CRA COMMUNITY BENEFIT
3-Year Plan | 2019-2021

“Motivating Sustainable Communities”
I. Introduction and Executive Summary

Annually, Pacific Western Bank ("PWB" or the "Bank") establishes a Community Reinvestment Act ("CRA") Community Benefit Plan (the "Plan") that is a guide towards an overall “Outstanding” rating at the next FDIC CRA performance evaluation, currently expected to begin during the fourth quarter 2020. The goals in the Plan build upon identified credit needs and the Bank’s earlier efforts aimed at reaching this desired rating. This year’s Plan continues to reflect the Bank’s commitment and determination to meet the credit needs of low- and moderate-income communities, including those of small businesses and community development organizations.

This Plan details the Bank’s CRA goals and strategies for the three-year period ending December 2021. It is a forward-looking, living document updated at least annually based on community feedback, changes within the Bank, and economic changes identified in its communities.

The Bank’s commitment to the goals herein reflect qualifying CRA-related statewide activities in California and North Carolina based on assumptions related to capital and operational capacities. The goals express the aspirations with respect to each community the Bank currently serves. The Plan aligns with the Bank’s business strategy, its operational focus, capacity and constraints.

Outcome of 2018 Activity

Our success in working with our communities is evident in this report. As you will read later, the Bank exceeded its 2018 goals. The Plan also shows increases in annual goals commensurate with the needs of our communities and our desire to continuously improve the Bank’s level of community development activity.

Looking Forward

PWB will increase the total dollar amount of community development activity by $648 million when compared to its previous plan. Over the next three years, the Bank will achieve the following (rounded numbers):

- $1.6 billion in small business loans of $1 million or less;
- $1.9 billion in qualified community development loans;
- $437 million in outstanding community development investments; and
- $10 million in charitable contributions.

Pacific Western Bank is proud to invest in the communities where it conducts business and it understands that contributing to the economic vitality of its communities has a positive and measurable effect on the growth and prosperity of those communities and more importantly - makes good business sense!

Credit Needs Assessment

An integral part of this Plan is a community needs assessment conducted annually by the Bank to ascertain specific opportunities for expanded community and economic development. The 2019 Community Needs Assessment includes input from 44 community organizations representing all PWB communities, including
North Carolina. The Bank expects to address all of the needs identified, and will collaborate with community-based organizations in this effort.

The top five credit needs identified were: Affordable rental housing for low-income families and special needs populations; job training or other self-sustaining programs to help low-income families improve their financial position; financial education programs for individuals and families; investment dollars to help preserve the existing affordable housing stock; and technical assistance and other support services for small business owners.

II. Plan Overview by Activity

Small Business Lending
As a commercial bank, PWB’s CRA activities will continue to focus on small business lending. To achieve the established goals for small business lending, the Bank will build on its community relationships to further promote the availability of its credit products designed to meet the credit needs of small businesses. The outcome of these activities and relationships will be:

- At least 60% of the total number of small business loans originated will have a value of $100,000 or less. At year-end 2018, the outcome was 61%.
- A minimum of 50% of the total number of small business loans originated will go to businesses with gross annual revenues of $1 million or less. At year-end 2018, the outcome was 58%.
- At least 25% of the total number of small business loans originated annually will be made to businesses located in high minority census tracts. At year-end 2018, the outcome was 47%.
- A minimum of 25% of the total number of small business loans originated annually will be made to businesses located in low- and moderate-income census tracts. At year-end 2018, the outcome was 25%.

Focused on establishing long-lasting relationships with its customer base, the Bank will continue its discussions with local CDFIs, small business technical assistance providers and other community development lenders to ensure near-bankable quality businesses have access to alternative sources of capital.

The Bank will continue to deliver to the market a flexible line of credit product designed specifically for businesses with gross annual revenues of $1 million or less. PWB will continue to support small business technical assistance provided by nonprofit and faith-based organizations to help improve and enhance access to capital.

Community Development Lending
PWB is a recognized leader in community development lending. The Bank’s success in this area of lending will continue to be highly focused on affordable housing, economic development and community service initiatives. To further this work, the Bank commits to the following:
• The Bank will finance or invest in transactions that support the development and retention of affordable multi-family rental housing units, and whenever possible provide affordable housing developers with access to the Federal Home Loan Bank’s Affordable Housing Program.
• The Bank will make direct investments in loan funds designed to address affordable housing and economic development activity within the Bank’s assessment area.
• The Bank will continue to provide access to the Federal Home Loan Bank’s Workforce Initiative Subsidy for Homeownership program in support of first-time homebuyers.

Community Development Investments
PWB remains committed to investing and making charitable contributions in support of worthy community development initiatives. The Bank will demonstrate this commitment as follows:

Annual Investments
The Bank is committed to annually directing dollars to community development initiatives. These initiatives include affordable housing, small business development, and self-sufficiency programs that improve the lives of low- and moderate-income individuals.

Charitable Contributions
The Bank is committed to setting aside $9.9 million in support of affordable housing, economic development and other initiatives that promote the health and welfare of low- and moderate-income populations, including initiatives that combat and prevent homelessness. Annually, between 2019 and 2021, the Bank will fund $3.3 million in support of qualified community organizations. Included in this total, at least $350,000 will be set aside annually for small business lending loan loss reserves, technical assistance, and for targeted community initiatives that advance small business development. During 2018, the Bank funded a total of $3.26 million in charitable contributions having community development merit. Of this total, $436,700 was directed to support initiatives related to small business lending and the provision of technical assistance to small businesses. Further, more than $350,000 was funded to support organizations providing services that align with the Bank’s Homeless Initiative.

