

PUBLIC DISCLOSURE

April 1, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Charles Schwab Bank
RSSD # 3150447

3000 Schwab Way
Westlake, Texas 76262

Federal Reserve Bank of Dallas
2200 North Pearl Street
Dallas, Texas 75201

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

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INSTITUTION RATING

INSTITUTION RATING

Charles Schwab Bank's Community Reinvestment Act (CRA) Rating: Outstanding.

A CRA rating of Outstanding is assigned to Charles Schwab Bank (CSB or bank). The bank's performance reflects an outstanding record of helping to meet the credit needs of its assessment areas, including low- and moderate-income (LMI) areas, as outlined in the bank's 2016 and 2019 Strategic Plans (the Plans). In support of this rating, the bank met or exceeded the established goals for:

- Overall outstanding performance under the lending and investments tests.
- Annual interim goals for the lending and investments test for each assessment area with requisite levels of innovative or complex activities.
- Overall outstanding performance under the community development services test.
- Annual interim goals for the community development services test for each assessment area with requisite levels of innovativeness or complexity of service initiatives.

INSTITUTION

Description of the Institution

Charles Schwab Bank is a Texas state savings bank headquartered in Westlake, Texas. The bank is a wholly owned subsidiary of the Charles Schwab Corporation (CSC), a savings and loan holding company also based in Westlake Texas. As of December 31, 2020, CSC held \$549.0 billion in combined assets, with the bank comprising approximately \$342.0 billion in assets.

The bank was headquartered in Reno, Nevada until 2017, when its principal office moved to Henderson, Nevada. The bank again moved its principal office in 2020, this time to Westlake, Texas. The bank was previously chartered under the Office of the Comptroller of the Currency (OCC), but converted to a state member bank on March 20, 2020. CSB maintains no branch offices or deposit-taking automated teller machines (ATMs).

Charles Schwab & Co (CS&Co), a wholly owned subsidiary of CSC is a broker-dealer registered with the U.S. Securities and Exchange Commission (SEC) and primarily engaged in securities brokerage and wealth management. The bank offers a limited range of products that are primarily marketed to individual clients of CS&Co and serves its nationwide customer base via alternative delivery systems, including extensive use of internet and mobile channels. Mortgage originations are the primary focus of the bank's select credit product offerings.

At the bank's previous evaluation, conducted on July 31, 2017 by the OCC, the bank was rated Outstanding under the CRA.

As presented in the following table, the bank held \$24.0 billion in loans as of December 31, 2020. CSB's loan portfolio is primarily comprised of residential real estate lending.

Loan Portfolio Mix				
	\$ Volume (000s) 12/31/20	% of Portfolio 12/31/20	\$ Volume (000s) 12/31/19	% of Portfolio 12/31/19
Assets	\$342,023,000		\$216,654,000	
Real Estate				
1-4 Family Revolving	\$472,000	2.0	\$620,000	3.4
1-4 Family Secured by First Lien	\$14,988,000	62.5	\$11,811,000	64.4
1-4 Family Secured by Junior Lien	\$285,000	1.2	\$390,000	2.1
Total Real Estate Loans	\$15,745,000	65.7	\$12,821,000	69.9
Commercial & Industrial	\$1,546,000	6.4	\$1,155,000	6.3
Consumer	\$5,211,000	21.7	\$3,416,000	18.6
All Other Loans including to non-depository institutions	\$1,496,000	6.2	\$957,000	5.2
Total Loans	\$23,998,000	100.0	\$18,349,000	100.0

Scope of Examination

The bank's CRA performance was evaluated under the Interagency Strategic Plan CRA Examination Procedures. The evaluation assessed the bank's performance in meeting the credit needs of its communities through the achievement of measurable goals established in its approved CRA Strategic Plans, which included the bank's responsiveness to, and effectiveness in meeting, the community development needs of its assessment areas. This evaluation assessed the bank's performance between January 1, 2017 and December 31, 2020 and included measurable goals from two Plans: the bank's January 1, 2016 to December 31, 2018 Strategic Plan (the 2016 Plan), and the bank's January 1, 2019 to December 31, 2021 Strategic Plan (the 2019 Plan).

The bank's Plans were developed taking into consideration information about the institution including its business model, assessment area demographics and economic indicators, and information obtained from community representatives. Performance rating criteria and thresholds were established in the approved Plans, and ratings are assigned for actual performance in relation to these established goals.

During the review period, the bank delineated three assessment areas, listed below, as well as a defined Broader Statewide or Regional Area (BSRA), each of which were assigned specific and measurable goals in one or both of the bank's Plans. Descriptions of the assessment areas are found in the applicable assessment area sections of this report.

- Las Vegas – Henderson – Paradise Area Assessment Area (LVHP)
- Reno – Sparks Assessment Area (Reno)
- San Francisco Bay Area Assessment Area (Bay Area)

Fair Lending or Other Illegal Credit Practices Review

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act) established the Consumer Financial Protection Bureau (CFPB). In general, the Dodd-Frank Act gives the CFPB, among other things, primary supervisory authority over insured depository institutions with total assets of more than \$10 billion when assessing compliance with the requirements of Federal consumer financial laws. The Federal Reserve System retains authority to enforce compliance with the CRA and certain other consumer compliance laws and regulations. During the review period of this evaluation, the Federal Reserve Bank of Dallas did not cite violations involving illegal discrimination or other illegal credit practices that adversely affected the evaluation of the bank's CRA performance. As of the date of this evaluation, the Federal Reserve Bank of Dallas is unaware of any violations of the Equal Credit Opportunity Act or Regulation B, or any unfair, deceptive, or abusive acts or practices identified by the CFPB.

Las Vegas – Henderson – Paradise, NV MSA Assessment Area

Description of Operations in LVHP Assessment Area

The Las Vegas – Henderson – Paradise Area Assessment Area is comprised of the Las Vegas – Henderson – Paradise, NV Metropolitan Statistical Area (MSA). This MSA includes only Clark County, the southernmost county in the state of Nevada.

The LVHP Assessment Area was first delineated by the bank through the 2018 amendment to the bank’s 2016 Plan. Within the scope of this evaluation, goals were established for this assessment area for 2018, 2019, and 2020. As a result, only the performance context and applicable characteristics of the LVHP Assessment Area between 2018 and 2020 are presented below.

Population Characteristics

According to 2019 estimates, the bank’s LVHP Assessment Area had a population of approximately 2.3 million, reflecting rapid growth when compared to national population trends. Clark County is also home to the significant majority of the population of the state of Nevada, representing 73.6 percent of the state’s population in 2019. The table below represents the population trends for the assessment area county and the state of Nevada from 2015 to 2019.

