

PUBLIC DISCLOSURE

June 14, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Peoples Bank
RSSD #2939391**

**1120 South Rock Street
Sheridan, Arkansas 72150**

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.

Peoples Bank 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 business 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 were no CRA-related complaints filed against the bank since the previous CRA evaluation.

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. Home Mortgage Disclosure Act (HMDA) loans, small business loans, and consumer motor vehicle 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. However, as the bank has a particular emphasis on small business lending, performance based on the small business loan category carried the most significance toward the bank’s overall performance conclusions. The following table details the performance criterion and the corresponding time periods used in each analysis.

Performance Criterion	Time Period
LTD Ratio	September 30, 2016 – March 31, 2021
Assessment Area Concentration	January 1, 2017 – December 31, 2019
Distribution of Loans by Borrower’s Profile ¹	
Geographic Distribution of Loans ¹	
Response to Written CRA Complaints	August 29, 2016 – June 13, 2021

¹ The time period for HMDA and consumer motor vehicle loans is January 1, 2017 through December 31, 2019. The time period for small business loans is January 1, 2019 through December 31, 2019. The difference is due to loan volume in the three loan types for the review period.

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 (ACS) data; certain business demographics are based on Dun & Bradstreet data, which are applicable to the years of loan data being evaluated. When analyzing bank performance by comparing lending activity to both demographic data and aggregate lending data, greater emphasis is generally placed on the aggregate lending data, because it is expected to describe many factors impacting lenders within an assessment area. Aggregate lending datasets are 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 \$204.3 million to \$266.4 million as of March 31, 2021.

To augment this evaluation, two 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 areas. Information from these interviews also assisted in evaluating the bank's responsiveness to identified community credit needs and community development opportunities. Key details from these community contact interviews are included in the *Description of Assessment Area* section.

DESCRIPTION OF INSTITUTION

Peoples Bank is a full-service, small community bank headquartered in Sheridan, Arkansas, offering both consumer and commercial loan and deposit products. The bank is wholly owned by Peoples Bancorp, Inc., a one-bank holding company also located in Sheridan, Arkansas. The bank's branch network consists of two offices (including the main office), both of which have full-service automated teller machines on site. In addition to being full-service facilities, both locations also offer drive-up accessibility. The bank did not open or close any branch offices during this review period. Based on this branch network and other service delivery systems such as online and electronic/mobile banking, the bank is well positioned to deliver financial services to its entire assessment area.

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 March 31, 2021, the bank reported total assets of \$184.1 million. As of the same date, loans and leases outstanding were \$93.6 million (50.8 percent of total assets), and deposits totaled \$155.6 million. The bank's loan portfolio composition by credit category is displayed in the following table.

Distribution of Total Loans as of March 31, 2021		
Credit Category	Amount (\$000s)	Percentage of Total Loans
Construction and Development	\$8,477	9.1%
Commercial Real Estate	\$36,095	38.6%
Multifamily Residential	\$503	0.5%
1-4 Family Residential	\$14,271	15.3%
Farmland	\$3,395	3.6%
Farm Loans	\$326	0.3%
Commercial and Industrial	\$23,173	24.8%
Loans to Individuals	\$6,722	7.2%
Total Other Loans	\$588	0.6%
TOTAL	\$93,550	100%

As indicated by the table above, a significant portion of the bank's lending resources is directed to commercial real estate loans, commercial and industrial loans, and loans secured by 1-4 family residential properties. While not reflected in the previous table, it is also worth noting that by number of loans originated, loans to individuals (such as consumer motor vehicle loans) represent a significant product offering for the bank. Consumer loans not related to residential real estate are typically made in smaller dollar amounts relative to other credit products.

The bank received a Satisfactory rating at its previous CRA evaluation, conducted on August 29, 2016, by this Reserve Bank.

