income tracts. This represents 42.8% of residential real estate mortgage loans by volume, which is comparable to the percentage of owner-occupied units in these tracts at 43.2%.

Overall, Peoples residential real estate mortgage performance varied compared to proxy; therefore, geographic distribution of residential real estate mortgage lending is reasonable.

Motor Vehicle (Consumer) Lending

Peoples made 280 motor vehicle loans totaling \$3.0 million in 2018. Peoples made 13 motor vehicle loans totaling \$139,000 in moderate-income tracts. This represents 4.6% of motor vehicle loans by volume, which is well below the percentage of households in these tracts at 9.6%. Given Peoples' performance compared to proxy, the geographic distribution of motor vehicle loans in moderate-income tracts is poor.

Peoples made 176 motor vehicle loans totaling \$1.8 million in middle-income tracts. This represents 62.9% of motor vehicle loans by volume, which exceeds the percentage of households in these tracts at 53.0%.

Peoples made 91 motor vehicle loans totaling \$1.1 million in upper-income tracts. This is 32.5% of motor vehicle loans by volume or below the percentage of households in these tracts at 37.4%.

Peoples made 261 motor vehicle loans totaling \$2.5 million in 2017. Peoples made 10 motor vehicle loans totaling \$83,000 in moderate-income tracts. This represents 3.8% of motor vehicle loans by volume or well below the percentage of households in these tracts at 9.6%. Given Peoples' performance compared to proxy, the geographic distribution of motor vehicle loans in moderate-income tracts is poor.

Peoples made 187 motor vehicle loans totaling \$1.7 million in middle-income tracts. This is 71.6% of motor vehicle loans by volume and exceeds the percentage of households in these tracts at 53.0%.

Peoples made 64 motor vehicle loans totaling \$714,000 in upper-income tracts. This is 24.5% of motor vehicle loans by volume, which is comparable to the percentage of households in these tracts at 37.4%.

Overall, Peoples motor vehicle performance varied compared to proxy; therefore, geographic distribution of motor vehicle lending is reasonable.

Other Unsecured (Consumer) Lending

Peoples made 253 other unsecured loans totaling \$1.2 million in 2018. Peoples made seven other unsecured loans totaling \$21,000 in moderate-income tracts. This represents 2.8% of other unsecured loans by volume, which is well below the percentage of households in these tracts at 9.6%. Given Peoples' performance compared to proxy, the geographic distribution of other unsecured loans in moderate-income tracts is poor.

Peoples made 180 other unsecured loans totaling \$829,000 in middle-income tracts. This is 71.1% of other unsecured loans by volume and exceeds the percentage of households in these tracts at 53.0%.

Peoples made 66 other unsecured loans totaling \$368,000 in upper-income tracts. This is 26.1% of other unsecured loans by volume or below the percentage of households in these tracts at 37.4%.

Peoples made 297 other unsecured loans totaling \$1.1 million in 2017. Peoples made 15 other unsecured loans totaling \$48,000 in moderate-income tracts. This represents 5.1% of other unsecured loans by volume, which is below the percentage of households in these tracts at 9.6%. Given Peoples' performance compared to proxy, the geographic distribution of other unsecured loans in moderate-income tracts is reasonable.

Peoples made 213 other unsecured loans totaling \$761,000 in middle-income tracts. This represents 71.1% of other unsecured loans by volume, which exceeds the percentage of households in these tracts at 53.0%.

Peoples made 69 other unsecured loans totaling \$326,000 in upper-income tracts. This is 23.2% of other unsecured loans by volume or below the percentage of households in these tracts at 37.4%.

Overall, Peoples other unsecured performance varied compared to proxy; therefore, geographic distribution of other unsecured lending is reasonable.

Small Farm Lending

Peoples made 73 small farm loans totaling \$6.7 million in 2018. Peoples made six loans in moderate-income tracts totaling \$79,000. This represents 8.2% of small farm loans by volume, which slightly exceeds the percentage of farms in these tracts at 8.1%. Given Peoples performance compared to the proxy, the geographic distribution of small farm loans in moderate-income tracts is excellent.

Peoples made 35 loans in middle-income tracts totaling \$1.2 million. This is 47.9% of small farm loans by volume, which slightly exceeds to the percentage of farms in these tracts at 47.2%.

