Office of the
Comptroller of the Currency
Washington, DC 20219

LARGE BANK

PUBLIC DISCLOSURE

February 4, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Wells Fargo Bank, National Association
Charter Number: 1

101 North Phillips Avenue
Sioux Falls, South Dakota 57104

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, and should not 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 **Outstanding**

The following table indicates the performance level of Wells Fargo Bank, National Association (WFBNA) with respect to the Lending, Investment, and Service Tests:

	WFBNA Performance Tests		
Performance Levels	Lending Test*	Investment Test	Service Test
Outstanding	X		
High Satisfactory		X	X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.

The major factors that support this rating include:

Lending Test

- WFBNA's lending levels reflect excellent responsiveness to the credit needs in the majority of assessment areas (AAs). In a majority of AAs, WFBNA's lending market share, as measured by its ranking or percentage, exceeds its ranking or percentage market share of deposits.
- WFBNA's geographic distribution and distribution by income of the borrower or revenue of the farm or business is good.
- The institution is a leader in making community development (CD) loans. WFBNA's volume and nature of CD lending has a significantly positive influence on the Lending Test performance. CD lending has a significantly positive influence on 23 of the 52 rating areas and a positive influence on 15 of the 52 rating areas.
- The institution makes significant use of innovative and/or flexible loan products to meet the AA's credit needs.

Investment Test

- WFBNA's performance, as measured primarily by volume of investments, is overall good. In 22 out of 52 of WFBNA's rating areas, the bank is a leader in providing CD Investments. In most rating areas, CD investments are good or adequate.

Service Test

- Retail delivery systems are accessible in a majority of the rating areas.
- In a majority of the rating areas, WFBNA provides banking services through a number of alternative delivery systems (ADS), including full-service ATMs, telephone, online banking, mobile banking, and a mobile payment platform.
- WFBNA's opening and closing of branches have not affected the accessibility of its delivery systems, particularly in low- and moderate-income (LMI) geographies and to LMI individuals.
- Overall, hours do not vary in a way that inconveniences portions of the AAs, particularly LMI geographies. Branch hours are reasonably consistent across the AAs and any differences were reasonably explained.
- In 13 of 52 rating areas including some of the largest rating areas, the bank is a leader in providing CD services. In most other rating areas, CD services are good or adequate.

Description of Institution

WFBNA is an interstate financial institution headquartered in Sioux Falls, South Dakota. WFBNA conducts business within 35 states and 17 Multistate Metropolitan Statistical Areas (MMSA) including 88 full-scope (FS) AAs and 128 limited-scope (LS) AAs. WFBNA is a wholly-owned subsidiary of Wells Fargo & Company (WFC) headquartered in San Francisco, California. WFC is a diversified financial services company providing banking, insurance, investments, mortgage loans, and consumer finance largely through WFBNA. Based on asset size, WFC is the third largest bank holding company in the United States.

As of December 31, 2018, WFBNA has total assets of $1.7 trillion, deposits of $1.5 trillion, and tier 1 capital base of $143 billion. Included in the deposits are approximately $59.6 billion held in foreign offices. WFBNA's net loans and leases were $914 billion, representing 54.6 percent of total assets. Approximately 50 percent of the bank's domestic loan portfolio is comprised of real estate loans, which are predominately loans secured by 1-4 family residential properties. Commercial and industrial loans comprise 21 percent of the domestic loan portfolio, loans to individuals for household, family, and personal purposes comprise 12 percent of the domestic loan portfolio, and miscellaneous other loans and leases comprise the remaining 18 percent. At the request of WFBNA and in accordance with provisions of the CRA, this evaluation considers affiliate activities. Refer to Appendix A for a complete list of subsidiaries, affiliates, and products considered.

WFBNA is a full-service bank with over 5,600 branches and over 13,500 ATMs. WFBNA is the largest mortgage lender and servicer in the U.S. The bank offers 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. The bank's business strategy focuses on retail and wholesale banking with an emphasis on mortgage, small business, and CD lending. The bank, 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.

There are no known legal, financial or other factors impeding the bank's ability to help meet the credit needs in its AAs.

WFBNA was rated "**Needs to Improve**" at the previous CRA evaluation dated September 30, 2012. In the 2012 Performance Evaluation (PE), the bank's overall performance under the Lending and Investment tests was rated Outstanding and under the Service test was rated High Satisfactory; however, the overall rating was lowered two rating levels from "Outstanding" to "Needs to Improve" due to numerous evidence of discriminatory or other illegal credit practices (DOICPs). The following DOICPs were considered and factored in the rating set out in the 2012 CRA PE:

- Fair Housing Act (FHA) and Equal Credit Opportunity Act (ECOA) violations regarding subprime mortgage loans.
- Unfair or Deceptive Acts and Practices (UDAP) violations regarding subprime loans.
- Unfair, Deceptive, or Abusive Acts and Practices (UDAAP) violations regarding Sales Practices.
- The Servicemembers Civil Relief Act (SCRA) violations for non-judicial foreclosures affecting service members.
- SCRA violations regarding motor vehicle loans.
- UDAP violations regarding debt cancellation products.
- UDAP violations regarding private student loans.

- Real Estate Settlement Procedures Act violations involving home mortgage transactions.
- FHA violations regarding home mortgage loans.
- FHA violations regarding real estate owned properties.

The above DOICPs which we considered in the 2012 CRA PE were not again considered in the current PE since no additional violations were discovered since the prior evaluation. Further actions taken or penalties issued by other regulatory enforcement entities since the issuance of the prior PE that were premised on conduct addressed in the above DOICP, but brought against a party other than the bank or citing violations other than a DOICP, were not considered in the current PE. Recent actions taken by the Department of Justice and Security Exchange Commission are premised on legal violations that are not typically included within the scope of DOICPs for purposes of CRA. Similarly, the OCC's recent action regarding the institution affiliated parties would not be included within the scope as it involved violations by individuals and not conduct by the bank. Refer to the 2012 CRA PE for additional details on the DOICP listed. Refer to the Discriminatory or Other Illegal Credit Practices Review section of this PE for details on other DOICPs considered during this CRA evaluation.

Scope of the Evaluation

Evaluation Period/Products Evaluated

The bank's CRA performance was evaluated using Large Institution CRA Examination Procedures. The evaluation considers home mortgage loan products reported under the Home Mortgage Disclosure Act (HMDA), small loans to businesses and small loans to farms, retail services, and qualified CD lending, investments, and services. Consumer loans do not represent a majority of the bank's CRA loan activity; therefore, this lending provided no material support for conclusions or ratings and is not presented. Loans reported pursuant to the HMDA and CRA data collection requirements for 2012-2018 were included in the review. The review included both loan originations and purchases. The evaluation period for the Lending Test is January 1, 2012 through December 31, 2018. The evaluation period for CD loans, investments, and services is January 1, 2013 through December 31, 2018. Please refer to Appendix A for information on the subsidiaries, affiliates, and products reviewed during this evaluation.

The evaluation period covers changes in demographics between the 2010 U.S. Census data and the 2015 American Community Survey (ACS) and requires data to be organized and analyzed based on the applicable census period. For the lending test, the bank's lending activity related to calendar years 2012-2016 was compared to the 2010 U.S. Census demographic data. The bank's lending activity for 2017-2018 was compared to the 2015 ACS. Refer to Appendix D for information regarding performance data for both evaluation periods: 2012-2016 and 2017-2018.

This evaluation relied on records provided by the bank, public loan and financial information, demographic data from the U.S. Census Bureau, Dun & Bradstreet (D&B), community contacts, and loan information reported under the HMDA and CRA. The scope of the evaluation is summarized in Appendix A, Summary of MMSA and State ratings is summarized in Appendix B, definitions and common abbreviations utilized in this evaluation are further defined in Appendix C, and Tables of Performance data are in Appendix D.

Data Integrity

Prior to the start of this evaluation, a statistical sample of HMDA and CRA loan files was selected and tested to determine the accuracy of the data. In addition, a sample of CD loans, investments, grants, and services were reviewed to ensure they met the regulatory definition for CD. OCC concluded that the HMDA and CRA loan data submitted by management could be relied upon for this evaluation. The bank strengthened its overall process for CD activities and a follow-up review concluded that CD loans, investments, grants, and services are reliable for this evaluation.

Selection of Areas for FS Review

WFBNA has defined 216 AAs within 35 states and 17 MMSAs. Each MMSA where the bank has offices received a FS review. In each state where the bank has an office, one or more AAs within that state was selected for a FS review. The FS AAs in each state represent a substantial majority of each state's lending and deposit activity. For purposes of this evaluation, bank delineated AAs located within the same metropolitan statistical area (MSA), MMSA, or combined statistical area (CSA) are combined and evaluated as a single AA. Similarly, bank delineated non-MSA AAs within the same state are combined and evaluated as a single area. These combined AAs may be evaluated as FS or LS.

Significant differences across portions of the combined non-MSA AAs, such as in demographics, economic conditions, competition, other performance context factors, or gaps in lending or CD activities, are described in the PE and considered when evaluating performance in the combined non-MSA area, if FS procedures are used. Similarly, narrative comments address performance at the MSA or MMSA level, even if the bank has defined two or more metropolitan divisions (MD) within the same MSA, or two or more MSAs within the same MMSA as separate AAs. Examiners may also present combined comments related to MSAs within a CSA. Refer to the "Scope" section under each State Rating section for details regarding how FS AAs were selected. Refer to appendix A, Scope of Examination, for a list of FS and LS AAs.

Ratings

The bank's overall rating is a blend of the state and MMSA ratings. State ratings are generally based on conclusions of the AA(s) in the state reviewed using FS evaluation procedures; however, LS AA ratings were also considered. For some of the states including Alaska, Florida, Idaho, Indiana, Minnesota, Montana, North Carolina, Ohio, South Carolina, Virginia, Wisconsin, and Wyoming, conclusions of LS AAs affected the rating either negatively or positively and are highlighted in the Conclusions for Areas Receiving LS Reviews section of each respective rated areas.

The State of California is the largest market in terms of lending at 21.8 percent, deposits at 20.3 percent, and branch distribution at 18.3 percent and accounts for the largest weight in the overall conclusions. Additionally, 12 other rated areas when combined with California represent the bank's most significant markets in terms of lending, deposits, and branch distribution. In order of significance, these rated areas are: Texas, Florida, New York MMSA, Washington MMSA, Georgia, Arizona, Philadelphia MMSA, Colorado, North Carolina, Minneapolis MMSA, Washington, and Virginia. These combined rated areas account for 76.3 percent of the bank's HMDA and CRA reportable loans during the evaluation period, 57.3 percent of the total allocated deposits, and 76.6 percent of the branch network.

The PE is presented in alphabetical order first by MMSA rated areas then by each state. MMSA and state ratings are based on performance in all applicable FS and LS bank AAs. Refer to the "Scope" section under each State and MMSA Rating section for details regarding how the areas were weighted in arriving at the respective ratings.

Description of Factors Considered Under Each Performance Test

Lending Test

Due to the changes in census data during the evaluation period, the bank's Lending Test performance was evaluated separately for 2012-2016 and 2017-2018. When arriving at overall conclusions, more weight was placed on the bank's lending performance in 2012-2016 than its performance in 2017-2018, as this was the time period of greatest significance to evaluate conclusions. The bank's lending in all AAs was evaluated. For the various loan products considered under the Lending Test, generally home mortgage loans received greater weighting than small loans to businesses in developing conclusions due to a higher volume of HMDA loans during the evaluation period. All home mortgage products (home purchase, home improvement, and home refinance) were reviewed with conclusions based on the aggregate of all home mortgage loans and consideration of performance context that is discussed in each applicable rating area section within the Lending Test. Small farm lending is not a primary product in any of the bank's AAs and the volume of small farm lending was minimal for most of the rated areas

which precludes any meaningful analysis and conclusions. Small farm lending was reviewed and analyzed for all rated areas; however, only four rated areas (Fargo MMSA, Illinois, North Dakota, and South Dakota) had sufficient volume that contributed to those respective state's overall ratings. In these markets, small farm lending accounts for approximately 10 to 15 percent of the overall lending and is presented in the analysis. Please refer to the Lending Test in these following rated areas concerning small loans to farms.

In rating areas where there was a significant difference in weighting, it is noted under the Scope of the Evaluation section. The loan distribution analyses compared HMDA loans and loans to small businesses and small farms to demographic and aggregate data under the applicable lending test components. Aggregate data illustrates how the bank is performing relative to other lenders in the AA and provides context as to the reasonableness of the bank's performance. All peer aggregate lending data used in the analysis is from 2012-2017. Aggregate lending data for 2018 was not available.

Throughout all rating areas, as data was available, equal emphasis was given to the geographic and borrower distribution components of the Lending Test. The analysis of the distribution of loans to geographies with different income levels was given greater consideration to the bank's performance in moderate-income geographies when there were a limited number of owner-occupied housing units or businesses in the low-income geographies. For borrower distribution, consideration was given to the impact that income and poverty levels, housing costs, and saving for a down payment have on limiting homeownership opportunities of LMI individuals and families. Additionally, consideration was given to the impact of home affordability on LMI borrowers in higher cost areas when comparing the distribution of WFBNA mortgage loans to the demographics. In these higher cost markets, it is difficult for many LMI borrowers to afford a home as the area's median housing value is typically too high for conventional mortgage loan qualification. As such, more emphasis was placed on the bank's lending results to LMI borrowers relative to the aggregate's performance rather than demographic data.

For AAs comprised of contiguous MSAs that are part of a CSA, the analysis of the bank's performance was conducted at the MSA level. If there were no anomalies at the MSA level, the bank's performance is presented for AAs at the CSA level. For each FS review, economic information is separately detailed for each MSA area within a CSA AA. For the Lending Test, the analysis included both the number and dollar volume of CRA lending. The analysis of lending emphasized the number of loans rather than dollar volume because it is a better indicator of the number of businesses, individuals, and farms served. Lending performance by dollar volume is noted when there are anomalies.

The analysis considered the number and dollar volume of CD loans with emphasis placed on those loans that were particularly innovative, complex, or responsive to the needs of the AA. CD lending in an AA influenced the Lending Test rating either positively, neutrally, or negatively, to the extent of opportunity, responsiveness, and performance context. In situations where the bank's CD lending positively influenced the rating, it is described in the conclusions for the rating area. The dollar amount of CD loans was compared to the tier 1 capital allocated to the AAs to gain a common perspective regarding the volume of CD lending activity. Tier 1 capital was allocated to the rating areas and AAs based on the percentage of bank deposits in the AAs.

Investment Test

The analysis considered the volume of qualified investments made during the current evaluation period and qualified investments that were made prior to the current evaluation period and, for which, are still

outstanding with emphasis placed on those investments that were particularly innovative, complex, or responsive to the needs of the AA. The amount of consideration given to the current and prior period investments is based on the responsiveness of the investments to the needs in the AAs.

The analysis compared the dollar amount of qualified investments made in the current evaluation period and prior evaluation periods to the tier 1 capital allocated to the AAs to gain a common perspective regarding the volume of investment activity. Tier 1 capital was allocated to the rating areas and AAs based on the percentage of bank deposits in each AA.

Service Test

Primary consideration was given to the bank's performance in delivering retail products and services to geographies and individuals of different income levels through the bank's distribution of branches. The analysis focused on branches located in LMI geographies but also considered branches identified by WFBNA as being within close proximity to LMI geographies that are reasonably likely to serve the LMI area based on circumstances such as the location of other services used by residents of the LMI area or transportation patterns. Through sampling, OCC verified and confirmed that these branches held deposit accounts of, and mortgage loans to individuals in adjacent LMI geographies. OCC also verified that there are no barriers or other impediments that would prevent a resident of the LMI geography from obtaining full use of the bordering branch's banking services. The analysis also evaluated the range of services and products offered by all of the bank's branches. Services and products offered at all branches are consistent throughout the branch network. The analysis specifically focused on any differences in branch hours and services in LMI geographies compared to those branches in close proximity to LMI geographies. OCC did not note any material differences in any AA. As such, branches within close proximity to LMI geographies and branches within LMI geographies were given equal consideration in the evaluation.

Where the bank opened or closed branches within an AA, the overall impact of the change was evaluated based on the census data that was in effect as of the date of the change. If no branches were opened or closed in an AA, the analysis did not include this performance element.

WFBNA offers traditional banking products including mortgage, consumer, small business, and small farm loans at all branch locations within the AAs. In 2016, the Wells Fargo EasyPay Pre-Paid Debit Card, a reloadable prepaid card that can be used to make purchases, withdraw cash, and pay bills became available in all markets. In addition, the bank provides banking services through a number of ADS, including full-service ATMs, telephone, online banking, mobile banking, and Zelle, an online and mobile payment platform. Zelle is also compatible with other 3rd party mobile payment platform applications such as Venmo and PushPay. These services are offered to all bank customers, are available throughout all of the bank's markets, and give customers flexibility in choosing services that fit their needs. Online and mobile banking has become an effective delivery method allowing customers to access their accounts anytime from any location with the right equipment. All ADS are available to customers 24 hours a day and enhance the overall accessibility of services.

The bank's record of providing CD services was evaluated in AAs that received FS reviews. The primary consideration of the analysis of CD services was the responsiveness to the needs of the community.

Community Contacts

The evaluation also reviewed and considered community contacts made during the evaluation period with community groups, local government representatives, realtors, and business leaders within the various AAs as well as community needs assessments conducted by the bank. Community contacts are utilized to ascertain the AA's credit needs, demographics, and economic conditions. During the course of the evaluation, community contacts are referenced in each AA that received a FS review.

The review of community contacts indicates that urban and rural areas continue to have various affordable housing, CD, and economic development needs that are not being met. Most of the contacts noted that the economy in their area has stabilized and/or is improving. Although unemployment rates in most areas have declined, they still remain fairly high in some of the AAs. Affordable housing was consistently noted by numerous community contacts as a credit need throughout the AAs. Community contacts involved with economic development indicated that flexible financing options for small businesses are important to creating additional job growth in communities. Small businesses were identified as a major factor in expanding employment opportunities in both urban and rural areas. Many contacts noted that small businesses have faced limited access to credit in recent years due to tightened lending standards. A number of contacts noted that demand for micro small business loans is very strong, but these loans are not generally available from banks. In addition, contacts identified needs for micro small business loans, small dollar consumer loans, affordable mortgage loans, and more flexible lending standards for small businesses.

Other Information

Assessment Areas – All AAs consisted of whole geographies and met the requirements of the regulation. The areas reasonably reflected the different trade areas that the bank's branches could service and did not arbitrarily exclude any LMI areas.

Lending Gap Analysis – OCC reviewed summary reports and maps, and analyzed home mortgage, small business, and small farm lending activity over the evaluation period to identify any gaps in the geographic distribution of loans in all FS AAs. OCC did not identify any unexplained conspicuous gaps in any AA reviewed.

Lending in Assessment Area - A substantial majority of the bank's loans are in its AAs. The bank originated and purchased, in aggregate, 83.5 percent by number and 86.8 percent by dollar volume of its total loans inside the bank's combined AAs during the evaluation period. This analysis is performed at the bank, rather than the AA, level. Loans made by affiliates were not considered in this analysis.

Table D - Lending Inside and Outside of the Assessment Area										
	Number of Loans					**Dollar Amount of Loans $(000s)**				
Loan Category	**Inside**		**Outside**		**Total**	**Inside**		**Outside**		**Total**
	#	**%**	**#**	**%**	**#**	**$**	**%**	**$**	**%**	**$(000s)**
Home Mortgage										
2012	1,987,439	82.5	422,643	17.5	2,410,082	470,773,963	86.4	74,165,413	13.6	544,939,376
2013	1,359,009	81.8	302,941	18.2	1,661,950	323,430,720	86.4	51,115,694	13.6	374,546,414
2014	661,786	80.5	159,868	19.5	821,654	171,689,031	86.5	26,775,601	13.5	198,464,632

2015	741,928	82.1	161,603	17.9	903,531	209,363,308	87.5	30,005,539	12.5	239,368,847
2016	784,756	82.6	165,882	17.5	950,638	234,579,188	87.8	32,585,515	12.2	267,164,703
2017	654,957	82.6	138,180	17.4	793,137	199,856,668	87.3	28,947,426	12.7	228,804,094
2018	575,155	82.2	124,482	17.8	699,637	178,916,957	87.0	26,747,260	13.0	205,664,217
Subtotal	**6,765,030**	**82.1**	**1,475,599**	**17.9**	**8,240,629**	**1,788,609,835**	**86.9**	**270,342,448**	**13.1**	**2,058,952,283**
Small Business										
2012	344,981	86.6	53,342	13.4	398,323	19,713,011	88.3	2,620,347	11.7	22,333,358
2013	438,829	88.3	58,386	11.7	497,215	21,235,199	88.9	2,657,260	11.1	23,892,459
2014	466,625	88.8	59,136	11.2	525,761	22,925,780	87.5	3,271,986	12.5	26,197,766
2015	476,443	88.9	59,467	11.1	535,910	22,987,205	87.4	3,314,190	12.6	26,301,395
2016	418,408	87.5	59,689	12.5	478,097	21,727,792	86.2	3,469,581	13.8	25,197,373
2017	368,237	86.7	56,535	13.3	424,772	20,471,973	85.8	3,383,394	14.2	23,855,367
2018	393,111	87.6	55,670	12.4	448,781	19,576,809	85.4	3,359,373	14.6	22,936,182
Subtotal	**2,906,634**	**87.9**	**402,225**	**12.1**	**3,308,859**	**148,637,769**	**87.1**	**22,076,131**	**12.9**	**170,713,900**
Small Farm										
2012	8,991	70.1	3,843	29.9	12,834	895,127	74.3	310,055	25.7	1,205,182
2013	10,003	69.3	4,436	30.7	14,439	883,640	73.8	312,930	26.2	1,196,570
2014	9,936	68.3	4,617	31.7	14,553	840,321	71.5	334,360	28.5	1,174,681
2015	9,878	67.3	4,804	32.7	14,682	815,382	72.0	317,652	28.0	1,133,034
2016	9,450	63.6	5,418	36.4	14,868	776,045	68.1	363,727	31.9	1,139,772
2017	9,202	59.5	6,263	40.5	15,465	722,261	67.1	354,777	32.9	1,077,038
2018	8,956	58.5	6,363	41.5	15,319	662,507	65.3	352,456	34.7	1,014,963
Subtotal	**66,416**	**65.0**	**35,744**	**35.0**	**102,160**	**5,595,283**	**70.5**	**2,345,957**	**29.5**	**7,941,240**
Total	**9,738,080**	**83.5**	**1,913,568**	**16.5**	**11,651,648**	**1,942,842,887**	**86.8**	**294,764,536**	**13.2**	**2,237,607,423**

Source: Evaluation Period: 1/1/2012 - 12/31/2018 Bank Data
Due to rounding, totals may not equal 100.0

Innovative or flexible lending Programs - The bank offers several flexible loan products that addressed the needs of LMI borrowers and geographies and small businesses during the evaluation period. In those areas where these flexible loan programs were given positive consideration, it is noted within the Lending Test of the respective AA. The following programs offered throughout WFBNA's footprint are particularly responsive to the credit needs of its communities.

- *yourFirst* Mortgage℠ - The program was launched in May 2016 to address barriers to homeownership and encourages customer preparedness for homeownership by offering a $750 closing cost credit for customers who choose to complete homebuyer education. Since the launch in May 2016, the program has funded over 54,000 loans totaling $11.6 billion. Of the total volume, approximately 22.5 percent in 2016, 25.4 percent in 2017, and 29.2 percent in 2018 were originated to LMI borrowers and consistently ranked higher than the overall LMI lending rate in the industry. WFBNA continues to make enhancements to the product to improve the ability to create sustainable LMI homeowners. The program has features to assist customers with overcoming obstacles to purchasing a home including:
    - As little as 3 percent down payment required – less if the customer uses an approved Down Payment Assistance Program.

  - No requirements that a borrower be a first-time home buyer, purchase in specific census tracts, or meet a specific income limit to qualify.
  - Down payment assistance programs and monetary gifts may be used toward a down payment.
  - Alternative types of credit resources may be accepted – such as history of rent and utility payments.
  - HUD-approved homebuyer education or counseling is not required. However, customers who successfully complete education or counseling receive $750 credit for closing costs. Over 77 percent of all customers elect to complete counseling and receive this valuable benefit.
- *NeighborhoodLIFT*℠ - the program was launched in February 2012 in the wake of the housing crisis to help stabilize neighborhoods deeply affected by the foreclosure crisis through a commitment to home lending, homebuyer education, and homebuyer support. Today, the NeighborhoodLIFT program has evolved to help address affordability challenges for LMI homebuyers. The program requires an applicant who is approved and receives a down payment assistance grant of $7,500 to $15,000, depending on market areas, to complete eight hours of pre-purchase counseling and education from a U. S. Housing and Urban Development (HUD)-certified housing counseling agency. Homebuyers may obtain financing from any participating lender. Through the program, WFBNA has committed more than $430 million of down payment assistance, Local Initiative grants, housing counseling, and homebuyer support and education to create sustainable homeownership. During the evaluation period, WFBNA originated over 4,100 loans totaling $671 million under this program in the AAs. The NeighborhoodLIFT℠ program is also the single largest corporate philanthropic effort of its kind in WFBNA's history and is funded by the Wells Fargo Foundation. Key components of the NeighborhoodLIFT℠ effort provide support in three major areas:
  - Down payment assistance for first-time homebuyers and potential homebuyers ready to re-enter the market.
  - Locally designed Local Initiatives and LIFT the Block programs to meet local housing priorities that support community revitalization efforts.
  - Local outreach events designed to provide homebuyer education and support.
- Small Business® Diverse Community Capital Program (DCC) takes an innovative approach to address challenges diverse small business owners face when starting or growing their business. The DCC program was launched in 2015 with an initial, three-year, $75 million commitment to increase capital and technical assistance available to diverse small businesses that may not qualify for conventional bank loans. The DCC program is a collaboration between WFBNA and Opportunity Finance Network (OFN), a national network of Community Development Financial Institutions (CDFIs), to respond to issues identified in a national Gallup Survey that revealed that diverse small businesses were challenged accessing the credit they needed to launch or grow their business. Funds are used by CDFIs to increase lending to diverse-owned small businesses; provide educational resources and technical assistance they need to grow; and improve, create or add resources, materials, or programs to better serve their target market. As of December 2018, WFBNA fulfilled its $75 million commitment and 88 CDFIs have received DCC awards serving small businesses in 37 states. Awardee CDFIs serve both rural areas and urban centers. According to OFN, DCC awardees have closed more than 8,000 loans totaling $391 million to diverse small business clients. Diverse small businesses that received loans from awardee CDFIs have retained more than 21,000 jobs and created more than 15,000 jobs as a result of accessing the capital and development services they needed. WFBNA has pledged another $100 million to continue the program through 2020.

- For small businesses, the bank offers loans guaranteed by the U. S. Small Business Administration (SBA), including SBA 504, SBA 7a, SBA 503, and SBA Community Express loans and lines of credit. SBA loans have more flexible terms than conventional loans. During the evaluation period, WFBNA originated 687 SBA loans totaling $1.3 billion in its AAs.

Innovative or flexible Retail Service Programs - WFBNA offers several retail services across its AAs that address the needs of all of its customers including LMI individuals and small businesses. The following highlights some examples of the bank's programs:

- WFBNA's Online Mortgage Application was launched in early 2018 which combines Wells Fargo source data with a digital interface to create a "you know me" experience that is compelling for current Wells Fargo customers. When a Wells Fargo customer logs into the online mortgage application, the customer won't be asked to provide certain information that Wells Fargo already has in their database. The online mortgage application is integrated with the sales team, giving customers the option to engage with a specialist at any point during the process.
- In 2014, WFBNA introduced The Business Plan Tool and Competitive Intelligence Tool to deliver resources, guidance, and services for business owners. This tool offers useful guidance on topics such as writing a business plan, marketing a business, managing cash flow, and building credit to help business owners increase their knowledge and confidence. The site provides information about CDFIs that can be a source of external funding, when traditional bank financing is not available.
- WFBNA participates in the Volunteer Income Tax Assistance (VITA) to provide free tax preparation to LMI taxpayers, the elderly, and those with disabilities. IRS certified volunteers provide free basic income tax return preparation with electronic filing to qualified individuals. Receiving free tax preparation services and help accessing eligible tax credits such as the Earned Income Tax Credit can be life changing for LMI families. WFBNA actively participates in 68 VITA programs across the footprint through volunteer hours, grants, and financial education. During the exam period, WFBNA team members volunteered nearly 5,000 hours preparing tax returns and local markets provided numerous grants to support local VITA programs.
- Hands on Banking®/El futuro en tus manos® program is WFBNA's free, public, non-commercial, financial capability program offering a comprehensive suite of financial education courses designed for instructor-led group learning or self-paced individual use. The goal of the program is to be the relevant and timely resource of choice for educators and individuals to develop the financial capability to successfully navigate throughout life's financial ups and downs and succeed financially. The program has curriculum designed for specific audiences including: preparing young adults (9th grade – College age) for financial futures; small business owners who have been declined for business credit; addressing unique financial education needs of military personnel; and training to seniors on how to prevent and detect elder financial abuse. During the exam period, over 15,000 team members participated in the campaigns which yielded nearly 56,000 hours of Hands on Banking® training and reaching over 800,000 people through classes, workshops, and webinars.
- Wells Fargo de novo branches provide important face-to-face interactions to serve customers and help them meet their financial dreams and goals. WFBNA continues to add new locations in communities across the country serving the financial needs of its LMI residents and businesses. In 2017, WFBNA added two de novo LMI branches to its network. Nine additional LMI branches were opened in 2018 with four in California, two in Florida, one in Texas, and one in New York. These de novo LMI branches delivered much needed banking services to

underserved communities and in areas designated for redevelopment, closing a gap in coverage within the areas.

Community Development Initiatives - WFBNA makes significant use of innovative and/or complex CD investments and loans to support CD initiatives. For examples of the bank's CD initiatives, please see the conclusions in each rated area under CD activities. Below are the types of CD investment and loan vehicles that WFBNA uses, most of which are complex or innovative, and most often WFBNA serves in a leadership role to implement its CD activities.

- *Low Income Housing Tax Credit (LIHTC)* - WFBNA's primary vehicle for qualified CD investments and loans is LIHTCs. The LIHTC program was established as part of the Tax Reform Act of 1986. LIHTCs provide tax incentives to encourage individual and corporate investors to invest in the development, acquisition, and rehabilitation of affordable rental housing. They are an indirect federal subsidy that finances low-income housing. This allows investors to claim tax credits on their federal income tax returns. To qualify for the credit, a project must meet strict requirements to qualify as a low-income project. Developers are required to set aside at least 40 percent of the units for renters earning no more than 60 percent of the area median family income (MFI) (the 40/60 test), or 20 percent of the units for renters earning 50 percent or less of the area MFI (the 20/50 test). These units are subject to rent restrictions where the maximum permissible gross rent, including an allowance for utilities, must be less than 30 percent of imputed income based on the area MFI. State selection procedures for tax credit allocations often encourage developers to provide more than the minimum number of affordable units. Because these credits are only available for affordable rental units, many applications designate 100 percent of the units in properties as affordable. They also reserve some of the units for renters earning well below 50 percent of the area's MFI. During the evaluation period, WFBNA participated in over 690 new LIHTC offerings through direct investments and/or loan syndications. These investments, some of which benefited multiple AAs, totaled approximately $11.6 billion and were sponsored by federal, state, and local housing for profit and nonprofit agencies and groups. Additionally, WFBNA is still participating in 759 prior period LIHTC investments totaling approximately $1.2 billion.
- *Subordinate Debt (formerly known as Equity Equivalent Investments "EQ2")* – Due to an accounting change in 2018, this product was changed from an investment to a CD loan product. WFBNA has been a leading provider of Subordinate Debt to CDFIs and other nonprofit affordable housing developers around the country for two decades with long-term, low-rate, and unsecured instruments. Through WFBNA's funding, CDFIs provide innovative and flexible credit products that address affordable housing and CD needs in the bank's AAs. CDFIs help to promote healthy communities by providing early-stage credit, capital, and financial services to small businesses, affordable housing and community facility developers, community organizations, and other types of borrowers. CDFIs can leverage these instruments with senior debt to build their lending capacity. WFBNA, on average, provides approximately $40 million in subordinate debt on an annual basis and as of year-end 2018, the outstanding portfolio totals over $270 million to 215 CDFIs nationwide. Many of the subordinate debts provide for CD in areas where private investor funds are not available. Additionally, WFBNA funds have helped to facilitate additional CD investments from other parties.
- *New Markets Tax Credit (NMTC*) – WFBNA uses the NMTC programs to help meet the credit needs of the AAs. The NMTC program, authorized by the U.S. Treasury, incentivizes business and real estate investment in low-income communities through a federal tax credit. These tax credits help revitalize economically distressed and underserved communities. NMTC credits are a critical financing tool, filling gaps in development costs that may prevent projects from arising.

Through NMTC allocations, WFBNA reduces borrowing costs for nonprofits and entrepreneurs by offering below-market rate financing on more favorable credit terms than conventionally available and can help smaller community-focused projects such as child care centers, health care clinics, and community art centers secure funding and bring their much-needed services to low-income neighborhoods. Since the inception of its NMTC platform, Wells Fargo has invested over $3.5 billion in NMTC investments nationally. These investments have leveraged an estimated $4.3 billion in additional capital, much of which was sourced by new entrants into the NMTC industry, creating an estimated 30,000 permanent jobs and millions of square feet of mixed-use, commercial, and community-oriented space across the country. During the evaluation period, WFBNA participated in 128 new NMTC projects totaling $1.5 billion. Additionally, WFBNA is still participating in 22 prior period NMTC investments totaling approximately $278.3 million.

- *Mortgage Backed Security (MBS)* - MBSs provide ownership interest in a pool of single-family mortgages that act as the underlying asset of the security. The pools are comprised of loans originated entirely to LMI borrowers who reside in WFBNA's AAsDuring the evaluation period, WFBNA made over 1,300 MBS investments totaling $600 million. Additionally, there are still 949 prior period investments totaling $146 million on the bank's books.
- *The Homeownership Counseling Grant Program (HCGP)* – WFBNA has implemented this program to provide financial resources to local nonprofit housing organizations to create affordable and sustainable homeownership opportunities for LMI individuals. This grant program focuses on homebuyer counseling assistance that addresses unique financial circumstances and housing issues; homebuyer education that covers the home-buying process including how to maintain a home, budgeting, the importance of good credit, and other home buying related subjects; and foreclosure prevention counseling efforts designed to help families keep homes that are facing foreclosure and stabilize the overall housing market. During the evaluation period, WFBNA has provided over 1,200 grants totaling $11.7 million to nonprofit housing organizations throughout the bank's AAs.
- *The Priority Markets Program (PMP)* – WFBNA implemented the PMP to support projects, programs, and initiatives focused on neighborhood revitalization and help remove barriers to sustainable housing in LMI communities. Grant funds are used for costs associated with development or redevelopment of affordable housing and homebuyer subsidies, such as down payment/closing costs and homebuyer counseling. Funds are also used for renovation of foreclosed and/or abandoned properties for resale to LMI homebuyers. The Community Relations team identifies nonprofits with successful histories of supporting LMI communities that are responding to the needs in the community. Regional teams review the applications and select the projects that are most impactful and responsive to the needs in the market. During the evaluation period, WFBNA has provided 339 grants totaling $32.2 million to nonprofit organizations throughout the bank's AAs.

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:

- 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.

Multistate Metropolitan Statistical Area Rating

Augusta-Richmond County, GA-SC (Augusta MMSA AA)

CRA rating for the Augusta MMSA AA[1]: Satisfactory
The Lending Test is rated: High Satisfactory
The Investment Test is rated: Needs to Improve
The Service Test is rated: Low Satisfactory

The major factors that support this rating include:

- Good level of lending activity;
- Good geographic distribution of loans;
- Good borrower distribution of loans;
- Adequate level of CD loans;
- WFBNA's use of flexible products has a neutral impact on the Lending Test;
- Poor level of CD investments;
- Retail delivery systems are accessible to all portions of the AA; and
- Adequate CD services.

Description of Institution's Operations in Augusta MMSA AA

WFBNA delineated one AA within the Augusta MMSA AA and includes the Augusta-Richmond County, GA-SC MSA. Refer to Appendix A for a complete description of the AA. The Augusta MMSA AA represents the 37th largest rated area by deposits. WFBNA has $1.8 billion of deposits in the Augusta MMSA AA representing, 0.1 percent of adjusted deposits. In the Augusta MMSA AA, WFBNA ranked 1st out of 19 depository institutions with 21.7 percent market share. The 2nd and 3rd banks within the MMSA, in terms of deposits, are South State Bank with 15.8 percent and Bank of America with 11.4 percent market share. WFBNA operates 17 branches and 48 ATMs within the Augusta MMSA AA, representing 0.3 percent of the bank's branches and 0.3 percent of the bank's ATMs. In comparison to the percentage of deposits and branching network, the bank originated and purchased approximately $3.5 billion in loans or 0.2 percent of total bank loan originations and purchases during the evaluation period in the AA. The bank's primary loan products in the Augusta MMSA AA are home mortgage and small loans to businesses.

Demographic

The following table provides a summary of the demographics that include housing and business information for the Augusta MMSA AA. Table A indicates that the volume of owner-occupied units (OOUs) is very small in low-income census tracts (CT) and approximately 40 percent of families in the AA are LMI. The area's median housing value in the Augusta MMSA AA is 2.3 times the area's median income, but 2.9 times moderate-, and 4.7 times low-income, indicating a limited proportion of OOUs are affordable to LMI individuals. Median rents and the high percentage of families below poverty level suggest rental housing is also unaffordable for many low-income residents.

[1] This rating reflects performance within the multistate metropolitan statistical area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan statistical area.

Table A – Demographic Information of the Assessment Area

Assessment Area: Augusta-Richmond County GA-SC (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	119	7.6	30.3	36.1	25.2	0.8
Population by Geography	564,873	5.5	27.6	37.6	29.2	0.0
Housing Units by Geography	237,384	6.4	29.1	36.3	28.1	0.0
Owner-Occupied Units by Geography	142,181	3.4	25.3	37.4	34.0	0.0
Occupied Rental Units by Geography	64,337	11.3	35.1	35.0	18.6	0.0
Vacant Units by Geography	30,866	10.4	34.3	34.4	20.9	0.0
Businesses by Geography	29,538	6.4	23.1	35.6	34.9	0.0
Farms by Geography	1,097	2.8	28.4	39.7	28.9	0.2
Family Distribution by Income Level	142,685	23.8	16.2	18.7	41.3	0.0
Household Distribution by Income Level	206,518	25.4	15.4	16.5	42.7	0.0
Median Family Income MSA - 12260 Augusta-Richmond County, GA-SC MSA		$54,820	Median Housing Value			$128,958
			Median Gross Rent			$671
			Families Below Poverty Level			14.3%

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

According to the April 2018 Moody's Analytics report, Augusta's economy is among the fastest-growing economies in Georgia. Growth is broad-based but professional, business services, and construction are leading the way. Year-over-year job growth is twice the national average, and both goods producing and service providing industries are expanding at their fastest pace in more than three years. Thanks to booming Fort Gordon and growth at Plant Vogtle nuclear power plant, the job mix in the Augusta MMSA has improved over the past year with outsize gains in medium- and high-paying industries. Increased spending on cybersecurity has benefited the Augusta's economy. The $1.3 trillion omnibus bill, passed in March 2018, will raise spending by $80 billion above the caps set in the Budget Control Act of 2011. Consumer industries have been on a tear in the Augusta MMSA but will come off the boil as the expansion matures.

The outlook for the housing market is above average thanks largely to favorable demographics trends. Low inventory has been a hurdle nationally and Augusta is no exception. Home sales have slowed but a lack of supply is preserving upward pressure on prices.

The major economic drivers for the MMSA are federal government; Waste Treatment and Disposal; and Architectural, Engineering & Related services. The largest employers in the Augusta MMSA includes the U.S. Army Signal Center & Fort Gordon, Westinghouse Savannah River Co., and Georgia Regents University. According to the U.S. Bureau of Labor Statistics (BLS), the unemployment rate for the first quarter of 2018 was 4.8 percent and has decreased significantly from 9.1 percent at the beginning of the

evaluation period. The unemployment rate in the AA was slightly higher than both the overall States of Georgia (4.1 percent) and South Carolina (3.4 percent).

Community Contact

The analysis takes into consideration comments provided by two community contacts that serve the bank's Augusta MMSA AA. One of the community contacts represents a government housing and community development corporation (CDC) and the other represents a rural CD agency in Burke County.

The economic development organization contact serves rural areas in the AA including Burke County. They noted that affordable housing was a need being met through their Single-Family Housing Mortgage Program, which serves households at 80 percent and below the average MFI. The program finances up to 100 percent of the loan and provides a down payment/closing costs subsidy up to 3 percent. Households above 80 percent of the area MFI were referred to local banks for the guarantee program. The contact indicated that there was no waiting list. However, the contact noted that credit was an issue. The county worked with other local agencies in Augusta to provide hands-on basic education, technical assistance, and homebuyer counseling. The contact mentioned that banks could become more involved with these programs as well as financing offered through the Central Savannah River Area Regional Commission. There is also a need in the AA for business lending in the form of business loans from $25,000 to $5 million through lending arrangements with the U.S. SBA, the U.S. Department of Commerce, and the U.S. Department of Agriculture.

The local government housing and CDC contact primarily represents LMI residents in the city of Augusta and Richmond County. The contact indicates there is not enough affordable housing in the AA for LMI and few housing options are affordable. Additionally, homelessness in Augusta is a growing issue. Hundreds of people in Augusta are living day-to-day without a home. There are over 700 people that are homeless in Augusta and that number is steadily increasing. There are few resources available in the area to help people that are homeless. A local non-profit shelter only houses about 200 people with no other options for the overflow of people needing shelter services. The contact mentioned there is a need for more grant programs and financial literacy programs for LMI people. The contact stated there is an opportunity for banks to provide loans to small businesses and more flexible loan terms and products for first time home-buyers that are purchasing homes in LMI communities.

The bank conducted research in the AA and identified community needs for affordable housing for LMI families, financial education, neighborhood revitalization/stabilization in both residential and commercial areas, small business assistance, and workforce development and job readiness to assist LMI individuals obtain employment.

Considering the information from the community contacts, bank management, and demographic and economic data, affordable housing and small business loans represent a primary credit need for the Augusta MMSA AA. Opportunity exists to originate these types of loans throughout the AA; however, it is limited in the low-income geographies as reflected by the small proportion of population, OOUs, and small businesses coupled with limited home affordability for LMI individuals.
Small business loans, particularly those for start-up businesses and micro-loans are in high demand. The Augusta MMSA AA also has CD needs including economic development and volunteer support for financial literacy programs for first time homebuyers, foreclosure prevention assistance, and affordable

banking products including mortgage loans with low interest rates. There is also a need for grants to non-profits that serve LMI communities and individuals

Scope of Evaluation in Augusta MMSA AA

The rating for the Augusta MMSA AA is based on a FS evaluation of the bank's performance in the Augusta-Richmond County, GA-SC MSA. A limited portion of the bank's overall lending, investments, and services were conducted in the Augusta MMSA AA; therefore, the performance in the MMSA received less weight in determining the bank's overall CRA Rating.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN AUGUSTA MMSA AA

LENDING TEST

The bank's performance under the Lending Test in the Augusta MMSA AA is rated High Satisfactory.

Based on a FS review, including the data in the tables below and consideration of performance context discussed in the lending test, the bank's performance in the Augusta MMSA AA is good.

Lending Activity

Based on the tables below, lending levels reflect good responsiveness to the credit needs in the AA taking into account the number and dollar amount of home mortgage, small business, small farm, and CD loans originated or purchased. Lending levels were commensurate with the bank's significant capacity and market dominance.

Number of Loans					
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total
Augusta MMSA	19,263	5,067	153	5	24,488

Dollar Volume of Loans (000's)					
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total
Augusta MMSA	$3,185,894	$271,669	$7,771	$30,382	$32,195,716

WFBNA ranked first in deposits with 21.7 percent market share in the AA. In overall HMDA lending, WFBNA ranked first with 10.1 percent market share. Although WFBNA's HMDA market share is considerably lower than its deposit market share, lending competition was significantly stronger, reflected by the 378 lenders, than competition for deposits, where there were only 19 depository institutions. The 2nd and 3rd top lenders in this market were South State Bank with 5.2 percent market share and Queensborough National Bank with 4.6 percent market share.

In small loans to businesses, WFBNA ranked 4th with a market share of 7.6 percent. Although WFBNA's small business market share is considerably lower than its deposit market share, lending

competition was significantly stronger, reflected by the 88 lenders, than competition for deposits, where there were only 19 depository institutions. The top three lenders were American Express with a market share of 19.1 percent, Citibank with a market share of 11.8 percent, and Georgia B&TC of Augusta with a 9.1 percent market share.

Distribution of Loans by Income Level of the Geography

The bank exhibits a good geographic distribution of loans in its AA.

Home Mortgage Loans

Refer to Table O in the "MMSA" section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is good.

- The bank's performance in both periods, 2012-2016 and 2017-2018, for home mortgage loans in low-income geographies approximates the aggregate distribution of loans and is significantly below the proportion of OOUs in those geographies.
- The proportion of loans in moderate-income geographies substantially meets the aggregate distribution of loans and is well below the proportion of OOUs in those geographies.

Small Loans to Businesses

Refer to Table Q in the "MMSA" section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is good.

- The bank's performance in both periods, 2012-2016 and 2017-2018, for small business loans in LMI geographies substantially meets the aggregate distribution of loans in those geographies.
- The bank's performance in both periods is below the proportion of businesses located in LMI geographies.

Distribution of Loans by Income Level of the Borrower

The bank exhibits a good distribution of loans among individuals of different income levels and businesses of different sizes.

Home Mortgage Loans

Refer to Table P in the "MMSA" section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is good.