Population Change Las Vegas – Henderson – Paradise, NV MSA Assessment Area 2015 – 2019			
Geography	2015 Population	2019 Population	Change (%)
Clark County, NV	2,114,801	2,266,715	7.2
State of Nevada	2,890,845	3,080,156	6.5
United States	320,635,163	328,239,525	2.4
<i>Source: 2015 ACS 1-Year Estimates 2019 ACS 1-Year Estimates</i>			

Demographic Characteristics

The bank’s LVHP Assessment Area contains 487 census tracts, the largest percentage of which are classified as moderate-income. According to 2020 data, less than one-third of assessment area census tracts were low- or moderate-income and these tracts only contain approximately 30 percent of housing units, and one quarter of the businesses in the assessment area. Additional demographic information as of 2020 for the LVHP Assessment Area is presented below.

LVHP Assessment Area

Assessment Area Demographics LVHP – 2020								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	28	5.7	19,625	4.2	7,662	39.0	96,196	20.7
Moderate-income	128	26.3	104,903	22.5	23,375	22.3	85,415	18.4
Middle-income	181	37.2	184,975	39.7	17,254	9.3	95,475	20.5
Upper-income	149	30.6	155,834	33.5	7,057	4.5	188,356	40.5
Unknown-income	1	0.2	105	0.0	37	35.2	0	0.0
Total Assessment Area	487	100.0	465,442	100.0	55,385	11.9	465,442	100.0
	Housing	Housing Types by Tract						
	Units by Tract	Owner-Occupied		Rental		Vacant		
		#	%	%	#	%	#	%
Low-income	47,951	7,232	1.9	15.1	30,033	62.6	10,686	22.3
Moderate-income	213,646	64,256	16.9	30.1	113,530	53.1	35,860	16.8
Middle-income	331,753	158,649	41.7	47.8	126,932	38.3	46,172	13.9
Upper-income	262,157	150,241	39.5	57.3	72,752	27.8	39,164	14.9
Unknown-income	1,624	47	0.0	2.9	774	47.7	803	49.4
Total Assessment Area	857,131	380,425	100.0	44.4	344,021	40.1	132,685	15.5
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-income	3,062	3.8	2,781	3.7	243	4.4	38	5.7
Moderate-income	17,503	21.8	15,836	21.3	1,572	28.3	95	14.3
Middle-income	30,941	38.5	28,553	38.5	2,147	38.7	241	36.3
Upper-income	28,465	35.4	26,650	35.9	1,531	27.6	284	42.8
Unknown-income	435	0.5	377	0.5	52	0.9	6	0.9
Total Assessment Area	80,406	100.0	74,197	100.0	5,545	100.0	664	100.0
	Percentage of Total Businesses:			92.3		6.9		0.8

Income Characteristics

For the purposes of classifying borrower income, this evaluation uses American Community Survey (ACS) data for the relevant geographies. The following chart reflects the median family income for the LVHP Assessment Area during applicable years, reflecting a steady increase between 2018 and 2020. It also provides a range of the annual family income for each income category (low, moderate, middle, and upper).

LVHP Assessment Area

Median Family Income LVHP Assessment Area			
Income Level	2018	2019	2020
Median Family Income	\$64,800	\$67,800	\$70,800
Low-income	< \$32,400	< \$33,900	< \$35,400
Moderate-income	\$32,400 < \$51,840	\$33,900 < \$54,240	\$35,400 < \$56,640
Middle-income	\$51,840 < \$77,760	\$54,240 < \$81,360	\$56,640 < \$84,960
Upper-income	≥ \$77,760	≥ \$81,360	≥ \$84,960

According to 2020 FFIEC Data, the LVHP Assessment Area is home to 465,442 families, approximately 40 percent of which are classified as low- or moderate-income. The percentage of families living below the poverty line in the LVHP Assessment Area is similar to the rate of the state of Nevada. Despite the level of lower-income families in the assessment area, more than 40 percent of assessment area families are classified as upper-income.

Employment and Economic Conditions

The table below shows the annual average unemployment rate in the bank's LVHP Assessment Area, the state of Nevada, and the national unemployment rate during the applicable years of the review period.

Annual Average Unemployment Rate (%) Las Vegas – Henderson – Paradise, NV MSA Assessment Area			
AREA	2018	2019	2020
Assessment Area	4.6	4.1	14.9
State of Nevada	4.4	3.9	13.0
United States	3.9	3.7	8.1

The LVHP Assessment Area unemployment rates for 2018 and 2019 were slightly higher than the national average but remained below five percent. In 2020, the COVID-19 pandemic and subsequent measures taken to curb its spread caused the national unemployment rate to more than double. As shown in the table, unemployment in the assessment area increased more sharply than the national average, with the rate more than tripling in 2020.

The leisure and hospitality industry are the primary driver in the LVHP Assessment Area economy, with seven of the ten largest employers in Clark County being casinos and resorts. As a result, the sharp decline in travel as a result of the COVID-19 pandemic affected the LVHP Assessment Area particularly hard.

Community Representatives

Organizations which received community development financing from CSB were contacted in conjunction with this evaluation in order to provide specific context regarding lending, investment, and service opportunities and how they were addressed by the bank. In addition, information was reviewed from the bank's community needs assessment, performed in conjunction with the development of the Plans. Representatives indicated community needs primarily with respect to affordable housing, small business development, and job creation. Specific grant and service opportunities including programmatic seed funding and nonprofit capacity building in the area.

Reno – Sparks Assessment Area

Description of Operations in Reno Assessment Area

The Reno - Sparks Assessment Area is comprised of the Reno, NV MSA. The MSA, which is the second largest in Nevada, is made up of Storey and Washoe counties, in the western-most portion of the state.

The Reno Assessment Area was a delineated assessment area for the bank only during the bank's 2016 Plan. As a result, only the performance context and applicable characteristics of the Reno Assessment Area for 2017 and 2018 are presented below.

Population Characteristics

According to 2018 estimates, the bank's Reno Assessment Area had a population of 454,427, reflecting growth of 3.5 percent since 2015. The table below presents the population trends for the assessment area counties and the state of Nevada from 2015 to 2018. Reno, the largest city in the assessment area, holds 56.2 percent of the assessment area population, with Sparks containing another 23.1 percent.

