

PUBLIC DISCLOSURE

October 2, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Charles Schwab Bank, SSB
RSSD # 3150447
3000 Schwab Way
Westlake, Texas 76262

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

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

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INSTITUTION RATING

Charles Schwab Bank, SSB's Community Reinvestment Act Rating: Outstanding

A Community Reinvestment Act (CRA) rating of Outstanding is assigned to Charles Schwab Bank, SSB (CSB or bank). The bank's performance reflects an outstanding record of helping to meet the credit needs of its assessment areas (AAs), including low- and moderate-income (LMI) areas, as outlined in the CSB's 2019 and 2022 Strategic Plans (the Plans). In support of this rating, the bank met or exceeded the established goals for:

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

INSTITUTION

DESCRIPTION OF THE INSTITUTION

CSB is a Texas state savings bank headquartered in Westlake, Texas. The bank is a wholly owned subsidiary of the Charles Schwab Corporation (CSC), a savings and loan holding company also based in Westlake Texas. As of September 30, 2023, CSC held \$475.2 billion in combined assets, with the bank comprising approximately \$301.8 billion in assets.

The bank was headquartered in Henderson, Nevada until March of 2020, when its principal office moved to Westlake, Texas. CSB maintains no branch offices or deposit-taking automated teller machines.

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

At the bank's previous evaluation, conducted by the Federal Reserve Bank of Dallas on April 1, 2021, CSB was rated Outstanding under the CRA.

As presented in the following table, the bank held \$40.1 billion in loans as of September 30, 2023. CSB's loan portfolio is primarily comprised of residential real estate lending.

Loan Portfolio Mix as of September 30, 2023		
	Volume (\$000,000s)	% of Portfolio
Assets	301,828	
1-4 Family Revolving	322	0.8
1-4 Family Secured by First Lien	26,096	65.1
1-4 Family Secured by Junior Lien	131	0.3
Total Real Estate Loans	26,549	66.3
Agricultural	5	<0.1
Commercial & Industrial	2,159	5.4
Consumer	9,275	23.1
All Other Loans	2,085	5.2
Total Loans	40,073	100.0
<i>Note: Percentages may not total 100.0 due to rounding</i>		

SCOPE OF EXAMINATION

Federal Reserve Bank of Dallas examiners used the Federal Financial Institutions Examination Council's (FFIEC's) *Strategic Plan CRA Examination Procedures* to evaluate the bank's CRA performance. The evaluation assessed CSB's performance in meeting the credit needs of its communities through the achievement of measurable goals established in its approved CRA Strategic Plans, which included the bank's responsiveness to and effectiveness in meeting the community development needs of its AAs. This evaluation assessed the bank's performance between January 1, 2021 and December 31, 2022 and included measurable goals from two Plans: the January 1, 2019 to December 31, 2021 Strategic Plan (the 2019 Plan) and the January 1, 2022 to December 31, 2024 Strategic Plan (the 2022 Plan).

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

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

- Dallas – Fort Worth, Texas Assessment Area (DFW AA)
- Las Vegas – Henderson – Paradise, Nevada Assessment Area (LVHP AA)

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

DALLAS – FORT WORTH, TX ASSESSMENT AREA

DESCRIPTION OF OPERATIONS IN THE DALLAS – FORT WORTH, TX ASSESSMENT AREA

The DFW AA is comprised of the entirety of the Dallas – Fort Worth – Arlington, TX Metropolitan Statistical Area (DFW MSA), which consists of the following Metropolitan Divisions (MDs) and counties:

- Dallas – Plano - Irving, TX MD
 - Collin, Dallas, Denton, Ellis, Hunt, Kaufman, and Rockwall counties
- Fort Worth – Arlington – Grapevine, TX MD
 - Johnson, Parker, Tarrant, and Wise counties

The DFW AA was first delineated in 2021, in conjunction with the relocation of the bank's headquarters from Nevada to Texas. The new delineation resulted in the amendment of the 2019 Plan's Year Three to reallocate a portion of the LVHP AA goals to the DFW AA. The 2022 Plan is the bank's first CRA Strategic Plan to be drafted with the DFW AA as its focus.

