PayPal Bank

Community Reinvestment Act

2027-2029 Strategic Plan

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I. Introduction

a. Overview

PayPal Bank ("Bank") proposes to establish an industrial bank charter that will be subject to the Community Reinvestment Act ("CRA"). The Bank is seeking approval of a de novo bank application from the Utah Department of Financial Institutions ("UDFI") as the chartering authority and the Federal Deposit Insurance Corporation ("FDIC") as the deposit insurer and primary federal regulator.

b. PayPal Bank and Parent Overview

PayPal

The Bank will be 100% owned by PayPal Holdings, Inc. ("PayPal"), a Delaware corporation headquartered in San Jose, California. As a leading global payments and commerce platform, PayPal provides millions of consumers and businesses with secure, digital tools to send, receive, and manage money. PayPal has more than 25 years of experience innovating in payments, risk management, and digital commerce, operating at scale with a proven and resilient business model.

PayPal's long-standing merchant ecosystem includes millions of solopreneurs and small and medium-sized businesses ("SMBs"),[1] many of which operate in low- and moderate-income ("LMI") areas or in industries that have historically encountered barriers to obtaining bank financing. PayPal finds that these businesses frequently experience difficulty estimating their ongoing capital needs, understanding credit options, and managing the paperwork required for loans. As a result, traditional bank credit can be inaccessible even for healthy, growing businesses. PayPal's existing lending programs have helped bridge this gap—providing timely access to working capital for smaller businesses that often lack collateral or operate in industries that banks avoid due to the need for more sophisticated credit risk or compliance practices. PayPal's lending program has supported businesses in LMI areas; that may be less likely to be afforded credit through traditional

[1] Solopreneurs and small and medium sized businesses are defined as having either sales of $400,000 or less or TPVs of $100,000 or less, and sales of $400,000 to $20 million or TPVs of $100,000 to $6 million, respectively.

banks. Specifically, nearly half of all loans in 2024 went to merchants in zip codes where traditional bank branches were closing.[2]

PayPal Bank

The mission of PayPal Bank is to expand access to fair, simple, and transparent banking products that help small and medium-sized businesses thrive. The Bank's business loan products are focused on SMBs. The Bank will leverage PayPal's deep understanding of its business customers' cash flows, performance patterns, and day-to-day operations and sophisticated AML and fraud-prevention technologies to provide streamlined financing that is easier to understand, easier to access, and more appropriately tailored to a business's actual needs. This approach is intended to reduce uncertainty, eliminate unnecessary friction, and bring more businesses into the financial mainstream.

The Bank will offer U.S.-based business customers a suite of lending and savings products designed to support both stability and growth. Many SMB customers report difficulty predicting future capital requirements or navigating documentation-intensive processes associated with traditional credit. By using technology, data-driven insights, and a simplified digital experience, the Bank will reduce these barriers and help businesses obtain the right-sized credit at the right time.

Additionally, the Bank will offer competitively priced, interest-bearing savings products for business and consumer customers, supporting financial resilience and long-term planning. At inception, the Bank will leverage PayPal's established customer relationships and acquisition channels, many of which serve businesses in LMI areas, enabling efficient onboarding and expanding access to responsible credit within the Bank's assessment area and beyond.

The Bank, through its Board of Directors and senior management, will establish and maintain its own credit risk appetite, governed by safe and sound lending standards. As the Bank grows, it will continue to refine product offerings to meet evolving customer needs.

c. Commitment to the Community Reinvestment Act

Congress adopted the CRA in 1977, as a way for depository institutions to meet the credit needs of the communities in which they operate, including LMI neighbourhoods, in concert with safe and sound operations. Each federal regulatory agency with CRA oversight was responsible for implementing its own regulations. The Bank will be subject to 12 C.F.R. Part 345 – Community Reinvestment of the FDIC Rule and Regulations. Given recent regulatory activity and ongoing litigation related to the revised CRA rules that were made effective on October 24, 2023, the Bank is taking the position that it is unlikely those revised will take effect in their current form. As a result, this Plan has been established based on the prior CRA rule. The Bank will be prepared to modify the Plan should the 2024 rule take effect, in part, or in its entirety, or another rule to take its place.

[2] Based on internal data and analysis published in the white paper "Digital Financing: Filling a Gap for Entrepreneurs Across the Country."

In addition to meeting the credit needs of LMI neighborhoods, the CRA provides that depository institutions should meet the needs of LMI borrowers, small businesses, small farms, and provide specific community development (CD) activities, dependent on their asset sizes and business models.

The Bank's mission aligns directly with the goals of the CRA. Both PayPal and the Bank are committed to expanding access to capital for underserved small businesses, strengthening financial inclusion, and ensuring that credit and financial services reach LMI communities. The Bank aims to address the structural challenges many small businesses face—difficulty predicting capital needs, lack of traditional financial documentation, and uncertainty in navigating bank credit channels—by offering data-informed, transparent, and easy-to-use financial products.

By combining PayPal's scale, merchant insights, and digital capabilities with the regulatory framework and responsibilities of an FDIC-insured industrial bank, the Bank will help broaden access to responsible financial services, promote economic resilience, and support community development across its assessment area and broader service regions. This commitment is foundational to the Bank's CRA program and informs the goals and measurable outcomes described in this Strategic Plan.

d. <u>CRA Program Oversight and Resources</u>

The Bank's CRA Program falls under the purview of the Board. The Bank's Board and senior management are committed to maintaining a safe and sound compliance management system while meeting the credit and community development needs in which the Bank operates. Mara McNeill serves as the Bank's President and has extensive experience in the financial services industry and understands the importance of the CRA. The Bank has established a Board Risk & Compliance Committee that will assist the Board in providing CRA program oversight and monitoring adherence to this Plan. The Board Risk & Compliance Committee will have CRA compliance responsibilities including, but not limited to:

- Approving the Bank's CRA framework;
- Reviewing and approving the Bank's CRA Strategic Plan;
- Holding management with CRA responsibilities accountable for implementation of policies, procedures, and practices;
- Ensuring management has the appropriate resources required to administer the CRA program;
- Reviewing the Bank's CRA performance at a defined frequency;
- Review and monitor the Bank's engagement with community groups and other organizations as it relates to understanding CRA performance and the evolving CRA needs of the community;
- Overseeing the remediation of any issues identified.

Primary responsibility for the Bank's CRA function sits with the Community Reinvestment Act (CRA) Officer, who reports into the Chief Risk Officer (CRO).

The CRA Officer is responsible for implementing the CRA Strategic Plan and coordinating all CRA related activities for the Bank, which includes, but is not limited to:

- Identifying community needs;
- Establishing CRA goals on an annual basis;
- Capturing and qualifying Bank activities that count towards established CRA goals;
- Analysis of Bank performance against CRA objectives;
- Partnering with other Bank team members to drive performance on CRA objectives; and
- Reporting to key stakeholders on CRA adherence including the Board, the Board Risk & Compliance Committee, and the Bank's President.

The Chief Audit Officer (CAO) will be responsible for an independent assessment of the Bank's compliance and risk management activities, including the CRA program on a recurring basis. The CAO will be responsible for identifying issues or deficiencies with the Bank's CRA compliance program and for holding Bank stakeholders accountable for remediation of any issues or deficiencies identified.

The CEO and CRA Officer will be accountable for updating the Board on the Bank's CRA performance on a regular basis including the review of any emerging risks or identified issues. The Board will take an active role in community engagement efforts, including direct engagement with local organizations to better understand their needs and the participation in community events and other service opportunities.

e. <u>Development of the Bank's CRA Strategic Plan</u>

Management considered several factors in developing this Plan that include the Bank's business plan, product offerings, financial projections, and the competitive environment. Management also utilized a variety of sources to assess demographics, economic conditions, and community needs (See Appendix B). Much of this information is captured in the "Performance Context" section of this Plan. Additional information on how the Bank will conduct outreach and informal dialogue with community representatives to understand community needs, and to use that insight to inform the final version of the CRA Plan, is outlined in the section titled "Public Participation and Input". This information, along with extensive peer analysis, is considered in the development of the Plan's goals for lending and investments, grants and donations, and services.

Depository institutions are subject to CRA examination procedures based on their asset sizes and potentially subject to a Lending Test, an Investment Test, and a Service Test. As an option, Part 345 of the FDIC Rules and Regulations provides depository institutions with the ability for banks to be evaluated under the *Examination Procedures for Institutions with Strategic Plans*. Utilizing this option allows the Bank to develop a strategic plan, with community input, detailing how the Bank proposes to meet its CRA obligations.

Given PayPal Bank's proposed business model, which is focused on providing digital banking services nationwide, and given there is only one Bank office location, in the Salt Lake City metropolitan area, PayPal has elected to be evaluated under the Strategic Plan method and has developed this plan to meet associated requirements. This CRA Strategic Plan ("Plan") will be tailored to the needs of the community using direct community input at the development stage. The Plan will be utilized to assess the Bank's CRA performance by the Bank's Board and the FDIC, and the Bank has established a goal of achieving an "Outstanding" rating for each year of the Plan.

