Western Alliance Bank®

Member FDIC

Western Alliance Bank

Community Reinvestment Act

Strategic Plan

2024 - 2026

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SECTION I: INTRODUCTION

Congress adopted the Community Reinvestment Act of (“CRA”) in 1977 to ensure depository institutions meet the credit needs of the communities in which they operate, including low and moderate-income neighborhoods. Subsequently, Congress amended the CRA to allow banks to have CRA performance evaluated pursuant to an approved strategic plan. The strategic plan option enables a bank to customize its CRA goals and objectives to its community and establish target performance aligned with the bank’s business strategy and operational capabilities.

In 2021, Western Alliance Bank (“WAB” or “the Bank”) elected to have the Bank’s CRA performance assessed pursuant to a CRA Strategic Plan (“the Plan”), thereby leveraging the strengths of its unique business model to achieve meaningful impact. The Bank’s focus on commercial loans, limited branch network and national business lines make the Plan the best option to ensure the Bank’s activities continue to meet the needs of the communities in which it operates. The Bank’s performance under its 2021 -2023 CRA Strategic Plan will be evaluated by the Federal Reserve Bank of San Francisco. The Plan contained herein covers the period from January 1, 2024, to December 31, 2026. As presented below, the Plan represents a framework for how the Bank will meet the needs of the community, during the three-year Plan cycle for its assessment areas.

SECTION II: DESCRIPTION OF WESTERN ALLIANCE BANK

Western Alliance Bank is wholly owned principal subsidiary of Western Alliance Bancorporation (“WAL” or “the Company”), and is headquartered in Phoenix, Arizona. As of June 30, 2023, the Bank had $68.1 billion in total assets, total deposits of $51.3 billion, and total loans of $51.8 billion including $3.2 billion in loans held for sale.

The Bank operates two business models: (1) regional divisions with small branch networks and focused on commercial relationships in those markets; and (2) national business lines (“NBLs”) offering specialized banking products. The regional business operates in Arizona, Nevada, and California under distinct trade names: Alliance Bank of Arizona, Bank of Nevada, First Independent Bank, Bridge Bank and Torrey Pines Bank. The Bank designed the Plan to concentrate its CRA activities in the communities where it has a physical presence, and where the majority of the Bank’s employees live and work.

Through its NBLs, the Bank provides specialized services to niche markets throughout the country. NBLs are centrally managed and include the following groups: Alliance Association Bank (homeowners association (“HOA”) banking, Life Sciences Group, Private Equity & Venture Capital, Tech Startup Banking, Mortgage Warehouse Lending, Public and Nonprofit Finance, Equipment Finance, Resort Finance, Juris Banking (serving the Legal Industry), Technology Finance, Gaming Finance, Business Escrow Services, and Settlement Services. The NBLs do not maintain their own branch network, and, except for Juris Banking and some HOA banking, most deposit-taking and credit decisions occur within the Bank’s divisional footprint.

In April 2021, WAL acquired AmeriHome Mortgage Company, LLC (AmeriHome), which became a wholly owned subsidiary of the Bank. AmeriHome is one of the nation’s largest correspondent mortgage acquirers and is licensed to purchase and service mortgage loans in 49 states. AmeriHome is also an approved seller/servicer of residential mortgage loans for Fannie Mae and Freddie Mac; an approved issuer of securities guaranteed by Ginnie Mae; a lender for the Federal Housing Administration; and, a lender/ servicer for the Veterans Administration and United States Department of Agriculture mortgage programs. The addition of AmeriHome extended the Bank’s NBLs with a national mortgage franchise. AmeriHome’s primary business is purchasing and servicing residential mortgage loans. Mortgage loan originations represented less than 5% of AmeriHome’s business in 2022. As a subsidiary, AmeriHome’s mortgage activity is reported on its Home Mortgage Disclosure Act (“HMDA”) Loan Application Register (“LAR”) separately from the Bank.

In January 2022, the Bank completed the acquisition of DST, doing business as Digital Disbursements, a digital payments platform for the class action legal industry. DST's proprietary platform enables claimants to select their payment method, including direct-to-bank account options and popular digital wallets. This provides the Bank with the internal capability to significantly increase efficacy, reduce distribution costs and improve potential fraud detection for the legal class action market. The acquisition is expected to grow the Bank's deposit base and continue to extend the suite of legal banking services offered, while also serving other sectors that benefit from digital payments technology.

The Digital Disbursements platform provides a broad menu of digital payment options that address the needs of unbanked class members who are often pay high fees for check-cashing services, a long-standing issue in settlement fund distribution. This platform is another way that the Bank is meeting a need for low-income individuals.

In 2022, the Bank commenced the opening of limited-service branches (“LSBs”) outside of its traditional assessment areas in Arizona, California, and Nevada to accommodate its Juris Banking NBL specializing in banking services for law firms, claims administrators and related businesses managing class action, mass tort and bankruptcy settlements. Clients needing settlement services also frequently request Interest on Lawyers’ Trust Accounts (“IOLTA”), which are governed by state laws and state Supreme Court rules. IOLTA rules require lawyers and law firms to place certain nominal and short-term client funds into pooled interest-or-dividend bearing accounts in eligible financial institutions. Many states require financial institutions that accept IOLTA deposits to have an office in the state. The interest or dividends generated on IOLTA accounts is remitted by financial institutions to the legal services foundation fund (“LSFF”) set up by the Bar Association in each state. The LSFF awards grants to nonprofit organizations that assist low-income individuals in crisis with civil legal problems. The IOLTA program has proven to be a valuable partnership between attorneys and financial institutions to fulfill this critical public need for low-income individuals.

As of September 2023, WAB operates three LSBs in Denver, Colorado, New York City, New York, and Chicago, Illinois to satisfy state requirements for offering IOLTA accounts to clients in those states. The LSBs have limited staff and receive clients by appointment or during specified banking hours. This Plan has goals for future LSBs in Atlanta, Georgia and Houston, Texas that, when opened, will result in new assessment areas.

On December 23, 2022, WAL announced the formation of Western Alliance Trust Company, N.A., (WATC) as a wholly owned non-depository subsidiary. WATC delivers specialized loan and custody services to customers nationwide, including collateralized loan obligation trustee and administration, levered loan facility administration, loan administration and loan agency services and specialized securities custody solutions.

In addition, WAL owns CSI, a captive insurance company formed and licensed under the laws of the State of Arizona and established as part of the Company's overall enterprise risk management strategy.

WAB concentrates its lending activities on commercial banking services to businesses. Commercial loan products include commercial and multifamily real estate construction loans, business credit cards, commercial lines of credit, equipment and working capital credit facilities. The Bank also provides treasury management solutions, and international products and services that are suited for commercial customers.

The table below represents the Bank's loan portfolio as of June 30, 2023, and reflects the Bank's focus on commercial and industrial purpose and commercial real estate loans.

Loan and Leases as of June 30, 2023		
Type	**$ 000**	**Percent**
Commercial/Industrial & Non-Farm Non-Residential Real Estate	$19,552,206	38.3%
All Other	$9,889,113	19.4%
Construction & Land Development	$4,555,380	8.9%
Secured by 1-4 Family Residential Real Estate	$16,477,151	32.2
Multi-Family Residential Real Estate	$588,730	1.2
Consumer Loans & Credit Cards	$36,000	0.0%
Farmland & Agriculture	$7,354	0.0%
Total (Gross)	$51,076,894	100%

All other loans primarily consist of loans to non-depository financial institutions, states, and political subdivisions in the United States, and for purchasing or carrying securities. WAB concentrates its loan origination activities on commercial/industrial and non-residential real estate lending, Commercial loan products include commercial construction loans, multifamily construction loans, business credit cards, commercial lines of credit, equipment financing and working capital credit facilities. The Bank's CRE business is concentrated primarily in the Phoenix, Las Vegas, Los Angeles, Reno, San Francisco, San Jose, San Diego and Tucson metropolitan areas.

WAB holds a large portfolio of residential real estate loans for investment, consisting almost entirely of loans acquired in bulk acquisitions through its residential mortgage purchase program and, to a lesser extent, the AmeriHome correspondent mortgage program. These loan purchases consist of both conforming and non-conforming loans that are not readily sold in the secondary market. Beginning in 2020 and through 2022, the Bank originated less than 100 residential mortgages and therefore did not file a HMDA LAR.

The Bank makes a small number of consumer loans to accommodate existing business customers, including home equity loans and lines of credit, consumer lines of credit, and automobile loans.