As of June 30, 2023, there were 168 FDIC-insured commercial institutions operating 1,588 offices in the DFW MSA, holding a combined \$714.7 billion in deposits. CSB has a deposit market share of 38.0 percent, as all of its deposits are attributed to its headquarters in Westlake, TX given the lack of a branching network. The bank's single location represents less than one-tenth of one percent of the offices operated by FDIC-insured institutions in the DFW MSA.

Population Characteristics

According to 2022 U.S Census Bureau estimates, the DFW AA population, at 7.9 million, exceeds the population of 38 states, ranking between the states of Washington and Virginia. The AA population grew significantly between 2015 and 2022, outpacing the notable population growth across the state of Texas. Six of the ten counties included in the AA experienced staggering growth of more than 33.0 percent since 2015, with Kaufman County's population growing by more than 57.7 percent.

According to U.S. Census Bureau Population Division Estimates, of the 15 cities with the largest population increase between 2021 and 2022, three are located within the borders of the DFW AA: Fort Worth ranked 1st, Dallas ranked 13th, and Frisco ranked 15th. As of 2022, the DFW MSA is the largest MSA in the state of Texas and the fourth largest in the United States.

The table below shows population trends for the AA counties and MDs, as well as the state of Texas between 2015 and 2022.

Population Change: 2015 – 2022 Dallas – Fort Worth Assessment Area			
Geography	2015 Population	2022 Population	Change (%)
Dallas Fort Worth Assessment Area	6,771,641	7,943,685	17.3
Collin County, TX	862,215	1,158,696	34.4
Dallas County, TX	2,485,003	2,600,840	4.7
Denton County, TX	731,851	977,281	33.5
Ellis County, TX	157,058	212,182	35.1
Hunt County, TX	88,052	108,282	23.0
Johnson County, TX	155,450	195,506	25.8
Kaufman County, TX	109,289	172,366	57.7
Parker County, TX	121,418	165,834	36.6
Rockwall County, TX	85,536	123,208	44.0
Tarrant County, TX	1,914,526	2,154,595	12.5
Wise County, TX	61,243	74,895	22.3
Dallas-Plano-Irving, TX MD	4,519,004	5,352,855	18.5
Fort Worth-Arlington-Grapevine, TX MD	2,252,637	2,590,830	15.0
State of Texas	26,538,614	30,029,572	13.2
<i>Source: 2011-2015 U.S. Census Bureau American Community Survey 2022 U.S. Census Bureau American Community Survey</i>			

Demographic Characteristics

The DFW AA encompasses approximately 9,286 square miles of northern Texas, near the Oklahoma border. The MSA is larger than six states, including New Jersey, New Hampshire, and Vermont. As of 2022, the DFW AA contained a total of 1,704 census tracts. Approximately 35 percent of the AA census tracts were designated as LMI, with a large portion of these tracts located in the eastern portion of Fort Worth and southern Dallas. Additional demographic information for the DFW AA is presented in the table below.

2022 AA Demographics Dallas – Fort Worth Assessment Area								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	154	9.0	136,151	7.5	35,322	25.9	398,048	22.0
Moderate-income	445	26.1	434,516	24	58,903	13.6	314,805	17.4
Middle-income	522	30.6	581,651	32.2	34,983	6.0	349,556	19.3
Upper-income	559	32.8	648,040	35.8	17,838	2.8	746,185	41.3
Unknown-income	24	1.4	8,236	0.5	1,272	15.4	0	0.0
Total AA	1,704	100.0	1,808,594	100.0	148,318	8.2	1,808,594	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low-income	254,432	64,723	4.1	25.4	161,608	63.5	28,101	11.0
Moderate-income	713,866	313,815	20.1	44	340,142	47.6	59,909	8.4
Middle-income	906,732	526,341	33.7	58	319,183	35.2	61,208	6.8
Upper-income	922,245	651,045	41.7	70.6	218,442	23.7	52,758	5.7
Unknown-income	23,757	5,212	0.3	21.9	15,068	63.4	3,477	14.6
Total AA	2,821,032	1,561,136	100.0	55.3	1,054,443	37.4	205,453	7.3
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-income	21,625	5.1	19,853	5.1	1,611	6.2	161	3.0
Moderate-income	83,467	19.8	76,542	19.6	6,166	23.8	759	14.2
Middle-income	133,986	31.7	124,432	31.8	8,152	31.5	1,402	26.3
Upper-income	179,574	42.5	167,028	42.7	9,571	37	2,975	55.8
Unknown-income	3,493	0.8	3,062	0.8	397	1.5	34	0.6
Total AA	422,145	100.0	390,917	100.0	25,897	100.0	5,331	100.0
Percentage of Total Businesses:			92.6		6.1		1.3	
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-income	78	2.0	77	2.0	1	2.3	0	0.0
Moderate-income	518	13.4	509	13.3	9	20.5	0	0.0
Middle-income	1,493	38.6	1,478	38.7	14	31.8	1	33.3
Upper-income	1,764	45.6	1,742	45.6	20	45.5	2	66.7
Unknown-income	17	0.4	17	0.4	0	0.0	0	0.0
Total AA	3,870	100.0	3,823	100.0	44	100.0	3	100.0
Percentage of Total Farms:			98.8		1.1		0.1	
Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

