



PUBLIC DISCLOSURE

May 8, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

NexTier Bank, N.A.
Charter Number 5073

222 Market Street
Kittanning, PA 16201

Office of the Comptroller of the Currency

Corporate One Office Park Bldg. 2
4075 Monroeville Boulevard, Suite 430
Monroeville, PA 15146

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not 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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Overall CRA Rating

Institution's CRA Rating: This institution is rated **Outstanding**.

The lending test is rated: Outstanding

The community development test is rated: Outstanding

The major factors that support this rating include:

- The Lending Test rating is based on the excellent geographic distribution of home mortgage loans and a reasonable distribution of home mortgage loans among borrowers of different income levels.
- The Community Development Test rating is based on excellent responsiveness to community development needs in its assessment areas (AAs).
- The average loan-to-deposit (LTD) ratio is more than reasonable, given the bank's size, financial condition, and the credit needs of the bank's AAs.
- A majority of the bank's home mortgage lending activity is originated within its delineated AAs.

Loan-to-Deposit Ratio

Considering the bank's size, financial condition, and credit needs of the AAs, the bank's LTD ratio is more than reasonable.

NexTier Bank, N.A.'s (NexTier or 'the bank') average quarterly LTD ratio for the evaluation period of January 1, 2019, to December 31, 2021, was 92.6 percent. The LTD ratio was calculated on a bank-wide basis. NexTier's quarterly average LTD ratio ranged from a low of 77.7 percent in the third quarter of 2021, to a high of 101.9 percent in the first quarter of 2020. The variance in the bank's LTD ratio was primarily caused by the economic impacts of the COVID-19 pandemic as many institutions experienced an influx in deposits which resulted in decreased LTD ratios.

We compared the bank's LTD ratio to nine institutions of similar asset size, location, and product offerings. The peer group's average LTD ratio during the evaluation period was 84.2 percent, with a quarterly average low of 48.3 percent and a quarterly average high of 132.4 percent.

Lending in Assessment Area

A majority of the bank's loans are inside its AAs.

The bank originated and purchased 69.9 percent of its total loans by number inside the bank's AAs during the evaluation period. This analysis is performed at the bank level rather than the AA level and resulted in a positive impact on the bank's overall geographic distribution of lending by income. The table below illustrates the number and dollar volume of loans the bank originated inside and outside of its AAs.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2019	352	66.8	175	33.2	527	68,880	59.2	47,516	40.8	116,396
2020	334	69.4	147	30.6	481	71,464	67.0	35,199	33.0	106,663
2021	337	73.9	119	26.1	456	100,086	75.3	32,776	24.7	132,861
Subtotal	1,023	69.9	441	30.1	1,464	240,429	67.6	115,490	32.4	355,920
Total	1,023	69.9	441	30.1	1,464	240,429	67.6	115,490	32.4	355,920
<i>Source: Bank Data Due to rounding, totals may not equal 100.0%</i>										

Description of Institution

NexTier is an independently owned intrastate community bank, headquartered in Butler, Pennsylvania. NexTier is a wholly owned subsidiary of NexTier, Inc. According to the Reports of Condition and Income, the bank's assets totaled \$1.9 billion as of December 31, 2021, and tier 1 capital totaled \$168.3 million, or 8.8 percent of total assets. As of year-end 2020 and 2019, the bank's assets totaled \$1.65 billion and \$1.4 billion, respectively. The bank's primary product is home mortgage loans for the purpose of this evaluation, but also originates commercial loans. As of December 31, 2022, the bank's loan portfolio totaled \$1.53 billion, comprised of residential real estate loans (\$559.0 million, or 36.3 percent), commercial real estate loans (\$495.9 million 32.2 percent), consumer (\$185.7 million or 12.1 percent), commercial and industrial (\$122.0 million or 7.9 percent), construction (\$111.1 million or 7.2 percent) and other loans (\$64.5 million or 4.2 percent). The bank's strategy is to continue to originate residential mortgages and commercial loans in their market areas. There was no merger or acquisition activity during the evaluation period. NexTier offers a range of traditional deposit and loan products and services. The bank's retail products include checking accounts and savings programs. NexTier's loan products include home mortgages, home equity loans, home equity lines of credit, consumer, commercial, and agricultural loans. The bank also offers internet banking.

