

PUBLIC DISCLOSURE

April 10, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Peoples Bank
RSSD #577128

138 Putnam Street
Marietta, Ohio 45750

Federal Reserve Bank of Cleveland

P.O. Box 6387
Cleveland, Ohio 44101-1387

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including LMI neighborhoods, consistent with the 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: SATISFACTORY

The following table indicates the performance level of Peoples Bank (Peoples) with respect to the lending, investment, and service tests.

PERFORMANCE LEVELS	PEOPLES PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding	X	X	
High Satisfactory			X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

* Note: The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The major factors supporting the institution's rating include:

- A good responsiveness to credit needs;
- A high percentage of loans originated in the bank's assessment area (AA);
- A good distribution of loans among borrowers of different income levels and businesses of different sizes;
- A good geographic distribution of loans throughout the AA;
- A good record of serving the credit needs of low-income individuals and areas and very small businesses;
- A leader in making community development loans;
- Makes use of flexible lending practices in serving the AA's credit needs;
- Makes an excellent level of qualified community development investments and grants;
- Makes occasional use of innovative and/or complex investments;
- Retail delivery systems are accessible to geographies and individuals of different income levels and businesses of different revenue sizes;
- A record of opening and closing banking centers improved the accessibility of delivery systems;
- Banking services and hours that do not vary in a way that inconveniences any portions of the AAs; and,
- Provides a relatively high level of community development services.

Substantive violations of Section 5(a) of the Federal Trade Commission (FTC) Act involving unfair and deceptive acts or practices were identified in the concurrent consumer compliance examination. The violations caused Peoples' CRA rating to be adjusted downward from "Outstanding" to "Satisfactory."

DESCRIPTION OF INSTITUTION

Overview

Peoples is a wholly owned subsidiary of Peoples Bancorp, Inc., a diversified financial holding company. Both companies are headquartered in Marietta, Ohio. As of December 31, 2022, Peoples reports total assets of \$7.2 billion and total deposits of \$5.7 billion, representing a 65.4% increase in total assets and 72.9% increase in total deposits since the previous evaluation.

The following two significant mergers have considerably expanded Peoples' delineated CRA footprint:

- The First Commonwealth Bank of Prestonsburg, Inc. (First Commonwealth) – This merger occurred April 13, 2019.¹ First Commonwealth was headquartered in southeastern Kentucky and had assets of \$298.0 million as of March 31, 2019.
- Premier Financial Bancorp, Inc. (Premier Financial) which owned two banks – This merger occurred September 17, 2021:
 - Premier Bank, Inc. (Premier) – This bank was headquartered in Huntington, West Virginia and had assets \$1.4 billion as of June 30, 2021.
 - Citizens Deposit Bank & Trust, Inc. (Citizens Deposit) – This bank was headquartered in eastern Kentucky and had assets of \$654.0 million as of June 30, 2021.

Peoples recently announced plans to acquire Limestone Bank, Inc. (Limestone) before the end of 2023. Limestone is headquartered in Louisville, Kentucky and had assets of \$1.5 billion as of September 30, 2022. Retail loans and community development activities from this merger will be considered in the subsequent CRA performance evaluation.

Non-Bank Subsidiaries

The holding company owns three and Peoples owns four non-bank subsidiaries. While none of these subsidiaries is engaged in lending activities, the following have eligible activities that may receive CRA consideration under the investment test:

- Peoples Investment Company, a subsidiary of the holding company, is organized primarily for investing, holding, and managing securities for long-term investment purposes, including, but not limited to, low-income housing tax credits (LIHTCs).
- Peoples Bank Foundation, Inc., a non-profit entity for charitable purposes, offers grants and donations to support local organizations and programs that help LMI individuals, families, and communities within the bank's CRA footprint. The foundation is primarily focused on serving community needs in the areas of human services, arts and culture, youth and education, and economic development. Approximately 72.0% of qualified small dollar donations by dollar amount across the bank's AAs were made through the foundation during the evaluation period.

¹ Due to the timing of the First Commonwealth merger, retail loans and community development activities were not considered in the previous CRA performance evaluation.

Business Lines

Peoples operates five business units that provide traditional banking services to business and retail consumer clients:

- Personal Banking – includes various demand deposit (checking), savings, money market accounts; certificates of deposit; debit and automated teller machine cards; credit cards for individuals; real estate mortgage loans; home equity lines of credit; indirect and personal consumer loans; and overdraft privilege
- Business Banking – includes business checking and savings accounts, certificates of deposit, credit cards, merchant credit card transaction processing services, commercial real estate loans, revolving lines of credit, and United States Department of Agriculture (USDA) and Small Business Administration (SBA) funding
- Investment Services (under Bancorp) – includes brokerage services, full-service trust and investment services, and customer-tailored fiduciary services such as wealth planning, portfolio management, trust and estate, retirement plan services, business investment, and employee benefit plans, and asset management and administrative services
- Peoples Insurance Agency, LLC (under Bancorp) – offers life, health, and property and casualty insurance products
- Peoples Premier Finance – premium finance business provides loans across the country to businesses who desire to finance their insurance premiums

Assessment Areas

The following summarizes Peoples' AAs evaluated as part of this CRA performance evaluation:

Multistate

- Cincinnati OH-KY-IN Metropolitan Statistical Area (MSA) #17140, consisting of the entireties of Brown, Clermont, Hamilton, and Warren counties in Ohio; Boone, Bracken, Campbell, and Kenton counties in Kentucky (excluding Butler County in Ohio; Gallatin, Grant, Pendleton counties in Kentucky; and Dearborn, Franklin, Ohio, and Union counties in Indiana)
 - Boone, Bracken, Campbell, and Kenton counties were added in 2021 after the acquisition of Premier Financial
- Huntington-Ashland, WV-KY-OH MSA #26580, consisting of the entireties of Cabell and Putnam counties in West Virginia; Boyd and Greenup counties in Kentucky; and Lawrence County in Ohio (excluding Wayne County in West Virginia and Carter County in Kentucky)
 - Lawrence County was added in 2020 and Putnam County was added in 2021 after the acquisition of Premier Financial

District of Columbia²

- Washington-Arlington-Alexandria DC-VA-MD-WV Metropolitan Division #47894, consisting of the entirety of District of Columbia, D.C. (excluding Calvert, Charles, Prince

² AA added in 2021 after the Premier Financial acquisition.

George's counties in Maryland; Arlington, Clarke, Culpeper, Fairfax, Fauquier, Loudoun, Madison, Prince William, Rappahannock, Spotsylvania, Stafford, and Warren counties in Virginia; and Alexandria, Fairfax, Falls Church, Fredericksburg, Manassas, and Manassas Park cities in Virginia; and Jefferson County in West Virginia)

Kentucky³

- Lexington-Fayette KY MSA #30460, consisting of the entireties of Scott County (excluding Bourbon, Clark, Fayette, Jessamine, and Woodford counties)
- Louisville/Jefferson County KY-IN MSA #31140, consisting of the entireties of Henry County in Kentucky (excluding Bullitt, Jefferson, Oldham, Shelby, and Spencer counties in Kentucky; and Clark, Floyd, Harrison, and Washington counties in Indiana)
- Nonmetropolitan Kentucky, consisting of the entireties of Breathitt, Floyd, Johnson, Lewis, Magoffin, Martin, Mason, Pike, and Robertson counties
 - Floyd, Johnson, Magoffin, Martin, and Pike counties were added in 2019 after the First Commonwealth acquisition; and Breathitt, Lewis, Mason, and Robertson counties were added in 2021 after the Premier acquisition

Maryland⁴

- Frederick-Gaithersburg-Rockville MD Metropolitan Division #23224, consisting of the entirety of Montgomery County (excluding Frederick County)

Ohio

- Akron OH MSA #10420, consisting of the entirety of Summit County (excluding Portage County)
- Cleveland-Elyria OH MSA #17460, consisting of the entireties of Cuyahoga and portions of Geauga and Lake counties (excluding Lorain and Medina counties and portions of Geauga and Lake counties)
- Columbus OH MSA #18140, consisting of the entireties of Fairfield, Hocking, and Licking counties (excluding Delaware, Franklin, Madison, Morrow, Pickaway, and Union counties)
- Nonmetropolitan Ohio,⁵ consisting of the entireties of *Adams*, Athens, Clinton, Coshocton, Gallia, Guernsey, Highland, Jackson, Knox, Meigs, Morgan, Muskingum, Noble, Pike, Scioto, Tuscarawas, Vinton, and Washington counties

Virginia⁶

- Nonmetropolitan Virginia, consisting of the entireties of Alleghany County and Covington city
- Richmond VA MSA #40060, consisting of the entirety of Richmond city (excluding Amelia, Charles City, Chesterfield, Dinwiddie, Goochland, Hanover, Henrico, King and Queen, King

³ Lexington-Fayette and Nonmetropolitan Kentucky AAs added in 2019 after the First Commonwealth acquisition and the Louisville/Jefferson County AA added in 2021 after the Premier Financial acquisition.

⁴ AA added in 2021 after the Premier Financial acquisition.

⁵ Italicized county added in 2021 after the Premier Financial acquisition.

⁶ Three AAs added in 2021 after the Premier Financial acquisition.

William, New Kent, Powhatan, Prince George, and Sussex counties; and Colonial Heights, Hopewell, and Petersburg cities)

- Virginia Beach-Norfolk-Newport News VA-NC MSA #47260, consisting of the entirety of Hampton city, Virginia (excluding Gloucester, Isle of Wight, James City, Mathews, Southampton, and York counties in Virginia; and Chesapeake, Franklin, Newport News, Norfolk, Poquoson, Portsmouth, Suffolk, Virginia Beach, and Williamsburg cities in Virginia; and Camden, Currituck, and Gates counties in North Carolina)

West Virginia

- Charleston WV MSA #16620,⁷ consisting of the entireties of Boone, Clay, Jackson, Kanawha, and Lincoln counties
- Nonmetropolitan West Virginia,⁸ consisting of the entireties of *Barbour, Braxton, Calhoun, Doddridge, Gilmer, Greenbrier, Harrison, Lewis, Logan, Mason, Pleasants, Ritchie, Roane, Tyler, Upshur, and Wetzel* counties
- Parkersburg-Vienna WV MSA #37620,⁹ consisting of the entireties of *Wirt* and Wood counties

Financial Overview

Peoples offers a wide variety of consumer, residential real estate, commercial, and agricultural loan products to fulfill the credit needs of the residents and businesses in its AAs. Consumer loan products include auto loans, personal lines of credit, installment loans, home equity loans, real estate mortgage loans, and credit cards. Peoples also offers construction lending and commercial loan products, including term loans, bridge loans, lines of credit, business credit cards, and U.S. Department of Agriculture (USDA) and Small Business Administration (SBA) loans. Peoples also offers its customers remote deposit, mobile and online banking services (e.g., Mobile Deposit, BillPay, eStatements, Apple Pay, Google Pay, and Samsung Pay), and identity theft prevention.

⁷AA added in 2021 after the Premier Financial acquisition.

⁸ Italicized counties added in 2021 after the Premier Financial acquisition.

⁹Italicized county added in 2021 after the Premier Financial acquisition.

The following chart displays Peoples' loan portfolio composition as of December 31, 2022.

Composition of Loan Portfolio as of December 31, 2022		
Loan Type	\$(000)	%
Construction and Land Development	247,808	5.3
Farmland	34,997	0.7
1-4 Family Residential Real Estate	1,026,159	21.8
Multifamily Residential Real Estate	90,874	1.9
Non-Farm Non-Residential Real Estate	1,173,964	24.9
Agricultural	9,742	0.2
Commercial and Industrial	1,026,149	21.8
Consumer	737,790	15.7
Other	361,807	7.7
Gross Loans	4,709,290	100.0
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>		

Peoples' investment portfolio as of December 31, 2022, was \$1.8 billion, representing 24.8% of total assets. U.S. Treasury & Agency securities accounted for 64.5% of investments, while municipal securities, all other securities, and interest-bearing bank balances comprised 20.8%, 9.5%, and 2.4% of total investments, respectively. The remaining 2.8% of total investments consisted of federal funds sold and trading account assets. According to bank management, Peoples' increase in investment securities since 2019 (\$1.0 billion) reflects investment securities acquired from the Premier Financial acquisition and the bank's continued reinvestment of proceeds from available-for-sale investment securities and the investment of excess cash in higher-yielding investments securities. During 2020, Peoples sold available-for-sale securities and reinvested most of the proceeds in held-to-maturity investment securities to minimize volatility in the securities portfolio, should interest rates begin to rise.

No known legal impediments exist that would restrain Peoples from meeting the credit needs of its AAs.

Previous Public Evaluation

Peoples received an "Outstanding" rating in the March 23, 2020, CRA Performance Evaluation. The lending test, investment test, and service test was each rated "Outstanding."

SCOPE OF EXAMINATION

For the purpose of this evaluation, Peoples is an interstate bank with 17 delineated CRA AAs – two multistate AAs, one AA in the District of Columbia, three AAs in Kentucky, one AA in Maryland, four AAs in Ohio, three AAs in Virginia, and three AAs in West Virginia.

The following AAs received full-scope reviews:

- Cincinnati OH-KY-IN MSA (Cincinnati)
- Huntington-Ashland WV-KY-OH MSA (Huntington-Ashland)
- Nonmetropolitan Ohio
- Nonmetropolitan West Virginia
- Nonmetropolitan Kentucky

The following AAs received limited-scope reviews:

- Akron OH MSA
- Cleveland-Elyria OH MSA (Cleveland)
- Columbus OH MSA
- Charleston WV MSA
- Parkersburg WV MSA
- Lexington-Fayette KY MSA (Lexington)
- Louisville/Jefferson County KY-IN MSA (Louisville)

Limited-volume AAs:

- Washington-Arlington-Alexandria DC-VA-MD-WV Metropolitan Division (Washington D.C.)
- Frederick-Gaithersburg-Rockville MD Metropolitan Division (Frederick)
- Richmond VA MSA
- Nonmetropolitan Virginia
- Virginia Beach-Norfolk-Newport News VA-NC MSA (Virginia Beach)¹⁰

Peoples entered the five limited-volume AAs (listed above) with the acquisition of Premier Financial (September 18, 2021). An analysis of the bank's lending and community development activities determined that lending, investment, and service performance test ratings could not be assigned due to the extremely limited volumes of HMDA- and CRA-reportable loans and qualified community development loans, investments, and services, which is reasonable considering the short timeframe between the acquisition and the start date of this evaluation. Lending in these AAs represents 0.1% of total lending and deposits represents 3.6% of total deposits. Refer to corresponding sections of this evaluation and Appendices H and I for explicit information and data.

¹⁰ Peoples exited this AA on July 13, 2022, with closure of its branch without ATM in unknown-income tract.

Nonmetropolitan Ohio received the most weight in this evaluation because it is Peoples' primary market. It has the most branches and the highest percentages of total deposits and lending. The Cincinnati AA received the second-highest weight with the highest percentage of LMI tracts and second-largest concentration of total lending, followed by Nonmetropolitan West Virginia, the Huntington-Ashland AA, and Nonmetropolitan Kentucky, respectively.

Examination Evaluation Period and Products Reviewed

This evaluation includes an analysis of HMDA- and CRA-reportable loans originated from July 1, 2019, through December 31, 2021. Home purchase, refinance, home improvement, and small business loans were evaluated separately each year. Except, there were only enough home purchase and refinance loans to conduct a meaningful analysis in 2020 in the Huntington-Ashland AA and in 2021 in Nonmetropolitan Kentucky. There were only enough refinance loans to conduct a meaningful analysis in 2020 in Nonmetropolitan Kentucky. HMDA loans were combined in 2019 in the Huntington-Ashland AA, Nonmetropolitan West Virginia, and Nonmetropolitan Kentucky to conduct a meaningful analysis. Lastly, there was not enough volume to evaluate small business loans in 2019 in the Huntington-Ashland AA and Nonmetropolitan West Virginia. Small farm, multi-family, and other purpose closed-end loans were not considered in this evaluation due to limited volume. Other types of consumer loans that can be reported optionally were not included in the analysis.

HMDA-reportable loans (refinance, home purchase and home improvement, respectively) received greater weight than CRA-reportable small business loans, unless stated otherwise, based on the total loan volume by number and dollar amounts. If lending performance differed between years, more weight was given to 2020 performance, the year with the most loans by volume and dollar amount.

Community development loans and investments funded between January 1, 2020, through December 31, 2022, were reviewed as part of the lending and investment tests, respectively. Investments with community development as a primary purpose that were funded during a prior evaluation period, but still outstanding as of December 31, 2022, were also considered. Lastly, community development services that occurred during the evaluation period were reviewed as part of the service test evaluation.

A summary of the scope of the examination is listed in Appendix A.

Examination Analysis

For the purposes of CRA, Peoples CRA performance is evaluated using the CRA examination procedures for large banks. As an interstate bank Peoples is subject to Section 109 of the Riegle-Neal Interstate Banking and Branching Efficiency Act,¹¹ and the scope of this evaluation includes

¹¹ Section 109 of the Act prohibits a bank from establishing or acquiring a branch or branches outside its

a full-scope evaluation of at least one AA in each state where Peoples has deposit-taking facilities. The following criteria was considered in this evaluation: the volume of lending by number of loans and dollar amount as a percentage of overall and statewide lending activity, deposit market share, number of branches, percentage of deposits, percentage of LMI geographies, volume of community development activity, and other non-financial considerations. Where comparable activity was noted, full-scope AAs not selected at the previous examination were considered.

This evaluation of Peoples' lending record in individual AAs includes the utilization of and comparison to demographic characteristics. The primary sources for demographic data are the U.S. Census Bureau and Dun & Bradstreet.¹² Demographic characteristics of a particular AA are useful in analyzing a financial institution's lending record, as they provide a means of estimating loan demand and identifying lending opportunities. To understand small business demand, self-reported data on revenue size and geographic location from business entities are collected and published by Dun & Bradstreet. The demographic data should not be construed as defining an expected level of lending in a particular area or to a particular group of borrowers. The data, along with housing and economic conditions information, is used to establish performance context and evaluate Peoples accordingly. Refer to appendices D and F for explicit demographic data.

Loans are evaluated to determine the lending activity inside and outside Peoples' AAs. In addition, loans inside the AA are evaluated based on the geographic and borrower income distribution for each AA. The distribution of HMDA-reportable loans by borrower income is assessed by comparing the percentage of loans originated to borrowers in each income category (low-, moderate-, middle-, and upper-income) with the percentage of families in each income category. The distribution of small business loans is assessed by comparing the percentage of loans originated to businesses in each revenue category (less than or comparable to \$1.0 million and greater than \$1.0 million) to the percentage of total businesses in each revenue category.

The geographic distribution of HMDA-reportable loans is assessed by comparing the percentage of loans originated in each income category (low-, moderate-, middle-, and upper-income) to the percentage of owner-occupied units in each geographic income category. Small business loans are compared to the percentage of small businesses within each geographic income category.

Borrower distribution received greater weight than geographic distribution in this evaluation, since the overall percentage of LMI families is greater than the overall percentage of LMI geographies, unless stated otherwise.

home state primarily for the purpose of deposit production.

¹² Demographic data: Includes 2015 American Community Survey (ACS) and 2022 FFIEC Census Data and 2021 Dun & Bradstreet data, plus the most current census data available. American Community Survey (ACS) data is part of the U.S. Census Bureau's [Decennial Census Program](#) and is designed providing more current demographic, social, economic, and housing estimates throughout the decade.

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.

Peoples' lending performance was also compared to the performance of aggregate lenders in 2019, 2020, and 2021. Aggregate lenders include all lenders required to report HMDA-reportable and CRA-reportable small business lending data within the respective AAs. Lending market share is also discussed to give a better understanding of where Peoples ranks within the respective areas. For retail services, Peoples' branch distribution analysis was conducted using data as of December 30, 2022.

Community development activities were reviewed to determine whether they have community development as a primary purpose and meet the geographic requirements of CRA. The eligibility of a loan, investment, or service is based on demographic information available to Peoples at the time the community development activity was undertaken. Qualified community development activities were analyzed from quantitative and qualitative perspectives to better understand the volume of activity impacting a particular AA, the innovativeness of those activities, and the responsiveness to local community development and credit needs. When appropriate, peer comparisons were conducted using annualized metrics to gauge the relative performance of the institution in a particular AA.

To better understand AA community development and credit needs, several sources were utilized, including publicly accessible data, information submitted by Peoples, and plans describing the community development environment in local markets. Eight community contact interviews were conducted with representatives from a community development corporation, local initiatives support corporation, homelessness coalition, Appalachian community group, economic development organizations, and community/social services foundations operating inside Peoples' AAs. These individuals have expertise in their respective fields and are familiar with the economic, social, and demographic characteristics and community development opportunities in the AA. Information obtained from these interviews helped establish a context for the communities in which Peoples operates and gather information on its performance.

Community contacts identified lack of affordable, safe housing and rising home and rent prices as the most critical problems across the AAs; followed by lack of access to jobs paying a sustainable living wage, particularly in the Appalachian region of the AA. Other identified challenges included the need for workforce development training, financial literacy and homebuyer education, access to investment capital for entrepreneurs, sustaining aging infrastructure, and improving broadband access, particularly in the Appalachian region of the AA. Lastly, the contacts identified several opportunities for bank participation, including but not limited to expanding the diversity pipeline in the real estate development and banking industry sectors. More detailed information obtained from individual community contacts is included in the "Description of the Institution's Operations" section for each full-scope AA.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

Peoples' overall CRA performance is rated "Satisfactory."¹³ Overall performance is "Outstanding" in Ohio and Huntington-Ashland, "Satisfactory" in Cincinnati and Kentucky, and "Needs to Improve" in West Virginia.

Details are provided below, including facts, data, and analyses used to form conclusions regarding the lending, investment, and service test performance ratings. Peoples' CRA program includes a strategy to focus on meeting the credit and community development needs of its AAs. Peoples continues to work on ways to increase lending penetration across its AAs and work together with community organizations to promote the availability of credit and other banking services in LMI communities and for LMI individuals.

Lending Test

Peoples' lending test performance is rated "Outstanding." The overall penetration of loans among borrowers of different income levels and the distribution to businesses of different sizes is good. The overall geographic distribution of loans is good, with moderate gaps in lending. Peoples is a leader in making community development loans and makes use of flexible lending programs. As discussed earlier, Peoples' performance in Nonmetropolitan Ohio had the greatest impact on the overall lending performance. Lending performance is "Outstanding" in Ohio and Huntington-Ashland, "High Satisfactory" in Cincinnati, and "Low Satisfactory" in West Virginia and Kentucky.

While Peoples' lending distribution by borrower income and geography is referenced throughout this report, detailed information about HMDA-reportable and CRA-reportable loans can be found in Appendix E for full-scope and Appendix G for limited-scope AAs, respectively. In some AAs and product discussions, specific numbers are quoted from these tables to support relevant points; otherwise, general references are made about performance, and the reader should refer to the appendices for specific data.

Lending Activity

Peoples' lending activity reflects a good responsiveness to the credit needs of its AAs, taking into consideration its strategic objectives, economic conditions, and competitive factors. During the evaluation period, the majority of loans originated by volume and dollar amount were made in Peoples' delineated AAs; however, concentrations of HMDA and/or CRA lending in excluded counties in the following MSAs within the bank's delineated footprint were identified:

- Butler County - Cincinnati MSA
- Franklin County - Columbus MSA
- Jefferson County - Louisville/Jefferson County MSA

¹³Overall rating adjusted downward. Refer to page 5 for details.

As the data shows in the table below, Peoples originated slightly more HMDA-related loans than small business-related loans by number and dollar amount; as a result, HMDA-lending had slightly greater impact on lending ratings. Overall lending was considered responsive to credit needs in all AAs, commensurate with deposits, and no conspicuous gaps in lending activity by income category were identified. Detailed information about lending activity can be found in each of the state sections of this report.

Assessment Area Concentration

The following table shows the number and percentage of loans located inside and outside of Peoples' AAs by loan type. As indicated below, Peoples originated a high percentage of the total loans by volume and dollar amount to borrowers and businesses located within its AAs in 2019 through 2021.

Lending Inside and Outside the Assessment Areas								
Loan Type	Inside				Outside			
	#	#%	\$(000)	\$%	#	#%	\$(000)	\$%
Home Improvement	910	92.8	44,286	91.3	71	7.2	4,238	8.7
Home Purchase -	1,454	75.1	208,191	67.8	483	24.9	98,716	32.2
Home Purchase – FHA	74	67.3	9,607	57.7	36	32.7	7,057	42.3
Home Purchase – VA	9	33.3	2,008	29.5	18	66.7	4,804	70.5
Multi-Family Housing	42	71.2	48,605	64.9	17	28.8	26,242	35.1
Other Purpose Closed-End	81	90.0	5,449	88.8	9	10.0	686	11.2
Other Purpose Line of Credit	364	92.4	22,654	86.7	30	7.6	3,476	13.3
Refinancing	2,612	79.9	362,813	72.5	659	20.1	137,428	27.5
Total HMDA related	5,546	80.7	703,613	71.3	1,323	19.3	282,647	28.7
Small Business Secured by Real Estate	8	72.7	17,906	30.7	3	27.3	40,332	69.3
Small Business	5,648	82.2	562,864	71.3	1,222	17.8	226,520	28.7
Total Small Business related	5,656	82.2	580,770	68.5	1,225	17.8	266,852	31.5
Small Farm	89	84.8	13,330	79.5	16	15.2	3,437	20.5
Total Small Farm related	89	84.8	13,330	79.5	16	15.2	3,437	20.5
Total Loans	11,291	81.5	1,297,713	70.1	2,564	18.5	552,936	29.9
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>								

Specifically, Peoples originated 80.7% of HMDA-related loans by volume and 71.3% by dollar amount and 82.2% of small business-related loans by volume and 68.5% by dollar amount to borrowers and businesses located inside its AAs. The increase in small business loans due to the bank's involvement with the Paycheck Protection Program (PPP) loans did not negatively impact AA concentration of small business loans inside the AA.

Distribution of Lending by Borrower Income and Business Revenue Size and Geographic Distribution

The distribution of loans is good among borrowers of different income levels and to businesses of different sizes. HMDA-reportable lending to borrowers of different income levels and lending to businesses of different revenue sizes is good in Ohio, Cincinnati, West Virginia, Huntington-Ashland, and Kentucky.

The overall geographic distribution of loans reflects a good penetration throughout the AAs with a moderate level of lending gaps. Geographic distribution of HMDA-reportable lending is good in Ohio, Cincinnati, West Virginia, Huntington-Ashland, and Kentucky. Geographic distribution of small business lending is excellent in Ohio and Huntington-Ashland, good in Cincinnati and Kentucky, and adequate in West Virginia. A moderate level of lending gaps was identified in Ohio, Huntington-Ashland, and West Virginia, and a significant level in Cincinnati and Kentucky.

Between January 1, 2020, through August 19, 2021, Peoples facilitated 5,274 PPP loans totaling \$647.6 million. PPP loans are administered by the Small Business Administration (SBA) as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). PPP loans are designed to help businesses retain workers and staff during the economic hardship resulting from the pandemic.¹⁴ Of the total PPP loans, 4,523 (85.8%) loans totaling \$499.5 million (77.1%) were made in the bank's AAs. Consistent with information provided in the May 27, 2020, joint statement on CRA Consideration for Activities in Response to Coronavirus FAQs;¹⁵ loans, including PPP loans, in amounts of \$1.0 million or less to for-profit businesses or to nonprofit organizations that are secured by nonfarm, non-residential real estate, are reported, and considered as small business loans under the retail lending test. Reported revenue was not available for most PPP loans given the program requirements; therefore, the impact of any large percentages of unknown revenues will be considered in this evaluation.

¹⁴[FEMA Major Disaster Declarations: In March 2020, each county was designated as a major disaster area due to the COVID-19 pandemic](#)

¹⁵[May 27 2020 - Frequently Asked Questions \(FAQs\) for Consideration for Activities in Response to the Coronavirus](#)

PPP Loans by Assessment Area				
Assessment Area	#	# - %	\$	\$ - %
Multistate Cincinnati MSA	1,028	22.7%	\$92,751,148	18.6%
Multistate Huntington-Ashland MSA	459	10.1%	\$75,393,037	15.1%
Akron OH MSA	162	3.6%	\$21,988,213	4.4%
Cleveland OH MSA	236	5.2%	\$56,579,788	11.3%
Columbus OH MSA	215	4.8%	\$21,558,341	4.3%
Nonmetropolitan Ohio	1,802	39.8%	\$183,257,629	36.7%
Ohio	2,415	53.4%	\$283,383,971	56.7%
Charleston WV MSA	48	1.1%	\$5,563,996	1.1%
Nonmetropolitan West Virginia	98	2.2%	\$8,453,135	1.7%
Parkersburg-Vienna WV MSA	235	5.2%	\$17,241,813	3.5%
West Virginia	381	8.4%	\$31,258,944	6.3%
Lexington-Fayette KY MSA	10	0.2%	\$264,504	0.1%
Nonmetropolitan Kentucky	230	5.1%	\$16,457,292	3.3%
Kentucky	240	5.3%	\$16,721,796	3.3%
Total	4,523	100.0%	\$499,508,896	100.0%

Community Development Loans

Peoples is a leader in making community development loans during the evaluation period. Peoples originated or renewed 57 community development loans totaling approximately \$115.7 million. This volume of community development lending is considered excellent given the size and presence of the institution and community development lending opportunities in its AAs. With the consideration of PPP loans, this represents an increase by volume and dollar amount since the previous evaluation. The following table reflects the total number community development loans by purpose, number, and dollar amount.

Purpose of CD Loan	#	\$
Revitalization / Stabilization	32	\$62,371,184
Affordable Housing	12	\$37,084,543
Community Services	13	\$16,230,710
Total	57	\$115,686,437
<i>Totals include loans that benefit broader statewide and regional areas</i>		

CRA consideration may be given to PPP loans in amounts greater than \$1.0 million as community development loans if they also have a primary purpose of community development as defined under the CRA. Generally, loans to small businesses with gross annual revenues \$1.0 million or less qualify if they help to revitalize or stabilize LMI geographies or distressed or underserved nonmetropolitan middle-income geographies by creating or retaining jobs in these geographies. Thirty (52.6%) community development loans totaling \$57.2 million (49.4%) were PPP loans that met this criterion.

The majority of qualified community development loans were made in Ohio (71.0%), with 12.8%, 9.8%, and 3.1% of community development loans made in Cincinnati, Huntington-Ashland, and Kentucky, respectively. Peoples is a leader in making community development loans in Ohio and Huntington-Ashland. Peoples makes a relatively high level in Cincinnati, and an adequate level of community development loans in Kentucky. These loans are responsive to credit needs of LMI individuals and areas, small businesses, and the COVID-19 emergency. Peoples made no community development loans in West Virginia, which has the second-highest percentage of total deposits and third-largest concentration of total lending.

Because Peoples has been responsive to community development needs and opportunities in its AAs, consideration was given to an affordable housing loan that benefits a broader regional area in southeastern United States. This loan provided a revolving line of credit for a LIHTC project with 53.0% of units set aside for Section 8 housing vouchers for qualified LMI individuals. The prorated amount receiving CRA consideration totals \$4.0 million. Community contacts across AAs emphasized all aspects of affordable housing as a critical need.

More information on individual community development loans can be found in the full-scope AA sections of this report.

Flexible Lending Practices¹⁶

Peoples makes use of flexible lending practices in serving credit needs across its AAs. These programs are primarily designed to assist LMI first-time homebuyers with essential down payment or closing costs or small businesses gain access to capital.

- ***Dreams2Keys – In-House Homeownership Loan Program:*** This in-house loan program helps make homeownership more affordable by reducing out-of-pocket expenses for low- and moderate-income borrowers. In this program, qualified borrowers can borrow up to 100.0% of the home's purchase price. There are no private mortgage insurance requirements or origination fees. There are flexible financing terms, available escrow for property repairs, acceptance of alternate credit references, and fixed rates for up to 30 years. Eligibility is based upon property location (in low- or moderate-income tract) or household income (cannot exceed 80.0% of the Department of Housing and Urban Development's (HUD) median family income (MFI)). Homeownership counseling from an accredited homeownership counseling agency is required to be completed prior to loan closing.
- ***Fannie Mae HomeReady Fixed Rate Loan Program:*** This program provides down payment assistance to low- and moderate-income individuals and allows qualified borrowers to buy a home with as little as 3.0% down payment and more flexible qualification requirements. Down payment and closing costs may come from gift funds, grants, and community second mortgages (where and when available).

¹⁶ Unlike other large bank CRA performance criteria, a lack of innovative and/or flexible lending practices does not necessarily impact performance negatively. These activities are largely used to augment consideration given to an institution's performance under the quantitative criteria.

- **Federal Housing Administration (FHA)/U.S. Department of Veterans Affairs (VA) -Insured Loan programs:** These government-insured loan programs offer flexible, long-term financing to eligible borrowers with low or no down payments.
- **Small Business Administration (SBA) 7(a) Loan Program:** Peoples is an active SBA lender offering the 7(a) program, the SBA's most common loan program. This loan program offers funds to start-ups and existing small businesses with access to capital and with more flexible repayment terms than conventional commercial financing for multiple purposes. Peoples is an approved preferred lender under the SBA Preferred Lending Program (PLP). This allows small businesses in Peoples' footprint to receive quicker turnaround on applications submitted for SBA loan assistance. The designation as a PLP gives Peoples special authorization to internally underwrite and approve SBA business loans. During the evaluation period, Peoples originated 202 SBA 7(a) loans, with 62.0% originated in its delineated CRA footprint. There were not enough SBA loans to evaluate performance by AA.
- **U.S. Department of Agriculture/Rural Housing Service (USDA):** This loan program is designed to assist LMI individuals in purchasing affordable housing in rural areas. Funds can be used to build, repair, renovate, or relocate a home or to purchase and prepare sites, including providing water and sewage facilities. There are no down payment or mortgage insurance requirements.

PPP loans being considered under the retail lending test may also receive consideration under flexible lending practices. The following table reflects the total number PPP loans by AA and LMI/distressed or underserved middle-income tracts, number, and dollar amount:

Flexible Lending Practices - PPP Loans								
Geographic Distribution								
Assessment Area	Total #	# - %	Total # in LMI/Distressed Tracts	# - % in AA's LMI/Distressed Tracts	Total \$	\$ - %	Total \$ in LMI/Distressed Tracts	\$ - % in AA's LMI/Distressed Tracts
Cincinnati MSA	1,028	22.7%	288	28.0%	\$92,751,148	18.6%	\$37,332,907	40.3%
Huntington-Ashland MSA	459	10.1%	153	33.3%	\$75,393,037	15.1%	\$18,217,446	24.2%
Akron MSA	162	3.6%	51	31.5%	\$21,988,213	4.4%	\$6,000,820	27.3%
Cleveland-Elyria MSA	236	5.2%	53	22.5%	\$56,579,788	11.3%	\$14,038,856	24.8%
Columbus MSA	215	4.8%	79	36.7%	\$21,558,341	4.3%	\$5,714,166	26.5%
Nonmetropolitan Ohio	1,802	39.8%	1,075	59.7%	\$183,257,629	36.7%	\$108,991,748	59.5%
Ohio	2,415	53.4%	1,258	52.1%	\$283,383,971	56.7%	\$134,745,590	47.5%
Charleston MSA	48	1.1%	7	14.6%	\$5,563,996	1.1%	\$1,575,714	28.3%
Parkersburg-Vienna MSA	235	5.2%	22	9.4%	\$17,241,813	3.5%	\$1,388,373	8.1%
Nonmetropolitan West Virginia	98	2.2%	45	45.9%	\$8,453,135	1.7%	\$2,879,000	34.1%
West Virginia	381	8.4%	74	19.4%	\$31,258,944	6.3%	\$5,843,087	18.7%
Lexington-Fayette MSA	10	0.2%	0	0.0%	\$264,504	0.1%	\$0	0.0%
Nonmetropolitan Kentucky	230	5.1%	215	93.5%	\$16,457,292	3.3%	\$15,748,725	95.7%
Kentucky	240	5.3%	215	89.6%	\$16,721,796	3.3%	\$15,748,725	94.2%
Total	4,523	100.0%	1,988	100.0%	\$499,508,896	100.0%	\$211,887,755	100.0%

Of total PPP loans in the bank's AAs, nearly 31.0% by volume and 33.0% by dollar amount were originated in LMI tracts, and 13.0% by volume and 10.0% by dollar amount were originated in distressed or underserved nonmetropolitan middle-income tracts.

Peoples use of these programs was evaluated when there was sufficient volume necessary to conduct a meaningful analysis. Community contacts emphasized affordable housing as a critical need and access to capital for small businesses across the AAs. The qualitative impact of these products on LMI individuals and in LMI/distressed or underserved middle-income areas enhanced Peoples' overall lending test performance. Peoples makes extensive use of flexible lending practices in serving AA credit needs in Ohio, use in Cincinnati and Huntington-Ashland, and limited use in Kentucky and West Virginia.

Also, in response to the COVID-19 emergency, Peoples offered the ability for payment deferral for up to 90 days for mortgage, consumer, and commercial loan borrowers who were experiencing hardships related to the pandemic. The following tables show the total number of deferrals by product type and total number of deferrals by AA:

Payment Deferrals		
Product Type	#	%
Auto Installment Loans	1,850	77.9%
Mortgage Loans	463	19.5%
Revolving Loans	61	2.6%
Total	2,374	100.0%

Payment Deferrals		
Assessment Area	#	%
Cincinnati MSA	59	2.5%
Huntington-Ashland MSA	142	6.0%
Akron MSA	56	2.4%
Cleveland-Elyria MSA	46	1.9%
Columbus MSA	78	3.3%
Nonmetropolitan Ohio	718	30.2%
Ohio	898	37.8%
Parkersburg-Vienna MSA	125	5.3%
Nonmetropolitan West Virginia	48	2.0%
West Virginia	173	7.3%
Lexington-Fayette MSA	4	0.2%
Nonmetropolitan Kentucky	102	4.3%
Kentucky	106	4.5%
Outside AAs	996	42.0%
Total	2,374	100.0%

The bank did not provide metrics to demonstrate the effectiveness of these deferrals in helping meet the needs of LMI individuals or communities, so not much weight was given to deferrals.

More information on individual flexible lending programs can be found in the full-scope AA sections of this report.

Investment Test

Peoples' performance under the investment test is rated "Outstanding." Peoples has an excellent level of qualified community development investments and donations and occasionally makes use of complex investments to support community development initiatives. Investment test performance is "Outstanding" in Ohio and Huntington-Ashland, "High Satisfactory" in Kentucky, "Low Satisfactory" in Cincinnati, and "Needs to Improve" in West Virginia.

Peoples has \$60.7 million in qualified community development investments, which represents a significant increase by dollar amount since the previous evaluation. The following table reflects the total number qualified investments by purpose, number, and dollar amount:

Purpose of CD Investment	#	\$
Community Services	54	\$38,867,179
Affordable Housing	18	\$21,858,062
Total	72	\$60,725,241
<i>Totals include investments that benefit broader statewide and regional areas</i>		

Peoples obtained 22 new investments worth approximately \$26.0 million, representing 42.7% of total qualified investments by dollar amount. Peoples holds 50 prior period investments with a current book value of approximately \$34.8 million, representing 57.3% of total investments by dollar amount.

New qualified investments include a Low-Income Housing Tax Credit (LIHTC) that provides equity capital for affordable rental housing developments across a broader statewide area in Ohio worth \$5.0 million, five mortgage-backed securities worth \$5.6 million, and 16 municipal bonds worth approximately \$15.4 million. These investments benefited Cincinnati, Huntington-Ashland, Akron, Cleveland, and Nonmetropolitan Kentucky AAs, and broader statewide area(s) in Ohio, Kentucky, and West Virginia.

Qualified prior period investments include three LIHTCs with current book value of \$8.4 million and unfunded commitments of \$1.8 million benefiting the Cleveland AA, broader Columbus regional area, and broader statewide area in Ohio. There are also nine mortgage-backed securities with a book value of \$2.9 million and 38 municipal bonds with a book value of \$23.5 million. These investments benefit Cincinnati, Huntington-Ashland, Akron, Columbus, Nonmetropolitan Ohio, Lexington, Nonmetropolitan Kentucky AAs, broader regional areas in Lexington and Louisville MSAs, and broader statewide area in Kentucky.

The majority of qualified investments benefited Ohio (48.5%), followed by Kentucky, Huntington-Ashland, West Virginia, and Cincinnati at 32.1%, 9.2%, 5.5%, 4.8%, respectively. Community contacts expressed the critical need for affordable housing across the bank's AAs. These investments help to address these needs. LIHTC investments are considered complex; Peoples makes occasional use of complex investments to support community development initiatives.

Qualified investments also took the form of donations totaling \$1.5 million. Peoples partners with a wide array of organizations and nonprofits to fund initiatives aimed at responding to community needs and improving the financial stability of individuals and families, economic development activities, affordable housing programs. While this represents a comparable level of donations by dollar amount, it was a significant increase by volume since the previous evaluation. The following table reflects the total number community development donations by purpose, number, and dollar amount.

Purpose of CD Donation	#	\$
Community Services	814	\$1,084,025
Affordable Housing	116	\$92,975
Economic Development	58	\$249,147
Revitalize / Stabilize	9	\$44,274
Total	997	\$1,470,421

The majority of donations (71.0%) by dollar amount were made through Peoples Bank Foundation, followed by donations made through its branches and marketing (27.0%) and annual donation(s) supporting the purchase of Cenmark financial training materials for LMI schools (2.0%). In response to COVID-19 emergency, Peoples reached out to community-based nonprofits and organizations to help those in need, particularly focusing on housing and food relief and made the strategic decision to increase the number of small dollar donations.

Small dollar donations primarily benefited Ohio (70.1%), followed by Cincinnati, Kentucky, West Virginia, and Huntington-Ashland at 10.6%, 7.2%, 6.4%, 5.6%, respectively. Community contacts expressed the critical need for affordable housing and wraparound services for LMI individuals and families across the bank's AAs. These donations help address these needs.

Since Peoples has been responsive to community development needs in its AAs, consideration was given to a small dollar donation of \$962 supporting recovery efforts because of Hurricane Laura in August 2020 - a Federal Emergency Management Agency (FEMA)-designated disaster area.

Peoples has an excellent level of qualified investments and donations in Huntington-Ashland and Ohio, a significant level in Kentucky, an adequate level in Cincinnati, and a poor level in West Virginia. More information detailing specific investments and contributions can be found in the full-scope AA sections of this report.

Peoples has 457 Interest On Lawyer Trust Accounts (IOLTA) accounts and paid interest rates above the market rate during the evaluation period. IOLTAs have been used to fund civil legal aid for those who cannot afford an attorney. In this way, civil legal aid ensures fairness in the justice system regardless of how much money a person has. The dollar amount of interest paid above market rate was not provided, so not much weight was given to IOLTA accounts.

Service Test

Peoples' performance under the service test is rated "High Satisfactory." Retail delivery systems are accessible, and Peoples provides a relatively high level of community development services. Service Test performance is "High Satisfactory" in Ohio, Huntington-Ashland, and Cincinnati and "Low Satisfactory" in West Virginia and Kentucky.

Retail Services

Peoples has 114 branches as of December 31, 2022. In addition to the main office with a full-service ATM, Peoples maintains 62 branches with full-service ATMs, 43 branches with cash-only ATMs and eight branches without ATMs. Since the previous evaluation, Peoples opened one new branch, acquired 51 branches,¹⁷ and closed nine branches. Peoples opened a new branch in Nonmetropolitan Ohio and acquired branches across its delineated AAs, except in Ohio.

Peoples also maintains 17 stand-alone ATMs (one full-service and 16 cash-only). During the evaluation period, Peoples opened two cash-only ATMs in Nonmetropolitan Ohio and one cash-only ATM in Nonmetropolitan West Virginia. Peoples also closed a cash-only ATM in Nonmetropolitan Ohio and a drive-thru only ATM in Nonmetropolitan West Virginia.

Peoples operates seven loan production offices (LPOs) including four LPOs in its CRA-delineated AAs (two in the Cincinnati AA, one in the Huntington AA, and one in the Akron AA) and three LPOs outside its delineated footprint (two in Ohio in the Columbus and Canton-Massillon MSAs and one in West Virginia in the Beckley MSA). Since the previous evaluation, Peoples opened the LPO in the Canton-Massillon OH MSA and closed an LPO in the Charleston MSA and another in Marion County, West Virginia.

Peoples' record of opening and closing branches has improved the accessibility of its delivery systems, particularly to LMI geographies and individuals. Of the 45 new/acquired branches, one (2.0%) is in a low-income and 13 (29.0%) are in moderate-income tracts. Of the nine branches that closed, none closed in low-income geographies and three closed in moderate-income geographies. Seven of the nine closed branches were acquired.

Retail delivery systems are accessible to Peoples' geographies and individuals of different income levels. Peoples has four branches (3.5%) in low-income tracts, compared to 10.7% of total low-

¹⁷ Count includes branches acquired from First Commonwealth and Premier Financial mergers.

income tracts and 38 (33.3%) in moderate-income tracts, compared to 23.4% of total moderate-income tracts. Branches in low-income tracts in Nonmetropolitan Ohio and Huntington-Ashland AAs exceeded demographic comparators in those tracts. Peoples has no branches in low-income tracts in the Cincinnati, Akron, Cleveland, Columbus, and Charleston AAs, while 61.4% of total low-income tracts are in these AAs. There are no low-income tracts in the Lexington, Louisville, Parkersburg, Nonmetropolitan West Virginia, and Nonmetropolitan Kentucky AAs. Branches in moderate-income tracts exceeded demographic comparators in those tracts. Peoples has no branches in moderate-income tracts in the Lexington and Cleveland AAs, while 21.1% of moderate-income tracts are in these AAs. Peoples has a minimal market share in the Cincinnati, Lexington, Akron, and Cleveland markets (i.e., < 0.2%), and only has one branch in each of the Lexington, Louisville, and Cleveland AAs. These are competitive markets served by large national and regional financial institutions.

The geographic distribution of Peoples' branches as of December 31, 2022, is shown in the table below.

