COMMUNITY REINVESTMENT ACT
2024- 2028 STRATEGIC PLAN

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EXECUTIVE SUMMARY

The Bank of Whittier, National Association ("Bank of Whittier" or "Bank"), is a nationally chartered, minority-owned depository institution insured – MDI - by the Federal Deposit Insurance Corporation (FDIC) and supervised by the Office of the Comptroller of the Currency (OCC). Headquartered in Whittier, California, the Bank is subject to interagency regulations that implement the Community Reinvestment Act (CRA) of 1977 and encourage institutions to meet the credit needs of their defined primary service markets (assessment areas) including the low- and moderate-income (LMI) sector.

The CRA requires federal bank supervisory agencies to assess the records of financial depository institutions in meeting CRA obligations and allow the organizations to be evaluated under a CRA Strategic Plan they have developed once approved by their supervisory agency. In 2018, the OCC approved a five-year CRA Strategic Plan adopted by the Bank of Whittier effective January 1, 2019 (2019 Plan) [1]. The Plan established a goal-based framework that aligns with the Bank's business strategy, organizational framework and capacity, and the needs of the communities it serves.

The 2019 Plan provided a sound foundation to direct the Bank's CRA activities, therefore the Board of Directors of the Bank of Whittier has proceeded to adopt goals for a subsequent five-year term beginning July 09, 2024 (2024 Plan).

The 2024 Plan has three primary objectives:

1. Direct a strategy that ensures that the Bank continues to meet local needs with a focus on:
    - Home mortgage lending in low and moderate-income areas, and to LMI persons in the Bank's assessment areas (collectively LMI sector)
    - Support of entities[2] that promote community development and increase access to credit for underserved populations, particularly those of low- and moderate-income, and small businesses.
2. Establish specific goals that allow the OCC examiners to measure the sufficiency of the Bank's performance and assign a CRA rating.
3. Maintain at least a "Satisfactory" CRA performance rating through measurable goals that allow examiners to assess the Bank's performance.

[1] The Plan was approved by the Office of the Comptroller (OCC) on August 23, 2018, for a five-year period, effective January 1, 2019.

[2] Entities include nonprofit community organizations, community development financial institutions and minority depository institutions (MDIs) operating in the Bank's assessment areas. The Plan also provides for support of such organizations with broader regional or state-wide service markets that encompass the Bank's defined assessment areas.

As presented in the following table, the Plan includes a substantive financial commitment as well as a significant level of human resources to address community needs in its assessment areas over a five-year term.

<table>
<tr><th colspan="6">Bank of Whittier, NA
CRA Strategic Plan Overview
(2024 - 2028)</th></tr>
<tr><th colspan="2" rowspan="3">CRA Performance Goals</th><th colspan="4">Aggregate Commitment</th></tr>
<tr><td colspan="2">Average Annual Percentage of AA Mortgage Originations*</td><td>Dollars</td><td>Service Hours</td></tr>
<tr><td>Whittier, CA AA</td><td>Richardson, TX AA</td><td colspan="2">Bank-wide</td></tr>
<tr><td rowspan="2">Residential Mortgage Lending</td><td>Originations in low and moderate-income areas</td><td>6%</td><td>20 %</td><td rowspan="2"></td><td rowspan="2"></td></tr>
<tr><td>Originations to low and moderate-income persons</td><td>2%</td><td>11%</td></tr>
<tr><td rowspan="2"></td><td>Community Development Funding and Institutional Investments (Reinvestment Funding)</td><td colspan="2"></td><td>$8.5 Million</td><td></td></tr>
<tr><td>Community Development Services</td><td colspan="3"></td><td>125</td></tr>
<tr><td colspan="6">*Average annual percent over the term of the Plan</td></tr>
</table>

The Board is seeking approval from the Office of the Comptroller of the Currency ("OCC"), the Bank's primary regulator, for the 2024 Bank of Whittier CRA Strategic Plan to serve as the basis of the Bank's CRA performance evaluations. Consistent with the 2019 Plan, the Bank of Whittier, NA Board of Directors believes that the 2024 Plan is appropriate as it demonstrates sustained focus and commitment to community needs in the Bank's assessment areas.

Please note that the interim annual goals for 2024 reflect that the plan will not be in effect for the full year. Except for investments, activity conducted in 2024 prior to the effective date of the plan cannot be included in the interim goals. Investment activity conducted in 2024 prior to the effective date of the plan can be included in the goals as prior period investments.

BACKGROUND

The Bank of Whittier, NA is a wholly owned subsidiary of Greater Pacific Bancshares (GPB), a one-bank holding company and operates one office in Whittier, California, and one office in Richardson, Texas. Established in 1982, the Bank has been in operation for 41 years. Notwithstanding its interstate footprint, Bank of Whittier is a community bank at its core. The Bank takes pride in providing personalized service to its community residents and applies such to decision-making and management of all aspects of customer relationships.

Under the auspices of the RF (Riba-Free) banking discipline, the Bank of Whittier offers a full array of retail deposits and loan products including mortgages, consumer & commercial real estate, small businesses, and commercial loans. Its branches, ATMs and the internet enable effective service delivery, with a significant majority of the Bank's lending consisting of retail mortgages.

RF (Riba-Free) Banking Discipline

The RF banking discipline relies on an alternative methodology for financing, evaluating, and pricing bank products. For example, the RF (Riba-Free) discipline focuses on looking at each lending facility as an investment and not as a money renting operation at a rental rate called interest rate. The discipline also calls for no discrimination of any sort and to help the needy and the underbanked. The bank has developed a long-time expertise in assisting Americans from first-generation immigrant communities to achieve the American dream by introducing them to the American Banking system.

Using a loan request to purchase a home to illustrate the RF Discipline, the model assumes that the Bank as an investment evaluates the prudence of investing using the current rental value in the live market for a similar property located in the same neighborhood to calculate the rate of return on investment. The analysis helps the Bank determine if buying the property is a prudent investment decision and that the price is appropriate to avoid participation in an economic price bubble.

The Bank serves people of all backgrounds, and the unique RF Discipline positions it particularly well to address the banking needs of populations that may be underserved such as:

- Individuals reluctant to obtain conventionally priced bank products or services particularly those familiar with a system known as "Riba or Ribit" where money is looked upon as a commodity to be rented at a price called an interest rate rather than prudently investing it at a favorable expected return on investment using the current market researched rental rate of a similar property in the same market.

- Unbanked and underbanked populations, particularly the first-generation American immigrants unfamiliar with conventional U.S. banking practices.

- Others who have an interest in or are otherwise predisposed to socially responsible and ethical financing alternatives.

The RF discipline has enabled the Bank to help homebuyers avoid participating in housing price bubbles as demonstrated during the 2008 financial meltdown. In addition, Bank of Whittier customers have faced minimal losses even during periods of systemic financial challenges such as the mortgage crisis of 2008 and the COVID -19 Pandemic. Moreover, the Bank's capacity to continue to respond to the needs of its communities is fueled by its ability to effectively maintain mortgage relationships and accounts at levels where nonperforming loans are nominal and rank below peer average levels[3].

CRA Impact

With increasing awareness of the Bank's products offered under the unique RF (Riba-Free) banking discipline, the institution has increased its business activity in, as well as outside of, its assessment area markets. Heightened awareness of the Bank's RF products continues to be largely facilitated by the internet as well as "word of mouth". While growth has been positive for the Bank's communities, it has also increased the concentration of its mortgage originations outside of its assessment areas. The concentration outside of the assessment areas reflects the demand for RF-based services which, as previously noted, center around promoting socially and ethically responsible community-based banking rather than generating profit. Notwithstanding receptivity to the RF products, growth outside of the Bank's assessment areas elevates the Bank's CRA rating risk in the absence of an alternate strategy to ensure that the defined assessment areas' needs are being met.

Rationale for a CRA Strategic Plan

Since adopting its 2019 CRA Strategic Plan Bank of Whittier continues to see interest in its RF banking services throughout the United States including areas that are outside of the assessment areas it has defined for CRA. As such, the Bank continues to respond to home loan requests as well as an incidence of other banking service needs regardless of the state. For example, as of 2023 the Bank has had the opportunity to respond to a banking request in each state in the U.S. including California and Texas where it maintains a branch office.

While lending outside of the assessment areas illustrates a responsiveness to unmet credit needs, the activity has further increased the concentration of Bank mortgage loans outside of the Bank's assessment areas and elevate the Bank's CRA rating risk.

As Table 1 below Indicated the Bank's 2019 Plan has been successful as it enabled the Bank to achieve two key objectives:

- Maintain the positive responsiveness to credit needs which the Bank worked diligently to strive to achieve in its defined assessment areas since its October 24, 2011, CRA

[3] https://www.ffiec.gov/ubpr.htm

examination which resulted in a CRA rating of "Needs to Improve". The reason was that a majority concentration of the Bank's mortgages was outside of its assessment areas.

- Elevate its positive impact on its local communities by expanding the scope of its activities to include those that promote community development and elevate the availability of banking services in its communities, including LMI and small businesses sector.

Table 1: CRA Performance Profile

CRA Examination Date	CRA Rating	Total Assets
May 30, 2023	Satisfactory	$182 million
January 28, 2019	Satisfactory	$59 million
January 21, 2015	Satisfactory	$55 million
October 24, 2011	Needs to Improve	$49 million

The Bank's May 30, 2023, CRA Performance Evaluation (PE), its first CRA examination based under the 2019 Plan, bears out its achievements as it notes performance that met or exceeded established Plan goals. https://occ.gov/static/cra/craeval/Sep23/17548.pdf .

As such, the Bank of Whittier Board of Directors has elected to continue to have the Bank's CRA activities managed under the auspices of a CRA Strategic Plan framework rather than employ other approaches that require a curtailment of mortgage approvals outside of its assessment areas, and pose the following risks to the Bank:

1. *Diminished Bank's capacity for growth at a time where competition is fierce in its assessment areas.* The Bank's loan revenue is driven by mortgage loans and an increasingly a growing portfolio of commercial loans. However, heavy competition in the assessment areas, particularly California, creates a challenge to meet basic revenue goals relying solely on assessment area activity. From a viability standpoint, the Bank benefits from responding to the growing demand for its RF services versus having to turn away new loan requests.

2. *Precluding the Bank from responding to a specialized credit need in which it is one of few organizations with the lending expertise*. Bank of Whittier is one of the few entities that offer RF financing and Full-Service RF Banking. The increasing interest in its services outside of the defined assessment areas highlights the demand for an unmet banking need that spans the country.

Given these risks, and the flexibility the 2019 Plan afforded the Bank to adhere to the law and respond to unmet RF banking needs in which it is uniquely qualified, the Board of Directors have adopted new goals for a subsequent five-year term beginning in 2024.

Bank of Whittier’s

CRA Strategic Plan

Overall Goal, Effective Date and Terms

Overall Goal:
The goal of the Bank’s Plan is to maintain at least a “Satisfactory” CRA performance rating. However, as it did for the 2019 Plan., the Bank may exceed the goals of the Plan and has therefore outlined clear and measurable expectations for Satisfactory as well as Outstanding performance for the OCC’s consideration.

Objectives:
The critical Plan objectives for the Bank’s assessment areas are to:

- Respond to home credit needs and strengthen the financial capacity of consumers by providing greater awareness and access to RF financing products and services.
- Support community development activities that promote affordable housing for low- and moderate-income (LMI) residents and facilitate small business growth and job creation particularly for low and moderate-income persons/families in the Bank’s assessment areas.
- Continue the Bank's established culture of supporting mission-driven financial institutions such as CDFIs and MDIs as well as community organizations addressing critical needs that sustain and grow the vitality of its assessment areas.

Goals:
The Plan goals primarily focus on the Bank’s two assessment areas over a five-year term and aim to achieve the following:

- More than 25 percent of its residential mortgage loan originations in its assessment areas will benefit the LMI sector of its communities over the term of the Plan.
- The greater of $8.5 million over the life of the plan or 1.0 percent of average of annual total deposits to support local CDFIs, MDIs and other organizations promoting community-development or otherwise increasing access to banking services benefitting underserved populations including the LMI and small businesses.
- An annual level of community development services (e.g., financial-related volunteer activity) equivalent to the aggregate of an hour per employee based on the Bank’s full-time personnel count.

The Bank estimates the financial commitment associated with these goals will exceed $17 million over the five-year term of the Plan.

- $8.5 million to LMI residential mortgages
- $8.5 million to Community Development Investments

Proposed Effective Date:

Bank of Whittier requests approval of the Plan from the OCC to accommodate an effective date of **July 1, 2024.**[4]

Term:
The Plan covers a 5-year term beginning, July 1, 2024, and extending through June 30, 2029.[5] At the end of the initial term the Bank will reassess established goals and consider renewal of the Plan.

The Board of Directors and management of Bank of Whittier – as was the case in the first Strategic Plan - will monitor the Bank's CRA performance against the Plan's goals. Please note the following:

1. The Plan may be modified or amended if there is a material change in its underlying assumptions or in Bank of Whittier's operations and such changes would make the Plan no longer appropriate or viable.
2. Any modifications and amendments made to the Plan reflecting such changes will be made in accordance with the OCC's regulatory requirements.
3. The Bank may also elect to be examined under the CRA Small Bank examination procedures, as applicable, if Plan goals are not met.

[4] The Bank has drafted its CRA Strategic Plan based on a framework that provides a sound basis to direct and manage its performance activities. As such, informally the Plan is serving as a guidance framework to direct the Bank's performance activity in 2024, and until the Plan is officially approved by the OCC.
[5] For purposes of annual period measurements, the annual period begins the effective date of the Plan.

DESCRIPTION OF ASSESSMENT AREAS

Bank of Whittier service markets consists of two assessment areas (AA):

1. One in the state of California, and
2. Another in the state of Texas.

The markets are defined consistent with the requirements of the Community Reinvestment Act and include the following assessment areas:

- The Whittier California Assessment Area (California Assessment Area) consists of all of Orange County, the large southwestern portion of Los Angeles County, and the small western portions of San Bernardino County and Riverside County.

- Richardson Texas Assessment Area (Texas Assessment Area) is comprised of the entirety of the Dallas-Fort Worth-Arlington, Texas Metropolitan Statistical Area ("MSA") which includes the Dallas-Plano-Irving Metropolitan Division ("MD") and Fort Worth-Arlington MD.

Appendix A and B provide maps and the census tract listing for each of the Bank's two individual assessment areas for reference.

Table 2 below presents the assessment areas and the markets' respective shares of the Bank's loans, deposits, and branches. The average of the respective shares of these components serves to influence the allocation of performance expectations for each assessment area for certain goal categories as well as the assessment area's contributing weight to the Bank's CRA rating.

Table 2: Assessment Area Share of Components of Bank Operations

Assessment Area	6/30/2023 Average	2019-2023 Average	12/31/2023	Average Share
	Total Deposits	Mortgage Loan Originations	Branches	
Whittier California	91.15%	11.8	50%	51%
Richardson Texas	8.85%	75.4	50%	45%

Not surprisingly, the Whittier California assessment area exhibits the largest average share of bank activity as the headquarter market for the institution. However, the margin of difference compared to the Bank's Texas market is narrow and reflects the demand for RF lending services the Bank introduced when it established the branch in 2011.

A descriptive summary of each assessment area begins on the following page and highlights market attributes considered in formulating Plan goals such as assessment area demographics, the competitive environment, the economy and apparent community needs. The community needs discussion presents examples of response strategies and possible opportunities for banking institutions. The opportunities highlighted are included as illustrative examples that may be employed in satisfying Plan objectives rather than a road map to be followed.