Peoples made 32 loans in upper-income tracts totaling \$5.4 million. This is 43.8% of small farm loans by volume, which is comparable to the percentage of farms in these tracts at 44.7%.

Peoples made 82 small farm loans totaling \$6.7 million in 2017. Peoples made three loans in moderate-income tracts totaling \$441,000. This represents 3.7% of small farm loans by volume or below the percentage of farms in these tracts at 10.0%. Given Peoples performance compared to the proxy, the geographic distribution of small farm loans in moderate-income tracts is poor.

Peoples made 28 loans in middle-income tracts totaling \$1.6 million. This represents 34.1% of small farm loans by volume, which is below the percentage of farms in these tracts at 39.0%.

Peoples made 51 loans in upper-income tracts totaling \$4.7 million. This represents 62.2% of small farm loans by volume, which exceeds the percentage of businesses in these tracts at 51.0%.

Overall, Peoples' performance varied compared to proxy; therefore, the geographic distribution of small farm lending is reasonable.

Other Secured (Consumer) Lending

Peoples made 90 other secured loans totaling \$927,000 in 2018. Peoples made no other secured loans in moderate-income tracts which is well below the percentage of households in these tracts at 9.6%. Given Peoples' performance compared to proxy, the geographic distribution of other secured loans in moderate-income tracts is poor.

Peoples made 61 other secured loans totaling \$587,000 in middle-income tracts. This is 67.8% of other secured loans by volume, which exceeds the percentage of households in these tracts at 53.0%.

Peoples made 29 other secured loans totaling \$340,000 in upper-income tracts. This is 32.2% of other secured loans by volume or below the percentage of households in these tracts at 37.4%.

Peoples made 82 other secured loans totaling \$929,000 in 2017. Peoples made two other secured loans totaling \$15,000 in moderate-income tracts. This represents 2.4% of other secured loans by volume, which is well below the percentage of households in these tracts at 9.6%. Given Peoples’ performance compared to proxy, the geographic distribution of other secured loans in moderate-income tracts is poor.

Peoples made 54 other secured loans totaling \$590,000 in middle-income tracts. This is 65.9% of other secured loans by volume and exceeds the percentage of households in these tracts at 53.0%.

Peoples made 26 other secured loans totaling \$324,000 in upper-income tracts. This is 31.7% of other secured loans by volume or below the percentage of households in these tracts at 37.4%.

Overall, Peoples other secured performance varied compared to proxy; therefore, geographic distribution of other secured lending is reasonable.

Response to Consumer Complaints

No CRA related complaints were filed against Peoples during the evaluation period.

Community Development Test

Peoples’ performance under the community development test is “Outstanding” and is the primary factor supporting the overall rating. The community development performance demonstrates an excellent responsiveness to the community development needs of the assessment area through community development loans, qualified investments, and community development services, as appropriate, considering Peoples’ capacity and the need and availability of such opportunities in the assessment area. In particular, Peoples’ variety of community development loans and donations exhibits an excellent responsiveness to the needs in the community. The community development loans and donations provide needed services or help to stabilize the economy, and result in improved outcomes for low- and moderate-income individuals and families. Community contacts stressed the critical need for affordable housing, home improvements, and social services targeted to lower-income individuals and families.

Community Development Lending

Peoples originated 12 community development loans totaling approximately \$3.0 million during the evaluation period. Details are in the table below.

Community Services		Affordable Housing		Revitalize/Stabilize	
#	\$	#	\$	#	\$
8	\$2,228,041	2	\$566,946	2	\$160,000

The community development loans were made to:

- An agency that provides affordable housing for low- and moderate-income individuals,
- Two organizations that provide a multitude of services targeted toward low- and moderate-income individuals and families,

- A health clinic that serves the entire county, including low- and moderate-income residents,
- A non-profit organization in a distressed middle-income area that employs and provides services to local residents, including low- and moderate-income individuals, and
- Retain a small business in a distressed middle-income area that will create long-term job opportunities, including for low- and moderate-income residents.

In particular, the loan supporting needed health services to low- and moderate-income residents demonstrates responsiveness to needs in the community. In addition, community contacts stressed the need for affordable housing and services targeted toward low- and moderate-income individuals and families, which these loans support.