Geographic Distribution of Branches and ATMs

Exam: Peoples Bank
Assessment Area(s): Entire Institution

Analysis Year: 2022

Tract Income Levels	BRANCHES							ATMS												DEMOGRAPHICS*				Total Businesses
	Total Branches		Opened	Closed**	Drive-Thru	Extended Hours	Weekend Hours	Total ATMs		Full Service				Cash Only				Census Tracts		Households				
	#	%	#	#	#	#	#	Total	%	Total	%	Opened	Closed	Total	%	Opened	Closed	#	%	%				
Low	Total	4	3.6%	1	0	2	3	2	Total	3	2.4%	3	4.8%	1	0	0	0.0%	0	0					
	DTO	0		0	0	0			Stand Alone	0		0	0	0	0	0	0	244	10.7%	8.7%	7.5%			
	LS	0		0	0																			
Moderate	Total	38	33.3%	18	3	33	30	31	Total	42	33.6%	21	33.3%	0	0	21	33.9%	15	3					
	DTO	0		1	1	0			Stand Alone	5		0	0	0	5		1	0	534	23.4%	22.9%	21.2%		
	LS	0		0	0																			
Middle	Total	63	46.6%	23	4	49	46	46	Total	62	49.6%	33	52.4%	6	1	29	46.8%	17	3					
	DTO	0		0	0	0			Stand Alone	11		1	0	0	10		2	1	832	36.5%	38.5%	34.2%		
	LS	0		0	0																			
Upper	Total	19	16.7%	12	1	14	8	9	Total	17	13.6%	6	9.8%	1	0	11	17.7%	8	1					
	DTO	0		0	0	0			Stand Alone	1		0	0	0	1		0	0	608	26.6%	28.6%	35.7%		
	LS	0		0	0																			
Unknown	Total	0	0.0%	1	1	0	0	0	Total	1	0.8%	0	0.0%	0	0	1	1.6%	1	1					
	DTO	0		0	0	0			Stand Alone	1		0	0	0	1		0	0	64	2.8%	1.3%	1.3%		
	LS	0		0	0																			
Totals	Total	114	100.0%	52	9	98	87	87	Total	125	100.0%	63	100.0%	8	1	62	100.0%	41	8					
	DTO	0		1	1	0			Stand Alone	18		1	0	0	17		3	1	2,282	100.0%	100.0%	100.0%		
	LS	0		0	0																			

DTO - Drive Thru Only
LS - Limited Service
Shaded rows indicate totals; unshaded rows are a subset of shaded rows
*Based on 2020 census data
**Closed branches are only included in the "Closed" columns and are not included in any other totals
LPOs not included in totals.

NOTE: The table above includes branches in Washington D.C., Maryland, and Virginia. As part of the Premier Financial merger, Peoples acquired two branches in Washington, D.C. in upper-income tracts, one branch in the Frederick MD in Maryland in an upper-income tract, one branch in Nonmetropolitan Virginia in a middle-income tract, and one branch in the Richmond MSA in Virginia in a moderate-income tract. The branch in the Virginia Beach MSA (unknown-income tract) closed on July 13, 2022, and is not included in the branch totals as of December 31, 2022.

Banking services do not vary in a way that inconveniences any portion of Peoples' AAs. Peoples' banking centers are generally open six days a week and provide lobby and/or drive-thru services full days Monday through Thursday (8:30 a.m. to 4:30 p.m.) and Friday (9:00 a.m. to 6:00 p.m.) and half days on Saturday (8:30 a.m. – noon). Drive-thru facilities are generally open Monday through Thursday (8:30 a.m. to 5:00 p.m.) and Friday (8:30 a.m. to 6:00 p.m.) Ninety-eight (98) offices offer drive-thru services, 87 offices offer extended hours of service, and 87 offices offer

weekend hours. Branches that do not offer extended or weekend hours have full-service or cash-only ATMs that are available 24-hours a day, 7 days a week.

Peoples offers a variety of non-branch delivery systems to supplement its branch network. Non-branch delivery systems primarily consist of website ([peoplesbancorp](https://www.peoplesbancorp.com)) and mobile banking applications that allow for standard online banking capabilities (Mobile Deposit, BillPay, deposits, security alerts/notifications, eStatements, Zelle®, Apple Pay, Google Pay, and Samsung). According to senior management, Peoples has seen an upward trend in use of digital banking since in 2021, especially in business mobile banking and person-to-person pay. In 2021 business and consumer online banking usage increased by 57.0% and 38.0%, respectively. Also, person-to-person pay via Zelle® increased 84.0%, and business and consumer mobile users increased by 43.0% and 37.0%, respectively. Management attributes this growth to changing customer behavior due to COVID-19. Usage rates continued to increase in 2022 but at a slower pace. Lastly, business mobile deposits increased by 70.0%, and consumer mobile deposits increased by 37.0% from January 2021 through July 2022. Peoples also offers 24-hour telephone banking line that provides customers with deposit and loan account information, as well as funds transfer and loan payment capabilities. The website, mobile banking, and telephone banking services are available to all bank customers regardless of location or income.

Community Development Services

Peoples provides a relatively high level of community development services throughout its AA, with 2,209 hours of community development services supporting various service activities during the evaluation period. Community development service hours equate to 1.1 annualized persons (ANP).¹⁸

The following table provides a breakdown of qualified community development services by community development purpose.

Purpose of CD Service	# Services	# Organizations	# Employees	# Hours
Affordable Housing	113	79	24	136
Community Services	46	29	32	1,577
Economic Development	19	10	7	484
Revitalize / Stabilize	1	1	1	12
Total	179	118	57	2,209

Peoples' officers and staff members provided their financial expertise to the community by engaging in activities that promoted or facilitated services for affordable housing, LMI individuals, economic development, and revitalization and stabilization of LMI or distressed or

¹⁸ Annualized Persons (ANP): Number CD qualified service hours divided by 2,000 work hours in a year

underserved middle-income areas. Bank management indicated their ability to provide in-person financial literacy events during this evaluation period was impacted due to in-person COVID-19 guidelines. Despite the COVID-19 emergency, Peoples was able to offer a good level of service hours since the previous evaluation.

Approximately 81.7% of Peoples' total community development services hours benefited Ohio, and 13.7%, 4.0%, 0.4%, and 0.1% benefited Cincinnati, West Virginia, Huntington-Ashland, and Kentucky, respectively.

Peoples provides a relatively high level of community development services in Ohio and Cincinnati, a limited level in Huntington-Ashland and West Virginia, and provides few, if any in Kentucky.

Community development services include the following:

Financial Education – Peoples offers the following financial workshops for elementary through high school students:

- ***Cenmark, Inc. – How to do Your Banking*** is designed to teach young adults in high school classrooms basic money management skills, including how to access and manage credit responsibly, online and mobile banking, identity theft, and protecting your personal information. The curriculum components provided to each school include student workbooks, online video, and teacher's guides. Peoples supports teachers as guest presenters upon request.
- ***Cenmark, Inc. – Savings with Mandy and Randy*** is designed to teach primary school students practical skills, habits, and values necessary to save and handle money responsibly. The curriculum is designed to be easily integrated into the core curriculum that primary teachers cover and addresses students' competency in mathematics, economics, civics, and language arts.
- ***Ely Chapman Educational Foundation (ECEP)*** is a non-profit organization providing academically oriented, hands-on learning and mentoring to youth in the mid-Ohio Valley. Peoples' employees assist students with financial learning activities through this program.

During the COVID-19 emergency, Peoples employees did not go to any schools due to the transition to virtual learning as well as social distancing guidelines that were in place. Generally, the teachers were teaching the financial literacy courses with supplies (workbooks) that Peoples purchased and donated. Post-pandemic Peoples will continue to offer in-person financial literacy training to students.

Peoples also offers first-time homebuyer seminars and webinars focused on adults (18+ years old). These seminars are designed to simplify the home buying process for prospective LMI first-time homebuyers. Each seminar is hosted by one of Peoples' mortgage lenders to provide guidance and tips on home buying. Topics include:

- o Getting Financially Prepared
- o Mortgage Basics and Terminology
- o What Can You Afford? (Ratio test)
- o Credit and Document Review
- o Getting Pre-Qualified
- o Develop Your Home Buying Team
- o Steps in the Mortgage Process
- o Peoples Low Downpayment Mortgage Programs

During the COVID-19 emergency, offering first-time homebuyer seminars presented unique challenges. Because these seminars were presented in-person, it was not possible for Peoples employees to comply with social distancing guidelines and continue to offer in-person workshops. As a result, Peoples hosted virtual home buying seminars that covered these same topics. Post-pandemic Peoples began offering a hybrid of in-person and virtual seminars which has the potential to serve a much wider audience.

Board and Committee Memberships – Peoples officers, managers, and community development lenders provided financial expertise through their involvement with community development organizations throughout the AAs by serving as executive directors, presidents, board members, loan committee members, or treasurers.

Technical Peoples' employees provided technical assistance to community development and nonprofit organizations. Technical assistance primarily included advocating multiple mortgage solutions to holders that help LMI first-time homebuyers purchase a home they can afford, fund raising, and reviewing loan application requests.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The Federal Reserve Bank of Cleveland conducted a fair lending analysis performed under Regulation B – Equal Credit Opportunity Act and Fair Housing Act requirements and no evidence of discriminatory or other illegal credit practices were identified. Violations of Section (5) of the Federal Trade Commission Act identified during the Consumer Affairs (CA) examination conducted concurrently with this Community Reinvestment Act (CRA) performance evaluation influenced the overall CRA performance assessment given the impact and pervasiveness of the issues. Peoples' CRA rating was downgraded from "Outstanding" to "Satisfactory" as a result of the unfair and deceptive practices. Peoples' management has taken some steps to address the weaknesses that led to the findings and provided some remediation where appropriate, but additional actions are needed.

**MULTISTATE METROPOLITAN AREA
(Full-scope Review)**

CRA RATING for Cincinnati OH-KY-IN MSA #17140:¹⁹ "Satisfactory"

The lending test is rated: "High Satisfactory"

The investment test is rated: "Low Satisfactory"

The service test is rated: "High Satisfactory"

The major factors supporting this rating include:

- A good responsiveness to credit needs;
- A good distribution of loans among borrowers of different income levels and to businesses of different revenue sizes;
- A good geographic distribution of loans throughout the AA;
- A good record of serving the credit needs of low-income individuals and areas and very small businesses;
- Makes a relatively high level of community development loans;
- Makes use of flexible lending practices in serving the AA's credit needs;
- An adequate level of qualified community development investments and grants;
- Retail delivery systems are accessible to portions of geographies and individuals of different income levels and businesses of different revenue sizes;
- A record of opening and closing banking centers has improved the accessibility of delivery systems;
- Banking services and hours that do not vary in a way that inconveniences any portions of the AAs; and,
- Provides a relatively high level of community development services.

SCOPE OF EVALUATION

The period and products evaluated for the Cincinnati AA are consistent with the overall scope described in the Description of the Institution section of this evaluation. Peoples' performance in the Cincinnati multistate AA was evaluated using full-scope examination procedures.

¹⁹ For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation is adjusted and does not reflect performance in the parts of those states contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE CINCINNATI OH-KY-IN MSA #17140

The Cincinnati AA includes the entireties of Brown, Clermont, Hamilton, and Warren counties in Ohio; and Boone, Bracken, Campbell, and Kenton counties in Kentucky (excluding Butler County in Ohio; Gallatin, Grant, and Pendleton counties in Kentucky; and Dearborn, Franklin, Ohio, and Union counties in Indiana). Since the previous evaluation, Peoples added Boone, Bracken, Campbell, and Kenton counties in 2021 after the acquisition of Premier Financial. The Census Bureau released new size and population data from the 2020 Census on August 12, 2021, as a result, the 2022 demographic information is based on 2020 U.S. Census data. Due to these changes, the AA was comprised of the following tracts for this analysis. See Appendix C for AA maps and Appendix D for additional demographic data.

Tract Income Level	2019-2020	2021	2022
	Number of Tracts	Number of Tracts	Number of Tracts
Low	41	52	42
Moderate	73	88	99
Middle	101	146	152
Upper	84	103	122
Unknown	5	6	15
Total	304	395	430

As a result of the acquisition, the AA gained 11 low-income, 15 moderate-income, 45 middle-income, and 19 upper-income tracts, and one unknown-income tract in 2021. Based on 2020 Census data, the AA lost 10 low-income tracts and gained 11 moderate-income, six middle-income, 19 upper-income, and nine unknown-income tracts in 2022.

As of June 30, 2022, the Federal Deposit Insurance Corporation's (FDIC) summary of deposits report, ranked Peoples 15th among 51 institutions in this AA with 0.4% of the deposit market share. This is significantly less than the three largest market holders, U.S. Bank National Association with 54.1%, Fifth Third Bank National Association with 25.8%, and PNC Bank, National Association with 5.1%. Of the financial institutions serving the Cincinnati MSA, Peoples ranked 15th among 58 institutions with 0.4% of the deposit market share; compared to U.S. Bank, National Association, Fifth Third Bank, National Association and PNC Bank, National Association with 51.3%, 25.5% and 5.2% of the market share. Peoples competes with at least 50 financial institutions, including many large and regional banks and has a minimal market presence in this largely fragmented and competitive banking environment. Deposits in this AA accounted for 11.5% of Peoples' total deposits and ranks as the bank's third highest percentage of deposits within its CRA delineated footprint.

The 2021 HMDA peer market data shows that Peoples ranked 68th among 635 HMDA reporters in the AA having originated 278 loans. The top three HMDA lenders in this market Union Savings Bank originated 7,690 loans, Fifth Third Bank, National Association originated 6,760 loans and

The Huntington National Bank originated 5,187 loans. Peoples ranked 53rd among HMDA reporters in this market in 2020 and 32nd in 2019.

Peoples ranked 20th among 172 CRA reporters serving the AA in 2021 having originated 371 loans. The top three CRA reporters in this market American Express National Bank originated 6,972 loans, US Bank National Association originated 5,769 loans, and JP Morgan Chase Bank National Association originated 3,792 loans. Peoples ranked 10th among CRA reporters in this market in 2020 and 20th in 2019.

Community Contacts

Two community contact interviews were conducted as part of this evaluation providing supplemental 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 a non-profit organization that provides innovative financing for affordable housing developments and other housing projects in low-income neighborhoods in Cincinnati. The contact stated from an affordable housing standpoint, Cincinnati has been falling behind on the number of affordable housing units since the Great Recession. Currently, the increase in construction costs has exacerbated a historically prevalent challenge with affordable housing projects, which is generating enough income to support debt. While developers have used tax credits to fill in funding gaps in the past, construction costs are increasing so much that by the time the credits are received, the development project is no longer affordable. The contact also indicated that attracting investments to revitalize neighborhoods while maintaining affordable housing and the cost of living in those neighborhoods is also an ongoing challenge for economic development in Cincinnati. The contact suggested that it is vital for developers and investors to work closely with local community development corporations representing specific neighborhoods, especially those that have been historically poverty-stricken and are now in a revitalization phase. Another major challenge affecting LMI individuals in Cincinnati is the current wage growth trend that is occurring due to an extremely tight job market. While some niche markets are thriving, wages for the working poor are not increasing, which has led to an even larger separation of wealth in Cincinnati. Lastly, while the contact thinks banks are involved in the community, the contact stated there are opportunities for financial institutions to get involved in initiatives to address the serious lack of diversity in the real estate development and banking sectors and address the growing concern that minorities do not have equal access to capital.

The second interview was with a non-profit community development organization that helps identify priorities and challenges in low-income communities and formulates strategies to address these challenges and delivers effective support. The contact stated that 2020 Census data shows a decrease in very low income in Cincinnati; however, this is not an accurate view of current poverty levels, because the data was obtained prior to the COVID-19 pandemic, tighter job market, and declining economy. The contact indicated that the most cost-burdened citizens in the city are spending over half of their income on housing, leaving very little money for

additional expenses. Another challenge is that more mixed-income housing in the community is needed, as the lack of mixed-income housing is detrimental to areas experiencing a loss of affordable housing, diversity, and neighborhood. In particular, the Over-the-Rhine neighborhood was mentioned as an area that has experienced a sizable loss of affordable housing in the last twenty years. The contact affirmed that these changes were brought on by unsubsidized housing, depressed prices, naturally occurring affordability, and new landlords with very few covenants required. The contact proposed that for local banks to have an impact on LMI individuals and minorities, they must change system parameters and become less predatory. Regarding small business development, the contact indicated that additional commercial products are needed and suggested that there are opportunities for banks to offer more flexible and realistic lending alternatives. The contact acknowledged that while most bank activity in LMI communities is driven by the CRA, the actual impact is not being felt by community members despite these commitments. When discussing additional opportunities for banks to invest in the community, the contact indicated banks offer financial literacy classes, but these classes are not proven to drive change in the financial behavior of LMI individuals. According to the contact, a longer-term approach focusing on an engaging relationship, financial coaching, and credit counseling is what will drive real change.

Population Characteristics

Population Change					
Assessment Area: Cincinnati, OH-KY-IN MSA #17140					
Area	2015 Population	2020 Population	Percent Change 2015 to 2020	2021 Population	Percent Change 2020 to 2021
Boone County, Kentucky	124,617	135,968	9.1%	137,412	1.1%
Bracken County, Kentucky	8,425	8,400	-0.3%	8,439	0.5%
Campbell County, Kentucky	91,475	93,076	1.8%	93,050	0.0%
Kenton County, Kentucky	163,007	169,064	3.7%	169,495	0.3%
Brown County, Ohio	44,247	43,676	-1.3%	43,662	0.0%
Clermont County, Ohio	200,285	208,601	4.2%	209,642	0.5%
Hamilton County, Ohio	804,194	830,639	3.3%	826,139	-0.5%
Warren County, Ohio	219,916	242,337	10.2%	246,553	1.7%
Assessment Area	1,656,166	1,731,761	4.6%	1,734,392	0.2%
Cincinnati, OH-KY-IN MSA	2,162,401	2,256,884	4.4%	2,259,935	0.1%
Kentucky	4,397,353	4,505,836	2.5%	4,506,589	0.0%
Ohio	11,575,977	11,799,448	1.9%	11,764,342	-0.3%
Source: 2011 - 2015 U.S. Census Bureau American Community Survey 2020 U.S. Census Bureau Decennial Census U.S. Census 2021 Population and Housing Unit Estimates Tables					

- From 2015 through 2021 the AA saw a 4.7% increase in population compared to Ohio and Kentucky which saw slight increases at 1.6% and 2.5%, respectively. Warren County, Ohio and Boone County, Kentucky saw the biggest percent increases during this time.

- 75.7% of the AA population was 18 years of age or older, the legal age to enter into a contract.
- 13.3% of the population in the AA was age 65 and over, compared to 15.1% in Ohio and 14.4% in Kentucky.
- Population growth in the AA may result in a growing labor supply and increasing demand for leisure and healthcare services.
- 27.2% of the AA's population resides in LMI tracts.
- According to Census data, Cincinnati (Hamilton County) is the largest city in the AA and the third most populous city in Ohio with 309,317 residents, and its population decreased by 0.4% between 2010 and 2021. By contrast, Augusta, Kentucky is the most populous city Bracken County with 1,100 residents, and its population decreased by 7.9% between 2010 and 2021.²⁰

Income Characteristics

Borrower Income Levels													
Assessment Area: Cincinnati, OH-KY-IN MSA #17140													
FFIEC Estimated Median Family Income			Low		Moderate			Middle		Upper			
Year	\$	% Change	0	- 49.9%	50%	- 79.9%	80%	- 119.9%	120%	- & above			
2019	\$76,700		0	- \$38,349	\$38,350	- \$61,359	\$61,360	- \$92,039	\$92,040	- & above			
2020	\$80,100	4.4	0	- \$40,049	\$40,050	- \$64,079	\$64,080	- \$96,119	\$96,120	- & above			
2021	\$81,900	2.2	0	- \$40,949	\$40,950	- \$65,519	\$65,520	- \$98,279	\$98,280	- & above			
2022	\$97,400	18.9	0	- \$48,699	\$48,700	- \$77,919	\$77,920	- \$116,879	\$116,880	- & above			
Source: 2019-2021 FFIEC Census Data													

Source: 2019-2021 FFIEC Census Data

- During the evaluation period, the median family income (MFI) in the AA increased by 27.0%.
- According to 2015 U.S. Census data, AA MFI at \$70,683 was 1.1 times higher than Ohio MFI at \$62,817 and 1.3 times higher than Kentucky MFI at \$55,367.

²⁰ [Kentucky Hometown Locator](#)

Poverty Rates			
Assessment Area: Cincinnati, OH-KY-IN MSA #17140			
Area	2019	2020	2021
Boone County, Kentucky	7.1	6.5	6.4
Bracken County, Kentucky	14.1	13.2	14.8
Campbell County, Kentucky	10.9	10.6	11.1
Kenton County, Kentucky	11.2	11.0	12.6
Brown County, Ohio	12.1	13.6	16.8
Clermont County, Ohio	8.2	9.2	9.5
Hamilton County, Ohio	14.6	12.7	15.7
Warren County, Ohio	4.5	5.2	5.9
Kentucky	16.0	14.9	16.3
Ohio	13.0	12.6	13.3
United States	12.3	11.9	12.8

Source: U.S. Census Bureau Small Area Income and Poverty Estimates Program

- Poverty rates across Kentucky and Ohio, especially in Kentucky, were consistently higher than the national rates in 2019, 2020, and 2021.
- During this period, poverty rates AA's counties in Kentucky were consistently lower than poverty rates in Kentucky, especially in Boone County. However, poverty rates in Bracken County were higher than the national poverty rates.
- Poverty rates in Hamilton County were consistently higher than poverty rates in Ohio and the national poverty rates. Poverty rates in Brown County in 2020 and 2021 were also higher than poverty rates in Ohio and the nation. Warren County had the lowest overall poverty rates during this period.
- Of the 416,745 families in the AA, 38.3% are designated as LMI with 10.6% living below poverty; compared to 38.9% designated as LMI with 11.5% living below poverty across Ohio and 39.6% designated as LMI with 14.4% living below poverty across Kentucky.
- Of the 647,195 households in the AA, 14.0% are below the poverty level and 2.8% receive public assistance; compared to 18.5% of households across Kentucky that are below the poverty level and 15.0% of households across Ohio that are below the poverty level.
- Supplemental Nutrition Assistance Program (SNAP)²¹ helps LMI individuals and families, the elderly, and the working poor purchase food and reduce food insecurity and may free up resources for other necessities, such as clothing, housing, and medical expenses. The table below shows the percent of the population by county that received SNAP benefits in 2020.

²¹ [Federal Reserve Economic Data \(FRED\)](#)

SNAP Benefits	
Assessment Area: Cincinnati, OH-KY-IN MSA #17140	
Area	2020
Boone County, Kentucky	5.3%
Bracken County, Kentucky	14.4%
Campbell County, Kentucky	7.2%
Kenton County, Kentucky	8.7%
Brown County, Ohio	13.1%
Clermont County, Ohio	6.6%
Hamilton County, Ohio	14.1%
Warren County, Ohio	3.8%
Source: Federal Reserve Economic Data (FRED) maintained by the Federal Reserve Bank of St. Louis	

Housing Characteristics

Housing Cost Change						
Assessment Area: Cincinnati, OH-KY-IN MSA #17140						
Area	Median Housing Value			Median Gross Rent		
	2015	2021	Percent Change	2015	2021	Percent Change
Boone County, Kentucky	\$175,100	\$205,100	17.1%	\$905	\$1,058	16.9%
Bracken County, Kentucky	\$95,800	\$99,600	4.0%	\$556	\$704	26.6%
Campbell County, Kentucky	\$150,400	\$184,700	22.8%	\$748	\$898	20.1%
Kenton County, Kentucky	\$145,200	\$176,000	21.2%	\$747	\$865	15.8%
Brown County, Ohio	\$113,800	\$141,400	24.3%	\$649	\$742	14.3%
Clermont County, Ohio	\$155,500	\$190,600	22.6%	\$764	\$912	19.4%
Hamilton County, Ohio	\$142,000	\$172,800	21.7%	\$709	\$875	23.4%
Warren County, Ohio	\$190,900	\$250,300	31.1%	\$923	\$1,156	25.2%
Assessment Area	\$153,400	\$187,000	21.9%	\$751	\$906	20.6%
Cincinnati, OH-KY-IN MSA	\$123,200	\$155,100	25.9%	\$675	\$826	22.4%
Kentucky	\$129,900	\$159,900	23.1%	\$730	\$870	19.2%
Ohio	\$175,100	\$205,100	17.1%	\$905	\$1,058	16.9%
Source: 2011-2015 U.S. Census Bureau: American Community Survey 2017-2021 U.S. Census Bureau: American Community Survey						

- Median housing values across the AA increased 21.9% from 2015 to 2021. Housing remained affordable across the AA since MFI kept pace with home price growth, except in Warren County.

- Based on 2015 Census data, the affordability ratio²² was 36.0 in the AA compared to 35.5 in Kentucky and 38.1 in Ohio. Housing was generally more affordable across the AA than in other parts of Kentucky and less affordable than in other parts of Ohio. Brown County had the highest affordability ratio at 40.0, and Hamilton County had the least affordable housing with an affordability ratio at 34.5.
- Median gross rents across the AA increased 20.6% from 2015 to 2021. The rise in median gross rents indicates the need for more affordable housing. According to 2015 Census data, 45.0% of all renters across the AA have rental costs that are at least 30.0% of their income.
- According to the U.S. Department of Housing and Urban Development's (HUD)'s 2021 Fair Market Rents data, the average rent for a two-bedroom unit was \$916 a month in the Cincinnati MSA, which is nearly a 6.0% increase since 2020. While rent continues to rise across the MSA, two-bedroom rent is still below the national average of \$1,295.²³
- There are 721,481 housing units in the AA, of which 58.5% are owner-occupied, 31.2% are rental, and 10.3% are vacant; consequently, there are more households who own their homes than there are renters. Only 10.5% of total housing units are in low-income tracts, and 21.6% of these housing units are owner-occupied and 78.4% are either rental or vacant. Only 20.1% of total housing units are in moderate-income tracts, and 45.5% of these housing units are owner-occupied and 54.5% are either rental or vacant. With 41.5% of housing units across the AA being either rental or vacant, there may be limited opportunities to originate mortgage loans, particularly in LMI tracts.
- The median age of housing stock across the AA is 50 years old, and 25.2% of housing units were built prior to 1950; compared to 61 years old, the median age of housing stock in LMI tracts. The age of the housing stock across the AA demonstrates a potential need for home improvement lending and refinance or home improvement loans to remove lead-based paint that was commonly used on houses and apartments built before 1978.²⁴

²² 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.

²³ [National Low Income Housing Coalition](#)

²⁴ [Ohio Department of Health/Know Our Programs/Childhood Lead Poisoning](#)

Housing Cost Burden						
Assessment Area: Cincinnati, OH-KY-IN MSA #17140						
Area	Cost Burden - Owners			Cost Burden - Renters		
	Low Income	Moderate Income	All Owners	Low Income	Moderate Income	All Renters
Boone County, Kentucky	64%	25%	14%	77%	25%	38%
Bracken County, Kentucky	42%	12%	16%	45%	3%	28%
Campbell County, Kentucky	60%	24%	18%	73%	12%	41%
Kenton County, Kentucky	58%	19%	14%	67%	13%	35%
Brown County, Ohio	58%	30%	18%	71%	19%	40%
Clermont County, Ohio	57%	26%	17%	69%	11%	37%
Hamilton County, Ohio	64%	26%	18%	70%	20%	43%
Warren County, Ohio	66%	34%	15%	71%	28%	32%
Assessment Area	62%	26%	17%	70%	19%	40%
Cincinnati, OH-KY-IN MSA	61%	26%	17%	71%	18%	40%
Kentucky	53%	25%	17%	68%	27%	38%
Ohio	59%	27%	17%	72%	24%	40%
Cost Burden is housing cost that equals 30 percent or more of household income						
Source: U.S. Department of Housing and Urban Development (HUD), 2015-2019 Comprehensive Housing Affordability Strategy						

- 62.0% of low-income homeowners and 70.0% of low-income renters are cost burdened, compared to 26.0% of moderate-income homeowners and 19.0% of moderate-income renters.
- About 17.0% of all homeowners and 40.0% of renters across the AA are cost burdened.
- The data shows that cost burden disproportionately affects renter-occupied households, particularly low-income renters and low-income homeowners, respectively.
- 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.

Labor, Employment, and Economic Characteristics

Unemployment Rates					
Assessment Area: Cincinnati, OH-KY-IN MSA #17140					
Area	2017	2018	2019	2020	2021
Boone County, Kentucky	3.8%	3.3%	3.2%	5.2%	3.8%
Bracken County, Kentucky	5.7%	4.8%	4.6%	6.0%	4.7%
Campbell County, Kentucky	3.7%	3.2%	3.3%	5.4%	4.0%
Kenton County, Kentucky	3.9%	3.3%	3.4%	5.6%	4.2%
Brown County, Ohio	5.7%	5.4%	5.0%	8.3%	5.3%
Clermont County, Ohio	4.4%	4.1%	3.8%	6.9%	4.3%
Hamilton County, Ohio	4.4%	4.1%	3.8%	7.9%	4.9%
Warren County, Ohio	4.1%	3.8%	3.5%	6.4%	4.0%
Assessment Area	4.2%	3.9%	3.7%	7.0%	4.5%
Cincinnati, OH-KY-IN MSA	4.3%	3.9%	3.7%	7.0%	4.4%
Kentucky	4.8%	4.2%	4.1%	6.4%	4.7%
Ohio	5.0%	4.5%	4.2%	8.2%	5.1%

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

- While 2017-2019 unemployment rates decreased across the AA, the 2020 unemployment rate increased significantly in response to the COVID-19 pandemic. The average unemployment rate in the AA increased from 3.7% in 2019 to 7.0% in 2020. AA unemployment rates were generally lower than unemployment rates in Ohio and Kentucky during this period. While unemployment rates in the AA decreased in 2020, they have not fully rebounded to pre-COVID levels.
- According to the Bureau of Labor Statistics,²⁵ the leading industries by total employed persons in the MSA, by industry are health care and social assistance, government, manufacturing, retail trade, and accommodation and food services.
- As reported by the Ohio Office of Research:²⁶
 - Land use in Ohio counties is a mix of urban and rural with less than 17.0% available for urban (i.e., residential, commercial, industrial, or recreational) development in Brown and Clermont counties; compared to Warren and Hamilton counties with 24.0% and 56.0%, respectively of land available for urban development.
- As reported by the University of Kentucky College:²⁷
 - Land use across Bracken, Boone, and Campbell counties is predominantly rural, with 34.0%, 50.0%, and 52.0%, respectively of land available for urban development. Kenton County is the least rural with 64.0% of land available for urban development.

²⁵ [Bureau of Labor Statistics\(BLS\), Quarterly Census of Employment and Wages](#)

²⁶ [Ohio County Trends](#)

²⁷ [University of Kentucky: College of Agriculture, Food and Environment](#)

- The Cincinnati MSA is home to seven Fortune 500 companies, including but not limited to Kroger, Procter & Gamble, Fifth Third Bank, Western & Southern Financial Group, American Financial Group, Cincinnati Financial Corporation and Cintas Corporation.²⁸
- Major employers in Northern Kentucky counties include but are not limited to St. Elizabeth Health Care (Kenton County), Amazon.com LLC (Boone County), Fidelity Investments (Kenton County) and Boone County School District (Boone County).²⁹
- In August 2021, Amazon opened a \$1.5 billion hub in Boone County. The campus included seven buildings spanning over 600 acres and brought nearly 2,000 new jobs to the Cincinnati/Northern Kentucky area. The terminal at the Cincinnati/Northern Kentucky International Airport serves as the central hub of Amazon's nationwide cargo network.³⁰
- In February 2021, the city council of Cincinnati approved a \$77.0 million for the Freeport Row development project in the Over-the-Rhine neighborhood without a guarantee of any affordable housing, while it is estimated there is a deficit of about 28,000 affordable housing units in Cincinnati. Freeport Row will include 278 market rate residential units. In the last 15 years, the once poverty-stricken Over-the-Rhine neighborhood has undergone a series of major urban renewal efforts, resulting in escalating rents and property values.³¹
- A study commissioned by the Over-the-Rhine Community Council and conducted by Xavier University's Community Building Institute in 2015, revealed that 2,300 units of low-income housing have been lost in the Over-the-Rhine neighborhood since 2002. Still, at least 70.0% of the housing supply remains available to households that earn less than the area's median income of \$71,200.³²
- In 2021, Cincinnati's major league soccer team, FC Cincinnati, built a \$250.0 million stadium in the West End neighborhood, demolishing low-income apartments in the process. In 2023, FC Cincinnati began construction on a \$300.0 million mixed-use development just north of the stadium. This development will include a hotel, apartments, retail shops, higher-end apartments, and restaurants.³³
- In urban Hamilton County, only 7.0% of the populated areas and 3.0% of households do not have access to the minimum bandwidth needed for basic internet activity, compared to rural Brown County, with 70.0% of the populated areas and 47.0% of households that do not have access to the minimum bandwidth needed for basic internet activity.³⁴ According to BroadbandNow Kentucky at least 91.0% to 99.9% of residents in Boone, Bracken, Campbell, and Kenton counties have access to the minimum bandwidth needed for basic internet activity.³⁵

²⁸ [Xavier University](#)

²⁹ [Northern KY Employers](#)

³⁰ [Amazon](#)

³¹ [OTR Redevelopment](#)

³² [WCPO - OTR Study](#)

³³ [FC Development](#)

³⁴ [Broadband Ohio](#)

³⁵ [BroadbandNow Kentucky](#)

- A Federal Reserve Bank of Cleveland report, *Access to Broadband is Essential for Positive Economic Outcomes*,³⁶ found that employment rates differed markedly for those with and without broadband in both urban and rural counties. Nationally, those with access to a broadband-enabled computer are employed at a higher rate in urban and rural counties.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE CINCINNATI OH-KY-IN MSA #17140

Lending Test

Peoples' performance relative to the lending test in the Cincinnati AA is rated "High Satisfactory." Primary ratings drivers include a relatively high level of community development loans, use of flexible lending products, and good responsiveness to AA credit needs, as well as a significant level of lending gaps.

Peoples' lending activity demonstrates a good responsiveness to the credit needs of the community. Peoples has a good distribution among borrowers of different income levels and to businesses of different revenue sizes. Peoples has a good geographic distribution of loans with a significant level of lending gaps. Peoples makes a relatively high level of community development loans and makes use of flexible lending practices in this AA. Peoples exhibits a good record of serving the credit needs of highly economically disadvantaged areas in its AA, low-income individuals, or businesses with gross annual revenue of \$1.0 million or less.

Lending Activity

Home purchase, refinance, home improvement, and small business loans were evaluated separately each year in the evaluation period. Small farm, multi-family, and other purpose closed-end loans were not considered in this evaluation due to limited volume.

Lending activity levels reflect a good responsiveness to the credit needs within the AA. The percentage of Peoples' lending in the Cincinnati AA is 17.5% compared to the percentage of total deposits is 11.5%.

A small concentration of loans was identified in one of eight excluded counties in the Cincinnati MSA. Peoples originated 99 HMDA and 82 small business loans in Butler County. This represents 10.1% of HMDA and 6.3% of small business loans originated in the MSA during the evaluation period.

Lastly, small business loans received greater weight than HMDA loans (refinance, home purchase and home improvement, respectively) in this AA based on the total loan volume by number and dollar amounts.

³⁶ [Cleveland Fed](#)

Distribution by Borrower Income and Revenue Size of the Business

Borrower distribution received greater weight than geographic distribution in this AA, since the overall percentage of LMI families is greater than the overall percentage of LMI geographies.

Peoples' overall distribution to businesses of different sizes and HMDA lending among borrowers of different income (including LMI) levels is good.

Small Business Lending

During the evaluation period Peoples originated 1,139 small business loans to businesses of different sizes totaling \$99.6 million, and 945 (83.0%) loans totaling \$62.6 million (62.9%) were PPP loans with unknown gross annual revenue. Peoples' performance was compared to the percentage of businesses (proxy).

In 2021, Peoples originated 363 small business loans to businesses of different sizes totaling \$29.3 million, of which 82.6% were extended to businesses with unknown revenue. Of the total small business loans, 295 (81.3%) loans totaling \$17.2 million (58.7%) were PPP loans. Peoples originated 53 (14.6%) loans totaling \$8.1 million (27.6%) to businesses with revenue of \$1.0 million or less, compared to the percentage of small businesses at 90.0% and the aggregate of all lenders at 49.6% by volume and 28.6% by dollar amount. While this is a poor distribution, Peoples originated 287 (79.1%) small dollar loans in amounts of \$100,000 or less, compared to the aggregate of all lenders at 89.1%. Peoples' willingness to lend in smaller amounts exhibits a good responsiveness to credit needs of small businesses in the AA, particularly those impacted by the COVID-19 emergency.

In 2020, Peoples originated 738 small business loans to businesses of different sizes totaling \$60.7 million, of which 89.8% were extended to businesses with unknown revenue. Of the total small business loans, 650 (88.1%) loans totaling \$45.4 (74.8%) were PPP loans. Peoples originated 32 (4.3%) loans totaling \$3.6 million (6.0%) were originated to businesses with revenue of \$1.0 million or less, compared to the percentage of small businesses at 89.7% and the aggregate of all lenders at 44.2% by volume and 28.0% by dollar amount. While this is a poor distribution, Peoples originated 578 (78.3%) small dollar loans in amounts of \$100,000 or less, compared to the aggregate of all lenders at 83.7%. Peoples' willingness to lend in smaller amounts exhibits a good responsiveness to credit needs of small businesses in the AA, particularly those impacted by the COVID-19 emergency.

In 2019, Peoples originated 38 small business loans to businesses of different sizes totaling \$9.6 million. There were no businesses with unknown gross annual revenue. Peoples originated 16 (42.1%) loans totaling \$2.0 million (21.2%) to businesses with revenue of \$1.0 million or less, which significantly below the percentage of small businesses at 89.4% and slightly below the aggregate of all lenders at 47.8% by volume and 28.0% by dollar amount. Peoples only originated 13 (34.2%)

small dollar loans in amounts of \$100,000 or less, compared to the aggregate of all lenders at 91.4%. However, the distribution to businesses of different sizes is adequate in 2019, considering the limited number of loans in this competitive market.

While this analysis is skewed by the large number of businesses with unknown gross annual revenue in 2021 and 2020, Peoples exhibits a good responsiveness to credit needs of small businesses in the AA, since small dollar loans tend to represent amounts typically requested by small businesses, particularly those impacted by the COVID-19 emergency. Therefore, the distribution to businesses of different sizes is good.

HMDA Lending

During the evaluation period, Peoples originated 800 HMDA loans totaling \$129.3 million. Of these loans, 388 were refinance loans totaling \$72.7 million, 205 were home purchase loans totaling \$39.9 million, and 146 were home improvement loans totaling \$9.0 million. Peoples' performance was compared to the percentage of families (proxy) and the aggregate of all lenders. Peoples' borrower distribution of refinance, home purchase, and home improvement lending is good. See Appendix E for explicit HMDA lending data.

Refinance Lending

In 2021, Peoples originated 129 refinance loans totaling \$21.6 million. Peoples originated four (3.1%) refinance loan to borrowers with unknown incomes totaling \$747,000 (3.5%). By comparison, the aggregate of all lenders originated 14.6% by volume and 14.7% by dollar amount to borrowers with unknown incomes.

Peoples originated 21 (16.3%) refinance loans to low-income borrowers totaling \$1.7 million (7.7%) which was below the percentage of families at 22.2% by volume and significantly below by dollar amount. Performance substantially exceeded the aggregate of all lenders at 6.5% by volume and 3.4% by dollar amount. Peoples originated 25 (19.4%) refinance loans to moderate-income borrowers totaling \$2.4 million (11.2%), which exceeded the percentage of families at 16.1% by volume and was below by dollar amount. Performance exceeded the aggregate of all lenders at 17.3% by volume and was slightly below at 11.5% by dollar amount.

In 2020, Peoples originated 182 refinance loans totaling \$35.8 million. Peoples originated one (0.5%) refinance loan to low-income borrowers totaling \$76,000 (0.2%), which was substantially below the percentage of families at 3.7% by volume and dollar amount. Performance was significantly below the aggregate of all lenders at 1.5% by volume and 1.1% by dollar amount. Peoples originated 30 (16.5%) refinance loans to moderate-income borrowers totaling \$3.6 million (10.1%), which was slightly below the percentage of families at 17.0% by volume and below by dollar amount. Performance substantially exceeded the aggregate of all lenders at 9.5% by volume and 6.2% by dollar amount.

In 2019, Peoples originated 77 refinance loans totaling \$15.2 million. Peoples originated six (7.8%) refinance loans to borrowers with unknown incomes totaling \$1.4 million (8.9%). By comparison, the aggregate of all lenders originated 13.7% by volume and 14.5% by dollar amount to borrowers with unknown incomes.

Peoples originated two (2.6%) refinance loan to low-income borrowers totaling \$170,000 (1.1%), which was substantially below the percentage of families at 22.8% by volume and dollar amount. Performance was significantly below the aggregate of all lenders at 6.1% by volume and 2.8% by dollar amount. Peoples originated 10 (13.0%) refinance loans to moderate-income borrowers totaling \$1.1 million (7.2%), which was slightly below the percentage of families at 15.8% by volume and significantly below by dollar amount. Performance was slightly below the aggregate of all lenders at 14.5% by volume and 8.5% by dollar amount.

Peoples' refinance lending performance was significantly below proxy and the aggregate of all lenders to low-income borrowers, which is a poor borrower distribution. Peoples' performance was slightly below proxy and exceeded the aggregate of all lenders to moderate-income borrowers, which is a good borrower distribution.

Home Purchase Lending

In 2021, Peoples originated 64 home purchase loans totaling \$13.9 million. Peoples originated one (1.6%) home purchase loans to borrowers with unknown income totaling \$253,000 (1.8%). By comparison, the aggregate of all lenders originated 16.5% by volume and 15.2% by dollar amount to borrowers with unknown incomes.

Peoples originated 11 (17.2%) home purchase loans to low-income borrowers totaling \$1.3 million (9.3%) which was slightly below the percentage of families at 22.2% by volume and significantly below by dollar amount. Performance substantially exceeded the aggregate of all lenders at 8.7% by volume and 4.6% by dollar amount. Peoples originated 22 (34.4%) home purchase loans to moderate-income borrowers totaling \$3.4 million (24.7%), which substantially exceeded the percentage of families at 16.1% by volume. Performance substantially exceeded the aggregate of all lenders at 21.8% by volume and 15.6% by dollar amount.

In 2020, Peoples originated 51 home purchase loans totaling \$10.4 million. Peoples originated 13 (25.5%) home purchase loan to borrowers with unknown incomes totaling \$2.3 million (22.5%). By comparison, the aggregate of all lenders originated 13.5% by volume and 11.7% by dollar amount to borrowers with unknown incomes.

Peoples originated four (7.8%) home purchase loans to low-income borrowers totaling \$362,000 (3.5%) which was significantly below the percentage of families at 22.8% by volume and substantially below by dollar amount. Performance was slightly below the aggregate of all lenders at 9.9% by volume and below at 5.3% by dollar amount. Peoples originated nine (17.6%) home purchase loans to moderate-income borrowers totaling \$1.0 million (9.8%), which exceeded

the percentage of families at 15.8% by volume and was below by dollar amount. Performance was slightly below the aggregate of all lenders at 21.1% by volume and below at 15.2% by dollar amount.

In 2019, Peoples originated 90 home purchase loans totaling \$15.5 million. Peoples originated two (2.2%) home purchase loans to borrowers with unknown incomes totaling \$181,000 (1.2%). By comparison, the aggregate of all lenders originated 14.6% by volume and 12.2% by dollar amount to borrowers with unknown incomes.

Peoples originated 14 (15.6%) home purchase loans to low-income borrowers totaling \$1.4 million (9.2%) which was below the percentage of families at 22.8% by volume and significantly below by dollar amount. Performance substantially exceeded the aggregate of all lenders at 8.3% by volume and 4.3% by dollar amount. Peoples originated 22 (24.4%) home purchase loans to moderate-income borrowers totaling \$3.1 million (19.9%), which substantially exceeded the percentage of families at 15.8% by volume and by dollar amount. Performance exceeded the aggregate of all lenders at 20.3% by volume and 13.8% by dollar amount.

Peoples' performance fell below the percentage of families (proxy) and exceeded the aggregate of all lenders to low-income borrowers, which is a good borrower distribution. Peoples' performance exceeded proxy and the aggregate of all lenders to moderate-income borrowers, which is an excellent borrower distribution.

Home Improvement Lending

In 2021, Peoples originated 73 home improvement loans totaling \$5.1 million. Peoples originated one (1.4%) home improvement loan to borrowers with unknown incomes totaling \$81,000 (1.6%). By comparison, the aggregate of all lenders originated 4.9% by volume and 6.4% by dollar amount to borrowers with unknown incomes.

Peoples originated eight (11.0%) home improvement loans to low-income borrowers totaling \$219,000 (4.3%) which was significantly below the percentage of families at 22.2% by volume and substantially below by dollar amount. Performance was slightly below the aggregate of all lenders at 12.8% by volume and exceeded at 4.1% by dollar amount. Peoples originated 15 (20.5%) home improvement loans to moderate-income borrowers totaling \$657,000 (12.9%), which exceeded the percentage of families at 16.1% by volume and was slightly below by dollar amount. Performance exceeded the aggregate of all lenders at 17.2% by volume and 10.9% by dollar amount.

In 2020, Peoples originated 43 home improvement loans totaling \$2.6 million. Peoples originated two (4.7%) home improvement loans to borrowers with unknown incomes totaling \$95,000 (3.6%). By comparison, the aggregate of all lenders originated 5.7% by volume and 8.4% by dollar amount to borrowers with unknown incomes.

Peoples originated six (14.0%) home improvement loans to low-income borrowers totaling \$260,000 (10.0%) which was below the percentage of families at 22.8% by volume and significantly below by dollar amount. Performance substantially exceeded the aggregate of all lenders at 7.2% by volume and 3.4% by dollar amount. Peoples originated seven (16.3%) home improvement loans to moderate-income borrowers totaling \$241,000 million (9.2%), which exceeded the percentage of families at 15.8% by volume and was below by dollar amount. Performance exceeded the aggregate of all lenders at 14.3% by volume and was slightly below at 10.4% by dollar amount.

In 2019, Peoples originated 30 home improvement loans totaling \$1.3 million. Peoples originated four (13.3%) loans to low-income borrowers totaling \$146,000 (11.3%) which was below the percentage of families at 22.8% by volume and significantly below by dollar amount. Performance substantially exceeded the aggregate of all lenders at 7.0% by volume and 4.3% by dollar amount. Peoples originated six (20.0%) home improvement loans to moderate-income borrowers totaling \$168,000 (13.0%), which exceeded the percentage of families at 15.8% by volume and was slightly below by dollar amount. Performance exceeded the aggregate of all lenders at 14.6% by volume and 10.0% by dollar amount.

Peoples' home improvement loans fell below the percentage of families (proxy) and exceeded the aggregate of all lenders for low-income borrowers, which is an adequate borrower distribution. Peoples' performance exceeded proxy and the aggregate of all lenders to moderate-income borrowers, which is an excellent borrower distribution.

Geographic Distribution of Loans

Peoples' overall geographic distribution of lending is good. Small business and HMDA lending are good. Peoples had significant lending gaps in the Cincinnati AA.