Whittier California Assessment Area

Description of Institution's Operations in the Whittier, California Assessment Area

The Bank of Whittier offices are located in between Los Angeles and Orange County.
The Whittier California Assessment Area (Whittier Assessment Area) consists of the:

- Large southwestern part of Los Angeles County and all of Orange County, which are part of the Los Angeles-Long Beach-Anaheim, CA Metropolitan Statistical Area (MSA); and
- Small western portions of Riverside and San Bernardino counties, which are part of the Riverside-San Bernardino-Ontario, CA MSA.

Los Angeles and Orange Counties, collectively, represent the largest portion of the Bank's Whittier Assessment Area. The Bank's sole banking office in the assessment area is its headquarters office located in Whittier, California. Table AA#1 presents community characteristics of the office location.

Table AA #1: Bank Branch Locations				
Branch	City	County	Census Tract	Tract Designation
Whittier *	Whittier	Los Angeles	5002.02	Upper

Source: Bank records; *denotes ATM at location

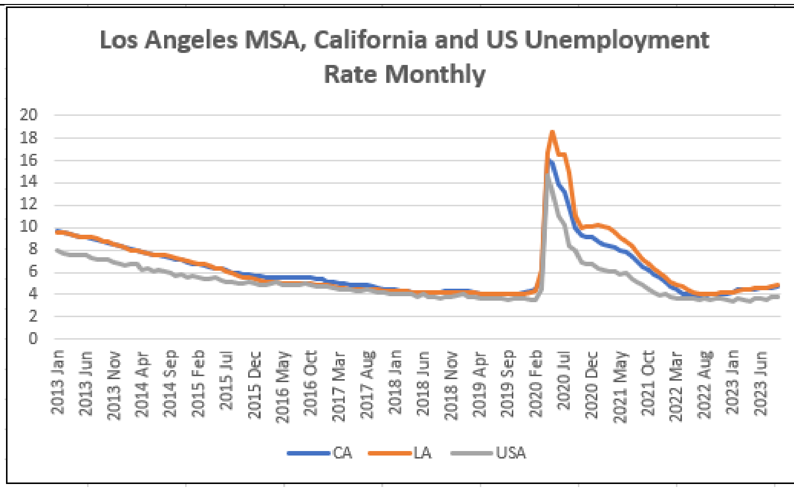
Table AA #2: Assessment Area Census Tracts Distribution by Income Level				
Income as % of MSA Median	# Census Tracts	% Census Tracts	% Population	% Households
Low	176	5.60%	5.00%	4.70%
Moderate	840	26.70%	27.10%	24.50%
Middle	950	30.20%	32.50%	30.40%
Upper	1100	35.00%	35.30%	39.20%
N/A[1]	78	2.50%	1.10%	1.20%
Source: 2020 U.S. Census data; 2024 FFIEC Census File updated income estimate data.				

Table AA #3: Assessment Area Demographics	
Population	13,469,581
Number of Households	4,748,738
Owner-Occupied Housing Units	2,184,512
Percentage of Rental Housing	47.9%
Source: 2020 U.S. Census data; 2023 FFIEC Census File updated income estimate data.	

The Economy

Economic Conditions and Characteristics: Los Angeles and Orange Counties make up the Los Angeles-Long Beach-Anaheim, CA MSA (Los Angeles MSA). As such, the economic profile of the Bank's Assessment Area is driven primarily by that of the Los Angeles MSA.

Unemployment Rate		
	December	
	2022	2023
LA MSA	4.2	4.8
California	4.1	4.8
U.S.	3.5	3.9
Source: Bureau of Labor Statistics		



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During the Great Recession, the Los Angeles MSA underperformed the overall U.S. profile. H~~o~~wever recent performance measured by the unemployment rate shows it has fared particularly well since February 2016. Nonetheless, economic conditions are somewhat different for Los Angeles County and Orange County and distinguish further economic discussion accordingly.

Unemployment in Los Angeles County:
Unemployment has improved. According to the Bureau of Labor Statistics, the unemployment rate for the county was 4.2 percent in December 2022, compared to 4.8 percent in September 2023. Unemployment rate ranked on par with the unemployment rate of 4.8 percent for the state in September 2023, and aligning with the overall rate for the U.S. Comparatively, the unemployment rate for Orange County is one of the lowest among California regional economies and well below the state unemployment rate of 2.7 percent. For December 2023, the LA County reported an unemployment rate of 5.3 percent compared to 4.6% in 2022.

Los Angeles County:
Historically, the leading industry clusters in Los Angeles County have been tourism & hospitality, professional and business services, entertainment (motion picture and TV production), wholesale distribution, and health services & biomedical. The county is also the

largest manufacturing center in the United States. Its seaports and airports are among the largest in the US. They support significant international trade, and they represent an important gate for Asia to the USA. For example, the Port of Los Angeles/Long Beach and the Los Angeles International Airport are two of the busiest transportation networks in the nation. The County's top employers are Walt Disney Company, Kaiser Permanente, University of California - Los Angeles (UCLA), Northrop Grumman Corporation, University of Southern California (USC), Kroger Corporation, Bank of America Corporation, The Boeing Company, and The Home Depot, in addition to various levels of government.

Recent economic improvement has been largely technology driven, specifically the bio-medical, digital information technology, and environmental technology sectors, all of which build on the vibrant technical research capabilities in the county.

Orange County:
Orange County benefits from economic output and employment that is well distributed among the various sectors. Orange County is known for tourism, with attractions such as Disneyland, Knott's Berry Farm, and several beaches. The County is also the headquarters for several Fortune 500 companies, including Ingram Micro, Inc., First American Financial Corporation, and Pacific Life Insurance Company. Major employers include the Walt Disney Company, University of California–Irvine, St. Joseph Health System, Boeing Company, Kaiser Permanente, and Bank of America Corporation. Technology, tourism, and the renewed housing-related industries are the primary drivers of the county's economic strength.

Looking Forward,
The Los Angeles County Economic Development Corporation's outlook for 2023[6] indicates the following:

- **Los Angeles County**:

  Job growth will be led by gains in Educational and Health Services employment; however, with employment in Leisure and Hospitality, Manufacturing, Trade, Transportation, and Utilities, and Government expected to fall, it may be a long time before employment levels in those sectors reach those seen before the pandemic, if at all. The county is likely to continue to see a slight population decline with housing affordability being cited as one of the primary reasons.

- **Orange County:[7]**

  Job growth will remain strong, led by health care and social assistance (25,200), leisure and hospitality (21,600), and professional, scientific, and technical services (18,100), which together are expected to account for over half of all job gains. Construction and retail trade will also make sizable contributions to the recovery, as will the government sector.

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[6] 2023 Economic Forecast Los Angeles County Economic Development Corporation, February 2023, https://laedc.org/wpcms/wp-content/uploads/2023/02/LAEDC04_EcoForcast23_Report_R3-1-1.pdf (retrieved November 29, 2023).
[7] OC Strong: Economic and Occupation Projections for Orange County, 2021-2025, January 2022, https://ocregionalconsortium.org/assets/oc-strong-report-1.pdf (retrieved November 29, 2023).

Management of companies and enterprises alone is expected to lose jobs over the planning horizon with a relatively small loss.

- **Riverside-San Bernardino-Ontario MSA:**[8]

  The economies of the portions of Riverside and San Bernardino Counties included in the Bank's assessment area are driven by conditions in the encompassing MSA, however the counties compare favorably to the entire MSA. For example, the unemployment rate for Riverside-San Bernardino-Ontario MSA was 5.2 percent for October 2023, Comparatively, October 2023 unemployment rates for Riverside and San Bernardino Counties were higher than the national average of 3.9 percent in November and 0.4 percent above the California level. The largest employers in San Bernardino County include Loma Linda University, Stater Bros. Markets, Wal-Mart Stores, United Parcel Service, and Arrowhead Medical Center. The largest employers in Riverside County include the University of California – Riverside, Riverside Unified School District, the City of Riverside, Pacific Bell–AT&T, and Kaiser Permanente. While the national data augurs still a strong labor market, the data for the Inland Empire tells a different story. In general, if the U.S economy dips the Inland Empire will suffer more extensively. A reduction in fewer imports and other shipment of goods, which brings in fewer containers into the ports of Los Angeles and Long Beach, and significantly reduces the demand for workers in the Logistics Industry (Transportation, Warehousing, Wholesale Trade) will take a toll on the local economy. Since the Logistics Industry is the second largest employer in the Inland Empire, pain will be felt across the area. As the regional economy has shifted, recent job losses in the Logistics Sector have been offset by gains in other industries such as Health Care, Leisure and Hospitality, and Financial Activities.

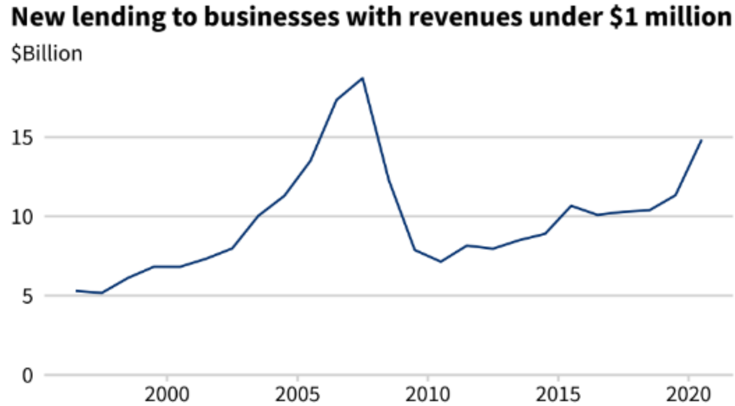
Competition
The banking environment in the Bank's Whittier assessment area[9] is highly competitive. June 30, 2023, FDIC Deposit Market Share Report indicates that 108 institutions with 2,030 offices compete for deposits in the Los Angeles-Long Beach-Santa Ana MSA encompassing the Bank's Whittier assessment area. The major competing institutions include Bank of America, Wells Fargo, JP Morgan Chase, and City National Bank, which collectively hold 56.9 percent of the deposit market share. ***The Bank of Whittier ranks 131st largest bank in California*** *and* ***the 3,226th largest bank in the USA.***

From a lending standpoint, the Bank faces a significant level of competition from bank and non-bank lenders. There is a substantial number of mortgage lenders active in the southern California market. For example, when considered together the Los Angeles-Long Beach-Santa Ana MSA together had a reported 1,181 HMDA institutions with at least one origination in the collective area in 2015. Almost half (559) of the institutions had branches in the MSAs. In terms of small business lending, 232 banks reported small business loans in the MSAs with six institutions,

[8] This MSA consists of Riverside and San Bernardino counties and is sometimes referred to as the "Inland Empire" although this term is also used for this MSA plus or minus contiguous parts of other regions.
[9] For assessing competition, we use available data for the entirety of the Los Angeles-Long Beach-Santa Ana MSA.

American Express FSB, Wells Fargo, Bank of America, Citibank, Chase Bank USA, and Capital One Bank, representing 82.7percent of the number of loans originated by these large lenders. Of this total, American Express FSB, Wells Fargo, Citibank, Bank of America, Capital One Bank, and US Bank originated over 90 percent of the loans that were extended to businesses with revenue of $1 million or less.

The Community Reinvestment Act requires large banks to report new small business loans. In 2020, reporting banks issued $14.8 billion in loans to California businesses with revenues of $1 million or less. Total reported new lending to businesses through loans of $100,000 or less was $22.1 billion. Total reported new lending to businesses through loans of $1 million or less was $60.2 billion.
Source: CRA Aggregate Data (FFIEC)



Community Needs
Our Bank's Whittier Assessment Area benefits from progressive economic improvements evident since 2019. While Orange County has been the Bank's strongest economic market within the MSA, both it and Los Angeles County have seen improved unemployment rates during the recovery from the pandemic. Notwithstanding this progress, the assessment area struggles with four key issues that drive persistent community credit needs, namely:

(1) Housing affordability, particularly for low- and moderate-income families.
(2) A rising homeless population.
(3) A persistent need for small business capital and support services; and
(4) A Workforce skill gap that jeopardizes small business growth as well as the financial capacity of low- and moderate-income individuals.

The following is a summary of these issues:

(1) <u>Housing is Increasingly Unaffordable, particularly for Low- and Moderate-Income (LMI) families.</u>

The assessment area, like the state, is plagued by a chronic need for affordable housing generally, and more particularly for low- and moderate-income families. The state's home purchase, as well as rental costs, far exceed the national average. For example, a June 2023 report from Bankrate.com[10] indicated housing prices were more than 94 percent higher than the rest of the country with the average home cost of $799,000, about two-and-a-half times the average national home price ($410,200). Similarly, the average monthly rent (approximately $1,958[11]), was almost 43 percent higher than the rest of the country ($1,372

[10] https://www.bankrate.com/real-estate/median-home-price/#how-much
[11] https://www.forbes.com/advisor/mortgages/average-rent-by-state/

per month). Housing costs in the Los Angeles County and Orange County market areas rank above the California average.
Not surprisingly, housing costs have diminished the availability of affordable housing for LMI families. The issue is chronic and growing.

Examples of Community Response Strategies:
Housing affordability has become a state priority as it has been a major issue driving the exodus of California residents to other states. Initiatives brought together legislators, economists, employers, developers, environmentalists and advocacy groups to explore causes and solution strategies to address the problem. Evolving out of these efforts was the acknowledgment that existing government assistance programs were not sufficient to address the demand for low- and moderate-income housing. Consequently, emphasis has been placed on encouraging more private development as a solution. The Plan market needs assessment identified organizations engaged in such efforts, for example:

- **Neighborhood Housing Services of Los Angeles County (NHS-LA):**

  As a non-profit affordable homeownership provider and a community-based developer, NHS-LA has built and rehabilitated more than 21,000 housing and commercial units reinvesting more than $4.7 billion back into urban communities throughout Los Angeles County.

  The LA housing stock consists of about 1.37 million units 0.51 million which are owner occupied and 0.87 million of which are renter-occupied.

  To fund its activities NHS-LA engages in a strategy that focuses on public and private partnerships. The organization also leverages cash contributions from donors to help fund related services such as consumer financial education, affordable financing, construction management, and mission-driven real estate and neighborhood revitalization services.

(2) <u>The Growth in the Homeless Population is Eclipsing the Overall Housing Concerns and Driving the Need for a "Crisis" Level Response.</u>

While the overall cost of housing is at critical levels throughout California, concern about homelessness has taken center stage in Los Angeles County. The 2023 Greater Los Angeles Homeless Count results were released today, showing a 9% rise in homelessness on any given night in Los Angeles County to an estimated 75,518 people and a 10% rise in the City of Los Angeles to an estimated 46,260 people. Los Angeles county ranks second in homeless population after New York (71,320 vs. 88,025.)

Examples of Community Response Strategies:
Los Angeles County Services available include temporary housing, shelter, restrooms, showers, meals, transportation, alcohol/drug, and mental health counseling, job training, and case management https://lacity.gov/residents/community-assistance/homeless-

services#:~:text=Services%20available%20include%20temporary%20housing,job%20training%2C%20and%20case%20management.

- The CalWORKs Housing Support Program (HSP) fosters housing stability for families experiencing homelessness. HSP assists homeless CalWORKs families in obtaining permanent housing and can provide temporary shelter, help with moving costs, short to medium-term rental subsidies, and wraparound case management.

