

PUBLIC DISCLOSURE

October 16, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Peoples Bank
Certificate Number: 16968

801 East Front Street
Iva, South Carolina 29655

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
Atlanta Regional Office

10 10th Street NE, Suite 900
Atlanta, Georgia 30309-3849

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

TABLE OF CONTENTS

INSTITUTION RATING	1
DESCRIPTION OF INSTITUTION	2
DESCRIPTION OF ASSESSMENT AREAS.....	3
SCOPE OF EVALUATION	6
CONCLUSIONS ON PERFORMANCE CRITERIA.....	8
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW.....	14
APPENDICES	15
INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA.....	15
GLOSSARY	16

INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated **Satisfactory**.

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

The Lending Test is rated Satisfactory.

- The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- The institution made a majority of its loans within its assessment area.
- The geographic distribution of loans reflects excellent dispersion throughout the assessment area.
- The distribution of borrowers reflects, given the demographics of the assessment area, poor penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes.
- The institution has not received any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the rating.

The Community Development Test is rated Satisfactory.

- The institution's community development performance demonstrates adequate responsiveness to community development needs in its assessment area through community development loans, qualified investments, and community development services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for community development in the institution's assessment area.

DESCRIPTION OF INSTITUTION

Background

The Peoples Bank is a state chartered, nonmember community bank headquartered in Iva, South Carolina. The bank continues to be wholly owned by Peoples Financial Group Inc., a one-bank holding company also based in Iva. The bank has no subsidiary or affiliate relationships other than the bank holding company. There were no changes in control of the bank or business strategy since the previous evaluation. The Peoples Bank received a Satisfactory rating at its previous FDIC CRA performance evaluation, dated September 7, 2021, based on Interagency Small Institution Examination Procedures.

Operations

The Peoples Bank continues to operate seven full-service banking offices, each located in Anderson County, South Carolina. The main office is located in Iva, five branch offices are located in Anderson, and one branch office is located in Pendleton. Three branch offices are located within moderate-income census tracts, two branch offices are located within low-income census tracts, one branch office is located within an upper-income census tract, and one branch office is located within an undesignated income census tract. On July 27, 2022, the bank opened a loan production office (LPO) within a middle-income tract in Easley, Pickens County, South Carolina. On August 1, 2024, the bank opened an LPO located within a moderate-income tract in Greenville, Greenville County, South Carolina. Since the last evaluation, the bank has not closed any offices and there have been no mergers or acquisitions.

The bank continues to offer a variety of commercial, home mortgage, and consumer loan products to help meet the credit needs of individuals and businesses within its assessment area. Loan products offered include commercial- and business-purpose loans, residential mortgage loans, home equity lines of credit, and personal lines of credit. Commercial and home mortgage lending represent the bank's primary business focus, which has not changed since the previous evaluation. Deposit products offered include checking, savings, money market, and certificate of deposit accounts. The bank has reasonable lobby and drive-thru hours at each branch location. Alternative banking services include internet, phone, text, and mobile banking (including mobile deposit), online bill payments, and automated teller machines.

Ability and Capacity

As of the June 30, 2024, Consolidated Reports of Condition and Income (Call Report), The Peoples Bank had total assets of \$415.0 million, total loans of \$219.3 million, total deposits of \$373.3 million, and total securities of \$129.6 million. As shown in the following table, commercial loans (loans secured by non-farm, non-residential properties and commercial and industrial loans) represent the largest portion of the loan portfolio at 43.0 percent, followed by home mortgage loans (loans secured by 1-4 family residential properties) at 38.5 percent.

Loan Portfolio Distribution as of 6/30/2024		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	24,839	11.3
Secured by Farmland	4,672	2.1
Secured by 1-4 Family Residential Properties	84,437	38.5
Secured by Multifamily (5 or more) Residential Properties	6,071	2.8
Secured by Nonfarm Nonresidential Properties	87,949	40.1
Total Real Estate Loans	207,968	94.8
Commercial and Industrial Loans	6,362	2.9
Agricultural Production and Other Loans to Farmers	116	0.1
Consumer Loans	4,633	2.1
Obligations of State and Political Subdivisions in the U.S.	215	0.1
Other Loans	49	0.0
Total Loans	219,343	100.0
<i>Source: Reports of Condition and Income</i>		

Examiners did not identify any financial, legal, or other impediments that effect the bank's ability to meet credit needs of the assessment area.