The Bank also offers various deposit products for consumer and business customers, including checking, savings, and time deposit accounts. WAB is a participant in the IntraFi Network, a network that offers deposit placement services, such as Certificate of Deposit Account Registry Service (CDARS) and Insured Cash Sweep (ICS), in order to qualify large deposits for FDIC insurance.

In partnership with non-profit organizations, the Bank offers individual development accounts (IDA), a no-fee savings account with minimum opening deposit requirements that allows low and moderate-income individuals to save towards a purchase of a home, education, or to start a business.

The Bank has limited branch traffic, and offers alternative delivery services through mobile, internet banking and remote capture deposit. A significant portion of the Bank's services and products take place remotely. As of June 30, 2023, WAB operated 35 full-service branches: nine in Arizona located in Coconino, Maricopa, and Pima counties; sixteen in Nevada located in Clark, Carson City, Churchill, and Washoe counties; and, ten in California located in Alameda, Los Angeles, San Diego, and Santa Clara counties. The Bank also operates three limited-service branches in Denver, Colorado; Chicago, Illinois; and, New York City, New York.

The Bank operates Loan Production Offices (LPOs) to accommodate the national business lines located in the cities of: Costa Mesa, Irvine, Pleasanton, Marina Del Rey, San Diego, San Francisco (2), and Thousand Oaks in California; Atlanta, Georgia; Boston, Massachusetts; Austin, Irving, and Houston in Texas; Salt Lake City, Utah; Tysons, Virginia; and Seattle, Washington.

A. Western Alliance Bank's Business Model

The Bank's business model differs significantly from traditional "brick and mortar" retail branch banking models. Fundamental characteristics of the Bank's business model includes:

- Limited network of strategically placed branches close to areas of significant commercial business activity;
- A limited product line focused on businesses and niche national business lines;
- Minimal consumer products;
- Extensive use of online and remote banking to deliver services;
- Specialized national business lines that have a customer base beyond the Bank's regional presence and generates significant percentage of the Bank's overall deposit growth. These include:
  - Homeowners' association
  - Legal settlement services

B. Western Alliance Bank's Capacity Assessment

Arizona, California, and Nevada, the three states in which the Bank operates full-service branches, are very competitive markets for financial services. The Bank's 35 full-service branches represent the smallest branch presence when compared to banks of similar asset size. As of June 30, 2022, there were 222 FDIC insured financial institutions operating 6,099 branches in all of the counties in the Bank's assessment areas. [1] The Bank is ranked 9th with a market share of 2.31 percent of total deposits in the combined market.

The following table lists the top 14 banks with the most deposit market share in the Bank's full service branch assessment areas according to the FDIC Summary of Deposits as of June 30th, 2022. Four of the banks have been acquired through acquisition or FDIC receivership resulting in further concentration of deposits among larger banks: JP Morgan Chase acquired First Republic Bank; First-Citizens Bank and Trust Company acquired Silicon Valley Bank; US Bank acquired MUFG Union Bank; and BMO Harris Bank (a wholly owned subsidiary BMO Financial Group with $1.25 trillion in total assets) acquired Bank of the West. City National Bank is a wholly owned subsidiary of Royal Bank of Canada whose assets exceed $1.4 trillion.

[1] FDIC.gov/sod

Rank	Top Banks Operating in Western Alliance Bank's Full-Service Assessment Areas in Arizona, California, and Nevada			
	Institution Name	**Offices in AA**	**Deposits (000)**	**Market Share**
1	Bank of America	847	$ 477,307,844	20.57 %
2	Wells Fargo	957	$ 354,635,029	15.28%
3	JP Morgan Chase	1009	$ 319,710,459	13.78 %
4	Silicon Valley Bank	12	$ 169,488,579	7.3%
5	First Republic Bank	58	$ 106,722,191	4.6%
6	MUFG, Union Bank	231	$ 80,813,669	3.48%
7	Citibank	266	$ 75,500,000	3.25%
8	City National Bank	62	$ 60,884,148	2.62%
9	Western Alliance Bank	34	$ 53,647,464	2.31%
10	Bank of The West	198	$ 52,964,519	2.28%
11	U S Bank	487	$ 49,309,555	2.13%
12	East West Bank	77	$ 45,068,773	1.94%
13	Zions Bancorporation	132	$ 26,400,889	2.13%
14	First-Citizens Bank & Trust Co	85	$25,836,044	1.11%
	Source: FDIC Deposit Market Share Report: FDIC.gov/SOD June 30, 2022			

Although large multinational national banks have the most market share, the financial landscape in the Bank's assessment areas is also very diverse. Two hundred and six of the 222 financial institutions in the area account for less than 1 percent of the total market share.

In 2022, as the nation emerged from the COVID-19 pandemic, the consumer price index surged to 9.1% as of June 2022 which was the largest one-year increase since 1981. To combat inflation, the Federal Reserve began increasing interest rates at the most rapid pace in over 40 years. In addition to increasing borrowing costs for consumers and businesses, the rapid rise in rates impacted many banks capital and liquidity positions largely due to bond portfolio depreciation.

In March of 2023, the sudden failure of Silicon Valley Bank followed by Signature Bank resulted in depositors of small and regional banks to abruptly move deposits to the largest banks considered "too big to fail". Despite the FDIC using the systemic risk exception to protect depositors of Silicon Valley Bank and Signature Bank, deposit outflows from small and mid-sized banks like WAB continued. These deposit outflows contributed to the subsequent FDIC receivership of First Republic Bank, another major mid-size bank. While significant efforts were made by the Federal Reserve System to stabilize the banking system, including announcing that depository institutions may borrow from the discount window for periods as long as 90 days and the establishment of the Bank Term Funding Program with collateralized loans of up to one year, depositors shifted their funds to insured deposit accounts and to the largest banks considered "too big to fail".

While WAB quickly adjusted to the rapidly changing market conditions, constrained and higher cost liquidity sources continue to present impediments to increasing lending and investment for the regional banking sector. Sources of liquidity including deposits and borrowed funding sources have become more expensive and competitive. The Bank's core deposits, as reported in the Uniform Bank Performance Report (UBPR), were $31.9 billion as of June 30, 2023, which only is a modest increase of 2.57% from $31.1 billion as of December 31, 2020. WAB historically has a high level of lending as show by its loan to deposit ratio. However, the Bank's ratio of loans to core deposits significantly increased by June 30, 2023, as show in the UBPR:

Uniform Bank Performance Report	December 31, 2020	June 30, 2023
Total Deposits	$32.19 billion	$51.29 billion
Core Deposits	$31.07 billion	$31.89 billion
Net loan and leases to deposits	83.18%	98.96%
Net loan and leases to core deposits	86.19%	159.13%

Additional impediments to increasing lending investment over each CRA plan period include the accumulation of longer-term investments made in prior years that remain outstanding. Many community development ("CD") investments made in prior periods generally have terms that exceed the duration of the Bank's three-year CRA Strategic Plan and continue to contribute to community development needs. In addition, many CRA community development investments are subject to the capital-based limits and preapproval requirements of Federal Reserve Regulation H.

C. Competition

The Bank faces substantial competition in all phases of its operations from a variety of different competitors. Many of these competing institutions have much greater financial and marketing resources. WAB's competitors, including money center banks, national and regional commercial banks, community banks, thrift institutions, mutual savings banks, credit unions, finance companies, insurance companies, securities dealers, brokers, mortgage bankers, investment advisors, money market mutual funds, financial technology companies and other financial institutions, compete with lending and deposit-gathering services offered by us. Increased competition in our markets or our inability to compete effectively may result in reduced loans and deposits or less favorable pricing. In recent years, the Bank experienced intense price and terms competition in some of the lending lines of business. In 2023, competition for deposits intensified especially among small and mid-size financial institutions. Due to their size, brand recognition, and "to big to fail" status, larger competitors can achieve economies of scale that achieves a much lower cost of funds which allows for more competitive pricing and broader range of products and services.

In addition, some of the financial services organizations with which we compete are not subject to the same degree of regulation as is imposed on bank holding companies and federally insured depository institutions. As a result, these non-bank competitors have certain advantages in accessing funding and in providing various services at lower cost.

The banking business in our primary market areas are very competitive, and the level of competition facing us may increase further, which may limit our asset growth and financial results. In particular, WAB's predominate source of revenue is net interest income. Therefore, if we are unable to compete effectively, including sustaining loan and deposit growth at our historical levels, our business and results of operations may be adversely affected. The financial services industry also is facing increasing competitive pressure from the introduction of disruptive new technologies such as blockchain and digital payments, often by non-traditional competitors and financial technology companies. Technology and other changes are allowing customers to complete financial transactions that historically have involved banks at one or both ends of the transaction. The elimination of banks as intermediaries for certain transactions, as well as further disruption of traditional bank businesses and products by non-banks, could result in the loss of fee income and deposits and otherwise adversely affect our business and results.