Percentage of Lending Penetration			
Tract Income Level	2019	2020	2021
Low	9.8%	22.0%	13.5%
Moderate	23.3%	60.3%	42.0%
Middle	44.6%	73.3%	47.9%
Upper	50.0%	79.8%	58.3%
Unknown	0.0%	40.0%	0.0%
Total	35.5%	64.5%	44.1%

Peoples was able to penetrate approximately 48.0% of total tracts during the evaluation period. Lending gaps were substantial in low-income tracts with an average penetration rate of 15.0% and significant in moderate-income tracts with an average penetration rate of 42.0%. However, with owner-occupancy rates at 26.0% and rental/vacancy rates at 73.0% in low-income tracts and 48.0% and 52.0% in moderate-income tracts; lending opportunities in these tracts, particularly low-income tracts, are likely to be limited. This market is competitive, and Peoples has a minimal

market share of deposits at 0.4% although it has 19 branches in this AA, including five branches in moderate-income tracts. The improved penetration rate in 2020 can be attributed to an increase of small business loans through the PPP.

Small Business Lending

During the evaluation period Peoples originated 1,139 small business loans to businesses of different sizes totaling \$99.6 million. Peoples' performance was compared to the percentage of businesses by tract (proxy). The geographic distribution of small business lending is good.

In 2021, Peoples originated 363 small business loans totaling \$29.3 million. Peoples originated seven (1.9%) small business loans in low-income tracts totaling \$1.4 million (4.9%), which was significantly below the percentage of businesses in these tracts at 6.2% by volume and slightly below by dollar amount. Performance was significantly below the aggregate of all lenders at 6.4% by volume and slightly below at 6.2% by dollar amount. Peoples originated 91 (25.1%) small business loans in moderate-income tracts totaling \$7.4 million (25.4%), which exceeded the percentage of businesses in these tracts at 19.3% by volume and dollar amount. Performance exceeded the aggregate of all lenders at 18.6% by volume and 20.7% by dollar amount.

In 2020, Peoples originated 738 small business loans totaling \$60.7 million. Peoples originated two (0.3%) small business loans in unknown-income tracts totaling \$30,000 by dollar amount, compared to the percentage of businesses in these tracts at 0.9% and the aggregate of all lenders at 0.8% by volume and 1.4% by dollar amount.

Peoples originated nine (1.2%) small business loans in low-income tracts totaling \$1.3 million (2.1%), which was significantly below the percentage of businesses in these tracts at 6.0% by volume and dollar amount. Performance was significantly below the aggregate of all lenders at 5.3% by volume and 5.6% by dollar amount. Peoples originated 183 (24.8%) small business loans in moderate-income tracts totaling \$16.5 million (27.2%), which exceeded the percentage of businesses in these tracts at 19.3% by volume and dollar amount. Performance exceeded the aggregate of all lenders at 18.3% by volume and 20.6% by dollar amount.

In 2019, Peoples originated 38 small business loans totaling \$9.6 million. Peoples originated three (7.9%) small business loans in low-income tracts totaling \$699,000 (7.2%), which exceeded the percentage of businesses in these tracts at 5.9% by volume and dollar amount. Performance exceeded the aggregate of all lenders at 5.5% by volume and 5.4% by dollar amount. Peoples originated seven (18.4%) small business loans in moderate-income tracts totaling \$1.1 million (19.2%), which was slightly below the percentage of businesses in these tracts at 19.3% by volume and dollar amount. Performance was comparable to the aggregate of all lenders at 18.9% by volume and 19.2% by dollar amount.

Peoples' small business lending performance fell slightly below the percentage of businesses (proxy) and the aggregate of all lenders in LMI tracts during the evaluation period. The geographic distribution of small business lending in LMI tracts is good.

HMDA Lending

During the evaluation period, Peoples originated 800 HMDA loans totaling \$129.3 million. Of these loans, 388 were refinance loans totaling \$72.7 million, 205 were home purchase loans totaling \$39.9 million, and 146 were home improvement loans totaling \$9.0 million. Peoples' performance was compared to the percentage of owner-occupied units (proxy) and the aggregate of all lenders. Peoples' geographic distribution of refinance, home purchase, and home improvement lending is good, considering the limited number of housing units in LMI tracts and the high percentage of rental and vacant units in these tracts, particularly in low-income tracts. See Appendix E for explicit HMDA-reportable lending data.

Refinance Lending

In 2021, Peoples originated 129 refinance loans totaling \$21.6 million. Peoples originated no refinance loans in low-income tracts, compared to the percentage of owner-occupied units in these tracts at 3.9% and the aggregate of all lenders at 2.3% by volume and 1.7% by dollar amount. Peoples originated 31 (24.0%) refinance loans in moderate-income tracts totaling \$3.1 million (14.3%), which exceeded the percentage of owner-occupied units in these tracts at 15.6% by volume and was slightly below by dollar amount. Performance substantially exceeded the aggregate of all lenders at 11.3% by volume and 7.8% by dollar amount.

In 2020, Peoples originated 182 refinance loans totaling \$35.8 million. Peoples originated one (0.5%) refinance loan in a low-income tract totaling \$76,000 (0.2%), which was substantially below the percentage of owner-occupied units in these tracts at 3.7% by volume and dollar amount. Performance was significantly below the aggregate of all lenders at 1.5% by volume and substantially below by 1.1% by dollar amount. Peoples originated 30 (16.5%) refinance loans in moderate-income tracts totaling \$3.6 million (10.1%), which was slightly below the percentage of owner-occupied units in these tracts at 17.0 by volume and below by dollar amount. Performance substantially exceeded the aggregate of all lenders at 9.5% by volume and 6.2% by dollar amount.

In 2019, Peoples originated 77 refinance loans totaling \$15.2 million. Peoples originated one (1.3%) refinance loans in low-income tracts totaling \$235,000 (1.5%), which was significantly below the percentage of owner-occupied units in these tracts at 3.7% by volume and dollar amount. Performance was below the aggregate of all lenders at 2.1% by volume and slightly below at 1.6% by dollar amount. Peoples originated 15 (19.5%) refinance loans in moderate-income tracts totaling \$1.8 million (11.6%), which exceeded the percentage of owner-occupied units in these tracts at 17.0 by volume and was below by dollar amount. Performance significantly exceeded the aggregate of all lenders at 11.0% by volume and 7.2% by dollar amount.

Peoples' refinance lending performance was significantly below the percentage of owner-occupied units (proxy) and the aggregate of all lenders in low-income tracts, which is a poor geographic distribution. Performance mostly exceeded proxy and the aggregate of all lenders in moderate-income tracts, which is an excellent geographic distribution.

Home Purchase Lending

In 2021, Peoples originated 64 home purchase loans totaling \$13.9 million. Peoples originated no home purchase loans in low-income tracts, compared to the percentage of owner-occupied units in these tracts at 3.9% and the aggregate of all lenders at 4.5% by volume and 3.1% by dollar amount. Peoples originated 16 (25.0%) home purchase loans in moderate-income tracts totaling \$2.5 million (18.3%), which substantially exceeded the percentage of owner-occupied units in these tracts at 15.6% by volume and exceeded by dollar amount. Performance substantially exceeded the aggregate of all lenders at 16.0% by volume and 11.5% by dollar amount.

In 2020, Peoples originated 51 home purchase loans totaling \$10.4 million. Peoples originated one (2.0%) home purchase loans in low-income tracts totaling \$59,000 (0.6%), which was below the percentage of owner-occupied units in these tracts at 3.7% by volume and substantially below by dollar amount. Performance was below the aggregate of all lenders at 3.4% by volume and substantially below at 2.3% by dollar amount. Peoples originated 12 (23.5%) home purchase loans in moderate-income tracts totaling \$1.6 million (15.0%), which exceeded the percentage of owner-occupied units in these tracts at 17.0% by volume and was slightly below by dollar amount. Performance exceeded the aggregate of all lenders at 16.3% by volume and 11.2% by dollar amount.

In 2019, Peoples originated 90 home purchase loans totaling \$15.5 million. Peoples originated two (2.2%) home purchase loans in low-income tracts totaling \$209,000 (1.3%), which was slightly below the percentage of owner-occupied units in these tracts at 3.7% by volume and significantly below by dollar amount. Performance was below the aggregate of all lenders at 3.0% by volume and 2.1% by dollar amount. Peoples originated 13 (14.4%) home purchase loans in moderate-income tracts totaling \$1.6 million (10.6%), which was slightly below the percentage of owner-occupied units in these tracts at 17.0% by volume and below by dollar amount. Performance was slightly below the aggregate of all lenders at 15.9% by volume and 10.7% by dollar amount.

Peoples' home purchase lending performance was significantly below the percentage of owner-occupied units (proxy) and the aggregate of all lenders in low-income tracts, which is a poor geographic distribution. The bank's performance mostly exceeded proxy and the aggregate of all lenders in moderate-income tracts, which is an excellent geographic distribution.

Home Improvement Lending

In 2021, Peoples originated 73 home improvement loans totaling \$5.1 million. Peoples originated no home improvement loans in low-income tracts, compared to the percentage of owner-

occupied units in these tracts at 3.9% and the aggregate of all lenders at 7.0% by volume and 4.4% by dollar amount. Peoples originated 18 (24.7%) home improvement loans in moderate-income tracts totaling \$1.0 million (20.0%), which substantially exceeded the percentage of owner-occupied units in these tracts at 15.6% by volume and dollar amount. Performance substantially exceeded the aggregate of all lenders at 16.0% by volume and 8.2% by dollar amount.

In 2020, Peoples originated 43 home improvement loans totaling \$2.6 million. Peoples originated no home improvement loans in low-income tracts, compared to the percentage of owner-occupied units in these tracts at 3.7% and the aggregate of all lenders at 2.7% by volume and 2.4% by dollar amount. Peoples originated 10 (23.3%) home improvement loans in moderate-income tracts totaling \$515,000 (19.7%), which exceeded the percentage of owner-occupied units in these tracts at 17.0% by volume and dollar amount. Performance substantially exceeded the aggregate of all lenders at 11.8% by volume and 9.3% by dollar amount.

In 2019, Peoples originated 30 home improvement loans totaling \$1.3 million. Peoples originated no home improvement loans in low-income tracts, compared to the percentage of owner-occupied units in these tracts at 3.7% and the aggregate of all lenders at 3.5% by volume and 2.2% by dollar amount. Peoples originated seven (23.3%) home improvement loans in moderate-income tracts totaling \$137,000 (10.6%), which exceeded the percentage of owner-occupied units in these tracts at 17.0% by volume and dollar amount. Performance exceeded the aggregate of all lenders at 11.2% by volume and below at 8.4% by dollar amount.

Peoples' home improvement lending performance was significantly below the percentage of owner-occupied units (proxy) and the aggregate of all lenders in the low-income tracts, which is a poor geographic distribution. Performance consistently exceeded the proxy and aggregate of all lenders in moderate-income tracts, which is an excellent geographic distribution.

Community Development Lending

Peoples originated eight community development loans totaling approximately \$14.8 million. The following table reflects the total number community development loans by purpose, number, and dollar amount.

Purpose of CD Loan	#	\$
Revitalize / Stabilize	6	\$13,717,060
Community Services	2	\$ 1,070,000
Total	8	\$14,787,060

Peoples originated six PPP loans totaling \$13.7 million providing funding to five small business in moderate-income communities. These loans are considered responsive because they helped revitalize/stabilize moderate-income communities by helping these businesses keep workers employed during the height of the COVID-19 emergency.

Peoples originated two community services loans totaling \$1.1 million. The first loan provided working capital to a small college in a low-income area with a majority of undergraduate students eligible to receive Pell grants. Peoples also made donations to this college. The second loan was originated to a non-profit to purchase a hotel and convert it into a short-term homeless shelter for LMI families. The shelter also offers wraparound services and life skills training and is the only shelter in the area that provides emergency shelter options for families. These loans are considered responsive because adults with college degrees are less likely to experience poverty and homelessness is increasing, especially among vulnerable populations.

These loans represent 12.8% of Peoples' total community development lending, compared to the percentage of total lending at 17.5% and total deposits at 11.5%. Peoples makes a relatively high level of community development loans in the Cincinnati AA given the size and presence of the institution and community development lending opportunities in this AA. Besides a community development loan, Peoples also made a substantial donation to the local college. These loans exhibit a good responsiveness to credit needs of low-income individuals and geographies and small businesses.

Flexible Lending Practices

Peoples originated 56 loans under its flexible lending programs³⁷ in the Cincinnati AA. This ranks as Peoples' second-highest percentage by total volume of flexible lending originated during the evaluation period. The following table shows the percentage by volume in these flexible lending programs and distribution of lending by tract income.

Geographic Distribution of Flexible Lending Products Assessment Area: Cincinnati OH-KY-IN MSA #17140					
Dreams2Keys Loans			All Other Loan Programs		% of Owner-Occupied Units
Tract Income Level	Number of Loans	# - %	Number of Loans	# - %	
Low	0	0.0	0	0.0	3.9
Moderate	17	54.8	5	20.0	15.6
Middle	10	32.3	14	56.0	42.6
Upper	4	12.9	6	24.0	37.9
Total	31	100.0	25	100.0	100

³⁷ Other Loan Programs include: FHA, FHA Fixed Rate, HomeReady Fixed Rate, D2K 30yr Fixed Rate, USDA Rural Development, VA Fixed Rate, VA IRRL

Peoples originated 17 Dreams2Keys loans and five loans in other flexible loan programs in moderate-income tracts, which exceeded proxy and originated no loans in a flexible loan program in low-income tracts.

Borrower Distribution of Flexible Lending Products					
Assessment Area: Cincinnati OH-KY-IN MSA #17140					
Dreams2Keys Loans			All Other Loan Programs		% of Families
Borrower Income Level	Number of Loans	# - %	Number of Loans	# - %	
Low	11	35.5	5	20.0	22.2
Moderate	12	38.7	10	40.0	16.1
Middle	6	19.4	5	20.0	19.7
Upper	1	3.2	3	12.0	41.9
Unknown	1	3.2	2	8.0	0.1
Total	31	100.0	25	100.0	100

Peoples originated 11 Dreams2Keys loans to low-income borrowers, which exceeded proxy and five loans in other flexible loan programs to low-income borrowers, which was slightly below proxy. Peoples originated 12 Dreams2Keys loans and 10 loans in other flexible loan programs to moderate-income borrowers, which exceeded proxy.

Through these programs Peoples was able to assist borrowers purchase homes in moderate-income geographies and/or help LMI borrowers obtain essential down-payment assistance and first-time homebuyer education.

Peoples originated 1,028 PPP loans totaling \$92.8 million in the Cincinnati AA, representing approximately 19.5% by volume and 14.3% by dollar amount of total PPP loans. This ranks as Peoples' second highest percentage of PPP loans originated during the evaluation period. The following tables show the percentage by volume and dollar amount of PPP loans and distribution of lending by tract income.

Geographic Distribution of PPP Loans Assessment Area: Cincinnati, OH-KY-IN MSA #17140					
Tract Income Level	Number of Loans	# - %	Total Loan Amount	\$ - %	Percentage of Businesses (2021)
Low	36	3.5	\$ 6,366,819	6.9	6.2
Moderate	252	24.5	\$ 30,966,088	33.4	19.3
Middle	384	37.4	\$ 27,549,710	29.7	36.2
Upper	354	34.4	\$ 27,838,732	30.0	37.4
Unknown	2	0.2	\$ 29,800	0.0	0.8
Total	1,028	100.0	\$ 92,751,148	100.0	100.0

Peoples originated 36 (3.5%) PPP loans totaling \$6.4 million (6.9%) in low-income tracts, which fell below the percentage of businesses (proxy) by volume and exceeded by dollar amount. Peoples originated 252 (24.5%) PPP loans totaling \$31.0 million (33.4%) in moderate-income tracts, which exceeded the proxy by volume and dollar amount. Therefore, PPP lending is considered responsive to serving credit needs of small businesses or businesses in LMI geographies in response to the COVID-19 emergency.

Peoples makes use of flexible lending practices in serving AA credit needs, and the qualitative impact of these products on LMI individuals and in LMI areas enhanced Peoples' overall lending test performance.

Investment Test

Peoples' performance relative to the investment test in the Cincinnati AA is rated "Low Satisfactory." Peoples has an adequate level of qualified community development investments and donations.

Peoples has \$2.9 million in qualified community development investments in the Cincinnati AA. The following table reflects the total number of qualified investments by purpose, number, and dollar amount:

Purpose of CD Investments	#	\$
Community Services	5	\$1,712,031
Affordable Housing	2	\$1,195,132
Total	7	\$2,907,163

Peoples obtained four new investments worth approximately \$2.1 million (72.5%). These investments were in three municipal bonds funding capital expenditures for a school where greater than 50.0% of students are eligible for the free or reduced-price lunch program and a mortgage-backed security that supports affordable housing in the Cincinnati area (20 units).

Peoples holds three prior period investments with a current book value of approximately \$798,376 (27.5%). These investments were in a mortgage-backed security that finances affordable housing and two municipal bonds funding renovations for a school in a moderate-income neighborhood.

Qualified investments also took the form of donations totaling \$155,595. Peoples' partners with a wide array of organizations and nonprofits to fund initiatives aimed at responding to community needs and improving the financial stability of individuals and families, economic development activities, and affordable housing. The following table reflects the total number community development donations by purpose, number, and dollar amount.

Purpose of CD Donations	#	\$
Community Services	84	\$134,625
Affordable Housing	14	\$19,470
Economic Development	2	\$1,500
Total	100	\$155,595

The majority of donations (91.0%) by dollar amount were made through Peoples Bank Foundation, followed by donations made through its branches and marketing (7.0%) and annual donation(s) supporting the purchase of Cenmark financial training materials for LMI schools (2.0%).

Examples of impactful small dollar donations include:

- \$50,000 to a small local college in a low-income area with a majority of undergraduate students eligible to receive Pell grants.
- \$12,500 to local food bank (largest emergency food and services provider to children and families in the Greater Cincinnati area).
- \$5,000 to a non-profit that helps LMI women achieve economic independence and professional success.

Community contacts emphasized all aspects of affordable housing as a critical need in the AA and stated individuals with bachelor's degrees have lower poverty rates. In addition, food insecurity is most prevalent among households with inadequate incomes and/or limited access to credit.³⁸ Besides a donation, Peoples also made a community development loan to the local college. While qualified investments are not necessarily innovative or complex, investments and donations exhibit adequate responsiveness to credit and community development needs in the Cincinnati AA.

Qualified investments and donations represent 4.8% of Peoples' total qualified investments by dollar amount, compared to the percentage of total deposits at 11.5% in the Cincinnati AA.

³⁸ U.S. Department of Health and Human Services Office of Disease Prevention and Health Promotion: [Healthy People 2030](#)

Service Test

Peoples' performance relative to the service test in the Cincinnati AA is rated "High Satisfactory." Retail services are accessible, and Peoples provides a relatively high level of community development services in the Cincinnati AA.

Retail Services

Since the previous evaluation, Peoples acquired five new branches, one with a full-service ATM and four with cash-only ATMs. These branches are in Fort Mitchell (Kenton County), Brooksville (Bracken County), Newport (Campbell County), and Florence (Boone County) in Kentucky; and in Ripley (Brown County) in Ohio. The branch in Brown County is in a moderate-income tract. The branch in Kenton County is in an upper-income tract, and the branches in Bracken, Campbell, and Boone counties are in middle-income tracts. The branch in Campbell County has the full-service ATM. During the evaluation period, Peoples closed an acquired branch in Florence, Kentucky (Boone County) in a middle-income tract.³⁹ Peoples record of opening branches in Cincinnati AA has improved accessibility of its delivery systems, particularly to moderate-income geographies and/or LMI individuals.

Peoples maintains 19 branches within this AA, 14 branches with full-service ATMs, three branches with cash-only ATMs, and two branches without ATMs. The two branches without ATMs are in Cincinnati, Ohio (Hamilton County) in upper-income tracts. Peoples also has three other branches in upper-income tracts in Fort Mitchell, Kentucky (Kenton County) and Maineville and Mason, Ohio (Warren County). The branch in Fort Mitchell has a cash-only ATM; the remaining two branches have full-service ATMs. Peoples has nine branches in middle-income tracts. There are two in Kentucky in Brooksville (Bracken County) and Newport (Campbell County). There are seven in Ohio; two in Franklin (Warren County), two in Clermont County in Milford and Batavia, two in Warren County in Springboro and Waynesville, and one in Mount Orab (Brown County). The branch in Brooksville has a cash-only ATM. Peoples has five branches in moderate-income tracts in Ohio; three in Brown County in Ripley, Georgetown, and Sardinia; one in Lebanon (Warren County); and one in Williamsburg (Clermont County). The branch in Ripley has a cash-only ATM. Branch offices in this AA represent 16.7% of Peoples' total branches.

Peoples also has two loan product offices in Ohio in Milford (Clermont County) and Cincinnati (Hamilton County) in upper-income tracts.

Business hours and services provided do not vary in a way that inconveniences certain portions of the assessment area, including moderate-income geographies and/or LMI households. Sixteen of the 19 branches offer drive-thru services, 10 offer weekend hours, and eight offer extended service hours. Four of the five branches in moderate-income tracts offer drive-thru services and weekend hours, and three branches offer extended service hours. Fourteen ATMs are full-

³⁹Branch was acquired 09/17/21 and closed 07/12/22.

service and are available 24 hours a day, 7 days a week, including the four full-service ATMs in moderate-income tracts.

The following table illustrates the percentage of branch offices and ATMs in low- moderate-, middle-, and upper-income census tracts in comparison to the number and percentage of census tracts and the percentage of households and total businesses in those tracts.

Geographic Distribution of Branches and ATMs

Exam: Peoples Bank

Analysis Year: 2022

Assessment Area(s): 2022 Cincinnati, OH-KY-IN MSA #17140

Tract Income Levels	BRANCHES							ATMS								DEMOGRAPHICS*				Total Businesses			
	Total Branches		Opened	Closed**	Drive-Thru	Extended Hours	Weekend Hours	Total ATMs		Full Service				Cash Only				Census Tracts	Households				
	#	%						Total	%	Total	%	Opened	Closed	Total	%	Opened	Closed	#	Tracts		%		
																						%	
Low	Total	0	0.0%	0	0	0	0	Total	0	0.0%	0	0.0%	0	0	0	0.0%	0	0	42	9.8%	7.1%	6.6%	
	DTO	0		0	0	0	Stand Alone	0		0		0	0	0		0	0						
	LS	0		0	0																		
Moderate	Total	5	26.3%	1	0	4	3	4	Total	5	29.4%	4	28.6%	0	0	1	33.3%	1	0	99	23.0%	23.0%	21.6%
	DTO	0		0	0	0	Stand Alone	0		0		0	0	0		0	0						
	LS	0		0																			
Middle	Total	9	47.4%	3	1	8	5	6	Total	9	52.9%	8	57.1%	1	0	1	33.3%	2	1	152	35.3%	37.1%	37.1%
	DTO	0		0	0	0	Stand Alone	0		0		0	0	0		0	0						
	LS	0		0																			
Upper	Total	5	26.3%	1	0	4	0	0	Total	3	17.6%	2	14.3%	0	0	1	33.3%	1	0	122	28.4%	31.3%	33.3%
	DTO	0		0	0	0	Stand Alone	0		0		0	0	0		0	0						
	LS	0		0																			
Unknown	Total	0	0.0%	0	0	0	0	0	Total	0	0.0%	0	0.0%	0	0	0	0.0%	0	0	15	3.5%	1.6%	1.4%
	DTO	0		0	0	0	Stand Alone	0		0		0	0	0		0	0						
	LS	0		0																			
Totals	Total	19	100.0%	5	1	16	8	10	Total	17	100.0%	14	100.0%	1	0	3	100.0%	4	1	430	100.0%	100.0%	100.0%
	DTO	0		0	0	0	Stand Alone	0		0		0	0	0		0	0						
	LS	0		0																			

DTO = Drive Thru Only
LS = Limited Service
Shaded rows indicate totals; unshaded rows are a subset of shaded rows
*Based on 2020 census data
**Closed branches are only included in the "Closed" columns and are not included in any other totals
LPOs not included in totals.

Peoples has no branches in low-income tracts, compared to 9.8% of total tracts are low-income and 7.1% of total households and 6.6% of total businesses are in these tracts. However, branch distribution in moderate-income tracts is excellent. The distribution of branches at 26.3% exceeded the percentage of moderate-income tracts (23.0%), households (23.0%), and total businesses (21.6%) in these tracts. Delivery systems are accessible to Peoples' geographies and individuals of different income levels in the Cincinnati AA.

Community Development Services

During the evaluation period, 13 employees assisted 24 organizations totaling 304 hours of community development service to local organizations that provide a multitude of services throughout the AA. This represents 17.3% of total service hours, which exceeded the total percentage of branches at 16.7%. The hours of service provided in this AA equates to 0.2 ANP. While this represents a reduction in total service hours since the previous evaluation, bank management explained they had limited opportunities to provide in-person community development services in 2020 and 2021 due to COVID-19-related restrictions.

The following table provides a breakdown of qualified community development service by community development purpose.

Purpose of CD Service	# Services	# Organizations	# Employees	# Hours
Affordable Housing	18	15	6	22
Community Services	10	8	7	217
Economic Development	2	1	1	65
Total	30	24	13	304

Employees provided financial expertise through leadership positions in multiple community organizations that provide services to LMI individuals and families; and promote affordable housing, and community and economic development. Community development services include 220 hours serving on boards and committees, 101 hours providing technical expertise primarily in the form of promoting features of first-time homebuyer and affordable housing loan products, and 12 hours of financial literacy for students in moderate-income tracts.

Examples of impactful community development services include but are not limited to:

Serving on boards and committees

- An employee serves on an investment committee and assists with loan reviews for real estate projects that promote economic growth through real estate investments, business financing, and job creation.
- An employee participates on a loan committee to determine SBA qualifications and economic development objectives for an organization helping entrepreneurs launch scalable businesses.
- An employee serves as a board member and assists with acquiring funding to obtain facilities for a local foodbank.
- An employee serves as a board member and treasurer for a non-profit organization that provides wraparound services to children of LMI families.
- An employee serves as a treasurer for a free after-school program located in a moderate-income community.

Technical Expertise

- Eighteen employees provided financial information related to Peoples' Dreams2Keys and Welcome Home mortgage products to realtors, mortgage consultants, and minority-focused real estate companies (i.e., technical assistance advocating multiple mortgage solutions to stakeholders that help LMI first-time homebuyers purchase a home they can afford).

Financial literacy training

- Two employees provided financial literacy training to two schools in moderate-income tracts with 150 students in attendance.

Community contacts emphasized all aspects of affordable housing as a critical need in the AA and engaging the next generation of real estate professionals. The loan products and programs mentioned above help eligible LMI homebuyers obtain decent, affordable homes and employees

engaged with minority-focused real estate companies. While Peoples provides financial literacy training, a community contact expressed the need for more impactful training like financial coaching and credit counseling, because these types of services are what will drive real change in financial behaviors of disenfranchised, LMI individuals. Peoples provides a relatively high level of community development services in the Cincinnati AA, considering its limited presence in this competitive market.

MULTISTATE METROPOLITAN AREA (Full-scope Review)

CRA RATING for Huntington-Ashland WV-KY-OH MSA #26580:⁴⁰ “Outstanding”

The lending test is rated: “Outstanding”

The investment test is rated: “Outstanding”

The service test is rated: “High Satisfactory”

The major factors supporting this rating include:

- A good responsiveness to credit needs;
- A good distribution of loans among borrowers of different income levels and to businesses of different revenue sizes;
- A good geographic distribution of loans throughout the AA;
- An excellent record of serving the credit needs of low-income individuals and areas and very small businesses;
- A leader in making community development loans;
- Makes use of flexible lending practices in serving the AA’s credit needs;
- An excellent level of qualified community development investments and grants;
- Retail delivery systems are readily accessible to portions of geographies and individuals of different income levels and businesses of different revenue sizes;
- A record of opening and closing banking centers that improved the accessibility of delivery systems;
- Banking services and hours that do not vary in a way that inconveniences any portions of the AAs; and,
- Provides a limited level of community development services.

SCOPE OF EVALUATION

The period and products evaluated for the Huntington-Ashland AA are consistent with the overall scope described in the Description of the Institution section of this evaluation. Peoples’ performance in the Huntington-Ashland multistate AA was evaluated using full-scope examination procedures.

⁴⁰ For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation is adjusted and does not reflect performance in the parts of those states contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution’s performance in that area.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE HUNTINGTON-ASHLAND WV-KY-OH MSA #26580

The Huntington-Ashland AA includes the entireties of Cabell and Putnam counties in West Virginia; Boyd and Greenup counties in Kentucky; and Lawrence County in Ohio (excluding Wayne County in West Virginia and Carter County in Kentucky). Since the previous evaluation, Peoples added Lawrence County in 2020 and Putnam County in 2021 after the acquisition of Premier Financial. The Census Bureau released new size and population data from the 2020 Census on August 12, 2021; as a result, the 2022 demographic information is based on 2020 U.S. Census data. Due to these changes this AA was comprised of the following tracts for this analysis. See Appendix C for AA maps and Appendix D for additional demographic data.

Tract Income Level	2019	2020	2021	2022
	Number of Tracts	Number of Tracts	Number of Tracts	Number of Tracts
Low	6	6	6	6
Moderate	11	13	13	16
Middle	22	35	39	47
Upper	11	12	18	19
Unknown	1	1	1	0
Total	51	67	77	88

With the addition of Lawrence County, the AA gained two moderate-income, 13 middle-income, and one upper-income tracts in 2020. As a result of the acquisition, the AA gained four middle-income and six upper-income tracts in 2021. Based on 2020 Census data, the AA gained three moderate-income, eight middle-income, and one upper-income tracts; and lost one unknown-income tract in 2022.

As of June 30, 2022, the FDIC summary of deposits report, ranked Peoples sixth among 23 institutions in this AA with 6.8% of the deposit market share, compared to City National Bank of West Virginia with 15.1%, JP Morgan Chase National Association with 10.5%, and Truist Bank with 9.1% of the deposit market share. Of the financial institutions serving the Huntington-Ashland MSA, Peoples ranked sixth among 24 institutions with 6.1% of the deposit market share; compared to City National Bank of West Virginia, JP Morgan Chase National Association and Truist Bank with 14.9%, 9.5% and 8.2% of the market share. Deposits in this AA accounted for 7.8% of Peoples' total deposits and ranks as the bank's fifth highest percentage of deposits within its CRA delineated footprint.

The 2021 HMDA peer market data shows that Peoples ranked 25th among 267 HMDA reporters in the AA having originated 129 loans. The top three HMDA lenders in this market City National Bank of West Virginia originated 787 loans, Rocket Mortgage, LLC originated 758 loans, and

Movement Mortgage, LLC originated 333 loans. Peoples ranked 24th among HMDA reporters in this market in 2020 and 22nd in 2019.

Peoples ranked 10th among 83 CRA reporters serving the AA in 2021 having originated 160 loans. The top three CRA reporters in this market American Express National Bank originated 676 loans, JP Morgan Chase Bank National Association originated 343 loans, and US Bank National Association originated 299 loans. Peoples ranked third among CRA reporters in this market in 2020 and 16th in 2019.

Community Contacts

There were two community contact interviews conducted as part of this evaluation providing supplemental 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 a foundation serving the AA. The contact stated there are extensive efforts by community stakeholders to improve aging infrastructure to help attract new businesses to the area; Marshall University is a primary stakeholder that spearheads business development and entrepreneurship initiatives to satisfy these needs. The contact stated this area also lacks appropriate educational resources to recruit and retain businesses needed to sustain an adequate workforce. The contact mentioned a local city project, Project Shine, that was launched to assist low-income homeowners in making necessary improvements and repairs to their properties. Some banks actively participated by offering financial counseling and home ownership programs. While Project Shine has been successful, it also revealed that many of the community's low-income properties are owned by absentee landlords who were not interested in participating in the project; and LMI individuals are unaware of available wraparound services, because they reside in rural areas. To combat this lack of awareness, Mountain Health Network, a local non-profit health delivery system, is in the process of creating a software referral system to be shared by frontline charities. This system will enable local charities to combine efforts and promote community resources to LMI individuals. The contact confirmed that local banks are involved in the community, but also indicated there are opportunities for banks to help provide awareness and connect LMI individuals to available resources, such as financial literacy and counseling programs.

The second interview was with a representative from a community action organization offering a wide range of services to LMI individuals and families and providing funding to local programs that aim to reduce poverty and improve lives. The contact stated that 30.0% of the population in the community falls into the ALICE (Asset Limited, Income Constrained, Employed) category, earning just above the federal poverty level, yet struggling to make ends meet. According to the contact, a major challenge is the lack of education among the local population coupled with limited career options and inadequate workforce development training. The ability to learn a trade is limited and most jobs in the area are in the retail sector. The contact added that the local public transportation network only serves the Huntington area, leaving LMI individuals in more rural areas with lack of access to transportation. Not having reliable transportation not only hampers the ability of LMI individuals to receive basic needs, but also attending job training and

workforce development services. The contact said local banks are responsive to the needs of the community, specifically providing free tax assistance to LMI individuals.

Population Characteristics

Population Change Assessment Area: Huntington-Ashland, WV-KY-OH MSA #26580					
Area	2015 Population	2020 Population	Percent Change 2015 to 2020	2021 Population	Percent Change 2020 to 2021
Boyd County, Kentucky	48,917	48,261	-1.3%	47,899	-0.8%
Greenup County, Kentucky	36,477	35,962	-1.4%	35,649	-0.9%
Lawrence County, Ohio	61,827	58,240	-5.8%	57,445	-1.4%
Cabell County, West Virginia	96,824	94,350	-2.6%	93,418	-1.0%
Putnam County, West Virginia	56,596	57,440	1.5%	57,260	-0.3%
Assessment Area	300,641	294,253	-2.1%	291,671	-0.9%
Huntington-Ashland, WV-KY-OH MSA	369,466	359,862	-2.6%	356,581	-0.9%
Kentucky	4,397,353	4,505,836	2.5%	4,506,589	0.0%
Ohio	11,575,977	11,799,448	1.9%	11,764,342	-0.3%
West Virginia	1,851,420	1,793,716	-3.1%	1,785,526	-0.5%
Source: 2011 - 2015 U.S. Census Bureau American Community Survey 2020 U.S. Census Bureau Decennial Census U.S. Census 2021 Population and Housing Unit Estimates Tables					

- From 2015 through 2021 the AA experienced a 3.0%, and West Virginia experienced a 3.6% loss in population; compared to Kentucky and Ohio which experienced 2.5% and 1.6% gains in population, respectively. Lawrence and Cabell counties saw the biggest decreases during this time.
- AA population is decreasing which could increase the economic pressure on the workforce.
- 78.4% of the AA population was 18 years of age or older, the legal age to enter into a contract.
- 17.0% of the population in the AA was age 65 and over, compared to 17.3% in West Virginia, 15.1% in Ohio and 14.4% in Kentucky.
- A higher elderly population may affect economic growth and the ability of government and communities providing adequate resources for older adults, including but not limited to healthcare services.
- 14.5% of the AA's population reside in LMI tracts.
- According to Census data, Huntington (Cabell County) is the largest city in the AA and the second most populous city in West Virginia with 46,025 residents, and its population decreased by 6.3% between 2010 and 2021. By contrast, Flatwoods (Greenup County) is the most populous city in the county with 7,261 residents, and its population decreased

by 2.3% between 1010 and 2021.⁴¹

Income Characteristics

Borrower Income Levels														
Assessment Area: Huntington-Ashland, WV-KY-OH MSA #26580														
FFIEC Estimated Median Family Income			Low			Moderate			Middle		Upper			
Year	\$	% Change	0	-	49.9%	50%	-	79.9%	80%	-	119.9%	120%	-	& above
2019	\$58,800		0	-	\$29,399	\$29,400	-	\$47,039	\$47,040	-	\$70,559	\$70,560	-	& above
2020	\$60,500	2.9	0	-	\$30,249	\$30,250	-	\$48,399	\$48,400	-	\$72,599	\$72,600	-	& above
2021	\$61,000	0.8	0	-	\$30,499	\$30,500	-	\$48,799	\$48,800	-	\$73,199	\$73,200	-	& above
2022	\$68,000	11.5	0	-	\$33,999	\$34,000	-	\$54,399	\$54,400	-	\$81,599	\$81,600	-	& above
Source: 2019-2021 FFIEC Census Data														

Source: 2019-2021 FFIEC Census Data

- During the evaluation period, MFI in the AA increased by 15.6%.
- According to 2015 U.S. Census data, AA MFI at \$57,113 is 1.1 times higher than West Virginia MFI at \$52,866, 1.0 times higher than Kentucky at \$55,367, and 1.1 times lower than Ohio at \$62,817.

Poverty Rates			
Assessment Area: Huntington-Ashland, WV-KY-OH MSA #26580			
Area	2019	2020	2021
Boyd County, Kentucky	20.6	15.8	21.0
Greenup County, Kentucky	15.9	13.0	14.6
Lawrence County, Ohio	16.2	19.8	17.2
Cabell County, West Virginia	18.5	19.9	19.0
Putnam County, West Virginia	8.9	9.9	10.1
Kentucky	16.0	14.9	16.3
Ohio	13.0	12.6	13.3
West Virginia	16.2	15.8	16.8
United States	12.3	11.9	12.8

Source: U.S. Census Bureau Small Area Income and Poverty Estimates Program

- Poverty rates across Kentucky, Ohio, and West Virginia, especially in Kentucky and West Virginia, were consistently higher than the national rates in 2019, 2020 and 2021.
- During this period, poverty rates in Boyd County were consistently higher than poverty rates in Kentucky. However, poverty rates in Greenup County were slightly lower than poverty rates in Kentucky.
- Poverty rates in Lawrence County were substantially higher than poverty rates in Ohio in 2019, 2020 and 2021.
- Poverty rates in Cabell County were consistently higher than poverty rates in West Virginia. However, poverty rates in Putnam County were substantially lower than poverty rates in West Virginia.

⁴¹ [Census - Quick Facts](#)

- Of the 78,331 families in the AA, 37.0% are designated as LMI with 13.1% living below poverty; compared to 39.6% designated as LMI with 13.1% living below poverty across West Virginia, 38.9% designated as LMI with 11.5% living below poverty across Ohio, and 39.6% designated as LMI with 14.4% living below poverty across Kentucky.
- Of the 118,811 households in the AA, 18.6% are below the poverty level and 2.6% receive public assistance; compared to 17.7% of households across West Virginia that are below the poverty level, 18.5% of households across Kentucky that are below the poverty level and 15.0% of households across Ohio that are below the poverty level.
- SNAP helps LMI individuals and families, the elderly, and the working poor purchase food and reduce food insecurity and may free up resources for other necessities, such as clothing, housing, and medical expenses. The table below shows the percent of the population by county that received SNAP benefits in 2020.

SNAP Benefits	
Assessment Area: Huntington-Ashland, WV-KY-OH MSA #26580	
Area	2020
Boyd County, Kentucky	15.4%
Greenup County, Kentucky	13.3%
Lawrence County, Ohio	22.0%
Cabell County, West Virginia	18.5%
Putnam County, West Virginia	9.7%
Source: Federal Reserve Economic Data (FRED) maintained by the Federal Reserve Bank of St. Louis ⁴²	

⁴² [Federal Reserve Economic Data \(FRED\)](#)

Housing Characteristics

Housing Cost Change						
Assessment Area: Huntington-Ashland, WV-KY-OH MSA #26580						
Area	Median Housing Value			Median Gross Rent		
	2015	2021	Percent Change	2015	2021	Percent Change
Boyd County, Kentucky	\$99,700	\$112,000	12.3%	\$625	\$733	17.3%
Greenup County, Kentucky	\$97,700	\$120,800	23.6%	\$629	\$760	20.8%
Lawrence County, Ohio	\$98,900	\$112,200	13.4%	\$652	\$759	16.4%
Cabell County, West Virginia	\$112,800	\$129,900	15.2%	\$653	\$775	18.7%
Putnam County, West Virginia	\$148,600	\$176,300	18.6%	\$731	\$862	17.9%
Assessment Area	\$105,900	\$126,700	19.6%	\$643	\$764	18.8%
Huntington-Ashland, WV-KY-OH MSA	\$105,900	\$126,700	19.6%	\$643	\$764	18.8%
Kentucky	\$123,200	\$155,100	25.9%	\$675	\$826	22.4%
Ohio	\$129,900	\$159,900	23.1%	\$730	\$870	19.2%
West Virginia	\$103,800	\$128,800	24.1%	\$643	\$870	35.3%
Source: 2011-2015 U.S. Census Bureau: American Community Survey 2017-2021 U.S. Census Bureau: American Community Survey						

- Median housing values across the AA increased 19.6% from 2015 to 2021. 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 ratio⁴³ was 39.0 in the AA compared to 35.5 in Kentucky, 38.1 in Ohio and 40.2 in West Virginia. Housing was generally more affordable across the AA than in other parts of Ohio and Kentucky and less affordable than in other parts of West Virginia. Greenup County, Kentucky had the highest affordability ratio at 46.4, and Cabell County, West Virginia had the least affordable housing with an affordability ratio at 34.0.
- Median gross rents across the AA increased 18.8% from 2015 to 2021. The rise in median gross rents indicates the need for more affordable housing. According to 2015 Census data, 43.1% of all renters in the AA have rental costs that are at least 30.0% of their income.
- According to HUD's 2021 Fair Market Rents data, the average rent for a one-bedroom unit was \$652 and \$791 for a two-bedroom unit in every county in the MSA, except for Putnam County, West Virginia which had a slightly higher average rent of \$694 for a one-bedroom unit and \$907 for a two-bedroom unit. While rents are rising, a median two-bedroom rent is still below the national average of \$1,295.⁴⁴

⁴³ 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.

⁴⁴ [National Low Income Housing Coalition](#)

- There are 135,525 housing units in the AA, of which 62.3% are owner occupied, 25.3% are rental and 12.3% are vacant; consequently, there are more households who own their homes than there are renters. Only 6.5% of total housing units are in low-income tracts and 28.0% of the housing units are owner-occupied and 72.0% are either rental or vacant. Only 10.1% of total housing units are in moderate-income tracts and 46.2% of the housing units are owner occupied and 53.8% are either rental or vacant. With 37.6% of housing units across the AA being either rental or vacant, there may be limited opportunities to originate mortgage loans, particularly in LMI tracts.
- The median age of housing stock across the AA is 48 years old, and 22.3% of housing units were built prior to 1950; compared to 61 years old, the median age of housing stock in LMI tracts. The age of the housing stock across the AA demonstrates a potential need for home improvement lending and refinance or home improvement loans to remove lead-based paint that was commonly used on houses and apartments built before 1978.⁴⁵

Housing Cost Burden						
Assessment Area: Huntington-Ashland, WV-KY-OH MSA #26580						
Area	Cost Burden - Owners			Cost Burden - Renters		
	Low Income	Moderate Income	All Owners	Low Income	Moderate Income	All Renters
Boyd County, Kentucky	61%	23%	16%	62%	41%	37%
Greenup County, Kentucky	62%	21%	17%	66%	35%	37%
Lawrence County, Ohio	59%	33%	20%	71%	32%	38%
Cabell County, West Virginia	46%	22%	14%	69%	55%	49%
Putnam County, West Virginia	42%	15%	13%	72%	15%	33%
Assessment Area	52%	23%	16%	68%	40%	42%
Huntington-Ashland, WV-KY-OH MSA	50%	21%	16%	65%	37%	40%
Kentucky	53%	25%	17%	68%	27%	38%
Ohio	59%	27%	17%	72%	24%	40%
West Virginia	45%	18%	14%	62%	30%	37%
Cost Burden is housing cost that equals 30 percent or more of household income						
Source: U.S. Department of Housing and Urban Development (HUD), 2015-2019 Comprehensive Housing Affordability Strategy						

- 52.0% of low-income homeowners and 68.0% of low-income renters are cost burdened, compared to 23.0% of moderate-income homeowners and 40.0% of moderate-income renters.
- About 16.0% of all homeowners and 42.0% of renters across the AA are cost burdened, compared to 17.0% of all homeowners and 40.0% of renters across Ohio, 17% of all

⁴⁵ [Ohio Department of Health/Know Our Programs/Childhood Lead Poisoning](#)

homeowners and 38% of renters in Kentucky, and 14% of all homeowners and 37% of renters across West Virginia.

- The data shows that cost burden disproportionately affects renter-occupied households, particularly low-income renters, and low-income homeowners, respectively.
- 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.

Labor, Employment, and Economic Characteristics

Unemployment Rates					
Assessment Area: Assessment Area: Huntington-Ashland, WV-KY-OH MSA #26580					
Area	2017	2018	2019	2020	2021
Boyd County, Kentucky	7.0%	5.8%	5.4%	8.1%	6.2%
Greenup County, Kentucky	7.5%	6.4%	6.2%	8.6%	6.8%
Lawrence County, Ohio	5.9%	5.6%	5.2%	8.5%	5.1%
Cabell County, West Virginia	4.6%	4.7%	4.2%	7.8%	4.6%
Putnam County, West Virginia	4.7%	4.8%	4.4%	7.2%	4.2%
Assessment Area	5.5%	5.2%	4.8%	7.9%	5.1%
Huntington-Ashland, WV-KY-OH MSA	5.8%	5.5%	5.1%	8.1%	5.3%
Kentucky	4.8%	4.2%	4.1%	6.4%	4.7%
Ohio	5.0%	4.5%	4.2%	8.2%	5.1%
West Virginia	5.2%	5.2%	4.9%	8.2%	5.0%

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

- While 2017-2019 unemployment rates decreased across the AA, the 2020 unemployment rate increased substantially in response to the COVID-19 pandemic. The average unemployment rate in the AA increased from 4.8% in 2019 to 7.9% in 2020. AA unemployment rates were generally higher than unemployment rates in Kentucky during this period. AA unemployment rates were higher than unemployment rates in Ohio from 2017-2019, but lower in 2020 and the same in 2021. AA unemployment rates were very closely aligned with unemployment rates in West Virginia during this period, fluctuating no more than 0.3% higher or lower throughout.
- According to the Bureau of Labor Statistics,⁴⁶ the leading industries by total employed persons in the MSA, by industry are health care and social assistance, government, retail trade, accommodation and food services, and manufacturing.
- Major employers in the MSA include Cabell Huntington Hospital, Marshall University, CSX Railroad, GC Services, Special Metals, VA Medical Center, Alcon Manufacturing, Heiner's Bakery, Incorporated, Huntington Internal Medicine Group, Incorporated and Steel of West Virginia.⁴⁷
- Marshall University is a major economic driver in Huntington and the Tri-State area, with an estimated half-billion-dollar impact on the state economy each year. The university

⁴⁶ [Bureau of Labor Statistics\(BLS\), Quarterly Census of Employment and Wages](#)

⁴⁷ [Herald Dispatch - Huntington Area Employers](#)

recently launched a business incubator in Huntington, created to help foster business creation and entrepreneurship in the region. With the loss of the coal industry and other prominent industries in the region, Marshall has become the leader in innovation, investment, education, economic drive, and development in the region.⁴⁸

- The Appalachian region covers all of West Virginia, and parts of Kentucky and Ohio. Historically, Appalachia has battled poverty, unemployment, lower educational attainment, and wages. While significant progress has been made in key economic factors like poverty, per capita income and high school graduation rates, challenges such as economic transition in coal communities, the substance abuse crisis and COVID-19 remain. Appalachia still trails behind the rest of the nation on several socioeconomic indicators. The Appalachian Regional Commission (ARC) is a federal-state partnership dedicated to ensuring that Appalachia will achieve socioeconomic parity with the nation, with economic indicators becoming proportionate with the nation. Every year, ARC applies an index-based classification system to compare each county in Appalachia with national averages to understand how counties are performing. Analyzing three-year average unemployment rates, per capita market income, and poverty rates, each one of Appalachia's counties is then classified within one of five economic status designations—distressed, at-risk, transitional, competitive, or attainment. All the counties in this AA appear to be experiencing higher levels of unemployment and poverty than the national rates.⁴⁹
- According to the Centers of Disease Control and Prevention, the following three counties in this AA are vulnerable to high rates of different types of illnesses because of the opioid epidemic: Cabell, Boyd, and Greenup counties. These counties are particularly susceptible to reduced labor market activity and stunted economic growth potential.⁵⁰
- Based on 2015 Census data and BroadbandOhio,⁵¹ while approximately 79.8% of households in Lawrence County have a broadband internet subscription, 61.0% of the populated areas and 21.0% of households do not have access to the minimum bandwidth needed for basic internet activity. According to BroadbandNow,⁵² 98.1% of residents in Greenup County and 99.3% of residents in Boyd County have access to the minimum bandwidth needed for basic internet activity; compared to 80.3% of residents in Putnam County and 92.5% of residents in Cabell County that have access to the minimum bandwidth needed for basic internet activity.
- A Federal Reserve Bank of Cleveland report, *Access to Broadband is Essential for Positive Economic Outcomes*,⁵³ found that employment rates differed markedly for those with and without broadband in both urban and rural counties. Nationally, those with access to a broadband-enabled computer are employed at a higher rate in urban and rural counties.