The projections and commitments reflected in this Strategic Plan are based on the CRA regulatory framework in effect as of the date of this submission. As the Bank understands that this framework has been under active review by the federal banking agencies, the Bank intends for its CRA activities to remain consistent with, and to take advantage of, any changes to that framework that become applicable during the Plan's term.

f. Term and Effective Date of the Plan

The term of the Plan spans three years with a proposed effective date of the date the Bank commences operations. The fiscal year for measuring Plan goals will span from January to December for each Plan year based on the proposed effective date.

g. Election of Alternative Performance Evaluation

The Board and senior management intend to meet or exceed all goals established in the Plan. However, the Bank reserves the right to request to be evaluated under the appropriate performance test based on the Bank's asset size.

II. Assessment Area

h. Description

Pursuant to CRA regulations, the Bank is required to delineate one or more assessment areas (AA) within which the Bank's record of helping to meet the credit needs of its community will be examined. Regulation stipulates that the assessment area must include geographies in which the Bank has its main office, its branches, and its deposits-taking ATMs. PayPal Bank does not plan to operate any physical branches or have any deposit-taking ATMs; therefore, the Bank will delineate its assessment area based on its [Placeholder], Utah headquarters, which is in Salt Lake County.

For the purposes of this CRA Strategic plan, the Bank delineates the Salt Lake City-Provo-Ogden Combined Statistical Area (CSA) as its assessment area that includes the Salt Lake City, Ogden-Clearfield, Provo-Orem Metropolitan Statistical Areas along with the Heber and Brigham City Micropolitan Statistical Areas. The assessment area includes 11 contiguous counties, of which 10 are in Utah, and one is in Idaho. Each county is delineated in its entirety as illustrated in Appendices C and D. This encompasses the area in which the Bank has its main office.

To the extent that Assessment Area focused goals are satisfactorily met, the Bank will consider additional contributions towards its goals by a broader state-wide or regional area (BSRA) that includes the Bank's assessment area. For the purposes of this Strategic Plan, PayPal Bank's BSRA will include the following 5 contiguous states of the Southwest and Rocky Mountain Region of the United States: Utah, Idaho, Nevada, Arizona, and California. The BSRA is delineated in its entirety as illustrated in Appendix C. This BSRA encompasses PayPal Bank's headquarters and PayPal Holdings major office locations in San Jose, CA and Scottsdale, AZ.

a. Broader State-Wide or Regional Area

The Bank's determination of which states to include within its BSRA is based on several factors; including geographic proximity to the assessment area, economic interdependencies, overlap in PayPal merchant activity (e.g., merchants residing in one state while maintaining a principal business address in another), and opportunities to align with PayPal Inc.'s social impact and sustainability initiatives.

The inclusion of California within the BSRA may not appear to be an obvious selection; however, Utah and California share strong economic ties, highlighted by California residents' connections to Utah through tourism, property ownership, and a significant trade relationship. The trade relationship is particularly significant due to the geographic location of the two states. Utah is recognized as the "Crossroads of the West" due to its strategic location for freight movement and logistics; while California's location along the pacific coast provides access to international markets with major see ports. Due to its geographic location in relation to California, Utah has made significant investments in transportation and logistics infrastructure to capitalize on this position; functioning as an intermountain freight hub with access to global markets. Transportation plays a critical role in Utah's economy, with approximately 37 percent of the state's nominal GDP generated by logistics-reliant industries.[3]

As mentioned previously, the Utah assessment area has strong interconnectivity to California through Utah's role as a key trade gateway for the California global trade ports. Utah benefits from one-day truck access to major California ports, including Los Angeles, Long Beach, and Oakland. Collectively, these ports serve as international access points for nearly 80 percent of Utah's containerized import and export value by sea.[4] This connectivity underscores California's importance as a key economic partner to Utah.

Freight data further illustrates this interdependence. In 2023, approximately 15 percent of all freight tonnage associated with Utah was transported between Utah and California, representing one of the largest state-to-state freight corridors. Based on the significance of logistics-reliant industries and Utah's reliance on California's port infrastructure, it is estimated that freight movement between the two states contributed approximately $15.6 billion to Utah's GDP in 2023, or roughly 6 percent of total economic output (See Appendix E).

Economic linkages between Utah and California are also evident in the Bank's lending activity. Over the past three years, approximately 15 percent of Utah's PayPal Business and Working Capital loan volume has been extended to merchants with operational or residential ties to both states. This overlap reflects a meaningful degree of cross-state commercial activity within the Bank's customer base.

In addition, the Bank's inclusion of California within the BSRA reflects the operational integration between PayPal Bank and its parent company, PayPal Holdings, Inc., including shared infrastructure, personnel, and community engagement resources. Many of the Bank's community development

[3] See Utah Inland Port Authority, Northwest Quadrant and Statewide Logistics Strategy (working paper).
[4] See Utah Department of Transportation, Utah Freight Plan (2023).

activities, particularly grants and community development services, may be executed through personnel and programs based in California that support initiatives benefiting small businesses and LMI communities within the Bank's assessment area.

Accordingly, activities conducted within the BSRA, including those in California, are expected to provide a meaningful and direct benefit to the Bank's assessment area by leveraging centralized resources to support organizations, programs, and initiatives that serve or include the Bank's CRA objectives.

b. Demographic Information

The following tables provide demographic information for the Bank's single assessment area. There is a total of 590 census tracts in the assessment area. Approximately 22% of the population in the assessment area is in LMI census tracts. Of the low-income census tracts, all are contained within four counties with Utah comprising 53%, Salt Lake 29%, Weber 12%, and Tooele 6%. The top counties encompassing moderate-income census tracts include Salt Lake 50%, Utah 22%, and Weber 14%. No LMI census tracts are contained in Morgan, Juab, Summit, Wasatch, and Oneida counties, which also represent the least populated counties in the assessment area. No distressed census tracts are identified in the assessment area.

Table 1: Assessment Area Census Tracts by Income Level[5]

Metropolitan Statistical Area	**County**	**CRA Income Level**					
		Low	**Moderate**	**Middle**	**Upper**	**Unknown**	**Total**
Salt Lake City	Salt Lake	5	56	115	71	4	**251**
	Tooele	1	6	8	1	1	**17**
Ogden-Clearfield	Box Elder	0	2	7	3	0	**12**
	Davis	0	8	33	25	0	**66**
	Morgan	0	0	2	1	0	**3**
	Weber	2	15	34	7	0	**58**
Provo-Orem	Juab	0	0	2	0	0	**2**
	Utah	9	24	76	43	4	**156**
Heber*	Summit	0	0	3	11	0	**14**

[5] 2024 FFEIC Flat File that includes demographic data from the 2020 Census Demographic and Housing Characteristics ("DHC") file.

	Wasatch	0	0	2	7	1	**10**
Brigham City* UT-ID**	Oneida	0	0	1	0	0	**1**
Total		**17**	**111**	**283**	**169**	**10**	**590**
***Micropolitan Statistical Area** ** Reflects the Idaho component only							

According to FFIEC Census Reports, the assessment area has a total population of 2.8 million. The population within the assessment area is heavily concentrated in Salt Lake, Utah, and Davis counties representing 81% of the population, which are also the most populous counties in Utah. As a result, population density is vastly different among the counties comprising the assessment area, as shown in the Population Per Square Mile column in the table below.

Table 2: Assessment Area Population and Density[6]

Metropolitan Statistical Area	County	Population	Population Per Square Mile (2020)
Salt Lake City	Salt Lake	1,185,813	1597.2
	Tooele	82,051	10.5
Ogden-Clearfield	Box Elder	62,684	10.0
	Davis	373,207	1212.7
	Morgan	13,000	20.2
	Weber	271,926	455
Provo-Orem	Juab	13,023	3.5
	Utah	719,714	329.0
Heber*	Summit	42,759	22.6
	Wasatch	37,144	29.6
Brigham City* UT-ID**	Oneida	4,953	3.8
Total		**2,806,274**	**Not Applicable**

*Micropolitan Statistical Area
** Reflects the Idaho component only

III. Public Participation and Input

c. <u>Overview</u>

In addition to a review of available demographic data, economic data, peer bank CRA Performance Evaluations and customer feedback from existing PayPal SMBs, the Bank has informally gathered

[6] U.S. Census Bureau QuickFacts, Population estimates, July 1, 2023.

additional data and input through conversations with community members from SMBs to nonprofit and development groups. Bank representatives have spoken with a cross-section of community development interests across the Bank's Assessment Area as well as in the BSRA. This information has provided important insight to help identify and understand community development needs, and the ways in which the Bank can help support them.

d. Public Notice

The Bank is required to formally solicit public comment on its Plan for at least 30 days by publishing a notice in at least one newspaper of general circulation in each assessment area covered by the Plan. As the Bank plans to operate in only one delineated assessment area, the Bank selected The Salt Lake Tribune as the newspaper of general circulation. The newspaper is widely circulated throughout the Bank's assessment area.

In line with CRA requirements, the notice will be published in a timely manner prior to the plan's effective date; and comments will be solicited and considered for 30 days from publication of the notice (see Appendix A).

e. Public File and Written Comments

Once finalized and effective, the Bank's public file and CRA Notice will be maintained and displayed in a manner consistent with the applicable CRA requirements. Written comments received will be maintained as part of the Public File.

IV. CRA Performance Context

f. Overview

As part of the development of the Strategic Plan, Banks are advised to conduct a performance context to analyze their AA's demographic and economic data including housing data that take into consideration the Bank's product offerings and strategy. The performance context section is meant to provide context on the appropriateness and effectiveness in meeting CRA needs of the goals the bank sets in their strategic plan. This section provides an overview of how the Bank's products and offerings can be utilized to directly contribute to the CRA needs of the community in which the Bank operates.