Population Change Reno – Sparks Assessment Area 2015 – 2018			
Geography	2015 Population	2018 Population	Change (%)
Storey County, NV	3,929	3,941	0.3
Washoe County, NV	435,019	450,486	3.6
Reno – Sparks, NV MSA	438,019	454,427	3.5
State of Nevada	2,890,845	3,034,392	5.0
<i>Source: 2015 ACS 1-Year Estimates 2018 ACS 1-Year Estimates</i>			

Demographic Characteristics

The bank's Reno Assessment Area contains 113 census tracts, approximately one quarter of which are designated as low- or moderate-income. These census tracts contain almost 30 percent of all housing units in the assessment area as well as more than one third of the total businesses in the assessment area. Additional demographic information as of 2018 for the Reno Assessment Area is presented below.

Reno Assessment Area

Assessment Area Demographics Reno - 2018								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	10	8.8	7,355	7.1	2,572	35.0	21,812	21.0
Moderate-income	20	17.7	16,753	16.2	2,921	17.4	17,922	17.3
Middle-income	42	37.2	43,362	41.8	3,449	8.0	21,477	20.7
Upper-income	34	30.1	35,736	34.5	1,198	3.4	42,515	41.0
Unknown-income	7	6.2	520	0.5	171	32.9	0	0.0
Total Assessment Area	113	100.0	103,726	100.0	10,311	9.9	103,726	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied		Rental		Vacant		
		#	%	%	#	%	#	%
Low-income	18,255	2,556	2.7	14.0	13,063	71.6	2,636	14.4
Moderate-income	37,079	12,002	12.5	32.4	21,084	56.9	3,993	10.8
Middle-income	74,433	42,779	44.6	57.5	25,437	34.2	6,217	8.4
Upper-income	56,569	38,335	39.9	67.8	11,225	19.8	7,009	12.4
Unknown-income	2,127	344	0.4	16.2	1,287	60.5	496	23.3
Total Assessment Area	188,463	96,016	100.0	50.9	72,096	38.3	20,351	10.8
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	1,823	9.5	1,646	9.6	163	9.1	14	6.8
Moderate-income	4,646	24.3	3,904	22.8	694	38.7	48	23.4
Middle-income	5,621	29.4	5,224	30.5	338	18.9	59	28.8
Upper-income	6,082	31.8	5,633	32.9	387	21.6	62	30.2
Unknown-income	935	4.9	703	4.1	210	11.7	22	10.7
Total Assessment Area	19,107	100.0	17,110	100.0	1,792	100.0	205	100.0
	Percentage of Total Businesses:			89.5		9.4		1.1

Income Characteristics

The following chart reflects the median family income for the Reno Assessment Area during applicable years. It also provides a range of the annual family income for each income category (low, moderate, middle, and upper). In each of the years reviewed, the median family income in the bank's Reno Assessment Area was slightly higher than the statewide median family income, which was reported as \$62,900 in 2017 and \$71,200 in 2019.

Reno Assessment Area

Median Family Income Reno – Sparks Assessment Area		
Income Level	2017	2018
Median Family Income	\$68,100	\$73,500
Low-income	< \$34,050	< \$36,750
Moderate-income	\$34,050 < \$54,480	\$36,750 < \$58,800
Middle-income	\$54,480 < \$81,720	\$58,800 < \$88,200
Upper-income	≥ \$81,720	≥ \$88,200

According to 2020 FFIEC Data, the Reno Assessment Area is home to 103,726 families, more than 40 percent of which were classified as upper-income. Low- and moderate-income families make up approximately 38 percent of assessment area families. While an estimated ten percent of families living in the bank’s Reno Assessment Area live below the poverty line, more than one quarter of families living within low-income census tracts reflect income levels below poverty.

Employment and Economic Conditions

The table below shows the annual average unemployment rate in the bank’s Reno Assessment Area, the state of Nevada, and the national unemployment rate during the applicable years of the review period.

Annual Average Unemployment Rate (%) Reno – Sparks Assessment Area		
AREA	2017	2018
Storey County	5.0	4.3
Washoe County	4.2	3.5
Reno Assessment Area	4.2	3.5
State of Nevada	5.0	4.4
United States	4.4	3.9

The assessment area unemployment rate was below the statewide and national unemployment rates in each of the years reviewed, though all areas presented experienced declining unemployment rates from 2017 to 2018. The largest industries in the Reno Assessment Area continue to be tourism and gaming, with casinos accounting for six of the 15 largest employers in the assessment area. In Reno, the largest private non-gaming employers are University of Reno, Renown Regional Medical Center, Panasonic, Tesla, Washoe County and St. Mary’s Regional Medical Center. Additionally, Reno continues to increase its technology-based companies including Switch, Blockchains, and New Deantronics.

Community Representatives

Community representatives in the bank’s Reno Assessment Area identified three high-priority needs as the bank developed its 2016 Plan. These needs included multifamily affordable housing, small business development, and nonprofit capacity building and support through grants, services, and technical support. With respect to affordable housing, the bank focused on working with Community Development Financial Institutions (CDFIs) and other intermediaries to provide construction financing to affordable housing in a low subsidy environment. CSB also focused on lending to CDFIs with expertise in making small business loans, to leverage capital while supporting three critical interests – small business development, microlending initiatives, and CDFIs.

Bay Area Assessment Area

San Francisco Bay Assessment Area

Description of Operations in the Bay Area

The San Francisco Bay Area Assessment Area includes two MSAs; the San Francisco – Oakland – Berkeley, CA MSA, and the San Jose – Sunnyvale – Santa Clara, CA MSA. These MSAs are comprised of the following Metropolitan Divisions (MDs) and counties:

- San Francisco – Oakland – Berkeley, CA MSA
 - Oakland – Berkeley – Livermore, CA MD
 - Alameda County, Contra Costa County
 - San Francisco – San Mateo – Redwood City, CA MD
 - San Francisco County, San Mateo County
 - San Rafael, CA MD
 - Marin County
- San Jose – Sunnyvale – Santa Clara, CA MSA
 - San Benito County, Santa Clara County

The Bay Area Assessment Area was a delineated assessment area for the bank only while the bank's 2016 Plan was in effect. As a result, only the performance context and applicable characteristics of the Bay Area Assessment Area for 2017 and 2018 are presented below.

Population Characteristics

According to 2018 estimates, the bank's Bay Area Assessment Area had a population of approximately 6.7 million. Population growth in the assessment area between 2015 and 2018 was generally slow during the review period, which reflected the population trends across the state of California. The table below shows population trends for the assessment area counties, MDs, and MSAs, as well as the state of California between 2015 and 2018.

