PUBLIC DISCLOSURE

February 4, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Wells Fargo Financial National Bank
Charter Number: 21099
4455 Spring Mountain Road
Las Vegas, NV 89102-8719

Office of the Comptroller of the Currency

Large Bank Supervision
Constitution Center
400 7th Street, SW
Washington, DC 20219-0001

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

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Overall CRA Rating

Institution's CRA Rating: This institution is rated Satisfactory.

The major factors that support this rating include:

- The institution demonstrates adequate level of community development (CD) loans, CD services, and qualified investment activity.

- The institution demonstrates no use of innovative and/or complex qualified investments, CD loans, or CD services.

- The institution exhibits adequate responsiveness to credit and CD needs in its assessment area.

Description of Institution

Wells Fargo Financial National Bank (WFFNB), headquartered in Las Vegas, Nevada, is a wholly-owned subsidiary of Wells Fargo and Company (WFC) headquartered in San Francisco, California. WFC is a diversified financial services company with $1.9 trillion in assets. Based on asset size, WFC is the third largest bank holding company in the United States. Primarily through Wells Fargo Bank, N.A. (WFBNA) (Charter #1), also a wholly-owned subsidiary, WFC provides a broad spectrum of financial products and services to consumers and businesses centered in retail and business banking, mortgage banking, trust services, and investment management. WFBNA is a full-service bank with over 5,600 branches and 13,500 ATMs, and is the largest mortgage lender and servicer in the U.S. WFBNA, through its Wells Fargo Home Mortgage division, provides mortgage services to all 50 states through more than 718 mortgage stores, the WFBNA branch network, and the Internet.

For the majority of the evaluation period, WFFNB operated as a limited purpose institution. WFFNB's business strategy and primary focus was to provide both private label and dual-line (a private label card with VISA privileges) credit card programs on behalf of retail merchants in various industries.

Within Las Vegas, WFFNB had approximately 27 employees whose main responsibilities are in credit card account origination and credit limit increase decisions. WFFNB's nationwide business model resulted in very limited business exposure to the local community.

On November 2, 2017, WFFNB requested approval from the OCC to change the operations of the bank. The OCC granted approval and on March 31, 2018, WFFNB sold its private label operations and credit card loans to WFBNA. All employees of WFFNB were transferred to WFBNA in connection with the transfer of the private-label credit card business. Currently, WFFNB has no employees. WFFNB's business is conducted primarily by employees of WFC.

As a result of the change in operations and transfer of assets, the bank was designated a special purpose institution as defined in 12 CFR 25.11(c)(3) and no longer covered by the CRA.

Funding sources for the bank during the evaluation period were from its affiliate, WFC. As of March 31, 2018, WFFNB had total assets of $9 billion and tier 1 capital of $1.1 billion.

There are no known legal or financial factors that impede WFFNB's ability to help meet the credit and CD needs of its assessment area (AA).

WFFNB was rated "Satisfactory" at the previous CRA evaluation dated December 31, 2013.

Table 1: Financial Information (000s)

	Year-end 2014	Year-end 2015	Year-end 2016	Year-end 2017	Most Recent Quarter-end 03/31/2018	Average for Evaluation Period
Tier 1 Capital	$977,701	$925,105	$905,494	$1,058,085	$1,119,844	$997,246
Total Income	$739,290	$826,135	$835,992	$982,727	$423,863*	$761,601
Net Operating Income	$405,144	$427,295	$376,308	$649,303	$308,632*	$433,336
Total Assets	$6,541,389	$7,886,394	$9,138,137	$9,289,511	$9,058,146	$8,382,715

Source: Consolidated Report of Condition and Income and bank reported data. *Annualized data reported.

Scope of the Examination

Evaluation Period/Products Evaluated

In evaluating the bank's performance under the CRA, we reviewed CD activities from January 1, 2014 through March 31, 2018. The analysis considered the level and nature of qualified investments, CD lending, and CD services. At the bank's request, CD lending provided by its affiliate, WFBNA was also considered.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. §25.28(c) or §195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any assessment area by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Bureau of Consumer Financial Protection, as applicable.