⁴⁸ [Marshall University - WV News](#)

⁴⁹ [Appalachian Regional Commission](#)

⁵⁰ [Centers for Disease Control and Prevention](#)

⁵¹ [Broadband Ohio](#)

⁵² [Broadband Now - West Virginia](#)

⁵³ [Cleveland Fed](#)

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE HUNTINGTON-ASHLAND WV-KY-OH MSA #26580

Lending Test

Peoples' performance relative to the lending test in the Huntington-Ashland AA is rated "Outstanding." Primary ratings drivers include being a leader in making community development loans, use of flexible lending products, excellent responsiveness to AA credit needs, and a moderate level of lending gaps.

Peoples' lending activity demonstrates a good responsiveness to the credit needs of the community. Peoples has a good distribution among borrowers of different income levels and to businesses of different revenue sizes. Peoples has a good geographic distribution of loans with a moderate level of lending gaps. Peoples is a leader in making community development loans and makes use of flexible lending practices in this AA. Peoples exhibits an excellent record of serving the credit needs of highly economically disadvantaged areas in its AA, low-income individuals, or businesses with gross annual revenue of \$1.0 million or less.

Lending Activity

Home purchase, refinance, home improvement, and small business loans were evaluated separately each year in the evaluation period, with the exception of 2019 and 2020. Due to limited volume, HMDA loans were combined in 2019 to conduct a meaningful analysis. In 2020 there was not enough volume to evaluate home improvement loans. Also, in 2019 there was not enough volume to evaluate small business loans. Small farm, multi-family, and other purpose closed-end loans were not considered in this evaluation due to limited volume.

Lending activity levels reflect a good responsiveness to the credit needs within the AA. The percentage of Peoples' lending in the Huntington-Ashland AA is 7.4% compared to the percentage of total deposits is 7.8%.

No concentration of loans was identified in the excluded counties in the Huntington-Ashland MSA during the evaluation period.

Lastly, small business loans received greater weight than HMDA loans (refinance, home purchase and home improvement, respectively) in this AA based on the total loan volume by number and dollar amounts.

Distribution by Borrower Income and Revenue Size of the Business

Borrower distribution received greater weight than geographic distribution in this AA, since the overall percentage of LMI families is greater than the overall percentage of LMI geographies.

Peoples' overall distribution to businesses of different sizes and among borrowers of different income (including LMI) levels is good. Small business lending is good and HMDA lending is good.

Small Business Lending

During the evaluation period Peoples originated 520 small business loans to businesses of different sizes totaling \$65.8 million, and 419 (81.0%) loans totaling \$44.2 million (67.0%) were PPP loans with unknown gross annual revenue. Peoples' performance was compared to the percentage of businesses (proxy).

In 2021, Peoples originated 161 small business loans to businesses of different sizes totaling \$21.7 million, of which 75.2% were extended to businesses with unknown revenue. Of the total small business loans, 120 (74.5%) loans totaling \$15.0 million (69.1%) were PPP loans. Peoples originated 29 (18.0%) loans totaling \$4.1 million (19.1%) to businesses with revenue of \$1.0 million or less, compared to the percentage of small businesses at 88.9% and the aggregate of all lenders at 47.2% by volume and 32.7% by dollar amount. While this is a poor distribution, Peoples originated 103 (64.0%) small dollar loans in amounts of \$100,000 or less, compared to the aggregate of all lenders at 88.1%. Peoples' willingness to lend in smaller amounts exhibits an adequate responsiveness to credit needs of small businesses in the AA, particularly those impacted by the COVID-19 emergency.

In 2020, Peoples originated 346 small business loans to businesses of different sizes totaling \$39.9 million, of which 86.7% were extended to businesses with unknown revenue. Of the total small business loans, 299 (86.4%) loans totaling \$29.2 (73.2%) were PPP loans. Peoples originated 24 (6.9%) loans totaling \$4.5 million (11.4%) were originated to businesses with revenue of \$1.0 million or less, compared to the percentage of small businesses at 89.4% and the aggregate of all lenders at 30.0% by volume and 22.2% by dollar amount. While this is a poor distribution, Peoples originated 235 (67.9%) small dollar loans in amounts of \$100,000 or less, compared to the aggregate of all lenders at 83.0%. Peoples' willingness to lend in smaller amounts exhibits a good responsiveness to credit needs of small businesses in the AA, particularly those impacted by the COVID-19 emergency.

While this analysis was skewed by the large number of businesses with unknown gross annual revenue, Peoples exhibits a good responsiveness, particularly in 2020 the year with the most loans, to credit needs of small businesses in the AA. Small dollar loans tend to represent amounts typically requested by small businesses, particularly those impacted by the COVID-19 emergency. Also, the bank's non-PPP lending to small businesses was similar to demographic and aggregate comparators. Finally, community contacts expressed the need for banks to offer small dollar loans to attract new businesses to the AA. Considering these factors, Peoples' distribution to businesses of different sizes is good.

HMDA Lending

During the evaluation period, Peoples originated 311 HMDA loans totaling \$57.0 million. Of these loans, 136 were refinance loans totaling \$17.1 million, 105 were home purchase loans totaling \$13.6 million, and 47 were home improvement loans totaling \$1.7 million. Peoples' performance was compared to the percentage of families (proxy) and the aggregate of all lenders. Peoples' borrower distribution of refinance, home purchase, home improvement, and combined HMDA lending is good. See Appendix E for explicit HMDA-reportable lending data.

Refinance Lending

In 2021, Peoples originated 71 refinance loans totaling \$8.5 million. Peoples originated two (2.8%) refinance loan to borrowers with unknown incomes totaling \$150,000 (1.8%). By comparison, the aggregate of all lenders originated 19.4% by volume and 20.8% by dollar amount to borrowers with unknown incomes.

Peoples originated five (7.0%) refinance loans to low-income borrowers totaling \$355,000 (4.2%) which was significantly below the percentage of families at 21.2% by volume and substantially below by dollar amount. Performance substantially exceeded the aggregate of all lenders at 4.9% by volume and 2.5% by dollar amount. Peoples originated 12 (16.9%) refinance loans to moderate-income borrowers totaling \$912,000 (10.7%), which exceeded the percentage of families at 15.8% by volume and was below by dollar amount. Performance substantially exceeded the aggregate of all lenders at 11.0% by volume and 7.0% by dollar amount.

In 2020, Peoples originated 46 refinance loans totaling \$6.7 million. Peoples originated four (8.7%) refinance loans to borrowers with unknown incomes totaling \$660,000 (9.9%). By comparison, the aggregate of all lenders originated 20.5% by volume and 22.7% by dollar amount to borrowers with unknown incomes.

Peoples originated two (4.3%) refinance loans to low-income borrowers totaling \$106,000 (1.6%), which was substantially below the percentage of families at 23.0% by volume and dollar amount. Performance exceeded the aggregate of all lenders at 4.2% by volume and was slightly below at 1.9% by dollar amount. Peoples originated eight (17.4%) refinance loans to moderate-income borrowers totaling \$656,000 (9.9%), which exceeded the percentage of families at 15.9% by volume and was below by dollar amount. Performance exceeded the aggregate of all lenders at 12.4% by volume and 7.6% by dollar amount.

Peoples' refinance lending performance was significantly below proxy but exceeded the aggregate of all lenders to low-income borrowers, which is a good borrower distribution. Peoples' performance exceeded proxy and the aggregate of all lenders to moderate-income borrowers, which is an excellent borrower distribution.

Home Purchase Lending

In 2021, Peoples originated 59 home purchase loans totaling \$7.5 million. Peoples originated seven (11.9%) home purchase loans to borrowers with unknown income totaling \$838,000 (11.2%). By comparison, the aggregate of all lenders originated 15.7% by volume and 13.8% by dollar amount to borrowers with unknown incomes.

Peoples originated nine (15.3%) home purchase loans to low-income borrowers totaling \$697,000 million (9.3%) which was below the percentage of families at 21.2% by volume and significantly below by dollar amount. Performance substantially exceeded the aggregate of all lenders at 6.8% by volume and 3.5% by dollar amount. Peoples originated 11 (18.6%) home purchase loans to moderate-income borrowers totaling \$1.2 million (15.5%), which exceeded the percentage of families at 15.8% by volume and was slightly below by dollar amount. Performance was slightly below the aggregate of all lenders at 19.4% by volume and exceeded at 13.7% by dollar amount.

In 2020, Peoples originated 34 home purchase loans totaling \$5.0 million. Peoples originated one (2.9%) home purchase loan to borrowers with unknown incomes totaling \$56,000 (1.1%). By comparison, the aggregate of all lenders originated 12.5% by volume and 11.5% by dollar amount to borrowers with unknown incomes.

Peoples originated four (11.8%) home purchase loans to low-income borrowers totaling \$344,000 (6.9%) which was below the percentage of families at 23.0% by volume and substantially below by dollar amount. Performance substantially exceeded the aggregate of all lenders at 7.7 % by volume and 4.3% by dollar amount. Peoples originated 10 (29.4%) home purchase loans to moderate-income borrowers totaling \$1.1 million (22.4%), which substantially exceeded the percentage of families at 15.9% by volume and dollar amount. Performance exceeded the aggregate of all lenders at 21.8% by volume and 16.1% by dollar amount.

Peoples' home purchase lending performance fell below the percentage of families (proxy) but substantially exceeded the aggregate of all lenders to low-income borrowers, which is a good borrower distribution. Peoples' performance exceeded proxy and the aggregate of all lenders to moderate-income borrowers, which is an excellent borrower distribution.

Home Improvement Lending

In 2021, Peoples originated 26 home improvement loans totaling \$1.0 million. Peoples originated five (19.2%) home improvement loan to borrowers with unknown incomes totaling \$261,000 (25.5%). By comparison, the aggregate of all lenders originated 3.7% by volume and 3.6% by dollar amount to borrowers with unknown incomes.

Peoples originated one (3.8%) home improvement loan to low-income borrowers totaling \$30,000 (2.9%) which was substantially below the percentage of families at 21.2% by volume and dollar amount. Performance was slightly below the aggregate of all lenders at 3.9% by volume and

exceeded at 2.3% by dollar amount. Peoples originated six (23.1%) home improvement loans to moderate-income borrowers totaling \$201,000 (19.7%), which exceeded the percentage of families at 15.8% by volume and dollar amount. Performance substantially exceeded the aggregate of all lenders at 14.5% by volume and 11.5% by dollar amount.

Peoples' home improvement loans were substantially below the percentage of families (proxy) but exceeded of the aggregate of all lenders to low-income borrowers, which is an adequate borrower distribution. Peoples' performance exceeded proxy and the aggregate of all lenders to moderate-income borrowers, which is an excellent borrower distribution.

HMDA Lending (combined)

In 2019, Peoples originated 40 HMDA loans totaling \$3.4 million. Peoples originated five (12.5%) HMDA loans to borrowers with unknown incomes totaling \$553,000 (16.3%). By comparison, the aggregate of all lenders originated 14.1% by volume and 14.0% by dollar amount to borrowers with unknown incomes.

Peoples originated nine (22.5%) HMDA loans to low-income borrowers, totaling \$350,000 (10.3%), which was slightly below the percentage of families at 23.1% by volume and significantly below by dollar amount. Performance substantially exceeded the aggregate of all lenders at 7.3% by volume and 3.6% by dollar amount. Peoples originated five (12.5%) HMDA loans to moderate-income borrowers totaling \$434,000 (12.8%), which was slightly below the percentage of families at 16.1% by volume and dollar amount. Performance was slightly below the aggregate of all lenders at 16.0% by volume and exceeded at 11.3% by dollar amount.

Borrower distribution of HMDA loans to LMI borrowers is good considering Peoples' performance was slightly below proxy and exceeded the aggregate of all lenders.

Geographic Distribution of Loans

Peoples' overall geographic distribution of lending is good. Small business lending is excellent and HMDA lending is good. Peoples has moderate lending gaps in the Huntington-Ashland AA.

Percentage of Lending Penetration			
Tract Income Level	2019	2020	2021
Low	50.0%	100.0%	83.3%
Moderate	18.2%	84.6%	84.6%
Middle	68.2%	88.6%	86.2%
Upper	54.5%	100.0%	100.0%
Unknown	0.0%	100.0%	0.0%
Total	51.0%	91.0%	88.1%

Peoples was able to penetrate approximately 77.0% of total tracts during the evaluation period. Lending gaps were moderate in low-income tracts with an average penetration rate of 78.0% and significant in moderate-income tracts with an average penetration rate of 63.0%. However, with owner-occupancy rates at 18.0%, and rental/vacancy rates at 82.0% in low-income tracts and 42.0% and 57.4% in moderate-income tracts; lending opportunities in these tracts, particularly low-income tracts, are likely to be limited. The improved penetration rate in 2020 can be attributed to an increase of small business loans through the PPP.

Small Business Lending

During the evaluation period Peoples originated 520 small business loans to businesses of different sizes totaling \$65.8 million. Peoples' performance was compared to the percentage of businesses by tract (proxy). The geographic distribution of small business lending is excellent.

In 2021, Peoples originated 161 small business loans totaling \$21.7 million. Peoples originated 21 (13.0%) small business loans in low-income tracts totaling \$3.5 million (16.1%), which exceeded the percentage of businesses in these tracts at 9.9% by volume and substantially exceeded by dollar amount. Performance exceeded the aggregate of all lenders at 8.9% by volume and 10.9% by dollar amount. Peoples originated 31 (19.3%) small business loans in moderate-income tracts totaling \$3.6 million (16.6%), which exceeded the percentage of businesses in these tracts at 13.5% by volume and dollar amount. Performance substantially exceeded the aggregate of all lenders at 11.1% by volume and exceeded by 14.3% by dollar amount.

In 2020, Peoples originated 346 small business loans totaling \$39.9 million. Peoples originated 59 (17.1%) small business loans in low-income tracts totaling \$6.5 million (16.4%), which exceeded the percentage of businesses in these tracts at 12.2% by volume and dollar amount. Performance was exceeded the aggregate of all lenders at 14.4% by volume and was slightly below at 17.9% by dollar amount. Peoples originated 74 (16.4%) small business loans in moderate-income tracts totaling \$9.2 million (23.1%), which exceeded the percentage of businesses in these tracts at 16.7% by volume and dollar amount. Performance exceeded the aggregate of all lenders at 16.4% by volume and 20.4% by dollar amount.

Peoples' small business lending performance exceeded the percentage of businesses (proxy) and the aggregate of all lenders in LMI tracts during the evaluation period. The geographic distribution of small business lending in LMI tracts is excellent.

HMDA Lending

During the evaluation period, Peoples originated 311 HMDA loans totaling \$57.0 million. Of these loans, 136 were refinance loans totaling \$17.1 million, 105 were home purchase loans totaling \$13.6 million, and 47 were home improvement loans totaling \$1.7 million. Peoples' performance was compared to the percentage of owner-occupied units (proxy) and the aggregate of all lenders. Peoples' geographic distribution of refinance lending is adequate, home purchase

and combined HMDA lending is good, and home improvement lending is excellent, considering the limited number of housing units in LMI tracts and the high percentage of rental and vacant units in these tracts, particularly in low-income tracts. See Appendix E for explicit HMDA-reportable lending data.

Refinance Lending

In 2021, Peoples originated 71 refinance loans totaling \$8.5 million. Peoples originated no refinance loans in low-income tracts, compared to the percentage of owner-occupied units in these tracts at 2.9% and the aggregate of all lenders at 1.5% by volume and 0.9% by dollar amount. Peoples originated two (2.8%) refinance loans in moderate-income tracts totaling \$176,000 (2.1%), which was significantly below the percentage of owner-occupied units in these tracts at 7.5% by volume and dollar amount. Performance was below the aggregate of all lenders at 4.0% by volume and 3.0% by dollar amount.

In 2020, Peoples originated 46 refinance loans totaling \$6.7 million. Peoples originated one (2.2%) refinance loan in unknown income tracts totaling \$150,000 by dollar amount, compared to the percentage of owner-occupied units in these tracts at 0% and the aggregate of all lenders who had no loans with unknown income.

Peoples originated no refinance loans in low-income tracts, compared to the percentage of owner-occupied units in these tracts at 3.7% and the aggregate of all lenders at 1.8% by volume and 1.7% by dollar amount. Peoples originated one (2.2%) refinance loan in moderate-income tracts totaling \$289,000 (4.3%), which was substantially below the percentage of owner-occupied units in these tracts at 9.5 by volume and significantly below by dollar amount. Performance significantly below the aggregate of all lenders at 4.9% by volume and exceeded at 4.0% by dollar amount.

Peoples' refinance lending performance was significantly below the percentage of owner-occupied units (proxy) and the aggregate of all lenders in low-income tracts, which is a poor geographic distribution. Performance was below proxy and the aggregate of all lenders in moderate-income tracts, which is an adequate geographic distribution.

Home Purchase Lending

In 2021, Peoples originated 59 home purchase loans totaling \$7.5 million. Peoples originated two (3.4%) home purchase loans in low-income tracts, totaling \$135,000 (1.8%), which exceeded the percentage of owner-occupied units in these tracts at 2.9% by volume and below by dollar amount. Performance exceeded all lenders at 2.4% by volume and 1.6% by dollar amount. Peoples originated four (6.8%) home purchase loans in moderate-income tracts totaling \$439,000 (5.9%), which was slightly below the percentage of owner-occupied units in these tracts at 7.5% by volume and by dollar amount. Performance exceeded the aggregate of all lenders at 6.5% by volume and 4.2% by dollar amount.

In 2020, Peoples originated 34 home purchase loans totaling \$5.0 million. Peoples originated two (5.9%) home purchase loans in low-income tracts totaling \$216,000 (4.3%), which substantially exceeded the percentage of owner-occupied units in these tracts at 3.7% by volume and exceeded by dollar amount. Performance substantially exceeded the aggregate of all lenders at 3.1% by volume and 2.3% by dollar amount. Peoples originated five (14.7%) home purchase loans in moderate-income tracts totaling \$487,000 (9.8%), which substantially exceeded the percentage of owner-occupied units in these tracts at 9.5% by volume and exceeded by dollar amount. Performance substantially exceeded the aggregate of all lenders at 6.6% by volume and 4.8% by dollar amount.

Peoples' home purchase lending performance exceeded the percentage of owner-occupied units (proxy) and the aggregate of all lenders in low-income tracts, which is an excellent geographic distribution. The bank's performance was slightly below proxy and exceeded the aggregate of all lenders in moderate-income tracts, which is a good geographic distribution.

Home Improvement Lending

In 2021, Peoples originated 26 home improvement loans totaling \$1.0 million. Peoples originated three (11.5%) home improvement loans in low-income tracts, totaling \$100,000 (9.8%), which substantially exceeded the percentage of owner-occupied units in these tracts at 2.9% by volume and dollar amount. Performance substantially exceeded all lenders at 4.5% by volume and 2.4% by dollar amount. Peoples originated two (7.7%) home improvement loans in moderate-income tracts totaling \$169,000 (16.5%), which exceeded the percentage of owner-occupied units in these tracts at 7.5% by volume and substantially exceeded by dollar amount. Performance substantially exceeded the aggregate of all lenders at 4.2% by volume and 3.4% by dollar amount.

Peoples' home improvement lending performance exceeded the percentage of owner-occupied units (proxy) and the aggregate of all lenders in LMI tracts, which is an excellent geographic distribution in these tracts.

HMDA Lending (combined)

In 2019, Peoples originated 41 HMDA loans totaling \$4.3 million. Peoples originated two (4.9%) HMDA loans in a low-income tract totaling \$1.0 million (23.3%), which was slightly below the percentage of owner-occupied units in these tracts at 5.0% by volume and substantially exceeded by dollar amount. The bank's performance substantially exceeded the aggregate of all lenders at 2.8% by volume and at 2.1% by dollar amount. Peoples originated no HMDA loans in moderate-income tracts, compared to the percentage of owner-occupied units in these tracts at 9.1% and the aggregate of all lenders at 6.6% by volume and 4.3% by dollar amount. Geographic distribution for HMDA lending is excellent in low-income tracts and poor in moderate-income tracts.

Community Development Lending

Peoples originated four community development loans totaling approximately \$11.3 million. The following table reflects the total number community development loans by purpose, number, and dollar amount.

Purpose of CD Loan	#	\$
Community Services	2	\$7,998,232
Revitalization / Stabilization	2	\$3,292,600
Total	4	\$11,290,832

Peoples originated two community services loans totaling \$8.0 million that provided working capital to expand services to a community-based healthcare provider in a moderate-income area. This provider serves a Medically Underserved Area (MUA) and administers specialized programs, including but not limited to a mobile medical unit to LMI women and children and those who are homeless. These loans are considered responsive because they provide funds to a healthcare provider that primarily serves LMI and other vulnerable populations in medically underserved, moderate-income area.

Peoples originated two PPP loans totaling \$3.3 million providing funding to a small business and a nonprofit that provides hospice care and mental health services in LMI communities. These loans are considered responsive because they helped revitalize/stabilize these LMI communities by helping these businesses keep workers employed during the height of the COVID-19 emergency.

These loans represent 9.8% of Peoples' total community development lending, compared to the percentage of total lending at 7.4% and total deposits at 7.8%. Peoples is a leader in making community development loans in the Huntington-Ashland AA given the size and presence of the institution and community development lending opportunities in this AA. These loans exhibit an excellent responsiveness to credit needs of low-income individuals and geographies and small businesses.

Flexible Lending Practices

Peoples originated 35 loans under its flexible lending programs in the Huntington-Ashland AA, including 30 Dreams2Keys loans and five loans in other flexible loan programs. This ranks as Peoples' fourth-highest percentage by total volume of flexible lending originated during the evaluation period. The following table shows the percentage by volume in these flexible lending programs and distribution of lending by census tracts.

Geographic Distribution of Flexible Lending Products Assessment Area: Huntington-Ashland, WV-KY-OH MSA #26580					
Dreams2Keys Loans			All Other Loan Programs		% of Owner-Occupied Units
Tract Income Level	Number of Loans	# - %	Number of Loans	# - %	
Low	4	13.3	1	20.0	2.9
Moderate	6	20.0	3	60.0	7.5
Middle	15	50.0	0	0.0	60.8
Upper	5	16.7	1	20.0	28.8
Total	30	100.0	5	100.0	100

Peoples originated four Dreams2Keys and one loan in another flexible loan program in low-income tracts, which exceeded proxy by volume. Peoples originated six Dreams2Keys loans and three loans in other flexible loan programs in moderate-income tracts, which exceeded proxy by volume.

Borrower Distribution of Flexible Lending Products Assessment Area: Huntington-Ashland, WV-KY-OH MSA #26580					
Dreams2Keys Loans			All Other Loan Programs		% of Families
Borrower Income Level	Number of Loans	# - %	Number of Loans	# - %	
Low	11	36.7	0	0.0	21.2
Moderate	16	53.3	3	60.0	15.8
Middle	2	6.7	1	20.0	19.8
Upper	0	0.0	1	20.0	43.2
Unknown	1	3.3	0	0.0	0
Total	30	100.0	5	100.0	100

Peoples originated 11 Dreams2Keys loans to low-income borrowers, which exceeded proxy by volume. Peoples originated 16 Dreams2Keys loans and three loans in other flexible program loans to moderate-income borrowers, which exceeded the proxy by volume.

Through these programs, Peoples was able to assist LMI borrowers purchase homes in LMI geographies and/or obtain essential down-payment assistance and first-time homebuyer education.

Peoples originated 459 PPP loans totaling \$75.4 million in 2020 and 2021, representing approximately 8.7% by volume and 11.6% by dollar amount of total PPP loans. This ranks as Peoples third highest percentage of PPP loans originated during the evaluation period. The following tables show the percentage by volume and dollar amount of PPP loans and distribution of lending by census tracts.

Geographic Distribution of PPP Loans Assessment Area: Huntington-Ashland, WV-KY-OH MSA #26580					
Tract Income Level	Number of Loans	# - %	Total Loan Amount	\$ - %	Percentage of Businesses (2021)
Low	67	14.6	\$ 8,477,389	11.2	9.9
Moderate	86	18.7	\$ 9,740,057	12.9	13.5
Middle	199	43.4	\$ 45,018,132	59.7	49.8
Upper	107	23.3	\$ 12,157,460	16.1	26.4
Unknown	0	0.0	\$ -	0.0	0.4
Total	459	100.0	\$ 75,393,037	100.0	100.0

Peoples originated 67 (14.6%) PPP loans totaling \$8.5 million (11.2%) in low-income tracts, which exceeded proxy by volume and dollar amount. Peoples originated 86 (18.7%) PPP loans totaling \$9.7 million (12.9%) in moderate-income tracts, which exceeded proxy by volume and fell below by dollar amount. Therefore, PPP lending is considered responsive to serving credit needs of small businesses or businesses in LMI geographies in response to the COVID-19 emergency.

Peoples makes use of flexible lending practices in serving AA credit needs, and the qualitative impact of these products on LMI individuals and in LMI areas enhanced Peoples' overall lending test performance.

Investment Test

Peoples' performance relative to the investment test in the Huntington-Ashland AA is rated "Outstanding." Peoples has an excellent level of qualified community development investments and donations.

Peoples has \$5.6 million in qualified community development investments in the Huntington-Ashland AA. The following table reflects the total number of qualified investments by purpose, number, and dollar amount:

Purpose of CD Investments	#	\$
Community Services	2	\$5,500,000
Affordable Housing	1	\$66,573
Total	3	\$5,566,573

Peoples obtained two new investments worth approximately \$5.5 million (98.8%). These investments were in two municipal bonds funding construction, renovations, and improvements for multiple schools in the AA where greater than 50.0% of students are eligible for the free or reduced-price lunch program. Peoples holds one prior period investment with a current book value of approximately \$66,573 (1.2%). This investment was in a mortgage-backed security that finances affordable housing in the Huntington area.

Qualified investments also took the form of donations totaling \$82,462. Peoples partners with a several organizations and nonprofits to fund initiatives aimed at responding to community needs and improving the financial stability of individuals and families and economic development activities. The following table reflects the total number community development donations by purpose, number, and dollar amount.

Purpose of CD Donations	#	\$
Community Services	51	\$78,962
Economic Development	2	\$3,500
Total	53	\$82,462

The majority of donations (74.0%) by dollar amount were made through Peoples Bank Foundation, followed by donations made through its branches and marketing (24.0%) and annual donation(s) supporting the purchase of Cenmark financial training materials for LMI schools (2.0%).

Examples of impactful small dollar donations include:

- \$26,667 to local food bank which established a Coronavirus Emergency Food Fund. This food bank serves one in seven people facing hunger in the Huntington-Ashland area.
- \$5,000 to a non-profit that is helping food-insecure people have more access to fresh local food and with food access programs. This donation helped cover expenses of running the mobile market truck and purchasing supplies to help expand its outreach in LMI communities.
- \$2,500 to the Marshall University Transformation initiative to support the region's economic development through training and retraining the next generation workforce for careers in sales and/or service techniques and technology.

Community contacts emphasized all aspects of affordable housing as a critical need in the AA. In addition, one contact stated a large percentage of the population earns just above the federal poverty level and are struggling to make ends meet. The other contact indicated the need to

enhance workforce development services to expand career options for the next generation. While qualified investments are not necessarily innovative or complex, investments and donations exhibit excellent responsiveness to credit and community development needs in the Huntington-Ashland AA.

These qualified investments and donations represent 8.8% of Peoples' total qualified investments by dollar amount, compared to the percentage of total deposits at 7.8% in the Huntington-Ashland AA.

Service Test

Peoples' performance relative to the service test in the Huntington-Ashland AA is rated "High Satisfactory." Retail services are readily accessible, and Peoples provides a limited level of community development services in the Huntington-Ashland AA.

Retail Services

Since the previous evaluation, Peoples acquired three new branches with cash-only ATMs. Two of these branches are in Ohio in Ironton and Proctorville (Lawrence County). The remaining branch is in West Virginia in Huntington (Cabell County). The branches in Lawrence County are in middle-income tracts; and the branch in Cabell County is in a moderate-income tract. Since the previous evaluation, Peoples closed one branch without an ATM in Kentucky in South Shore (Greenup County) in a middle-income tract. Peoples record of opening branches in the Huntington-Ashland AA has improved accessibility of its delivery systems, particularly to moderate-income geographies and/or LMI individuals.

Peoples maintains eight branches with ATMs, five branches with full-service ATMs, and three branches with cash-only ATMs in this AA. Peoples has two branches in upper-income tracts in Russell (Greenup County) and Ashland (Boyd County) in Kentucky. Peoples also has three branches in middle-income tracts in Ironton and Proctorville (Lawrence County) in Ohio and in Greenup (Greenup County) in Kentucky. Peoples has two branches in moderate-income tracts in Huntington (Cabell County) in West Virginia and in Ashland (Boyd County) in Kentucky. Lastly, Peoples has one branch in a low-income tract in Huntington (Cabell County). Branches in this AA represent 7.0% of Peoples' total branches. Peoples also has one loan production office in Huntington in a low-income tract.

Business hours and services provided do not vary in a way that inconveniences its AA, including LMI geographies and/or LMI households. All eight branches offer drive-thru services and weekend hours. Six branches offer extended hours, one of which is in a moderate-income tract. Five branches offer full-service ATM's onsite that are available 24 hours a day, 7 days a week.

The following table illustrates the percentage of branch offices and ATMs in moderate-, middle-, and upper-income census tracts in comparison to the number and percentage of census tracts and

the percentage of households and total businesses in those tracts.

Geographic Distribution of Branches and ATMs

Exam: Peoples Bank

Analysis Year: 2022

Assessment Area(s): 2022 Huntington-Ashland, WV-KY-OH MSA #26550

Tract Income Levels	BRANCHES							ATMS												DEMOGRAPHICS*			
	Total Branches		Opened	Closed**	Drive-Thru	Extended Hours	Weekend Hours	Total ATMs		Full Service				Cash Only				Census Tracts		Households	Total Businesses		
	#	%						#	%	Total	%	Opened	Closed	Total	%	Opened	Closed	#	%				
	#	%	#	%	#	#	#	Total	%	Total	%	Opened	Closed	Total	%	Opened	Closed	#	%	%			
Low	Total	1	12.5%	0	0	1	0	1	Total	1	12.5%	1	20.0%	0	0	0	0.0%	0	0	6	6.8%	3.8%	11.6%
	DTO	0		0	0	0		0	Stand Alone	0		0	0	0	0	0	0						
	LS	0		0	0																		
Moderate	Total	2	25.0%	1	0	2	1	2	Total	2	25.0%	1	20.0%	0	0	1	33.3%	1	0	16	18.2%	14.0%	21.2%
	DTO	0		0	0	0		0	Stand Alone	0		0	0	0	0	0	0	0					
	LS	0		0	0																		
Middle	Total	3	37.5%	2	1	3	3	3	Total	3	37.5%	1	20.0%	0	0	2	66.7%	2	0	47	53.4%	58.5%	44.8%
	DTO	0		0	0	0		0	Stand Alone	0		0	0	0	0		0	0					
	LS	0		0	0																		
Upper	Total	2	25.0%	0	0	2	2	2	Total	2	25.0%	2	40.0%	0	0	0	0.0%	0	0	19	21.6%	23.7%	22.4%
	DTO	0		0	0	0		0	Stand Alone	0		0	0	0	0		0	0					
	LS	0		0	0																		
Unknown	Total	0	0.0%	0	0	0	0	0	Total	0	0.0%	0	0.0%	0	0	0	0.0%	0	0	0	0.0%	0.0%	0.0%
	DTO	0		0	0	0		0	Stand Alone	0		0	0	0	0		0	0					
	LS	0		0	0																		
Totals	Total	8	100.0%	3	1	8	6	8	Total	8	100.0%	5	100.0%	0	0	3	100.0%	3	0	88	100.0%	100.0%	100.0%
	DTO	0		0	0	0		0	Stand Alone	0		0	0	0	0		0	0					
	LS	0		0	0																		

DTO - Drive Thru Only

LS - Limited Service

Shaded rows indicate totals; unshaded rows are a subset of shaded rows

*Based on 2020 census data

**Closed branches are only included in the "Closed" columns and are not included in any other totals

LPOs not included in totals

The branch distribution in low-income tracts is excellent. The distribution of branches at 12.5% exceeded the percentage of low-income tracts (6.8%), households (3.8%), and total businesses (11.6%) in these tracts. The branch distribution in moderate-income tracts is excellent. The distribution of branches at 25.0% exceeded the percentage of moderate-income tracts (18.2%), households (14.0%), and total businesses (21.2%) in these tracts. Delivery systems are readily accessible to all Peoples geographies and individuals of different income levels in Huntington-Ashland AA.

Community Development Services

Peoples provides a limited level of community development services in this AA. During the evaluation period, five employees assisted eight organizations totaling nine hours of community development service to local organizations that provide a multitude of services throughout the AA. This represents 0.4% of total service hours, which is substantially less than the total percentage of branch offices at 7.0%. The hours of service provided in this AA equates to <0.01% ANP. While this represents a reduction in total service hours since the previous evaluation, bank management explained they had limited opportunities providing in-person community development services in 2020 and 2021 due to COVID-19-related restrictions.

The following table provides a breakdown of qualified community development service by community development purpose.

Purpose of CD Service	# Services	# Organizations	# Employees	# Hours
Affordable Housing	7	7	3	7
Community Services	2	1	2	2
Total	9	8	5	9

Employees provided financial services to LMI individuals and families and promoted efforts supporting affordable housing. Employees provided nine hours of technical expertise primarily in the form of promoting features of first-time homebuyer and affordable housing loan products and fundraising.

STATE OF OHIO

CRA RATING for State of Ohio:⁵⁴ “Outstanding”

The lending test is rated: “Outstanding”

The investment test is rated: “Outstanding”

The service test is rated: “High Satisfactory”

The major factors supporting this rating include:

- A good responsiveness to credit needs;
- A good distribution of loans among borrowers of different income levels and to businesses of different revenue sizes;
- A good geographic distribution of loans throughout the AA;
- A good record of serving the credit needs of low-income individuals and areas and very small businesses;
- A leader in making community development loans;
- Makes extensive use of flexible lending practices in serving the AA’s credit needs;
- An excellent level of qualified community development investments and grants;
- Makes occasional use of innovative and/or complex investments;
- Retail delivery systems are accessible to all geographies and individuals of different income levels and businesses of different revenue sizes;
- A record of opening and closing banking centers that has not adversely affected the accessibility of delivery systems;
- Banking services and hours do not vary in a way that inconveniences any portions of the AAs; and,
- Provides a relatively high level of community development services.

SCOPE OF EVALUATION

A full-scope review was conducted for Nonmetropolitan Ohio. The period and products evaluated for this AA is consistent with the scope discussed in the “Institution” section of this report. Limited-scope reviews were conducted for the Akron, Cleveland, and Columbus AAs.

As the only full-scope AA, Nonmetropolitan Ohio received greatest weight in determining the CRA rating for the state. Nonmetropolitan Ohio ranks first in the institution’s share of lending, deposits, and branches during the evaluation period.

⁵⁴ For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation is adjusted and does not reflect performance in the parts of those states contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution’s performance in that area.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE STATE OF OHIO

Lending activity accounted for 57.2% of Peoples' total lending and deposits accounted for 45.1% of Peoples' total deposits. HMDA-reportable lending in Ohio represented 57.7% of Peoples' total HMDA lending and CRA-reportable lending represented 56.7% of Peoples' total CRA lending. As of June 30, 2022, Peoples ranked 14th among 200 insured institutions and has a deposit market share of 0.7% in Ohio.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE STATE OF OHIO

Lending Test

Peoples' performance under the lending test in Ohio is rated "Outstanding." Primary ratings drivers include being a leader in making community development loans, extensive use of flexible lending products, a good responsiveness to AA credit needs, and a moderate level of lending gaps.

Lending Activity

In Ohio Peoples originated 3,200 HMDA loans totaling \$363.6 million and 3,208 small business loans totaling \$347.6 million during the evaluation period. Peoples' percentage of total lending in Ohio is 57.2%, which is greater than the percentage of total deposits at 45.1%.

Peoples lending activity reflects a good responsiveness to the credit needs across its AAs in Ohio, taking into consideration economic conditions and competitive factors. Lending activity is adequate in the Cleveland AA and good in the remaining three AAs. No significant concentration of loans was identified in excluded counties in the Akron or Cleveland MSAs; however, a concentration of CRA and HMDA loans was identified in the Columbus MSA. Peoples originated 517 CRA and 348 HMDA loans in Franklin County. This represents 32.5% of CRA and 37.1% of HMDA loans originated in the MSA during the evaluation period.

Borrower-Income, Business Revenue Size, and Geographic Distribution

The overall distribution of loans is good among borrowers of different income levels and to businesses of different sizes. The borrower distribution of HMDA lending is poor in the Cleveland AA and good in the remaining three AAs. Small business distribution is adequate in Cleveland AA and good in the remaining three AAs.

The overall geographic distribution of loans reflects a good penetration in Ohio, with a moderate level of lending gaps. The penetration of HMDA lending is adequate in Cleveland AA and good in the remaining three AAs. The penetration of small business lending is good in the Cleveland

AA and excellent in the remaining three AAs. Gaps in lending were moderate in Nonmetropolitan Ohio, significant in the Columbus AA, and substantial in the Akron and Cleveland AAs.

Peoples exhibits a good record of serving the credit needs of low-income individuals and areas and businesses with gross annual revenue of \$1.0 million or less in Ohio.

A detailed analysis for the borrower-income distribution and geographic distribution is provided with the analysis for the full-scope AA.

Community Development Loans

Peoples is a leader in making community development loans in Ohio during the evaluation period. Peoples originated or renewed 36 community development loans totaling approximately \$52.1 million in its AAs. Peoples is a leader in making community development loans in the Cleveland and Columbus AAs, makes a relatively high level in Nonmetropolitan Ohio, and an adequate level in the Akron AA. Community development loans primarily addressed affordable housing, which was identified as a critical need by community contacts, and activities that help revitalize or stabilize LMI communities during the COVID-10 emergency.

Because Peoples has been responsive to community development needs and opportunities in its AAs, consideration was given to five community development loans totaling \$31.0 million that benefit broader regional areas in the Columbus MSA and Nonmetropolitan Ohio. Three of these loans (\$28.4 million) financed at least 302 units of affordable housing for LMI individuals, families, and seniors in the greater Columbus area. Community contacts across AAs emphasized all aspects of affordable housing as a critical need. The remaining two loans were PPP loans in amounts greater than \$1.0 million (\$2.5 million), providing financing for two small businesses that helped revitalize/stabilize a moderate-income geography in Franklin County (Columbus MSA) and a distressed middle-income geography Monroe County (Nonmetropolitan Ohio) during the height of the COVID-19 emergency. These loans are considered responsive to small businesses in LMI and distressed middle-income geographies.

Approximately 71.0% of qualified community development lending occurred in Ohio, compared to the percentage of total lending at 57.2% and total deposits at 45.1%.

Additional information regarding community development loan performance under the lending test is provided in the respective analyses for each AA.

Flexible Lending

Peoples makes extensive use of flexible lending practices within its AAs in Ohio, and the qualitative impact of these products on LMI individuals and in LMI/distressed or underserved middle-income areas enhanced Peoples' overall lending test performance, specifically in

Nonmetropolitan Ohio.

Investment Test

Peoples' performance under the investment test is rated "Outstanding." Peoples has excellent level of qualified community development investments and donations in Ohio and makes occasional use of complex investments to support community development initiatives.

Peoples has \$29.4 million in qualified community development investments in Ohio, with new investments representing 44.6% and prior period investments representing 55.4% of total qualified investments. Of these total qualified investments \$8.8 million (30.0%) benefited the bank's AAs and 70.0% benefited the broader statewide or regional area.

Within the bank's four AAs in Ohio, new investments include a mortgage-backed security worth approximately \$1.0 million that finances affordable housing in the Akron AA and two municipal school bonds worth approximately \$1.6 million that benefit LMI schools in Cleveland. Qualified prior period investments include a qualified LIHTC investment which funded \$3.7 million during the evaluation period and has \$698,974 in unfunded legally binding commitments. This investment provides equity capital for affordable rental housing developments in the Cleveland AA. Other prior period investments include a municipal bond with a current book value of approximately \$721,432 that funds the building of a school and making infrastructure improvements to other schools where 50.0% or more of students qualify for the free- and reduced-price meals in the Columbus AA, and five mortgage-backed securities with a current book value of approximately \$1.8 million that finances affordable housing in the Akron and Columbus AAs and Nonmetropolitan Ohio.

Because Peoples has been responsive to community development needs and opportunities in its AAs, consideration was given to four new (\$10.6 million) and five prior period (\$10.0 million) investments that benefit a broader statewide or regional area. Peoples pledged \$5.0 million to qualified LIHTC investment and funded \$233,645 during the evaluation period. The remaining \$4.8 million is unfunded legally binding commitments to the fund. This new investment provides equity capital for affordable rental housing developments across a broader statewide area that includes geographies within Peoples' delineated AAs. Consideration was also given to a new mortgage-backed security worth \$1.0 million and a new municipal bond worth \$1.9 million. These investments provide equity capital for affordable rental housing developments and help finance loans and grants for eligible projects related to higher education in LMI communities across a broader statewide area. Lastly, consideration was given to a new municipal bond worth \$2.7 million supporting economic development activities across Ohio.

Prior period investments include two qualified LIHTC investments worth approximately \$4.7 million with \$1.1 million in unfunded legally binding commitments. These investments provide equity capital for affordable rental housing developments in the broader statewide area and broader regional area in the Columbus MSA. Consideration was also given to two prior period

mortgage-backed securities with a current book value of approximately \$781,993 that funds affordable housing in a broader statewide area. Lastly, consideration was given to one prior period municipal bond with a current book value of approximately \$4.5 million. This bond helps to finance a share of school construction in an LMI community in a broader regional area.

Approximately 48.5% of qualified investments by dollar amount benefited Ohio. These investments help address affordable housing, capital needs of small businesses, and services to LMI individuals, families, and students. Community contacts emphasized all aspects of affordable housing as a critical need across AAs. LIHTC investments are considered complex; Peoples makes occasional use of complex investments to support community development initiatives in Ohio.

Qualified investments also took the form of small dollar donations totaling approximately \$1.0 million. Peoples partners with a wide array of organizations and nonprofits to fund initiatives aimed at responding to community needs and improving the financial stability of individuals and families, economic development activities, affordable housing, and educational programs.

Because Peoples has been responsive to community development needs and opportunities in its AAs, consideration was given to 67 donations totaling \$125,548 benefited a broader regional area. These donations were primarily annual donations to LMI schools in Ohio to help purchase financial literacy training materials. These donations also provided food assistance to children in LMI communities and promoted economic development. Approximately 70.1% of Peoples small dollar donations by dollar amount benefited Ohio.

Qualified investments and donations exhibit excellent responsiveness to credit and community development needs in Ohio. Total qualified investments and donations in Ohio represent 53.1% of the bank's total qualified community development investments and donations, compared to total deposits at 45.1%. Community contacts expressed the need for affordable housing, wraparound services to LMI individuals and families, and financial literacy support. These qualified investments help to address these needs. Peoples has an excellent level of qualified community development investments and donations in the Cleveland AA, a significant level in the Akron AA, and adequate levels in the Columbus AA and Nonmetropolitan Ohio. Thirty-six percent (36.0%) of qualified community development investments and donations benefited the broader regional area, which contributed to Ohio's "Outstanding" rating.

Additional information regarding performance under the investment test is provided in the respective analyses for each AA.

Service Test

Peoples' performance under the service test is rated "High Satisfactory." Retail delivery systems are accessible, and Peoples provides a relatively high level of community development services.

Retail Services

Peoples maintains its main office with a full-service ATM, 32 branches with full-service ATMs, three branches with cash-only ATMs, six branches without ATMs, and 12 stand-alone cash-only ATMs in Ohio, representing 36.8% of the bank's total branches. Since the previous evaluation, in Nonmetropolitan Ohio Peoples opened a new branch with full-service ATMs in Portsmouth (Scioto County) in a low-income tract. Peoples also opened two stand-alone cash-only ATMs in Marietta (Washington County) in a moderate-income tract and Cambridge (Guernsey County) in a middle-income tract. Since the previous evaluation, Peoples closed a stand-alone ATM in middle-income tract in New Vienna (Clinton County) in Nonmetropolitan Ohio. Peoples' record of opening branches has not adversely affected the accessibility of its delivery systems in Ohio, including in the Akron, Cleveland, and Columbus AAs. However, in Nonmetropolitan Ohio accessibility of delivery systems improved with the opening of a branch in a low-income tract. Peoples has not closed any branches since the previous evaluation.

