



## Community Reinvestment Act Strategic Plan

**Plan Period**

**January 1, 2023 - December 31, 2025**

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**6100 S. Old Village Place Sioux Falls, SD 57108**

**Effective January 1, 2023**

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## Executive Summary

The Board of Directors of The Bancorp Bank, N.A. (“Bank”), a nationally chartered bank that provides deposit and banking services insured by the Federal Deposit Insurance Corporation (“FDIC”), has approved the adoption of a Community Reinvestment Act (“CRA”) Strategic Plan (“Plan”) covering the period of January 1, 2023, through December 31, 2025, subject to the approval of its primary regulator, the Office of the Comptroller of the Currency (“OCC”). The Plan is an alternative to being examined under the Large Bank test which compares the Bank’s performance to other financial institutions and aggregate lender performance. While the Plan option also allows the OCC to review the Bank’s performance to other financial institutions and aggregate lender performance, the Plan affords the Bank the flexibility in choosing how to demonstrate its CRA performance and how to have that performance measured by the OCC. The document that follows is a proposed Plan, covering a three (3) year period, which will allow the Bank to take a longer-term approach to meeting its CRA objectives.

As noted in the pages that follow, the Bank is well-positioned to execute on this Plan as it has successfully implemented prior CRA Strategic Plans (from July 2016 to December 31, 2022) when the FDIC was its primary regulator. At its most recent CRA performance evaluation (report dated June 7, 2021), the Bank received a “Outstanding” rating from the FDIC. The Bank’s CRA activity was based on the review period starting July 1, 2018 and ending on December 31, 2020.

The purpose of the Plan is to enable the Bank to tailor its CRA goals and objectives to address the needs of its community consistent with the Bank’s unique business strategy, operational focus, capacity, and constraints. While the Bank is branchless, it has limited deposit-taking via ATMs for consumers and allows remote deposit capture for various debit card products offered through third party product contributors. Community Reinvestment priorities will center on the Bank’s community outreach, community development investment opportunities and financial literacy training for economically disadvantaged youth as well as entrepreneurs within the Bank’s Assessment Area (AA).

### I. Introduction

The Bancorp is committed to a robust CRA Program that not only meets the requirements of the CRA but also follows to the spirit of CRA. This Plan sets forth the Bank’s strategy for meeting its CRA requirements and achieving the specific goals of the current Strategic Plan which will commence on January 1, 2023. This strategy is specific to the Bank’s AA, as defined by the Strategic Plan; Sioux Falls MSA (MSA-43620), which includes all of Minnehaha, Lincoln, McCook, and Turner counties in South Dakota. The Plan also sets forth a Broader Statewide or Regional Area for Community Development Loans and Investments which includes the following states: South Dakota, Iowa, Minnesota, Nebraska, North Dakota, Kansas, and Missouri.

The focus of this Plan is on enhancement of past programming and development of new strategic initiatives. The Plan will seek to increase commitment and focus on operational process improvement identified through internal analysis. More specifically, increased outreach in targeted communities, enhanced policies to facilitate CRA-qualified investments and diversification of community-based relationships.

The Bancorp’s focus is on aligning the mission of CRA with the Bank’s ability to effectively and efficiently meet the needs of LMI, Majority Minority (“MM”) and Hispanic communities. These populations, throughout the

nation as well as The Bancorp's AA, generally remain underserved. To accomplish this vision, Plan performance will be defined with this focus in mind.

## II. Community Reinvestment Philosophy

The Bancorp's CRA philosophy is built on providing customer solutions to meet the needs of underserved communities and LMI populations within our AA. Equally as important are the service outlays of Bank volunteers and outreach to non-profits and faith-based organizations. Each of these communities and neighborhoods have slightly different challenges and needs. The Bancorp understands the positive impact to everyone when LMI individuals, minorities, and small businesses operating in underserved areas have access to quality financial education, expertise and financial products. The Bancorp's CRA philosophy is to ensure our products and services, community investments and outreach, education and technical assistance efforts consider these needs in a manner consistent with safe and sound banking practices.

We offer all products and services to qualified applicants on a consistent and fair basis without discrimination based on ethnicity, race, color, religion, national origin, sex, marital status, age (provided the applicant or customer has the legal capacity to enter a legal contract), disability or any other prohibited basis under federal or state laws or regulations. Such offerings will be made in a safe and sound manner consistent with The Bancorp's CRA strategic goals while protecting customer and shareholder interests. The Bancorp will deliver a community based CRA program in several ways:

- Assure that all business is conducted with honesty and integrity, is effectively managed from a risk standpoint, and is in full compliance with all legal and regulatory requirements.
- Assure that products and services are responsive to the needs of all communities within the Bank's AA and the Broader Statewide Regional Area (BSRA), including LMI areas and residents.
- Assure that potential customers within the AA are aware of the services offered and that we are proactively seeking their business.
- Assure the understanding and commitment of all levels of staff and management, including the Board of Directors, to identify and meet customer needs, including LMI, and minority customers within the AA.
- Utilize the Bank's unique business model and nationwide footprint to bring low or no cost products to the marketplace that attract underbanked and unbanked customers to the financial system.

The purpose of this Plan is to ensure that The Bancorp strategically implements this philosophy in the products and services it offers. The Bank is committed to a philosophy where all customers, applicants and communities are treated fairly, with respect and in compliance of applicable laws and regulations. It is the responsibility of every employee and director to understand and meet the ethical and compliance-related requirements of his or her organizational role. The Plan will be reviewed on an annual basis to confirm that this vision is being proactively achieved.

## III. The Bancorp History and Business Overview

Founded in 2000, The Bancorp, Inc. (NASDAQ: TBBK) is the holding company for the Bank and is headquartered in Sioux Falls, South Dakota with operations throughout the United States. The Bank has a unique business model that significantly differs from the traditional "brick and mortar" model as the Bank provides specialty

lending services and offers private-label banking and technology solutions to non-bank companies in high-growth financial service sectors such as Payments and Institutional Banking. The Bank's private-label programs enable members, employees, and customers of affinity programs to access secure, online, customized mobile banking services under the affinity partner's brand. These deposit and payment products tend to be low or no cost to the customer and serve to provide access to the financial services system to traditionally unbanked or underbanked individuals.

#### IV. The Bank's Operations

The Bank maintains thirteen office locations nationwide, with its primary headquarters in Sioux Falls, SD, and its FinTech Solutions division (FTS), as well as operations, compliance, and risk management staff located in Sioux Falls, South Dakota. The Wilmington office houses retail operations, institutional banking, corporate marketing. Corporate functions such as internal audit, third party risk management and compliance are spread between Sioux Falls and Wilmington.

The Bank also maintains offices in suburban Chicago, Illinois; New York City and Long Island, New York; Raleigh, North Carolina; and Memphis, Tennessee, to support lending, wealth management, and administrative functions. The Bank also has offices to administer its automobile fleet leasing programs in Orlando, Florida; Kent, Washington; Crofton, Maryland; Norristown, Pennsylvania; Logan, Utah; and Raritan, New Jersey.

##### **Retail Banking**

The Bank's Retail Division serves the deposit needs of consumers and of small and mid-sized businesses in the Philadelphia-Wilmington metro area. However, the division also serves national markets with its Small Business Administration, Commercial Leasing, Real Estate Bridge Lending (REBL) and Institutional Banking programs. Online retail products include deposit accounts such as checking, savings and money market accounts. Lending products are offered through specialty lending lines focused on niche markets.