During the evaluation period, the bank operated primarily in Pennsylvania and is evaluated as a single state institution. NexTier identified three separate AAs in the state of Pennsylvania, which are the Western Pennsylvania AA (Western PA AA), the Camp Hill AA, and the Dubois AA. The Western PA AA is contained within the Pittsburgh PA Metropolitan Statistical Area (MSA) (#38300). The Western PA AA consists of all of Allegheny, Armstrong, and Butler Counties, and includes portions of Westmoreland County, which are contiguous to the other counties. The Western PA AA does not include the other counties in the Pittsburgh PA MSA (Beaver, Fayette, and Washington), as the bank does not operate any branches or deposit taking locations within these counties. The Western PA AA meets the regulatory requirements of an AA and does not arbitrarily exclude low- and moderate-income geographies.

The Camp Hill and the Dubois AAs are new for the bank as of this evaluation. The Camp Hill AA consists of portions of Cumberland County and Dauphin County and is within the Harrisburg-Carlisle MSA

(#25420). The bank added the Camp Hill AA after the opening of the Camp Hill branch in April 2019, which was previously a loan production office. The Dubois AA consists of the entirety of Clearfield County and is not part of an MSA. The bank added the Dubois AA after the opening of the Dubois branch in November 2020.

As of December 31, 2021, NexTier operated thirty full-service branches in the state of Pennsylvania. The bank also operated two loan production offices in Erie, PA, and Cleveland, Ohio. Twenty-eight of the bank's branches (93 percent) are located within the Western PA AA. Of the branches within the Western PA AA, seven branches are located within moderate-income census tracts (CT), one is located within a low-income CT, and one is located within an unknown CT. The remaining 19 branches are located within middle- or upper-income CTs. Twenty-seven branches have ATMs, and 22 branches have drive-up services. NexTier opened one new branch in the Western PA AA during the evaluation period in Ford City (June 2019). The Camp Hill AA and the Dubois AA each have one branch within the AA located within a middle-income CT, and each have an ATM.

There are no legal, financial, or other factors impeding the bank's ability to help meet the credit needs of its AAs. The bank received an "Outstanding" rating on their previous CRA performance evaluation dated February 18, 2020.

Scope of the Evaluation

Evaluation Period/Products Evaluated

This performance evaluation assesses NexTier's record of meeting the credit needs within its AAs. OCC examiners performed this review using Intermediate Small Bank CRA procedures, which includes a Lending Test and Community Development (CD) test. The lending test evaluates the bank's record of meeting the credit needs of its AAs through lending activities, including to low- and moderate-income borrowers and geographies. The CD Test evaluates the bank's responsiveness to CD needs in the bank's AAs through qualified lending, investments and donations, and services. Examiners used supporting information during the evaluation including the 2015 American Community Survey (ACS) data, internal bank records, deposit market share data, and data from governmental websites regarding the characteristics and economy of the bank's AAs.

The bank's primary loan product over the evaluation period of January 1, 2019, to December 31, 2021, was home mortgage loans. To evaluate the bank's performance under the Lending Test, we reviewed home mortgage loan originations. To evaluate the bank's performance under the CD Test, we evaluated the bank's loans, investments and donations, and services that satisfied the definition of CD. Both analyses took into consideration the economic, financial, and environmental factors that impact the bank's CRA performance.

Selection of Areas for Full-Scope Review

NexTier delineated three AAs, the Western PA AA, the Camp Hill AA and the Dubois AA. OCC examiners performed a full-scope review of the Western PA AA and limited scope reviews of the Camp Hill and Dubois AAs. Please refer to *Appendix A, Scope of Examination*, for more information.