- The Countywide Housing Assistance Program provides funding to assist mental health consumers without or limited financial resources to afford the costs associated with moving into permanent housing such as paying the security deposit, purchasing household goods and/or avoiding a possible eviction due to lack of financial resources.

- The Los Angeles Homeless Services Authority (LAHSA) administers the Homelessness Prevention Program, which provides people with short-term rental and legal assistance to maintain their housing or find new housing to avoid entering the emergency shelter system. Skid Row is a neighborhood in Downtown Los Angeles. The area is officially known as Central City East. Skid Row contains one of the largest stable populations (about 9,200–15,000) of homeless people in the United States and has been known for its condensed homeless population since at least the 1930s.

The Bank is involved with organizations headquartered in its assessment area that are engaged in activities that advance the objectives of Homeless Initiative such as:

- **Access California:**
  Access California, a culturally sensitive community-based organization dedicated to offering underserved populations assistance such as employment support services that include one-on-one job readiness coaching and acculturation, group employment preparation workshops, vocational English as a Second Language (VESL) instruction and computer literacy classes. The organization also provides referrals to short-term vocational training programs.

  Access Cal Offers a diverse range of services to help ensure you find the support needed. Whether the individual is trying to find a job, attempting to get a better understanding of a society that's new to you, or yearning to vent about issues that are overwhelming his/her life, you're in the right place!

  Access team members exhibit the knowledge, expertise, and welcoming attitude that help you find the support you need. With proficiency in over 21 languages, Access Cal provides Case Management and Client Advocacy, Mental Health Services, Health Coverage Access, Employment Services, Emergency Financial Assistance, Immigration & Citizenship Assistance, Translation and Interpretation, English as a Second Language classes, Parenting, and Self-Help Classes, Refugee Social Services and Youth Mentoring Services.

- **Sabil USA**

Sabil is a health and human services nonprofit that strives to improve an individual and family's quality of life by rapidly providing them with equitable food, health, and financial security with dignity and respect. Since 2012, Sabil has served families 7.7 million pounds of nutritious food, 206,100 mental health and case management services, 86,400 families received financial assistance, and 246,700 volunteer hours by everyday people wanting to lend a hand.

- **Whittier Interfaith Council** (a designated HUD Emergency Shelter)
- **United Way of Orange County** (volunteer income-tax assistance program)
- **Interfaith Food Center** (a food pantry).
- **Reseda Islamic Center Food Bank**
- **St. Michael Orthodox Christian Church** (volunteer support of local homeless services).

(3) Small Business Financing Difficulties Persist, particularly for Smaller Companies Needing Support that Help Build Borrowing and Growth Capacity.

California defines small business as follows:

- Independently owned and operated.
- Not dominant in its field of operation.
- Has fewer than 100 employees. Government Code Section 12100 – "Small business" means a business with less than 100 employees and with a gross revenue of less than five million dollars ($5,000,000)

Minority small businesses contribute nearly $193 billion in economic output per year, which is greater than the annual GDP of 18 U.S. states. Minority small businesses in California generate $28.7 billion in tax revenue each year. Minority small businesses support 2.56 million jobs annually across California.

As of 2023, there are 4.25 million small businesses in California. Small businesses represent 99.8% of all businesses in California. They employ 7.4 million employees. The annual growth rate in 2022 was 0.4%, the slowest in at least six years.

One of the greatest challenges small businesses and entrepreneurs face is accessing capital. Data from the (the Annual Business Survey) ABS show that, while 60 percent of businesses have less than $50,000 in debt, many businesses have significant levels of debt. At the end of 2020, almost half of businesses reported having less than $5,000 in outstanding debt. An additional 15 percent had at least $5,000 in debt but less than $50,000, while 4 percent had between $500,000 and $999,999 and another 9 percent had at least $1,000,000 in debt.

Surveys of small businesses underscore the need for financing to build capacity for small business operations. For example, gaining access to capital remains at least a high, if not a top, priority for more than 40 percent of respondents.[12] The statewide survey's findings align with

[12] https://www.smallbusinesscalifornia.org/small-business-survey.

national results from the Federal Reserve Small Business Credit Survey (national survey)[13] which ranked credit availability such as securing funds for growth and expansion as the top type of financial challenge (44 percent of respondents). Moreover, 76 percent of national survey respondents used their personal funds to respond to financial challenges, particularly smaller firms. Of those that did not apply for credit, 39 percent did not because they believed they would not be approved due to a low credit score. The national survey's ranking of the top three denial reasons reported by the respondents also illustrates how challenges of smaller firms differ from general population of small businesses.

Access to capital is oftentimes limited to those who are well connected and have a proven track record of sustainable business growth. For some small businesses and startup companies, securing debt financing options (i.e., raising capital through borrowing money from a bank or lender) may not be a viable option for a myriad of reasons, including lack of business revenue or cash flow, credit history, and no collateral. Despite these challenges, small businesses and entrepreneurs can explore capital raising options through a different lens—that of raising capital through equity financing.

Top Three Reasons for Credit Denial		
Ranking	**Aggregate of all small business respondents**	**Respondents with revenue of $1 million or less**
1.	Weak business performance	Low credit score
2.	Insufficient collateral and	Insufficient credit history
3.	Low credit score	Weak business performance
Source: Federal Reserve Small Business Credit Survey: Report on Employer Firms (national survey)		

The national survey indicates that denial reasons for businesses with revenue over $1 million were consistent with the results of the aggregate respondent group. The different ranking and reasons noted by smaller companies particularly highlight attributes common to start-up or relatively new businesses that often require credit quality enhancement strategies including businesses coaching.

Examples of Community Response Strategies:
Businesses with revenue of $1million or less dominate the Bank's assessment area. As such the top reasons noted in the preceding table for denying credit requests from such businesses underscore the critical need for services that strengthen their capacity to borrow. Small business development corporations (SBDCs) are an example of organizations established to provide such services.

Based on the Plan's market needs assessment, banks that refer applicants not meeting conventional underwriting standards to organizations such as SBDC in fact help enable a useful response to the applicant credit need. SBDCs employ credit enhancement strategies to facilitate credit approval or provide support services such as consulting or access to training

[13] https://www.newyorkfed.org/medialibrary/media/smallbusiness/2016/SBCS-Report-EmployerFirms-2016.pdf.

to strengthen the borrowing capacity of the business. Two of the organizations noted during the Plan's market needs assessment include:

- **Pacific Coast Regional Small Business Development Corporation (Pacific Coast Regional):**

  As a SBDC, Pacific Coast Regional offers critical support services typically available through small business development corporations such as:
  - Consult Services, i.e., PCR Small Business Consultants' Program providing one-on-one access to experienced business executives specializing in budgeting and business planning and other business management skills.
  - Education and Technical Assistance, i.e., Lottie Center for Business Excellence, small business seminars, and Small Business Start-Up Guide.

  Pacific Coast Regional is also certified as a Community Development Financial Institution (CDFI). As such, the organization can directly provide financing to businesses that may not be "traditionally bankable." The organization utilizes programs sponsored by government entities, e.g., the SBA and Economic Development Administration, as well as leverages the assistance of banking institutions. In fact, the organization's banking network is a critical resource when seeding initiatives such as its new micro loan program.

- **Orange County Small Business Development Center (Orange County SBDC):** The Orange County SBDC is a traditional service small business development center. Like PCR, the Orange County SBDC provides an array of support services such as free one-on-one consulting for both existing and start-up business owners. The SBDC also provides direction and guidance on at least 20 specific topics that promote effective business planning and operation such as sales and business development and start-up assistance. The Orange County SBDC is supported through a partnership with the SBA, other government funding as well as contributions from private organizations.

(4) <u>Workforce Skill Gap Jeopardizes Small Business Growth as well as the Financial Capacity of LMI individuals.</u>

Despite a sustained need for financing, companies in California are generally optimistic about business growth opportunities. This optimism has been tempered, however, as companies express concern about insufficient staffing. However, a high percentage of the respondents expressed that an inability to attract and retain talent could impede growth plans. If recent trends continue, California is likely to face a shortage of workers with some college education but less than a bachelor's degree by 2025. State and federal policymakers have increased their focus on boosting educational opportunities for this segment of the workforce. This report examines labor market outcomes among workers with some college training to shed light on the types of jobs that hold the most promise for future workers and the state economy.

The gap analysis report indicated that Los Angeles County's wide array of unfilled middle-skill jobs, were going unfilled largely due to the gap. For example, one out of four adult residents in Los Angeles lacked a high school credential with more than half leaving school before ninth grade. Conversely, middle-skill occupations warranted at least a high school diploma as well as skills such as work readiness, experience and, in some cases, other credentials. In the absence of the requisite skills, a notable percentage of the county's population is precluded from current employment opportunities particularly in industries such as healthcare and global trade and logistics where substantive growth is apparent and median hourly wages are significantly higher than the county's median hourly wage of $22.46. This circumstance is particularly troubling as it not only inhibits business growth but promotes a disproportionate rate of unemployment or under-employment for low- and moderate-income individuals in an environment of above-average housing costs.

Examples of Community Response Strategies:

Examples of organizations that offer services to specifically build the employment capacity of the underserved populations include the following:

- **Southeast Community Development Corporation (SCDC):**
  Based in southeast Los Angeles, SCDC is a regional community and economic development organization providing services with a focus on education and technology skill development, including:
    - Computer literacy training through the Southeast Cities Technology
    - Collaborative, a three-year initiative; A mobile technology center that allows the organization to provide on-site customize computer training for a business's employees; and
    - Customized classes such as English as a Second Language (ESL), financial literacy and job development.

- **Access California Services (Access California**):
  Access California, a culturally sensitive community-based organization dedicated to offering underserved populations assistance such as employment support services that include one-on-one job readiness coaching and acculturation, group employment preparation workshops, vocational English as a Second Language (VESL) instruction and computer literacy classes. The organization also provides referrals to short-term vocational training programs.

  Access Cal Offers a diverse range of services to help ensure you find the support needed. Whether the individual is trying to find a job, attempting to get a better understanding of a society that's new to you, or yearning to vent about issues that are overwhelming your life, you're in the right place!

  Access team members exhibit the knowledge, expertise, and welcoming attitude that help you find the support you need. With proficiency in over 21 languages, Access Cal provides Case Management and Client Advocacy, Mental Health Services, Health Coverage Access, Employment Services, Emergency Financial Assistance, Immigration & Citizenship Assistance, Translation and Interpretation, English as a Second Language classes, Parenting, and Self-Help Classes, Refugee Social Services and Youth Mentoring Services.

Organizations such as the Southeast CDC and Access California receive public funding to help support their operations, however, such organizations also rely to a measurable degree on contributions from private organizations such as banking institutions to support their service offerings.

Richardson, Texas Assessment Area

Description of Institution's Operations in the Richardson, Texas Assessment Area

The Richardson Texas Assessment Area (Richardson Assessment Area) consists of the Dallas-Fort Worth-Arlington, Texas Metropolitan Statistical Area (Dallas MSA) which includes the Dallas-Plano-Irving Metropolitan Division (MD) and Fort Worth-Arlington MD. The following 13 counties are included in the Assessment Area: Collin, Dallas, Denton, Ellis, Hunt, Kaufman, Rockwall, Hood, Johnson, Parker, Somervell, Tarrant, and Wise.

The Bank maintains one banking office in the Richardson Assessment Area located in the city of Richardson. Table #4 presents community characteristics of the office location.

Table AA#4: Bank Branch Location

Branch	City	County	Census Tract	Tract Designation
Richardson *	Richardson	Dallas	0190.24	Middle

Source: Bank records; *denotes ATM at location

Table AA#5: Assessment Area Census Tracts Distribution by Income Level

Income as % of MSA Median	# Census Tracts	% Census Tracts	% Population	% Households
Low	153	11.3%	9.6%	9.3%
Moderate	445	25.4%	24.6%	23.8%
Middle	521	30.6%	32.3%	33.8%
Upper	559	32.4%	33.5%	33.1%
N/A[14]	24	0.3%	0.0%	0.0%

Source: 2020 U.S. Census data; 2023 FFIEC Census File updated income estimate data.

Table AA#6: Assessment Area Demographics

Population	7,637,387
Number of Households	2,821,032
Owner-Occupied Housing Units	1,561,136
Percentage of Rental Housing	36.9%

Source: 2020 U.S. Census data; 2023 FFIEC Census File updated income estimate data.

The Economy

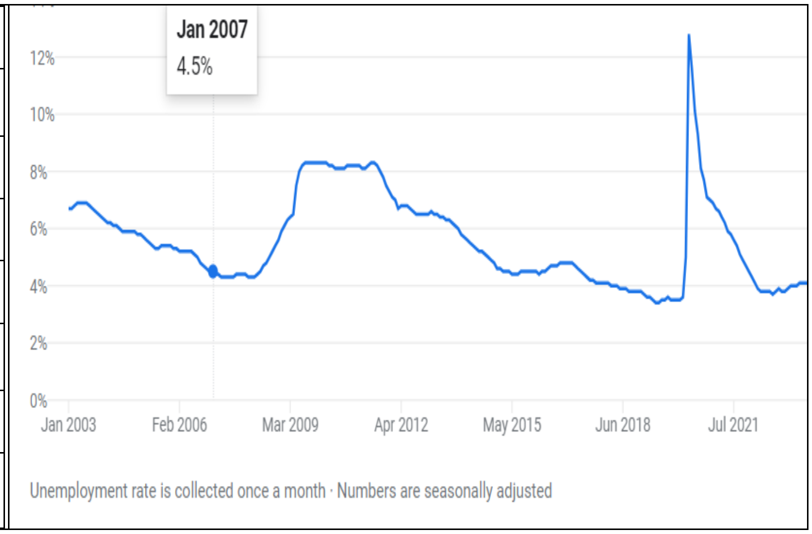
The Dallas-Fort Worth-Arlington MSA, also referred to as the Metroplex, is one of 25 MSAs in the state of Texas. Its geographic size exceeds that of the states of Rhode Island and Connecticut combined. By population, it is the largest MSA in the South. The two MDs which make up the MSA and, therefore, the Texas Assessment Area, are quite similar. The following is a discussion of the MSA in its entirety.

Economic Conditions and Characteristic

[14] The four census tracts with no income information are considered anomalies.

The economic profile of the MSA has compared particularly well to the U.S since 2007, despite some narrowing of the margin of difference in unemployment rates most evident beginning in

Unemployment Rate		
	December	
	2022	2023
Dallas MSA	3.4	3.6
Texas	3.90	4.0
U.S.	3.50	3.9
Source: Bureau of Labor Statistics		



The narrowed margin in the unemployment rate has been attributed to the reduction in oil prices. The Dallas MSA fared better than the state and the U.S. because it has been less sensitive to oil production than the rest of the state because of its highly diversified sources of income from other sectors of the economy. Overall, the MSA's economy has been largely driven by growth in energy, IT Services, Financial services, construction, and exports.

Trade, transportation, and utilities have been the dominant employment sector for the Dallas MSA with professional and business services close behind. Conversely, developments in the oil and related industries have contributed to a double-digit decline in the number employed in the natural resource and mining sector.

Major employers in the MSA continue to include various levels of government, and major corporate HQ (25 of the Fortune 500 companies) and Regional Offices like: ExxonMobil, Texas Instruments, Wal-Mart, American Airlines, Texas Health Resources, Baylor Scott and White Health, Bank of America, Lockheed Martin Aeronautics, Texas Instruments, and JPMorgan Chase, Toyota Financial Services, State Farm, AT&T. McKesson, Caterpillar, and many others. Future economic conditions are somewhat dependent upon national trends, but an uptick in optimism among business leaders prevails.