Income Characteristics

For the purposes of classifying borrower income, this evaluation uses the U.S. Census Bureau American Community Survey (ACS) data for the relevant geographies. According to 2022 FFIEC data, the DFW AA is home to more than 1.8 million families. Approximately 41.3 percent of AA families are classified as upper-income, with the next largest portion of families classified as low-income, at 22.0 percent. In addition, an estimated 8.2 percent of AA families live below the poverty level. These families are dispersed throughout low-, moderate-, and unknown-income census tracts in the AA, with 25.9, 13.6, and 15.4 percent of families below the poverty level residing in tracts with each designation respectively.

While the reported median family incomes for the DFW AA increased notably between 2020 and 2022, they were no match to the rise in area housing cost. According to monthly multiple listing service (MLS) data, the average sales price of single-family residences in December of 2022 was 35 percent higher than average sales price in December of 2020.¹ This rapid increase in the cost to purchase a single-family residence further exacerbates the difficulties that LMI individuals and families face when attempting to acquire housing.

The following chart reflects the median family income for the DFW AA during applicable years, reflecting a significant increase between 2020 and 2022 in both MDs that make up the AA. It also provides a range of the annual family income for each income category.

Median Family Income - 2020-2022			
Dallas – Fort Worth Assessment Area			
Dallas-Plano-Irving, TX MD			
Income Level	2020	2022	Change (%)
Median Family Income	\$82,649	\$97,400	17.8
Low-income	< \$41,325	< \$48,700	
Moderate-income	\$41,325 < \$66,119	\$48,700 < \$77,920	
Middle-income	\$66,119 < \$99,179	\$77,920 < \$116,880	
Upper-income	≥ \$99,179	≥ \$116,880	
Fort Worth-Arlington-Grapevine, TX MD			
Income Level	2020	2022	Change (%)
Median Family Income	\$76,073	\$92,400	21.5
Low-income	< \$38,037	< \$46,200	
Moderate-income	\$38,037 < \$60,858	\$46,200 < \$73,920	
Middle-income	\$60,858 < \$91,288	\$73,920 < \$110,880	
Upper-income	≥ \$91,288	≥ \$110,880	
<i>Source: 2016 – 2021 U.S. Census Bureau American Community Survey</i>			

Employment and Economic Conditions

The AA unemployment rate was below the statewide and national average unemployment rates in each of the years reviewed. Each of the counties included in the AA reflected a steadily declining unemployment rate, attributable to the national recovery following the COVID-19 pandemic. Dallas and Tarrant counties are home to the largest cities in the AA, which are Dallas and Fort Worth, respectively. The COVID-19 pandemic impacted these urban counties at a

¹ North Texas Real Estate Information System, Monthly MLS Summary Report, December 2022; available from: <https://www.mymetrotex.com/wp-content/uploads/2023/01/NTREIS-Monthly-MLS-Summary-Report-202212.pdf>.

greater rate than more rural areas in the AA, such as Ellis County in the south, due to the containment measures established to minimize contagion.

The table below shows the annual average unemployment rate in the DFW AA, the state of Texas, and the U.S. during the applicable years of the review period.