Ratings

NexTier's overall rating is based on the state of Pennsylvania. The bank's performance in the Western PA AA carried the greatest weight as this AA represented the majority of home mortgage lending activities by both dollar amount and by volume during the evaluation period. Additionally, most of the bank's operations are located within the Western PA AA. The state ratings are based on performance in all bank AAs. Refer to the "Scope" section under the state rating section for details regarding how the areas were weighted in arriving at the respective ratings.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c) or 195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any AA by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Bureau of Consumer Financial Protection, as applicable.

The OCC has not identified that this institution (or any affiliate whose loans have been considered as part of the institution's lending performance) has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

State Rating

State of Pennsylvania

CRA rating for the State of Pennsylvania: Outstanding

The Lending Test is rated: Outstanding

The Community Development Test is rated: Outstanding

The major factors that support this rating include:

- The bank exhibits excellent responsiveness to CD needs in the state through CD loans, qualified investments and donations, and CD services.
- The bank's geographic distribution of home mortgage loans is excellent.
- The bank's distribution of home mortgages loans among individuals of different income levels is reasonable.
- There were no complaints received by the bank or the agency since the prior examination regarding the bank's performance in meeting the credit needs of their established AAs.

Description of Institution's Operations in Pennsylvania

NexTier only maintains branches within the state of Pennsylvania within its three AAs; therefore, there is no difference in the description of the institution's operations at the overall and state level. Please refer to the overall Description of the Institution section and Appendix A for additional information. The bank's performance in the Western PA AA, located within the Pittsburgh PA MSA, carried the greatest weight, and received a full-scope review as it represented the majority of home mortgage lending activity by both dollar amount and volume of loans during the evaluation period. The Camp Hill and Dubois AAs were subject to limited-scope reviews.

The U.S. Bureau of Labor Statistics reported unadjusted unemployment rates for the Pittsburgh PA MSA at 3.8 percent as of December 31, 2021. The Pittsburgh PA MSA's unemployment rate slightly exceeded the national unadjusted unemployment rate of 3.7 percent but was below the state unadjusted employment rate of 4.6 percent as of December 31, 2021. Unemployment rates decreased in 2021 as the impact caused by the COVID-19 pandemic subsided. Unemployment rates reached a high of 15.8 percent in the MSA during April 2020, which was consistent with the state of Pennsylvania's unemployment rate of 16.2 percent, and the national unemployment rate of 14.4 percent during the same period.

For the Western PA AA, the 2015 U.S. Census reports a total population of 1.58 million, total families of 403,868, and total households of 672,838. Of the 403,868 families, 5.23 percent are low-income, 16.18 percent are moderate-income, 44.89 percent are middle-income, and 33.66 percent are upper-income. The 2015 U.S. Census reports the AA median family income to be \$69,624 and the median housing value at \$141,816. Overall, median housing values are approximately 1.8 times the median family income in the AA.

The Western PA AA meets the requirement of the CRA and does not arbitrarily exclude any low- or moderate- income CTs. The Western PA AA is comprised of the complete counties of Allegheny, Armstrong, and Butler, and contiguous portions of Westmoreland County. According to 2015 U.S. Census data and 2021 D&B Data, the Western PA AA contains 491 CTs, with 50 low-income CTs, 104 moderate-income CTs, 198 middle-income CTs, 124 upper-income CTs, and 15 CTs that have not been assigned an income classification. Within the Western PA AA, there are two underserved middle-income tracts located within Allegheny County.

Home ownership for low- to moderate-income (LMI) borrowers in the Western PA AA may be difficult due to high median housing prices compared to median family income. According to the 2015 ACS US Census, the median housing value was \$141.8 thousand. The maximum LMI annual income calculations are based on 50 percent and 80 percent of the adjusted median family income for the AA, respectively. Overall, median housing values are approximately two times the median family income and approximately four times the low-income family's median income in the AA. Additionally, the COVID-19 pandemic further exacerbated existing challenges for low-income borrowers to purchase a home as the inventory of homes available for sale declined and home prices increased, driven by historically low mortgage interest rates.

