PUBLIC DISCLOSURE

February 7, 2022

COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION

Peoples Bank & Trust Company of Hazard
RSSD #814711

524 Main Street
Hazard, Kentucky 41701

Federal Reserve Bank of Cleveland

P.O. Box 6387
Cleveland, OH 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 COMMUNITY REINVESTMENT ACT (CRA) RATING

Peoples Bank & Trust Company of Hazard (Peoples) is rated **"Satisfactory"**.

The major factors and criteria contributing to this rating include:

- Peoples' net loan-to-deposit ratio (NLTD) is reasonable given the institution's size, financial condition, and assessment area (AA) credit needs;
- Majority of Peoples' loans are originated inside the AA;
- A reasonable geographic distribution of loans occurs throughout the AA;
- A reasonable borrower distribution among individuals of different income, including low- and moderate-income (LMI) levels and businesses of different sizes;
- Neither the bank nor this Reserve Bank received any CRA-related complaints since the previous evaluation.

SCOPE OF EXAMINATION

The Federal Financial Institutions Examination Council's (FFIEC's) *Interagency Examination procedures for Small Institutions* were utilized to evaluate Peoples' CRA Performance under Regulation BB. The evaluation considered CRA performance context, including Peoples' asset size, financial condition, business strategy, and market competition, as well as the demographics, economic characteristics, and credit needs of the AA.

The following data was reviewed:

- Peoples' 21-quarter average NLTD ratio.
- Consumer, residential real estate, and small business loans were analyzed from October 1, 2020, through October 31, 2021.
- Consumer loans consist of other-secured and other-unsecured loans. There was sufficient volume to evaluate these products separately. Due to limited volumes, motor vehicle loans were not considered in this evaluation.
- Based on the total loan volume by number and dollar amount, consumer lending received the most weight, followed by residential real estate and small business lending, respectively.
- Geographic distribution received more weight than borrower distribution, because the bank had a large percentage of loans with unknown incomes and the percentage of LMI geographies and LMI families across the AA is comparable.
- Lending performance in low-, moderate-, middle-, and upper-income census tracts and to low-, moderate-, middle-, and upper-income borrowers was considered for each product; however, comments for activity in middle- and upper-income tracts and to middle- and upper-income borrowers are only included when they impacted the outcome of the analyses.

DESCRIPTION OF INSTITUTION

Peoples is an intrastate community bank headquartered in Hazard, Kentucky. The bank's characteristics include:

- Peoples is a wholly owned subsidiary of Hazard Bancorp and accounts for 100.0% of the holding company's consolidated assets.
- As of September 30, 2021, Peoples has total assets of $259.2 million and total deposits of $246.8 million. This represents a 3.0% decrease in total assets and a 1.9% increase in total deposits since the previous CRA evaluation.
- In addition to its main office with a cash-only ATM, Peoples has three branches with cash-only ATMs and three stand-alone cash-only ATMs, as of December 31, 2021. All three branches have drive-thrus and offer weekend and extended hours of service.
- All branches and ATMs are in Hazard in Perry County within less than a five-mile radius from each other. The main office and one branch are in middle-income tracts, and the remaining two branches are in a moderate-income tract.
- Since the previous evaluation, Peoples closed three branches:
  - In May 2020 Peoples closed its branch without an ATM (middle-income tract) in Vicco.
  - In August 2021 Peoples closed its Walmart Supercenter branch (moderate-income tract) with a cash-only ATM and its East Main branch in a middle-income tract but maintained a stand-alone cash-only ATM at that location after the branch closure.
- The two remaining stand-alone cash-only ATMs are in a moderate-income tract and located at Hazard Community and Technical College and Appalachia Regional Healthcare (ARH) Medical Center.
- Peoples has not opened any branches since the previous evaluation.
- Peoples is a full-service retail bank that offers traditional products, including deposit and checking accounts, commercial and residential real estate, agricultural, and consumer loans. Peoples' website, peopleshazard.com, and online and mobile banking supplements its branch and ATM networks. Customers can confirm balances and what transactions have posted and transfer funds with the bank's automated voice response system. Peoples also offers customers online bill pay, Mastercard debit cards, overdraft protection, financial calculators, and trust services.
- In response to businesses impacted by the COVID-19 emergency, Peoples helped its existing commercial customers apply for loans through the U.S. government's Paycheck Protection Program (PPP) and referred them to another lender accepting applications. Sixty-seven (67) of People's commercial customers received PPP loans, totaling approximately $3.9 million.
- Peoples' loan portfolio composition is shown in the table below.

Composition of Loan Portfolio as of September 30, 2021		
Loan Type	**$ (000s)**	**%**
Construction and Land Development	9,124	6.1
Farmland	2,249	1.5
1-4 Family Residential Real Estate	49,027	32.8
Multifamily Residential Real Estate	5,008	3.4
Non-Farm Non-Residential Real Estate	44,400	29.7
Agricultural	0	0.0
Commercial and Industrial	34,107	22.8
Consumer	4,975	3.3
Other	514	0.3
Gross Loans	**149,404**	**100.0**

Note: Percentages may not total 100.0 percent due to rounding.

Peoples was rated Satisfactory under the CRA at its October 17, 2016, performance evaluation. There are no known legal, financial, or other factors impending Peoples' ability to help meet the credit needs of its communities.

DESCRIPTION OF ASSESSMENT AREA

Peoples' AA is in the Appalachian Region of eastern Kentucky in Nonmetropolitan Kentucky and consists of the entireties of Breathitt, Knott, Leslie, Letcher, Owsley, and Perry counties. Peoples' AA has not changed since the previous evaluation. See Appendix A for AA maps and Appendix B for additional demographic data.

- The AA was comprised of the following tracts in this evaluation:

Tract Income Designations Assessment Area: Nonmetropolitan Kentucky	
Income Tract Level	**2020 - 2021**
Low	0
Moderate	14
Middle	17
Upper	1
Unknown	0
Total	**32**

- 100.0% of middle-income tracts within the bank's AA were distressed and designated as undeserved remote rural tracts as defined annually by the FFIEC. In 2020, all middle-income tracts were distressed due to poverty and unemployment and were designated as underserved. In 2021, all middle-income tracts were distressed due to poverty and designated as underserved. Additionally, Breathitt County was also distressed due to population loss in 2020 and 2021.