- There are homeownership affordability hurdles in the AA especially for low-income borrowers. As noted above, the area's median housing value is 4.7 times the income of low-income borrowers indicating a limited proportion of OOUs are affordable to low-income borrowers. Despite the affordability challenges, the bank's lending in both periods, 2012-2016 and 2017-2018, to LMI borrowers substantially meets the aggregate lending.
- The bank's overall home mortgage lending to low-income borrowers is significantly below the proportion of families and lending to moderate-income borrowers is below the proportion of families.

Small Loans to Businesses

Refer to Table R in the "MMSA" section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's originations and purchases of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue category is good.

- For both 2012-2016 and 2017-2018 periods, the bank's distribution of small loans to businesses with revenues of $1 million or less exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is well below the percentage of small businesses located in the AA.

Community Development Lending

The institution has made an adequate level of CD loans.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

The level of CD lending in the Augusta MMSA AA is adequate. WFBNA made five CD loans in its AA for a total of $30 million, which represents over 14.7 percent of tier 1 capital. Although the bank only originated five loans during the six-year time period, the loans represented a significant amount of tier 1 capital. CD lending performance has a neutral impact on the lending test rating. All CD loans were for the primary purpose of affordable housing, which is a critical CD need in the bank's AA.

Examples of CD loans in the AA include:

- In June 2016, WFBNA provided an $8.4 million loan for an LIHTC housing development located in Martinez, Georgia with 100 percent of the units restricted to tenants earning less than 60 percent of the area MFI.
- In August 2017, WFBNA provided a $28 million loan for a multifamily housing development, of which $10.1 million qualifies as CD lending. The development restricts 36 percent of the total number of units to tenants earning 80 percent or less of the area MFI. This development is located in a moderate-income census tract in Augusta, GA. The project consists of 20 efficiency units, 141 one-bedroom units, and 285 two-bedroom units with 36.1 percent of the actual rent rates below the 2017 Fair Market Rent for the area and 99.1 percent of the units are affordable to tenants earning between 36.4 and 55.8 percent of the 2017 area MFI of $62,000.

Product Innovation and Flexibility

The institution makes limited use of innovative and/or flexible lending programs in order to serve AA credit needs. Under the *your*FirstMortgage loan program, the bank has funded 41 loans totaling $4.2 million to LMI homebuyers that qualified under this program. Refer to the comments in the institution Innovative or Flexible Lending Programs section of this public evaluation for additional details regarding this program.

INVESTMENT TEST

The bank's performance under the Investment Test in the Augusta MMSA AA is rated Needs to Improve.

Based on a FS review, including the data in the table below and consideration of performance context discussed in the investment test, the bank's performance in the Augusta MMSA AA is poor.

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	$(000's)	#	$(000's)	#	% of Total #	$(000's)	% of Total $	#	$(000's)
Augusta MMSA	16	$1,190	85	$3,842	101	100.0	$5,032	100.0		

* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.
** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

The institution has a poor level of qualified CD investments and grants, but not in a leadership position, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 2.4 percent of tier 1 capital allocated to the AA.

The institution exhibits adequate responsiveness to credit and community economic development needs identified in the AA, including affordable housing, community services, and revitalization/stabilization for LMI individuals and geographies. Over 86 percent of the dollar volume of the bank's current and prior period investment focused on affordable housing, which is a primary credit need in the AA. Additionally, the bank provided 74 grants totaling $862,000 to a variety of organizations that primarily support affordable housing and community services.

The institution occasionally uses innovative and/or complex investments to support CD initiatives. CD Investments involved a complex LIHTC investment where the bank acted in a leadership role with participations from federal, state, local housing agencies, and real estate developers. Additionally, the bank purchased numerous government mortgage-backed securities for the CD Investment portfolio.

Examples of CD investments in the AA include:

- In December 2014, WFBNA invested $37.5 million in a LIHTC fund for affordable housing development in South Carolina, of which $1.6 million directly benefited the AA by providing 24

affordable housing units restricted to tenants earning no more than 60 percent of the area MFI. This activity is responsive to the identified need for affordable housing.

- During the evaluation period, WFBNA provided four grants totaling $1.2 million as a part of the Small Business DCC program benefiting small businesses in the broader statewide of Georgia and South Carolina including the Augusta MMSA AA. Refer to the comments in the institution Innovative or Flexible Lending Programs section of this public evaluation for additional details regarding this program.
- During the evaluation timeframe, WFBNA provided three grants totaling $265,000 to three local housing organizations as a part of the PMP for affordable housing in the Augusta MMSA AA. Refer to the comments in the institution Innovative or Flexible Lending Programs section of this public evaluation for additional details regarding this program.

SERVICE TEST

The institution's performance under the Service Test in the Augusta MMSA AA is rated Low Satisfactory.

Based on a FS review, including the data in the tables below and consideration of performance context discussed in the service test, the bank's performance in the Augusta MMSA AA is adequate.

Retail Banking Services

Service delivery systems are accessible to geographies and individuals of different income levels in the institution's AA.

Distribution of Branch Delivery System											
Assessment Area	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				% of Population within Each Geography*			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Augusta MMSA	100.0	17	100.0	0.0	29.4	23.5	47.1	6.6	27.9	37.8	27.7

* May not add up to 100 percent due to geographies with unknown tract income level and rounding

Distribution of Branch Openings/Closings						
Assessment Area	# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)			
			Low	Mod	Mid	Upp
Augusta MMSA	0	4	0	0	-2	-2

As of December 31, 2018, WFBNA operates 17 branches and 48 ATMs in the Augusta MMSA AA. All branches are full-service locations. The institution's branches include no branches in low-income geographies and five branches in moderate-income geographies. The branch distribution in low-income geographies is significantly below the percentage of the population in low-income geographies and the branch distribution in moderate-income geographies exceeds the percentage of the population in the AA.

When considering an additional three branches within close proximity to LMI geographies, the bank's distribution is near to demographics.

The institution's opening and closing of branches have not affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank closed two branches in middle-income and two branches in upper-income geographies since the last evaluation. These branch closures did not negatively impact the distribution of branches relative to the population residing in LMI geographies.

Services, including where appropriate, business hours, do not vary in a way that inconveniences the various portions of its AA, particularly LMI geographies and/or individuals. Generally, branches are open Monday through Thursday from 9:00 am to 5:00 pm and 9:00 am to 6:00 pm on Friday. Ten of 17 branches are also open on Saturdays from 9:00 to noon. All WFBNA services are available at all branches and all ADS discussed bank-wide are available in this AA.

Community Development Services

The institution provides an adequate level of CD services.

The level of CD services in the Augusta MMSA AA is adequate. Bank records show that employees provided their financial or job-specific expertise and/or technical assistance for 110 CD service activities to 42 organizations since the last evaluation, logging a total of 263 qualified hours within this AA. All of the bank's assistance were to organizations that provide community services to LMI individuals and families. The following are examples of CD services provided in this AA:

- In April 2013, a WFBNA team member provided financial education at a school where, according to the National Center for Education Statistics (NCES), the free lunch program participation rate is 86.9 percent.
- A WFBNA team member served as a board member of a nonprofit organization that provides emergency shelter, support group counseling, referral services, outreach services, budgeting skills, and legal advocacy to victims of domestic violence in the east/central Georgia counties. According to the organization's Executive Director, over 82 percent of its clients are LMI individuals as they earn less than 80 percent of the area MFI.

Multistate Metropolitan Statistical Area Rating

Charlotte-Concord, NC-SC CSA (Charlotte MMSA AA)

CRA rating for the Charlotte MMSA AA[2]: Outstanding
The Lending Test is rated: High Satisfactory
The Investment Test is rated: Outstanding
The Service Test is rated: Outstanding

The major factors that support this rating include:

- Excellent lending activity;
- Adequate distribution of loans by borrower profile;
- Adequate geographic distribution of loans;
- WFBNA is a leader in providing CD loans, which has a significant positive impact on the Lending Test;
- WFBNA's use of flexible products has a positive impact on the Lending Test;
- Excellent level of CD investments that are responsive to AA needs;
- Retail delivery systems are readily accessible to all portions of the AA; and
- WFBNA is a leader in providing CD services that are responsive to the needs of the bank's AA.

Description of Institution's Operations in Charlotte MMSA AA

WFBNA delineated three AAs within the Charlotte-Concord, NC-SC CSA. Refer to Appendix A for a complete description of the AA. These areas were combined, analyzed, and presented at the CSA level with an AA name of Charlotte MMSA. WFBNA has $31.8 billion of deposits; however, a majority of the deposits are 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 any of WFBNA's customers are located, where they work, or where they conduct business. The adjusted deposits are $9.9 billion of retail deposits in the AA representing 0.8 percent of adjusted deposits. The Charlotte MMSA AA represents the 18th largest rated area in terms of deposits. In the Charlotte MMSA AA, WFBNA ranked second out of 40 depository institutions with 14.7 percent market share. The top bank within the MMSA in terms of deposits is Bank of America with 73.9 percent deposit market share. WFBNA operates 88 branches and 277 ATMs within the Charlotte MMSA AA, representing 1.6 percent of the bank's branches and 2.0 percent of the bank's ATMs. In the Charlotte MMSA, the bank originated and purchased $23.0 billion in loans, or 1.3 percent of total bank loan originations and purchases during the evaluation period. The bank's primary loan products in the Charlotte MMSA AA is home mortgage loans and small business loans.

Demographic Data

The following table provides a summary of the demographics that include housing and business information for the Charlotte MMSA AA. Table A shows that the volume of OOUs is very small in the

[2] This rating reflects performance within the multistate metropolitan statistical area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan statistical area.

low-income tracts and nearly 39 percent of families in the AA are LMI. The area's median housing value in the Charlotte MMSA AA is 2.8 times the MSA median income but 3.6 times moderate- and 5.7 times low-income, indicating a limited proportion of OOUs are affordable to LMI residents. Median rents and the high percentage of families below poverty level suggest rental housing is also unaffordable for many low-income residents.

Table A – Demographic Information of the Assessment Area

Assessment Area: Charlotte-Concord NC-SC CSA (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	574	8.5	24.2	36.2	30.1	0.9
Population by Geography	2,375,675	6.5	22.6	38.8	32.0	0.1
Housing Units by Geography	978,732	6.9	23.8	38.4	30.9	0.0
Owner-Occupied Units by Geography	609,498	3.3	19.6	41.1	36.0	0.0
Occupied Rental Units by Geography	270,178	13.6	31.1	33.5	21.7	0.1
Vacant Units by Geography	99,056	10.9	29.8	35.0	24.3	0.0
Businesses by Geography	156,460	7.5	18.2	33.7	39.8	0.8
Farms by Geography	4,373	3.5	18.0	48.7	29.6	0.3
Family Distribution by Income Level	599,700	21.4	17.4	20.4	40.9	0.0
Household Distribution by Income Level	879,676	23.4	16.1	18.5	42.0	0.0
Median Family Income MSA - 16740 Charlotte-Concord-Gastonia, NC-SC MSA		$61,974	Median Housing Value			$176,753
Median Family Income Non-MSAs - NC		$46,764	Median Gross Rent			$762
			Families Below Poverty Level			10.1%

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

According to the August 2018 Moody's Analytics report, Charlotte's economic expansion is strong and steady. Healthcare, retail trade, and the public sector are providing the biggest boost to payrolls, while builders are finding it more difficult to hire. High wage jobs already account for an outsize share of payrolls in the Charlotte MMSA and the trend persists as new high paying jobs are being added at a faster clip than their mid- and low-wage counterparts. Strong demographics and rising wages are propelling housing demand, causing prices to appreciate at their fastest rate in several years. The area's economic drivers are healthcare, retail trade, and the public sector. Robust population gains and quality job growth will add fuel to an already-hot housing market as builders struggle to keep up.

Per Moody's, professional services and construction, along with other consumer-driven industries, will ensure job gains. Finance and business/professional services will remain vital to the economic success despite the recent slowdown in growth. Major area employers include Atrium Health, Wells Fargo, Bank of America, and Wal-Mart Stores. According to the U.S. BLS, the MSA unemployment rate as of August 2018 was 3.8 percent, down considerably from 9.3 percent at the beginning of the evaluation period. The MSA unemployment rate was slightly higher than the State of South Carolina at 3.7 percent and slightly lower than the State of North Carolina at 4.0 percent.

Community Contact

The analysis takes into consideration comments provided by two community contacts that serve the bank's Charlotte MMSA AA. One community contact is a community-based development agency and one is a nonprofit affordable housing agency.

The affordable housing agency contact serves various parts of the AA, but mainly the city of Charlotte and Mecklenburg County. The contact indicated that affordable housing is a significant need in the AA. According to the community contact, the Charlotte area has been growing rapidly for the past few years, driven mostly by the banking industry as well as a strong energy base (Duke Energy), government, and universities. The economy is strong for those at the high end of the income range ($75,000 and up), driving the increase in high end restaurants, shopping, luxury housing, etc. The population is approaching 1 million in the city and 2 million in the region. There is a strong millennial population and creative class which continues to draw people to the area. Many people come to the area without jobs, attracted by the lower cost of living than in other parts of the country and the draw of jobs in the banking industry.

The community contact indicates that the largest struggle in the Charlotte area has been the challenge of upward mobility. The area has been experiencing strong growth in the economy and in the luxury housing market but jobs and affordable housing for LMI remain a challenge. More and more of the lower rent housing keeps getting torn down and replaced with luxury projects, creating greater disparity. Affordable housing is becoming scarcer and more expensive, especially due to rising construction costs, rising interest rates, rising land costs, and the elimination of local tax credits. Average rents have increased from $800 a month to $1,050. Transportation remains an issue, although that is changing with the addition of a new light rail to the area, as well as Uber, which fills the gaps.

The community-based development contact serves the Dorchester county AA in South Carolina, including Summerville, Ridgeville, St. George, Reevesville, Harleysville, and North Charleston. The contact indicates that Dorchester County is growing at a 5 percent rate and the county population has doubled in the last 15 years. No major employers have left the area in the most recent years and in 2016, there were 500 new manufacturing jobs added and $275 million in investments made in the area. In 2015, there were 600 new manufacturing jobs added with $20 million in investments made in the area.

According to the contact, the main opportunity for credit related projects is with speculative financing for buildings 10,000 sq./ft. and up. The tri-county area has a lack of financing available for these types of speculative industrial and manufacturing buildings. However, there have been new commercial developments in the county as well as many new homes being built in the Southside and Summers Corner area. Additionally, the Oakbrook area, which was an older part of town, is in the process of being rehabilitated.

The bank conducted research in the AA and identified community needs for affordable housing for low-income families, financial education for the unbanked and underbanked, services to homeless veterans and families, and workforce development/job placement.

Considering the information from the community contacts and bank management as well as demographic and economic data, affordable housing and small business loans represent a primary credit need for the Charlotte MMSA_AA. Opportunity exists to originate these types of loans throughout the

AA; however, it is limited in the low-income geographies as reflected by the small proportion of OOUs and small businesses coupled with limited home affordability for LMI individuals. The AA also has CD needs including affordable housing and economic development, including job training and financial literacy.

Scope of Evaluation in Charlotte MMSA AA

The rating for the Charlotte MMSA AA is based on a FS evaluation of the bank's performance in the Charlotte-Concord, NC-SC CSA. A limited portion of the bank's overall lending, investments, and services were conducted in the Charlotte MMSA AA; therefore, the performance in the AA received less weight in determining the bank's overall CRA Rating.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN CHARLOTTE MMSA AA

LENDING TEST

The bank's performance under the Lending Test in the Charlotte MMSA AA is rated High Satisfactory.

Based on a FS review, including the data in the tables below and consideration of performance context discussed in the lending test, the bank's performance in the Charlotte MMSA AA is good.

Lending Activity

Based on the tables below, lending levels reflect excellent responsiveness to the credit needs in the AA taking into account the number and dollar amount of home mortgage, small business, small farm, and CD loans originated or purchased relative to its capacity based on deposits, competition, and market presence.

Number of Loans					
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total
Charlotte MMSA	92,965	36,814	389	84	130,252

Dollar Volume of Loans (000's)					
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total
Charlotte MMSA	$20,884,803	$2,128,598	$15,631	$254,432	$23,283,464

WFBNA ranked second in deposits with 14.7 percent market share in the AA including non-retail deposits. In overall HMDA lending, WFBNA ranked first with 10.6 percent market share. There is strong competition as reflected by the 684 lenders and 40 depository institutions in the AA. The number two lender in the market was Movement Mortgage with a 6.3 percent market share.

In small loans to businesses, WFBNA ranked third with a market share of 9.8 percent. The top two lenders were American Express with a market share of 17.2 percent and Bank of America with a market share of 10.9 percent.

Distribution of Loans by Income Level of the Geography

The bank exhibits adequate geographic distribution of loans in its AA.

Home Mortgage Loans

Refer to Table O in the "MMSA" section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is adequate.

- The bank's performance in both periods, 2012-2016 and 2017-2018, for home mortgage loans in LMI geographies is below the aggregate distribution of loans in those geographies.
- The proportion of loans in LMI geographies is well below the proportion of OOUs in those geographies.

Small Loans to Businesses

Refer to Table Q in the "MMSA" section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is excellent.

- For 2012-2016, the proportion of the bank's small business loans in low-income geographies exceeds both the aggregate distribution of loans and the proportion of businesses located in those geographies.
- The proportion of loans in moderate-income geographies substantially meets the aggregate distribution of loans and is below the proportion of businesses located in those geographies.
- The bank's small business lending in 2017-2018 is slightly below the performance in 2012-2016.

Distribution of Loans by Income Level of the Borrower

The bank exhibits an adequate distribution of loans among individuals of different income levels and businesses of different sizes.

Home Mortgage Loans

Refer to Table P in the "MMSA" section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is adequate.

- The Charlotte MMSA AA has homeownership affordability hurdles especially for LMI borrowers. As noted above, the area's median housing value is 5.7 times the income of low-

income borrowers and 3.6 times the income of moderate-income borrowers indicating a limited proportion of OOUs are affordable to LMI individuals. Despite the affordability challenges, the bank's overall home mortgage lending to LMI borrowers in 2012-2016 substantially meets the aggregate distribution of loans to LMI borrowers.

- The bank's performance for lending to low-income borrowers is significantly below the proportion of families and lending to moderate-income borrowers is below the proportion of families.
- The bank's home mortgage lending in 2017-2018 is significantly below the performance in 2012-2016 and was a factor in the downgrade in the overall rating from good to adequate.

Small Loans to Businesses

Refer to Table R in the "MMSA" section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's originations and purchases of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is good.

- For both 2012-2016 and 2017-2018 periods, the bank's distribution of small loans to businesses with revenues of $1 million or less exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is below the percentage of small businesses located in the AA.

Community Development Lending

The institution is a leader in making CD loans, when considering the significant level of non-retail branch deposits.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

The level of CD lending in the Charlotte MMSA AA is excellent. WFBNA made 84 CD loans in its AA for a total of $254.4 million, which represents 22.9 percent of adjusted tier 1 capital. CD lending performance has a significant positive impact on the lending test rating. The institution makes significant use of innovative and/or complex CD loans and involved many complex projects where the bank often acted in a leadership role. The majority (88.9 percent) of these loans (47 loans totaling $226.3 million) were for the primary purpose of affordable housing, which is a critical CD need in the bank's AA. Additionally, the bank extended 34 loans totaling $16.8 million for the primary purpose of community services, two loans totaling $2 million for the primary purpose of economic development, and one loan totaling $9.2 million for revitalization and stabilization of the AA.

Examples of CD loans in the AA include:

- In March 2014, WFBNA renewed a $3 million working capital line of credit to a nonprofit organization located in Charlotte, NC with a primary mission of rescuing women and children from abuse. In 1945, the organization transitioned to serving children with emotional and behavioral issues. They serve approximately 7,000 children annually between the ages of 5-18 with, or at risk for, serious emotional disturbances. According to the organization's VP of

Finance, it is estimated that 85 percent of the clients they serve are considered to be LMI individuals as they earn less than 80 percent of the area MFI.

- In March 2015, WFBNA provided a $41.8 million loan for the acquisition of ten LIHTC housing developments. The loan amount reported of $1.7 million is reflective of the proportional share that is associated with this development. This LIHTC development is located in a moderate-income census tract in Charlotte, North Carolina with 98 percent of the units restricted to tenants earning 60 percent of the area MFI.
- In September 2018, WFBNA refinanced a $33.8 million loan for an affordable housing development located in a moderate-income census tract in Charlotte. The development consists of 188 one-bedroom units and 268 two-bedroom units with 96.1 percent of the actual rent rates below the 2018 Fair Market Rent for the area and 99.4 percent of the units affordable to tenants earning between 34 and 75 percent of the 2018 area MFI of $71,300.

Product Innovation and Flexibility

The institution makes extensive use of innovative and/or flexible lending programs in order to serve AA credit needs. The bank held NeighborhoodLIFT events in the Charlotte MMSA AA in October 2013 and November 2018, with more than 500 potential homebuyers attending the events. Of the 500 in attendance, WFBNA originated 235 mortgage loans totaling $29 million. Under the *your*FirstMortgage loan program, the bank has funded 264 loans totaling $36.6 million to LMI homebuyers that qualified under this program. Refer to the comments in the institution Innovative or Flexible Lending Programs section of this performance evaluation for additional details regarding these programs.

INVESTMENT TEST

The bank's performance under the Investment Test in the Charlotte MMSA AA is rated Outstanding.

Based on a FS review, including the data in the table below and consideration of performance context discussed in the investment test, the bank's performance in the Charlotte MMSA AA is excellent.

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments **	
	#	$(000's)	#	$(000's)	#	% of Total #	$(000's)	% of Total $	#	$(000's)
Charlotte MMSA	28	$24,768	745	$91,667	773	100.0	$116,435	100.0		

* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.
** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

The institution has an excellent level of qualified CD investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 10.5 percent of adjusted tier 1 capital allocated to the AA.

The institution exhibits excellent responsiveness to credit and community economic development needs identified in the AA, including affordable housing, community services, economic development, and revitalization/stabilization for LMI individuals and geographies. Over 83 percent of the dollar volume of the bank's current and prior period investment focused on affordable housing, which is a primary

credit need in the AA. Additionally, the bank provided 650 grants totaling $35.5 million to a variety of organizations that primarily support affordable housing, community services, economic development, and revitalization/stabilization for LMI individuals and geographies.

The institution makes significant uses innovative and/or complex investments to support CD initiatives. CD Investments involved many complex LIHTC projects where the bank acted in a leadership role with participations from federal, state, local housing agencies, and real estate developers. Additionally, the bank purchased numerous government mortgage-backed securities for the CD Investment portfolio.

Examples of CD investments in the AA include:

- In November 2016, WFBNA provided a $9.2 million LIHTC investment for the construction of an 81-unit apartment complex located in Charlotte, North Carolina, with 100 percent of the units restricted to tenants earning between 30 and 60 percent of the area MFI. All of the units have rental assistance through HUD's Rental Assistance Demonstration (RAD) program. HUD's RAD program is HUD's flagship program for the recapitalization of the public housing. WFBNA demonstrated multi-faceted support by providing both the construction loan ($4.5 million) and equity investment to support this affordable housing development. WFBNA demonstrates active involvement with this organization as evidenced by its long-term relationship that dates back to 2009. This activity is highly complex because it involves HUD's RAD program and additional financing from the City of Charlotte.
- In October 2013, WFBNA provided a $5.5 million grant to a housing partnership organization as part of the NeighborhoodLIFT Down Payment Assistance program. This organization promotes reinvestment in urban, suburban, and rural communities by local financial institutions working cooperatively with residents and local government. It provides funds to 235 organizations, monitors their progress, and provides financial support, technical assistance, and training for community-based revitalization efforts. Refer to the comments in the institution Innovative or Flexible Lending Programs section of this performance evaluation for additional details regarding this program.
- During the evaluation period, WFBNA provided two grants totaling $265,000 to two housing organizations as a part of the PMP for affordable housing in the Charlotte MMSA AA. Refer to the comments in the institution Community Development Initiatives section of this public evaluation for additional details regarding this program.

SERVICE TEST

The institution's performance under the Service Test in the Charlotte MMSA AA is rated Outstanding.

Based on a FS review, including the data in the tables below and consideration of performance context discussed in the service test, the bank's performance in the Charlotte MMSA AA is excellent.

Retail Banking Services

Service delivery systems are readily accessible to geographies and individuals of different income levels in the institution's AA.

Distribution of Branch Delivery System											
Assessment Area	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%) *				% of Population within Each Geography *			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Charlotte MMSA	100.0	88	100.0	12.5	25.0	22.7	37.5	7.0	25.5	36.3	30.9

* May not add up to 100 percent due to geographies with unknown tract income level and rounding. Population in census tracts with income unknown represent 0.3 percent and the bank's branches in these tracts represent 2.3 percent of total branches in the AA.

Distribution of Branch Openings/Closings							
Assessment Area	# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				
			Low	Mod	Mid	Upper	NA
Charlotte MMSA	1	10	0	-4	-3	-2	0

As of December 31, 2018, WFBNA operates 88 branches and 277 ATMs in the Charlotte MMSA AA. Of these branches, 82 are full-service locations and six are limited-service branches. The institution's branches include 11 branches in low-income geographies and 22 branches in moderate-income geographies. The branch distribution in low-income geographies exceeds the percentage of the population in low-income geographies and branch distribution in moderate-income geographies approximates the percentage of the population in moderate-income geographies in the AA. When considering an additional ten branches within close proximity to LMI geographies, the bank's distribution further exceeds demographics.

The institution's opening and closing of branches have not affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank opened one branch in this AA. The bank closed four branches in moderate-income, three branches in middle-income, and three branches in upper-income geographies. The closure of branches in moderate-income geographies was to consolidate with other branches nearby and did not negatively impact the distribution of branches relative to the population residing in those geographies. The bank still maintains 33 active branches or 38 percent within LMI geographies.

Services, including where appropriate, business hours, do not vary in a way that inconveniences the various portions of its AA, particularly LMI geographies and/or individuals. While there are slight variations in opening and closing times, most branches are open Monday through Friday from 9:00 am to 5:00 pm and 9:00 am to 6:00 pm on Friday. Thirty branches are also open on Saturdays from 9:00 am to 1:00 pm. More than half of the branches open on Saturdays are located in LMI geographies. All WFBNA services are available at all branches and all ADS discussed bank-wide are available in this AA.

Community Development Services

The institution is a leader in providing CD services.

The level of CD services in the Charlotte MMSA AA is excellent. Bank records show that employees provided their financial or job-specific expertise and/or technical assistance for 616 CD service activities to 143 organizations since the last evaluation, logging a total of 2,176 qualified hours within this AA. A majority (92 percent) of the bank's assistance was to organizations that provide community services to LMI individuals and families. Other activities targeted affordable housing (6 percent) and revitalization or stabilization (2 percent). The bank's financial assistance provided was responsive to the identified needs in the AA particularly affordable housing. The following are examples of CD services provided in this AA:

- Four WFBNA team members provided 123 hours of tax preparation through the VITA program. Refer to the comments in the institution Innovative or Flexible Retail Service Programs section of this public evaluation for additional details regarding this program.
- Four WFBNA team member provided 36 hours of Board service to two local affiliates of a self-help affordable housing developer and one team member provided eight hours of home-buyer education. This organization provides homeownership opportunities by building homes for and with eligible LMI individuals.

Multistate Metropolitan Statistical Area Rating

Chicago-Naperville, IL-IN CSA (Chicago MMSA AA)

CRA rating for the Chicago MMSA AA[3]: Satisfactory
The Lending Test is rated: Outstanding
The Investment Test is rated: Outstanding
The Service Test is rated: Needs to Improve

The major factors that support this rating include:

- Excellent level of lending activity;
- Good geographic distribution of loans;
- Good borrower distribution of loans;
- WFBNA is a leader in providing CD loans, which has a significant positive impact on the Lending Test.
- WFBNA's use of flexible products has a positive impact on the Lending Test;
- Excellent level of CD investments that are responsive to AA needs;
- Retail delivery systems are unreasonably inaccessible to portions of the AA; and
- WFBNA is a leader in providing CD services that are responsive to the needs of the bank's AA.

Description of Institution's Operations in Chicago MMSA AA

WFBNA delineated two AAs within the Chicago-Naperville, IL-IN-WI CSA. Refer to Appendix A for a complete description of the AA. These areas were combined, analyzed, and presented at the CSA level with an AA name of Chicago MMSA. WFBNA has $8.2 billion of deposits in the Chicago MMSA AA, representing 0.6 percent of adjusted deposits. The Chicago MMSA AA represents the 21th largest rated area by deposits. In the Chicago MMSA AA, WFBNA ranked 12th out of 175 depository institutions with 2.2 percent market share. The top three banks within the MMSA in terms of deposits were JPMorgan Chase Bank with 22.3 percent, BMO Harris Bank with 12.7 percent, and Bank of America with 8.9 percent. All three banks have substantially larger branching networks. WFBNA operates only 11 branches and 10 ATMs within the Chicago MMSA AA, representing 0.2 percent of the bank's branches and 0.08 percent of the bank's ATMs. In comparison to the low percentage of deposits and branching network, the bank originated and purchased approximately $51 billion in loans, or 2.7 percent of total bank loan originations and purchases during the evaluation period. The bank's primary loan products in the Chicago MMSA AA is home mortgage loans and small loans to businesses.

Demographic Data

The following table provides a summary of the demographics that include housing and business information for the Chicago MMSA AA. Table A indicates that the volume of OOUs is very small in low-income CTs and over 38 percent of families in the AA are LMI. The area's median housing value in the Chicago MMSA AA is 3.3 times the MSA median income but 4.2 times moderate-, and 6.7 times

[3] This rating reflects performance within the multistate metropolitan statistical area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan statistical area.

low-income, indicating a limited proportion of OOUs are affordable to LMI individuals. Median rents and the high percentage of families below poverty level suggest rental housing is also unaffordable for many low-income residents.

Table A – Demographic Information of the Assessment Area

Assessment Area: Chicago-Naperville IL-IN CSA (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	2,042	12.5	23.2	32.8	31.2	0.3
Population by Geography	8,698,076	8.6	23.1	34.9	33.3	0.1
Housing Units by Geography	3,460,494	9.2	22.2	35.4	33.2	0.0
Owner-Occupied Units by Geography	2,121,923	3.7	17.5	38.7	40.1	0.0
Occupied Rental Units by Geography	1,020,041	17.2	30.3	30.9	21.6	0.0
Vacant Units by Geography	318,530	20.2	27.6	27.6	24.6	0.0
Businesses by Geography	470,366	4.2	15.4	33.6	46.7	0.1
Farms by Geography	8,615	2.3	12.3	45.2	40.2	0.0
Family Distribution by Income Level	2,092,487	22.1	16.8	19.7	41.4	0.0
Household Distribution by Income Level	3,141,964	24.3	15.9	17.9	41.9	0.0
Median Family Income MSA - 16974 Chicago-Naperville-Arlington Heights, IL MD		$72,196	Median Housing Value			$288,277
Median Family Income MSA - 20994 Elgin, IL MD		$76,576	Median Gross Rent			$946
Median Family Income MSA - 29404 Lake County-Kenosha County, IL-WI MD		$86,241	Families Below Poverty Level			9.0%
Median Family Income MSA - 33140 Michigan City-La Porte, IN MSA		$56,679				

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

Chicago-Naperville-Elgin, IL-WI MSA

According to the May 2018 Moody's Analytics report, the Chicago economy is maturing but underperforming the nation and other major metro areas and divisions. Slower job growth partly reflects a tighter labor market with job creation ahead of labor force gains and wage growth accelerating. The City of Chicago welcomed a record 55 million visitors in 2017. Vacationers and business travelers are flocking to the area's hotels, restaurants, recreation facilities, and entertainment venues, and tourism offerings are expanding on multiple fronts. The city is popular with tourists and the downtown job and real estate markets are flourishing but beyond the city center, the secular decline of manufacturing and quality of life issues are eroding the population base.

The apartment building boom has spread beyond Chicago's urban core to the suburbs while the single-family market is more of a mixed story. Sales of existing homes are rising, but new residential construction is struggling to make headway. With soft demand for new homes, builders are putting up just one-quarter as many units as they were before the recession and construction growth is uneven.

The major economic drivers for the MMSA are professional and business services, education and health services, and government. The largest employers in the Chicago MMSA includes Advocate Health Care System, Northwestern Memorial Healthcare, and University of Chicago. According to the U.S BLS, the unemployment rate for the second quarter of 2018 was 4.6 percent and has decreased significantly from 9.3 percent at the beginning of the evaluation period. The unemployment rate in the AA was slightly higher than the overall States of Illinois (3.7 percent).

Michigan City-La Porte, IN MSA

According to the October 2018 Moody's Analytics report, Michigan City MSA is in a protracted slump and is still in a recession having never recovered from the Great Recession. Payroll employment is 2 percent below where it began the decade and is the lowest since the mid-1980. The oversize factory sector has been a key source of job creation in Michigan City. Together, primary metals, industrial machinery and food processing account for 60 percent of factory jobs. Local government also faces a tough road ahead as the loss of residents undermines tax revenue.

The outlook for the housing market is bleak. Sales of existing homes have increased but at the level below the national and state averages. The major economic drivers for the MSA are government, retail trade, and education and health services. The largest employers in the Michigan City MSA includes La Porte Regional Health Systems, Blue Chip Hotel & Casino, and St. Anthony Memorial Health Center. According to the U.S. BLS, the unemployment rate for the fourth quarter of 2018 was 4.2 percent and has decreased significantly from 9.8 percent at the beginning of the evaluation period. The unemployment rate in the AA was slightly higher than the overall State of Indiana (3.2 percent).

Community Contact

The analysis takes into consideration comments provided by 14 community contacts that serve the bank's Chicago MMSA AA. Five of the community contacts represent affordable housing and fair housing policies in LMI areas. Three of the community contacts represent Economic Development Corporations in the AA. One community contact is a non-profit Community Development Financial Institution (CDFI). The remaining five community contacts provide a vast array of community development services targeted to LMI people and communities in the AA.

The long-standing source of living wage employment in the six county Chicago region, especially for people without college degrees and in some cases, without high school diplomas, was once dominated by manufacturing industries with several located in south suburban Cook County and in the City of Chicago. These types of industries have largely disappeared over the decades with few exceptions. Declining manufacturing jobs combined with mortgage crisis and loss of affordable housing due to gentrification has led to the displacement of LMI populations.

The CDFI contact serves eight locations in the AA where it has offices; the city of Chicago, South Suburban Cook County, and Elgin, IL. The community contact stated that the lending arm of the organization holds a disproportionate share of the single-family mortgage market in LMI communities. The interviewee cited the example of the Roseland neighborhood on the south side of Chicago, where in the past year the non-profit originated 15 of 35 home mortgages made in the community. The community contact stated that a nonprofit CDFI should not have a 43 percent market share of mortgages in the AA and indicates that banks are not lending in the area.

One contact stated that based on nationwide CRA data, small business lending by conventional banks has declined in the AA since the 2008-09 recession, especially for loans of less than $100K.

All five housing agency contacts serving various part of the AA noted a significant need for affordable housing. Community contacts noted that affordable housing remains the most difficult challenge for LMI families in the AA. Many have pretty decent credit scores but their income does not qualify them for a mortgage. The cost of single-family housing is high and LMI people have difficulty saving for a down payment and closing costs. What housing they do qualify for is in such poor repair that the scope of repairs makes them unaffordable, yet the communities near concentrations of low-wage jobs have a good mix of homes. Home values in LMI areas in the city of Chicago and in the south suburbs continue to lag, and comparable sales can be difficult to find as many sales in LMI neighborhoods continue to be for cash. One affordable housing community contact noted real estate developers are purchasing multi-family buildings in the assessment area and increasing rents making housing unaffordable to LMI people that live there. This has had a negative effect on LMI families and communities resulting in the displacement of LMI people from their communities and some end up in homeless shelters. The contact went on to state that banks should not receive CRA credit for financing multifamily buildings in LMI communities. The lack of ready, conventional financing by banks for home purchases suppresses home sales and depresses real estate values.

Considering the information from the community contacts, bank management, and demographic and economic data, affordable housing and small business loans represent the primary credit needs for the Chicago MMSA AA. Opportunity exists to originate these types of loans throughout the AA; however, it is limited in the low-income geographies as reflected by the small proportion of OOUs and small businesses coupled with limited home affordability for LMI individuals.

Scope of Evaluation in Chicago MMSA AA

The rating for the Chicago MMSA AA is based on a FS evaluation of the bank's performance in the Chicago-Naperville, IL-IN-WI CSA. A limited portion of the bank's overall lending, investments, and services were conducted in the Chicago CSA AA; therefore, the performance in the MMSA received less weight in determining the bank's overall CRA Rating.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN CHICAGO MMSA AA

LENDING TEST

The bank's performance under the Lending Test in the Chicago MMSA AA is rated Outstanding.

Based on a FS review, including the data in the tables below and consideration of performance context discussed in the lending test, the bank's performance in the Chicago MMSA AA is excellent.

Lending Activity

Based on the tables below, lending levels reflect excellent responsiveness to the credit needs in the AA taking into account the number and dollar amount of home mortgage, small business, small farm, and

CD loans originated or purchased relative to its capacity based on deposits, competition, and market presence.

Number of Loans					
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total
Chicago MMSA	207,607	21,740	227	47	229,621

Dollar Volume of Loans (000's)					
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total
Chicago MMSA	$49,713,871	$1,518,459	$31,122	$145,604	$51,409,056

WFBNA ranked 12th in deposits with 2.2 percent market share in the AA. In overall HMDA lending, WFBNA ranked second with 7.8 percent market share. There is strong competition as reflected by the 870 lenders and 175 depository institutions in the AA. The top lender in this market was JPMorgan Chase Bank with a 10.2 percent market share.

In small loans to businesses, WFBNA ranked 15th with a market share of 1.2 percent. The top three lenders were JPMorgan Chase Bank with a market share of 20.0 percent, American Express with a market share of 18.1 percent, and Citibank with a market share of 9.3 percent.

Distribution of Loans by Income Level of the Geography

The bank exhibits a good geographic distribution of loans in its AA.

Home Mortgage Loans

Refer to Table O in the "MMSA" section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is good.

- For 2012-2016, the proportion of home mortgage loans in LMI geographies substantially meets the aggregate distribution of loans in those geographies.
- The proportion of loans in low-income geographies is well below the proportion of OOUs and in moderate-income geographies is below the proportion of OOUs in those geographies.
- Based on the bank's performance in 2017-2018, the bank's home mortgage lending is slightly below the combined performance in 2012-2016.

Small Loans to Businesses

Refer to Table Q in the "MMSA" section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is excellent.

- For 2012-2016, the proportion of the bank's small business loans in LMI geographies exceeds the aggregate distribution of loans in those geographies.
- The proportion of loans in low-income geographies is below the proportion of businesses and in moderate-income geographies is near to the proportion of businesses located in those geographies.
- Based on the bank's small business lending in 2017-2018, the bank's small business lending is slightly below the combined performance in 2012-2016.

Distribution of Loans by Income Level of the Borrower

The bank exhibits a good distribution of loans among individuals of different income levels and businesses of different sizes.

Home Mortgage Loans

Refer to Table P in the "MMSA" section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's home mortgage loan originations and purchases. The bank's overall borrower's distribution of home mortgage loan originations and purchases for this evaluation is good.

- There are homeownership affordability hurdles in the AA especially for LMI borrowers. As noted above, the area's median housing value is 6.7 times the income of low-income borrowers and 4.2 times the income of moderate-income borrowers indicating a limited proportion of OOUs are affordable to LMI individuals. Despite the affordability challenges, the bank's overall home mortgage lending in 2012-2016 period to LMI borrowers exceeds the aggregate lending.
- The bank's overall home mortgage lending to low-income borrowers is significantly below the proportion of families and lending to moderate-income borrowers is below the proportion of families.
- Based on the bank's home mortgage lending in 2017-2018, the bank's home mortgage lending is slightly less than the combined performance in 2012-2016.

Small Loans to Businesses

Refer to Table in the "MMSA" section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's originations and purchases of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is good.

- For 2012-2016 and 2017-2018 time periods, the bank's distribution of small loans to businesses with revenues of $1 million or less exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is well below the percentage of small businesses located in the AA.

Community Development Lending

The institution is a leader in making CD loans.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

The level of CD lending in the Chicago MMSA AA is excellent. WFBNA made 47 CD loans in its AA for a total of $145 million, which represents over 15.7 percent of tier 1 capital. CD lending performance has a significantly positive impact on the lending test rating. The institution makes significant use of innovative and/or complex CD loans and involved many complex projects where the bank often acted in a leadership role. Thirty-nine loans totaling $128 million (83 percent) were for the primary purpose of affordable housing. Affordable housing is a critical CD need in the bank's Chicago CSA AA. Additionally, the bank extended seven CD loans for $6.4 million for the primary purpose of economic development as well as one CD loan totaling $10 million for revitalization and stabilization of the AA.

Examples of CD loans in the AA include:

- In March 2015, WFBNA provided a $25 million line of credit to a Tax Credit Investment Fund of which, $1.5 million directly benefits the AA by financing an affordable housing development located in Chicago, IL. The loan proceeds were used to bridge the gap between the receipt of capital contributions from investors and the payment of equity investments to operating partnerships that own LIHTC projects.
- In August 2018, WFBNA provided a $28 million loan for an affordable housing development located in Chicago, Illinois. The development consists of 32 efficiency units, 110 one-bedroom units, and 10 two-bedroom units with 100 percent of the total units restricted to tenants earning no more than 60 percent of area MFI. Rent are supported by a 20-year Section 8 HAP Contract that will go into effect at loan closing.
- In June 2018, WFBNA provided a $10 million line of credit for an organization that helps communities thrive by creating opportunities for low-income communities and people with disabilities. The organization is a mission-driven lender, real estate consultant, and developer and is the largest nonprofit CDFI in the Midwest. Funds were used to provide financing for nonprofit facilities in Illinois, including the Chicago MMSA AA. According to its website, as of March 2016, the purpose of the line of credit reflects the Community Development purpose of revitalization/stabilization.
- During the evaluation period, WFBNA provided three grants totaling $775,000 as a part of the Small Business DCC program benefiting small businesses in the Chicago MMSA AA. Refer to the comments in the institution Innovative or Flexible Lending Programs section of this public evaluation for additional details regarding this program.

Product Innovation and Flexibility

The institution makes extensive use of innovative and/or flexible lending practices in order to serve AA credit needs. The bank held a NeighborhoodLIFT event in the Chicago MMSA AA in August 2018 with more than 690 potential homebuyers attending the event and more than 190 homebuyers utilizing the down payment assistance ($15,000) to purchase a home. Of the 190, WFBNA originated 78 home mortgage loans totaling $11 million. Under the *your*FirstMortgage loan program the bank has funded 266 loans totaling $35 million to LMI homebuyers that qualified under this program.

Refer to the comments in the institution Innovative or Flexible Lending Practices section of this performance evaluation for additional details regarding these programs.

INVESTMENT TEST

The bank's performance under the Investment Test in the Chicago MMSA AA is rated Outstanding.

Based on a FS review, including the data in the table below and consideration of performance context discussed in the investment test, the bank's performance in the Chicago MMSA AA is excellent.

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	$(000's)	#	$(000's)	#	% of Total #	$(000's)	% of Total $	#	$(000's)
Chicago MMSA	3	$14,856	376	$294,474	379	100.0	$309,330	100.0		

* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.
** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

The institution has an excellent level of qualified CD investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 33.4 percent of adjusted tier 1 capital allocated to the AA.

The institution exhibits excellent responsiveness to credit and community economic development needs identified in the AA, including affordable housing, community services, economic development, and revitalization/stabilization for LMI individuals and geographies. Over 98 percent of the dollar volume of the bank's current and prior period investment focused on affordable housing which is a primary credit need in the AA. Additionally, the bank provided 343 grants totaling $15.5 million to a variety of organizations that primarily support affordable housing, community services, economic development, and revitalization/stabilization for LMI individuals and geographies.

The institution makes significant uses of innovative and/or complex investments to support CD initiatives. CD Investments involved many complex LIHTC projects where the bank often acted in a leadership role with participations from federal, state, local housing agencies, and real estate developers. Additionally, the bank purchased numerous government mortgage-backed securities for the CD Investment portfolio.

Examples of CD investments in the AA include:

- In September 2013, WFBNA invested $65.9 million in a National Community Investment corporation of which $15.9 million was allocated to a development located in Chicago, Illinois that provides 75 affordable housing units restricted to tenants earning no more than 60 percent of the area MFI. This corporation is a nonprofit Chicago-based affiliate of the Local Initiatives Support Corporation and one of the nation's leading LIHTC syndicators of LIHTC. Since inception, they have played an integral role in creating affordable housing options, revitalizing communities, and strengthening local economies.
- In April 2015, WFBNA provided an $83 million investment for the acquisition and rehabilitation of a 628-unit LIHTC affordable housing development. This development is located in a low-income census tract in the Old Town section of Chicago, Illinois, and is comprised of 10 five-

story buildings covering an entire city block. The property was originally built in 1929 and is listed on the National Register of Historic Places, which qualifies this project for Historic Tax Credits. The development is designated for families earning up to 80 percent of the area MFI.

- WFBNA provided several grants totaling $775,000 through the Small Business DCC Program which takes an innovative approach to address challenges diverse small business owners face when starting or growing their business. The grants were made as a part of the DCC program benefiting small businesses in Chicago. Refer to the comments in the institution Innovative or Flexible Lending Practices section of this public evaluation for additional details regarding this program.

SERVICE TEST

The institution's performance under the Service Test in the Chicago MMSA AA is rated Needs to Improve.

Based on a FS review, including the data in the tables below and consideration of performance context discussed in the service test, the bank's performance in the Chicago MMSA AA is poor.

Retail Banking Services

Service delivery systems are unreasonably inaccessible to portions of the AA, particularly LMI geographies and/or individuals. The tables below are shown as of December 31, 2018 to be consistent with other rated areas. On November 30, 2018, the bank sold its only branch in a low-income geography to Flagstar Bank. The branch sale was part of a larger transaction where Flagstar Bank purchased 52 branches in Illinois, Indiana, Michigan, Ohio, and Wisconsin. The branch was re-branded as Flagstar branches upon closing of the transaction. Flagstar intends to keep all branches and retain all employees. Since the branch was in operation during the majority of the evaluation time period the branch is evaluated and included in the analysis below.