There are limited opportunities for residential mortgage lending in LMI CTs within the AA. Of the 491 CTs in the AA, only 10.2 percent are within low-income geographies. Additionally, there is a lower number of housing units within the LMI CTs compared to middle- and upper-income CTs. There are 745,430 total housing units in the AA, of which 61.0 percent are owner-occupied, 29.3 percent are renter-occupied, and 9.7 percent are vacant housing units. Owner occupied units in LMI income CTs represent 18.0 percent of total owner-occupied units in the AA, compared to 82.0 percent in middle- and upper-income CTs. These AA demographic factors significantly impact housing affordability and corresponding residential mortgage loan demand from LMI AA residents.

Banking competition within the AAs is high. According to the June 30, 2021, FDIC Deposit Market Share Report, there are 44 financial institutions serving the four counties across the Western PA AA. The bank is ranked twelfth in terms of deposit market share, with 0.73 percent of total deposits. The top five institutions in the June 2021 market share report have a market share of 82.25 percent and include PNC Bank, N.A., The Bank of New York Mellon, BNY Mellon, N.A., Citizens Bank, N.A., and Tristate Capital Bank.

As part of this performance evaluation, we considered information obtained from one community contact within the AA to gain an understanding of the community development needs and credit opportunities of the AA. The community organization focuses on housing needs for LMI individuals and families and specializes in rehabilitation and redevelopment projects as well as new home construction. The organization noted that there is a shortage of affordable housing, specifically for first-time homebuyers.

Western PA AA

Demographic Information of the Assessment Area						
Assessment Area: NexTier Bank - Western PA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	491	10.2	21.2	40.3	25.3	3.1
Population by Geography	1,582,928	6.0	17.3	43.8	32.0	0.8
Housing Units by Geography	745,430	7.1	19.5	44.2	29.1	0.2
Owner-Occupied Units by Geography	454,286	3.3	14.7	46.9	35.1	0.0
Occupied Rental Units by Geography	218,552	12.1	26.2	40.8	20.5	0.5
Vacant Units by Geography	72,592	15.3	29.3	37.8	17.3	0.4
Businesses by Geography	169,396	5.4	13.4	38.3	41.8	1.2
Farms by Geography	3,379	2.6	10.8	53.1	33.4	0.1
Family Distribution by Income Level	403,868	20.4	16.6	20.0	43.1	0.0
Household Distribution by Income Level	672,838	24.7	15.1	16.8	43.4	0.0
Median Family Income MSA - 38300 Pittsburgh, PA MSA		\$69,624	Median Housing Value			\$141,816
			Median Gross Rent			\$793
			Families Below Poverty Level			8.4%
<i>Source: 2015 ACS and 2021 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Scope of Evaluation in Pennsylvania

This analysis reflects a full-scope review of the bank's lending and CD activities in the Western PA AA, and limited scope reviews of the DuBois AA and the Camp Hill AA. To develop our conclusions, we considered factors within the AA community profile that would impact the bank's ability to lend, such as demographic, economic, and market share information. We also considered the number of home mortgage loans originated or purchased during the review period. Equal weight was placed on the Lending Test and the Community Development Test. Refer to *Appendix A - Scope of Examination*, for more information on this AA.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN PENNSYLVANIA

LENDING TEST

The bank's performance under the Lending Test in Pennsylvania is rated Outstanding.

Conclusions for Area Receiving a Full-Scope Review

Based on a full- scope review, the bank's lending performance in the Western PA AA is excellent.

Distribution of Loans by Income Level of the Geography

The bank exhibits excellent geographic distribution of home mortgage loans in the state.

Home Mortgage Loans

Refer to Table O in the state of Pennsylvania section of *Appendix D* for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The bank's geographic distribution of home mortgage loans reflects an excellent distribution in the Western PA AA. The bank's percentage of home loans to borrowers in low-income CTs within the AA is 3.4 percent, which exceeds both the percentage of owner-occupied housing units of 3.3 percent and the peer aggregate percentage in the AA of 1.6 percent. The bank's percentage of home loans to borrowers in moderate-income CTs within the AA is 21.2 percent, which exceeds both the percentage of owner-occupied housing units of 14.7 percent and the peer aggregate percentage in the AA of 10.3 percent.

