

PUBLIC DISCLOSURE

April 14, 2025

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Somerset Trust Company
Certificate Number: 11112

151 W Main St
Somerset, Pennsylvania 15501

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

350 Fifth Avenue, Suite 1200
New York, NY 10118

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

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INSTITUTION 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 areas, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		X
Low Satisfactory		X	
Needs to Improve			
Substantial Noncompliance			
<i>* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.</i>			

The Lending Test is rated High Satisfactory.

- Lending levels reflect good responsiveness to the credit needs of the assessment areas.
- A high percentage of loans are made in the bank’s assessment areas.
- The geographic distribution of loans reflects good penetration throughout the assessment areas.
- The distribution of borrowers reflects good penetration among retail customers of different income levels and business customers of different size.
- The bank uses innovative and/or flexible lending practices in order to serve assessment area credit needs.
- The bank has made a relatively high level of community development loans.
- The institution exhibits a good record of serving the credit needs of the most economically disadvantaged areas of its assessment areas, low-income individuals, and very small businesses, consistent with safe and sound banking practices.

The Investment Test is rated Low Satisfactory.

- The bank has an adequate level of qualified community development investments and donations, although rarely in a leadership position, particularly those that are not routinely provided by private investors.

- The bank exhibits adequate responsiveness to credit and community economic development needs.
- The bank does not use innovative and/or complex investments to support community development initiatives.

The Service Test is rated High Satisfactory.

- Delivery systems are reasonably accessible to essentially all portions of the bank's assessment areas.
- To the extent changes have been made, the bank's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies or to low- and moderate-income individuals.
- Services and business hours do not vary in a way that inconveniences certain portions of the assessment areas, particularly low- and moderate-income geographies and/or individuals.
- The bank provides a relatively high level of community development services.

DESCRIPTION OF INSTITUTION

Background

Somerset Trust Company (Somerset) is a full-service community bank headquartered in Somerset, Pennsylvania (PA). Somerset is a wholly owned subsidiary of Somerset Trust Holding Company, a one-bank holding company also headquartered in Somerset, PA. Somerset also wholly owns Ligonier Laurel Transfer, LLC for the purpose of holding title to foreclosed real estate.

Somerset received a Satisfactory rating at its previous Federal Deposit Insurance Corporation (FDIC) Performance Evaluation, dated July 18, 2022, based on Interagency Large Institution Examination Procedures.

Operations

Somerset operates 45 full-service branches and 2 limited-service branches throughout its combined assessment area, which comprises areas in PA, Maryland (MD), and Virginia (VA). Of the 41 full-service branch offices in PA, 10 are in Somerset County, 3 are in Bedford County, 7 are in Cambria County, 7 are in Fayette County and 14 are in Westmoreland County. Of the 3 branches in MD, 2 are in Allegany County and 1 is in Garrett County. One branch in VA is in Fairfax County. The bank operates 2 limited-service branches, with 1 located in Fayette County, PA and 1 located in Westmoreland County, PA. During the evaluation period, one Loan Production Office (LPO) was converted to the full-service branch located in VA.

During the evaluation period, Somerset added four new full-service locations which are all located in Westmoreland County, PA. The bank closed two branches, one located in Fayette County, PA and one located in Cambria County, PA. The bank also relocated two branches that were in Somerset and Westmoreland Counties, PA.

Somerset offers residential, consumer, commercial and agricultural loan products. The bank’s product offerings include fixed and variable rate one-to-four family mortgages, personal auto loans, home equity loans, personal loans, and commercial term loans and lines of credit. The bank offers additional services including electronic banking, mobile banking, and debit and credit cards.

Ability and Capacity

As of December 31, 2024, the bank reported total assets of \$2.3 billion, including total loans of approximately \$1.5 billion and securities totaling approximately \$603.3 million. Bank deposits totaled approximately \$1.9 billion. Since the prior evaluation period, total assets increased 22.4 percent, total loans increased 37.2 percent, and securities increased 13.5 percent. The following table illustrates the loan portfolio composition as of December 31, 2024.

Loan Portfolio Distribution as of 12/31/2024		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	94,090	6.1
Secured by Farmland	24,132	1.6
Secured by 1-4 Family Residential Properties	380,625	24.7
Secured by Multifamily (5 or more) Residential Properties	89,978	5.8
Secured by Nonfarm Nonresidential Properties	542,415	35.1
Total Real Estate Loans	1,131,240	73.3
Commercial and Industrial Loans	304,485	19.7
Agricultural Production and Other Loans to Farmers	5,131	0.3
Consumer Loans	52,361	3.4
Obligations of State and Political Subdivisions in the U.S.	46,904	3.0
Other Loans	4,550	0.3
Less: Unearned Income	(1,931)	(0.1)
Total Loans	1,542,740	100.0
<i>Source: Reports of Condition and Income Due to rounding, totals may not equal 100.0%.</i>		

Examiners did not identify any financial, legal or other impediments that would limit the bank’s ability to meet assessment area credit needs.

DESCRIPTION OF ASSESSMENT AREAS

Somerset designates five assessment areas, each consisting of one or more full counties, located within the three rated areas of PA, MD and VA. Within PA, the bank designates three assessment areas which includes portions of the PA Nonmetropolitan Statewide Area 9999 (PA Non-MSA); Pittsburgh, PA Metropolitan Statistical Area (MSA) 38300, and Johnstown, PA MSA 27780. Within MD, the bank designates one assessment area which includes portions of the MD Nonmetropolitan Statewide Area 9999 (MD rated area). In July 2022, the bank converted an LPO into a full-service branch in VA. Opening of the branch resulted in a new assessment area and VA rated area for the current evaluation. Within VA, the bank designates one assessment area which includes a portion of the Arlington-Alexandria-Reston, VA-WV MSA 11694(VA rated area).

The bank’s combined assessment area includes Bedford, Cambria, Fayette, Somerset, and Westmoreland Counties in PA; Allegany and Garrett Counties in MD; and Fairfax County in VA. Since the previous evaluation, the bank expanded the MD assessment area to include all census tracts located in Garrett County, MD.

The following table details the counties, census tracts, and branches within Somerset’s assessment areas. Refer to the rated area and assessment area sections for additional descriptions of economic and demographic data.

Description of Assessment Areas			
Assessment Area	Counties in Assessment Area	# of CTs	# of Branches
PA Rated Area			
PA Non-MSA	Bedford and Somerset	36	13
Pittsburgh, PA MSA	Westmoreland and Fayette	149	23*
Johnstown, PA MSA	Cambria	42	7
MD Rated Area			
MD Non-MSA	Allegany and Garrett	31	3
VA Rated Area			
Arlington-Alexandria-Reston, VA-WV	Fairfax	274	1
Totals		532	47
<i>Source: Bank Data</i>			
<i>*Includes two limited-service branches.</i>			

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated July 18, 2022, to the current evaluation, dated April 14, 2025. To evaluate Somerset’s CRA performance, examiners used Interagency Large Institution Examination Procedures. These procedures include the Lending Test, Investment Test, and the Service Test. Examiners weigh the bank’s performance under the Lending Test more heavily than the performance under the Investment and Service Tests when arriving at the overall rating. This evaluation does not include any lending activities performed by affiliates.

Examiners performed full-scope reviews of the PA Non-MSA, Pittsburgh, PA MSA, Johnstown, PA MSA, MD Non-MSA, and Arlington-Alexandria-Reston, VA-WV MSA assessment areas.

Considering the number of loans, deposits, and branches in each rated area, examiners assigned the greatest weight to PA, followed by MD and lastly VA. Please refer to the individual rated area and assessment area discussions for details on the bank’s lending, deposits, and operations in these areas.

The following table illustrates the breakdown of loans, deposits, and branches by assessment area.

Assessment Area Breakdown of Loans, Deposits, and Branches						
Assessment Area	Loans		Deposits		Branches	
	\$(000s)	%	\$(000s)	%	#	%
PA Non-MSA	177,669	39.7	915,989	49.0	13	27.1
Pittsburgh, PA MSA	220,961	49.4	608,810	32.6	23	14.6
Johnstown, PA MSA	33,306	7.5	269,351	14.4	7	50.0
PA Subtotal	431,936	96.6	1,794,150	96.0	43	91.7
MD Non-MSA	13,328	3.0	60,740	3.2	3	6.3
MD Subtotal	13,328	3.0	60,740	3.2	3	6.3
Arlington-Alexandria-Reston, VA-WV	1,773	0.4	14,743	0.8	1	2.1
VA Subtotal	1,773	0.4	14,743	0.8	1	2.1
Total	447,037	100.0	1,869,633	100.0	47	100.0

Source: Bank Data; Reported 2022, 2023, 2024 home mortgage, small business, and small farm loans; FDIC Summary of Deposits (6/30/2024). Due to rounding, totals may not equal 100.0%.

Activities Reviewed

Examiners determined that the bank’s major product lines are home mortgage and small business loans. This conclusion considered the bank’s business strategy, and the number and dollar volume of loans originated and purchased during the evaluation period.

The bank’s record of originating home mortgage loans generally contributed greater weight to overall conclusions due to the larger volume of loans when compared to small business lending across each year of the evaluation period. See assessment area discussions for relevant exceptions. No other loan types, such as small farm loans or consumer loans, represent a major product line; therefore, they provided no material support for ratings and are not presented. Somerset originated 73 small farm loans totaling \$4.4 million in 2022, 66 small farm loans totaling \$4.8 million in 2023, and 82 small farm loans totaling \$4.7 million in 2024. Small farm loans are only included within the assessment area concentration criterion for this evaluation.

This evaluation considered all home mortgage loans reported on the bank’s 2022, 2023, and 2024 Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LARs). For 2022, the bank reported 1,090 loans totaling \$132.4 million; for 2023, the bank reported 892 loans totaling \$109.8 million; for 2024, the bank reported 892 loans totaling \$117.1 million. For comparison purposes, examiners reviewed aggregate HMDA data for 2022 and 2023, which consists of all institutions subject to HMDA data collection requirements that reported loans in Somerset’s assessment areas. 2024 aggregate data was not yet available. For additional standards of comparison, examiners reviewed data from the United States (U.S.) Census Bureau.

This evaluation also considered all small business loans reported on the bank’s 2022, 2023, and 2024 CRA Loan Registers. For 2022, the bank reported 709 loans totaling \$81.3 million; for 2023, the bank reported 653 loans totaling \$79.1 million; and for 2024, the bank reported 695 loans totaling \$79.2 million. For comparison purposes, examiners reviewed 2022 and 2023 aggregate data for small business loans, which consists of all institutions subject to CRA data collection requirements that reported these loans in Somerset’s assessment areas. 2024 aggregate data was not

yet available. Examiners also reviewed 2022, 2023, and 2024 D&B business demographic data to provide additional standards of comparison for Somerset’s small business lending performance.

The product mix remained similar during the evaluation period and 2022 data did not influence trends that materially affected conclusions. Therefore, except for the assessment area concentration criterion, examiners presented only 2023 and 2024 data within the performance evaluation tables.

For the Lending Test, examiners reviewed both the number and dollar volume of home mortgage and small business loans. Although the number and dollar volume of loans are presented, examiners emphasized performance by number since the number of loans is a better indicator of the number of individuals and businesses served.

For the Lending, Investment, and Service Tests, bank management provided data on innovative and flexible lending practices, community development loans, qualified investments, and community development services since the prior evaluation dated July 18, 2022.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

The Lending Test performance in the combined assessment area is rated “High Satisfactory.” The rating is driven primarily by performance within the PA rated area. The Lending Test performance in the MD and VA rated areas is below the bank’s overall performance. This section presents the bank’s overall performance under the Lending Test. Separate presentations for the rated areas are included in later sections.

Lending Activity

The bank’s lending levels reflect good responsiveness to assessment area credit needs within the combined assessment area. During the review period, the bank made 2,874 home mortgage loans totaling \$359.2 million, 2,057 small business loans totaling \$239.6 million and 221 small farm loans totaling approximately \$13.9 million. Since the prior evaluation the bank’s total number of home mortgage and small business lending has decreased, which examiners attributed to the rising interest rate environment of home mortgage lending as well as the end of the Small Business Association’s (SBA) Paycheck Protection Program, resulting from the COVID-19 Pandemic, on May 31, 2021. Refer to the rated area and individual assessment area sections for details.

Assessment Area Concentration

Somerset made a high percentage of home mortgage, small business, and small farm loans, by number and dollar volume, within its combined assessment area. Refer to the following table for details.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans				Total \$
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2022	970	89.0	120	11.0	1,090	102,964,133	77.7	29,473,412	22.3	132,437,545
2023	761	85.3	131	14.7	892	74,415,213	67.8	35,303,049	32.2	109,718,262
2024	784	87.9	108	12.1	892	84,218,273	71.9	32,842,566	28.1	117,060,840
Subtotal	2,515	87.5	359	12.5	2,874	261,597,619	72.8	97,619,027	27.2	359,216,646
Small Business										
2022	611	86.2	98	13.8	709	58,791,000	72.3	22,499,000	27.7	81,290,000
2023	553	84.7	100	15.3	653	54,949,000	69.4	24,210,000	30.6	79,159,000
2024	610	87.8	85	12.2	695	59,297,000	74.9	19,877,000	25.1	79,174,000
Subtotal	1,774	86.2	283	13.8	2,057	173,037,000	72.2	66,586,000	27.8	239,623,000
Small Farm										
2022	70	95.9	3	4.1	73	3,818,000	86.5	595,000	13.5	4,413,000
2023	64	97.0	2	3.0	66	4,341,000	90.6	450,000	9.4	4,791,000
2024	80	97.6	2	2.4	82	4,245,000	91.2	412,000	8.8	4,657,000
Subtotal	214	96.8	7	3.2	221	12,404,000	89.5	1,457,000	10.5	13,861,000
Total	4,503	87.4	649	12.6	5,152	447,038,619	73.0	165,662,027	27.0	612,700,646
<i>Source: Bank Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>Dollar amounts for Small Business, Small Farm and Consumer loans are multiplied by 1000.</i>										

Geographic Distribution

The geographic distribution of loans reflects good penetration throughout the assessment areas. The bank's good lending performance in the PA rated area primarily supports this conclusion. The bank's performance in the MD rated area was slightly below overall performance, while performance in the VA rated area was not analyzed due to the low volume of lending.

Borrower Profile

The distribution of borrowers reflects good penetration among retail customers of different income levels and business customers of different sizes in the combined assessment area. The bank's good performance of home mortgage and small business loans within the PA rated area primarily supports this conclusion. Performance in the MD rated area was slightly below overall performance, while performance in the VA rated area was not analyzed due to the low volume of lending.

Innovative or Flexible Lending Practices

Somerset uses innovative and flexible lending practices in order to serve assessment area credit needs. Over the review period, the bank made 809 loans totaling approximately \$42.2 million throughout the combined assessment area through innovative and flexible loan programs detailed in the following table. This represents a decrease from the previous evaluation, when the bank

originated 4,238 loans totaling \$325.1 million. During the prior evaluation period, the bank originated a substantial amount of loans under the SBA PPP, which was no longer available during this evaluation period. The following illustrates the bank's innovative and flexible lending programs that are available throughout the bank's combined assessment area.