- According to the June 30, 2021, Federal Deposit Insurance Corporation's (FDIC) Summary of Deposits Report, Peoples ranked second amongst 10 financial institutions operating in the AA with a 14.4% deposit market share. Community Trust Bank, Inc. holds the largest share of deposits in the market at 26.6%.
- Two community contact interviews were conducted to provide additional information regarding the area's credit needs and context to demographic and economic conditions of the local community.
  - The first interview was with a representative from an economic development agency. The contact stated while the COVID-19 pandemic has negatively impacted the service sector in eastern Kentucky, the overall impact has not been as severe as in larger urban areas in the state. The contact indicated there is a great need for affordable housing in the area, and there is a lack of homes priced between $100,000-$200,000 for LMI persons. The contact stated while opioid addiction remains a problem in eastern Kentucky, it is a much bigger problem in urban areas than in rural areas. According to the contact, there are opportunities to reskill workers who have lost jobs in the declining coal industry in eastern Kentucky for jobs that contribute to making the region more productive for future industries, like manufacturing, transportation logistics, and shipping centers.
  - The second interview was with a representative from an affordable housing agency. The contact stated there has always been a lack of safe, affordable housing across Appalachian Kentucky. There is also limited flat land not located in a flood plain that can be developed. About a third of eastern Kentuckians rent and 68% of low-income renters are cost burdened. There is a lack of affordable rental units for LMI individuals and Section 8 housing for extremely low-income individuals. The contact indicated that turnover rates are low, and the waiting lists are long for access to these units. Most of the existing homes in the area were built before 1989, and these aging homes often need extensive repairs and upgrades; however, nearly 44% of owner-occupied units are valued at less than $50,000, and 42% of households in the area earn less than $25,000 annually making it challenging to afford needed repairs or save enough to buy a home. The contact's agency is committed to building owner-occupied housing between $90,000 and $110,000 and helping LMI families qualify to purchase these homes at affordable rates. The contact stated there are opportunities for local banks to fund affordable housing initiatives and emergency repair programs and provide credit counseling to encourage home ownership and financial self-sufficiency, especially for LMI borrowers.

Population Change Assessment Area: Nonmetropolitan Kentucky			
Area	**2015 Population**	**2020 Population**	**Percent Change**
Breathitt County	13,591	12,550	-7.7
Knott County	16,000	14,512	-9.3
Leslie County	10,997	9,637	-12.4
Letcher County	23,671	21,213	-10.4
Owsley County	4,616	4,331	-6.2
Perry County	28,041	25,456	-9.2
Assessment Area	**96,916**	**87,699**	**-9.5**
Kentucky	**4,397,353**	**4,477,251**	**1.8**

Source: 2011-2015 U.S. Census Bureau: American Community Survey
U.S. Census Bureau Vintage 2020 Population Estimates for the United States and States

- The AA had a significant loss in population from 2015 through 2020, with Leslie County experiencing the largest loss at 12.4% and Owsley County experiencing the smallest loss at 6.2%. The counties in this AA have experienced some of the steepest declines in the state.
- 78.4% of the AA population was 18 years of age or older, the legal age to enter into a contract.
- 15.2% of the population in the AA was age 65 and over, compared to 14.4% in Kentucky.
- AA population is aging and decreasing resulting in a shrinking working population or lack of labor supply and increasing demand for leisure and healthcare services.
- 35.5% of the AA's population resides in moderate-income tracts.
- Hazard (Perry County) is the largest city in the AA with a population of 4,660 according to 2021 U.S. Census data. Hazard's population decreased by 14.9% since 2010. By comparison, Booneville (Owsley County) is the smallest municipality in the AA and one of the smallest municipalities in Kentucky with a population of 152 according to 2021 U.S. Census data. Booneville's population decreased by 13.1% since 2010.

Borrower Income Levels Assessment Area: Nonmetropolitan Kentucky						
FFIEC Estimated Median Family Income			**Low**	**Moderate**	**Middle**	**Upper**
Year	**$**	**% Change**	**0 - 49.9%**	**50% - 79.9%**	**80% - 119.9%**	**120% - & above**
2020	$51,500		0 - $25,749	$25,750 - $41,199	$41,200 - $61,799	$61,800 - & above
2021	$52,600	2.1	0 - $26,299	$26,300 - $42,079	$42,080 - $63,119	$63,120 - & above

Source 2020-2021 FFIEC Census Data

- During the evaluation period, the median family income (MFI) in the AA increased by 2.1%, reflecting minimal economic growth.

- According to 2015 U.S. Census data, AA MFI at $40,372 is 25.0% less than Kentucky MFI at $55,367, indicating this AA has concentrated rural poverty.

Poverty Rates Assessment Area: Nonmetropolitan Kentucky			
Area	**2017**	**2018**	**2019**
Breathitt County	30.6	32.5	29.2
Knott County	28.6	32.1	30.5
Leslie County	24.5	30.8	32.3
Letcher County	25.1	31.1	28.9
Owsley County	28.3	39.2	35.5
Perry County	20.4	28.9	24.2
Kentucky	**17.1**	**16.7**	**16.0**
United States	**13.4**	**13.1**	**12.3**
Source: U.S. Census Bureau Small Area Income and Poverty Estimates Program			

- Poverty rates in the AA were substantially higher than poverty rates across Kentucky and the United States.
- Of the 26,378 families in the AA, 46.8% are designated as LMI with 24.1% living below the poverty level, which is significantly greater than Kentucky's 39.6% of families designated as LMI and 14.4% of families living below poverty.
- Of the 38,073 households in the AA, 29.4% are below the poverty level and 3.4% receive public assistance.