Competition

The banking environment in the Richardson Assessment Area is highly competitive. In 2023 the Dallas, Texas market had over 260+ banking institutions with 135+ credit unios. 1,711 offices compete for deposits in the Dallas MSA. The major competing institutions include Bank of America, N.A., JP Morgan Chase, Wells Fargo Bank, and Texas Capital Bank, which collectively hold 64 percent of the deposit market share. **The Bank of Whittier has a market share of less than 1 percent.**

From a lending perspective, the Bank of Whittier faces a significant level of competition from bank and nonbanks lenders. There are a substantial number of mortgage lenders active in the market. However, a number of these companies and have either closed down or reduced their work force by an average of 25% due to the significant decline in mortgage originations in the DFW market due to high interest rates and due to maturity and saturation of the market.

As it pertains to business credit, over 190 banks reported small business loans in the MSA with six institutions, namely American Express FSB, Chase Bank, Capital One Bank, Bank of America, Wells Fargo, and Citibank, representing over 70% of the total number of loans originated by the reporting banks. Of this total, American Express FSB, Citibank, N.A., Wells Fargo, Capital One Bank, and Bank of America originated over 79 to 80% of the loans that were extended to businesses with revenue of $1million or less.

Community Needs
The Bank's Richardson Assessment Area is the stronger of its two markets from an economic standpoint. Nevertheless, the market faces some challenges similar to those in its California market, namely:

- Housing affordability for low- and moderate-income individuals,
- Skill gaps that are precluding the low- and moderate-income from fully benefitting from increasing job opportunities, acquiring sufficient talent and capital to support small business growth, and
- Above average poverty is inconsistent with the region's otherwise strong economy.

A discussion of the issues and response strategies follows.

(1) **<u>Texas has become a Preferred "Destination State" for Relocation, while Housing becomes Less Affordable for LMI Residents, particularly in Dallas County.</u>**

Texas' strong economy, favorable business conditions and a relatively low cost of living have attracted residents from other states, however, housing development has not been keeping pace. The LMI sector has been affected particularly as a significant percentage of populations relocating to Texas fall into this income category. California lost 817,669 residents to other states in 2022. The number one destination was Texas. <u>No state had a larger outflow of its population to other parts of the nation</u>, according to Census Bureau data.

The issue is affecting homeowners as well as renters as one-third of Texas households are spending a disproportionate amount of their income on housing, i.e., over 30 percent of gross income. The cost burden rate in California for LMI citizens exceeds 70 percent for renters in some metro areas and counties such as Dallas. It is interesting to also note that the Debt to Income has now started to be 50% or more due to the high mortgage rates and the increased insurance premiums. These circumstances underscore the need for housing development particularly for low- and moderate-income residents. While strategies to respond to this need have commenced, obstacles such as dwindling resources to fund development costs exist.

Examples of Community Response Strategies:

Achieving a sufficient level of affordable housing, particularly for low- and moderate-income populations has been difficult given the increasing demand and the concurrent curtailment in government funding, e.g., HOME Investment Partnerships (HOME) and the Community Development Block Grant (CDBG). However, the circumstances in Texas have not gone unnoticed. For example, the geographic distribution of grants awarded by the Wells Fargo Housing Foundation since 2016 highlighted the apparent need in Texas. Of the national pool of 56 nonprofit award recipients selected, 12.5 percent were in Texas. The distribution within the state indicated that 43 percent of the seven Texas organizations receiving awards were in the Bank's assessment area, specifically Dallas and Fort Worth. It was apparent during the market needs assessment for the Plan that nonprofit organizations are attempting to remain engaged in developing affordable housing for low- and moderate-income households. Such organizations include local developers such as:

- **Dallas Area Habitat for Humanity:**
  The Dallas Area Habitat for Humanity (Dallas Habitat) builds dwellings for low- and moderate-income families by collaborating with prospective residents and volunteers to minimize development costs. Since 2015, the organization partnered with 18,004 individuals to build or improve such dwellings.[15] The organization also minimizes post-development costs to enable affordability in two keyways:
  (1) A down payment assistance program that minimizes a borrower's cash outlay, and
  (2) Financing through Dallas Neighborhood Homes (DNH), a Habitat affiliate, that specializes in providing home loans to low- and moderate-income households.

  In addition to financing, Dallas Habitat's housing development activities are funded, in part, by donations from community supporters that include banking institutions. Such donations help to support the organization's ancillary programs such as readiness assessments, counseling, and financial literacy training for prospective homeowners.

- **Builders of Hope CDC:**
  Builders of Hope CDC (Builders CDC) is a community housing development organization that partners with organizations, such as the city of Dallas, to provide homes for low- and moderate-income households. The organization focuses on homeownership but also encourages rent-to-own initiatives to help transition individuals not yet ready to acquire a home. Its development of new homes and rehabilitation of existing dwellings, including demolition and rebuilding of substandard structures, has helped to revitalize neighborhoods in the West Dallas, Pleasant Grove, and Oak Cliff areas of greater Dallas.

  Builders CDC's development efforts are funded in part by private financing and donations. Donated contributions also help support the organization's ancillary programs such as its down payment assistance program and classes covering topics such as homeownership, budgeting, obtaining a home loan, home maintenance, and financial literacy.

2. **LMI Populations are Not Fully Benefitting from the Region's Increasing Job Opportunities Due to Job Skill Set Requirements.**

A JPMorgan Chase skills gap report (Chase report) [16] notes in areas such as the city of Dallas many of the residents are unemployed or underemployed despite the state's thriving economy. The disparity between available skills and increasing job requirements is a direct contributing factor.

The Dallas economy benefited from growth in five key sectors between 2015 and 2016 The largest increase was in the Leisure and Hospitality (4.2%) and Construction (4.7%) sectors, which typically employ a significant percentage of low- and moderate -income wage earners. The latest data (Dec 6, 2023) from the Census Bureau shows Dallas-Fort Worth-Arlington is the fourth biggest metro in the country with a population of just under 7 million and a 10-year growth rate of about 20%. Business relocations and expansion are fueling the Dallas economy. The major industries in Dallas and Fort Worth include information technology, financial services, healthcare, and defense (Dec 22, 2023). The Dallas Fort Worth area is thriving because of its major airport, highway and rail access and central location. It is also home to a number of major universities, producing a highly skilled and diverse workforce. Plus, a lack of natural barriers like waterways and mountains means plenty of room to expand.

The Chase report also points to growth sectors offering increased opportunity for low- and moderate-income individuals. However, the openings in these industries, particularly the healthcare and information technology business services are often "middle skill" jobs. These trends continued to grow but the growth is slowing down. In Texas, middle-skill jobs account for 56% of the labor market, according to the National Skills Coalition, but only 42% of workers are trained to the middle-skill level. Due to this growing gap, thousands of job openings in Texas will remain unfilled. This problem isn't exclusive to any one industry.

Texas Skills Mismatch

In Texas, a majority of jobs (54%) require skills training beyond high school, but not a four-year degree. But too few of Texas' workers – just 45% - have had access to skills training necessary to fill these in-demand careers.

The requirement for "middle skills" is marginalizing many low- and moderate-income Texans who do not have the requisite high school diploma and some post-secondary education or training. These deficits were fulfilled through the attraction of many skilled IT, Healthcare, and communications professionals from other states and from other countries like India, Pakistan, and Bangladesh. Nonetheless in practice, the skill gap hurts growth for small businesses as well as employment for low -and moderate- income individuals.

Examples of Community Response Strategies and Opportunities:

[16] https://www.jpmorganchase.com/corporate/Corporate-Responsibility/dallas-skills-gap-report.htm.

Studies suggest that a system with substantial capacity is needed to engage in workforce training at the scale warranted, particularly given the concentrated need in the cities of Dallas and Fort Worth. To this end, the market needs assessment identified organizations in the Bank's assessment areas as well as in other parts of the state whose mission includes promoting individual development at all levels, beginning at early childhood through post-secondary education to\ maximize employment potential. Examples of such organizations in the Bank's assessment area include the following:

- **United Way of Metropolitan Dallas (United Way of Dallas):**
  United Way of Dallas introduced the Pathways-to-Work program in conjunction with a global initiative of JPMorgan Chase to help markets build a demand-driven workforce development system and to prepare youth and adults for careers in high-demand, middle-skill occupations.

  Under the program, United Way of Dallas coordinates the efforts of local workforce stakeholder groups to implement a 5-point strategy to facilitate:
  - Job skills and workforce readiness training,
  - Basic skills education,
  - Industry-recognized credentials and certifications,
  - On-the-job training and internships, and
  - Integrated support services such as childcare, transportation, tuition assistance, housing assistance and coaching.[17]

  The Pathways-to-Work program is being funded by ongoing donations to United Way that complements seed funding from organizations such as JPMorgan Chase, the lead partner in the project.

- **Builders of Hope CDC:**
  Builders of Hope operates a unique workforce development program known as Project REACH that combines life skills and character development to help reduce local unemployment and crime. The program combines two nationally recognized curricula, namely Men's Fraternity and Jobs for Life. Project REACH is primarily supported by:
  - Volunteer businessmen and church leaders who serve as mentors for young men, and
  - Financial contributions to the program's budget.

3. **Despite the Positive Economic and Business Trends, Acquiring Sufficient Talent and Capital Continues to Pose the Biggest Obstacles to Small Business Growth.**

   Similar to the reports regarding the Bank's California market, surveys of small businesses in Texas conducted by the Federal Reserve Bank of Dallas in 2015 and 2016[18] (FRB Dallas surveys) include concerns about acquiring capital and talent, particularly for companies

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[17] http://dallascityhall.com/government/Council%20Meeting%20Documents/A_New%20Skills%20at%20Work%20JP%20Morgan%20Chase_Combined_%20030216.pdf.
[18] https://www.dallasfed.org/~/media/documents/cd/poll/16poll.pdf
https://www.dallasfed.org/en/cd/pubs/~/media/documents/cd/poll/17poll.pdf.

with five or less employees.[19] The surveys suggest the issues are apparent in the Bank's assessment area counties of Dallas, Tarrant, and Collin which had the highest concentration of respondents.

Since 2016, There was a slight shift in the ranking of the top factor jeopardizing business expansion. For the first time in three consecutive survey years capital needs inched out talent for first place with approximately 40 percent of survey respondents indicating difficulty acquiring credit. Attributing factors included reasons common for start-up and young businesses such as "business too young," or "banks not lending to my type of business" or reasons evidencing the need for coaching and technical assistance such as "low credit score", "uneven cash flow", and "weak sales." Survey results, as well as community feedback underscore the criticality of financing complemented with technical assistance and coaching to help build the borrowing capacity of small businesses.

Examples of Community Response Strategies:
Organizations were identified in conjunction with the market needs assessment that specialize in financing options and support services for small businesses that may not yet be "conventional financing ready". Examples of these organizations include the following:

- **PeopleFund:**
  As a community development financial institution (CDFI), PeopleFund provides financing, business assistance, and education to small businesses. Almost 30 percent of the organization's client base is in the Bank's Texas assessment area. The organization's mission is specifically aimed at small businesses exhibiting the greatest need, such as those having difficulty obtaining conventional commercial bank financing. For example, about half of PeopleFund clients are start-ups that typically need coaching and mentorship to become "conventional financing ready" as highlighted in the FRB survey.

- **LiftFund:**
  Previously known as Action Texas, LiftFund is a nonprofit, SBA-certified development corporation specializing in financing for small businesses not meeting conventional credit standards. A large percentage of LiftFund borrowers had credit scores between 300 and 650,[20] i.e., scores which fall below the typical "prime credit score" level. The organization offers credit products such as SBA 504 financing, micro loans and other facilities for start-ups. LiftFund complements its lending services with training critical to the success of small business entities.

Both PeopleFund and LiftFund provide opportunities in addition to lending that allow banking institutions of any size to support their small business initiatives. For example, both organizations receive donations and grants as part of their funding strategy. Secondly, organizations such as PeopleFund leverage the financial expertise of volunteers to provide support service through its One-to-One Mentorship Program and business education

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[19] Small businesses with 5 or less employees made up most survey respondents in 2015 (55.3%) and 2016 (64.7%) respectively.
[20] http://www.liftfund.com/support/why-give/.

workshops. Finally, both organizations encourage banking institutions to refer business applicants that may not yet be "conventional financing ready" to them as an alternative resource that may enable the provision of credit.

4. **Despite the Positive Economic Trend in Texas, the Poverty Rate is at Crisis Levels Particularly within the Bank's Assessment Area.**

Current poverty levels in Texas are high and require an effective remediation strategy. An average of 13.9% of Texans lived below the poverty line from 2018 to 2022, down from 16% of Texans in poverty from 2013 to 2017. That decline mirrors a similar reduction in poverty levels nationwide as the share of Americans living in poverty fell from 14.6% to 12.5%. In 2023, within segments of the Bank's assessment area the US Census Bureau data indicate that the poverty rates exceeded the state's above-average level, namely the cities of Dallas and Fort Worth (~18%).

Examples of Community Response Strategies:

The dichotomy between the state's robust economic condition and poverty rates has triggered several response initiatives including those of the following organizations based in Dallas where rates are the highest in the Bank's assessment area.

- **The Dallas Area Habitat for Humanity (Dallas Habitat):** In conjunction with the Dallas Mayor's Task Force on Poverty, Dallas Habitat has adopted a strategic vision, "Dream Dallas", to specifically direct efforts at transforming five neglected neighborhoods in the city. This vision provides for holistic revitalization in partnership with the federal government, Dallas County, the City of Dallas, faith-based organizations, other non-profits, and private investors.

  The Bank is pleased to report that it has financed the HQ of the Garland Habitat for Humanity in 2022 in the amount of $1.125 MM.

- **Sharing Life, Mesquite, Texas:** The mission of Sharing Life is to end hunger and poverty. While the first priority is to provide families with the most basic essentials like food and clothing, the organization provides the tools needed to achieve long-term goals. Receiving their GED, finding employment or financial coaching are available. Sharing Life partners with local businesses and individuals to provide scholarships to deserving students who may not otherwise be able to continue their education.

- **United Way of Metropolitan Dallas:** Through its Community Financial Stability initiative, United Way of Dallas is advancing a movement to stem poverty. The initiative is a community-wide effort aimed at achieving a goal, over 10 years, to move 250,000 people out of poverty permanently. To do this, the organization currently funds 43 programs focused on providing employment support, job skills training, and financial education and another 20 programs focused on emergency and basic needs assistance. In 2023, United Way of Dallas has invested $38 million and has put over 350,000 people on the path to financial stability.

Financial institutions help advance the work of organizations such as Dallas Habitat and United Way of Dallas to reduce poverty through donations to support target activities or established programs or more broadly to contribute to the budgets aimed primarily at stemming poverty.

PERFORMANCE GOALS AND MEASUREMENT STANDARDS

Bank of Whittier has approved a significant financial commitment over the five-year term of its CRA Strategic Plan to respond to credit and community development needs in its two assessment areas. The Bank has also dedicated considerable human resources to provide services to help build the financial capacity of consumers and small business in its assessment areas. As previously noted, activities to achieve this goal will focus on the Bank's defined assessment area(s) and, as appropriate, may include activities involving broader areas that encompass the assessment area, e.g., regional or statewide. The Plan addresses:

- How the Bank will respond to the credit needs of consumers and small businesses who prefer or may otherwise benefit from the RF Discipline of financing, and
- Activities in which the Bank will engage to promote community development.