Innovative or Flexible Lending Programs										
Type of Program	7/18/2022-12/31/2022		2023		2024		1/1/2025-4/14/2025		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Home Mortgage:										
Fannie Mae 97% LTV Option	3	529	6	886	10	1,251	1	125	20	2,791
Fannie Mae HomeReady	1	75	5	662	4	257	1	125	11	1,119
Fannie Mae HomeStyle Renovation	3	390	6	1,300	4	122	0	0	13	1,812
Fannie Mae Construction to Permanent	5	1,339	7	1,898	11	2,996	4	918	27	7,151
Fannie Mae Manufactured Housing	5	904	6	836	6	797	3	643	20	3,180
Fannie Mae HomeView	0	0	1	209	14	1,451	1	80	16	1,740
FHLB First Front Door Grant Program	1	117	4	442	4	478	0	0	9	1,037
USDA Rural Housing	2	2,314	19	2,121	23	2,726	2	326	46	7,487
PHFA	6	528	15	1,732	25	3,079	0	0	46	5,339
Subtotal	26	6,196	69	10,086	101	13,157	12	2,217	208	31,656
Small Business:										
SBA Guaranteed Loan Programs	2	898	3	896	10	2,302	3	202	18	4,298
FHLB Banking on Business	2	300	1	200	2	197	0	0	5	697
FHLB Banking on Business Inclusion and Equity	4	390	1	186	5	597	0	0	10	1,173
Regional Development Funding Corporation Partnership Loans	0	0	1	808	1	124	2	386	4	1,318
Southwestern Pennsylvania Commission	1	56	6	1,595	0	0	0	0	7	1,651
Southern Alleghenies Planning and Development Commission	1	250	2	334	0	0	0	0	3	584
Subtotal	10	1,894	14	4,019	18	3,220	5	588	47	9,721
Consumer:										
Easy Access LOC	112	163	222	340	160	241	60	61	554	805
Subtotal	112	163	222	340	160	241	60	61	554	805
Totals	148	8,253	305	14,445	279	16,618	77	2,866	809	42,182
<i>Source: Bank Data</i>										

The following are examples of innovative and flexible lending programs offered by the bank.

Home Mortgage Loan Programs

- *Fannie Mae 97% LTV Option*: This Fannie Mae product offers up to 97 percent loan-to-value (LTV) financing to help better serve first-time homebuyers. The bank originated 20 Fannie Mae 97% LTV Option loans totaling approximately \$2.8 million during the evaluation period.
- *Fannie Mae HomeStyle Renovation*: This program provides a convenient and flexible way for borrowers considering home improvements to make repairs and renovations with a first mortgage rather than a second mortgage, home equity line of credit, or other more costly methods of financing. This program can be combined with the *HomeReady Mortgage Program* and offers an LTV up to 97 percent and potentially lower rates. The bank originated 13 loans totaling \$1.8 million during the evaluation period.
- *Fannie Mae Manufactured Housing*: This Fannie Mae program offers manufactured housing financing, one of the most affordable paths to home ownership. The bank originated 20 Fannie Mae Manufactured Housing loans totaling \$3.2 million during the evaluation period.
- *Fannie Mae Construction to Permanent (one-time closing)*: This Fannie Mae product supports the new construction market with a single closing option for construction-to-permanent financing. The bank originated 27 Fannie Mae Construction to Permanent loans totaling \$7.2 million during the evaluation period. The program allows LTV ratios up to 95.0 percent.

Small Business Loan Programs

- The bank is a certified SBA lender and participates in the *SBA Loan Guaranty Programs including the (7a) Loans, 7(a) Small Loans, SBA Express, CapLines, Export Express and 504 Loans*. All the 7(a) loans that the SBA guarantees must meet certain criteria. All funds are primarily for start-up business costs to companies whose annual sales are \$5.0 million or less and/or do not exceed \$6.0 million in tangible net worth. The business receives a loan from its lender with a 7(a) structure and the lender receives an SBA guaranty on a portion or percentage of this loan. The 7(a) program is the primary business loan assistance program available to small businesses from the SBA. The bank originated 18 loans totaling \$4.3 million during the evaluation period.

- The bank participates in the *Banking on Business (BOB) program and the Banking on Business Inclusion and Equity Fund (BOBIE)* which is offered in conjunction with the *FHLB of Pittsburgh*. BOB and BOBIE funding helps small businesses with start-up and expansion. The programs' objectives are to assist in the growth and development of small businesses, including both start-up and expansion phases of the business. The bank originated 15 loans totaling \$1.9 million during the evaluation period.
- The bank offers loans in conjunction with the *Southern Alleghenies Planning and Development Commission (SAP&DC) and the Economic Development Loan Fund*. SAP&DC is committed to helping small- and medium-sized businesses by providing technical and financial assistance. This regional organization serves six counties and provides free business counseling to identify new opportunities for business growth, such as international and government markets. The bank originated three loans totaling \$584,000 during the evaluation period.

Consumer Loan Programs

To offer an alternative to high-cost credit, Somerset Trust Company offers affordable small dollar loans through its *Easy Access Loan* product. This product is an unsecured line of credit as low as \$1,000 that can be used for any purpose. During the evaluation period, the bank originated 554 small dollar loans totaling \$805,445.

Community Development Loans

Somerset made a relatively high level of community development loans. During the evaluation period, the bank originated 77 community development loans totaling \$46.5 million throughout its combined assessment area and within a broader regional area just outside the assessment area. This level of activity represents 2.2 percent of average total assets and 3.4 percent of average total loans since the prior evaluation. This is an increase in activity compared to the prior evaluation period. During the prior evaluation period, the bank originated 55 community development loans totaling \$43.5 million, representing 2.7 percent of average total assets and 4.1 percent of average total loans. The following table shows the bank's qualified community development loans by rated area and purpose. Examiners included eight community development loans originated outside the combined assessment area in the broader regional area in Allegheny and Butler Counties in PA. As shown, community development loan performance is not consistent throughout the rated areas. A substantial majority of the bank's community development loans benefited the PA rated area. Additional details are contained in the individual assessment area sections.

Community Development Lending by Rated Area										
Rated Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Pennsylvania	19	4,778	14	6,983	0	0	35	28,680	68	40,441
Maryland	1	225	0	0	0	0	0	0	1	225
Virginia	0	0	0	0	0	0	0	0	0	0
Regional Activities	8	5,870	0	0	0	0	0	0	8	5,870
Nationwide Activities	0	0	0	0	0	0	0	0	0	0
Total	28	10,873	14	6,983	0	0	35	28,680	77	46,536

Source: Bank Data

INVESTMENT TEST

Somerset’s Investment Test rating in the combined assessment area is “Low Satisfactory.” Somerset’s overall Investment Test performance is consistent with its performance in the PA, MD, and VA rated areas. This section presents the bank’s overall performance in the Investment Test. Separate presentations for the individual rated areas are included in later sections.

Investment and Grant Activity

Somerset has an adequate level of qualified community development investments and donations. The bank made 476 qualified investments and donations totaling \$16.8 million. Qualified investments and donations equate to 0.8 percent of average total assets and 2.8 percent of average total securities since the prior evaluation. At the previous evaluation, qualified investments and donations totaled approximately \$6.9 million, representing 0.8 percent of average total assets and 1.8 percent of average total securities.

Somerset’s qualified investments and donations supported affordable housing, community services, economic development, and revitalization or stabilization efforts. The following table illustrates the bank’s qualified investment and donation activity by rated area and purpose. As shown in the following table, the substantial majority of qualified investments by number benefited the PA and VA rated area. For additional details on qualified investments and donations, please refer to the individual rated area sections.

Qualified Investments by Rated Area										
Rated Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Pennsylvania	16	550	103	367	2	4	303	501	424	1,422
Maryland	10	1,128	5	1	0	0	21	23	36	1,152
Virginia	13	4,180	0	0	0	0	0	0	13	4,180
Nationwide Activities	3	10,000	0	0	0	0	0	0	3	10,000
Total	42	15,858	108	368	2	4	324	524	476	16,754

Source: Bank Data

Prior-Period Investments

The majority of the bank's prior-period investments were outstanding Federal National Mortgage Association (FNMA) mortgage-backed securities (MBSs) that benefit multiple assessment areas in the PA, MD, and VA rated areas or a broader regional area. All these securities included mortgages specifically originated to low- or moderate-income borrowers. The bank provided the March 31, 2025 book values of these prior period MBSs by rated area. The outstanding MBSs benefitted the rated areas as follows:

- PA Rated Area - \$98,537
- MD Rated Area - \$60,447
- VA Rated Area - \$70,079

New Equity Investments

Similarly, the majority of the bank's new qualified investments include Government National Mortgage Association (GNMA) MBSs that benefit multiple assessment areas in the PA, MD, and VA rated areas. During the review period, Somerset purchased nine MBSs totaling \$5.6 million that benefitted the assessment areas or broader statewide areas. All these securities included mortgages specifically originated to low- or moderate-income borrowers. The following list depicts the total dollar amount of new MBSs by assessment area.

- PA Statewide - \$450,391
- PA Non-MSA - \$2,481
- Pittsburgh, PA MSA - \$76,403
- Johnstown, PA MSA - \$1,490
- MD Statewide - \$1.1 million
- VA Statewide - \$1.2 million
- Arlington-Alexandria-Reston, VA-WV-MSA - \$2.9 million

Somerset also made approximately \$10.0 million in new qualified investments in FHLB bonds which benefit communities nationwide, including the bank's assessment areas. The FHLB bonds help provide financial products and services that assist and enhance the financing of housing and community lending. Bond proceeds are used to provide liquidity and funding to member institutions to support residential mortgage lending, community investments, and other community development initiatives. The proceeds from the bonds also help FHLB member banks to borrow and fund low-income housing.

Responsiveness to Credit and Community Development Needs

Somerset exhibits adequate responsiveness to credit and community economic development needs. Somerset continues to obtain equity investments and make an adequate volume of donations that primarily support community development services in the assessment areas.

Community Development Initiatives

The institution does not use innovative and/or complex investments to support community development initiatives. Somerset's investments primarily include equity investments in MBSs, bonds, and standard donations, which are not considered innovative or complex.

SERVICE TEST

Somerset’s Service Test rating in the combined assessment area is rated “High Satisfactory.” Somerset’s overall Service Test performance is consistent with its performance in the PA rated area, while the performance in the MD and VA rated areas is below overall performance. This section presents the bank’s overall performance in the Service Test. Separate presentations for the rated areas are included in later sections.

Accessibility of Delivery Systems

The bank’s delivery systems are reasonably accessible to essentially all portions of the assessment areas. Somerset serves the overall assessment area with 47 branches, including 43 in the PA rated area, 3 in the MD rated area, and 1 in the VA rated area. As shown in the following table, the percentage of branches in low-income census tracts is slightly below the percentage of low-income census tracts and low-income population, and the percentage of branches and ATMs in moderate-income census tracts is above the demographics. Most branch locations also have automated teller machines (ATMs) or interactive teller machines (ITMs). Somerset operates 76 ATMs/ITMs in the assessment areas. Alternative banking services such as telephone banking, online banking, and mobile banking and applications, are available to increase accessibility of retail banking services. For additional information on the distribution of branches and ATMs, refer to the rated area and individual assessment area sections.

Branch and ATM Distribution by Geography Income Level								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	22	4.1	80,560	4.0	1	2.1	1	1.3
Moderate	115	21.6	407,049	20.5	13	27.7	23	30.3
Middle	248	46.6	923,488	46.5	30	63.8	47	61.8
Upper	142	26.7	572,996	28.9	3	6.4	5	6.6
N/A	5	1.0	1,773	0.1	0	0	0	0
Total	532	100.0	1,985,866	100.0	47	100.0	76	100.0

Source: 2015 ACS Data; Bank Data

Changes in Branch Locations

To the extent changes have been made, the institution’s opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals. Additional details of changes in branch locations are contained within the rated area and individual assessment area sections.

Reasonableness of Business Hours and Services

Somerset’s services and business hours do not vary in a way that inconveniences certain portions of the assessment areas, particularly low- and moderate-income geographies and/or individuals. In addition to traditional branch and ATM services, the bank offers alternative banking services such as telephone banking, online banking, mobile banking, and digital payments that increase accessibility of retail banking services. For additional information on the distribution of branches and ATMs, refer to the rated area and individual assessment area sections.

Community Development Services

The bank provided a relatively high level of community development services within its combined assessment area during the evaluation period. Bank personnel participated in various community development service initiatives, primarily through Board and committee membership as well as financial education seminars and other community development services. Bank officers and employees provided 212 instances of financial expertise, technical assistance, and financial education to community development-related organizations and low- and moderate-income individuals throughout the combined assessment area. The bank provided a slightly higher number of community development services than during the previous evaluation period when the bank provided 202 instances of services.

The following table illustrates the bank’s community development services by rated area and community development purpose. For additional details, refer to the individual assessment area sections.

Community Development Services by Rated Area					
Rated Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Pennsylvania	4	113	68	23	208
Maryland	0	0	4	0	4
Virginia	0	0	0	0	0
Total	4	113	72	23	212

Source: Bank Data

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Somerset’s compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

PENNSYLVANIA

CRA RATING FOR PENNSYLVANIA: SATISFACTORY

The Lending Test is rated: High Satisfactory

The Investment Test is rated: Low Satisfactory

The Service Test is rated: High Satisfactory

DESCRIPTION OF INSTITUTION’S OPERATIONS IN PENNSYLVANIA

Somerset designates three assessment areas within the PA rated area. Collectively, the CRA evaluation refers to the three assessment areas as the PA rated area. One assessment area includes

all of Somerset and Bedford Counties, which is a portion of the PA Non-MSA. The second assessment area includes Fayette and Westmoreland Counties, part of the Pittsburgh, PA MSA. The third assessment area is Cambria County, which is the Johnstown, PA MSA. The bank's operations in the PA rated area represent 96.9 percent of total lending (by number), 96.0 percent of total deposits, and 91.7 percent of total branches. Refer to the separate PA Non-MSA, Pittsburgh, PA MSA, and Johnstown, PA MSA sections of this evaluation for detailed descriptions of each assessment area.

The bank operates 43 branches in PA. The PA rated area includes 227 census tracts. The demographics of these tracts include:

- 9 low-income tracts;
- 56 moderate-income tracts;
- 132 middle-income tracts;
- 29 upper-income tracts; and
- 1 tract with no income designation.

The following table illustrates select demographic characteristics of the PA rated area.

Demographic Information of the Assessment Area						
Rated Area: PA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	227	4.0	24.7	58.1	12.8	0.4
Population by Geography	738,645	2.4	21.6	58.9	17.0	0.2
Housing Units by Geography	363,585	3.3	23.5	58.5	14.7	0.0
Owner-Occupied Units by Geography	241,864	1.5	20.5	60.3	17.6	0.0
Occupied Rental Units by Geography	73,635	7.2	32.3	51.6	8.7	0.2
Vacant Units by Geography	48,086	6.1	25.2	59.9	8.8	0.0
Businesses by Geography	70,593	2.9	21.6	56.6	19.0	0.0
Farms by Geography	2,849	1.2	15.9	67.7	15.2	0.0
Family Distribution by Income Level	200,964	21.1	19.6	22.8	36.5	0.0
Household Distribution by Income Level	315,499	25.8	16.5	18.2	39.5	0.0
Median Family Income MSA - 27780 Johnstown, PA MSA		\$65,560	Median Housing Value			\$131,206
Median Family Income MSA - 38300 Pittsburgh, PA MSA		\$81,197	Median Gross Rent			\$688
Median Family Income Non-MSAs - PA		\$66,318	Families Below Poverty Level			8.0%
<i>Source: 2020 U.S. Census and 2024 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>						

There are 363,585 housing units in the PA rated area. Of these 66.5 percent are owner-occupied, 20.3 percent are rental units, and 13.2 percent are vacant. The Geographic Distribution criterion compares home mortgage lending performance to the distribution of owner-occupied housing units.