Housing Cost Change Assessment Area: Nonmetropolitan Kentucky										
Area	Median Housing Value					Median Gross Rent				
	2010	2015	Percent Change - 2010 to 2015	2019	Percent Change - 2015 to 2019	2010	2015	Percent Change - 2010 to 2015	2019	Percent Change - 2015 to 2019
Breathitt County	$50,900	$47,500	-6.7	$54,000	13.7	$405	$493	21.7	$488	-1.0
Knott County	$60,200	$57,900	-3.8	$51,500	11.1	$419	$479	14.3	$504	5.2
Leslie County	$54,600	$45,500	-16.7	$64,100	40.9	$515	$438	-15.0	$517	18.0
Letcher County	$51,500	$56,300	9.3	$58,600	4.1	$464	$531	14.4	$559	5.3
Owsley County	$68,500	$69,800	1.9	$70,200	0.6	$371	$351	-5.4	$316	-10.0
Perry County	$55,900	$71,200	27.4	$75,400	5.9	$471	$535	13.6	$649	21.3
Kentucky	**$116,800**	**$123,000**	**5.3**	**$141,000**	**14.6**	**$601**	**$675**	**12.3**	**$763**	**13.0**
Source: 2006-2010 U.S. Census Bureau: American Community Survey 2011-2015 U.S. Census Bureau: American Community Survey 2015-2019 U.S. Census Bureau: American Community Survey										

- Except in Knott County, median housing values increased from 2015 to 2019, particularly in Leslie County. Overall, housing became less affordable across the AA most likely because MFI did not keep pace with home price growth.
- Based on 2015 Census data, the affordability ratio[1] was 50.7 in the AA compared to 35.5 in Kentucky. Leslie County had the most affordable housing with an affordability ratio of 56.9, while Owsley County had the least affordable housing with an affordability ratio of 30.1. Both community contacts indicated there is a lack of housing between $90,000 and $200,000 in the area.
- Except in Owsley and Breathitt counties, median gross rents across the AA increased from 2015 to 2019. The rise in median gross rents indicates the need for more affordable housing. According to 2015 Census data, 31.3% of all renters in the AA have rental costs that are at least 30% of their income.
- There are 45,535 housing units in the AA, of which 62.2% are owner occupied, 21.4% are rental, and 16.4% are vacant. Therefore, there are more households who own their homes than there are renters.
- Housing units in the AA primarily consist of single-family dwellings (60.1%) and mobile homes (32.8%), compared to housing units across Kentucky that consist of single-family

[1] 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.

dwellings (69.5%) and mobile homes (12.2%). With 37.8% of housing units being either rental or vacant across the AA, there may be limited opportunities to originate mortgage loans, particularly in LMI tracts.

- The median age of housing stock in the AA is 42 years old, and 14.3% of housing units were built prior to 1950. The age of the housing stock across the AA demonstrates a potential need for home improvement lending. Letcher County has the highest percentage of homes built prior to 1950 at 23.0% compared to Leslie County at 8.3%. A community contact indicated that these aging homes need extensive repairs and upgrades that are most likely unaffordable for LMI homeowners.

Housing Cost Burden
Assessment Area: Nonmetropolitan Kentucky

Area	Cost Burden – Owners			Cost Burden – Renters		
	Low Income	Moderate Income	All Owners	Low Income	Moderate Income	All Renters
Breathitt County	39%	14%	16%	40%	11%	27%
Knott County	35%	16%	14%	57%	11%	35%
Leslie County	34%	12%	15%	41%	0%	26%
Letcher County	48%	11%	19%	60%	19%	37%
Owsley County	60%	29%	32%	43%	68%	37%
Perry County	48%	22%	17%	42%	21%	27%
Assessment Area	**43%**	**16%**	**17%**	**49%**	**19%**	**31%**
Kentucky	**56%**	**28%**	**17%**	**69%**	**31%**	**39%**

Cost Burden is housing cost that equals 30 percent or more of household income
Source: U.S. Department of Housing and Urban Development (HUD), 2013-2017 Comprehensive Housing Affordability Strategy

- 43.0% of low-income homeowners and nearly half (49.0%) of low-income renters are cost burdened, compared to 16.0% of moderate-income homeowners and 19.0% of moderate-income renters. A community contact indicated that 68.0% of low-income renters are cost-burdened in across the AA.
- About 17.0% of all homeowners across the AA are cost burdened, which is comparable to all homeowners across Kentucky.
- 31.0% of all renters across the AA are cost burdened, which is slightly less than all renters across Kentucky at 39.0%.
- The data shows that cost burden disproportionately affects renter-occupied households, particularly low-income renters as well as low-income homeowners.
- Cost-burdened renters may have a difficult time saving enough monies to make a sufficient down payment to purchase a home or otherwise afford increasing rents.

Unemployment Rates Assessment Area: Nonmetropolitan Kentucky					
Area	**2016**	**2017**	**2018**	**2019**	**2020**
Breathitt County	9.7%	8.6%	7.0%	7.2%	10.2%
Knott County	11.4%	8.3%	6.6%	6.6%	8.5%
Leslie County	13.3%	9.9%	6.9%	7.9%	10.8%
Letcher County	12.3%	9.2%	6.2%	7.1%	10.2%
Owsley County	9.6%	8.1%	7.1%	7.0%	7.4%
Perry County	10.7%	8.1%	6.1%	5.8%	8.9%
Assessment Area	**11.3%**	**8.6%**	**6.5%**	**6.7%**	**9.5%**
Kentucky	**5.0%**	**4.8%**	**4.2%**	**4.1%**	**6.6%**
Source: Bureau of Labor Statistics: Local Area Unemployment Statistics					