The Bank's lending activity focuses on specialty lending lines, including commercial fleet leasing, securities-backed lines of credit, insurance-backed lines of credit, commercial lending and securitizations, and Small Business Administration (SBA) lending. The Bank participates in the SBA 7(a) program which is designed for start-up and existing small businesses and the SBA 504 program, which provides growing businesses with long-term, fixed-rate financing for major fixed assets. Most loans originated through these specialty lending areas are not reportable as small business loans. Generally, these loan amounts exceed \$1 million, or the loans are not extended to small businesses for commercial purposes. The Bank's lending footprint is nationwide, but is primarily located in the mid-Atlantic, southeast, and southern United States.

By way of illustration, the June 30, 2021, FDIC Report of Condition reflects the percentage of lending by category type, as follows:

**Table 1 - Loan Distribution as of June 30, 2021**

Loan Type	Dollar Amount (000s)	Percent of Total Loans (%)
Construction and Land Development	\$33,327	1.6%
1-4 Family Residential	\$33,660	1.7%
Multi-Family (5 or more) Residential	\$1,322,762	65.3%
Non-Farm, Non-Residential	\$636,310	31.4%
<b>Total Real Estate Loans</b>	<b>\$2,026,059</b>	<b>43.3%</b>
Commercial and Industrial	\$519,060	19.6%
Consumer	\$1,626,703	16.3%
Lease Financing Receivables	\$506,424	19.1%
Other	\$424	0.02%
<b>Total Loans</b>	<b>\$4,678,670</b>	<b>100.00%</b>

Source: 6/30/2021 FFIEC Call Report

### **Payments Businesses**

The Bank, through its FTS division, offers Program Sponsorship and traditional Payment Services to its partners and clients. The two distinct channel offerings within the line of business are outlined below:

**PROGRAM SPONSORSHIP:** The Bank’s Program Sponsorship services provides for ecard issuance programs for debit cards offered both in conjunction with a private label DDA accounts and as access devices into cash management and MSB-held accounts; as well as various prepaid card use cases including: general purpose reloadable cards, consumer and corporate gift cards, payroll cards, government benefit cards, flexible spending account cards, corporate and consumer incentive rewards, single-use virtual cards for business to business payments, as well as various other ancillary use cases. Cards are offered to end users through a third-party Program Manager’s relationship with consumers, as well as corporate and government entities and their constituencies. New cardholders generally obtain cards by enrolling online, at a variety of retail locations, or through business entities (or clients of those business entities) with formal relationships with the Bank. As a general matter, not all cardholders are the Bank’s customers. For Payroll, Government Benefit Cards, Incentive, Health Benefit Cards, or any program where only the businesses (or the business’ agent) may deposit funds into the card accounts, generally, the business entities themselves are considered the Bank’s customer. Cards offered in conjunction with the Bank’s issuance programs are network branded through agreements with Visa, MasterCard, Discover, and Union Pay. To develop its programs, FTS partners with third-party Program Managers that design and market the product, and third-party processors that provide the technology platforms for facilitating transactions and maintaining account records. The program managers and third-party processors, or a combination of those two and other vendors, may perform various customer service and/or compliance related functions under the Bank’s oversight. The Bank oversees all AML and compliance related activities

conducted by program managers and processors and it reviews and approves all BSA/AML and Compliance policies, as well as the training programs associated with these policies.

**PAYMENT SERVICES:** FTS also acts as the Originating Depository Financial Institution (“ODFI”) for the origination of ACH payments to/from various businesses. This business model is facilitated using Independent Sales Organizations (ISOs) and Third-Party Senders (TPS) that aggregate and process such payments. The Bank has designed products that enable those organizations to process electronic payments more easily and to better manage their risk of loss in connection with the transaction. FTS also utilizes its network licenses with MasterCard, Visa, and other payment networks (Card Brands) to enable suitable entities (Senders) and Third-Party Agents (Agents) of Senders, the capability to support emerging payment products including Rapid Funding Transactions (RFT). The business intends to pursue a new low risk product type under the RFT umbrella called Real-Time Payments (RTP). RTP consists of Send (Push) and Receive (Inbound) transactions on one Routing Transit Number as a participant sponsor bank with The Clearing House.

As noted above, the Bank's Payments businesses FTS, offers Program Sponsorship and traditional Payment Services to its partners and clients. This line of business enables consumers to access customized, online banking products and services such as prepaid cards and debit cards. These products are issued by the Bank, but often marketed and branded by one of the Bank’s affinity partners—many of whom are focused on offering LMI populations with easier access to financial products and services. As a result, the most underserved populations within the Bank’s AA are likely to be using non-traditional deposit access products such as prepaid and debit cards. The Bancorp’s business model is most heavily weighted to this growing alternative to more traditional bank accounts. The Bank continues to promote financial literacy around these types of payment vehicles to organizations and non-profits with an LMI client base.

Despite not having a formal place within CRA-qualified lending, investment or service testing, this community service greatly benefits an underserved LMI clientele with difficulty managing typical bank accounts. The result is seen as strong community outreach and a means by which this audience can reduce bank-related fees and penalties.