Distribution of Branch Delivery System											
Assessment Area	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				% of Population within Each Geography *			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Chicago MMSA	100.0	11	100.0	0.0	0.0	36.4	63.6	10.0	23.5	31.6	34.6

* May not add up to 100 percent due to geographies with unknown tract income level and rounding. Population in census tracts with income unknown represent 0.3 percent in the AA

Distribution of Branch Openings/Closings							
Assessment Area	# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				
			Low	Mod	Mid	Upper	NA
Chicago MMSA AA	2	1	0	0	0	+1	0

As of November 30, 2018, WFBNA operated 12 branches and 10 ATMs in the Chicago MMSA AA. Of these branches, nine are full-service locations and three are limited-service branches. There is one branch in a low-income geography and no branches in moderate-income geographies. The branch distribution in low-income geographies is near to the percentage of the population in low-income geographies and branch distribution in moderate-income geographies is significantly below the percentage of the population in the moderate-income geographies in the AA. The bank operates one branch within close proximity to LMI geographies; however, the bank's branch distribution did not improve when compared to demographics.

The institution's opening and closing of branches have not affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank opened two branches in upper-income geographies. The bank subsequently closed one of the new branches in an upper-income geography.

Services, including where appropriate, business hours, do not vary in a way that inconveniences the various portions of its AA, particularly LMI geographies and/or individuals. While there are slight variations in opening and closing times, all branches are open Monday through Friday from 9:00 am to 5:00 pm with one branch opening at 8:00 am and seven branches closing at 6:00 pm. Seven of 12 branches are also open on Saturdays from 9:00 to 2:00 pm and one branch open from 9:00 am to noon. All WFBNA services are available at all branches and all delivery systems discussed bank-wide are available in this AA.

Community Development Services

The institution is a leader in providing CD services.

The level of CD services in the Chicago MMSA AA is excellent. Bank records show that employees provided their financial or job-specific expertise and/or technical assistance for 118 CD service activities to 34 organizations since the last evaluation, logging a total of 482 qualified hours within this AA. A majority (86 percent) of the bank's assistance was to organizations that provide community services to LMI individuals and families. Other activities targeted affordable housing (13 percent) and economic development (1 percent). The bank's financial assistance provided was responsive to the identified needs in the AA particularly affordable housing. The following are examples of CD services provided in this AA:

- A WFBNA team member provided 18 hours of Board service to an affordable housing organization that preserves affordable homeownership by repairing the homes of low-income elderly and disabled individuals ensuring their health and safety.
- Ten WFBNA team members provided financial education at a school, where according to the NCES, the free- and reduced-lunch program participation rate is 99.0 percent.

Multistate Metropolitan Statistical Area Rating

Columbus-Auburn-Opelika, GA-AL CSA (Columbus MMSA AA)

CRA rating for the Columbus MMSA AA[4]: Satisfactory
The Lending Test is rated: High Satisfactory
The Investment Test is rated: Needs to Improve
The Service Test is rated: High Satisfactory

The major factors that support this rating include:

- Excellent level of lending activity;
- Adequate geographic distribution of loans;
- Good borrower distribution of loans;
- Adequate level of CD loans;
- WFBNA's use of flexible products has a neutral impact on the Lending Test;
- Poor level of CD investments;
- Retail delivery systems are readily accessible to all portions of the AA; and
- Adequate CD services.

Description of Institution's Operations in Columbus MMSA AA

WFBNA delineated two AAs within the Columbus-Auburn-Opelika, GA-AL CSA. Refer to Appendix A for a complete description of the AA. These areas were combined, analyzed, and presented at the CSA level with an AA name of Columbus MMSA. The Columbus MMSA AA represents the 41th largest rated area in terms of deposits. WFBNA has $1.1 billion of deposits in the Columbus MMSA AA representing 0.1 percent of adjusted deposits. WFBNA ranked second with 9.3 percent market share out of 30 depository institutions in the AA. The top bank within the MMSA in terms of deposits was Synovus Bank with 49.9 percent market share. WFBNA operates 14 branches and 37 ATMs within the Columbus MMSA AA, representing 0.3 percent of the bank's branches and 0.3 percent of the bank's ATMs. In comparison to the percentage of deposits and branching network, the bank originated and purchased $2.4 billion in loans, or 0.1 percent of total loans originations and purchases during the evaluation period. The bank's primary loan products in the Columbus MMSA AA are home mortgage and small loans to businesses.

Demographic Data

The following table provides a summary of the demographics that include housing and business information for the Columbus MMSA AA. The table shows that the volume of OOUs is very small in low-income tracts and over 40 percent of families in the AA are LMI. The area's median housing value in the Columbus MMSA AA is 2.3 times the MSA median income but 2.8 times moderate-, and 4.6 times low-income, indicating a limited proportion of OOUs are affordable to LMI residents. Median

[4] This rating reflects performance within the multistate metropolitan statistical area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan statistical area.

rents and the high percentage of families below poverty level suggest rental housing is also unaffordable for many low-income residents.

Table A – Demographic Information of the Assessment Area

Assessment Area: Columbus-Auburn-Opelika GA-AL CSA

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	105	11.4	28.6	39.0	18.1	2.9
Population by Geography	462,998	6.1	25.1	42.9	24.5	1.3
Housing Units by Geography	195,909	6.9	26.0	41.7	24.1	1.3
Owner-Occupied Units by Geography	95,697	2.5	20.9	44.4	31.9	0.2
Occupied Rental Units by Geography	73,699	11.7	30.7	39.4	16.1	2.1
Vacant Units by Geography	26,513	9.2	31.4	38.0	18.4	2.9
Businesses by Geography	23,122	6.2	26.1	40.1	27.0	0.6
Farms by Geography	729	3.0	22.4	44.0	30.0	0.5
Family Distribution by Income Level	109,673	23.2	17.1	18.3	41.4	0.0
Household Distribution by Income Level	169,396	25.9	14.9	16.2	43.0	0.0
Median Family Income MSA - 12220 Auburn-Opelika, AL MSA		$61,141	Median Housing Value			$139,340
Median Family Income MSA - 17980 Columbus, GA-AL MSA		$53,554	Median Gross Rent			$814
			Families Below Poverty Level			14.6%

Source: 2015 ACS Census and 2018 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

Auburn-Opelika, AL MSA

According to the December 2018 Moody's Analytics report, Auburn's economy is on firmer ground. The metro area remains at risk of a recession, but recent data is very promising. Job growth over the last three to six months is flying well above the Alabama and U.S. rates and year ago growth of 2 percent is the fourth highest in the state.

Auburn is a college town, home to Auburn University. Auburn University creates a significant international presence within the community with 1,639 international students enrolled and 1,100 international employees. Many other foreign nationals live and work in the community with an estimated two of three residents from other parts of the country. Auburn's economy centers on Auburn University and providing university-affiliated services. Auburn University employs 4,300 people, or roughly one-quarter of the Auburn's total workforce. In addition, the federal and state government employs 2,400 Auburn residents in positions generally connected with the university. Some 8,500 employees are in service sector jobs. Auburn's industrial base is built around mid-size, high-tech manufacturing and research firms. Auburn has one industrial park and four technology parks where main areas of industrial focus are manufacturing of small engines, automotive wheels, fuel cells, plastic injection technology, and vehicle armor.

According to the U.S. BLS, the unemployment rate for the fourth quarter of 2018 was 3.7 percent and has decreased significantly from 6.8 percent at the beginning of the evaluation period. The unemployment rate in the AA was slightly higher than the overall State of Alabama (3.5 percent) during the same period.

Columbus, GA-AL MSA

According to the April 2018 Moody's Analytics report, the Columbus economy is making strides and edging closer to the middle of the pack among its Georgia peers. Construction and manufacturing are spearheading the robust gains with near six percent year-over-year increase in payrolls in the first quarter along with lifting goods-producing employment to its highest level since 2008. The rapid pace of factory job additions will not last as durable manufacturers employ more than half of the Columbus' factory workers. Fierce competition and demand fatigue could limit sales growth and hiring along with import tariffs on aluminum and steel as inputs in production are another hurdle in the outlook. Outside of leisure/hospitality and education/healthcare, private services are detracting from job growth.

The outlook for the housing market is worse than average in coming years with lagging demographics. With a better job mix and tightening labor market, bigger pay gains help make up for modest job growth and driving faster increases in labor income, which helped lift single-family existing-home sales to a 12-year high. Longer term, persistent outmigration of the young and educated will limit gains due to better job and wage alternatives in neighboring Auburn, AL and Atlanta, GA. Household formation and home sales are expected to fall in 2019. Low inventory has been a hurdle nationally and the Columbus MMSA is no exception. Home sales have slowed but a lack of supply is preserving upward pressure on prices.

The major economic drivers for the MMSA are defense, manufacturing, and financial services. The largest employers in the Columbus MMSA includes the U.S. Fort Benning, TSYS, AFLAC Inc., and Kia Motors Manufacturing. Earlier cutbacks at top employer Fort Benning is easing up and job prospects improved. According to the U.S. BLS, the unemployment rate for the first quarter of 2018 was 5.3 percent and decreased significantly from 9.2 percent at the beginning of the evaluation period. The unemployment rate in the AA was slightly higher than both the overall States of Georgia (3.7 percent) and Alabama (3.5 percent) during the same period.

Community Contact

The analysis takes into consideration comments provided by a community contact for the City of Auburn (Auburn) that serves the bank's Columbus MMSA AA. The contact represents a municipal Community Development Office.

The City of Auburn established a Community Development Block Grant (CDBG) in 2000 and utilizes the funds for a broad range of capital projects to preserve and develop a viable community, principally to benefit LMI residents. The CDBG program is a flexible program that provides communities with resources from the U.S. Department of Housing and Urban Development (HUD) to address a wide range of unique community development needs. The Community Development Division of Economic Development administers the daily operation of the CDBG program, including the provision of decent, safe, and sanitary housing by funding housing rehabilitation, constructing new affordable housing units, reconstructing units, and demolishing abandoned and dilapidated structures in residential areas. Auburn

also uses CDBG funds to revitalize LMI residential areas by improving infrastructure and public facilities with resources allocated to local non-profit organizations to subsidize supportive services.

Federal programs, such as CDBG and Urban Development Action Grants allow Auburn to bring substandard houses up to standard and build new houses for first-time homeowners. The Community Development Division's efforts aid LMI citizens through a variety of programs, such as the Affordable Housing Program and mortgage subsidies from the Revolving Loan Fund (RLF). Auburn also funded the Northern Auburn Housing Development, an affordable housing developer. According to the City of Auburn representative, the economy has been good for the last twenty years and noted limited opportunities for local banks to assist apart from some helping with homeowner education.

Considering the information from the community contact, bank management, and demographic and economic data, affordable housing is the primary credit need of the AA. Opportunity exists to originate these types of loans throughout the AA; however, it is limited in the low-income geographies as reflected by the small proportion of OOUs and small businesses coupled with limited home affordability for low-income individuals. The AA also has CD needs including small business and economic development as well as job training and financial education particularly for LMI individuals.

Scope of Evaluation in Columbus MMSA AA

The rating for the Columbus MMSA AA is based on a FS evaluation of the bank's performance in the combined Columbus-Auburn-Opelika, GA-AL CSA. The Columbus MMSA AA represents a limited portion of the bank's overall lending, investments, and services; therefore, the performance in the MMSA received less weight in determining the bank's overall CRA Rating.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN COLUMBUS MMSA AA

LENDING TEST

The bank's performance under the Lending Test in the Columbus MMSA AA is rated High Satisfactory.

Based on a FS review, including the data in the tables below and consideration of performance context discussed in the lending test, the bank's performance in the Columbus MMSA AA is good.

Lending Activity

Based on the tables below, lending levels reflect excellent responsiveness to the credit needs in the AA taking into account the number and dollar amount of home mortgage, small business, small farm, and CD loans originated or purchased relative to its capacity based on deposits, competition, and market presence.

Number of Loans					
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total
Columbus MMSA	12,619	3,528	59	2	16,208

Dollar Volume of Loans (000's)					
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total
Columbus MMSA	$2,225,639	$173,749	$2,530	$12,409	$2,414,327

WFBNA ranked second in deposits with 9.3 percent market share in the AA. In overall HMDA lending, WFBNA ranked first with 9.0 percent market share. There is strong competition as reflected by the 345 lenders and 30 depository institutions in the AA. In terms of mortgage lending market share, the number two lender in the market was Renasant Bank with 6.6 percent.

In small loans to businesses, WFBNA ranked fourth with a market share of 6.9 percent. The top three lenders were American Express with a market share of 20.1 percent, Synovus Bank with a market share of 8.3 percent, and Citibank with a market share of 7.0 percent.

Distribution of Loans by Income Level of the Geography

The bank exhibits an adequate geographic distribution of loans in its AA.

Home Mortgage Loans

Refer to Table O in the "MMSA" section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is adequate.

- The bank's performance in both periods, 2012-2016 and 2017-2018, for home mortgage loans in low-income geographies is well below the aggregate distribution of loans and is significantly below the proportion of OOUs in those geographies.
- The proportion of loans in moderate-income geographies is below the aggregate distribution of loans and is well below the proportion of OOUs in those geographies.

Small Loans to Businesses

Refer to Table Q in the "MMSA" section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is good.

- The bank's performance in both periods, 2012-2016 and 2017-2018, for small business loans in low-income geographies is below both the aggregate performance and the proportion of businesses located in those geographies.
- The proportion of loans in moderate-income geographies exceeds the aggregate distribution of loans and is near to the proportion of businesses located in those geographies.

Distribution of Loans by Income Level of the Borrower

The bank exhibits a good distribution of loans among individuals of different income levels and businesses of different sizes.

Home Mortgage Loans

Refer to Table P in the "MMSA" section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is good.

- The Columbus MMSA AA has homeownership affordability hurdles especially for low-income borrowers. As noted above, the area's median housing value is 4.6 times the income of low-income borrowers indicating a limited proportion of OOUs are affordable to low-income individuals. Despite the affordability challenges, the bank's overall home mortgage lending to LMI borrowers in both periods, 2012-2016 and 2017-2018, substantially meets the aggregate distribution of loans.
- The bank's performance for lending to low-income borrowers is significantly below the proportion of families and lending to moderate-income borrowers is below the proportion of families.

Small Loans to Businesses

Refer to Table R in the "MMSA" section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's originations and purchases of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is excellent.

- For the 2012-2016 period, the bank's distribution of small loans to businesses with revenues of $1 million or less exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is near to the percentage of small businesses located in the AA.
- The bank's small business lending in 2017-2018 is slightly lower than the combined performance in 2012-2016.

Community Development Lending

The institution has made an adequate level of CD loans.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

The level of CD lending in the Columbus MMSA AA is adequate. WFBNA made two CD loans totaling $12.4 million in its AA, which represents 10.5 percent of allocated tier 1 capital. Although the bank only originated two loans during the six-year time period, the loans represented a significant amount of tier 1 capital. Both CD loans were for the primary purpose of affordable housing, which is a critical CD need in the bank's AA.

Examples of CD loans in the AA include:

- In October 2018, WFBNA provided a $12.3 million loan for an affordable LIHTC housing development located in Phoenix City, Alabama with 98.8 percent of the units restricted to tenants earning no more than 60 percent of the area MFI.
- In April 2015, WFBNA renewed a $79,000 term loan for a multifamily housing development located in a moderate-income census tract in Columbus, GA. The development consists of 12 two-bedroom units with 100 percent of the actual rent rates below the 2015 Fair Market Rent for the area and 100 percent of the units affordable to tenants earning between 44 and 60 percent of the 2015 area MFI of $58,200.

Product Innovation and Flexibility

The institution makes limited use of innovative and/or flexible lending practices in order to serve AA credit needs. Under the *your*FirstMortgage loan program the bank funded 21 loans totaling $1.9 million to LMI homebuyers that qualified under this program. Refer to the comments in the institution Innovative or Flexible Lending Programs section of this performance evaluation for additional details regarding this program.

INVESTMENT TEST

The bank's performance under the Investment Test in the Columbus MMSA AA is rated Needs to Improve.

Based on a FS review, including the data in the table below and consideration of performance context discussed in the investment test, the bank's performance in the Columbus MMSA AA is poor.

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	$(000's)	#	$(000's)	#	% of Total #	$(000's)	% of Total $	#	$(000's)
Columbus MMSA	5	$322	66	$810	71	100.0	$1,132	100.0		

* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.
** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

The institution has a poor level of qualified CD investments and grants, but not in a leadership, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents only 1.0 percent of tier 1 capital allocated to the AA.

The institution exhibits poor responsiveness to credit and community economic development needs identified in the AA. There are opportunities available within the AA for the bank to provide CD investments; however, the bank opted to make a majority of the CD investment in smaller grants within the AA. The bank provided 65 grants totaling $750,000 to a variety of organizations that primarily support affordable housing, community services, economic development, and revitalization/stabilization for LMI individuals and geographies. Of the total investments, the bank allocated 65 percent of the dollar volume of the bank's current and prior period investment for affordable housing, which is an identified credit need in the AA.

The institution rarely uses innovative and/or complex investments to support CD initiatives.

Examples of CD investments in the AA include:

- In May 2015, WFBNA provided a $4.8 million investment in a government single-family mortgage backed security, of which $59,200 directly benefits LMI borrowers in the AA. Refer to the comments in the institution Community Development Initiatives section of this public evaluation for additional details regarding this program.
- In October 2017, WFBNA provided two grants totaling $160,000 to two local housing organizations as part of the PMP for affordable housing in the Columbus MMSA AA. Refer to the comments in the institution Innovative or Flexible Lending Programs section of this public evaluation for additional details regarding this program.

SERVICE TEST

The institution's performance under the Service Test in the Columbus MMSA AA is rated High Satisfactory.

Based on a FS review, including the data in the tables below and consideration of performance context discussed in the service test, the bank's performance in the Columbus MMSA AA is good.

Retail Banking Services

Service delivery systems are readily accessible to geographies and individuals of different income levels in the institution's AA.

Distribution of Branch Delivery System											
Assessment Area	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				% of Population within Each Geography*			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Columbus MMSA	100.0	14	100.0	14.3	28.6	42.9	14.3	6.1	25.1	42.9	24.5

* May not add up to 100 percent due to geographies with unknown tract income level and rounding. Population in census tracts with income unknown represent 1.4 percent the AA.

Distribution of Branch Openings/Closings						
Assessment Area	# of Branch Openings	# of Branch Closings*	Net change in Location of Branches (+ or -)			
			Low	Mod	Mid	Upper
Columbus MMSA	0	-4	0	-1	-1	-1

* Net change may not add up to total # of branch closings due to geographies with unknown tract income level.

As of December 31, 2018, WFBNA operates 14 branches and 37 ATMs in the Columbus MMSA AA. All of these branches are full-service locations. There are 6 branches in the LMI geographies. The branch distribution in LMI geographies exceeds the percentage of the population in LMI CTs in the AA. When considering an additional five branches within close proximity to LMI geographies, the bank's distribution further exceeds demographics.

The institution's opening and closing of branches have not affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank closed four branches including one in each of the moderate-income, middle-income, and upper-income geographies. An additional branch was closed in a geography with unknown tract income level. The bank did not open any new branches. The branch closure in the moderate-income geography did not negatively impact the distribution of branches relative to the population residing in LMI geographies.

Services, including where appropriate, business hours, do not vary in a way that inconveniences the various portions of its AA, particularly LMI geographies and/or individuals. Generally, branches are open Monday through Friday from 9:00 am to 6:00 pm. Nine of the 14 branches are open on Saturdays from 9:00 am to 1:00 pm. All WFBNA services are available at all branches and all ADS discussed bank-wide are available in this AA.

Community Development Services

The institution provides an adequate level of CD services.

The level of CD services in the Columbus MMSA AA is good. Bank records show that employees provided their financial or job-specific expertise and/or technical assistance for 136 CD service activities to 40 organizations since the last evaluation, logging a total of 304 qualified hours within this AA. A majority of the bank's assistance was to organizations that provide community services to LMI individuals and families. Other activities targeted affordable housing and economic development. The following are examples of CD services provided in this AA:

- A WFBNA team member provided 4 hours of financial education at a community organization that provides affordable housing in the Columbus region by developing, revitalizing, and managing contemporary housing communities.
- WFBNA team members provided 11 hours of financial education at a private, non-profit community action agency whose purpose is to reduce the cause and conditions of poverty. This agency provides opportunities and assistance to residents within an eight-county area of the lower Chattahoochee Valley including Chattahoochee, Clay, Harris, Muscogee, Quitman, Randolph, Stewart, and Talbot.

Multistate Metropolitan Statistical Area Rating

Davenport-Moline-Rock Island, IA-IL MSA (Davenport MMSA AA)

CRA rating for the Davenport MMSA AA[5]: Satisfactory
The Lending Test is rated: High Satisfactory
The Investment Test is rated: Needs to Improve
The Service Test is rated: High Satisfactory

The major factors that support this rating include:

- Adequate lending activity;
- Good distribution of loans by borrower profile;
- Good geographic distribution of loans;
- Poor level of CD loans;
- WFBNA's use of flexible products has a neutral impact on the Lending Test;
- Poor level of CD investments;
- Retail delivery systems are readily accessible to all portions of the AA; and
- Adequate CD services.

Description of Institution's Operations in Davenport MMSA AA

WFBNA delineated one AA within the Davenport MMSA AA and includes the Davenport-Moline-Rock Island, IA-IL MSA. Refer to Appendix A for a complete description of the AA. WFBNA has $1.3 billion of retail deposits in the Davenport MMSA AA representing 0.1 percent of adjusted deposits. The Davenport MMSA AA represents the 40th largest rated area in terms of deposits. In the Davenport MMSA AA, WFBNA ranked second out of 35 institutions with 15.5 percent market share. The top bank within the MMSA in terms of deposits is Quad City Bank and Trust Company with a slightly higher 15.6 percent deposits. WFBNA operates 12 branches and 18 ATMs within the Davenport MMSA AA, representing less than 0.1 percent of the bank's branches and less than 0.1 percent of the bank's ATMs. In the Davenport MMSA, the bank originated and purchased $1.4 billion in loans, or 0.1 percent of total loan originations and purchases during the evaluation period. The bank's primary loan products in the Davenport MMSA is home mortgage loans and small business loans.

Demographic Data

The following table provides a summary of the demographics that include housing and business information for the Davenport MMSA AA. The table shows that the volume of OOUs is very small in low-income tracts and over 38 percent of families in the AA are LMI. The area's median housing value in the Davenport MMSA AA is twice the MSA median income but 2.5 times moderate-, and four times low-income, indicating a limited proportion of OOUs are affordable to low-income residents. Median

[5] This rating reflects performance within the multistate metropolitan statistical area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan statistical area.

rents and the high percentage of families below poverty level suggest rental housing is also unaffordable for many low-income residents.

Table A – Demographic Information of the Assessment Area

Assessment Area: Davenport-Moline-Rock Island IA-IL (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	104	7.7	20.2	52.9	19.2	0.0
Population by Geography	379,690	4.9	17.0	55.9	22.3	0.0
Housing Units by Geography	166,127	5.3	17.2	56.7	20.8	0.0
Owner-Occupied Units by Geography	111,153	2.3	14.1	59.3	24.3	0.0
Occupied Rental Units by Geography	42,914	10.7	24.0	52.0	13.3	0.0
Vacant Units by Geography	12,060	13.7	21.8	49.9	14.7	0.0
Businesses by Geography	21,302	8.6	13.7	50.2	27.5	0.0
Farms by Geography	1,429	0.8	5.2	68.9	25.1	0.0
Family Distribution by Income Level	99,444	19.9	18.6	21.9	39.6	0.0
Household Distribution by Income Level	154,067	23.3	16.8	18.4	41.5	0.0
Median Family Income MSA - 19340 Davenport-Moline-Rock Island, IA-IL MSA		$61,723	Median Housing Value			$124,621
			Families Below Poverty Level			8.5%
			Median Gross Rent			$625

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

According to the June 2018 Moody's Analytics report, Davenport's economy has lost the momentum it had at the start of 2018. Payroll employment has moved sideways this year and job growth over the last six months trails the state and national averages. Wage pressures are modest, and the housing market is not faring much better. Existing single-family home sales are flat, which is keeping a lid on new residential construction. Major area employers include John Deere, Rock Island Arsenal, and Genesis Health Systems.

Davenport will remain one of Iowa's weakest economies in 2019. Manufacturing will hold its own, while military spending will safeguard against federal government job losses. Longer term, poor population trends and a lack of secondary drivers will ensure Davenport is a perennial underperformer.

According to the U.S. BLS, the MSA unemployment rate as of June 2018 was 3.8 percent, down from 6.9 percent at the beginning of the evaluation period. The MSA unemployment rate was lower than the State of Illinois at 4.7 percent and higher than the State of Iowa at 2.6 percent during the same period.

Community Contact

The analysis takes into consideration comments provided by three community contacts that serve the

bank's Davenport MMSA AA. One organization focuses on economic development, one organization provides community service, and one organization promotes the coordination of and building the capacity of housing development throughout Scott County.

The organization providing community service serves the City of Rock Island. The contact indicated that the community's biggest needs are to promote growth of residential areas and redevelopment of the City of Rock Island. There is a lot of older housing stock that needs to be rehabilitated.

The housing service organization in Scott County indicated that people in the City of Rock Island earning 60 percent of the area MFI are having a hard time finding rental housing. The area needs to promote entrepreneurship, small business advice, and low interest loans for small businesses. The area had an increase in the number of immigrants and refugees seeking services but are not aware of the services available.

Considering the information from the community contacts, bank management, and demographic and economic data, affordable housing and small business loans represent a primary credit need for the Davenport MMSA AA. Opportunity exists to originate these types of loans throughout the AA; however, it is limited in the low-income geographies as reflected by the small proportion of OOUs coupled with limited home affordability for LMI individuals. The AA also has CD needs including affordable housing and economic development.

Scope of Evaluation in Davenport MMSA AA

The rating for the Davenport MMSA AA is based on a FS evaluation of the bank's performance in the Davenport-Moline-Rock Island IA-IL MSA AA. A limited portion of the bank's overall lending, investments, and services were conducted in the Davenport MMSA AA; therefore, the performance in the Davenport MMSA AA received less weight in determining the bank's overall CRA Rating.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN DAVENPORT MMSA AA

LENDING TEST

The bank's performance under the Lending Test in the Davenport MMSA AA is rated High Satisfactory.

Based on a FS review, including the data in the tables below and consideration of performance context discussed in the lending test, the bank's performance in the Davenport MMSA AA is good.

Lending Activity

Based on the tables below, lending levels reflect adequate responsiveness to the credit needs in the AA taking into account the number and dollar amount of home mortgage, small business, small farm, and CD loans originated or purchased relative to its capacity based on deposits, competition, and market presence.

Number of Loans					
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total
Davenport MMSA	8,368	3,333	226	12	11,939

Dollar Volume of Loans (000's)					
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total
Davenport MMSA	$1,161,728	$233,842	$33,539	$2,635	$1,431,744

WFBNA ranked second in deposits with 15.6 percent market share in the AA. In overall HMDA lending, WFBNA ranked third with 5.2 percent market share. Although WFBNA's HMDA market share is lower than its deposit market share, lending competition was significantly stronger, reflected by the 273 lenders, than competition for deposits, where there were only 35 depository institutions. The top two lenders in the market were IH Mississippi Valley Credit Union with 9.8 percent market share and Vibrant Credit Union with 6.8 percent market share.

In small loans to businesses, WFBNA ranked fifth with a market share of 8.0 percent. The top three lenders were US Bank with a market share of 17.3 percent, American Express with a market share of 12.3 percent, and Capital One with a market share of 10.0 percent.

Distribution of Loans by Income Level of the Geography

The bank exhibits a good geographic distribution of loans in its AA.

Home Mortgage Loans

Refer to Table O in the "MMSA" section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is good.

- For 2012-2016, the proportion of home mortgage loans in LMI geographies substantially meets the aggregate distribution of loans.
- The proportion of loans in low-income geographies is well below the proportion of OOUs and in moderate-income geographies is below the proportion of OOUs in those geographies.
- The bank's home mortgage lending in 2017-2018 is slightly below the combined performance in 2012-2016.

Small Loans to Businesses

Refer to Table Q in the "MMSA" section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is good.

- For both 2012-2016 and 2017-2018 periods, the proportion of the bank's small business loans in low-income geographies substantially meets the aggregate distribution of loans and is near to the proportion of businesses located in those geographies.
- The proportion of loans in moderate-income geographies is below both the aggregate distribution of loans and the proportion of businesses located in those geographies.

Distribution of Loans by Income Level of the Borrower

The bank exhibits a good distribution of loans among individuals of different income levels and businesses of different sizes in its AA.

Home Mortgage Loans

Refer to Table P in the "MMSA" section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is good.

- The Davenport MMSA AA has homeownership affordability hurdles especially for low-income borrowers. As noted above, the area's median housing value is four times the income of low-income borrowers indicating a limited proportion of OOUs are affordable to low-income borrowers. Despite the affordability challenges, the bank's overall home mortgage lending to LMI borrowers in both 2012-2016 and 2017-2018 periods substantially meets the aggregate distribution of loans.
- The bank's performance in lending to low-income borrowers is well below the proportion of families and lending to moderate-income borrowers exceeds the proportion of families.

Small Loans to Businesses

Refer to Table R in the "MMSA" section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's originations and purchases of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is good.

- For 2012-2016, the percentage of small loans to businesses originated or purchased exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is below the percentage of small businesses located in the AA.
- The bank's small business lending in 2017-2018 exceeds the performance in 2012-2016.

Community Development Lending

The institution has made a poor level of CD loans.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

The level of CD lending in the Davenport MMSA AA is poor. WFBNA made 12 CD loans in its AA for a total of $2.6 million, which represents 1.8 percent of allocated tier 1 capital. CD lending performance has a neutral impact on the lending test rating. None of the CD loans addressed affordable housing, which is a critical lending need in the AA. All CD loans were for the purpose of community services to LMI individuals.

Examples of CD loans in the AA include:

- In February 2016, WFBNA provided a $650,000 working capital line of credit and renewed the line of credit in March 2017 for a nonprofit social service provider that provides adoption services, foster care placement and mediation, counseling services, domestic abuse advocacy, and employee assistance programs. According to the organization's Controller, 95 percent of clients are considered LMI individuals as they earn less than 80 percent of the 2016 area MFI.
- In May 2015, WFBNA renewed a $100,000 working capital line of credit for a non-profit organization that creates fun recreational and learning experiences for children and young adults, including those with disabilities. The Chief Financial Officer of the organization stated that 51 percent of their clients are considered to be LMI individuals as they earn less than $55,200 annually, which is 80 percent of the 2015 area MFI.

Product Innovation and Flexibility

The institution makes limited use of innovative and/or flexible lending practices in order to serve AA credit needs. Under the *your*FirstMortgage loan program, the bank has funded 40 loans totaling $3.7 million to LMI homebuyers that qualified under this program. Refer to the comments in the institution Innovative or Flexible Lending Programs section of this performance evaluation for additional details regarding this program.

INVESTMENT TEST

The bank's performance under the Investment Test in the Davenport MMSA AA is rated Needs to Improve.

Based on a FS review, including the data in the table below and consideration of performance context discussed in the investment test, the bank's performance in the Davenport MMSA AA is poor.

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments **	
	#	$(000's)	#	$(000's)	#	% of Total #	$(000's)	% of Total $	#	$(000's)
Davenport MMSA	13	$3,526	53	$1,360	66	100.0	$4,886	100.0		

* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.
** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

The institution has a poor level of qualified CD investments and grants, but not in a leadership, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 3.4 percent of tier 1 capital allocated to the AA.

The institution exhibits adequate responsiveness to credit and community economic development needs identified in the AA. Of the total investments, the bank allocated virtually all of the dollar volume of the bank's current and prior period investment for affordable housing, which is a primary credit need in the AA. Additionally, the bank provided 46 grants totaling $476,000 to a variety of organizations that primarily support affordable housing, community services, and economic development to assist LMI individuals and geographies.

The institution rarely uses innovative and/or complex investments to support CD initiatives. CD investments consisted of government mortgage-backed securities and grants.

Examples of CD investments in the AA include:

- In September 2016, WFBNA purchased a $15.7 million government single-family mortgage backed security, of which $173,835 directly benefits the AA. Refer to the comments in the institution Community Development Initiatives section of this public evaluation for additional details regarding this program.
- During the exam timeframe, WFBNA provided two grants totaling $100,000 to two housing organizations as a part of the PMP for affordable housing in the Davenport MMSA AA. Refer to the comments in the institution Innovative or Flexible Lending Programs section of this public evaluation for additional details regarding this program.

SERVICE TEST

The institution's performance under the Service Test in the Davenport MMSA AA is rated High Satisfactory.

Based on a FS review, including the data in the tables below and consideration of performance context discussed in the service test, the bank's performance in the Davenport MMSA AA is good.

Retail Banking Services

Service delivery systems are readily accessible to geographies and individuals of different income levels in the institution's AA.

Distribution of Branch Delivery System											
Assessment Area	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				% of Population within Each Geography			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Davenport MMSA	100.0	12	100.0	8.3	16.7	75.0	0.0	2.3	22.4	56.4	18.9

As of December 31, 2018, WFBNA operates 12 branches and 18 ATMs in the Davenport MMSA AA. All of these branches are full-service locations. There is one branch in a low-income geography and two branches in moderate-income geographies. The branch distribution in low-income geographies exceeds the percentage of the population in low-income geographies and branch distribution in moderate-income geographies is near to the percentage of the population in moderate-income geographies in the AA. When considering an additional two branches within close proximity to LMI geographies, the bank's distribution exceeds demographics.

Distribution of Branch Openings/Closings						
Assessment Area	# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)			
			Low	Mod	Mid	Upp
Davenport MMSA	0	4	-1	0	-2	-1

The institution's opening and closing of branches have not affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank closed four branches since the last evaluation. Of these branches, one was located in a low-income CT. This branch closure did not negatively impact the distribution of branches relative to the population residing in LMI geographies.

Services, including where appropriate, business hours, do not vary in a way that inconveniences the various portions of its AA, particularly LMI geographies and/or individuals. Generally, branches are open Monday through Friday from 9:00 am to 5:00 pm. Of the total branches, 11 are also open on Saturdays from 9:00 am to 12:00 pm. All WFBNA services are available at all branches and all ADS discussed bank-wide are available in this AA.

Community Development Services

The institution provides an adequate level of CD services.

The level of CD services in the Davenport MMSA AA is adequate. Bank records show that employees provided their financial or job-specific expertise and/or technical assistance for 170 CD service activities to 27 organizations since the last evaluation, logging a total of 238 qualified hours within this AA. A majority of the bank's assistance was to organizations that provide community services to LMI

individuals and families. Other activities targeted affordable housing and economic development. The following are examples of CD services provided in this AA:

- A WFBNA team member provided 12 hours of Board service to a nonprofit housing organization that works in partnership with people in need to build decent and affordable housing.
- A WFBNA team member provided 24 hours of Board service to a local community organization that works to preserve affordable homeownership by repairing the homes of low-income elderly and disabled individuals.

Multistate Metropolitan Statistical Area Rating

Fargo-Wahpeton, ND-MN CSA (Fargo MMSA AA)

CRA rating for the Fargo MMSA AA[6]: Outstanding
The Lending Test is rated: Outstanding
The Investment Test is rated: Outstanding
The Service Test is rated: Outstanding

The major factors that support this rating include:

- Good lending activity;
- Good geographic distribution of loans;
- Excellent borrower distribution of loans;
- WFBNA is a leader in providing CD loans, which has a significant positive impact on the Lending Test;
- WFBNA's use of flexible products has a neutral impact on the Lending Test;
- Excellent level of CD investments that are responsive to AA needs;
- Retail delivery systems are readily accessible to all portions of the AA; and
- Good level of CD services that are responsive to the needs of the bank's AA.

Description of Institution's Operations in Fargo MMSA AA

WFBNA delineated two AAs within the Fargo-Wahpeton, ND-MN CSA. Refer to Appendix A for a complete description of the AA. These areas were combined, analyzed, and presented at the CSA level with an AA name of Fargo MMSA. WFBNA has $858 million of retail deposits in the Fargo MMSA AA representing 0.1 percent of adjusted deposits. The Fargo MMSA AA represents the 44th largest rated area in terms of deposits. In the Fargo MMSA AA, WFBNA ranked second out of 31 depository institutions with 10.5 percent market share. The top bank within the MMSA in terms of deposits is Bell Bank with 35.8 percent deposits. WFBNA operates seven branches and 11 ATMs within the Fargo MMSA AA, representing less than 0.1 percent of the bank's branches and less than 0.1 percent of the bank's ATMs. In the Fargo MMSA AA, the bank originated and purchased $1.8 billion in loans, or 0.1 percent of total bank loan originations and purchases during the evaluation period. The bank's primary loan products in the Fargo MMSA AA is home mortgage loans and small business loans.

Demographic Data

The following table provides a summary of the demographics that include housing and business information for the Fargo MMSA AA. Table A shows that the volume of tracts, population, OOUs, and farms is very small in the low-income tracts and close to 36 percent of families in the AA are LMI. The area's median housing value in the Fargo MMSA AA is twice the MSA median income, but 2.7 times

[6] This rating reflects performance within the multistate metropolitan statistical area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan statistical area.

moderate-, and four times low-income, indicating a limited proportion of OOUs are affordable to low-income residents.

Table A – Demographic Information of the Assessment Area

Assessment Area: Fargo-Wahpeton ND-MN CSA (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	52	3.8	13.5	61.5	21.2	0.0
Population by Geography	225,098	4.2	11.9	56.8	27.2	0.0
Housing Units by Geography	96,831	3.6	14.1	59.1	23.2	0.0
Owner-Occupied Units by Geography	53,949	0.6	8.9	63.0	27.5	0.0
Occupied Rental Units by Geography	37,168	8.2	21.4	52.9	17.4	0.0
Vacant Units by Geography	5,714	2.1	15.3	62.8	19.8	0.0
Businesses by Geography	15,438	3.5	18.6	52.8	25.0	0.0
Farms by Geography	1,300	0.1	3.8	73.5	22.6	0.0
Family Distribution by Income Level	53,072	17.9	18.0	24.6	39.6	0.0
Household Distribution by Income Level	91,117	24.0	16.6	17.2	42.1	0.0
Median Family Income MSA - 22020 Fargo, ND-MN MSA		$67,695	Median Housing Value			$142,859
Median Family Income Non-MSAs - ND		$58,592	Median Gross Rent			$599
			Families Below Poverty Level			6.1%

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

According to the June 2018 Moody's Analytics report, Fargo economy's strength is its relatively low business costs and high housing affordability. The MSA has an exceptionally tight labor market, which will act as a limiter on the pace of job growth over the next few quarters of 2018. The increased competition for workers between Fargo and the nearby competitor, Minneapolis, will remain most evident in some of Fargo's most dynamic industries. Major area employers include Sanford Health, North Dakota State University, and Essentia Health.

Despite its industrial structure being more diverse than the rest of the state, Fargo is still heavily dependent on farmers and the agricultural industry in general. Though most of the statewide headlines have focused on the collapse of oil prices in recent years, North Dakota's farmers have been hurting as well, to the detriment of the MSA.

The housing market in the Fargo area is currently balanced. Total home sales decreased nearly 6 percent during the past year but remain higher than the prerecession peak in 2007. According to the U.S. BLS, Fargo's unemployment rate as of June 2018 was 2.6 percent, down from 3.5 percent at the beginning of the evaluation period. The MSA unemployment rate was lower than both the State of Minnesota and the State of North Dakota at 2.9 percent during the same period.

Community Contact

The analysis takes into consideration comments provided by a community contact serving the bank's Fargo MMSA AA in conjunction with this evaluation. The organization is with the city's planning & community development department that operates the community development programs. These programs include housing rehabilitation grants, a neighborhood rehabilitation program, a micro lending initiative to new Americans to start businesses, and a public art commission.

In the past five years, Fargo has become a resettlement community for refugees, which has been the biggest change in demographics. The biggest issue for low-income individuals in Fargo is homelessness. In the past ten years, the City of Fargo has created new homeless shelters and transitional housing, but homelessness still remains an issue in Fargo. Another issue is newcomer's trouble in accessing credit because they have poor or no credit history. This organization created the micro lending initiative to assist newcomers to find access to loans to start small businesses.

Considering the information from the community contacts and bank management as well as demographic and economic data, affordable housing and small business loans represent a primary credit need for the Fargo MMSA AA. Opportunity exists to originate these types of loans throughout the AA; however, it is limited in the low-income geographies as reflected by the small proportion of OOUs and small businesses coupled with limited home affordability for LMI individuals. The AA also has CD needs for community services to assist with the homelessness.

Scope of Evaluation in Fargo MMSA AA

The rating for the Fargo MMSA AA is based on a FS evaluation of the bank's performance in the Fargo-Wahpeton, ND-MN CSA AA. A limited portion of the bank's overall lending, investments, and services were conducted in the Fargo MMSA AA; therefore, the performance in the Fargo MMSA AA received less weight in determining the bank's overall CRA Rating.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN FARGO MMSA AA

LENDING TEST

The bank's performance under the Lending Test in the Fargo MMSA AA is rated Outstanding.

Based on a FS review, including the data in the tables below and consideration of performance context discussed in the lending test, the bank's performance in the Fargo MMSA AA is excellent.

Lending Activity

Based on the tables below, lending levels reflect good responsiveness to the credit needs in the AA taking into account the number and dollar amount of home mortgage, small business, small farm, and

CD loans originated or purchased relative to its capacity based on deposits, competition, and market presence.

Number of Loans					
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total
Fargo MMSA	7,187	3,097	1,401	19	11,704

Dollar Volume of Loans (000's)					
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total
Fargo MMSA	$1,219,814	$335,339	$227,480	$20,682	$1,803,315

WFBNA ranked second in deposits with 10.5 percent market share in the AA. In overall HMDA lending, WFBNA ranked fourth with 6.4 percent market share. There is strong competition as reflected by the 182 lenders and 31 depository institutions in the AA. The top three lenders in the market were Gate City Bank with 15.4 percent market share, Bell State Bank & Trust with 9.3 percent market share, and US Bancorp with 8.4 percent market share.

In small loans to businesses, WFBNA ranked sixth with a market share of 5.9 percent. The top three lenders were US Bank with a market share of 18.0 percent, Bell Bank with a market share of 16.3 percent, and American Express with a market share of 10.3 percent.

Distribution of Loans by Income Level of the Geography

The bank exhibits good geographic distribution of loans in its AA.

Home Mortgage Loans

Refer to Table O in the "MMSA" section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is good.

- For both 2012-2016 and 2017-2018 periods, the proportion of home mortgage loans in LMI geographies substantially meets the aggregate distribution of loans in those geographies.
- The proportion of loans in low-income geographies exceeds the proportion of OOUs and in moderate-income geographies is below the proportion of OOUs in those geographies.

Small Loans to Businesses

Refer to Table Q in the "MMSA" section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is good.

- For 2012-2016, the proportion of the bank's small business loans in low-income geographies is below both the aggregate distribution of loans and the proportion of businesses located in those geographies.
- The proportion of loans in moderate-income geographies exceeds both the aggregate distribution of loans and the proportion of businesses located in those geographies.
- The bank's small business lending in 2017-2018 is stronger than the performance in 2012-2016.

Small Loans to Farms

Refer to Table S in the "MMSA" section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to farms for this evaluation is poor.

- For both 2012-2016 and 2017-2018 periods, the proportion of the bank's small farm loans in LMI geographies is significantly below both the aggregate distribution of loans and the proportion of farms located in those geographies.

Distribution of Loans by Income Level of the Borrower

The bank exhibits an excellent distribution of loans among individuals of different income levels and businesses of different sizes.

Home Mortgage Loans

Refer to Table P in the "MMSA" section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is excellent.

- The Fargo MMSA AA has homeownership affordability hurdles especially for low-income borrowers. As noted above, the area's median housing value is four times the income of low-income borrowers indicating a limited proportion of OOUs are affordable to low-income borrowers. Despite the affordability challenges, the bank's overall home mortgage lending to LMI borrowers in both 2012-2016 and 2017-2018 periods exceeds the aggregate distribution of loans.
- The bank's performance to low-income borrowers is well below the proportion of families and lending to moderate-income borrowers exceeds the proportion of families.

Small Loans to Businesses

Refer to Table R in the "MMSA" section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's originations and purchases of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is good.

- For both 2012-2016 and 2017-2018 periods, the percentage of small loans to businesses originated or purchased exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is well below the percentage of small businesses located in the AA.

Small Loans to Farms

Refer to Table T in the "MMSA" section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's originations and purchases of small loans to farms. The distribution of the bank's originations and purchases of small loans to farms by revenue is good.

- For both 2012-2016 and 2017-2018 periods, the percentage of small loans to farms originated or purchased exceeds the aggregate small farm lending data for farms with revenues of $1 million or less and is well below the percentage of small farms located in the AA.

Community Development Lending

The institution is a leader in making CD loans.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

The level of CD lending in the Fargo MMSA AA is excellent. WFBNA made 19 CD loans in its AA for a total of $20.7 million, which represents 21.5 percent of allocated tier 1 capital. CD lending performance has a significant positive impact on the lending test rating. The institution makes significant use of innovative and/or complex CD loans and involved many complex projects where the bank often acted in a leadership role. The majority of these loans were for the primary purpose of affordable housing, which is a critical CD need in the bank's AA. The bank made 10 loans totaling $15.9 million (76.8 percent) for the purpose of affordable housing. Additionally, the bank extended nine CD loans totaling $4.8 million for the primary purpose of community services to assist LMI individuals.