Plan goals were formulated based on the following considerations:

- Community needs identified in conjunction with an evaluation of the market and interviews with selected organizations.
- Economic conditions and market competition.
- The Bank's business strategy, operating model, financial capacity and resource constraints.
- The Bank's prior CRA performance and subsequent two-year period, 2022 and 2023.
- Performance results of selected institutions operating within the Bank's market; particularly organizations of comparable size and business strategy; and
- Other institutions' CRA Strategic Plans and associated performance evaluations.

Overall Plan Approach

The Plan outlines a CRA strategy that consists of mortgage loans, and activities that promote community development and support the capacity of mission-driven organizations in the Bank's assessment area or broader regional or statewide areas encompassing its markets.
These organizations include nonprofit entities, as well as community development financial institutions (CDFIs) and minority-owned financial depository institutions (MDIs) focused on addressing local community needs.

The following table recaps the apparent needs identified by assessment areas as well as the primary strategy the Bank will deploy to respond.

Table G(1)					
Key Needs Identified	Assessment Areas		Bank Primary Response Options		
	Whittier California	Richardson Texas	LMI Residential Mortgages	Community Development Funding & Institutional Investments (Reinvestment Funding)	Community Development Services
Affordable housing for low- and moderate-income persons largely driven by :					
• Above average housing costs	√		√	√	√
• Population growth impacted by significant population growth including migration from other **states**		√	√	√	√
Homelessness population warranting a priority response.					
• Increasing homeless population	√			√	
• Recent decline in overall, overshadowed by increase in the chronic and returned homeless persons		√		√	
Services that elevate LMI capacity to access jobs, including those with higher wages to help bridge earnings gap and build economic stability including homeownership.	√	√		√	√
Nonprofit capacity to meet increased service demand to support LMI and small business residents	√	√		√	√
Funding and technical assistance to promote sustained recovery as well as strengthen operating capacity impacted by higher and increasing costs and uncertain business economy.	√	√		√	
Above-average poverty levels in key metro markets heighten need for community services	√	√		√	√

Table G(1) recaps the apparent needs identified during the market assessment and the primary strategy management will pursue to respond. The table shows commonalities in apparent needs across the assessment areas, as well as key issues that contribute to variations specific to the markets, for example:

- Affordable housing for LMI remains a critical need in both assessment areas, with above average housing prices serving as primary contributors to the gap in affordable housing. The California market has historically been subject to above average high housing prices and costs. Conversely, the challenges in Texas have largely been driven by significant and steady population growth to outpacing available housing.

- Homelessness is a significant issue in both markets however California continues to experience an increase in the overall homeless population. The Texas market issues are more qualitative as the overall homeless count as declined since 2019[21] while concurrently increases are evident in the chronic homeless population and persons previously homeless

[21] (Insert reference)

that are in need again.[22] The distinction underscores the priority need for social service support, particularly in Texas.

- Small businesses have largely recovered from the Pandemic in both assessment areas, although feedback suggests recovery has been quicker in the Texas market as the impact of the Pandemic was not as extended /considered less intense. Notwithstanding, a post-Pandemic market of higher costs, and operating challenges has contributed to uncertainty for existing businesses as well as start-up entities. These conditions have elevated the need for technical support such as business finance coaching, guidance as well as assistance in accessing capital.

- Poverty levels are above average in each assessment area although markets driving the above average rates are the primary metro markets of Los Angeles County California and Dallas County Texas.

As the preceding Table G (1) illustrates, Reinvestment Funding and Community Development Services are critical components of the Bank's CRA strategy to respond to community credit needs in its assessment areas. A focus will be on activities that support organizations that have elevated capacity, specialized services and ready access to underserved populations particularly LMI persons and small businesses.

The overall Plan strategy underscores the Bank's inherent business culture of community support and aligns with its capacity as a small community bank with assets of less than $200 million. Notwithstanding the focus on Reinvestment Funding and community development services, direct home financing remains integral to the Plan. As such, the Bank will continue to affirmatively promote its mortgage lending product.

Goals for the Individual Assessment Areas: The goals for the Whittier California Assessment Area and the Richardson Texas Assessment Area have been determined based on an evaluation of respective market needs, economic profile and competitive environment discussed beginning on page 8. These conditions continue to drive two key distinctions between the assessment areas commitments:

First,
The direct LMI mortgage lending commitment in the Richardson Texas Assessment Area continues to be greater than that in the Whittier California market as the housing costs and intense competition impede the extent of viable opportunities.

In fact, while mortgage demand continues to be fueled by steady population growth in the Texas market, the Bank's California community is impacted by a decline in new mortgages with approved loans originated in larger dollar amounts.[23] This circumstance is further exacerbating the Bank's capacity to compete particularly as the number of mortgage lenders continues to increase.[24]

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[22] Insert Source link.
[23] https://www.capolicylab.org/news/new-data-dramatic-changes-in-californias-mortgage-market-since-2020/
[24] Summary of 2022 Data on Mortgage Lending | Consumer Financial Protection Bureau (consumerfinance.gov)

Second,
The Plan's Community Development Funding and Institutional Investments, (Reinvestment Funding) goals and its Community Development Services commitments are greater in the California assessment area to offset direct mortgage loan volume in the California assessment area. In fact, these goals account for more than 50 percent of the overall goals for the California assessment area. The distinction is driven by the elevated need in the California market for financing that responds to root cause issues driving housing affordability concerns, and other support services needs particularly evident in the low and moderate-income sector.

Scope of CRA Performance Goals:
Performance activity under the Plan will focus on the Bank's defined CRA assessment areas. Performance will be considered that supports an organization or activity that covers an area that is larger than, but includes, the Bank's assessment areas in its mandate even if those areas did not receive an immediate or direct benefit from the institution's participation.

Methodology for Assigning CRA Ratings to Assessment Areas and their respective States:
Each assessment area will be assigned a composite CRA rating based on achieving its designated performance goals. The rating assigned will based on the performance results for the three goals categories namely:

The tables illustrate the designated percentage weight for each performance category, or its components represents of the overall assessment area rating. The percentage weight distribution differs by assessment area and is based on the respective market needs and conditions that influence performance. Each assessment area must have a weighted category total of 75 percent to achieve at least a Satisfactory rating.

CRA Rating Performance Weights		
Performance Categories	**Category Weight**	
	Whittier CA AA	Richardson TX AA
Low and Moderate-Income Lending		
Mortgages in Low and Moderate-Income Geographies	25%	25%
Mortgages to Low and Moderate-Income Borrowers	10%	25%
Community Development Funding & Institutional Investments (Reinvestment Funding)	40%	25%
Community Development Services	25%	25%

The CRA rating for each assessment area will determine the corresponding rating for the respective state consistent with interagency examination procedures for banking institutions with branches in more than one state (interstate banks).

Methodology for Bank CRA Rating: The overall CRA rating assigned to the Bank will be a composite of the assessment area state ratings. The two assessment areas are weighed equally at 50 percent of the Bank rating. The assessment area weights are based on two considerations:

(1) The assessments area's average share of key components of bank operations as previously presented in Table 2 and
(2) The community needs and conditions in the respective markets.

Consistent with the percentage weights, if the assessment area fails to meet the goals, the Bank will be precluded from a Satisfactory rating unless contextual factors mitigate the performance shortfall. Further, the Bank must exceed goals for Satisfactory performance in both assessment areas and meet the criteria for outstanding in at least one of the two assessment areas to be assigned an overall Outstanding CRA rating for the institution.

Inability to Achieve Plan Goal:
Should unforeseen circumstances impede the Bank's ability to achieve at least an overall Satisfactory rating under the Plan, the CRA performance for the Bank may be subject to an evaluation based on the standards for small banks, i.e., lending test with the option for community development investments and services to be considered as a rating enhancement should the results of the lending test be Satisfactory as provided for in 12 CFR § 25.27(f) (4).

A. LENDING

The Bank's RF Discipline has opened access to bank financing to a growing segment of the market population that may be precluded from obtaining conventionally priced banking services. In fact, offering RF financing has enabled affordable home financing, especially to minorities in the first-generation immigrant communities, to what could otherwise be considered an underserved market.

As awareness of the availability of RF banking and financing services has increased, the Bank's footprint has notably expanded throughout the country. For example, as of December 31, 2023, the Bank had a lending presence in 42 states plus the District of Columbia. Notwithstanding the Bank's expansive footprint, management remains committed to addressing credit needs in its defined assessment areas.

From a retail lending perspective, this commitment continues to manifest itself not only in offering a fair cost of credit consistent with the principles of the RF Discipline, but also a heightened level of attention to individuals from application through account management, including passionately assisting borrowers facing repayment challenges. In the latter situation, Bank personnel have historically worked with customers to help them avoid foreclosure. This practice was particular strength for the Bank as it assisted homeowners in its assessment areas during the Pandemic.[25]

Scope of Lending Goals:
Lending goals consist of mortgage loan originations and purchases that benefit the low and moderate-income sector of the Bank's assessment areas. Specifically, the Plan's commitment encompasses loans, in low and moderate-income geographies, and to low and moderate-income persons (collectively LMI Mortgages). The Bank will measure Plan activity consistent with interagency CRA examination procedures which separately evaluates activity under two performance factors, namely <u>Geographic Distribution (LMI Geographies)</u> and the <u>Borrowers of Different Income</u>.(LMI Borrowers).

Basis of Lending Goals:
Goals are based on annual average originations over the five-year pre-Plan period of 2019 through 2023 (goal basis). Averages serve as the basis to account for fluctuations between years. Additionally, consideration was given to the impact of the Pandemic and the subsequent decision of the Fed to reduce rates to historic lows, an unprecedented development, which significantly elevated loan volume in 2020 and 2021 i.e., Pandemic Years. In fact, the elevated volume in these two years was isolated, nonrecurring and inconsistent with the Bank's historical performance. For example, in its California assessment area, the Bank has generally been unable to originate LMI loans. The three LMI loans granted in 2020 and 2021were due to elevated consumer demand for emergency funds and significant declines in interest rates that reduced borrow costs. In Texas, LMI volume increased exponentially from 14 loans in 2019 to an

[25] Based on past due reported data in the Consolidated Statement of Income and Condition presented in the December 31, 2016 Uniform Bank Performance Report www.ffiec.gov

aggregate of 65 originations during 2020 and 2021. As a result, the goal basis calculation excluded the uncharacteristic lending levels during the Pandemic Years. Table G (2) below presents the pre-Plan period resultant averages that served as the basis for projecting LMI lending goals.

Table G(2)			
Assessment Area	**LMI Performance Factor**	**LMI Lending: Goal Basis**	
		Primary Goal (Percentage of originations)	**Alternative Minimum** (Number of Loans)
Whittier California AA	• Geographies	2.6%	0
	• Borrowers	0%	0
Richardson Texas AA	• Geographies	20%	9
	• Borrowers	11%	4

- **Satisfactory Goals**:
  To achieve Satisfactory performance the Plan framework provides for:
  - A primary goal that is percentage-based, i.e., the percent LMI loan originations represented of total loans granted in an annual period, and
  - An alternate minimum goal established in the event the percentage-based benchmark could not be achieved (alternate minimum goal). The alternate minimum goal is a preset number of loans that recognizes current market challenges and an uncertain market outlook over the term of the Plan.

  Table G (2) presents the basis for the primary goals as well as the alternate minimum goals for the LMI geographies and the LMI borrower performance factors.

- **Outstanding Goals:**
  The basis for Outstanding goals is tied to the demographic measurement for the performance factor. For example, the goal basis for LMI geographies is tied to the percent of owner-occupied housing in those income tracts. The goal basis for LMI borrowers is the percent of LMI families in the assessment area. In setting the goal basis consideration was also given to the Bank's capacity as demonstrated by its prior performance, for example:

  - Whittier California Assessment Area:
    The Outstanding goal basis for the LMI geographies' factor in the California assessment area is 60 percent of the demographic measurement, which is 19.4 percent, the percent of the assessment areas owner-occupied dwellings in LMI tracts. The goal basis for the LMI borrowers' factor is 10 percent of the demographic measurement of 40.2 percent, which is the percent of the AA families that are low or moderate-income. The commitment to LMI borrower loans is extremely substantive as it exceeds the Bank's 2019 Plan goals as well as the Bank's performance percent

high (3.8%) achieved during the Pandemic. The goals also progressively increasing over the term of the Plan.

- Richardson, Texas Assessment Area:
  Consistent with the preponderance of the Bank's lending in the Richardson, Texas assessment area the Outstanding goal basis for LMI geographies is 100 percent of the demographic measurement of 24.2 percent and 50 percent of the demographic measurement for LMI borrowers of 39.4 percent.

Lending Goals:
Within the context of the Bank's challenges as a community bank, its financial capacity, and the market profile, the Bank has outlined reasonable lending goals over the five-year term of the Plan. The commitments for the Whittier, California assessment area and the Richardson, Texas assessment area also serve as the goals for their respective states.

Whittier California Assessment Area:
The commitments for the California assessment area, are presented in Table G (3) below:

Table G(3)
LMI Mortgage Lending
Whittier Assessment Area

Performance Factor	Performance Measurement	Interim Annual Goals (Percentage of AA Mortgage Originations)					Performance Rating
		2024	2025	2026	2027	2028	
LMI Geographies	Low and Moderate-income mortgage originations as a percentage of total AA mortgage originations.	5.0%	5.3%	5.5%	6.0%	6.3%	Satisfactory
		8.0%	9%	10%	11.0%	12.0%	Outstanding
		Number of Loans					
	Alternative Minimum Goal: Number of Loans	0	1	1	2	2	Satisfactory
LMI Borrowers	Low and Moderate-income mortgage originations as a percentage of total AA mortgage originations	0%	0%	3.0%	3.3%	3.5%	Satisfactory
		2%	3%	5%	6%	7%	Outstanding
		Number of Loans					
	Alternative Minimum Goal: Number of Loans	0	0	1	1	1	Satisfactory

- **Percentage-Based Goals:**
  Over the term of Plan, the Bank has committed a level of lending in LMI geographies equivalent to a total annual average of (5.7%) of its total mortgage originations in the assessment area.

The annual average of 5.7 percent is notable as it substantially exceeds the goal basis of 2.6 percent and also exceeds the average goal for the 2019 Plan of 5 percent. The substantive average is facilitated by annual goal increases ranging from 5.0 percent to 6.3 percent over the term of the Plan.

Lending goals to LMI persons is also noteworthy. While initial year goals reflect the impact of above average interest rates, latter Plan percentages are measurable in anticipation of market conditions such as lower interest rates and affordable home purchase opportunities' increase. To this end, the Bank's lending commitment to LMI borrowers equates to an annual average of 2.0 percent over the term of the Plan. The percentage is notable as it exceeds the goal basis (0%) which reflects perennial obstacles that have precluded lending to LMI persons in the California assessment area.

- **Alternate Minimum Goals:**
  Like the percentage-based goals, the alternate minimum goals reflect the Bank's average annual originations over the pre-Plan period. As indicated under the goal basis, the minimum number of loans reflects the average adjusted to account for the impact of the Covid 19 Pandemic and to align with historical performance**.**

  The alternate minimum goal for LMI geographies is equal to the goal basis in the first year of the Plan with increases beginning in year two. Lending to LMI borrowers increases from the initial two years on the goal basis beginning in the third year of the Plan.