Examiners used the 2023 and 2024 FFIEC Updated Median Family Income (MFI) to analyze home mortgage lending under the Borrower Profile criterion. The following table presents the low-, moderate-, middle-, and upper-income categories in each assessment area.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Johnstown, PA MSA Median Family Income (27780)				
2023 (\$80,900)	<\$40,450	\$40,450 to <\$64,720	\$64,720 to <\$97,080	≥\$97,080
2024 (\$76,500)	<\$38,250	\$38,250 to <\$61,200	\$61,200 to <\$91,800	≥\$91,800
Pittsburgh, PA MSA Median Family Income (38300)				
2023 (\$101,900)	<\$50,950	\$50,950 to <\$81,520	\$81,520 to <\$122,280	≥\$122,280
2024 (\$99,100)	<\$49,550	\$49,550 to <\$79,280	\$79,280 to <\$118,920	≥\$118,920
PA NA Median Family Income (99999)				
2023 (\$77,800)	<\$38,900	\$38,900 to <\$62,240	\$62,240 to <\$93,360	≥\$93,360
2024 (\$81,400)	<\$40,700	\$40,700 to <\$65,120	\$65,120 to <\$97,680	≥\$97,680
<i>Source: FFIEC</i>				

According to the 2024 D&B data, there were 70,593 businesses in the PA rated area. These businesses have the following Gross Annual Revenue (GAR) characteristics:

- 87.5 percent have GARs \$1.0 million or less;
- 3.5 percent have GARs greater than \$1.0 million; and
- 9.0 percent have unknown revenues.

The Borrower Profile criterion compares the distribution of small business loans to businesses by GAR level. Service industries represent the largest portion of businesses at 38.2 percent; followed by non-classifiable establishments (15.9 percent), retail trade (12.5 percent); and finance, insurance, and real estate (9.2 percent). In addition, 67.2 percent of businesses have four or fewer employees and 91.3 percent operate from a single location.

During the evaluation period, the unemployment rates within the PA rated area varied from a high of 5.8 percent (2022) in Fayette County to a low of 3.4 percent (2024) in Westmoreland County. The counties within the PA rated area generally experienced gradual declines in unemployment rates during the evaluation period. Most counties exhibited slightly higher unemployment rates than the PA statewide level. The following table summarizes unemployment data from the Bureau of Labor Statistics at county, state, and national levels.

Unemployment Rates			
Area	2022	2023	2024
	%	%	%
Cambria County	5.1	4.4	4.0
Westmoreland County	4.3	3.7	3.4
Bedford County	4.3	3.8	3.7
Fayette County	5.8	4.9	4.7
Somerset County	5.1	4.2	4.3
PA Statewide	3.3	2.9	3.3
National Average	3.5	3.8	4.1
<i>Source: Bureau of Labor Statistics</i>			

Competition

The assessment area is competitive in the market for financial services. According to the FDIC Deposit Market Share data as of June 30, 2024, there were 34 financial institutions operating 225 branches within the PA rated area. Of these institutions, Somerset ranked 7th with a 5.5 percent deposit market share.

There is a moderately high level of competition for home mortgage loans among banks, credit unions, and non-depository mortgage lenders. In 2023, 388 lenders reported a total of 14,313 residential mortgage loans originated or purchased. Somerset ranked 4th among this group of lenders, with a market share of 5.2 percent.

There is a moderate level of competition for small business loans. In 2023, 106 lenders reported a total of 11,338 small business loans originated or purchased. Somerset ranked 7th among this group of lenders, with a market share of 4.7 percent. The top five lenders, all larger national banks, captured 58.3 percent of the market share.

SCOPE OF EVALUATION – PENNSYLVANIA

This portion of the evaluation only considers activity within the PA Non-MSA, Pittsburgh, PA MSA, and Johnstown, PA MSA assessment areas. Please refer to the overall Scope of Evaluation section for information on products and timeframe reviewed. Of the three assessment areas, the bank’s performance in the PA Non-MSA assessment area carried the most weight in determining the state rating and conclusions, as this assessment area accounted for the largest portion of lending and deposits in the state during the evaluation period. Examiners used full-scope procedures to assess performance in the PA Non-MSA, Pittsburgh MSA, and the Johnstown MSA assessment areas.

CONCLUSIONS ON PERFORMANCE CRITERIA IN PENNSYLVANIA

LENDING TEST

Somerset’s Lending Test rating is “High Satisfactory” in the PA rated area. The bank’s performance under all Lending Test criteria supports this conclusion. Somerset’s performance in the PA Non-MSA

assessment area carried the most weight in supporting this rating and the performance was consistent throughout the PA rated area.

Lending Activity

Somerset's lending levels reflect excellent responsiveness to credit needs within the PA rated area. The bank's excellent performance in the PA Non-MSA and Pittsburgh MSA assessment areas primarily support this conclusion. During the review period, the bank originated 2,477 home mortgage loans totaling \$255.9 million, 1,681 small business loans totaling \$163.9 million, and 206 small farm loans totaling \$12.1 million in the PA assessment areas. Refer to the individual assessment area sections for further details.

Geographic Distribution

The geographic distribution of loans reflects good penetration within the PA rated area. Performance was inconsistent throughout the rated area assessment areas. Performance in the PA Non-MSA assessment area is consistent with the overall conclusion, while performance in the Pittsburgh, PA MSA and Johnstown, PA MSA assessment areas are above the overall conclusion.

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the institution, good penetration among retail customers of different income levels and business customers of different size within the PA rated area. Somerset's performance is consistent through the PA rated area assessment areas.

Innovative or Flexible Lending Practices

Somerset uses innovative and flexible lending practices in order to serve assessment area credit needs. All innovative and flexible lending products discussed in the overall combined assessment area are offered in the PA rated area. The FHLB's First Front Door program is only available in the PA rated area.

- *FHLB First Front Door* – First Front Door (FFD) provides down payment and closing cost assistance to eligible first-time homebuyers. The program is offered through participating Federal Home Loan Bank (FHLB) of Pittsburgh members that provide first mortgage financing. By contributing a minimum of \$1,500 towards down payment and closing costs, homebuyers are eligible for a maximum FFD grant of \$15,000. The bank originated 9 FFD loans totaling \$1.0 million during the evaluation period.

Community Development Loans

Somerset made a relatively high level of community development loans within the PA rated area. Community development loans within PA totaled \$46.3 million. This is a slight increase from the prior evaluation period, during which the bank originated community development loans within PA totaling \$43.0 million.

The following table shows the bank's community development lending by assessment area and purpose. The bank originated a majority of community development loans within the Pittsburgh, PA MSA assessment area. Examiners included eight community development loans originated outside the combined PA assessment area as regional activities. The eight regional activities included seven loans in Allegheny County, PA and one loan in Butler County, PA. These eight

loans were all for multifamily buildings with rents below the HUD fair market rent values in their relative locations. Additional details relating to the bank’s community development loans are contained within the individual assessment area sections.

Community Development Lending by Assessment Area										
Rated Area: PA										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
PA Non-MSA	5	1,603	2	519	0	0	13	4,270	20	6,392
Pittsburgh, PA MSA	13	3,059	12	6,464	0	0	22	24,410	47	33,933
Johnstown, PA MSA	1	116	0	0	0	0	0	0	1	116
Statewide Activities	0	0	0	0	0	0	0	0	0	0
Regional Activities	8	5,870	0	0	0	0	0	0	8	5,870
Total	27	10,648	14	6,983	0	0	35	28,680	76	46,311

Source: Bank Data

INVESTMENT TEST

Somerset’s Investment Test rating is “Low Satisfactory” in the PA rated area. The bank’s adequate performance in the Investment and Grant Activity and Responsiveness to Credit and Community Development Needs criteria support this conclusion. Performance is consistent throughout the PA rated area assessment areas.

Investment and Grant Activity

Somerset has an adequate level of qualified community development investments and grants in the PA rated area. During the evaluation period, the bank made 424 qualified investments and donations totaling \$1.4 million benefitting the PA rated area. This includes 16 qualified equity investments totaling approximately \$800,000 and 408 donations totaling approximately \$622,000. This performance is a decrease from the prior evaluation period when the bank had \$6.8 million in qualified investments and donations. Investments and donations primarily benefitted the PA Non-MSA assessment area, statewide activities, and the Pittsburgh, PA MSA assessment area. The following table illustrates the bank’s qualified investment activity by PA assessment area and purpose. For details on qualified investments and donations, please refer to the individual assessment areas.

Qualified Investments by Assessment Area Rated Area: PA										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
PA Non-MSA	3	2	49	246	1	3	100	360	153	611
Pittsburgh, PA MSA	5	77	33	106	1	1	151	87	190	271
Johnstown, PA MSA	2	2	21	15	0	0	52	54	75	71
Statewide Activities	6	469	0	0	0	0	0	0	6	469
Total	16	550	103	367	2	4	303	501	424	1,422

Source: Bank Data

Responsiveness to Credit and Community Development Needs

The bank exhibits adequate responsiveness to credit and community economic development needs in PA. The bank’s qualified investments supported community services, economic development, and revitalization and stabilization efforts, which demonstrated responsiveness community development needs in the area.

Community Development Initiatives

The bank does not use innovative and/or complex investments to support community development initiatives. Somerset’s investments primarily include equity investments in MBS and standard donations, which are not considered innovative or complex.

SERVICE TEST

The Service Test performance in the PA rated area is “High Satisfactory.” The Service Test performance is consistent throughout the PA assessment areas. The bank’s relatively high performance in the Community Development Services criteria primarily supports this conclusion. Performance is consistent throughout the PA rated area assessment areas.

Accessibility of Delivery Systems

The bank’s delivery systems are reasonably accessible to essentially all portions of the assessment area. Somerset serves the PA rated area with 43 branches and 72 ATMs, including the ATMs within its branches. The bank operates 12 full-service branches, 1 limited-service branch, and 13 ATMs in moderate-income census tracts. The bank operates one full-service branch and ATM in a low-income census tract. Alternative banking services such as telephone banking, online banking, and mobile banking and applications, are available to increase accessibility of retail banking services. Additional details are contained within the individual assessment area sections.

Changes in Branch Locations

To the extent changes have been made, the institution’s opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals.

Since the previous CRA evaluation, Somerset opened four branches, all of which are in moderate-income census tracts. The bank closed one full-service branch which was in a moderate-income census tract and closed a limited-service branch located in a middle-income census tract. The bank relocated one branch located in a middle-income census tract during the review period. Additional details are contained within the individual assessment area sections.

Reasonableness of Business Hours and Services

Services and business hours do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and low- and moderate-income individuals. Branch hours are generally consistent throughout the assessment areas, with most branches offering extended hours on Friday evenings and Saturday hours. Additional details are contained within the individual assessment area sections.

Community Development Services

The bank provides a relatively high level of community development services through Board of Director participation and committee involvement with community development organizations. Bank representatives provided 208 instances of financial expertise or technical assistance to community development-related organizations within the PA rated area, which is similar to performance during the prior evaluation period. The following table details community development services by assessment area and community development purpose. Additional details are contained within the individual assessment area sections.

Community Development Services by Assessment Area					
Rated Area: PA					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
PA Non-MSA	4	48	11	10	73
Pittsburgh, PA MSA	0	50	41	9	100
Johnstown, PA MSA	0	15	16	4	35
Statewide Activities	0	0	0	0	0
Regional Activities	0	0	0	0	0
Total	4	113	68	23	208
<i>Source: Bank Data</i>					

Financial Education

In addition to Board of Director participation and committee involvement, bank employees provided numerous financial education seminars for students and small businesses.

- *American Bankers Association (ABA) Teach Children to Save* - The bank operated the ABA Teach Children to Save program in several school districts in the PA rated area, including schools with a majority of student enrollment from low-income families. Bank employees conducted 95 presentations, reaching over 1,900 students within these schools during the evaluation period.

- *Cemark, Inc.'s How to Do Your Banking* - The bank participated in the How to Do Your Banking program, which is a financial literacy program, to teach young adults in high school classrooms basic money management skills, including how to access and manage credit responsibly. The bank provided books to schoolteachers to teach students how to do their banking for high school students and how to save for elementary students. The cost of these books totaled approximately \$13,000. Bank employees conducted How to Do Your Banking training sessions at three high schools and a homeless shelter with approximately 156 total attendees.
- *St. Francis University Small Business Development Center* - The bank also co-sponsored two free seminars with the St. Francis University Small Business Development Center for individuals interested in opening and operating a small business. The topics included feasibility issues, marketing, record-keeping, business plans, legal issues, regulations/taxes, and financing.

Other Community Development Services

Somerset is a Platinum Lead Bank within the Pennsylvania Supreme Court's Interest on Lawyers' Trust Account (IOLTA) program. The purpose of the IOLTA is to provide funding for civil legal services for low- and moderate-income individuals, projects to improve the administration of justice, and education of laypersons in law-related areas. This program provides legal services, health care facilities, and youth centers targeted to low- and moderate-income individuals and families. As a result of Somerset Trust Co.'s status as a Platinum Leader bank during the period July 2022 through June 2024, the Pennsylvania IOLTA Board received \$369,822 in funding which resulted in an estimated return on investment of \$4,437,873 for low- and moderate-income individuals and communities in PA.

PA NON-MSA ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION'S OPERATIONS IN PA NON-MSA ASSESSMENT AREA

The PA Non-MSA assessment area includes all of Bedford and Somerset counties in the Non-MSA area of PA. The bank operates 13 branches within this assessment area; 10 are in Somerset County and 3 are in Bedford County. The bank's operations in the PA Non-MSA assessment area represent 45.9 percent of total in-assessment area lending (by number), 49.0 percent of total deposits, and 27.7 percent of total branches.

Economic and Demographic Data

The PA Non-MSA assessment area includes 36 census tracts. The demographics of these census tracts include:

- 3 moderate-income census tracts;
- 31 middle-income census tracts; and

- 2 upper-income census tracts.

In 2023 and 2024, the agencies designated 20 census tracts in Somerset County as distressed, middle-income, non-metropolitan census tracts due to the high employment rate that was at least 1.5 times the national average.

The following table shows the demographic information for the assessment area.

Demographic Information of the Assessment Area						
Assessment Area: PA Non-MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	36	0.0	8.3	86.1	5.6	0.0
Population by Geography	121,706	0.0	6.5	85.7	7.7	0.0
Housing Units by Geography	62,928	0.0	6.6	86.0	7.4	0.0
Owner-Occupied Units by Geography	39,382	0.0	5.7	85.2	9.1	0.0
Occupied Rental Units by Geography	10,066	0.0	9.3	85.3	5.4	0.0
Vacant Units by Geography	13,480	0.0	7.2	88.9	3.9	0.0
Businesses by Geography	11,033	0.0	8.0	86.1	5.9	0.0
Farms by Geography	818	0.0	4.5	91.0	4.5	0.0
Family Distribution by Income Level	33,035	18.5	20.9	22.6	38.0	0.0
Household Distribution by Income Level	49,448	23.0	17.3	18.4	41.4	0.0
Median Family Income Non-MSAs - PA		\$66,318	Median Housing Value			\$125,590
			Median Gross Rent			\$652
			Families Below Poverty Level			7.5%
<i>Source: 2020 U.S. Census and 2024 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>						

There are 62,928 housing units in the assessment area. Of these 62.6 percent are owner-occupied, 16.0 percent are occupied rental units, and 21.4 percent are vacant. As shown in the previous table, 5.7 percent of the total owner-occupied housing units are located within the moderate-income census tracts. This data reflects the low-level of opportunities lenders have for home mortgage lending within these tracts.