DESCRIPTION OF ASSESSMENT AREA

General Demographics

The bank’s assessment area, which has a population of 28,670, is located in central Arkansas in the Little Rock-North Little Rock-Conway, Arkansas metropolitan statistical area (Little Rock MSA). The Little Rock MSA contains six counties in Arkansas; however, the bank’s assessment area consists of the entirety of only Grant County and two census tracts in southeast Saline County. This assessment area consists of mostly rural areas.

According to the Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report data as of June 30, 2020, there are 14 FDIC-insured depository institutions in the assessment area that operate 35 offices. Peoples Bank (operating two offices (5.7 percent) in the assessment area) ranked fifth in terms of deposit market share, with 7.8 percent of the total assessment area deposit dollars.

Commercial lending products represent a credit need in the assessment area, along with the need for a standard blend of consumer loan products. Other particular credit needs in the assessment area, as noted primarily from community contacts, include small dollar loans to businesses and home improvement loans for repair and rehabilitation of affordable housing stock.

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	0	2	4	0	0	6
	0.0%	33.3%	66.7%	0.0%	0.0%	100%
Family Population	0	2,829	5,180	0	0	8,009
	0.0%	35.3%	64.7%	0.0%	0.0%	100%

As shown above, 33.3 percent of the census tracts in the assessment area are LMI geographies, and 35.3 percent of the family population resides in these tracts.

Based on 2015 ACS data, the median family income for the assessment area was \$63,300. At the same time, the median family income for the Little Rock MSA was \$61,339. More recently, the FFIEC estimated the 2017, 2018, and 2019 median family income for the Little Rock MSA to be \$62,100, \$65,900, and \$69,800, respectively. 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-	Unknown	TOTAL
Assessment Area	1,798	1,544	1,710	2,957	0	8,009
	22.5%	19.3%	21.4%	36.9%	0.0%	100%
Little Rock MSA	38,206	31,447	35,717	73,725	0	179,095
	21.3%	17.6%	19.9%	41.2%	0.0%	100%

As shown in the table above, 41.8 percent of families within the assessment area were considered LMI, which is slightly higher than the LMI family percentage of 38.9 percent in the Little Rock MSA. The assessment area also has a lower proportion of upper-income family population (36.9 percent) compared to the MSA (41.2 percent). However, the percentage of families living below the poverty threshold in the assessment area, 7.7 percent, is less than the 10.4 percent level in the Little Rock MSA. Considering these factors, the affluency of the assessment area appears comparable to the MSA as a whole.

Housing Demographics

Based on housing values, income levels, and rental costs, housing in the assessment area appears to be more affordable than in the Little Rock MSA. The median housing value for the assessment area is \$110,765, which is below the figure for the Little Rock MSA, \$138,983. The assessment area housing affordability ratio of 43.8 percent is above the Little Rock MSA figure of 35.3 percent. Furthermore, the median gross rent for the assessment area of \$695 per month is lower than the \$765 per month for the Little Rock MSA.

Within the assessment area, total housing units are composed of 70.7 percent owner-occupied units, 18.5 percent rental units, and 10.8 percent vacant units. Owner-occupied units appear to be more prominent in the assessment area than in the Little Rock MSA, with only 56.8 percent owner-occupied units. The median age of the housing stock is 34 years, which is comparable to the median age in the Little Rock MSA (31 years). One community contact indicated the need for small dollar home improvement loans for home repair and rehabilitation, as many affordable homes require repairs. Based on housing data and community contact interviews, housing appears to be more within the reach of the LMI population in the assessment area than in other areas of the Little Rock MSA.

Industry and Employment Demographics

The assessment area economy is not overly diverse and is primarily supported by manufacturing and service-oriented sectors. County business patterns indicate that there are 24,022 paid employees in the assessment area. By percentage of employees, the three largest job categories in the assessment area are retail trade (21.0 percent), followed by healthcare and social assistance (18.2 percent) and accommodation and food services (14.4 percent). The following table 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
2017	3.1%	3.4%
2018	3.0%	3.3%
2019	2.8%	3.2%
2020	5.1%	6.4%

As shown in the table above, unemployment levels for the assessment area, as well as the Little Rock MSA, decreased from 2017 to 2019 and then experienced a significant increase in 2020. The increase in 2020 is largely attributed to the COVID-19 pandemic. Overall, unemployment levels in the assessment area are lower than the Little Rock MSA levels.