The OCC identified the following **public** information regarding non-compliance with the statutes and regulations prohibiting discriminatory or other illegal credit practices with respect to this institution and affiliates:

- Evidence of unfair acts or practices, in violation of Section 5 of the Federal Trade Commission Act, 15 U.S.C. §45(a)(1). On April 20, 2018, WFBNA signed consent orders with the OCC and CFPB and agreed to pay $1 billion in civil money penalties to the agencies. As a result of the bank's mortgage interest rate lock extension (IRL) fee practices, customers were improperly charged mortgage interest rate extension fees when the bank should have borne those costs for mortgage loans that originated between September 2013 through March 2017. The bank's mortgage interest rate lock extension fee practices constituted unfair acts or practices in or affecting commerce in violation of the unfair acts or practices provision of Section 5 of the Federal Trade Commission Act, 15 U.S.C. § 45(a)(1), and were unsafe or unsound. Customer harm (the nature of the evidence) was material from a customer and monetary standpoint with the bank reimbursing approximately 111,000 borrowers to date totaling $100.8 million. WFBNA reimbursed any borrower, who paid a fee during the period and responded to the bank's notification of potential harm letters and reimbursed the borrower. The bank is assessing potential borrower harm pre-May 2012 to 2010 period. Bank management has committed to reimbursing any subsequently identified borrowers, similarly. Management has taken appropriate corrective actions to strengthen home lending compliance management including IRL control processes and audit oversight to prevent future violations of this nature. For further information, refer to the OCC's April 20, 2018 Compliance Consent Order AA-EC-2018-15.

- WFBNA violated UDAAP (12 USC 5531(c)(l) and 5536(a)(l)(B)). Certain employees in Texas knowingly arranged with loan closing agents to overcharge customers the difference between the amounts estimated on the good faith estimates (GFEs) and the actual closing costs. This violation involved customers who refinanced their previous home loans to improve the rate and term. The practice occurred from January 2009 through May 2013, a 53-month period. The practice, which was isolated to the state of Texas, affected approximately 27,300 accounts. The average amount overcharged was approximately $30 per loan. The total accounts affected during the CRA evaluation period (January 2012 through May 2013) is approximately 8,700 accounts. This practice was self-disclosed by the bank via an internal whistleblower reported incident. The bank remediated each customer affected by this unfair and deceptive practice in the amount of $50 for a total of $1.4 million. Management strengthened controls over this process by limiting the number of mortgage loan officers authorized to originate these loans, establishing a pre-closing second-level review of all such loans, and implementing post-funding quality assurance transactional testing.

The OCC does not have additional public information regarding non-compliance with statutes and regulations prohibiting discriminatory or other illegal credit practices with respect to this institution. In determining this institution's overall CRA rating, the **OCC has considered information that was made available to the OCC on a confidential basis** during the evaluation period.

The CRA performance rating was not lowered as a result of these findings. We considered the nature, extent, and strength of the evidence of the practices; the extent to which the institution had policies and procedures in place to prevent the practices; and the extent to which the institution has taken or has committed to take corrective action, including voluntary corrective action resulting from self-assessment; and other relevant information.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

State Rating

State of Nevada

CRA Rating for Nevada: Satisfactory

The major factors that support this rating include:

- WFFNB demonstrates adequate level of qualified investments, CD lending, and CD services in the state of Nevada.
- WFFNB demonstrates no use of innovative and/or complex qualified investments, CD loans, or CD services in the state of Nevada.
- The bank exhibits adequate responsiveness to credit and CD needs in the state of Nevada.

Description of Assessment Area

WFFNB's delineated AA is the Las Vegas-Henderson-Paradise Metropolitan Statistical Area (MSA) (Las Vegas MSA or AA). The AA meets legal requirements and does not arbitrarily exclude low- or moderate-income (LMI) geographies. The AA consists only of Clark County, the southernmost county in Nevada. It borders California and Nye County to the west and south and Arizona to the southeast. The city of Las Vegas is the county seat. Other major cities in the AA include Henderson, North Las Vegas, Boulder City, and Mesquite. Three Native American Tribes are located in Clark County. Approximately 90 percent of the MSA is owned by the Federal Government and managed by six different agencies. Most of Clark County is in the Mojave Desert.

According to the 2015 U.S. Census Data, the median family income (MFI) is $59,993, while the 2018 updated MFI is $64,800 as determined by the U.S. Department of Housing and Urban Development. The MSA's population is approximately 2.2 million.

The area has sustained employment growth in the leisure and hospitality, government, construction, education and health, manufacturing, and trade and transportation industries. Major industries in the Las Vegas Valley include gaming, tourism, warehouse distribution, and logistics. The largest employers include the MGM Resorts International, Caesars Entertainment Corp, Station Casinos LLC, Wynn Resorts, Boyd Gaming Corp, Las Vegas Sands Corp., Walmart Stores, Cosmopolitan of Las Vegas, The Valley Health System, St. Rose Dominican Hospitals, and Clark County School District.