Annual Average Unemployment Rate (%) Dallas Fort Worth Assessment Area			
Geography	2020	2021	2022
Dallas Fort Worth Assessment Area	7.1	5.1	3.5
Collin County, TX	6.3	4.3	3.1
Dallas County, TX	7.8	5.6	3.8
Denton County, TX	6.4	4.4	3.2
Ellis County, TX	6.0	4.5	3.4
Hunt County, TX	6.6	5.1	3.9
Johnson County, TX	6.5	4.9	3.5
Kaufman County, TX	6.4	4.9	3.7
Parker County, TX	5.8	4.4	3.2
Rockwall County, TX	5.9	4.3	3.2
Tarrant County, TX	7.4	5.3	3.7
Wise County, TX	6.5	4.9	3.5
Dallas-Plano-Irving, TX MD	7.0	5.0	3.5
Fort Worth-Arlington-Grapevine, TX MD	7.2	5.2	3.6
State of Texas	7.7	5.7	4.0
United States	8.1	5.4	3.6

Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics

Community Representatives

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

LAS VEGAS – HENDERSON – PARADISE, NV ASSESSMENT AREA

DESCRIPTION OF OPERATIONS IN LVHP ASSESSMENT AREA

The LVHP AA is comprised of the Las Vegas – Henderson – Paradise, NV Metropolitan Statistical Area (LVHP MSA). This MSA consists solely of Clark County, the southernmost county in the state of Nevada.

CSB delineated the LVHP AA in the 2019 Plan, establishing goals for CRA performance. Following the relocation of the bank’s headquarters to Westlake, Texas in 2020, the 2022 Plan did not include the LVHP AA as a delineated AA. As a result, only the performance context and applicable characteristics of the LVHP AA as of 2021 are presented below.

Population Characteristics

According to 2021 ACS Five-Year Estimates, the LVHP AA had a population of approximately 2.2 million people. While this reflects notable growth since 2015, the population of the AA peaked in 2020 and decreased by 1.5 percent in 2021 according to Decennial Census data. Clark County is home to a significant portion of the state of Nevada population, representing 72.9 percent of the state’s population in 2021. The table below represents the population trends for the AA county and the state of Nevada from 2015 to 2020.

Population Change Las Vegas – Henderson – Paradise Assessment Area			
Geography	2015 Population	2020 Population	Change (%)
LVHP AA	2,035,572	2,265,461	9.6
State of Nevada	2,798,636	3,104,614	9.3
<i>Source: 2011-2015 U.S. Census Bureau American Community Survey 2020 U.S. Census Bureau Decennial Census</i>			

Demographic Characteristics

The LVHP AA contains 487 census tracts, of which 37.2 percent are classified as middle-income. According to 2021 data, less than one-third of the AA census tracts were considered LMI geographies. These tracts contain approximately 30 percent of housing units and one quarter of the businesses in the AA. Additional demographic information as of 2021 for the LVHP AA is presented below.

AA Demographics 2021 Las Vegas – Henderson – Paradise Assessment Area								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	28	5.7	19,625	4.2	7,662	39.0	96,196	20.7
Moderate-income	128	26.3	104,903	22.5	23,375	22.3	85,415	18.4
Middle-income	181	37.2	184,975	39.7	17,254	9.3	95,475	20.5
Upper-income	149	30.6	155,834	33.5	7,057	4.5	188,356	40.5
Unknown-income	1	0.2	105	0.0	37	35.2	0	0.0
Total AA	487	100.0	465,442	100.0	55,385	11.9	465,442	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low-income	47,951	7,232	1.9	15.1	30,033	62.6	10,686	22.3
Moderate-income	213,646	64,256	16.9	30.1	113,530	53.1	35,860	16.8
Middle-income	331,753	158,649	41.7	47.8	126,932	38.3	46,172	13.9
Upper-income	262,157	150,241	39.5	57.3	72,752	27.8	39,164	14.9
Unknown-income	1,624	47	0.0	2.9	774	47.7	803	49.4
Total AA	857,131	380,425	100.0	44.4	344,021	40.1	132,685	15.5
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-income	3,277	3.9	2,994	3.9	246	4.5	37	5.2
Moderate-income	18,161	21.7	16,504	21.3	1,548	28.3	109	15.5
Middle-income	32,286	38.5	29,920	38.6	2,107	38.5	259	36.7
Upper-income	29,570	35.3	27,762	35.8	1,515	27.7	293	41.6
Unknown-income	489	0.6	432	0.6	50	0.9	7	1.0
Total AA	83,783	100.0	77,612	100.0	5,466	100.0	705	100.0
Percentage of Total Businesses:			92.6		6.5		0.8	
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-income	8	2.3	8	2.3	0	0.0	0	0.0
Moderate-income	54	15.2	52	14.9	2	28.6	0	0.0
Middle-income	122	34.4	117	33.6	5	71.4	0	0.0
Upper-income	170	47.9	170	48.9	0	0.0	0	0.0
Unknown-income	1	0.3	1	0.3	0	0.0	0	0.0
Total AA	355	100.0	348	100.0	7	100.0	0	0.0
Percentage of Total Farms:			98.0		2.0		0.0	
<p>Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.</p>								