Examples of CD loans in the AA include:

- In September 2016, WFBNA provided a $3.6 million construction loan for a 39-unit low income affordable housing development located in a middle-income census tract in Fargo, North Dakota. The development is comprised of 33 one-bedroom units (of which three are accessible units) and six two-bedroom units (with three being accessible). All of the units are restricted to seniors age 55 years and above with income at or below 60 percent of area MFI.
- In April 2015, WFBNA renewed a $600,000 working capital line of credit for a non-profit organization that provides rehabilitative services to individuals to achieve social re-integration. According to the organization's Administrative Coordinator, an estimated 98 percent of clients served are considered to be LMI as they earn less than $59,040 annually (80 percent of the 2013 area MFI).

Product Innovation and Flexibility

The institution makes limited use of innovative and/or flexible lending practices in order to serve AA credit needs. Under the *your*FirstMortgage loan program, the bank has funded 42 loans totaling $6.6 million to LMI homebuyers that qualified under this program. Refer to the comments in the institution Innovative or Flexible Lending Programs section of this performance evaluation for additional details regarding this program.

INVESTMENT TEST

The bank's performance under the Investment Test in the Fargo MMSA AA is rated Outstanding.

Based on a FS review, including the data in the table below and consideration of performance context discussed in the investment test, the bank's performance in the Fargo MMSA AA is excellent.

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments **	
	#	$(000's)	#	$(000's)	#	% of Total #	$(000's)	% of Total $	#	$(000's)
Fargo MMSA	1	$52	51	$20,063	52	100.0	$20,115	100.0		

* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.
** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

The institution has an excellent level of qualified CD investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 20.9 percent of tier 1 capital allocated to the AA.

The institution exhibits good responsiveness to credit and community economic development needs identified in the AA, including affordable housing, community services, and economic development for LMI individuals and geographies. Over 98 percent of the dollar volume of the bank's current and prior period investment focused on affordable housing, which is a primary credit need in the AA. Additionally, the bank provided 47 grants totaling $619,100 to a variety of organizations that primarily support affordable housing, community services, and economic development to LMI individuals.

The institution makes significant use of innovative and/or complex investments to support CD initiatives. CD Investments involved many complex LIHTC projects where the bank acted in a leadership role with participations from federal, state, and local housing agencies and real estate developers.

Examples of CD investments in the AA include:

- In September 2015, WFBNA invested $3.8 million in a 30-unit LIHTC affordable housing development located in Fargo, North Dakota. The development consists of 24 one-bedroom units and six two-bedroom units. Five units will be fully accessible for individuals with

disabilities. All of the units are affordable to individuals earning between 30 and 60 percent of the area MFI.

- In September 2018, WFBNA provided a $150,000 grant to a nonprofit organization that coordinates volunteers to preserve affordable homeownership by repairing the homes of low-income elderly and disabled individuals, providing them with a safe and healthy residence. According to the organization's Executive Director, 100 percent of its clients are LMI individuals as they earn less than 80 percent of the area MFI.
- During the exam timeframe, WFBNA provided two grants totaling $250,000 to two housing organizations as a part of the PMP for affordable housing in the Fargo MMSA AA. Refer to the comments in the institution Innovative or Flexible Lending Programs section of this public evaluation for additional details regarding this program.

SERVICE TEST

The institution's performance under the Service Test in the Fargo MMSA AA is rated Outstanding.

Based on a FS review, including the data in the tables below and consideration of performance context discussed in the service test, the bank's performance in the Fargo MMSA AA is excellent.

Retail Banking Services

Service delivery systems are readily accessible to geographies and individuals of different income levels in the institution's AA.

Distribution of Branch Delivery System											
Assessment Area	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				% of Population within Each Geography*			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Fargo MMSA	100.0	7	100.0	0.0	42.9	42.9	14.2	0.0	20.4	47.3	30.9

* May not add up to 100 percent due to geographies with unknown tract income level and rounding. Population in census tracts with income unknown represent 2.4 percent in the AA.

Distribution of Branch Openings/Closings						
Assessment Area	# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)			
			Low	Mod	Mid	Upp
Fargo MMSA	0	3	-1	0	-2	0

As of December 31, 2018, WFBNA operates 7 branches and 11 ATMs in the Fargo MMSA AA. All of the branches are full-service locations. There are no low-income geographies in the AA. The branch

distribution in moderate-income geographies significantly exceeds the percentage of the population in moderate-income CTs in the AA.

The institution's opening and closing of branches have not affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank closed three branches since the last evaluation. One of the branches was located in a previously designated low-income CT; however, as of the changes to census tract income designations resulting from the 2015 ACS, there are no longer any low-income geographies in the AA. As such, this branch closure did not negatively impact the distribution of branches or populations residing in the low-income geographies.

Services, including where appropriate, business hours, do not vary in a way that inconveniences the various portions of its AA, particularly LMI geographies and/or individuals. Generally, branches are open Monday through Friday from 9:00 am to 5:00 or 6:00 pm. Four branches are open on Saturdays from 9:00 am to 12:00 or 1:00 pm. All WFBNA services are available at all branches and all ADS discussed bank-wide are available in this AA.

Community Development Services

The institution provides a significant level of CD services.

The level of CD services in the Fargo MMSA AA is good. Bank records show that employees provided their financial or job-specific expertise and/or technical assistance for 56 CD service activities to 12 organizations since the last evaluation, logging a total of 443 qualified hours within this AA. A majority of the bank's assistance was to organizations that provide community services to LMI individuals and families. Other activities targeted affordable housing and economic development. The following are examples of CD services provided in this AA:

- Several WFBNA team members provided over 300 hours of Board service to a community organization that provides strategic leadership in community economic development policies, programs, and projects within the City of Wahpeton and greater Wahpeton area.
- A WFBNA team member provided 40 hours of Board service to a community organization that is an affiliate of a global organization that utilizes community-led solutions to identify and resolve community concerns with a primary focus on education, financial stability, and health.

Multistate Metropolitan Statistical Area Rating

Multistate Metropolitan Statistical Area Rating

Grand Forks, ND-MN MSA (Grand Forks MMSA AA)

CRA rating for the Grand Forks MMSA AA[7]: Outstanding
The Lending Test is rated: Outstanding
The Investment Test is rated: Outstanding
The Service Test is rated: Low Satisfactory

The major factors that support this rating include:

- Excellent lending activity;
- Good geographic distribution of loans;
- Excellent borrower distribution of loans;
- Good level of CD loans, which has a positive impact on the Lending Test;
- WFBNA's use of flexible products has a neutral impact on the Lending Test;
- Excellent level of CD investments that are responsive to AA needs;
- Retail delivery systems are reasonably accessible to all portions of the AA; and
- Poor level of CD services.

Description of Institution's Operations in Grand Forks MMSA AA

WFBNA delineated one AA within the Grand Forks MMSA AA. Refer to Appendix A for a complete description of the AA. WFBNA has $119.8 million of retail deposits in the Grand Forks MMSA AA representing less than 0.1 percent of adjusted deposits. The Grand Forks MMSA AA represents the 52th largest rated area in terms of deposits. In the Grand Forks MMSA AA, WFBNA ranked eighth out of 20 institutions with 4.2 percent market share. The top three depository institutions within the MMSA in terms of deposits market shares were Alerus Financial with 21.8 percent, Bremer Bank with 21.6 percent, and US Bank with 8.9 percent. WFBNA operates two branches and four ATMs within the Grand Forks MMSA AA, representing less than 0.1 percent of the bank's branches and less than 0.1 percent of the bank's ATMs. In the Grand Forks MMSA, the bank originated and purchased $415.6 million in loans or less than 0.1 percent of total bank loan originations and purchases during the evaluation period. The bank's primary loan products in the Grand Forks MMSA are home mortgage loans and small business loans.

Demographic Data

The following table provides a summary of the demographics that include housing and business information for the Grand Forks MMSA AA. Table A shows that the volume of tracts and OOUs is very small in the low-income tracts and close to 38 percent of families in the AA are LMI. The area's

[7] This rating reflects performance within the multistate metropolitan statistical area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan statistical area.

median housing value in the Fargo MMSA AA is twice the MSA median income, but 2.5 times moderate-, and four times low-income, indicating a limited proportion of OOUs are affordable to low-income individuals. Median rents and the significant percentage of families below poverty level suggest rental housing is also unaffordable for many low-income residents.

Table A – Demographic Information of the Assessment Area

Assessment Area: Grand Forks ND-MN MSA (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	28	3.6	17.9	67.9	10.7	0.0
Population by Geography	98,461	5.3	16.9	65.8	12.1	0.0
Housing Units by Geography	43,641	2.2	19.8	67.6	10.4	0.0
Owner-Occupied Units by Geography	23,556	0.5	17.2	67.3	14.9	0.0
Occupied Rental Units by Geography	15,467	4.9	24.9	64.6	5.6	0.0
Vacant Units by Geography	4,618	1.9	15.7	79.0	3.4	0.0
Businesses by Geography	6,305	2.2	19.2	67.2	11.4	0.0
Farms by Geography	875	0.2	11.3	83.5	4.9	0.0
Family Distribution by Income Level	22,957	19.5	18.3	24.2	37.9	0.0
Household Distribution by Income Level	39,023	25.8	15.0	17.3	41.9	0.0
Median Family Income MSA - 24220 Grand Forks, ND-MN MSA		$64,258	Median Housing Value			$127,851
			Median Gross Rent			$625
			Families Below Poverty Level			8.1%

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

According to the June 2018 Moody's Analytics report, Grand Forks' economy is dependent on the public sector and agriculture. The public sector includes the University of North Dakota and Grand Forks Air Force base, which is a major advantage during an economic downturn and helped Grand Forks outperform much of the state during the oil bust of the past few years.

Despite the stability afforded by the public sector, Grand Forks' economy is still set to have a lot of volatility in its employment numbers due to the impact of the trade war on its agriculture sector and its high concentration of personal service jobs in its private services sector. Outside of the public sector no single industry carries more sway over the economy than agriculture. Farm incomes have been severely depressed over the past several years because of falling crop prices and a trade impacting North Dakota farmers given their interconnectivity with markets in Canada and China. Major area employers include University of North Dakota, Altru Health System, and Grand Forks Air Force Base.

Average home sale prices in Grand Forks have been relatively flat during the past several years and the amount of available housing stock has increased. The According to the U.S. BLS, Grand Forks' unemployment rate as of June 2018 was 2.9 percent, down from 4.3 percent at the beginning of the

evaluation period. The MSA unemployment rate was comparable to both the State of Minnesota and North Dakota at 2.9 percent.

Community Contact

The analysis takes into consideration comments provided by two community contacts that serve the bank's Grand Forks MMSA AA. One organization is with a housing finance agency that offers affordable home financing to LMI families and ensures the continued availability of suitable rental housing for households of modest means. The other organization provides permanently affordable home ownership opportunities to LMI persons in Grand Forks MMSA AA using community land trusts.

The population of Grand Forks is growing due to a number of factors. These factors include: 1) skilled workers that serve the oil fields in northwest ND have moved to Grand Forks because housing near the oil fields is very scarce, 2) the number of students at the University of North Dakota has increased by more than 20 percent in the last 10 years, from 13,000 in 2006 to 16,000 students today, which increases the demand for rental housing, and 3) the Grand Forks refugee population from Bhutan and Somalia is growing. Grand Forks faces a critical need for affordable housing due to its growing population, relatively stagnant income, increased housing cost including rental cost, and new construction of apartments and single-family homes has not kept up with the increase in population.

Considering the information from the community contacts and bank management as well as demographic and economic data, affordable housing represents a primary credit need for the Grand Forks MMSA AA. Opportunity exists to originate these types of loans throughout the AA; however, it is limited in the low-income geographies as reflected by the small proportion of OOUs and small businesses coupled with limited home affordability for LMI individuals.

Scope of Evaluation in Grand Forks MMSA AA

The rating for the Grand Forks MMSA AA is based on a FS evaluation of the bank's performance in the Grand Forks ND-MN MSA. A limited portion of the bank's overall lending, investments, and services were conducted in the Grand Forks MMSA AA; therefore, the performance in the Grand Forks MMSA AA received less weight in determining the bank's overall CRA Rating.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN GRAND FORKS MMSA AA

LENDING TEST

The bank's performance under the Lending Test in the Grand Forks MMSA AA is rated Outstanding.

Based on a FS review, including the data in the tables below and consideration of performance context discussed in the lending test, the bank's performance in the Grand Forks MMSA AA is excellent.

Lending Activity

Based on the tables below, lending levels reflect excellent responsiveness to the credit needs in the AA taking into account the number and dollar amount of home mortgage, small business, small farm, and CD loans originated or purchased relative to its capacity based on deposits, competition, and market presence.

Number of Loans					
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total
Grand Forks MMSA	2,188	513	54	1	2,756

Dollar Volume of Loans (000's)					
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total
Grand Forks MMSA	$374,483	$35,588	$5,514	$5,317	$420,902

WFBNA ranked eighth in deposits with 4.2 percent market share in the AA. In overall HMDA lending, WFBNA ranked second with 9.1 percent market share. There is strong competition as reflected by the 134 lenders and 20 depository institutions in the AA. The top lender in the market was Gate City Bank with a 12.7 percent market share.

In small loans to businesses, WFBNA ranked ninth with a market share of 3.9 percent. The top two lenders were US Bank with a market share of 19.1 percent and Bremer Bank with a market share of 12.6 percent.

Distribution of Loans by Income Level of the Geography

The bank exhibits good geographic distribution of loans in its AA.

Home Mortgage Loans

Refer to Table O in the "MMSA" section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is good.

- For both 2012-2016 and 2017-2018 periods, the proportion of home mortgage loans in low-income geographies is significantly below both the aggregate distribution of loans and the proportion of OOUs in those geographies. However, less weight was given to WFBNA's performance in low-income geographies because of the very small proportion of the bank's tracts, loans, and OOUs in low-income geographies.
- The proportion of loans in moderate-income geographies substantially meets the aggregate distribution of loans and is near to the proportion of OOUs in those geographies.

Small Loans to Businesses

Refer to Table Q in the "MMSA" section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is adequate.

- For both 2012-2016 and 2017-2018 periods, the proportion of the bank's small business loans in low-income geographies is significantly below both the aggregate distribution of loans and the proportion of businesses located in those geographies.
- The proportion of loans in moderate-income geographies substantially meets the aggregate distribution of loans and is near to the proportion of businesses located in those geographies.

Distribution of Loans by Income Level of the Borrower

The bank exhibits an excellent distribution of loans among individuals of different income levels and businesses of different sizes.

Home Mortgage Loans

Refer to Table P in the "MMSA" section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is excellent.

- The Grand Forks MMSA AA has homeownership affordability hurdles especially for low-income borrowers. As noted above, the area's median housing value is four times the income of low-income borrowers indicating a limited proportion of OOUs are affordable to low-income borrowers. Despite the affordability challenges, the bank's overall home mortgage lending to LMI borrowers in 2012-2016 exceeds the aggregate distribution of loans.
- The bank's performance for lending to low-income borrowers is well below the proportion of families and lending to moderate-income borrowers exceeds the proportion of families.
- The bank's home mortgage lending in 2017-2018 is slightly below the performance in 2012-2016.

Small Loans to Businesses

Refer to Table R in the "MMSA" section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's originations and purchases of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is good.

- For both 2012-2016 and 2017-2018 periods, the percentage of small loans to businesses originated or purchased exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is below the percentage of small businesses located in the AA.

Community Development Lending

The institution has made a relatively high level of CD loans.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

The level of CD lending in the Grand Forks MMSA AA is good. WFBNA made only one CD loan in its AA for $5.3 million, which represents 39.5 percent of allocated tier 1 capital. Although the bank only originated one loan during the six-year time period, the loan represented a significant amount of tier 1 capital due to its size. As such, CD lending performance has a positive impact on the lending test rating. The loan was for the purpose of affordable housing, which is a critical CD need in the bank's AA.

An example of a CD loan in the AA includes:

- In December 2017, WFBNA provided a $5.3 million construction loan for an affordable housing development located in Crookston, Minnesota. The development contains 12 two-bedroom units and 18 three-bedroom units, and all of the units are restricted to households with income at or below 60 percent of area MFI. Four units will be designated for long-term homeless.

Product Innovation and Flexibility

The institution makes limited use of innovative and/or flexible lending practices in order to serve AA credit needs. Under the *your*FirstMortgage loan program, the bank has funded 12 loans totaling $1.7 million to LMI homebuyers that qualified under this program. Refer to the comments in the institution Innovative or Flexible Lending Programs section of this performance evaluation for additional details regarding this program.

INVESTMENT TEST

The bank's performance under the Investment Test in the Grand Forks MMSA AA is rated Outstanding.

Based on a FS review, including the data in the table below and consideration of performance context discussed in the investment test, the bank's performance in the Grand Forks MMSA AA is excellent.

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments **	
	#	$(000's)	#	$(000's)	#	% of Total #	$(000's)	% of Total $	#	$(000's)
Grand Forks MMSA	3	$553	9	$6,457	12	100.0	$7,010	100.0		

* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.
** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

The institution has an excellent level of qualified CD investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 52.1 percent of tier 1 capital allocated to the AA.

The institution exhibits excellent responsiveness to credit and community economic development needs identified in the AA, including affordable housing, community services, and economic development for LMI individuals and geographies. Over 98 percent of the dollar volume of the bank's current and prior period investment focused on affordable housing which is a primary credit need in the AA. Additionally, seven grants totaling $45,000 were made to a variety of organizations that primarily support affordable housing and community services.

The institution makes significant use of innovative and/or complex investments to support CD initiatives. CD Investments involved one new complex LIHTC project and three LIHTC investments from prior period where the bank acted in a leadership role with participations from federal, state, and local housing agencies and real estate developers. Additionally, the bank purchased one government mortgage-backed securities for the CD Investment portfolio.

Examples of CD investments in the AA include:

- In December 2017, WFBNA provided a $6.2 million investment for an affordable housing LIHTC development located in Crookston, Minnesota. The development consists of 12 two-bedroom units and 18 three-bedroom units, and all of the units are restricted to households with income at or below 50 percent of the area MFI. Four units will be designated for long-term homeless with supportive services provided. This activity is responsive to the identified need for affordable housing as well as the identified need for addressing homelessness. Wells Fargo also demonstrated multi-faceted support by providing both the construction loan in the amount of $5.3 million and equity investment to support this affordable housing development.
- In June 2015, WFBNA provided a $6.6 million investment in a government single-family mortgage backed security. The investment amount reported of $196,150 represents the allocation of a single property located within a LMI area in the AA from the pool of mortgages under this transaction. Refer to the comments in the institution Community Development Initiatives section of this public evaluation for additional details regarding this program.

SERVICE TEST

The institution's performance under the Service Test in the Grand Forks MMSA AA is rated Low Satisfactory.

Based on a FS review, including the data in the tables below and consideration of performance context discussed in the service test, the bank's performance in the Grand Forks MMSA AA is adequate.

Retail Banking Services

Service delivery systems are reasonably accessible to geographies and individuals of different income levels in the institution's AA.

Distribution of Branch Delivery System											
Assessment Area	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				% of Population within Each Geography			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Grand Forks MMSA	100.0	2	100.0	0.0	0.0	100.0	0.0	5.5	20.1	56.4	18.0

As of December 31, 2018, WFBNA operates two branches and four ATMs in the Grand Forks MMSA AA. Both of these branches are full-service locations. There are no branches in LMI geographies and the branch distribution in LMI geographies is significantly below the percentage of the population in LMI CTs in the AA. When considering one branch within close proximity to LMI geographies, the bank's distribution remains below demographics.

Distribution of Branch Openings/Closings						
Assessment Area	# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)			
			Low	Mod	Mid	Upp
Grand Forks MMSA	0	0	0	0	0	0

The bank did not open or close any branches during the evaluation period.

Services, including where appropriate, business hours, do not vary in a way that inconveniences the various portions of its AA, particularly LMI geographies and/or individuals. Generally, branches are open Monday through Friday from 9:00 am to 5:00 or 6:00 pm. One branch is also open on Saturdays from 9:00 am to 1:00 pm. All WFBNA services are available at all branches and all ADS discussed bank-wide are available in this AA.

Community Development Services

The institution provides a low level of CD services.

Bank records show that employees provided their financial or job-specific expertise and/or technical assistance for 39 CD service activities to two organizations since the last evaluation, logging a total of 35 qualified hours within this AA. A majority of the bank's assistance was to one organization that provides community services to LMI individuals and families. The other technical assistance was to an organization that targeted economic development within the AA. The following is an example of CD services provided in this AA:

- A WFBNA team member provided over 30 hours of financial education to an elementary school located in Grand Forks, ND. According to NCES, the free and reduced lunch program

participation rate is 65 percent at this elementary school and the qualifying guidelines are at or below 80 percent of the area's MFI.

Multistate Metropolitan Statistical Area Rating

Logan, UT-ID (Logan MMSA AA)

CRA rating for the Logan MMSA AA[8]: Satisfactory
The Lending Test is rated: Outstanding
The Investment Test is rated: Needs to Improve
The Service Test is rated: High Satisfactory

The major factors that support this rating include:

- Good lending activity;
- Excellent geographic distribution
- Excellent borrower distribution of loans;
- Good level of CD loans, which has a positive impact on the Lending Test;
- WFBNA's use of flexible products has a neutral impact on the Lending Test;
- Poor level of CD investments;
- Retail delivery systems are readily accessible to all portions of the AA; and
- Poor level of CD services.

Description of Institution's Operations in Logan MMSA AA

WFBNA delineated one AA within the Logan, UT-ID MSA. Refer to Appendix A for a complete description of the AA. WFBNA has $316 million of deposits in the Logan MMSA AA representing 0.01 percent of adjusted deposits. The Logan MMSA AA represents the 49th largest rated area by deposits. In the Logan MMSA AA, WFBNA ranked 3rd out of 10 institutions with a 17.6 percent market share. The top two depository institutions within the MMSA were ZB National Association with 26.4 percent and Cache Valley with 21.2 percent market share. WFBNA operates 5 branches and 6 ATMs within the Logan MMSA AA, representing 0.1 percent of the bank's branches and 0.01 percent of the bank's ATMs. In comparison to the percentage of deposits and branching network, the bank originated and purchased approximately $656 million in loans or 0.0 percent of total bank loan originations and purchases during the evaluation period. The bank's primary loan products in the Logan MMSA AA are home mortgage and small loans to businesses.

Demographic

The following table provides a summary of the demographics that include housing and business information for the Logan MMSA AA. Table A shows that the volume of tracts and population is very small in the low-income tracts and there are also no OOUs within the low-income tracts. Additionally, thirty eight percent of families in the AA are LMI. The area's median housing value in the Logan MMSA AA is 3.2 times the MSA median income, but 4 times moderate-, and 6.4 times low-income, indicating a limited proportion of OOUs are affordable to LMI individuals.

[8] This rating reflects performance within the multistate metropolitan statistical area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan statistical area.

Table A – Demographic Information of the Assessment Area

Assessment Area: Logan UT-ID MSA (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	28	3.6	25.0	50.0	21.4	0.0
Population by Geography	125,442	2.2	26.7	55.4	15.8	0.0
Housing Units by Geography	40,464	1.5	31.7	51.7	15.0	0.0
Owner-Occupied Units by Geography	24,897	0.0	14.5	65.4	20.0	0.0
Occupied Rental Units by Geography	13,003	4.3	65.2	25.8	4.7	0.0
Vacant Units by Geography	2,564	2.3	28.5	50.3	18.9	0.0
Businesses by Geography	7,884	1.4	31.1	49.6	17.9	0.0
Farms by Geography	529	0.0	8.5	79.8	11.7	0.0
Family Distribution by Income Level	28,853	18.8	19.5	22.4	39.2	0.0
Household Distribution by Income Level	37,900	20.5	18.2	20.6	40.8	0.0
Median Family Income MSA - 30860 Logan, UT-ID MSA		$54,558	Median Housing Value			$174,794
			Median Gross Rent			$643
			Families Below Poverty Level			10.1%

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

According to the July 2018 Moody's Analytics report, Logan's economy is showing few signs of slowing. Payrolls grew at more than triple the rate of the nation in the second quarter, driven in large part by a surge in professional/business services. State government has served as the lone weakness with falling enrollment at Utah State University (USU) as the contributing factor. An improved job mix is powering average hourly earnings growth to its fastest pace in three years. With wages rising and homebuilders dialing back, it should come as no surprise that home values are appreciating at a near double-digit clip since last year.

Logan has a state university and other economic engines. Franklin County has two hospitals that have been expanded and improved over the last ten years. Logan Regional Hospital and Mountain Star Medical are the two largest hospitals in the region. Logan added a cancer wing so people no longer need to go to Salt Lake City.

The outlook for the housing market is above average thanks largely to favorable demographics trends. Low inventory has been a hurdle nationally, and the Logan MMSA is no exception. Home sales have slowed but a lack of supply is preserving upward pressure on prices.

The major economic drivers for the MMSA are Food Processing, Healthcare, and USU. The largest employers in the Logan MMSA includes Utah State University, Logan Regional Hospital, and Swift & Co. According to the U.S. BLS, the unemployment rate for the second quarter of 2018 was 2.5 percent

and has decreased from 4.5 percent at the beginning of the evaluation period. The unemployment rate in the AA was similar to the overall State of Idaho (2.5 percent) and slightly lower than the overall State of Utah (3.5 percent).

Community Contact

The analysis takes into consideration comments provided by a community contact that serves the bank's Logan MMSA AA. The community contact was with a government rural development organization.

According to the community contact, the Logan MSA is located within the Cache Valley which runs north to south. Franklin County in Idaho is really part of Utah: culturally and economically. There is more economic activity in Utah. Many people from Idaho drive into Logan, UT to either shop or work. The drive is 30 minutes or about 30 miles.

The Cache Valley in both Utah and Idaho had been a concentrated dairy area. There remain two dairy processing plants in Logan, UT. However, with changes in the market, the number of dairy farmers has declined from about 100 to 17. Though the number of dairy farmers in Cache County has diminished, those that have remained are much larger. The dairy operations in Franklin County have remained smaller and more stable.

Smithfield, UT has seen a lot of residential growth because of its proximity to Logan which is the economic engine of the Valley. Richmond and Lewiston, UT have also seen population growth due to the number of multi-family rental properties being constructed. This kind of development has yet to cross the border into Idaho.

Since the financial crisis both single-family and multi-family housing development have bounced back, and manufacturing has expanded. Most of this development remains on the Utah side of the border. The Idaho side has not seen much growth in business because people are willing to drive to Logan.

According to the contact, there are several opportunities for banks to participate in community development, other credit-related projects, or financing programs for affordable housing. There are a couple neighborhood CDCs in Logan, Idaho Housing and Finance Association (state housing finance agency) that offers single and multi-family products, as well as economic development products.

Considering the information from the community contacts and bank management as well as demographic and economic data, affordable housing and small business loans represent a primary credit need for the Logan MMSA AA. Opportunity exists to originate these types of loans throughout the AA; however, it is limited in the low-income geographies as reflected by the zero volume of OOUs, small proportion of population and small businesses coupled with limited home affordability for LMI individuals. The AA also has CD needs for community services to assist with the homelessness.

Scope of Evaluation in Logan MMSA AA

The rating for the Logan MMSA AA is based on a FS evaluation of the bank's performance in the Logan, UT-ID MSA. A limited portion of the bank's overall lending, investments, and services were

conducted in the Logan MMSA AA; therefore, the performance in the MMSA received less weight in determining the bank's overall CRA Rating.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN LOGAN MMSA AA

LENDING TEST

The bank's performance under the Lending Test in the Logan MMSA AA is rated Outstanding.

Based on a FS review, including the data in the tables below and consideration of performance context discussed in the lending test, the bank's performance in the Logan MMSA AA is excellent.

Lending Activity

Based on the tables below, lending levels reflect good responsiveness to the credit needs in the AA taking into account the number and dollar amount of home mortgage, small business, small farm, and CD loans originated or purchased relative to its capacity based on deposits, competition, and market presence.

Number of Loans					
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total
Logan MMSA	2,995	1,919	124	2	5,040

Dollar Volume of Loans (000's)					
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total
Logan MMSA	$530,147	$121,262	$4,669	$5,244	$661,322

WFBNA ranked 3rd in deposits with 17.6 percent market share in the AA. In overall HMDA lending, WFBNA ranked fifth with 5.8 percent market share. Although WFBNA's HMDA market share is considerably lower than its deposit market share, lending competition was significantly stronger, reflected by the 170 lenders, than competition for deposits, where there were only 10 depository institutions. The top 3 lenders in this market were Guild Mortgage Company with 8.4 percent market share, Cache Valley Bank with 6.8 percent market share, and US Bancorp Family with a 6.4 percent market share.

In small loans to businesses, WFBNA ranked 5th with a market share of 8.9 percent. There is strong competition in the market with approximately 50 lenders within the AA. The top three lenders were Zions Bank with a market share of 22.9 percent, American Express with a market share of 17 percent, and JPMorgan Chase Bank with a market share of 10.3 percent.

Distribution of Loans by Income Level of the Geography

The bank exhibits an excellent geographic distribution of loans in its AA.

Home Mortgage Loans

Refer to Table O in the "MMSA" section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is excellent.

- For 2012-2016 period, there are no OOUs in low-income geographies so our assessment focused on the bank's performance in the moderate-income geographies.
- For 2012-2016, the proportion of loans in moderate-income geographies exceeds both the aggregate distribution of loans and the proportion of OOUs units in those geographies.
- Based on the bank's performance in 2017-2018, the bank's home mortgage lending is slightly lower than the combined performance in 2012-2016.

Small Loans to Businesses

Refer to Table Q in the "MMSA" section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is good.

- For 2012-2016, the proportion of the bank's small business loans in low-income geographies exceeds the aggregate distribution of loans and is significantly below the proportion of businesses in those geographies.
- The proportion of loans in moderate-income geographies substantially meets the aggregate distribution of loans and is near to the proportion of businesses located in those geographies.
- Based on the bank's performance in 2017-2018, the bank's small business lending is slightly below the combined performance in 2012-2016.

Distribution of Loans by Income Level of the Borrower

The bank exhibits an excellent distribution of loans among individuals of different income levels and businesses of different sizes.

Home Mortgage Loans

Refer to Table P in the "MMSA" section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's home mortgage loan originations and purchases. The bank's overall borrowers distribution of home mortgage loan originations and purchases for this evaluation is excellent.

- The Logan MMSA AA has homeownership affordability hurdles especially for LMI borrowers. As noted above, the area's median housing value is 6.4 times the income of low-income borrowers and 4 times the income of moderate-income borrowers indicating a limited proportion of OOUs are affordable to LMI borrowers. Despite the affordability challenges, the bank's overall home mortgage lending to LMI borrowers in the 2012-2016 period exceeds the aggregate distribution of loans.

- The bank's performance for lending to low-income borrowers is well below the proportion of families and lending to moderate-income borrowers exceeds the proportion of families.
- Based on the bank's performance in 2017-2018, the bank's home mortgage lending is slightly lower than the combined performance in 2012-2016.

Small Loans to Businesses

Refer to Table R in the "MMSA" section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's originations and purchases of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is good.

- For both the 2012-2016 and 2017-2018 periods, the percentage of small loans to businesses originated or purchased exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is below the percentage of small businesses located in the AA.

Community Development Lending

The institution has made a relatively high level of CD loans.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

The level of CD lending in the Logan MMSA AA is good. WFBNA made only 2 CD loans in its AA for $5.2 million, which represents over 14.7 percent of tier 1 capital. Although the bank only originated two loans during the six-year time period, the loans represented a significant amount of tier 1 capital. As such, CD lending performance has a positive impact on the lending test rating. One CD loan was for the primary purpose of affordable housing which is a critical CD need in the bank's AA. The other CD loan was for economic development.

Examples of CD loans in the AA include:

- In December 2015, WFBNA provided a $4.3 million term loan in conjunction with the SBA's 504 Certified Development Company (CDC) program to assist in the purchase of an owner-occupied commercial real estate. The CDC program is a long-term financing tool for economic development within the community.
- In June 2016, WFBNA provided an extension of a $2.0 million loan for a multifamily housing development. The loan amount reported of $927,000 represents 47.1 percent of the total loan amount and is reflective of the proportional amount of the units that will provide below fair-market rent affordable housing. This development is located in a moderate-income census tract in Logan, Utah and consists of 36 two-bedroom units and 32 three-bedroom units with 47 percent of the asking rent rates below the 2016 Fair Market Rent for the area and 100 percent of the units are affordable to tenants earning between 52 percent and 60 percent of the 2016 area MFI of $57,700.

Product Innovation and Flexibility

The institution makes limited use of innovative and/or flexible lending practices in order to serve AA credit needs. Under the *your*FirstMortgage loan program, the bank has funded 3 loans totaling $344,000 to LMI homebuyers that qualified under this program. Refer to the comments in the institution Innovative or Flexible Lending Programs section of this performance evaluation for additional details regarding this program.

INVESTMENT TEST

The bank's performance under the Investment Test in the Logan MMSA AA is rated Needs to Improve.

Based on a FS review, including the data in the table below and consideration of performance context discussed in the investment test, the bank's performance in the Logan MMSA AA is poor.

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments **	
	#	$(000's)	#	$(000's)	#	% of Total #	$(000's)	% of Total $	#	$(000's)
Logan MMSA	2	$407	26	$759	28	100.0	$1,166	100.0		

* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.
** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

The institution has a poor level of qualified CD investments and grants, but not in a leadership position, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 3.3 percent of tier 1 capital allocated to the AA.

The institution exhibits poor responsiveness to credit and community economic development needs identified in the AA. Of the total investments, the bank allocated over 97 percent of the dollar volume of the bank's current and prior period investment for affordable housing, which is a primary credit need in the AA. Additionally, the bank provided 25 grants totaling $183,000 to a variety of organizations that primarily support affordable housing and community services.

The institution rarely uses innovative and/or complex investments to support CD initiatives.

Examples of CD investments in the AA include:

- In December 2013, WFBNA provided a $5.3 million investment in a single-family mortgage backed security. The investment amount reported of $576,016 represents the allocation of property addresses located within LMI geographies from the pool of mortgages under this transaction. This mortgage-backed security is collateralized by the cash flows from loans insured or guaranteed by the Federal Housing Administration, Department of Veterans Affairs Home Loan Program for Veterans, Office of Public and Indian Housing, and the U.S. Department of Agriculture Rural Development.

- During the exam period, WFBNA provided 15 separate grants totaling $107,000 to an organization that creates quality affordable housing opportunities, enhances and stabilizes communities, and provides households with the skills to become self-sufficient. The organization's primary mission is to create independent living environments and to promote self-sufficiency for under-served markets such as very-low income families, the elderly, persons with disabilities, and homeowners facing foreclosures.

SERVICE TEST

The institution's performance under the Service Test in the Logan MMSA AA is rated High Satisfactory.

Based on a FS review, including the data in the tables below and consideration of performance context discussed in the service test, the bank's performance in the Logan MMSA AA is good.

Retail Banking Services

Service delivery systems are readily accessible to geographies and individuals of different income levels in the institution's AA.

Distribution of Branch Delivery System											
Assessment Area	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				% of Population within Each Geography			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Logan MMSA	100.0	5	100.0	20.0	40.0	40.0	0.0	6.1	20.0	46.1	27.8

Distribution of Branch Openings/Closings						
Assessment Area	# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)			
			Low	Mod	Mid	Upp
Logan MMSA	0	1	0	0	-1	0

As of December 31, 2018, WFBNA operates 5 branches and 6 ATMs in the Logan MMSA AA. All five branches are full-service locations. There is one branch in a low-income geography and 2 branches in moderate-income geographies. The branch distribution in LMI geographies significantly exceeds the percentage of the population in LMI CTs in the AA.

The institution's opening and closing of branches have not affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank closed one branch within a middle-income CT since the last evaluation.

Services, including where appropriate, business hours, do not vary in a way that inconveniences the various portions of its AA, particularly LMI geographies and/or individuals. Generally, branches are open Monday through Thursday from 9:00 am to 5:00 pm. On Fridays, two branches are open from 9:00 am to 5:00 pm and two are open from 9:00 am to 6:00 pm. One branch is open from 10:00 am to 7:00 pm Monday through Friday. Two branches are also open on Saturdays from 9:00 am to 2:00 pm and one branch is open from 10:00 am to 3:00 pm. All WFBNA services are available at all branches and all ADS discussed bank-wide are available in this AA.

Community Development Services

The institution provides a low level of CD services.

The level of CD services in the Logan MMSA AA is poor. Bank records show that employees provided their financial or job-specific expertise and/or technical assistance for four CD service activities to two organizations since the last evaluation, logging a total of 51 qualified hours within this AA. A majority of the bank's assistance was to an organization that provides affordable housing services to LMI individuals and families. The other activity was to a community organization that provides services to LMI individuals and families. The following is an example of a CD service provided in this AA:

- Two WFBNA team members provided 49 hours of Board activity services to a local community organization that helps to create quality affordable housing opportunities, to enhance and stabilize communities, and to provide households with the skills to become self-sufficient. The organization works to create independent living environments and to promote self-sufficiency for under-served markets such as very-low income families, the elderly, persons with disabilities, and homeowners facing foreclosures.

Multistate Metropolitan Statistical Area Rating

Memphis, TN-MS MSA (Memphis MMSA AA)

CRA rating for the Memphis MMSA AA[9]: Satisfactory
The Lending Test is rated: High Satisfactory
The Investment Test is rated: Low Satisfactory
The Service Test is rated: Low Satisfactory

The major factors that support this rating include:

- Excellent lending activity;
- Adequate geographic distribution of loans;
- Good borrower distribution of loans;
- Good level of CD loans, which has a positive impact on the Lending Test;
- WFBNA's use of flexible products has a neutral impact on the Lending Test;
- Adequate level of CD investments;
- Retail delivery systems are reasonably accessible to all portions of the AA; and
- Adequate CD services.

Description of Institution's Operations in Memphis MMSA AA

WFBNA delineated one AA within the Memphis, TN-MS MSA. Refer to Appendix A for a complete description of the AA. WFBNA has $511 million deposits in the Memphis MMSA AA, representing 0.04 percent of adjusted deposits and ranked 12th among 51 banks in the AA with 1.6 percent market share. The top three banks in terms of deposit market share within the MMSA were First Tennessee with 34.8 percent, Regions Bank with 14.2 percent, and SunTrust Bank with 7.4 percent. All three banks have larger branching networks than WFBNA. WFBNA operates 8 branches and 12 ATMs within the Memphis MMSA AA, representing just 0.1 percent of the bank's branches and 0.1 percent of the bank's ATMs. In the Memphis MMSA AA, the bank originated and purchased $6.2 billion in loans or 0.3 percent of total bank loan originations and purchases during the evaluation period. The bank's primary loan products in the Memphis MMSA AA are home mortgage loans and small loans to businesses.

Demographic Data

The following table provides a summary of the demographics that include housing and business information for the Memphis MMSA AA. Table A shows that over 39 percent of families in the AA are LMI. The area's median housing value in the Memphis MMSA AA is 2.5 times the MSA median income, but 3.1 times moderate-, and 4.9 times low-income, indicating a limited proportion of OOUs are affordable to low-income residents. Median rents and the significant percentage of families below poverty level suggest rental housing is also unaffordable for many low-income residents.

[9] This rating reflects performance within the multistate metropolitan statistical area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan statistical area.

Table A – Demographic Information of the Assessment Area

Assessment Area: Memphis TN-MS MSA (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	294	18.4	22.8	28.2	28.6	2.0
Population by Geography	1,273,927	12.3	22.8	28.4	36.1	0.4
Housing Units by Geography	528,112	14.5	23.6	28.3	33.6	0.0
Owner-Occupied Units by Geography	302,396	7.4	19.3	29.4	43.9	0.0
Occupied Rental Units by Geography	158,578	22.9	29.1	28.1	20.0	0.0
Vacant Units by Geography	67,138	26.6	30.3	23.7	19.4	0.0
Businesses by Geography	65,975	8.9	20.1	26.0	44.1	0.8
Farms by Geography	1,887	4.5	22.5	32.3	40.4	0.3
Family Distribution by Income Level	313,447	23.8	16.0	17.8	42.4	0.0
Household Distribution by Income Level	460,974	24.5	15.6	17.0	42.9	0.0
Median Family Income MSA - 32820 Memphis, TN-MS-AR MSA		$56,100	Median Housing Value			$138,401
			Median Gross Rent			$778
			Families Below Poverty Level			14.2%

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

According to the August 2018 Moody's Analytics report, the Memphis economy is expanding at a steady pace in line with the nation overall. The major economic drivers for the Memphis MMSA are logistics, medical centers, and retirees. Memphis is a major transportation hub for the U.S, and home to FedEx Word Hub making the Memphis economy overly reliant on transportation and distribution. The largest economic sectors for employment are Education and Health Services, Professional and Business Services and Government. The top employers in the MMSA include FedEx Corp., Methodist Le Bonheur Healthcare, and Naval Support Activity Mid-South.

Hindering long term economic growth are the area's weak population trends and below-average educational attainment. The Memphis MMSA also suffers from high poverty and a high crime rate which make it difficult to attract and retain workers and discourages investment. Per Moody's, the poverty rate in Memphis is at 19.4 percent which is the highest in the State of Tennessee.

Median household incomes in Memphis are below the regional average but are rising at a strong pace due to a healthy labor market. Although low-wage positions dominate new job creation, average hourly earnings are rising as employers compete for talent. According to the U.S. BLS, the Memphis MMSA unemployment rate as of August 2018 was 4.2 percent, down considerably from 8.5 percent at the beginning of the evaluation. The MMSA unemployment rate is slightly below the State of Mississippi

unemployment rate of 4.6 percent and slightly above the State of Tennessee unemployment rate of 3.7 percent.

Community Contact

The analysis takes into consideration comments provided by two community contacts that serve the bank's Memphis MMSA AA. The first community contact was with a community development organization in Memphis and the second contact was with an industrial development authority located in Mississippi.

The first organization contacted is a coalition of organizations and individuals that supports the development, revitalization, and redevelopment of economically sustainable neighborhoods throughout the Memphis region. According to the contact, the city's central geographic location has been strategic to its business development and that Memphis is the home of three Fortune 500 companies: FedEx, International Paper, and AutoZone.

The contact stated that local banks have been more flexible in responding to the need for small dollar mortgages (those under $50,000). Some of the banks in the AA are working with community development organizations to address this need. The contact stated that there are lots of opportunities for banks in this area since there are many solid houses with low property values in LMI and underserved neighborhoods in Memphis. The contact noted that one of the major challenges facing the AA is credit worthiness of potential LMI homebuyers who are dealing with financial issues related to medical and utility bills that have impaired their credit scores. The contact indicated that credit counseling was a definite need but there are not enough credit repair agencies to address the need since many of them had lost their funding from HUD during the recession. The contact indicated that banks could assist by providing operational support to the existing counseling organizations, as well as those that revamp their counseling services with funding through grants and donations.

The contact also mentioned the prevalence of blight in neighborhoods throughout the city, vacant lots and the need for subsidies to develop affordable single-family housing on the lots. The contact further indicated that the agency was working with the local government on potential incentives for this initiative, which could provide an opportunity for bank participation to help with funding. From an affordable multifamily housing perspective, the contact mentioned that Memphis does not receive a lot of funding from the State's tax credit program, the LIHTC or the NMTC programs as most the funding goes to the rural areas in Tennessee. Since the city's funding from HUD has dwindled, there has been very limited local funding as well. The contact indicated that the agency would be working collaboratively with some key stakeholders to explore the creation of a Housing Trust Fund to address affordable multifamily housing needs in Memphis, which could present another opportunity for bank participation.

The second contact described strong economic conditions in Marshall County, Mississippi. The contact stated that there is significant job growth in the area, which is attributed to the surge of industrial occupations in the last five years. The contact indicated that the availability of affordable housing needs improvement. According to the contact, the southern end of the county is predominately agriculture/rural, so there is a need for small farm and small business loans in the AA.

Considering the information from the community contacts and bank management as well as demographic and economic data, small business and affordable housing loans represent the primary credit needs for the Memphis MMSA AA. Small business loans, particularly those for start-up businesses and micro-loans are in high demand. Also, there is a need for financial literacy training for LMI individuals, economic development in the form of funds to revitalize and stabilize LMI neighborhoods and communities, job training and employment opportunities for LMI, and small dollar mortgage loans and grants/donations to non-profits serving LMI communities. Opportunities do exist to originate these types of loans throughout the AA including LMI areas.

Scope of Evaluation in Memphis MSA AA

The rating for the Memphis MMSA AA is based on a FS evaluation of the bank's performance in the combined Memphis, TN-MS MSA. A limited portion of the bank's overall lending, investments, and services were conducted in the Memphis MMSA AA; therefore, the performance in the MMSA received little weight in determining the bank's overall CRA Rating.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN MEMPHIS MMSA AA

LENDING TEST

The bank's performance under the Lending Test in the Memphis MSA AA is rated High Satisfactory.

Based on a FS review, including the data in the tables below and consideration of performance context discussed in the lending test, the bank's performance in the Memphis MMSA AA is good.

Lending Activity

Based on the tables below, lending levels reflect excellent responsiveness to the credit needs in the AA taking into account the number and dollar amount of home mortgage, small business, small farm, and CD loans originated or purchased relative to its capacity based on deposits, competition, and market presence.

Number of Loans					
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total
Memphis MMSA	33,681	4,660	183	4	38,528

Dollar Volume of Loans (000's)					
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total
Memphis MMSA	$5,923,602	$223,915	$6,339	$28,412	$6,182,268

WFBNA ranked 12th in deposits with 1.6 percent market share in the AA. In overall HMDA lending, WFBNA ranked first with 10.8 percent market share. There is strong competition as reflected by the

472 lenders and 51 depository institutions in the AA. The number two lender in the market was Quicken Loans with 3.9 percent market share.

In small loans to businesses, WFBNA ranked 13th out of 121 lenders with a market share of 2.3 percent. The top three lenders were American Express with a market share of 25.1 percent, followed by Capital One Bank with 8.4 percent, and Citibank with 7.6 percent.

Distribution of Loans by Income Level of the Geography

The bank exhibits an adequate geographic distribution of loans in its AA.