Finally, consideration was given to two qualified community development loans totaling \$1.3 million that benefited counties in Kentucky, but outside Peoples’ delineated assessment area. One loan supported the purchase of a shopping center that helps employ residents, including low- and moderate-income residents and serve nearby moderate-income and distressed middle-income areas. The other loan supported a school district that serves a majority of students eligible to receive free or reduced price lunches.

Qualified Investments

Peoples has three qualified investments totaling about \$2.9 million as of this evaluation period. One was made during the current period totaling \$715,507, representing 25.0 % of total qualified investments. From prior periods, Peoples holds two investments that have a current book value of approximately \$2.2 million or 75.0% of these investments. All three investments have the purpose of supporting community services or supported municipal school bonds that help to provide financing for schools that serve a majority of students eligible to receive free or reduced price lunches.

Finally, consideration was given to three qualified community development investments totaling \$1.2 that benefited counties in Kentucky but outside Peoples’ delineated assessment area. Two were made during the current evaluation period totaling \$554,456, representing 45.0 % of total qualified investments made outside the assessment area. From prior periods, Peoples holds one investment with a current book value of totaling \$677,067, representing 55.0%. All three investments made outside Peoples’ delineated CRA footprint support municipal school bonds that help to provide financing for schools that serve a majority of students eligible to receive free or reduced price lunches.

Peoples also made 63 donations totaling \$164,551 to 30 different organizations during this evaluation period as shown below.

Purpose of CD Donation	#	\$
Affordable Housing	3	\$149,356
Community Services	60	\$15,195
Total	63	\$164,551

Donations include sponsorship of the Federal Home Loan Bank of Cincinnati Affordable Housing

Program (AHP) grant application on behalf of the Habitat for Humanity of Madison and Clark Counties. Peoples will sponsor and help facilitate this grant for \$148,356 for the AHP on behalf of Habitat for Humanity for the construction of 10 homes for low-income, first-time homebuyers in the assessment area. Other donations primarily support non-profit organizations that provide a multitude of services to low- and moderate-income individuals and families including, but not limited to, local food banks, children and schools, and homeless center. Donations also support revitalization/stabilization of distressed middle-income areas by supporting essential communitywide services (e.g., equipment for police and fire departments). In particular, the donations supporting affordable housing and food banks demonstrate responsiveness to needs in the community. Community contacts stressed the need for affordable housing and services targeted toward low- and moderate-income individuals and families that these donations support.

Finally, consideration was given to donation of \$40,759 that benefited the regional Ohio-Kentucky area. The donation was made to a housing fund that provides grants up to \$7,500 per homeowner to fund accessibility and emergency repairs for low-income special needs and elderly homeowners. Community contacts stressed the need for funding short-term emergency assistance, including utility assistance, home repairs, and weatherization).

Community Development Services

During the evaluation period, six employees provided assistance to 12 different local organizations that provide a multitude of services throughout the assessment area.

Community Services		Economic Development		Affordable Housing	
# Services	# Orgs	# Services	# Orgs	# Services	# Orgs
13	9	3	2	2	1

Employees provided financial expertise through leadership positions in several community organizations that provide services to low- and moderate-income individuals and families, and promote affordable housing and community and economic development. Community development services include providing technical expertise, financial literacy education, and serving on boards and committees. In particular, being a board member and providing technical expertise to the New Opportunity School for Women demonstrates responsiveness to needs in the community. The school’s mission is to provide low-income Appalachian women with skills to improve their financial, educational, and personal circumstances. In addition, a new program helps provide real world job skills for low-income Appalachian women in active recovery. Community contacts expressed the need for greater workforce participation among this demographic.