The Bank’s charitable contribution program will have as its primary focus community development, and will fund nonprofit organizations addressing affordable housing, economic development, financial education, and a wide range of community development services. These services include: consumer credit building; workforce development; and capacity building strategies of eligible community-based organizations with a proven successful record of providing technical support to small businesses, or demonstrating the ability to provide services that help stabilize and house homeless or near homeless populations.
Access to Banking Services
The Bank will offer surcharge-free ATM services as a participant in the MoneyPass® network that does not assess surcharges to recipients of California public assistance. As a commercial financial institution, the Bank will continuously explore the need to enhance existing business deposit products in response to the deposit needs of the small business community.

Diversity & Inclusion
The Bank has implemented an inclusion@work initiative that further helps the Bank build and support communities, and views its strategic approach to diversity and inclusion as the right thing to do and critical to the Bank’s success. The Bank is committed to improving upon its Supplier Diversity Program for non-bank infrastructure products and services from certified diverse suppliers.

Annual Open Community Meetings
The Bank is committed to hosting at least one annual meeting with various organizations serving small businesses and low- and moderate-income communities. A primary purpose of the meeting will be to review, evaluate and discuss the Bank’s strategies for addressing the financial needs of its local communities.

III. Summary of 2018 Results Compared to Goals / Future Commitments

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<thead>
<tr>
<th>Small Business Loan Originations (Loan Amount ≤ $1Million)</th>
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</thead>
<tbody>
<tr>
<td></td>
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<tr>
<td></td>
</tr>
<tr>
<td>California</td>
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<tr>
<td>North Carolina</td>
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<tr>
<td>TOTAL</td>
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The Bank’s commitments for 2019 through 2021 reflect:

- Annual increases in the total number and dollar amount of loan originations;
- Business Credit Line and Small Business Credit Line products (loans $100,000 or less) to make up the majority of lending;
- Continuation of working with community partners in support of small business referral programs;
- Achieving at least 50% of the total number of small business loans to businesses with GAR ≤ $1MM; and
- Achieving at least 25% of the total number of small business loans to businesses using proceeds in LMI census tracts.
### Community Development Loans

<table>
<thead>
<tr>
<th></th>
<th>2018 Actual Results</th>
<th>2018 Goal</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>California</td>
<td>$586,795,521</td>
<td>$490,000,000</td>
<td>600,000,000</td>
<td>625,000,000</td>
<td>630,000,000</td>
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<tr>
<td>North Carolina</td>
<td>$250,000</td>
<td>$10,000,000</td>
<td>1,000,000</td>
<td>2,000,000</td>
<td>3,000,000</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$587,045,521</strong></td>
<td><strong>$500,000,000</strong></td>
<td><strong>601,000,000</strong></td>
<td><strong>627,000,000</strong></td>
<td><strong>633,000,000</strong></td>
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</table>

The Bank’s commitments for 2019 through 2021 reflect:
- Origination of $1.861 billion in community development loans;
- Loan origination activity to include financing the preservation of affordable housing, construction of affordable multifamily properties, and Tax Exempt Bond financing of affordable housing and other community development projects; and
- An aggressive pursuit of Community Development Loans in all assessment areas and a broader statewide region.

### Community Development Investments

<table>
<thead>
<tr>
<th></th>
<th>2018 Actual Results</th>
<th>2018 Goal</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donations</td>
<td>Equity and Other Types</td>
<td>Donations</td>
<td>Equity and Other Types</td>
<td>Donations</td>
<td>Equity and Other Types</td>
</tr>
<tr>
<td>California</td>
<td>$2,514,093</td>
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<td>$120,000,000</td>
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<tr>
<td>North Carolina</td>
<td>$752,350</td>
<td>$10,500,000</td>
<td>$750,000</td>
<td>$12,000,000</td>
<td>$750,000</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$3,266,443</strong></td>
<td><strong>$122,380,000</strong></td>
<td><strong>$3,300,000</strong></td>
<td><strong>$132,000,000</strong></td>
<td><strong>$3,300,000</strong></td>
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The Bank’s commitments for 2019 through 2021 reflect:
- Investing $437 million in support of qualified community development initiatives;
- Making available $9.9 million for charitable contributions with community development merit; and
- Supporting a balanced investment record over time to achieve a high level of performance.
Community Development Services

<table>
<thead>
<tr>
<th></th>
<th>2018 Actual Results Hours</th>
<th>2018 Goal Volunteer Hours</th>
<th>2019 Volunteer Hours</th>
<th>2020 Volunteer Hours</th>
<th>2021 Volunteer Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>California</td>
<td>3,427</td>
<td>3,400</td>
<td>3,600</td>
<td>3,700</td>
<td>3,800</td>
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<tr>
<td>North Carolina</td>
<td>277</td>
<td>200</td>
<td>200</td>
<td>250</td>
<td>250</td>
</tr>
<tr>
<td>TOTAL</td>
<td>3,704</td>
<td>3,600</td>
<td>3,800</td>
<td>3,950</td>
<td>4,050</td>
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</table>

The Bank’s commitments for 2019 through 2021 reflect:
- Increasing the number of employees providing community development services;
- Consistently high-level performance; and
- Continual focus on increasing the delivery of financial education and measuring an activity’s impact on the community.

IV. Conclusion

This Plan details PWB’s commitment to achieve community development goals for the benefit of the communities it serves. The Plan is an internal document subject to change at the discretion of the Bank and will be available to the public. It offers communities served by the Bank tangible, measurable and meaningful benefits to small businesses, consumers, nonprofit and for-profit community-based organizations, and others involved in furthering community and economic development initiatives.