Home Mortgage Loans

Refer to Table O in the "MMSA" section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is adequate**.**

- For 2012-2016, the combined proportion of home mortgage loans in low-income geographies substantially meets the aggregate distribution of loans and is significantly below the proportion of OOUs in those geographies.
- The proportion of loans in moderate-income geographies is below the aggregate distribution of loans and is significantly below the proportion of OOUs in those geographies.
- The bank's home mortgage lending in 2017-2018 is slightly below the combined performance in 2012-2016.

Small Loans to Businesses

Refer to Table Q in the "MMSA" section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is excellent.

- For both 2012-2016 and 2017-2018 periods, the proportion of the bank's small business loans in LMI geographies exceeds the aggregate distribution of loans located in those geographies.
- The proportion of loans in low-income geographies is below the proportion of businesses and to moderate-income geographies is near to the proportion of businesses located in those geographies.

Distribution of Loans by Income Level of the Borrower

The bank exhibits a good distribution of loans among individuals of different income levels and businesses of different sizes.

Home Mortgage Loans

Refer to Table P in the "MMSA" section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is good.

- The Memphis MMSA AA has homeownership affordability hurdles especially for LMI borrowers. As noted above, the area's median housing value is 4.9 times the income of low-income and 3.1 times the income of moderate-income borrowers indicating a limited proportion of OOU are affordable to LMI. Despite the affordability challenges, the bank's overall home mortgage lending to LMI borrowers in 2012-2016 exceeds the aggregate distribution of loans.
- The bank's lending to low-income borrowers is significantly below the proportion of families and lending to moderate-income borrowers is below the proportion of families.
- The bank's home mortgage lending in 2017-2018 is slightly below the combined performance in 2012-2016.

Small Loans to Businesses

Refer to Table R in the "MMSA" section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's originations and purchases of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is good.

- For both 2012-2016 and 2017-2018 periods, the percentage of small loans to businesses originated or purchased substantially meets the aggregate small business lending data for businesses with revenues of $1 million or less and is well below the percentage of small businesses located in the AA.

Community Development Lending

The institution has made a relatively high level of CD loans.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

The level of CD lending in the Memphis MMSA AA is good. WFBNA made four CD loans in this AA for $28.4 million, which represents 49.5 percent of tier 1 capital. Although the bank only originated four loans during the six-year time period, the loans represented a significant amount of tier 1 capital. CD lending performance has a positive impact on the lending test rating. Three of the CD loan totaling $26.4 million (92 percent) were for the primary purpose of affordable housing which is an identified need in the AA. The bank originated one CD loan for the purpose of community service to assist LMI individuals.

Examples of CD loans in the AA include:

- In April 2015, WFBNA provided a $13.3 million loan for an affordable housing development in a moderate-income geography. The development consists of 253 units with 80 percent of rental rates below the 2015 Fair Market Rent for the area.
- In March 2018, WFBNA renewed a $2 million working capital line of credit to a non-profit organization with a mission of transforming public education in the Memphis area so that all young adults receive the education they need to be successful in college, leadership, and life. According to the organization, as of February 2017, 100 percent of its clients are LMI as they earn less than 80 percent of the area MFI.

Product Innovation and Flexibility

The institution makes limited use of innovative and/or flexible lending practices in order to serve AA credit needs. Under the *your*FirstMortgage loan program, the bank has funded 44 loans totaling $5.4 million to LMI homebuyers that qualified under this program. Refer to the comments in the institution Innovative or Flexible Lending Programs section of this performance evaluation for additional details regarding this program.

INVESTMENT TEST

The bank's performance under the Investment Test in the Memphis MMSA AA is rated Low Satisfactory.

Based on a FS review, including the data in the table below and consideration of performance context discussed in the investment test, the bank's performance in the Memphis MMSA AA is adequate.

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	$(000's)	#	$(000's)	#	% of Total #	$(000's)	% of Total $	#	$(000's)
Memphis MMSA	1	$1,368	52	$1,052	53	100.0	$2,420	100.0		

* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.
** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

The institution has an adequate level of qualified CD investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 4.2 percent of tier 1 capital allocated to the AA.

The institution exhibits adequate responsiveness to credit and community economic development needs identified in the AA, including affordable housing, community services, revitalization/stabilization for LMI individuals and geographies. Over 87 percent of the dollar volume of the bank's current and prior period investment focused on affordable housing which is a primary credit need in the AA. Additionally, the bank provided 50 grants totaling $784,713 to a variety of organizations that primarily support affordable housing and community services.

The institution occasionally uses innovative and/or complex investments to support CD initiatives. CD investments consisted of several innovative grants noted below that support CD initiatives.

Examples of CD investments in the AA include:

- In May and June 2015, WFBNA provided two separate $4.8 and $2.9 million investment in government single-family mortgage backed securities, of which $112,830 and $154,267 directly benefits LMI borrowers in the AA. Refer to the comments in the institution Community Development Initiatives section of this public evaluation for additional details regarding this program.
- WFBNA provided several grants totaling $2.7 million as part of the Small Business DCC program benefiting small businesses in the broader statewide of Tennessee and Mississippi including the Memphis MMSA AA. Refer to the comments in the institution Innovative or Flexible Lending Programs section of this public evaluation for additional details regarding this program.
- During the exam timeframe, WFBNA provided two grants totaling $285,000 to two housing organizations as a part of the PMP for affordable housing in the Memphis MMSA AA. Refer to the comments in the institution Innovative or Flexible Lending Programs section of this public evaluation for additional details regarding this program.

SERVICE TEST

The institution's performance under the Service Test in the Memphis MMSA AA is rated Low Satisfactory.

Based on a FS review, including the data in the tables below and consideration of performance context discussed in the service test, the bank's performance in the Memphis MMSA AA is adequate.

Retail Banking Services

Service delivery systems are reasonably accessible to geographies and individuals of different income levels in the institution's AA.

Distribution of Branch Delivery System											
Assessment Area	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				% of Population within Each Geography*			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Memphis MMSA	100.0	8	100.0	12.5	12.5	12.5	62.5	16.1	21.4	24.6	37.4

* May not add up to 100 percent due to geographies with unknown tract income level and rounding. Population in census tracts with income unknown represent 0.5 percent in the AA.

Distribution of Branch Openings/Closings						
Assessment Area	# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)			
			Low	Mod	Mid	Upp
Memphis MMSA	0	0	0	0	0	0

As of December 31, 2018, WFBNA operates eight branches and 12 ATMs in the Memphis MMSA AA. All of these branches are full-service locations. There is one branch within a low-income CT and one branch within a moderate-income CT. The branch distribution in low-income geographies is near to the percentage of the population in low-income geographies and branch distribution in moderate-income geographies is below the percentage of the population in moderate-income geographies in the AA.

The bank did not open or close any branches during the evaluation period.

Services, including where appropriate, business hours, do not vary in a way that inconveniences the various portions of its AA, particularly LMI geographies and/or individuals. Generally, branches are open Monday through Thursday from 9:00 am to 4:30 pm and Friday from 9:00 am to 6:00 pm. Four branches are also open on Saturdays from 9:00 am to 1:00 pm. All WFBNA services are available at all branches and all ADS discussed bank-wide are available in this AA.

Community Development Services

The institution provides an adequate level of CD services.

The level of CD services in the Memphis MMSA AA is adequate. Bank records show that employees provided their financial or job-specific expertise and/or technical assistance for 45 CD service activities to 17 organizations since the last evaluation, logging a total of 105 qualified hours within this AA. A majority of the bank's assistance was to organizations that provide community services to LMI individuals and families. Other activities targeted affordable housing. The following are examples of CD services provided in this AA:

- A WFBNA team member provided 19.5 hours of Board service to a community organization that works to provide affordable housing and rehabilitate local neighborhoods.
- WFBNA team members provided 81 hours of financial education to a number of schools located in Memphis, TN. According to the 2014-2015 NCES data, over 90 percent of students at these schools qualify for the federal free- and reduced-lunch program.

Multistate Metropolitan Statistical Area Rating

Minneapolis-St. Paul, MN-WI CSA (Minneapolis MMSA AA)

CRA rating for the Minneapolis MMSA AA[10]: Outstanding
The Lending Test is rated: Outstanding
The Investment Test is rated: Outstanding
The Service Test is rated: Outstanding

The major factors that support this rating include:

- Good lending activity;
- Excellent distribution of loans by borrower profile;
- Good geographic distribution of loans;
- WFBNA is a leader in providing CD loans, which has a significant positive impact on the Lending Test;
- WFBNA's use of flexible products has a positive impact on the Lending Test;
- Excellent level of CD investments that are responsive to AA needs;
- Retail delivery systems are readily accessible to all portions of the AA; and
- WFBNA is a leader in providing CD services that are responsive to the needs of the bank's AA.

Description of Institution's Operations in Minneapolis MMSA AA

WFBNA delineated five AAs within the Minneapolis-St. Paul, MN-WI CSA. Refer to Appendix A for a complete description of the AA. These areas were combined, analyzed, and presented at the CSA level with an AA name of Minneapolis MMSA. WFBNA has $67.4 billion of deposits; however, a majority of the deposits are 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 any of WFBNA's customers are located, where they work, or where they conduct business. The adjusted deposits are $24.7 billion of retail deposits in the Minneapolis MMSA AA representing 1.9 percent of adjusted deposits. The Minneapolis MMSA AA represents the 11th largest rated area in terms of deposits. In the Minneapolis MMSA AA, WFBNA ranked second out of 177 institutions with 34.9 percent market share. The top bank within the MMSA in terms of deposits is U.S. Bank with 36.3 percent deposits. WFBNA operates 107 branches and 506 ATMs within the Minneapolis MMSA AA, representing 1.9 percent of the bank's branches and 3.7 percent of the bank's ATMs. In the Minneapolis MMSA AA, the bank originated and purchased $49.6 billion in loans or 2.7 percent of total bank loan originations and purchases during the evaluation period. The bank's primary loan products in the Minneapolis MMSA AA is home mortgage loans and small business loans.

Demographic Data

The following table provides a summary of the demographics that include housing and business information for the Minneapolis MMSA AA. Table A shows that the volume of OOUs is very small in

[10] This rating reflects performance within the multistate metropolitan statistical area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan statistical area.

the low-income tracts and over 36 percent of families in the AA are LMI. The area's median housing value in the Minneapolis MMSA AA is three times the highest MSA median income, but 3.9 times moderate-, and 6.2 times low-income, indicating a limited proportion of OOUs are affordable to LMI residents.

Table A – Demographic Information of the Assessment Area

Assessment Area: Minneapolis-St Paul MN-WI CSA (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	857	7.4	18.8	47.0	26.4	0.5
Population by Geography	3,684,928	5.5	16.1	50.2	28.0	0.1
Housing Units by Geography	1,512,218	5.6	17.4	50.7	26.3	0.0
Owner-Occupied Units by Geography	1,035,406	2.2	13.3	53.4	31.1	0.0
Occupied Rental Units by Geography	383,150	13.8	27.4	43.9	14.9	0.0
Vacant Units by Geography	93,662	9.5	22.3	48.1	20.2	0.0
Businesses by Geography	260,536	4.1	15.1	48.8	32.0	0.0
Farms by Geography	10,731	0.9	11.6	61.0	26.5	0.0
Family Distribution by Income Level	923,079	18.8	17.6	23.6	40.0	0.0
Household Distribution by Income Level	1,418,556	22.5	16.4	19.6	41.6	0.0
Median Family Income MSA - 33460 Minneapolis-St. Paul-Bloomington, MN-WI MSA		$79,301	Median Housing Value			$246,394
Median Family Income MSA - 41060 St. Cloud, MN MSA		$64,993	Median Gross Rent			$841
Median Family Income Non-MSAs - MN		$57,683	Families Below Poverty Level			6.3%

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

Minneapolis-St. Paul-Bloomington MN-WI MSA

According to the August 2018 Moody's Analytics report, Minneapolis' expansion is back on track and the metro is again a top Midwest performer after stumbling the first part of the year. The three-year marathon of stellar healthcare job growth has come to an end, now that new capacity has satiated demand. Leisure/hospitality and business/professional services have stepped up hiring. However, the overly tight labor market, evidenced by the unemployment rate hitting an 18-year low of 2.7 percent, is keeping job gains in check. Growing worker shortages will be Minneapolis' main hurdle this year and the next. Meanwhile, house price appreciation is gradually accelerating and mirrors the U.S. average, while residential permits remain elevated.

Major area employers include Allina Health System, Target Corp., and University of Minnesota.

According to the U.S. BLS, Minneapolis's unemployment rate as of August 2018 was 2.7 percent, down from 5.5 percent at the beginning of the evaluation 2012. The MMSA unemployment rate was slightly higher than the State of Minnesota at 2.6 percent and slightly lower than the State of Wisconsin at 2.9 percent.

St. Cloud, MN MSA

According to the February 2019 Moody's Analytics report, St. Cloud's expansion picked up the pace in the second half of 2018 and the metro area is a top performer in Minnesota. The mix of job gains is healthy but healthcare has recently taken a back seat to manufacturing in net hiring. With the economy operating at capacity, St. Cloud can only add jobs as fast as it can add workers, and the recent downturn in the labor force to a more than one-year low is a concern. Firmer income trends and more new households are helping residential real estate. Home sales and prices are outperforming and there is more interest in rentals judging by the rise in multifamily starts. Housing is also generally less sensitive to interest rates because affordability is so high. A household earning the median income can afford to buy 220 percent of the median-priced home, which exceeds the statewide average by the most on record dating back to 1975. Despite the manufacturing headwind, consumer industries, including education/ healthcare, leisure/hospitality and retail, will account for the largest portion of job gains in the short term.

Major area employers include CentraCare Health System, St. Cloud State University, and St. Cloud VA Health Care System. According to the U.S. BLS, St. Cloud's unemployment rate as of the 4th quarter of 2018 was 3.1 percent, down from 5.6 percent at the beginning of the evaluation 2012. The MMSA unemployment rate was similar to the State of Minnesota at 3.2 percent and slightly higher than the State of Wisconsin at 2.8 percent during the same period.

Community Contact

The analysis takes into consideration comments provided by three community contacts serving the bank's Minneapolis MMSA AA in conjunction with this evaluation. Two representatives were from organizations that support affordable housing and one representative was from an economic development corporation assisting small businesses. One contact indicated that commercial real estate purchases, even though appraisals are getting back to pre-financial crisis levels, remain curtailed by conservative bank underwriting and lending practices. Bank credit committees are reviewing appraisals and coming up with lower valuations.

Another organization indicated that suburban poverty rates are increasing but was not sure whether the reason is due to declining wages or lack of high paying jobs. It is clear that wages continue to lag for moderate-income working people. A study from the City of Minneapolis on lending highlights racial disparities in getting a loan through banks and thrifts. In addition, it is expensive to buy and rehab a home in LMI areas. It remains difficult to do a decent rehabilitation in some LMI areas and recoup the investment.

One organization stated that there has been a push to do more affordable housing along transit lines as employers want to see transit housing to improve transit access to jobs. The much planned for western suburban light rail is currently held up by high wealth households unwilling to have it run through their

neighborhoods.

All three organizations indicated that there are opportunities for participation by local financial institutions including providing funds for building mixed use affordable housing projects, senior housing projects, and working with non-profits that serve LMI families and communities.

The bank conducted research in the AA and identified community needs for affordable housing for low-income families and seniors; financial education; homebuyer assistance; and small business assistance.

Considering the information from the community contacts and bank management as well as demographic and economic data, affordable housing and small business represents primary credit needs for the Minneapolis MMSA AA. Opportunity exists to originate these types of loans throughout the AA; however, it is limited in the low-income geographies as reflected by the small proportion of OOUs coupled with limited home affordability for LMI individuals.

Scope of Evaluation in Minneapolis MMSA AA

The rating for the Minneapolis MMSA AA is based on a FS evaluation of the bank's performance in the Minneapolis-St. Paul, MN-WI CSA AA. The Minneapolis MMSA is the 11th largest rated area and along with 12 other rated areas represents the bank's most significant markets in terms of lending, deposit, and branch distribution; therefore, the performance in the Minneapolis MMSA AA contributed to the bank's overall CRA Rating.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN MINNEAPOLIS MMSA AA

LENDING TEST

The bank's performance under the Lending Test in the Minneapolis MMSA AA is rated Outstanding.

Based on a FS review, including the data in the tables below and consideration of performance context discussed in the lending test, the bank's performance in the Minneapolis MMSA AA is excellent.

Lending Activity

Based on the tables below, lending levels reflect good responsiveness to the credit needs in the AA taking into account the number and dollar amount of home mortgage, small business, small farm, and CD loans originated or purchased relative to its capacity based on deposits, competition, and market presence.

Number of Loans					
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total
Minneapolis MMSA	210,331	86,242	1,627	126	298,326

Dollar Volume of Loans (000's)					
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total
Minneapolis MMSA	$45,162,167	$4,303,064	$149,335	$593,626	$50,208,192

WFBNA ranked second in deposits with 34.9 percent market share in the AA. In overall HMDA lending, WFBNA ranked first with 12.2 percent market share. Although WFBNA's HMDA market share is considerably lower than its deposit market share, total deposits include a significant portion of non-retail deposits. In addition, lending competition was significantly stronger as reflected by the 710 lenders, than competition for deposits, where there were 177 depository institutions in the AA. The second and third lenders in the market were U.S. Bancorp with 8.5 percent market share and Chase Family with 5.0 percent market share.

In small loans to businesses, WFBNA ranked third with a market share of 14.5 percent. The top two lenders were U.S. Bank with a market share of 22.6 percent and American Express with a market share of 18.0 percent.

Distribution of Loans by Income Level of the Geography

The bank exhibits good geographic distribution of loans in its AA.

Home Mortgage Loans

Refer to Table O in the "MMSA" section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is good.

- For both 2012-2016 and 2017-2018 periods, the proportion of home mortgage loans in LMI geographies substantially meets the aggregate distribution of loans and is near to the proportion of OOUs in those geographies.

Small Loans to Businesses

Refer to Table Q in the "MMSA" section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is excellent.

- For 2012-2016, the proportion of the bank's small business loans in LMI geographies exceeds the aggregate distribution of loans in LMI geographies.
- The proportion of loans in low-income geographies is below the proportion of businesses and lending in moderate-income geographies is near to the proportion of businesses located in those geographies.
- The bank's small business lending in 2017-2018 is slightly below the combined performance in 2012-2016.

Distribution of Loans by Income Level of the Borrower

The bank exhibits an excellent distribution of loans among individuals of different income levels and businesses of different sizes.

Home Mortgage Loans

Refer to Table P in the "MMSA" section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is excellent.

- The Minneapolis MMSA AA has homeownership affordability hurdles especially for LMI borrowers. As noted above, the area's median housing value is six times the income of low-income borrowers and 3.9 times the income of moderate-income borrowers indicating a limited proportion of OOUs are affordable to LMI borrowers. Despite the affordability challenges, the bank's overall home mortgage lending to LMI borrowers in both 2012-2016 and 2017-2018 periods exceeds the aggregate distribution of loans.
- The bank's lending to low-income borrowers is below the proportion of families and lending to moderate-income borrowers exceeds the proportion of families.

Small Loans to Businesses

Refer to Table R in the "MMSA" section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's originations and purchases of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is good.

- For both 2012-2016 and 2017-2018 periods, the percentage of small loans to businesses originated or purchased exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is below the percentage of small businesses located in the AA.

Community Development Lending

The institution is a leader in making CD loans when considering the significant level of non-retail branch deposits.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

The level of CD lending in the Minneapolis MMSA AA is excellent. WFBNA made 126 CD loans in its AA for a total of $593.6 million, which represents 21.6 percent of allocated tier 1 capital. CD lending performance has a significant positive impact on the lending test rating. The institution makes significant use of innovative and/or complex CD loans and involved many complex projects where the bank often acted in a leadership role. The majority of these loans were for the primary purpose of affordable housing, which is a critical CD need in the bank's AA. The bank made 51 loans totaling

$327.4 million (55.2 percent) for the purpose of affordable housing. Additionally, the bank extended 66 CD loans totaling $256.4 million for the primary purpose of community services.

Examples of CD loans in the AA include:

- In November 2018, WFBNA provided a $9.3 million construction loan for an affordable housing development located in Shakopee, Minnesota. The project consists of 10 one-bedroom units, 29 two-bedroom units, and 18 three-bedroom units with 100 percent of the total units targeted to families with income between 30 and 60 percent of area MFI. Of the total units, four will be reserved for persons with a serious and persistent mental illness, and another four units will be reserved for persons experiencing long-term homelessness, with supportive services provided.
- In December 2017, WFBNA renewed a $2 million term loan to a non-profit organization that brings people together, transforms lives, and creates a vital community where individuals and families can thrive. The organization offers 48 units of affordable housing as well as job training, counseling, financial services, wellness education, after-school activities, a neighborhood organization, health care screenings, a café, Messiah Lutheran Church, and more. The Vice President/Chief Family Services Officer estimated that 80 percent of the clients the organization serves would be considered LMI as they earn less than $67,120 annually (80 percent of the 2014 MFI for the Twin Cities MSA).

Product Innovation and Flexibility

The institution makes extensive use of innovative and/or flexible lending practices in order to serve AA credit needs. The bank launched the NeighborhoodLIFT program in the Minneapolis MMSA AA in June 2016 and more than 280 potential homebuyers attended the event. Of the 280 in attendance, WFBNA originated 94 mortgage loans totaling $12.9 million. Under the *your*FirstMortgage loan program the bank has funded 1,017 loans totaling $176.6 million to LMI homebuyers that qualified under this program. Refer to the comments in the institution Innovative or Flexible Lending Practices section of this performance evaluation for additional details regarding these programs.

INVESTMENT TEST

The bank's performance under the Investment Test in the Minneapolis MMSA AA is rated Outstanding.

Based on a FS review, including the data in the table below and consideration of performance context discussed in the investment test, the bank's performance in the Minneapolis MMSA AA is excellent.

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments **	
	#	$(000's)	#	$(000's)	#	% of Total #	$(000's)	% of Total $	#	$(000's)
Minneapolis MMSA	58	$43,716	732	$302,117	790	100.0	$345,833	100.0		

* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.
** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

The institution has an excellent level of qualified CD investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors. The current and prior period investment dollar volume represents 12.5 percent of tier 1 capital allocated to the AA.

The institution exhibits excellent responsiveness to credit and community economic development needs identified in the AA, including affordable housing, community services, revitalization/stabilization for LMI individuals and geographies. Over 91 percent of the dollar volume of the bank's current and prior period investment focused on affordable housing which is a primary credit need in the AA. Additionally, the bank provided 658 grants totaling $35.8 million to a variety of organizations that primarily support affordable housing, community services, economic development, and revitalization/stabilization.

The institution makes significant use of innovative and/or complex investments to support CD initiatives. CD Investments involved many complex LIHTC projects and one investment under the SBA Small Business Investment Company (SBIC) program where the bank acted in a leadership role with participations from federal, state, local housing agencies, and real estate developers. Additionally, the bank purchased numerous government mortgage-backed securities for the CD Investment portfolio.

Examples of CD investments in the AA include:

- In January 2016, WFBNA provided a $30.8 million investment for a 640-unit LIHTC affordable housing development. This development is located in Minneapolis, Minnesota and is comprised of two nearly identical 21-story high-rise buildings containing 320 units each, with a total of 112 studio units, 416 1BR units and 112 2BR units. The buildings are located two blocks apart in a low-income census tract. Of the total units, 128 are reserved for households with incomes up to 50 percent of the area MFI, 474 units are reserved for up to 60 percent of the area MFI, and 38 units are market rate. Ten of the units will be targeted to long-term homeless households with support services provided. WFBNA's financing for this development is responsive to the identified need for affordable multifamily housing and addressing homelessness. WFBNA demonstrated multi-faceted support by providing both the construction loan ($19.8 million) and equity investment to support this affordable housing development. This activity was highly complex as there are multiple layers of funding involved, including financing from US Department of HUD, Minnesota Housing Finance Agency, Hennepin County, and the City of Minneapolis.
- In September 2013, WFBNA invested $8 million in a fund licensed by the SBA under the SBIC. Of this total investment, $6.0 million was targeted for investment in a company located in St. Paul, Minnesota. This organization specializes in providing growth capital to lower middle market businesses within Minneapolis including the AA through investments in subordinated debt and equity securities.
- During the exam timeframe, WFBNA provided several grants totaling $1.5 million as a part of the DCC program benefiting small businesses in the broader statewide of Minnesota including the Minneapolis MMSA AA. Refer to the comments in the institution Innovative or Flexible Lending Programs section of this public evaluation for additional details regarding this program.

SERVICE TEST

The institution's performance under the Service Test in the Minneapolis MMSA is Outstanding.

Based on a FS review, including the data in the tables below and consideration of performance context discussed in the service test, the bank's performance in the Minneapolis MMSA AA is excellent.

Retail Banking Services

Service delivery systems are readily accessible to geographies and individuals of different income levels in the institution's AA.

Distribution of Branch Delivery System											
Assessment Area	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				% of Population within Each Geography *			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Minneapolis MMSA	100.0	107	100.0	4.7	22.4	50.5	22.4	5.3	19.3	49.9	25.3

* May not add up to 100 percent due to geographies with unknown tract income level and rounding. Population in census tracts with income unknown represent 0.2 percent in the AA.

Distribution of Branch Openings/Closings							
Assessment Area	# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				
			Low	Mod	Mid	Upper	NA
Minneapolis MMSA	2	7	0	-1	-4	0	0

As of December 31, 2018, WFBNA operates 107 branches and 506 ATMs in the Minneapolis MMSA AA. Of these branches, 104 are full-service locations and three are limited-service branches. The institution's branches include five branches in low-income geographies and 24 branches in moderate-income geographies. The branch distribution in low-income geographies is near to the percentage of the population in low-income geographies and branches in moderate-income geographies exceeds the percentage of the population in moderate-income geographies in the AA. When considering an additional nine branches within close proximity to LMI geographies, the bank's distribution further exceeds demographics.

The institution's opening and closing of branches have not affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank opened two branches in upper-income geographies. The bank closed one branch in a moderate-income, four branches in middle-income, and two branches in upper-income geographies. The closure of the branch in a moderate-

income geography did not negatively impact the distribution of branches relative to the population residing in those geographies.

Services, including where appropriate, business hours, do not vary in a way that inconveniences the various portions of its AA, particularly LMI geographies and/or individuals. While there are slight variation of opening and closing times, most branches are open Monday through Friday from 9:00 am to 6:00 pm with one branch opening at 8:30 am and 22 branches closing between 5:00 pm and 5:30 pm. Of all branches, 92 branches are also open on Saturdays. All WFBNA services are available at all branches and all ADS discussed bank-wide are available in this AA.

Community Development Services

The institution is a leader in providing CD services.

The level of CD services in the Minneapolis MMSA AA is excellent. Bank records show that employees provided their financial or job-specific expertise and/or technical assistance for 1,170 CD service activities to 132 organizations since the last evaluation, logging a total of 4,981 qualified hours within this AA. A majority (82 percent) of the bank's assistance was to organizations that provide community services to LMI individuals and families. Other activities targeted affordable housing (13 percent), economic development (4 percent), and revitalization/stabilization (1 percent) distressed geographies within the AA. The bank's financial assistance provided was responsive to the identified needs in the AA particularly affordable housing. The following are examples of CD services provided in this AA:

- A WFBNA team member provided 22 hours of board service and 13 other WFBNA team members provided 718 hours of tax preparation through the VITA program. Refer to the comments in the institution Innovative or Flexible Retail Service Programs section of this public evaluation for additional details regarding this program.
- Two WFBNA team members provided 321 hours of board service to a housing-related organization that promotes homeownership through the development and delivery of homebuyer and foreclosure prevention services. According to the organization, 80 percent of its clients are LMI individuals.
- Three WFBNA team members provided 107 hours of board service to an economic development organization that serves women-owned businesses. The mission of this organization is to help women attain economic self-sufficiency through the business development by providing micro-loans, working capital, education and ongoing consultation through all stages of business. LMI individuals represent approximately 65 percent of its clients.

Multistate Metropolitan Statistical Area Rating

Myrtle Beach-Conway, SC-NC CSA (Myrtle Beach MMSA AA)

CRA rating for the Myrtle Beach, Myrtle Beach MMSA AA[11]: Satisfactory
The Lending Test is rated: High Satisfactory
The Investment Test is rated: High Satisfactory
The Service Test is rated: Low Satisfactory

The major factors that support this rating include:

- Excellent lending activity;
- Good geographic distribution of loans;
- Good borrower distribution of loans;
- Adequate level of CD loans;
- WFBNA's use of flexible products has a neutral impact on the Lending Test;
- Good level of CD investments that are responsive to AA needs;
- Retail delivery systems are reasonably accessible to all portions of the AA; and
- Adequate CD services.

Description of Institution's Operations in Myrtle Beach MMSA AA

WFBNA delineated two AAs within the Myrtle Beach-Conway, SC-NC CSA. Refer to Appendix A for a complete description of the AA. These areas were combined, analyzed, and presented at the CSA level with an AA name of Myrtle Beach MMSA. The Myrtle Beach MMSA AA represents the 43rd largest rated area in terms of deposits. WFBNA has $967 million of deposits in the Myrtle Beach MMSA AA representing 0.1 percent of adjusted deposits. In the Myrtle Beach MMSA AA, WFBNA ranked third out of 26 institutions with 9.4 percent market share. The top two banks within the MMSA in terms of deposits, are BB&T with 21.1 percent deposits and Bank of America with 10.4 percent deposits. WFBNA operates 12 branches and 26 ATMs within the Myrtle Beach MMSA AA, representing 0.2 percent of the bank's branches and 0.2 percent of the bank's ATMs. In the Myrtle Beach MMSA, the bank originated and purchased $3.7 billion in loans or 0.2 percent of total bank loan originations and purchases during the evaluation period. The bank's primary loan products in the Myrtle Beach MMSA is home mortgage loans and small business loans.

Demographic Data

The following table provides a summary of the demographics that include housing and business information for the Myrtle Beach MMSA AA. Table A shows that the volume of tracts, population, and OOUs is very small in the low-income tracts and over 37 percent of families in the AA are LMI. The area's median housing value in the Myrtle Beach MMSA AA is four times the MSA median income, but 5 times moderate-, and 8 times low-income, indicating a limited proportion of OOUs are affordable to

[11] This rating reflects performance within the multistate metropolitan statistical area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan statistical area.

low-income residents. Median rents and the significant percentage of families below poverty level suggest rental housing is also unaffordable for many low-income residents.

Table A – Demographic Information of the Assessment Area

Assessment Area: Myrtle Beach-Conway SC-NC CSA (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	120	1.7	15.8	53.3	25.8	3.3
Population by Geography	436,880	1.5	17.6	55.9	25.0	0.0
Housing Units by Geography	285,663	1.3	14.3	54.9	29.6	0.0
Owner-Occupied Units by Geography	131,437	0.4	15.5	56.0	28.1	0.0
Occupied Rental Units by Geography	48,435	3.9	20.9	56.9	18.3	0.0
Vacant Units by Geography	105,791	1.1	9.8	52.5	36.6	0.0
Businesses by Geography	28,476	3.8	15.2	50.4	30.3	0.4
Farms by Geography	905	0.6	17.8	60.2	21.3	0.1
Family Distribution by Income Level	119,680	20.1	17.2	20.7	42.1	0.0
Household Distribution by Income Level	179,872	22.3	16.9	18.4	42.4	0.0
Median Family Income MSA - 34820 Myrtle Beach-Conway-North Myrtle Beach, SC-NC MSA		$52,253	Median Housing Value			$212,194
Median Family Income Non-MSAs - SC		$43,494	Median Gross Rent			$803
			Families Below Poverty Level			11.4%

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

According to the December 2018 Moody's Analytics report, Myrtle Beach's tourism-driven economy is taking a breather after an impressive run. An influx of retirees and visitors helped the metro area soar in 2016 and 2017 but weakening in consumer industries and government has taken the expansion down a notch. Thanks to outsize gains in housing-related industries and professional/business services, Myrtle Beach is still one of the state's top performers. Hiring is being constrained by the tight labor market. Expanding at its slowest rate in more than four years, the labor force is larger than a year ago, but just barely. Wage growth is picking up on cue with average hourly earnings up close to 4 percent year-over-year. Tourism will reign supreme over Myrtle Beach's economy and will benefit from strengthening growth in U.S. disposable personal income. Myrtle Beach ranks among the most tourist-dependent metro areas in the nation: Leisure/hospitality and retail account for nearly half of all jobs and a share of income that is three times higher than in the rest of the state and the nation. Although most visitors drive to the area, air travel is the choice of a larger number of visitors. Per Moody's, major area employers include Walmart Stores Inc., Coastal Carolina University, and Conway Medical Center.

Homes in the Myrtle Beach area are selling at a rapid pace. Compared to just a few years ago, property values are escalating at a very rapid rate. Inventory is low, interest rates are still low and buyers are relocating to the area which is driving prices up. Builders are developing and building at record paces

and in turn buyers are waiting in line. Demand for new construction is strong which in turn helps with job growth and the economy. The current economic indicators are indicating that values will steadily rise and inventory will remain low. The low inventory is particularly difficult for first time home buyers as they try to gain a foot hold in the real estate market.

According to the U.S. BLS, the MSA unemployment rate as of April 2018 was 4.7 percent, down considerably from 10.5 percent at the beginning of the evaluation period. The MSA unemployment rate was higher than the State of North Carolina at 3.6 percent and State of South Caroline at 2.7 percent.

Community Contact

The analysis takes into consideration comments provided by two community contacts that serve the bank's Myrtle Beach MMSA AA. One of the community contacts represents an economic development corporation and the other represents a small business development in Horry and Georgetown counties.

The contact stated that economic development for businesses outside of tourism and health care is a significant focus to diversify the economy. Industries in advanced manufacturing, aerospace, marine, and technology will provide increased economic diversification, but these industries do not have the skilled labor to expand as compared to larger higher educated communities. A concerted effort to continue to attract high-paying companies and entrepreneurs will pay medium to long-term dividends for the community. The Myrtle Beach Regional Economic Development Corporation is trying to recruit more businesses with year-round employment opportunities through tax incentives, marketing of lower cost operating expenses, and lower cost of land.

Both contacts stated that small business owners need assistance with borrower education including credit scores and cost of credit, and micro loans between $5,000 and $50,000. The contacts also indicated that affordable housing is also a critical needs within the AA. WFBNA was noted as providing significant resources for small business owners including education, SBA lending and credit card loans to address these needs.

Considering the information from the community contacts and bank management as well as demographic and economic data, affordable housing and small business lending represents a primary credit need for the Myrtle Beach MMSA AA. Opportunity exists to originate these types of loans throughout the AA; however, it is limited in the low-income geographies as reflected by the small proportion of tracts, population, OOUs, and small businesses coupled with limited home affordability for LMI individuals.

Scope of Evaluation in Myrtle Beach MMSA AA

The rating for the Myrtle Beach MMSA AA is based on a FS evaluation of the bank's performance in the Myrtle Beach-Conway, SC-NC CSA. A limited portion of the bank's overall lending, investments, and services were conducted in the Myrtle Beach MMSA AA; therefore, the performance in the Myrtle Beach MMSA AA received less weight in determining the bank's overall CRA Rating.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN MYRTLE BEACH MMSA AA

LENDING TEST

The bank's performance under the Lending Test in the Myrtle Beach MMSA AA is rated High Satisfactory.

Based on a FS review, including the data in the tables below and consideration of performance context discussed in the lending test, the bank's performance in the Myrtle Beach MMSA AA is good.

Lending Activity

Based on the tables below, lending levels reflect an excellent responsiveness to the credit needs in the AA taking into account the number and dollar amount of home mortgage, small business, small farm, and CD loans originated or purchased relative to its capacity based on deposits, competition, and market presence.

Number of Loans					
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total
Myrtle Beach MMSA	19,169	4,080	84	11	23,344

Dollar Volume of Loans (000's)					
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total
Myrtle Beach MMSA	$3,498,915	$236,892	8,475	$7,583	3,751,865

WFBNA ranked third in deposits with a 9.4 percent market share in the AA. In overall HMDA lending, WFBNA ranked first with an 8.8 percent market share. There is strong competition as reflected by the 578 lenders and 26 depository institutions in the AA. The number two lender in the market was BB&T with a 6.3 percent market share.

In small loans to businesses, WFBNA ranked eighth with a market share of 5.6 percent. The top three lenders were American Express with a market share of 17.0 percent, the Conway National Bank with a market share of 10.0 percent, and BB&T with a market share of 9.2 percent.

Distribution of Loans by Income Level of the Geography

The bank exhibits a good geographic distribution of loans in its AA.

Home Mortgage Loans

Refer to Table O in the "MMSA" section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's

overall geographic distribution of home mortgage loan originations and purchases for this evaluation is good.

- For both 2012-2016 and 2017-2018 periods, the proportion of home mortgage loans in low-income geographies is well below the aggregate distribution of loans and is below the proportion of OOUs in those geographies. However, less weight was given to WFBNA's performance in low-income geographies because of the very small proportion of the bank's tracts, loans, and OOUs in low-income geographies.
- The proportion of loans in moderate-income geographies exceeds the aggregate distribution of loans and is well below the proportion of OOUs in those geographies.

Small Loans to Businesses

Refer to Table Q in the "MMSA" section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is excellent.

- For 2012-2016, the proportion of the bank's small business loans in low-income geographies exceeds both the aggregate distribution of loans and the proportion of businesses in those geographies.
- The proportion of loans in moderate-income geographies substantially meets the aggregate distribution of loans and is well below the proportion of businesses located in those geographies.
- Based on the bank's small business lending in 2017-2018, the bank's small business lending is slightly below the combined performance in 2012-2016.

Distribution of Loans by Income Level of the Borrower

The bank exhibits a good distribution of loans among individuals of different income levels and businesses of different sizes.

Home Mortgage Loans

Refer to Table P in the "MMSA" section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is good.

- The Myrtle Beach MMSA AA has homeownership affordability hurdles especially for LMI borrowers. As noted above, the area's median housing value is 8 times the income of low-income and 5 times the income of moderate-income borrowers indicating a limited proportion of OOUs are affordable to LMI borrowers. Despite the affordability challenges, the bank's overall home mortgage lending to low-income borrowers in both 2012-2016 and 2017-2018 periods substantially meets the aggregate distribution of loans and exceeds the aggregate distribution of loans.
- The bank's lending to low-income borrowers is significantly below the proportion of families and lending to moderate-income borrowers is below the proportion of families.

Small Loans to Businesses

Refer to Table R in the "MMSA" section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's originations and purchases of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is good.

- For both 2012-2016 and 2017-2018 periods, the percentage of small loans to businesses originated or purchased exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is below the percentage of small businesses located in the AA.

Community Development Lending

The institution has made an adequate level of CD loans.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

The level of CD lending in the Myrtle Beach MMSA AA is adequate. WFBNA made 11 CD loans in its AA for a total of $7.6 million representing 7 percent of allocated tier 1 capital. CD lending performance has a neutral impact on the lending test rating. A substantial majority of these loans were for the primary purpose of affordable housing which is a critical CD need in the bank's AA. The bank made 8 loans totaling $7.3 million (96 percent) for the purpose of affordable housing. Additionally, the bank extended 3 CD loans totaling $300,000 for the primary purpose of community services to assist LMI individuals.

Examples of CD loans in the AA include:

- In September 2015, WFBNA provided a $2.4 million loan for a multifamily property in Myrtle Beach. Eighty-two percent of the units are restricted to tenants earning between 50 and 60 percent of the area MFI.
- In May 2017 WFBNA provided a $4.5 million loan to construct an affordable housing development located in Myrtle Beach. This LIHTC development has 100 percent of the units restricted to tenants earning between 50 and 60 percent of the area MFI.

Product Innovation and Flexibility

The institution makes limited use of innovative and/or flexible lending practices in order to serve AA credit needs. Under the *your*FirstMortgage loan program the bank has funded 26 loans totaling $3.1 million to LMI homebuyers that qualified under this program. Refer to the comments in the institution Innovative or Flexible Lending Programs section of this performance evaluation for additional details regarding this program.

INVESTMENT TEST

The bank's performance under the Investment Test in the Myrtle Beach MMSA AA is rated High

Satisfactory.

Based on a FS review, including the data in the table below and consideration of performance context discussed in the investment test, the bank's performance in the Myrtle Beach MMSA AA is good.

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments **	
	#	$(000's)	#	$(000's)	#	% of Total #	$(000's)	% of Total $	#	$(000's)
Myrtle Beach MMSA	2	$92	88	$9,848	90	100.0	$9,940	100.0		

* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.
** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

The institution has a significant level of qualified CD investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 9.2 percent of tier 1 capital allocated to the AA.

The institution exhibits good responsiveness to credit and community economic development needs identified in the AA, including affordable housing, community services, revitalization/stabilization for LMI individuals and geographies. Over 97 percent of the dollar volume of the bank's current and prior period investment focused on affordable housing which is a primary credit need in the AA. Additionally, the bank provided 82 grants totaling $649,110 to a variety of organizations that primarily support affordable housing, community services, and economic development.

The institution makes significant use of innovative and/or complex investments to support CD initiatives. CD Investments involved several complex LIHTC projects where the bank acted in a leadership role with participations from federal, state, and local housing agencies and real estate developers. Additionally, the bank purchased several government mortgage-backed securities for the CD Investment portfolio.

Examples of CD investments in the AA include:

- In May 2017, WFBNA invested $5.0 million for the construction of a 58-unit LIHTC affordable housing complex. This development is located in Myrtle Beach, South Carolina and all units are restricted to tenants earning between 50 and 60 percent of the area MFI. WFBNA's financing for this development is responsive to the identified need for affordable multifamily housing. WFBNA demonstrated multi-faceted support by providing both the construction loan ($4.5 million) and equity investment to support this affordable housing development.
- In 2015, WFBNA provided a $4.8 million investment in a government single-family mortgage backed security. The investment amount reported of $124,812 represents the allocation of a single property located in a LMI area within the AA from the pool of mortgages under this transaction. The government agency was chartered by Congress in 1970 with a public mission to stabilize the nation's residential mortgage markets and expand opportunities for homeownership

and affordable rental housing. Their statutory mission is to provide liquidity, stability and affordability to the U.S. housing market.

- During the exam timeframe, WFBNA provided two grants totaling $500,000 as a part of the Small Business DCC program benefiting small businesses in the broader statewide of South Carolina including the Myrtle Beach MMSA AA. Refer to the comments in the institution Innovative or Flexible Lending Programs section of this public evaluation for additional details regarding this program.

SERVICE TEST

The institution's performance under the Service Test in the Myrtle Beach MMSA AA is rated Low Satisfactory.

Based on a FS review, including the data in the tables below and consideration of performance context discussed in the service test, the bank's performance in the Myrtle Beach MMSA AA is adequate.

Retail Banking Services

Service delivery systems are reasonably accessible to geographies and individuals of different income levels in the institution's AA.

Distribution of Branch Delivery System											
Assessment Area	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				% of Population within Each Geography*			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Myrtle Beach MMSA	100.0	12	100.0	0.0	8.3	41.7	50.0	1.3	17.0	63.0	18.5

* May not add up to 100 percent due to geographies with unknown tract income level and rounding. Population in census tracts with income unknown represent 0.2 percent in the AA.

Distribution of Branch Openings/Closings						
Assessment Area	# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)			
			Low	Mod	Mid	Upp
Myrtle Beach MMSA	0	1	0	0	0	-1

As of December 31, 2018, WFBNA operates 12 branches and 26 ATMs in the Myrtle Beach MMSA AA. Of these branches, 11 are full-service locations and one is a limited-service branch. There are no branches in the low-income geographies; however, the population is very low in the low-income geographies compared to total demographics. There is one branch within a moderate-income CT. The branch distribution in LMI geographies is well below the percentage of the population in LMI CTs in

the AA. When considering one additional branch within close proximity to LMI geographies, the bank's branch distribution improves and is below demographics.

The institution's opening and closing of branches have not affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank closed one branch within an upper-income CT since the last evaluation.

Services, including where appropriate, business hours, do not vary in a way that inconveniences the various portions of its AA, particularly LMI geographies and/or individuals. Generally, branches are open Monday through Thursday from 9:00 am to 5:00 pm and Friday from 9:00 am to 6:00 pm. Of the total branches, four are also open on Saturdays from 9:00 am to 2:00 pm. All WFBNA services are available at all branches and all ADS discussed bank-wide are available in this AA.

Community Development Services

The institution provides an adequate level of CD services.

The level of CD services in the Myrtle Beach MMSA AA is adequate. Bank records show that employees provided their financial or job-specific expertise and/or technical assistance for 86 CD service activities to 19 organizations since the last evaluation, logging a total of 308 qualified hours within this AA. A substantial majority of the bank's assistance was to organizations that provide community services to LMI individuals and families. Other activities targeted affordable housing which is an identified credit needs in the AA. The bank's assistance provided was responsive to the identified needs in the AA particularly affordable housing. The following are examples of CD services provided in this AA:

- WFBNA team members provided 12.5 hours of financial education to a nonprofit housing organization that works in partnership with people in need to build decent and affordable housing.
- WFBNA team members provided 150.5 hours of tax preparation through the VITA program. Refer to the comments in the institution Innovative or Flexible Retail Service Programs section of this public evaluation for additional details regarding this program.

Multistate Metropolitan Statistical Area Rating

New York-Newark, NY-NJ-CT-PA CSA (New York MMSA AA)

CRA rating for the New York MMSA AA[12]: Outstanding
The Lending Test is rated: Outstanding
The Investment Test is rated: Outstanding
The Service Test is rated: High Satisfactory

The major factors that support this rating include:

- Excellent lending activity;
- Good geographic distribution of loans;
- Good borrower distribution of loans;
- WFBNA is a leader in providing CD loans, which has a significant positive impact on the Lending Test;
- WFBNA's use of flexible products has a positive impact on the Lending Test;
- Excellent level of CD investments that are responsive to AA needs;
- Retail delivery systems are accessible to all portions of the AA; and
- Good CD services that are responsive to the needs of the bank's AA.