- While 2016-2018 unemployment rates decreased across the AA, 2019 unemployment rates fluctuated, and 2020 unemployment rates increased substantially in response to the COVID-19 pandemic. Unemployment rates were significantly higher in the AA compared to unemployment rates in Kentucky during this period.
- According to Kentucky Cabinet for Economic Development (CED):[2]
  - The leading industries in the AA are health care and social services, retail, education, accommodation and food services, public administration, and transportation and warehousing. The majority of businesses (65%) in the AA have 1 to 4 employees. The average weekly wage for the private sector is $630, which indicates that employed persons could afford median rents in the AA.
- According to the Appalachian Regional Commission (ARC):[3]
  - Appalachian rural counties tend to have older, less diverse, and declining population than rural counties in the rest of the U.S.
  - From 2010-2014 through 2015-2019 for persons over 25, the increase in the rate of college graduates in non-Appalachia Kentucky exceeded the increase in the rate of college graduates within Appalachia for persons over age 25. This may impact job opportunities within the region where a bachelor's degree is required. However, the increase in the rate for associate degree graduates in Kentucky was stronger for Appalachia, where the growth rate for associate degrees was 1.3% versus a growth rate of 0.9% for non-Appalachia Kentucky residents.
  - While Appalachia's labor force participation rate was higher in 2015-2019 than in 2010-2014, Kentucky was not among the growth leaders. The counties in this AA have among the state's lowest workforce participation rates (15.4% - 51.3%).
  - There are areas within Appalachia region that have not yet fully rebounded from the 2007-2009 recession despite the passage of 12 years. Consequently, structural unemployment remains a lingering concern.

[2] CED: https://ced.ky.gov/Locating_Expanding/Community_Profiles
[3] ARC: www.arc.gov/report/the-appalachian-region-a-data-overview-from-the-2015-2019-american-community-survey/

- As indicated in *The Opioid Epidemic and Its Effects: A Perspective on What We Know from the Federal Reserve Bank of Cleveland*,[4] 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 the economic growth potential of a local area. In addition, the Centers of Disease Control and Prevention identified the counties in this AA as vulnerable to high rates of certain types of infections because of the opioid epidemic.[5] As a result, these counties are particularly susceptible to reduced labor market activity and stunted economic growth potential.

[4] Cleveland Fed: https://www.clevelandfed.org/newsroom-and-events/publications/community-development-briefs/db-20180531-the-opioid-epidemic.aspx

[5] amfAR – Kentucky Opioid Epidemic: https://oid.amfar.org/KY

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

Net Loan-to-Deposit Ratio (NLTD)

A financial institution's NLTD ratio is evaluated to determine the reasonableness of lending considering performance context, such as Peoples' capacity to lend, the availability of lending opportunities, and the demographic and economic factors present in the AA since the previous evaluation in comparison to similarly situated FDIC-insured institutions (custom peer group). The custom peer group was selected based on asset size, market share, and the area where they are located.

Loan-to-Deposit Ratios						
Peoples Bank & Trust Company of Hazard, Hazard, KY				1st Trust Bank, Inc, Hazard, KY	Bank of Hindman, Hindman, KY	Custom Peer Ratio
As of Date	Net Loans $(000s)	Total Deposits $(000s)	Bank Ratio	Peer 1 Ratio	Peer 2 Ratio	Custom Peer Ratio
September 30, 2021	146,134	246,456	59.3	77.4	40.8	59.1
June 30, 2021	143,640	237,953	60.4	75.4	44.5	59.9
March 31, 2021	134,259	244,800	54.8	79.7	42.1	60.9
December 31, 2020	144,552	238,191	60.7	82.9	43.4	63.1
September 30, 2020	150,859	234,237	64.4	88.1	49.1	68.6
June 30, 2020	155,372	238,630	65.1	83.1	47.2	65.1
March 31, 2020	159,540	222,825	71.6	91.6	50.4	71.0
December 31, 2019	163,101	222,395	73.3	84.1	60.1	72.1
September 30, 2019	161,689	220,303	73.4	88.5	62.2	75.3
June 30, 2019	162,724	224,400	72.5	94.8	61.4	78.1
March 31, 2019	160,953	234,003	68.8	92.0	63.7	77.8
December 31, 2018	160,220	233,286	68.7	90.9	62.9	76.9
September 30, 2018	167,890	239,371	70.1	95.5	59.1	77.3
June 30, 2018	173,279	238,980	72.5	91.5	58.6	75.0
March 31, 2018	181,030	223,325	81.1	92.4	55.9	74.2
December 31, 2017	186,790	220,904	84.6	92.1	54.6	73.4
September 30, 2017	191,383	223,333	85.7	93.5	51.6	72.5
June 30, 2017	192,095	231,147	83.1	86.1	49.6	67.9
March 31, 2017	197,634	237,739	83.1	84.7	48.0	66.3
December 31, 2016	197,768	234,723	84.3	87.4	45.3	66.4
September 30, 2016	199,191	236,388	84.3	80.7	43.2	62.0
Quarterly Loan-to-Deposit Ratio Average Since the Previous Evaluation			**72.5**	**87.3**	**52.1**	**69.7**

Peoples' NLTD ratio averaged 72.5%, which was above the custom peer group average of 69.7%. Bank management indicated there has been a large increase in deposits (latest six quarters), due to direct payments to consumers and small businesses from various economic stimulus programs in response to the COVID-19 pandemic. This is a similar trend amongst other community banks. Bank management also shifted its commercial lending strategy to originate loans in a broader regional area in Kentucky resulting in an increasing NLTD trend. Therefore, Peoples' NLTD ratio is reasonable given the bank's size, financial condition, and AA credit needs.

Assessment Area Concentration

Lending Inside and Outside the Assessment Areas								
Loan Type	Inside				Outside			
	#	#%	$(000)	$%	#	#%	$(000)	$%
Motor Vehicle	13	68.4	212	54.5	6	31.6	177	45.5
Other - Secured	76	85.4	1,426	87.9	13	14.6	197	12.1
Other - Unsecured	42	95.5	330	88.7	2	4.5	42	11.3
Total Consumer related	**131**	**86.2**	**1,969**	**82.5**	**21**	13.8	**417**	**17.5**
Residential Loans	64	85.3	5,937	72.1	11	14.7	2,297	27.9
Total Residential Loans	**64**	**85.3**	**5,937**	**72.1**	**11**	**14.7**	**2,297**	**27.9**
Small Business	50	37.3	10,052	20.7	84	62.7	38,491	79.3
Total Small Business	**50**	**37.3**	**10,052**	**20.7**	**84**	**62.7**	**38,491**	**79.3**
Total Loans	**245**	**67.9**	**17,958**	**30.4**	**116**	**32.1**	**41,205**	**69.6**
Note: Percentages may not total 100.0 percent due to rounding.								