Income Characteristics

According to 2021 FFIEC data, the LVHP AA is home to 465,442 families, approximately 40 percent of which are classified as LMI. The percentage of families living below the poverty level in the LVHP AA is similar to the rate of the state of Nevada. Despite the level of lower-income families in the AA, 41.6 percent of AA families are classified as upper-income.

The following table reflects the median family income for the LVHP AA in 2020 and 2021, reflecting a year-to-year increase of approximately 2.3 percent. It also provides a range of the annual family income for each income category.

Median Family Income			
Las Vegas – Henderson – Paradise, NV MSA Assessment Area			
Income Level	2020	2021	Change (%)
Median Family Income	\$70,800	\$72,400	2.3
Low-income	< \$35,400	< \$36,200	
Moderate-income	\$35,400 < \$56,640	\$36,200 < \$57,920	
Middle-income	\$56,640 < \$84,960	\$57,920 < \$86,880	
Upper-income	≥ \$84,960	≥ \$86,880	

Source: 2016 – 2021 U.S. Census Bureau American Community Survey

Employment and Economic Conditions

The LVHP AA unemployment rate in 2019, while slightly higher than the national average, remained below 5 percent. In 2020, the COVID-19 pandemic and subsequent measures taken to curb its spread caused the national unemployment rate to more than double. As shown in the table below, unemployment rate in the AA increased more sharply than the national average, with the rate more than tripling in 2020. In all reviewed areas, the unemployment rate dropped significantly in 2021, as COVID-19 prevention measures lightened; however, the rates remained elevated and had not reached pre-pandemic levels.

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

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

Annual Average Unemployment Rate			
Las Vegas – Henderson – Paradise, NV MSA Assessment Area			
AREA	2019	2020	2021
LVHP AA	4.2	15.5	8.3
State of Nevada	4.0	13.5	7.2
United States	3.7	8.1	5.4

Community Representatives

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

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

2019 – 2021 CRA STRATEGIC PLAN

The 2019 Plan establishes goals in two main categories for the LVHP AA and the BSRA for each Plan year. The goals are cumulative over the three-year plan, each plan year building on the prior year's performance. The bank's performance for Plan Year One and Plan Year Two was reviewed at the previous evaluation and considered to be Outstanding overall, with the following levels of activity for each of the reviewed years:

- Plan Year One (2019)
 - \$984.9 million of combined loans and investments, including \$72.4 million in the bank's LVHP AA and the remainder attributed to the BSRA.
 - 1,400 hours of qualifying community development service in the bank's LVHP AA.
- Plan Year Two (2020)
 - \$1.69 billion of combined loans and investments, \$155.8 million of which was in the LVHP AA.
 - 2,930 community development service hours in the LVHP AA.

The 2019 Plan was amended in 2020 to include articulated goals for the DFW AA for Plan Year Three. The goals for Plan Year Three are:

- Loans and Investments
 - In the LVHP AA, Satisfactory performance requires \$185 million of cumulative qualified loans and investments, and Outstanding performance requires \$259 million with sufficient degree of innovative or complex activities or \$323.7 million of volume regardless of the level of innovation.
 - In the DFW AA, Satisfactory performance requires \$10 million of cumulative qualified loans and investments, and Outstanding performance requires at least \$14 million with sufficient degree of innovative or complex activities or \$17.5 million of volume regardless of the level of innovation.
 - In the defined BSRA, Satisfactory performance requires at least \$1.645 billion of cumulative lending and investments, and Outstanding performance requires at least \$2.303 billion or \$3.238 billion of volume regardless of the level of innovation.
- Community Development Services
 - In the LVHP AA, a minimum of 3,000 cumulative service hours is required for Satisfactory performance, and Outstanding performance requires at least 4,200 hours with a sufficient level of innovation or 5,250 hours based on volume alone.
 - In the DFW AA, Satisfactory performance requires 250 hours, and Outstanding performance requires a minimum of 400 hours with a sufficient level of innovation or 550 hours based on volume alone.