According to the 2024 D&B data, there were 11,033 businesses in the assessment area with the following revenue characteristics:

- 87.1 percent have GARs of \$1.0 million or less;
- 3.7 percent have GARs greater than \$1.0 million; and,
- 9.2 percent have unknown revenues.

Service industries represent the largest portion of businesses at 35.8 percent; followed by non-classifiable establishments (14.3 percent), retail trade (12.6 percent); and construction (7.6 percent). In addition, 69.6 percent of businesses have four or fewer employees and 91.7 percent operate from a single location.

Competition

The assessment area is competitive in the market for financial services. According to the FDIC Deposit Market Share data as of June 30, 2024, there were 14 financial institutions operating 43 branches within the PA Non-MSA assessment area. Of these institutions, Somerset ranked 1st with a 33.9 percent deposit market share.

There is a moderately high level of competition for home mortgage loans among banks, credit unions, and non-depository mortgage lenders. In 2023, 191 lenders reported a total of 2,297 residential mortgage loans originated or purchased. Somerset ranked 1st among this group of lenders, with a market share of 14.8 percent.

There is a moderate level of competition for small business loans. In 2023, 69 lenders reported a total of 1,966 small business loans originated or purchased. Somerset ranked 1st among this group of lenders, with a market share of 14.2 percent.

Community Contact

As part of the evaluation process, examiners contact third-parties active in the assessment area to assist in identifying credit and community development needs. This information helps determine whether local financial institutions are responsive to these needs, it also shows what types of credit and community development opportunities are available.

Examiners reviewed a recent a community contact with an organization that coordinates, partners, and provides services and resources to low-income individuals and families to promote self-sufficiency, and fosters community and economic development in multiple counties that include Bedford and Somerset Counties in PA. The organization is primarily funded by state and federal grants and donations. The organization recently steered more of its efforts towards attracting donations. The organization has provided employment, and transportation services to low-income individuals. In addition, the organization provides housing assistance to low-income individuals through rental and utility assistance.

The contact stated there are opportunities for participation by local financial institutions in a few areas. According to the contact, affordable housing, including renovation of existing housing stock, is a key need in the assessment area. The contact stated that significant populations in the area have either poor or absent credit histories and emphasized needs for more opportunities for financial education and literacy.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic data, the primary credit and community development needs of the assessment area are affordable housing and revitalization and stabilization. Low median family incomes in this assessment area support

this conclusion. Additionally, there are numerous distressed, middle-income nonmetropolitan census tracts within the PA Non-MSA assessment area. The presence of these tracts presents community development opportunities to attract new, or retain existing, residents and businesses to the area. Since these tracts were designated as distressed by the FFIEC for high unemployment, opportunities for job training programs may be available. In response to information provided by the community contact, examiners recognize additional needs for financial education, credit counseling services, and credit building products.

CONCLUSIONS ON PERFORMANCE CRITERIA IN PA NON-MSA ASSESSMENT AREA

LENDING TEST

Somerset demonstrated good Lending Test performance in the PA Non-MSA assessment area. The bank's performance under all Lending Test criteria supports this conclusion.

Lending Activity

The bank's lending levels reflect excellent responsiveness to PA-Non-MSA assessment area credit needs. During the review period, the bank made 1,108 home mortgage loans totaling \$103.1 million, 795 small business loans totaling \$65.3 million and 165 small farm loans totaling \$9.2 million.

Somerset originated 439 home mortgage loans totaling \$42.5 million in 2022, 340 loans totaling \$28.8 million in 2023, and 329 loans totaling \$31.8 million in 2024. In 2023, Somerset ranked 1st out of 191 home mortgage reporting lenders with a 14.8 percent market share by number.

Somerset originated 291 small business loans totaling \$23.3 million in 2022, 230 loans totaling \$18.7 million in 2023, and 274 loans totaling \$23.3 million in 2024. In 2023, Somerset ranked 1st out of 69 small business reporting lenders with a 14.2 percent market share by number.

Geographic Distribution

The geographic distribution of home mortgage loans reflects good penetration throughout the assessment area. Somerset's good performance of home mortgage lending supports this conclusion. Examiners focused on the number of loans in the moderate-income census tracts. As previously mentioned, there are no low-income census tracts in the assessment area.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects good penetration throughout the assessment area. As shown in the following table, the bank's performance in 2023 in the moderate-income census tracts was comparable to aggregate performance and slightly below the percentage of owner-occupied housing. In 2024, the bank's lending performance in the moderate-income census tracts exceeded the demographic data. The opportunity to lend in the three moderate-income census tracts is limited, as only 5.7 percent of owner-occupied housing units are in the moderate-income census tracts.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: PA Non-MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2023	0.0	0.0	0	0.0	0	0.0
2024	0.0	--	0	0.0	0	0.0
Moderate						
2023	5.7	5.1	17	5.0	1,187	4.1
2024	5.7	--	19	5.8	1,601	5.0
Middle						
2023	85.2	87.5	308	90.6	26,472	91.8
2024	85.2	--	304	92.4	29,784	93.7
Upper						
2023	9.1	7.4	15	4.4	1,186	4.1
2024	9.1	--	6	1.8	396	1.2
Not Available						
2023	0.0	0.0	0	0.0	0	0.0
2024	0.0	--	0	0.0	0	0.0
Totals						
2023	100.0	100.0	340	100.0	28,844	100.0
2024	100.0	--	329	100.0	31,781	100.0
<i>Source: 2020 U.S. Census; Bank Data, 2023 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Small Business Loans

The geographic distribution of home mortgage loans reflects adequate penetration throughout the assessment area. As shown in the following table, the bank's performance in 2023 in the moderate-income census tracts was below the percentage of owner occupied housing units and aggregate performance. In 2024, the banks performance in the moderate-income census tract improved from the previous year and was slightly below the demographic data.

Geographic Distribution of Small Business Loans						
Assessment Area: PA Non-MSA						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2023	0.0	0.0	0	0.0	0	0.0
2024	0.0	--	0	0.0	0	0.0
Moderate						
2023	8.0	6.8	13	5.7	821	4.4
2024	8.0	--	20	7.3	1,227	5.3
Middle						
2023	86.1	85.4	212	92.2	17,530	93.7
2024	86.1	--	237	86.5	19,840	85.1
Upper						
2022	5.9	6.8	4	1.4	326	1.4
2023	6.0	7.8	5	2.2	362	1.9
2024	5.9	--	17	6.2	2,260	9.7
Not Available						
2023	0.0	0.0	0	0.0	0	0.0
2024	0.0	--	0	0.0	0	0.0
Totals						
2023	100.0	100.0	230	100.0	18,713	100.0
2024	100.0	--	274	100.0	23,327	100.0
<i>Source: 2023 & 2024 D&B Data; Bank Data 2023 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Borrower Profile

The distribution of borrowers reflects good penetration among retail customers of different income levels and business customers of different size. The bank's good performance in home mortgage and small business lending supports this conclusion. Examiners focused on the number of home mortgage loans to low- and moderate-income borrowers and the number of small businesses with GARs of \$1.0 million or less.

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers is good. In 2023, the penetration of home mortgage loans to low-income borrowers was similar to aggregate performance. In 2024, the penetration of home mortgage loans to low-income borrowers dropped slightly and was below demographics. However, with a median family income of less than \$40,700, many low-income families would likely not qualify for a mortgage loan under conventional underwriting standards given the area's median housing value of \$125,590. Therefore, the demand and opportunity for lending to low-income families are relatively limited.

In 2023, the bank’s penetration among moderate-income borrowers was comparable to demographic data and aggregate performance. In 2024, the bank’s performance improved and was above demographics.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: PA Non-MSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2023	17.9	8.5	29	8.5	1,366	4.7
2024	18.5	--	21	6.4	783	2.5
Moderate						
2023	20.7	21.2	71	20.9	4,320	15.0
2024	20.9	--	85	25.8	6,062	19.1
Middle						
2023	22.5	23.8	93	27.4	6,678	23.2
2024	22.6	--	78	23.7	6,341	20.0
Upper						
2023	39.0	33.8	118	34.7	13,856	48.0
2024	38.0	--	119	36.2	15,205	47.8
Not Available						
2023	0.0	12.6	29	8.5	2,624	9.1
2024	0.0	--	26	7.9	3,391	10.7
Totals						
2023	100.0	100.0	340	100.0	28,844	100.0
2024	100.0	--	329	100.0	31,781	100.0

*Source: 2020 U.S. Census; Bank Data, 2023 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

Small Business Loans

The distribution of small business loans reflects good penetration to businesses with GARs of \$1.0 million or less. As shown in the following table, in 2023, the bank’s penetration of loans to businesses with GARs of \$1.0 million exceeded aggregate data. In 2024, performance was similar.

Based on 2023 aggregate data, Somerset ranked 2nd (16.1 percent market share) out of 53 lenders lending to businesses with GARs of \$1.0 million or less. Overall, comparisons to aggregate lending data, assessment area demographics, and market share data reflect the bank’s good penetration to businesses with GARs of \$1.0 million or less.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Assessment Area: PA Non-MSA						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2023	86.4	62.4	181	78.7	11,461	61.2
2024	87.1	--	198	72.3	10,035	43.0
>\$1,000,000						
2023	3.9	--	49	21.3	7,252	38.8
2024	3.7	--	69	25.2	12,366	53.0
Revenue Not Available						
2023	9.7	--	0	0.0	0	0.0
2024	9.2	--	7	2.6	926	4.0
Totals						
2023	100.0	100.0	230	100.0	18,713	100.0
2024	100.0	--	274	100.0	23,327	100.0
<i>Source: 2023 & 2024 D&B Data; Bank Data; 2023 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Innovative or Flexible Lending Practices

Somerset uses innovative and flexible lending practices to address the credit needs of low- and moderate-income individuals and geographies throughout this assessment area.

Community Development Loans

Somerset made a relatively high level of community development loans. The bank originated 20 loans totaling approximately \$6.4 million in the PA Non-MSA assessment area. This performance is an increase in the number of loans and a decrease in the dollar amount of loans compared to the prior evaluation period, during which the bank originated 15 loans totaling \$8.4 million. The following table shows the number and dollar volume of community development loans by year and purpose.

Community Development Lending Assessment Area: PA Non-MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
7/18/2022-12/31/2022	2	1,063	0	0	0	0	1	30	3	1,093
2023	2	290	0	0	0	0	1	40	3	330
2024	1	250	1	19	0	0	9	3,783	11	4,052
YTD 2025	0	0	1	500	0	0	2	417	3	917
Total	5	1,603	2	519	0	0	13	4,270	20	6,392
<i>Source: Bank Data</i>										

The following are notable examples of the bank’s community development loans:

- In 2022, the bank originated a \$787,000 loan for the purchase of a multifamily residential building in Somerset County. The structure consists of 16 one-bedroom units. All sixteen units are rented out for an amount below the HUD fair market rent for the area. The residence is directly adjacent to a moderate-income census tract. This loan provides affordable housing for low- and moderate-income individuals and families in the area.
- In 2024, the bank originated a \$1,500,000 line of credit to a hospital in its assessment area. This hospital is in an area designated as distressed by the Federal Financial Institutions Examination Council (FFIEC). The hospital provides essential healthcare and emergency services to the region. The financing of this hospital helps to revitalize and stabilize the area it serves.
- In 2024, the bank originated a \$640,000 loan to the Somerset Township Municipal Authority to reimburse costs associated with the extension of a city waterline located in Somerset County. The area this project serves is designated as a distressed area by the FFIEC. This project revitalizes and stabilizes the region it serves.

INVESTMENT TEST

Somerset demonstrated adequate Investment Test performance in the PA Non-MSA assessment area. The bank’s performance in the Investment and Grant Activity and Responsiveness to Credit and Community Development Needs criteria primarily support this conclusion.

Investment and Grant Activity

Somerset has an adequate level of qualified community development investments and donations in the PA Non-MSA assessment area. During the evaluation period, the bank made 153 qualified investments totaling approximately \$611,000 that specifically benefited the assessment area. This includes one prior period investment with a current book value of \$250,000, three new investments totaling \$2,000, and 149 donations totaling \$359,000. This represents a slight decrease from the previous CRA evaluation where investments and grants totaled \$668,000. The following table illustrates the bank’s qualified investment activity by investment type and purpose.

Qualified Investments										
Assessment Area: PA Non-MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	1	250	0	0	1	250
7/18/2022-12/31/2022	0	0	0	0	0	0	0	0	0	0
2023	0	0	0	0	0	0	0	0	0	0
2024	1	1	0	0	0	0	0	0	1	1
YTD 2025	2	1	0	0	0	0	0	0	2	1
Subtotal	3	2	0	0	1	250	0	0	4	252
Qualified Grants & Donations	0	0	49	246	1	3	99	110	149	359
Total	3	2	49	246	2	253	99	110	153	611
<i>Source: Bank Data</i>										

The following are examples of community development services that benefited the PA Non-MSA assessment area.

- The bank maintains a prior period investment totaling \$250,000 in a private equity fund that has an objective to seek long-term capital appreciation in Central and Northern PA, including Bedford, Cambria, and Somerset Counties. The company promotes economic development through job creation in low-income areas. Eighty percent of each investment must meet SBA-required size limits for smaller businesses. This fund promotes economic development within the assessment area. The current book value of this investment remains at \$250,000.
- During the review period, the bank donated \$246,000 to various non-profit organizations that provide community services targeted to low- and moderate-income individuals such as shelter, food, and counseling services. These donations support community services in the assessment area.

Responsiveness to Credit and Community Development Needs

The bank exhibits adequate responsiveness to credit and community economic development needs in the assessment area. Somerset continues to make an adequate volume of investments and donations that support demonstrated needs in the area, including community development services, economic development activities, and revitalization and stabilization efforts.

Community Development Initiatives

The bank does not use innovative and/or complex investments to support community development initiatives. Somerset’s investments primarily include equity investments in MBSs and standard donations, which are not considered innovative or complex.

SERVICE TEST

Somerset demonstrated good Service Test performance in the PA Non-MSA assessment area. The performance under the Accessibility of Delivery Systems and Reasonableness of Business Hours and Service criteria primarily supports this conclusion.

Accessibility of Delivery Systems

The bank’s delivery systems are reasonably accessible to essentially all portions of the assessment area. Somerset serves the PA Non-MSA assessment area with 13 branches and 28 ATMs, including one full-service branch and ATM in a moderate-income census tract. Alternative banking services such as telephone banking, online banking, and mobile banking and applications are available to increase accessibility of retail banking services.

Changes in Branch Locations

To the extent changes have been made, the institution’s opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low-and moderate-income geographies and/or to low- and moderate-income individuals. During the evaluation period, no branches were opened or closed within the assessment area.

Reasonableness of Business Hours and Services

Services and business hours do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and/or individuals. Branch hours are 8:00 a.m. to 4:30 p.m. Monday through Thursday and 8:00 a.m. through 6:00 p.m. on Friday and 8:30 a.m. to noon on Saturdays.

Community Development Services

Somerset provides a relatively high level of community development services within the PA Non-MSA assessment area. During the review period, bank representatives provided 73 instances of financial expertise or technical assistance to community development-related organizations within the assessment area, which is a slight decrease compared to the prior evaluation’s 86 instances. The following table illustrates the bank’s community development services by activity year and community development purpose.