Distribution of Loans by Income Level of the Borrower

The bank exhibits a reasonable distribution of loans to individuals of different income levels.

Home Mortgage Loans

Refer to Table P in the state of Pennsylvania section of *Appendix D* for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The bank exhibits a reasonable distribution of home mortgage loans to individuals of different income levels. The percentage of home mortgage loans to low-income borrowers of 6.6 percent was below the distribution of low-income families in the AA of 21.4 percent and near the percentage of aggregate bank lending of 7.9 percent. The percentage of home mortgages loans to moderate income borrowers of 16.1 percent was near the distribution of moderate-income families living in the AA of 16.6 percent and 17.0 percent of aggregate bank lending.

When determining conclusions, examiners considered multiple factors related to the bank's performance lending to low-income borrowers compared to the distribution of low-income families. As discussed in the Description of Institution's Operations in Pennsylvania section, high median housing costs in relation to median family income may cause difficulties for LMI borrowers. Additionally, the COVID-19 pandemic further exacerbated existing challenges for low-income borrowers. Based on the data in the tables along with the performance context factors previously discussed, including the increasing unaffordability of housing for low-income households driven by historically low mortgage interest rates, and the high level of unemployment in the AA during the COVID-19 pandemic, examiners found the bank's overall performance under the Lending Test in Pennsylvania to be outstanding.

Responses to Complaints

There were no complaints received by the bank or the agency since the prior examination regarding performance in meeting the credit needs of the bank's established AAs within the state of Pennsylvania.

Conclusions for Area Receiving a Limited Scope Review

Based on limited-scope reviews, the bank's performance under the Lending Test in the Dubois AA and the Camp Hill AA is weaker than the bank's overall performance under the Lending Test in the full scope area. Performance differences in the limited-scope areas did not impact the overall conclusions for the state of Pennsylvania, as 95.5 percent of the bank's mortgage loans made within the three AAs were made within the Western PA AA.

The bank did not have any loans during the performance period in low-income census tracts in the Camp Hill and Dubois AAs. The bank's percentage of home loans to borrowers in moderate-income CTs within the Camp Hill AA is 12.0 percent, which is below the percentage of owner-occupied housing units of 12.8 percent, but exceeds the peer aggregate percentage in the AA of 11.3 percent. The bank's percentage of home loans to borrowers in moderate-income CTs within the Dubois AA is 4.8 percent, which is below the percentage of owner-occupied housing units of 7.6 percent and the peer aggregate percentage in the AA of 6.5 percent.

The bank did not have any loans during the performance period to low-income borrowers in the Camp Hill and Dubois AAs. The bank's percentage of home loans to moderate-income borrowers in the Camp Hill AA is 0.0 percent, which is below the percentage of owner-occupied housing units of 17.6 percent and the peer aggregate percentage in the AA of 19.0 percent. The bank's percentage of home loans to moderate-income borrowers in the Dubois AA is 9.5 percent, which below the percentage of owner-occupied housing units of 19.3 percent and the peer aggregate percentage in the AA of 18.8 percent.

COMMUNITY DEVELOPMENT TEST

The bank's performance under the Community Development Test in the state of Pennsylvania is rated Outstanding.

Based on the full-scope review of the Western PA AA, the bank exhibits excellent responsiveness to CD needs in the AA through CD loans, qualified investments and donations, and CD services, as appropriate.

This assessment considered the bank's capacity and the need and availability of such opportunities for CD in the bank's AAs.

Number and Amount of Community Development Loans

The Community Development Loans Table, shown below, sets forth the information and data used to evaluate the bank's level of CD lending. The table includes all CD loans, including multifamily loans and the Small Business Administration (SBA) Paycheck Protection Program (PPP) Lending Program, that also qualify as CD loans.