CSB's performance exceeds each of the established goals for an Outstanding rating except for the community development services in the LVHP AA, for which the Satisfactory performance goal was met. Overall, the Plan Year Three performance is Outstanding.

COMBINED LENDING AND INVESTMENTS GOALS

The bank's approved 2019 Strategic Plan combines CRA-qualifying loans with community development loans and investments; therefore, the lending and investment tests have been

combined for this evaluation. CSB’s performance relative to the lending and investment tests is rated Outstanding.

CSB’s cumulative CRA-qualifying loans and community development loans and investments across the bank’s AAs and BSRA totaled \$3.2 billion, exceeding the \$2.6 billion threshold for an Outstanding rating. Lending and investment activity in the DFW AA surpassed the goal for an Outstanding rating based on volume alone. In the LVHP AA, BSRA, and the combined total of loans and investments met established goals for an Outstanding rating with a minimum level of activities deemed to be responsive, innovative, or complex. Many of the bank’s loans and investments are considered to be highly responsive to community needs, surpassing the requirement for an Outstanding rating in these areas.

The table below presents the bank’s lending and investment activity during Plan Year Three of the 2019 Plan as well as the established performance goals.

Lending and Investments Goals and Performance 2019 Plan – Year Three					
Area	Component	Satisfactory	Outstanding (w/Innovation)	Outstanding (by volume)	Actual Performance
LVHP AA	Loans	\$40,000,000	\$44,000,000	\$48,000,000	\$51,518,033
	Investments	\$40,000,000	\$44,000,000	\$48,000,000	\$48,000,000
	AA Subtotal	\$80,000,000	\$88,000,000	\$96,000,000	\$99,518,033
	Other Activity*	\$105,000,000	\$171,000,000	\$227,750,000	\$171,262,043
	AA Total	\$185,000,000	\$259,000,000	\$323,750,000	\$270,780,076
DFW AA	Loans	\$5,000,000	\$7,000,000	\$8,750,000	\$16,236,024
	Investments	\$5,000,000	\$7,000,000	\$8,750,000	\$9,638,500
	AA Subtotal	\$10,000,000	\$14,000,000	\$17,500,000	\$25,874,524
	Other Activity*	\$10,000,000	\$14,000,000	\$17,500,000	\$17,510,000
	AA Total	\$20,000,000	\$28,000,000	\$35,000,000	\$43,384,524
BSRA	Loans or	-	-	-	\$1,661,572,367
	Investments	-	-	-	\$581,147,693
	Grants	-	-	-	\$2,819,753
	Prior Period Investments	-	-	-	\$594,787,579
	BSRA Subtotal	\$1,645,000,000	\$2,303,000,000	\$2,878,750,000	\$2,840,327,392
Total		\$1,850,000,000	\$2,590,000,000	\$3,237,500,000	\$3,154,491,992

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

An example of the bank’s highly responsive activity in Plan Year Three is a loan to the Rural Nevada Development Corporation. The Rural Nevada Development Corporation is a very small community development financial institution (CDFI) that serves the rural areas of Clark and Washoe counties, as well as the 15 rural counties and the 27 Native American tribes of Nevada by addressing critical issues such as affordable housing, down payment assistance, homeowner rehabilitation, and small business alternative lending practices. The bank’s loan helps to fund the CDFI’s work, which is responsive to the needs of the rural communities facing persistent poverty, exacerbated by continuous disinvestment in these historically underserved geographies.