## V. Performance Context

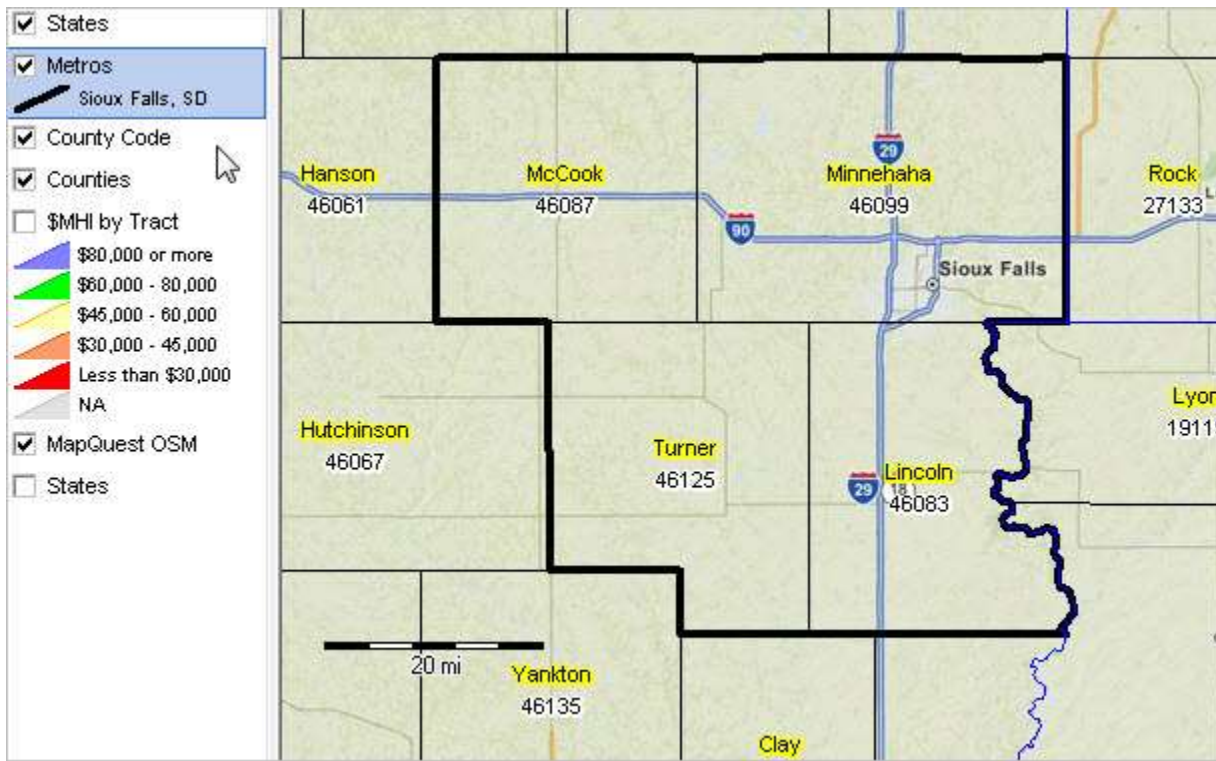
### A. Description of Assessment Area

The OCC rule implementing the CRA AA delineation (12 C.F.R. § 25.41(c) – (e)) requires a bank to delineate one or more AAs within which the OCC evaluates the Bank’s record of helping to meet the credit needs of its community. The OCC does not evaluate the Bank’s delineation of its AA as a separate performance criterion but will review the delineation for compliance with the requirements.

The Bank operates no physical branches or deposit-taking ATMs; therefore, the Bank delineates its AA based on its main office in Sioux Falls, South Dakota. The Bank’s AA is the Sioux Falls MSA (MSA-43620), which includes all of Minnehaha, Lincoln, McCook, and Turner counties in South Dakota (see map). In compliance with 12 C.F.R. § 25.41(c) – (e), the AA includes only whole geographies or political subdivisions (counties), does not reflect illegal discrimination, and does not arbitrarily exclude LMI geographies.



Since the 1980's Sioux Falls has been an attractive location for banks to establish headquarters due to the favorable banking laws and regulations. The FDIC Summary of Deposits report from June 30, 2022, demonstrates how competitive the Sioux Falls market is with its mix of National Bank main offices (Citi and Wells Fargo), National Credit Card issuers (First Premier Bank and Department Stores National Bank), and Regional Banks with a heavy concentration of branches in the MSA (First Interstate Bank and The First National Bank of Sioux Falls). There are 38 institutions in the market with 131 branches / main offices that contain \$650 billion in deposits. A large number of those deposits are from Wells Fargo and Citibank, which identify most of their deposits as non-retail branch deposits. The non-retail branch deposits do not reflect traditional retail customer relationships, rather they are wholesale funds. These deposits do not reflect where customers are located, where they work, or where they conduct business. This is similar to the Bank's deposit base, although Wells Fargo and Citibank are much larger institutions than The Bancorp.



## B. Population Data and Median Family Income

Data regarding the Bank's AA is compiled from and published by the United States Census Bureau. Economic and demographic information about the AA is of importance as the Bank identifies areas to target for CRA activity. The Plan reflects the Bank's commitment to the AA and the community development needs of low and moderate-income ("LMI") populations and small businesses within the AA.



As of 2020, the city of Sioux Falls had a population of 180,927<sup>1</sup>, which is 68% of the total population of 264,437 in the Sioux Falls MSA. The population and income breakdown of the Sioux Falls MSAs 59 census tracts is included in Table 2. The MSA does not have any low-income tracts and 29% of its tracts are moderate income tracts. Table 3 Median Family Income Ranges indicates there has been an increase of 11% of Median Family Income (MFI) in the MSA over the last three years. All these data points indicate the population, and the MFI in Sioux Falls are on an upward trajectory.

<b>Table 2 - Population and Income Breakdown</b>						
<b>Assessment Area: Sioux Falls MSA</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Upper % of #</b>	<b>Middle % of #</b>	<b>NA % of #</b>
Geographies (Census Tracts)	59	0	59	12	30	0
Population by Geography	264,437	0	28.8%	20.3%	50.8%	0

<b>Table 3 - Median Family Income Ranges</b>				
<b>Sioux Falls, SD MSA Median Family Income (43620)</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
2017 (\$76,800)	<\$38,400	\$38,400 to <\$61,400	\$61,440 to <\$92,160	≥\$92,160
2018 (\$78,700)	<\$39,350	\$39,350 to <\$62,960	\$62,960 to <\$94,440	≥\$94,440
2019 (\$86,200)	<\$43,100	\$43,100 to <\$68,960	\$68,960 to <103,440	≥\$103,440

### Employment and Unemployment

The employment and unemployment statistics in the Bank’s AA reflects data provided by the U.S. Bureau of Labor Statistics Midwest Information Office. The results impact the Bank’s ability to respond to housing and community development needs.

<sup>1</sup> 2020 American Community Survey (ACS) - Sioux Falls  
[https://data.census.gov/cedsci/table?g=0400000US46\\_1600000US4659020\\_310XX00US43620&d=ACS%205-Year%20Estimates%20Data%20Profiles&tid=ACSDP5Y2020.DP05](https://data.census.gov/cedsci/table?g=0400000US46_1600000US4659020_310XX00US43620&d=ACS%205-Year%20Estimates%20Data%20Profiles&tid=ACSDP5Y2020.DP05)

**Table 4 - Employment Data for Sioux Falls, SD**

Area	Time period (000s)	May 2021 to May 2022	
		Net Change	Percent Change
<b>Sioux Falls, SD</b>	<b>May 2022</b>		
Total non-farm	167.4	4.9	3.0%
Mining, logging, and construction	11.3	0.9	8.7%
Manufacturing	14.6	0.2	1.4%
Trade, transportation, and utilities	33.4	0.5	4.0%
Information	2.6	0.1	-2.0%
Financial activities	14.9	-0.3	2.5%
Professional and business services	16.6	0.4	4.6%
Education and health services	36.2	1.6	6.6%
Leisure and hospitality	16.2	1.0	6.6%
Other services	6.3	0.3	5.0%
Government	15.3	0.2	1.3%

Source: U.S. Bureau of Labor Statistics Midwest Information Office

**Table 5 – Unemployment Rates within Assessment Area**

Area	Unemployment rates (%)		Change from
	May 2021	May 2022	May 2021 to May 2022
United States	5.5	3.4	2.1
Sioux Falls Area	2.7	1.9	0.8
Lincoln Co., SD	2.5	1.8	0.7
McCook Co., SD	2.8	1.8	1.0
Minnehaha Co., SD	2.8	1.9	0.9
Turner Co., SD	2.5	2.0	0.5

Source: U.S. Bureau of Labor Statistics Midwest Information Office

### C. Competition

The Bancorp competes with numerous banks and other financial institutions such as finance and leasing companies, credit unions, insurance companies, money market funds, investment firms and private lenders, as well as online lenders and other non-traditional competitors. Our primary competitors in each of our business lines differ significantly from those in our other business lines. Few financial institutions compete against all business segments in which the bank operates. Many banks and financial institutions compete in the prepaid card market, however no single competitor is a predominant provider. The Bank believes that its ability to compete successfully depends on several factors, including:

- Our ability to expand our affinity group banking program
- Competitors' interest rates and service fees
- The scope of our products and services
- The relevance of our products and services to customer needs and the rate at which we and our competition introduce them
- Satisfaction of our customers with our customer service
- Our perceived safety as a depository institution, including our size, credit rating, capital strength, earnings strength and regulatory posture
- Ease of use of our banking websites and other customer interfaces
- The capacity, reliability, and security of our network infrastructure.<sup>2</sup>

### D. Public Participation and Community Outreach Activities

A bank seeking approval of a CRA Strategic Plan is required to solicit public comment and undertake the following steps associated with the submission process:

- informally seek input from the public in the proposed AA while developing the Plan;
- formally solicit public comment for at least 30 days after the Plan is prepared; and
- make copies of the Plan available for public review during the comment period.