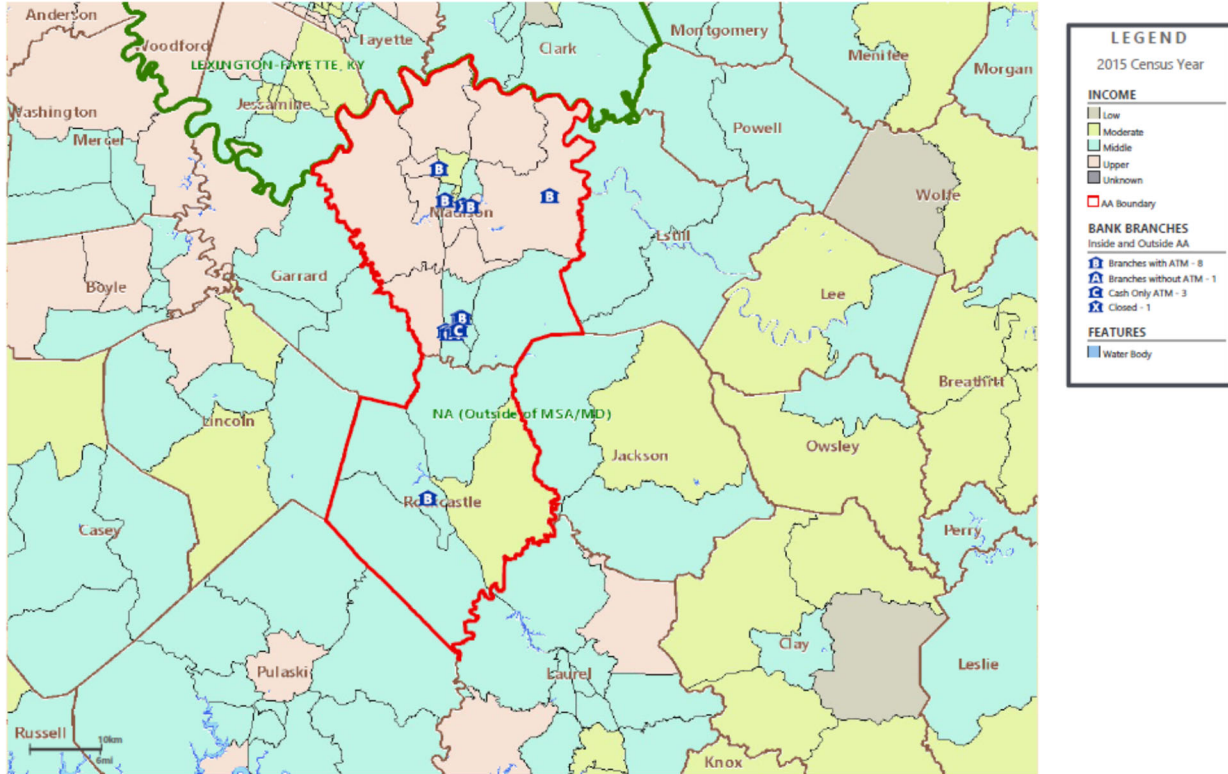
FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The Federal Reserve Bank of Cleveland conducted a fair lending analysis under Regulation B – Equal Credit Opportunity Act and Fair Housing Act requirements, which was performed concurrently with this CRA evaluation. Based on findings from that analysis, no evidence of discriminatory or other illegal credit practices was identified. Therefore, an adjustment to the CRA Performance Evaluation rating is not warranted.

APPENDIX A

ASSESSMENT AREA MAP

Assessment Area: Peoples Bank and Trust Company of Madison County



APPENDIX B

DEMOGRAPHICS TABLES

Combined Demographics Report

Assessment Area(s): Nonmetropolitan KY 2018

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0	0	0	0	0	5,001	20.1
Moderate-income	4	17.4	1,889	7.6	637	33.7	3,289	13.2
Middle-income	10	43.5	12,349	49.5	2,380	19.3	4,392	17.6
Upper-income	9	39.1	10,700	42.9	862	8.1	12,256	49.1
Unknown-income	0	0	0	0	0	0	0	0
Total Assessment Area	23	100.0	24,938	100.0	3,879	15.6	24,938	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	0	0	0	0	0	0	0	0
Moderate-income	4,457	1,422	5.9	31.9	2,285	51.3	750	16.8
Middle-income	23,156	12,209	50.9	52.7	8,313	35.9	2,634	11.4
Upper-income	15,706	10,376	43.2	66.1	4,080	26	1,250	8
Unknown-income	0	0	0	0	0	0	0	0
Total Assessment Area	43,319	24,007	100.0	55.4	14,678	33.9	4,634	10.7
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low-income	0	0	0	0	0	0	0	0
Moderate-income	315	8.7	286	8.5	22	10.8	7	12.3
Middle-income	1,711	47.4	1,579	47.1	102	50.2	30	52.6
Upper-income	1,586	43.9	1,487	44.4	79	38.9	20	35.1
Unknown-income	0	0	0	0	0	0	0	0
Total Assessment Area	3,612	100.0	3,352	100.0	203	100.0	57	100.0
Percentage of Total Businesses:			92.8		5.6		1.6	
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low-income	0	0	0	0	0	0	0	0
Moderate-income	10	8.1	10	8.3	0	0	0	0
Middle-income	58	47.2	57	47.5	0	0	1	100
Upper-income	55	44.7	53	44.2	2	100	0	0
Unknown-income	0	0	0	0	0	0	0	0
Total Assessment Area	123	100.0	120	100.0	2	100.0	1	100.0
Percentage of Total Farms:			97.6		1.6		.8	