In March 2023, competition for deposits and especially for insured deposits intensified following the failure of Signature Bank and Silicon Valley Bank. The ability for most banks to increase lending and investment typically depends on gathering deposits to fund loans and investments. Bank's like WAB, with limited branch networks and very few consumer clients, face significant competition from more diversified banks with large retail branch networks with consumer and online deposit gathering platforms.

D. CRA Assessment Areas

Where permissible, WAB has delineated expansive assessment areas ("AA") including counties where it may not have a branch presence but that are part of Metropolitan ("MSA") or Combined ("CSA") Statistical Areas or Metropolitan Divisions ("MDs"). Given WAB's business model with a limited branch network, large expansive assessment areas may reach businesses that are not in the same counties as the bank's branches. A broader AA is also intended to give WAB the opportunity to reach community development opportunities that serve the regional housing needs that extend beyond its branch locations.

The Bank's assessment areas include some of the highest cost housing markets in the nation. Expanded assessment areas allows that bank to reach community development opportunities that benefit more LMI people than would be possible in smaller assessment areas. WAB recognizes a large regional delineation may result in uneven lending distribution across an assessment area and will monitor its lending patterns to ensure they do not reflect arbitrary exclusion of LMI census tracts.

WAB focuses its community development lending and investments broadly to serve its assessment areas. Organizations that support community development activities are not linked to bank branches and WAB's support of many organizations activities extends beyond to the areas around its branches. In accordance with the Interagency Questions and Answers Regarding Community Reinvestment ("Interagency Q&A"), the Bank's CD loans and investments may be considered if the loans and investments serve a broader statewide or regional area that includes an assessment area, even if the activity does not provide an immediate direct benefit to an assessment area:

> "An institutions activity is considered a community development loan or service or a qualified investment if it supports an organization or activity that covers an area larger than, but includes, the institutions assessment area(s). The institutions assessment area(s) need not receive an immediate or direct benefit from the institutions participation in the organization or activity, profit the purpose, mandate, or function of the organization or activity includes serving geographies or individuals within the institution's assessment area(s)."

The Bank delineates the following nine assessment areas for its full-service branches:

State	AA Name	Geography
Arizona	Flagstaff	Coconino county
	Phoenix	Maricopa and Pinal counties
	Tucson	Pima county
California	Greater Los Angeles	Los Angeles – Long Beach, CA Combined Statistical Area in its entirety and which includes the following MSAs and counties: ▪ Los Angeles-Long Beach-Anaheim, CA MSA which includes the counties of Los Angeles and Orange ▪ Oxnard-Thousand Oaks-Ventura, CA MSA which includes the county of Ventura ▪ Riverside-San Bernardino-Ontario, CA MSA which includes the counties of Riverside and San Bernardino
	San Diego	San Diego county

	San Francisco Bay Area	Consists of a part of the San Jose – San Francisco – Oakland, CA Combined Statistical Area which includes the following MSAs and counties: ▪ Napa, CA MSA which includes the county of Napa ▪ San Francisco-Oakland-Fremont, CA MSA which includes the counties of Alameda, Contra Costa, Marin, San Francisco, and San Mateo ▪ San Jose-Sunnyvale-Santa Clara, CA MSA which includes the counties of Santa Clara and San Benito ▪ Santa Cruz-Watsonville, CA MSA which includes the county of Santa Cruz ▪ Stockton-Lodi, CA MSA which includes the county of San Joaquin ▪ Vallejo, CA MSA which includes the county of Solano
Nevada	Fallon	Churchill county
	Reno – Carson City	Carson City, Storey and Washoe Counties
	Las Vegas	Clark county

The Bank delineates the following three assessment areas for its limited-service branches:

State	AA Name	Geography
Colorado	Denver	Denver-Aurora-Centennial Metropolitan Statistical Area: Adams, Arapahoe, Broomfield, Clear Creek, Denver, Douglas, Elbert, Gilpin, Jefferson, and Park counties.
New York	New York	New York City counties of New York, Kings, Queens, Bronx, Richmond; and adjacent counties of Westchester, Putnam, and Rockland
Illinois	Chicago	Chicago- Naperville-Schaumberg, IL Metropolitan Division: Cook, DuPage, Grundy, McHenry, and Will counties.

The Bank proposed the following assessment areas as part of an amendment to its 2021 – 2023 CRA Strategic Plan. However, as of September 29, 2023, the limited-service branches have not opened. They are included as part of this proposed plan to be added as additional assessment areas when the branches open:

State	AA Name	Geography
Georgia	Atlanta	Atlanta-Sandy Springs-Roswell Metropolitan Statistical Area which includes Barrow, Bartow, Butts, Carroll, Cherokee, Clayton, Cobb, Coweta, Dawson, DeKalb, Douglas, Fayette, Forsyth, Fulton, Gwinnett, Haralson, Heard, Henry, Jasper, Lumpkin, Meriwether, Morgan, Newton, Paulding, Pickens, Pike, Rockdale, Spalding, Walton counties
Texas	Houston	Houston-Pasadena-The Woodlands Metropolitan Statistical Area which includes Austin, Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery, San Jacinto and Waller counties

A list of census tracts within the Bank's assessment areas is the Appendix II. (separate attachment)

SECTION III: ECONOMIC CONDITIONS AND COMMUNITY NEEDS ASSESSMENT

The COVID-19 pandemic inflicted significant damage on most sectors of U.S. economy. Low- and moderate-income communities and small businesses in the non-essential service sectors were especially impacted by regional closures or "lockdowns" and suspension of business travel and tourism. During the pandemic, social distancing restrictions caused many non-essential small businesses to shut down intermittently and many small and minority owned businesses permanently closed. During 2020, the unemployment rate rose from its lowest point in ten years to its highest point since the Great Depression.

In 2022, following wide-spread vaccination campaigns and falling COVID-19 infection rates, lockdowns ended, borders reopened to overseas visitors and tourists, business conferences resumed, students returned to their campuses and many, but not all, non-essential workers returned to their workplaces.

Remote work during the pandemic allowed many employees to relocate away from their worksite and many developed a preference or family need to work from home. Employers who hired remote workers to find needed talent during the pandemic continued to offer remote and hybrid work arrangements for their staff. This change in workforce patterns continues to impact some inner core cities as shown by elevated office vacancy rates, closed restaurant and store fronts, and public transportation ridership remaining below pre-pandemic levels.

The overall economy experienced a robust recovery following the COVID-19 pandemic and unemployment declined as the economy reopened. However, the effect of large government stimulus that sustained communities during the pandemic also contributed to high inflationary conditions and, by June 2022, the consumer price index rose to 9.1%. In addition, sanctions placed on Russia following the invasion of Ukraine in February 2022 resulted in record high gas, energy, and food prices in early 2022, that although having since fallen, remain elevated.

The Federal Reserve responded to consumer price inflation by rapidly increasing interest rates from near zero during the pandemic to the highest level in forty years. For LMI families and small businesses, the impact of high consumer price inflation and interest rates means the many continue to struggle to meet their basic needs and continue to depend on food support programs.

A. Labor Market

The Bank's assessment areas are recovering to or above pre-pandemic employment levels. The economic recovery following the pandemic has been promoted by the federal government through passage in 2022 of the Inflation Reduction Act and the Creating Helpful Incentives to Produce Semiconductors and Science ("CHIPS") Act. This legislation is expected to incentivize creation clean energy and semi-conductor sector jobs including in the Bank's assessment areas.

All of the Bank's assessment areas had job growth going into 2023. While each assessment area is home to different industrial sectors, almost all the Bank's assessment areas rely to some extent on tourism, a sector which rebounded strongly as the pandemic ended and even showed signs of labor shortages.

Major contributing factors to job growth across most of the Bank's assessment areas include robust tourism and construction especially in the housing sectors. Each market evidenced expansion of their major industry sectors including construction of facilities and infrastructure. Reports of continued labor shortages and supply chain disruptions have resulted in delayed completion of construction projects including for much needed market rate and affordable housing. Construction delays, whether due to a combination of supply chain or labor issues, often requires banks to extend the term of loans made to finance construction.