Community Development Services Assessment Area: PA Non-MSA					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
7/18/2022-12/31/2022	0	12	2	4	18
2023	1	10	3	2	16
2024	1	13	3	2	19
YTD 2025	2	13	3	2	20
Total	4	48	11	10	73
<i>Source: Bank Data</i>					

The following are examples of community development services that benefited the PA Non-MSA assessment area.

- In 2024 and 2025, a bank employee used their financial expertise as the treasurer for a local food bank located in Somerset County. The food bank works to combat food insecurity in the greater Rockwood PA community and serves low- and moderate-income individuals and families. This service provides community services to low- and moderate-income

individuals and families in the assessment area.

- A bank employee served as a Vice Chair of the Board at a non-profit community development organization in Somerset County. The employee served as vice chair from 2023 through 2025. The organization’s purpose is to revitalize downtown Somerset through facade grants, rent abatement grants, and home renovation grants. This service helps to revitalize and stabilize a distressed middle-income geography.
- A bank employee works on the Board of Directors of an affordable housing organization that serves Somerset County. The bank employee is currently serving on the board for 2025. The organization provides safe and stable housing for individuals and families experiencing homelessness or at risk of being homeless. This service provides community services to low-and moderate-income individuals and families in the assessment area.

PITTSBURGH, PA MSA ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN PITTSBURGH, PA MSA ASSESSMENT AREA

The Pittsburgh, PA MSA assessment area includes all of Fayette and Westmoreland Counties in the Pittsburgh, PA MSA. The bank operates 23 branch offices (which includes 2 limited-service branches) within this assessment area; 8 are in Fayette County, and 15 are in Westmoreland County. The bank’s operations in the Pittsburgh, PA MSA assessment area represent 42.1 percent of total in-assessment area lending (by number), 32.6 percent of total deposits, and 48.9 percent of total branches.

Economic and Demographic Data

The PA Non-MSA assessment area includes 36 census tracts. The demographics of these tracts include:

- 7 low-income census tracts;
- 45 moderate-income census tracts;
- 76 middle-income census tracts;
- 20 upper-income census tracts; and
- 1 tract with no income designation.

In 2023 and 2024, the agencies designated 149 census tracts in Somerset County as distressed, middle-income, non-metropolitan census tracts due to the high employment rate that was at least 1.5 times the national average.

The following table shows the demographic information for the assessment area.

Demographic Information of the Assessment Area						
Assessment Area: Pittsburgh, PA MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	149	4.7	30.2	51.0	13.4	0.7
Population by Geography	483,467	2.6	28.4	51.4	17.4	0.2
Housing Units by Geography	234,585	3.6	30.5	50.9	14.9	0.1
Owner-Occupied Units by Geography	159,928	1.5	27.2	53.2	18.1	0.0
Occupied Rental Units by Geography	49,190	7.9	39.0	45.1	7.6	0.4
Vacant Units by Geography	25,467	8.5	35.1	47.6	8.9	0.0
Businesses by Geography	48,217	3.4	26.4	49.2	21.0	0.0
Farms by Geography	1,666	1.6	23.8	56.7	17.9	0.0
Family Distribution by Income Level	132,893	22.1	19.5	23.0	35.3	0.0
Household Distribution by Income Level	209,118	27.1	16.2	18.5	38.3	0.0
Median Family Income MSA - 38300 Pittsburgh, PA MSA		\$81,197	Median Housing Value			\$142,960
			Median Gross Rent			\$712
			Families Below Poverty Level			7.7%
<i>Source: 2020 U.S. Census and 2024 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>						

There are 234,585 housing units in the assessment area. Of these, 68.2 percent are owner-occupied, 21.0 percent are occupied rental units, and 10.7 percent are vacant. This data reflects the opportunity to make home mortgage loans in the assessment area.

According to the 2024 D&B data, there were 48,217 businesses in the assessment area with the following revenue characteristics:

- 88.3 percent have GARs of \$1.0 million or less;
- 3.3 percent have GARs greater than \$1.0 million; and,
- 8.4 percent have unknown revenues.

Service industries represent the largest portion of businesses at 38.4 percent; followed by non-classifiable establishments (16.6 percent), retail trade (12.3 percent); and finance, insurance and real estate (9.7 percent). In addition, 67.1 percent of businesses have four or fewer employees and 91.9 percent operate from a single location.

Competition

The assessment area is competitive in the market for financial services. According to the FDIC Deposit Market Share data as of June 30, 2024, there were 24 financial institutions operating 145 branches within the Pittsburgh, PA MSA assessment area. Of these institutions, Somerset ranked 7th with a 4.8 percent deposit market share.

There is a moderately high level of competition for home mortgage loans among banks, credit unions, and non-depository mortgage lenders. In 2023, 317 lenders reported a total of 9,688 residential mortgage loans originated or purchased. Somerset ranked 8th among this group of lenders, with a market share of 3.4 percent.

There is a moderate level of competition for small business loans. In 2023, 99 lenders reported a total of 8,000 small business loans originated or purchased. Somerset ranked 8th among this group of lenders, with a market share of 3.3 percent.

CONCLUSIONS ON PERFORMANCE CRITERIA IN PITTSBURGH MSA ASSESSMENT AREA

LENDING TEST

Somerset demonstrated good performance under the Lending Test in the Pittsburgh, PA MSA assessment area. Excellent performance under the Lending Activity and Geographic Distribution criteria and good performance under the Borrower Profile, Innovative and Flexible Lending, and Community Development Lending criteria supports this conclusion.

Lending Activity

The bank's lending levels reflect excellent responsiveness to the Pittsburgh, PA MSA assessment area credit needs. During the review period, the bank made 1,123 home mortgage loans totaling \$132.9 million, 732 small business loans totaling \$85.2 million and 41 small farm loans totaling \$2.8 million.

Somerset originated 428 home mortgage loans totaling \$51.6 million in 2022, 328 loans totaling \$38.5 million in 2023, and 367 loans totaling \$42.8 million in 2024. In 2023, Somerset ranked 8th of out of 317 home mortgage reporting lenders with a 3.4 percent market share by number.

Somerset originated 240 small business loans totaling \$29.4 million in 2022, 253 loans totaling \$30.3 million in 2023, and 239 loans totaling \$25.5 million in 2024. In 2023, Somerset ranked 8th out of 99 small business reporting lenders with a 3.3 percent market share by number.

Geographic Distribution

The geographic distribution of loans reflects excellent penetration throughout the assessment area. Somerset's excellent performance of home mortgage lending primarily supports this conclusion.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects excellent penetration throughout the assessment area. As shown in the following table, the bank's performance in 2023 in the low-income census tracts exceeded both the aggregate performance and demographic data. In 2024, the bank did not originate any loans in the low-income census tracts; however, as noted in the following table, the opportunity to lend in the seven low-income census tracts is limited, as only 1.5 percent of owner-occupied housing units are in those census tracts.

In 2023, the bank’s performance in the moderate-income census tracts exceeded both the aggregate performance and demographic data. In 2024, the bank’s lending performance in moderate-income census tracts exceeded demographic data.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: Pittsburgh, PA MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2023	2.1	1.9	9	2.7	1,177	3.1
2024	1.5	--	0	0.0	0	0.0
Moderate						
2023	31.3	27.6	136	41.5	13,819	35.9
2024	27.2	--	137	37.3	12,770	29.9
Middle						
2023	49.1	50.2	163	49.7	20,696	53.8
2024	53.2	--	213	58.0	27,917	65.3
Upper						
2023	17.4	20.2	20	6.1	2,808	7.3
2024	18.1	--	17	4.6	2,075	4.9
Not Available						
2023	0.0	0.0	0	0.0	0	0.0
2024	0.0	--	0	0.0	0	0.0
Totals						
2023	100.0	100.0	328	100.0	38,500	100.0
2024	100.0	--	367	100.0	42,761	100.0
<i>Source: 2020 U.S. Census; Bank Data, 2023 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Small Business Loans

The geographic distribution of small business loans reflects good penetration throughout the assessment area. As shown in the following table, the bank’s performance in 2023 and 2024 in the low-income census tract was below aggregate and demographics. However, its performance in the moderate-income census tracts during the same period exceeded demographic and aggregate data.

Geographic Distribution of Small Business Loans						
Assessment Area: Pittsburgh, PA MSA						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2023	4.0	2.5	1	0.4	100	0.3
2024	3.4	--	0	0.0	0	0.0
Moderate						
2023	29.4	29.0	82	32.4	6,553	21.7
2024	26.4	--	83	34.7	9,809	38.4
Middle						
2023	46.0	47.8	148	58.5	20,051	66.3
2024	49.2	--	130	54.4	12,538	49.1
Upper						
2023	20.6	20.7	22	8.7	3,546	11.7
2024	21.0	--	26	10.9	3,167	12.4
Not Available						
2023	0.0	0.0	0	0.0	0	0.0
2024	0.0	--	0	0.0	0	0.0
Totals						
2023	100.0	100.0	253	100.0	30,250	100.0
2024	100.0	--	239	100.0	25,514	100.0
<i>Source: 2023 & 2024 D&B Data; Bank Data; 2023 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the institution, good penetration among retail customers of different income levels and business customers of different sizes. The bank's good performance of home mortgage and small business lending supports this conclusion. Examiners focused on the number of home mortgage loans to low- and moderate-income borrowers and the number of small business loans to businesses with GARs of \$1.0 million or less.

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers is good. In 2023, the bank's lending performance for low-income borrowers was below aggregate performance and demographic data. In 2024, the percentage increased; however, the bank's performance was still below demographic data. However, with a median family income of less than \$49,500, many low-income families would likely not qualify for a mortgage loan under conventional underwriting standards given the area's median housing value of \$142,960. In 2023, the bank's performance in moderate-income census tracts was similar to

aggregate data and exceeded demographics. In 2024 the bank’s lending to moderate-income borrowers exceeded demographic data.

Based on 2023 aggregate data, Somerset 8th (3.1 percent market share) out of 144 lenders lending to low-income borrowers and ranked 8th (3.2 percent market share) out of 180 lenders lending to moderate-income borrowers. Overall, comparisons to aggregate lending data, assessment area demographics, and market share data reflect the bank’s good penetration of loans to low- and moderate-income borrowers.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Pittsburgh, PA MSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2023	22.7	15.1	45	13.7	2,674	6.9
2024	22.1	--	54	14.7	2,710	6.3
Moderate						
2023	19.9	23.8	74	22.6	7,558	19.6
2024	19.5	--	88	24.0	8,263	19.3
Middle						
2023	23.2	22.9	76	23.2	7,434	19.3
2024	23.0	--	83	22.6	8,049	18.8
Upper						
2023	34.2	24.3	83	25.3	14,215	36.9
2024	35.3	--	107	29.2	19,315	45.2
Not Available						
2023	0.0	14.0	50	15.2	6,620	17.2
2024	0.0	--	35	9.5	4,425	10.3
Totals						
2023	100.0	100.0	328	100.0	38,500	100.0
2024	100.0	--	367	100.0	42,761	100.0
<i>Source: 2020 U.S. Census; Bank Data, 2023 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Small Business Loans

The distribution of small business loans reflects good penetration to businesses with GARs of \$1.0 million or less. As shown in the following table, the bank’s penetration of loans to businesses with GARs of \$1.0 million was below demographic data for both years and exceeded aggregate performance in 2023.

Based on 2023 aggregate data, Somerset ranked 8th (3.9 percent market share) out of 81 lenders lending to businesses with GARs of \$1.0 million or less. Overall, comparisons to aggregate lending

data, assessment area demographics, and market share data reflect the bank’s good penetration of loans to business with GARS of less than \$1.0 million.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Assessment Area: Pittsburgh, PA MSA						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2023	87.7	56.0	170	67.2	15,451	51.1
2024	88.3	--	165	69.0	12,694	49.8
>\$1,000,000						
2023	3.6	--	77	30.4	14,451	47.8
2024	3.3	--	73	30.5	12,745	50.0
Revenue Not Available						
2023	8.8	--	6	2.4	348	1.2
2024	8.4	--	1	0.4	75	0.3
Totals						
2023	100.0	100.0	253	100.0	30,250	100.0
2024	100.0	--	239	100.0	25,514	100.0
<i>Source: 2023 & 2024 D&B Data; Bank Data; 2023 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Innovative or Flexible Lending Practices

Somerset uses innovative and flexible lending practices to address the credit needs of low- and moderate-income individuals and geographies throughout this assessment area.

Community Development Loans

Somerset made a relatively high level of community development loans. The bank originated 47 community development loans totaling \$33.9 million within the Pittsburgh, PA MSA assessment area, which is an increase from the prior evaluation period, during which the bank originated 31 loans totaling \$23.4 million. The following table outlines the number and dollar volume of community development loans by year and purpose.

Community Development Lending Assessment Area: Pittsburgh, PA MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
7/18/2022-12/31/2022	2	482	0	0	0	0	6	10,105	8	10,587
2023	6	1,579	5	5,857	0	0	7	13,201	18	20,637
2024	4	768	6	511	0	0	6	534	16	1,813
YTD 2025	1	230	1	96	0	0	3	570	5	896
Total	13	3,059	12	6,464	0	0	22	24,410	47	33,933
<i>Source: Bank Data</i>										

The following are examples of community development loans that benefit the assessment area.

- In 2022, the bank originated a \$431,250 loan for the purchase of a multifamily residential building in Fayette County. The structure consists of 11 one-, two- or three-bedroom units. All 11 units are rented out for an amount below the HUD fair market rent for the area. The residence is located within a moderate-income census tract and directly adjacent to another moderate-income tract and a low-income tract. This loan provides affordable housing for low- and moderate-income individuals and families in the area.
- In 2022, the bank originated a \$8.5 million loan to the County of Fayette to provide essential municipal services to its residents. This loan will serve moderate-income tracts located within Fayette County and help to revitalize and stabilize the area.
- In 2023, the bank originated a \$3.0 million tax anticipation note to Lauren Highlands School District. This school is in a moderate-income census tract and 90.7 percent of the students within the school district are on the free or reduced lunch program. This loan promotes community service for low- and moderate-income individuals in the assessment area.

INVESTMENT TEST

Somerset demonstrated adequate performance under the Investment Test in the Pittsburgh, PA MSA assessment area. The Investment and Grant Activity criterion performance primarily supports this conclusion.

Investment and Grant Activity

Somerset has an adequate level of qualified community development investments and donations in the Pittsburgh, PA MSA assessment area. During the evaluation period, the bank made 190 qualified investments and donations totaling \$271,000 that specifically benefitted the assessment area. This represents a decrease from the previous evaluation period when the bank had investments and grants totaling \$3.3 million.

Qualified Investments										
Assessment Area: Pittsburgh, PA MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	0	0	0	0	0	0
7/18/2022-12/31/2022	0	0	0	0	0	0	0	0	0	0
2023	1	19	0	0	0	0	0	0	1	19
2024	1	25	0	0	0	0	0	0	1	25
YTD 2025	2	33	0	0	0	0	0	0	2	33
Subtotal	4	77	0	0	0	0	0	0	4	77
Qualified Grants & Donations	1	<1	33	106	1	1	151	87	186	194
Total	5	77	33	106	1	1	151	87	190	271
<i>Source: Bank Data</i>										

The following are examples of qualified investments that benefit the assessment area.

- During the review period, Somerset purchased four GNMA MBSs with \$77,000 benefitting low- and moderate-income families within the Pittsburgh, PA MSA assessment area.
- During the review period, the bank donated \$106,000 to various non-profit organizations that provide community services targeted to low- and moderate-income individuals such as shelter, food, and counseling services. These donations support community services in the assessment area.