Peoples operates on LPO in its delineated AAs in Ohio in Akron (Summit County) in a low-income tract. Peoples also operates two LPOs outside its delineated AAs in Ohio. Peoples maintains an LPO in Columbus (Franklin County) in a middle-income tract in the Columbus MSA; and on July 1, 2019, Peoples opened a LPO in North Canton (Stark County) in a middle-income tract in the Canton-Massillon MSA.

Retail delivery systems performance is driven by the distribution of branches in Ohio. Retail delivery systems are accessible to Peoples' geographies and individuals of different income levels. Nearly 48.0% of branches serve LMI geographies, compared to 41.4% of total LMI tracts in Ohio. Specifically, Peoples has three branches (7.1%) in low-income tracts, compared to 14.1% of low-income tracts and 17 branches (40.5%) in moderate-income tracts, compared to 27.0% of total moderate-income tracts. In Nonmetropolitan Ohio, Peoples maintains three branches in low-, 12 branches in moderate-, 16 branches in middle-, and one branch in upper-income tracts. In the Akron AA, Peoples maintains one branch with a full-service ATM in a moderate-income tract in Akron and three branches with full-service ATMs in middle-income tracts in Cuyahoga Falls, Barberton, and Munroe Falls (Summit County). In the Cleveland AA, Peoples maintains one branch without an ATM in an upper-income tract in Beachwood (Cuyahoga County). In the Columbus AA, Peoples maintains four branches with full-service ATMs in moderate-income tracts in Lancaster and Baltimore (Fairfield County) and Newark (Licking County), and one branch with a full-service ATM in a middle-income tract in Heath (Licking County).

Banking services do not vary in a way that inconveniences any portion of Peoples' AAs. Thirty-three offices offer drive-thru services, 35 offices offer extended hours, and 34 offices offer weekend hours. All three low-income branches offer extended hours of service, and one branch offers weekend and drive-thru services. Two of these branches have full-service ATMs. In moderate-income tracts, 13 branches offer extended hours, 14 offer weekend hours, and 13 offer drive-thru services. Two of these branches do not have ATMs.

Retail delivery systems are accessible to Peoples' geographies and individuals of different income levels. Delivery systems are readily accessible in Nonmetropolitan Ohio and accessible in the Akron and Columbus AAs. Retail delivery systems are unreasonably inaccessible in the Cleveland AA. Banking services do not vary or inconvenience any portion of Peoples' AAs in Ohio.

For details regarding the institution's performance in the individual AAs, refer to the respective AA's "Service Test" section in this report.

Community Development Services

Peoples provides a relatively high level of community development services in Ohio, with 1,533 (69.4%) hours of community development services supporting various service activities during the evaluation period. Community development service hours in Ohio equate to 0.8 ANP.

Thirty-seven (37) employees were involved with 86 organizations and provided 129 services that promote or facilitate community services targeted to LMI individuals, economic development by financing small businesses, affordable housing; and to a lesser extent, revitalize/stabilize LMI communities.

Peoples' officers and staff members provided their financial and technical expertise to the community by providing leadership and engaging in activities that promoted or facilitated services for LMI individuals, economic development, affordable housing, and revitalization and stabilization of LMI and/or distressed areas.

Peoples is a leader in providing community development services in Nonmetropolitan Ohio, provides a relatively high level in the Cleveland AA, an adequate level in the Akron AA, and provides few, if any community development services in the Columbus AA.

Because Peoples has been responsive to community development needs and opportunities in its AAs, consideration was given to 27 community development services that benefited a broader regional area. These services supported affordable housing, and to a lesser extent community services to LMI individuals. Employees primarily provided technical assistance advocating multiple mortgage solutions to stakeholders that help LMI first-time homebuyers purchase a home they can afford and financial education training to potential first-time LMI homebuyers.

NONMETROPOLITAN AREA
(Full-scope Review)

**DESCRIPTION OF INSTITUTION'S OPERATIONS IN
NONMETROPOLITAN OHIO**

Nonmetropolitan Ohio consists of Adams, Athens, Clinton, Coshocton, Gallia, Guernsey, Highland, Jackson, Knox, Meigs, Morgan, Muskingum, Noble, Pike, Scioto, Tuscarawas, Vinton, and Washington counties. Since the previous evaluation, Peoples added Adams County in 2021 due to the acquisition of Premier Financial. The Census Bureau released new size and population data from the 2020 Census on August 12, 2021. Due to these changes this AA was comprised of the following tracts for this analysis. See Appendix C for AA maps and Appendix D for additional demographic data.

Tract Income Level	2019-2020	2021	2022
	Number of Tracts	Number of Tracts	Number of Tracts
Low	4	4	8
Moderate	43	47	47
Middle	113	115	120
Upper	15	15	21
Unknown	2	2	4
Total	177	183	200

As a result of the acquisition, the AA gained four moderate-income and two middle-income tracts in 2021. Based on 2020 Census data, the AA gained four low-income, five middle-income, six upper-income, and two unknown-income tracts in 2022.

Federal bank regulatory agencies designated the following nonmetropolitan middle-income tracts as distressed or underserved. These designations are updated annually. Revitalization or stabilization activities in these geographies are eligible to receive CRA consideration. The 2022 list and previous years' lists are available on the Federal Financial Institutions Examination Council (FFIEC) website.⁵⁵

⁵⁵[FFIEC – Distressed and Underserved Tracts](#)

Counties with Distressed and Underserved Middle-Income Geographies Assessment Area: Nonmetropolitan Ohio									
Area	Poverty			Unemployment			Underserved (Remote Rural)		
	2019	2020	2021	2019	2020	2021	2019	2020	2021
Athens County	X	X	X						
Coshocton County				X	X				
Gallia County		X		X					
Jackson County				X	X				
Meigs County				X	X				
Morgan County	X			X	X				
Noble County				X	X		X	X	X
Pike County	X	X		X	X				
Scioto County	X	X		X	X				
Vinton County				X	X				
Source: FFIEC									

In 2019 and 2020 there were 48 (42.5%) middle-income tracts designated as distressed due to poverty, unemployment, and/or underserved and 18 (15.7%) middle-income tracts designated as distressed due to poverty or underserved in 2021.

As of June 30, 2022, the FDIC's summary of deposits report, ranked Peoples second among 53 institutions in this AA with 12.4% of the deposit market share, compared to first ranked National Cooperative Bank National Association with 14.8% and third ranked The Park National Bank with 9.1% of the deposit market share. Deposits in this AA accounted for 37.4% of Peoples' total deposits and ranks as the bank's highest percentage of deposits within its CRA delineated footprint.

The 2021 HMDA peer market data shows that Peoples ranked fourth among 419 HMDA reporters in Nonmetropolitan Ohio having originated 1,089 loans. The top three HMDA lenders in this market Rocket Mortgage, LLC originated 1,768 loans, The Huntington National Bank originated 1,504 loans, and The Park National Bank originated 1,438 loans. Peoples ranked fourth among HMDA reporters in this market in 2020 and third in 2019.

Peoples ranked sixth among 116 CRA reporters serving Nonmetropolitan Ohio in 2021 having originated 728 loans. The top three CRA reporters in this market American Express National Bank originated 1,391 loans, JP Morgan Chase Bank National Association originated 1,190 loans, and US Bank National Association originated 1,116 loans. Peoples ranked first among CRA reporters in this market in 2020 and seventh in 2019.

Community Contacts

There were two community contact interviews conducted as part of this evaluation providing supplemental 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 a non-profit organization that aims to strengthen economic development by creating jobs, matching employers with job-ready workers, supporting workforce development, and connecting resources. The contact stated that there is a lack of affordable housing in the area, especially transitional housing for individuals in local shelters temporarily without a primary residence. LMI individuals currently residing in affordable housing are unable to grow out of their space due to a lack of affordable starter homes, which creates a bottleneck for people in need of transitional housing. The contact communicated that manufacturing is the largest employment sector in the region and there are various workforce development initiatives targeting LMI individuals through partnerships with local manufacturing companies. These programs are provided free of charge and many of them specifically target economically disadvantaged high school students to connect them with summer programs leading to job interviews. The contact added that workforce development in the region is strong, but one challenge affecting the local workforce is the lack of affordable childcare services, as once individuals obtain employment, they lose their financial childcare assistance. Additionally, many local jobs require employees to work third shift when childcare providers are closed. Lastly, the contact added that the local companies they frequently work with express the need for more financial literacy classes in the community. Workers regularly run into financial issues stemming from money mismanagement. There are significant opportunities for banks to be more active, specifically by providing financial literacy programs and home ownership services.

The second interview was with a representative from a local foundation that focuses on community programs and engagement. The contact stated that the COVID-19 pandemic had a significant impact on the community, especially due to the community's dependency on a local university that was physically closed, but now the situation is stabilizing. The contact added that in the more rural areas of the region, there is a need for high-quality affordable housing. Specifically, the contact mentioned a new affordable housing development project that was recently announced and noted that despite the development offering over 100 units, there is already a waiting list. Meeting the demand for quality affordable housing is an ongoing challenge in the region. Another challenge the contact emphasized is the need to improve workforce development services. The contact stated that more jobs needed to be created outside of the retail sector, as retail jobs are not sustainable for the individuals that are working them. Currently, there are initiatives in the area that aim to grow technology jobs and drive small business development. The contact affirmed that workforce development services are needed to ensure the population has adequate education and experience to match the demand and provide a workforce for potential growth. Lastly, the contact added that there is a good mix of local credit unions and smaller and larger banks servicing the area. The contact mentioned that credit unions work closely with the local university providing financial literacy programs and there are opportunities for financial institutions to provide similar programs to long-term residents living in poverty in more rural areas of the region.

Population Characteristics

Population Change Assessment Area: Nonmetropolitan Ohio					
Area	2015 Population	2020 Population	Percent Change 2015 to 2020	2021 Population	Percent Change 2020 to 2021
Adams County	28,229	27,477	-2.7%	27,542	0.2%
Athens County	64,974	62,431	-3.9%	62,056	-0.6%
Clinton County	41,892	42,018	0.3%	42,004	0.0%
Coshocton County	36,724	36,612	-0.3%	36,618	0.0%
Gallia County	30,565	29,220	-4.4%	29,158	-0.2%
Guernsey County	39,626	38,438	-3.0%	38,287	-0.4%
Highland County	43,170	43,317	0.3%	43,354	0.1%
Jackson County	32,854	32,653	-0.6%	32,511	-0.4%
Knox County	61,004	62,721	2.8%	62,897	0.3%
Meigs County	23,473	22,210	-5.4%	22,049	-0.7%
Morgan County	14,913	13,802	-7.4%	13,682	-0.9%
Muskingum County	86,016	86,410	0.5%	86,408	0.0%
Noble County	14,508	14,115	-2.7%	14,176	0.4%
Pike County	28,396	27,088	-4.6%	27,089	0.0%
Scioto County	78,017	74,008	-5.1%	73,346	-0.9%
Tuscarawas County	92,697	93,263	0.6%	92,500	-0.8%
Vinton County	13,234	12,800	-3.3%	12,696	-0.8%
Washington County	61,351	59,771	-2.6%	59,423	-0.6%
Assessment Area	791,643	778,354	-1.7%	775,796	-0.3%
Ohio	11,575,977	11,799,448	1.9%	11,764,342	-0.3%
Source: 2011 - 2015 U.S. Census Bureau American Community Survey 2020 U.S. Census Bureau Decennial Census U.S. Census 2021 Population and Housing Unit Estimates Tables					

- From 2015 through 2021 the AA experienced a 2.0% loss in population, compared to Ohio which experienced a 1.6% gain. Meigs, Morgan, and Scioto counties saw the biggest decreases during this time.
- AA population is decreasing which could increase the economic pressure on the workforce.
- 77.7% of the AA population was 18 years of age or older, the legal age to enter into a contract.
- 16.3% of the population in the AA was age 65 and over, compared to 15.1% in Ohio.
- A higher elderly population may affect economic growth and the ability of government and communities providing adequate resources for older adults, including but not limited to healthcare services.
- 24.4% of the AA's population reside in LMI tracts.
- According to Census data, Zanesville (Muskingum County) is the largest city in the AA with 24,765 residents, and its population decreased by 2.8% between 2010 and 2021. By contrast, McArthur Village is the most populous municipality in Vinton County with 1,770 residents, and its population increased by 4.2% between 2010 and 2021.⁵⁶

⁵⁶ [Ohio - County Trends](#)

Income Characteristics

Borrower Income Levels											
Assessment Area: Nonmetropolitan Ohio											
FFIEC Estimated Median Family Income			Low		Moderate		Middle		Upper		
Year	\$	% Change	0	- 49.9%	50%	- 79.9%	80%	- 119.9%	120%	- & above	
2019	\$61,000		0	- \$30,499	\$30,500	- \$48,799	\$48,800	- \$73,199	\$73,200	- & above	
2020	\$63,400	3.9	0	- \$31,699	\$31,700	- \$50,719	\$50,720	- \$76,079	\$76,080	- & above	
2021	\$64,700	2.1	0	- \$32,349	\$32,350	- \$51,759	\$51,760	- \$77,639	\$77,640	- & above	
2022	\$74,900	15.8	0	- \$37,449	\$37,450	- \$59,919	\$59,920	- \$89,879	\$89,880	- & above	

Source: 2019-2021 FFIEC Census Data

- During the evaluation period, MFI in the AA increased by 22.8%.
- According to 2015 U.S. Census data, AA MFI at \$51,864 is 1.2 times lower than Ohio at \$62,817.

Poverty Rates			
Assessment Area: Nonmetropolitan Ohio			
Area	2019	2020	2021
Adams County	19.1	20.6	18.9
Athens County	26.6	22.0	20.9
Clinton County	14.8	11.3	12.0
Coshocton County	12.5	14.9	13.9
Gallia County	16.5	16.1	18.0
Guernsey County	15.5	13.5	15.2
Highland County	15.6	14.9	13.9
Jackson County	17.2	15.9	17.7
Knox County	11.3	10.9	12.5
Meigs County	15.8	18.8	21.1
Morgan County	15.7	15.0	16.4
Muskingum County	15.3	15.0	15.8
Noble County	14.2	15.0	16.3
Pike County	19.1	17.4	19.2
Scioto County	21.9	22.8	23.9
Tuscarawas County	11.2	11.6	12.4
Vinton County	18.7	16.1	19.3
Washington County	11.0	13.4	13.6
Ohio	13.0	12.6	13.3

Source: U.S. Census Bureau Small Area Income and Poverty Estimates Program

- During this period, poverty rates in Adams, Athens, Gallia, Jackson, Meigs, Pike, Scioto, and Vinton counties were substantially higher than poverty rates in Ohio. Knox and Tuscarawas counties were the only counties with poverty rates consistently lower than poverty rates in Ohio during this period.
- Of the 202,650 families in the AA, 42.3% are designated as LMI with 14.8% living below poverty; compared to 38.9% designated as LMI with 11.5% living below poverty across Ohio.

- Of the 305,334 households in the AA, 19.0% are below the poverty level and 3.2% receive public assistance; compared to 15.0% of households across Ohio that are below the poverty level.
- SNAP helps LMI individuals and families, the elderly, and the working poor purchase food and reduce food insecurity and may free up resources for other necessities, such as clothing, housing, and medical expenses. The table below shows the percent of the population by county that received SNAP benefits in 2020.

SNAP Benefits	
Assessment Area: Nonmetropolitan Ohio	
Area	2020
Adams County	19.9%
Athens County	14.7%
Clinton County	12.9%
Coshocton County	15.4%
Gallia County	22.9%
Guernsey County	14.9%
Highland County	15.0%
Jackson County	19.7%
Knox County	9.2%
Meigs County	21.5%
Morgan County	15.5%
Muskingum County	18.2%
Noble County	9.9%
Pike County	25.9%
Scioto County	25.3%
Tuscarawas County	10.6%
Vinton County	23.5%
Washington County	12.6%
<i>Source: Federal Reserve Economic Data (FRED) maintained by the Federal Reserve Bank of St. Louis⁵⁷</i>	

⁵⁷ [Federal Reserve Economic Data \(FRED\)](#)

Housing Characteristics

Housing Cost Change Assessment Area: Nonmetropolitan Ohio						
Area	Median Housing Value			Median Gross Rent		
	2015	2021	Percent Change	2015	2021	Percent Change
Adams County	\$87,900	\$118,300	34.6%	\$562	\$593	5.5%
Athens County	\$117,700	\$150,800	28.1%	\$705	\$840	19.1%
Clinton County	\$120,000	\$149,500	24.6%	\$707	\$774	9.5%
Coshocton County	\$96,500	\$113,800	17.9%	\$565	\$645	14.2%
Gallia County	\$94,900	\$120,500	27.0%	\$601	\$718	19.5%
Guernsey County	\$95,600	\$126,500	32.3%	\$595	\$731	22.9%
Highland County	\$103,500	\$126,200	21.9%	\$643	\$704	9.5%
Jackson County	\$91,200	\$111,400	22.1%	\$637	\$685	7.5%
Knox County	\$132,500	\$168,700	27.3%	\$699	\$826	18.2%
Meigs County	\$84,900	\$100,300	18.1%	\$541	\$639	18.1%
Morgan County	\$88,300	\$103,500	17.2%	\$549	\$641	16.8%
Muskingum County	\$108,600	\$132,800	22.3%	\$641	\$719	12.2%
Noble County	\$87,100	\$113,500	30.3%	\$595	\$652	9.6%
Pike County	\$95,000	\$118,400	24.6%	\$665	\$760	14.3%
Scioto County	\$90,200	\$107,600	19.3%	\$550	\$669	21.6%
Tuscarawas County	\$111,100	\$144,700	30.2%	\$674	\$796	18.1%
Vinton County	\$81,000	\$98,500	21.6%	\$600	\$646	7.7%
Washington County	\$110,700	\$146,600	32.4%	\$600	\$725	20.8%
Ohio	\$129,900	\$159,900	23.1%	\$730	\$870	19.2%
Source: 2011-2015 U.S. Census Bureau: American Community Survey 2017-2021 U.S. Census Bureau: American Community Survey						

- Median housing values across the AA increased by an average of 25.1% from 2015 to 2021, compared to 23.1% in Ohio. 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 ratio⁵⁸ was 39.5 in the AA compared to 38.1 in Ohio. Housing was generally more affordable across the AA than in other parts of Ohio. Vinton County had the highest affordability ratio at 50.2, and Athens County had the least affordable housing with an affordability ratio at 28.8.
- Median gross rents across the AA increased between 5.5% to 22.9% from 2015 to 2021. The rise in median gross rents indicates the need for more affordable housing. According to 2015 Census data, 44.7% of all renters in the AA have rental costs that are at least 30.0% of their income.
- According to HUD's 2021 Fair Market Rents data, the average rent for a one-bedroom unit was \$739 and \$842 for a two-bedroom unit in Athens County. While rents are rising, a median two-bedroom rent is still below the national average of \$1,295.⁵⁹

⁵⁸ 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.

⁵⁹ [National Low Income Housing Coalition](#)

- There are 349,474 housing units in the AA, of which 61.1% are owner occupied, 26.3% are rental and 12.6% are vacant; consequently, there are more households who own their homes than there are renters. Only 1.5% of total housing units are in low-income tracts and 30.2% of the housing units are owner-occupied and 69.8% are either rental or vacant. Only 23.5% of total housing units are in moderate-income tracts, and 51.2% of these housing units are owner-occupied and 48.8% are either rental or vacant. With 38.9% of housing units across the AA being either rental or vacant, there may be limited opportunities to originate mortgage loans, particularly in LMI tracts.
- The median age of housing stock across the AA is 49 years old, and 28.6% of housing units were built prior to 1950. The median age of housing stock in low-income tracts is 61 years old and in moderate-income tracts the median age of housing stock is 59 years old. The age of the housing stock across the AA demonstrates a potential need for home improvement lending and refinance or home improvement loans to remove lead-based paint that was commonly used on houses and apartments built before 1978.⁶⁰

Housing Cost Burden						
Assessment Area: Nonmetropolitan Ohio						
Area	Cost Burden - Owners			Cost Burden - Renters		
	Low Income	Moderate Income	All Owners	Low Income	Moderate Income	All Renters
Adams County	49%	24%	18%	55%	6%	40%
Athens County	57%	16%	17%	69%	43%	48%
Clinton County	64%	24%	16%	69%	26%	37%
Coshocton County	45%	18%	14%	53%	12%	30%
Gallia County	59%	18%	17%	67%	11%	37%
Guernsey County	51%	19%	17%	70%	20%	42%
Highland County	49%	26%	19%	63%	18%	37%
Jackson County	56%	30%	20%	61%	16%	32%
Knox County	61%	28%	16%	75%	16%	38%
Meigs County	48%	13%	16%	61%	23%	40%
Morgan County	40%	10%	14%	63%	19%	40%
Muskingum County	55%	26%	17%	69%	30%	44%
Noble County	38%	11%	14%	40%	33%	29%
Pike County	40%	24%	15%	68%	19%	42%
Scioto County	51%	22%	18%	62%	18%	42%
Tuscarawas County	49%	23%	14%	75%	28%	38%
Vinton County	59%	16%	18%	66%	20%	44%
Washington County	48%	23%	14%	69%	17%	39%
Assessment Area	52%	22%	16%	66%	23%	40%
Ohio	59%	27%	17%	72%	24%	40%
Cost Burden is housing cost that equals 30 percent or more of household income						
Source: U.S. Department of Housing and Urban Development (HUD), 2015-2019 Comprehensive Housing Affordability Strategy						

- 52.0% of low-income homeowners and 66.0% of low-income renters are cost burdened, compared to 22.0% of moderate-income homeowners and 23.0% of moderate-income renters.

⁶⁰ [Ohio Department of Health/Know Our Programs/Childhood Lead Poisoning](#)

- About 16.0% of all homeowners and 40.0% of renters across the AA are cost burdened, compared to 17.0% of all homeowners and 40.0% of renters across Ohio.
- The data shows that cost burden disproportionately affects renter-occupied households, particularly low-income renters and low-income homeowners, respectively.
- 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.

Labor, Employment, and Economic Characteristics

Unemployment Rates					
Assessment Area: Assessment Area: Nonmetropolitan Ohio					
Area	2017	2018	2019	2020	2021
Adams County	7.2%	7.0%	6.9%	9.3%	6.3%
Athens County	6.0%	5.6%	5.3%	7.6%	5.6%
Clinton County	5.5%	5.2%	4.7%	8.4%	5.5%
Coshocton County	6.8%	6.2%	5.9%	8.9%	5.8%
Gallia County	6.6%	6.0%	5.4%	8.0%	5.6%
Guernsey County	6.0%	5.5%	5.5%	8.7%	5.6%
Highland County	5.9%	5.5%	5.2%	8.7%	5.6%
Jackson County	7.1%	6.5%	6.2%	8.7%	6.1%
Knox County	4.5%	4.3%	4.0%	6.2%	4.0%
Meigs County	8.1%	7.2%	6.9%	9.7%	6.6%
Morgan County	6.8%	6.0%	6.5%	9.2%	6.2%
Muskingum County	5.7%	5.3%	4.9%	7.8%	5.1%
Noble County	7.2%	6.7%	7.0%	9.7%	6.8%
Pike County	7.0%	6.5%	6.2%	9.4%	6.3%
Scioto County	7.0%	6.7%	6.3%	8.7%	6.2%
Tuscarawas County	5.0%	4.5%	4.3%	7.6%	4.6%
Vinton County	6.8%	6.2%	5.7%	9.2%	6.2%
Washington County	6.2%	5.6%	5.4%	8.6%	5.5%
Assessment Area	6.0%	5.6%	5.3%	8.2%	5.5%
Ohio	5.0%	4.5%	4.2%	8.2%	5.1%

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

- While 2017-2019 unemployment rates decreased across the AA, the 2020 unemployment rate increased substantially in response to the COVID-19 pandemic. The average unemployment rate in the AA increased from 5.3% in 2019 to 8.2% in 2020. AA unemployment rates were generally higher than unemployment rates in Ohio during this period, except for Knox County, which had unemployment rates consistently lower than Ohio during this period.
- According to the Bureau of Labor Statistics,⁶¹ the leading industries by total employed persons in the AA, by industry are health care and social assistance, government, manufacturing, retail trade, and accommodation and food services.

⁶¹ [Bureau of Labor Statistics\(BLS\), Quarterly Census of Employment and Wages](#)

- As reported by the Ohio Office of Research:⁶²
 - Land use across the AA is primarily rural with less than 11.0% available for urban (i.e., residential, commercial, industrial, or recreational) development.
- Major employers in the AA include Ohio Health, KRATON, Polymers LLC, Austin-Powder-Explosives Manufacturing, Magnum Magnetix, Genesis Healthcare System, Zandex, Hann Manufacturing, Gatling Ohio LLC, Detroit Diesel, GKN Sinter Metals and General Mills.⁶³
- Intel recently announced plans to build two state-of-the-art chip factories in Licking County, costing \$20 billion. This is the largest single private-sector investment in Ohio history, and initially is expected to create 3,000 Intel jobs and 7,000 construction jobs throughout the building process and will support tens of thousands of additional local long-term jobs across a broad ecosystem of suppliers and partners. Once completed, the total investment in the site could grow to as much as \$100 billion over the next decade, making it one of the largest semiconductor manufacturing sites in the world. While Licking County is not in this AA; this investment will bring economic opportunity to the surrounding counties, along with infrastructure challenges to accommodate population growth.⁶⁴
- According to ARC the following counties are designated as either at-risk or distressed based on several economic indicators, including poverty rates, per capita market income and unemployment rates: Adams, Athens, Coshocton, Gallia, Guernsey, Highland, Meigs, Morgan, Jackson, Noble, Pike, Scioto, and Vinton. Historically, Appalachia has battled poverty, unemployment, lower educational attainment, and lower wages. While significant progress has been made, recent challenges such as the substance abuse crisis and COVID-19 remain. Counties in this AA are still experiencing higher levels of unemployment and poverty than the national rates, particularly Adams, Athens, Meigs, Noble and Scioto.⁶⁵
- According to the Centers of Disease Control and Prevention, the following 10 counties in this AA are vulnerable to high rates of different types of illnesses because of the opioid epidemic: Adams, Athens, Clinton, Gallia, Highland, Jackson, Meigs, Pike, Scioto and Vinton. As a result, these counties are particularly susceptible to reduced labor market activity and stunted economic growth potential.⁶⁶
- Based on 2015 Census data and BroadbandOhio,⁶⁷ while approximately 77.9% of households in the AA have a broadband internet subscription, 83.3% of the populated areas and 49.6% of households do not have access to the minimum bandwidth needed for basic internet activity. A Federal Reserve Bank of Cleveland report, *Access to Broadband is Essential for Positive Economic Outcomes*,⁶⁸ found that employment rates differed markedly

⁶² [Ohio County Trends](#)

⁶³ [OhioSE - Economic Development](#)

⁶⁴ [Intel](#)

⁶⁵ [Appalachian Regional Commission](#)

⁶⁶ [Centers for Disease Control and Prevention](#)

⁶⁷ [Broadband Ohio](#)

⁶⁸ [Cleveland Fed](#)

for those with and without broadband in both urban and rural counties. Nationally, those with access to a broadband-enabled computer are employed at a higher rate in urban and rural counties.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN NONMETROPOLITAN OHIO

Lending Test

Peoples' performance under the lending test in this AA is excellent. Peoples' lending activity demonstrates an excellent responsiveness to the credit needs of the community. Peoples has a good distribution among borrowers of different income levels and businesses of different sizes. Peoples has a good geographic distribution of loans with a moderate level of lending gaps. Peoples makes a relatively high level of community development loans and makes extensive use of flexible lending practices in this AA. Peoples exhibits a good record of serving the credit needs of highly economically disadvantaged areas in its AA, low-income individuals, or businesses with gross annual revenue of \$1.0 million or less.

Lending Activity

Home purchase, refinance, home improvement, and small business loans were evaluated separately each year in the evaluation period, with the exception of 2019. Due to limited volume, HMDA loans were combined in 2019 to conduct a meaningful analysis. Small farm, multi-family, and other purpose closed-end loans were not considered in this evaluation due to limited volume.

Lending activity levels reflect an excellent responsiveness to the credit needs within the AA. The percentage of Peoples' lending in the Nonmetropolitan Ohio AA is 45.7% compared to the percentage of total deposits is 37.4%.

Lastly, HMDA loans (refinance, home purchase and home improvement, respectively) received greater weight than small business loans in this AA based on the total loan volume by number and dollar amounts.

Distribution by Borrower Income and Revenue Size of the Business

Borrower distribution received greater weight than geographic distribution in this AA, since the overall percentage of LMI families is greater than the overall percentage of LMI geographies.

Peoples' overall distribution to businesses of different sizes and of HMDA lending among borrowers of different income (including LMI) levels is good.

HMDA Lending

During the evaluation period, Peoples originated 2,695 HMDA loans totaling \$294.7 million. Of these loans, 1,260 were refinance loans totaling \$157.4 million, 726 were home purchase loans totaling \$97.3 million, and 462 were home improvement loans totaling \$20.6 million. Peoples' performance was compared to the percentage of families (proxy) and the aggregate of all lenders. Peoples' borrower distribution of refinance, home purchase, and home improvement lending is good. See Appendix E for explicit HMDA-reportable lending data.

Refinance Lending

In 2021, Peoples originated 503 refinance loans totaling \$60.3 million. Peoples originated 13 (2.6%) refinance loans to borrowers with unknown incomes totaling \$1.4 million (2.2%). By comparison, the aggregate of all lenders originated 17% by volume and 18.8% by dollar amount to borrowers with unknown incomes.

Peoples originated forty (8.0%) refinance loans to low-income borrowers totaling \$2.0 million (3.4%) which was significantly below the percentage of families at 24.1% by volume and substantially below by dollar amount. Performance exceeded the aggregate of all lenders at 5.7% by volume and 3.1% by dollar amount. Peoples originated 83 (16.5%) refinance loans to moderate-income borrowers totaling \$6.7 million (11.2%), which was slightly below the percentage of families at 18.2% by volume and was below by dollar amount. Performance exceeded the aggregate of all lenders at 15.9% by volume and was comparable at 11.2% by dollar amount.

In 2020, Peoples originated 561 refinance loans totaling \$74.2 million. Peoples originated 27 (4.8%) refinance loans to borrowers with unknown incomes totaling \$4.1 million (5.5%). By comparison, the aggregate of all lenders originated 18.0% by volume and 20.6% by dollar amount to borrowers with unknown incomes.

Peoples originated 26 (4.6%) refinance loan to low-income borrowers totaling \$1.2 million (1.7%), which was substantially below the percentage of families at 23.8% by volume and dollar amount. Performance exceeded the aggregate of all lenders at 4.2% by volume and was slightly below at 2.1% by dollar amount. Peoples originated 81 (14.4%) refinance loans to moderate-income borrowers totaling \$6.8 million (9.2%), which was slightly below the percentage of families at 18.1% by volume and below by dollar amount. Performance exceeded the aggregate of all lenders at 13.5% by volume and was slightly below at 9.2% by dollar amount.

In 2019, Peoples originated 196 refinance loans totaling \$23.0 million. Peoples originated seven (3.6%) refinance loans to borrowers with unknown incomes totaling \$1.1 million (4.6%). By comparison, the aggregate of all lenders originated 14.8% by volume and 18.9% by dollar amount to borrowers with unknown incomes.

Peoples originated ten (5.1%) refinance loan to low-income borrowers totaling \$1.0 million (4.4%), which was substantially below the percentage of families at 23.8% by volume and dollar amount. Performance was below the aggregate of all lenders at 7.0% by volume and exceeded at 3.8% by dollar amount. Peoples originated 40 (20.4%) refinance loans to moderate-income borrowers totaling \$3.0 million (13.2%), which exceeded the percentage of families at 18.1% by volume and below by dollar amount. Performance exceeded the aggregate of all lenders at 17.3% by volume and was slightly below at 12.1% by dollar amount.

Peoples' refinance lending performance was below proxy but exceeded the aggregate of all lenders to low-income borrowers, which is a good borrower distribution. Peoples' performance was slightly below proxy and exceeded the aggregate of all lenders to moderate-income borrowers, which is a good borrower distribution.

Home Purchase Lending

In 2021, Peoples originated 259 home purchase loans totaling \$36.3 million. Peoples originated 11 (4.2%) home purchase loans to borrowers with unknown income totaling \$1.3 (3.7%). By comparison, the aggregate of all lenders originated 19.9% by volume and 18.3% by dollar amount to borrowers with unknown incomes.

Peoples originated 32 (12.4%) home purchase loans to low-income borrowers totaling \$2.7 million (7.4%) which was below the percentage of families at 24.1% by volume and significantly below by dollar amount. Performance substantially exceeded the aggregate of all lenders at 8.1% by volume and 4.5% by dollar amount. Peoples originated 77 (29.7%) home purchase loans to moderate-income borrowers totaling \$8.1 million (22.2%), which substantially exceeded the percentage of families at 18.2% by volume and exceeded by dollar amount. Performance exceeded the aggregate of all lenders at 21.9% by volume and exceeded 16.7% by dollar amount.

In 2020, Peoples originated 303 home purchase loans totaling \$40.6 million. Peoples originated 18 (5.9%) home purchase loan to borrowers with unknown incomes totaling \$2.3 million (5.8%). By comparison, the aggregate of all lenders originated 14.9% by volume and 14.1% by dollar amount to borrowers with unknown incomes.

Peoples originated 36 (11.9%) home purchase loans to low-income borrowers totaling \$2.7 (6.6%) which was significantly below the percentage of families at 23.8% by volume and dollar amount. Performance substantially exceeded the aggregate of all lenders at 7.8 % by volume and below at 4.3% by dollar amount. Peoples originated 84 (27.7%) home purchase loans to moderate-income borrowers totaling \$8.2 million (20.1%), which substantially exceeded the percentage of families at 18.1% by volume and exceeded by dollar amount. Performance was exceeded the aggregate of all lenders at 23.0% by volume and at 17.4% by dollar amount.

In 2019, Peoples originated 164 home purchase loans totaling \$20.4 million. Peoples originated five (3.0%) HMDA loans to borrowers with unknown incomes totaling \$1.1 million (5.5%). By

comparison, the aggregate of all lenders originated 16.6% by volume and 14.1% by dollar amount to borrowers with unknown incomes.

Peoples originated 14 (8.5%) HMDA loans to low-income borrowers, totaling \$944,000 (4.6%), which was significantly below the percentage of families at 23.8% by volume and substantially below by dollar amount. Performance exceeded the aggregate of all lenders at 7.0% by volume and at 3.8% by dollar amount. Peoples originated 44 (26.8%) home purchase loans to moderate-income borrowers totaling \$3.6 million (17.7%), which exceeded the percentage of families at 18.1% by volume and was slightly below by dollar amount. Performance exceeded the aggregate of all lenders at 22.0% by volume and exceeded at 16.5% by dollar amount.

Peoples' performance fell slightly below the percentage of families (proxy) but substantially exceeded the aggregate of all lenders to low-income borrowers, which is a good borrower distribution. Peoples' performance exceeded proxy and the aggregate of all lenders to moderate-income borrowers, which is an excellent borrower distribution.

Home Improvement Lending

In 2021, Peoples originated 223 home improvement loans totaling \$10.7 million. Peoples originated seven (3.1%) home improvement loan to borrowers with unknown incomes totaling \$267,000 (2.5%). By comparison, the aggregate of all lenders originated 3.3% by volume and 3.6% by dollar amount to borrowers with unknown incomes.

Peoples originated 18 (8.1%) home improvement loans to low-income borrowers totaling \$494,000 (4.6%) which was significantly below the percentage of families at 24.1% by volume and substantially below by dollar amount. Performance exceeded the aggregate of all lenders at 7.2% by volume and 4.7% by dollar amount. Peoples originated 35 (15.7%) home improvement loans to moderate-income borrowers totaling \$1.3 million (12.5%), which was slightly below the percentage of families at 18.2% by volume and below by dollar amount. Performance was slightly below the aggregate of all lenders at 17.6% by volume and 14.3% by dollar amount.

In 2020, Peoples originated 147 home improvement loans totaling \$6.3 million. Peoples originated nine (6.1%) home improvement loans to borrowers with unknown incomes totaling \$340,000 (5.4%). By comparison, the aggregate of all lenders originated 4.3% by volume and 7.8% by dollar amount to borrowers with unknown incomes.

Peoples originated 11 (7.5%) home improvement loans to low-income borrowers totaling \$241,000 (3.8%) which was significantly below the percentage of families at 23.8% by volume and substantially below by dollar amount. Performance exceeded the aggregate of all lenders at 6.2% by volume and was comparable at 3.7% by dollar amount. Peoples originated 26 (17.7%) home improvement loans to moderate-income borrowers totaling \$804,000 (12.7%), which was slightly below the percentage of families at 18.1% by volume and below by dollar amount. Performance exceeded the aggregate of all lenders at 16.7% by volume and 11.5% by dollar amount.

In 2019, Peoples originated 92 home improvement loans totaling \$3.6 million. Peoples originated three (3.3%) home improvement loans to borrowers with unknown incomes totaling \$111,000 (3.1%). By comparison, the aggregate of all lenders originated 2.6% by volume and 2.9% by dollar amount to borrowers with unknown incomes.

Peoples originated eight (8.7%) home improvement loans to low-income borrowers, totaling \$234,000 (6.6%), which was significantly below the percentage of families at 23.8% by volume and dollar amount. Performance exceeded the aggregate of all lenders at 8.6% by volume and at 5.9% by dollar amount. Peoples originated fourteen (15.2%) home improvement loans to moderate-income borrowers totaling \$604,000 (16.9%), which was slightly below the percentage of families at 18.1% by volume and dollar amount. Performance was slightly below the aggregate of all lenders at 16.7% by volume and exceeded at 15.1% by dollar amount.

Peoples' performance fell significantly below the percentage of families (proxy) but exceeded the aggregate of all lenders to low-income borrowers, which is an adequate borrower distribution. Peoples' performance fell slightly below proxy and the aggregate of all lenders to moderate-income borrowers, which is a good borrower distribution.

Small Business Lending

During the evaluation period Peoples originated 2,418 small business loans to businesses of different sizes totaling \$221.2 million, and 1,725 (71.3%) loans totaling \$123.4 million (55.8%) were PPP loans with unknown gross annual revenue. Peoples' performance was compared to the percentage of businesses (proxy).

In 2021, Peoples originated 725 small business loans to businesses of different sizes totaling \$60.3 million, of which 71.9% were extended to businesses with unknown revenue. Of the total small business loans, 520 (71.7%) loans totaling \$33.2 million were PPP loans. Peoples originated 146 (20.1%) loans totaling \$15.6 million (25.8%) to businesses with revenue of \$1.0 million or less, compared to the percentage of small businesses at 89.8% and the aggregate of all lenders at 46.7% by volume and 32.1% by dollar amount. While this is a good distribution, Peoples originated 573 (79.0%) small dollar loans in amounts of \$100,000 or less, compared to the aggregate of all lenders at 92.2%. Peoples' willingness to lend in smaller amounts exhibits a good responsiveness to credit needs of small businesses in the AA, particularly those impacted by the COVID-19 emergency.

In 2020, Peoples originated 1,528 small business loans to businesses of different sizes totaling \$134.9 million, of which 80.7% were extended to businesses with unknown revenue. Of the total small business loans, 1,205 (78.9%) loans totaling \$90.2 (66.9%) were PPP loans. Peoples originated 175 (11.5%) loans totaling \$16.1 million (11.9%) to businesses with revenue of \$1.0 million or less, compared to the percentage of small businesses at 89.9% and the aggregate of all lenders at 32.9% by volume and 24.0% by dollar amount. While this is a good distribution, Peoples originated 1,177 (77.0%) small dollar loans in amounts of \$100,000 or less, compared to the aggregate of all lenders at 86.1%. Peoples' willingness to lend in smaller amounts exhibits

a good responsiveness to credit needs of small businesses in the AA, particularly those impacted by the COVID-19 emergency.

In 2019, Peoples originated 162 small business loans to businesses of different sizes totaling \$21.9 million. There were eight (4.9% businesses with unknown gross annual revenue totaling \$1.2 million (5.3%). Peoples originated 92 (56.8%) loans totaling \$8.2 million (37.6%) to businesses with revenue of \$1.0 million or less, which was below the percentage of small businesses at 89.8% and exceeded the aggregate of all lenders at 45.9% by volume and was slightly below at 38.0% by dollar amount. Peoples originated 107 (66.0%) small dollar loans in amounts of \$100,000 or less, compared to the aggregate of all lenders at 92.9%. This exhibits a good responsiveness to credit needs of small businesses in the AA.

While this analysis is skewed by the large number of businesses with unknown gross annual revenue in 2021 and 2020, Peoples exhibits a good responsiveness to credit needs of small businesses in the AA, since small dollar loans tend to represent amounts typically requested by small businesses, particularly those impacted by the COVID-19 emergency. Therefore, the distribution to businesses of different sizes is good.

Geographic Distribution of Loans

Peoples' overall geographic distribution of lending is good. Small business lending is excellent and HMDA lending is good. Peoples has moderate lending gaps in Nonmetropolitan Ohio.

Percentage of Lending Penetration			
Tract Income Level	2019	2020	2021
Low	75.0%	75.0%	75.0%
Moderate	86.0%	90.7%	87.2%
Middle	77.0%	88.5%	88.7%
Upper	80.0%	86.7%	93.3%
Unknown	0.0%	100.0%	100.0%
Total	78.5%	88.7%	88.5%

Peoples was able to penetrate approximately 85.0% of total tracts during the evaluation period. Lending gaps were moderate in low-income tracts with an average penetration rate of 75.0% and moderate-income tracts with an average penetration rate of 88.0%. The improved penetration rate in 2020 can be attributed to an increase of small business loans through the PPP.

HMDA Lending

During the evaluation period, Peoples originated 2,695 HMDA loans totaling \$294.7 million. Of these loans, 1,260 were refinance loans totaling \$157.4 million, 726 were home purchase loans totaling \$97.3 million, and 462 were home improvement loans totaling \$20.6 million. Peoples' performance was compared to the percentage of owner-occupied units (proxy) and the aggregate

of all lenders. Peoples' geographic distribution of refinance, home purchase, and home improvement lending is good, considering the limited number of housing units in LMI tracts and the high percentage of rental and vacant units in these tracts, particularly in low-income tracts. See Appendix E for explicit HMDA-reportable lending data.

Refinance Lending

In 2021, Peoples originated 503 refinance loans totaling \$60.3 million. Peoples originated no refinance loans in low-income tracts, which was substantially below the percentage of owner-occupied units in these tracts at 0.7% by volume and dollar amount. Performance was substantially below the aggregate of all lenders at 0.4% by volume and 0.2% by dollar amount. Peoples originated 82 (16.3%) refinance loans in moderate-income tracts totaling \$7.9 million (13.1%), which was slightly below the percentage of owner-occupied units in these tracts at 19.7% by volume and was below by dollar amount. Performance exceeded the aggregate of all lenders at 15.6% by volume and 13.0% by dollar amount.

In 2020, Peoples originated 561 refinance loans totaling \$74.2 million. Peoples originated four (0.7%) refinance loans in a low-income tract totaling \$339,000 (0.5%), which was slightly below the percentage of owner-occupied units in these tracts at 0.8% by volume and below by dollar amount. Performance substantially exceeded the aggregate of all lenders at 0.4% by volume and 0.3% by dollar amount. Peoples originated 69 (12.3%) refinance loans in moderate-income tracts totaling \$9.8 million (13.2%), which was below the percentage of owner-occupied units in these tracts at 18.3% by volume and dollar amount. Performance was comparable to the aggregate of all lenders at 12.8% by volume and exceeded at 10.7% by dollar amount.

In 2019, Peoples originated 196 refinance loans totaling \$23.0 million. Peoples originated no refinance loans in low-income tracts which was substantially below the percentage of owner-occupied units in these tracts at 0.8% by volume and dollar amount. Performance was substantially below the aggregate of all lenders at 0.4% by volume and at 0.2% by dollar amount. Peoples originated 33 (16.8%) refinance loans in moderate-income tracts totaling \$3.1 million (13.6%), which was slightly below the percentage of owner-occupied units in these tracts at 18.3% by volume and below by dollar amount. Performance exceeded the aggregate of all lenders at 13.3% by volume and 10.6% by dollar amount.

Peoples' refinance lending performance was substantially below the percentage of owner-occupied units (proxy) and the aggregate of all lenders in low-income tracts. However, this was due to the limited opportunity to make loans as there are only four low-income tracts. As such, geographic distribution of refinance lending in the low-income tracts is adequate. Performance mostly fell below proxy and exceeded the aggregate of all lenders in moderate-income tracts, which is a good geographic distribution.

Home Purchase Lending

In 2021, Peoples originated 259 home purchase loans totaling \$36.3 million. Peoples originated one home purchase loan in low-income tracts, which was below the percentage of owner-occupied units in these tracts at 0.7% by volume and substantially below by dollar amount. Performance was slightly below the aggregate of all lenders at 0.5% by volume and significantly below at 0.3% by dollar amount. Peoples originated 57 (22.0%) home purchase loans in moderate-income tracts totaling \$8.1 million (22.2%), which exceeded the percentage of owner-occupied units in these tracts at 19.7% by volume and dollar amount. Performance exceeded the aggregate of all lenders at 21.1% by volume and 17.2% by dollar amount.

In 2020, Peoples originated 303 home purchase loans totaling \$40.6 million. Peoples originated five (1.7%) home purchase loans in low-income tracts totaling \$536,000 (1.3%), which substantially exceeded the percentage of owner-occupied units in these tracts at 0.8% by volume and dollar amount. Performance substantially exceeded the aggregate of all lenders at 0.6% by volume and 0.3% by dollar amount. Peoples originated 72 (23.8%) home purchase loans in moderate-income tracts totaling \$7.9 million (19.5%), which exceeded the percentage of owner-occupied units in these tracts at 18.3% by volume and dollar amount. Performance exceeded the aggregate of all lenders at 18.4% by volume and 14.7% by dollar amount.

In 2019, Peoples originated 164 home purchase loans totaling \$20.4 million. Peoples originated one (0.6%) home purchase loan in low-income tracts totaling \$78,000 (0.4%), which was slightly below the percentage of owner-occupied units in these tracts at 0.8% by volume and significantly below by dollar amount. Performance exceeded the aggregate of all lenders at 0.6% by volume and was slightly below at 0.4% by dollar amount. Peoples originated 31 (18.9%) home purchase loans in moderate-income tracts totaling \$3.8 million (18.9%), which exceeded the percentage of owner-occupied units in these tracts at 18.3% by volume and dollar amount. Performance exceeded the aggregate of all lenders at 18.0% by volume and 14.1% by dollar amount.

Peoples' home purchase lending performance was slightly below the percentage of owner-occupied units (proxy) and exceeded the aggregate of all lenders in low-income tracts, which is a good geographic distribution. The bank's performance exceeded proxy and the aggregate of all lenders in moderate-income tracts, which is an excellent geographic distribution.