The Bank considers community involvement to be a cornerstone of its business model. As such, the Bank will continue to elevate and further strengthen support for CRA and lending activities as it moves to the new AA and the Broader Statewide or Regional Area (BSRA). The CRA Officer and delegates will proactively work to foster relationships with community partners such as affordable housing groups, non-profit CDCs, CDFIs, credit counselling and financial literacy organizations.

Additional ways in which community outreach and volunteerism efforts will be expanded during the term of the Plan include:

- Provide all non-profit partners with free access to the Bank's financial literacy database.
- Collaborate with some of the Bank's financial partners (most notably General Purpose Reloadable and debit card providers) to access to online financial literacy content for their customers.

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<sup>2</sup> The Bancorp, Inc. Annual 10K

- Explore virtual outreach events to supplement the reduced number of face-to-face volunteer opportunities.
- Identify Community Development Financial Institutions (CDFIs) in our BSRA to increase access to borrowing

#### E. Housing and Community Development Needs

The Bank has researched information on housing and community credit needs to supplement input from participating community contacts in its public participation and community outreach activities. According to the 2021 Sioux Falls Housing Needs Assessment conducted by The Augustan Research Institute Over the last decade, Sioux Falls has experienced rapid population growth, and that growth is expected to continue. Robust jobs growth will continue to attract newcomers to Sioux Falls, an adequate housing supply is key to recruiting and retaining workforce for continued economic growth. Given the local market’s very high labor force participation and employment rates, attracting newcomers to the city will be necessary to meet workforce needs. Sioux Falls has a significant housing gap for extremely low-income households. Although this population segment is not expected to grow in absolute terms, the existing housing gap amounts to about 4,500 units; there are an estimated 28 units affordable and available for every 100 households below 30% of the area median family income. Due to this gap, the lowest income renters have the highest housing cost burden of any group in the city.<sup>3</sup>

Housing data for the Sioux Falls MSA is available in Table 6. This data indicates 7.2 percent of families in the AA are LMI. The area’s median housing value in the Sioux Falls MSA is 2.15 times the Median Family Income in the MSA, 2.69 times the moderate-income demographic, and 5.3 times the low-income demographic. This indicates a limited proportion of owner-occupied housing units are affordable to many low-income residents. The median housing value is higher in the MSA (\$208,400), than it is in the city of Sioux Falls (\$205,100); which indicates the need for affordable housing in the city of Sioux Falls is greater than in more rural areas of the MSA.

**Table 6 - Demographic Information of the Assessment Area**

<b>Assessment Area: Sioux Falls MSA</b>	
<b>Demographic Characteristics</b>	<b>#</b>
Geographies (Census Tracts)	59
Population by Geography	264,437
Housing Units by Geography	111,182
Owner-Occupied Units by Geography	64,174
Occupied Rental Units by Geography	35,356

<sup>3</sup> 2021 Affordable housing Needs Assessment by Augustana University

Vacant Units by Geography	6,652
Businesses by Geography	23,421
Farms by Geography	1,405
Family Distribution by Income Level	66,662
Household Distribution by Income Level	104,530
Median Family Income MSA - 43620 Sioux Falls, SD MSA	\$86,200
Median Housing Value	\$208,400
Median Gross Rent	\$836
Families Below Poverty Level	7.2%

Source: 2020 ACS Census Data, 2019 D&B Data and 2020 FFIEC Census Report

**Table 7- 2020 FFIEC Census Report**  
**Summary Census Demographic Information - 43620- SIOUX FALLS, SD**

County Code	Tract Code	Tract Income Level	Distressed or Under-served Tract	Tract Median Family Income %	2020 FFIEC Est. MSA/MD non-MSA/MD Median Family Income	2020 Est. Tract Median Family Income	2015 Tract Median Family Income	Tract Population	Tract Minority %	Minority Population	Owner Occupied Units	1- to 4- Family Units
083	0101.01	Middle	No	110.66	\$86,200	\$95,389	\$80,725	4884	5.14	251	1312	1485
083	0101.02	Upper	No	143.52	\$86,200	\$123,714	\$104,700	7943	6.22	494	1981	2258
083	0101.03	Middle	No	103.58	\$86,200	\$89,286	\$75,560	5629	5.81	327	1867	1946
083	0101.04	Upper	No	166.64	\$86,200	\$143,644	\$121,567	10234	7.65	783	3100	3373
083	0101.05	Upper	No	148.15	\$86,200	\$127,705	\$108,077	656	6.25	41	237	265
083	0101.06	Upper	No	148.73	\$86,200	\$128,205	\$108,500	1264	6.65	84	381	388
083	0101.07	Middle	No	104.83	\$86,200	\$90,363	\$76,473	5546	5.95	330	1497	1625
083	0101.08	Upper	No	142.75	\$86,200	\$123,051	\$104,135	2154	7.01	151	575	674
083	0102.00	Middle	No	92.11	\$86,200	\$79,399	\$67,198	3757	8.33	313	980	1333
083	0103.00	Middle	No	100.61	\$86,200	\$86,726	\$73,397	5038	3.02	152	1434	1766
083	0104.00	Middle	No	103.62	\$86,200	\$89,320	\$75,592	2769	2.49	69	774	1078
087	9646.00	Middle	No	95.10	\$86,200	\$81,976	\$69,375	3320	3.13	104	1041	1386
087	9647.00	Middle	No	91.46	\$86,200	\$78,839	\$66,719	2293	6.63	152	715	1064