Responsiveness to Credit and Community Development Needs

The bank exhibits adequate responsiveness to credit and community economic development needs in the assessment area. Somerset continues to make an adequate volume of investments and donations that support demonstrated needs in the area, including community development services, economic development, and revitalization and stabilization efforts.

Community Development Initiatives

The bank does not use innovative and/or complex investments to support community development initiatives. Somerset’s investments primarily include equity investments in MBSs and standard donations, which are not considered innovative or complex.

SERVICE TEST

Somerset demonstrated good performance under the Service Test in the Pittsburgh, PA MSA assessment area. The performance under the Reasonableness of Business Hours and Service and Community Development Services criteria primarily supports this conclusion.

Accessibility of Delivery Systems

The bank’s delivery systems are reasonably accessible to essentially all portions of the assessment area. Somerset serves the Pittsburgh, PA MSA assessment area with 23 branches (including 2 limited-service branches) and 34 ATMs. Of the 23 branches, the bank operates 11 branches and 16 ATMs in moderate-income census tracts, and one branch and one ATM located in a low-income census tract. Alternative banking services such as telephone banking, online banking, and mobile banking and applications are available to increase accessibility of retail banking services.

Changes in Branch Locations

To the extent changes have been made, the institution’s opening of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals. During the evaluation period, the bank closed one branch in Fayette County that was in a moderate-income census tract, and opened four new branches in Westmoreland County, all of which are in moderate-income census tracts.

Reasonableness of Business Hours and Services

Services and business hours do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and/or individuals. Branch hours are 8:00 a.m. to 4:30 Monday through Thursday and 8:00 a.m. through 6:00 p.m. on Friday and 8:30 a.m. to noon on Saturdays.

Community Development Services

Somerset provides a relatively high level of community development services within the Pittsburgh MSA assessment area. During the review period, bank representatives provided 100 instances of financial expertise or technical assistance to community development-related organizations within the bank’s Pittsburgh, PA MSA assessment area, which is an increase from the 67 instances provided during the prior evaluation period. The following table illustrates the bank’s community development services by activity year and community development purpose.

Community Development Services					
Assessment Area: Pittsburgh, PA MSA					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
7/18/2022-12/31/2022	0	7	7	6	20
2023	0	11	9	1	21
2024	0	18	11	1	30
YTD 2025	0	14	14	1	29
Total	0	50	41	9	100
<i>Source: Bank Data</i>					

The following are examples of community development services that benefited the assessment area.

- A bank employee uses their financial expertise as a treasurer of a food bank located in Westmoreland County. The employee served as treasurer in 2023, 2024, and 2025. The service helps provide community services to low- and moderate-income individuals and

families in the assessment area.

- A bank employee serves on the finance committee of a community development organization that serves Westmoreland County. The employee served on the committee in 2024 and 2025. The organization provides grants and funding for revitalization projects in downtown Greensburg, PA in conjunction with their five-year strategic plan. This service helps revitalize and stabilize moderate-income census tracts in Westmoreland County.
- A bank employee works on the finance committee for an economic development organization in Fayette County. The employee served in the role in 2023, 2024, and 2025. The organization provides financing options to small businesses through their Rural Microenterprise Assistance Program. The service provides economic development through the financing of small businesses.

JOHNSTOWN, PA MSA ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN JOHNSTOWN, PA MSA ASSESSMENT AREA

The Johnstown, PA MSA assessment area includes all of Cambria County in the Johnstown, PA MSA. The bank operates seven branch offices and 10 ATMs within this assessment area. The bank’s operations in the Johnstown, PA MSA assessment area represent 8.9 percent of total in-assessment area lending (by number), 14.4 percent of total deposits, and 14.9 percent of total branches.

Economic and Demographic Data

The Johnstown, PA MSA assessment area includes 42 census tracts. The demographics of these tracts include:

- 2 low-income census tracts;
- 8 moderate-income census tracts;
- 25 middle-income census tracts; and
- 7 upper-income census tracts.

The following table shows the demographic information for the assessment area.

Demographic Information of the Assessment Area						
Assessment Area: Johnstown, PA MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	42	4.8	19.0	59.5	16.7	0.0
Population by Geography	133,472	3.8	10.6	61.3	24.3	0.0
Housing Units by Geography	66,072	5.2	14.9	59.3	20.6	0.0
Owner-Occupied Units by Geography	42,554	3.0	9.2	64.0	23.7	0.0
Occupied Rental Units by Geography	14,379	9.5	25.7	50.1	14.7	0.0
Vacant Units by Geography	9,139	8.6	24.2	51.6	15.6	0.0
Businesses by Geography	11,343	3.4	14.3	59.3	23.1	0.0
Farms by Geography	365	1.6	4.9	66.3	27.1	0.0
Family Distribution by Income Level	35,036	19.6	18.6	22.1	39.7	0.0
Household Distribution by Income Level	56,933	23.5	17.0	17.1	42.5	0.0
Median Family Income MSA - 27780 Johnstown, PA MSA		\$65,560	Median Housing Value			\$94,822
			Median Gross Rent			\$633
			Families Below Poverty Level			9.3%
<i>Source: 2020 U.S. Census and 2024 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>						

There are 66,072 housing units in the assessment area. Of these 64.4 percent are owner-occupied, 21.8 percent are occupied rental units, and 13.8 percent are vacant. As shown in the previous table, 5.7 percent of the total owner-occupied housing units are located within the moderate-income census tracts. This data reflects the opportunity to make home mortgage loans in the assessment area.

According to the 2024 D&B data, there were 11,343 businesses in the assessment area with the following revenue characteristics:

- 84.6 percent have GARs of \$1.0 million or less;
- 4.0 percent have GARs greater than \$1.0 million; and,
- 11.4 percent have unknown revenues.

Service industries represent the largest portion of businesses at 40.0 percent; followed by non-classifiable establishments (15.0 percent), retail trade (13.3 percent); and finance, insurance and real estate (9.0 percent). In addition, 65.2 percent of businesses have four or fewer employees and 88.4 percent operate from a single location.

Competition

The assessment area is competitive in the market for financial services. According to the FDIC Deposit Market Share data as of June 30, 2024, there were 13 financial institutions operating 61

branches within the Johnstown, PA MSA assessment area. Of these institutions, Somerset ranked 5th with a 7.0 percent deposit market share.

There is a moderately high level of competition for home mortgage loans among banks, credit unions, and non-depository mortgage lenders. In 2023, 160 lenders reported a total of 2,328 residential mortgage loans originated or purchased. Somerset ranked 9th among this group of lenders, with a market share of 3.5 percent.

There is a moderate level of competition for small business loans. In 2023, 57 lenders reported a total of 1,620 small business loans originated or purchased. Somerset ranked 9th among this group of lenders, with a market share of 2.7 percent.

CONCLUSIONS ON PERFORMANCE CRITERIA IN JOHNSTOWN, PA MSA ASSESSMENT AREA

LENDING TEST

Somerset demonstrated good performance under the Lending Test in the Johnstown, PA MSA assessment area. The bank's performance in the Lending Activity, Geographic Distribution, and Borrower Profile criteria support this conclusion.

Lending Activity

The bank's lending levels reflects good responsiveness to the Johnstown, PA MSA assessment area credit needs. During the review period, the bank made 246 home mortgage loans totaling approximately \$20.0 million and 154 small business loans totaling \$13.3 million. The bank did not originate any small farm loans within this assessment area during the review period.

Somerset originated 84 home mortgage loans totaling \$6.7 million in 2022, 81 loans totaling \$5.3 million in 2023, and 81 loans totaling \$8.0 million in 2024. In 2023, Somerset ranked 9th of out of 160 home mortgage reporting lenders with a 3.5 percent market share by number.

Somerset originated 52 small business loans totaling \$4.3 million in 2022, 44 loans totaling \$4.1 million in 2023, and 58 loans totaling \$4.9 million in 2024. In 2023, Somerset ranked 9th out of 57 small business reporting lenders with a 2.7 percent market share by number.

Geographic Distribution

The geographic distribution of home mortgage loans reflects excellent penetration throughout the assessment area. Somerset's excellent penetration of home mortgage and small business loans supports this conclusion.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects excellent penetration throughout the assessment area. As shown in the following table, the bank's performance in 2023 in the low-income census tracts exceeded both the demographic data and aggregate performance. In 2024, the banks performance in the low-income census tract was below the demographic data. In 2023, the

bank's performance in the moderate-income census tracts exceeded aggregate performance and demographic data. In 2024 the bank's performance in the moderate-income census tracts continued to exceed demographic data.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: Johnstown, PA MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2023	3.0	1.8	3	3.7	129	2.4
2024	3.0	--	1	1.2	103	1.3
Moderate						
2023	9.2	5.7	10	12.3	839	15.8
2024	9.2	--	13	16.0	744	9.3
Middle						
2023	64.0	66.5	43	53.1	3,111	58.4
2024	64.0	--	43	53.1	4,432	55.7
Upper						
2023	23.7	26.1	25	30.9	1,244	23.4
2024	23.7	--	24	29.6	2,683	33.7
Not Available						
2023	0.0	0.0	0	0.0	0	0.0
2024	0.0	--	0	0.0	0	0.0
Totals						
2023	100.0	100.0	81	100.0	5,322	100.0
2024	100.0	--	81	100.0	7,962	100.0
<i>Source: 2020 U.S. Census; Bank Data, 2023 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Small Business Loans

The geographic distribution of home mortgage loans reflects excellent penetration throughout the assessment area. As shown in the following table, the bank's performance in 2023 in the low-income census tracts exceeded demographic data and aggregate performance. In 2024, the bank did not originate any loans in the low-income census tracts. However, the opportunity to lend in the two low-income census tracts is limited, as only 3.0 percent of businesses are in the low-income census tracts. In 2023, the banks performance in moderate-income census tracts exceeded both the demographic data and aggregate performance. In 2024, the bank's lending performance decreased and was slightly below the demographic data.

Geographic Distribution of Small Business Loans						
Assessment Area: Johnstown, PA MSA						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2023	3.4	2.9	4	9.1	290	7.0
2024	3.4	--	0	0.0	0	0.0
Moderate						
2023	14.4	10.2	9	20.5	1,088	26.3
2024	14.3	--	6	10.3	326	6.6
Middle						
2023	59.0	61.5	21	47.7	1,865	45.1
2024	59.3	--	39	67.2	3,863	78.3
Upper						
2023	23.2	25.3	10	22.7	896	21.6
2024	23.1	--	13	22.4	743	15.1
Not Available						
2023	0.0	0.0	0	0.0	0	0.0
2024	0.0	--	0	0.0	0	0.0
Totals						
2023	100.0	100.0	44	100.0	4,139	100.0
2024	100.0	--	58	100.0	4,932	100.0
<i>Source: 2023 & 2024 D&B Data; Bank Data; 2023 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the institution, good penetration among retail customers of different income levels and business customers of different size. The bank's good performance in home mortgage and small business lending supports this conclusion. Examiners focused on the number of home mortgage loans to low- and moderate-income borrowers and the number of small business loans to businesses with GARs of \$1.0 million or less.

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers is good. In 2023, the bank's performance in lending to low-income borrowers exceeded aggregate performance and was below than the demographic data. In 2024, performance remained below the demographic data. In 2023, the bank's lending to moderate-income borrowers was below the aggregate performance and demographic data. In 2024, the bank's lending to moderate-income borrowers increased significantly from the previous year and exceeded demographic data.

Based on 2023 aggregate data, Somerset ranked 8th (3.9 percent market share) out of 62 lenders lending to low-income borrowers and ranked 11th (2.2 percent market share) out of 85 lenders lending to moderate-income borrowers. Overall, comparisons to aggregate lending data, assessment area demographics, and market share data reflect the bank’s good penetration of loans to low- and moderate-income borrowers.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Johnstown, PA MSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2023	19.6	12.2	11	13.6	534	10.0
2024	19.6	--	12	14.8	507	6.4
Moderate						
2023	18.6	23.2	12	14.8	924	17.4
2024	18.6	--	25	30.9	1,665	20.9
Middle						
2023	22.1	20.8	21	25.9	882	16.6
2024	22.1	--	11	13.6	1,517	19.1
Upper						
2023	39.7	28.1	26	32.1	2,009	37.8
2024	39.7	--	23	28.4	3,220	40.4
Not Available						
2023	0.0	15.8	11	13.6	973	18.3
2024	0.0	--	10	12.3	1,054	13.2
Totals						
2023	100.0	100.0	81	100.0	5,322	100.0
2024	100.0	--	81	100.0	7,962	100.0
<i>Source: 2020 U.S. Census; Bank Data, 2023 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Small Business Loans

The distribution of small business loans reflects good penetration to businesses with GARs of \$1.0 million or less. As shown in the following table, the bank’s penetration of loans to businesses with GARs of \$1.0 million was above aggregate performance and below demographic data in 2023. In 2024, the bank’s lending increased but remained below demographics.

Based on 2023 aggregate data, Somerset ranked 9th (3.1 percent market share) out of 929 lenders lending to small businesses with revenues of \$1.0 million or less. Overall, comparisons to aggregate lending data, assessment area demographics, and market share data reflect the bank’s good penetration of loans to businesses with GARs of \$1.0 million or less.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Assessment Area: Johnstown, PA MSA						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2023	83.8	59.9	29	65.9	1,915	46.3
2024	84.6	--	40	69.0	2,361	47.9
>\$1,000,000						
2023	4.3	--	15	34.1	2,224	53.7
2024	4.0	--	15	25.9	2,363	47.9
Revenue Not Available						
2023	11.9	--	0	0.0	0	0.0
2024	11.4	--	3	5.2	208	4.2
Totals						
2023	100.0	100.0	44	100.0	4,139	100.0
2024	100.0	--	58	100.0	4,932	100.0
<i>Source: 2023 & 2024 D&B Data; Bank Data; 2023 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Innovative or Flexible Lending Practices

Somerset uses innovative and flexible lending practices to address the credit needs of low- and moderate-income individuals and geographies throughout this assessment area.

Community Development Loans

The bank made an adequate level of community development loans. Somerset originated one community development loan totaling \$116,000 within the Johnstown, PA MSA assessment area. The loan was to purchase a multifamily apartment building in Cambria County, PA. The building includes six units that are below the fair market rent for the County. The loan promotes affordable housing to low- and moderate-income individuals in the assessment area.

INVESTMENT TEST

Somerset demonstrated adequate performance under the Investment Test in the Johnston, PA MSA assessment area. The bank's performance under the Investment and Grant Activity and Responsiveness to Credit and Community Development Needs criteria primarily support this conclusion.

Investment and Grant Activity

Somerset made an adequate level of qualified investments and donation in the Johnstown, PA MSA assessment area. During the evaluation period the bank made 75 qualified investments totaling \$71,000 that benefited the assessment area. This represents a decrease from the previous evaluation period during which investments and grants totaled \$2.9 million.

Qualified Investments										
Assessment Area: Johnstown, PA MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	0	0	0	0	0	0
7/18/22 - 12/31/22	0	0	0	0	0	0	0	0	0	0
2023	0	0	0	0	0	0	0	0	0	0
2024	1	1	0	0	0	0	0	0	1	1
YTD 2025	1	1	0	0	0	0	0	0	1	1
Subtotal	2	2	0	0	0	0	0	0	2	2
Qualified Grants & Donations	0	0	21	15	0	0	52	54	73	69
Total	2	2	21	15	0	0	52	54	75	71
<i>Source: Bank Data</i>										

The following is a sample of qualified investments that benefit the assessment area.