Population Change: 2015 – 2018			
San Francisco Bay Assessment Area			
Geography	2015 Population	2018 Population	Change (%)
Alameda County, CA	1,638,215	1,666,753	1.7
Contra Costa County, CA	1,126,745	1,150,215	2.1
Oakland-Berkeley-Livermore, CA MD	2,764,960	2,816,968	1.9
San Francisco County, CA	864,816	883,305	2.1
San Mateo County, CA	765,135	769,545	0.6
San Francisco-San Mateo-Redwood City, CA MD	1,629,951	1,652,850	1.4
Marin County, CA	261,221	259,666	-0.6
San Rafael, CA MD	261,221	259,666	-0.6
San Francisco-Oakland-Berkeley, CA MSA	4,656,132	4,729,484	1.6
San Benito County, CA	57,557	59,416	3.2
Santa Clara County, CA	1,918,044	1,937,570	1.0
San Jose-Sunnyvale-Santa Clara, CA MSA	1,975,601	1,996,986	1.1
Bay Area Assessment Area	6,631,733	6,726,470	1.4
State of California	39,144,818	39,557,045	1.1
<i>Source: 2015 ACS 1-Year Estimates 2018 ACS 1-Year Estimates</i>			

Bay Area Assessment Area

The San Francisco – Oakland – Berkeley, CA MSA is the second most populous MSA in the state, slightly larger than the Riverside – San Bernardino – Ontario, CA MSA, which has an estimated 2018 population of 4,622,361.

Demographic Characteristics

As of 2018, the bank’s Bay Area Assessment Area contained a total of 1,363 census tracts. Approximately one third of the assessment area census tracts were designated as low- or moderate-income census tracts, with a large portion of these tracts located inland, along the eastern shore of San Francisco Bay. Additional demographic information for the Bay Area Assessment Area is presented below.

Assessment Area Demographics San Francisco Bay Assessment Area - 2018								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	151	11.1	138,311	9.2	32,335	23.4	366,992	24.3
Moderate-income	291	21.3	302,205	20.1	33,082	10.9	239,307	15.9
Middle-income	440	32.3	517,071	34.3	27,033	5.2	274,826	18.2
Upper-income	463	34.0	547,275	36.3	14,342	2.6	626,055	41.5
Unknown-income	18	1.3	2,318	0.2	287	12.4	0	0.0
Total Assessment Area	1,363	100.0	1,507,180	100.0	107,079	7.1	1,507,180	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	247,768	56,824	4.5	22.9	172,552	69.6	18,392	7.4
Moderate-income	500,065	210,226	16.8	42.0	262,554	52.5	27,285	5.5
Middle-income	823,415	441,158	35.2	53.6	341,558	41.5	40,699	4.9
Upper-income	845,747	544,249	43.4	64.4	260,364	30.8	41,134	4.9
Unknown-income	10,596	1,318	0.1	12.4	8,079	76.2	1,199	11.3
Total Assessment Area	2,427,591	1,253,775	100.0	51.6	1,045,107	43.1	128,709	5.3
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	34,266	9.7	30,073	9.4	3,942	13.3	251	10.9
Moderate-income	62,527	17.7	56,427	17.6	5,742	19.4	358	15.6
Middle-income	111,062	31.5	101,686	31.7	8,697	29.3	679	29.5
Upper-income	143,019	40.5	131,001	40.8	11,049	37.2	969	42.1
Unknown-income	2,004	0.6	1,721	0.5	238	0.8	45	2.0
Total Assessment Area	352,878	100.0	320,908	100.0	29,668	100.0	2,302	100.0
Percentage of Total Businesses:				90.9		8.4		0.7

Bay Area Assessment Area

Income Characteristics

The following table reflects the median family income for the MDs and MSA making up the bank's Bay Area Assessment Area during applicable years, reflecting a slight increase between 2018 and 2020. The table also provides a range of the annual family income for each income category (low, moderate, middle, and upper).

Median Family Income San Francisco Bay Assessment Area				
2017				
Income Level	Oakland-Berkeley-Livermore, CA (MD)	San Francisco-San Mateo-Redwood City, CA (MD)	San Rafael, CA (MD)	San Jose-Sunnyvale-Santa Clara, CA (MSA)
Median Family Income	\$97,400	\$113,100	\$131,500	\$111,200
Low-income	< \$48,700	< \$56,550	< \$65,750	< \$55,600
Moderate-income	\$48,700 < \$77,920	\$56,550 < \$90,480	\$65,750 < \$105,200	\$55,600 < \$88,960
Middle-income	\$77,920 < \$116,880	\$90,480 < \$135,720	\$105,200 < \$157,800	\$88,960 < \$133,440
Upper-income	≥ \$116,880	≥ \$135,720	≥ \$157,800	≥ \$133,440
2018				
Income Level	Oakland-Berkeley-Livermore, CA (MD)	San Francisco-San Mateo-Redwood City, CA (MD)	San Rafael, CA (MD)	San Jose-Sunnyvale-Santa Clara, CA (MSA)
Median Family Income	\$104,400	\$116,400	\$134,800	\$123,400
Low-income	< \$52,200	< \$58,200	< \$67,400	< \$61,700
Moderate-income	\$52,200 < \$83,520	\$58,200 < \$93,120	\$67,400 < \$107,840	\$61,700 < \$98,720
Middle-income	\$83,520 < \$125,280	\$93,120 < \$139,680	\$107,840 < \$161,760	\$98,720 < \$148,080
Upper-income	≥ \$125,280	≥ \$139,680	≥ \$161,760	≥ \$148,080

According to 2018 FFIEC Data, the Bay Area Assessment Area is home to more than 1.5 million families. More than 40 percent of assessment area families are classified as upper-income with the next largest portion being those families classified as low-income. The tendency of assessment area families to be classified on one extreme or the other, with respect to income, with significantly fewer families designated as moderate- or middle-income is of note. In addition, an estimated 7.1 percent of assessment area families live below the poverty line.

Employment and Economic Conditions

The table below shows the annual average unemployment rate in the bank's Bay Area Assessment Area, the state of California, and the national unemployment rate during the applicable years of the review period.