According to community contacts, finding trained and qualified employees continues to be challenging especially in areas where the cost of living is high. There is a continued need for workforce development programs and improved education including STEM programs. While construction jobs and jobs related to tourism are contributors to job growth in most of the Bank's assessment areas, both sectors also create lower paying jobs and that typically do not provide benefits. Therefore, the demand for organizations providing health and social services is increasing. Due to the cyclical nature of some construction and tourism jobs there is a need for more permanent job creation.

Despite poverty rates decreasing in most assessment areas, continued elevated levels of food-stamp usage indicate there are segments of the population who continue to suffer from the impacts of the pandemic, ensuing consumer price inflation, or who may be under-employed or have not re-entered the workforce.

B. Housing

"America's housing crisis" is becoming more commonly used term to describe the present state of housing. Homeownership is one of the most tangible examples of financial stability and wealth building for American families. However, the housing markets in the Bank's assessment areas are some of the most expensive in the nation with for sale home prices well above the national average. Thus, for LMI families, renting a home is often the only option for stable housing. Along with median home prices, rents also increased in most of the Bank's assessment areas along with the percentage of households where over 35 percent of their income goes toward housing. Rates of homelessness have markedly increased and become more visible in larger communities.

According to a Zillow Research' paper entitled "Inflection Points in Community-Level Homeless Rates", homelessness increases in communities where rents rise:

> "*A main finding of the study is that the expected homeless rate in a community begins to quickly increase once median rental costs exceed 30% of median income, providing a statistical link between homelessness and the U.S. government's definition of a housing cost burden.*
>
> *We identify a period or structural change in homeless rates when housing costs in a community are between 30-34% of median income, with the most likely inflection point occurring at 32%. Once housing costs enter the 30-34% of median income region, the expected homeless rate in a community increases sharply."*

The visible impact of rising rents is evident in many of the assessment area cities where large communities of individuals and families live in temporary encampments along city streets, under freeway overpasses, and in other areas that are often unsafe. Other visible signs of the large number of unhoused residents include city streets, often near employment centers, that are lined with recreational vehicles that have are used for housing. Community contacts indicate that, many unhoused or homeless community members have unmet mental health and substance abuse treatment needs that complicate that ability of city and county housing agencies to assist them and, for these residents, permanent supportive housing with onsite social services is needed.

According to the National Low-income Housing Coalition ("NLIHC"), there is a severe shortage of available affordable rental housing across the nation including in the Bank's assessment areas. The NLIHC reported in March of 2023 that:

> "*The shortage of affordable rental housing primarily impacts renters with extremely low incomes. Extremely low-income renters in the U.S. face a shortage of 7.3 million affordable and available rental homes, resulting in only 33 affordable and available homes for every 100 extremely low-income renter households.*
>
> *The shortage of affordable rental housing worsened during the pandemic. Between 2019 and 2021, the shortage of affordable and available rental homes for extremely low-income renters worsened by more than 500,000 units, or 8%.*
>
> *Black, Latino, and Indigenous households are disproportionately extremely low-income renters and are disproportionately impacted by this shortage. Nineteen percent of Black non-Latino households, 17% of American Indian or Alaska Native households, and 14% of Latino households are extremely low-income renters, compared to only 6% of white non-Latino households."*

WAB's community contacts indicate that there is a continued very high demand for affordable housing and that the response requires the three "P's" of affordable housing: protection of existing tenants; preservation of existing affordable housing; and, production of new affordable housing.

To protect existing residents, community contacts indicate that general operating support is needed for community-based organizations that advocate for and often provide legal representation for LMI and very low-income tenants who are at risk of displacement from existing market rate housing. These tenants often have limited to no options to find new housing and are high risk of becoming homeless.

Preservation of existing affordable housing is essential in the Bank's assessment areas where there are properties that are reaching the end of the typical 15-year Low-Income Housing Tax Credit ("LIHTC") compliance periods and are often in need of renovation. Community contacts indicate that the pipeline of properties in need of "re-syndication" with new LIHTCs through acquisition and rehabilitation is likely to increase in coming years.

Production of new affordable housing is a very high need to house working families, a growing senior citizen population as "baby-boomers" retire, veterans (who have an above average rate of homelessness), and to address the chronically homeless who often need permanent supportive housing. However, much needed new home production hampered by labor shortages and increased cost of materials. Further, high interest rates are impacting the cost of developing new rental homes by increasing both the cost of construction financing and long-term multifamily mortgage financing. Community contacts indicate that some projects planned long before the rapid increase in interest rates can no longer sufficiently service higher cost debt up lease up and rent stabilization.

The opportunities to either finance or invest in affordable housing units is significant in the Bank's assessment areas. The need in most urban areas of the Bank's assessment areas is generally met by the large retail banks who, because of a lower cost of funds, dominate the market for LIHTC supported affordable housing debt and equity financing. Competition lowers the cost of financing and reduces costs of housing production, ultimately benefiting the community, but limits the volume to which small and mid-size banks can contribute.

Community contacts indicate that LMI first time home buyers face significant barriers to finding and financing a home in the Bank's assessment areas. The effect of rapidly rising mortgage rates in 2022 through 2023 following many years of very low mortgage rates is not only impacting affordability for prospective homebuyers but also the volume of resale homes available to purchase. This is because many homeowners who have locked in a low mortgage interest rate are reluctant to move and on take on a higher interest rate. See the rate chart below which illustrates the recent rapid increase in the 30-year fixed rate mortgage average per Freddie Mac:

The resulting record low inventory of resale homes is sustaining some of the home price appreciation that occurred during the pandemic. Low inventory of resale homes means financing of new home construction is a significant community credit need but new construction also faces challenges related to supply chain issues, labor shortages, and higher cost of construction financing with increased construction loan interest rates.

The National Association of Home Builders/Wells Fargo Housing Opportunity Index ("HOI") uses recent homes sales prices and the Department of Housing and Urban Development's ("HUD") median family income to illustrate and rank affordability for families earning the median family income of an area. For the second quarter of 2023, the HOI shows that, among the Bank's full-service branch assessment areas, housing is least affordable in the major metropolitan regions of California where only 3% of homes recently sold in Los Angeles County are affordable to families earning the median family income. The Bank's Nevada assessment areas also show limited affordability with less than 20% of recent home sales being affordable to the median family income. In Arizona, the share of homes affordable to families earning the median income is greater than California and Nevada but remains limited at only 30.1% in the largest population center of greater Phoenix.

National Association of Home Builders/ Wells Fargo
Housing Opportunity Index (HOI) Q2 2023

Metro Area MSA unless noted as "MD" or Metropolitan Division	**Share of homes Affordable for Median Income**	**Median Family Income $ (000s)**	**Median Sales Price $ (000s)**
Arizona			
Phoenix-Mesa-Chandler	30.1%	99.0	437
Flagstaff	27.3%	105.1	525
Tucson	38.6%	86.0	345
California			
San Diego-Chula Vista-Carlsbad	6.3%	116.8	825
San Francisco-San Mateo-Redwood City MD	7.0%	177.2	1,451
San Jose-Sunnyvale-Santa Clara	9.0%	181.3	1,430
Oakland-Berkeley-Livermore MD	14.4%	152.8	919
San Rafael MD	11.2%	180.1	1,425
Vallejo	11.7%	112.6	590
Napa	8.5%	129.6	825
Santa Cruz-Watsonville	11.0%	132.8	1,100
Stockton	17.4%	100.3	535
Los Angeles-Long Beach-Glendale	3.2%	97.5	830
Anaheim-Santa Ana-Irvine	4.6%	127.4	1,010
Oxnard-Thousand Oaks-Ventura	6.8%	123.5	800
Riverside-San Bernardino-Ontario	14.1%	94.5	531
Nevada			
Las Vegas-Henderson-Paradise	18.5%	83.9	420
Reno	19.8%	104.4	529
Carson City	16.5%	85.5	445

NAHB uses the annual median family income estimates for metropolitan areas published by the Department of Housing and Urban Development. NAHB assumes that a family can afford to spend 28 percent of its gross income on housing. That share of median income is then divided by twelve to arrive at a monthly figure. The monthly principal and interest that an owner would pay is based on the assumption of a 30-year fixed rate mortgage, with a loan for 90 percent of the sales price (i.e., 10 percent downpayment). The interest rate is an average of the 30-year fixed effective rate from Freddie Mac's Primary Mortgage Market Survey during that quarter. In addition to principal and interest, cost also includes estimated property taxes and property insurance for that home. This is based on metropolitan estimates of tax and insurance rates from the most recent American Community Survey. Mortgage insurance is not currently a component of the HOI. Therefore, for each record, there is an estimated monthly cost and available income share. The HOI is the share of records in a metropolitan area for which the monthly income available for housing is at or above the monthly cost for that unit.