Community Contact Information

Information from two community contacts was used to help shape the performance context in which the bank’s activities in this assessment area were evaluated. Of these community contact interviews, one was with an individual specializing in affordable housing, and one was with an individual specializing in small business development. The community contact interviewees categorized the economy as stable with some population growth, specifically concentrated in Saline County. One contact indicated that the affordable housing market is tight, as there is limited available stock of affordable housing. While access to bank products and services was identified as generally good, financial literacy was identified as an ongoing need and barrier to LMI individuals needing credit in the community. Additional credit barriers for LMI residents include poor credit histories, existing debt, student loans, and a lack of down payment funds. The largest needs of LMI individuals in the area were identified as home purchase loans with additional funds for home improvement, small dollar home improvement loans for current homeowners, and refinance loans. Similar barriers for small businesses owners were also identified by one contact. These barriers include lack of collateral and personal capital, as well as poor credit histories. Preferred small business products would include small dollar loans, deferred or interest-only loans (for startups), fixed rates, and underwriting criteria that are not solely reliant on collateral value. Neither contact identified any gaps in credit and other banking services in the area or barriers to discourage business activity.

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 table below displays the bank’s average LTD ratio in comparison to those of regional peers. The average LTD ratio represents a 19-quarter average, dating back to the bank’s last CRA evaluation.

LTD Ratio Analysis			
Name	Headquarters	Asset Size (\$000s) as of March 31, 2021	Average LTD Ratio
Peoples Bank	Sheridan, Arkansas	\$184,107	57.6%
Regional Banks	Morrilton, Arkansas	\$214,227	54.7%
	Fordyce, Arkansas	\$204,340	69.2%
	Little Rock, Arkansas	\$266,338	60.1%

The bank’s level of lending is in line with that of other banks in the region. During the review period, the bank’s LTD ratio was generally stable, with a 19-quarter average of 57.6 percent. In comparison, the average LTD ratios for two of the regional peers were higher and had generally stable trends. The average LTD ratio for the third peer was slightly lower and also had a generally stable trend. Therefore, compared with 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, 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, 2017 through December 31, 2019						
Loan Type	Inside Assessment Area		Outside Assessment Area		TOTAL	
Small Business ²	66	82.5%	14	17.5%	80	100%
	\$5,289	72.2%	\$2,032	27.8%	\$7,321	100%
HMDA	77	77.8%	22	22.2%	99	100%
	\$4,779	65.0%	\$2,576	35.0%	\$7,355	100%
Consumer Motor Vehicle	48	78.7%	13	21.3%	61	100%
	\$935	77.2%	\$277	22.8%	\$1,212	100%
TOTAL LOANS	191	79.6%	49	20.4%	240	100%
	\$11,003	69.3%	\$4,885	30.7%	\$15,888	100%

² January 1, 2019 – December 31, 2019

A majority of loans and other lending-related activities were made in the bank’s assessment area. As shown in the preceding table, 79.6 percent of the total loans were made inside the assessment area, accounting for 69.3 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 all three loan categories reviewed. The bank’s performance reflects reasonable dispersion of small business and HMDA loans and excellent dispersion of consumer motor vehicle loans.