Home Improvement Lending

In 2021, Peoples originated 223 home improvement loans totaling \$10.7 million. Peoples originated two (0.9%) home improvement loans in low-income tracts totaling \$66,000 (0.6%), which exceeded the percentage of owner-occupied units in these tracts at 0.7% by volume and was slightly below by dollar amount.

Performance substantially exceeded the aggregate of all lenders at 0.5% by volume and was at 0.2% by dollar amount. Peoples originated 41 (18.4%) home improvement loans in moderate-

income tracts totaling \$2.0 million (18.9%), which was slightly below the percentage of owner-occupied units in these tracts at 19.7% by volume and dollar amount. Performance exceeded the aggregate of all lenders at 13.6% by volume and 11.6% by dollar amount.

In 2020, Peoples originated 147 home improvement loans totaling \$6.3 million. Peoples originated four (2.7%) home improvement loans in low-income tracts, totaling \$106,000 (1.7%), which substantially exceeded the percentage of owner-occupied units in these tracts at 0.8% by volume and dollar amount. Performance substantially exceeded the aggregate of all lenders at 1.0% by volume and 0.6% by dollar amount. Peoples originated twenty-six (17.7%) home improvement loans in moderate-income tracts totaling \$966,000 (15.3%), which was slightly below the percentage of owner-occupied units in these tracts at 18.3% by volume and dollar amount. Performance exceeded the aggregate of all lenders at 13.6% by volume and 10.5% by dollar amount.

In 2019, Peoples originated 92 home improvement loans totaling \$3.5 million. Peoples originated no home improvement loans in low-income tracts, which was substantially below the percentage of owner-occupied units in these tracts at 0.8% and the aggregate of all lenders at 0.6% by volume and 0.5% by dollar amount. Peoples originated 17 (18.5%) home improvement loans in moderate-income tracts totaling \$861,000 (24.1%), which exceeded the percentage of owner-occupied units in these tracts at 18.3% by volume and dollar amount. Performance exceeded the aggregate of all lenders at 15.2% by volume and substantially exceeded at 14.3% by dollar amount.

Peoples' home improvement lending performance in LMI tracts is good. Performance was slightly below proxy and the aggregate of all lenders in the low-income tracts and was slightly below proxy and exceeded the aggregate of all lenders in moderate-income tracts.

Small Business Lending

During the evaluation period Peoples originated 2,418 small business loans to businesses of different sizes totaling \$221.2 million. Peoples' performance was compared to the percentage of businesses by tract (proxy). The geographic distribution of small business lending is excellent.

In 2021, Peoples originated 725 small business loans totaling \$60.3 million. Peoples originated 28 (3.9%) small business loans in low-income tracts totaling \$3.2 million (5.3%), which substantially exceeded the percentage of businesses in these tracts at 2.1% by volume and dollar amount. Performance substantially exceeded the aggregate of all lenders at 2.0% by volume and 3.4% by dollar amount. Peoples originated 238 (32.8%) small business loans in moderate-income tracts totaling \$21.1 million (34.9%), which exceeded the percentage of businesses in these tracts at 24.4% by volume and dollar amount. Performance substantially exceeded the aggregate of all lenders at 21.7% by volume and exceeded at 25.7% by dollar amount.

In 2020, Peoples originated 1,528 small business loans totaling \$134.9 million. Peoples originated 20 (1.3%) small business loans in unknown-income tracts totaling \$1.6 million by

dollar amount, compared to the percentage of businesses in these tracts at 1.1% and the aggregate of all lenders at 0.8% by volume and 0.6% by dollar amount.

Peoples originated 61 (4.0%) small business loans in low-income tracts totaling \$4.9 million (3.6%), which substantially exceeded the percentage of businesses in these tracts at 2.1% by volume and dollar amount. Performance substantially exceeded the aggregate of all lenders at 2.6% by volume and 2.1% by dollar amount. Peoples originated 515 (33.7%) small business loans in moderate-income tracts totaling \$46.1 million (34.2%), which exceeded the percentage of businesses in these tracts at 23.2% by volume and dollar amount. Performance exceeded the aggregate of all lenders at 23.0% by volume and 27.7% by dollar amount.

In 2019, Peoples originated 162 small business loans totaling \$21.9 million. Peoples originated seven (4.3%) small business loans in low-income tracts totaling \$1.1 million (5.0%), which substantially exceeded the percentage of businesses in these tracts at 2.2% by volume and dollar amount. Performance substantially exceeded the aggregate of all lenders at 2.2% by volume and at 3.4% by dollar amount. Peoples originated 57 (35.2%) small business loans in moderate-income tracts totaling \$4.9 million (22.2%), which substantially exceeded the percentage of businesses in these tracts at 23.2% by volume and dollar amount. Performance substantially exceeded the aggregate of all lenders at 20.5% by volume and was comparable at 21.9% by dollar amount.

Peoples' small business lending performance substantially exceeded proxy and the aggregate of all lenders in LMI tracts during the evaluation period. The geographic distribution of small business lending in LMI tracts is excellent.

Community Development Lending

Peoples originated 24 community development loans totaling approximately \$32.2 million. The following table reflects the total number community development loans by purpose, number, and dollar amount.

Purpose of CD Loan	#	\$
Revitalization / Stabilization	13	\$27,587,647
Affordable Housing	4	\$3,164,500
Community Services	7	\$1,490,762
Total	24	\$32,242,909

Peoples originated 12 PPP loans totaling \$27.5 million providing funding to 12 small business in 10 LMI and three distressed middle-income communities. These loans are considered responsive because they helped to revitalize/stabilize these communities by helping these businesses keep workers employed during the height of the COVID-19 emergency. The remaining revitalization/stabilization loan totaling \$58,000 provided capital to a public authority to develop and resell land to a company that plans to set up shop on the site. The sale of this property is expected to positively impact economic growth by creating 100 new jobs and \$100 million in

technological infrastructure in a distressed middle-income area. Peoples also made a substantial donation to the public authority.

Peoples originated four affordable housing loans totaling \$3.2 million providing working capital to a nonprofit to renovate housing for LMI seniors and another nonprofit to continue operations and care of housing for LMI adults with disabilities in a distressed middle-income area.

Peoples originated seven community services loans totaling \$1.5 million providing working capital to a school district to complete energy efficiency improvements to multiple schools, a public health care provider to purchase an office building to expand its operations, to a non-profit that provides wraparound services to LMI individuals with disabilities, and a non-profit to purchase two new buses to transport LMI individuals and seniors to medical appointments in several distressed middle-income communities. There was also a working capital loan to a countywide food pantry which serves a moderate-income and several distressed middle-income communities, a debt consolidation loan to a non-profit making additional funds available to spend on its programs that benefit LMI individuals and families and extending a line of credit to a non-profit helping it meet an increased demand for wraparound services during height of the COVID-19 emergency. These loans are considered responsive to a multitude of needs among vulnerable populations, including during the height of the COVID-19 emergency.

These loans represent 28.2% of Peoples' total community development lending, compared to the percentage of total lending at 45.7% and total deposits at 37.4%. Peoples makes a relatively high level of community development loans in Nonmetropolitan Ohio given the size and presence of the institution and community development lending opportunities in this AA. These loans exhibit a good responsiveness to credit needs of low-income individuals and geographies and small businesses, particularly in response to the COVID-19 emergency.

Flexible Lending Practices

Peoples originated 329 loans under its flexible lending programs in Nonmetropolitan Ohio, including 160 Dreams2Keys loans, 93 HomeReady Fixed Rate loans, 34 USDA Rural Development loans, and 42 loans in all other flexible loan programs in Nonmetropolitan Ohio. This ranks as Peoples' highest percentage by total volume of flexible lending during the evaluation period. The following table shows the percentage by volume in these flexible lending programs and distribution of lending by census tracts.

Geographic Distribution of Flexible Lending Products									
Assessment Area: Nonmetropolitan Ohio									
	Dreams2Keys Loans		HomeReady Fixed Rate		USDA Rural Development		All Other Loan Programs		% of Owner-Occupied Units
Tract Income Level	Number of Loans	# - %	Number of Loans	# - %	Number of Loans	# - %	Number of Loans	# - %	
Low	1	0.6	0	0.0	0	0.0	1	2.4	0.7
Moderate	80	50.0	20	21.5	4	11.8	10	23.8	19.7
Middle	79	49.4	67	72.0	24	70.6	28	66.7	70.7
Upper	0	0.0	5	5.4	6	17.6	2	4.8	8.8
Unknown	0	0.0	1	1.1	0	0.0	1	2.4	0.1
Total	160	100.0	93	100.0	34	100.0	42	100.0	100

Peoples originated one Dreams2Keys loan and one loan in other flexible loan programs in low-income tracts, which exceeded the proxy by volume. Peoples originated 80 Dreams2Keys, 20 HomeReady, four USDA, and 10 loans in other flexible loan programs in moderate-income tracts, which exceeded proxy by volume.

Borrower Distribution of Flexible Lending Products									
Assessment Area: Nonmetropolitan Ohio									
	Dreams2Keys Loans		HomeReady Fixed Rate		USDA Rural Development		All Other Loan Programs		% of Families
Borrower Income Level	Number of Loans	# - %	Number of Loans	# - %	Number of Loans	# - %	Number of Loans	# - %	
Low	46	28.8	24	25.8	6	17.6	5	11.9	24.1
Moderate	84	52.5	66	71.0	7	20.6	16	38.1	18.2
Middle	20	12.5	1	1.1	16	47.1	15	35.7	20.9
Upper	4	2.5	0	0.0	2	5.9	5	11.9	36.8
Unknown	6	3.8	2	2.2	3	8.8	1	2.4	0
Total	160	100.0	93	100.0	34	100.0	42	100.0	100

Peoples originated 46 Dreams2Keys, 24 HomeReady, six USDA, and five loans in other flexible loan programs to low-income borrowers, which fell slightly below proxy by volume. Peoples originated 84 Dreams2Keys, 66 HomeReady, seven USDA, and 16 loans in other flexible loan programs to moderate-income borrowers, which substantially exceeded proxy by volume.

Through these programs, Peoples was able to assist LMI borrowers purchase homes in LMI geographies and/or obtain essential down-payment assistance and first-time homebuyer education.

Peoples originated 1,802 PPP loans totaling \$183.3 million in 2020 and 2021, representing approximately 34.2% by volume and 28.3% by dollar amount of total PPP loans. This ranks as

Peoples highest percentage of total volume of PPP loans originated during the evaluation period. The following tables show the percentage by volume and dollar amount of PPP loans and distribution of lending by census tracts.

Geographic Distribution of PPP Loans Assessment Area: Nonmetropolitan Ohio					
Tract Income Level	Number of Loans	# - %	Total Loan Amount	\$ - %	Percentage of Businesses (2021)
Low	82	4.6	\$ 10,607,804	5.8	2.1
Moderate	622	34.5	\$ 66,121,944	36.1	24.4
Middle	910	50.5	\$ 92,064,434	50.2	63.1
Upper	162	9.0	\$ 13,258,251	7.2	9.4
Unknown	26	1.4	\$ 1,205,196	0.7	1.1
Total	1,802	100.0	\$ 183,257,629	100.0	100.0

Peoples originated 82 (4.6%) PPP loans totaling \$10.6 million (5.8%) in low-income tracts, which substantially exceeded proxy by volume and dollar amount. Peoples originated 622 (34.5%) PPP loans totaling \$66.1 million (36.1%) in moderate-income tracts, which substantially exceeded proxy by volume and dollar amount. Also, 41.0% by volume and 35.0% by dollar amount of PPP loans in middle-income tracts were originated in distressed or underserved middle-income tracts. PPP lending in Nonmetropolitan Ohio is considered responsive to serving credit needs of small businesses or businesses in LMI geographies in response to the COVID-19 emergency.

Peoples makes extensive use of flexible lending practices in serving AA credit needs, and the qualitative impact of these programs on LMI borrowers and in LMI/distressed-middle income geographies and small businesses enhanced Peoples' overall lending test performance.

Investment Test

Peoples has an adequate level of qualified community development investments and donations and is rarely in a leadership position.

Peoples has \$467,660 in qualified community development investments in Nonmetropolitan Ohio. The following table reflects the total number of qualified investments by purpose, number, and dollar amount:

Purpose of CD Investments	#	\$
Affordable Housing	2	\$467,660
Total	2	\$467,660

Peoples holds two prior period investments with a current book value of approximately \$467,660. These investments were in mortgage-backed securities that finances affordable housing within the AA.

Qualified investments also took the form of donations totaling \$752,480. Peoples' partners with a wide array of organizations and nonprofits to fund initiatives aimed at responding to community needs and improving the financial stability of individuals and families, economic development activities, affordable housing, and revitalize and/or stabilize LMI or distressed or underserved areas. The following table reflects the total number community development donations by purpose, number, and dollar amount.

Purpose of CD Donations	#	\$
Community Services	288	\$533,163
Economic Development	76	\$188,537
Affordable Housing	12	\$20,315
Revitalize / Stabilize	3	\$10,465
Total	379	\$752,480

The majority of donations (63.0%) by dollar amount were made through Peoples Bank Foundation, followed by donations made through its branches and marketing (36.0%) and annual donation(s) supporting the purchase of Cenmark financial training materials for LMI schools (1.0%).

Examples of impactful small dollar donations include:

- \$100,000 to a local health foundation providing emergency to assistance in underserved communities in response to the COVID-19 emergency.
- \$75,000 to a philanthropic foundation that serves the Appalachian region – ensuring LMI individuals, families, and children have access to wraparound services in their greatest time of need.
- \$50,000 to a non-profit providing experiential learning opportunities to LMI students in underserved Appalachia region.
- \$36,000 to a public authority that promotes economic development through partnerships, site redevelopment, and the retention and expansion of existing businesses and industries and attraction of new businesses.
- \$30,000 to a growth capital fund that supports the expansion of small businesses' operations in the Appalachian region by providing low-cost funding and connecting businesses to regional resources.
- \$25,000 to a food pantry that primarily serves distressed middle-income areas in the Appalachian region.
- \$17,000 to a non-profit housing organization dedicated to eliminating poverty housing and providing qualified LMI families with affordable homes.

Community contacts emphasized all aspects of affordable housing as a critical need in the AA. In addition, food insecurity is most prevalent among households with inadequate incomes and/or

limited access to credit.⁶⁹ Besides a substantial donation, Peoples also made a community development loan to the public authority promoting economic development.

While small dollar donations addressed expressed needs and were responsive to credit and community development needs, total qualified investments and donations only represent 1.9% of Peoples' total qualified investments by dollar amount, compared to the percentage of total deposits at 37.4% in Nonmetropolitan Ohio. Peoples has the capacity and market presence (second largest depository institution in this market with 12.4% of the deposit market share) to be more responsive to available community development investment opportunities, including the ability to acquire new and/or more complex investments within Nonmetropolitan Ohio.

Service Test

Community Development Services

Retail services are readily accessible, and Peoples is a leader in providing community development services in Nonmetropolitan Ohio.

Retail Services

Since the previous evaluation, Peoples opened one new branch with a full-service ATM in Portsmouth (Scioto County) in a low-income tract. Peoples record of opening branches in Nonmetropolitan Ohio has improved accessibility of its delivery systems, particularly to low-income geographies and/or LMI individuals.

Peoples maintains 32 branches in this AA, its main office with a full-service ATM, 23 branches with full-service ATMs, five branches without ATMs, and three branches with cash-only ATMs. Peoples has a branch with a full-service ATM in an upper-income tract in Waverly (Pike County). Peoples has 12 branches with full-service ATMs in middle-income tracts in Belpre, Marietta, Reno (Washington County); Blanchester and Sabina (Clinton County), Gallipolis (Gallia County), Hillsboro (Highland County), Mount Vernon (Knox County), Pomeroy (Meigs County), Athens (Athens County), Wheelersburg (Scioto County), and Zanesville (Muskingum County). Peoples also has two branches with cash-only ATMs in Jackson (Jackson County) and New Vienna (Clinton County) and two branches without ATMs in Caldwell (Noble County) and Pomeroy (Meigs County) in middle-income tracts. In moderate-income tracts Peoples maintains its main office and eight branches with full-service ATMs in Marietta and Lowell (Washington County), Byesville and Cambridge (Guernsey County), Coshocton (Coshocton County), Nelsonville (Athens County), and Wilmington (Clinton County). Peoples also has one branch with a cash-only ATM in Wellston (Jackson County) and two branches without ATMs in Cambridge (Guernsey County) and McConnelsville (Morgan County) in moderate-income tracts. In low-

⁶⁹ U.S. Department of Health and Human Services Office of Disease Prevention and Health Promotion: [Healthy People 2030](#)

income tracts Peoples has the new branch with a full-service ATM in Portsmouth (Scioto County), one branch with a full-service ATM in Athens (Athens County), and one branch without an ATM in Portsmouth (Scioto County). Branch offices in this AA represent 28.1% of Peoples' total branches.

Since the previous evaluation, Peoples opened two stand-alone, cash-only ATMs – one in a moderate-income tract in Marietta (Washington County) and one in a middle-income tract in Cambridge (Guernsey County). Peoples also closed a cash-only ATM in a middle-income tract in New Vienna (Clinton County). Peoples maintains 12 stand-alone, cash-only ATMs in Nonmetropolitan Ohio. Peoples has one cash-only ATM in an upper-income tract in Athens (Athens County); six cash-only ATMs in middle-income tracts in Belpre and Marietta (Washington County), Pomeroy (Meigs County), Cambridge (Guernsey County); and four cash-only ATMs in moderate-income tracts in Beverly and Marietta (Washington County), McConnelsville (Morgan County), and Wilmington (Clinton County). Lastly, Peoples has a cash-only ATM in Caldwell (Noble County) in an unknown-income tract.

Business hours and services provided do not vary in a way that inconveniences certain portions of the assessment area, including LMI geographies and/or LMI households. Twenty-five of the 32 branches offer drive-thru services, 28 offer extended service hours, and 27 offer weekend hours. One of the three branches in low-income tracts offer drive-thru services and weekend hours, and three offer extended service hours. Nine of the 12 branches in moderate-income tracts offer drive-thru services, and 10 offer weekend hours and extended service hours. Twenty-four ATMs are full-service and available 24 hours a day, 7 days a week, including the two-full-service ATMs in low-income tracts and the nine full-service ATMs in moderate-income tracts.

The following table illustrates the percentage of branch offices and ATMs in low-, moderate-, middle-, and upper-income census tracts in comparison to the number and percentage of census tracts and the percentage of households and total businesses in those tracts.

Tract Income Levels	BRANCHES								ATMS								DEMOGRAPHICS*						
	Total Branches		Opened	Closed**	Drive-Thru	Extended Hours	Weekend Hours	Total ATMs		Full Service				Cash Only				Census Tracts		Households	Total Businesses		
	#	%	#	#	#	#	#	Total	%	Total	%	Opened	Closed	Total	%	Opened	Closed	#	%	%	%		
Low	Total	3	9.4%	1	0	1	3	1	Total	2	5.0%	2	8.3%	1	0	0	0.0%	0	0	8	4.0%	4.6%	4.5%
	DTO	0		0	0	0			Stand Alone	0		0	0	0	0								
	LS	0		0	0																		
Moderate	Total	12	37.5%	0	0	9	10	10	Total	14	35.0%	9	37.5%	0	0	5	31.3%	1	0	47	23.5%	32.1%	24.1%
	DTO	0		0	0	0			Stand Alone	4		0	0	0	4		1	0					
	LS	0		0	0																		
Middle	Total	16	50.0%	0	0	14	15	15	Total	21	52.5%	12	50.0%	0	0	9	42.9%	2	1	120	60.0%	42.0%	60.8%
	DTO	0		0	0	0			Stand Alone	7		0	0	0	7		1	1					
	LS	0		0	0																		
Upper	Total	1	3.1%	0	0	1	0	1	Total	2	5.0%	1	4.2%	0	0	1	50.0%	0	0	21	10.5%	21.3%	9.8%
	DTO	0		0	0	0			Stand Alone	1		0	0	0	1		0	0					
	LS	0		0	0																		
Unknown	Total	0	0.0%	0	0	0	0	0	Total	1	2.5%	0	0.0%	0	0	1	6.3%	0	0	4	2.0%	0.0%	0.8%
	DTO	0		0	0	0			Stand Alone	1		0	0	0	1		0	0					
	LS	0		0	0																		
Totals	Total	32	100.0%	1	0	25	28	27	Total	40	100.0%	24	100.0%	1	0	16	100.0%	3	1	200	100.0%	100.0%	100.0%
	DTO	0		0	0	0			Stand Alone	13		0	0	0	13		2	1					
	LS	0		0	0																		

DTO - Drive Thru Only

LS - Limited Service

Shaded rows indicate totals; unshaded rows are a subset of shaded rows

*Based on 2020 census data

**Closed branches are only included in the "Closed" columns and are not included in any other totals

LPOs not included in totals.

The branch distribution in low-income tracts is excellent. The distribution of branches at 9.4% exceeded the percentage of low-income tracts (4.0%), households (4.6%), and total businesses (4.5%) in these tracts. The branch distribution in moderate-income tracts is excellent. The

distribution of branches at 37.5% exceeded the percentage of moderate-income tracts (23.5%), households (32.1%) and total businesses (24.1%) in these tracts. Delivery systems are readily accessible to Peoples' geographies and individuals of different income levels in Nonmetropolitan Ohio.

Community Development Services

During the evaluation period, 20 employees assisted 54 organizations totaling 1,127 hours of community development service to local organizations that provide a multitude of services throughout the AA. This represents 51.0% of total service hours, which exceeded the total percentage of branches at 28.1%. The hours of service provided in this AA equates to 0.6% ANP. This represents an equivalent number of total service hours since the previous evaluation.

The following table provides a breakdown of qualified community development service by community development purpose.

Purpose of CD Service	# Services	# Organizations	# Employees	# Hours
Affordable Housing	48	34	9	53
Community Services	20	13	11	727
Economic Development	14	7	4	335
Revitalization / Stabilization	1	1	1	12
Total	83	54	20	1,127

Employees provided financial expertise through leadership positions in multiple community organizations that provide services to LMI individuals and families; and promote affordable housing, community and economic development, and revitalization. Community development services include 1,014 hours serving on boards and committees, 145 hours providing technical expertise primarily in the form of promoting features of first-time homebuyer and affordable housing loan products, and 48 hours of financial literacy.

Examples of impactful community development services include but are not limited to:

Serving on boards and committees:

- An employee serves as chair of board of directors for an agency that connects governments and businesses to promote job creation and economic development. This organization also administered a revolving loan fund and launched a COVID-19 emergency relief program in support of small businesses. This employee also reviews small business loan applications as a board member of this organization.
- An employee serves on a board in reviewing loan applications for start-up small businesses or in expansion for an organization who serves as a facilitator between state and federal government agencies and local entities.
- An employee is president of a board that provides mentoring, fundraising, and serves as a banking resource for a county grassroots economic development program.

- An employee helps with fundraising efforts for an organization that provided emergency childcare for essential workers during the COVID-19 emergency.

Technical Expertise

- Forty-six (46) employees provided financial information related to Peoples' Dreams Keys and Welcome Home mortgage products to realtors, mortgage consultants, and minority-focused real estate companies (i.e., technical assistance advocating multiple mortgage solutions to stakeholders that help LMI first-time homebuyers purchase a home they can afford).
- One employee serves as an advisor and funds manager for non-profit that provides after-school activities, summer programs, and various activities to build development skills for LMI children.
- One employee approves grants for organizations assisting with childcare and childhood education for LMI children.

Financial literacy training:

- Five employees provided financial training to two schools in moderate- and distressed middle-income areas.
- One employee provided a first-time homebuyer seminar at a branch office in a moderate-income tract.

Community contacts emphasized the need for all aspects of affordable housing. Contacts also expressed the need for workforce development training focused on high-tech jobs, reliable childcare to help with worker engagement and work-life balance, and financial literacy targeted at reducing poverty. Many of the community development services expressly met AA needs, including supporting economic development activities, addressing childcare needs, and conducting financial literacy training for potential LMI first-time homebuyers.

METROPOLITAN AREAS
(Limited-scope Review)

DESCRIPTION OF INSTITUTION'S OPERATIONS

- **Akron MSA**
 - As of December 31, 2022, Peoples operated four branches in the AA, representing 3.5% of its branches.
 - As of June 30, 2022, Peoples had \$106.0 million in deposits in this AA, representing a market share of 0.6% and 1.8% of its deposits.
- **Cleveland-Elyria MSA**
 - As of December 31, 2022, Peoples operated one branch in the AA, representing 0.9% of its branches.
 - As of June 30, 2022, Peoples had \$192.2 million in deposits in this AA, representing a market share of 0.2% and 3.2% of its deposits.
- **Columbus MSA**
 - As of December 31, 2022, Peoples operated five branches in the AA, representing 4.4% of its branches.
 - As of June 30, 2022, Peoples had \$158.8 million in deposits in this AA, representing a market share of 2.4% and 2.7% of its deposits.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

Using available facts and data, including performance and demographic information, each AA's performance was evaluated and compared with Peoples' overall performance. The conclusions regarding performance are provided in the table below. Please refer to the tables in Appendices F and G for information regarding these areas.

Assessment Area	Lending Test	Investment Test	Service Test
Akron MSA	Below	Below	Below
Cleveland-Elyria MSA	Below	Consistent	Consistent
Columbus MSA	Below	Below	Below
<i>Performance in limited-scope AAs did not impact to the overall rating</i>			

For the lending test, Peoples received an "Outstanding" rating. Performance in the Akron, Cleveland, and Columbus AAs is below the overall performance in Ohio. The borrower distribution of loans is good in the Akron and Columbus AAs and poor in the Cleveland AA. The distribution to businesses of different sizes is good in the Akron and Columbus AAs and adequate in the Cleveland AA. The geographic distribution of loans is excellent in the Columbus AA and good in the Akron and Cleveland AAs. Gaps in lending were found to be significant in the Columbus AA and substantial in the Akron and Cleveland AAs. Peoples is a leader in making community development loans in the Cleveland and Columbus AAs and makes an adequate

level in the Akron AA. These ratings are primarily due to the level of lending gaps relative to Peoples' operational presence in the overall AAs.

For the investment test, Peoples received an "Outstanding" rating. Performance is consistent with the overall performance in Ohio in the Cleveland AA and below in the Akron and Columbus AAs. Qualified investments consisted of municipal bonds, mortgage-backed securities, and a LIHTC. The level of performance is primarily due to the occasional use of a more complex investment (LIHTC) in the Cleveland AA to support community development initiatives in this competitive market and a good level of small dollar donations based on Peoples' operational presence in the overall AAs.

For the service test, Peoples received a "High Satisfactory" rating. Performance is consistent with overall performance in Ohio in the Cleveland AA and below in the Akron and Columbus AAs. Retail services are accessible in the Akron and Columbus AAs and unreasonably inaccessible to portions of the Cleveland AA. Peoples only has one branch in an upper-income tract in the Cleveland AA, four branches in the Akron AA (one branch in a moderate-income tract), and five branches (four branches in moderate-income tracts) in the Columbus AA. Peoples provides a relatively high level of community development services in the Cleveland AA; this ranks as Peoples' third-highest percentage of community services delivered during the evaluation period. Peoples provides an adequate level and few, if any community development services in the Akron and Columbus AAs, respectively. Performance in these AAs is due to accessibility of delivery systems and extent of community development services provided.

STATE OF WEST VIRGINIA

CRA RATING for State of West Virginia:⁷⁰ “Needs to Improve”

The lending test is rated: “Low Satisfactory”

The investment test is rated: “Needs to Improve”

The service test is rated: “Low Satisfactory”

The major factors supporting this rating include:

- An adequate responsiveness to credit needs;
- A good distribution of loans among borrowers of different income levels and to businesses of different revenue sizes;
- An adequate geographic distribution of loans throughout the AA;
- An adequate record of serving the credit needs of low-income individuals and areas and very small businesses;
- Makes few, if any community development loans;
- Makes limited use of flexible lending practices in serving the AA’s credit needs;
- A poor level of qualified community development investments and grants;
- Retail delivery systems are readily accessible to all geographies and individuals of different income levels and businesses of different revenue sizes;
- A record of opening and closing banking centers has improved the accessibility of delivery systems;
- Banking services and hours do not vary in a way that inconveniences any portions of the AAs; and,
- Provides a limited level of community development services.

SCOPE OF EVALUATION

A full-scope review was conducted for Nonmetropolitan West Virginia. The period and products evaluated for this AA is consistent with the scope discussed in the “Institution” section of this report. Limited-scope reviews were conducted for the Charleston and Parkersburg AAs.

As the only full-scope AA, Nonmetropolitan West Virginia received greatest weight in determining the CRA rating for the state. Nonmetropolitan West Virginia ranked third in the institution’s share of lending, and second in deposits and branches during the evaluation period.

⁷⁰ For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation is adjusted and does not reflect performance in the parts of those states contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution’s performance in that area.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE STATE OF WEST VIRGINIA

Lending activity accounted for 12.5% of Peoples' total lending and deposits accounted for 22.5% of Peoples' total deposits. HMDA-reportable lending in West Virginia represented 17.1% of Peoples' total HMDA lending and CRA-reportable lending represented 8.1% of Peoples' total CRA lending. As of June 30, 2022, Peoples ranked ninth among 67 insured institutions and has a deposit market share of 3.3% in West Virginia.

Peoples expanded its CRA delineated footprint in West Virginia with the acquisition of Premier Financial in 2021. As a result, Peoples added the Charleston MSA, significantly expanded its footprint in Nonmetropolitan West Virginia, and added Wirt County to its footprint in the Parkersburg MSA.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE STATE OF WEST VIRGINIA

Lending Test

Peoples' performance under the lending test in West Virginia is rated "Low Satisfactory." Primary ratings drivers include making few, if any community development loans, limited use of flexible lending products, adequate responsiveness to AA credit needs, and a moderate level of lending gaps.

Lending Activity

In West Virginia Peoples originated 948 HMDA loans totaling \$119.9 million and 460 small business loans totaling \$43.2 million during the evaluation period. Peoples' percentage of total lending in West Virginia is 12.5%, which is less than the percentage of total deposits at 22.5%.

Peoples lending activity reflects an adequate responsiveness to the credit needs across its AAs in West Virginia, taking into consideration economic conditions, competitive factors, and limited time and operational presence in the Charleston MSA. Lending activity is adequate in Nonmetropolitan West Virginia and good in the remaining two AAs.

There are no excluded counties in either the Charleston MSA or Parkersburg MSA.

Borrower-Income, Business Revenue Size, and Geographic Distribution

The overall distribution of loans is good among borrowers of different income levels and to businesses of different sizes. The borrower distribution of HMDA lending is adequate in the Charleston AA and good in the remaining two AAs. Small business distribution is good in Nonmetropolitan West Virginia and the Parkersburg AA.

The overall geographic distribution of loans reflects an adequate penetration in West Virginia, with a moderate level of lending gaps. The penetration of HMDA lending is adequate in the Parkersburg AA and good in the remaining two AAs. The penetration of small business lending is excellent in the Parkersburg AA and poor in Nonmetropolitan West Virginia. Gaps in lending were moderate in Nonmetropolitan West Virginia, limited in the Parkersburg AA, and significant in the Charleston AA.

Lastly, Peoples exhibits an overall adequate record of serving the credit needs of low-income individuals and areas and businesses with gross annual revenue of \$1.0 million or less in West Virginia.

A detailed analysis for the borrower-income distribution and geographic distribution is provided with the analysis for the full-scope AA.

Community Development Loans

Peoples makes few, if, any community development loans in its AAs in West Virginia. This seems reasonable given People's recently expanded footprint in Nonmetropolitan West Virginia, limited operational presence in the Parkersburg MSA, and the limited time and operational presence in the Charleston MSA.

Flexible Lending

Peoples makes limited use of flexible lending practices within its AAs in West Virginia, specifically in Nonmetropolitan West Virginia.

Investment Test

Peoples' performance under the investment test is rated "Needs to Improve." Peoples provides a limited level of qualified community development investments and donations in West Virginia.

Consideration was given to three new investments totaling \$3.3 million that benefited a broader statewide area, because they include geographies within Peoples' delineated AAs. These investments include a municipal bond worth approximately \$750,000 and two mortgage-backed securities worth approximately \$2.6 million that help finance affordable housing initiatives in West Virginia. Community contacts emphasized all aspects of affordable housing as a critical need across AAs. Approximately 5.5% of Peoples qualified investments by dollar amount benefited West Virginia.

Qualified investments also took the form of small dollar donations totaling \$93,649. Peoples' partners with a few organizations and nonprofits to fund initiatives aimed at responding to community needs and improving the financial stability of individuals and families, economic

development activities, affordable housing, and educational programs. Approximately 5.5% of Peoples small dollar donations by dollar amount benefited West Virginia.

Total qualified investments and donations in West Virginia represent 5.2% of the bank's total qualified community development investments and donations, compared to 12.5% of total lending and 22.5% of total deposits. Peoples provides a limited level of donations in Nonmetropolitan West Virginia and an adequate level in the Parkersburg AA. Peoples provides few, if any donations in the Charleston AA, which seems reasonable given the limited time in this market. Peoples should have the capacity to be more responsive to available qualified investment and donation opportunities in West Virginia, as it continues to establish its market presence and build out its CRA program in these markets.

Additional information regarding performance under the investment test is provided in the respective analyses for each AA.

Service Test

Peoples' performance under the service test is rated "Low Satisfactory." Retail delivery systems are readily accessible, and Peoples provides a limited level of community development services.

For details regarding the institution's performance in the individual AAs, refer to the respective AA's "Service Test" section in this report.

Retail Services

Peoples maintains 14 branches and a drive-thru with cash-only ATMs, nine branches with full-service ATMs, and three stand-alone cash-only ATMs in West Virginia, representing 21.1% of the bank's total branches. Sixteen (66.7%) of 24 facilities were acquired September 17, 2021. In Nonmetropolitan West Virginia, Peoples maintains two branches and a drive-thru branch in moderate-, eight branches and two stand-alone cash-only ATMs in middle-, and three branches in upper-income tracts. Ten of these branches were acquired since the previous evaluation and a stand-alone cash-only ATMs was opened on September 17, 2021. In the Charleston AA, Peoples maintains two branches with cash-only ATMs in moderate-income tracts in Clay (Clay County) and Branchland (Lincoln County). In middle-income tracts, Peoples maintains two branches with full-service ATMs in Madison (Boone County) and Charleston (Kanawha County) and two branches with cash-only ATMs in Ravenswood and Ripley (Jackson County). All these branches were acquired since the previous evaluation. In the Parkersburg AA, Peoples maintains two branches with full-service ATMs in moderate-income tracts in Parkersburg (Wood County) and two branches with full-service ATMs in middle-include tracts in Parkersburg and Vienna (Wood County).

Since the previous evaluation, Peoples closed four acquired branches with cash-only ATMs. These branches were in Spencer (Roane County) and Logan (Logan County) in moderate-income

tracts and Burnsville (Braxton County) in a middle-income tract in Nonmetropolitan West Virginia. The remaining branch was in Mineral Wells (Wood County) in an upper-income tract in the Parkersburg AA. Peoples also closed an existing branch in Parkersburg (Wood County) in a moderate-income tract in the Parkersburg AA.

People's record of opening branches has improved the accessibility of its delivery systems in West Virginia. In the Charleston and Parkersburg AAs accessibility of delivery systems improved with the opening of branches in moderate-income tracts, and the accessibility of delivery systems has not been adversely affected in Nonmetropolitan West Virginia.

Peoples acquired one LPO outside its delineated footprint in a moderate-income tract in Beckley (Raleigh County) in the Beckley MSA. Since the previous evaluation, Peoples closed an acquired LPO in a moderate-income tract in Fairmont (Marion County) in Nonmetropolitan West Virginia on January 31, 2022. Peoples also closed an existing LPO in an upper-income tract in Charleston (Kanawha County) in the Charleston MSA.

Banking services do not vary in a way that inconveniences any portion of Peoples' AAs. Twenty-two offices offer drive-thru services, 21 offices offer extended hours, and 18 offices offer weekend hours. Branches that do not offer extended or weekend hours offer drive-thru services and have access to ATMs that are available 24 hours, 7 days a week.

Retail delivery systems are readily accessible to Peoples geographies and individuals of different income levels. Delivery systems are readily accessible in Nonmetropolitan West Virginia and the Charleston and Parkersburg AAs. Banking services do not vary or inconvenience any portion of Peoples' AAs in West Virginia.

Community Development Services

Peoples provides a limited level of community development services in West Virginia, with 89 (4.0%) hours of community development services supporting service activities during the evaluation period. Five employees were involved with four organizations and provided five services that promote economic development, community services targeted to LMI individuals, and affordable housing initiatives.

Peoples provides an adequate level of community development services in the Parkersburg AA and a limited level of community development services in Nonmetropolitan West Virginia. Peoples provides few, if any community development services in the Charleston AA, which seems reasonable given the limited time in this market. Peoples should have the capacity to be more responsive to available community development services opportunities in West Virginia, as it continues to establish its market presence and build out its CRA program in this market.

NONMETROPOLITAN AREA
(Full-scope Review)

**DESCRIPTION OF INSTITUTION'S OPERATIONS IN
NONMETROPOLITAN WEST VIRGINIA**

Nonmetropolitan West Virginia consists of Barbour, Braxton, Calhoun, Doddridge, Gilmer, Greenbrier, Harrison, Lewis, Logan, Mason, Pleasants, Ritchie, Roane, Tyler, Upshur, and Wetzel counties. Since the previous evaluation, Peoples added Barbour, Braxton, Calhoun, Doddridge, Gilmer, Greenbrier, Harrison, Lewis, Logan, Pleasants, Ritchie, Roane, and Upshur counties due to the acquisition of Premier Financial in 2021. The Census Bureau released new size and population data from the 2020 Census on August 12, 2021. Due to these changes this AA was comprised of the following tracts for this analysis. See Appendix C for AA maps and Appendix D for additional demographic data.

Tract Income Level	2019-2020	2021	2022
	Number of Tracts	Number of Tracts	Number of Tracts
Low	0	0	0
Moderate	0	8	16
Middle	14	63	52
Upper	0	14	26
Unknown	0	0	1
Total	14	85	95

As a result of the acquisition, the AA gained 71 tracts consisting of eight moderate-income tracts, 49 middle-income tracts, and 14 upper-income tracts in 2021. Based on 2020 Census data, the AA gained eight moderate-income tracts, 12 upper-income tracts, and one unknown-income tract and lost 11 middle-income tracts in 2022.

Federal bank regulatory agencies designated the following nonmetropolitan middle-income tracts as distressed or underserved. These designations are updated annually. Revitalization or stabilization activities in these geographies are eligible to receive CRA consideration. The 2022 list and previous years' lists are available on the Federal Financial Institutions Examination Council (FFIEC) website.⁷¹

⁷¹[FFIEC – Distressed and Underserved Tracts](#)

Counties with Distressed and Underserved Middle-Income Geographies									
Assessment Area: Nonmetropolitan West Virginia									
Area	Poverty			Unemployment			Underserved (Remote Rural)		
	2019	2020	2021	2019	2020	2021	2019	2020	2021
Braxton County									X
Calhoun County			X			X			
Gilmer County			X						
Logan County			X			X			
Mason County	X			X	X				
Pleasants County									X
Ritchie County									X
Roane County						X			X
Tyler County				X	X				
Wetzel County	X			X	X				
Source: FFIEC									

In 2019 and 2020 all 14 (100.0%) middle-income tracts were designated as distressed due to poverty and/or unemployment and 19 (30.2%) middle-income tracts were designated as distressed due to poverty, unemployment, and/or underserved in 2021.

As of June 30, 2022, the FDIC summary of deposits report, ranked Peoples ranked first among 31 institutions in the AA with 11.1% of the deposit market share, followed by Truist with 10.0%, City National Bank of West Virginia with 7.9% and JP Morgan Chase Bank National Association with 7.6%. Deposits in this AA accounted for 13.9% of Peoples' total deposits and ranks as the bank's second highest percentage of deposits within its CRA delineated footprint.

The 2021 HMDA peer market data shows that Peoples ranked 26th among 234 HMDA reporters in the Nonmetropolitan West Virginia counties having originated 74 loans. The top three HMDA lenders in this market Rocket Mortgage, LLC originated 756 loans, The Huntington National Bank originated 375 loans and City National Bank of West Virginia originated 343 loans. Peoples' ranking among HMDA reporters in this market was sixth in 2020 and seventh in 2019.

Peoples ranked 24th among 82 CRA reporters serving the Nonmetropolitan West Virginia counties in 2021 having originated 29 loans. The top three CRA reporters in this market American Express National Bank originated 541 loans, JP Morgan Chase Bank National Association originated 310 loans, and Synchrony Bank originated 268 loans. Peoples' ranking among CRA reporters in this market was first in 2020 and ninth in 2019.

Community Contacts

A community contact interview was conducted as part of this evaluation to provide supplemental information regarding the area's credit needs and context to demographic and economic

conditions of the local community. The interview was with a representative from a local foundation focusing on strategic charitable initiatives and leadership engagement in Northeastern West Virginia. The contact stated the collapse of the coal industry has led to economic distress, although the local oil and gas industry has helped mitigate the downturn in the economy. In particular, the contact mentioned EQT Corporation in Wetzel County and Southwestern Energy as two major employers in the region that have significantly contributed to the local economy and attracted new workers to the region. The contact stated the current opioid epidemic prevalent throughout Appalachia is a major challenge affecting not only public health, but also the local workforce and economy. Another significant challenge in the area is advancement in the workplace. The contact explained many LMI individuals are paid low wages and are receiving governmental benefits to offset their low salaries. When these individuals are offered promotions or opportunities of advancement, they often decline to not lose vital benefits. The contact indicated affordable childcare is sparse in the region, with most providers having wait lists exceeding 100 people. Many childcare providers face high turnover rates due to the inability to compete with better-quality jobs that pay better wages in other employment sectors, exacerbating the shortage issue. Lastly, the contact added that the area lacks new construction and housing development, resulting in available housing stock being aged and probably in need of repairs. When discussing opportunities for local banks to impact the community, the contact confirmed the need for financial literacy classes, specifically for the large number of individuals in the area that fall into the ALICE (Asset Limited, Income Constrained, Employed) category. The contact explained that local non-profits previously provided these classes at no cost but have not been able to recently due to capacity issues. The contact added that most of these ALICE individuals have no emergency funds or retirement savings, leaving them one issue away from disaster. Educating these individuals on how to properly save money and providing long-term financial relationships would assist in changing financial behavior and ultimately making a difference in the community.

Population Characteristics

Population Change Assessment Area: Nonmetropolitan West Virginia					
Area	2015 Population	2020 Population	Percent Change 2015 to 2020	2021 Population	Percent Change 2020 to 2021
Barbour County	16,731	15,465	-7.6%	15,468	0.0%
Braxton County	14,466	12,447	-14.0%	12,247	-1.6%
Calhoun County	7,557	6,229	-17.6%	6,176	-0.9%
Doddridge County	8,201	7,808	-4.8%	7,735	-0.9%
Gilmer County	8,644	7,408	-14.3%	7,377	-0.4%
Greenbrier County	35,666	32,977	-7.5%	32,608	-1.1%
Harrison County	68,998	65,921	-4.5%	65,158	-1.2%
Lewis County	16,434	17,033	3.6%	16,892	-0.8%
Logan County	35,760	32,567	-8.9%	31,909	-2.0%
Mason County	27,177	25,453	-6.3%	25,157	-1.2%
Pleasants County	7,636	7,653	0.2%	7,601	-0.7%
Ritchie County	10,140	8,444	-16.7%	8,383	-0.7%
Roane County	14,636	14,028	-4.2%	13,898	-0.9%
Tyler County	9,033	8,313	-8.0%	8,155	-1.9%
Upshur County	24,560	23,816	-3.0%	23,791	-0.1%
Wetzel County	16,157	14,442	-10.6%	14,170	-1.9%
Assessment Area	321,796	300,004	-6.8%	296,725	-1.1%
West Virginia	1,851,420	1,793,716	-3.1%	1,785,526	-0.5%
Source: 2011 - 2015 U.S. Census Bureau American Community Survey 2020 U.S. Census Bureau Decennial Census U.S. Census 2021 Population and Housing Unit Estimates Tables					

- From 2015 through 2021 the AA experienced a 7.8% loss in population compared to the state of West Virginia which experienced a 3.6% loss. Calhoun, Ritchie, Braxton, and Gilmer counties saw the biggest decreases during this time.
- AA population is decreasing which could increased the economic pressure on the workforce.
- 79.4% of the AA population was 18 years of age or older, the legal age to enter into a contract.
- 18.4% of the population in the AA was age 65 and over, compared to 17.3% in West Virginia.
- A higher elderly population may affect economic growth and the ability of government and communities to provide adequate resources for older adults, including but not limited to healthcare services.
- 7.6% of the AA's population reside in LMI tracts.
- According to Census data, Clarksburg (Harrison County) is the largest city in the AA with 15,784 residents, and its population decreased by 5.3% between 2010 and 2021.⁷² By

⁷² [Census - Quick Facts](#)

contrast, Grantsville is the largest municipality in Calhoun County with 476 residents, and its population decreased by 14.5% between 2010 and 2021.⁷³

Income Characteristics

Borrower Income Levels														
Assessment Area: Nonmetropolitan West Virginia														
FFIEC Estimated Median Family Income			Low			Moderate			Middle			Upper		
Year	\$	% Change	0	-	49.9%	50%	-	79.9%	80%	-	119.9%	120%	-	& above
2019	\$52,200		0	-	\$26,099	\$26,100	-	\$41,759	\$41,760	-	\$62,639	\$62,640	-	& above
2020	\$54,000	3.4	0	-	\$26,999	\$27,000	-	\$43,199	\$43,200	-	\$64,799	\$64,800	-	& above
2021	\$54,600	1.1	0	-	\$27,299	\$27,300	-	\$43,679	\$43,680	-	\$65,519	\$65,520	-	& above
2022	\$59,300	8.6	0	-	\$29,649	\$29,650	-	\$47,439	\$47,440	-	\$71,159	\$71,160	-	& above
Source: 2019-2022 FFIEC Census Data														

Source: 2019-2021 FFIEC Census Data

- During the evaluation period, MFI in the AA increased by 13.6%.
- According to 2015 U.S. Census data, AA MFI at \$49,497 is 1.1 times lower than West Virginia MFI at \$52,866.