Low inventory of homes for sale, combined with elevated prices and high mortgage rates has pushed home ownership for LMI families well beyond reach in most of the Bank's assessment areas. Consequently, the need for down payment assistance and support of home ownership counseling agencies that assist low and moderate-income first-time homebuyers is in high demand. Often, for LMI homebuyers, the limited options of homes available for purchase are market rates homes in areas further from job centers or homes that are for sale as part of below market rate (BMR) city and county sponsored programs.

C. Small Business Credit Assessment

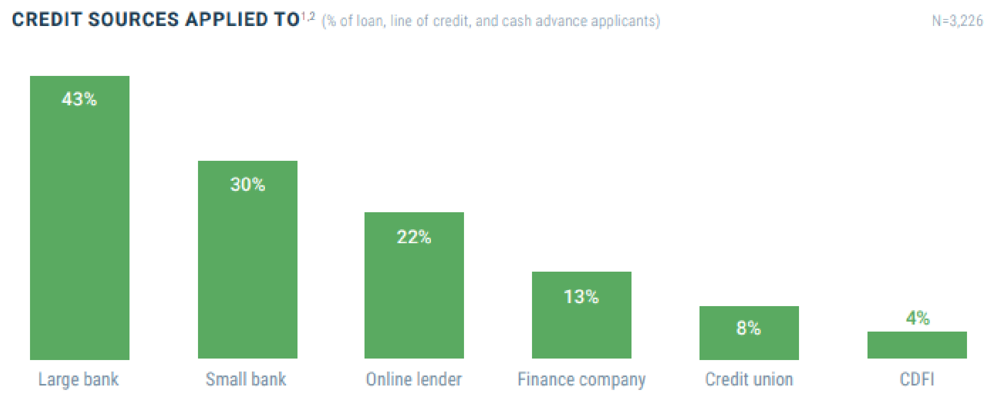
According to the Small Business Administration, despite losing 9.1 million jobs in the first two quarters of 2020 (onset of the COVID-19 pandemic), small businesses job growth rebounded swiftly following the COVID-19 recession. In the four quarters following, small businesses gained 5.5 million jobs, making up for 60 percent of the decline early in the pandemic. Small businesses have generated 12.9 million net new jobs over the past 25 years, accounting for two out of every three jobs added to the economy.

Small businesses were impacted during the pandemic during mandatory shutdowns or closures and many, including minority owned, permanently closed. Pandemic related supply chain disruptions, escalating fuel and energy costs in 2022, as well as persistent labor shortages have continued disrupt this important job creating segment for the economy.

The 2022 Small Business Credit Survey ("SBCS") conducted by the Federal Reserve Banks and reported in the 2023 Report on Employer Firms states the following:

> "*Rising costs of goods, services, and wages were the most reported financial challenge.*
>
> *For the first time since the 2020 survey, firms in the SBCS were more likely to report that revenues and employment levels increased rather than decreased in the past 12 months, and the share of firms reporting that they were operating profitably rose substantially year over-year.*
>
> *Firms in the most recent survey remain less likely than firms in prepandemic surveys to expect revenue or employment growth in the coming year. Additionally, firms reported the persistence of challenges, both financial and operational. Financially, around four in five firms cited challenges related to rising costs, and close to half of firms reported difficulties paying operating expenses or navigating uneven cash flows. Nearly all firms also reported some type of operational challenge. Specifically, firms most often struggled to hire or retain qualified staff or deal with issues in their supply chains.*
>
> *The 2022 survey also marks the first since 2020 in which firms were more likely to say they sought traditional financing rather than pandemic-related funding. As pandemic related funding programs ended, the data show an accompanying rise in the share of firms that sought traditional financing in the form of loans, lines of credit, or merchant cash advances. The share of these applicants that were fully approved rose year-over-year but lags prepandemic levels.*
>
> *In 2022, applications for the most common types of traditional financing—loans, lines of credit, and cash advances—rebounded above prepandemic levels. Of applicants that sought loans, lines of credit, and cash advances, Black owned firms and leisure and hospitality firms were among those least likely to be fully approved in 2022. For most firm categories, financing approval rates declined from prepandemic levels."*

We found that competition with large retail financial institutions and nonbank online lenders in each of our markets to be an impediment for the Bank to increase small business lending activity. In each of the Bank's assessment areas, large retail institutions and credit card companies dominate the origination of small business loans. According to the Federal Reserve Bank's SBCS, nonbank and online lenders are also a growing source of small dollar credit for small businesses. See chart below:



WAB works closely with several Community Development Financial Institutions ("CDFIs") who operate in its assessment areas and provide technical assistance and loans to small businesses. WAB's CDFI partners indicate that small business owners often turn to online lenders for convenience. Community contacts also indicate that small businesses are continuing to recover the impact of the pandemic, but most are burdened by increases in their costs of labor, cost of goods sold, and persistent high energy prices. CDFI's generally have capital to lend both from bank investors like WAB and the U.S. Treasury Departments' CDFI Equitable Recovery Program contacts also indicate that general operating support is needed to continue to provide technical assistance to existing businesses and aspiring entrepreneurs.

SECTION IV: CRA STRATEGIC PLAN

A: Overall Goal

The Bank's Plan establishes goals to achieve a "Satisfactory" CRA performance rating and an "Outstanding" rating. WAB intends to meet or exceed the Plan goals by outlining clear and measurable expectations focused on:

- Promoting the growth and development of small businesses operating within its full-service branch assessment areas, including those small businesses with gross annual revenues of $1 million or less; and,
- Providing credit, investment and other services that promote community development including affordable housing, small business support, economic development, and services for LMI people and neighborhoods throughout its assessment areas.

The Plan goals for a Satisfactory or Outstanding rating is in Section VI.

B: Effective Date and Term

The effective date of the Bank's CRA Strategic Plan is January 1, 2024. The Plan covers a three-year term beginning 2024 through 2026. At the end of the term, the Bank will reassess the appropriateness of renewing the plan.

C: Plan Focus

The community needs assessment determined that affordable housing for LMI people and access to credit for small and minority owned small businesses should be prioritized in the Plan. Workforce development to support LMI people with skills that support small businesses is also a continuing need.

The CRA Strategic Plan will focus on the following:

Affordable Housing:

- Finance and invest in affordable rental housing production and preservation;
- Invest in and support organizations that provide homeownership counseling, first time home buyer mortgages and access to affordable housing;
- Provide down payment assistance for LMI home buyers through the Federal Home Loan Bank of San Francisco's Workforce Initiative Subsidy for Homeownership (WISH) program; and,
- Make investments that support mortgage lending to LMI borrowers and for affordable multifamily rental housing.

Small Businesses with gross annual revenue (GAR) less than or equal to $1 million:

- Financing small businesses with loans and lines of credit products including SBA 7a and 504 loans
- Investments in CDFIs lending to small businesses;
- Purchase of small business loans from CDFIs; and,
- Investments in Small Business Investment Companies

Community development services for LMI people and neighborhoods and small businesses:

- Provide grants to organizations that provide direct services for LMI people including youth;
- Financial literacy training including donation of online training;
- Workforce development and education programs;
- Serve on boards of organizations that provide support for LMI people, neighborhoods and small businesses.
- Participate in CRA qualifying volunteer opportunities.

SECTION V: METHODOLOGY FOR CRA STRATEGIC PLAN 2024-2026

The CRA Strategic Plan includes performance targets for lending and community development activity in the Bank's full-service branch assessment areas and for community development activity in limited-service branch assessment areas. Mortgage loans are not measured because the Bank does not originate HMDA reportable mortgage loans.

A. CRA Historical Performance:

Western Alliance Bank was examined by the Federal Reserve Bank of San Francisco for CRA in 2022. The evaluation period for the lending test was January 1, 2018 through December 31, 2020 and for community development loans, qualified investments, and community development services was from January 8, 2019 to December 31, 2020. The Public Disclosure of the Bank's CRA Performance Evaluation was dated April 29th, 2022, and rated the Bank "Satisfactory".