Community Development Loans				
Assessment Area	Total			
	#	% of Total #	\$ (000's)	% of Total \$
Western PA (Full Scope)	786	96.1%	\$92,883	91.3%
Camp Hill (Limited Scope)	21	2.6%	\$3,580	3.5%
DuBois (Limited Scope)	11	1.3%	\$5,276	5.2%

NexTier provided an excellent level of qualified loans that were responsive to the CD needs of the AA. During the evaluation period, the bank originated 786 CD loans within the AA totaling \$92.9 million, representing 55.2 percent of tier 1 capital as of December 31, 2021. The bank actively helped sustain operations of local businesses by participating in the SBA PPP Lending Program, which allowed these businesses to maintain employment of their workforce during the COVID-19 pandemic. NexTier's participation resulted in the origination of 735 qualifying PPP loans totaling \$57.4 million within the Western PA AA. Additionally, NexTier originated 25 qualifying PPP loans in the bank's other AAs, totaling \$1.2 million, and 169 qualifying PPP loans, totaling \$21.6 million, outside of the bank's AAs. Including loans made outside of the bank's AA, NexTier originated 1,001 CD loans totaling \$138.3 million.

Number and Amount of Qualified Investments

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
Western Pennsylvania	2	\$1,940	17	\$6,584	19	100%	\$8,524	100%	2	\$1,940

* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

The bank's level of qualified investments and donations demonstrates excellent responsiveness to the CD needs of its AA. During the evaluation period, the bank made 19 investments totaling approximately \$8.5 million in the Western PA AA. Examples of NexTier's investments include:

* 'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

- \$516 thousand to an agency that works to provide affordable homeownership and rental apartments options for LMI families.
- \$400 thousand to support free lunch programs during the school year for the West Allegheny school district.
- \$1.0 million for capital improvements to revitalize bridges, streets, etc. in Allegheny County.

NexTier also made an additional 255 donations totaling \$1.8 million across the bank's three AAs. NexTier also made 35 donations totaling \$242.4 thousand outside of the AA, but within the state of Pennsylvania.

Extent to Which the Bank Provides Community Development Services

The bank has excellent responsiveness in providing CD services within the Western PA AA. Bank management and employees spent a significant number of hours providing financial and technical expertise to 12 separate organizations that either provide community services to LMI individuals and families, support affordable housing, or promote economic development within their AA. NexTier staff also dedicated 634 hours during the evaluation period towards CD services in the AA. Examples of the bank's CD services included members of management serving on the boards of a CD corporation and a nonprofit organization that works to provide affordable housing in their community.

Conclusions for Areas Receiving Limited Scope Reviews

Based on limited-scope reviews, the bank's performance under the CD Test in the Dubois AA and the Camp Hill AA is weaker than the bank's overall performance under the CD Test in the full scope area(s). Performance differences in the limited-scope areas did not impact the overall conclusions for the state of Pennsylvania as the majority of the bank's operations are located within the Western PA AA. The bank had six donations in the Camp Hill AA totaling \$23.8 thousand, and 35 donations in the Dubois AA totaling \$31.0 thousand.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the MSA(s) and non-MSA(s) that received comprehensive examination review, designated by the term “full-scope,” and those that received a less comprehensive review, designated by the term “limited-scope”.

Time Period Reviewed:	January 1, 2019 to December 31, 2021	
Bank Products Reviewed:	Home mortgage Community development loans, qualified investments, community development services	
Affiliate(s)	Affiliate Relationship	Products Reviewed
N/A	N/A	N/A
List of Assessment Areas and Type of Examination		
Rating and Assessment Areas	Type of Exam	Other Information
Pennsylvania	Full-Scope	
Western PA AA	Full-Scope	<i>Part of the Pittsburgh PA MSA</i>
Camp Hill AA	Limited-Scope	<i>Part of the Harrisburg-Carlisle MSA</i>
Dubois AA	Limited Scope	<i>Non-MSA</i>

Appendix B: Summary of MMSA and State Ratings

	RATINGS	NexTier Bank	
Overall Bank:	Lending Test Rating*	CD Test Rating	Overall Bank/State/Multistate Rating
NexTier Bank	Outstanding	Outstanding	Outstanding
State: Pennsylvania	Outstanding	Outstanding	Outstanding

(*) The Lending Test and Community Development Test carry equal weight in the overall rating.