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								
Business Revenue and Loan Size		2019						
		Count			Dollars			Total Businesses
		Bank		Aggregate	Bank		Aggregate	
		#	%	%	\$ (000s)	\$ %	\$ %	%
Business Revenue	\$1 Million or Less	43	65.2%	45.4%	\$3,764	71.2%	50.3%	93.3%
	Over \$1 Million/Unknown	23	34.8%	54.6%	\$1,525	28.8%	49.7%	6.7%
	TOTAL	66	100.0%	100.0%	\$5,289	100.0%	100.0%	100.0%
Loan Size	\$100,000 or Less	48	72.7%	96.4%	\$1,638	31.0%	61.1%	
	\$100,001–\$250,000	14	21.2%	2.5%	\$2,109	39.9%	20.0%	
	\$250,001–\$1 Million	4	6.1%	1.1%	\$1,542	29.1%	18.9%	
	Over \$1 Million	0	0.0%	0.0%	\$0	0.0%	0.0%	
	TOTAL	66	100.0%	100.0%	\$5,289	100.0%	100.0%	
Loan Size Revenue \$1 Million or Less	\$100,000 or Less	31	72.1%		\$1,150	30.6%		
	\$100,001–\$250,000	9	20.9%		\$1,372	36.5%		
	\$250,001–\$1 Million	3	7.0%		\$1,242	33.0%		
	Over \$1 Million	0	0.0%		\$0	0.0%		
	TOTAL	43	100.0%		\$3,764	100.0%		

The bank’s level of lending to small businesses is reasonable. The bank originated the majority of its small business loans (65.2 percent) to businesses with revenues of \$1 million or less. In comparison, assessment area demographics estimate that 93.3 percent of businesses in the assessment area had annual revenues of \$1 million or less, and the 2019 aggregate lending level to small businesses is 45.4 percent.

Next, HMDA loans were reviewed to determine the bank’s lending levels to borrowers of different incomes. 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 (\$62,100, \$65,900, and \$69,800, for the Little Rock MSA as of 2017, 2018, and 2019, respectively). The following table shows the distribution of HMDA reported loans by borrower income level in comparison to family population income demographics for the assessment area. Additionally, 2017, 2018, and 2019 aggregate data for the assessment area is displayed.

Distribution of Loans Inside Assessment Area by Borrower Income January 1, 2017 through December 31, 2019												
	Borrower Income Level										TOTAL	
	Low-		Moderate-		Middle-		Upper-		Unknown			
Home Purchase	3	7.3%	8	19.5%	5	12.2%	12	29.3%	13	31.7%	41	100%
Refinance	2	10.0%	5	25.0%	5	25.0%	3	15.0%	5	25.0%	20	100%
Home Improvement	1	6.7%	3	20.0%	9	60.0%	2	13.3%	0	0.0%	15	100%
Multifamily	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	100.0%	0	100%
TOTAL HMDA	6	7.9%	16	21.1%	19	25.0%	17	22.4%	18	23.7%	76	100%
Family Population	22.4%		19.3%		21.4%		36.9%		0.0%		100%	
2017 HMDA Aggregate	7.9%		16.8%		19.7%		30.6%		25.1%		100%	
2018 HMDA Aggregate	5.6%		18.5%		21.7%		29.4%		24.8%		100%	
2019 HMDA Aggregate	8.0%		17.8%		21.8%		30.1%		22.3%		100%	

As displayed in the preceding table, the bank’s percentage of lending to low-income borrowers (7.9 percent) is substantially below the low-income family population figure (22.4 percent) but is commensurate with the 2017, 2018, and 2019 aggregate lending levels to low-income borrowers (7.9, 5.6, and 8.0 percent, respectively), reflecting reasonable performance. In contrast, the bank’s level of lending to moderate-income borrowers (21.1 percent) is above the moderate-income family population percentage (19.3 percent) and compares favorably to the 2017, 2018, and 2019 aggregate lending levels to moderate-income borrowers (16.8, 18.5, and 17.8 percent, respectively), reflecting excellent performance. Therefore, considering performance to both income categories, the bank’s overall distribution of loans by borrower’s profile is reasonable.

As with the bank’s previous two loan categories, the borrower distribution of consumer motor vehicle loans was also analyzed by borrower’s income profile. The following table shows the distribution of 2017, 2018, and 2019 consumer motor vehicle loans by income level of the borrower compared to household population income characteristics.