Overall Rating	Satisfactory
Lending Test	High Satisfactory
Investment Test	Outstanding
Service Test	High Satisfactory

The major factors supporting the rating included:

- Good lending levels with excellent responsive to assessment area credit needs.
- Overall excellent geographic distribution of lending, primarily driven by strong small business lending penetration in most of the bank's assessment areas
- Overall good distributions of lending to businesses of different revenue sizes, with excellent responsiveness to the credit needs of very small businesses and small dollar loans..
- Extensive use of flexible and innovative lending programs in servicing assessment area credit needs.
- Relatively high levels of community development loans that address a variety of community needs, particularly in areas affected by the economic impacts of COVID-19 pandemic.
- Excellent level of qualified community development investments that exhibit excellent responsiveness to credit and community development needs, particularly in support of affordable housing and economic development.
- Relatively high levels of community development services that address the needs of low- and moderate-income Individuals and small businesses, while providing reasonably accessible retail banking services to the bank's assessment areas.

B. Measurement

The CRA strategic plan regulations provide flexibility regarding how a financial institution measures its goals. The Bank's strategic plan performance will be measured by the CRA activity within each assessment area. As a primarily commercial bank, the Bank will endeavor to support small businesses operating in its full-service branch assessment areas. The Bank will also focus on community development activities through lending and investment activities throughout all of its assessment areas including limited service branch assessment areas.

To develop the goals, the Bank considered its historical lending and investment volume, deposit market share, capacity and impediments to lending and investment, and input from community contacts. The bank also reviewed other banks' approved CRA strategic plans and, as available, CRA aggregate loan data.

The Plan incorporates small business loan goals for the number of small business loans to small businesses with gross annual revenues of $1 million or less. The Plan also includes goals for the Bank's community development activities, which includes a combined goal for loans and investments, and goals for donations, and service activities. The Bank will be rated an overall Satisfactory if it achieves a Satisfactory rating for all of its goals. The Bank may earn an overall Outstanding rating if it achieves an Outstanding level of performance under both Small Business and Community Development Loan and Investment goals; Outstanding level of performance under either one of the goals for CRA Donations and Service hours and Satisfactory level of performance on the other; and all limited-service branch goals.

C. Informal Public Discussions

The Bank maintains a network of community contacts as part of informal CRA advisory groups in each of its major markets, including Phoenix, Las Vegas, San Diego, San Francisco Bay Region, and Los Angeles. The community contacts consist of community leaders who work with organizations that specialize in affordable lending, providing services for low and moderate- income individuals, and representatives from Community Development Financial Institutions. The contacts provide valuable information on market conditions and evolving community needs. The Bank held group and individual informal discussions with community contacts in all of its assessment areas as part of the development of the Plan.

Section VII lists the Bank's community contacts who were reached as part of the development of the Plan.

Some of the comments from community contacts included:

- Many minority owned businesses found it difficult to obtain Payroll Protection Program loans during the pandemic and closed as a result. There is a continuing need for technical support and loans for minority entrepreneurs.
- Rising interest rates are adversely impacting the development of affordable housing as construction loan interest reserves require increased funding and stabilized cash flows at project build out must service higher cost term mortgage payments.
- Failure of two large banks based in California who were philanthropic donors to CDFI and other non-profit organizations is causing concern for those organizations fundraising efforts.
- Funding and flexibility is needed to support BIPOC developers of affordable housing who are more likely to invest in and therefore revitalize minority neighborhoods.

- CDFI and non-profit organizations are seeing employee turnover due high cost of housing with many employees relocating out of area or finding better pay and benefits through local government employment.
- Rising cost of living is straining LMI families' budgets increasing food and housing insecurity.
- Rising cost of homes for sale and higher interest rates straining first time home buyers.
- The CDFI's need long-term low-cost capital to continue lend to small businesses.
- Some public subsidies for affordable housing in California have been depleted and there may be opportunities fund non-profits advocacy efforts.
- Homeless services agencies continue to report full utilization of shelter beds are seeing more families displaced from rental housing.

The Bank intends to respond to community needs through its plan goals. The focus will be to provide affordable housing, support small businesses and provide opportunities for work force development.

Informal discussions with community leaders about the Bank's CRA Strategic Plan developed pathways of how the Bank and organizations they represented could work together in the upcoming years so that the bank could be successful in achieving the established goals.

SECTION VI: PERFORMANCE GOALS AND STANDARDS FOR CRA STRATEGIC PLAN 2024-2026

Western Alliance Bank's CRA Strategic Plan consists of four measurable goals for its full service branch assessment areas and two goals for its limited service branch assessment areas.

The goals for the CRA Strategic Plan may be modified or amended if there is a material change in our underlying assumptions or in the Bank's operations and such changes would make the Plan no longer appropriate or viable. Any modifications and amendments made to the Plan reflecting such changes will made in accordance with Federal Reserve Bank's regulatory requirements. The Bank may also elect to be examined under the CRA Large Bank examination procedures if it fails to substantially meet the plan goals for a satisfactory rating.

Full service branch assessment area goals:

Goal One: **Small Business Loans**

	Satisfactory		Outstanding	
Assessment Area	**3 Year Goal # of loans**	**Interim Annual Goal # of loans**	**3 Year Goal # of loans**	**Interim Annual Goal # of loans**
Phoenix	689	184 - 273	862	274 -345
Tucson	139	37 - 55	174	55 - 70
Flagstaff	113	30 - 45	142	45 - 57
Arizona Total	941		1,178	
San Diego	431	115 - 171	539	171 - 216
Greater Los Angeles	131	35 - 52	163	52 - 65
San Francisco Bay Area	272	73 - 108	340	108 - 136
California Total	834		1,042	
Las Vegas	968	258 - 384	1,209	383 - 484
Reno – Carson City	323	86 – 128	404	128 - 162
Fallon	45	12 – 18	57	18 - 23
Nevada Total	1,336		1,670	
Total Loans	3,111	830 - 1,234	3,890	1,234 -1,558

The Bank has set its performance goals for "Satisfactory" and "Outstanding" level of performance based the number of CRA small business Loan Application Register reportable loans, overall, and by assessment area. These include originated, renewed, increased and purchased loans in amounts of $1 million or less to businesses with gross annual revenue ("GAR") less than or equal to $1 million.

In determining the small business loan goal, we considered WAB's average small business lending for 2019, 2021, and 2022. To exclude the extraordinary impact of the COVID-19 pandemic, loan volume in 2020 and PPP loans were not considered. Based on the average, we established the goal for Satisfactory at approximately 5% below the adjusted 3-year average to account for competition, the prospect of an economic recession, and exceptionally high interest rates impacting business' ability and willingness to borrower.

We also considered WAB's ranking in the 2021 CRA small business aggregate loan data as reported by the Federal Financial Institutions Examination ("FFIEC") website. The 2022 aggregate loans data was not available at the time of this analysis. Generally, WAB ranks below the major money center and credit card banks who have large retail branch and online delivery systems. In WAB's full-service branch assessment areas, the closest peer bank by asset size and business model is Zions Bank, N.A. WAB's 2021 loans to businesses with GAR <=$1MM ranks lower than Zion's Bank who has a larger retail branch network in the same assessment areas.

WAB intends to exceed its Small Business Loan goal for Satisfactory and, market conditions permitting, strive toward meeting the goals for Outstanding. In 2023, the bank initiated the hiring of a cadre of Small Business Bankers who will be assigned to each of its full-service branches. This team will focus on expanding existing client needs and generate new deposit and loan relationships. WAB provides a streamlined business loan product that can be offered with a pre-approved credit card and overdraft line of credit support small businesses in its assessment areas. The streamlined loan product along with SBA loan applications are handled in the centralized Business and Consumer Loan Center.

Goal Two: Community Development Loans and Investments ($ 000)

Assessment Area	2024	2025	2026	3-Year Total
Phoenix	$ 116,324	$ 122,140	$ 128,247	$ 366,711
Tucson	$ 21,064	$ 22,117	$ 23,223	$ 66,404
Flagstaff	$ 2,761	$ 2,899	$ 3,044	$ 8,703
Arizona Total	$ 140,149	$ 147,156	$ 154,514	$ 441,819
San Diego	$ 43,648	$ 45,831	$ 48,122	$ 137,601
Greater Los Angeles	$ 37,861	$ 39,754	$ 41,742	$ 119,356
San Francisco Bay Area	$ 82,778	$ 86,917	$ 91,263	$ 260,957
California Total	$ 164,287	$ 172,501	$ 181,126	$ 517,915
Las Vegas	$ 72,500	$ 76,125	$ 79,931	$ 228,555
Reno - Carson City	$ 30,743	$ 32,331	$ 33,997	$ 97,071
Fallon	$ 1,000	$ 1,000	$ 1,000	$ 3,000
Nevada Total	$ 104,243	$ 109,455	$ 114,928	$ 328,627
Satisfactory	**$ 408,679**	**$ 429,113**	**$ 450,569**	**$ 1,288,360**
Outstanding	**$ 510,849**	**$ 536,391**	**$ 563,211**	**$ 1,610,450**

The community development loans include direct loans, participations, private placement bond purchases, increases, and renewals that meet the CRA definition of community development and are within or adjacent to but serve the Bank's assessment areas. Community development investments include investment commitments and funding of investments that were committed but not funded prior to 2024 that meet the CRA definition of community development and are within the Bank's assessment areas or broader regional areas that include the assessment areas.