- During the review period, the bank donated \$15,000 to various non-profit organizations that provide community services targeted to low- and moderate-income individuals such as shelter, food, and counseling services. These donations support community services in the assessment area.
- During the review period, the bank donated \$54,000 to various organizations that revitalize and stabilize portions of the assessment area. Several donations were made to emergency service departments within the assessment area. These donations were all made to revitalize or stabilize low- and moderate-income, or distressed/underserved middle-income areas within the assessment area.

Responsiveness to Credit and Community Development Needs

The bank exhibits adequate responsiveness to credit and community economic development needs in the assessment area.

Community Development Initiatives

The bank does not use innovative and/or complex investments to support community development initiatives. Somerset’s investments primarily include equity investments in MBSs and standard donations, which are not considered innovative or complex.

SERVICE TEST

Somerset demonstrates good performance for the Service Test in the Johnstown, PA MSA assessment area. The bank’s performance under the Accessibility of Delivery Systems and Reasonableness of Business Hours and Service criteria primarily supports this conclusion.

Accessibility of Delivery Systems

The bank’s delivery systems are reasonably accessible to essentially all portions of this assessment area. The bank operates seven branches and 10 ATMs in this assessment area. One branch and ATM is in a moderate-income tract. Alternative banking services such as telephone banking, online banking, and mobile banking and applications are available to increase accessibility of retail banking services.

Changes in Branch Locations

To the extent changes have been made, the institution’s opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low-and moderate-income geographies and/or to low- and moderate-income individuals. During the evaluation period, no branches were opened or closed within this assessment area.

Reasonableness of Business Hours and Services

Services and business hours do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and/or individuals. Branch hours are 8:00 a.m. to 4:30 Monday through Thursday and 8:00 a.m. through 6:00 p.m. on Friday and 8:30 a.m. to noon on Saturdays.

Community Development Services

Somerset provides an adequate level of community development services in the Johnstown, PA MSA assessment area. During the review period, bank representatives provided 35 instances of financial expertise or technical assistance to community development-related organizations in the assessment area, which is a slight decrease compared to the 43 instances provided during the prior evaluation period. The following table illustrates the bank’s community development services by activity year and community development purpose.

Community Development Services					
Assessment Area: Johnstown, PA MSA					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
7/18/2022-12/31/2022	0	3	4	1	8
2023	0	4	4	1	9
2024	0	4	4	1	9
YTD 2025	0	4	4	1	9
Total	0	15	16	4	35
<i>Source: Bank Data</i>					

The following are examples of community development services that benefit the assessment area.

- A bank Board member served on the Board of Directors of an economic development organization in 2023, 2024, and 2025. The organization promotes economic development by providing financing for small businesses through programs such as loans to business in Keystone Innovation Zones, microloan programs, and Pennsylvania Industrial Development Authority loans. The service promotes economic development in Cambria County.

- A bank employee was a member of the Board of Directors for an economic development organization in Cambria County. The organization’s focus is on the economic development of small businesses in the Johnstown, PA. The organization promotes economic development through offering grants to small businesses that start new businesses or move existing businesses to the downtown area. The service helps promote economic development in moderate-income census tracts.

MARYLAND

CRA RATING FOR MARYLAND: SATISFACTORY

The Lending Test is rated: Low Satisfactory

The Investment Test is rated: Low Satisfactory

The Service Test is rated: Low Satisfactory

DESCRIPTION OF INSTITUTION’S OPERATIONS IN MARYLAND.

Somerset designates one assessment areas within the MD rated area. The MD assessment area includes all of Allegany and Garrett Counties, which are in the Non-MSA area of MD. The bank operates three branches in the MD assessment area, two of which are in Allegany County and one of which is in Garrett County. The bank’s operations in the MD assessment area represent 2.8 percent of total lending (by number), 3.2 percent of total deposits, and 6.4 percent of total branches.

Economic and Demographic Data

There are 31 census tracts within the MD rated area. The tracts reflect the following income designations:

- 1 low-income census tract;
- 11 moderate-income census tracts;
- 15 middle-income census tracts; and
- 4 upper-income census tracts.

The following table shows the demographic information for the assessment area.

Demographic Information of the Assessment Area						
Assessment Area: MD rated area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	31	3.2	35.5	48.4	12.9	0.0
Population by Geography	96,912	2.0	35.4	52.3	10.3	0.0
Housing Units by Geography	52,251	2.0	30.8	57.7	9.5	0.0
Owner-Occupied Units by Geography	29,007	1.2	30.8	56.7	11.3	0.0
Occupied Rental Units by Geography	11,107	3.7	40.6	47.6	8.1	0.0
Vacant Units by Geography	12,137	2.2	21.9	69.4	6.5	0.0
Businesses by Geography	13,057	1.5	19.8	69.0	9.7	0.0
Farms by Geography	382	1.6	22.8	68.3	7.3	0.0
Family Distribution by Income Level	24,989	23.6	21.2	22.5	32.7	0.0
Household Distribution by Income Level	40,114	25.2	16.0	19.3	39.5	0.0
Median Family Income Non-MSAs - MD		\$73,510	Median Housing Value			\$167,423
			Median Gross Rent			\$701
			Families Below Poverty Level			8.7%
<i>Source: 2020 U.S. Census and 2024 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>						

There are 52,251 housing units in the assessment area. Of these, 55.5 percent are owner-occupied, 21.3 percent are occupied rental units, and 23.2 percent are vacant. As shown in the previous table, 1.2 percent of owner-occupied housing units are in the low-income census tract. This data reflects the low-level of opportunities lenders have for home mortgage lending within this tract.

According to the 2024 D&B data, there were 13,057 businesses in the assessment area with the following revenue characteristics:

- 90.2 percent have GARs of \$1.0 million or less;
- 2.6 percent have GARs greater than \$1.0 million; and,
- 7.3 percent have unknown revenues.

Service industries represent the largest portion of businesses at 33.3 percent; followed by non-classifiable establishments (29.5 percent), finance, insurance, and real estate (10.3 percent), and retail trade (10.2 percent). In addition, 57.0 percent of businesses have four or fewer employees and 93.1 percent operate from a single location.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Cumberland, MD-WV MSA Median Family Income (19060)				
2023 (\$89,900)	<\$44,950	\$44,950 to <\$71,920	\$71,920 to <\$107,880	≥\$107,880
MD NA Median Family Income (99999)				
2023 (\$87,800)	<\$43,900	\$43,900 to <\$70,240	\$70,240 to <\$105,360	≥\$105,360
2024 (\$87,900)	<\$43,950	\$43,950 to <\$70,320	\$70,320 to <\$105,480	≥\$105,480
<i>Source: FFIEC</i>				

Unemployment Rates			
Area	2022	2023	2024
	%	%	%
Allegany	2.7	3.2	3.4
Garrett	2.4	2.8	3.2
MD Statewide	2.4	2.7	3.1
National Average	3.5	3.8	4.1
<i>Source: Bureau of Labor Statistics (Year End).</i>			

Competition

The assessment area is moderately competitive in the market for financial services. According to the FDIC Deposit Market Share data as of June 30, 2024, seven financial institutions operated 25 branches within Allegany and Garrett Counties. Of these institutions, Somerset ranked 6th with a 3.7 percent deposit market share.

There is a moderate level of competition for home mortgage loans among banks, credit unions, and non-depository mortgage lenders. In 2023, 212 lenders reported 1,942 residential mortgage loans originated or purchased. Somerset ranked 38th out of this group of lenders, with a market share of 0.5 percent.

There is also a moderate level of competition for small business loans. In 2023, 61 lenders reported 2,105 small business loans originate or purchased. Somerset ranked 15th out of this group of lenders, with a market share of 1.3 percent.

Community Contact

As part of the evaluation process, examiners contact third-parties active in the assessment area to assist in identifying credit and community development needs. This information helps to determine whether local financial institutions are responsive to these needs. It also shows what types of credit and community development opportunities are available.

Examiners contacted a non-profit organization located in Alleghany County, MD. The organization is a planning and economic development agency for small businesses. The organization is funded by federal grants, state grants, and federal funds from the application regional commission and economic development institution. In the past the organization was directly partnered with community banks in the areas they serve but currently serve as a direct lender. The contact had high regards for the local community banks in the area and mentioned they have worked well with

them to finance some projects. However, the contact noted that the banks in the area do not have a community bank feeling anymore, and banks do not have small business associates to help them locally, only branch managers. The contact noted that Alleghany County is experiencing a lack of updated housing, and the area is being flooded with new employees looking for housing.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that home mortgage loans represent the primary credit needs for the MD rated area. Affordable housing is a critical community development need throughout this assessment area, with the demand for affordable housing outweighing the current supply.

SCOPE OF EVALUATION – MARYLAND

The scope is similar to the overall scope discussed previously, except that this portion of the evaluation only considers assessment area activity within MD. Please refer to the overall discussion for more information on the products reviewed, review timeframe, and weighting of products. Due to the low level of home mortgage lending in this rated area, examiners did not consider the geographic distribution of home mortgage loans, as the low volume did not provide for a meaningful analysis or conclusions. This rated area accounts for a smaller portion of lending and other activities compared to PA.

CONCLUSIONS ON PERFORMANCE CRITERIA IN MARYLAND

LENDING TEST

The Lending Test is rated “Low Satisfactory” in the MD rated area. The bank’s adequate performance under the Lending Activity, Borrower Profile, Geographic Distribution, and Community Development Loans criteria supports this conclusion.

Lending Activity

The bank’s lending levels reflect adequate responsiveness to the MD rated area credit needs. During the review period, the bank made 34 home mortgage loans totaling \$4.9 million, 86 small business loans totaling \$8.0 million, and 8 small farm loans totaling \$340,000.

Somerset originated 19 home mortgage loans totaling \$2.1 million in 2022, 9 loans totaling \$1.2 million in 2023, and 6 loans totaling \$1.6 million in 2024. In 2023, Somerset ranked 38th of out of 212 home mortgage reporting lenders with a 0.5 percent market share by number.

Somerset originated 28 small business loans totaling \$1.8 million in 2022, 25 loans totaling \$1.8 million in 2023, and 33 loans totaling \$4.5 million in 2024. In 2023, Somerset ranked 15th out of 61 small business reporting lenders with a 1.3 percent market share by number.

Geographic Distribution

The geographic distribution of loans reflects adequate penetration throughout the assessment area.

Small Business Loans

The geographic distribution of small business loans reflects adequate penetration throughout the assessment area. In 2023, the bank did not originate any loans within the moderate-income census tracts. In 2024, performance improved, as the bank originated loans in moderate-income census tracts. Performance was slightly below demographics.

The bank did not originate any loans within the low-income census tract; however, there was very limited opportunity to make small business loans in the tract. As shown in the following table, 0.0 percent of businesses were in the low-income census tract in 2023, and only 1.5 percent of businesses were in the tract in 2024. Aggregate performance was also 0.0 percent in 2023.

Geographic Distribution of Small Business Loans						
Rated Area: MD						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2023	0.0	0.0	0	0.0	0	0.0
2024	1.5	--	0	0.0	0	0.0
Moderate						
2023	12.8	13.8	0	0.0	0	0.0
2024	19.8	--	5	15.2	731	16.4
Middle						
2023	77.2	76.4	23	92.0	1,798	98.9
2024	69.0	--	23	69.7	2,918	65.6
Upper						
2023	10.0	9.8	2	8.0	20	1.1
2024	9.7	--	5	15.2	801	18.0
Not Available						
2023	0.0	0.0	0	0.0	0	0.0
2024	0.0	--	0	0.0	0	0.0
Totals						
2023	100.0	100.0	25	100.0	1,818	100.0
2024	100.0	--	33	100.0	4,450	100.0

*Source: 2023 & 2024 D&B Data; Bank Data; 2023 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

Borrower Profile

The distribution of borrowers reflects good penetration among businesses of different sizes in the assessment area.

Small Business Loans

The distribution of small business loans reflects good penetration to businesses with GARs of \$1.0 million or less. As shown in the following table, the bank’s performance of lending to businesses with GARs \$1.0 million or less exceeded aggregate performance in 2023 but was slightly below demographics. In 2024, Somerset’s performance was similar and remained below demographics.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Rated Area: MD						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2023	90.1	62.0	21	84.0	1,406	77.3
2024	90.2	--	27	81.8	3,558	80.0
>\$1,000,000						
2023	2.6	--	4	16.0	412	22.7
2024	2.6	--	5	15.2	882	19.8
Revenue Not Available						
2023	7.3	--	0	0.0	0	0.0
2024	7.3	--	1	3.0	10	0.2
Totals						
2023	100.0	100.0	25	100.0	1,818	100.0
2024	100.0	--	33	100.0	4,450	100.0
<i>Source: 2023 & 2024 D&B Data; Bank Data; 2023 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Innovative or Flexible Lending Practices

Somerset uses innovative and flexible lending practices to address the credit needs of low- and moderate-income individuals and geographies throughout this assessment area. Except for some programs only available in PA, all the other innovative and flexible lending products discussed in the overall section are offered in the MD rated area.

Community Development Loans

Somerset has made an adequate level of community development loans. During the review period, Somerset originated one community development loan totaling \$225,000 within the MD rated area, which is similar to the previous evaluation period, during which the bank originated one loan totaling \$256,000. The loan was to purchase a multifamily apartment building in Allegany County, MD. The building includes five units that are below the fair market rent for the County. The loan promotes affordable housing to low- and moderate-income individuals in the assessment area.

INVESTMENT TEST

The Investment Test is rated “Low Satisfactory” in the MD rated area. The bank’s performance under the Investment and Grant Activity and Responsiveness to Credit and Community Development Needs criteria primarily supports this conclusion. Examiners considered the extent of bank operations within the rated area to reach this conclusion.

Investment and Grant Activity

Somerset has an adequate level of qualified community development investments and donations in the MD rated area. During the evaluation period, the bank made five qualified investments totaling approximately \$1.0 million that specifically benefitted the assessment area. The bank also has three prior period investments with a current book value of \$60,000 and 28 donations totaling \$26,000. This total represents an increase from the previous evaluation period. The following table illustrates the bank’s qualified investment activity by investment type and purpose.

Qualified Investments Rated Area: MD										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	3	60	0	0	0	0	0	0	3	60
7/18/2022-12/31/2022	0	0	0	0	0	0	0	0	0	0
2023	0	0	0	0	0	0	0	0	0	0
2024	0	0	0	0	0	0	0	0	0	0
YTD 2025	0	0	0	0	0	0	0	0	0	0
Statewide	5	1,066	0	0	0	0	0	0	5	1,066
Subtotal	8	1,126	0	0	0	0	0	0	8	1,126
Qualified Grants & Donations	2	2	5	1	0	0	21	23	28	26
Total	10	1,128	5	1	0	0	21	23	36	1,152

Source: Bank Data

The following are examples of qualified investments that benefit the assessment area.

- During the review period, Somerset purchased five GNMA MBSs with \$1.1 million that benefitted low- and moderate-income families statewide in MD that includes the MD rated area.
- During the review period, the bank donated a total of \$23,000 to various organizations that revitalize and stabilize portions of the assessment area. Several donations were made to emergency service departments within the assessment area. These donations were all made to revitalize or stabilize low- and moderate-income areas within the assessment area.

Responsiveness to Credit and Community Development Needs

The bank exhibits adequate responsiveness to credit and community economic development needs in MD. The bank's qualified investments supported community service, economic development, and revitalization and stabilization needs in the assessment area.