Description of Institution's Operations in New York MMSA AA

WFBNA delineated eight AAs within the New York-Newark, NY-NJ-CT-PA CSA. Refer to Appendix A for a complete description of the AA. These areas were combined, analyzed, and presented at the CSA level with an AA name of New York MMSA. WFBNA has $68.8 billion of deposits in the New York MMSA AA representing 5.4 percent of adjusted deposits. The New York MMSA AA represents the fourth largest rated area in terms of deposits. In the New York MMSA AA, WFBNA ranked eighth out of 254 depository institutions with 3.5 percent market share. The top three banks within the MMSA in terms of deposits, are JP Morgan Chase Bank with 30.3 percent deposits, Bank of America with 7.6 percent deposits, and Citibank with 6.0 percent deposits. WFBNA operates 419 branches and 736 ATMs within the New York MMSA AA, representing 7.5 percent of the bank's branches and 5.4 percent of the bank's ATMs. In comparison to the percentage of deposits and branching network, the bank originated and purchased $171.4 billion in loans or 8.9 percent of total bank loan originations and purchases during the evaluation period. The bank's primary loan products in the New York MMSA is home mortgage loans and small loans to businesses.

Demographic Data

The following table provides a summary of the demographics that include housing and business information for the New York MMSA AA. Table A shows that the volume of OOUs is very small in the low-income tracts and over 39 percent of families in the AA are LMI. The area's median housing

[12] This rating reflects performance within the multistate metropolitan statistical area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan statistical area.

value in the New York MMSA AA is 4.4 times the MSA highest median income, but 5 times moderate-, and 8 times low-income, indicating a limited proportion of OOUs are affordable to LMI residents.

Table A – Demographic Information of the Assessment Area

Assessment Area: New York-Newark NY-NJ-CT-PA CSA (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	5,484	10.9	21.9	33.5	32.1	1.6
Population by Geography	23,076,664	10.9	22.4	32.2	34.3	0.2
Housing Units by Geography	9,169,953	10.1	22.1	32.7	35.1	0.0
Owner-Occupied Units by Geography	4,698,488	2.6	13.8	37.9	45.8	0.0
Occupied Rental Units by Geography	3,654,001	19.3	32.2	26.3	22.1	0.0
Vacant Units by Geography	817,464	11.8	25.3	31.8	31.2	0.0
Businesses by Geography	1,559,620	6.8	16.6	31.4	44.1	1.0
Farms by Geography	28,264	2.6	11.6	37.7	48.0	0.1
Family Distribution by Income Level	5,580,084	23.3	16.3	18.7	41.7	0.0
Household Distribution by Income Level	8,352,489	25.9	15.0	16.8	42.4	0.0
Median Family Income MSA - 10900 Allentown-Bethlehem-Easton, PA-NJ MSA		$68,935	Median Housing Value			$450,673
Median Family Income MSA - 14860 Bridgeport-Stamford-Norwalk, CT MSA		$100,593	Median Gross Rent			$1,135
Median Family Income MSA - 20524 Dutchess County-Putnam County, NY MD		$86,488	Families Below Poverty Level			9.4%
Median Family Income MSA - 20700 East Stroudsburg, PA MSA		$64,763				
Median Family Income MSA - 28740 Kingston, NY MSA		$70,513				
Median Family Income MSA - 35004 Nassau County-Suffolk County, NY MD		$101,543				
Median Family Income MSA - 35084 Newark, NJ-PA MD		$90,123				
Median Family Income MSA - 35300 New Haven-Milford, CT MSA		$77,379				
Median Family Income MSA - 35614 New York-Jersey City-White Plains, NY-NJ MD		$68,006				
Median Family Income MSA - 45940 Trenton, NJ MSA		$88,694				
Median Family Income Non-MSAs - CT		$84,890				

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

Allentown-Bethlehem-Easton, PA-NJ MSA

According to the May 2018 Moody's Analytics report, Allentown's economy is in the expansion stage of the business cycle and faring better than previous thought. The area's economic drivers are medical

centers and manufacturing. Per Moody's, healthcare is driving the area's expansion, thanks in part to a high and rising proportion of senior citizens. In the next five years, healthcare is expected to account for a quarter of net new jobs created in the MSA. Major area employers include Lehigh Valley Health Network, St. Luke's University Health Network and Air Products and Chemicals. The largest economic sector for employment is Education and Healthcare followed by Business and Professional Services and Retail Trade.

Despite a healthy labor market, the housing market has yet to capitalize on years of pent-up single-family housing demand. Long-lasting scars from the Great Recession are evident in households' unwillingness to invest in residential real estate. Housing starts are only on par with levels at the start of the decade and single-family permits have yet to pick up. However, houses in the Allentown area are relatively affordable, making the metro area attractive to first-time buyers. Beyond that, an improving labor market, accelerating wage growth, and faster rate of household formation will bolster demand and pave the way for more homebuilding and housing related jobs in the near term.

According to the U.S. BLS, the MSA unemployment rate as of May 2018 was 4.5 percent, down considerably from 8.5 percent at the beginning of the evaluation period. However, the MSA unemployment rate was above the State of Pennsylvania and New Jersey rates which were both at 3.9 percent during the same period.

Bridgeport-Stamford-Norwalk, CT MSA

According to the May 2018 Moody's Analytics report, the Bridgeport's economy is in a slump with steep job cuts occurring in both the private and public sectors. The only industries to record moderately strong growth are construction and transportation/warehousing. Despite the job losses, the unemployment rate has held steady due to a contracting labor force. According to the U.S. BLS, unemployment in the MSA was 4.2 percent, compared to 4.1 percent for the State of Connecticut. The area unemployment rate has come down considerably from 7.8 at the beginning of the evaluation period.

The area economy is driven by financial services, high tech, and defense spending. The largest economic sectors for employment are Education and Health Services, Professional and Business Services, and Retail Trade. The MSA's top employer, Sikorsky Aircraft Corp., is a large producer of helicopters for the defense industry. Other top employers include St. Vincent's Medical Center, and Stamford Hospital. The area is also known as a Global financial center and benefits from its proximity to NYC and a highly educated labor force. Bridgeport is dependent on its southern neighbor for jobs and personal income while its economy is in a lull with approximately one in eight area residents working in NYC. House prices are rising only slowly as the weak job market and lackluster population growth depress demand. Single-family construction is flat and multifamily building is at a multiyear low.

East Stroudsburg, PA MSA

According to the January 2018 Moody's Analytics report, the East Stroudsburg's economy is at risk of a recession. The labor market slowed substantially in 2017 after making small gains in 2015 and 2016. Both private and public sectors are weak and struggling to retain jobs. The area unemployment rate of 5.8 percent per the U.S. BLS, is considerably below the 9.7 percent at the beginning of the evaluation

period. However, the MSA has the second highest unemployment rate in the State of Pennsylvania (3.9 percent overall) and is falling only because of a contracting labor force. The area's economic drivers are defense spending and tourism. East Stroudsburg benefits from its location near the Poconos Mountains which draws tourists year-round. The fastest job growth has been in the leisure/hospitality industry where one of five area workers is employed, which is almost twice the U.S. average. The area's largest employer, the Tobyhanna Army Depot benefits from increases in defense spending including pay increases for military personnel. Other major employers include Sonofi Pasteur and Pocono Medical Center. The largest economic sectors for employment are Leisure and Hospitality Services, Government, and Retail Trade.

Kingston, NY MSA

Per the May 2018 Moody's Analytics report, after growing strongly in 2017, the Kingston economy weakened in 2018. The area suffers from a declining population which has been a headwind for consumer-related industries. Major economic drivers are tourism and healthcare, which is being helped by the area's large senior population. Construction has been a dependable source of job growth, but the pace is expected to slow as the expansion matures and population losses are felt. Per the U.S. BLS, the unemployment rate was 4.5 percent in May 2018, down considerably from 8.3 percent at the beginning of the evaluation period. The unemployment rate though improved, still fares worse than the State of New York at 3.7 percent. The area's top employers are Health Alliance of the Hudson Valley and State University of New York at New Paltz. The largest economic sectors for employment are Government, Education and Health Services, and Retail Trade.

Construction will be a dependable source of job growth but the pace will slow as the expansion matures and population losses bite. Although nonresidential and residential construction are trending higher upside potential is limited. New industrial development will slow along with growth in manufacturing production, and the market for retail and office space will not tighten enough to warrant much new construction at higher interest rates. Prospects are more favorable for residential construction; single-family housing is modestly undervalued and affordability much higher than it is nationally or in New York City or its outer boroughs. Still, absent faster household formation, homebuilding will not reach its prerecession trend any time soon.

New Haven-Milford, CT MSA

Per the May 2018 Moody's Analytics report, the New Haven economy is in the recovery stage. New Haven is home to Yale, Quinnipiac, and Southern Connecticut State Universities and is thus heavily reliant on higher education. Per Moody's, net job creation over the last year has been minimal and the state's strained finances have driven public sector employment to a twenty-year low. New Haven's aging population and outflow of residents have led to a declining labor force. House price appreciation has picked up but builders remain hesitant to put up single-family housing given persistent out-migration. Healthcare is another important industry in New Haven and was the largest single contributor to job gains over the past year. Education and Health Services is by far the largest economic sector by employment, followed by Government, and Professional and Business Services. The area's largest employers are Yale New Haven Health System and Yale University. The MSA unemployment rate per the U.S. BLS was 4.8 percent in 2018 compared to 9.1 percent at the beginning of the evaluation

period. However, the area unemployment rate is still above that of the State of Connecticut overall (4.1 percent).

New York-Newark-Jersey City, NY-NJ-PA MSA

According to the August 2018 Moody's Analytics report, New York's recent economic performance has not kept pace with the rest of the nation as job growth has been sluggish and wage gains haven't kept up with the national pace. New York is the financial capital of the U.S. and is heavily impacted by Wall Street and the performance of financial markets which have encountered recent turbulence. The major economic drivers are finance, medical centers and tourism. Major employers include, Northwell Health, JPMorgan Chase & Co., NYC Health and Hospitals Corp, University of Rochester, and Citibank, NA. The top economic sectors by employment are Education and Health Services, Government, and Professional and Business Services. The area has suffered from domestic out-migration for many years driven by high costs and an unfavorable industrial structure. In addition, elevated business costs push businesses out of state. On the upside, the area benefits from a skilled labor force and a fast-growing tech sector. High tech is primed for additional growth in NYC given the skilled workforce and the presence of tech giants. Per the U.S. BLS, unemployment in the MSA was 4.3 percent in August 2018 compared to 9.0 percent at the beginning of the evaluation period 2012.

After years of excessive construction in the ultra-luxury market, prices have declined. Transaction volume has declined in four straight quarters, according to the Real Estate Board of New York. Condo prices are falling and concessions by landlords are decreasing. With more units in the pipeline, downward price pressures will intensify and multifamily starts will remain depressed on the heels of their worst 12-month period since 2014. The metro division is also plagued by the effects of the new tax law. Limits on tax deductions for homeowners are weighing on northern New Jersey and Westchester County. Data from local realtors' associations show declining sales and homes spending longer on the market. This foreshadows intensifying downward price pressures as buyers and sellers adapt.

Trenton, NJ MSA

According to the May 2018 Moody's Analytics report, Trenton's expansion is regaining traction but soft spots remain. Year-ago growth in payroll employment exceeded the NJ and U.S. averages, driven by steady gains in state government and rapid expansion in logistics. Despite the tight labor market, income measures are far from stellar. Housing is another soft spot. Multi-family building has picked up over the past year, but single-family building is still languishing.

The economy is heavily dependent on public sector which is a strength but is under constant threat from NJ's fiscal problems. State government jobs have risen 3 percent on average in each of the past two years. Still the outlook is bleak. NJ's debt burden of $221 billion translates to $61,000 per taxpayer. Professional services will do the heavy lifting for Trenton over the next two years. Performance in finance will be mixed. Government is by far the largest economic sector by employment, followed by Education and Health Services, and Professional and Business Services. The area's largest employers are Bank of America, Princeton University, and Bristol-Myers Squibb. The MSA unemployment rate per the U.S. BLS was 4.0 percent in 2018 compared to 8.3 percent at the beginning of the evaluation period. The unemployment rate is similar to the State of New Jersey at 4.1 percent.

Community Contact

The analysis takes into consideration comments provided by ten community contacts that serve the bank's New York MMSA AA. Five of the ten community contacts represent affordable housing agencies, two represent Community Development organizations, and one is a non-profit legal service organization. In addition, two contacts represent Interagency CRA Group Meetings hosted by regulators with a combined 17 community advocates participating.

The New York MMSA is broad and diverse economically and demographically. New York City, the principal city in the MMSA, is the single largest regional urban economy in the country and is the most significant economic contributor to the AA. While there are huge pockets of very wealthy in New York and throughout the MMSA, there is also a significant number of LMI people and LMI communities in the AA. Additionally, nearly one in every 121 New Yorkers is currently homeless. LMI families with children make up three-quarters of the homeless shelter population in the AA.

The five housing agency contacts serve various parts of the AA and indicate an overwhelming need for affordable housing, including affordable senior housing and shelter solutions for the homeless. A significant portion of very low-income New Yorkers pay more than half their income in rent. While the city has been making strides towards creating and preserving affordable housing, there is a need to create or preserve 300,000 affordable housing units by 2026. One affordable housing contact commented there is also a lack of small affordable loan products, which has driven LMI consumers to rely more on payday lenders, rent to own, and other predatory lenders causing many consumers to end up in an endless debt cycle that ruins their credit. While another affordable housing community contact commented there is a need for basic (no fee) banking products and services. The contact discussed that while local institutions often collaborate with housing non-profits to fund programs and events, it is less common to receive funds in the form of grants and low-cost loans which is also a need in the AA. Other needs throughout the AA include small business lending and micro-loans to small businesses.

The analysis takes into consideration comments provided during an Interagency CRA Group Meeting with a group of six community organizations representing the Newark and Elizabeth, NJ areas of the AA. The organizations provide shelter services for homeless families, rental assistance, social service assistance to homeless people and individuals with disabilities, job training, and first-time home buyers program. One of the community contacts from an affordable housing agency in New Jersey described the economic conditions of the AA as improving, although at a slow pace. Despite the improving economy, the community contact indicated that the high cost of living and unemployment in the AA continue to strain the incomes of LMI families. Additionally, there are still some families awaiting Hurricane Sandy relief assistance to rebuild homes. One community advocate from a CDC in New Jersey mentioned that as a result of Superstorm Sandy, businesses of all sizes experienced a drop in critical working capital, even if they didn't have physical damage from the storm. Revenue losses from Superstorm Sandy were due to power outages, delayed supply deliveries, and lack of customers. To date, one non-profit in the AA has loaned $3.2 million to over 100 small businesses in 14 counties throughout New Jersey. Business owners have used the funds to pay off more expensive debt, purchase equipment and inventory, renovate or expand their locations, and support general working capital needs. The community advocate mentioned there is a strong need for loans to small business owners with low interest rates to finance the purchase, construct or improve of owner-occupied property, and/or to purchase major equipment.

The bank conducted research in the AA and identified community needs for affordable housing for low-income families, disaster recovery due to continued effects of Super Storm Sandy, financial education for the unbanked or underbanked residents; and small business assistance for small business owners.

Considering the information from the community contacts and bank management as well as demographic and economic data, affordable housing particularly for LMI families and the chronically homeless are primary credit needs of the AA. Additionally, small business loans and micro lending to small businesses are primary credit needs for the AA. Opportunity exists to originate these types of loans throughout the AA; however, it is limited in the low-income geographies as reflected by the small proportion of OOUs and small businesses coupled with limited home affordability for LMI individuals.

Scope of Evaluation in New York MMSA AA

The rating for the New York MMSA AA is based on a FS evaluation of the bank's performance in the New York-Newark, NY-NJ-CT-PA CSA. The New York MMSA is the fourth largest rated area and along with 12 other rated areas represents the bank's most significant markets in terms of lending, deposit, and branch distribution; therefore, the performance in the New York MMSA AA contributed to the bank's overall CRA Rating.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN NEW YORK MMSA AA

LENDING TEST

The bank's performance under the Lending Test in the New York MMSA AA is rated Outstanding.

Based on a FS review, including the data in the tables below and consideration of performance context discussed in the lending test, the bank's performance in the New York MMSA AA is excellent.

Lending Activity

Based on the tables below, lending levels reflect excellent responsiveness to the credit needs in the AA taking into account the number and dollar amount of home mortgage, small business, small farm, and CD loans originated or purchased relative to its capacity based on deposits, competition, and market presence.

Number of Loans					
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total
New York MMSA	439,333	191,262	839	340	631,774

Dollar Volume of Loans (000's)					
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total
New York MMSA	$161,563,244	$9,815,285	$27,241	$5,185,314	$176,591,084

WFBNA ranked eighth in deposits with 3.5 percent market share in the AA. In overall HMDA lending, WFBNA ranked first with 10.3 percent market share. There is strong competition as reflected by the 1,059 lenders and 254 depository institutions in the AA. The number two lender in the market was Chase with a 6.4 percent market share.

In small loans to businesses, WFBNA ranked seventh with a market share of 3.1 percent. The top three lenders were American Express with a market share of 32.2 percent, JPMorgan Chase Bank with a market share of 15.4 percent, and Citibank with a market share of 6.8 percent.

Distribution of Loans by Income Level of the Geography

The bank exhibits a good geographic distribution of loans in its AA.

Home Mortgage Loans

Refer to Table O in the "MMSA" section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is good.

- For 2012-2016, the combined proportion of home mortgage loans in low-income geographies is below the aggregate distribution of loans and near to the proportion of OOUs in those geographies. However, less weight was given to WFBNA's performance in low-income geographies because of the very small proportion of OOUs in low-income geographies.
- The proportion of loans in moderate-income geographies substantially meets the aggregate distribution of loans and below the proportion of OOUs in those geographies.
- The bank's home mortgage lending in 2017-2018 is slightly below the combined performance in 2012-2016.

Small Loans to Businesses

Refer to Table Q in the "MMSA" section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is adequate.

- For both 2012-2016 and 2017-2018 periods, the proportion of the bank's small business loans in low-income geographies is below both the aggregate distribution of loans and the proportion of businesses located in those geographies.
- The proportion of loans in moderate-income geographies substantially meets the aggregate distribution of loans and is below the proportion of businesses located in those geographies.

Distribution of Loans by Income Level of the Borrower

The bank exhibits a good distribution of loans among individuals of different income levels and businesses of different sizes.

Home Mortgage Loans

Refer to Table P in the "MMSA" section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is good.

- The New York MMSA AA has significant homeownership affordability hurdles especially for LMI borrowers. As noted above, the area's median housing value is 8.9 times the income of low-income borrowers and 5.5 times the income of moderate-income borrowers indicating a limited proportion of OOUs are affordable to LMI. Despite the affordability challenges, the bank's overall home mortgage lending in both 2012-2016 and 2017-2018 periods to low-income borrowers exceeds the aggregate distribution of loans and is significantly below the percentage of families.
- The bank's lending to moderate-income borrowers substantially meets the aggregate distribution of loans and is below the proportion of families.

Small Loans to Businesses

Refer to Table R in the "MMSA" section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's originations and purchases of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is good.

- For both 2012-2016 and 2017-2018 periods, the bank's distribution of small loans to businesses with revenues of $1 million or less exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is well below the percentage of small businesses located in the AA.

Community Development Lending

The institution is a leader in making CD loans.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

The level of CD lending in the New York MMSA AA is excellent. WFBNA made 340 CD loans in its AA for a total of $5.2 billion, which represents over 67 percent of allocated tier 1 capital. CD lending performance has a significant positive impact on the lending test rating. The institution makes significant use of innovative and/or complex CD loans and involved many complex projects where the bank often acted in a leadership role. The majority of these loans were for the primary purpose of affordable housing which is a critical CD need in the bank's AA. The bank made 199 loans totaling $3.8 billion (73.1 percent) for the purpose of affordable housing. Additionally, the bank extended 90 CD loans totaling $464 million for the primary purpose of community services, 37 loans totaling $76 million for the primary purpose of economic development, and 14 CD loans totaling $814 million for revitalization and stabilization in the AA.

Examples of CD loans in the AA include:

- In May 2018, WFBNA provided a $470 million loan for an affordable housing development located in a moderate-income census tract in Brooklyn. The development consists of nearly 6,000 affordable units spread across 46 high-rise apartment buildings. Sixty percent of units are further subsidized under a long-term HAP contract and an additional 500 units have Section 8 vouchers. The activity was responsive to an identified need for affordable housing.
- In June 2017, WFBNA provided a $20 million loan extension for an affordable housing development in Midtown Manhattan which includes 36 affordable units. The building was financed under the City's Inclusionary Housing Program which mandates 30-year affordability to households at or below 80 percent of area MFI.
- In March 2013, WFBNA provided two loans totaling $5.8 million to fund the expansion of a small business in Edison, New Jersey. The loan was made in conjunction with the SBA's 504 CDC program. The activity was responsive to an identified need for access to capital for small businesses.
- In February 2016, WFBNA provided an $80 million construction loans for a mixed-development located in a moderate-income tract in downtown Stamford, Connecticut. The development includes retail, restaurants and 325 apartments located within walking distance of the Stamford Transportation Center. The City of Stamford's Master plan calls for retail, high-density residential, and transit-oriented development in the downtown area that continues to face significant challenges.
- In September 2015, WFBNA provided a $96 million construction loan for redevelopment of a vacant site located in a moderate-income tract in NYC which had sat vacant for four decades since the city demolished many of the area's tenement buildings through Urban Renewal. The development consists of mixed income housing and includes 59 affordable housing units restricted to tenants earning between 40 and 60 percent of the area MFI. The project was expected to create approximately 1,600 permanent jobs and 4,400 construction jobs. The activity was responsive to the identified need for affordable multifamily housing. The activity was also highly complex in that it involved multiple funding sources, NMTC, and several financial institutions.

Product Innovation and Flexibility

The institution makes extensive use of innovative and/or flexible lending practices in order to serve AA credit needs. The bank launched the NeighborhoodLIFT program in the New York MMSA AA in November 2017 and more than 500 potential homebuyers attended the event. Of the 500 in attendance, WFBNA originated 144 mortgage loans totaling $49.4 million. Under the *your*FirstMortgage loan program the bank has funded 618 loans totaling $109.9 million to LMI homebuyers that qualified under this program. Refer to the comments in the institution Innovative or Flexible Lending Programs section of this performance evaluation for additional details regarding these programs.

INVESTMENT TEST

The bank's performance under the Investment Test in the New York MMSA AA is rated Outstanding.

Based on a FS review, including the data in the table below and consideration of performance context discussed in the investment test, the bank's performance in the New York MMSA AA is excellent.

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments **	
	#	$(000's)	#	$(000's)	#	% of Total #	$(000's)	% of Total $	#	$(000's)
New York MMSA	85	$150,819	1,908	$2,791,622	1,993	100.0	$2,942.441	100.0		

* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.
** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

The institution has an excellent level of qualified CD investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 38.0 percent of tier 1 capital allocated to the AA.

The institution exhibits excellent responsiveness to credit and community economic development needs identified in the AA, including affordable housing, community services, economic development, and revitalization/stabilization for LMI individuals and geographies. Over 96 percent of the dollar volume of the bank's current and prior period investment focused on affordable housing which is a primary credit need in the AA. Additionally, the bank provided over 1,700 grants totaling $49.8 million to a variety of organizations that primarily support affordable housing, community services, and economic development.

The institution makes extensive use of innovative and/or complex investments to support CD initiatives. CD Investments involved many complex LIHTC and NMTC projects where the bank acted in a leadership role with participations from federal, state, and local housing agencies and real estate developers. Additionally, the bank purchased numerous government mortgage-backed securities for the CD Investment portfolio.

Examples of CD investments in the AA include:

- In July 2013, WFBNA made a $276 million investment in an affordable housing fund offered by the New York City Housing Authority (NYCHA). All properties are located in New York City, New York, and are restricted to tenants earning 80 percent or less of the area MFI. This fund involves 14,465 public housing units in 155 buildings clustered in 13 distinct locations throughout New York City. Of the units, 12,219 are designated as LIHTC units and restricted to tenants earning 60 percent or less of the area MFI. The remaining 2,246 units are restricted to tenants earning 80 percent or less of the area MFI. NYCHA's mission is to increase opportunities for LMI individuals providing safe, affordable housing, and facilitating access to social and community services.
- In September 2017, WFBNA made a $6.0 million NMTC investment for the development of a new Federally Qualified Health Center (FQHC) in Bronx, NY. The FQHC is located in a low-income census tract and transformed an existing dilapidated medical/retail building into a new first-class medical facility. The new facility contains 10 new examination rooms, space for routine primary care, mammography, optometry, podiatry and mental health services and offer

high-quality health services to the residents of the surrounding low-income area with the potential to serve over 18,000 patients. Site staffing includes doctors, clinical support staff, and administrative/other staff. Staff FTEs in each category will increase annually to support enhanced operations and provide increased patient services over time.

- During the exam evaluation period, WFBNA provided 52 housing counseling grants totaling $314,700 through the HCGP benefiting local nonprofit housing organizations to create affordable and sustainable homeownership opportunities for LMI individuals in the New York MMSA AA. Refer to the comments in the institution Community Development Initiatives section of this public evaluation for additional details regarding this program.
- During the exam timeframe, WFBNA provided two grants totaling $450,000 through the Small Business DCC Program benefiting small businesses in the New York MMSA AA. Refer to the comments in the institution Innovative or Flexible Lending Practices section of this public evaluation for additional details regarding this program

SERVICE TEST

The institution's performance under the Service Test in the New York MMSA AA is rated High Satisfactory.

Based on a FS review, including the data in the tables below and consideration of performance context discussed in the service test, the bank's performance in the New York MMSA AA is good.

Retail Banking Services

Service delivery systems are accessible geographies and individuals of different income levels in the institution's AA.

Distribution of Branch Delivery System											
Assessment Area	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%) *				% of Population within Each Geography *			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
New York MMSA	100.0	419	100.0	6.4	15.0	30.1	47.8	12.3	21.7	31.6	34.2

* May not add up to 100 percent due to geographies with unknown tract income level and rounding. Population in census tracts with income unknown represent 0.2 percent and the bank's branches in these tracts represent 0.7 percent of total branches in the AA.

Distribution of Branch Openings/Closings							
Assessment Area	# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				
			Low	Mod	Mid	Upper	NA
New York MMSA	13	37	0	-2	-4	-17	-1

As of December 31, 2018, WFBNA operates 419 branches and 736 ATMs in the New York MMSA AA. Of these branches, 410 are full-service locations and nine are limited-service branches. The institution's branches include 27 branches in low-income geographies and 63 branches in moderate-income geographies. The branch distribution in LMI geographies is below the percentage of the population in LMI geographies in the AA. When considering an additional 30 branches within close proximity to LMI geographies, the bank's distribution improves and is near to the demographics.

The institution's opening and closing of branches have not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank opened one branch in moderate-income, two branches in middle-income, and ten branches in upper-income geographies. The bank closed three branches in moderate-income, six branches in middle-income, 27 branches in upper-income geographies. The bank also closed one branch in a geography where income level is "NA" or unknown. The closure of branches in moderate-income geographies did not negatively impact the distribution of branches relative to the population residing in those geographies.

Services, including where appropriate, business hours, do not vary in a way that inconveniences the various portions of its AA, particularly LMI geographies and/or individuals. While there are slight variations in opening and closing times, all but three branches are open Monday through Friday from 9:00 am to 5:00 pm with a few branches opening as early as 8:30 am or as late as 10:00 am and a few closing as early as 4:00 pm or as late as 7:00 pm. One branch is only open on Wednesday between 9:00 am and noon. Of 419 branches, 345 are also open on Saturdays and one is open on Sunday. All WFBNA services are available at all branches and all ADS discussed bank-wide are available in this AA.

Community Development Services

The institution provides a relatively high level of CD services.

The level of CD services in the New York MMSA AA is good. Bank records show that employees provided their financial or job-specific expertise and/or technical assistance for 1,849 CD service activities to 340 organizations since the last evaluation, logging a total of 5,728 qualified hours within this AA. The majority (85 percent) of the bank's assistance was to organizations that provide community services to LMI individuals and families. Other activities targeted economic development (9 percent), affordable housing (5 percent), and revitalization or stabilization (1 percent). The bank's financial assistance provided was responsive to the identified needs in the AA particularly affordable housing. The following are examples of CD services provided in this AA:

- A WFBNA team member provided six hours of Board service and 63 team members provided 418 hours of financial education at the New Jersey charter school. According to the NCES, the free-and reduced-lunch program participation rate at the school is 88.3 percent.
- A WFBNA team member provided 47 hours of Board service and 251 hours of financial education to a community action committee organization. Five other team members provided an additional eight hours of financial literacy education or technical assistance. This organization provides a variety of services to low-income residents including housing counseling, financial education, and small business support.

- A WFBNA team member provide 125 hours of Board service to a business assistance corporation. This organization is a certified community development company and regulated by the SBA. The organization provides financing to small businesses to assist in job creation.
- A WFBNA team member provided 80 hours of Board service to a business assistance corporation. The organization's mission is to provide loan capital and business mentoring to small business owners that cannot access more conventional bank financing. The objective is to create jobs and foster community-wide economic development.

Multistate Metropolitan Statistical Area Rating

Omaha-Council Bluffs, NE-IA MSA (Omaha MMSA AA)

CRA rating for the Omaha MMSA AA[13]: Outstanding
The Lending Test is rated: Outstanding
The Investment Test is rated: Outstanding
The Service Test is rated: Outstanding

The major factors that support this rating include:

- Excellent lending activity;
- Excellent distribution of loans by borrower profile;
- Adequate geographic distribution of loans;
- WFBNA is a leader in providing CD loans, which has a significant positive impact on the Lending Test;
- WFBNA's use of flexible products has a neutral impact on the Lending Test;
- Excellent level of CD investments that are responsive to AA needs;
- Retail delivery systems are readily accessible to all portions of the AA; and
- Good level of CD services that are responsive to the needs of the bank's AA.

Description of Institution's Operations in Omaha MMSA AA

WFBNA delineated one AA within the Omaha-Council Bluff, NE-IA MSA. Refer to Appendix A for a complete description of the AA. WFBNA has $3.0 billion of retail deposits in the Omaha MMSA AA representing 0.2 percent of adjusted deposits. The Omaha MMSA AA represents the 30th largest rated area in terms of deposits. In the Omaha MMSA AA, WFBNA ranked third out of 71 institutions with 9.2 percent market share. The first and second banks within the MMSA in terms of deposits, are First National Bank of Omaha and Mutual of Omaha Bank with 28.8 percent and 16.0 percent deposits, respectively. WFBNA operates 20 branches and 42 ATMs within the Omaha MMSA AA, representing 0.4 percent of the bank's branches and 0.3 percent of the bank's ATMs. In the Omaha MMSA AA, the bank originated and purchased $7.2 billion in loans or 0.5 percent of total bank loan originations and purchases during the evaluation period. The bank's primary loan products in the Omaha MMSA AA are home mortgage loans and small business loans.

Demographic Data

The following table provides a summary of the demographics that include housing and business information for the Omaha MMSA AA. Table A shows that the volume of OOUs is small in the low-income tracts and close to 38 percent of families in the AA are LMI. The area's median housing value in the Omaha MMSA AA is twice the MSA median income, but 2.6 times moderate-, and four times low-income, indicating a limited proportion of OOUs are affordable to low-income residents. Median

[13] This rating reflects performance within the multistate metropolitan statistical area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan statistical area.

rents and the significant percentage of families below poverty level suggest rental housing is also unaffordable for many low-income residents.

Table A – Demographic Information of the Assessment Area

Assessment Area: Omaha-Council Bluffs NE-IA MSA (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	255	11.4	20.4	42.4	25.5	0.4
Population by Geography	865,350	8.4	19.7	43.0	28.6	0.3
Housing Units by Geography	355,732	9.0	21.1	44.7	25.1	0.1
Owner-Occupied Units by Geography	224,557	5.1	16.3	47.0	31.6	0.0
Occupied Rental Units by Geography	103,393	15.0	29.9	41.0	14.0	0.1
Vacant Units by Geography	27,782	18.3	27.8	39.5	14.0	0.4
Businesses by Geography	52,852	6.4	16.5	47.0	29.6	0.4
Farms by Geography	3,328	1.3	7.9	67.5	23.3	0.0
Family Distribution by Income Level	217,206	20.4	17.5	22.8	39.3	0.0
Household Distribution by Income Level	327,950	23.1	16.8	18.5	41.6	0.0
Median Family Income MSA - 36540 Omaha-Council Bluffs, NE-IA MSA		$69,538	Median Housing Value			$147,021
			Median Gross Rent			$732
			Families Below Poverty Level			7.7%

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

According to the June 2018 Moody's Analytics report, Omaha has entered the late-cycle phase of its expansion but there is no evidence the economy is overheating. Wage growth that is well above the state and U.S. averages has attracted job seekers, and firms quickly responded to an influx of new labor force entrants by stepping up their net hiring. Net hiring has notably improved in manufacturing, construction, and leisure/hospitality. Despite rising trade concerns, factories in Omaha are responding to stronger growth in manufacturing production by hiring workers at the fastest pace since data began in 1990. Commercial building will prove invaluable to maintaining payroll momentum through the end of next year.

Job gains in insurance and credit intermediation will slow, partly because of weakness in agriculture. The housing market is mixed as single-family starts are struggling but multifamily building is soaring. Major area employers include Nebraska Medical Center, Offutt Air Force Base, and University of Nebraska Medical Center.

According to the U.S. BLS, Omaha's unemployment rate as of June 2018 was 2.6 percent, down from 4.4 percent at the beginning of the evaluation period. The MMSA unemployment rate was the same as the State of Iowa at 2.6 percent and lower than the State of Nebraska at 3.0 percent during the same period.

Community Contact

The analysis takes into consideration comments provided by two community contacts that serve the bank's Omaha MMSA AA. Both organizations serve Pottawattamie County and the entire AA. One organization works with banks to offer affordable mortgage products to LMI individuals. The other organization administers a LIHTC program and provides other services to the AA focusing on revitalizing LMI neighborhoods.

The community contact stated that banks seem to be averse to extending mortgage credit to LMI borrowers and attributed that to the tightening of credit underwriting by financial institutions following the Great Recession. Many banks have yet to relax their tightened underwriting standards exacerbating access to affordable mortgage credit for LMI borrowers. Complicating this is the LMI borrowers' low credit scores. There are housing units affordable to LMI borrowers in price points between $120,000 to $160,000 in LMI census tracts; however, these units are typically older homes in need of some repair.

The contact also mentioned that while banks have seemingly tightened their mortgage underwriting criteria, they remained active in homebuyer assistance efforts to help LMI borrowers prepare for homeownership. The contact indicated that WFBNA is an active investor in their LIHTC program and often seek to provide related construction financing.

The bank conducted research in the AA and identified community needs for affordable housing for low-income families, homeless services such as permanent and supportive housing, small business assistance, and workforce development/job readiness.

Considering the information from the community contacts and bank management as well as demographic and economic data, affordable housing lending represents a primary credit need in the Omaha MMSA AA. Opportunity exists to originate these types of loans throughout the AA; however, it is limited in the low-income geographies as reflected by the small proportion of OOUs coupled with limited home affordability for LMI individuals.

Scope of Evaluation in Omaha MMSA AA

The rating for the Omaha MMSA AA is based on a FS evaluation of the bank's performance in the Omaha-Council Bluffs, NE-IA MSA. A limited portion of the bank's overall lending, investments, and services were conducted in the Omaha MMSA AA; therefore, the performance in the Omaha MMSA AA received less weight in determining the bank's overall CRA Rating.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN OMAHA MMSA AA

LENDING TEST

The bank's performance under the Lending Test in the Omaha MMSA AA is rated Outstanding.

Based on a FS review, including the data in the tables below and consideration of performance context

discussed in the lending test, the bank's performance in the Omaha MMSA AA is excellent.

Lending Activity

Based on the tables below, lending levels reflect excellent responsiveness to the credit needs in the AA taking into account the number and dollar amount of home mortgage, small business, small farm, and CD loans originated or purchased relative to its capacity based on deposits, competition, and market presence.

Number of Loans					
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total
Omaha MMSA	37,992	9,177	269	32	47,470

Dollar Volume of Loans (000's)					
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total
Omaha MMSA	$6,647,463	$505,678	$25,422	$128,812	$7,307,375

WFBNA ranked third in deposits with 9.2 percent market share in the AA. In overall HMDA lending, WFBNA ranked first with 11.1 percent market share. There is strong competition as reflected by the 375 lenders and 71 depository institutions in the AA. The second and third lenders in the market were First National Bank of Omaha with a 9.1 percent market share and U.S. Bancorp with a 6.4 percent market share.

In small loans to businesses, WFBNA ranked fifth with a market share of 8.5 percent. The top three lenders were American Express with a market share of 14.1 percent, U.S. Bank with a market share of 11.8 percent, and JPMorgan Chase Bank with a market share of 10.4 percent.

Distribution of Loans by Income Level of the Geography

The bank exhibits adequate geographic distribution of loans in its AA.

Home Mortgage Loans

Refer to Table O in the "MMSA" section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is adequate.

- For both 2012-2016 and 2017-2018 periods, the proportion of home mortgage loans in low-income geographies is below the aggregate distribution of loans and is significantly below the proportion of OOUs in those geographies.
- The proportion of loans in moderate-income geographies substantially meets the aggregate distribution of loans and is below the proportion of OOUs in those geographies.

Small Loans to Businesses

Refer to Table Q in the "MMSA" section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is good.

- For both 2012-2016 and 2017-2018 periods, the proportion of the bank's small business loans in LMI geographies substantially meets the aggregate distribution of loans and is below the proportion of businesses located in LMI geographies.

Distribution of Loans by Income Level of the Borrower

The bank exhibits an excellent distribution of loans among individuals of different income levels and businesses of different sizes.

Home Mortgage Loans

Refer to Table P in the "MMSA" section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is excellent.

- The Omaha MMSA AA has homeownership affordability hurdles especially for low-income borrowers. As noted above, the area's median housing value is four times the income of low-income borrowers indicating a limited proportion of OOUs are affordable to low-income borrowers. Despite the affordability challenges, the bank's overall home mortgage lending in 2012-2016 to low-income borrowers substantially meets the aggregate distribution of loans and is well below the proportion of families.
- The bank's home mortgage lending to moderate-income borrowers exceeds both the aggregate distribution of loans and the proportion of families.
- Based on the bank's performance in 2017-2018, the bank's home mortgage lending is slightly below the performance in 2012-2016.

Small Loans to Businesses

Refer to Table R in the "MMSA" section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's originations and purchases of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is good.

- For both 2012-2016 and 2017-2018 periods, the percentage of small loans to businesses originated or purchased exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is below the percentage of small businesses located in the AA.

Community Development Lending

The institution is a leader in making CD loans.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

The level of CD lending in the Omaha MMSA AA is excellent. WFBNA made 32 CD loans in its AA for a total of $128.8 million, which represents 38.1 percent of allocated tier 1 capital. CD lending performance has a significant positive impact on the lending test rating. The institution makes significant use of innovative and/or complex CD loans and involved many complex projects where the bank often acted in a leadership role. The majority of these loans were for the primary purpose of affordable housing, which is a critical CD need in the bank's AA. The bank made 21 loans totaling $67.9 million (52.7 percent) for the purpose of affordable housing. Additionally, the bank extended 10 CD loans totaling $58 million for the primary purpose of community services.

Examples of CD loans in the AA include:

- In August 2016, WFBNA provided an $80 million line of credit for an affordable housing development located in Omaha, NE. The loan proceeds were used to bridge the gap between the receipt of capital contributions from investors and the payment of equity investments to operating partnerships that own LIHTC projects. The development specified that 100 percent of the units are restricted to tenants earning 60 percent or less of the area MFI.
- In June 2017, WFBNA renewed a $5.0 million line of credit to a non-profit organization that provides a life of possibilities for individuals with intellectual disabilities, offering vocational training, independent living skills training and assistance and supportive residential services. According to the organization's VP of Development, 95 percent of its clients are LMI individuals as they earn less than 80 percent of the area MFI.

Product Innovation and Flexibility

The institution makes limited use of innovative and/or flexible lending practices in order to serve AA credit needs. Under the *your*FirstMortgage loan program the bank has funded 123 loans totaling $16.2 million to LMI homebuyers that qualified under this program. Refer to the comments in the institution Innovative or Flexible Lending Programs section of this performance evaluation for additional details regarding this program.

INVESTMENT TEST

The bank's performance under the Investment Test in the Omaha MMSA AA is rated Outstanding.

Based on a FS review, including the data in the table below and consideration of performance context discussed in the investment test, the bank's performance in the Omaha MMSA AA is excellent.

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments **	
	#	$(000's)	#	$(000's)	#	% of Total #	$(000's)	% of Total $	#	$(000's)
Omaha MMSA	26	$28,820	221	$94,302	247	100.0	$123,122	100.0		

* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.
** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

The institution has an excellent level of qualified CD investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 34.4 percent of tier 1 capital allocated to the AA.

The institution exhibits excellent responsiveness to credit and community economic development needs identified in the AA, including affordable housing, community services, economic development, and revitalization/stabilization for LMI individuals and geographies. Over 82 percent of the dollar volume of the bank's current and prior period investment focused on affordable housing which is a primary credit need in the AA. Additionally, the bank provided over 194 grants totaling $3.5 million to a variety of organizations that primarily support affordable housing, community services, and economic development.

The institution makes extensive use of innovative and/or complex investments to support CD initiatives. CD Investments involved many complex projects where the bank often acted in a leadership role with participations from local and federal agencies and various housing and economic organizations.

Examples of CD investments in the AA include:

- In November 2015, WFBNA invested $8.8 million in a 62-unit LIHTC affordable housing development. This development is located in a middle-income area of Omaha, Nebraska and is made up of 8-two bedroom and one bath units and 54-three bedroom and two bath units targeting seniors 55 and older earning at or below 60 percent area MFI. WFBNA's financing for this development was responsive to the identified need for affordable multifamily housing. WFBNA also demonstrated multi-faceted support by providing the construction loan, equity investment, and the permanent loan ($7 million) to support this affordable housing development.
- In May 2017, WFBNA provided a grant totaling $195,000 through the Small Business DCC Program benefiting the State of Nebraska with a primary focus on North Omaha. Refer to the comments in the institution Community Development Initiatives section of this public evaluation for additional details regarding this program.
- During the exam timeframe, WFBNA provided three grants totaling $747,500 to a local housing organization through the PMP for affordable housing in the Omaha MMSA AA. Refer to the comments in the institution Innovative or Flexible Lending Programs section of this public evaluation for additional details regarding this program.

SERVICE TEST

The institution's performance under the Service Test in the Omaha MMSA AA is rated Outstanding.

Based on a FS review, including the data in the tables below and consideration of performance context discussed in the service test, the bank's performance in the Omaha MMSA AA is excellent.

Retail Banking Services

Service delivery systems are readily accessible to geographies and individuals of different income levels in the institution's AA.

Distribution of Branch Delivery System											
Assessment Area	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				% of Population within Each Geography			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Omaha MMSA	100.0	20	100.0	10.0	30.0	30.0	30.0	8.8	20.3	43.7	27.2

Distribution of Branch Openings/Closings						
Assessment Area	# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)			
			Low	Mod	Mid	Upp
Omaha MMSA	0	0	0	0	0	0

As of December 31, 2018, WFBNA operates 20 branches and 42 ATMs in the Omaha MMSA AA. Of these branches, 16 are full-service locations and four are limited-service branches. There are two branches in low-income CTs and six branches in moderate-income CTs. The branch distribution in LMI geographies significantly exceeds the percentage of the population in LMI CTs in the AA.

The bank did not open or close any branches during the evaluation period.

Services, including where appropriate, business hours, do not vary in a way that inconveniences the various portions of its AA, particularly LMI geographies and/or individuals. Generally, branches are open Monday through Friday from 9:00 am to 5:30 pm. Of the total branches, 16 are also open on Saturdays from 9:00 am to 1:00 pm. All WFBNA services are available at all branches and all ADS discussed bank-wide are available in this AA.

Community Development Services

The institution provides a relatively high level of CD services.

Bank records show that employees provided their financial or job-specific expertise and/or technical assistance for 183 CD service activities to 53 organizations since the last evaluation, logging a total of 793 qualified hours within this AA. A majority of the bank's assistance was to organizations that provide community services to LMI individuals and families. Other activities targeted affordable housing and economic development. The bank's financial assistance provided was responsive to the identified needs in the AA particularly affordable housing. The following are examples of CD services provided in this AA:

- A WFBNA team member provided 12 hours of Board activity and outreach to a nonprofit Community Development Financial Institution whose mission is to promote sustainable community development and quality of life in the Midwest by providing resources for the development of affordable housing.
- WFBNA team members provided 16 hours of financial education and outreach to a nonprofit organization that provides housing services ranging from homeless assistance to home ownership, foreclosure prevention, reverse mortgage counseling, financial management and individual development accounts.

Multistate Metropolitan Statistical Area Rating

Philadelphia-Reading-Camden, PA-NJ-DE CSA (Philadelphia MMSA AA)

CRA rating for the Philadelphia MMSA AA[14]: Outstanding
The Lending Test is rated: Outstanding
The Investment Test is rated: Outstanding
The Service Test is rated: Outstanding

The major factors that support this rating include:

- Excellent level of lending activity;
- Good geographic distribution of loans;
- Excellent borrower distribution of loans;
- WFBNA is a leader in providing CD loans, which has a significant positive impact on the Lending Test;
- WFBNA's use of flexible products has a positive impact on the Lending Test;
- Excellent level of CD investments that are responsive to AA needs;
- Retail delivery systems are readily accessible to all portions of the AA; and
- Good CD services that are responsive to the needs of the bank's AA.