Poverty Rates			
Assessment Area: Nonmetropolitan West Virginia			
Area	2019	2020	2021
Barbour County	18.4	20.8	19.7
Braxton County	18.3	17.8	21.3
Calhoun County	21.6	20.0	23.8
Doddridge County	18.8	17.0	18.1
Gilmer County	25.5	23.0	25.3
Greenbrier County	17.2	17.8	18.9
Harrison County	11.1	13.6	14.6
Lewis County	19.5	13.9	17.9
Logan County	21.9	22.3	23.5
Mason County	15.5	17.1	18.6
Pleasants County	13.0	13.0	14.3
Ritchie County	17.9	16.4	19.2
Roane County	19.4	20.7	18.2
Tyler County	15.4	14.4	14.0
Upshur County	17.5	17.1	18.6
Wetzel County	16.3	15.9	16.4
West Virginia	16.2	15.8	16.8

Source: U.S. Census Bureau Small Area Income and Poverty Estimates Program

- During this period, poverty rates in Barbour, Braxton, Calhoun, Gilmer, Logan, and Roane counties were substantially higher than poverty rates in West Virginia. Harrison, Pleasants, and Tyler counties were the only counties with poverty rates that were consistently lower than poverty rates in West Virginia during this period.

⁷³ [Hometown Locator - Calhoun County, WV](#)

- Of the 84,150 families in the AA, 38.0% are designated as LMI with 14.4% living below poverty; compared to 39.6% designated as LMI with 13.1% living below poverty across West Virginia.
- Of the 126,345 households in the AA, 18.8% are below the poverty level and 2.1% receive public assistance; compared to 17.7% of households across Ohio that are below the poverty level.
- Supplemental Nutrition Assistance Program (SNAP) helps LMI individuals and families, the elderly, and the working poor purchase food and reduce food insecurity and may free up resources for other necessities, such as clothing, housing, and medical expenses. The table below shows the percent of the population by county that received SNAP benefits in 2020.

SNAP Benefits	
Assessment Area: Nonmetropolitan West Virginia	
Area	2020
Barbour County	18.9%
Braxton County	22.5%
Calhoun County	25.3%
Doddridge County	13.5%
Gilmer County	15.4%
Greenbrier County	16.9%
Harrison County	13.4%
Lewis County	20.0%
Logan County	25.7%
Mason County	19.5%
Pleasants County	13.0%
Ritchie County	20.6%
Roane County	21.7%
Tyler County	16.0%
Upshur County	19.8%
Wetzel County	20.3%
Source: Federal Reserve Economic Data (FRED) maintained by the Federal Reserve Bank of St. Louis ⁷⁴	

⁷⁴ [Federal Reserve Economic Data \(FRED\)](#)

Housing Characteristics

Housing Cost Change Assessment Area: Nonmetropolitan West Virginia						
Area	Median Housing Value			Median Gross Rent		
	2015	2021	Percent Change	2015	2021	Percent Change
Barbour County	\$92,600	\$106,600	15.1%	\$540	\$612	13.3%
Braxton County	\$79,500	\$88,700	11.6%	\$488	\$626	28.3%
Calhoun County	\$71,100	\$103,700	45.9%	\$551	\$479	-13.1%
Doddridge County	\$92,000	\$135,900	47.7%	\$532	\$384	-27.8%
Gilmer County	\$78,700	\$82,000	4.2%	\$561	\$652	16.2%
Greenbrier County	\$105,300	\$128,900	22.4%	\$630	\$737	17.0%
Harrison County	\$97,800	\$124,800	27.6%	\$648	\$798	23.1%
Lewis County	\$95,500	\$119,700	25.3%	\$546	\$678	24.2%
Logan County	\$82,100	\$92,100	12.2%	\$562	\$724	28.8%
Mason County	\$79,600	\$108,700	36.6%	\$504	\$599	18.8%
Pleasants County	\$100,800	\$117,100	16.2%	\$629	\$580	-7.8%
Ritchie County	\$73,100	\$97,100	32.8%	\$578	\$618	6.9%
Roane County	\$88,900	\$107,200	20.6%	\$456	\$514	12.7%
Tyler County	\$87,100	\$96,000	10.2%	\$556	\$663	19.2%
Upshur County	\$108,800	\$131,400	20.8%	\$591	\$701	18.6%
Wetzel County	\$83,500	\$100,100	19.9%	\$515	\$753	46.2%
West Virginia	\$103,800	\$128,800	24.1%	\$643	\$870	35.3%
Source: 2011-2015 U.S. Census Bureau: American Community Survey 2017-2021 U.S. Census Bureau: American Community Survey						

- Median housing values across the AA increased between 4.2% to 47.7% from 2015 to 2021, compared to 24.1% in the state of West Virginia. Housing remained stable in many counties, but became less affordable in Calhoun, Doddridge, Greenbrier, Harrison, Lewis, Mason, Ritchie, Roane, and Upshur counties, most likely because MFI did not keep pace with home price growth.
- Based on 2015 Census data, the affordability ratio⁷⁵ was 43.7 in the AA compared to 40.2 in West Virginia. Housing was generally more affordable across the AA than in other parts of West Virginia. Ritchie County had the highest affordability ratio at 51.5, and Roane County had the least affordable housing with an affordability ratio at 35.8.
- Median gross rents across the AA broadly ranged from \$384 to \$798. Median gross rents in Calhoun, Doddridge, and Pleasants counties decreased, while median gross rents in the remaining counties increased by 6.9% up to 46.2% from 2015 to 2021. Wetzel, Logan, and Braxton counties experienced the highest increases in median gross rent during this time. The rise in median gross rents indicates the need for more affordable housing. According to 2015 Census data, 35.8% of all renters in the AA have rental costs that are at least 30.0% of their income.

⁷⁵ 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.

- According to the HUD's 2021 Fair Market Rents data, the average rent for a two-bedroom unit in Harrison County is \$783 per month. While rents are rising, a median two-bedroom rent is still below the national average of \$1,295.⁷⁶
- There are 155,669 housing units in the AA, of which 61.5% are owner occupied, 19.7% are rental and 18.8% are vacant; consequently, there are more households who own their homes than there are renters. Only 7.5% of total housing units are in moderate-income tracts and 54.6% of the housing units are owner-occupied and 45.4% are either rental or vacant. With 38.5% of housing units across the AA being either rental or vacant, there may be limited opportunities to originate mortgage loans, particularly in LMI tracts.
- The median age of housing stock across the AA is 48 years old, and 27.4% of housing units were built prior to 1950. The median age of housing stock in moderate-income tracts is 61 years old. The age of the housing stock across the AA demonstrates a potential need for home improvement lending and refinance or home improvement loans.

Housing Cost Burden Assessment Area: Nonmetropolitan West Virginia						
Area	Cost Burden - Owners			Cost Burden - Renters		
	Low Income	Moderate Income	All Owners	Low Income	Moderate Income	All Renters
Barbour County	43%	17%	14%	57%	24%	28%
Braxton County	35%	16%	13%	55%	26%	24%
Calhoun County	24%	7%	8%	34%	14%	22%
Doddridge County	24%	32%	11%	35%	20%	17%
Gilmer County	24%	14%	7%	56%	21%	33%
Greenbrier County	53%	19%	15%	41%	58%	33%
Harrison County	38%	9%	11%	69%	13%	37%
Lewis County	50%	18%	15%	65%	18%	32%
Logan County	44%	16%	14%	50%	25%	30%
Mason County	48%	16%	13%	43%	21%	23%
Pleasants County	33%	22%	10%	57%	8%	27%
Ritchie County	31%	7%	8%	57%	10%	28%
Roane County	46%	16%	14%	61%	30%	37%
Tyler County	33%	12%	10%	52%	10%	31%
Upshur County	43%	22%	15%	57%	43%	38%
Wetzel County	39%	19%	10%	50%	24%	31%
Assessment Area	41%	16%	13%	55%	29%	32%
West Virginia	45%	18%	14%	62%	30%	37%
Cost Burden is housing cost that equals 30 percent or more of household income						
Source: U.S. Department of Housing and Urban Development (HUD), 2015-2019 Comprehensive Housing Affordability Strategy						

- 41.0% of low-income homeowners and 55.0% of low-income renters are cost burdened, compared to 16.0% of moderate-income homeowners and 29.0% of moderate-income renters.
- About 13.0% of all homeowners and 32.0% of all renters across the AA are cost burdened, compared to 14.0% of all homeowners and 37.0% of renters across West Virginia.

⁷⁶ [National Low Income Housing Coalition](#)

- The data shows that cost burden disproportionately affects renter-occupied households, particularly low-income renters and low-income homeowners, respectively.
- 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.

Labor, Employment, and Economic Characteristics

Unemployment Rates					
Assessment Area: Assessment Area: Nonmetropolitan West Virginia					
Area	2017	2018	2019	2020	2021
Barbour County	5.8%	5.9%	6.0%	8.1%	5.3%
Braxton County	7.5%	7.0%	7.4%	10.1%	6.7%
Calhoun County	10.8%	10.3%	13.0%	15.7%	10.3%
Doddridge County	4.3%	3.9%	4.5%	6.0%	4.1%
Gilmer County	7.2%	6.2%	6.8%	9.9%	6.9%
Greenbrier County	4.9%	5.0%	4.7%	7.9%	4.5%
Harrison County	4.8%	4.5%	4.5%	7.8%	4.7%
Lewis County	6.6%	5.5%	6.2%	10.7%	7.0%
Logan County	7.5%	6.8%	5.9%	11.9%	6.6%
Mason County	6.7%	6.9%	6.0%	8.3%	5.5%
Pleasants County	7.1%	6.1%	6.9%	10.9%	7.2%
Ritchie County	5.5%	5.3%	5.7%	8.2%	5.6%
Roane County	8.7%	7.7%	9.6%	12.1%	8.5%
Tyler County	7.7%	7.2%	7.7%	10.5%	8.0%
Upshur County	6.2%	5.6%	6.0%	9.3%	6.2%
Wetzel County	7.6%	7.1%	7.3%	9.8%	6.7%
Assessment Area	6.1%	5.7%	5.9%	9.1%	5.8%
West Virginia	5.2%	5.2%	4.9%	8.2%	5.0%

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

- While 2017-2019 unemployment rates remained stable across the AA, the 2020 unemployment rate increased substantially in response to the COVID-19 pandemic. The average unemployment rate in the AA increased from 5.9% in 2019 to 9.1% in 2020. AA unemployment rates were higher than unemployment rates in West Virginia during this period.
- According to the Bureau of Labor Statistics,⁷⁷ the leading industries by total employed persons in the AA are manufacturing, government, retail trade, health care and social services, construction, transportation and warehousing and accommodation and food services.
- Major employers in the AA include Arch Coal Incorporated, Central West Virginia Aging Service Incorporated, Minnie Hamilton Health System, Blue Flame Pipeline LLC, Glenville State College, Greenbrier Hotel Company, United Hospital Center Incorporated, Stonewall Jackson Memorial Hospital, Logan General Hospital, Pleasant Valley Hospital Incorporated, First Energy Generation Corporation, Simonton Building Products

⁷⁷ [Bureau of Labor Statistics\(BLS\), Quarterly Census of Employment and Wages](#)

Incorporated, Momentive Performance Materials USA, St. Joseph's Hospital of Buckhannon and Wal-Mart Stores Incorporated.⁷⁸

- West Virginia School of Osteopathic Medicine is a medical school located in Greenbrier County that is ranked number one in rural primary care nationwide. The overall economic impact of the medical school is \$133.6 million, with \$112.8 million directly impacting Greenbrier County. When you factor in the health care contributions of their alumni currently practicing in West Virginia, the economic impact is over \$1.5 billion.⁷⁹
- Nucor Steel recently announced plans to build a new state-of-the-art sheet mill in Mason County in 2023. Nucor expects the investment to reach \$3.1 billion, and construction to take two to three years to reach full completion. The company estimates approximately 2,000 construction jobs for the project and 800 full-time positions at the plant once construction is completed.⁸⁰
- According to the ARC the following counties in the AA are designated as either at-risk or distressed based on several economic indicators, including poverty rates, per capita market income and unemployment rates: Barbour, Braxton, Calhoun, Gilmer, Greenbrier, Lewis, Logan, Mason, Ritchie, Roane, Tyler, Upshur, and Wetzel. Historically, Appalachia has battled poverty, unemployment, lower educational attainment, and lower wages. While significant progress has been made, recent challenges such as the substance abuse crisis and COVID-19 remain. Barbour, Braxton, Calhoun, Gilmer, Logan, Roane, and Wetzel counties continue to experience higher unemployment and poverty rates compared to national rates.⁸¹
- According to the Centers of Disease Control and Prevention; Braxton, Calhoun, Logan, Mason, Roane, and Tyler counties are vulnerable to high rates of different types of illnesses because of the opioid epidemic. As a result, these counties are particularly susceptible to reduced labor market activity and stunted economic growth potential.⁸²
- Based on 2015 Census data and BroadbandNow,⁸³ while approximately 76.9% of households in the AA have a broadband internet subscription, only 57.6% of residents have access to the minimum bandwidth needed for basic internet activity. Nationally, those with access to a broadband-enabled computer are employed at a higher rate in urban and rural counties.

⁷⁸ [West Virginia Executive](#)

⁷⁹ [WV Executive - WVSOM](#)

⁸⁰ [Herald Dispatch - Nucor](#)

⁸¹ [Appalachian Regional Commission](#)

⁸² [Centers for Disease Control and Prevention](#)

⁸³ [Broadband Now West Virginia](#)

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN NONMETROPOLITAN WEST VIRGINIA

Lending Test

Peoples' performance under the lending test in this AA is adequate. Peoples' lending activity demonstrates an adequate responsiveness to the credit needs of the community. Peoples has a good distribution among borrowers of different income levels and businesses of different sizes. Peoples has an adequate geographic distribution of loans with a moderate level of lending gaps. Peoples makes few, if any community development loans and makes limited use of flexible lending practices in this AA. Peoples exhibits an adequate record of serving the credit needs of highly economically disadvantaged areas in its AA, low-income individuals, or businesses with gross annual revenue of \$1.0 million or less.

Lending Activity

Home purchase, refinance, home improvement, and small business loans were evaluated separately each year in the evaluation period, with the exception of 2019. Due to limited volume, HMDA loans were combined in 2019 to conduct a meaningful analysis. Also, there was not enough volume to evaluate small business loans in 2019. Small farm, multi-family, and other purpose closed-end loans were not considered in this evaluation due to limited volume.

Lending activity levels reflect an adequate responsiveness to the credit needs within the AA. The percentage of Peoples' lending in the Nonmetropolitan West Virginia AA is 3.0% compared to the percentage of total deposits is 13.9%.

Lastly, HMDA loans (refinance and home purchase, respectively) received greater weight than small business loans in this AA based on the total loan volume by number and dollar amounts.

Distribution by Borrower Income and Revenue Size of the Business

Borrower distribution received greater weight than geographic distribution in this AA, since the overall percentage of LMI families is greater than the overall percentage of LMI geographies.

Peoples' overall distribution of HMDA lending among borrowers of different income (including LMI) levels and to businesses of different sizes is good.

HMDA Lending

During the evaluation period, Peoples originated 239 HMDA loans totaling \$27.3 million. Of these loans, 116 were refinance loans totaling \$12.2 million and 76 were home purchase loans totaling \$9.7 million. Peoples' performance was compared to the percentage of families (proxy)

and the aggregate of all lenders. Peoples' borrower distribution of refinance, home purchase, and combined HMDA lending is good. See Appendix E for explicit HMDA-reportable lending data.

Refinance Lending

In 2021, Peoples originated 83 refinance loans totaling \$9.0 million. Peoples originated four (4.8%) refinance loan to borrowers with unknown incomes totaling \$291,000 (3.2%). By comparison, the aggregate of all lenders originated 17.1% by volume and 20.2% by dollar amount to borrowers with unknown incomes.

Peoples originated nine (10.8%) refinance loans to low-income borrowers totaling \$412,000 (4.6%) which was below the percentage of families at 21.1% by volume and substantially below by dollar amount. Performance substantially exceeded the aggregate of all lenders at 3.8% by volume and 1.7% by dollar amount. Peoples originated 10 (12.0%) refinance loans to moderate-income borrowers totaling \$532,000 (5.9%), which was below the percentage of families at 16.8% by volume and significantly below by dollar amount. Performance exceeded the aggregate of all lenders at 9.6% by volume and 5.5% by dollar amount.

In 2020, Peoples originated 25 refinance loans totaling \$2.6 million. Peoples originated three (12.0%) refinance loans to low-income borrowers totaling \$107,000 (4.1%), which was below the percentage of families at 21.8% by volume and substantially below by dollar amount. Performance substantially exceeded the aggregate of all lenders at 5.7% by volume and 2.4% by dollar amount. Peoples originated three (12.0%) refinance loans to moderate-income borrowers totaling \$211,000 (8.1%), which was below the percentage of families at 17.6% by volume and significantly below by dollar amount. Performance exceeded the aggregate of all lenders at 8.5% by volume and 5.7% by dollar amount.

Peoples' refinance lending performance consistently fell below proxy and exceeded the aggregate of all lenders to LMI borrowers, which is a good borrower distribution.

Home Purchase Lending

In 2021, Peoples originated 57 home purchase loans totaling \$7.8 million. Peoples originated five (8.8%) home purchase loans to borrowers with unknown income totaling \$495,000 (6.3%). By comparison, the aggregate of all lenders originated 15.4% by volume and 15.1% by dollar amount to borrowers with unknown incomes.

Peoples originated three (5.3%) home purchase loans to low-income borrowers totaling \$195,000 (2.5%) which was substantially below the percentage of families at 21.1% by volume and dollar amount. Performance was comparable to the aggregate of all lenders at 5.4% by volume and exceeded at 2.4% by dollar amount. Peoples originated nine (15.8%) home purchase loans to moderate-income borrowers totaling \$659,000 (8.4%), which was slightly below the percentage of

families at 16.8% by volume and below by dollar amount. Performance was slightly below the aggregate of all lenders at 16.9% by volume and 10.5% by dollar amount.

Peoples' performance fell substantially below the percentage of families (proxy) and was slightly below the aggregate of all lenders to low-income borrowers, which is an adequate borrower distribution. Peoples' performance was slightly below the proxy and below the aggregate of all lenders to moderate-income borrowers, which is a good borrower distribution.

HMDA Lending (combined)

In 2019, Peoples originated 23 HMDA loans totaling \$1.6 million. Peoples originated one (4.3%) HMDA loan to borrowers with unknown incomes totaling \$107,000 (6.7%). By comparison, the aggregate of all lenders originated 10.8% by volume and 12.0% by dollar amount to borrowers with unknown incomes.

Peoples originated two (8.7%) HMDA loans to low-income borrowers, totaling \$79,000 (5.0%), which was significantly below the percentage of families at 21.8% by volume and substantially below by dollar amount. Performance substantially exceeded the aggregate of all lenders at 5.5% by volume and 2.7% by dollar amount. Peoples originated seven (30.4%) HMDA loans to moderate-income borrowers totaling \$474,000 (29.8%), which substantially exceeded the percentage of families at 17.6% by volume and dollar amount. Performance substantially exceeded the aggregate of all lenders at 13.6% by volume and 10.0% by dollar amount.

Borrower distribution of HMDA loans to low-income borrowers is adequate given Peoples' performance fell below proxy and exceeded the aggregate of all lenders. Borrower distribution of HMDA loans to moderate-income borrowers is excellent given Peoples' performance exceeded proxy and the aggregate of all lenders.

Small Business Lending

During the evaluation period Peoples originated 105 small business loans to businesses of different sizes totaling \$10.9 million, and 86 (81.9%) loans totaling \$7.6 million (69.7%) were PPP loans with unknown gross annual revenue. Peoples' performance was compared to the percentage of businesses (proxy).

In 2021, Peoples originated 29 small business loans to businesses of different sizes totaling \$2.9 million, of which 75.9% were extended to businesses with unknown revenue. Of the total small business loans, 22 (75.9%) loans totaling \$2.4 million (83.1%) were PPP loans. Peoples originated seven (24.1%) loans totaling \$494,000 (16.9%) to businesses with revenue of \$1.0 million or less, compared to the percentage of small businesses at 88.8% and the aggregate of all lenders at 45.2% by volume and 29.6% by dollar amount. This is an adequate distribution. Peoples also originated 19 (65.5%) small dollar loans in amounts of \$100,000 or less, compared to the aggregate of all lenders at 91.1%. Peoples' willingness to lend in smaller amounts exhibits a

good responsiveness to credit needs of small businesses in the AA, particularly those impacted by the COVID-19 emergency.

In 2020, Peoples originated 72 small business loans to businesses of different sizes totaling \$6.5 million, of which 88.9% were extended to businesses with unknown revenue. Of the total small business loans, 64 (88.9%) loans totaling \$5.2 million (79.2%) were PPP loans. Peoples originated seven (9.7%) loans totaling \$1.2 million (18.5%) to businesses with revenue of \$1.0 million or less, compared to the percentage of small businesses at 89.7% and the aggregate of all lenders at 22.7% by volume and 20.6% by dollar amount. While this is a poor distribution, Peoples originated 52 (72.2%) small dollar loans in amounts of \$100,000 or less, compared to the aggregate of all lenders at 82.3%. Peoples' willingness to lend in smaller amounts exhibits a good responsiveness to credit needs of small businesses in the AA, particularly those impacted by the COVID-19 emergency.

While this analysis is skewed by the large number of businesses with unknown gross annual revenue in 2021 and 2020, Peoples exhibits a good responsiveness to credit needs of small businesses in the AA, since small dollar loans tend to represent amounts typically requested by small businesses, particularly those impacted by the COVID-19 emergency. Therefore, the distribution to businesses of different sizes is good.

Geographic Distribution of Loans

Peoples' overall geographic distribution of lending is adequate in 2021. A geographic distribution was not performed for 2019 and 2020, because this AA only had middle-income tracts. HMDA lending is good and small business lending is poor in 2021. Peoples has moderate lending gaps in Nonmetropolitan West Virginia.

Percentage of Lending Penetration			
Tract Income Level	2019	2020	2021
Moderate	N/A	N/A	25.0%
Middle	78.6%	92.9%	65.1%
Upper	N/A	N/A	50.0%
Total	78.6%	92.9%	58.8%

Peoples was able to penetrate approximately 76.8% of total tracts during the evaluation period. Lending gaps were significant in moderate-income tracts with a penetration rate of 25.0%; however, with only 7.5% of total housing units in moderate-income tracts and 45.4% being either rental or vacant units; lending opportunities in these tracts are likely to be limited. While Peoples is the leading bank in this market with a deposit market share of 13.9%, this AA increased from three to 16 counties and gained eight moderate-income tracts with the acquisition of Premier Financial on September 18, 2021 (last quarter of this evaluation period).

HMDA Lending

During the evaluation period, Peoples originated 239 HMDA loans totaling \$27.3 million. Of these loans, 116 were refinance loans totaling \$12.2 million and 76 were home purchase loans totaling \$9.7 million. Peoples' performance was compared to the percentage of owner-occupied units (proxy) and the aggregate of all lenders. Peoples' geographic distribution of refinance and home purchase lending is good, considering moderate-income tracts were only part of the AA the last quarter of this evaluation period. See Appendix E for explicit HMDA-reportable lending data.

Refinance Lending

Peoples originated 83 refinance loans totaling \$9.0 million in 2021. Peoples originated four (4.8%) refinance loans in moderate-income tracts totaling \$293,000 (3.3%), which was below the percentage of owner-occupied units in these tracts at 6.7% by volume and significantly below by dollar amount. Performance exceeded the aggregate of all lenders at 3.6% by volume and 2.2% by dollar amount.

Peoples' refinance lending performance was below proxy but exceeded the aggregate of all lenders in moderate-income tracts, which is a good geographic distribution.

Home Purchase Lending

Peoples originated 57 home purchase loans totaling \$7.8 million in 2021. Peoples originated three (5.3%) home purchase loans in moderate-income tracts, totaling \$337,000 (4.3%), which was slightly below the percentage of owner-occupied units in these tracts at 6.7% by volume and below by dollar amount. Performance was slightly below the aggregate of all lenders at 7.0% by volume and 4.4% by dollar amount.

Peoples' home purchase lending performance was slightly below proxy and the aggregate of all lenders in moderate-income tracts, which is a good geographic distribution.

Small Business Lending

During the evaluation period Peoples originated 105 small business loans to businesses of different sizes totaling \$10.9 million in 2021. Peoples' performance was compared to the percentage of businesses by tract (proxy). Peoples' geographic distribution of small business lending is poor.

Peoples originated 29 small business loans totaling \$2.9 million. Peoples originated no small business loans in moderate-income tracts, compared to the percentage of businesses in these tracts at 8.9% and the aggregate of all lenders at 6.7% by volume and 6.3% by dollar amount.

Considering the limited number of businesses in moderate-income tracts and time these tracts were part of the AA, Peoples' small business lending performance in moderate-income tracts is poor, not very poor even though the bank did not originate loans in these tracts.

Community Development Lending

Peoples makes few, if any, community development loans in Nonmetropolitan West Virginia. Peoples has the capacity to make community development loans in Nonmetropolitan West Virginia, considering that Peoples is ranked first in the AA with 11.1% of the deposit market share.

Flexible Lending Practices

Peoples originated 25 flexible loans in all other loan programs in Nonmetropolitan West Virginia. The following table shows the percentage by volume in these flexible lending programs and distribution of lending by tract.

Geographic Distribution of Flexible Lending Products Assessment Area: Nonmetropolitan West Virginia			
All Other Loan Programs			% of Owner- Occupied Units
Tract Income Level	Number of Loans	# - %	
Moderate	5	20.0	6.7
Middle	17	68.0	77.2
Upper	3	12.0	16.1
Total	25	100.0	100

Peoples originated five loans in flexible loan programs in moderate-income tracts, which exceeded the percentage of owner-occupied units (proxy) by volume.

Borrower Distribution of Flexible Lending Products			
Assessment Area: Nonmetropolitan West Virginia			
All Other Loan Programs			% of Families
Borrower Income Level	Number of Loans	# - %	
Low	6	24.0	21.1
Moderate	12	48.0	16.8
Middle	3	12.0	19.9
Upper	3	12.0	42.2
Unknown	1	4.0	0
Total	25	100.0	100

Peoples originated six loans in flexible loan programs to low-income borrowers, which exceeded the percentage of families. Peoples originated 12 loans in other flexible loan programs to moderate-income borrowers, which substantially exceeded proxy.

Peoples originated 98 PPP loans totaling \$8.5 million in 2020 and 2021, representing approximately 1.9% by volume and 1.3% by dollar amount of total PPP loans. The following tables show the percentage by volume and dollar amount of PPP loans and distribution of lending by census tracts.

Geographic Distribution of PPP Loans					
Assessment Area: Nonmetropolitan West Virginia					
Tract Income Level	Number of Loans	# - %	Total Loan Amount	\$ - %	Percentage of Businesses (2021)
Moderate	0	0.0	\$ -	0.0	8.9
Middle	96	98.0	\$ 8,206,619	97.1	70.5
Upper	2	2.0	\$ 246,516	2.9	20.7
Total	98	100.0	\$ 8,453,135	100.0	100.0

Forty-five (41.0%) of PPP loans totaling \$2.9 million (35.0%) in middle-income tracts were originated in distressed or underserved middle-income tracts. PPP lending in Nonmetropolitan West Virginia helped serve the credit needs of small businesses or businesses in distressed or underserved middle-income geographies in response to the COVID-19 emergency.

Through these programs, Peoples was able to assist a small number of LMI borrowers purchase homes in moderate-income geographies and/or obtain essential down-payment assistance and first-time homebuyer education.

Overall, Peoples makes limited use of flexible lending practices in serving AA credit needs.

Investment Test

Peoples has a poor level of qualified community development investments and donations.

Qualified investments were only in the form of small dollar donations totaling \$27,582. Peoples' partners with a few organizations and nonprofits to fund initiatives aimed at responding to community needs and improving the financial stability of individuals and families, economic development activities, affordable housing, and revitalize and/or stabilize LMI or distressed or underserved areas. The following table reflects the total number community development donations by purpose, number, and dollar amount.

Purpose of CD Donations	#	\$
Community Services	39	\$12,657
Economic Development	12	\$10,425
Revitalize / Stabilize	1	\$2,500
Affordable Housing	1	\$2,000
Total	53	\$27,582

The majority of donations (71.0%) by dollar amount were made through Peoples Bank Foundation, followed by donations made through its branches and marketing (23.0%) and annual donation(s) supporting the purchase of Cenmark financial training materials for LMI schools (6.0%).

These donations represent 1.9% of Peoples' total qualified investments by dollar amount, compared to the percentage of total deposits at 13.9% in Nonmetropolitan West Virginia. Peoples has the capacity to be more responsive to available community development needs in Nonmetropolitan West Virginia, considering that Peoples is ranked first in the AA with 11.1% of the deposit market share.

Service Test

Retail services are readily accessible, and Peoples provides a limited level of community development services in Nonmetropolitan West Virginia.

Retail Services

Since the previous evaluation, Peoples acquired two branches with full-service ATMs, 10 branches with cash-only ATMs, and one drive-thru only branch. These branches were acquired in 2021 from the Premier Financial merger. Peoples also opened a stand-alone cash-only ATM. Peoples closed the following four acquired branches: two branches with a cash-only ATMs in Spencer (Roane County) and Logan (Logan County) and the drive-thru only branch with a cash-

only ATM in Sutton (Braxton County) in moderate-income tracts on June 9, 2022, January 10, 2023, and July 13, 2022, respectively; and a branch with a cash-only ATM in Burnsville (Braxton County) in a middle-income tract on July 13, 2022.

In Nonmetropolitan West Virginia Peoples maintains three branches with full-service ATMs and 10 branches with cash-only ATMs. In moderate-income tracts there two branches with cash-only ATMs in White Sulphur Springs (Greenbrier County) and Spencer (Roane County). In middle-income tracts there are two branches with full-service ATMs in Buckhannon (Upshur County) and Point Pleasant (Mason County) and six branches with cash-only ATMs in Gassaway and Sutton (Braxton County), Bridgeport (Harrison County), Ronceverte (Greenbrier County), New Martinsville (Wetzel County), and Sistersville (Tyler County). In upper-income tracts there is one branch with a full-service ATM in Lewisburg (Greenbrier County) and two branches with cash-only ATMs in Philippi (Barbour County) and Lewisburg (Greenbrier County). Branches in this AA represent 12.3% of Peoples' total branches. Peoples also maintains two stand-alone cash-only ATMs in Burnsville (Braxton County) and New Martinsville (Wetzel County) in middle-income tracts.

Peoples record of opening branches in Nonmetropolitan West Virginia has improved accessibility of its delivery systems, particularly to moderate-income geographies and/or LMI individuals.

Business hours and services provided do not vary in a way that inconveniences certain portions of the assessment area, including LMI geographies and/or LMI households. Thirteen branches offer drive-thru services, nine offer weekend hours, and twelve offer extended service hours. In particular, the branches in moderate-income tracts offer drive-thru services and extended service hours, and two of three of these branches also offer weekend hours. ATMs are available 24 hours a day, 7 days a week.

The following table illustrates the percentage of branch offices and ATMs in moderate-, middle-, and upper-income census tracts in comparison to the number and percentage of census tracts and the percentage of households and total businesses in those tracts.

Geographic Distribution of Branches and ATMs

Exam: Peoples Bank

Analysis Year: 2022

Assessment Area(s): 2022 Nonmetropolitan West Virginia

Tract Income Levels	BRANCHES							ATMS										DEMOGRAPHICS*			
	Total Branches		Opened	Closed**	Drive-Thru	Extended Hours	Weekend Hours	Total ATMs		Full Service				Cash Only				Census Tracts		Households	Total Businesses
	#	%	#	#	#	#	#	Total	%	Total	%	Opened	Closed	Total	%	Opened	Closed	#	%	%	%
Moderate	Total	2	15.4%	5	3	2	2	1	Total	2	13.3%	0	0.0%	0	0	2	16.7%	5	2		
	DTO	1		1	1	1			Stand Alone	0		0		0	0	0		0	0	16	16.8%
	LS	0		0	0															16.0%	16.2%
Middle	Total	8	61.5%	7	1	7	6	5	Total	10	66.7%	2	66.7%	1	0	8	66.7%	6	1		
	DTO	0		0	0	0			Stand Alone	2		0		0	0	2		1	1	52	54.7%
	LS	0		0	0															56.3%	59.7%
Upper	Total	3	23.1%	3	0	3	3	2	Total	3	20.0%	1	33.3%	1	0	2	16.7%	2	0		
	DTO	0		0	0	0			Stand Alone	0		0		0	0	0		0		26	27.4%
	LS	0		0	0															27.8%	24.2%
Unknown	Total	0	0.0%	0	0	0	0	0	Total	0	0.0%	0	0.0%	0	0	0	0.0%	0	0		
	DTO	0		0	0	0			Stand Alone	0		0		0	0	0		0	0	1	1.1%
	LS	0		0	0															0.0%	0.0%
Totals	Total	13	100.0%	15	4	12	11	8	Total	15	100.0%	3	100.0%	2	0	12	100.0%	13	3		
	DTO	1		1	1	1			Stand Alone	2		0		0	0	2		1	1	95	100.0%
	LS	0		0	0															100.0%	100.0%

DTO - Drive Thru Only

LS - Limited Service

Shaded rows indicate totals; unshaded rows are a subset of shaded rows

*Based on 2020 census data

**Closed branches are only included in the "Closed" columns and are not included in any other totals

LPOs not included in totals.

The branch distribution in moderate-income tracts is excellent. The distribution of branches at 21.4% exceeded the percentage of moderate-income tracts (16.8%), households (16.0%), and total businesses (16.2%) in these tracts. Delivery systems are readily accessible to Peoples' geographies and individuals of different income levels in the Nonmetropolitan West Virginia.

Community Development Services

Peoples provides a limited level of community development services in this AA. Two employees provided 35 hours serving on boards or committees of two local organizations that provide healthcare and other services to LMI individuals, families, and the elderly across the AA. This represents 2.0% of total service hours, compared to the total percentage of branches at 12.3%. The hours of service provided in this AA equates to 0.02% ANP.

While management had limited opportunities to provide in-person community development services in 2020 and 2021 due to the COVID-19 emergency, the community contact indicated there is a need for financial literacy classes to help the large number of ALICE individuals achieve financial resilience and security. Considering the level of economic distress and expressed social needs in this AA (e.g., high poverty, low wages, high unemployment, educational disparities, the substance abuse crisis, and lack of affordable housing), Peoples has the capacity and market presence to be more responsive to subsequent community development service opportunities within Nonmetropolitan West Virginia.

METROPOLITAN AREAS
(Limited-scope Review)

DESCRIPTION OF INSTITUTION'S OPERATIONS

- **Charleston MSA**
 - As of December 31, 2022, Peoples operated six branches in the AA, representing 5.3% of its branches.
 - As of June 30, 2022, Peoples had \$336.4 million in deposits in this AA, representing a market share of 4.3% and 5.7% of its deposits.
- **Parkersburg-Vienna MSA**
 - As of December 31, 2022, Peoples operated four branches in the AA, representing 3.5% of its branches.
 - As of June 30, 2022, Peoples had \$174.2 million in deposits in this AA, representing a market share of 8.5% and 2.9% of its deposits.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

Using available facts and data, including performance and demographic information, each AA's performance was evaluated and compared with Peoples' overall performance. The conclusions regarding performance are provided in the table below. Please refer to the tables in Appendices F and G for information regarding these areas.

Assessment Area	Lending Test	Investment Test	Service Test
Charleston MSA*	Consistent	Consistent	Consistent
Parkersburg-Vienna MSA	Consistent	Consistent	Above
*Entered the Charleston market – as of September 18, 2021 Performance in limited-scope AAs did not impact to the overall rating			

For the lending test, Peoples received a "Low Satisfactory" rating. Performance is consistent with overall performance in West Virginia in the Charleston and Parkersburg AAs. Even though Peoples only entered the Charleston market in September 2021, Peoples was able to originate enough HMDA loans to conduct a meaningful analysis. The borrower distribution of loans is adequate in the Charleston AA and good in the Parkersburg AA. The distribution to businesses of different sizes is good in the Parkersburg AA. The geographic distribution of loans is good in the Charleston and Parkersburg AAs. Gaps in lending were found to be significant in the Charleston AA and limited in the Parkersburg AAs. Peoples did not make community development loans in these AAs, which is reasonable considering the short timeframe between the acquisition and the start date of this evaluation in the Charleston AA and the minimal market presence in these AAs.

For the investment test, Peoples received "Needs to Improve" rating. Performance is consistent with the overall performance in West Virginia in the Charleston and Parkersburg AAs. However,

the lack of qualified investments and grants and more complex investments to support community development initiatives seems reasonable considering the short timeframe between the acquisition and the start date of this evaluation in the Charleston AA and the minimal market presence in these AAs.

For the service test, Peoples received a “Low Satisfactory” rating. Performance is consistent with overall performance in West Virginia in the Charleston AA and above in the Parkersburg AA. Retail services are readily accessible in the Charleston and Parkersburg AAs. Peoples acquired six branches in Charleston AA, including two in moderate-income tracts. Peoples maintains four branches in the Parkersburg AA, including two in moderate-income tracts. Peoples did not provide community development services in the Charleston AA, which is reasonable considering the short timeframe between the acquisition and start date of this evaluation. Peoples has an adequate level of community development services in the Parkersburg AA. Performance in these AAs is primarily due to accessibility of delivery systems.

COMMONWEALTH OF KENTUCKY

CRA RATING for Commonwealth of Kentucky:⁸⁴ “Satisfactory”

The lending test is rated: “Low Satisfactory”

The investment test is rated: “High Satisfactory”

The service test is rated: “Low Satisfactory”

The major factors supporting this rating include:

- An adequate responsiveness to credit needs;
- A good distribution of loans among borrowers of different income levels and to businesses of different revenue sizes;
- A good geographic distribution of loans throughout the AA;
- A good record of serving the credit needs of low-income individuals and areas and very small businesses;
- Makes an adequate level of community development loans;
- Makes limited use of flexible lending practices in serving the AA’s credit needs;
- A significant level of qualified community development investments and grants;
- Retail delivery systems are accessible to all geographies and individuals of different income levels and businesses of different revenue sizes;
- A record of opening and closing banking centers improved the accessibility of delivery systems;
- Banking services and hours do not vary in a way that inconveniences any portions of the AAs; and,
- Provides a limited level of community development services.

SCOPE OF EVALUATION

A full-scope review was conducted for Nonmetropolitan Kentucky. The period and products evaluated for this AA is consistent with the scope discussed in the “Institution” section of this report. Limited-scope reviews were conducted for the Lexington and Louisville AAs. Lending performance test ratings could not be assigned to either the Lexington or Louisville AAs due to extremely limited volumes of HMDA- and CRA-reportable loans originated during the evaluation period.

As the only full-scope AA, Nonmetropolitan Kentucky received greatest weight in determining the CRA rating for the state. Nonmetropolitan Kentucky ranked fifth in the institution’s share of total lending, fourth in total deposits, and third in total number of branches during the evaluation period.

⁸⁴ For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation is adjusted and does not reflect performance in the parts of those states contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution’s performance in that area.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE COMMONWEALTH OF KENTUCKY

Lending activity accounted for 5.3% of Peoples' total lending and deposits accounted for 9.6% of Peoples' total deposits. HMDA-reportable lending in Kentucky represented 5.0% of Peoples' total HMDA lending and CRA-reportable lending represented 5.8% of Peoples' total CRA lending. As of June 30, 2022, Peoples ranked 28th among 158 insured institutions and has a deposit market share of 0.7% in Kentucky.

Peoples added Kentucky (Nonmetropolitan Kentucky and the Lexington AA) to its CRA delineated footprint with the acquisition of First Commonwealth in 2019. With the acquisition of Premier Financial in 2021, Peoples added the Louisville AA and expanded its footprint in Nonmetropolitan Kentucky.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE COMMONWEALTH OF KENTUCKY

Lending Test

Peoples' performance under the lending test in Kentucky is rated "Low Satisfactory."

Lending Activity

Lending performance test ratings could not be assigned to the Lexington and Louisville AAs due to extremely limited volumes of HMDA- and CRA-reportable loans and community development loans originated during the evaluation period.

In Kentucky Peoples originated 277 HMDA loans totaling \$28.4 million and 327 small business loans totaling \$23.4 million during the evaluation period. Peoples' percentage of total lending in Kentucky is 5.3%, which is less than the percentage of total deposits at 9.6%.

Peoples lending activity reflects an adequate responsiveness to the credit needs in Kentucky, taking into consideration economic conditions and competitive factors. Lending activity is adequate in Nonmetropolitan Kentucky.

A concentration of HMDA loans was identified in excluded counties in the Louisville/Jefferson County MSA. Peoples originated 71 HMDA loans in Jefferson County. This represents 68.9% of HMDA loans originated in the MSA during the evaluation period.

Borrower-Income, Business Revenue Size, and Geographic Distribution

The overall distribution of loans is good among borrowers of different income levels and to businesses of different sizes in Kentucky. The borrower distribution of HMDA and small business lending is good in Nonmetropolitan Kentucky.

The geographic distribution of loans reflects a good penetration in Kentucky, with a significant level of lending gaps. The penetration of HMDA and small business lending is good in Nonmetropolitan Kentucky. Gaps in lending were significant in Nonmetropolitan Kentucky.

Lastly, Peoples exhibits a good record of serving the credit needs of low-income individuals and areas and businesses with gross annual revenue of \$1.0 million or less. A detailed analysis for the borrower-income distribution and geographic distribution is provided with the analysis for the full-scope AA.

Community Development Loans

Peoples makes an adequate level of community development loans in Kentucky during the evaluation period. Peoples originated or renewed three community development loans totaling approximately \$3.5 million in Nonmetropolitan Kentucky.

Approximately 3.1% of qualified community development lending occurred in Kentucky, compared to the percentage of total lending at 5.3% and total deposits at 9.6%.

Additional information regarding community development loan performance under the lending test is provided in the respective analyses for each AA.

Flexible Lending

Peoples makes limited use of flexible lending practices within Kentucky, specifically in Nonmetropolitan Kentucky.

Investment Test

Peoples' performance under the investment test is rated "High Satisfactory." Peoples has a significant level of qualified community development investments and donations in Kentucky.

Peoples has \$19.5 million in qualified community development investments in Kentucky, with new investments representing 9.7% and prior period investments representing 90.3% of total qualified investments. Of these total qualified investments \$4.5 million (23.1%) benefited the bank's AAs and 76.9% benefited the broader statewide or regional area.

Within the bank's AAs in Kentucky, Peoples obtained two new investments worth approximately \$564,035 in Nonmetropolitan Kentucky and holds six prior period investments with a current book value of approximately \$3.9 million in the Lexington AA and Nonmetropolitan Kentucky. These investments were in municipal bonds funding educational projects and/or renovations for schools where greater than 50.0% of students are eligible for the free or reduced-price lunch program.

Because Peoples has been responsive to community development needs and opportunities in its AAs, consideration was given to four new municipal bonds totaling \$1.3 million (11.2%) and 25 prior period municipal bonds totaling \$10.5 million (88.8%) that benefited a broader statewide area. These bonds help to finance construction or renovations for schools where greater than 50.0% of students are eligible for the free or reduced-price lunch program across Eastern Kentucky. The remaining three prior period municipal bonds totaling \$3.2 million benefited broader regional areas in the Lexington-Fayette and Louisville/Jefferson County MSAs.

Approximately 32.1% of qualified investments by dollar amount benefited Kentucky. These investments help schools that serve lower-income communities fund capital improvements and expansion.

Qualified investments also took the form of small dollar donations totaling \$104,615. Peoples partners with several organizations and nonprofits to fund initiatives aimed at responding to community needs, including but not limited to federal emergency flood disasters and improving the financial stability of individuals and families and communities, economic development activities, and affordable housing.

Because Peoples has been responsive to community development needs and opportunities in its AAs, consideration was given to nine donations totaling \$34,310 that benefited a broader regional area. These donations provided \$20,310 to three Appalachian flood relief funds that directly assisted individuals and families, small businesses, and family farms impacted by the July 26-July 30, 2022 flooding across 13 FEMA-disaster declared counties in Eastern Kentucky; food assistance (\$10,000) to LMI individuals in LMI and distressed or underserved middle-income communities in Central and Eastern Kentucky; \$3,000 to three non-profits that provide a multitude of wraparound services to LMI individuals and families, and \$1,000 to a foundation that supports small Kentucky farmers.

Approximately 6.9% of Peoples small dollar donations by dollar amount benefited Kentucky.

Total qualified investments and donations in Kentucky represent 27.0% of the bank's total qualified community development investments and donations, compared to 9.6% of total deposits. Qualified investments and donations exhibit good responsiveness to credit and community development needs in Kentucky, particularly flood disaster response. Also, the community contact expressed the needs for wraparound services to LMI individuals and families.

These qualified investments help to address these needs in the bank's AAs and broader statewide and regional areas.

Considering the bank's limited presence in these markets, Peoples provides a significant level of qualified community development investments and donations in the Lexington AA and adequate levels in Nonmetropolitan Kentucky and the Louisville AA.

Additional information regarding performance under the investment test is provided in the respective analyses for each AA.

Service Test

Peoples' performance under the service test is rated "Low Satisfactory." Retail delivery systems are accessible, and Peoples provides a limited level of community development services. Performance in these AAs is primarily due to retail services, considering the bank's limited presence in these markets.

For details regarding the institution's performance in the individual AAs, refer to the respective AA's "Service Test" section in this report.

Retail Services

Peoples maintains 16 branches with cash-only ATMs, along with a stand-alone full-service ATM and a stand-alone cash-only ATM in Kentucky. Branches in Kentucky represent 14.0% of the bank's total branches. These facilities were all acquired in either 2019 or 2021. In Nonmetropolitan Kentucky, Peoples maintains 14 branches and two stand-alone ATMs. In the Louisville AA, Peoples maintains one branch with a cash-only ATM in a moderate-income tract in Eminence (Henry County). In the Lexington AA, Peoples maintains one branch in an upper-income tract in Georgetown (Scott County).

Since the previous evaluation, Peoples closed one branch with a full-service ATM in Jackson (Breathitt County) in middle-income tract in Nonmetropolitan Kentucky. People's record of opening branches improved the accessibility of its delivery systems in Kentucky. In Nonmetropolitan Kentucky and the Louisville AA accessibility of delivery systems improved with the opening/acquisition of six branches in moderate-income tracts and was not adversely affected in the Lexington AA.

Banking services do not vary in a way that inconveniences any portion of Peoples' AAs. Sixteen offices offer drive-thru services, 15 offices offer extended hours, and 15 offices offer weekend hours. The branch in the Lexington AA does not offer extended hours, and one branch in Nonmetropolitan Kentucky in a moderate-income tract does not offer weekend hours but offers drive-thru services and has a cash-only ATM that is available 24 hours, 7 days a week.

Retail delivery systems are accessible to Peoples' geographies and individuals of different income levels. Delivery systems are accessible in Nonmetropolitan Kentucky and the Louisville AA and reasonably accessible in the Lexington AA. Banking services do not vary or inconvenience any portion of Peoples' AAs in Kentucky.