087	9999.99	Middle	No	94.41	\$86,200	\$81,381	\$68,871	5613	4.56	256	1756	2450
099	0001.00	Moderate	No	56.22	\$86,200	\$48,462	\$41,017	4151	38.71	1607	665	1148
099	0002.01	Moderate	No	59.97	\$86,200	\$51,694	\$43,750	4508	43.79	1974	729	1354
099	0002.02	Moderate	No	59.57	\$86,200	\$51,349	\$43,456	2495	13.11	327	293	498
099	0003.00	Moderate	No	65.99	\$86,200	\$56,883	\$48,139	3766	35.40	1333	1031	1495
099	0004.01	Moderate	No	76.02	\$86,200	\$65,529	\$55,461	2912	27.85	811	913	1059
099	0004.05	Moderate	No	75.87	\$86,200	\$65,400	\$55,352	5577	40.25	2245	919	1213
099	0004.06	Moderate	No	65.78	\$86,200	\$56,702	\$47,986	3258	24.03	783	751	1014
099	0004.07	Middle	No	85.58	\$86,200	\$73,770	\$62,436	2940	9.29	273	847	955
099	0004.08	Middle	No	97.15	\$86,200	\$83,743	\$70,875	4038	35.74	1443	930	1113
099	0005.00	Moderate	No	56.83	\$86,200	\$48,987	\$41,458	3289	31.53	1037	744	1214
099	0006.00	Moderate	No	67.93	\$86,200	\$58,556	\$49,559	2590	23.51	609	354	810
099	0007.00	Moderate	No	61.48	\$86,200	\$52,996	\$44,850	4433	33.14	1469	540	1151
099	0009.00	Moderate	No	62.42	\$86,200	\$53,806	\$45,540	3619	29.21	1057	691	1384
099	0010.01	Moderate	No	70.33	\$86,200	\$60,624	\$51,310	3628	17.83	647	1130	1378
099	0010.02	Moderate	No	57.99	\$86,200	\$49,987	\$42,308	5036	20.37	1026	937	1547
099	0011.01	Moderate	No	50.33	\$86,200	\$43,384	\$36,716	4598	11.57	532	215	547
099	0011.05	Middle	No	101.56	\$86,200	\$87,545	\$74,091	6611	8.08	534	2129	2338
099	0011.06	Upper	No	127.07	\$86,200	\$109,534	\$92,697	10716	8.68	930	3085	3456
099	0011.07	Middle	No	98.24	\$86,200	\$84,683	\$71,667	3401	8.97	305	780	1086
099	0011.08	Moderate	No	78.82	\$86,200	\$67,943	\$57,500	5275	18.69	986	1167	1337
099	0012.00	Middle	No	85.64	\$86,200	\$73,822	\$62,474	4334	15.16	657	1272	1480
099	0015.00	Moderate	No	62.60	\$86,200	\$53,961	\$45,668	6080	18.03	1096	823	1986
099	0016.00	Upper	No	134.13	\$86,200	\$115,620	\$97,850	3276	5.53	181	1059	1364
099	0017.00	Moderate	No	76.68	\$86,200	\$66,098	\$55,938	2188	6.86	150	727	959
099	0018.01	Middle	No	106.34	\$86,200	\$91,665	\$77,574	6820	14.68	1001	1710	2316
099	0018.03	Middle	No	112.78	\$86,200	\$97,216	\$82,272	8007	9.48	759	2142	2236
099	0018.04	Middle	No	96.60	\$86,200	\$83,269	\$70,475	4382	7.33	321	1240	1425
099	0019.01	Middle	No	105.26	\$86,200	\$90,734	\$76,786	2002	7.84	157	660	770
099	0019.02	Upper	No	133.25	\$86,200	\$114,862	\$97,208	5138	0.47	24	1905	2022

099	0101.01	Middle	No	114.56	\$86,200	\$98,751	\$83,571	4601	7.98	367	1449	1688
099	0101.02	Middle	No	101.59	\$86,200	\$87,571	\$74,115	4127	8.31	343	1216	1448
099	0102.00	Middle	No	100.52	\$86,200	\$86,648	\$73,333	2869	3.35	96	913	1076
099	0103.00	Middle	No	113.32	\$86,200	\$97,682	\$82,667	6120	1.24	76	1830	2022
099	0104.01	Upper	No	158.50	\$86,200	\$136,627	\$115,625	1884	5.04	95	592	683
099	0104.02	Upper	No	121.92	\$86,200	\$105,095	\$88,942	2479	2.22	55	821	906
099	0104.03	Upper	No	146.50	\$86,200	\$126,283	\$106,875	1822	6.92	126	512	532
099	0104.04	Upper	No	122.89	\$86,200	\$105,931	\$89,650	4732	7.84	371	1433	1795
099	0104.05	Middle	No	87.35	\$86,200	\$75,296	\$63,726	4092	15.20	622	1164	1392
099	0104.06	Middle	No	112.94	\$86,200	\$97,354	\$82,388	2533	12.00	304	823	940
099	0105.01	Middle	No	112.39	\$86,200	\$96,880	\$81,992	5208	1.73	90	1332	1556
099	0105.02	Middle	No	109.53	\$86,200	\$94,415	\$79,904	3860	1.11	43	1072	1189
099	0106.00	Middle	No	81.49	\$86,200	\$70,244	\$59,448	5547	14.91	827	1099	1835
125	9651.00	Middle	No	87.34	\$86,200	\$75,287	\$63,713	4158	4.28	178	1358	1798
125	9652.00	Middle	No	89.61	\$86,200	\$77,244	\$65,375	4144	4.13	171	1372	1971
125	9999.99	Middle	No	88.39	\$86,200	\$76,192	\$64,484	8302	4.20	349	2730	3769

## F. Lending Activity

The Bank's small business and commercial loan portfolio is diversified across industries and geographical locations, nationwide. The full product line includes offerings from the Small Business Administration (SBA), Commercial Leasing, Commercial Lending through REBL and Institutional Banking programs.

The Bank understands that access to credit is a critical component of creating of inclusive and growing community. While the Bancorp has an existing Small Business Administration lending product in the market, these loans are generated on a nationwide basis with our specific targeted geographies. The branchless operating model and centralized underwriting infrastructure outside of our AA makes the generation of any materials loans difficult. Through previous strategic plans the bank has addressed these AA lending infrastructure weaknesses by focusing on shifting the Bank's resources to investing in local CDFI's and purchasing substantial amounts of CRA qualified investment as these have proven more impactful to our communities. For example, the Bank purchased 8 (eight) qualified investments with a total book value of \$33.2 million (2019 Plan) and \$28.4 million (2020 Plan) through SBA's Small Business Investment Company (SBIC)<sup>4</sup>. SBIC's provide long-term loans and/or venture capital at favorable rates to assist businesses with operations and growth potential and the Bank will continue to execute on this strategy in this plan.

<sup>4</sup> SBIC ending book value as of 8/31/22 is \$17.1MM



The Bank also believes it can better serve the community by making Community Development Loans and Investment that are more focused on the purpose of CRA. Through the life of this Strategic Plan the Bank with work with local organizations to identify potential opportunities for direct lending that meet the CRA qualifications.

### G. Investment Activity

The Bank’s past Plans prescribed specific CD loan and investment metrics. Historically, the Bank has performed well in this area. To obtain an Outstanding for the Ratio of New Community Development Loans & Investments to Average Assets, the Bank was required to achieve a goal of 0.45%. The Bank was required to be at a level no less than a goal of 0.35% for a Satisfactory rating in the same category. This is net new loans made or investments purchased within the calendar year of the plan. On multi-year plans, the ratio was required to be met each year.

To meet its goal for Outstanding performance in the current Plan, the Bank must maintain its existing portfolio of CRA qualified loans and investments at level equal to 1.50% of average total assets for the four quarters of the 12-month review period. For a Satisfactory rating, the Bank must make new CD loans or investments totaling 1.25% of average total assets for the review period. The metric ensures that the bank is making both short terms and long term CRA qualified investments and loans to the community while not churning the portfolio.