There is strong competition among financial institutions to provide financial services in the Las Vegas MSA. Further, 17 financial institutions have two or more branches in the AA and compete for the available CD opportunities. Several of these are large regional or national institutions such as Bank of America, N.A., Western Alliance Bank, JPMorgan Chase Bank, N.A., U.S. Bank N.A., ZB, NA (Zions), Citibank, N.A., City National Bank, Meadows Bank, Mutual of Omaha Bank, Bank of the West, and Washington Federal. In addition, WFFNB operates in the same AA as its affiliate WFBNA.

Table 2a: Nevada Assessment Area Description 2013 through 2016

	Number	Low	Moderate	Middle	Upper
Tracts	487	6%	23%	41%	30%
Families	457,592	20%*	18%*	22%*	40%*
Businesses	94,127***	5%**	21%**	42%**	32%**

Source: Demographic Data 2006-2010 American Community Survey, Dun & Bradstreet Data. *Represents families by income level. **Represents businesses by income level of census tract. *** Non-Farm Businesses

Table 2b: Nevada Assessment Area Description 2017 through 2018

	Number	Low	Moderate	Middle	Upper
Tracts	487	6%	26%	37%	31%
Families	465,442	21%*	18%*	21%*	40%*
Businesses* **	106,481****	4%**	22%**	38%**	35%**

Source: Demographic Data 2011-2015 American Community Survey, Dun & Bradstreet Data. *Represents families by income level. **Represents businesses by income level of census tract. *** Do not add to 100% due to rounding **** Non-Farm Businesses

Community Contact information for this MSA and information from the OCC Community Affairs office, as well as information provided by the bank identified CD needs within the Las Vegas MSA as affordable housing, financial education, work force development, and assistance to small business. Community contacts conducted by the OCC Community Affairs Officer reaffirmed that the infrastructure for CD activities is not well developed in this MSA and opportunities are limited by this factor.

Affordable housing has been identified as a need in the Las Vegas MSA. The Nevada Housing Division confirms that there is a need for 157,355 affordable housing units in Clark County of which there are only 31,870 units available. The National Low Income Housing Coalition reports that Las Vegas has the largest shortage of affordable rental units in the nation with only 10 affordable rental units available for every 100 households classified as “extremely low income”. The national average is 35. According to the 2018 Prosperity Now Scorecard for the Las Vegas Metro area, over 50 percent of renters are cost-burdened (they spend 30 percent or more of household income on rent and utilities).

Financial education in general has been identified as a need in the Las Vegas MSA. The 2018 Kids Count Data Book ranks Nevada 49 out of 50 for its overall education outcomes. Nevada continues to be one of the worst states in the country for financial security. Just over 43 percent of Nevada households and 41 percent of Las Vegas households have less than three months’ savings (at the poverty rate).

Workforce Development and Job Readiness have also been identified as a need in the Las Vegas MSA. Employment plays an integral role in the sustainability of the Southern Nevada economy, and a qualified workforce that meets the needs of existing and emerging industries will be critical to filling those new jobs. There is a sizable gap between the jobs that are available and the qualifications needed. Clark County falls behind the national average in adult educational attainment. United Way of Southern Nevada reports that 54 percent of the jobs in Nevada require a post-secondary degree but only 30 percent of Nevada and Clark County residents hold a post-secondary degree.

Small Business Assistance has also been identified as a need in the Las Vegas MSA. Small business development and support is viewed as critical to sustaining the economic health of the Las Vegas MSA. According to the SBA, there are 238,162 small businesses in Nevada representing 99.1 percent of all businesses and 41.3 percent of employees. The Nevada SBA, Accion (Community Development Financial Institution), Nevada Small Business Development Corporation and the Urban Chamber of Commerce all report that access to capital is a key concern for small businesses, in particular, minority-owned businesses. Accion indicates that in addition to the challenges of accessing credit from mainstream financial institutions, small businesses are falling into online predatory lending traps. Other challenges to accessing capital are the personal credit situation of the business owner, time in business, cash flow and lack of collateral.

Conclusions About Performance

Summary

- WFFNB made adequate level of qualified investments, CD loans, and CD services in its AA in relation to its capacity, credit needs, and opportunities in the AA. Although retail services are not offered by the bank and commercial activity is limited, the bank, in partnership with its affiliate, WFBNA, has been involved in CD activities in the AA. During the evaluation period, WFFNB made over $80 million in qualified investments and CD loans in the AA. WFFNB also has almost $17 million in investments from prior periods. In addition, employees provided 24 CD services totaling 132 hours that included financial education to LMI elementary and high school children as well as participation on the board of a CD qualified organization.