During the evaluation period, 67.9% by volume were made inside the AA. The majority of total consumer-related and residential loans by volume and dollar amount were made inside the AAs, while the majority of total small business loans by volume and dollar amount were made outside the bank's AAs. According to bank management, a shift in its commercial lending strategy led to more of its loans being originated in a broader regional area in Kentucky. Overall, a majority of loans by volume and other lending-related activities are in the bank's AA.

Geographic Distribution of Loans

The geographic distribution reflects a reasonable dispersion of loans across Peoples' AAs. The geographic distribution of consumer lending, which received the most weight, is reasonable. The geographic distribution is also reasonable for residential real estate and excellent for small business lending. There was a significant level of lending gaps during the evaluation period.

Tract Income Level	Number of Tracts	Number of Tracts with Loans	% of Tracts with Lending Penetration
Moderate	14	6	42.9%
Middle	17	13	76.5%
Upper	1	1	100.0%
Total	**32**	**20**	**62.5%**

Peoples penetrated 62.5% of total tracts, including 42.9% of its moderate-income tracts. Peoples' branches are all in Perry County, and the bank made loans in the county's three moderate-income tracts. The moderate-income tracts without loans were in the AA's other counties which can be 21 to 45 miles away from the nearest branch. Also, the consistent penetration rate in middle-income tracts is noteworthy considering the persistent levels of poverty and unemployment in these distressed and underserved geographies. Overall, Peoples was able to make loans in a majority of tracts during the evaluation period.

Consumer Lending

During the evaluation period, Peoples originated 131 consumer loans totaling $2.0 million. Peoples' performance was compared to the percentage of households (proxy). Peoples' geographic distribution of consumer loans is reasonable, which is notable considering the historically high levels of poverty and unemployment in the AA.

Distribution of Consumer Loans by Income Level of Geography Assessment Area: Nonmetropolitan Kentucky					
Geographic Income Level	Bank Loans				Households %
	#	#%	$(000)	$%	
Motor Vehicle Loans					
Low	0	0.0	0	0.0	0.0
Moderate	3	23.1	51	24.1	35.4
Middle	10	76.9	161	75.9	61.9
Upper	0	0.0	0	0.0	2.7
Unknown	0	0.0	0	0.0	0.0
Total	13	100.0	212	100.0	100.0
Other – Secured Loans					
Low	0	0.0	0	0.0	0.0
Moderate	24	31.6	478	33.5	35.4
Middle	49	64.5	856	60.0	61.9
Upper	3	3.9	93	6.5	2.7
Unknown	0	0.0	0	0.0	0.0
Total	76	100.0	1,426	100.0	100.0
Other – Unsecured Loans					
Low	0	0.0	0	0.0	0.0
Moderate	9	21.4	112	33.8	35.4
Middle	29	69.0	208	62.8	61.9
Upper	4	9.5	10	3.0	2.7
Unknown	0	0.0	0	0.0	0.0
Total	42	100.0	331	100.0	100.0
Total Consumer Loans					
Low	0	0.0	0	0.0	0.0
Moderate	36	27.5	641	32.6	35.4
Middle	88	67.2	1,225	62.2	61.9
Upper	7	5.3	103	5.2	2.7
Unknown	0	0.0	0	0.0	0.0
Total	131	100.0	1,969	100.0	100.0

Source: 2020 and 2021 FFIEC Census Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Other Secured Lending

Peoples originated 76 other secured consumer loans totaling $1.4 million and 24 (31.6%) other secured loans were made in moderate-income tracts, which was below the percentage of households at 35.4%.

Peoples made 64.5% of secured consumer loans in middle-income tracts, compared to proxy at 61.9% and 3.9% in upper-income tracts compared to proxy at 2.7%.

The geographic distribution of other secured loans in moderate-income tracts is reasonable, considering the bank's performance relative to proxy. Also, Peoples' performance in middle-income tracts which are distressed and underserved exceeded proxy.

Other Unsecured Lending

Peoples originated 42 other unsecured consumer loans totaling $331,000 and nine (21.4%) other unsecured loans were made in moderate-income tracts, which is below the percentage of households at 35.4%.

Peoples made 69.0% other unsecured consumer loans in middle-income tracts, compared to proxy at 61.9% and 9.5% in upper-income tracts compared to proxy at 2.7%.

The geographic distribution of other unsecured loans in moderate-income tracts is reasonable, considering the bank's performance relative to proxy. Also, Peoples' performance in middle-income tracts which are distressed and underserved exceeded proxy.

Residential Real Estate Lending

During the evaluation period, Peoples originated 64 residential real estate loans totaling $5.9 million. Peoples' performance was compared to the percentage of owner-occupied units (proxy). Peoples' geographic distribution of residential real estate loans is reasonable, which is notable considering the historically high levels of poverty and unemployment in the AA.

Distribution of Residential Real Estate Loans by Income Level of Geography Assessment Area: Nonmetropolitan Kentucky					
Geographic Income Level	Bank Loans				Owner Occupied Units %
	#	#%	$(000)	$%	
Low	0	0.0	0	0.0	0.0
Moderate	14	21.9	1,188	20.0	35.7
Middle	44	68.8	4,367	73.6	61.3
Upper	6	9.4	382	6.4	3.1
Unknown	0	0.0	0	0.0	0.0
Total	64	100.0	5,937	100.0	100.0

Source: 20220 and 2021 FFIEC Census Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Peoples made 14 (21.9%) residential real estate loans in moderate-income tracts, which was below the percentage of owner-occupied units in these tracts at 35.7%.

Peoples made 68.8% of residential real estate loans in middle-income tracts, compared to proxy at 61.3% and 9.4% in upper-income tracts, compared to proxy at 3.1%.