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. Bank management continues to delineate one assessment area, Anderson County, South Carolina, which is part of the Greenville-Anderson-Greer, SC Metropolitan Statistical Area (MSA). Bank management delineated the assessment in accordance with the technical requirements of the CRA regulation, and it consists of whole geographies, does not arbitrarily exclude low- or moderate-income census tracts, and includes census tracts where the bank's offices are located and where a majority of its loans are originated.

Economic and Demographic Data

The Peoples Bank made no changes to its assessment area since the previous evaluation; however, the demographic composition of the assessment area changed. Specifically, the tract income designations at the previous evaluation reflected data from the 2015 American Community Survey (ACS). In April 2022, the Federal Financial Institutions Examination Council (FFIEC) released updates to the tract delineations and income designations based on the 2020 United States (U.S.) Census. As a result of the 2020 U.S. Census data, the number of census tracts increased and income classifications changed, which impacted the bank's assessment area. The following table reflects the changes in tract income level and number of census tracts:

Tract Income Level	# of Census Tracts	
	2015 ACS	2020 U.S. Census
Low	4	6
Moderate	10	12
Middle	18	23
Upper	7	9
N/A	0	1
Total	39	51
<i>2015 ACS Data; 2020 U.S. Census</i>		

The following table presents select demographic information for the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	51	11.8	23.5	45.1	17.6	2.0
Population by Geography	203,718	9.3	21.0	45.3	23.4	1.0
Housing Units by Geography	89,095	10.6	22.0	44.1	22.0	1.3
Owner-Occupied Units by Geography	57,104	6.7	20.7	45.9	25.7	1.1
Occupied Rental Units by Geography	21,532	20.3	24.7	39.4	14.0	1.6
Vacant Units by Geography	10,459	12.0	23.4	44.4	18.3	2.0
Businesses by Geography	22,174	10.1	16.6	47.0	24.5	1.8
Farms by Geography	868	5.9	20.7	43.9	28.2	1.3
Family Distribution by Income Level	53,809	24.1	19.0	20.2	36.8	0.0
Household Distribution by Income Level	78,636	25.7	17.9	17.2	39.2	0.0
Median Family Income MSA - 24860 Greenville-Anderson, SC MSA		\$71,958	Median Housing Value Median Gross Rent Families Below Poverty Level			\$151,290 \$816 9.7%
Source: 2020 U.S. Census and 2023 D&B Data. Due to rounding, totals may not equal 100.0%. (*) The NA category consists of geographies that have not been assigned an income classification.						

The *Geographic Distribution* criterion analysis compares home mortgage loans to the distribution of owner-occupied housing units and small business loans to the percentage of businesses located within the various census tract income levels.

According to the 2023 D&B data, there are 22,174 businesses operating in the assessment area. Of the total businesses, 91.3 percent reported gross annual revenues of \$1.0 million or less, 2.2 percent reported gross annual revenues exceeding \$1.0 million, and 6.5 percent reported its gross annual revenues as not available. The gross annual revenue levels are used for comparison in the *Borrower Profile* analysis. In addition, of the 23,042 businesses and farms located in the assessment area, 60.8 percent reported having four or fewer employees and 93.9 percent reported operating from a single location.

The most significant industries in the assessment area are services; followed by retail trade; finance, insurance, and real estate; and construction. According to the South Carolina Department of Employment and Workforce, the assessment area's largest employers include Anderson Area Medical Center, Anderson University, Arthrex Manufacturing, Electrolux Home Products, First Quality Tissue SE, Ingles Market, Michelin North America, One World Technologies, Robert Bosch Corporation, and Wal-Mart.

The FFIEC's updated median family income (MFI) levels were used to analyze home mortgage lending under the *Borrower Profile* criterion. The following table presents each income category for the assessment area

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2023 (\$84,000)	<\$42,000	\$42,000 to <\$67,200	\$67,200 to <\$100,800	≥\$100,800
Source: FFIEC				

The assessment area's population increased 6.5 percent and the percentage of families below the poverty level decreased from 13.0 percent to 9.7 percent since the previous evaluation. Although poverty levels declined, property values and home prices increased over the same period. Approximately, 43.1 percent of assessment area families are low- and moderate-income families. Families earning \$67,200 or less may have difficulty qualifying for a home mortgage loan given the median housing value of \$151,290.