WAB based its goal for Satisfactory based on 80% of the three-year average its CD loan and investment production during 2020 to 2022. WAB considered the volume CD loan and investment commitments WAB made prior to the Plan that remain funded or outstanding, impact of interest rates and other conditions affecting affordable housing developers, and the financial conditions of 2023 impacting banks liquidity. The goals anticipate conditions that allow WAB to increase its CD lending and investment by 5%

for years 2025 and 2026. The Bank set goals for an Outstanding level of performance at 25% above the Satisfactory rating, so that should market conditions and investment opportunities allow, the Bank can achieve an Outstanding rating.

WAB considered community development needs, market conditions, competition, and capacity to determine the community development loans and investments in the proposed goals. There is high demand in each of the Bank's assessment areas for affordable housing. According to the National Low-income Housing Coalition, there is a severe shortage of available affordable housing in all three states. Market rents are escalating, and fewer developers are investing in affordable housing.

WAB considers the goal reasonable based on multiple factors including: recent rapid increase in interest rates impacting viability or delaying affordable housing and other community development projects; high mortgage interest rates combined with high home prices and limited for sale inventory may lower the volume of mortgages to LMI borrowers in high housing cost assessment areas and therefore diminish the volume of CRA targeted mortgage-backed securities available for investment. WAB also considered the CRA Strategic Plan goal for Community Development Loans and Investments of Charles Schwab Bank, whose total assets of $358 billion are significantly higher and set a three-year CD loan and investment goal for Satisfactory is $2.87 Billion.

In addition to market and competition impediments, the Bank's capacity to make community development investments is impacted by having to get FRB preapproval of any Public Welfare Investments. Sometimes, when an investment opportunity arises, WAB loses the advantage of participating in the investment because it could be delayed by 60 days seeking an approval from FRB.

The Bank intends to finance, but is not limiting itself, to the following types of loans:

- Economic Development
    - SBA 504 loans
    - SBA 7a loans that create jobs in low to moderate income census tracts
    - Loans that provide capital for Community Development Financial Institutions
- Affordable Housing
    - Acquisition, refinance, or construction of multifamily properties for low and moderate-income individuals
    - Construction for LIHTC projects
- Non-profit Financing
    - Loans to organizations that primarily serve low to moderate income individuals
- Education
    - Municipal financing for Title 1 schools
    - Financing charter schools that primarily serve low- and moderate-income students
- Revitalization
    - Loans that located in a revitalization area and create permanent jobs

The Bank's best investment channels will include the following:
- Low Income Housing Tax Credits
- CRA Eligible Mortgage-Backed Securities
- SBIC Investments
- EQ2 Investments in CDFIs

Western Alliance Bank will also work with its CRA advisory group members to pursue opportunities for community development loans and investments.

Goal Three: **Donations to CRA qualified community organizations.**

Assessment Area	Satisfactory		Outstanding	
	3 Year Goal $ Donations	Interim Annual Goal ($000)	3 Year Goal $ Donations	Interim Annual Goal (000)
Phoenix	$1,733,875	$465-$695	$2,167,344	$580 – $865
Tucson	$315,250	$85 -$125	$394,063	$105 – $155
Flagstaff	$157,625	$40 -$65	$197,031	$50 - $80
Arizona Total	**$2,206,750**	$590 - $885	**$2,758,438**	$735 – $1,103
San Diego	$866,938	$230 - $345	$1,083,672	$290 - $430
Greater Los Angeles	$472,875	$125 -$190	$591,094	$155 – $235
San Francisco Bay Area	$945,750	$250 - $375	$1,182,188	$315 – $470
California Total	**$2,285,563**	$605 - $910	**$2,856,953**	$760 - $1,140
Las Vegas	$945,750	$250 - $380	$1,182,188	$315 - $470
Reno - Carson City	$442,875	$105 - $180	$553,594	$155 - $235
Fallon	$30,000	$5 - $15	$37,500	$7.5 - $17.5
Nevada Total	**$1,418,625**	$375 - $570	**$1,773,281**	$470 - $705
Limited-Service Branches (5)	**$394,063**	$105 - $160	**$492,578**	$130 - $200
Total Donations $	**$6,305,000**		**$7,881,250**	

Donations are generally counted under the CRA Large Bank examination tests as part of community development investments, however, WAB has elected to set a specific goal for community development donations to demonstrate its ongoing commitment to community partners. The Bank believes strongly in supporting the community and has a consistent record of giving back through grants and community service within its assessment areas. The Bank set the following goals for grants and donations.

The donations goal increases by 5% in years two and three of the Plan. Donations made by the Bank will meet the primary purpose of community development in the Bank's assessment areas. WAB's CRA Donation Program is focused on supporting organizations that provide better opportunities for low-to-moderate income communities and/or individuals:

- Affordable Housing
    - Home counseling organizations
    - Non-profit developer that develops affordable projects for LMI individuals
- Education
    - Organizations that provide financial literacy for LMI individuals
    - Organizations that provide scholarships for LMI individuals
    - Organizations that support to Title 1 schools
    - Organizations that provide better education opportunities for LMI
- Workforce Development
    - Organizations that prepare LMI individuals for jobs
    - Organizations that provide specific skills for LMI to obtain a job
- Continuum of Care
    - Organizations that provide shelter for homeless individuals

    - Organizations that provide vital healthcare for uninsured or underinsured individuals
    - Organizations that provide services to homeless individuals
- Support for Small Businesses
    - Organizations that Provide technical assistance for small business owners

Goal Four:

CRA qualified service hours performed by employees.

The following are the 3-year goals for the number of service hours to receive a "Satisfactory" or Outstanding" rating.

Number of Service Hours			
		Satisfactory	**Outstanding**
3-year Plan Goal for 2024 -2026		**26,700 Hours**	**37,380 Hours**
Interim Annual Goals	**2024**	8,900	12,460
	2025	8,900	12,460
	2026	8,900	12,460

The following table outlines service hours for each assessment area to obtain a "Satisfactory" or "Outstanding" rating.

Assessment Area	Satisfactory	Outstanding
Phoenix	4,250	5,950
Tucson	160	224
Flagstaff	50	70
Total Arizona	**4,460**	**6,244**
San Diego	925	1,295
Greater Los Angeles	270	378
San Francisco Bay Area	1,055	1,477
Total California	**2,250**	**3,150**
Las Vegas	1,870	2,618
Reno	270	378
Carson City	20	28
Fallon	30	42
Total Nevada	**2,190**	**3,066**
Total	**8,900**	**12,460**

The goals are based on the Bank's 2021 – 2023 CRA Strategic Plan goal which used approximately five hours of CRA qualifying community service hours per employee per year in the assessment areas for Satisfactory performance. Employee work patterns and locations continue to evolve post pandemic and therefore continuing the goal at the same level is reasonable.

WAB works with Junior Achievement in its assessment areas to provide financial literacy programs in Title 1 Schools and also participates with other financial literacy training programs, including the purchase of donation of online financial literacy training to schools with a majority LMI student body.

In addition, the Bank is an active participant in the Federal Home Bank of San Francisco's ("FHLBSF") grant programs including the Workforce Initiative Subsidy for Homeownership ("WISH") matching grant down payment program for first-time homebuyers. WAB works with home counseling organizations in assisting low to moderate-income individuals for down payment assistance often using WISH grants to purchase a home.

Finally, the Bank encourages employees to volunteer with CRA qualified organizations including by serving on Boards or committees relating to financial services.