Housing affordability challenges in the California market are exacerbated by current market conditions that indicate costs will remain above average in the short term. Nonetheless, the Bank is committed to its communities and estimates at least $2.0 million[26] in LMI origination in this market over the term of the Plan.

Richardson Texas Assessment Area:
The commitments for the Richardson Texas assessment area is presented in Table G (4).

Table G(4)
LMI Mortgage Lending
Richardson Assessment Area

Performance Factor	Performance Measurement	Interim Annual Goals (Percentage of AA Mortgage Originations) 2024	2025	2026	2027	2028	Performance Rating
LMI Geographies	Low and Moderate-income mortgage originations as a percentage of total AA mortgage originations	18%	19%	20%	21%	22%	**Satisfactory**
		23%	24%	25%	26%	27%	**Outstanding**
		Number of Loans					
	Alternative Minimum Goal: Number of Loans	4	5	7	8	9	**Satisfactory**

[26] Estimate consider average loan amounts adjusted to recognize rising housing costs and the projected number of loans for the five-year term.

Table G(4)
LMI Mortgage Lending
Richardson Assessment Area

Performance Factor	Performance Measurement	Interim Annual Goals (Percentage of AA Mortgage Originations) 2024	2025	2026	2027	2028	Performance Rating
LMI Borrowers	Low and Moderate-income mortgage originations as a percentage of total AA mortgage originations	10.0%	10.5%	11.0%	11.5%	12.0%	**Satisfactory**
		20%	21%	22%	23%	24%	**Outstanding**
		Number of Loans					
	Alternative Minimum Goal: Number of Loans	1	1	2	2	3	**Satisfactory**

- **Percentage-Based Goals:**

  The Bank has committed an annual average of 20 percent of originations in LMI geographies. Goals are strong and increase incrementally each year ranging from 18 percent to 22 percent almost meeting the demographic measurement of 24 percent. The annual average of 20 percent is slightly lower than the goal basis of 21 percent it almost doubles the average of 12 percent for the 2019 Plan.

  Percentage goals for loans to LMI persons are also substantive. For example, at 11 percent, the average annual percent of LMI borrowers also almost double the 2019 Plan average of 6 percent. The increase is driven by annual goal increases ranging from an annual goal of 10 percent to 12 percent of total originations which compares reasonably to the demographic metric of 40 percent when considered in the context of market conditions and competition.

- **Alternate Minimum Goals:**

  As previously noted, the alternate minimum goals are driven by the goal basis as well as factors such as housing costs. While both the Bank's California and Texas assessment areas are impacted by above average housing costs and increased taxes & insurance expenses, the Texas market is additionally affected by a trend of significant population growth that has outpaced the supply of available housing. The impact most notably affects LMI persons as the increasing demand for housing escalates the costs for available dwellings, particularly home purchases. As such, Plan goals are higher under the LMI geographies performance factor than LMI borrowers. Moreover, goals for loans to LMI borrowers align with expectations that the environment may likely inhibit the Bank from reaching the annual goal basis average achieved during the pre-Plan period.

  The average annual goal for LMI geographies over the term of the Plan is 7 loans. The average is substantive in the context of average housing costs, high interest rates increased tax and insurance expenses and robust competition. While the annual average goal falls below the goal basis of 9 loans, the ranking reflects a declining trend in the Bank's originations since 2019, excluding the Pandemic years. For example, volume in 2022 was down by 35.7 percent from 2019. Originations further declined between 2022 and 2023 by 55.56 percent with total LMI originations down to four loans from the high of 14 in 2019.

Notwithstanding the housing market outlook, the Bank estimates originations will aggregate at least $4 million[27] over the term of the Plan.

Sufficiency of Lending Goals:
The lending goals are substantive relative to the Bank's capacity, market conditions and competition, heightened regulatory requirements and fiscal constraints. The Bank typically faces challenges achieving a volume of LMI originations, particularly in the California assessment area due the cost of housing as well as intense competition. For example, the Bank competes with more than 900 HMDA lenders in the California assessment area, including specialized mortgage lenders including large interstate banks, CDFIs and non-bank firms.

The Bank gained some traction in 2020 when Federal Reserve action to reduce interest rates to help stabilize the economy amid the Pandemic. The measurably lower rates as well as elevated demand contributed to an increased incidence of LMI loans, particularly in California where historically the Bank had no such originations. Nonetheless, March 2022 saw the beginning of a pattern of increasing interest rates aimed at stemming inflation and with it a significant curtailment of home purchase activity. In fact, the Bank returned to its pre-Pandemic historical profile of no LMI loans in California in 2022 and 2023. While forecasts suggest interest rate increases have ceased, they remain at levels that continue to pose a cost burden for LMI families.

As a result, the Bank has made supporting LMI housing a priority under the Plan's Community Development and Institutional Investments (Reinvestment Funding)goal category. The category allows the Bank to engage in activity that complements its direct lending by supporting entities such as CDFIs and community development organizations that enable greater access to affordable housing. The Reinvestment Funding goals supports the capacity of organizations employing credit enhancement strategies and tools to achieve this goal.

CRA Lending Performance Ratings:
The performance ratings for the LMI Lending categories will be driven as follows:

- Ratings for the LMI lending performance categories will be based on the extent to which the Bank has achieved the goals for the period the institution is being evaluated.

- Under each performance category, if the Bank does not meet the annual interim goals during a multi-year review period, the Bank may be assigned a satisfactory rating for the category

[27] [27] Estimate consider average loan amounts adjusted to recognize rising housing costs and the projected number of loans for the five-year term.

given contextual factors or if performance in other years within the period make up the shortfall.

- Within the Lending goal category, the LMI geographies and LMI borrowers are separate performance factors and carry equal weight. If the Bank does not achieve the interim annual goal for both performance factors in a given year in the review period, the goal for that year will not have been met.

- To achieve Outstanding performance ratings for the CRA lending categories, the Bank will:
  - Meet the Satisfactory rating goal the review period and
  - Have at least met the Outstanding rating standard for the majority of the interim periods for each assessment factor in the performance categories.

B. COMMUNITY DEVELOPMENT FUNDING & INSTITUTIONAL INVESTMENTS

Management places a priority on supporting the stability and growth of its communities. To that end, the Bank has committed at least $8.5 million over the term of its 2024 Plan aimed at two objectives:

- Promote community development as defined by the CRA regulation.[28]
- Strengthen overall access to credit in its assessment areas.

Additionally, management has established a specific goal category, i.e., Community Development Funding and Institutional Investments (Reinvestment Funding), to advance this commitment. The goal category is comprehensive and focuses on activities the Bank routinely engages in to continue its substantive response to community needs.

Scope of Reinvestment Funding Goal Activities: To achieve Reinvestment Funding goals, the Bank will consider activities under the following categories:

- **New Qualified Community Development Investments**.
  Investments primarily include donations, grants, and deposits in certified community development financial institutions (CDFIs). Eligible investments include those that benefit one or both of the Bank's assessment areas, or a broader area encompassing one or both of those markets. Further, as it pertains to deposit instruments, new investments in a single year include the purchase of a new, or the renewal of a prior period, certificate of deposit[29].

- **Prior Period Community Development Investments.**
  Community development investments purchased in one year of the Plan that remain in the Bank's portfolio in subsequent years are considered together with new purchase activity when evaluating performance against Outstanding goal benchmarks.

- **Community Development Loans.**
  Loans include originations and purchases that promote community development in the Bank's assessment areas. Originations for the purpose of the Plan include the refinance or renewal of a community development loan consistent with the interagency CRA Q&A.[30]

- **Deposits in Minority Depository Institutions (MDIs).**
  Institutional investments include deposits in minority-owned depositories serving markets that include one or both of the Bank's assessment areas.

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[28] The pre-existing interagency CRA rule provides for a community development definition that includes four purpose categories: (1) Affordable housing for LMI persons; (2) Provision of community services primarily for LMI residents; (3) Promotion of economic development including assistance to small businesses that create, improve, or retain jobs for LMI persons; and (4) the revitalization or stabilization of certain areas designated by the regulation. Note: These purposes generally align with community development categories that are included in the 2023 amended CRA rule which essentially provides more specificity and additional clarity by adopting 11 categories.

[29] This approach aligns with CRA Q&A42(a)—5 regarding consideration of small business loan renewals as origination.

[30] CRA Q&A .42(b)(2) -5

Rationale for the Reinvestment Funding Goal Strategy:

The Reinvestment Funding strategy enables flexibility to respond to community needs by leveraging the Bank's standard policies, procedures, and operating practices. For example, the strategy achieves three objectives:

1. **Align with the Bank's Business Policies:** The Bank's investment policy includes a focus on the purchase of interest-bearing deposits. The Reinvestment Funding strategy leverages this policy to promote community development and elevated banking access to underserved populations by purchasing certificate of deposits issued by mission-focused depositories, specifically community development financial institutions (CDFIs) and minority-owned depository financial institutions (MDIs).

2. **Recognizes CRA Performance Constraints:** As a small community bank, the Bank faces constraints such as capacity, business strategy limitations, competition as well as other challenges that can limit community development opportunities, particularly loans. For example:

    - **Capacity:**
      Small banks, by definition, are not required to engage in community development activities.[31] The CRA regulation exempts the institutions from the requirement in recognition of capacity constraints as well as competition. While the regulation provides that small banks may elect to have community development activities evaluated to achieve an Outstanding CRA rating, the infrequency of such elections underscores the rationale for the small bank exemption. For example, our review of small banks in California and Texas rated outstanding between 2018 and 2023 [32] disclosed the following:
        - Only one of the eight California-based banks sampled engaged in community development activities. The institution with the activity had assets of almost $400 million ($367 million) and its CRA performance included community development loans.
        - Half of the 12 Texas-based small banks sampled engaged in community development activities. Of the six banks only three engaged in community

[31] The CRA regulation defines a small bank based on a total assets threshold, updated annually. Institutions are considered small banks if their total assets are below the established threshold as of December 31st of either of the two preceding calendar years. The asset threshold for small banks in 2023 was $376 million. Effective January 1, 2024, the threshold increased to $391 million.
https://www.federalregister.gov/documents/2023/12/20/2023-27934/community-reinvestment-act-regulations-asset-size-thresholds

[32] SSG includes community banks rated outstanding with community development activities considered as part of their small bank CRA examination: First Pacific Bank. Whittier, CA (5/8/2023)Total Assets $366,646; The Brady National Bank, Brady, TX (6/6/2022), Total Assets, $139,852; The First National Bank of Hebbronville, Hebbronville ,TX (4/18/2022) Total Assets $92,353; Texas National Bank, Mercedes, TX,(1/11/2021) Total Assets, $469,318; The First Liberty National Bank, Liberty, TX, (10/4/2021) Total Assets $407,986 ; The Brenham National Bank, Brenham, TX (3/26/2018)Total Assets $332,754: Worthington, National Bank, Arlington,, TX, (8/6/2018), Total Assets, $268,724.

development lending, with activity largely consisting of loans originated under the Payroll Protection Program.

- **Business Strategy Limitations:**
  The Bank's business strategy centers around its primary product line, closed-end, retail residential mortgage financing. While the Bank offers other lending products such as commercial loans, the volume of activity is limited, precluding robust community development lending.

- **Competition:**
  Market competition is a major factor in limiting small banks' foray into community development lending. For example, there are 114 large banks in the Whittier California Assessment Area, and 169 large institutions in the Richardson Texas market. These institutions include lenders with greater capacity and the specialized expertise needed to fund community development such as residential real estate development financing.

3. **Promotes Community Relationships that Support Goals:** Since adopting the Bank's initial Plan in 2019, management has leveraged its existing community network to established new relationships, identify critical needs, and respond to opportunities. In fact, management asserts that relationships with CDFIs, MDIs and nonprofits promoting community development are the cornerstone of its Reinvestment Funding strategy for the new 2024-2028 Plan.

Community Needs Driving the Goal Strategy: The Reinvestment Funding goal strategy is driven by needs such as the following highlighted during our market assessment inclusive of community feedback:

1. **LMI Affordable Housing in Both Assessment Goal Areas.** The need is driven by substantive level of LMI families and households fueled by factors that include increasing population, a prevalence of low-wage jobs in certain markets and housing cost exacerbated by an insufficient inventory of affordable housing. While the housing need has been chronic in the California market, circumstances such as the pace of growth in Texas has elevated the need in markets such as the Dallas MSA.

2. **Resources to Support Capacity of Nonprofit Organizations to Meet Increasing and Changing Service Needs of LMI Residents and Small Businesses.** Circumstances driving service demand include the following:
   - *Poverty levels are substantive and above average in certain markets in the California and the Texas assessment areas.*
     For example, a pattern of above average unemployment in Los Angeles County has contributed to a poverty rate that ranks above that for the entire state. In the Bank's Texas assessment area the median income has been declining in large part attributable to a trend showing the preponderance of the population moving out of

Dallas County are higher-income residents. Additionally, only 30 percent of young adults aged 25-34 in Dallas County earn a living wage.

- *Substantive and increasing homelessness are increasing the need for emergency shelter, permanent housing and support social services.*
  For example, the homeless count for Los Angeles County continues a growth trend increasing by 9 percent in 2023.[33] In the Bank's Texas market while the overall homeless count in Dallas County has declined the level of chronic homeless persons increased from little more than 500 in 2019 and 2020 to over 1,000 in 2022.[34]

- *Business recovery from the Pandemic has been substantive in both assessment areas, however, funding, technical assistance and workforce support continues to be warranted.*
  Some businesses in the assessment areas are experiencing sustained challenges. Additionally, start-up trends and businesses impacted by the increasing costs and an uncertain environment have heightened the demand for funding as well as other assistance. For example, in 2023 small businesses in markets such as Los Angeles County continued to struggle with rent payments and working capital needs, while businesses more broadly continue to face supply chain issues and challenges securing qualified as well as a sufficient level of human resources.

These circumstances highlight the apparent needs identified in our market assessment. In fact, a 2022 survey of nonprofits in Los Angeles County[35] indicated that the increase in demand for services was 72 percent in Los Angeles while nationally the increase was 47 percent when the county was not included.

3. **The Capacity of CDFIs and MDIs is Increasingly Strained by the Rising Needs of the Populations they are Chartered to Serve, e.g., LMI, Small Businesses and Minority Populations.** For example, CDFIs and MDls played a significant role in helping underserved small businesses access the Paycheck Protection Program as well as receive forgiveness for their loans. [36] Notwithstanding the benefit to the community, elevated awareness of the services of these organizations coupled with market demand has increasingly strained their capacity to respond.

[33] Source: 2023 Greater Los Angeles Homeless Count.
[34] https://unitedwaydallas.org/updates/the-state-of-homelessness-in-2022/ ; https://mdhadallas.org/wp-content/uploads/2021/05/2021-Homeless-Count-Survey-Independent-Analysis.pdf
[35] Results from the 2022 NonProfit Finance Fund (NFF) survey indicate that for nonprofits in Los Angelos County https://nff.org/2022-survey-closer-look-la-area-nonprofits
[36] https://www.dallasfed.org/cd/pubs/2022/mdi-cdfi-ppp

Reinvestment Funding Goal:
To respond to the identified needs, the Bank has established a goal framework that commits the greater of $8.5 million, or 1.0 percent of average total deposits annually [37] over the term of the Plan. Goal performance is tied to rating levels as follows:

- **Satisfactory Performance:** A level of Reinvestment Funding that equates to the greater of the stated dollar goal or the performance benchmark established as a percentage of the Bank's average total deposits.
- **Outstanding Performance:** An aggregate of total new and prior period reinvestment funding equivalent to the stated percentage of the Bank's average total deposits established for an Outstanding rating. As noted under the Scope of Reinvestment Funding Goal Activities prior investment purchases such as deposits that remain on the Bank's balance sheet will be included in performance when considering Outstanding performance.