<b>Table 8 - CD Lending &amp; Investments – Ratio of New Community Development Loans &amp; Investments to Average Assets (000s)</b>					
<b>Strategic Plan Review Period</b>	<b>Bank Established Goals</b>		<b>Bank Actual Performance</b>		
	<b>Satisfactory</b>	<b>Outstanding</b>	<b>New CDL &amp; QI</b>	<b>Average Assets</b>	<b>Ratio</b>
7/1/2019- 12/31/19 Prorated*	0.15%	0.20%	\$10MM	\$4.93B	0.20%
1/1/2020 – 12/31/2020	0.35%	0.45%	\$22.3MM	\$5.9B	0.36%
1/1/2021 – 12/31/2021	0.35%	0.45%	27MM	\$6.6B	0.41%

Source: FDIC Performance Evaluation, Strategic Plan; CRA Loan Registers and Internal Bank Reporting

**Table 9 - CD Lending & Investments – Ratio of Existing Community Development Loans & Investments to Average Assets (000s)**

Strategic Plan Review Period	Bank Established Goals		Bank Actual Performance		
	Satisfactory	Outstanding	Existing CDL & QI	Average Assets	Ratio
7/1/2019- 12/31/19 Prorated	1.25%	1.50%	\$163MM	\$4.93B	3.31%
1/1/2020 – 12/31/2020	1.25%	1.50%	\$166MM	\$5.9B	2.61%
1/1/2021 – 12/31/2021	1.25%	1.50%	\$133.8MM	\$6.6B	2.02%

Source: FDIC Performance Evaluation, Strategic Plan, and Internal Bank Reporting

#### H. Community Development Grants

While there are many diverse and worthy causes, funding that enables growth in entrepreneurship and financial empowerment has been the Bank’s core focus. The Plan uses specific charitable contribution metrics for qualified organizations within the Bank’s AA. To meet its goal for Outstanding, the Bank had a goal of \$125,000 in qualified grants during the 12-month review period. The Bank met the goal for Outstanding during the 2019-2021 Plan periods.

**Table 10 - Qualified Community Development Grants**

Strategic Plan Review Period (prorated)	Bank Established Goals		Bank Actual Performance
	Satisfactory	Outstanding	Qualified Grants
7/1/2019 - 12/31/2019 Prorated	\$50,000	\$62,500	\$72,500
1/1/2020 – 12/31/2020	\$100,00	\$125,000	\$131,689
1/1/2021 - 12/31/2021	\$100,000	\$125,000	\$125,000

Source: FDIC Performance Evaluation, Strategic Plan, and Internal Bank Reporting

#### I. Community Development Services

Plan metrics for community outreach and volunteerism are for those activities that take part within the Bank’s AA during the review period. The 2019 Plan goal for volunteerism was 50 points. The 2020 and 2021 Plan goal for volunteerism was modified to an hours-based metric and was set at 150 hours for Satisfactory and 175 hours for Outstanding.

**Table 11 - Community Development Services by Point System**

Strategic Plan Review Period	Bank Established Goals		Bank Actual Performance
	Satisfactory	Outstanding	Service Points
7/1/2019 - 12/31/2019 Prorated	37.5 points	50 points	50 points
1/1/2020 – 12/31/2020	150 hours	175 hours	176 hours
1/1/2021 - 12/31/2021	150 hours	175 hours	159 hours

Source: FDIC Performance Evaluation, Strategic Plan, and Internal Bank Reporting

## VI. CRA Strategic Plan and Measurable Goals 2023-2025

After careful consideration and evaluation of its unique business model, the Bank has elected to continue to operate under a Strategic Plan (“Plan”) for purposes of assessing its CRA performance record to satisfactorily fulfill its CRA obligations. The Plan is an alternative to being examined under the Large Bank test which compares the Bank’s performance to other financial institutions and aggregate lender performance. The Plan option affords the Bank the flexibility in choosing how to demonstrate its CRA performance and how to have that performance measured by the OCC. The Plan must have measurable goals and focus on addressing the needs of low and moderate-income populations and the communities in which they live. Banks meet these needs through investments, grants, and services, as appropriate. Although a Plan should generally emphasize lending goals, the rule allows institutions the flexibility to choose a different emphasis, as necessary, given their business strategy and the needs of their community. A Plan must contain goals that, if met, would constitute Satisfactory performance.

The Bank has been operating under a Plan since July 2016 and was regulated by the Federal Deposit Insurance Corporation (FDIC). The Bank’s AA was based on the Wilmington, Delaware headquarters location. In 2022 the Bank changed its primary regulator from the FDIC to the OCC and will be changing its headquarters location to Sioux Falls, SD in January 2023. This proposed plan with a new AA of Sioux Falls, SD will be a 36-month plan period and will have an effective date of January 1, 2023, and run through December 31, 2025 and will focus on community development lending, investment, and CRA-qualified contributions within in the AA and BSRA as detailed below.

For CD Loans/ Investments the Bank will also use a Broader Statewide or Regional Area (BSRA). The BSRA for the Bank was determined by including states in the same Region as South Dakota (West North Central region). The

BSRA includes the following states: South Dakota, Iowa, Minnesota, Nebraska, North Dakota, Kansas, and Missouri. Given the competition for limited opportunities in the AA, having a CD Investments/Loans goal in the BSRA will provide the bank with more opportunities to meet the needs of LMI individuals and small businesses. Additionally, the Sioux Falls South Dakota market is a central hub for financial services. The technical assessment area established by CRA regulations is limited and well served by the institutions in this hub. The need to for reinvestment in the market extends outside of the 4-county region in the AA. The BSRA allow for the Bancorp to makes loans, investments, and grants in a broader region where the need is greater in the spirit of the regulation.

The Bancorp's Community Reinvestment Act strategy is deliberate in its efforts to provide products to meet the credit needs of both the LMI and small business clientele within the AA described above. The Bank's collective efforts within this geography are intended to be developed in these ways:

#### A. Community Development Lending and Investment

The Bank understands that CRA-related loans and investments provide support for efforts to meet the needs of underserved communities. CD loans and investments provide a host of economic and social benefits to LMI and minority populations across the Bank's footprint. CD loans often serve as the primary financial catalysts in spurring community economic development activities that support affordable housing for LMI individuals. CD loans also provide the desired community building effects of neighborhood revitalization and stabilization in LMI and MM geographies by attracting new or retaining existing businesses and residents.

The Bank will focus its efforts on providing community development capital and promoting economic development by developing relationships in the community and with national brokers who represent investment types including:

- **Affordable Housing** – investing in bonds that include loans to LMI individuals and specifically investments that serve low-income individuals and those located in LMI geographies, as these areas have the greatest need in the AA.
- **Essential Community Facilities** – investments in facilities (e.g., school, library, park, healthcare, etc.) that serve LMI individuals and families or LMI geographies.
- **Essential Infrastructure** – investments in essential infrastructure (e.g., public roads, bridges, water supply, sewage treatment facilities, etc.) that serve LMI individuals and families.
- **Community Support Services** - investments in activities, such as childcare, education, workforce development, health / housing services, and job training programs that serve LMI individuals.
- **Economic Development** – investments in small businesses (e.g., Community Development Financial Institutions (CDFI), Community Development Entity, etc.) for the primary purposes of job creation / job retention of LMI individuals.
- **Investment in Small Business Investment Company's' (SBIC)** – SBICs are privately owned investment companies which are licensed and regulated by the SBA. SBICs provide long-term loans and/or venture capital to small firms (nationwide) mirroring our lending and deposit taking footprint.
- **Investment in Minority Bank CD's** – Minority depository institutions (MDIs) play a vital role in the U.S. economy by providing responsive banking services to those who might not otherwise have access to a financial institution on a national scale.