This section will analyze the following factors in conjunction with each other to set the stage for the Plan and Measurable Goals section which follows:

- Demographic and Economic Conditions
- Bank Product Offering and Business Strategy
- Lending, Service, and Investment Opportunities
- Institutional Capacity and Constraints
- Performance of Bank and Similarly Situated Lenders

g. Demographic and Economic Conditions

Demographic Information

The table below provides further details on population and housing demographics. Those living in low-income census tracts are far more likely to rent rather than own their home. Home ownership is better in moderate-income census tracts, but a notable portion still live in renter occupied units. The greatest need for LMI housing is within the highest populated counties including Salt Lake, Utah, and Weber.

Table 3: Select Demographic Information for Assessment Area[7]						
Demographic Characteristic	**#**	**Low**	**Moderate**	**Middle**	**Upper**	**Unknown**
Distribution by Geography Income Level:						
Census Tracts	590	17 2.9%	111 18.8%	283 48.0%	169 28.6%	10 1.7%
Population	2,705,693	65,756 2.4%	479,799 17.8%	1,340,221 49.5%	806,673 29.8%	13,244 0.50%
Family Population	609,646	11,759 1.9%	106,851 17.6%	306,074 50.2%	184,813 30.3%	149 0.0%
Household Population	820,096	20,236 2.4%	165,665 20.2%	405,410 49.4%	228,287 27.9%	498 0.1%
Housing Units	881,695	22,204 2.5%	176,404 20.0%	427,434 48.5%	255,105 28.9%	548 0.1%
Owner-Occupied Housing Units	579,417	3,679 0.6%	84,626 14.6%	297,719 51.4%	193,387 33.4%	6 0.0%
Renter-Occupied Units	240,679	16,557 6.9%	81,039 33.7%	107,691 44.7%	34,900 14.5%	492 0.20%
Vacant Units	61,599	1,968 3.2%	10,739 17.4%	22,024 35.8%	26,818 43.5%	50 0.1%

As reflected in the table below, house prices are increasing at a faster pace than income particularly since 2019, which is negatively impacting housing affordability as evidenced by deteriorating trends in the housing affordability ratio. The ratio is calculated by dividing the median household income for the assessment area by the median housing value with a lower ratio reflecting less affordable housing. This highlights a growing need for affordable housing in the assessment area. A priority focus for CD Loan and Investment activity will be helping to facilitate an increased supply of affordable housing in the assessment area.

Table 4: Housing Affordability Ratio for Assessment Area[8]			
ACS Data Source	**Median Household Income**	**Median Housing Value**	**Housing Affordability**

[7] 2024 FFEIC Flat File that includes demographic data from the 2020 Census DHC file and fields from the 2016-2020 5 -year American Community Survey ("ACS").
[8] United States Census Bureau, Tables S1903 and B25077.

2024: ACS 1-Year Estimate	$100,920	$566,700	17.8%
2023: ACS 1-Year Estimate	$98,621	$539,500	18.3%
2022: ACS 1-Year Estimate	$93,613	$524,600	17.8%
2021: ACS 1-Year Estimate	$82,797	$438,900	18.9%
2019: ACS 1-Year Estimate	$80,151	$347,700	23.1%

Rental rates have also increased considerably within the assessment area. The Fair Market Rent (FMR) in Salt Lake County for a two-bedroom apartment in 2021 was $1,204 and $1,748 in 2025, increasing 45%.[9]

Economic Information

The following table provides unemployment rates for the assessment area compared to the United States. Unemployment rates remain positive compared to the national average but have increased in 2025. However, the unemployment rate remains well below peak rates experienced during the pandemic of 9.8% in April 2020.

Area	**2025 Average**	**2024 Average**	**2023 Average**	**2022 Average**
Assessment Area	3.5	3.2	2.6	2.3
United States	4.3	4.0	3.6	3.6

The following table provides full-time and part-time employment figures for the assessment area based on the North American Industry Classification System ("NAICS"). This data reflects 2022 employment patterns from the Bureau of Economic Analysis ("BEA"); which is the most recent data available from the BEA.   The BEA indicates that some employment data are "not shown to avoid disclosure of confidential information." As a result, some rows in Table 6 and Table 7 may not total 100%.

Table 6: Total Full-time and Part-time Employment by NAICS Industry for Assessment Area[10]		
Description	**Number of Employees**	**Percent of Employees**
Total Employment (Number of Jobs)	1,998,512	100%
By Type		
Wage and Salary Employment	1,499,098	75.0%
Proprietors Employment	499,414	25.0%
By Industry		
Farm Employment	10,029	0.5%
Nonfarm Employment	1,988,483	99.5%
Private vs. Government		
Private Nonfarm Employment	1,763,563	88.2%
Government and Government	224,920	11.3%

[9] HUD FMR Documentation System.
[10] Bureau of Economic Analysis – 2022.

As shown in the table above, total employment for the assessment area equaled 1,998,512 employed persons. Those employed were primarily wage and salary employment (75.0%) relative to proprietor employment (25.0%). The assessment area has a diverse cross section of different industries with no industry comprising more than 10% of all employment. By industry, a substantial majority of those employed were in nonfarm employment (99.5%), with farm employment only representing 0.5% of all employees. Most people employed within the assessment area consisted of private nonfarm employment (88.2%), with government and government enterprise employees accounting for 11.3% of total employment.

The following table breaks down private nonfarm employment and government and government enterprises' employment into the various NAICS industries.

Table 7: Employment by Industry[11]		
Description	**Number of Employees**	**Percent of Employees**
Private Nonfarm Employment		
Forestry, Fishing, and Related Activities	2,070	0.1%
Mining, Quarrying, and Oil and Gas Extraction	5,770	0.3%
Utilities	3,222	0.2%
Construction	138,628	6.9%
Manufacturing	133,537	6.7%
Wholesale Trade	59,108	3.0%
Retail Trade	193,452	9.7%
Transportation and Warehousing	91,508	4.6%
Information	50,566	2.5%
Finance and Insurance	156,655	7.8%
Real Estate and Rental and Leasing	128,105	6.4%
Professional, Scientific, and Technical Services	172,562	8.6%
Management of Companies and Enterprises	33,144	1.7%
Administrative and Support and Waste Management and Remediation Services	107,696	5.4%
Education Services	71,696	3.6%
Health Care and Social Assistance	160,381	8.0%
Arts, Entertainment, and Recreation	43,457	2.2%
Accommodation and Food Services	115,308	5.8%
Other Services (Except Government and Government Enterprises)	91,348	4.6%
Government and Government Enterprises		
Federal Civilian	35,651	1.8%
Military	14,287	0.7%
State and Local	174,982	8.8%

[11] Bureau of Economic Analysis - 2022

As noted in the table above, retail trade accounted for the largest percentage of total employees (9.7%), followed by state and local government employees (8.8%), professional, scientific and technical services (8.6%), and health care and social assistance (8.0%).

Economic Projections

Key base U.S. macroeconomic indicator trends are presented in the table below. Over the next two years, real GDP growth is projected to accelerate from 1.7% in 2025 to 2.3% in 2026 followed by moderation to 2.0% in 2027. Consumer spending year-over-year growth is expected to decrease from an expansion of 3.7% in 2025 to 2.9% in 2026. [12] To keep business and consumer demand consistent with long-term inflation targets, the Federal Reserve is anticipated to reduce interest rates over the next three years. While there is a risk of slowdown and some risk of recession, unemployment is forecasted to remain low and relatively flat at 4.4% in 2026 and 4.2% in 2027. (Numbers in the table below are all percentages).

Table 8: FOMC Economic Projections[13]			
Indicator	**2025**	**2026**	**2027**
Change in real GDP	1.7	1.8	1.8
Unemployment rate	4.4	4.3	4.3
PCE inflation	2.7	2.2	2.0
Core PCE inflation	2.8	2.2	2.0
Federal funds rate	3.9	3.4	3.1

h. <u>Bank Product Offering and Business Strategy</u>

The Bank will offer Merchant Loans to solopreneurs and small and medium sized business customers as well as business and retail savings deposit accounts. PayPal's existing loan and savings offerings through bank arrangements demonstrate market acceptance upon which the Bank will build. The Bank's financial offerings will present additional opportunities for current PayPal customers, including the opportunity to hold funds in an insured, interest-bearing savings account. PayPal, as a financial service provider, has substantial market acceptance and an established customer base from which the Bank's loan and savings deposit products can be cross marketed. The Bank, through its loan and savings deposit offerings, demonstrates PayPal's commitment to providing bank financial services to its PayPal account holders and its solopreneur and small and medium sized business customers.

[12] Morgan Stanley US Consumer Spending Trends 2025
[13] Federal Reserve Federal Open Markets Committee December 2025

i. <u>Lending, Investment and Service Opportunities</u>

In addition to demographic, economic, and market data, the Bank has obtained information on the needs of the community through informal community meetings and dialogue. This input and insight have supported the bank's goals for key Lending, Investment, and Service Opportunities.