The bank’s belief that CDFIs are a crucial player in community development finance in Nevada and its continued commitment to supporting CDFIs is well established, encouraging several CDFIs to expand operations into the market. In 2021 the bank provided seed funding to Access Community Capital (Access CDFI), a “Nevada home-grown” CDFI and the only Community Loan Fund headquartered in Las Vegas. Access CDFI is highly responsive to community needs by

primarily providing small businesses with access to capital. The CDFI provides small businesses with technical assistance in planning and preparation for various aspects of their business, meeting a need articulated by a community contact in the area.

In the bank’s BSRA, highly responsive, innovative, and complex initiatives included a large investment in the new SDS Supportive Housing Fund, a fund dedicated to providing financing of high-quality and cost-effective housing for Californians suffering from homelessness. This fund was specifically created to combat the homelessness in Los Angeles County, which the Los Angeles Homeless Services Authority estimates has grown by 30 percent since 2018. The Supportive Housing Fund focuses on financing permanent supportive housing built on underutilized and blighted properties, with ground floor retail space intended to support local businesses. The bank’s investment helped the fund begin working toward the articulated goal of constructing 3,000 units of supportive housing.

SERVICE GOALS

CSB’s performance relative to the community development service goal is rated Outstanding. The bank totaled 3,382 hours of cumulative qualified community development services in the LVHP AA and 1,256 hours or services in the DFW AA. The bank’s performance in the LVHP AA met the established goal for a rating of Satisfactory, while in the DFW AA, the bank’s performance more than doubled the minimum volume of services for an Outstanding rating without the need for innovative or complex services.

When combined, the bank’s total level of qualified community development services meets the threshold for an Outstanding rating with sufficient innovation and complexity. During Plan Year One and Plan Year Two, CSB provided community development services only in the LVHP AA. However, in March of 2021 (Plan Year Three), the bank’s headquarters moved 1,200 miles from the LVHP AA to the DFW AA, which helps to inform the shift in hours provided away from one AA to the other. Additionally, the LVHP AA was still under COVID-19 mitigation restrictions during the early part of 2021, and the lifting of restrictions was not transferred from the state to individual counties until May 2021, which is after the relocation of the bank’s headquarters to Texas. It is of note that some of the services provided in the bank’s AAs, including the LVHP AA, were very responsive, highly innovative, and complex.

Community Development Service Goals and Performance 2019 Plan – Year Three				
Area	Satisfactory	Outstanding (w/Innovation)	Outstanding (by volume)	Actual Performance
LVHP	3,000	4,200	5,250	3,382
DFW	250	400	550	1,256
Total	3,250	4,600	5,800	4,638

One particularly innovative and complex service provided by bank representatives in the LVHP AA was the creation of the Nevada Housing Coalition (NHC) and its continued work in the state. The bank’s efforts to create the NHC stem from Nevada ranking last in providing affordable housing to extremely low-income families. According to the National Low-Income Housing Coalition, there are only 15 affordable and available rental homes for every 100 extremely low-income renter households in Nevada. Significant work from the NHC and bank representatives went into getting a Nevada state law passed in 2021 that supports tenant protections around summary evictions and puts a cap on late rent fees. The NHC was also vital to the creation of

the Home Means Nevada Initiative through American Rescue Plan Act funds, resulting in a \$500 million statewide investment in housing. The impact of bank representatives' services to the NHC and to the low-income families through the NHC is far greater than the approximately 230 hours of qualified service provided and elevates the bank's overall performance under this goal.

2022 – 2024 CRA STRATEGIC PLAN

PLAN YEAR ONE

The 2022 Plan established two main goals for the DFW AA and the BSRA for each Plan year. The goals representing Outstanding performance in Plan Year One are:

- Loans and Investments
 - In the DFW AA, Satisfactory performance requires \$71.6 million of cumulative qualified loans and investments, and Outstanding performance requires \$93.1 million with sufficient degree of innovative or complex activities or \$111.7 million of volume regardless of the level of innovation.
 - In the BSRA, Satisfactory performance requires \$644.6 million of cumulative qualified loans and investments, and Outstanding performance requires at least \$838.0 million with sufficient degree of innovative or complex activities or \$1.0 billion of volume regardless of the level of innovation.
- Community Development Services
 - In the DFW AA, a minimum of 1,000 cumulative service hours is required for satisfactory performance, and outstanding performance requires at least 1,300 hours with a sufficient level of innovation or 1,560 hours based on volume alone.