Appendix C: Definitions and Common Abbreviations

The following terms and abbreviations are used in this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending (Aggt.): The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

Census Tract (CT): A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, Census tracts ideally contain about 4,000 people and 1,600 housing units.

Combined Statistical Area (CSA): A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

Community Development (CD): Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

Community Reinvestment Act (CRA): The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

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, other secured consumer loans, and other unsecured consumer loans.

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

Full-Scope Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

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

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that conduct 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, the disposition of the application (e.g., approved, denied, and withdrawn), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

Home Mortgage Loans: A closed-end mortgage loan or an open-end line of credit as these terms are defined under 12 CFR 1003.2, and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (c)(10) and (c)(13).

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

Limited-Scope Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-Income Individual: Individual income that is less than 50 percent of the area median income.

Low Income Geography: A census tract with a median family income that is less than 50 percent.

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 state/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. The median is the point at which half of the families have income above, and half below, a range of incomes. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above, and half below, a range of incomes.

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area: An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties 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 percent and less than 120 percent, in the case of a geography

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

Multifamily: Refers to a residential structure that contains five or more units.

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

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

Rating Area: A rated area is a state or multi-state metropolitan statistical 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 multi-state metropolitan statistical area, the institution will receive a rating for the multi-state metropolitan statistical area.

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

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

Tier 1 Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

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

Appendix D: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchased are treated as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA-reporting lenders in the MMSA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30th of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

Table O. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents aggregate peer data for the years the data is available.

Table P. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MMSA/assessment area. The table also presents aggregate peer data for the years the data is available.

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2019-21	
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	
Camp Hill	25	12,328	2.4	24,344	3.1	0.0	2.4	12.8	12.0	11.3	50.5	48.0	48.1	33.6	40.0	38.2	0.0	0.0	0.0	
Dubois	21	3,145	2.1	2,292	0.0	0.0	0.0	7.6	4.8	6.5	92.4	95.2	93.5	0.0	0.0	0.0	0.0	0.0	0.0	
Western PA	977	224,957	95.5	77,962	3.3	3.4	1.6	14.7	21.2	10.3	46.9	52.7	43.1	35.1	21.5	45.0	0.0	1.2	0.0	
Total	1,023	240,429	100.0	104,598	3.1	3.2	1.8	14.0	20.6	10.5	49.5	53.5	45.4	33.3	21.5	42.4	0.0	1.2	0.0	

Source: 2015 ACS; 01/01/2019 - 12/13/2021 Bank Data, 2021 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2019-21	
	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers			
Assessment Area:	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	
NexTier Bank - Camp Hill	25	12,328	2.4	24,344	19.4	0.0	8.3	17.6	0.0	19.0	21.1	0.0	21.2	41.9	12.0	34.1	0.0	88.0	17.4	
NexTier Bank - Dubois	21	3,145	2.1	2,292	20.6	0.0	7.7	19.3	9.5	18.8	24.3	19.0	21.2	35.9	33.3	39.0	0.0	38.1	13.4	
NexTier Bank - Western PA	977	224,957	95.5	77,962	20.4	6.6	7.9	16.6	16.1	17.0	20.0	22.3	20.7	43.1	28.0	39.5	0.0	27.0	14.9	
Total	1,023	240,429	100.0	104,598	20.2	6.3	8.0	16.9	15.5	17.5	20.4	21.7	20.9	42.5	27.8	38.2	0.0	28.7	15.4	

*Source: 2015 ACS ; 01/01/2019 - 12/13/2021 Bank Data, 2021 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.