Data obtained from the U.S. Bureau of Labor Statistics indicate a general decline in the unemployment rate for the nation, state, and the assessment area from 2021 to 2023. The decline is largely attributed to the labor market's recovery from COVID-19 pandemic-related job losses. The unemployment rates for Anderson County were below the state and national rates. The following table provides additional detail.

Unemployment Rates			
Area	2021	2022	2023
	%	%	%
Anderson County	3.7	3.0	2.8
South Carolina	3.9	3.2	3.0
National Average	5.4	3.6	3.6
Source: Bureau of Labor Statistics			

Competition

There is a high level of competition within the assessment area. According to FDIC Deposit Market Share data as of June 30, 2024, 16 FDIC-insured financial institutions operated 42 offices within the assessment area. Of these institutions, The Peoples Bank ranked 5th with a 9.3 percent deposit market share. The top four institutions accounted for 51.7 of the deposit market share.

Significant competition exists in the assessment area for home mortgage loans among banks, credit unions, and non-depository mortgage lenders. In 2023, aggregate data reflects 339 lenders reported 5,263 residential mortgage loans totaling \$1.2 billion. The Peoples Bank ranked 41st with 0.7 percent of the total market share by number of loans. The top five lenders by number of loans accounted for 20.6 percent of the total market share.

The bank is not required to report its small business loan data and has not elected to do so. Therefore, the analysis of small business lending under the Lending Test does not include comparisons against aggregate data. However, aggregate data reflects the level of demand for small business loans and is, therefore, included for context. In 2022, the most recent year for which aggregate data is available, 74 reporting institutions originated or purchased 4,111 small business loans totaling \$143.1 million in the assessment area. The top five lenders accounted for 53.3 percent of the small business loans originated in the assessment area. The number of lenders, including those without a physical presence in the assessment area, reflects a high level of competition for small business lending.

Community Contact

As part of the evaluation process, examiners contact third parties that are active in the assessment area to assist in identifying credit and community development needs. This information helps examiners determine whether local financial institutions are responsive to those needs and helps to identify the credit and community development opportunities that are available. Examiners reviewed an existing contact from a non-profit community services entity that serves the assessment area. The contact identified affordable housing, financial literacy programs, and low-cost checking accounts as assessment area needs. Furthermore, the contact indicated that there is an ongoing need for small business loans, including Small Business Administration-backed loans. The contact did not identify any major obstacles to meeting the needs and stated that local banks are very responsive to these needs.

Credit and Community Development Needs and Opportunities

Considering information obtained from bank management, the community contact, demographic data, and economic data, examiners determined that loans to finance affordable housing represent a primary credit need for the assessment area, as 43.1 percent of assessment area families are either low- or moderate-income. In addition, small business lending represents a significant credit need, as the percentage of businesses with gross annual revenues of \$1.0 million or less is 91.3 percent. The percentage of businesses and farms with four or fewer employees at 60.8 percent also supports this conclusion.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the previous evaluation dated September 7, 2021, to the current evaluation dated October 16, 2024. Examiners used the Intermediate Small Institution

Examination Procedures to evaluate The Peoples Bank's CRA performance in the assessment area. As described in the Appendices, these procedures include the Lending Test and the Community Development Test. This evaluation is the bank's first under Intermediate Small Institution Examination Procedures.

Activities Reviewed

Examiners determined the bank's major product lines are small business and home mortgage loans. This conclusion considered the bank's business strategy and the number and dollar volume of loans originated during the evaluation period. No other loan types, such as small farm loans or consumer loans, represent a major product line. The bank's records indicate the product mix remained relatively stable since the previous evaluation.

The Peoples Bank is subject to Home Mortgage Disclosure Act (HMDA) reporting requirements. Examiners analyzed all home mortgage loans reported on the bank's 2021, 2022, and 2023 HMDA Loan Application Registers for the Lending Test. The bank originated 119 loans in 2021 totaling \$25.2 million, 71 loans in 2022 totaling \$15.1 million, and 61 loans in 2023 totaling \$22.3 million. Examiners did not identify variations in lending performance between 2021 and 2023 that would materially affect conclusions. Therefore, only 2023 home mortgage lending performance is presented, as it is the most recent calendar year with available aggregate HMDA data. In addition to aggregate HMDA data, 2020 U.S. Census demographic data (owner-occupied housing units by geography and the distribution of families by income level) provided a standard of comparison for home mortgage loans.