- **Revitalization Projects** – investments in Federal, State, Local, or Tribal government programs, projects, or initiatives that serve LMI individuals / families or revitalize LMI geographies, designated disaster areas, or Native / Tribal lands.

Community-based investment is a large component of the Plan goals. As investments are sought, there should be consideration given the level of risk undertaken by the Bank. CRA investments need not incur undue risk to the bank. These investments should be focused on CRA-qualified, Community Development criteria. New investments will be of a diverse nature and, where appropriate, take advantage of programs such as LIHTC, Historic Tax Credits (HTCs) and Opportunity Zones. These types of investments may offer favorable corporate tax treatment while supporting growth in affordable housing and small business expansion. Mortgage-Backed Securities (MBS) and government agency bonds will be coupled with these more innovative products. Over the course of the three year plan the Bank will develop additional outreach and community engagement capabilities to identify potential direct lending and investment opportunities within the assessment area.

**1. Tier I Goal – Community Development Loans and Investments in the AA**

The goals reflect a thorough analysis of the needs and opportunities in the Bank’s AA, the Bank’s business model, strategy, and the CRA performance of peer banks.

The Bank will make a dollar amount of new qualified community development loans and investments within the AA annually. The Bank will continue to pursue CD Investment opportunities at the local level by building relationships in the community, which will assist the bank in gaining access to these highly sought-after investments.

2023 – 2025 CRA Strategic Plan Annual Goals			
CRA Metrics		1/1/2023-12/31/2025	
		Satisfactory	Outstanding
CD Lending & Investments in the AA	2023	\$4,000,000	\$5,000,000
	2024	\$4,000,000	\$5,000,000
	2025	\$5,000,000	\$6,000,000

**2. Tier II Goal – Community Development Loans & Investments in the Broader State Regional Area**

The Bank will ensure that a percentage (as established in the table below) of tier 1 capital based on the first day of the applicable calendar is invested in qualified community development Loans and Investments in the BSRA. Due to competition and limited opportunities in the AA the bank has included a secondary CD Investments / Loans goal (Tier II). This goal is based on CD activities in the Bank’s BSRA (West North Central region), which includes South Dakota, Iowa, Minnesota, Nebraska, North Dakota, Kansas, and Missouri. The goals below reflect a thorough analysis of the bank’s business model, strategy, past CRA performance, and the CRA performance of peer banks. If the Bank exceeds its Tier I (AA) CD Investments / Lending goal for Outstanding performance in a particular year, the excess dollar amount will roll into the Tier II (BSRA) actual performance. This will encourage the Bank to continue its pursuit of CD activities in the AA, even after it has achieved an Outstanding rating. The

goals are scalable and will adjust based on the Tier One Capital at the end of each calendar year. This will ensure that the Bank’s goals are aligned with the size of the bank. A substantial emphasis has been placed on the CD Loans and Investments goal as the Bancorp’s lending footprint does not align with its geographic headquarters (Headquarters of our Fintech Solutions and an Operations Center). The generation of a material amount of qualified loans directly in the AA is not able to be supported. The AA established by CRA regulations is limited and well served by the institutions in this hub. The need to for reinvestment in the market extends outside of the 4-county region in the AA. The BSRA allow for the Bancorp to make material loans, investments, and grants in a broader region where the need is greater, and the concentration of financial institutions is less. The Bank is utilizing a year over year percentage increase approach towards investing a growing percentage of assets into CRA qualified loans and investment. The Bank, as of 9/30/2022 has approximately \$776m in Tier 1 Capital. That equates to approximately \$85m – \$101m of lending and investment held on the balance sheet in year 1, \$101m-\$108m in year 2, and \$116m - \$132m in year 3. These numbers are conservative and assume no growth in Tier 1 capital over the life of the plan.

2023 – 2025 CRA Strategic Plan Annual Goals			
CRA Metrics		<u>1/1/2023-12/31/2025</u>	
		Satisfactory	Outstanding
CD Lending & Investments – % Tier I Capital	2023	11%	13%
	2024	13%	14%
	2025	15%	17%

Qualified Investments for the Tier 1 and Tier 2 CD Lending and Investment goal can include:

- **Affordable Housing** – investing in bonds that include loans to LMI individuals and specifically investments that serve low-income individuals and those located in LMI geographies, as these areas have the greatest need in the AA.
- **Essential Community Facilities** – investments in facilities (e.g., school, library, park, healthcare, etc.) that serve LMI individuals and families or LMI geographies.
- **Essential Infrastructure** – investments in essential infrastructure (e.g., public roads, bridges, water supply, sewage treatment facilities, etc.) that serve LMI individuals and families.
- **Community Support Services** - investments in activities, such as childcare, education, workforce development, health / housing services, and job training programs that serve LMI individuals.
- **Economic Development** – investments in small businesses (e.g., Community Development Financial Institutions (CDFI), Community Development Entity, etc.) for the primary purposes of job creation / job retention of LMI individuals
- **Investment in Small Business Investment Company’s’ (SBIC)** – SBICs are privately owned investment companies which are licensed and regulated by the SBA. SBICs provide long-term loans and/or venture capital to small firms (nationwide).
- **Investment in Minority Bank CD’s** – Minority depository institutions (MDIs) play a vital role in the U.S. economy by providing responsive banking services to those who might not otherwise have access to a financial institution (nationwide).

- **Revitalization Projects** – investments in Federal, State, Local, or Tribal government programs, projects, or initiatives that serve LMI individuals / families or revitalize LMI geographies, designated disaster areas, or Native / Tribal lands.

**B. CD Grants and Donation Goals and Measurement Standards 2023-2025**

The current economic environment has required many government agencies, financial intermediaries, and non-profit, community-based organizations to depend on private investment funds and charitable contributions. Execution of critical programming within the communities served by the Bank, particularly those of low and moderate-income individuals, is of the utmost importance. Therefore, the Bank’s strategy is to develop meaningful relationships with groups throughout the AA to support programs in need through targeted grant-making. The target is for these funds to promote financial education, affordable housing, and community development.

**1. Tier I Goal – Community Development Donations within AA**

2023 – 2025 CRA Strategic Plan Annual Goals			
CRA Metrics		1/1/2023-12/31/2025	
		Satisfactory	Outstanding
CD Grants	2023	\$160,000	\$180,000
	2024	\$180,000	\$200,000
	2025	\$200,000	\$220,000

Additionally, the Bank understands the intent of the Community Reinvestment Act and recognizes that there is a broader need for grant and donation dollars, especially in more rural areas outside of the AA. While the Sioux Falls based assessment area has a robust financial institution presence, South Dakota and the broader BSRA remains substantially rural. By expanding the area where grants and donations are provided, the Bank can make a more meaningful impact in the communities in our region. Therefore, the Bank’s strategy is to develop meaningful relationships with groups throughout the BSRA to support programs in need through targeted grant-making. The target is for these funds to promote financial education, affordable housing, and community development.