Community Development Services

Peoples provides a limited level of community development services in Kentucky, with three (0.1%) hours of community development services supporting service activities in Nonmetropolitan Kentucky. Peoples did not provide community development services in either the Lexington or Louisville AAs during the evaluation period, which is reasonable considering the bank's limited presence in these markets.

Peoples provides a limited level of community development services in Nonmetropolitan Kentucky and few, if any community development services in the Lexington and Louisville AAs. Peoples should have the capacity to be more responsive to available community development service opportunities in Kentucky, as it continues to establish its market presence and build out its CRA program in these markets.

NONMETROPOLITAN AREA
(Full-scope Review)

**DESCRIPTION OF INSTITUTION'S OPERATIONS IN
NONMETROPOLITAN KENTUCKY**

Nonmetropolitan Kentucky consists of Breathitt, Floyd, Johnson, Lewis, Magoffin, Martin, Mason, Pike, and Robertson counties in Kentucky. Since the previous evaluation, Peoples entered this AA with Floyd, Johnson, Magoffin, Martin, and Pike counties with the acquisition of First Commonwealth in 2019. In 2021 Peoples added Breathitt, Lewis, Mason, and Robertson counties due to the acquisition of Premier Financial. The Census Bureau released new size and population data from the 2020 Census on August 12, 2021. Due to these changes this AA was comprised of the following tracts for this analysis. See Appendix C for AA maps and Appendix D for additional demographic data.

Tract Income Level	2019-2020	2021	2022
	Number of Tracts	Number of Tracts	Number of Tracts
Low	0	0	0
Moderate	13	22	27
Middle	28	35	32
Upper	1	2	8
Unknown	0	0	2
Total	42	59	69

As a result of the Premier Financial acquisition, the AA gained nine moderate-income tracts, seven middle-income tracts, and one upper-income tract in 2021. Based on 2020 Census data, the AA gained five moderate-income tracts, six upper-income tracts, and two unknown-income tracts in 2022, and lost three middle-income tracts.

Counties with Distressed and Underserved Middle-Income Geographies									
Assessment Area: Nonmetropolitan Kentucky									
Area	Poverty			Unemployment			Underserved (Remote Rural)		
	2019	2020	2021	2019	2020	2021	2019	2020	2021
Breathitt County			X						X
Floyd County	X	X	X	X	X		X	X	X
Johnson County	X	X	X	X	X		X	X	X
Lewis County			X						X
Magoffin County	X	X	X	X	X	X	X	X	
Martin County	X	X	X	X	X		X	X	X
Pike County	X	X	X	X	X		X	X	X
Robertson County			X						
Source: FFIEC									

In 2019 and 2020 all 28 (100.0%) middle-income tracts were designated as distressed due to poverty, unemployment, and/or underserved; and 32 (91.4%) middle-income tracts were designated as distressed due to poverty, unemployment, and/or underserved in 2021.

As of June 30, 2022, the FDIC summary of deposits report, ranked Peoples third among 14 financial institutions in the Nonmetropolitan Kentucky counties in which the bank has branches with 14.3% of the deposit market share, compared to Community Trust Bank Incorporated with 32.4%, and Citizens Bank of Kentucky Incorporated with 14.3% of the deposit market share. Deposits in this AA accounted for 8.7% of Peoples' total deposits and ranks as the bank's fourth highest percentage of deposits within its CRA delineated footprint.

The 2021 HMDA peer market data shows that Peoples ranked fifth among 195 HMDA reporters in Nonmetropolitan Kentucky having originated 100 loans. The top three HMDA lenders in this market Community Trust Bank originated 708 loans, Rocket Mortgage, LLC originated 307 loans, and U.S. Bank National Association originated 190 loans. Peoples ranked seventh among HMDA reporters in this market in 2020 and 10th in 2019.

Peoples ranked eighth among 73 CRA reporters serving the Nonmetropolitan Kentucky counties in 2021 having originated 86 loans. The top three CRA reporters in this market Community Trust Bank originated 841 loans, American Express National Bank originated 539 loans, and US Bank National Association originated 458 loans. Peoples ranked third among CRA reporters in this market in 2020 and 10th in 2019.

Community Contacts

A community contact interview was conducted as part of this evaluation to provide supplemental information regarding the area's credit needs and context to demographic and economic conditions of the local community. The interview was with a representative from an economic development organization that serves Eastern Kentucky. The contact stated that the collapse of the coal industry has led to economic distress, indicating that nearly 45.0% of Appalachian counties with the most severe economic distress are in Eastern Kentucky, which is notable considering Kentucky only comprises 13.0% of the entire Appalachian region. The contact stated a major challenge in the region is a weak labor force despite a significant prime age working population. Public health was also mentioned as an issue plaguing the area, with obesity, diabetes, and heart disease rates higher than the national average. The contact also indicated the current opioid epidemic prevalent throughout Appalachia plays a major role in public health, and that all these factors lead to the region's average life expectancy being about six years less than the average American. Lastly, the contact stated that this area has incredibly poor broadband internet availability, which directly affects community development and employment opportunities. The contact commended area banks for being involved in the community and dependable partners that assist in emergencies and provide services benefiting the community. However, the contact also indicated there are opportunities for local financial institutions to participate in task forces and advocate for improved broadband infrastructure that is desperately needed.

Population Characteristics

Population Change Assessment Area: Nonmetropolitan Kentucky					
Area	2015 Population	2020 Population	Percent Change 2015 to 2020	2021 Population	Percent Change 2020 to 2021
Breathitt County	13,591	13,718	0.9%	13,553	-1.2%
Floyd County	38,649	35,942	-7.0%	35,274	-1.9%
Johnson County	23,350	22,680	-2.9%	22,556	-0.5%
Lewis County	13,790	13,080	-5.1%	12,987	-0.7%
Magoffin County	12,979	11,637	-10.3%	11,497	-1.2%
Martin County	12,631	11,287	-10.6%	11,140	-1.3%
Mason County	17,296	17,120	-1.0%	16,931	-1.1%
Pike County	63,434	58,669	-7.5%	57,391	-2.2%
Robertson County	2,208	2,193	-0.7%	2,257	2.9%
Assessment Area	197,928	186,326	-5.9%	183,586	-1.5%
Kentucky	4,397,353	4,505,836	2.5%	4,506,589	0.0%
Source: 2011 - 2015 U.S. Census Bureau American Community Survey 2020 U.S. Census Bureau Decennial Census U.S. Census 2021 Population and Housing Unit Estimates Tables					

- From 2015 through 2021 the AA experienced a loss (7.2%) in population compared to Kentucky which experienced a gain (2.5%). Magoffin, Martin, and Pike counties saw the biggest decreases during this time.
- AA population is decreasing which could increase the economic pressure on the workforce.
- 78.0% of the AA population was 18 years of age or older, the legal age to enter into a contract.
- 15.3% of the population in the AA was age 65 and over, compared to 14.4% in Kentucky.
- A higher elderly population may affect economic growth and the ability of government and communities to provide adequate resources for older adults, including but not limited to healthcare services.
- 32.8% of the AA's population reside in LMI tracts.
- According to Census data, Pikeville (Pike County) is the largest city in the AA with 7,327 residents, and its population increased by 4.5% between 2010 and 2021.⁸⁵ By contrast, Mount Olivet is the most populous municipality in Robertson County with 354 residents, and its population decreased by 2.8% between 2010 and 2021. Robertson County is the smallest county by both total area and population in Kentucky.⁸⁶

Income Characteristics

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
2019	\$49,800		0	-	\$24,899	\$24,900	-	\$39,839	\$39,840	-	\$59,759	\$59,760	-	& above
2020	\$51,500	3.4	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
2022	\$61,700	17.3	0	-	\$30,849	\$30,850	-	\$49,359	\$49,360	-	\$74,039	\$74,040	-	& above
Source: 2019-2021 FFIEC Census Data														

Source: 2019-2021 FFIEC Census Data

- During the evaluation period, MFI in the AA increased by 23.9%.
- According to 2015 U.S. Census data, AA MFI at \$40,414 is 1.4 times lower than Kentucky at \$55,367.

⁸⁵ [Kentucky Hometown Locator - Pikeville](#)

⁸⁶ [Kentucky Hometown Locator - Robertson County](#)

Poverty Rates			
Assessment Area: Nonmetropolitan Kentucky			
Area	2019	2020	2021
Breathitt County	29.2	27.9	31.0
Floyd County	27.4	28.3	28.0
Johnson County	25.8	22.5	24.2
Lewis County	23.2	22.2	22.6
Magoffin County	29.4	30.9	33.2
Martin County	34.4	31.9	40.5
Mason County	15.7	15.7	17.1
Pike County	24.0	23.7	30.1
Robertson County	22.0	17.9	18.5
Kentucky	16.0	14.9	16.3
United States	12.3	11.9	12.8
Source: U.S. Census Bureau Small Area Income and Poverty Estimates Program			

- During this period, poverty rates in Breathitt, Floyd, Johnson, Lewis, Magoffin, Martin, Pike, and Robertson counties were substantially higher than poverty rates in Kentucky, with many counties having poverty rates that were more than two times higher than poverty rates in the United States. In 2021, Martin County had a poverty rate that was more than three times higher than the national average.
- Of the 54,441 families in the AA, 45.7% are designated as LMI with 21.6% living below poverty; compared to 39.6% designated as LMI with 14.4% living below poverty across Kentucky.
- Of the 78,426 households in the AA, 27.0% are below the poverty level and 3.2% receive public assistance; compared to 18.5% of households across Kentucky that are below the poverty level.
- Supplemental Nutrition Assistance Program (SNAP) helps LMI individuals and families, the elderly, and the working poor purchase food and reduce food insecurity and may free up resources for other necessities, such as clothing, housing, and medical expenses. The table below shows the percent of the population by county that received SNAP benefits in 2020.

SNAP Benefits	
Assessment Area: Nonmetropolitan Kentucky	
Area	2020
Breathitt County	31.9%
Floyd County	28.5%
Johnson County	22.7%
Lewis County	23.1%
Magoffin County	32.9%
Martin County	25.9%
Mason County	17.7%
Pike County	21.9%
Robertson County	17.7%
Source: Federal Reserve Economic Data (FRED) maintained by the Federal Reserve Bank of St. Louis ⁸⁶	

Housing Characteristics

Housing Cost Change						
Assessment Area: Nonmetropolitan Kentucky						
Area	Median Housing Value			Median Gross Rent		
	2015	2021	Percent Change	2015	2021	Percent Change
Breathitt County	\$47,500	\$52,700	10.9%	\$493	\$476	-3.4%
Floyd County	\$70,600	\$79,100	12.0%	\$543	\$681	25.4%
Johnson County	\$79,200	\$118,400	49.5%	\$543	\$654	20.4%
Lewis County	\$67,100	\$77,400	15.4%	\$438	\$619	41.3%
Magoffin County	\$53,100	\$77,900	46.7%	\$478	\$609	27.4%
Martin County	\$68,200	\$67,600	-0.9%	\$420	\$629	49.8%
Mason County	\$101,100	\$144,300	42.7%	\$547	\$649	18.6%
Pike County	\$70,400	\$86,200	22.4%	\$616	\$734	19.2%
Robertson County	\$104,000	\$95,000	-8.7%	\$539	\$518	-3.9%
Kentucky	\$123,200	\$155,100	25.9%	\$675	\$826	22.4%
Source: 2011-2015 U.S. Census Bureau: American Community Survey 2017-2021 U.S. Census Bureau: American Community Survey						

- From 2015 to 2021, median housing values in Martin and Robertson counties decreased, while the median housing values throughout the rest of the AA increased between 10.9% to 49.5%, compared to 25.9% in the state of Kentucky. Overall, housing remained affordable across the AA since MFI kept pace with home price growth, except for the counties of Johnson, Magoffin, and Mason.
- Based on 2015 Census data, the affordability ratio⁸⁷ was 43.8 in the AA compared to 35.5 in Kentucky. Housing was generally more affordable across the AA than in other parts

⁸⁷ 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.

of Kentucky. Breathitt County had the highest affordability ratio at 54.4, and Robertson County had the least affordable housing with an affordability ratio at 30.5.

- From 2015 to 2021, median gross rents in Breathitt and Robertson counties decreased, while the median gross rents throughout the rest of the AA increased between 18.6% to 49.8%. The rise in median gross rents indicates the need for more affordable housing. According to 2015 Census data, 36.4% of all renters in the AA have rental costs that are at least 30.0% of their income.
- According to HUD's 2021 Fair Market Rents data, the average rent for a two-bedroom unit in Pike County is \$711. While rents are rising, a median two-bedroom rent across the AA is still below the national average of \$1,295.⁸⁸
- There are 92,011 housing units in the AA, of which 61.6% are owner occupied, 23.6% are rental and 14.8% are vacant; consequently, there are more households who own their homes than there are renters. Only 32.4% of total housing units are in moderate-income tracts and 61.1% of the housing units are owner-occupied and 38.9% are either rental or vacant. With 38.4% of housing units across the AA being either rental or vacant, there may be limited opportunities to originate mortgage loans, particularly in moderate-income tracts.
- The median age of housing stock across the AA is 40 years old, and 13.1% of housing units were built prior to 1950. The median age of housing stock in moderate-income tracts is also 40 years old.

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	40%	13%	17%	40%	8%	28%
Floyd County	51%	18%	20%	55%	26%	37%
Johnson County	53%	20%	18%	62%	24%	39%
Lewis County	48%	23%	21%	37%	19%	26%
Magoffin County	42%	13%	18%	56%	2%	37%
Martin County	48%	15%	16%	44%	10%	23%
Mason County	42%	20%	12%	58%	25%	33%
Pike County	53%	21%	20%	55%	31%	36%
Robertson County	48%	18%	18%	52%	0%	23%
Assessment Area	49%	19%	19%	53%	23%	34%
Kentucky	53%	25%	17%	68%	27%	38%
Cost Burden is housing cost that equals 30 percent or more of household income						
Source: U.S. Department of Housing and Urban Development (HUD), 2015-2019 Comprehensive Housing Affordability Strategy						

⁸⁸ [National Low Income Housing Coalition](#)

- 49.0% of low-income homeowners and 53.0% of low-income renters are cost burdened, compared to 19.0% of moderate-income homeowners and 23.0% of moderate-income renters.
- About 19.0% of all homeowners and 34.0% of renters across the AA are cost burdened, compared to 17.0% of all homeowners and 38.0% of renters across Kentucky.
- The data shows that cost burden disproportionately affects renter-occupied households, particularly low-income renters and low-income homeowners, respectively.
- 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.

Labor, Employment, and Economic Characteristics

Unemployment Rates					
Assessment Area: Assessment Area: Nonmetropolitan Kentucky					
Area	2017	2018	2019	2020	2021
Breathitt County	8.6%	7.1%	7.1%	9.9%	8.6%
Floyd County	8.2%	6.4%	6.0%	8.8%	7.1%
Johnson County	8.5%	6.6%	6.3%	8.3%	7.3%
Lewis County	9.1%	8.1%	8.4%	9.2%	7.6%
Magoffin County	16.0%	12.5%	10.4%	15.5%	12.5%
Martin County	7.5%	6.2%	6.7%	11.2%	9.3%
Mason County	6.1%	5.4%	5.4%	7.7%	5.5%
Pike County	7.6%	5.7%	5.4%	8.1%	6.4%
Robertson County	6.1%	4.7%	5.2%	5.8%	4.2%
Assessment Area	8.2%	6.5%	6.3%	8.9%	7.2%
Kentucky	4.8%	4.2%	4.1%	6.4%	4.7%
<i>Source: Bureau of Labor Statistics: Local Area Unemployment Statistics</i>					

- While 2017-2019 unemployment rates decreased across the AA, the 2020 unemployment rate increased substantially in response to the COVID-19 pandemic. The average unemployment rate in the AA increased from 6.3% in 2019 to 8.9% in 2020. AA unemployment rates were generally higher than unemployment rates in Kentucky during this period, except for Robertson County, which had unemployment rates there were lower than Kentucky in 2020 and 2021. The unemployment rates in Magoffin County stand out and were substantially higher than Kentucky throughout the period.
- According to the Bureau of Labor Statistics,⁸⁹ the leading industries by total employed persons in the AA are manufacturing, government, retail trade, health care and social services, accommodation and food services, mining, quarrying and oil and gas extraction.

⁸⁹ [Bureau of Labor Statistics\(BLS\), Quarterly Census of Employment and Wages](#)

- Pikeville Medical Center (PMC) is one of the largest employers in the region, with over 3,000 employees. PMC has grown to become a nationally ranked hospital, providing quality care to a medically underserved area.⁹⁰
- A demand for alternative energy sources had led to decades of declining coal production and an almost full collapse of an industry that has historically been heavily relied on in the AA, and Eastern Kentucky is the second most coal dependent area in the country. The Interagency Working Group on Coal and Power Plant Communities and Economic Revitalization (working group) is a governmental group created to focus on delivering federal resources to revitalize the local economics of coal, oil and gas, and power plant communities, and ensuring benefits and protections for workers in these communities. The working group has identified close to \$38.0 billion in federal funding for investments in coal and power plant communities, focusing on infrastructure, environmental remediation, job creation, and community revitalization.⁹¹
- According to ARC the following counties in the AA are designated as distressed based on several economic indicators, including poverty rates, per capita market income and unemployment rates: Breathitt, Floyd, Johnson, Lewis, Magoffin, Martin, Pike, and Robertson. Historically, Appalachia has battled poverty, unemployment, lower educational attainment, and lower wages. While significant progress has been made, recent challenges such as the substance abuse crisis and COVID-19 remain. Counties in this AA are still experiencing higher levels of unemployment and poverty than the national rates, with many of these counties doubling the national average.⁹²
- According to the Centers of Disease Control and Prevention, the following counties in this AA are vulnerable to high rates of different types of illnesses because of the opioid epidemic: Breathitt, Floyd, Johnson, Lewis, Magoffin, Martin, Pike and Robertson. Every county in the AA except Mason County is included in the top 220 vulnerable counties determined to be at-risk of illnesses because of the opioid epidemic in the county, with Breathitt County ranked as the third highest county in the nation. As a result, these counties are particularly susceptible to reduced labor market activity and stunted economic growth potential.⁹³
- Based on 2015 Census data and BroadbandNow, approximately 75.3% of households in the AA have a broadband internet subscription, and 80.7% of residents have access to the minimum bandwidth needed for basic internet activity. In rural Martin County, only 26.5% of residents have access to the minimum bandwidth needed for basic internet activity.⁹⁴ Nationally, those with access to a broadband-enabled computer are employed at a higher rate in urban and rural counties.

⁹⁰[Northern Kentucky University – Underserved Populations in Kentucky](#)

⁹¹[WKYT - Future of Coal](#)

⁹²[Appalachian Regional Commission](#)

⁹³[Centers for Disease Control and Prevention](#)

⁹⁴[Broadband Now - Kentucky](#)

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN NONMETROPOLITAN KENTUCKY

Lending Test

Peoples' performance under the lending test in this AA is adequate. Peoples' lending activity demonstrates a good responsiveness to the credit needs of the community. Peoples has a good distribution among businesses of different sizes and borrowers of different income levels. Peoples has a good geographic distribution of loans with a significant level of lending gaps. Peoples makes an adequate level of community development loans and limited use of flexible lending practices in this AA. Peoples exhibits an adequate record of serving the credit needs of highly economically disadvantaged areas in its AA, low-income individuals, or businesses with gross annual revenue of \$1.0 million or less.

Lending Activity

HMDA loans were combined in 2019 to conduct a meaningful analysis due to limited volume. In 2020 there was not enough volume to evaluate home purchase or home improvement loans. In 2021 there was not enough volume to evaluate home improvement loans. Small farm, multi-family, and other purpose closed-end loans were not considered in this evaluation due to limited volume.

Lending activity levels reflects an adequate responsiveness to the credit needs within the AA. The percentage of Peoples' lending in the Nonmetropolitan Kentucky AA is 5.0% compared to the percentage of total deposits is 8.7%.

Lastly, small business loans received greater weight than HMDA loans (refinance, home purchase and home improvement, respectively) in this AA based on the total loan volume by number and dollar amounts.

Distribution by Revenue Size of the Business and Borrower Income

Borrower distribution received greater weight than geographic distribution in this AA, since the overall percentage of LMI families is greater than the overall percentage of LMI geographies.

Peoples' overall distribution to businesses of different sizes and of HMDA lending among borrowers of different income (including LMI) levels is good.

Small Business Lending

During the evaluation period Peoples originated 307 small business loans to businesses of different sizes totaling \$22.0 million, and 219 (71.3%) loans totaling \$12.7 million (57.5%) were

PPP loans with unknown gross annual revenue. Peoples' performance was compared to the percentage of businesses (proxy).

In 2021, Peoples originated 86 small business loans to businesses of different sizes totaling \$5.9 million, of which 72.1% were extended to businesses with unknown revenue. Of the total small business loans, 62 (72.1%) loans totaling \$3.8 million (64.5%) were PPP loans. Peoples originated 20 (23.3%) loans totaling \$1.5 million (25.8%) to businesses with revenue of \$1.0 million or less, compared to the percentage of small businesses at 90.1% and the aggregate of all lenders at 43.9% by volume and 32.3% by dollar amount. While this is a poor distribution, Peoples originated 70 (81.4%) small dollar loans in amounts of \$100,000 or less, compared to the aggregate of all lenders at 92.4%. Peoples' willingness to lend in smaller amounts exhibits a good responsiveness to credit needs of small businesses in the AA, particularly those impacted by the COVID-19 emergency.

In 2020, Peoples originated 193 small business loans to businesses of different sizes totaling \$13.0 million, of which 83.4% were extended to businesses with unknown revenue. Of the total small business loans, 157 (81.3%) loans totaling \$8.8 million (68.0%) were PPP loans. Peoples originated 24 (12.4%) loans totaling \$2.6 million (20.2%) were originated to businesses with revenue of \$1.0 million or less, compared to the percentage of small businesses at 90.3% and the aggregate of all lenders at 31.5% by volume and 21.4% by dollar amount. While this is a poor distribution, Peoples originated 158 (81.9%) small dollar loans in amounts of \$100,000 or less, compared to the aggregate of all lenders at 88.2%. Peoples' willingness to lend in smaller amounts exhibits a good responsiveness to credit needs of small businesses in the AA, particularly those impacted by the COVID-19 emergency.

In 2019, Peoples originated 28 small business loans to businesses of different sizes totaling \$3.2 million. There were two (7.1%) businesses with unknown gross annual revenue totaling \$225,000 (7.1%). Peoples originated 16 (57.1%) loans totaling \$1.6 million (51.4%) to businesses with revenue of \$1.0 million or less, which was below the percentage of small businesses at 89.9% and exceeded the aggregate of all lenders at 43.7% by volume and 37.2% by dollar amount. Peoples originated 17 (60.7%) small dollar loans in amounts of \$100,000 or less, compared to the aggregate of all lenders at 93.3%. This exhibits an adequate responsiveness to credit needs of small businesses in the AA.

While this analysis is skewed by the large number of businesses with unknown gross annual revenue in 2021 and 2020, Peoples exhibits a good responsiveness to credit needs of small businesses in the AA, since small dollar loans tend to represent amounts typically requested by small businesses, particularly those impacted by the COVID-19 emergency. Therefore, the distribution to businesses of different sizes is good.

HMDA Lending

During the evaluation period, Peoples originated 256 HMDA loans totaling \$25.2 million. Of these loans, 120 were refinance loans totaling \$13.4 million and 68 were home purchase loans totaling \$7.1 million. Peoples' performance was compared to the percentage of families (proxy) and the aggregate of all lenders. Peoples' borrower distribution of refinance, home purchase, and combined HMDA lending is good. See Appendix E for explicit HMDA-reportable lending data.

Refinance Lending

In 2021, Peoples originated 59 refinance loans totaling \$6.1 million. Peoples originated three (5.1%) refinance loan to borrowers with unknown incomes totaling \$615,000 (10.1%). By comparison, the aggregate of all lenders originated 15.5% by volume and 16.2% by dollar amount to borrowers with unknown incomes.

Peoples originated four (6.8%) refinance loans to low-income borrowers totaling \$142,000 (2.3%) which was substantially below the percentage of families at 27.6% by volume and by dollar amount. Performance substantially exceeded the aggregate of all lenders at 3.8% by volume and exceeded at 1.7% by dollar amount. Peoples originated 10 (16.9%) refinance loans to moderate-income borrowers totaling \$660,000 (10.8%), which was slightly below the percentage of families at 18.1% by volume and was below by dollar amount. Performance substantially exceeded the aggregate of all lenders at 10.6% by volume and was below at 6.4% by dollar amount.

In 2020, Peoples originated 40 refinance loans totaling \$5.4 million. Peoples originated one (2.5%) refinance loan to borrowers with unknown incomes totaling \$143,000 (2.7%). By comparison, the aggregate of all lenders originated 16.9% by volume and 17.5% by dollar amount to borrowers with unknown incomes.

Peoples originated three (7.5%) refinance loan to low-income borrowers totaling \$100,000 (1.9%), which was significantly below the percentage of families at 27.8% by volume and substantially below by dollar amount. Performance substantially exceeded the aggregate of all lenders at 2.0% by volume and 1.1% by dollar amount. Peoples originated four (10.0%) refinance loans to moderate-income borrowers totaling \$309,000 (5.8%), which was below the percentage of families at 18.0% by volume and significantly below by dollar amount. Performance exceeded the aggregate of all lenders at 8.2% by volume and 4.5% by dollar amount.

Peoples' refinance lending performance fell below proxy and exceeded the aggregate of all lenders to LMI borrowers, which is a good borrower distribution.

Home Purchase Lending

In 2021, Peoples originated 44 home purchase loans totaling \$3.9 million. Peoples originated one (2.3%) home purchase loan to borrowers with unknown income totaling \$102,000 (2.6%). By

comparison, the aggregate of all lenders originated 11.9% by volume and 11.9% by dollar amount to borrowers with unknown incomes.

Peoples originated four (9.1%) home purchase loans to low-income borrowers totaling \$191,000 (4.9%) which was significantly below the percentage of families at 27.6% by volume and substantially below by dollar amount. Performance substantially exceeded the aggregate of all lenders at 5.8% by volume and 3.2% by dollar amount. Peoples originated five (11.4%) home purchase loans to moderate-income borrowers totaling \$408,000 (10.5%), which was below the percentage of families at 18.1% by volume. Performance was significantly below the aggregate of all lenders at 18.4% by volume and slightly below at 12.3% by dollar amount.

Peoples' performance was significantly below proxy and substantially exceeded the aggregate of all lenders to low-income borrowers, which is an adequate borrower distribution. Peoples' performance fell below proxy and the aggregate of all lenders to moderate-income borrowers, which is an adequate borrower distribution.

HMDA Lending (combined)

In 2019, Peoples originated 37 HMDA loans totaling \$ \$3.8 million. Peoples originated two (5.4%) HMDA loans to borrowers with unknown incomes totaling \$640,000 (17.1%). By comparison, the aggregate of all lenders originated 15.1% by volume and 15.9% by dollar amount to borrowers with unknown incomes.

Peoples originated two (5.4%) HMDA loans to low-income borrowers, totaling \$33,000 (0.9%), which was substantially below the percentage of families at 27.8% by volume and by dollar amount. Performance exceeded the aggregate of all lenders at 4.9% by volume and was significantly below at 2.8% by dollar amount. Peoples originated six (16.2%) HMDA loans to moderate-income borrowers totaling \$435,000 (11.6%), which slightly below the percentage of families at 18.0% by volume and below by dollar amount. Performance exceeded the aggregate of all lenders at 14.5% by volume and 9.0% by dollar amount.

Borrower distribution of HMDA loans to LMI borrowers is good given Peoples performance fell below proxy and exceeded the aggregate of all lenders.

Geographic Distribution of Loans

Peoples' overall geographic distribution of lending is good. Small business and HMDA lending are good. Peoples has significant lending gaps in the Nonmetropolitan Kentucky.

Percentage of Lending Penetration			
Tract Income Level	2019	2020	2021
Moderate	53.8%	46.2%	59.1%
Middle	53.6%	71.4%	77.1%
Upper	100.0%	100.0%	50.0%
Total	54.8%	64.3%	69.5%

Peoples was able to penetrate approximately 62.8% of total tracts during the evaluation period. Lending gaps were significant in moderate-income tracts with a penetration rate of 53.0%; however, with 34.0% of total housing units in moderate-income tracts and 38.9% being either rental or vacant units; lending opportunities in these tracts are likely to be limited. While Peoples ranks third in this market with a deposit market share of 14.3%, this AA increased from five to nine counties and gained 17 tracts, including but not limited to nine moderate-income tracts, with the acquisition of Premier Financial on September 18, 2021.

Small Business Lending

During the evaluation period Peoples originated 307 small business loans to businesses of different sizes totaling \$22.0 million. Peoples' performance was compared to the percentage of businesses by tract (proxy). The geographic distribution of small business lending is good.

In 2021, Peoples originated 86 small business loans totaling \$5.9 million. Peoples originated nine (10.5%) small business loans in moderate-income tracts totaling \$ \$845,000 (14.4%), which was slightly below the percentage of businesses in these tracts at 20.2% by volume and dollar amount. Performance exceeded the aggregate of all lenders at 18.7% by volume and 15.9% by dollar amount.

In 2020, Peoples originated 193 small business loans totaling \$13.0 million. Peoples originated 25 (13.0%) small business loans in moderate-income tracts totaling \$1.8 million (13.9%), which was slightly below the percentage of businesses in these tracts at 15.1% by volume and dollar amount. Performance was comparable to the aggregate of all lenders at 13.8 % by volume and exceeded at 13.1% by dollar amount.

In 2019, Peoples originated 28 small business loans totaling \$3.2 million. Peoples originated five (17.9%) small business loans in moderate-income tracts totaling \$373,000 (11.8%), which was below the percentage of businesses in these tracts at 15.4% by volume and significantly below by dollar amount. Performance exceeded the aggregate of all lenders at 16.2% by volume and was below at 12.7% by dollar amount.

Peoples' small business lending performance fell slightly below the percentage of businesses (proxy) and exceeded the aggregate of all lenders in moderate-income tracts, which is a good geographic distribution.

HMDA Lending

During the evaluation period, Peoples originated 256 HMDA loans totaling \$25.2 million. Of these loans, 120 were refinance loans totaling \$13.4 million and 68 were home purchase loans totaling \$7.1 million. Peoples' performance was compared to the percentage of owner-occupied units (proxy) and the aggregate of all lenders. Peoples' geographic distribution of refinance, home purchase, and combined HMDA lending is good. See Appendix E for explicit HMDA-reportable lending data.

Refinance Lending

In 2021, Peoples originated 59 refinance loans totaling \$6.1 million. Peoples originated 10 (16.9%) refinance loans in moderate-income tracts totaling \$1.1 million (17.4%), which was below the percentage of owner-occupied units in these tracts at 32.1% by volume and dollar amount. Performance was slightly below the aggregate of all lenders at 18.0% by volume and exceeded at 14.8% by dollar amount.

In 2020, Peoples originated 40 refinance loans totaling \$5.4 million. Peoples originated six (15.0%) refinance loans in moderate-income tracts totaling \$587,000 (10.9%), which was below the percentage of owner-occupied units in these tracts at 28.2% by volume and significantly below by dollar amount. Performance substantially exceeded the aggregate of all lenders at 13.4% by volume and 10.6% by dollar amount.

Peoples' refinance lending performance was below proxy and exceeded the aggregate of all lenders in moderate-income tracts, which is a good geographic distribution.

Home Purchase Lending

In 2021, Peoples originated 44 home purchase loans totaling \$3.9 million. Peoples originated 13 (29.5%) home purchase loans in moderate-income tracts totaling \$1.1 million (29.5%), which was slightly below the percentage of owner-occupied units in these tracts at 32.1% by volume and dollar amount. Performance exceeded the aggregate of all lenders at 21.2% by volume and substantially exceeded by 16.7% by dollar amount.

Peoples' home purchase lending performance was slightly below proxy and exceeded the aggregate of all lenders in moderate-income tracts, which is a good geographic distribution.

HMDA Lending (combined)

In 2019, Peoples originated 39 HMDA loans totaling \$4.4 million. Peoples originated six (15.4%) HMDA loans in moderate-income tracts totaling \$333,000 (7.5%), which was below the percentage of owner-occupied units in these tracts at 28.2% by volume and significantly below by dollar amount. Performance exceeded the aggregate of all lenders at 15.2% by volume and was below at 10.8% by dollar amount.

Peoples HMDA lending performance fell below proxy and exceeded the aggregate of all lenders in moderate-income tracts, which is a good geographic distribution.

Community Development Lending

Peoples originated three community development loan totaling approximately \$3.5 million. These loans were PPP loans providing funding to two small business in distressed middle-income communities. These loans are considered responsive because they helped revitalize/stabilize these distressed middle-income communities by helping these businesses keep workers employed during the height of the COVID-19 emergency.

These loans represent 3.1% of Peoples' total community development lending, compared to the percentage of total lending at 5.0% and total deposits at 8.7% in Nonmetropolitan Kentucky. Peoples makes an adequate level of community development loans given the size and presence of the institution and community development lending opportunities in this AA.

Flexible Lending Practices

Peoples originated 26 flexible loans in other flexible loan programs in Nonmetropolitan Kentucky. The following tables show the percentage by volume in these flexible lending programs and distribution of lending by tract income.

Geographic Distribution of Flexible Lending Products Assessment Area: Nonmetropolitan Kentucky			
All Other Loan Programs			% of Owner- Occupied Units
Tract Income Level	Number of Loans	# - %	
Moderate	9	34.6	32.1
Middle	13	50.0	63.9
Upper	2	7.7	4
Unknown	2	7.7	0
Total	26	100.0	100

Peoples originated nine loans in other flexible loan programs in moderate-income tracts, which exceeded the percentage of owner-occupied units (proxy).

Borrower Distribution of Flexible Lending Products Assessment Area: Nonmetropolitan Kentucky			
All Other Loan Programs			% of Families
Borrower Income Level	Number of Loans	# - %	
Low	4	15.4	27.6
Moderate	9	34.6	18.1
Middle	10	38.5	17.8
Upper	2	7.7	36.5
Unknown	1	3.8	0
Total	26	100.0	100

Peoples originated four loans in other flexible loan programs to low-income borrowers, which fell below the percentage of families (proxy). Peoples originated nine loans in other flexible loan programs to moderate-income borrowers, which exceeded proxy.

Through these programs, Peoples was able to assist LMI borrowers purchase homes in moderate-income geographies and/or obtain essential down-payment assistance and first-time homebuyer education.

Peoples originated 230 PPP loans totaling \$16.5 million in 2020 and 2021, representing approximately 4.4% by volume and 2.5% by dollar amount of total PPP loans. The following tables show the percentage by volume and dollar amount of PPP loans and distribution of lending by tract income.

Geographic Distribution of PPP Loans Assessment Area: Nonmetropolitan Kentucky					
Tract Income Level	Number of Loans	# - %	Total Loan Amount	\$ - %	Percentage of Businesses (2021)
Moderate	28	12.2	\$ 2,143,298	13.0	20.2
Middle	187	81.3	\$ 13,605,427	82.7	71.1
Upper	15	6.5	\$ 708,568	4.3	8.7
Total	230	100.0	\$ 16,457,292	100.0	100.0

Peoples originated 28 (12.2%) PPP loans totaling \$2.1 million (13.0%) in moderate-income tracts, which fell below the percentage of businesses (proxy) by volume and dollar amount. Also, all the PPP loans originated in middle-income tracts were originated in distressed or underserved middle-income tracts, which exceeded proxy by volume and dollar amount. Therefore, PPP lending is considered responsive to serving credit needs of small businesses or businesses in moderate-income and distressed or underserved middle-income geographies in response to the COVID-19 emergency.

Overall, Peoples makes limited use of flexible lending practices in serving AA credit needs.

Investment Test

Peoples has an adequate level of qualified community development investments and donations.

Peoples has \$2.2 million in qualified community development investments in Nonmetropolitan Kentucky. The following table reflects the total number of qualified investments by purpose, number, and dollar amount:

Purpose of CD Investments	#	\$
Community Services	5	\$2,160,300
Total	5	\$2,160,300

Peoples obtained two new investments worth approximately \$564,035 (26.1%) and holds three prior period investments with a current book value of approximately \$1.6 million (73.9%). These

investments were in municipal bonds funding educational projects or renovations for schools in a district where greater than 50.0% of students are eligible for the free or reduced-price lunch program.

Qualified investments also took the form of donations totaling \$65,306. Peoples' partners with a several organizations and nonprofits to fund initiatives aimed at responding to community needs and improving the financial stability of individuals and families, economic development activities, affordable housing, and revitalizing and stabilizing. The following table reflects the total number community development donations by purpose, number, and dollar amount.

Purpose of CD Donations	#	\$
Community Services	50	\$54,656
Economic Development	5	\$4,150
Revitalize / Stabilize	1	\$10,000
Affordable Housing	1	\$500
Total	57	\$69,306

The majority of donations (75.0%) by dollar amount were made through Peoples Bank Foundation, followed by donations made through its branches and marketing (24.0%) and annual donation(s) supporting the purchase of Cenmark financial training materials for LMI schools (1.0%).

Approximately 4.7% of Peoples' small dollar donations by dollar amount benefited Nonmetropolitan Kentucky.

Examples of impactful small dollar donations include:

- \$24,500 to 12 food pantries to help LMI individuals, families, seniors, and children in need of emergency food assistance.
- \$10,000 to a full-tuition scholarship program that helps alleviate the financial burden for LMI students in Central Appalachia who might not be able to afford college.
- \$10,000 for Eastern Kentucky (Appalachian) Flood Relief Fund to assist those impacted by the major flooding event that began on July 26, 2022.

According to ARC, this region lags substantially behind the rest of the country as well as other parts of Appalachia. Central Appalachia still battles economic distress, with concentrated areas of high poverty, unemployment, poor health, and severe educational disparities. Also, food insecurity is most prevalent among households with inadequate incomes and/or limited access to credit.⁹⁵ While qualified investments are not necessarily innovative or complex, investments and donations exhibit good responsiveness to credit and community development needs in Nonmetropolitan Kentucky.

⁹⁵ U.S. Department of Health and Human Services Office of Disease Prevention and Health Promotion: [Healthy People 2030](#)

Qualified investments and donations represent 3.5% of Peoples' total qualified investments by dollar amount, compared to the percentage of total deposits at 8.7% in Nonmetropolitan Kentucky.

Service Test

Retail services are accessible, and Peoples provides a limited level of community development services in Nonmetropolitan Kentucky.

Retail Services

Since the previous evaluation, Peoples acquired 14 branches with cash-only ATMs and one branch with a full-service ATM. Seven branches were acquired in 2019 from the First Commonwealth merger, and the remaining eight branches were acquired in 2021 from the Premier Financial merger. Peoples closed the branch with a full-service ATM in Jackson (Breathitt County) in a middle-income tract on June 9, 2022. Peoples also acquired a stand-alone full-service ATM and a cash-only ATM in 2019.

Peoples maintains 14 branches with cash-only ATMs in this AA. In moderate-income there are two branches in Vanceburg and one branch in Tollesboro (Lewis County), one branch in Paintsville (Johnson County), and one branch in Salyersville (Magoffin County). In middle-income tracts there is one branch in Garrison (Lewis County), one branch in Mount Olivet (Robertson County), one branch in Jackson (Breathitt County), one branch in Inez (Martin County), and two branches in Prestonsburg (Floyd County). In upper-income tracts there is one branch in Maysville (Mason County), one branch in Martin (Floyd County), and one branch in Pikeville (Pike County). These branches represent 12.3% of Peoples' total branches. Peoples record of opening branches in Nonmetropolitan Kentucky has improved accessibility of its delivery systems, particularly to moderate-income geographies and/or LMI individuals. The stand-alone full-service ATM in Betsy Layne and stand-alone cash-only ATM in Prestonsburg (in a regional medical center) are in middle-income tracts in Floyd County.

Business hours and services provided do not vary in a way that inconveniences certain portions of the assessment area, including moderate-income geographies and/or LMI households. All branches offer drive-thru services and extended hours, and 13 branches offer weekend hours. ATMs are available 24-hours a day, 7 days a week.

The following table illustrates the percentage of branch offices and ATMs in moderate-, middle-, and upper-income census tracts in comparison to the number and percentage of census tracts and the percentage of households and total businesses in those tracts.

Geographic Distribution of Branches and ATMs

Exam: Peoples Bank
Assessment Area(s): 2022 Nonmetropolitan Kentucky

Analysis Year: 2022

Tract Income Levels	BRANCHES							ATMS							DEMOGRAPHICS*			
	Total Branches		Opened	Closed**	Drive-Thru	Extended Hours	Weekend Hours	Total ATMs		Full Service				Cash Only		Census Tracts		Total Businesses
	#	%	#	#	#	#	#	Total	%	Total	%	Opened	Closed	Total	%	#	%	%
Low	Total	0	0.0%	0	0	0	0	0	0.0%	0	0.0%	0	0	0	0.0%	0	0	0
	DTO	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%
	LS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%
Moderate	Total	5	35.7%	5	0	5	4	5	31.3%	0	0.0%	0	0	5	35.7%	3	39.1%	34.6%
	DTO	0	0	0	0	0	0	0	0	0	0	0	0	0	0	27	39.1%	41.6%
	LS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%
Middle	Total	6	42.9%	6	1	6	6	8	50.0%	2	100.0%	2	1	6	42.9%	2	46.4%	46.9%
	DTO	0	0	0	0	0	0	2	1	0	0	0	0	1	0	32	46.4%	42.9%
	LS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%
Upper	Total	3	21.4%	3	0	3	3	3	18.8%	0	0.0%	0	0	3	21.4%	1	11.6%	13.5%
	DTO	0	0	0	0	0	0	0	0	0	0	0	0	0	0	8	11.6%	13.5%
	LS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%
Unknown	Total	0	0.0%	0	0	0	0	0	0.0%	0	0.0%	0	0	0	0.0%	0	2.9%	1.9%
	DTO	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	2.9%	1.9%
	LS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%
Totals	Total	14	100.0%	14	1	14	14	16	100.0%	2	100.0%	2	1	14	100.0%	6	100.0%	100.0%
	DTO	0	0	0	0	0	0	2	1	0	0	0	0	1	0	69	100.0%	100.0%
	LS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%

DTO - Drive Thru Only
LS - Limited Service
Shaded rows indicate totals; unshaded rows are a subset of shaded rows
*Based on 2020 census data
**Closed branches are only included in the "Closed" columns and are not included in any other totals
LPOs not included in totals.

The branch distribution in moderate-income tracts is considered good. The distribution of branches at 35.7% fell below the percentage of moderate-income tracts (39.1%) and households (41.6%) and exceeded total businesses (34.6%) in these tracts. Delivery systems are accessible to Peoples' geographies and individuals of different income levels in Nonmetropolitan Kentucky.

Community Development Services

During the evaluation period, two employees assisted two organizations totaling three hours of community development service to local organizations that provide services in the AA. This represents 0.1% of total service hours, which was substantially below the total percentage of branches at 12.3%. The hours of service provided in this AA equates to <0.01% ANP.

The following table provides a breakdown of qualified community development service by community development purpose.

Purpose of CD Service	# Services	# Organizations	# Employees	# Hours
Affordable Housing	1	1	1	1
Community Services	1	1	1	2
Total	2	2	2	3

One employee provided technical expertise in promoting a loan program to assist LMI borrowers to a local real estate company serving a distressed middle-income community. The other employee provided financial literacy training to very low-income individuals seeking employment opportunities and a pathway out of poverty.

Since the previous evaluation, total tracts in this AA increased by 64.0%; in particular moderate-income tracts increased from 13 to 27 tracts, which represents a 108.0% increase from 2020 to 2022. Also, bank management indicated their ability to provide in-person financial literacy events during this evaluation period was severely impacted due to in-person COVID-19 guidelines. Considering these factors, Peoples provides a limited level of community development services in this AA.

Considering the level of economic distress and expressed and unexpressed social needs in this AA (e.g., high poverty, high unemployment, poor health, lack of safe and affordable housing, severe educational disparities, and inadequate broadband infrastructure); Peoples has the capacity and market presence to be more responsive to subsequent community development service opportunities within Nonmetropolitan Kentucky.

METROPOLITAN AREAS
(Limited-scope Review)

DESCRIPTION OF INSTITUTION'S OPERATIONS

- **Lexington-Fayette MSA**
 - As of December 31, 2022, Peoples operated one branch in the AA, representing 0.9% of its branches.
 - As of June 30, 2022, Peoples had \$3.0 million in deposits in this AA, representing 0.1% of its deposits. Deposit market share in the MSA is <0.1%.
- **Louisville/Jefferson County MSA**
 - As of December 31, 2022, Peoples operated one branch in the AA, representing 0.9% of its branches.
 - As of June 30, 2022, Peoples had \$47.6 million in deposits in this AA, representing 0.8% of its deposits. Deposit market share in the MSA is 0.1%.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

Using available facts and data, including performance and demographic information, each AA's performance was evaluated and compared with Peoples' overall performance. The conclusions regarding performance are provided in the table below. Refer to the tables in Appendices F and G for information regarding these areas.

Assessment Area	Lending Test	Investment Test	Service Test
Lexington-Fayette MSA*	N/A	Consistent	Consistent
Louisville/Jefferson County MSA**	N/A	Below	Consistent
<i>*Entered the Lexington market – April 13, 2019</i> <i>**Entered the Louisville market – September 18, 2021</i> <i>Performance in limited-scope AAs did not impact to the overall rating</i>			

For the lending test, Peoples received a "Low Satisfactory" rating in Kentucky. An analysis of the bank's lending activities determined that lending performance test ratings could not be assigned due to the extremely limited volumes of HMDA- and CRA-reportable loans and community development loans in the Lexington and Louisville AAs. Lending represents 0.3% and <0.1% of total lending, and deposits represent 0.1% and 0.8% of total deposits in the Lexington and Louisville AAs, respectively.

For the investment test, Peoples received a "High Satisfactory" rating. Performance is consistent with the overall performance in Kentucky in the Lexington AA and below in Louisville AA. Qualified investments were prior period municipal bond investments that funded renovations and educational projects for schools in districts where greater than 50.0% of students are eligible for the free or reduced-price lunch program in the bank's AA. There were no qualified

investments in the Louisville AA. While there were few, if any small dollar donations in the Lexington AA, Peoples had an adequate level of small dollar donations in the Louisville AA. Performance in these AAs is primarily due to limited time and operational presence in these markets.

For the service test, Peoples received a “Low Satisfactory” rating. Performance is consistent with the overall performance in Kentucky in the Lexington and Louisville AAs. Retail services are reasonably accessible in the Lexington AA and accessible in the Louisville AA. Peoples acquired one branch in the Lexington AA in an upper-income tract. Peoples acquired one branch in a moderate-income tract in the Louisville AA. Peoples provides few, if any community development services in the Lexington and Louisville AAs. Performance in these AAs is primarily due to limited time and operational presence in these markets.