Performance goals for the limited-service branch areas are as follows:

LSB Goal 1: Combined Dollar Volume of Community Development Loans/ Investments/ Donations

<table>
<tr><th colspan="3">Dollar Volume of Community Development Loans/ Investments/ Donations</th></tr>
<tr><th>Annual Plan Goal for 2024 -2026</th><th>Satisfactory</th><th>Outstanding</th></tr>
<tr><td>Denver</td><td rowspan="3">1.0% of the dollar amount of deposits reported in the prior year FDIC Summary of Deposits report.</td><td rowspan="3">1.5% of the dollar amount of deposits reported in the prior year FDIC Summary of Deposits</td></tr>
<tr><td>New York</td></tr>
<tr><td>Chicago</td></tr>
<tr><td>Atlanta (proposed)</td><td rowspan="2">1.0% of the dollar amount of deposits accumulated at year-end after the branch opening. The amount will be pro-rata based on the timing of the branch opening.</td><td rowspan="2">1.5% of the dollar amount of deposits accumulated at year-end after the branch opening. The amount will be pro-rata based on the timing of the branch opening.</td></tr>
<tr><td>Houston (proposed)</td></tr>
<tr><td colspan="3">Deposits are determined by FDIC Summary of Deposits the prior year.</td></tr>
</table>

LSB Goal 2: Community Service Hours

<table>
<tr><th colspan="3">Number of CRA Qualifying Community Service Hours</th></tr>
<tr><th>Annual Plan Goal for 2024 -2026</th><th>Satisfactory</th><th>Outstanding</th></tr>
<tr><td>Denver</td><td>125</td><td>175</td></tr>
<tr><td>New York</td><td>90</td><td>125</td></tr>
<tr><td>Chicago</td><td>80</td><td>110</td></tr>
<tr><td>Atlanta (proposed)</td><td>5 hours per employee six months after branch opening</td><td>7 hours per employee six months after branch opening</td></tr>
<tr><td>Houston (proposed)</td><td>5 hours per employee six months after branch opening</td><td>7 hours per employee six months after branch opening</td></tr>
</table>

SECTION VII: PUBLIC NOTIFICATION

A. Public Notice Regarding Public Inspection of the CRA Strategic Plan

Western Alliance Bank registered the following public notice in the legal section of the following publications in each assessment area:

Community Reinvestment Act ("CRA") regulations require a bank that has developed a CRA Strategic Plan (the "Plan") to publish Notice of the Plan and solicit formal written public comment for at least a 30-day period. Western Alliance Bank (the "Bank") hereby provides notice of its intention to submit a CRA Strategic Plan to the Federal Reserve Bank (the "FRB"). Written comments from the public concerning the Plan are encouraged. Requests for copies of the plan at no charge or comments regarding the Plan should be directed to Craig Robinson, Head of Community Relations, by mail or phone, at 1 East Washington Street, Suite 1400, Phoenix, Arizona 85004, (408) 689-8417. Comments received on or before October 30, 2023 will be considered prior to submission of the Plan for approval to the FRB.

Public Publications:

Assessment Area	County	Publication(s)
Flagstaff	Coconino	Arizona Daily Sun
Phoenix	Maricopa and Pinal	Arizona Republic
Tucson	Pima	Arizona Daily Star
Greater Los Angeles	Los Angeles	Los Angeles Times
	Orange	Orange County Register
	Riverside	Press Enterprise
	San Bernardino	San Bernardino Sun
	Ventura	Ventura County Star
San Diego	San Diego	San Diego Union Tribune
San Francisco Bay Area	Alameda and Contra Costa	Alameda Times-Star Contra Costa Times
	Napa	Napa Valley Register
	Marin, San Francisco, and San Mateo	San Francisco Chronicle
	Santa Clara and San Benito	The Mercury News
	Santa Cruz	Santa Cruz Sentinel
	San Joaquin	The San Joaquin Edition of the Tri-Valley Herald
	Solano	Daily Republic and Vallejo Times Herald
Las Vegas	Clark	Las Vegas Review Journal
Reno - Carson City	Carson City, Storey, Washoe	Reno Gazette Journal, Nevada Appeal
Fallon	Churchill	Lahontan News
Greater Chicago	Cook, DuPage, Grundy, McHenry, and Will	The Chicago Sun Times
Greater Denver	Denver, Arapahoe, Jefferson, Adams, Douglas, Broomfield, Elbert, Park, Clear Creek, and Gilpin	The Denver Post
Greater New York City	New York, Kings, Queens, Bronx, Richmond, Westchester, Putnam, and Rockland	City & State New York The Queens Times Ledger
Houston	Austin, Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery and Waller	The Houston Chronicle
Atlanta	Fulton, Gwinnett, Cobb, DeKalb, Clayton, Cherokee, Forsyth, Henry, Paulding, Coweta, Douglas, Fayette, Carroll, Newton, Bartow, Walton, Rockdale, Barrow, Spalding, Pickens, Haralson, Dawson, Butts, Meriwether, Morgan, Pike, Lamar, Jasper, Heard	The Atlanta Journal Constitution

The posted legal notices can be found in Appendix III.

SECTION VII: COMMUNITY OUTREACH LIST

Assessment Area	Local Organizations	Regional CDFIs
Flagstaff	Flagstaff Shelter Services Housing Solutions of Northern Arizona Coconino County Health and Human Services	Clearinghouse CDFI Dream Spring
Phoenix	Central Arizona Shelter Services Chicanos Por La Causa Prestamos International Rescue Committee Local Initiatives Support Corporate Local First Arizona Native American Connections Newtown UMOM Nourish Phoenix Trellis Save the Family	ACCION-Opportunity Fund Clearinghouse CDFI Dream Spring Momentus
Tucson	Catholic Charities of Southern Arizona Our Family Services Earn to Learn	Clearinghouse CDFI Dream Spring
Greater Los Angeles	Vermont Slauson Economic Development Corporation Pacific Coast Regional Neighborhood Housing Services LA Brotherhood Crusade Metro LA Boys and Girls Club	Accessity ACCION-Opportunity Fund Clearinghouse CDFI Dream Spring Lendistry Momentus
San Diego	Lucky Duck Foundation Casa Familiar Rise-up Industries Local Initiatives Support Corporation	Accessity ACCION-Opportunity Fund Dream Spring Momentus
San Francisco Bay Area	Housing Trust of Silicon Valley Renaissance Entrepreneurship Center Working Solutions CAMEO APA Family Support Services	ACCION-Opportunity Fund Clearinghouse CDFI Dream Spring Momentus
Las Vegas	Boys and Girls Club Southern Nevada Communities in Schools of Nevada Latin Chamber of Commerce HELP of Southern Nevada Hopelink of Southern Nevada Nevada Workforce Connections Urban Chamber of Commerce	ACCION-Opportunity Fund Clearinghouse CDFI Dream Spring
Reno – Carson City	Reno Housing Authority Food Bank of Northern Nevada	ACCION-Opportunity Fund Clearinghouse CDFI Dream Spring
Fallon	Fallon Youth Club	ACCION-Opportunity Fund

	Food Bank of Northern Nevada	Clearinghouse CDFI Dream Spring
Greater Chicago	IFF (Illinois Facilities Fund) Local Initiatives Support Corporation Law Center for Better Housing	ACCION-Opportunity Fund
Greater Denver	Impact Development Fund Mercy Housing Allies for Community Business	ACCION-Opportunity Fund
Greater New York City	CNI Group Center for New York City Neighborhoods Local Initiatives Support Corporation Low Income Investment Fund	ACCION-Opportunity Fund
Houston	Local Initiatives Support Corporation	ACCION-Opportunity Fund
Atlanta	Local Initiatives Support Corporation	ACCION-Opportunity Fund

APPENDIX I:

DEMOGRAPHIC AND ECONOMIC FACTORS

References:

Population:
https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=PEP_2018_PEPANNRES&prodType=table

Veterans:
https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_17_5YR_S2101&prodType=table

Median Income: Bureau of Census, Moody's Analytics

Poverty Rate:
https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_17_5YR_S1701&prodType=table

Food Stamps:
https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_17_5YR_S2201&prodType=table

High School Graduate: County Health Ranking and Roadmaps

Bachelor's Degrees:
https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_17_1YR_S1501&prodType=table

Demographic Information: 2010 U.S. Census; 2015 ACS; and 2017 Dunn and Bradstreet

Unemployment Rate: Bureau of Labor Statistics, Moody's Analytics

Job Information: Bureau of Labor Statistics, Moody's Analytics

Median Rents:
https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_17_5YR_B25064&prodType=table

Housing Data:
https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_17_5YR_DP04&prodType=table

Bureau of Labor Statistics, Moody's Analytics

Homeless Data:

https://www.usich.gov/tools-for-action/map/#fn[]=1400&fn[]=2900&fn[]=6000&fn[]=9900&fn[]=13500&all_types=true&year=2017

Affordability: National Association of Realtors; Bureau of Census; Bureau of Economic Analysis ; Moody's Analytics