As part of the community needs assessment, the bank has had direct meetings and conversations with community-based non-profits, government agencies, CDFI's, and investment funds such as Suazo Business Center, Utah Microenterprise Loan Fund, Accion Opportunity Fund, Economic Development Corporation of Utah, Rocky Mountain Community Reinvestment Corporation, and the Governor's Office of Economic Opportunity. Several themes and needs were discussed regarding LMI communities that mainly centered on small business education (i.e. banking accounts, basic accounting, tax filing, budgeting, sales tax, payroll tax, safety laws, etc.), access to credit / affordable credit, and affordable housing. The Bank has taken these conversations into account in forming its community engagement and investment strategy. The Bank will prioritize the focus of its grants, investments, and community services hours to align with organizations that provide LMI access to financial education, small business lending, and CRA qualified affordable housing investments.

The Bank also considered the existing experience of PayPal and its affiliates in supporting small business economic development through grants, program-related investments ("PRIs"), and in-kind financial services provided to nonprofit organizations that serve underserved entrepreneurs. These activities provide valuable insight into the credit needs of SMBs and inform the Bank's approach to CRA-qualifying lending, investments, and services.

PayPal has a demonstrated history of supporting nonprofit intermediaries that expand access to affordable capital, technical assistance, and financial education for SMBs, including minority-owned, women-owned, immigrant-owned, and LMI entrepreneurs. These organizations frequently serve borrowers that face barriers to obtaining traditional bank credit, aligning with the CRA's economic development purpose.

Examples of nonprofit partners supported through grants, PRIs, or in-kind services include organizations that:

- Provide zero- or low-interest loans to small businesses;
- Offer business coaching, financial education, and technical assistance;
- Support workforce stability, job creation, and business sustainability; and
- Serve geographies or populations within the Bank's AA and BSRA.

Following charter approval, the Bank expects to pursue similar partnerships to address identified community development needs through CRA-qualifying loans, investments, and services, consistent with safe and sound banking practices.

j. <u>Institutional Capacity and Constraints</u>

As part of the decision process to be evaluated under the Plan, the Bank considered factors that may significantly impact its ability to provide lending, investments, or services within its assessment area. The Bank does not have any legal constraints that impact the types of activities it can engage in with respect to CRA. However, the Bank's chosen assessment area, business model, and strategy may introduce limitations, as outlined below.

Competitive Environment

The assessment area includes 58 institutions that report $978 billion of deposits within this market,[14] many of which are competing for CRA opportunities. While the Bank is focused on helping meet the needs of LMI individuals and households in the assessment area, it will consider other opportunities that are addressed in the Interagency Question and Answers Regarding Community Investment[15] which state: "The regulations recognize that community development organizations and programs are efficient and effective ways for institutions to promote community development. These organizations and programs often operate on a statewide or even multistate basis. Therefore, an institution's activity is considered a community development loan or service or a qualified investment if it supports an organization or activity that covers an area that is larger than, but includes, the institution's assessment area(s). The institution's assessment area(s) need not receive an immediate or direct benefit from the institution's participation in the organization or activity, provided that the purpose, mandate, or function of the organization or activity includes serving geographies or individuals located within the institution's assessment area(s)."

The AA designated by the Bank is a mature CRA market. Given this market and competitive dynamic, the Bank will aim to meet the Bank's CRA goals through meeting the needs of the AA first, before considering activities from the BSRA.

Business Model Constraints

Nationwide Digital Lending Platform

The Bank will generate a substantial majority of its lending activity outside of its Assessment Area ("AA") through a nationwide digital platform. Section 345.27 of the FDIC Rules and Regulations provides that a bank should address all three performance categories—lending, investments, and services—and "shall emphasize lending and lending-related activities." The regulation further provides that:

"Nevertheless, a different emphasis, including a focus on one or more performance categories, may be appropriate if responsive to the characteristics and credit needs of its assessment area(s), considering public comment and the bank's capacity and constraints, product offerings, and business strategy."

Consistent with this regulatory flexibility, and in consideration of the Bank's business model, product offerings, and operational constraints, this Plan combines community development lending and qualified investments goals while continuing to evaluate small business lending goals separately. This

[14] FDIC Summary of Deposits as of June 30, 2024.
[15] Section 345.12(h)-6 of the Interagency Questions and Answers Regarding Community Reinvestment.

approach enables the Bank to allocate capital efficiently while addressing the limitations inherent in its platform-based lending model.

Platform-Based Lending Model

PayPal Bank operates a digital, platform-based lending model in which credit is extended to small businesses based on transaction activity within the PayPal ecosystem, rather than through branch-based or relationship-driven origination. Additionally, the Bank does not have the credit underwriting infrastructure, history, or domain expertise to extend loans with the explicit purpose of community development, as defined by the FDIC in a safe and sound manner. Due to these constraints, PayPal Bank is best suited to make contributions to the community through CRA qualifying grants, investments, and volunteer services.

As a result:

- Lending activity within any geography is dependent on the presence and engagement of PayPal merchants in that location;
- The Salt Lake City CSA represents a limited share of total national lending activity; and
- Lending attributable to businesses located in LMI census tracts within the AA represents a smaller subset of that activity.

Because underwriting and origination processes are standardized and not geographically targeted, the Bank does not have the ability to directly influence the geographic distribution of lending without materially altering its core operating model.

Underwriting and Product Constraints

The Bank's small business lending products are merchant revenue-based, relying on consistent and observable payment flows within the PayPal platform.

Accordingly:

- Businesses lacking sufficient transaction volume or stability—conditions more prevalent among certain segments within LMI census tracts—may not meet minimum eligibility thresholds;
- Lending capacity is constrained not only by geographic distribution, but also by the availability of qualifying borrowers whose transaction histories support prudent credit extension; and
- Expansion of lending within specific geographies or borrower segments is limited by the need to maintain safe and sound lending practices.

Summary of Structural Constraints

The Bank's small business lending performance reflects the following structural characteristics:

- Lending is conducted through a nationwide digital platform, with origination driven by merchant participation rather than geographic targeting;
- The AA represents a limited share of total lending activity, with LMI lending representing a smaller subset;
- Underwriting is based on verified transaction data and cash flow performance; and
- Certain borrowers may not meet underwriting thresholds consistent with safe and sound lending practices.

Given these factors, small business lending activity within the AA is inherently constrained.

Observed Lending Levels and Forward Expectations
Historical data (see Appendix F) indicates that total qualifying small business lending within the AA is approximately 1% of total lending. Absent a material change to the Bank's business model—which could introduce safety and soundness risks—the Bank expects that future small business lending within the AA will remain consistent with historical levels. To address these constraints and expand CRA impact, the Bank has defined a BSRA encompassing the Southwest and Rocky Mountain region.

Economic Conditions
A recession could impact the Bank's business plan or strategy. Factors such as rising interest rates, economic conditions affecting the Bank's merchants and small business owners, increased challenges in the regulatory environment, etc., may require management to take more conservative actions to preserve earnings and capital. As a result, the Bank believes the Plan should have flexibility, particularly to make loans, investments, or donations during strong economic conditions when there may be a greater demand for such funding, and the Bank has the most financial capacity.

Use of Intermediaries to Deliver Community Development Impact
The Bank's experience through PayPal and its affiliates demonstrates that grants, program-related investments, and other support provided through qualified third-party intermediaries to organizations serving small businesses can promote economic development, support job creation and retention, and enhance financial inclusion.

All such activities will be evaluated on a case-by-case basis to ensure they meet applicable CRA requirements, are responsive to identified community needs, and are consistent with safe and sound banking practices. No single delivery channel or organization type will be relied upon exclusively.

Bank Performance
As a de novo institution, the Bank does not yet have past performance to report.

V. Plan and Measurable Goals

This section discusses the Bank's strategy for demonstrating CRA performance through establishing measurable goals under which the Bank will be assessed. In developing the goals, management considered demographic and economic data, peer performance, and the Bank's capacity and constraints previously discussed in **Section IV.**

Goals are established for small business lending, community development lending, investments, grants, donations, and services. Thresholds are established in each of these areas to achieve a Satisfactory or Outstanding rating, and the Bank will aspire to achieve an Outstanding rating. The Bank will retain discretion in how it achieves these goals, subject to applicable CRA requirements and safe and sound banking practices.

k. Peer Performance

A quantitative approach was used to establish the goals outlined below and to allow the Bank's performance to be assessed relative to similarly situated institutions.

The Bank reviewed the CRA Strategic Plans of institutions with comparable business models, including nationwide lending platforms with limited concentrations of lending within their assessment areas. These institutions include Varo Bank, National Association; Nelnet Bank; Medallion Bank; Square Financial Services, Inc.; and WebBank.

Based on this analysis, and in consideration of the Bank's business model and capacity constraints, the Bank has established goals at or above the upper end of peer ranges, where appropriate.

l. Established Goals

The bank has established a total of six goals to measure its performance in meeting its CRA Strategic Plan commitments. These goals can be consolidated into four main categories:

i. Small Business Lending
ii. Community Development Loans and Investments (Cumulative & New)
iii. Community Development Grants and Donations
iv. Community Development Service

i. Small Business Lending Goals

As part of the small business lending framework, the Bank has established small business lending goals within its AA. Small Business Lending consists of:

- Loans to small businesses, including merchant working capital and business loans originated through the PayPal platform; and
- Loans less than $1,000,000

The Small Business Lending goals have also been established taking into consideration the following:

- Historical bank LMI lending activity within the AA;
- The bank's expected level of qualifying small business lending given its business model and geographic distribution of customers

Due to the constraints articulated in section IV, the Bank has chosen to combine the goal thresholds for Low Income and Moderate Income into a combined Low to Moderate Income (LMI) target within the Assessment Area for Goal #2. This approach aligns with the Bank's primary CRA focus on meeting the needs of its AA and the LMI census tracts.