The geographic distribution of residential real estate loans in moderate-income tracts is reasonable, considering the bank's performance relative to proxy and the high percentage of rental and vacant units. Also, Peoples' performance in middle-income tracts which are distressed and underserved exceeded proxy.

Small Business Lending

During the evaluation period, Peoples originated 50 small business loans totaling $10.1 million. Peoples' performance was compared to the percentage of businesses (proxy). Peoples' geographic distribution of small business lending is excellent, which is notable considering the historically high levels of poverty and unemployment in the AA.

Distribution of Small Business Lending by Income Level of Geography Assessment Area: Nonmetropolitan Kentucky					
Geographic Income Level	Bank Loans				Total Businesses %
	#	#%	$(000)	$%	
Low	0	0.0	0	0.0	0.0
Moderate	15	30.0	1,461	14.5	32.8
Middle	34	68.0	8,458	84.1	65.3
Upper	1	2.0	133	1.3	1.9
Unknown	0	0.0	0	0.0	0.0
Total	50	100.0	10,052	100.0	100.0

Source: 2020 and 2021 FFIEC Census Data
2021 Dun & Bradstreet Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Peoples originated 15 (30.0%) small business loans in moderate-income tracts, which was comparable to the percentage of businesses in these tracts at 32.8%.

Peoples made 68.0% of small business loans in middle-income tracts compared to proxy at 65.3%, and 2.0% in upper-income tracts compared to proxy at 1.9%.

The geographic distribution of small business loans in moderate-income tracts is excellent, considering the bank's performance relative to proxy. Also, Peoples' performance in middle-income tracts which are distressed and underserved exceeded proxy.

Lending to Borrowers of Different Income Levels and Businesses of Different Sizes

Peoples' lending penetration among borrowers of different income (including LMI) levels is reasonable. The borrower distribution for consumer, which received the most weight, is reasonable. Borrower distribution is also reasonable for residential real estate lending. Opportunities to make consumer and residential real estate loans, particularly to LMI borrowers, may be limited due to high poverty levels. Across the AA, 24.0% of families live below the poverty level and 46.8% of the families are LMI. Lending penetration among businesses of different sizes is reasonable. Borrower distribution received less consideration than geographic distribution, because 57.0% of consumer and residential real estate loans were made to borrowers with unknown incomes and 32.0% to businesses with unknown revenues.

Consumer Lending

Peoples' performance was compared to the percentage of households by household income (proxy). Peoples' borrower distribution of consumer loans is reasonable. During the evaluation period, Peoples originated 131 consumer loans totaling $2.0 million; and 67.9% of consumer loans were made to borrowers with unknown incomes.

Distribution of Consumer Loans by Borrower Income Level Assessment Area: Nonmetropolitan Kentucky					
Borrower Income Level	Bank Loans				Households by Household Income %
	#	#%	$(000)	$%	
Motor Vehicle Loans					
Low	1	7.7	10	4.7	32.4
Moderate	2	15.4	46	21.7	16.9
Middle	2	15.4	23	10.8	13.3
Upper	4	30.8	77	36.3	37.3
Unknown	4	30.8	56	26.4	0.0
Total	13	100.0	212	100.0	100.0
Other – Secured Loans					
Low	1	1.3	3	0.2	32.4
Moderate	2	2.6	16	1.1	16.9
Middle	6	7.9	98	6.9	13.3
Upper	1	1.3	10	0.7	37.3
Unknown	66	86.8	1,299	91.1	0.0
Total	76	100.0	1,426	100.0	100.0
Other – Unsecured Loans					
Low	5	11.9	14	4.2	32.4
Moderate	6	14.3	13	3.9	16.9
Middle	4	9.5	58	17.5	13.3
Upper	8	19.0	99	29.9	37.3
Unknown	19	45.2	146	44.1	0.0
Total	42	100.0	331	100.0	100.0
Total Consumer Loans					
Low	7	5.3	27	1.4	32.4
Moderate	10	7.6	75	3.8	16.9
Middle	12	9.2	179	9.1	13.3
Upper	13	9.9	186	9.4	37.3
Unknown	89	67.9	1,501	76.2	0.0
Total	131	100.0	1,969	100.0	100.0

Source: 2020 and 2021 FFIEC Census Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Other Secured Lending

Peoples originated 76 other secured consumer loans totaling $1.4 million. Peoples originated one (1.3%) other secured consumer loan to a low-income borrower and two (2.6%) of other secured loans to moderate-income borrowers, which was significantly below the percentage of households at 32.4% and 16.9%, respectively. Considering the bank's limited number of loans and performance relative to proxy, the borrower distribution of other secured loans to LMI borrowers is poor. However, 86.8% of other secured loans were made to borrowers with unknown incomes.

Other Unsecured Lending

Peoples originated 42 unsecured consumer loans totaling $331,000. Peoples made five (11.9%) of other unsecured consumer loans to low-income borrowers, which was significantly below the percentage of households 32.4% and six (14.3%) of other unsecured consumer loans to moderate-income borrowers, which was below proxy at 16.9%.

The borrower distribution of other unsecured loans to low-income borrowers is poor but reasonable to moderate-income borrowers considering the bank's performance relative to proxy. Also, 45.2% of other unsecured loans were made to borrowers with unknown incomes.

Residential Real Estate Lending

Peoples' performance was compared to the percentage of families by family income (proxy). Peoples' borrower distribution of residential real estate loans is reasonable. During the evaluation period, Peoples originated 64 residential real estate loans totaling $5.9 million and 35.9% of residential real estate loans were made to borrowers with unknown incomes.

Distribution of Residential Real Estate Loans by Borrower Income Level
Assessment Area: Nonmetropolitan Kentucky

Borrower Income Level	Bank Loans				Families by Family Income %
	#	#%	$(000)	$%	
Low	2	3.1	54	0.9	30.4
Moderate	6	9.4	244	4.1	16.4
Middle	11	17.2	589	9.9	16.6
Upper	22	34.4	2,510	42.3	36.6
Unknown	23	35.9	2,539	42.8	0.0
Total	64	100.0	5,937	100.0	100.0

Source: 20220 and 2021 FFIEC Census Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Peoples made two (3.1%) residential real estate loans to low-income borrowers, which is substantially below the percentage of families at 30.4% and six (9.4%) of residential real estate loans to moderate-income borrowers, which is below the percentage of families at 16.4%.