2018 FFIEC Census Data and 2018 D&B Information

Combined Demographics Report

Assessment Area(s): Nonmetropolitan KY 2017

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0	0	0	0	0	5,001	20.1
Moderate-income	4	17.4	1,889	7.6	637	33.7	3,289	13.2
Middle-income	10	43.5	12,349	49.5	2,380	19.3	4,392	17.6
Upper-income	9	39.1	10,700	42.9	862	8.1	12,256	49.1
Unknown-income	0	0	0	0	0	0	0	0
Total Assessment Area	23	100.0	24,938	100.0	3,879	15.6	24,938	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	0	0	0	0	0	0	0	0
Moderate-income	4,457	1,422	5.9	31.9	2,285	51.3	750	16.8
Middle-income	23,156	12,209	50.9	52.7	8,313	35.9	2,634	11.4
Upper-income	15,706	10,376	43.2	66.1	4,080	26	1,250	8
Unknown-income	0	0	0	0	0	0	0	0
Total Assessment Area	43,319	24,007	100.0	55.4	14,678	33.9	4,634	10.7
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	0	0	0	0	0	0	0	0
Moderate-income	285	9.5	246	8.9	30	15.2	9	20
Middle-income	1,426	47.6	1,310	47.6	96	48.7	20	44.4
Upper-income	1,283	42.9	1,196	43.5	71	36	16	35.6
Unknown-income	0	0	0	0	0	0	0	0
Total Assessment Area	2,994	100.0	2,752	100.0	197	100.0	45	100.0
Percentage of Total Businesses:			91.9		6.6		1.5	
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	0	0	0	0	0	0	0	0
Moderate-income	10	10	10	10.2	0	0	0	0
Middle-income	39	39	39	39.8	0	0	0	0
Upper-income	51	51	49	50	2	100	0	0
Unknown-income	0	0	0	0	0	0	0	0
Total Assessment Area	100	100.0	98	100.0	2	100.0	0	.0
Percentage of Total Farms:			98.0		2.0		.0	