Distribution of Loans Inside Assessment Area by Income Level of Borrower January 1, 2017 through December 31, 2019												
	Borrower Income Level										TOTAL	
	Low-		Moderate-		Middle-		Upper-		Unknown			
Consumer Motor Vehicle	9	18.8%	11	22.9%	13	27.1%	15	31.3%	0	0.0%	48	100%
Household Population	22.7%		16.6%		20.8%		39.9%		0.0%		100%	

As displayed in the preceding table, the bank’s percentage of lending to low-income borrowers (18.8 percent) is slightly below the household population comparison (22.7 percent) and is considered reasonable. The bank’s percentage of lending to moderate-income borrowers (22.9 percent) is above the household population comparison (16.6 percent) and is considered excellent. By number, 41.7 percent of the motor vehicle loans reviewed were made to LMI borrowers, exceeding the LMI household population of 39.3 percent. Therefore, considering performance to both income categories, the bank’s overall distribution of loans by borrower’s profile is excellent.

Geographic Distribution of Loans

As noted previously, the assessment area includes no low-income and two moderate-income census tracts, representing 33.3 percent of all assessment area census tracts. Overall, the bank’s geographic distribution of loans in this assessment area reflects poor penetration throughout these moderate-income census tracts, based on the distribution of small business, HMDA, and consumer motor vehicle loans. The performance in the small business loan category carried the most significance in the overall rating.

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							
Tract Income Levels	2019						
	Count			Dollar			Businesses
	Bank		Aggregate	Bank		Aggregate	
	#	%	%	\$ 000s	\$ %	\$ %	%
Low	0	0.0%	0.0%	\$0	0.0%	0.0%	0.0%
Moderate	3	4.5%	24.2%	\$172	3.3%	24.8%	24.9%
Middle	63	95.5%	73.3%	\$5,117	96.7%	73.3%	75.1%
Upper	0	0.0%	0.0%	\$0	0.0%	0.0%	0.0%
Unknown	0	0.0%	2.5%	\$0	0.0%	1.9%	0.0%
TOTAL	66	100.0%	100.0%	\$5,289	100.0%	100.0%	100.0%

The bank’s percentage of loans in moderate-income census tracts (4.5 percent) is significantly lower than both the 2019 aggregate lending percentage in moderate-income census tracts (24.2 percent) and the percentage of small businesses in moderate-income census tracts (24.9 percent), representing very poor performance.

Second, the bank’s geographic distribution of HMDA loans was reviewed. The following table displays the geographic distribution of 2017 to 2019 HMDA loans compared to owner-occupied housing demographics and 2017 to 2019 aggregate performance for the assessment area.

Geographic Distribution of HMDA Loans January 1, 2017 through December 31, 2019												
	Borrower Income Level										TOTAL	
	Low-		Moderate-		Middle-		Upper-		Unknown			
Home Purchase	0	0.0%	5	12.2%	36	87.8%	0	0.0%	0	0.0%	41	100%
Refinance	0	0.0%	3	15.0%	17	85.0%	0	0.0%	0	0.0%	20	100%
Home Improvement	0	0.0%	4	26.7%	11	73.3%	0	0.0%	0	0.0%	15	100%
Multifamily	0	0.0%	0	0.0%	0	0.0%	0	0.0%	2	100.0%	0	100%
TOTAL HMDA	0	0.0%	12	15.8%	64	84.2%	0	0.0%	0	0.0%	76	100%
Family Population	0.0%		36.2%		63.8%		0.0%		0.0%		100%	
2017 HMDA Aggregate	0.0%		26.2%		73.8%		0.0%		0.0%		100%	
2018 HMDA Aggregate	0.0%		23.4%		76.6%		0.0%		0.0%		100%	
2019 HMDA Aggregate	0.0%		24.2%		75.8%		0.0%		0.0%		100%	

Bank performance in moderate-income census tracts was below comparison data and deemed poor. The bank’s total penetration of moderate-income census tracts by number of loans (15.8 percent) is well below the percentage of owner-occupied housing units in moderate-income census tracts (36.2 percent). The bank’s performance does not compare favorably to aggregate lending figures for 2017, 2018, and 2019 in moderate-income census tracts, which were 26.2 percent, 23.4 percent, and 24.2 percent, respectively.