Examiners also analyzed the bank's small business loans originated between January and December 31, 2023. The bank's small business lending activity in 2023 was reflective of its activity throughout the evaluation period. Examiners analyzed the universe of 113 small business loans totaling \$26.7 million to evaluate *Assessment Area Concentration* performance and the 94 small business loans originated inside the assessment area totaling \$21.4 million to evaluate *Geographic Distribution* and *Borrower Profile* performance. D&B data for 2023 provided a standard of comparison for small business lending.

The bank's small business and home mortgage lending performance were weighted equally in arriving at overall conclusions. For both loan products reviewed, the *Geographic Distribution* and *Borrower Profile* analyses included only loans originated inside the bank's assessment area. While the number and dollar volume of loans are presented, examiners emphasized performance by number of loans, as the number of loans is a better indicator of the number of individuals and businesses served.

For the Community Development Test, examiners reviewed information provided by bank management relative to community development loans, qualified investments, and community development services made between September 7, 2021, and October 16, 2024. Additionally, any qualified investments that were made prior to but still outstanding as of this evaluation date were considered in the evaluation. Examiners gave more weight to the bank's community development lending activity for the Community Development analysis.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Overall, the bank demonstrated reasonable performance under the Lending Test. The bank's loan-to-deposit ratio, Assessment Area Concentration, and Geographic Distribution performance support this conclusion.

Loan-to-Deposit Ratio

The bank's net loan-to-deposit (NLTD) ratio is reasonable given its size, financial condition, and assessment area credit needs. The bank's NLTD ratio averaged 51.9 percent over the past 12 quarters from September 30, 2021, to June 30, 2024. The bank's NLTD ratio ranged from a low of 46.4 percent as of June 30, 2022, to a high of 58.2 percent as of March 31, 2024. Since the previous evaluation, the ratio fluctuated with no consistent trend.

Examiners compared the bank's average NLTD ratio to those of similarly situated institutions. These similarly situated institutions are similar in asset size, branch structure, product lines, and operated under similar economic conditions. The Peoples Bank's average NLTD ratio was comparable to two similarly situated institutions while exceeding another, as shown in the following table.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 6/30/2024 (\$000s)	Average Net LTD Ratio (%)
The Peoples Bank, Iva, SC	415,019	51.9
Similarly Situated Institution #1	389,181	54.7
Similarly Situated Institution #2	247,183	32.1
Similarly Situated Institution #3	1,479,242	51.9
Source: Reports of Condition and Income 9/30/2021 – 6/30/2024		

Assessment Area Concentration

The bank originated a majority of its small business and home mortgage loans within its assessment area. The following table details lending inside and outside of the assessment area.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans (\$000s)				Total \$
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2021	92	77.3	27	22.7	119	17,842	70.7	7,389	29.3	25,231
2022	55	77.5	16	22.5	71	10,425	69.1	4,659	30.9	15,084
2023	39	63.9	22	36.1	61	8,158	36.5	14,167	63.5	22,325
Subtotal	186	74.1	65	25.9	251	36,425	58.1	26,215	41.9	62,640
Small Business	94	83.2	19	16.8	113	21,406	80.2	5,291	19.8	26,696
Source: 2021, 2022, and 2023 HMDA Reported Data and Bank Data										

Geographic Distribution

The geographic distribution of loans reflects excellent dispersion throughout the assessment area. Excellent home mortgage and small business lending performance support this conclusion.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects excellent dispersion throughout the assessment area. Home mortgage lending performance in the low-income census tracts significantly exceeded both the demographic data and aggregate performance. Home mortgage lending performance in the moderate-income census tracts exceeded both the demographic data and aggregate performance. The following table reflects the distribution of home mortgage lending within the assessment area.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2023	6.7	6.4	7	17.9	566	6.9
Moderate						
2023	20.7	17.4	11	28.2	2,034	24.9
Middle						
2023	45.9	45.2	13	33.3	2,855	35.0
Upper						
2023	25.7	26.0	8	20.5	2,704	33.1
Not Available						
2023	1.1	5.0	0	0.0	0	0.0
Totals						
2023	100.0	100.0	39	100.0	8,158	100.0
<i>Source: 2020 U.S. Census; Bank Data, 2023 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0.</i>						

Small Business Loans

The geographic distribution of small business loans reflects excellent dispersion throughout the assessment area. Small business lending performance in both the low- and moderate-income census tracts exceeded the demographic data. The following table details the distribution of small business loans within the assessment area.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2023	10.1	14	14.9	1,315	6.1
Moderate					
2023	16.6	28	29.8	5,909	27.6
Middle					
2023	47.0	29	30.9	9,266	43.3
Upper					
2023	24.5	22	23.4	4,811	22.5
Not Available					
2023	1.8	1	1.1	105	0.5
Totals					
2023	100.0	94	100.0	21,406	100.0
<i>Source: 2023 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0.</i>					

Borrower Profile

The distribution of borrowers reflects, given the demographics of the assessment area, overall poor penetration among individuals of different income levels and businesses of different sizes. The bank's poor small business lending performance primarily supports the overall poor performance conclusion.