Bay Area Assessment Area

Annual Average Unemployment Rate (%) San Francisco Bay Assessment Area		
AREA	2017	2018
Alameda County, CA	3.7	3.1
Contra Costa County, CA	3.9	3.2
Oakland-Berkeley-Livermore, CA MD	3.8	3.1
San Francisco County, CA	3.0	2.4
San Mateo County, CA	2.7	2.3
San Francisco-San Mateo-Redwood City, CA MD	2.9	2.3
Marin County, CA	2.9	2.5
San Rafael, CA MD	2.9	2.5
San Francisco-Oakland-Berkeley, CA MSA	3.4	2.8
San Benito County, CA	5.8	5.1
Santa Clara County, CA	3.2	2.7
San Jose-Sunnyvale-Santa Clara, CA MSA	3.3	2.7
Bay Area Assessment Area	3.4	2.8
State of California	4.8	4.3
United States	4.4	3.9

The assessment area unemployment rate was below the statewide and national average unemployment rates in each of the years reviewed, though all areas presented experienced declining unemployment rates from 2017 to 2018. The Bay Area Assessment Area is home to the Silicon Valley region, which serves as a global center for high technology and innovation. Despite this tech-focused region, the area economy is diverse, home to more than 20 Fortune 500 companies.

Community Representatives

Organizations which received community development financing from CSB were contacted in conjunction with this evaluation in order to provide specific context regarding lending, investment, and service opportunities and how they were addressed by the bank. Community representatives supported the findings of the bank's assessment area needs determination, citing affordable multi-family housing as the primary need in the area. Additionally, small business and microfinance development and increasing nonprofit capacity building were identified needs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

2019 – 2021 CRA Strategic Plan

The 2019 Plan established two main goals for the LVHP Assessment Area and the BSRA for each Plan year as follows:

- Plan Year One (2019)
 - Combined \$700 million in qualifying loans and investments, or \$560 million in qualifying loans and investments with sufficient level of innovative and/or complex activity.
 - Provide 1,750 qualifying service hours, or 1,400 hours with sufficient level of innovative and/or complex activity.
- Plan Year Two (2020)
 - Combined cumulative \$1.66 billion in qualifying loans and investments, or \$1.33 billion in qualifying loans and investments with sufficient level of innovative and/or complex activity.
 - Provide 1,750 qualifying service hours, or 1,400 hours with sufficient level of innovative and/or complex activity.

Charles Schwab Bank's performance relative to each goal exceeded the goals for an Outstanding rating under one of the two established paths. CSB's performance thresholds and actual performance for 2019 and 2020 are presented in the following plan year sections.

Plan Year One

Charles Schwab Bank's Plan Year One performance exceeds the approved goals for an Outstanding rating.

Combined Lending and Investments Goals

The bank's approved 2019 Strategic Plan combines CRA-qualifying loans with community development loans and investments; therefore, for the purposes of this evaluation, the lending test and investment test have been combined. CSB's performance relative to the lending and investment tests is rated Outstanding.

The bank originated \$984.9 million in CRA-qualifying loans and community development loans and investments throughout the bank's LVHP Assessment Area and BSRA, exceeding the \$700 million threshold for an outstanding rating. The table below presents the bank's lending and investments during Plan Year One of the 2019 Plan.

2019 CRA Strategic Plan

LENDING AND INVESTMENTS GOALS AND PERFORMANCE 2019 PLAN – YEAR ONE					
Area	Component	Satisfactory	Outstanding (w/Innovation)	Outstanding (by volume)	Actual Performance
LVHP AA	Loans	\$10,000,000	\$14,000,000	\$17,500,000	\$18,890,000
	Investments	\$10,000,000	\$14,000,000	\$17,500,000	\$18,088,957
	AA Subtotal	\$20,000,000	\$28,000,000	\$35,000,000	\$36,978,957
	Other Activity*	\$20,000,000	\$28,000,000	\$35,000,000	\$35,408,656
	AA Total	\$40,000,000	\$56,000,000	\$70,000,000	\$72,387,613
BSRA	Loans or	-	-	-	\$396,866,000
	Investments	-	-	-	\$165,266,945
	Prior Period Investments	-	-	-	\$350,378,325
	BSRA Subtotal	\$360,000,000	\$504,000,000	\$630,000,000	\$912,511,270
Total		\$400,000,000	\$560,000,000	\$700,000,000	\$984,898,883

*Other Activity includes loans and/or investments made beyond the level required by the Loans or Investments components

While the bank’s performance under the lending and investment tests for Plan Year One of the 2019 Plan exceeds the threshold for an Outstanding rating based on volume alone, a number of the bank’s activities are considered highly responsive, innovative, or complex lending and investment initiatives.

These responsive, innovative, and complex activities include the bank’s loan to the Disability Opportunity Fund (DOF), funding a very small CDFI which is particularly responsive to the needs of people with disabilities and their families by financing creative and highly scalable solutions. DOF is the first-of-its-kind CDFI to use the structure in new and innovative ways to serve the needs of a community which, according to the Bureau of Labor Statistics and U.S. Interagency Council of Homelessness, experiences a higher rate of homelessness, unemployment, and underemployment relative to the general population.

Additionally, CSB made an investment in an innovative and complex affordable housing project in Northern California, known as Samoa Coast. This 80-unit new construction family property is being developed to provide much-needed affordable housing for very low-income families, as well as homeless and special needs tenants in the bank’s BSRA. The bank worked to leverage Opportunity Zone benefits but was able to transition to a LIHTC investment when other options were exhausted.

Service Goals

Charles Schwab Bank’s performance relative to the community development service goal is rated Outstanding.

The bank provided 1,400 hours of qualified community development services during Plan Year One of the 2019 Plan in the bank’s LVHP Assessment Area.

COMMUNITY DEVELOPMENT SERVICE GOALS AND PERFORMANCE 2019 PLAN – YEAR ONE					
Area	Component	Satisfactory	Outstanding (w/Innovation)	Outstanding (by volume)	Actual Performance
LVHP	Community Development Services	1,000	1,400	1,750	1,400

2019 CRA Strategic Plan

The bank's performance under the community development services test for Plan Year One of the 2019 Plan exceeds the volume threshold for an Outstanding rating with sufficient innovative or complex community development services.

The bank became the first bank partner of the Listen4Good Initiative. Listen4Good is a fund for shared insight initiative that delivers tailored solutions for direct-service nonprofits committed to using feedback to bring about positive changes in the ways they make decisions, deliver services, and partner with clients. CSB identified that the bank's assessment area had a relatively underdeveloped nonprofit and social service sector. In addition, area nonprofits did not have the skills, staff, budget, or capacity to implement data tools that could help them better serve their clients. The bank became the first co-founder of the initiative in Nevada to sponsor more than one partner to help develop the skills and ability of important local nonprofits.