**3. Tier II Goal – Community Development Donations within BSRA**

2023 – 2025 CRA Strategic Plan Annual Goals		
CRA Metrics		1/1/2023-12/31/2025



CD Grants		Satisfactory	Outstanding
	2023	\$40,000	\$50,000
	2024	\$40,000	\$50,000
	2025	\$40,000	\$50,000

### C. CD Service Hour Goals and Measurement Standards

The Bank has established a goal of increased Bank participation in providing technical expertise to non-profit, community-based organizations within its AA. As of June 30, 2022, there were 156 full time equivalent (FTE) Sioux Falls, SD or remote employees working in the communities within the Bank’s AA who are committed to supporting the outreach and volunteer activities set forth in the Plan. As evidenced by the Service and Grants goal performance under its existing Plan, the Bank is committed to providing volunteer service to organizations within its AA that provide financial literacy, community development, and revitalization and stabilization efforts, particularly to low and moderate-income individuals (see Table 11 section V(j)). While there are many types of CD service activities that may be considered, such service must meet the CRA definition of CD service and must benefit the Bank’s AA or a broader statewide or regional area that includes the Bank’s AA. A CD service includes: activities that has as its primary purpose community development<sup>5</sup>; and is related to the provision of financial services.

The Bank will use an hours-based model to align with peer measurement standards. Using a measurement system that places value on the time spent engaging with the community and LMI populations encourages volunteers to embrace the spirit of CRA service. The Bank promotes community engagement on its social media outlets and continues to encourage employee resource groups to take part in all available activities. The goal was established as a ratio relative to total employment. As the total headcount in the office grows, the number of volunteer hours grows as a proportion. The Bank is in the process of building out a new headquarters that will allow total staffing in the AA to increase over the life of the plan. This will result in total hours of community service growing along with staff levels.

#### Tier I Goal – Community Development Service within the AA

2023 – 2025 CRA Strategic Plan Annual Goals			
CRA Metrics		<u>1/1/2023-12/31/2025</u>	
		Satisfactory	Outstanding
CD Service – Hour per Employee*	2023	1hr/employee	1.25hr/employee
	2024	1hr/employee	1.25hr/employee

<sup>5</sup> Examples include serving on the Board of Directors of an affordable housing organization; providing homebuyer seminars for low- or moderate-income individuals; providing loan-related technical assistance to small business borrowers; or establishing school savings programs for low- or moderate-income families.

	2025	1hr/employee	1.25hr/employee
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\*The goal will be based on the number of employees in the Bank’s Sioux Falls office at the end of the prior calendar year (e.g. 2023 goal based on FTEs as of 12-31-2022)

## VII. Other Strategic Provisions

### Effective Date of the Strategic Plan

The Bank anticipates that it will receive OCC approval for this Plan during 4Q 2022. Assuming approval is received, the Bank intends the effective date of this Strategic Plan to begin on January 1, 2023, and to continue through a three (3) year period, until December 31, 2025. The Bank believes this three-year Plan will allow for longer-term strategy and reflect a Plan period more commensurate with peers.

### Plan Oversight

The Bank’s Board of Directors and CRA Committee have set a goal of meeting or exceeding the Satisfactory performance goals outlined in review period covered by the Bank’s 2020 and 2021 Plans. Furthermore, the Board and Committee believe that meeting these goals will enable the Bank to further meet the credit needs of the AA in a tactical way.

The Bank’s Board of Directors, CRA Committee, Chief Compliance Officer and CRA Officer will oversee the Bank’s progress in meeting Plan objectives through ongoing reporting.

### Plan Changes

The Bank will request OCC approval to modify or amend the Plan if there is a material change in the underlying assumptions of the Plan or operations of the Bank, and such changes would make the Plan no longer viable or appropriate. In any event, the Bank will administer the modified or amended Plan in accordance with the OCC regulatory requirements, timeframes and guidelines for approval of a Plan. Any proposed changes to this Plan will follow the appropriate procedures for approval and notification.

### Ongoing Review of Performance Goals and Measurement Standards

The Bank recognizes that the goals outlined in this Plan are based on projections related to the Bank’s business model, legal and regulatory assumptions affecting the banking industry, as well as general economic conditions. As the projections, assumptions and economic conditions used in the Plan are subject to change, the Bank’s CRA Officer and Board of Directors will monitor the Bank’s performance in relation to the goals of this Plan on a quarterly basis. Should modifications to this Plan, as a result of the Bank’s quarterly reviews be required, all such changes will be made in accordance with the OCC requirements, guidelines, and approval process. Adjustments are expected to be made if there are material changes in the Bank’s business plan which render the goals of this Plan no longer viable or appropriate.

### Election of Alternative Performance Evaluation

The Bank intends and expects to meet or exceed all goals established in this Plan, however, the Bank may elect to be evaluated under the Large Bank Performance Test as an alternate assessment method if the Bank fails to receive a Satisfactory rating under this Plan.

## VIII. Public Comment

### **Notice Regarding Public Inspection of the Plan**

The Bank solicited comments from the community prior to submitting the Plan for OCC approval by posting and publishing a notice in the *Argus Leader* on Thursday, September 1, 2022, which alerted the community and the public to the creation of the Plan and solicited community comments, suggestions and feedback. See below for a copy of the Bank's notice:

### **Proposed CRA Strategic Plan**

The Bancorp Bank ("Bank") provides Notice that it has developed a proposed Strategic Plan to meet the Bank's responsibilities under the Community Reinvestment Act for a three-year period from January 1, 2023 through December 31, 2025. Public comment on the Bank's proposed Plan is welcomed and solicited. A copy of the Plan may be reviewed or obtained at no cost at the Bank's office at 6100 S. Old Village Place, Sioux Falls, SD 57108 during regular weekday business hours. Suggestions or comments regarding the Plan may be submitted in writing to Kaitlin Wallace, AVP, Compliance Exam and Audit Manager, at 409 Silverside Road, Suite 105, Wilmington, DE 19809, or by calling 302-385-5289. The Bank will make available to the public copies of the Strategic Plan document at its Sioux Falls, SD office to review or submit comments during regular business hours from September 1 through September 30, 2022. The Bank will review all comments and incorporate suggestions to the Strategic Plan at its discretion. Comments and suggestions will be accepted until September 30, 2022.

The 30-day public comment period closed on September 30. The Bank received no public comment on this proposed Strategic Plan.

## IX. Request For Approval

### **Regulatory Criteria for Approval**

The Bank submits that it has fulfilled all of the regulatory requirements for CRA strategic plans, including those governing development of the plan, public participation in the plan, and the plan's measurable goals. The Bank's measurable goals met the requirements of the CRA performance context (12 C.F.R. § 25.21(b)(1) – (7)).

### **Request for Approval of The Bancorp CRA Strategic Plan 2023-2025**

For the reasons described above, The Bancorp respectfully requests OCC approval of the 2023-2025 CRA Strategic Plan with a proposed effective date of January 1, 2023.

Questions regarding this Strategic Plan may be directed to the following:

Randall Baugh  
Managing Director, Head of Compliance  
409 Silverside Road, Suite 105, Wilmington, DE 19809  
302-385-5241

Kaitlin Wallace  
AVP, Compliance Exam and Audit Manager  
409 Silverside Road, Suite 105, Wilmington, DE 19809  
302-385-5289