CSB's performance relative to each goal exceeded the goals for an Outstanding rating without the necessity of an increased level of innovation or complexity.

COMBINED LENDING AND INVESTMENTS GOALS

The bank's approved 2022 Strategic Plan combines CRA-qualifying loans with community development loans and investments; therefore, the lending and investment tests have been combined for this evaluation. CSB's performance relative to the lending and investment tests is rated Outstanding.

The bank originated \$1.7 billion in CRA-qualifying loans and community development loans and investments throughout the DFW AA and BSRA, exceeding the \$1.1 billion threshold for an Outstanding rating.

The table below presents the bank's lending and investments during Plan Year One of the 2022 Plan.

Lending and Investments Goals and Performance 2022 Plan – Year One					
Area	Component	Satisfactory	Outstanding (w/Innovation)	Outstanding (by volume)	Actual Performance
DFW AA	Loans	\$14,325,000	\$18,622,500	\$22,347,000	\$26,755,468
	Investments	\$14,325,000	\$18,622,500	\$22,347,000	\$24,509,000
	AA Subtotal	\$28,650,000	\$37,245,000	\$44,694,000	\$51,264,468
	Other Activity*	\$42,975,000	\$55,867,500	\$67,041,000	\$67,044,169
	AA Total	\$71,625,000	\$93,112,500	\$111,735,000	\$118,308,637
BSRA	Loans or	-	-	-	\$509,198,066
	Investments	-	-	-	\$139,760,735
	Grants	-	-	-	\$2,275,790
	Prior Period Investments	-	-	-	\$915,566,826
	BSRA Subtotal	\$644,625,000	\$838,012,500	\$1,005,615,000	\$1,566,801,147
Total		\$716,250,000	\$931,125,000	\$1,117,350,000	\$1,685,110,054

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

While the bank’s performance under the lending and investment tests for Plan Year One of the 2022 Plan exceeds the threshold for an Outstanding rating based on volume alone, several of the bank’s activities are considered highly responsive, innovative, or complex. These activities include the first philanthropic grant to a CDFI led by the City of Fort Worth, with an advisory of local community members with specific knowledge of community needs, as well as a number of activities targeted at the housing concerns in the DFW AA.

Since entering the DFW AA, the bank has continued to provide targeted support to several transitional homeless programs utilizing market rate apartments to provide housing to their clients. However, as the area grew in population and the number of chronically homeless individuals and families rose, the bank, in conjunction with community partners, shifted toward a focus on permanent supportive housing projects. During Plan Year One, the bank deployed approximately \$80,000 of targeted grants toward the goal of developing permanent supportive housing solutions that would help address the housing shortage.

SERVICE GOALS

CSB’s performance relative to the community development service goal is rated Outstanding.

The bank provided 3,365 hours of qualified community development services during Plan Year One of the 2022 Plan in the bank’s DFW AA.

Community Development Service Goals and Performance 2022 Plan – Year One				
Area	Satisfactory	Outstanding (w/Innovation)	Outstanding (by volume)	Actual Performance
DFW	1,000	1,300	1,560	3,365

While the bank’s performance under the community development services test for Plan Year One of the 2022 Plan greatly exceeds the volume threshold for an Outstanding rating based on volume alone, several of the services provided by the bank represented notably responsive and innovative efforts by the institution.

A substantial portion of the bank's qualified activities has historically come from the efforts to work with community organizations to identify ways of leveraging the bank's size and influence in conjunction with the community organizations' expertise to most benefit the community. The bank engaged in several meetings and conferences in pursuit of greater understanding of its new community, and, as a result, developed a place-based approach to community engagement to address the consequences of rapid gentrification in neighborhoods adjacent to downtown Dallas and Fort Worth, which have suffered from decades of disinvestment but are not deemed prime locations for development. These efforts are exemplary of the bank's strategy for identifying and addressing the specific needs of its AAs rather than relying on broad, generalized activities to meet established performance goals.

APPENDIXES

APPENDIX A – GENERAL INFORMATION

Acronyms

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

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

APPENDIX B – GLOSSARY

Aggregate lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

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

Community development: All Agencies have adopted the following language:

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

Consumer loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

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

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

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and income of the applicants; the amount of loan requested; and the disposition of the application (for example, approved, denied, or withdrawn).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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