2017 FFIEC Census Data and 2017 D&B Information

APPENDIX C

LENDING TABLES

CRA Loan Distribution Table

Exam: Peoples Bk and Tr Co of Madison Co, Berea, KY

Assessment Area Group: Nonmetropolitan KY 2018

Income Categories	SMALL BUSINESS				SMALL FARM				SMALL BUS. SECURED BY REAL ESTATE			
	#	%	\$(000s)	%	#	%	\$(000s)	%	#	%	\$(000s)	%
	By Tract Income											
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	26	5.5%	5,399	7.3%	6	8.2%	79	1.2%	0	0.0%	0	0.0%
Low/Moderate Total	26	5.5%	5,399	7.3%	6	8.2%	79	1.2%	0	0.0%	0	0.0%
Middle	222	46.5%	35,844	48.4%	35	47.9%	1,194	17.8%	0	0.0%	0	0.0%
Upper	229	48.0%	32,744	44.3%	32	43.8%	5,448	81.1%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	477	100.0%	73,987	100.0%	73	100.0%	6,722	100.0%	0	0.0%	0	0.0%
	By Revenue											
Total \$1 Million or Less	127	26.6%	22,406	30.3%	3	4.1%	1,260	18.8%	0	0.0%	0	0.0%
Over \$1 Million	30	6.3%	10,632	14.4%	1	1.4%	1,800	26.8%	0	0.0%	0	0.0%
Not Known	320	67.1%	40,950	55.3%	69	94.5%	3,661	54.5%	0	0.0%	0	0.0%
Total	477	100.0%	73,987	100.0%	73	100.0%	6,722	100.0%	0	0.0%	0	0.0%
	By Loan Size											
\$100,000 or less	286	60.0%	6,205	8.4%	56	76.7%	923	13.7%	0	0.0%	0	0.0%
\$100,001 - \$250,000	133	27.9%	21,074	28.5%	10	13.7%	1,580	23.5%	0	0.0%	0	0.0%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	48	10.1%	21,315	28.8%	4	5.5%	1,174	17.5%	0	0.0%	0	0.0%
Over \$1 Million (Bus)-\$500k (Farm)	10	2.1%	25,393	34.3%	3	4.1%	3,045	45.3%	0	0.0%	0	0.0%
Total	477	100.0%	73,987	100.0%	73	100.0%	6,722	100.0%	0	0.0%	0	0.0%
	By Loan Size and Revenue \$1 Million or Less											
\$100,000 or less	52	40.9%	1,694	7.6%	1	33.3%	15	1.2%	0	0.0%	0	0.0%
\$100,001 - \$250,000	61	48.0%	9,394	41.9%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	11	8.7%	4,968	22.2%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Over \$1 Million (Bus)-\$500k (Farm)	3	2.4%	6,350	28.3%	2	66.7%	1,245	98.8%	0	0.0%	0	0.0%
Total	127	100.0%	22,406	100.0%	3	100.0%	1,260	100.0%	0	0.0%	0	0.0%

CRA Loan Distribution Table

Exam: Peoples Bk and Tr Co of Madison Co, Berea, KY

Assessment Area Group: Nonmetropolitan KY 2017

Income Categories	SMALL BUSINESS				SMALL FARM				SMALL BUS. SECURED BY REAL ESTATE			
	#	%	\$(000s)	%	#	%	\$(000s)	%	#	%	\$(000s)	%
	By Tract Income											
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	30	7.9%	6,460	11.3%	3	3.7%	441	6.6%	0	0.0%	0	0.0%
Low/Moderate Total	30	7.9%	6,460	11.3%	3	3.7%	441	6.6%	0	0.0%	0	0.0%
Middle	189	50.0%	31,347	54.7%	28	34.1%	1,563	23.4%	0	0.0%	0	0.0%
Upper	159	42.1%	19,511	34.0%	51	62.2%	4,672	70.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	378	100.0%	57,319	100.0%	82	100.0%	6,676	100.0%	0	0.0%	0	0.0%
	By Revenue											
Total \$1 Million or Less	87	23.0%	14,129	24.6%	3	3.7%	678	10.2%	0	0.0%	0	0.0%
Over \$1 Million	15	4.0%	2,901	5.1%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Not Known	276	73.0%	40,289	70.3%	79	96.3%	5,997	89.8%	0	0.0%	0	0.0%
Total	378	100.0%	57,319	100.0%	82	100.0%	6,676	100.0%	0	0.0%	0	0.0%
	By Loan Size											
\$100,000 or less	252	66.7%	5,891	10.3%	62	75.6%	1,664	24.9%	0	0.0%	0	0.0%
\$100,001 - \$250,000	85	22.5%	14,056	24.5%	13	15.9%	1,884	28.2%	0	0.0%	0	0.0%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	31	8.2%	13,842	24.1%	6	7.3%	1,977	29.6%	0	0.0%	0	0.0%
Over \$1 Million (Bus)-\$500k (Farm)	10	2.6%	23,529	41.0%	1	1.2%	1,150	17.2%	0	0.0%	0	0.0%
Total	378	100.0%	57,319	100.0%	82	100.0%	6,676	100.0%	0	0.0%	0	0.0%
	By Loan Size and Revenue \$1 Million or Less											
\$100,000 or less	35	40.2%	1,183	8.4%	1	33.3%	56	8.3%	0	0.0%	0	0.0%
\$100,001 - \$250,000	39	44.8%	6,150	43.5%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	12	13.8%	4,996	35.4%	2	66.7%	622	91.7%	0	0.0%	0	0.0%
Over \$1 Million (Bus)-\$500k (Farm)	1	1.1%	1,900	12.7%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	87	100.0%	14,129	100.0%	3	100.0%	678	100.0%	0	0.0%	0	0.0%