Therefore, the borrower distribution of residential real estate loans to low-income borrowers is very poor and reasonable to moderate-income borrowers, considering the bank's performance relative to proxy and the high poverty rates, limited supply of affordable housing as indicated by community contacts, and limited land suitable for residential development across the AA.

Small Business Lending

Peoples' performance was compared to the percentage of businesses (proxy). During the evaluation period, Peoples originated 50 small business loans totaling $10.1 million to businesses of different sizes; and 32.0% of these loans were made to businesses with unknown revenues.

Distribution Small Business Lending by Revenue Size of Businesses Assessment Area: Nonmetropolitan Kentucky					
	Bank Loans				Total Businesses %
	#	#%	$(000)	$%	
By Revenue					
$1 Million or Less	33	66.0	4,680	46.6	89.8
Over $1 Million	1	2.0	999	9.9	7.3
Revenue Unknown	16	32.0	4,373	43.5	2.9
Total	50	100.0	10,052	100.0	100.0
By Loan Size					
$100,000 or Less	30	60.0	1,037	10.3	
$100,001 - $250,000	8	16.0	1,221	12.1	
$250,001 - $1 Million	11	22.0	5,794	57.6	
Total	50	100.0	10,052	100.0	
By Loan Size and Revenue $1 Million or Less					
$100,000 or Less	20	60.6	724	15.5	
$100,001 - $250,000	6	18.2	915	19.6	
$250,001 - $1 Million	7	21.2	3,042	65.0	
Total	33	100.0	4,680	100.0	

Source: 2020 and 2021 FFIEC Census Data
2021 Dun & Bradstreet Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Peoples made 33 (66.0%) loans totaling $4.7 million to businesses with revenues of $1.0 million or less, compared to the percentage of small businesses in the AA at 89.8%. This represents a reasonable distribution to small businesses.

Peoples also made 60.0% of its small dollar loans in amounts of $100,000 or less. Peoples' willingness to lend in smaller amounts exhibits adequate responsiveness to credit needs of businesses in the AA, including those businesses impacted by the COVID-19 emergency. Also, small dollar loans tend to represent amounts typically requested by small businesses.

Response to Complaints

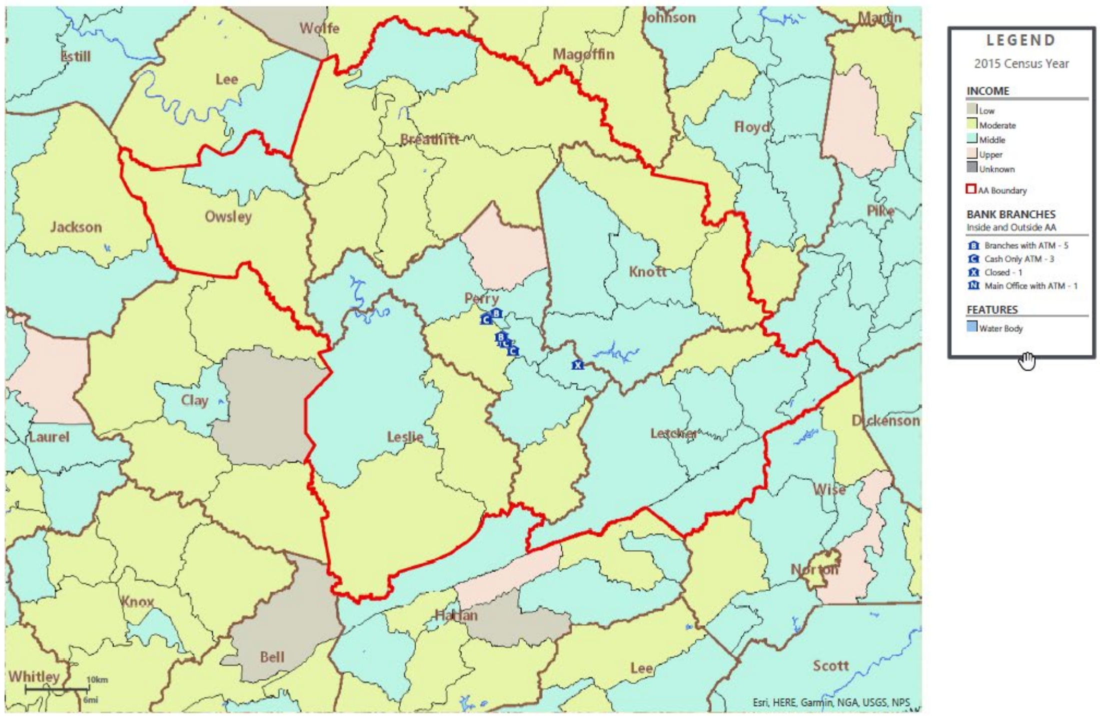
Neither Peoples nor this Reserve Bank has received any CRA-related complaints since the previous examination.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