Description of Institution's Operations in Philadelphia MMSA AA

WFBNA delineated five AAs within the Philadelphia-Reading-Camden, PA-NJ-DE-MD CSA. Refer to Appendix A for a complete description of the AA. These areas were combined, analyzed, and presented at the CSA level with an AA name of Philadelphia MMSA. WFBNA has $32.8 billion of deposits in the Philadelphia MMSA AA representing 2.6 percent of adjusted deposits. The Philadelphia MMSA AA represents the seventh largest rated area in terms of deposits. WFBNA ranked fourth out of 124 depository institutions in the market with 6.4 percent deposit market share. The top three banks within the MMSA in terms of deposits were Capital One with 24.3 percent, TD Bank with 23.6 percent, and Chase Bank with 8.3 percent market share. WFBNA operates 214 branches and 404 ATMs within the Philadelphia MMSA AA, representing 3.8 percent of the bank's branches and 3 percent of the bank's ATMs. In comparison to the percentage of deposits and branching network, the bank originated and purchased $56 billion in loans or 3.0 percent of total loan originations and purchases during the evaluation period. The bank's primary loan products in the Philadelphia MMSA AA are home mortgage and small loans to businesses.

Demographic

The following table provides a summary of the demographics that include housing and business information for the Philadelphia MMSA AA. Table A shows that the volume of OOUs is very small in the low-income tracts and close to 39 percent of families in the AA are LMI. The area's median housing

[14] This rating reflects performance within the multistate metropolitan statistical area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan statistical area.

value in the Philadelphia MMSA AA is 2.4 times the MSA highest median income, but 3 times moderate-, and 4.9 times low-income, indicating a limited proportion of OOUs are affordable to LMI residents.

Table A – Demographic Information of the Assessment Area

Assessment Area: Philadelphia-Reading-Camden PA-NJ-DE CSA (2016

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	1,657	7.8	22.7	38.9	29.3	1.3
Population by Geography	6,823,255	7.2	21.4	40.4	30.6	0.3
Housing Units by Geography	2,833,073	7.4	22.2	40.1	30.1	0.2
Owner-Occupied Units by Geography	1,715,839	3.8	17.2	43.7	35.3	0.1
Occupied Rental Units by Geography	810,186	13.2	30.3	34.6	21.4	0.5
Vacant Units by Geography	307,048	12.7	29.2	34.0	23.9	0.3
Businesses by Geography	482,157	4.6	17.0	40.0	37.9	0.5
Farms by Geography	11,590	1.4	12.0	50.4	36.0	0.1
Family Distribution by Income Level	1,645,534	21.9	17.2	20.0	40.8	0.0
Household Distribution by Income Level	2,526,025	25.0	15.6	17.1	42.2	0.0
Median Family Income MSA - 12100 Atlantic City-Hammonton, NJ MSA		$66,523	Median Housing Value			$243,277
Median Family Income MSA - 15804 Camden, NJ MD		$87,133	Median Gross Rent			$1,039
Median Family Income MSA - 20100 Dover, DE MSA		$64,252	Families Below Poverty Level			9.4%
Median Family Income MSA - 33874 Montgomery County-Bucks County-Chester County, PA		$99,939				
Median Family Income MSA - 36140 Ocean City, NJ MSA		$74,509				
Median Family Income MSA - 37964 Philadelphia, PA MD		$56,411				
Median Family Income MSA - 39740 Reading, PA MSA		$67,696				
Median Family Income MSA - 48864 Wilmington, DE-MD-NJ MD		$80,707				

Source: 2015 U.S. Census and 2018 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

Philadelphia-Camden-Wilmington, PA-NJ-DE-MD, MSA

According to the May 2018 Moody's Analytics report, the Philadelphia economy is still strong while in the late expansion stage of the business cycle. Job growth will slow as labor shortages grow more pronounced. In the long run, weak demographics, the city's overreliance on wage taxes, and an unfriendly business climate will constrain Philadelphia's prospects to below average. Job growth remains robust at 1.5 percent year-to-year, which pushed payrolls to their highest level since 1990.

Private services are the primary source of strength, with fast job gains in leisure/hospitality and healthcare/education. Strong job growth has pushed the unemployment rate down to a new post-recession low. Demand for housing is still booming, with year-to-year quality-adjusted single-family price growth outpacing the U.S. at 7.4 percent. Supply is responding, with both single-family and multifamily permitting at a healthy pace. Demand is stronger close to downtown, but in general housing markets are improving across Philadelphia, with prices up year-to-year in every submarket. The city's wage tax has been lowered, but this has not kept employers from relocating to the suburbs. A proposed tax on new construction would dampen investment needed in the area with many vacant and dilapidated buildings despite the recent boom.

Finance and business/professional services will remain vital to the economic success despite the recent slowdown in growth. Major area employers include the University of Pennsylvania Health System, Thomas Jefferson University & Health Services, and Comcast. According to the U.S. BLS, the unemployment rate for May 2018 was 5.3 percent, significantly decreasing from 10.0 percent at the beginning of the evaluation period. The unemployment rate in the AA was slightly higher than the overall State of Pennsylvania at 4.3 percent.

Reading, PA MSA

According to the January 2019 Moody's Analytics report, Reading's robust manufacturing industry is keeping the economy rolling. Thanks to above-average factory gains, year-ago job growth remains well above the Pennsylvania rate and on par with the U.S. rate. With 18 percent of its jobs in factories, Reading is in the 10 percent of metro areas with the highest factory dependence in the U.S. Reading's outsize primary metals and electrical equipment sectors serve the auto market. The auto industry is poised for another solid year and the forecast calls for above average gains in factory output and payrolls. Kutztown University will provide less support to growth because of weak demographic trends. Undergraduate enrollment in the public university has fallen each of the last six years. Kutztown account for about one in five jobs in state government, which has been flat during this time. Reading will struggle to add high paying jobs as its lucrative management core faces challenges. The top economic sectors by employment are government, education and health services, and retail trade. The area's largest employers are East Penn Manufacturing Co. Inc., Tower Health, and Carpenter Technology Corp.

The housing market is slowing and house price appreciation trails the national average by nearly 2 percent points. According to the U.S. BLS, the unemployment rate for the fourth quarter of 2018 was 4.2 percent, down significantly from 7.7 percent since the beginning of the evaluation period. The unemployment rate was similar to the State of Pennsylvania at 4.3 percent.

Atlantic City-Hammonton, NJ MSA

According to the May 2018 Moody's Analytics report, the Atlantic City economy is declining. Following a brief recovery starting in the second half of 2017, payroll employment fell in three of the first five months of 2018, with job losses in mainstay leisure and hospitality. Atlantic City's attempt to diversify its gaming industry is needed as traditional casinos fail to attract visitors. Casinos make up the top employers in the city, with Borgata Hotel Casino and Spa being the number one employer, the Hotel at Bally's Atlantic City in second place, and the Trump Hotel and Casino Resorts in third place. According to New Jersey's Division of Gaming Enforcement, casino revenues year to date through May

are down 7 percent compared with the same period last year. Two new casinos in 2018 are emphasizing entertainment, not gambling as the Hard Rock Hotel and Casino and the Ocean Resort Casino are planning concerts and conventions to attract millennials and families. With the legalization of sports betting, casinos are using this opportunity to gain a near-term edge over regional competitors. The Borgata's sports betting parlor opened shortly after the Supreme Court's decision, making it one of only two places in the state that accepts legal sports bets.

The report forecasts an end to the city's healthcare industry lead over the state and region. Aggressive hiring since a large-scale expansion of state Medicaid tied to an outsize share of lower-income residents. However, there is now an oversupply of healthcare personnel in an area experiencing population losses the past four years, hurting demand for medical services and slowing healthcare hiring. Rising sea levels as a result of climate change are a threat to beachfront properties. According to the Moody's Analytics vulnerability index for sea level rise, the city ranks among the 50 most vulnerable counties in the U.S. due to its high population density, poverty rate, and large percentage of housing stock in FEMA-designated flood zones. Atlantic City invested in sea walls on parts of the boardwalk destroyed by Superstorm Sandy, but these efforts may not be sufficient if sea levels rise as much as the National Oceanic and Atmospheric Administration forecasts this century under a business-as-usual emissions scenario.

The housing market is doing better as prices have been rising for over a year thanks to a significant fall in foreclosure inventories. The share of sales that involve discounted distressed properties is finally falling. While single family construction has yet to take off, multifamily construction is at its highest level since the 1980s.

According to the U.S. BLS, the unemployment rate for 2018 was 6.3 percent and has decreased significantly from 12.7 percent at the beginning of the evaluation period. The unemployment rate was above the State of New Jersey at 4.1 percent.

Dover, DE MSA

According to the January 2019 Moody's Analytics report, Dover's expansion has lost momentum. Although year-ago employment growth is strong, employment has not risen in 2018. Losses in retail and hospitality in the second half of 2018 mean that these industries have given back all of their early 2018 gains. Dover's large public sector will provide few new jobs in the years ahead but be a source of stability for the economy because of Delaware's strong fiscal position. Dover is Delaware's capital and state government makes up 20 percent of employment in the metro area, a share that is more than five times the national average. A stress test of state budgets finds that Delaware is among the best prepared states for the next downturn, meaning lawmakers will not have to raise taxes, cut spending or eliminate jobs as dramatically to weather the next recession. The top economic sectors by employment are government, education and health services, and retail trade. The area's largest employers are Dover Air Force Base, Bayhealth Medical Center, and Perdue Farms.

Home sales are stuck in neutral, and house price appreciation trails the national average by nearly 2 percent points. According to the U.S. BLS, the unemployment rate for the fourth quarter of 2018 was 4.4 percent, down significantly from 7.9 percent since the beginning of the evaluation period. The unemployment rate was slightly above the State of Delaware at 3.8 percent.

Ocean City, NJ MSA

According to the January 2018 Moody's Analytics report, Ocean City's economy is still in recovery and improve slightly in 2018, but the outlook relies heavily on increased tourism spending since population losses will persist. Ocean City is a coastal resort town with large numbers of seasonal workers during peak summer season and slow employment in other industries do not absorb any meaningful share of workers after the summer with resulting high unemployment rate. Top employers include Morey Organization LLC, U.S. Coast Guard, and the Cape Regional Medical Center. The new tax law will hurt housing, and it will be the end of the decade before job and income indicators improve. Longer term, poor demographics will constrain prospects to below the U.S. average, but Ocean City will outshine peers such as Atlantic City. Affordability has taken a hit and will erode further in coming quarters as rates rise higher and income growth falls well short of that nationally. The correction in the stock market also threatens household wealth, reducing consumer appetite for second homes relied upon for almost two decades by the Ocean City housing market.

According to the U.S. BLS, the unemployment rate for the first month of 2018 was 9.1 percent, increasing slightly from 2017 at 8.8 percent but with a significant decline since the beginning of the evaluation period at 15.5 percent.

Community Contact

The analysis takes into consideration comments provided by two community contacts as well as an interagency CRA listening session involving various community organizations that serve the bank's Philadelphia MMSA AA. One of the two community contacts represents a community group serving the homeless and the other represents a consumer lender organization, providing homebuyer assistance, home mortgages, and small business loans within the AA. The listening session represented 19 community organizations in the AA, including local government and the US Department of HUD.

The community group organization primarily serves the Philadelphia MSA while also serving other states including D.C. The community group noted the need for funding and raising community awareness. Means for financial institutions to provide funding include donations, fundraising, and organizing drives to get the community involved, etc. The consumer lender organization serves eight counties in the Philadelphia MMSA AA, focusing on small business lending as well as consumer lending and improving client financial literacy. The contact noted populations in certain neighborhoods in the City of Philadelphia are growing because of recent immigrants from Africa, Asia, the Middle East, Mexico, and Vietnam. Philadelphia also has seen an influx of Puerto Ricans and Dominicans from New York City due to the high cost of living, though the contact stated the increases would not replace all those who left the AA since a population peak in the 1950 census. These immigrants often live in the U.S. for years before starting a business in order to accumulate start-up capital and they need additional money management services to understand the American financial system. The group cites the need for banks to provide small business and commercial real estate loans to new immigrants; support groups providing labor-intensive technical assistance, including financial counseling; and invest in renovation and revitalizing communities in the AA, specifically vacant residential properties and occupied housing owned by lower income senior citizens.

The community organization listening session identified key issues including affordable housing, home repair and improvement loan products, improving financial literacy and homeowner counseling availability, funding small businesses, and further engagement with bank products and services. The contact cited issues across the state of Pennsylvania with homeowner ability to obtain bank financing to fund home repairs as well as the need for more marketing and outreach to let homeowners become aware of assistance programs including foreclosure prevention assistance and more refinance opportunities. The session also noted that more banks are creating restrictive barriers for small businesses seeking credit and loan products to finance operations.

The bank conducted research in the AA and identified community needs for affordable housing for low-income families, financial education for the unbanked and underbanked, homebuyer assistance services to LMI families, and small business assistance to business owners.

Considering the information from the community contacts and bank management as well as demographic and economic data, affordable housing particularly for LMI families and the chronically homeless, are primary needs of the AA. Opportunity exists to originate these types of loans throughout the AA; however, it is limited in the low-income geographies as reflected by the small proportion of OOUs coupled with limited home affordability for LMI individuals. Additionally, small business loans and micro lending to small businesses are credit needs for the AA.

Scope of Evaluation in Philadelphia MMSA AA

The rating for the Philadelphia MMSA AA is based on a FS evaluation of the bank's performance in the combined Philadelphia-Reading-Camden, PA-NJ-DE-MD CSA. The Philadelphia MMSA is the 7th largest rated area and along with 12 other rated areas represents the bank's most significant markets in terms of lending, deposit, and branch distribution; therefore, the performance in the Philadelphia MMSA AA contributed to the bank's overall CRA Rating.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN PHILADELPHIA MMSA AA

LENDING TEST

The bank's performance under the Lending Test in the Philadelphia MMSA AA is rated Outstanding.

Based on a FS review, including the data in the tables below and consideration of performance context discussed in the lending test, the bank's performance in the Philadelphia MMSA AA is excellent.

Lending Activity

Based on the tables below, lending levels reflect excellent responsiveness to the credit needs in the AA taking into account the number and dollar amount of home mortgage, small business, small farm, and CD loans originated or purchased relative to its capacity based on deposits, competition, and market presence.

Number of Loans					
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total
Philadelphia MMSA	227,423	77,895	522	156	305,996

Dollar Volume of Loans (000's)					
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total
Philadelphia MMSA	$51,704,971	$4,233,897	$18,884	$923,678	$56,881,430

WFBNA ranked fourth in deposits with 6.4 percent market share in the AA. In overall HMDA lending, WFBNA ranked first with 11.3 percent market share. There is strong competition as reflected by the 834 lenders and 124 depository institutions in the AA. The 2nd and 3rd top lenders in this market were Quicken Family with a 3.7 percent market share and JPMorgan Chase Bank with a 3.2 percent market share.

In small loans to businesses, WFBNA ranked 4th with a 6.5 percent market share. There is strong competition for small loans to businesses as reflected by the 237 lenders in the AA. The top three lenders by volume were American Express with a market share of 23.6 percent, PNC Bank with a market share of 7.8 percent, and Capital One Bank with a 6.8 percent market share.

Distribution of Loans by Income Level of the Geography

The bank exhibits a good geographic distribution of loans in its AA.

Home Mortgage Loans

Refer to Table O in the "MMSA" section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is good.

- The bank's performance in both periods, 2012-2016 and 2017-2018, for home mortgage loans in low-income geographies exceeds the aggregate distribution of loans and is below the proportion of OOUs in those geographies.
- The proportion of loans in moderate-income geographies is below both the aggregate distribution of loans and the proportion of OOUs in those geographies.

Small Loans to Businesses

Refer to Table Q in the "MMSA" section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is excellent.

- For 2012-2016, the proportion of the bank's small business loans in low-income geographies exceeds the aggregate distribution of loans and is below the proportion of businesses located in those geographies.
- The proportion of loans in moderate-income geographies substantially meets the aggregate distribution of loans and is near to the proportion of businesses in those geographies.
- Based on the bank's performance in 2017-2018, the bank's small business lending is slightly below the combined performance in 2012-2016.

Distribution of Loans by Income Level of the Borrower

The bank exhibits an excellent distribution of loans among individuals of different income levels and businesses of different sizes.

Home Mortgage Loans

Refer to Table P in the "MMSA" section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is excellent.

- The Philadelphia MMSA AA has homeownership affordability hurdles especially for LMI borrowers. As noted above, the area's median housing value is five times the income of low-income borrowers and 3 times the income of moderate-income borrowers indicating a limited proportion of OOUs are affordable to LMI individuals. Despite the affordability challenges, the bank's overall home mortgage lending to low-income borrowers in 2012-2016 substantially meets the aggregate distribution of loans and lending to moderate-income borrowers exceeds the aggregate distribution of loans.
- The bank's performance with low-income borrowers is well below the proportion of families and lending to moderate-income borrowers is near to the proportion of families.
- Based on the bank's performance in 2017-2018, the bank's home mortgage lending is slightly less than the combined performance in 2012-2016.

Small Loans to Businesses

Refer to Table R in the "MMSA" section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's originations and purchases of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is good.

- For 2012-2016 and 2017-2018 periods, the bank's distribution of small loans to businesses with revenues of $1 million or less exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is below the percentage of small businesses located in the AA.

Community Development Lending

The institution is a leader in making CD loans.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

The level of CD lending in the Philadelphia MMSA AA is excellent. WFBNA made 156 CD loans in its AA for a total of $923.7 million, which represents over 25 percent of tier 1 capital. CD lending performance has a significant positive impact on the lending test rating. The institution makes significant use of innovative and/or complex CD loans and involved many complex projects where the bank often acted in a leadership role. A majority of CD loans were for the primary purpose of affordable housing, which is a critical CD need in the bank's AA. The bank made 73 loans totaling $472 million (51 percent) for the purpose of affordable housing. Other loan products include community services, economic development, and revitalization and stabilization within the community.

Examples of CD loans in the AA include:

- In April 2013, WFBNA renewed a $20 million working capital line of credit to a non-profit organization that primarily serves people with exceptional challenges, disabilities, and complex needs. The organization's goal is to advance the quality of life and standard of care for individuals with disabilities. According to the chief financial officer of the organization, an estimated 90 percent of its clients are considered to be LMI individuals as they earn less than $61,120 annually, which is 80 percent of the 2013 MFI for the MSA.
- In July 2017, WFBNA provided an $18 million construction loan for an affordable housing development located in Philadelphia, PA with 100 percent of the units restricted to tenants earning less than 60 percent of the area MFI.
- In July 2014, WFBNA provided a $9.5 million loan for a 165-unit Section 8 affordable housing development. This development is located in a moderate-income census tract in Newark, Delaware and consists of 33 one-bedroom units, 110 two-bedroom units, and 22 three-bedroom units subsidized under a project-based Section 8 program.

Product Innovation and Flexibility

The institution makes extensive use of innovative and/or flexible lending practices in order to serve AA credit needs. The bank launched the NeighborhoodLIFT program in the Philadelphia MMSA AA in April 2016 and more than 450 homebuyers have utilized the down payment assistance to purchase a home. Of the 450 WFBNA originated 109 home mortgage loans totaling $12.5 million. Under the *your*FirstMortgage loan program the bank has funded 461 loans totaling $69 million to LMI homebuyers that qualified under this program. Refer to the comments in the institution Innovative or Flexible Lending Practices section of this performance evaluation for additional details regarding these programs.

INVESTMENT TEST

The bank's performance under the Investment Test in the Philadelphia MMSA AA is rated Outstanding.

Based on a FS review, including the data in the table below and consideration of performance context discussed in the investment test, the bank's performance in the Philadelphia MMSA AA is excellent.

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments **	
	#	$(000's)	#	$(000's)	#	% of Total #	$(000's)	% of Total $	#	$(000's)
Philadelphia MMSA	32	$48,436	968	$391,939	1,000	100.0	$440,375	100.0		

* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.
** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

The institution has an excellent level of qualified CD investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 12.0 percent of tier 1 capital allocated to the AA.

The institution exhibits excellent responsiveness to credit and community economic development needs identified in the AA, including affordable housing, community services, economic development, and revitalization/stabilization for LMI individuals and geographies. Over 92 percent of the dollar volume of the bank's current and prior period investment focused on affordable housing which is a primary credit need in the AA. Additionally, the bank provided over 883 grants totaling $31.9 million to a variety of organizations that primarily support affordable housing, community services, and economic development.

The institution makes extensive use of innovative and/or complex investments to support CD initiatives. CD Investments involved many complex LIHTC, NMTC, and state tax credit projects where the bank often acted in a leadership role with participations from federal, state, and local housing agencies and real estate developers. Additionally, the bank purchased numerous government mortgage-backed securities for the CD Investment portfolio.

Examples of CD investments in the AA include:

- In December 2015, WFBNA provided a $10.7 million LIHTC investment for the development located in Upper Darby, Pennsylvania, with 100 percent of the units restricted to tenants earning between 20 and 60 percent of the area MFI. The housing project is an adaptive re-use of a vacant three-story building that was formerly used as a student social center for the St. Alice Catholic Parish campus. The building has been vacant since 2013 and will feature 53 one-bedroom units. It is a senior property for tenants ages 62 and older, with six accessible units and two-units for tenants with hearing and visual impairments. On-site supportive services will be available to all tenants and will include case management, health services, and recreational activities. This investment is responsive to the need for neighborhood stabilization as well as affordable housing. WFBNA also demonstrated multi-faceted support by providing the construction loan ($7 million) and equity investment to support this affordable housing development.
- In September 2016, WFBNA provided four local initiatives grants totaling $400,000 to several housing Partnership organizations to administer the NeighborhoodLIFT Down Payment

Assistance program. Refer to the comments in the institution Innovative or Flexible Lending Programs section of this performance evaluation for additional details regarding this program.

- During the exam timeframe, WFBNA provided three grants totaling $650,000 to several organizations through the Small Business DCC Program benefiting the broader state of Pennsylvania including the Philadelphia MMSA AA. Refer to the comments in the institution Innovative or Flexible Lending Programs section of this public evaluation for additional details regarding this program.
- During the exam timeframe, WFBNA provided six grants totaling $405,000 to several housing organizations through the PMP for affordable housing in the Philadelphia MMSA AA. Refer to the comments in the institution Community Development Initiatives section of this public evaluation for additional details regarding this program.

SERVICE TEST

The institution's performance under the Service Test in the Philadelphia MMSA AA is rated Outstanding.

Based on a FS review, including the data in the tables below and consideration of performance context discussed in the service test, the bank's performance in the Philadelphia MMSA AA is excellent.

Retail Banking Services

Service delivery systems are readily accessible geographies and individuals of different income levels in the institution's AA.

Distribution of Branch Delivery System											
Assessment Area	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%) *				% of Population within Each Geography *			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Philadelphia MMSA	100.0	214	100.0	6.1	14.5	37.4	42.0	7.2	21.4	40.5	30.6

* May not add up to 100 percent due to geographies with unknown tract income level and rounding. Population in census tracts with income unknown represent 0.3 percent in the AA.

Distribution of Branch Openings/Closings							
Assessment Area	# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				
			Low	Mod	Mid	Upper	NA
Philadelphia MMSA	1	14	-2	-5	-5	-1	0

As of December 31, 2018, WFBNA operates 214 branches and 404 ATMs in the Philadelphia MMSA AA. Of these branches, 208 are full-service locations and six are limited-service branches. The institution's branches include 13 branches in low-income geographies and 31 branches in moderate-income geographies. The branch distribution in low income geographies is near to the percentage of the population in low-income geographies and branch distribution in moderate-income geographies is below the percentage of the population in moderate-income geographies in the AA. When considering an additional 27 branches within close proximity to LMI geographies, the bank's distribution exceeds demographics.

The institution's opening and closing of branches have not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank opened one branch in an upper-income geography. The bank closed two branches low-income, five branches in moderate-income, five branches in middle-income, and one branch in upper-income geographies. The closure of branches in LMI geographies was to consolidate with other branches nearby and did not negatively impact the distribution of branches relative to the population residing in those geographies. The bank still maintains 44 active branches or 20 percent within LMI geographies.

Services, including where appropriate, business hours, do not vary in a way that inconveniences the various portions of its AA, particularly LMI geographies and/or individuals. While there are slight variations in opening and closing times, most branches are open Monday through Friday from 9:00 am to 5:00 pm and 9:00 am to 6:00 pm on Friday. A majority of the branches (150) are also open on Saturdays. All WFBNA services are available at all branches and all ADS discussed bank-wide are available in this AA.

Community Development Services

The institution provides a relatively high level of CD services.

Bank records show that employees provided their financial or job-specific expertise and/or technical assistance for 694 CD service activities to 162 organizations since the last evaluation, logging a total of 2,349 qualified hours within this AA. A majority (84 percent) of the bank's assistance was to organizations that provide community services to LMI individuals and families. Other activities targeted revitalization or stabilization (10 percent), affordable housing (4 percent), and economic development (2 percent). The bank's financial assistance provided was responsive to the identified needs in the AA particularly affordable housing. The following are examples of CD services provided in this AA:

- One WFBNA team member provided 207 of Board service to an organization that provides financial literacy to school-age children. Twelve other WFBNA team members provided financial education at a local area school. According to the organization, 70.0 percent of students are from LMI households.
- Two WFBNA team members provided 124 hours of Board service to a community development financial institution that focuses on revitalizing distressed neighborhoods.

Multistate Metropolitan Statistical Area Rating

Portland-Vancouver-Salem, OR-WA CSA (Portland MMSA AA)

CRA rating for the Portland MMSA AA[15]: Outstanding
The Lending Test is rated: Outstanding
The Investment Test is rated: Outstanding
The Service Test is rated: Outstanding

The major factors that support this rating include:

- Good lending activity;
- Excellent distribution of loans by borrower profile;
- Excellent geographic distribution of loans;
- WFBNA is a leader in providing CD loans, which has a significant positive impact on the Lending Test;
- WFBNA's use of flexible products has a positive impact on the Lending Test;
- Excellent level of CD investments that are responsive to AA needs;
- Retail delivery systems are readily accessible to all portions of the AA; and
- Good CD services that are responsive to the needs of the bank's AA.

Description of Institution's Operations in Portland MMSA AA

WFBNA delineated four AAs within the Portland-Vancouver-Salem, OR-WA CSA. Refer to Appendix A for a complete description of the AA. These areas were combined, analyzed, and presented at the CSA level with an AA name of Portland MMSA. WFBNA has $10.7 billion of deposits in the Portland MMSA AA representing 0.8 percent of adjusted deposits. The Portland MMSA AA represents the 17th largest rated area in terms of deposits. In the Portland MMSA AA, WFBNA ranked 2nd out of 38 depository institutions with 17.9 percent market share. The top bank within the MMSA in terms of deposits is U.S. Bank with 21.1 percent market share. WFBNA operates 81 branches and 167 ATMs within the Portland MMSA AA, representing 1.4 percent of the bank's branches and 1.2 percent of the bank's ATMs. In comparison to the percentage of deposits and branching network, the bank originated and purchased approximately $29.8 billion in loans or 1.6 percent of total bank loan originations and purchases during the evaluation period. The bank's primary loan products in the Portland MMSA AA are home mortgage and small loans to businesses.

Demographic

The following table provides a summary of the demographics that include housing and business information for the Portland MMSA AA. Table A shows that the volume of population, census tracts, and OOUs is very small in the low-income tracts and close to 38 percent of families in the AA are LMI. The area's median housing value in the Portland MMSA AA is 4 times the highest MSA median

[15] This rating reflects performance within the multistate metropolitan statistical area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan statistical area.

income, but 5 times moderate-, and 7.9 times low-income, indicating a limited proportion of OOUs are affordable to LMI residents.

Table A – Demographic Information of the Assessment Area

Assessment Area: Portland-Vancouver-Salem OR-WA (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	600	2.5	23.5	49.2	24.5	0.3
Population by Geography	2,818,998	2.3	23.3	50.0	24.4	0.0
Housing Units by Geography	1,143,103	2.4	23.0	50.3	24.3	0.0
Owner-Occupied Units by Geography	677,832	1.0	17.2	52.8	29.0	0.0
Occupied Rental Units by Geography	391,326	4.8	32.5	46.3	16.5	0.0
Vacant Units by Geography	73,945	3.1	25.6	49.6	21.7	0.0
Businesses by Geography	234,418	4.0	22.3	46.1	27.5	0.1
Farms by Geography	9,131	1.2	12.3	61.5	24.9	0.1
Family Distribution by Income Level	686,421	20.4	17.9	21.4	40.2	0.0
Household Distribution by Income Level	1,069,158	23.1	16.6	18.9	41.5	0.0
Median Family Income MSA - 10540 Albany, OR MSA		$55,320	Median Housing Value			$284,979
Median Family Income MSA - 18700 Corvallis, OR MSA		$71,763	Median Gross Rent			$843
Median Family Income MSA - 38900 Portland-Vancouver-Hillsboro, OR-WA MSA		$68,924	Families Below Poverty Level			8.8%
Median Family Income MSA - 41420 Salem, OR MSA		$56,016				

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

Portland-Vancouver-Hillsboro, OR-WA MSA

According to the August 2018 Moody's Analytics report, Portland's economy is still strong. Although labor shortages have impeded job growth, Portland has added workers at a faster pace than the West region and nation for the better part of the decade. The tightness in the job market is leading to a pickup in wage growth as firms face challenges attracting and retaining workers.

Technology will continue to be a major force in Portland's economic growth through the decade's end. Led by a dynamic startup culture and gains in existing information technology and biotech firms, as well as various research universities and tech incubators, Portland has numerous structural advantages that will secure a healthy pipeline for talent in the long run. These include its favorable location, high concentration of highly educated workers, and low business and living costs relative to those in Seattle and the Bay Area. However, in the near term, a rapidly tightening labor market will make it more difficult for tech firms to find qualified candidates. High-tech payrolls are up more than 2 percent from

last year, more than in the rest of Oregon but well below the peak rate of 5 percent for the cycle hit back in 2015.

Despite layoffs at top employer Intel, which shed more than 11 percent of its workforce in 2016 as the company shifted from semiconductor manufacturing to cloud-computing, factories in Portland are adding jobs about two times as fast as those in the West and the U.S. Moreover, the industry has recouped all of the jobs lost during the Great Recession, a feat yet to be achieved by the state, region or nation. Diversity is key as Portland's products range from shoes and clothing made by Nike and Columbia Sportswear, to semiconductors produced by Intel, to craft beer made by Deschutes Brewery. Longer term, globalization and mechanization will reduce the need for factory labor, dragging on hiring and keeping industry payrolls below their mid-1990s peak.

The outlook for the housing market is above average thanks largely to favorable demographic trends. Portland's overheated single-family housing market has been aided by stronger income growth. Despite strong demand and constraints on supply, house price appreciation has slowed, dipping below the U.S. average for the first time since 2012. Eroding affordability is a key reason for the slowdown; since the start of 2015, the median existing single-family home has risen by one-third to just less than $400,000. Despite steep price gains, fewer single-family residences are being built as developers contend with shortages of labor, rising materials costs, and restrictions on land development. Developers increasingly are turning to multi-family housing. Last year they started 7,000 new multifamily units, the most since 1996, helping to arrest a 12-year slide in the rental vacancy rate.

The major economic drivers for the MMSA are the highly diversified economy, highly skilled workforce, and rising state and local tax revenues. The largest employers in the Portland MMSA includes the Intel Corp, Providence Health Systems, and Oregon Health and Science University. According to the U.S. BLS, the unemployment rate for the second quarter of 2018 was 3.9 percent, which has decreased significantly from 8.0 percent from the beginning of the evaluation period. The unemployment rate in the AA was slightly lower than both the overall States of Oregon (4.1 percent) and Washington (4.2 percent) during the same period.

Albany, OR MSA

According to the March 2019 Moody's Analytics report, Albany's economy is advancing at a slower rate as its expansion matures. After a stellar 2018, Albany has made the switch from mid- to late-cycle expansion, the last metro area in red-hot Oregon to do so. Worker shortages are responsible for weaker job creation. The crucial manufacturing industry has hit a roadblock after years of steady growth, and steep layoffs in the public sector are masking broad gains in private services. Retail, healthcare and transportation are adding workers much faster than their Oregon and U.S. counterparts. Albany's lead over the rest of the state and the U.S. in factory job growth will narrow significantly in coming quarters. Nearly one-fifth of Albany's workers are employed in manufacturing, which specializes in metals, wood products and paper. Producers of primary metals, which make up almost 30 percent of factory jobs, are benefiting less than expected from U.S. tariffs. The cornerstone agriculture industry will struggle because of tariffs and harsher immigration rules that restrict the supply of seasonal workers. Farm employment makes up 8 percent of Albany's total workforce, the highest share in Oregon and among the top 15 in the West region. Albany and the surrounding communities are major producers of grass seed, but other crops include strawberries and hazelnuts. Longer term, Albany will underperform

because of its dependence on farming and high employment volatility. The lack of a dynamic driver in services is another obstacle, though big population gains create upside risk for consumer industries.

The housing market is mixed. Housing appreciation is below the state of Oregon and the U.S. The largest employers in Albany includes the Samaritan Health Services, ATI, and Hewlett-Packard. According to the U.S. BLS, the unemployment rate for the 4th quarter of 2018 was 4.5 percent, and has decreased significantly from 9.6 percent from the beginning of the evaluation period. The unemployment rate in the AA was slightly lower than the overall States of Oregon (4.3 percent during the same period.

Corvallis, OR MSA

According to the March 2018 Moody's Analytics report, Corvallis' expansion is in a late-cycle phase. Job growth has slowed and remains a step behind that in the rest of Oregon because of labor shortages. Employment in the large public sector is no longer rising, and job creation in private services outside of education/healthcare and business/professional services has ground to a halt. Oregon State University (OSU) and high tech has provided the foundation for growth in Corvallis. OSU's enrollment is up nearly 2 percent from the previous year, besting all public institutions in Oregon for the fourth year in a row. Even with past tuition increases and is projected to increase of 4 percent in the next academic year, demand is not wavering. Construction and high tech will benefit most from OSU's expansion. Payrolls in high-tech manufacturing, which accounts for more than half of all factory jobs and is dominated by Hewlett-Packard, will edge higher in coming quarters. Prospects for service-oriented tech industries such as software and computer systems are especially upbeat given the talent supplied by the university and favorable financing conditions for startups. Job growth in construction will slow only modestly this year thanks to support from residential and public investment. After rising almost 12 percent in 2017, construction employment is forecast to rise close to 10 percent this year, exceeding the Oregon and U.S. averages. A renewed boost in housing starts and projects commissioned by OSU point to higher construction outlays. Low inventories of unsold homes have plagued Corvallis for years, but new residential building finally picked up late in 2017 and will translate to more work under construction this year.

The largest employers in Corvallis includes OSU, Samaritan Health Services, and Hewlett-Packard. According to the U.S. BLS, the unemployment rate for the 1st quarter of 2018 was 3.3 percent, and has decreased from 5.9 percent from the beginning of the evaluation period. The unemployment rate in the AA was lower than the overall States of Oregon (4.5 percent) during the same period.

Salem, OR MSA

According to the July 2018 Moody's Analytics report, Salem's economy has slowed but the economy is still in good shape. Employment gains have decelerated sharply over the past year because of a fall in state and local government jobs. On the bright side, the private sector is advancing with net hiring in nearly all private industries outpacing that of the region and the nation. State government will remain a pillar of economic stability and a crucial source of income and spending gains despite few job additions. Salem is home to Oregon's state capital, which will continue to reap rewards as the booming tech industry around Portland's Silicon Forest lifts corporate tax collections and as lottery sales come in above expectations. Rapid household formation has been a boon for Salem's housing market. Rapid

household formation paired with robust income growth is boosting the housing market and home prices are rising at the 10th fastest pace in the country and residential construction is soaring. The metro area is experiencing an influx of residents thanks to the booming tech industry in neighboring Portland. Job seekers have primarily flooded areas around Portland, but Salem is receiving some spillover because it is an attractive and cheaper alternative. As demand outpaces supply, house price growth will remain elevated, and this will give developers the confidence to build more homes and hire additional construction workers.

The largest employers in Salem includes the Salem Hospital, SuperMedia LLC, and Association of Salem Keizer Education Support. According to the U.S. BLS, the unemployment rate for the 2nd quarter of 2018 was 4.3 percent, and has decreased significantly from 9.8 percent from the beginning of the evaluation period. The unemployment rate in the AA was similar to the overall States of Oregon (4.3 percent) during the same period.

Community Contacts

The analysis takes into consideration comments provided by three community contacts in conjunction with this evaluation that serve the bank's Portland MMSA AA. One contact was with an affordable housing organization that provides financing and technical assistance for affordable housing development in the AA. The second contact was with a non-profit organization that strives to address the needs of the people primarily in the Salem MSA. The 3rd contact was with a development commission which primarily focuses on creating livable neighborhoods and high-quality jobs in LMI geographies within the Portland MSA.

According to the representative with the affordable housing organization, there are parts of the eastern Oregon economy that are on fire, and there are parts that are very stagnant. The contact specifically mentions that Crook, Jefferson, Hood River, Deschutes, and Morrow counties are all doing much better economically than the rest of the region and that Central eastern Oregon is doing well. The community contact commented that with respect to affordable housing, there are a lot of farm workers that are both transient and permanent in the AA. There are also a lot of retirees many of whom are on very small fixed incomes; and in certain areas like in Bend there is the retirement lifestyle migration that has increased housing costs and stressed the income capacity of long-term and elderly residents. The area has a very low vacancy rate and needs both market-rate housing and affordable housing development. According to the contact, the general lack of workforce housing in smaller cities in eastern Oregon whose economies have stabilized and begun to grow is also an issue that needs both more attention and resources. Businesses cannot hire people because people cannot find affordable housing in the AA.

The representative from the 2nd contact stated that the priority is to develop long-term strategies to lessen poverty by identifying solutions, delivery services, and moving individuals and families toward self-sufficiency. The interviewee stated that the Early Head Start program was their largest and serves over 800 children from LMI families. The contact stated that the need for financial education to LMI individuals for budgeting and financial planning is very important. The 3rd representative stated that one of the main reasons they exist is to provide financing for community development that banks generally will not do. Some of those needs are gap financing, smaller dollar business loans and loan programs for people with lower credit scores to help rebuild their credit (i.e. credit repair programs). The contact

further stated that the larger banks are generally not looking to make loans under $250,000 to $500,000 and that they prefer to invest in NMTC.

The bank conducted research in the AA and identified community needs for affordable housing for low-income families, financial education for the unbanked and underbanked, services to homeless veterans and families, and workforce development/job placement.

Considering the information from the community contacts and bank management as well as demographic and economic data, small business lending, affordable housing, homeless services, and workforce development represent the primary needs for the Portland MMSA AA. Opportunity exists to originate these types of loans throughout the AA; however, it is limited in the low-income geographies as reflected by the small proportion of OOUs coupled with limited home affordability for LMI individuals.

Scope of Evaluation in Portland MMSA AA

The rating for the Portland MMSA AA is based on a FS evaluation of the bank's performance in the combined Portland-Vancouver-Salem, OR-WA CSA. A limited portion of the bank's overall lending, investments, and services were conducted in the Portland MMSA AA; therefore, the performance in the MMSA received less weight in determining the bank's overall CRA Rating.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN PORTLAND MMSA AA

LENDING TEST

The bank's performance under the Lending Test in the Portland MMSA AA is rated Outstanding.

Based on a FS review, including the data in the tables below and consideration of performance context discussed in the lending test, the bank's performance in the Portland MMSA AA is excellent.

Lending Activity

Based on the tables below, lending levels reflect good responsiveness to the credit needs in the AA taking into account the number and dollar amount of home mortgage, small business, small farm, and CD loans originated or purchased relative to its capacity based on deposits, competition, and market presence.

Number of Loans					
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total
Portland MMSA	109,363	41,996	1,250	111	152,720

Dollar Volume of Loans (000's)					
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total
Portland MMSA	$27,346,408	$2,442,602	$84,354	$665,028	$30,538,392

WFBNA ranked second in deposits with 17.9 percent market share in the AA. In overall HMDA lending, WFBNA ranked first with 9.6 percent market share. There is strong competition as reflected by the 601 lenders and 38 depository institutions in the AA. The 2nd and 3rd top lenders in this market were Guild Mortgage Company with a 4.38 percent market share and Quicken with a 3.96 percent market share.

In small loans to businesses, WFBNA ranked 6th with a market share of 8.9 percent. There is strong competition in the market with approximately 141 lenders. The top three lenders were US Bank with 18.3 percent market share, American Express with 12.7 percent market share, and JPMorgan Chase Bank with 9.2 percent market share.

Distribution of Loans by Income Level of the Geography

The bank exhibits an excellent geographic distribution of loans in its AA.

Home Mortgage Loans

Refer to Table O in the "MMSA" section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is excellent.

- The bank's performance in 2012-2016 for home mortgage loans to LMI geographies substantially meets the aggregate distribution of loans in those geographies.
- The proportion of loans in low-income geographies exceeds the proportion of OOUs in those geographies and in moderate-income geographies is near to the proportion of OOUs in those geographies.
- Based on the bank's performance in 2017-2018, the bank's home mortgage lending is slightly less than the combined performance in 2012-2016.

Small Loans to Businesses

Refer to Table Q in the "MMSA" section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is excellent.

- The bank's performance in both 2012-2016 and 2017-2018 periods for small business loans in LMI geographies exceeds both the aggregate distribution of loans located in those geographies.
- The proportion of the bank's small business loans in low-income geographies is near to the proportion of businesses and in moderate-income geographies exceeds the proportion of businesses located in those geographies.

Distribution of Loans by Income Level of the Borrower

The bank exhibits an excellent distribution of loans among individuals of different income levels and businesses of different sizes.

Home Mortgage Loans

Refer to Table P in the "MMSA" section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's home mortgage loan originations and purchases. The bank's overall borrowers distribution of home mortgage loan originations and purchases for this evaluation is excellent.

- The Portland MMSA AA has homeownership affordability hurdles especially for LMI borrowers. As noted above, the area's median housing value is 8 times the income of low-income and 5 times the income of moderate-income borrowers indicating a limited proportion of OOUs are affordable to LMI individuals. Despite the affordability challenges, the bank's overall home mortgage lending to LMI borrowers in both periods, 2012-2016 and 2017-2018, exceeds the aggregate distribution of loans.
- The bank's lending to low-income borrowers is significantly below the proportion of families and lending to moderate-income borrowers is near to the proportion of families.

Small Loans to Businesses

Refer to Table R in the "MMSA" section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's originations and purchases of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is good.

- For both 2012-2016 and 2017-2018 periods, the bank's distribution of small loans to businesses with revenues of $1 million or less exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is below the percentage of small businesses located in the AA.

Community Development Lending

The institution is a leader in making CD loans.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

The level of CD lending in the Portland MMSA AA is excellent. WFBNA made 111 CD loans in its AA for a total of $665 million, which represents over 55 percent of tier 1 capital. CD lending performance has a significant positive impact on the lending test rating. The institution makes significant use of innovative and/or complex CD loans and involved many complex projects where the bank often acted in a leadership role. The majority of these loans were for the primary purpose of affordable housing which is a critical CD need in the bank's AA. The bank made 73 loans totaling $508 million (76 percent) for the purpose of affordable housing. Additionally, the bank extended 30 CD loans totaling $48.4 million for the primary purpose of community services to assist LMI individuals, four loans totaling $8.3 million for the primary purpose of economic development, and four CD loan totaling $100 million for revitalization and stabilization of the AA.

Examples of CD loans in the AA include:

- In June 2013, WFBNA provided a $6.9 million LIHTC construction loan for the development of a 32-unit family apartment building and an adjacent addiction treatment facility located in a moderate-income census tract of Portland, Oregon. This development is a collaboration between two local nonprofit organizations providing affordable housing solutions to individuals and families throughout Multnomah County. The development will provide permanent apartment housing with supportive services and expand a culturally-focused residential treatment program. The development's 32 permanent apartments, which will be reserved for graduates of substance abuse treatment programs, represent Home Forward's first "dry" housing program. The development also is part of the agency's efforts to preserve public housing by replacing former single-family public housing homes with more cost-efficient apartments in multifamily buildings. This facility includes a 16-unit substance abuse treatment program, a community area, and the 32-unit family apartment building with income restrictions ranging from 30 to 60 percent of the area MFI. This activity is responsive to the identified need for affordable housing. WFBNA demonstrated multi-faceted support by providing both the construction loan and investment to support this affordable housing development and treatment center.
- In June 2018, WFBNA refinanced a $12.4 million loan for an affordable housing development under the Section 42 LIHTC program. The development has an extended use agreement in place requiring that 100 percent of the units be rented to tenants earning no more than 60 percent of the area MFI.
- In August 2017, WFBNA provided a $10 million construction loan for an affordable housing development located in Hillsboro, Oregon, with 100 percent of the units restricted to low-income tenants earning at or below 60 percent of the area MFI. Eight units will be subsidized with Section 8 rental assistance covered by a new 15-year HAP contract. The Section 8 program allows tenants to pay no more than 30 percent of their household income towards housing expenses.
- In July 2013, WFBNA renewed a $3.5 million working capital line of credit to a nonprofit organization based in Portland, Oregon. Their mission is to assist all low-income populations throughout Oregon and in areas of Washington State by increasing their economic self-sufficiency and community integration through microenterprise development and self-employment. According to information listed on the organization's website, the majority of their clients live at, or slightly above, the federal poverty line and below 80 percent of MFI. The average business revenue for their clients with full-time businesses is $66,685.

Product Innovation and Flexibility

The institution makes extensive use of innovative and/or flexible lending practices in order to serve AA credit needs. The bank held a NeighborhoodLIFT event in the Portland MMSA AA in December 2013 and more than 700 potential homebuyers attended the event. Of the 700 in attendance, WFBNA originated 66 mortgage loans totaling $11.6 million. Under the *your*FirstMortgage loan program the bank has funded 76 loans totaling $16 million to LMI homebuyers that qualified under this program. Refer to the comments in the institution Innovative or Flexible Lending Programs section of this performance evaluation for additional details regarding these programs.

INVESTMENT TEST

The bank’s performance under the Investment Test in the Portland MMSA AA is rated Outstanding.

Based on a FS review, including the data in the table below and consideration of performance context discussed in the investment test, the bank’s performance in the Portland MMSA AA is excellent.