Home Mortgage Loans

The distribution of borrowers reflects reasonable penetration among individuals of different income levels. Home mortgage lending to low-income borrowers was below but comparable to aggregate performance and trailed demographic data. Similarly, home mortgage lending to moderate-income borrowers was below but comparable to aggregate performance and demographic data.

Additionally, as noted previously, opportunities to lend to low- and moderate-income borrowers are impacted by the high median housing value at \$151,290 relative to the MFI for low- and moderate-income families, which is less than \$67,200. The following table details the distribution of home mortgage loans among individuals of different income levels in 2023.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2023	24.1	7.0	2	5.1	121	1.5
Moderate						
2023	19.0	21.8	6	15.4	1,083	13.3
Middle						
2023	20.2	22.2	5	12.8	1,184	14.5
Upper						
2023	36.8	30.4	15	38.5	4,586	56.2
Not Available						
2023	0.0	18.6	11	28.2	1,185	14.5
Totals						
2023	100.0	100.0	39	100.0	8,158	100.0

Source: 2020 U.S. Census; Bank Data, 2023 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0.

Small Business Loans

The distribution of small business loans reflects poor penetration among businesses of different sizes. The bank's lending to businesses with gross annual revenues of \$1 million or less significantly trailed the demographics of the area. Refer to the following table for details.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
≤ \$1,000,000	91.3	36	38.3	9,263	43.3
> \$1,000,000	2.2	43	45.7	7,892	36.9
Revenue Not Available	6.5	15	16.0	4,251	19.8
Total	100.0	94	100.0	21,406	100.0

Source: 2023 D&B Data and Bank Data. Due to rounding, totals may not equal 100.0.

Response to Complaints

The bank has not received any CRA-related complaints since the previous evaluation. Therefore, this criterion did not affect the Lending Test rating.

COMMUNITY DEVELOPMENT TEST

The bank's community development performance demonstrates adequate responsiveness to community development needs in the assessment area. The bank met these needs through

community development loans, qualified investments, and community development services. Examiners considered the bank's capacity and the need and availability of such opportunities for community development in the assessment area.

Community Development Loans

During the evaluation period, the bank made 14 community development loans totaling \$13.9 million. Based on dollar volume, the bank's community development lending activity represents 3.4 percent of total assets and 6.2 percent of total loans, as of June 30, 2024. This performance exceeded that of two similarly situation institutions.

The community development loans demonstrated adequate responsiveness, as they primarily supported economic development and revitalization or stabilization efforts in moderate-income census tracts. The following table details the bank's community development lending activity by purpose and year during the evaluation period.

Community Development Lending by Year										
Rated Area by Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2021 (Partial)	-	-	1	1,877	-	-	1	270	2	2,147
2022	1	300	1	40	2	181	-	-	4	521
2023	1	360	2	3,808	2	1,616	1	1,430	6	7,214
2024 (Year To Date)	-	-	-	-	1	244	1	3,819	2	4,063
Total	2	660	4	5,725	5	2,041	3	5,519	14	13,945
<i>Source: Bank Data</i>										

The following are notable examples of the bank's community development loans.

- In 2023, the bank originated a \$1.4 million loan to purchase and improve a vacant retail commercial building located in a moderate-income census tract. The improvements provided for three new retail businesses, which created jobs that benefited low- and moderate-income individuals and promoted revitalization and stabilization.
- In 2023, the bank originated a \$364,000 loan to establish a trucking fleet repair and maintenance service company, which created jobs that benefited low- and moderate-income individuals and promoted economic development.
- In 2022, the bank originated a \$40,000 loan to purchase a new truck for a municipal fire department that services primarily low- and moderate-income residents.