Another example of particularly responsive and innovative services is the bank's partnership with the Nevada Housing Coalition Initiative, formed to raise awareness and build the capacity of communities to create high quality, dignified, and attainable housing for all Nevadans. In response to a growing housing crisis in Nevada, the bank undertook efforts to raise awareness and voice concerns to other financial institutions and regulatory agencies. These discussions led to the forming of the Nevada Housing Coalition, which helped to pass a new \$10 million state tax credit for affordable housing projects.

Plan Year Two

Charles Schwab Bank's performance relative to the lending and investment tests in Plan Year Two is rated Outstanding.

The bank's cumulative CRA-qualifying loans and community development loans and investments totaled \$1.69 billion throughout the bank's LVHP Assessment Area and BSRA, exceeding the \$1.662 billion threshold for an outstanding rating. The table below presents the bank's lending and investments during Plan Year Two of the 2019 Plan.

LENDING AND INVESTMENTS GOALS AND PERFORMANCE					
2019 PLAN - YEAR TWO					
Area	Component	Satisfactory	Outstanding (w/Innovation)	Outstanding (by volume)	Actual Performance
LVHP AA	Loans	\$20,000,000	\$22,000,000	\$24,000,000	\$27,243,000
	Investments	\$20,000,000	\$22,000,000	\$24,000,000	\$24,120,957
	AA Subtotal	\$40,000,000	\$44,000,000	\$48,000,000	\$51,363,957
	Other Activity*	\$55,000,000	\$89,000,000	\$118,250,000	\$104,408,656
	AA Total	\$95,000,000	\$133,000,000	\$166,250,000	\$155,772,613
BSRA	Loans or	-	-	-	\$888,923,000
	Investments	-	-	-	\$317,807,366
	Prior Period Investments	-	-	-	\$327,904,956
	BSRA Subtotal	\$855,000,000	\$1,197,000,000	\$1,496,250,000	\$1,534,635,322
Total		\$950,000,000	\$1,330,000,000	\$1,662,500,000	\$1,690,407,935

*Other Activity includes loans and/or investments made beyond the level required by the Loans and Investments components

While the bank's total performance under the lending and investment tests for Plan Year Two of the 2019 Plan exceeds the threshold for an Outstanding rating based on volume alone, the bank's performance under one sub-goal fell below the volume-based outstanding threshold and achieves the rating of Outstanding through the use of innovative and complex initiatives.

During the review period for the bank’s performance under Plan Year Two of the 2019 Plan, the nation was hit by the Covid-19 pandemic. The bank responded to the pandemic by providing the Rural Community Assistance Corporation (RCAC) with flexible capital through a \$25 million loan, to bridge loans made under the Paycheck Protection Program (PPP), as well as significant concessionary pricing not ordinarily provided in the bank’s normal course of business. PPP-related activities are recognized as responsive to community credit needs, and the bank’s involvement with the RCAC’s creation of customized PPP loans to aid vulnerable rural and Native American-owned small businesses affected by the pandemic is particularly innovative.

Additionally, the bank identified opportunities to make investments in often overlooked rural communities, helping to address areas and customers which are historically not well served. CSB expanded its existing relationship with the Nevada Rural Housing Authority (NRHA) by investing more than \$16 million in two housing preservation efforts. The bank accepted below market returns for these investments to provide higher pricing for the tax credits than the NRHA would have otherwise received.

Service Goals

Charles Schwab Bank’s performance relative to the community development service goal is rated Outstanding.

The bank provided 2,930 hours of qualified community development services under Plan Year Two of the 2019 Plan.

COMMUNITY DEVELOPMENT SERVICE GOALS AND PERFORMANCE 2019 PLAN - YEAR TWO					
Area	Component	Satisfactory	Outstanding (w/Innovation)	Outstanding (by volume)	Actual Performance
LVHP	Community Development Services	2,000	2,800	3,500	2,930

The bank’s performance under the community development services test for Plan Year Two of the 2019 Plan exceeds the volume threshold for an Outstanding rating with sufficient innovative or complex community development services.

In response to the Covid-19 pandemic, the Governor of Nevada issued a Stay-At-Home-Order in March of 2020. This order severely limited the in-person community development services that could be offered by CSB during Plan Year Two of the 2019 Plan. However, shortly after the order was given, the bank began serving with the Volunteer Financial Navigator Program, offering financial expertise to those struggling to navigate financial issues caused by the pandemic. The bank worked with Green Path on HUD credit counseling, provided financial education through a partnership with Vegas PBS, and assisted Clark County with an Emergency Rental Assistance Program under the CARES (Coronavirus Aid, Relief, and Economic Security) Act Housing Assistance Program. In addition to these efforts, the bank also re-tooled laptops to provide low- and moderate-income students with the equipment necessary for remote learning following the closure of local schools for in-person learning.

2016 CRA Strategic Plan

2016 – 2018 CRA Strategic Plan

Plan Year Two (2017)

Charles Schwab Bank’s performance under Plan Year Two of the 2016 Plan exceeds the approved goals for an Outstanding rating.

The 2016 Plan assigns an overall rating to the bank’s performance using a point system. Under the 2016 Plan, the bank must receive 62 combined points to achieve a rating of Outstanding. The table below reflect the points earned by the bank’s performance under the loans and investments goal, and community development services goals for each of the bank’s assessment areas. Detailed information on the bank’s activities is discussed in the sections below.

POINT PERFORMANCE 2016 PLAN – YEAR TWO							
Area	Loans and Investments			Community Development Services			Total
	Quantitative Points	Qualitative Points	Subtotal	Quantitative Points	Qualitative Points	Subtotal	
Reno	20.0	0.0	20.0	9.0	3.0	12.0	32.0
Bay Area	22.0	0.0	22.0	9.0	3.0	12.0	34.0
BSRA*	-	-	-	-	-	-	-
Total	42.0	0.0	42.0	18.0	6.0	24.0	66.0

*The 2016 Plan establishes minimum performance goals for the BSRA but does not set point values for performance in this area.

Combined Loans and Investments Goals

Charles Schwab Bank’s performance relative to the lending and investment tests in Plan Year Two for the 2016 Plan is rated Outstanding.

The bank’s cumulative CRA qualifying loans and community development loans and investments considered under Plan Year Two of the 2016 Plan total approximately \$1.2 billion throughout the covered areas. The table below presents the bank’s lending and investments during Plan Year Two of the 2016 Plan.