Table 9: Goal #1: New Small Business Lending $ Volume within the AA as a % of total $ Volume		
	Satisfactory	Outstanding
Year 1	1.00%	1.25%

Year 2	1.00%	1.25%
Year 3	1.00%	1.25%
New Loans - represents the total committed balance at origination for all new small business loans in the current fiscal plan year.		

Table 10: Goal #2: Percentage of New Small Business Lending $ Volume within LMI tracts of AA		
	Satisfactory	Outstanding
Year 1	11.0%	13.0%
Year 2	11.0%	13.0%
Year 3	11.0%	13.0%
New Loans - represents the total committed balance at origination for all new small business loans in the current fiscal plan year.		

ii. Community Development Loans and Investment Goals

The bank has used regulatory definitions and guidance to define and establish its community development loans and investment goals.

- Community Development Loans may include loans that Promote economic development, including financing small businesses with gross annual revenues of $1 million or less, consistent with 12 CFR § 345.23;
- Loans or investments that support affordable housing, community services, or revitalization and stabilization activities; or are delivered directly or through qualified nonprofit intermediaries.
- Qualified investments may include grants, deposits, or investments in organizations whose primary purpose is community development, including those supporting small business lending, technical assistance, and financial capability.

Community development lending and investment goals will be focused on meeting the needs of the Bank's AA. Any community development loans or investments within the BSRA are considered only towards the Bank's Outstanding performance goals. Additionally, due to the aforementioned business constraints, the Bank intends to focus its community development activities on qualifying investments.

The Bank reviewed the CRA Strategic Plans of similarly situated institutions with nationwide lending models and limited assessment area concentration. Peer analysis indicates that cumulative community development lending and investment goals for a "Satisfactory" rating generally range from approximately 1.15% to 1.35% of average assets, with "Outstanding" performance ranging from approximately 1.45% to 2.00%. (See Appendix G)

As addressed in Section IV, economic uncertainties could impact the Bank's capacity to lend or invest. Additionally, there could be a greater need or demand within the assessment area during certain times.

In recognition of these events, the Bank will allow any excess new loans or investments that exceed its outstanding goal for that applicable year to be applied to the subsequent year's goal with a cap of 0.25% of that year's average assets.

While this section includes illustrative examples of CRA-qualifying activities, the Bank will determine specific activities based on the results of its ongoing needs assessment and continued engagement with community organizations and governmental stakeholders.

All activities will be evaluated on a case-by-case basis to ensure they meet applicable CRA requirements and are responsive to identified community needs. These examples are provided for illustrative purposes only and do not represent pre-approved or committed activities.

Examples:

- Small business loans include lending activities that provide loans to LMI individuals or small businesses, which are defined as businesses with revenues of less than $1 million in the preceding year. The Bank's working capital and business loans described above will be the source of these loans.
- Activities that provide affordable housing for LMI individuals; community services targeted to LMI individuals; activities that promote economic development by financing small businesses or farms meeting size eligibility requirements defined by regulation; or activities that revitalize or stabilize LMI income geographies, designated disaster areas, or certain distressed or underserved nonmetropolitan LMI geographies.

In making investment decisions, the Bank may make investments in nationwide funds in accordance with regulatory guidance[16] and which is consistent with our nationwide footprint. Examples of qualified investments include, but are not limited to, lawful investments, grants, deposits, or shares with a primary purpose of community development, including economic development, such as:

- Financial intermediaries (including Community Development Financial Institutions ("CDFIs"), community loan funds, minority- and women-owned financial institutions, and similar nonprofit or mission-driven organizations) that provide or facilitate affordable capital and technical assistance to small businesses, particularly those located in LMI geographies or owned by LMI individuals;
- Nonprofit organizations whose primary purpose is to promote small business and entrepreneurial development, including through lending, grants, program-related investments, business coaching, financial education, or other services that support job creation, job retention, and business sustainability;
- Organizations and funds that promote economic development by financing small businesses, including Small Business Investment Companies ("SBICs") and similar entities, where activities benefit the Bank's AA and BSRA;
- Organizations supporting community services or infrastructure that enable LMI individuals or communities to participate in or sustain economic activity, including workforce development, financial capability, or related support services; and

[16] Section 345.23(a)(1) and (2)(f) of the Interagency Questions and Answers Regarding Community Reinvestment

- Public or private projects and obligations that support affordable housing or other community development purposes consistent with applicable CRA regulations.

Table 11: Goal #3: Cumulative Community Development Loans and Investments to Average Assets		
	Satisfactory (AA)	Outstanding (BSRA)
Year 1	1.10%	1.75%
Year 2	1.15%	1.75%
Year 3	1.20%	1.75%
Cumulative Development Loans and Investments - derived for new community development loans and investments in each fiscal plan year, plus the outstanding balance of any qualified investments previously originated during any period, plus the current balance of loans originated during prior years covered within this Plan term. Average Assets – based upon the measurement year's average loans outstanding in accordance with the Bank's business plan.		

Table 12: Goal #4: New Community Development Loans and Investments to Average Assets		
	Satisfactory (AA)	Outstanding (BSRA)
Year 1	1.10%	1.75%
*Year 2	0.35%	0.50%
*Year 3	0.35%	0.50%
New Development Loans and Investments - derived from new community development loans and investments in each fiscal plan year. Average Assets – based upon the measurement year's average loans outstanding in accordance with the Bank's business plan **New volumes of Community Development Loans and Investments decrease in years two and three due to the expected long duration of the Bank's planned investments.*		

iii. Community Development Grants and Donations Goal

The Bank is committed to making charitable contributions with a primary purpose of community development with an emphasis on economic development activities that expand access to capital, technical assistance, and entrepreneurship support for small businesses.

Based on the Bank's business model and performance context, qualifying grants are expected to primarily support nonprofit organizations that promote small business development, workforce readiness, financial capability, and job creation within the Bank's assessment area or a broader statewide or regional area that includes the assessment area. For peer results, see Appendix G.

Table 13: Goal #5 Annual Community Development Grants and Donations		
Measurement Year	**Satisfactory**	**Outstanding**
Year 1	$50,000	$65,000
Year 2	$60,000	$80,000
Year 3	$70,000	$100,000

The CD Grants and Donations Goal to achieve "Satisfactory" must be met before the BSRA activity can be considered toward the "Outstanding" rating.

Additionally, consistent with Goals #3 and #4, the Bank will allow any excess community development grants or donations that exceed goals for a given year to be applied to the subsequent yearly goal if it desires. However, the Bank must meet the minimum threshold for Satisfactory in the current plan year to carry any amount forward.

The Bank may update these goals, particularly the goal considering the BSRA, based on necessary data analysis, prior to the effective date of the Plan, and in advance of the public notice period.

Examples of Qualifying Grant and Donation Recipients

Several nonprofit organizations within the Bank's assessment area or a broader statewide or regional area that includes the assessment area have been identified as potential recipients of community development qualifying grants and donations. These organizations primarily support economic development by expanding access to capital, providing technical assistance, or delivering entrepreneurship, financial literacy, and workforce readiness programs for small businesses, including those owned by LMI individuals.

The examples below are provided for illustrative purposes only and are not intended to represent a commitment by the Bank to provide funding or to limit the nonprofit organizations the Bank may support. All activities will be evaluated on a case-by-case basis to ensure they meet applicable CRA requirements and are responsive to identified community needs.

Suazo Business Center
A nonprofit CDFI that supports minority-owned and underserved small businesses in Utah through business education, technical assistance, and access to capital.

Utah Microenterprise Loan Fund
A nonprofit CDFI located in Salt Lake City that provides affordable microloans, business coaching, and technical assistance to small businesses throughout Utah, with a focus on underserved entrepreneurs.

Accion Opportunity Fund
A national nonprofit CDFI that provides lending, advisory services, and resources to small businesses, including those that face barriers to accessing traditional bank credit.

Kiva (U.S. Small Business Lending Program)
A nonprofit organization that facilitates zero-interest loans to small businesses through a community-based lending platform, expanding access to affordable capital for entrepreneurs who may not qualify for conventional financing.

Junior Achievement of Utah
Provides financial literacy, entrepreneurship education, and workforce readiness programs that support long-term economic participation and small business development.

Economic Development Corporation of Utah (EDCUtah)
Supports economic development and job creation through programs that assist small business expansion, workforce development, and employer support initiatives across Utah.

World Trade Center Utah
Provides export assistance, trade education, and market access support to small businesses, including minority- and women-owned enterprises, helping them expand and create jobs.

Rocky Mountain Community Reinvestment Corporation
Facilitates the development and preservation of safe and clean affordable housing and community facilities that serve LMI individuals, families and underserved communities throughout the Rocky Mountain region that includes the assessment area.

iv. Community Development Services Goal

The community development service goal considers the annual number of hours per full-time Bank employee (FTE) that will be dedicated to serving the community development needs of the AA and BSRA.