Table G (5) below presents goals that will be fulfilled by activities that benefit the respective assessment areas or a surrounding broader regional or statewide area for each year of the Plan.

Table G(5)
Community Development Funding and Institutional Investments Goals
(Reinvestment Funding)
Bank-wide Goal

Performance Measurement	Annual Performance Goals ($000 omitted)					Goal Performance Rating
	2024	2025	2026	2027	2028	
Reinvestment Funding-New Activity: Greater of the dollar goal or 1 percent of average annual total deposits	$1,300 1%	$1,450 1%	$1,650 1%	$1,900 1%	$2,200 1%	**Satisfactory**
Reinvestment Funding-New and Prior Period Activity: **Aggregate of new and prior period Reinvestment Funding:** At least 2.0 percent of average total deposits annually.	2.0%	2.0%	2.0%	2.0%	2.0%	**Outstanding**

Goal Basis:
Goal setting considered Bank activity for each component of the goal category over the pre-Plan period. Goals were projected from annual averages of the activity to account for fluctuations or nuances in the market affecting activity during the period. The assessment resulted in an annual average of $1.3 million which serves as the basis to project the annual dollar goals under the category. The dollar goal basis represents 1 percent of average total deposits for the pre-Plan period. The metric serves as the basis for the alternate annual percentage goal which is set at 1.0 percent.

Goal Allocation by Assessment Area:
As previously noted, the bank-wide goal is based on activities in both Whittier, California and the Richardson, Texas assessment areas. Generally, each assessment area contributes to the

[37] Average total deposits will be calculated by averaging total deposits as of the goal period year-end and the preceding 12-month period end, depending on the effective date of the Plan, i.e., calendar year or an interim quarter 12 month period. The total deposit figures will be derived from the Uniform Bank Performance Report (UBPR) Balance sheet page 4.

bank-wide Reinvestment Funding goal based on its share of key components of Bank's operations as presented in Table G(6). The table also presents the assessment area average share of the operating components as well as goal allocation percentages.

Table G(6): Assessment Area Share of Components of Bank Operations & Goal Allocation Percentage					
Assessment Area	**6/30/2023 Average**	**2019-2023 Average**	**12/31/2023**	**Average Share**	**Goal Allocation Percentage (Targets)**
	Total Deposits	**Mortgage Loan Originations**	**Branches**		
Whittier, California	91.15%	11.8	50%	51%	51%
Richardson, Texas	8.85%	75.4	50%	45%	45%

The averages of the assessment areas' share of key bank operating components are generally comparable, with deposit strength in the headquarter assessment area, and mortgage lending concentration in Texas. The latter concentration in Texas largely reflects the fact that the average cost of home purchases in California is substantially above prices nationally. For example, between 2018 and 2022 median mortgage housing costs in Los Angeles County California totaled $2,945. Comparatively the cost in Dallas County was $1,942 for the same period.[38]

The resultant goal allocation percentages are based on the assessment areas' average share of bank operating components adjusted to recognize specific market conditions and needs, such as the above average unemployment in the Bank's California market. Additionally, assessment area percentages were influenced by the extent of available opportunities.

Assessment Area Target Percentages: The goal allocation percentages presented in Table G(6) are intended as targets to provide flexibility and recognize that performance will be impacted by the availability of opportunities in the market as well as competition. For example, there is a preponderance of insured commercial bank depository CDFIs serving the Bank's California market while currently there is only one such institution serving the Texas Assessment Area.[39].

Assessment Area Goals:
Tables G(7)(a) and (b) below present assessment area goals based on their respective dollar percentages.

[38] https://www.census.gov/quickfacts/fact/table/US/PST045222
[39]Golden Bank, National Association (GBNA) headquartered in Houston is a minority-owned community bank that is also certified as CDFI. GBNA had total assets of $1.02 billion at its October 19, 2020 CRA examination and a service market that included a designated Dallas-Fort Worth assessment area.

Table G(7)(a) Community Development Funding and Institutional Investments Goals Whittier, California Assessment Area Share of Bank-wide Goal						
Performance Measurement	**AA Allocated Share of Bank-wide Goals Annual Performance Target* ($000 omitted)**					**Goal Performance Rating**
	2024	**2025**	**2026**	**2027**	**2028**	
Reinvestment Funding- Activity: Greater of the dollar goal or the stated percent of average annual total deposits.	$780	$870	$990	$1,140	$1,320	**Satisfactory**
	.60%	.60%	.60%	.60%	.60%	
Reinvestment Funding- Activity: At least 1.5 percent of average annual total deposits	1.5%	1.5%	1.5%	1.5%	1.5%	**Outstanding**

Table G(7)(b) Community Development Funding and Institutional Investments Goals Richardson Assessment Area Share of Bank-wide Goal						
Performance Measurement	**AA Allocated Share of Bank-wide Goals Annual Performance Target* ($000 omitted)**					**Goal Performance Rating**
	2024	**2025**	**2026**	**2027**	**2028**	
Reinvestment Funding- Activity: Greater of the dollar goal or the stated percent of average annual total deposits.	$520	$580	$660	$760	$880	**Satisfactory**
	.40%	.40%	.40%	.40%	.40%	
Reinvestment Funding-Activity: At least 1 percent of average annual total deposits.	1%	1%	1%	1%	1%	**Outstanding**

Goal Sufficiency:

The goal commitment over the term of the Plan is strong in the absolute and relative to the Bank's capacity. Table G (8) below presents the goal basis underlying the Bank's annual Plan commitments, as well as SSG performance average which was considered in setting goals.

Table G(8) Performance Sufficiency Considerations		
	Goal Basis	**Similarly Situated Group (SSG) Average ($000 omitted)**
Annual Average Dollars	$1.3 million	$3.4 million
Annual Percent of Average Total Deposits	1%	1.7%

At a minimum aggregate commitment of $8.5 million over the term of the Plan, the goals

- More than double the prior period Plan commitment of $4 million.
- Substantially exceed prior period Plan performance of $6.7 million.

Compared to the SSG averages the Bank's goals are substantive and reasonable given the elevated capacity of the majority of the institutions in the group. For example, only a subset of the universe of small banks rated Outstanding between 2018-2023 elected to have community development activities evaluated as part of their CRA assessment underscoring the challenges for small banks. Of the sampled institutions where community development activities were a factor:

- More than half (57%) of the SSG institutions were materially larger than the Bank, having total assets of greater than $300 million.
- One of the institutions was also certified as CDFI.
- Only two of the SSG had assets of less than $200 million with annualized community development activity for one bank at $86,000. and the other at $655,000. inclusive of $355,000. in PPP loans.

Furthermore, the Bank's annual dollar goals, ranging from $1.3 million to $2.2 million, move progressively closer to the SSG performance average by the end of the Plan term. The elevated performance is facilitated by an average annual goal increase of 14.1 percent. The increases are particularly noteworthy as it is higher than the Bank's 10.4 percent asset growth rate for the post-Pandemic year of 2022. Moreover, the Bank has projected annual growth in goals despite results for 2023 that show a decline in total assets of -3.2 percent between year-end 2022 and 2023.

Collectively these factors underscore the sufficiency of Plan goals in the absolute, relative to capacity as well as when compared to similarly situated small banks rated Outstanding.

Reinvestment Funding Goal Performance Ratings:
The performance ratings for the Reinvestment Funding goal will be based on the extent to which the Bank has achieved the goals for the period the institution is being evaluated. If the Bank does not meet the annual interim goals during a multi-year review period, the Bank may be assigned a Satisfactory rating for the category if other years during the evaluation period make up the shortfall and the Bank achieves the aggregate of annual goals for the evaluation period.

C. COMMUITY DEVELOPMENT SERVICES

Bank of Whittier continues to operate under a business philosophy predisposed to community service. The philosophy benefits the community at large, and includes with a particular focus on helping immigrants who are new to the U.S.

Bank staff utilized their financial expertise during the previous Strategic CRA Plan in volunteer service to assist LMI residents in:

- Acquiring a home by participating in the Habitat for Humanity of Dallas pre-purchase home education program.
- Tax-preparation by participating in the Volunteer Income Tax Assistance (VITA) program and assisting individuals claim eligible tax credits and understand return outcomes as well as behaviors that promote positive asset-building such as home ownership.

Bank staff also pivoted to provide other services to respond to urgent community needs that emerged as a result of the Pandemic. For example, the Bank granted loan payment forbearance to borrowers including low and moderate-income homeowners, non-profit community organizations and small businesses needing debt service relief.

Community Needs Driving Plan Goals:
The Bank's community development service commitments are largely influenced by circumstances that indicate financial education, credit counseling and other services continue to be needed to assist underserved populations access housing, gain employment, and operate small businesses. For example*:*

- Community feedback in both assessment areas underscores a sustained need for financial education for LMI persons, and business management advice for small business owners. The Pandemic exacerbated circumstances and highlighted the need to maintain a safety net to help manage through emergencies.

- Above average percentages of underbanked populations remain in both assessment areas aligning with needs assessment findings. For example, the 2021 FDIC survey[40] indicates that underbanked households represent 16.1 percent of all households in the Los Angeles-Long Beach-Anaheim, CA MSA and 19.9 percent of households in the Dallas-Fort Worth-Arlington, TX MSA. Comparatively the average for all of the MSAs in the U.S. was lower at 14.1 percent.

[40] 2021 FDIC survey results https://www.fdic.gov/analysis/household-survey/index.html Underbanked Households: The household was banked and in the past 12 months used at least one of the following nonbank transaction or credit products or services that are disproportionately used by unbanked households to meet their transaction and credit needs: Money orders, check cashing, or international remittances (i.e., nonbank transactions) or Rent-to-own services or payday, pawn shop, tax refund anticipation, or auto title loans (i.e., nonbank credit).

- The capacity of nonprofit organizations to respond to ongoing and increasing service demand is inhibited by staffing constraints and elevated hiring challenges. As a result, nonprofits increasingly rely on volunteers to support the advance of their mission and services. For example, with affordable housing a top and increasing priority in both assessment areas, there is heightened demand for mortgage assistance typically linked to programs that require financial education as a prerequisite to secure home purchase financing.

To that end, management has, and will continue to focus its community development service goals on volunteering personnel to provide financial education or other financial-related services, independently or in conjunction with a community organization to promote access to affordable housing, small business stability and job growth, particularly for LMI individuals. Further, as a complement to its community development service performance goals the Bank will continue to waive certain fees for nonprofit organizations.

Goal Basis:
Goal setting took into consideration the Bank's performance during the 2019 -2023 Plan period, as well as the aforementioned community needs and the Bank's capacity. Goals are hour-based to align with the performance measurement under the 2019 Plan. For example, during the 2019 Plan period the Bank provided essentially 81 hours of volunteer community development services, equivalent to an annual average 16 hours annually[41]. As such, the pre-Plan period average served as the basis for projecting goals over the term of the 2024 Plan.

Community Development Service Goals: The Bank intends to continue outreach activities to promote greater access to banking services and elevate the financial capacity of its community residents, particularly low- and moderate-income and small business sectors. The goal strategy responds to articulated community needs and leverages the Bank's demonstrated record of volunteer service. Table G(9) presents the community development service goals covering the combined assessment areas over the term of the Plan.

Table G(9)
Community Development Services
Combined Assessment Areas

Performance Measurement	**Interim Annual Goals**					**Performance Rating**
Goal: Financial-related community development services such as (1) Service on governance bodies of non-profits such as the Board of Directors or committees; (2) Volunteer of Bank personnel to provide financial-related community development support, i.e., The greater of:	**2024**	**2025**	**2026**	**2027**	**2028**	
Service hours, or	21	23	25	27	29	**Satisfactory**
Ratio of number of service hours to total full time Bank staff (Full Time Equivalent or (FTE)	1.0	1.0	1.0	1.0	1.0	
Bank FTE	2.0	2.0	2.0	2.0	2.0	**Outstanding**

[41] The average excluded hours solely dedicated to assisting Bank customers needing assistance due to the Pandemic, e.g., loan forbearance, applications for PPP loans. The hours were excluded from goal basis calculation given the Pandemic was a non-recurring event that required banking institutions to stretch beyond their capacity to assist during the national emergency.

Goals over the term of the Plan represent a substantive level of resources dedicated to financial-related community services. For example, the goal framework provides for the following:

- Satisfactory Performance: The greater of the aggregate of 125 hours over the term of the Plan, or a service hour ratio of 1.0 annually which represents one -service hour per the number of employees based on the Bank's full time equivalent (FTE) count.
- Outstanding Performance: At least two hours per the FTE count each year over the term of the Plan.

Goals for the Individual Assessment Areas: Tables G(9)(a) and G(9) (b) below break out the aggregate goals presented in Table G(9) below by the respective assessment area. The individual assessment area commitments also serve as the goals for their respective states.

Assessment Area Community Development Service Goal 5-Year Plan Strategy	Table G(9)(a) Community Development Service Whittier Assessment Area Interim Annual Goals					Performance Rating
	2024	2025	2026	2027	2028	
Goal: Financial-related community development services such as (1) Service with non-profits as members of governance bodies such as the Board of Directors, or committees; (2) Volunteer of Bank personnel to provide financial-related community development support, i.e., The greater of: Branch service hours, or	11	12	13	14	15	**Satisfactory**
Branch service hour ratio	1.0	1.0	1.0	1.0	1.0	
Branch service hour ratio	2.0	2.0	2.0	2.0	2.0	**Outstanding**

Assessment Area Community Development Service Goal 5-Year Plan Strategy	Table G(9)(b) Community Development Service Richardson Assessment Area Interim Annual Goals (Hours)					Performance Rating
	2024	2025	2026	2027	2028	
Goal: Financial-related community development services such as (1) Service with non-profits as members of governance bodies such as the Board of Directors, or committees; (2) Volunteer of Bank personnel to provide financial-related community development support, i.e., The greater of: Branch service hours, or	10	11	12	13	14	**Satisfactory**
Branch service hour ratio	1.0	1.0	1.0	1.0	1.0	
Branch service hour ratio	2.0	2.0	2.0	2.0	2.0	**Outstanding**

Specific assessment areas goals are based on pre-Plan performance and align with the market's share of the key components of Bank operations and the assessment area allocation percentages presented in Table # G(6).