LENDING AND INVESTMENTS GOALS AND PERFORMANCE 2016 PLAN – YEAR TWO						
Area	Component	Minimum (7 Pts)	Level 2 (9 Pts)	Level 3 (11 Pts)	Plan Year 2 Cumulative	Points
Reno	Loans	\$6,000,000	\$7,500,000	\$10,500,000	\$9,558,000	9.0
	Investments	\$6,000,000	\$7,500,000	\$10,500,000	\$62,845,155	11.0
	AA Subtotal	\$12,000,000	\$15,000,000	\$21,000,000	\$72,403,155	20.0
Bay Area	Loans	\$60,000,000	\$75,000,000	\$105,000,000	\$243,189,000	11.0
	Investments	\$80,000,000	\$100,000,000	\$140,000,000	\$280,842,331	11.0
	AA Subtotal	\$140,000,000	\$175,000,000	\$245,000,000	\$524,031,331	22.0
BSRA	Loans	-	-	-	\$255,300,000	-
	Investments	-	-	-	\$332,994,959	-
	BSRA Subtotal	\$398,000,000	\$580,000,000	\$696,500,000	\$588,294,959	-
Total		\$550,000,000	\$770,000,000	\$962,500,000	\$1,184,729,445	42.0

2016 CRA Strategic Plan

The bank's performance under Plan Year Two of the 2016 Plan exceeds the Level 3 minimum performance goals under all components except for loans in the Reno Assessment Area, where the bank's performance fell within the Level 2 performance range.

The bank's level of performance achieved sufficient quantitative points making additional qualitative points unnecessary under the loans and investments test.

Service Goals

Charles Schwab Bank's performance relative to the community development service goal is rated Outstanding.

The bank provided 3,125 hours of qualified community development services under Plan Year Two of the 2016 Plan. The table below reflects the distribution of the bank's qualified community development services among the bank's assessment areas.

COMMUNITY DEVELOPMENT SERVICE GOALS AND PERFORMANCE							
2016 PLAN YEAR TWO							
Area	Minimum (5 Pts)	Level 2 (7 Pts)	Level 3 (9 Pts)	Plan Year 2 Cumulative	Points		
					Quantitative	Qualitative	Total
Reno	400	600	800	1,049	9	3	12
Bay Area	750	1,200	1,500	1,875	9	3	12
BSRA	n/a	n/a	n/a	201	-	-	-
Total				3,125	18	6	24

The bank's performance under the community development services test for Plan Year Two of the 2016 Plan exceeds the volume threshold for Level 3 performance in each of the reviewed areas. Additionally, the bank displayed a high level of responsiveness, innovation, and complexity in providing community development services during this plan year.

In the bank's Reno Assessment Area, CSB worked extensively to address housing affordability issues highlighted by the Truckee Meadows Regional Housing Study. The bank facilitated collaboration with over 80 community stakeholders and provided over 460 hours of community services to develop the "Housing Our Future" Regional Strategy for Housing Affordability in response to the identified concern of cost-burdened housing in the area. Bank personnel also provided a significant number of community service hours to expansion efforts of CDFIs in the bank's Reno Assessment Area. These efforts were targeted at the identified lack of vital CDFIs serving the state of Nevada and the bank's Reno Assessment Area.

During Plan Year Two of CSB's 2016 Plan, the bank provided significant community development services to the My Path Initiative in the bank's Bay Area Assessment Area. My Path was established to design and introduce financial capability and educational programs that integrate technology and financial products to meet the needs of youth in low-income communities. The bank assisted the My Path Initiative with community introductions, grant funding, and grant support for community partners, which helped build the needed capacity to integrate My Path programming into their workforce programming.

Plan Year Three (2018)

Charles Schwab Bank's performance under Plan Year Three of the 2016 Plan exceeds the approved goals for an Outstanding rating.

The 2016 Plan was amended prior to Plan Year Three to include the LVHP Assessment Area and additional requirements for lending and investments in the new assessment area. Additionally, the point system was altered to reflect the new assessment area. Under the amended 2016 Plan, the bank must receive 81 combined points to achieve a rating of Outstanding. The table below reflect the points earned by the bank under loans and investments, and community development services goals for each of the bank's assessment areas. Detailed information on the banks activities is discussed in the sections below.

POINT PERFORMANCE 2016 PLAN – YEAR THREE							
Area	Loans and Investments			Community Development Services			Total
	Quantitative Points	Qualitative Points	Subtotal	Quantitative Points	Qualitative Points	Subtotal	
LVHP	15.0	2.0	17.0	9.0	3.0	12.0	29.0
Reno	13.5	3.0	16.5	7.0	2.5	9.5	26.0
Bay Area	15.0	0.0	15.0	9.0	3.0	12.0	27.0
BSRA*	-	-	-	-	-	-	-
Total	43.5	5.0	48.5	25.0	8.5	33.5	82.0

*The 2016 Plan establishes minimum performance goals for the BSRA but does not set point values for performance in this area.

Combined Loans and Investments Goals

Charles Schwab Bank's performance relative to the lending and investment tests in Plan Year Three for the 2016 Plan is rated Outstanding.

The bank's cumulative CRA qualifying loans and community development loans and investments considered under Plan Year Three of the 2016 Plan total approximately \$1.5 billion throughout the covered areas. The table below present the bank's lending and investments during Plan Year Three of the 2016 Plan.

2016 CRA Strategic Plan

LENDING AND INVESTMENTS GOALS AND PERFORMANCE								
2016 PLAN – YEAR THREE								
Area	Component	Minimum (7 Pts)	Level 2 (9 Pts)	Level 3 (11 Pts)	Plan Year 2 Cumulative	Points		
						Quantitative	Qualitative	Total
LVHP	Loans	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	7.5	2.0	9.5
	Investments	\$5,000,000	\$5,000,000	\$5,000,000	\$5,482,300	7.5	-	7.5
	Other Activity*	\$10,000,000	\$18,000,000	\$25,000,000	\$18,157,000	-	-	-
	AA Subtotal	\$20,000,000	\$15,000,000	\$21,000,000	\$28,639,300	15.0	2.0	17.0
Reno	Loans	\$10,000,000	\$12,500,000	\$17,500,000	\$12,650,000	6.0	-	6.0
	Investments	\$10,000,000	\$12,500,000	\$17,500,000	\$78,009,433	7.5	3.0	10.5
	AA Subtotal	\$20,000,000	\$25,000,000	\$35,000,000	\$90,659,433	13.5	3.0	16.5
Bay Area	Loans	\$110,000,000	\$137,500,000	\$192,500,000	\$326,930,000	7.5	-	7.5
	Investments	\$140,000,000	\$175,000,000	\$245,000,000	\$278,478,614	7.5	-	7.5
	AA Subtotal	\$250,000,000	\$312,500,000	\$437,500,000	\$605,408,614	15.0	-	75.0
BSRA	Loans	-	-	-	\$387,085,000	-	-	-
	Investments	-	-	-	\$359,205,291	-	-	-
	BSRA Subtotal	\$710,000,000	\$1,034,500,000	\$1,242,500,000	\$746,290,291	-	-	-
Total		\$1,000,000,000	\$1,400,000,000	\$1,750,000,000	\$1,470,997,638	43.5	5.0	48.5