The peer results in a range of 0.15 to 8.0 hours per FTE for Satisfactory or an average of 3.6 hours. For Outstanding, the range is 0.19 to 12.00 hours per FTE with an average of 4.9 hours. The table below outlines goals for service hours per FTE which considers the peer data. The hours initially established meet or exceed those established by three of our peers.

Table 14: Goal #6 Annual Service Hours per Bank FTE*		
Measurement Year	**Satisfactory**	**Outstanding**
Year 1	5.0	8.0
Year 2	5.0	8.0
Year 3	5.0	8.0

Calculation:

*For the Satisfactory goal, hour goals for each year will be determined by the number of Utah-based Bank FTE as of 12/31 of the preceding year.

Bank and affiliate employee service hours performed in both the assessment area and the BSRA will count towards the Outstanding goal. The Outstanding goal attainment will be calculated using the total number of Bank employees.

The CD Service Hours Goal to achieve "Satisfactory" must be met before the BSRA activity can be considered toward the "Outstanding" rating.

The Bank will seek opportunities to help serve those organizations previously discussed, or others identified through the Bank's ongoing assessment of community needs.

m. Strategic Plan Rating Methodology

Evaluation of the Bank's performance across all goals in this Strategic Plan will be assessed based upon the rating system outlined in the table below. An overall "Satisfactory" rating may be achieved by meeting or exceeding goal thresholds across multiple goal categories.

Goal	Goal Details	*Satisfactory	Outstanding
#1	New Small Business Lending $ Volume within the AA as a % of total $ Volume	3	5
#2	Percentage of New Small Business Lending $ Volume within LMI tracts of AA	3	5
#3	Cumulative Community Development Loans & Investments	3	5
#4	New Community Development Loans & Investments	3	5
#5	Community Development Grants & Donations	3	5
#6	Community Development Services	3	5
Total Maximum Points Available		**18**	**30**

Overall "Outstanding" Rating = Total Points of 23 or greater

Overall "Satisfactory" Rating = Total Points of 16 or greater

**If the satisfactory level is not achieved within a specific goal, then total points for that goal = "1"*

VI. Plan Administration

n. Ongoing Review of Performance Goals and Standards

The Bank's Board will ensure adequate resources are available to achieve the goals outlined in this Plan. The Board and the Compliance & Operations Committee will monitor the Bank's performance periodically throughout the fiscal Plan year to gauge performance against stated goals. To the extent the Bank has a material change in its mission or strategy; the Bank will consult with the FDIC to submit an amended Plan, and as necessary, seek formal public comment.

o. FDIC Request for Approval

The Bank respectfully submits that it has fulfilled the regulatory requirements for CRA strategic plans, including those governing development of the Plan and the involvement of the public in the determination of community needs. As established herein, the Bank's CRA performance context supports the Bank's measurable Plan goals. The Board and management team believe that FDIC approval of the Bank's Strategic Plan is appropriate under the FDIC's criteria for evaluation as outlined in 12 CFR 345.27(g)(3)(i)-(iii).

For the reasons set forth above, the Bank respectfully requests FDIC approval of this Plan.

p. Bank Contact Information

For information regarding this Strategic Plan, please contact:

Wade Robison
Chief Risk Officer – Bank in formation
PayPal Bank (in formation)
2211 N 1st Street
San Jose, California, 95131

Appendix A – Proof of Publication

Public Notice (Notice)
Community Reinvestment Act Strategic Plan
Public Comments Invited

Community Reinvestment Act ("CRA") regulations require a bank that has developed a CRA Strategic Plan (the "Plan") to publish Notice of the Plan and solicit formal written public comment for at least a 30-day period. In conformance with this requirement, the proposed PayPal Bank (the "Bank") hereby provides notice of its intention to submit a CRA Strategic Plan to the Federal Deposit Insurance Corporation (FDIC).

Individuals may review the full text of the proposed Plan at no charge on our website at https://about.pypl.com/how-we-work/responsible-business-practices/default.aspx. Alternatively, individuals may request a copy of the Bank's CRA Strategic Plan at no charge by contacting us by email at CRAComments@PayPal.com or by mail to:
Wade Robison
Chief Risk Officer
PayPal Bank (in formation)
2211 N 1st Street
San Jose, California, 95131

We welcome input from community members, customers, stakeholder organizations, and other interested persons. Written comments regarding the Plan should be directed to Wade Robison, Chief Risk Officer, PayPal Bank (in formation), using the email or mailing address listed above. Comments will be accepted until September 22, 2026, following which time the Plan will be submitted for approval to the FDIC. The Bank will review all comments and incorporate suggestions into the Plan at its discretion.

All comments received will become part of the public CRA record and will be submitted to our regulator along with the final Plan.

We encourage everyone with an interest in community credit, investment, or services — particularly any concerns or proposals related to low- or moderate-income (LMI) neighborhoods — to comment.

Appendix B – Community Needs Assessment References

In developing this CRA Strategic Plan, the Bank reviewed a range of public data sources, policy research, and nonprofit insights to identify community development needs within its assessment area, with a particular focus on small business economic development, access to capital, and workforce readiness.

Small Business and Economic Development

- Federal Reserve Small Business Credit Survey reports
- The 2025 Economic Report to the Governor – State of Utah.
- U.S. Small Business Administration Office of Advocacy reports and Utah Small Business Profiles
- Economic Development Corporation of Utah reports related to business formation, expansion, workforce needs, and capital access
- World Trade Center Utah reports addressing small business growth, export readiness, and barriers to scaling

Nonprofit and CDFI Insights

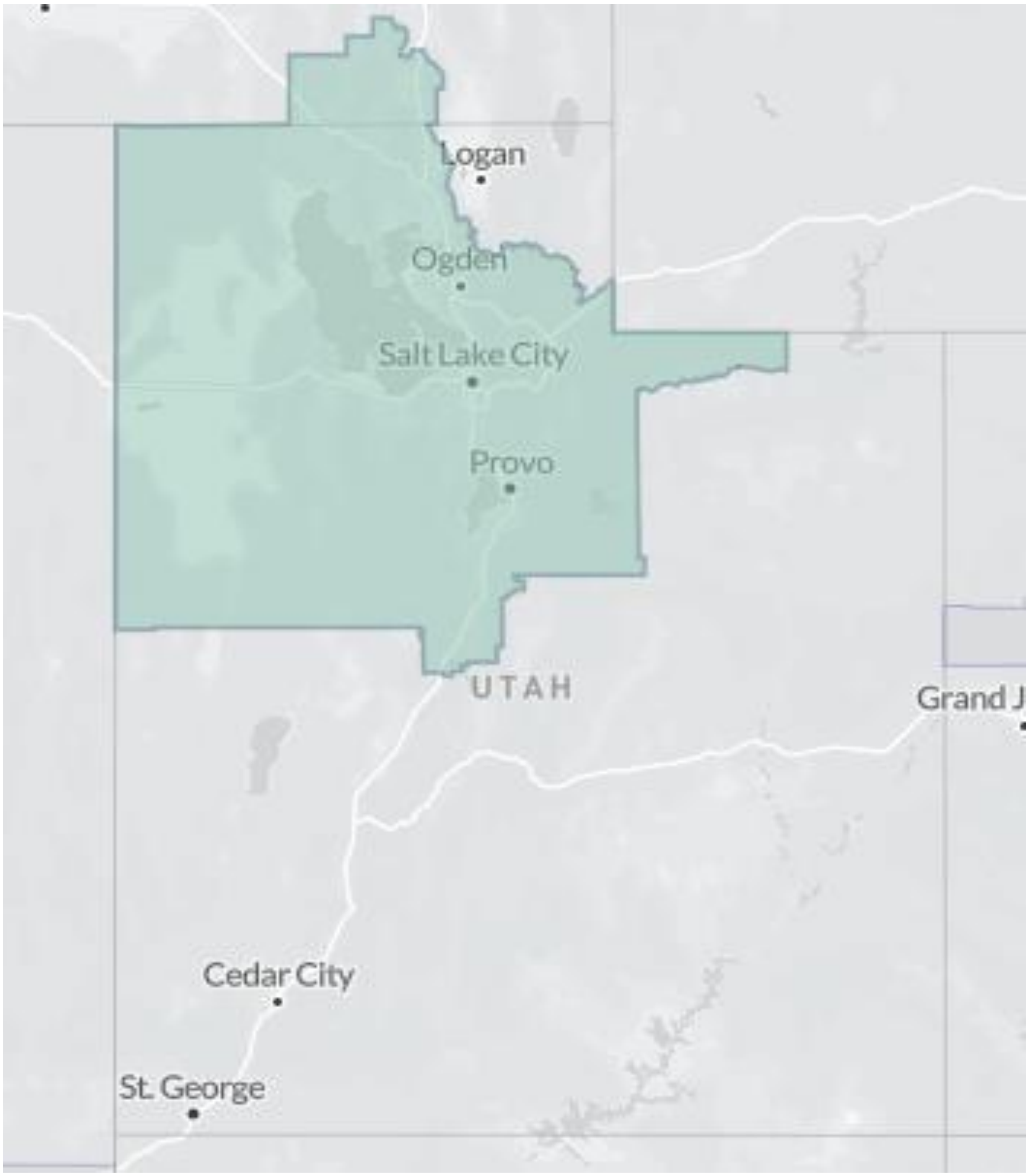
- Needs assessments, program reports, and lending data from nonprofit small business intermediaries and Community Development Financial Institutions providing lending, coaching, and technical assistance
- Kiva U.S. small business lending data, including Utah-specific loan volume.