Qualified Investments

During the evaluation period, the bank had eight qualified investments and donations totaling approximately \$3.0 million. As of June 30, 2024, total qualified investments equated to 0.7 percent

of total assets and 2.1 percent of total securities. This performance was consistent with that of one similarly situated institution while trailing the performance of another similarly situated institution.

The Peoples Bank's qualified investments demonstrated adequate responsiveness to opportunities for qualified investments. The bank's investments during the evaluation period were comprised of two prior-period investments totaling \$2.0 million and three new investments totaling \$1.0 million. In addition, the bank provided three donations totaling \$6,400 throughout the assessment area. Donations were primarily to organizations that provide community services targeted to low- and moderate-income individuals and families or organizations located in the low- and moderate-income census tracts.

The following table details the bank's qualified investments and donations by activity year and purpose.

Qualified Investments by Year										
Rated Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	-	-	2	2,000	-	-	-	-	2	2,000
2021 (Partial)	-	-	-	-	-	-	-	-	-	-
2022	-	-	1	510	-	-	-	-	1	510
2023	1	300	-	-	-	-	-	-	1	300
2024 (YTD)	1	250	-	-	-	-	-	-	1	250
<i>Investment subtotal</i>	2	550	3	2,510	-	-	-	-	5	3,060
Donations	-	-	3	6	-	-	-	-	3	6
Total	2	550	6	2,516	-	-	-	-	8	3,066
<i>Source: Bank Data</i>										

The following are notable examples of investments the bank made during the evaluation period.

- In 2022, the bank purchased a revenue bond, totaling \$510,000, the proceeds of which were used to make improvements to municipal water services and fire hydrants that benefitted low- and moderate-income areas.
- In 2023, the bank purchased a South Carolina State Housing and Development Authority revenue bond, totaling \$300,000, with proceeds providing affordable housing for low- and moderate-income individuals and families in the assessment area.
- During 2022, the bank donated \$5,400 to a non-profit organization that provides free day care and financial literacy programs targeted to low- and moderate-income individuals and families.

Community Development Services

During the evaluation period, officers and employees of The Peoples Bank provided 29 instances of financial expertise or technical assistance to 10 community development-related organizations. The organizations provided essential community services to low- and moderate-income individuals. This performance trailed that of two similarly situated institutions. Though the services provided were not innovative, they were responsive to assessment area needs. The employee involvement included serving as a director and/or committee member of a community development organization. The following table details the bank's community development services by activity year and purpose.

Community Development Services by Year					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2021 (Partial)	-	2	-	-	2
2022	2	1	-	-	3
2023	-	19	1	-	20
2024 (Year-to-Date)	-	2	2	-	4
Total	2	24	3	-	29
<i>Source: Bank Data</i>					

Following are examples of the bank's community development services.

- In 2023, a bank employee served as chairman of a non-profit organization focused on early childhood programs targeted to low- and moderate-income individuals and families. The employee also oversaw the organization's early childhood grant program.
- Between 2021 and 2024, a bank employee served as a director of a non-profit organization that provides community services to low- and moderate-income individuals and families. The employee developed a financial literacy program that helps low- and moderate-income individuals residing in the assessment area.
- In 2024, bank employees provided financial expertise during Business Development Workshops, which included information regarding SBA lending options, micro-loans, and technical assistance.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the institution's CRA rating.

APPENDICES

INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA

Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The geographic distribution of the bank's loans;
- 4) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

Community Development Test

The Community Development Test considers the following criteria:

- 1) The number and amount of community development loans;
- 2) The number and amount of qualified investments;
- 3) The extent to which the bank provides community development services; and
- 4) The bank's responsiveness through such activities to community development lending, investment, and service needs.

GLOSSARY

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

American Community Survey (ACS): A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five-year estimates based on population thresholds.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

Community Development: For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Institution CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Institution CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Community Development Loan: A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose institution:
 - (i) Has not been reported or collected by the institution or an affiliate for consideration in the institution's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
 - (ii) Benefits the institution's assessment area(s) or a broader statewide or regional area including the institution's assessment area(s).

Community Development Service: A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the institution's retail banking services under § 345.24(d).

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g, innovativeness, complexity, and responsiveness).

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

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

Home Mortgage Loans: Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area.

Performance under applicable tests is often analyzed using only quantitative factors (e.g, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area (also known as **non-MSA**): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated Area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

Small Business Loan: A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: A loan included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, "urban" consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

"Urban" excludes the rural portions of "extended cities"; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.