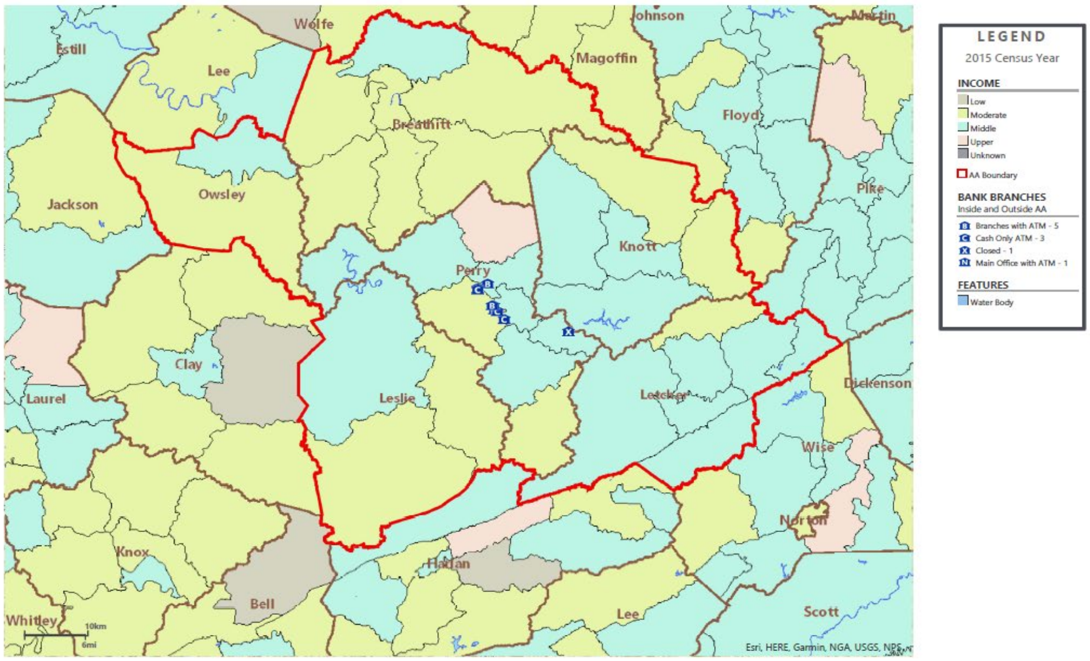
Compliance with the substantive provisions of antidiscrimination and other consumer protection laws and regulations, including the Equal Credit Opportunity Act and the Fair Housing Act, was considered as part of this CRA evaluation. No evidence of a pattern or practice of discrimination on a prohibited basis or of other illegal credit practices inconsistent with helping to meet community credit needs was identified.

Appendix A–Maps of the Assessment Areas

Assessment Area: 2021 Nonmetropolitan Kentucky



Assessment Area: 2020 Nonmetropolitan Kentucky



Appendix B–Demographic Information

2021 NONMETROPOLITAN KENTUCKY AA DEMOGRAPHICS								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	8,023	30.4
Moderate	14	43.8	9,361	35.5	2,467	26.4	4,322	16.4
Middle	17	53.1	16,218	61.5	3,743	23.1	4,366	16.6
Upper	1	3.1	799	3.0	133	16.6	9,667	36.6
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	**32**	**100.0**	**26,378**	**100.0**	**6,343**	**24.0**	**26,378**	**100.0**
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	15,865	10,100	35.7	63.7	3,384	21.3	2,381	15.0
Middle	28,470	17,360	61.3	61.0	6,196	21.8	4,914	17.3
Upper	1,200	864	3.1	72.0	169	14.1	167	13.9
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	**45,535**	**28,324**	**100.0**	**62.2**	**9,749**	**21.4**	**7,462**	**16.4**
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = $1 Million		Over $1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	758	32.8	680	32.8	55	32.7	23	33.8
Middle	1,507	65.3	1,349	65.1	113	67.3	45	66.2
Upper	43	1.9	43	2.1	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	**2,308**	**100.0**	**2,072**	**100.0**	**168**	**100.0**	**68**	**100.0**
Percentage of Total Businesses:				**89.8**		**7.3**		**2.9**
	Total Farms by Tract		Less Than or = $1 Million		Over $1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	22	52.4	22	52.4	0	0.0	0	0.0
Middle	19	45.2	19	45.2	0	0.0	0	0.0
Upper	1	2.4	1	2.4	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	**42**	**100.0**	**42**	**100.0**	**0**	**0.0**	**0**	**0.0**
Percentage of Total Farms:				**100.0**		**0.0**		**0.0**

Source: 2021 FFIEC Census Data
2021 Dun & Bradstreet Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

2020 NONMETROPOLITAN KENTUCKY AA DEMOGRAPHICS								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	8,023	30.4
Moderate	14	43.8	9,361	35.5	2,467	26.4	4,322	16.4
Middle	17	53.1	16,218	61.5	3,743	23.1	4,366	16.6
Upper	1	3.1	799	3.0	133	16.6	9,667	36.6
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	**32**	**100.0**	**26,378**	**100.0**	**6,343**	**24.0**	**26,378**	**100.0**
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	15,865	10,100	35.7	63.7	3,384	21.3	2,381	15.0
Middle	28,470	17,360	61.3	61.0	6,196	21.8	4,914	17.3
Upper	1,200	864	3.1	72.0	169	14.1	167	13.9
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	**45,535**	**28,324**	**100.0**	**62.2**	**9,749**	**21.4**	**7,462**	**16.4**
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = $1 Million		Over $1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	787	32.8	704	32.9	61	31.8	22	32.4
Middle	1,568	65.4	1,392	65.1	131	68.2	45	66.2
Upper	44	1.8	43	2.0	0	0.0	1	1.5
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	**2,399**	**100.0**	**2,139**	**100.0**	**192**	**100.0**	**68**	**100.0**
Percentage of Total Businesses:				**89.2**		**8.0**		**2.8**
	Total Farms by Tract		Less Than or = $1 Million		Over $1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	24	52.2	24	52.2	0	0.0	0	0.0
Middle	21	45.7	21	45.7	0	0.0	0	0.0
Upper	1	2.2	1	2.2	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	**46**	**100.0**	**46**	**100.0**	**0**	**0.0**	**0**	**0.0**
Percentage of Total Farms:				**100.0**		**0.0**		**0.0**

Source: 2020 FFIEC Census Data
2020 Dun & Bradstreet Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Appendix C–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/AA.

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: 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 $1.0 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies, designated disaster areas; or designated distressed or underserved nonmetropolitan middle-income 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 HMDA, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity lines of credit, 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 nonrelatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

Full-scope review: Performance 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.

HMDA Disclosure Act (HMDA): 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).

HMDA 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: 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 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/AA.

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 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.

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) instructions. These loans have original amounts of $1.0 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 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.

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.