Consumer Loan Distribution Table

Exam: Peoples Bk and Tr Co of Madison Co, Berea, KY

Assessment Area/Group :Nonmetropolitan KY 2018

	CONSUMER LOANS							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	Home Equity							
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	0	0.0%	0	0.0%	4	13.8%	175	11.7%
Low/Moderate Total	0	0.0%	0	0.0%	4	13.8%	175	11.7%
Middle	18	62.1%	861	57.5%	5	17.2%	173	11.6%
Upper	11	37.9%	635	42.5%	20	69.0%	1,148	76.7%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	29	100.0%	1,496	100.0%	29	100.0%	1,496	100.0%
	Motor Vehicle							
Low	0	0.0%	0	0.0%	68	24.3%	489	16.4%
Moderate	13	4.6%	139	4.7%	78	27.9%	722	24.3%
Low/Moderate Total	13	4.6%	139	4.7%	146	52.1%	1,211	40.7%
Middle	176	62.9%	1,764	59.3%	64	22.9%	749	25.2%
Upper	91	32.5%	1,070	36.0%	67	23.9%	994	33.4%
Unknown	0	0.0%	0	0.0%	3	1.1%	20	0.7%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	280	100.0%	2,973	100.0%	280	100.0%	2,973	100.0%
	Other - Secured							
Low	0	0.0%	0	0.0%	13	14.4%	119	12.8%
Moderate	0	0.0%	0	0.0%	13	14.4%	118	12.7%
Low/Moderate Total	0	0.0%	0	0.0%	26	28.9%	237	25.6%
Middle	61	67.8%	587	63.3%	9	10.0%	124	13.4%
Upper	29	32.2%	340	36.7%	20	22.2%	292	31.5%
Unknown	0	0.0%	0	0.0%	35	38.9%	274	29.5%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	90	100.0%	927	100.0%	90	100.0%	927	100.0%
	Other - Unsecured							
Low	0	0.0%	0	0.0%	69	27.3%	154	12.6%
Moderate	7	2.8%	21	1.8%	71	28.1%	276	22.7%
Low/Moderate Total	7	2.8%	21	1.8%	140	55.3%	430	35.3%
Middle	180	71.1%	829	68.0%	37	14.6%	163	13.4%
Upper	66	26.1%	368	30.2%	65	25.7%	603	49.5%
Unknown	0	0.0%	0	0.0%	11	4.3%	22	1.8%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	253	100.0%	1,218	100.0%	253	100.0%	1,218	100.0%
	Residential Loans							
Low	0	0.0%	0	0.0%	4	2.7%	143	1.0%
Moderate	10	6.7%	665	4.5%	23	15.3%	1,776	12.1%
Low/Moderate Total	10	6.7%	665	4.5%	27	18.0%	1,919	13.1%
Middle	77	51.3%	7,161	48.8%	28	18.7%	1,890	12.9%
Upper	63	42.0%	6,842	46.6%	92	61.3%	10,677	72.8%
Unknown	0	0.0%	0	0.0%	3	2.0%	182	1.2%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	150	100.0%	14,668	100.0%	150	100.0%	14,668	100.0%
	Consumer Loan Totals							
Low	0	0.0%	0	0.0%	154	19.2%	904	4.2%
Moderate	30	3.7%	825	3.9%	189	23.6%	3,068	14.4%
Low/Moderate Total	30	3.7%	825	3.9%	343	42.8%	3,971	18.7%
Middle	512	63.8%	11,201	52.6%	143	17.8%	3,100	14.6%
Upper	260	32.4%	9,256	43.5%	264	32.9%	13,714	64.4%
Unknown	0	0.0%	0	0.0%	52	6.5%	497	2.3%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	802	100.0%	21,282	100.0%	802	100.0%	21,282	100.0%