Supplemental Workforce and Community Context

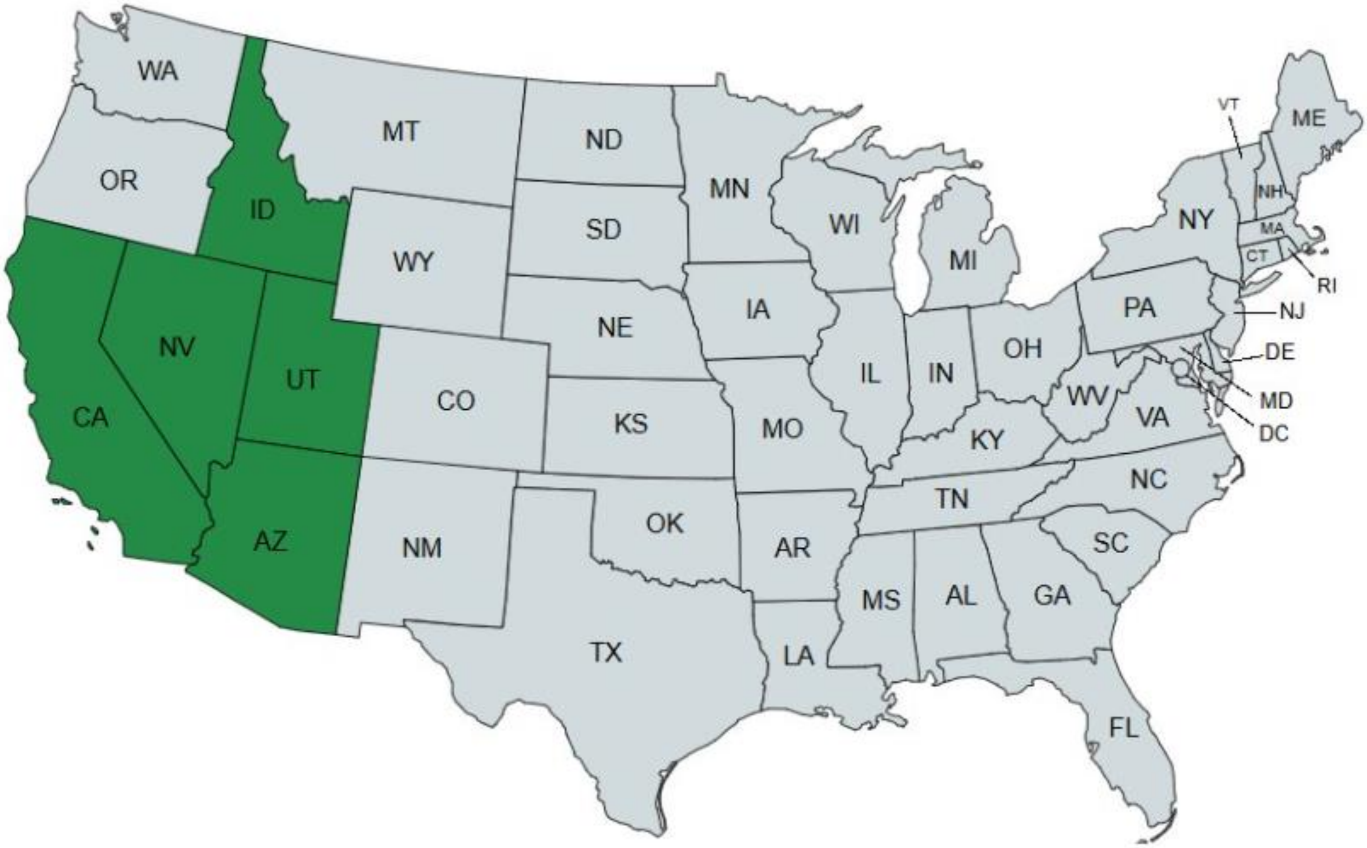
- Utah Department of Workforce Services Annual Report
- Utah’s Community Needs (Kem C. Gardner Policy Institute, September 2025)
- An Assessment of the Needs of Low- to Moderate-Income Communities in Salt Lake County and Surrounding Areas (University of Utah)

Appendix C – Maps

Assessment Area Map



Broader Regional Area Map



Appendix D – Assessment Area Census Tracts

Each census tract within the Bank's delineated assessment area is included in the table by county.

Salt Lake	Salt Lake	Salt Lake	Salt Lake	Salt Lake	Salt Lake	Salt Lake
1001.00	1039.00	1116.02	1127.00	1130.21	1135.20	1146.01
1002.00	1040.00	1117.01	1128.04	1130.22	1135.21	1146.02
1003.06	1041.00	1117.02	1128.05	1130.23	1135.22	1147.00
1003.07	1042.00	1118.01	1128.12	1130.24	1135.23	1148.00
1003.08	1043.00	1118.02	1128.13	1130.25	1135.26	1151.07
1005.00	1044.00	1119.03	1128.14	1131.01	1135.27	1151.08
1006.00	1047.00	1119.04	1128.15	1131.02	1135.28	1151.09
1007.00	1048.00	1119.05	1128.16	1131.05	1135.32	1152.10
1008.00	1049.00	1119.06	1128.18	1131.08	1135.33	1152.11
1010.00	1101.03	1120.01	1128.21	1131.09	1135.36	9800.00
1011.01	1101.04	1120.02	1128.22	1131.10	1135.37	9801.00
1011.02	1101.05	1121.01	1128.23	1131.11	1135.38	
1012.00	1101.06	1121.02	1128.24	1131.12	1135.39	
1014.01	1102.00	1122.01	1128.25	1131.13	1135.40	
1014.02	1103.00	1122.02	1128.26	1131.14	1135.41	
1015.00	1104.01	1123.01	1128.27	1133.07	1135.42	
1016.00	1104.02	1123.02	1128.28	1133.08	1135.43	
1017.00	1105.00	1124.02	1128.29	1133.09	1135.44	
1018.00	1106.00	1124.04	1128.30	1133.10	1135.45	
1019.00	1107.01	1124.05	1128.31	1133.11	1136.00	
1020.00	1107.02	1124.06	1129.04	1133.12	1137.01	
1021.00	1108.00	1125.01	1129.05	1133.13	1137.02	
1023.00	1109.00	1125.03	1129.07	1133.14	1138.01	
1025.01	1110.01	1125.04	1129.12	1134.06	1138.02	
1025.02	1110.02	1125.05	1129.13	1134.08	1138.04	
1026.00	1111.04	1126.04	1129.14	1134.09	1138.05	
1027.01	1111.05	1126.08	1129.16	1134.10	1139.03	
1027.02	1111.06	1126.09	1129.17	1134.11	1139.04	
1028.01	1111.07	1126.10	1129.18	1134.12	1139.05	
1028.02	1111.08	1126.11	1129.20	1134.13	1139.06	
1029.00	1111.09	1126.12	1129.21	1134.14	1139.08	
1030.00	1112.01	1126.13	1130.07	1134.15	1139.09	
1031.00	1112.02	1126.14	1130.08	1135.05	1140.00	
1032.00	1113.02	1126.15	1130.10	1135.09	1141.00	
1033.00	1113.04	1126.16	1130.11	1135.10	1142.00	
1034.00	1113.05	1126.17	1130.12	1135.11	1143.01	
1035.00	1113.06	1126.18	1130.13	1135.12	1143.02	
1036.00	1114.00	1126.19	1130.14	1135.13	1143.03	
1037.00	1115.00	1126.20	1130.16	1135.14	1143.04	
1038.00	1116.01	1126.21	1130.17	1135.15	1145.00	

Each census tract within the Bank's delineated assessment area is included in the tables by county.

Tooele	**Box Elder**	**Davis**	**Davis**	**Morgan**	**Weber**	**Weber**
1306.00	9601.00	1251.02	1261.08	9701.01	2001.00	2105.11
1307.01	9602.00	1251.03	1262.03	9701.02	2002.02	2105.12
1307.04	9603.01	1251.04	1262.04	9702.00	2002.03	2105.13
1307.05	9603.02	1252.01	1262.05		2002.04	2105.14
1307.06	9604.00	1253.01	1262.06		2003.01	2105.15
1307.07	9605.00	1253.04	1263.03		2003.02	2105.16
1307.08	9606.01	1253.05	1263.04		2004.00	2105.17
1308.00	9606.02	1253.06	1263.05		2005.00	2105.18
1309.00	9607.01	1253.07	1263.06		2006.00	2106.00
1310.01	9607.02	1254.07	1264.02		2007.00	2107.01
1310.03	9608.01	1254.08	1264.04		2008.00	2107.03
1310.04	9608.02	1254.09	1264.05		2009.00	2107.04
1310.05		1254.10	1264.06		2011.00	2108.00
1311.01		1254.11	1265.00		2012.00	2109.00
1311.02		1254.12	1266.00		2013.01	2110.00
1312.00		1254.13	1267.00		2013.02	2111.00
9800.00		1254.14	1268.01		2014.00	2112.01
		1254.15	1268.02		2015.00	2112.02
		1255.01	1269.01		2016.00	
		1255.02	1269.02		2017.00	
		1255.03	1270.02		2018.00	
		1256	1270.03		2019.00	
		1257.01	1270.05		2020.00	
		1257.02	1270.06		2101.01	
		1258.01	1271.00		2101.02	
		1258.04	9800.00		2102.01	
		1258.05			2102.03	
		1258.07			2102.04	
		1258.09			2103.03	
		1258.1			2103.04	
		1259.05			2103.05	
		1259.06			2103.06	
		1259.07			2104.04	
		1259.08			2104.05	
		1260.01			2104.06	
		1260.02			2104.07	
		1261.01			2104.08	
		1261.05			2105.08	
		1261.06			2105.09	
		1261.07			2105.10	

Each census tract within the Bank's delineated assessment area is included in the tables by county.