As with the bank’s previous two loan categories, the bank’s geographic distribution of consumer motor vehicle loans was reviewed. The following table displays the geographic distribution of 2017 to 2019 consumer motor vehicle loans compared to the percent of households in LMI census tracts.

Geographic Distribution of Consumer Motor Vehicle Loans January 1, 2013 through December 31, 2015												
	Borrower Income Level										TOTAL	
	Low-		Moderate-		Middle-		Upper-		Unknown			
Consumer Motor Vehicle	0	0.0%	10	20.8%	38	79.2%	0	0.0%	0	0.0%	48	100%
% of Households	0.0%		35.5%		64.5%		0.0%		0.0%		100%	

Bank performance in moderate-income census tracts was below comparison data and deemed poor. The bank’s total penetration of moderate-income census tracts by number of loans (20.8 percent) is below the percentage of households in moderate-income census tracts (35.5 percent).

Lastly, based on reviews from all three loan categories, Peoples Bank had loan activity in each of the six census tracts in the assessment area. Additionally, there were no conspicuous lending gaps in LMI areas.

Responses to Complaints

No CRA-related complaints were filed against the bank during this review period (August 29, 2016 through June 13, 2021).

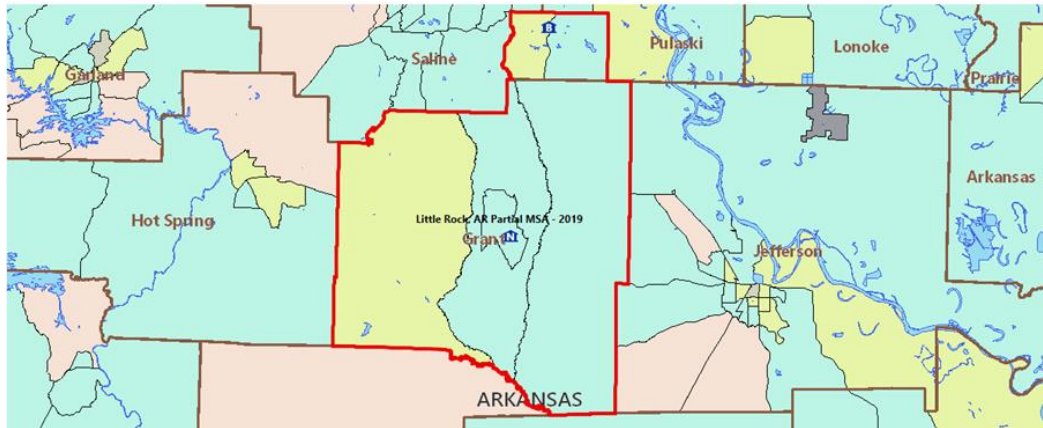
FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

Peoples BK - Sheridan, AR 2021

Little Rock, AR Partial MSA - 2019



LEGEND	
2015 Census Year	
INCOME	
[Light Green Box]	Low
[Yellow Box]	Moderate
[Light Blue Box]	Middle
[Light Orange Box]	Upper
[Grey Box]	Unknown
[Red Line]	AA Boundary
LOANS: all	
Inside and Outside AA - 48	
[Black Dot]	Loan
BANK BRANCHES	
Inside and Outside AA	
[Blue Square]	Branches with ATM - 1
[Blue Square]	Main Office with ATM - 1
FEATURES	
[Blue Polygon]	Water Body

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 non-metropolitan 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 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 (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

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

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

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

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

Housing affordability ratio: 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 multi-state 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 multi-state 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 non-mortgage, 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.