Community Development Initiatives

The bank does not use innovative and/or complex investments to support community development initiatives. Somerset's investments primarily include equity investments in MBSs and standard donations, which are not considered innovative or complex.

SERVICE TEST

The Service Test is rated "Low Satisfactory" in the MD rated area. The bank's performance under the Accessibility of Delivery Systems and Community Development Services criteria primarily supports this conclusion.

Accessibility of Delivery Systems

The bank's delivery systems are reasonably accessible to essentially all portions of this assessment area. The bank operates three branches in this assessment area, with one located in a moderate-income tract and two located in middle income tracts. The branch offers Walk-Up ATMs at all locations where two of the locations also include ITMs. One of the ITMs is in a moderate-income tract. The ATMs/ITMs allow customers to access bank services beyond the hours offered by branch staff. Alternative banking services include internet banking, mobile banking, and telephone banking.

Changes in Branch Locations

To the extent changes have been made, the institution's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals. During the evaluation period, no branches were opened or closed within this assessment area.

Reasonableness of Business Hours and Services

Services and business hours do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and/or individuals. Branch hours are 8:00 a.m. to 4:30 Monday through Thursday and 8:00 a.m. through 6:00 p.m. on Friday and 8:30 a.m. to noon on Saturdays.

Community Development Services

The bank provided an adequate level of community development services through employee participation with community development organizations. During the review period, bank employees provided four instances of financial expertise or technical assistance to community development-related organizations within the assessment area that promoted economic development. For example, each year an employee serves on the Board of an economic development organization that promotes small business creation in the defense, cyber security, and lifestyle manufacturing industries. The number of community development services was the same during the prior evaluation period.

VIRGINIA

CRA RATING FOR VIRGINIA: NEEDS TO IMPROVE

The Lending Test is rated: Needs to Improve

The Investment Test is rated: Low Satisfactory

The Service Test is rated: Needs to Improve

DESCRIPTION OF INSTITUTION'S OPERATIONS IN VIRGINIA

Somerset designated one assessment area in VA. The bank operates one full-service branch and one ATM in the VA rated area. The bank's operations in the VA rated area represent 0.2 percent of its total in-assessment area lending (by number), 0.8 percent of total deposits, and 2.1 percent of total branches.

Economic and Demographic Data

The VA rated area includes 274 census tracts. The demographics of these census tracts include:

- 12 low-income census tracts;
- 48 moderate-income census tracts;
- 101 middle-income census tracts;
- 109 upper-income census tracts; and
- 4 census tracts with no income designation.

The following table illustrates select demographic characteristics for the assessment area.

Demographic Information of the Assessment Area						
Rated Area: VA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	274	4.4	17.5	36.9	39.8	1.5
Population by Geography	1,150,309	5.3	18.6	38.1	38.0	0.1
Housing Units by Geography	415,149	5.0	19.6	39.1	36.3	0.0
Owner-Occupied Units by Geography	273,428	2.8	13.8	38.0	45.4	0.0
Occupied Rental Units by Geography	125,225	9.7	31.5	41.7	17.1	0.0
Vacant Units by Geography	16,496	5.6	25.1	36.7	32.5	0.1
Businesses by Geography	202,112	3.5	16.1	37.1	43.2	0.0
Farms by Geography	2,418	3.1	17.0	35.4	44.5	0.0
Family Distribution by Income Level	281,773	18.8	15.5	20.2	45.5	0.0
Household Distribution by Income Level	398,653	17.7	13.8	18.2	50.3	0.0
Median Family Income MSA - 11694 Arlington-Alexandria-Reston, VA- WV		\$135,790	Median Housing Value			\$563,008
			Median Gross Rent			\$1,951
			Families Below Poverty Level			4.1%
<i>Source: 2020 U.S. Census and 2024 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>						

There are 415,149 housing units in the assessment area. Of these, 65.9 percent are owner-occupied, 30.2 percent are occupied rental units, and 4.0 percent are vacant. As shown in the previous table, 2.8 percent of the total owner-occupied housing units are located within the low-income census tracts. This data reflects the low-level of opportunities to originate home mortgage loans.

According to the 2024 D&B data, there were 202,112 businesses in the assessment area with the following revenue characteristics:

- 91.9 percent have GARs of \$1.0 million or less;
- 3.0 percent have GARs greater than \$1.0 million; and,
- 5.1 percent have unknown revenues.

Service industries represent the largest portion of businesses at 43.1 percent; followed by non-classifiable establishments (18.0 percent), construction (13.4 percent); and finance, insurance and real estate (10.1 percent). In addition, 70.1 percent of businesses have four or fewer employees and 94.3 percent operate from a single location.

Median Family Income Ranges				
Median Family Incomes	Low	Moderate	Middle	Upper
Arlington-Alexandria-Reston, VA-WV Median Family Income (11694)				
2024 (\$164,200)	<\$82,100	\$82,100 to <\$131,360	\$131,360 to <\$197,040	≥\$197,040
Washington-Arlington-Alexandria, DC-VA-MD-WV Median Family Income (47894)				
2023 (\$150,100)	<\$75,050	\$75,050 to <\$120,080	\$120,080 to <\$180,120	≥\$180,120
<i>Source: FFIEC</i>				

Unemployment Rates			
Area	2022	2023	2024
	%	%	%
Fairfax	2.0	2.0	2.2
VA Statewide	2.9	2.9	2.9
National Average	3.5	3.8	4.1
<i>Source: Bureau of Labor Statistics (Year End).</i>			

Competition

The assessment area is highly competitive in the market for financial services. According to the FDIC Deposit Market Share data as of June 30, 2024, 41 financial institutions operated 249 branches within Fairfax County. Of these institutions, Somerset ranked 39th with a 0.01 percent deposit market share.

There is a high level of competition for home mortgage loans among banks, credit unions, and non-depository mortgage lenders. In 2023, 466 lenders reported 19,633 residential mortgage loans originated or purchased. Somerset ranked 296th out of this group of lenders, with a market share of less than one percent.

There is also a high level of competition for small business and small farm loans. In 2023, 134 lenders reported 37,224 small business loans originated or purchased. Somerset ranked 124th out of this group of lenders, with a market share of less than one percent.

Community Contact

As part of the evaluation process, examiners contact third-parties active in the assessment area to assist in identifying credit and community development needs. This information helps to determine whether local financial institutions are responsive to these needs. It also shows what types of credit and community development opportunities are available.

Examiners contacted a non-profit organization located in VA. The organization provides training, technical, and financial assistance to rural communities and low-to-moderate income individuals for water, wastewater, housing, community development, and economic development projects. The contact noted the main limitations they are currently dealing with are lack of funding combined with a waitlist of members of the community who need assistance. The contact is federally and state funded, with their primary sources of funding coming from the Department Of Housing and Community Development. The contact noted their housing department can complete around two to three projects per fiscal year, with many others on the waitlist. The organization does not directly work with banks to receive funding, but the majority of their community serviced are people who

could not source a loan themselves at a local bank and go to the contact for assistance fixing their housing problems.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic data, the primary credit and community development needs of the assessment area are affordable housing. The need for affordable housing is supported by the area's high median housing value of \$563,008.

SCOPE OF EVALUATION – VIRGINIA

This portion of the evaluation considers activity within the VA rated area. Please refer to the overall Scope of Evaluation section for information on products and timeframe reviewed. Somerset entered the VA market in 2017 by opening an LPO. The bank converted the LPO into a full-service branch in July 2022. This state accounts for the smallest portion of lending and other activities compared to PA and MD; therefore, performance in VA carries lesser weight in arriving at overall ratings and conclusions.

CONCLUSIONS ON PERFORMANCE CRITERIA IN VIRGINIA

LENDING TEST

The Lending Test is rated “Needs to Improve” in the VA rated area. The bank's performance under the Lending Activity and Community Development Loans criteria primarily supports this conclusion.

Lending Activity

The bank's lending levels reflects poor responsiveness to the credit needs of the VA rated area. During the review period, the bank made four home mortgage loans totaling \$670,000 and seven small business loans totaling \$1.1 million. The bank did not originate any small farm loans in the VA rated area during the review period. Due to the low level of home mortgage and small business lending, examiners did not consider the geographic and borrower distribution of home mortgage and small business loans, as the low volume did not provide for a meaningful analysis or conclusions.

Innovative or Flexible Lending Practices

Somerset uses innovative and flexible lending practices to address the credit needs of low- and moderate-income individuals and geographies throughout this assessment area. Except for some programs only available in PA, all the other innovative and flexible lending products discussed in the overall combined assessment area are offered in the VA rated area.

Community Development Loans

The bank did not make any community development loans in the VA rated area.

INVESTMENT TEST

The Investment Test is rated “Low Satisfactory” in the VA rated area. The bank’s performance under the Investment and Grant Activity and Responsiveness to Credit and Community Development Needs criteria primarily supports this conclusion.

Investment and Grant Activity

Somerset has an adequate level of qualified community development investments and donations in the VA rated area. During the evaluation period, the bank made thirteen qualified investments totaling approximately \$4.1 million that specifically benefitted the assessment area and the statewide area. This includes three prior period investments with a current book value of \$70,079. The following table illustrates the bank’s qualified investment activity by investment type and purpose.

Qualified Investments Rated Area: VA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	3	71	0	0	0	0	0	0	3	71
7/18/2022-12/31/2022	0	0	0	0	0	0	0	0	0	0
2023	1	540	0	0	0	0	0	0	1	540
2024	3	1,947	0	0	0	0	0	0	3	1,947
YTD 2025	3	438	0	0	0	0	0	0	3	438
Statewide	3	1,184	0	0	0	0	0	0	3	1,184
Subtotal	13	4,180	0	0	0	0	0	0	13	4,180
Qualified Grants & Donations	0	0	0	0	0	0	0	0	0	0
Total	13	4,180	0	0	0	0	0	0	13	4,180

Source: Bank Data

During the review period, Somerset purchased 13 GNMA MBS totaling \$4.2 million that benefited low- and moderate-income families. Of the \$4.2 million amount, three MBS totaling approximately \$1.2 million benefited the entire State of VA while approximately \$3.0 million benefited the Arlington-Alexandria-Reston, VA WV MSA which includes Fairfax County.

Responsiveness to Credit and Community Development Needs

The bank exhibits adequate responsiveness to credit and community economic development needs in VA. The bank’s qualified investments supported affordable housing.

Community Development Initiatives

The bank does not use innovative and/or complex investments to support community development initiatives. Somerset’s investments primarily include equity investments in MBSs, which are not considered innovative or complex.

SERVICE TEST

The Service Test is rated “Needs to Improve” in the VA rated area. The bank’s performance under the Community Development Services criterion primarily supports this conclusion.

Accessibility of Delivery Systems

The bank’s delivery systems are reasonably accessible to essentially all portions of this assessment area. The bank operates one branch in this assessment area located in an upper-income census tract and within five miles of five moderate-income census tracts. The branch offers an ITM, which allows customers to access bank services beyond branch hours offered by branch staff. Alternative banking services including internet banking, mobile banking, and telephone banking enhance customers’ ability to access banking services.

Changes in Branch Locations

To the extent changes have been made, the institution’s opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals. Somerset opened the bank’s first branch in VA in July 2022 by converting an LPO into a full-service branch. As noted, the branch is in an upper-income census tract.

Reasonableness of Business Hours and Services

Services and business hours do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and/or individuals. Branch hours are 8:00 a.m. to 4:30 Monday through Thursday and 8:00 a.m. through 6:00 p.m. on Friday and 8:30 a.m. to noon on Saturdays.

Community Development Services

The bank did not provide any community development services that benefit the assessment area.

APPENDICES

LARGE 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) through its lending activities by considering a bank's home mortgage, small business, small farm, and community development lending. If consumer lending constitutes a substantial majority of a bank's business, the FDIC will evaluate the bank's consumer lending in one or more of the following categories: motor vehicle, credit card, other secured, and other unsecured. The bank's lending performance is evaluated pursuant to the following criteria:

- 1) The number and amount of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, in the bank's assessment area;
- 2) The geographic distribution of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on the loan location, including:
 - i. The proportion of the bank's lending in the bank's assessment area(s);
 - ii. The dispersion of lending in the bank's assessment areas(s); and
 - iii. The number and amount of loans in low-, moderate-, middle- and upper-income geographies in the bank's assessment area(s);
- 3) The distribution, particularly in the bank's assessment area(s), of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on borrower characteristics, including the number and amount of:
 - i. Home mortgage loans low-, moderate-, middle- and upper-income individuals
 - ii. Small business and small farm loans to businesses and farms with gross annual revenues of \$1 million or less;
 - iii. Small business and small farm loans by loan amount at origination; and
 - iv. Consumer loans, if applicable, to low-, moderate-, middle- and upper-income individuals;
- 4) The bank's community development lending, including the number and amount of community development loans, and their complexity and innovativeness; and
- 5) The bank's use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- and moderate-income individuals or geographies.

Investment Test

The Investment Test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) through qualified investments that benefit its assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s). Activities considered under the Lending or Service Test may not be considered under the investment test. The bank's investment performance is evaluated pursuant to the following criteria:

- 1) The dollar amount of qualified investments;
- 2) The innovativeness or complexity of qualified investments;
- 3) The responsiveness of qualified investments to available opportunities; and
- 4) The degree to which qualified investments are not routinely provided by private investors.

Service Test

The Service Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by analyzing both the availability and effectiveness of the bank's systems for delivering retail banking services and the extent and innovativeness of its community development services.

The bank's retail banking services are evaluated pursuant to the following criteria:

- 1) The current distribution of the bank's branches among low-, moderate-, middle-, and upper-income geographies;
- 2) In the context of its current distribution of the bank's branches, the bank's record of opening and closing branches, particularly branches located in low- or moderate-income geographies or primarily serving low- or moderate-income individuals;
- 3) The availability and effectiveness of alternative systems for delivering retail banking services (*e.g.*, RSFs, RSFs not owned or operated by or exclusively for the bank, banking by telephone or computer, loan production offices, and bank-at-work or bank-by-mail programs) in low- and moderate-income geographies and to low- and moderate-income individuals; and
- 4) The range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

The bank's community development services are evaluated pursuant to the following criteria:

- 1) The extent to which the bank provides community development services; and
- 2) The innovativeness and responsiveness of community development services.

SCOPE OF EVALUATION

Somerset Trust Company	
Scope of Examination: Examiners performed full scope reviews on the following assessment areas within the noted rated areas: Pennsylvania Rated Area <ul style="list-style-type: none">• PA Non-MSA• Pittsburgh, PA MSA• Johnstown, PA MSA Maryland Rated Area <ul style="list-style-type: none">• MD Non-MSA Virginia Rated Area <ul style="list-style-type: none">• Arlington-Alexandria-Reston, VA-WV	
Time Period Reviewed:	7/18/2022 – 4/14/2025
Products Reviewed: Home Mortgage Loans: 1/1/2022 to 12/31/2024 Small Business Loans: 1/1/2022 to 12/31/2024	

SUMMARY OF RATINGS FOR RATED AREAS

Rated Area	Lending Test	Investment Test	Service Test	Rating
PENNSYLVANIA	High Satisfactory	Low Satisfactory	High Satisfactory	Satisfactory
MARYLAND	Low Satisfactory	Low Satisfactory	Low Satisfactory	Satisfactory
VIRGINIA	Needs to Improve	Low Satisfactory	Needs to Improve	Needs to Improve

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. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank 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 bank:
 - (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank'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 bank's assessment area(s) or a broader statewide or regional area including the bank'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 bank'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 (for example, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

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

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 (for example, 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.

Micropolitan Statistical Area: CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

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.