Goal Sufficiency:

With total assets measurably under the CRA small bank threshold of $391million[42] the Bank's commitment over the term of the Plan is substantive in the absolute as well as given factors such as the following:

- Initial year goals exceed the goal basis, which is more than reasonable given the Bank's total employee base of 22 staff members serving an office in California and in Texas respectively.
- A total commitment based on the greater of two goal metrics:
  - Service hours, where aggregate goals represent a six percent increase over the total commitment for the 2019 Plan period, or
  - An annual service hour ratio of 1.0
- Goals that reasonably compared to the three SSG banks measured by service hours. While SSG service hours and service hour ratio metrics were higher than Plan goals, the Bank's hours are substantive given the greater capacity of the SSG banks. For example, the SSG average was $294 million for total assets and 60 for total employees[43]. While one SSG institution with assets less than the Bank and a comparable number of employes (21) reported a greater number of hours, the organization's operations were concentrated in one assessment area while the Bank's 22 employees covered two offices, in two noncontiguous states.[44]

[42] https://www.federalregister.gov/documents/2023/12/20/2023-27934/community-reinvestment-act-regulations-asset-size-thresholds
[43] Number of employees is derived from the call report as of the financial date for the CRA Performance Evaluation reported on Schedule RI - Income Statement.
[44] The sample included five small banks in which community development services were included in the scope of their most recent CRA examination conducted between 2018-2022. All of the institutions were rated Outstanding with performance for three of the five measured by total employee hours. The institutions included The Brady National Bank, Brady, TX (6/6/2022), Total Assets, $139,852; The First Liberty National Bank, Liberty, TX, (10/4/2021) Total Assets $407,986 ; The Brenham National Bank, Brenham, TX (3/26/2018)Total Assets $332,754.

PUBLIC PARTICIPATION IN DEVELOPMENT OF THE PLAN

The Bank solicited input from organizations in its assessment areas to complement research conducted to identify current community credit needs and opportunities for banking institutions. Management found the feedback useful and noted needs that aligned with those identified in conjunction with its research developing the Plan.

Organizations that provided feedback are listed in the table below. Feedback received from other organizations that provide comments in conjunction with the 30-day public comment period that began April 4, 2024 will be additional considered.

Organizations and Community Needs & Opportunities	Lending	Investment	Service
WHITTIER, CALIFORNIA ASSESSMENT AREA			
(To be inserted with separate detail AA profiles)			
Access California Services (see page 20)		X	X
Orange County United Way (see page 20)			X
RICHARDSON, TEXAS ASSESSMENT AREA			
(To be inserted with separate detail AA profiles)			
Garland Area Habitat for Humanity (see page 24)		X	X
Sharing Life, Mesquite, Texas (see page 24)			X

NOTICE REGARDING PUBLIC INSPECTION OF THE PROPOSED CRA STRATEGIC PLAN

Bank of Whittier announces the availability of its Strategic Plan to meet the requirements of the Community Reinvestment Act. Public comment is desired. Comments received prior to **(Insert Month xx, 2024)** will be considered prior to submission of the Plan to the Office of the Comptroller of the Currency. Requests for copies of the Plan or comments regarding the Plan should be directed to: Dr. Yahia Abdul-Rahman, Chairman & CEO, Bank of Whittier, N.A. 15141 East Whittier Boulevard, Whittier, CA 90603 or by email to info@bankofwhittier.com or call Dr. Yahia Abdul-Rahman, Chairman & CEO, at 562-945-7553 ext. 120.

In addition to publishing the notice in the following newspaper(s) that service the Bank's assessment areas, we proactively circulated the Plan to all the non-profits that participated in the performance context research.

Assessment Area Newspapers with CRA Plan Notice		
	Name and web address	**Publish Date**
Whittier, California Assessment Area	Los Angeles Times http://www.latimes.com/	**March 30, 2024**
Richardson, Texas Assessment Area	The Dallas Morning News http://www.dallasnews.com/	**April 3, 2024**

The public comment period commenced on **April 2, 2024, and ended May 2, 2024.** In conjunction with the comment period, we allowed additional days through **May16, 2024** to receive comments in the event there were any late comments.

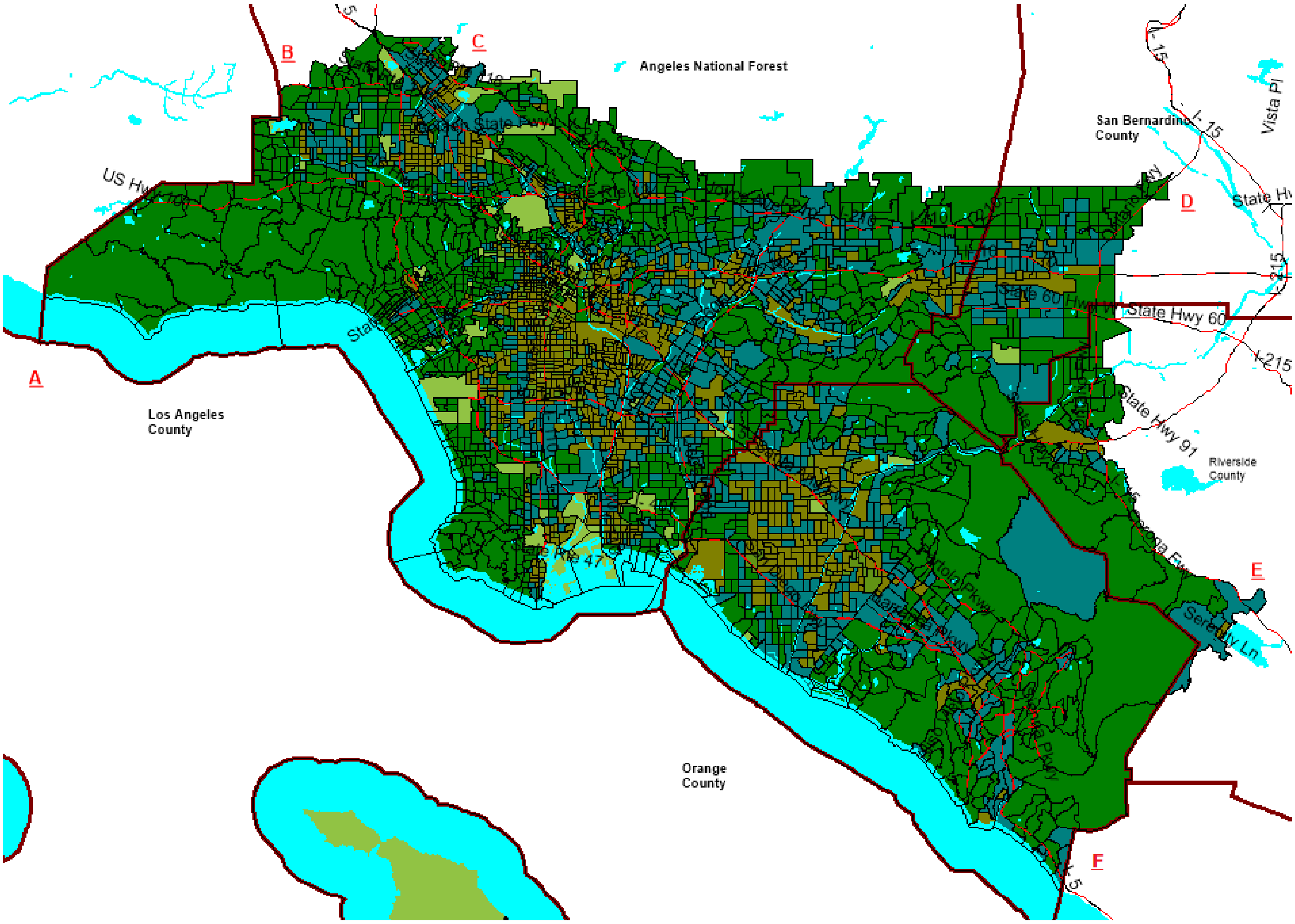
ONGOING REVIEW OF PERFORMANCE GOALS AND MEASUREMENT STANDARDS

Bank of Whittier recognizes that the goals outlined in the Plan are based on assumptions largely driven by the Bank's prior years' activities, current banking environment, and researched general economic conditions. These assumptions and conditions may change. Thus, a CRA Committee, under delegated authority from the Bank's Board of Directors, will monitor the Bank's performance against the goals on a quarterly basis. Any changes to the Plan that are deemed necessary because of these quarterly reviews will be made in accordance with the OCC's requirements, guidelines and approval process. Such changes are only expected when there are significant changes to the underlying assumptions which render the goals contained in this Strategic Plan no longer viable or appropriate.

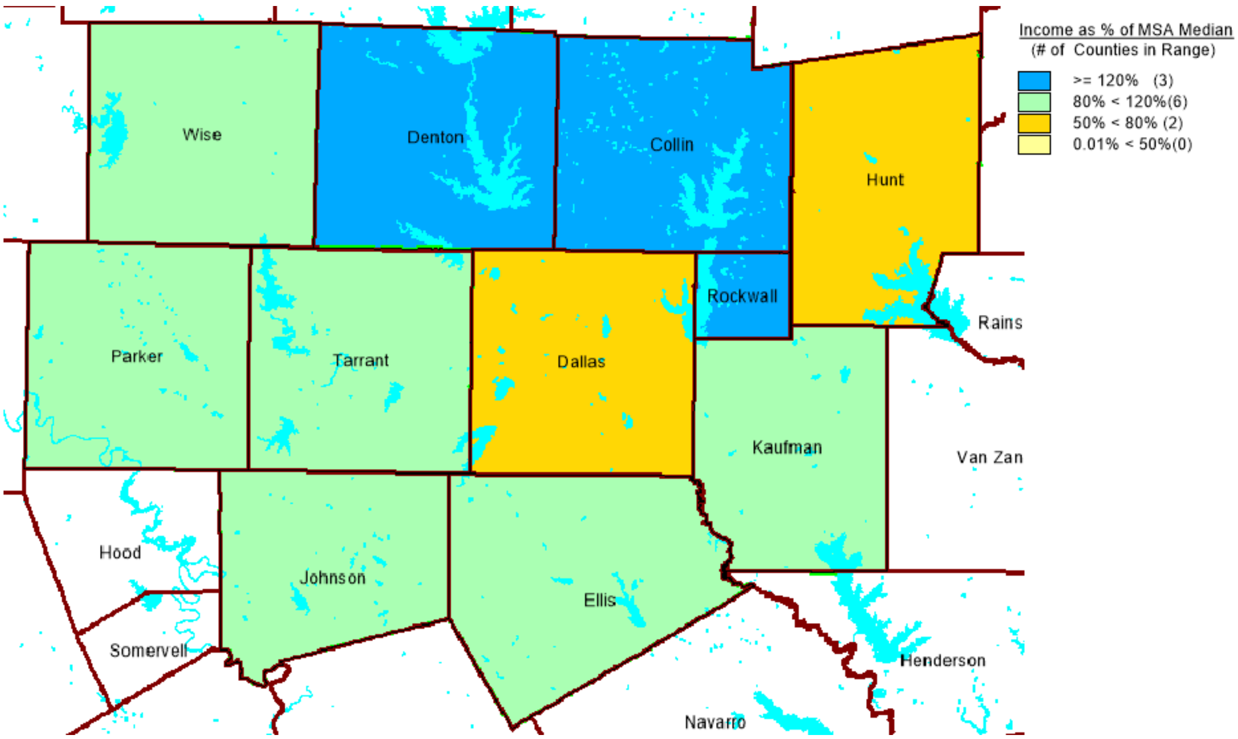
APPENDICES

APPENDIX A: DESIGNATED CRA ASSESSMENT AREA MAPS

Whittier Assessment Area



Richardson Assessment Area



APPENDIX B: DESIGNATED CRA ASSESSMENT AREA CENSUS TRACT LISTING

CRA Assessment Areas	CENSUS Tract Listing
Whittier Branch Assessment Area: Composed of all of Orange County (County Code 059), the large southwestern portion of Los Angeles County (County Code 037), and small western portions of San Bernardino County (County Code 071) and Riverside County (County Code 065).	AA Whittier Census Tracts.pdf
Richardson Branch Assessment Area: Consists of the entirety of the Dallas-Fort Worth-Arlington, Texas Metropolitan Statistical Area ("MSA") 19100, which includes the Dallas-Plano-Irving Metropolitan Division ("MD") 19124 and Fort Worth-Arlington MD 23104. This AA contains the counties of Collin (County Code 085), Dallas (County Code 113), Denton (County Code 121), Ellis (County Code 139), Hunt (County Code 231), Johnson (County Code 251), Kaufman (County Code 257), Parker (County Code 367), Rockwall (County Code 397), Tarrant (County Code 439), and Wise (County Code 497).	AA Richardson Census Tracts.pdf

APPENDIX C: ASSESSMENT AREA DEMOGRAPHIC TABLES

Whittier California Assessment Area Demographics

Appendix Table C(1): Demographic Information of the Assessment Area						
Demographic Characteristics	**#**	**Low**	**Moderate**	**Middle**	**Upper**	**NA***
		% of #	**% of #**	**% of #**	**% of #**	**% of #**
Geographies (Census Tracts)	3,144	5.6	26.7	30.2	35.0	2.5
Population by Geography	13,469,581	5.0	27.1	31.5	35.3	1.1
Housing Units by Geography	4,748,738	4.7	24.5	30.4	39.2	1.2
Owner-Occupied Units by Geography	2,184,512	1.3	16.0	31.7	50.6	0.3
Occupied Rental Units by Geography	2,276,236	7.9	33.2	29.6	27.3	2.0
Vacant Units by Geography	287,990	4.3	20.3	26.0	47.0	2.4
Family Distribution by Income Level	3,030,164	23.2	16.4	17.9	42.5	0.0
Household Distribution by Income Level	4,460,748	25.1	15.1	16.8	43.0	0.0
Median Family Income MSA - 40140 Riverside-San Bernardino-Ontario, CA MSA		$76,686	Median Housing Value			$695,954
Median Family Income MSA - 11244 Anaheim-Santa Ana-Irvine, CA		$106,451	Median Gross Rent			$1,684
Median Family Income MSA - 31084 Los Angeles-Long Beach-Glendale, CA		$80,317	Families Below Poverty Level			9.40%

Source: 2020 U.S. Census

Due to rounding, totals may not equal 100.0%

(*) The NA category consists of geographies that have not been assigned an income classification.

Richardson Texas Assessment Area Demographics

Appendix Table C(2): Demographic Information of the Assessment Area

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	1,704	9.0	26.1	30.6	32.8	1.4
Population by Geography	7,637,387	8.4	25.3	31.7	33.9	0.8
Housing Units by Geography	2,821,032	9.0	25.3	32.1	32.7	0.8
Owner-Occupied Units by Geography	1,561,136	4.1	20.1	33.7	41.7	0.3
Occupied Rental Units by Geography	1,054,443	15.3	32.3	30.3	20.7	1.4
Vacant Units by Geography	205,453	13.7	29.2	29.8	25.7	1.7
Family Distribution by Income Level	1,808,594	22.0	17.4	19.3	41.3	0.0
Household Distribution by Income Level	2,615,579	23.0	16.9	18.0	42.1	0.0
Median Family Income MSA - 19124 Dallas-Plano-Irving, TX		$88,315	Median Housing Value			$245,642
Median Family Income MSA - 23104 Fort Worth-Arlington-Grapevine, TX		$82,649	Median Gross Rent			$1,223
			Families Below Poverty Level			8.2%

Source: 2020 U.S. Census
Due to rounding, totals may not equal 100.0%
(*) The NA category consists of geographies that have not been assigned an income classification.

APPENDIX D: COPIES OF THE REQUIRED PUBLIC COMMENT NOTICES PUBLISHED IN MAJOR NEWSPAPERS IN THE ASSESSMENT AREA

Assessment Area Newspapers with CRA Plan Notice			
	Name and web address	Initial Publish Date	Copies of Published Notices
Whittier, California Assessment Area	Los Angeles Times http://www.latimes.com/	March 30, 2024	
Richardson, Texas Assessment Area	The Dallas Morning News http://www.dallasnews.com/	April 4, 2024	

APPENDIX E: CONFIDENTIAL APPENDICES

D1: CRA STRATEGIC PLAN GOALS AND MEASUREMENT FRAMEWORK