Consumer Loan Distribution Table

Exam: Peoples Bk and Tr Co of Madison Co, Berea, KY

Assessment Area/Group :Nonmetropolitan KY 2017

	CONSUMER LOANS							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	Home Equity							
Low	0	0.0%	0	0.0%	1	5.6%	40	3.9%
Moderate	0	0.0%	0	0.0%	1	5.6%	20	1.9%
Low/Moderate Total	0	0.0%	0	0.0%	2	11.1%	60	5.8%
Middle	13	72.2%	793	76.8%	5	27.8%	272	26.3%
Upper	5	27.8%	240	23.2%	11	61.1%	701	67.8%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	18	100.0%	1,033	100.0%	18	100.0%	1,033	100.0%
	Motor Vehicle							
Low	0	0.0%	0	0.0%	62	23.8%	363	14.7%
Moderate	10	3.8%	83	3.4%	68	26.1%	639	26.0%
Low/Moderate Total	10	3.8%	83	3.4%	130	49.8%	1,002	40.7%
Middle	187	71.6%	1,663	67.6%	71	27.2%	731	29.7%
Upper	64	24.5%	714	29.0%	56	21.5%	687	27.9%
Unknown	0	0.0%	0	0.0%	4	1.5%	40	1.6%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	261	100.0%	2,460	100.0%	261	100.0%	2,460	100.0%
	Other - Secured							
Low	0	0.0%	0	0.0%	6	7.3%	86	9.2%
Moderate	2	2.4%	15	1.6%	13	15.9%	115	12.3%
Low/Moderate Total	2	2.4%	15	1.6%	19	23.2%	200	21.6%
Middle	54	65.9%	590	63.5%	13	15.9%	126	13.5%
Upper	26	31.7%	324	34.8%	16	19.5%	277	29.8%
Unknown	0	0.0%	0	0.0%	34	41.5%	326	35.1%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	82	100.0%	929	100.0%	82	100.0%	929	100.0%
	Other - Unsecured							
Low	0	0.0%	0	0.0%	85	28.6%	213	18.8%
Moderate	15	5.1%	48	4.3%	66	22.2%	306	26.9%
Low/Moderate Total	15	5.1%	48	4.3%	151	50.8%	519	45.7%
Middle	213	71.7%	761	67.0%	60	20.2%	177	15.6%
Upper	69	23.2%	326	28.7%	72	24.2%	387	34.1%
Unknown	0	0.0%	0	0.0%	14	4.7%	52	4.6%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	297	100.0%	1,136	100.0%	297	100.0%	1,136	100.0%
	Residential Loans							
Low	0	0.0%	0	0.0%	8	5.5%	382	2.8%
Moderate	5	3.4%	351	2.5%	14	9.7%	786	5.7%
Low/Moderate Total	5	3.4%	351	2.5%	22	15.2%	1,168	8.4%
Middle	78	53.8%	6,585	47.4%	37	25.5%	2,757	19.9%
Upper	62	42.8%	6,946	50.0%	86	59.3%	9,958	71.7%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	145	100.0%	13,883	100.0%	145	100.0%	13,883	100.0%
	Consumer Loan Totals							
Low	0	0.0%	0	0.0%	162	20.2%	1,084	5.6%
Moderate	32	4.0%	497	2.6%	162	20.2%	1,866	9.6%
Low/Moderate Total	32	4.0%	497	2.6%	324	40.3%	2,950	15.2%
Middle	545	67.9%	10,393	53.5%	186	23.2%	4,063	20.9%
Upper	226	28.1%	8,550	44.0%	241	30.0%	12,010	61.8%
Unknown	0	0.0%	0	0.0%	52	6.5%	418	2.1%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	803	100.0%	19,440	100.0%	803	100.0%	19,440	100.0%

APPENDIX D

GLOSSARY OF TERMS

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.

Census tract: A small subdivision of metropolitan and other densely populated 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 upon 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 development: All Agencies have adopted the following language. Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; 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; or, activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize:

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or,
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on:
 - a. Rates of poverty, unemployment, and population loss; or
 - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

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.

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 non-relatives

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 (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, 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 (residential real estate mortgage): The statute that requires certain mortgage lenders that 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 applications, the amount of loan requested, and the disposition of the application (for example, approved, denied, and withdrawn).

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

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited-scope review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (for example, 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.

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A 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. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a 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.

Other products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA evaluation. 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.

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 loan(s) to business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report 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 either secured by 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): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report 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.

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