- WFFNB did not use innovative and/or complex qualified investments, CD loans, or CD services during this evaluation period. All of the investments were qualified mortgage backed bonds purchased by the bank. Limited CD infrastructure and competition from other banks have constrained opportunities to engage in innovative and/or complex activities in the AA.

- The majority of WFFNB’s CD activities target affordable housing, financial literacy, and revitalization/stabilization and are responsive to the needs of the community. The CD loans and CD services were particularly responsive to specific needs identified within the AA for financial literacy and affordable housing.

Qualified Investments

Table 3: Qualified Investment Activity (000s)

	Benefits AA**
Originated Investments	$45,230
Originated Grants	$130
Prior-Period Investments that Remain Outstanding	$16,969
Total Qualified Investments	$62,329
Unfunded Commitments*	$0.00

* "Unfunded Commitments" means legally binding investment commitments that are tracked and recorded by the bank's financial reporting system. ** Investments included in the Benefits AA column are located in the AA or in the broader statewide or regional area that includes the AA.

Table 4: Qualified Investment Percentages

	Benefits AA (%)*
Total Investments/Average Tier 1 Capital	6.25%
Total Investments/Average Total Income	8.18%

* Investments included in the Benefits AA column are located in the AA or in the broader statewide or regional area that includes the AA.

During the evaluation period, WFFNB made 23 investments totaling $45 million and 14 grants totaling $130,000. There are 16 prior period investments totaling $17 million were also considered in the evaluation. All current and prior period investments were in the form of bonds secured by mortgages to LMI borrowers within the AA, and as such were not considered innovative or complex.

All CD investments supported affordable housing to AA borrowers in the AA. The majority of the CD grants also provided support to organizations that offer community services or facilitate affordable housing to AA clients within the AA.

CD Lending

Table 5: CD Lending Percentages

	Benefits AA (%)*
Total CD Lending/Average Tier 1 Capital	1.82%
Total CD Lending/Average Total Income	2.39%

* CD loans included in the Benefits AA column are located in the AA or in the broader statewide or regional area that includes the AA.

During the evaluation period, WFFNB extended five loans totaling $18 million.

One loan finances a multifamily housing development located in a moderate-income census tract in the AA. The development consists of 44 one-bedroom units and 154 two-bedroom units affordable to tenants earning between 42.6 and 68.8 percent of the 2015 area median family income of $59,200.

Three other loans provided working capital lines to a nonprofit organization that provides job training, employment placement services, and other community-based programs for LMI individuals.

CD Services

WFFNB team members completed 24 service activities for a total of 132 hours during the exam period. The majority of the service activities consisted of presentations of the Bank's Hands on Banking financial education seminar to elementary and high school students, often provided in conjunction with Junior Achievement, where more than 50 percent of the students qualify for free or reduced rate lunches. A WFFNB team member provided six hours of service as a member of the board of directors for a nonprofit organization that coordinates volunteers to preserve affordable homeownership by repairing the homes of low-income elderly and disabled individuals.

Appendix A: State Rating Summary

RATINGS Wells Fargo Financial National Bank	
Overall Bank:	Overall Bank Rating
Wells Fargo Financial National Bank	Satisfactory
State Name	State Rating
Nevada	Satisfactory

Appendix A: Definitions and Common Abbreviations

The following terms and abbreviations may be used in this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending (Aggt.): The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the assessment area.

Census Tract (CT): A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, Census tracts ideally contain about 4,000 people and 1,600 housing units.

Combined Statistical Area (CSA): A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

Community Development (CD): Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of $1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

Community Reinvestment Act (CRA): the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

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

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

Full-Scope Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

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

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

Home Mortgage Loans: A closed-end mortgage loan or an open-end line of credit as these terms are defined under §1003.2 of this title, and that is not an excluded transaction under §1003.3(c)(1) through (10) and (13) of this title.

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

Limited-Scope Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-Income Individual: Individual income that is less than 50 percent of the area median income.

Low Income Geography: A census tract with a median family income that is less than 50 percent.

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

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. The median is the point at which half of the families have income above, and half below, a range of incomes. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above, and half below, a range of incomes.

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area: An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

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

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

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

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

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

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

Small Loan(s) to Business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) instructions. These loans have original amounts of $1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

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

Tier 1 Capital: The total of common shareholders’ equity, perpetual preferred shareholders’ equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

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