Juab	Utah	Utah	Utah	Utah	Summit	Wasatch	Oneida
0101.00	0001.02	0012.01	0031.04	0102.16	9641.01	9405.01	9601.00
0102.00	0001.03	0012.02	0031.05	0102.17	9641.03	9601	
	0001.04	0013.00	0031.06	0102.19	9641.04	9602.01	
	0001.05	0014.01	0032.01	0102.20	9642.01	9602.02	
	0002.03	0014.03	0032.03	0102.21	9642.02	9602.03	
	0002.05	0014.04	0032.04	0102.22	9642.03	9602.04	
	0002.06	0015.01	0032.05	0102.23	9643.03	9604.01	
	0002.07	0015.03	0033.01	0102.24	9643.04	9604.02	
	0002.08	0015.04	0033.02	0102.25	9643.05	9605	
	0004.00	0016.01	0034.01	0102.26	9643.06	9801	
	0005.04	0016.02	0034.03	0103.03	9643.07		
	0005.05	0017.01	0034.04	0103.05	9643.08		
	0005.06	0017.02	0034.05	0103.06	9644.01		
	0005.07	0018.01	0101.07	0103.07	9644.02		
	0005.08	0018.02	0101.10	0103.08			
	0005.10	0018.03	0101.14	0104.04			
	0005.11	0019.00	0101.15	0104.05			
	0006.01	0020.01	0101.16	0104.06			
	0006.03	0020.02	0101.17	0104.07			
	0006.04	0021.01	0101.18	0104.08			
	0007.03	0021.02	0101.19	0104.09			
	0007.06	0022.04	0101.20	0104.10			
	0007.07	0022.05	0101.21	0104.11			
	0007.08	0022.06	0101.22	0105.03			
	0007.09	0022.08	0101.23	0105.04			
	0007.10	0022.09	0101.24	0105.05			
	0007.11	0022.10	0101.25	0105.06			
	0008.01	0022.11	0101.26	0106.00			
	0008.03	0022.12	0101.27	0107.00			
	0008.04	0022.13	0101.28	0109.00			
	0009.01	0023.00	0101.29	9801.00			
	0009.03	0024.00	0101.30	9802.00			
	0009.04	0025.00	0101.31	9803.00			
	0010.01	0027.02	0101.32	9804.00			
	0010.02	0027.03	0102.08	9805.00			
	0011.03	0029.01	0102.09	9806.00			
	0011.05	0029.02	0102.10				
	0011.06	0030.01	0102.11				
	0011.07	0030.02	0102.12				

0011.08 0031.03 0102.13

Appendix E - 2023 Freight Movement

*2023 Freight Movement (Tons)				
	Inbound	Outbound	Total	%
Arizona	721,000	1,325,000	2,046,000	2%
Idaho	3,079,000	3,777,000	6,856,000	6%
Nevada	1,116,000	22,260,000	23,376,000	22%
California	6,092,000	9,619,000	15,711,000	15%
Other			59,371,000	55%
Total			107,360,000	100%

**Bureau of Transportation – using freight analysis framework (FAF)*

Appendix F - PayPal Inc. Geographic Loan Distribution

PPBL & PPWC – Geographic Loan $ Volume Distribution (2022 – 2025)		
Geography	**Total $ Volume**	**%**
Total – U.S.	107,799,450,473	100.00%
Total – U.S. - LMI	18,098,860,877	16.79%
Utah	1,482,580,946	1.39%
AA	1,188,451,108	1.10%
AA - LMI	140,152,900	0.13%

Appendix G - Peer Institution Analysis and Benchmarking

This Appendix provides supporting analysis of peer institutions considered in the development of the Bank's CRA Strategic Plan. The analysis includes Utah-based institutions with similar nationwide or platform-based lending models, which serve as the primary quantitative benchmarks for goal setting.

Cumulative Loans and Investments

Table A: Annual Interim Peer Goals Cumulative Loans & Investments to Average Assets Satisfactory / Outstanding					
	Year 1	Year 2	Year 3	Year 4	Year 5
Varo Bank, NA	None	None	None	None	None
Nelnet Bank	1.20 / 1.45	1.20 / 1.45	1.20 / 1.45	1.20 / 1.45	1.20 / 1.45
Medallion	1.30 / 1.75	1.30 / 1.75	1.30 / 1.75	1.30 / 1.75	1.30 / 1.75
Square Financial Services, Inc	1.35 / 2.00	1.35 / 2.00	1.35 / 2.00	N/A	N/A
WebBank	1.15 / 1.50	1.15 / 1.50	1.15 / 1.50	1.15 / 1.50	N/A

New Loans and Investments

Table B: Annual Interim Peer Goals New Loans & Investments to Average Assets Satisfactory / Outstanding					
	Year 1	Year 2	Year 3	Year 4	Year 5
Varo Bank, NA	0.20 / 0.30	0.30 / 0.40	0.40 / 0.45	0.40 / 0.50	0.50 / 0.60
Nelnet Bank	0.50 / 0.60	0.50 / 0.60	0.50 / 0.60	0.50 / 0.60	0.50 / 0.60
Medallion	0.40 / 0.60	0.40 / 0.60	0.40 / 0.60	0.40 / 0.60	0.40 / 0.60
Square Financial Services	1.35 / 2.00	0.75 / 1.00	0.75 / 1.00	N/A	N/A
WebBank	0.40 / 0.60	0.40 / 0.60	0.40 / 0.60	0.40 / 0.60	N/A

In addition to the peer institutions identified above, the Bank also considered the CRA Strategic Plans of other industrial banks, including Toyota Financial Savings Bank and Square Financial Services, Inc., both FDIC-regulated institutions with specialized business models.

These peer institutions utilize strategic plan frameworks that incorporate retail or small business lending tailored to reflect the institution's business model, product offerings, and geographic footprint, while maintaining an emphasis on lending activity.

The Bank's approach to its small business lending goal is consistent with these frameworks, especially Toyota Financial Savings Bank; which like PayPal Bank, retains the majority of its loans on balance sheet. As a specialized institution with a nationwide lending platform and limited ability to directly target small business lending within its assessment area, the Bank seeks to maximize CRA-qualifying small business lending within the AA and the BSRA. This approach aligns with the core purpose of the CRA to encourage sustainable lending activity that meets community credit needs in a manner consistent with safe and sound banking practices and the Bank's business strategy.

Grants and Donations

Goals for grants and donations are established by dollar amount, an approach that is commensurate with peers as indicated in the table below.

Table C: Annual Interim Peer Goals for Community Development Grants and Donations Satisfactory / Outstanding					
Peer Bank Assets (9/30/24)	Year 1	Year 2	Year 3	Year 4	Year 5
Nelnet Bank $1.3 billion	$40,000/ $60,000	$50,000/ $70,000	$60,000/ $80,000	$70,000/ $90,000	$80,000/ $100,000
WebBank $2.2 billion	$65,000/ $75,000	$65,000/ $75,000	$65,000/ $75,000	$65,000/ $75,000	N/A
Square Financial Services	$75,000/ $100,000	$75,000/ $100,000	$75,000/ $100,000	$75,000/ $100,000	$75,000/ $100,000

Service Hours
The table below shows service hour goals for our peer institutions. Most of the banks consider Utah-based Bank FTE in the denominator, although there are some exceptions:

- Hours for Varo Bank, National Association, were calculated using service hours based on FTEs located in the assessment area or broader statewide or regional area to make the hours comparable to the approach further discussed below for the Bank. Varo Bank allocates 2-3 hours for management level employees rather than all FTEs located in the assessment area, resulting in a materially lower number of hours per FTE.
- Nelnet Bank also only provided goals for total hours, which was converted to hours per FTE based on employee counts in their September 30, 2024, Report of Income and Condition.
- Hours for Square Financial Servies were calculated using service hours based on FTEs located in the assessment area and activities related to financial education in the contiguous state basis.

Table D: Annual Peer Goals for Service Hours per FTE Satisfactory / Outstanding					
	Year 1	Year 2	Year 3	Year 4	Year 5
Varo Bank, NA	0.15 / 0.19	0.26 / 0.39	0.26 / 0.39	0.26 / 0.39	0.26 / 0.39
Nelnet Bank	2.5 / 3.8	2.5 / 3.8	2.5 / 3.8	2.5 / 3.8	2.5 / 3.8
Medallion	5.0 / 6.0	5.0 / 6.0	5.0 / 6.0	5.0 / 6.0	5.0 / 6.0
Square Financial Services, Inc	8.0 / 12.0	8.0 / 12.0	8.0 / 12.0	8.0 / 12.0	8.0 / 12.0
WebBank	4.0 / 5.0	4.0 / 5.0	4.0 / 5.0	4.0 / 5.0	N/A