*Other Activity includes loans or investments made beyond the level required by Loans and Investments components

The bank's performance under Plan Year Three of the 2016 Plan exceeded the Level 2 minimum performance goals in the bank's LVHP Assessment Area. Additionally, the bank's performance in the Reno Assessment Area met the Level 2 minimum target for lending and exceeded the Level 3 target for investments. In the Bay Area Assessment Area, the bank's performance far exceeded the Level 3 minimum goals for loans and investments.

The bank's lending and investment performance in the LVHP and Reno assessment areas included elevated levels of responsiveness, innovation, and complexity. In the LVHP Assessment Area, the bank recognized a credit need in response to the lingering effects of the 2008 housing crisis and partnered with three homeownership counseling organizations to create a pilot Workforce Initiative Subsidy for Homeowners (WISH) program. The bank's efforts significantly expanded the WISH program in Nevada by allowing flexibility not widely offered, such as accepting FHA, VA, and USDA 1st mortgage loans, among other features. The bank processed almost 100 applications totaling \$1.4 million through the WISH program.

Additionally, in the bank's Reno Assessment Area, the bank established a Proprietary Fund in response to the identified need for investment dollars targeted for affordable housing properties eligible to receive low-income housing tax credits. Proprietary investments achieve a higher price per credit, which helps fill the gaps for highly impactful projects in primarily higher cost areas. These proprietary tax credit equity dollars are not widely offered in the Reno Assessment Area at the price the bank was willing to pay. In 2018, proprietary funds were specifically targeted toward a multi-family LMI, senior, and special needs housing property located in Reno, NV.

2016 CRA Strategic Plan

Service Goals

Charles Schwab Bank’s performance relative to the community development service goal in Plan Year Three of the 2016 Plan is rated Outstanding.

The bank provided 3,593 hours of qualified community development services under Plan Year Three of the amended 2016 Plan. The table below reflects the distribution of the bank’s qualified community development services among the bank’s assessment areas.

COMMUNITY DEVELOPMENT SERVICE GOALS AND PERFORMANCE							
2016 PLAN – YEAR THREE							
Area	Minimum (5 Pts)	Level 2 (7 Pts)	Level 3 (9 Pts)	Plan Year 3	Points		
					Quantitative	Qualitative	Total
LVHP	250	400	550	786	9.0	3.0	12.0
Reno	400	600	800	720	7.0	2.5	9.5
Bay Area	750	1,200	1,500	2,048	9.0	3.0	12.0
BSRA	-	-	-	39	-	-	-
Total				3,593	25.0	8.5	33.5

The bank’s performance under the community development services test for Plan Year Three of the 2016 Plan exceeded the volume threshold for Level 3 performance in each of the reviewed areas. Additionally, the bank displayed a high level of responsiveness, innovation, and complexity in providing community development services during this plan year.

In the bank’s new LVHP Assessment Area, the bank engaged in an initiative to address the disparity identified between the percentage of Nevada residents with a post-secondary education and the forecasted percentage of jobs which will require that education. In response to the variety of factors that encourage Nevada residents to abandon higher education, the bank provided financial wellness training designed to encourage and enable Nevada residents to pursue a post-secondary degree. The bank provided more than 150 hours of community development services to this initiative. Further, the bank provided almost 200 service hours to help Earned Assets Resource Network (EARN) to launch a series of initiatives, including “Saver Life” and “Bank On”, designed to help low- and moderate-income communities.

In the bank’s Reno and Bay Area assessment areas, the bank continued to grow and serve existing relationships and efforts that were previously established. Responsive, innovative, and flexible service initiatives such as the bank’s work with the Regional Strategy for Housing Affordability, My Path, and the CDFI Expansion Initiative continued to be a focus for the bank during Plan Year Three of the 2016 Plan.

Appendix A – General Information

Acronyms

ATM	Automated Teller Machine
BLS	Bureau of Labor Statistics
CDC	Community Development Corporation
CDFI	Community Development Financial Institution
CRA	Community Reinvestment Act (Regulation BB)
FDIC	Federal Deposit Insurance Corporation
HMDA	Home Mortgage Disclosure Act (Regulation C)
HUD	Department of Housing and Urban Development
LIHTC	Low Income Housing Tax Credit
LMI	Low- and Moderate-Income
LTD	Loan-to-Deposit Ratio
LTV	Loan-to-Value Ratio
MD	Metropolitan Division
MSA	Metropolitan Statistical Area
OCC	Office of the Comptroller of the Currency
OMB	Office of Management and Budget
REIS	Regional Economic Information System
SBA	Small Business Administration
USDA	United States Department of Agriculture

Rounding Convention: Because the percentages in the tables were rounded to the nearest tenth in most cases, some columns may not total exactly to 100 percent.

Appendix B – 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.

Census tract: A small, relatively permanent statistical subdivision of a county. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts average about 4,000 inhabitants, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to the population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community development: All Agencies have adopted the following language:

1. Affordable housing (including multi-family rental housing) for low- or moderate-income individuals.
2. Community services targeted to low- or moderate-income individuals.
3. Activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less.
4. Activities that revitalize or stabilize –
 - a. Low- or moderate-income geographies.
 - b. Designated disaster areas.
 - c. Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
 - i. Rates of poverty, unemployment, and population loss.
 - ii. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

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.

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

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

Appendix B

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 income of the applicants; the amount of loan requested; and the disposition of the application (for example, approved, denied, or withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes, and refinancing of home improvement and home purchase loans.

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

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

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

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

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

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

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

Opportunity Zone: The Opportunity Zone Program was created through the Tax Cuts & Jobs Act of 2017, and is a federal initiative administered by the U.S. Department of Treasury. The program is designed to spur economic development and job creation in distressed communities throughout the United States. The program offers incentives, in the form of capital gains tax abatement, for those who invest eligible capital into Qualified Opportunity Zone assets.

Other products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

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

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

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

Small loan(s) to business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

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

Upper-income: Individual income that is 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.