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	$(000's)	#	$(000's)	#	% of Total #	$(000's)	% of Total $	#	$(000's)
Portland MMSA	17	$25,022	533	$257,633	550	100.0	$282,655	100.0		

* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.
** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

The institution has an excellent level of qualified CD investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 23.4 percent of tier 1 capital allocated to the AA.

The institution exhibits excellent responsiveness to credit and community economic development needs identified in the AA, including affordable housing, community services, economic development, and revitalization/stabilization for LMI individuals and geographies. Over 68 percent of the dollar volume of the bank's current and prior period investment focused on affordable housing which is a primary credit need in the AA. Additionally, the bank provided over 487 grants totaling $11.3 million to a variety of organizations that primarily support affordable housing, community services, and economic development.

The institution makes extensive use of innovative and/or complex investments to support CD initiatives. CD Investments involved many complex LIHTC and NTMC projects where the bank often acted in a leadership role with participations from federal, state, and local housing agencies and real estate developers. Additionally, the bank purchased numerous government mortgage-backed securities for the CD Investment portfolio.

Examples of CD investments in the AA include:

- In April 2015, WFBNA provided a $21.9 million LIHTC investment for the rehabilitation of 259 units of existing affordable housing located in a moderate-income census tract in Portland, Oregon. All units are restricted to tenants earning less than 60 percent of the area MFI. The development is comprised of two existing affordable housing properties and require that all units be designated for 'elderly or disabled' households. WFBNA demonstrated multi-faceted support by providing both the construction loan and equity investment to support this affordable housing development.
- In December 2013, WFBNA provided a $4 million grant to a Neighborhood Reinvestment Corporation (NRC) to administer the NeighborhoodLIFT Down Payment Assistance program in Portland, OR. Refer to the comments in the institution Innovative or Flexible Lending Programs section of this performance evaluation for additional details regarding this program.
- In May 2017, WFBNA provided a $200,000 grant to a Micro Enterprise Services of Oregon through the Small Business DCC Program benefiting the broader state of Washington and Oregon including the Portland MMSA AA. Refer to the comments in the institution Innovative or Flexible Lending Programs section of this public evaluation for additional details regarding this program.
- During the exam timeframe, WFBNA provided nine grants totaling $875,000 to several housing organizations through the PMP for affordable housing in the Portland MMSA AA. Refer to the

comments in the institution Community Development Initiatives section of this public evaluation for additional details regarding this program.

SERVICE TEST

The institution's performance under the Service Test in the Portland MMSA AA is rated Outstanding.

Based on a FS review, including the data in the tables below and consideration of performance context discussed in the service test, the bank's performance in the Portland MMSA AA is excellent.

Retail Banking Services

Service delivery systems are readily accessible to geographies and individuals of different income levels in the institution's AA.

Distribution of Branch Delivery System											
Assessment Area	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				% of Population within Each Geography*			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Portland MMSA	100.0	81	100.0	3.7	33.3	33.3	27.2	2.4	25.2	45.9	26.3

* May not add up to 100 percent due to geographies with unknown tract income level and rounding. Population in census tracts with income unknown represent 0.2 percent and the bank's branches in these tracts represent 2.5 percent of total branches in the AA.

Distribution of Branch Openings/Closings						
Assessment Area	# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)			
			Low	Mod	Mid	Upp
Portland MMSA	1	13	0	-4	-5	-3

As of December 31, 2018, WFBNA operates 81 branches and 167 ATMs in the Portland MMSA AA. Of these branches, 80 are full-service locations and one is a limited-service branch. There are three branches in low-income geographies and 27 branches in moderate-income geographies. The branch distribution in LMI geographies exceeds the percentage of the population in LMI geographies in the AA. When considering an additional 13 branches within close proximity to LMI geographies, the bank's distribution further exceeds demographics.

The institution's opening and closing of branches have not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank opened one branch and closed 13 branches since the last evaluation. Four of the branch closures were located in moderate-income CTs. The closure of branches in moderate-income geographies was to consolidate with other branches nearby and did not negatively impact the distribution of branches relative to the population residing in those geographies. The bank still maintains 30 active branches or 37 percent within LMI geographies.

Services, including where appropriate, business hours, do not vary in a way that inconveniences the various portions of its AA, particularly LMI geographies and/or individuals. Generally, branches are open Monday through Friday from 9:00 am to 6:00 pm. Of the total branches, 72 are also open on Saturdays from 10:00 am to 2:00 pm. All WFBNA services are available at all branches and all ADS discussed bank-wide are available in this AA.

Community Development Services

The institution provides a relatively high level of CD services.

Bank records show that employees provided their financial or job-specific expertise and/or technical assistance for 587 CD service activities to 113 organizations since the last evaluation, logging a total of 1,525 qualified hours within this AA. A majority of the bank's assistance was to organizations that provide community services to LMI individuals and families. Other activities targeted affordable housing and economic development. The bank's financial assistance is responsive to the identified needs in the AA particularly affordable housing. The following are examples of CD services provided in this AA:

- A WFBNA team member provided 24 hours of Board service to a community organization that provides quality homeownership, financial education, and counseling services to promote financial security, housing stability, and homeownership within LMI communities.
- A WFBNA team member provided 36 hours of Board service to a community organization that provides education, counseling, and financial services to first-time LMI homebuyers in Multnomah (which includes Portland), Clackamas and Washington Counties.

Multistate Metropolitan Statistical Area Rating

Texarkana, TX-AR MSA (Texarkana MMSA AA)

CRA rating for the Texarkana MMSA AA[16]: Satisfactory
The Lending Test is rated: Low Satisfactory
The Investment Test is rated: Needs to Improve
The Service Test is rated: High Satisfactory

The major factors that support this rating include:

- Poor lending activity;
- Adequate distribution of loans by borrower profile;
- Good geographic distribution of loans;
- Adequate level of CD loans was originated;
- Poor level of CD investments;
- Retail delivery systems are readily accessible to all portions of the AA; and
- Good CD services that are responsive to the needs of the bank's AA.

Description of Institution's Operations in Texarkana MMSA AA

WFBNA delineated one AA within the Texarkana, TX-AR MSA. Refer to Appendix A for a complete description of the AA. WFBNA has $682 million of retail deposits in the Texarkana MMSA AA representing 0.1 percent of adjusted deposits. Texarkana MMSA AA represents the 47th largest rated area in terms of deposits. In the Texarkana MMSA AA, WFBNA ranked first out of 16 institutions with a 27.4 percent deposit market share. The next bank within the MMSA in terms of deposits was Farmers Bank & Trust Company with 13.6 percent deposits. WFBNA operates two branches and six ATMs within the Texarkana MMSA AA, representing less than 0.1 percent of the bank's branches and less than 0.1 percent of the bank's ATMs. In the Texarkana MMSA AA, the bank originated and purchased $313 million in loans or less than 0.1 percent of total bank loan originations and purchases during the evaluation period. The bank's primary loan products in the Texarkana MMSA AA is home mortgage loans and small business loans.

Demographic Data

The following table provides a summary of the demographics that include housing and business information for the Texarkana MMSA AA. Table A below shows a very small volume of OOUs in the low-income tracts and over 39 percent of families in the AA are LMI. Median rents and the high percentage of families below poverty level suggest rental housing is unaffordable for many low-income residents.

[16] This rating reflects performance within the multistate metropolitan statistical area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan statistical area.

Table A – Demographic Information of the Assessment Area

Assessment Area: Texarkana TX_AR MSA (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	34	11.8	8.8	58.8	17.6	2.9
Population by Geography	149,198	7.5	7.1	61.1	24.3	0.0
Housing Units by Geography	63,935	6.7	8.0	62.1	23.2	0.0
Owner-Occupied Units by Geography	37,213	3.7	5.3	64.0	26.9	0.1
Occupied Rental Units by Geography	18,342	10.5	14.1	57.8	17.6	0.0
Vacant Units by Geography	8,380	11.3	6.9	63.1	18.8	0.0
Businesses by Geography	8,853	9.9	7.5	52.8	29.7	0.1
Farms by Geography	331	2.1	4.5	68.3	25.1	0.0
Family Distribution by Income Level	38,039	23.3	16.4	19.9	40.4	0.0
Household Distribution by Income Level	55,555	25.8	15.2	17.3	41.7	0.0
Median Family Income MSA - 45500 Texarkana, TX-AR MSA		$50,725	Median Housing Value			$89,595
			Median Gross Rent			$617
			Families Below Poverty Level			13.0%

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

According to the January 2018 Moody's Analytics report, Texarkana's shaky economy has experienced a boost over the last few months. The metro area is one of just a handful in Texas at risk of a recession and, though it has made some progress during this business cycle, it has done so without ever fully taking off. Hundreds of layoffs to be enacted this year suggest it may take longer than expected to get the economy on a firmer footing. Almost all job growth in the near term will occur in private services. Professional and business services started bouncing back in 2017 and, were it not for the layoffs at Harte Hanks Call Center, business/professional services would have expanded at a steady growth rate of 3 percent this year, helped by low business costs and stronger domestic business investment. Major area employers include Red River Army Depot, Christus St. Michael Health System, and Cooper Tire & Rubber Company.

The tight labor market has helped lift average hourly earnings over the past year; however, they have only reversed one-third of the drop between 2014 and 2016. This is one reason why home sales and prices are disappointing. In fact, Texarkana ranks among the worst in the state in key housing metrics.

According to the U.S. BLS, Texarkana's unemployment rate as of January 2018 was 4.0 percent, down from 6.9 percent at the beginning of the evaluation period. The MMSA unemployment rate was slightly lower than both the State of Texas and State of Arkansas at 4.3 percent.

Community Contact

The analysis takes into consideration comments provided by a community contact in conjunction with

this evaluation that serves the bank's Texarkana AA. The community contact represents a non-profit whose purpose is to educate and serve the AA in the areas of agriculture and family/consumer sciences.

The contact stated that the current economic condition is stable throughout the AA. The LMI neighborhoods are located in the northeast section of Bowie County. Texarkana has experienced a mild recession. The contact indicated that the biggest credit needs of the community were financing for residential real-estate and small businesses. The contact also indicated job creation was the biggest need in the county. One of the area's largest employers has laid off 400 workers in the past 12 months and plans to lay off an additional 400 employees next month. The contact mentioned that credit needs of the community were being met by the local financial institutions.

Considering the information from the community contact and bank management as well as demographics and economic data, affordable housing and small business financing, represent a primary credit need in the Texarkana MMSA AA. Opportunity exists to originate these types of loans throughout the AA; however, it is limited in the low-income geographies as reflected by the small proportion of OOUs coupled with limited home affordability for LMI individuals.

Scope of Evaluation in Texarkana MMSA AA

The rating for the Texarkana MMSA AA is based on a FS evaluation of the bank's performance in the Texarkana, TX-AR MSA. A limited portion of the bank's overall lending, investments, and services were conducted in the Texarkana MMSA AA; therefore, the performance in the Texarkana MMSA AA received less weight in determining the bank's overall CRA Rating.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN TEXARKANA MMSA AA

LENDING TEST

The bank's performance under the Lending Test in the Texarkana MMSA AA is rated Low Satisfactory.

Based on a FS review, including the data in the tables below and consideration of performance context discussed in the lending test, the bank's performance in the Texarkana MMSA AA is adequate.

Lending Activity

Based on the tables below, lending levels reflect poor responsiveness to the credit needs in the AA taking into account the number and dollar amount of home mortgage, small business, small farm, and CD loans originated or purchased relative to its capacity based on deposits, competition, and market presence.

Number of Loans					
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total
Texarkana MMSA	1,989	717	61	2	2,769

Dollar Volume of Loans (000's)					
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total
Texarkana MMSA	$271,019	$39,289	$2,695	$6,100	$319,103

WFBNA ranked first in deposits with 27.4 percent market share in the AA. In overall HMDA lending, WFBNA ranked fifth with 4.6 percent market share. Although WFBNA's HMDA market share is considerably lower than its deposit market share, lending competition was significantly stronger, reflected by the 181 lenders, than competition for deposits, where there were 16 depository institutions in the AA. The top three lenders in the market were Red River Employees FCU with 8.4 percent market share, State Bank of Dekalb with 7.0 percent market share, and Farmers Bank and Trust Company with 5.9 percent market share.

In small loans to businesses, WFBNA ranked tenth with a market share of 2.9 percent. The top three lenders were Farmers Bank & Trust Company with a market share of 14.4 percent, American Express with a market share of 12.8 percent, and Bancorp South with a market share of 12.6 percent.

Distribution of Loans by Income Level of the Geography

The bank exhibits good geographic distribution of loans in its AA.

Home Mortgage Loans

Refer to Table O in the "MMSA" section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is good.

- For both 2012-2016 and 2017-2018 periods, the proportion of home mortgage loans in low-income geographies substantially meets the aggregate distribution of loans and is significantly below the proportion of OOUs in those geographies.
- The proportion of loans in moderate-income geographies exceeds the aggregate distribution of loans and is below the proportion of OOUs in those geographies.

Small Loans to Businesses

Refer to Table Q in the "MMSA" section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is good.

- For 2012-2016, the proportion of the bank's small business loans in LMI geographies exceeds the aggregate distribution of loans in LMI geographies.
- The proportion of loans in low-income geographies is near to the proportion of businesses in low-income geographies and in moderate-income geographies exceeds the proportion of businesses located in those geographies.
- The bank's small business lending in 2017-2018 is significantly below the performance in 2012-2016; therefore, the overall performance was downgraded from excellent to good.

Distribution of Loans by Income Level of the Borrower

The bank exhibits an adequate distribution of loans among individuals of different income levels and businesses of different sizes.

Home Mortgage Loans

Refer to Table P in the "MMSA" section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is adequate.

- For both 2012-2016 and 2017-2018 periods, the bank's overall home mortgage lending to low-income borrowers is below the aggregate distribution and is significantly below the proportion of families.
- The bank's overall home mortgage lending to moderate-income borrowers substantially meets the aggregate distribution of loans and is below the proportion of families.

Small Loans to Businesses

Refer to Table R in the "MMSA" section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's originations and purchases of small loans to businesses. Based on the data in Table R, the distribution of the bank's originations and purchases of small loans to businesses by revenue is good.

- For 2012-2016 period, the bank's distribution of small loans to businesses with revenues of $1 million or less exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is below the percentage of small businesses located in the AA.
- The bank's small business lending in 2017-2018 slightly exceeds the combined performance in 2012-2016.

Community Development Lending

The institution has made an adequate level of CD loans.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

The level of CD lending in the Texarkana MMSA AA is adequate. WFBNA made two CD loans in its AA for a total of $6.1 million, which represents 8.0 percent of allocated tier 1 capital. CD lending performance had a neutral impact on the lending test rating. Both loans were for the primary purpose of affordable housing, which is a critical CD need in the bank's AA.

An example of CD loans in the AA includes:

- In October 2015, WFBNA provided a $4.4 million loan for a 150-unit Section 8 affordable housing development located in Texarkana, Texas. The project requires that 100 percent of the

units rent restricted under a project-based Section 8 HAP contract to tenants earning between 50 and 60 percent of the area MFI.

- In November 2013, WFBNA provided a $1.7 million loan for a 124-unit affordable housing development located in Texarkana, Texas. The project requires that 100 percent of the units restricted to tenants earning between 30 to 60 percent of the area MFI. The project also specified that 30 units are reserved for public housing and 13 units are restricted for persons with disabilities.

Product Innovation and Flexibility

The institution makes limited use of innovative and/or flexible lending practices in order to serve AA credit needs. Under the *your*FirstMortgage loan program the bank has funded 6 loans totaling $350,000 to LMI homebuyers that qualified under this program. Refer to the comments in the institution Innovative or Flexible Lending Programs section of this performance evaluation for additional details regarding this program.

INVESTMENT TEST

The bank's performance under the Investment Test in the Texarkana MMSA AA is Needs to Improve.

Based on a FS review, including the data in the table below and consideration of performance context discussed in the investment test, the bank's performance in the Texarkana MMSA AA is poor.

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	$(000's)	#	$(000's)	#	% of Total #	$(000's)	% of Total $	#	$(000's)
Texarkana MMSA	3	$12,416	7	$27	10	100.0	$12,443	100.0		

* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.
** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

The institution has a poor level of qualified CD investments and grants, but not in a leadership position, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 16.2 percent of tier 1 capital allocated to the AA; however, a substantial majority of the investments were from prior period investments. Since the last evaluation, the bank's total investment was limited to 7 grants totaling $26,500 representing a low 0.1 percent of tier 1 capital. There are opportunities available within the AA for the bank to provide CD investments; however, the bank opted to provide grants since the last evaluation.

The institution exhibits poor responsiveness to credit and community economic development needs identified in the AA limiting to only several grants for community services to assist LMI individuals.

The institution rarely uses innovative and/or complex investments to support CD initiatives.

Example of a CD investment in the AA includes:

- This CD investment is from a prior period and remains outstanding during the evaluation. In June 2011, WFBNA invested $15.9 million in a LIHTC project located in a low-income census tract of Texarkana, Texas. The project consisted of 124 units leased to families with incomes at or below 60 percent of the area MFI. Additionally, 30 of the units will receive Public Housing Section 9 operating subsidies. The project is 24 two-story townhouse buildings, one community building, and a rehabilitated one-story learning center. This project is the third phase of a five-phase redevelopment effort undertaken by a local housing agency and local developers. As part of this plan, all physically obsolete and distressed rental units will be demolished and rebuilt.

SERVICE TEST

The institution's performance under the Service Test in the Texarkana MMSA AA is rated High Satisfactory.

Based on a FS review, including the data in the tables below and consideration of performance context discussed in the service test, the bank's performance in the Texarkana MMSA AA is good.

Retail Banking Services

Service delivery systems are readily accessible to geographies and individuals of different income levels in the institution's AA.

Distribution of Branch Delivery System											
Assessment Area	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				% of Population within Each Geography			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Texarkana MMSA	100.0	2	100.0	0.0	50.0	50.0	0.0	1.4	19.7	57.6	21.3

Distribution of Branch Openings/Closings						
Assessment Area	# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)			
			Low	Mod	Mid	Upp
Texarkana MMSA	0	5	0	-2	-3	0

As of December 31, 2018, WFBNA operates two branches and six ATMs in the Texarkana MMSA AA. Both branches are full-service locations. There are no branches in low-income geographies; however, the volume of population is very low in low-income geographies compared to total demographics. There is one branch in a moderate-income geography. The branch distribution in the moderate-income geography exceeds the percentage of the population in moderate-income geographies in the AA.

The institution's opening and closing of branches have not generally affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank closed five branches since the last evaluation. Two of these branches were located in moderate-income CTs. The

closure of branches in moderate-income geographies was to consolidate with another branch nearby and did not negatively impact the distribution of branches relative to the population residing in those geographies.

Services, including where appropriate, business hours, do not vary in a way that inconveniences the various portions of its AA, particularly LMI geographies and/or individuals. Generally, branches are open Monday through Friday from 9:00 am to 6:00 pm, and Saturdays from 9:00 am to 12:00 pm. All WFBNA services are available at all branches and all ADS discussed bank-wide are available in this AA.

Community Development Services

The institution provides a relatively high level of CD services.

The level of CD services in the Texarkana MMSA AA is good. Bank records show that employees provided their financial or job-specific expertise and/or technical assistance for 64 CD service activities to 10 organizations since the last evaluation, logging a total of 139.5 qualified hours within this AA. A majority of the bank's assistance was to organizations that provide affordable housing and community services to LMI individuals and families. The bank's financial assistance is responsive to the identified needs in the AA particularly affordable housing. The following is an example of CD services provided in this AA:

- A WFBNA team member provided 100 hours of Board service to a nonprofit housing organization that works in partnership with people in need to build decent and affordable housing. The houses are sold to those in need at no profit and with no interest charged.

Multistate Metropolitan Statistical Area Rating

Washington-Baltimore-Arlington, DC-MD-VA CSA (Washington MMSA AA)

CRA rating for the Washington MMSA AA[17]: Outstanding
The Lending Test is rated: Outstanding
The Investment Test is rated: Outstanding
The Service Test is rated: Outstanding

The major factors that support this rating include:

- Excellent level of lending activity;
- Good geographic distribution of loans;
- Excellent borrower distribution of loans;
- WFBNA is a leader in providing CD loans, which has a significant positive impact on the Lending Test;
- WFBNA's use of flexible products has a positive impact on the Lending Test;
- Excellent level of CD investments that are responsive to AA needs;
- Retail delivery systems are readily accessible to all portions of the AA; and
- Good level of CD services that are responsive to the needs of the bank's AA.

Description of Institution's Operations in Washington MMSA AA

WFBNA delineated three AAs within the Washington-Baltimore-Arlington, DC-MD-VA CSA. Refer to Appendix A for a complete description of the AA. These areas were combined, analyzed, and presented at the CSA level with an AA name of Washington MMSA. WFBNA has $36.4 billion of deposits in the Washington MMSA AA representing 2.9 percent of adjusted deposits. The Washington MMSA AA represents the fifth largest rated area in terms of deposits. In the Washington MMSA AA, WFBNA ranked third out of 106 institutions with 11.0 percent market share. The top two banks within the MMSA in terms of deposits were Bank of America with 17.4 percent market share and E*TRADE Bank with 13.2 percent market share. WFBNA operates 220 branches and 411 ATMs within the Washington MMSA AA, representing 3.9 percent of the bank's branches and 3.0 percent of the bank's ATMs. In comparison to the percentage of deposits and branching network, the bank originated and purchased $126.6 billion in loans or 6.8 percent of total bank loan originations and purchases during the evaluation period. The bank's primary loan products in the Washington MMSA is home mortgage loans and small business loans.

Demographic Data

The following table provides a summary of the demographics that include housing and business information for the Washington MMSA AA. Table A indicates that the volume of OOUs is very small in low-income CTs and over 38 percent of families in the AA are LMI. The area's median housing value in the Washington MMSA AA is 3.6 times the highest MSA median income, but 4.5 times moderate-, and 7.2 times low-income, indicating a limited proportion of OOUs affordable to LMI.

[17] This rating reflects performance within the multistate metropolitan statistical area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan statistical area.

Median rents and the high percentage of families below poverty level suggest rental housing is also unaffordable for many low-income residents.

Table A – Demographic Information of the Assessment Area

Assessment Area: Washington-Baltimore-Arlington DC-MD-VA CSA (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	2,043	10.8	23.6	34.7	29.8	1.1
Population by Geography	8,397,731	8.8	23.0	36.3	31.5	0.3
Housing Units by Geography	3,345,812	9.8	24.0	36.0	30.2	0.0
Owner-Occupied Units by Geography	2,052,484	4.2	18.7	39.9	37.1	0.0
Occupied Rental Units by Geography	1,018,820	18.1	33.4	29.6	18.9	0.0
Vacant Units by Geography	274,508	20.6	28.6	29.8	21.0	0.0
Businesses by Geography	627,719	5.2	18.6	35.9	40.1	0.3
Farms by Geography	12,441	2.3	16.9	42.5	38.3	0.0
Family Distribution by Income Level	2,003,163	21.1	17.4	21.2	40.3	0.0
Household Distribution by Income Level	3,071,304	22.6	16.7	19.0	41.8	0.0
Median Family Income MSA - 12580 Baltimore-Columbia-Towson, MD MSA		$81,788	Median Housing Value			$386,244
Median Family Income MSA - 43524 Silver Spring-Frederick-Rockville, MD MD		$107,887	Median Gross Rent			$1,219
Median Family Income MSA - 47894 Washington-Arlington-Alexandria, DC-VA-MD-WV MD		$100,486	Families Below Poverty Level			5.4%
Median Family Income MSA - 49020 Winchester, VA-WV MSA		$61,537				

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

Washington-Arlington-Alexandria, DC-VA-MD, MSA

According to the August 2018 Moody's Analytics report, the Washington economy is regaining momentum. The pace of job gains is picking back up and year-ago growth is beating the national average for the first time in a year. Improvements throughout private services, including finance and professional/business, are responsible for the progress. On the downside, sluggishness persists in the outsize public sector and goods-producing industries have been spinning their wheels for the past year and a half. Encouragingly, the unemployment rate is at a cycle low and the tight labor market is providing opportunities for those entering the workforce. However, the housing market still has work to do. House price appreciation continues to trail the nation and this has held back the pace of single-family building.

More federal spending will allow the public sector to reverse course and progress modestly in the year ahead. The Washington economy is among the most dependent metro areas nationally on federal government positions. The budget uncertainty made agencies leery to create jobs and pursue contracts. Fortunately, the recent budget deal will pave the way for more net hiring in the near term. In addition, the tech industry is well-positioned to propel the Washington area. Tech firms choose to invest here

thanks to the abundant talent, high living standards, and proximity to the nation's capital. As a result, the concentration of tech jobs is more than twice than that nationally.

Major area employers include Naval Support Activity Washington, Joint Base Andrew-Naval Air Facility and MedStar Health. The largest economic sector for employment is Business and Professional Services followed by Government. According to the U.S. BLS, the MSA unemployment rate as of August 2018 was 3.5 percent, down from 5.9 percent at the beginning of the evaluation period. The MSA unemployment rate was slightly above the State of Virginia at 3.1 percent, and lower than the State of Maryland at 4.0 percent and the District of Columbia at 5.8 percent.

Baltimore-Columbia-Towson, MD MSA

According to the February 2019 Moody's Analytics report, the Baltimore economy is performing well. Led by healthcare, professional/business services, and transportation/warehousing, job growth is accelerating following a mid-2018 slump. The uptick warrants some skepticism, as it is not yet corroborated by the more comprehensive count from the Quarterly Census of Employment and Wages. Still, the pace of job growth combined with a dip in the labor force has sent the jobless rate to below 4 percent. The result has been accelerating wage growth as employers vie for workers. Average hourly earnings growth has gained an edge over the state and U.S. rates. Progress in the housing market is uneven. Multifamily starts are running well ahead of a year earlier, compensating for some weakness in single-family construction. House price gains have decelerated, according to the Case-Shiller index, and prices remain 9 percent below their pre-crash peak.

Healthcare will extend its lead during the next leg of the expansion, and a wave of modernization projects will elevate Baltimore's stature as one of the country's premier healthcare hubs. Among the top 25 metro areas and divisions, Baltimore will boast one of the fastest rates of healthcare job growth over the next year. The Johns Hopkins Health System and the University of Maryland Medical System are two of the five largest employers, and the industry directly employs more than 15 percent of workers. Both major healthcare systems have key modernization projects under way in the metro area. Johns Hopkins is in the approval process for a $470 million modernization of its Bayview campus, and the University of Maryland Medical System is in the early stages of upgrading the St. Joseph Medical Center in Towson. Johns Hopkins in particular is routinely ranked one of the best hospitals in the country and attracts patients from a much broader geographic area than most providers. Major area employers include Fort George G. Meade, Johns Hopkins University, and Aberdeen Proving Ground. The area economy is driven by Education and Health Services, Professional and Business Services and Government. According to the U.S. BLS, the MSA unemployment rate in December 2018 was 4.2 percent, down considerably from 7.2 percent at the beginning of the evaluation period. The unemployment rate was slightly above the State of Maryland at 4.0 percent during the same period.

Winchester, VA MSA

According to the December 2018 Moody's Analytics report, the Winchester economy kicked into a higher gear in 2018. Job growth picked up over the past year, and at 3 percent on an annual basis, the pace exceeds the Virginia and U.S. averages by more than a full percentage point. Powered by manufacturing and construction, goods-producing industries have rocketed higher, accounting for the entire pickup in net hiring. Over the next few years, strength in the DC metro area will generate positive economic spillover in Winchester, raising wages and consumer purchasing power. As a commuter haven for the DC metro area, Winchester greatly depends on the capital region. Amazon plans on hiring 25,000 employees with an average annual salary of $150,000. The inflow of high paying jobs will put

increased pressure on the high cost of living in the DC metro area, pushing more workers to relocate to the more affordable bedroom communities such as Winchester. As a result, Winchester's population growth will outpace both the Virginia and U.S. rates over the medium term. The largest employers are the Winchester Medical Center, Navy Federal Credit Union, and Wal-Mart Stores, Inc. Home prices have steadily increased but not to the level back in 2007. According to the U.S. BLS, the MSA unemployment rate in 2018 was 3.0 percent, down considerably from 6.3 percent at the beginning of the evaluation period. The unemployment rate was similar to the State of Virginia at 3.1 percent.

Community Contact

The analysis takes into consideration comments provided by six community contacts that serve the bank's Washington MMSA AA. Two of the six community contacts were Interagency Listening Groups sponsored by regulators. There were 14 participants in the listening groups with discussions focused on housing issues, small businesses, and economic development in the AA. Two contacts represent an economic development agency and a non-profit agency. One of the contacts was made through a community needs assessment meeting sponsored by a large bank in the Baltimore, MD area. There were 13 participants that attended the needs assessment meeting representing local food banks, community lending and affordable housing. One of the community contacts is a non-profit community action and health service organization serving VA. The contacts indicate that there are significant CD needs across the CSA including access to credit and making banking services more available in LMI communities. Driven primarily by government affairs, the AA maintains a diversified economy. The seven participants of the CRA Listening Group who are community advocates for housing in the AA, mentioned affordable housing as a top priority in the area across all income levels, particularly for those with incomes less than 50 percent AMI.

One participant commented that demographics have shifted in the DC area and gentrification is causing changes in most neighborhoods in the AA with the effect of displacing LMI people. The participant mentioned that approximately 40 percent of the AA's lower-income neighborhoods experienced gentrification between 2000 and 2013, giving the city the greatest "intensity of gentrification" of any in the country. The AA also saw the most African American residents more than 20,000 displaced from their neighborhoods during that time, mostly by affluent, newcomers. Arlington County has a shortage of affordable homes and is working to address this need in the AA.

In Maryland, the non-profits in the AA serve Frederick County, and the CRA listening group was focused on the city of Baltimore. The economic development organization indicates that the economy in Arundel County is strong. According to the contact, affordable housing remains a significant need, especially given the high and rising cost of housing. The median price of a home in April 2016 was $355,000, up from $350,000 a year ago. There are some efforts to build more affordable housing in the AA but there are challenges. For example, the county needs a resolution passed by the county council in order to take advantage of tax credits and there is a significant level of opposition from residents. There are also not a lot of LMI areas, even though there are pockets of need. The contact mentioned that the organization has had good participation by the banks in the loan consortium. Most banks that have been asked to participate do. There are opportunities for banks in the areas to provide financing for revitalization.

The nonprofit in Frederick County commented that the population has been growing in the AA in recent years with newer residents from nearby Montgomery County and Washington, DC, where the cost of living is higher, coming to the area. The increase in population has led to increased demand for affordable rental housing units; however, there has not been enough development of new units to meet

this growing need. Youth homelessness is an issue in the area and the percentage of public-school children who are homeless in the AA has increased in recent years due to a general lack of affordable housing and transitional housing for older youth.

Another contact commented that given the geographic size of the AA access to transportation is another need in the area, particularly for LMI households and individuals. The contact went on to state that the lack of transportation, or transportation options that are infrequent or inconvenient impacts not only access to services, but limits employment options for many in the community, particularly those that might not live in and around the downtown area. The contact also mentioned that there is also a need for career development and job training programs, particularly for young adults to help move them into jobs that will allow them to be financially self-supporting. In addition to growing, the population in the county is also aging which is creating a need for access to affordable medical services for LMI and the elderly.

The bank conducted research in the AA and identified community needs for affordable housing for low-income families, financial education for the unbanked and underbanked, neighborhood revitalization/stabilization, small business assistance for business owners, and workforce development/job placement.

Considering the information from the community contacts and bank management as well as demographic and economic data, affordable housing particularly for LMI families and the chronically homeless, are primary needs of the AA. Opportunity exists to originate these types of loans throughout the AA; however, it is limited in the low-income geographies as reflected by the small proportion of OOUs coupled with limited home affordability for LMI individuals. Additionally, access to credit for start-ups, venture capital for micro loans, and lending in communities with revitalization initiatives are also credit needs in the AA.

Scope of Evaluation in Washington MMSA AA

The rating for the Washington MMSA AA is based on a FS evaluation of the bank's performance in the combined Washington-Baltimore-Arlington, DC-MD-VA-WV CSA. The Washington MMSA is the fifth largest rated area and along with 12 other rated areas represents the bank's most significant markets in terms of lending, deposit, and branch distribution. The Washington MMSA AA represents a sizeable portion of the bank's overall lending, investments, and services; therefore, the performance in the MMSA was weighted heavier in determining the bank's overall CRA Rating.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN WASHINGTON MMSA AA

LENDING TEST

The bank's performance under the Lending Test in the Washington MMSA AA is rated Outstanding.

Based on a FS review, including the data in the tables below and consideration of performance context discussed in the lending test, the bank's performance in the Washington MMSA AA is excellent.

Lending Activity

Based on the tables below, lending levels reflect excellent responsiveness to the credit needs in the AA taking into account the number and dollar amount of home mortgage, small business, small farm, and CD loans originated or purchased relative to its capacity based on deposits, competition, and market presence.

Number of Loans					
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total
Washington MMSA	353,547	91,159	666	159	445,531

Dollar Volume of Loans (000's)					
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total
Washington MMSA	$122,092,443	$4,546,725	$23,625	$1,356,013	$128,018,806

WFBNA ranked third in deposits with 11.3 percent market share in the AA. In overall HMDA lending, WFBNA ranked first with 9.2 percent market share. There is strong competition as reflected by the 841 lenders and 106 depository institutions in the AA. The number two lender in the market was SunTrust with a 4.6 percent market share.

In small loans to businesses, WFBNA ranked sixth with a market share of 5.8 percent. The top three lenders were American Express with a market share of 23.5 percent, Bank of America with a market share of 11.4 percent, and JPMorgan Chase Bank with a market share of 9.6 percent.

Distribution of Loans by Income Level of the Geography

The bank exhibits a good geographic distribution of loans in its AA.

Home Mortgage Loans

Refer to Table O in the "MMSA" section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is good.

- The bank's performance in both periods, 2012-2016 and 2017-2018, for home mortgage loans in LMI geographies substantially meets the aggregate distribution of loans in those geographies.
- The proportion of loans in LMI geographies is below the proportion of OOUs in those geographies.

Small Loans to Businesses

Refer to Table Q in the "MMSA" section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is excellent.

- For 2012-2016, the combined proportion of the bank's small business loans in low-income geographies exceeds the aggregate distribution of loans and is near to the proportion of businesses located in those geographies.
- The proportion of loans in moderate-income geographies substantially meets the aggregate distribution of loans and is near to the proportion of businesses located in those geographies.
- The bank's small business lending in 2017-2018 is slightly below the combined performance in 2012-2016.

Distribution of Loans by Income Level of the Borrower

The bank exhibits an excellent distribution of loans among individuals of different income levels and businesses of different sizes.

Home Mortgage Loans

Refer to Table P in the "MMSA" section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is excellent.

- There are homeownership affordability hurdles in the AA especially for LMI borrowers. As noted above, the area's median housing value is 7.2 times the income of low-income borrowers and 4.5 times the income of moderate-income borrowers indicating a limited proportion of OOUs are affordable to LMI individuals. Despite the affordability challenges, the bank's overall home mortgage lending to low-income borrowers in 2012-2016 exceeds the aggregate lending and is well below the proportion of families.
- The bank's overall home mortgage lending to moderate-income borrowers substantially meets the aggregate lending and is near to the proportion of families.
- Based on the bank's home mortgage lending in 2017-2018, the bank's home mortgage lending is slightly less than the combined performance in 2012-2016.

Small Loans to Businesses

Refer to Table R in the "MMSA" section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's originations and purchases of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is good.

- For both 2012-2016 and 2017-2018 periods, the bank's distribution of small loans to businesses with revenues of $1 million or less exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is below the percentage of small businesses located in the AA.

Community Development Lending

The institution is a leader in making CD loans.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

The level of CD lending in the Washington MMSA AA is excellent. WFBNA made 159 CD loans in its AA for a total of $1.4 billion, which represents 33 percent of allocated tier 1 capital. CD lending performance has a significant positive impact on the lending test rating. The institution makes significant use of innovative and/or complex CD loans and involved many complex projects where the bank often acted in a leadership role. The majority of these loans were for the primary purpose of affordable housing which is a critical CD need in the bank's AA. The bank made 96 loans totaling $1.2 billion (85.7percent) for the purpose of affordable housing. Additionally, the bank extended 50 CD loans totaling $126 million for the primary purpose of community services, nine loans totaling $15 million for the primary purpose of economic development and four CD loans totaling $8 million for revitalization and stabilization of the AA.

Examples of CD loans in the AA include:

- In February 2013, WFBNA refinanced a $32 million term loan for a 495-unit affordable housing development. This development is located in a moderate-income census tract in Parkville, Maryland, and consists of 18 studio units, 213 one-bedroom units, 138 two-bedroom units and 126 three-bedroom units. All of the units have actual rental rates that are below 2013 Fair Market Rent and are affordable to tenants earning between 31.5 and 60.8 percent of the 2012 area's MFI of $85,600.
- In July 2014, WFBNA extended a $27.7 million loan for the acquisition and rehabilitation of an affordable housing project. This development is located in a low-income census tract in District Heights, Maryland and consists of 99 one-bedroom units, 429 two-bedroom units, 71 three-bedroom units with 99.5 percent of the actual rent rates below the 2014 Fair Market Rent for the area and 99.5 percent of the units affordable to tenants earning between 30.5 and 59.9 percent of the 2014 area MFI of $107,100.
- In December 2018, WFBNA provided a $250,000 working capital line of credit to an organization that helps medically underserved individuals to become full partners and informed advocates in managing their health. According to the Chief Executive Officer of the nonprofit, 87 percent of the clients served are considered to be LMI individuals earning less than $87,520 annually, which is 80 percent of the 2015 area MFI.
- In December 2017, WFBNA provided a $12.7 million loan for the rehabilitation of a LIHTC affordable housing development. This development is located in the Chinatown neighborhood of Washington, DC with 99.4 percent of the units restricted to seniors at 60 percent of the area MFI. The property was originally built in 1982 and consists of one ten-story, elevator serviced building with 152-units restricted to senior (62+) households plus one manager's unit. This property is a cultural landmark and one of the few remaining ethnic Chinese staples in Chinatown.

Product Innovation and Flexibility

The institution makes limited use of innovative and/or flexible lending practices in order to serve AA credit needs. Under the *your*FirstMortgage loan program the bank has funded 476 loans totaling $105.9 million to LMI homebuyers that qualified under this program. Refer to the comments in the institution Innovative or Flexible Lending Programs section of this performance evaluation for additional details regarding this program.

INVESTMENT TEST

The bank's performance under the Investment Test in the Washington MMSA AA is rated Outstanding.

Based on a FS review, including the data in the table below and consideration of performance context discussed in the investment test, the bank's performance in the Washington MMSA AA is excellent.

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments **	
	#	$(000's)	#	$(000's)	#	% of Total #	$(000's)	% of Total $	#	$(000's)
Washington MMSA	40	$31,768	1,248	$670,933	1,288	100.0	$702,701	100.0		

* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.
** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

The institution has an excellent level of qualified CD investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 17.2 percent of tier 1 capital allocated to the AA.

The institution exhibits excellent responsiveness to credit and community economic development needs identified in the AA, including affordable housing, community services, economic development, and revitalization/stabilization for LMI individuals and geographies. Over 84.9 percent of the dollar volume of the bank's current and prior period investment focused on affordable housing which is a primary credit need in the AA. Additionally, the bank provided over 1,119 grants totaling $64 million to a variety of organizations that primarily support affordable housing, community services, and economic development.

The institution makes extensive use of innovative and/or complex investments to support CD initiatives. CD Investments involved many complex LIHTC and NTMC projects where the bank often acted in a leadership role with participations from federal, state, and local housing agencies and real estate developers. Additionally, the bank purchased numerous government mortgage-backed securities for the CD Investment portfolio.

Examples of CD investments in the AA include:

- In March 2013, WFBNA invested $11.5 million in the construction of a 90-unit LIHTC senior affordable housing development. This development is located in Washington, DC. All units are targeted to residents aged 55 years and older, with incomes at 60 percent or less of the area MFI. This investment is responsive to the need for affordable housing.
- In December 2016, WFBNA provided a $9.5 million NMTC investment in an education and healthcare facility. Located in Washington, D.C. the new 19,000 sf single story building provides a safe, nurturing childcare to approximately 100 additional infants, toddlers, and preschoolers whose families are living in crisis shelters or transitional housing. The expansion will more than double the organizations capacity to serve the D.C. area. The Center's mission is to provide homeless children with a nurturing educational environment, preparing children to enter kindergarten at area public schools, ready to learn; and to help homeless parents stabilize their home lives and become self-

sufficient. All of the clients served are LMI individuals. The project also has created over 38 new full-time employment opportunities.

- During the exam timeframe, WFBNA provided two grants totaling $672,488 to two local economic development organizations through the Small Business DCC Program benefiting small businesses in the Washington DC and Baltimore areas. Refer to the comments in the institution Community Development Initiatives section of this public evaluation for additional details regarding this program.
- During the exam timeframe, WFBNA provided 19 grants totaling $1.6 million to numerous local housing organizations through the PMP for affordable housing in the Washington MMSA AA. Refer to the comments in the institution Community Development Initiatives section of this public evaluation for additional details regarding this program.

SERVICE TEST

The institution's performance under the Service Test in the Washington MMSA AA is rated Outstanding.

Based on a FS review, including the data in the tables below and consideration of performance context discussed in the service test, the bank's performance in the Washington MMSA AA is excellent.

Retail Banking Services

Service delivery systems are readily accessible geographies and individuals of different income levels in the institution's AA.

Distribution of Branch Delivery System											
Assessment Area	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%) *				% of Population within Each Geography *			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Washington MMSA	100.0	220	100.0	9.1	19.1	36.4	34.5	8.7	21.9	35.9	32.9

* May not add up to 100% due to geographies with unknown tract income level and rounding. Population in census tracts with income unknown represent 0.6 percent and the bank's branches in these tracts represent 0.9 percent of total branches in the AA.

Distribution of Branch Openings/Closings							
Assessment Area	# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				
			Low	Mod	Mid	Upper	NA
Washington MMSA	13	11	0	+1	-3	+4	0

As of December 31, 2018, WFBNA operates 220 branches and 411 ATMs in the Washington MMSA AA. Of these branches, 201 are full-service locations and 19 are limited-service branches. The institution's branches include 20 branches in low-income geographies and 42 branches in moderate-income geographies. The branch distribution in low-income geographies exceeds the percentage of the population in low-income geographies and branch distribution in moderate-income geographies is near to the percentage of the

population in moderate-income geographies in the AA. When considering an additional 32 branches within close proximity to LMI geographies, the bank's distribution improves and exceeds demographics.

The institution's opening and closing of branches have not affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank opened one branch in low-income, four in moderate-income, three branches in middle-income, and five branches in upper-income geographies. The bank closed one branch in low-income, three branches in moderate-income, six branches in middle-income, and one branch in upper-income geographies. The closure of branches in LMI geographies did not negatively impact the distribution of branches relative to the population residing in those geographies.

Services, including where appropriate, business hours, do not vary in a way that inconveniences the various portions of its AA, particularly LMI geographies and/or individuals. Generally, branches are open Monday through Thursday from 9:00 am to 5:00 pm and 9:00 am to 6:00 pm on Friday. Six branches have differing hours, including three that operate Monday through Friday from 8:00 am to 5:00 pm; one that operates 11:00 am to 7:00 pm Monday through Friday; and one that operates 10:30 am to 1:30 pm Monday through Friday. Of the 209 branches, 140 are also open on Saturdays from 9:00 to 1:00 pm and one is open 10:00 am to 4:00 pm. All WFBNA services are available at all branches and all ADS discussed bank-wide are available in this AA.

Community Development Services

The institution provides a relative high level CD services.

The level of CD services in the Washington MMSA AA is good. Bank records show that employees provided their financial or job-specific expertise and/or technical assistance for 698 CD service activities to 194 organizations since the last evaluation, logging a total of 2,843 qualified hours within this AA. A majority of the bank's assistance was to organizations that provide community services to LMI individuals and families. Other activities targeted affordable housing and economic development. The bank's assistance provided was responsive to the identified needs in the AA particularly affordable housing. The following are examples of CD services provided in this AA:

- Five WFBNA team members provided 125 hours of financial education to an organization that provides supportive services to help people secure permanent unsubsidized employment. This organization serves unemployed individuals that demonstrate a substantial need for employment assistance including basic skills deficiency, lack of education, documented substance abuse, homelessness, history of unstable employment, or previous incarceration.
- A WFBNA team member provided 126 hours of Board services and 17 hours of technical assistance or financial education at an organization that develops students to become engaged learners, critical thinkers, and active citizens. According to the organization, 100 percent of its clients are LMI individuals.
- A WFBNA team member provided 55 hours of technical assistance to an economic development organization that helps women who live in poverty build small businesses to create better lives for their families and the community by offering microloans, training, and support.
- A WFBNA team member provided 12 hours of Board services to a housing-related organization that facilitates permanent affordable housing opportunities by empowering people to live independently and providing public education and advocacy to bring individuals in need of housing together with housing partners. According to the organization's CEO, over 95 percent of its clients are LMI individuals.

State Rating

State of Alabama

CRA rating for the State of Alabama[18]: Satisfactory
The Lending Test is rated: High Satisfactory
The Investment Test is rated: Low Satisfactory
The Service Test is rated: High Satisfactory

The major factors that support this rating include:

- Excellent lending activity;
- Good geographic distribution of loans;
- Good borrower distribution of loans;
- Good level of CD loans was originated, which has a positive impact on the Lending Test;
- WFBNA's use of flexible products has a positive impact on the Lending Test;
- Adequate level of CD investments;
- Retail delivery systems are accessible to all portions of the AA; and
- WFBNA is a leader in providing CD services that are responsive to the needs of the bank's AA.

Description of Institution's Operations in Alabama

WFBNA delineated ten AAs within Alabama including Birmingham-Hoover-Talladega, AL CSA (Birmingham CSA AA); Huntsville-Decatur-Albertville, AL CSA (Huntsville CSA AA); Mobile-Daphne-Fairhope, AL CSA (Mobile CSA AA); Anniston-Oxford-Jacksonville, AL MSA (Anniston MSA AA); Dothan-Enterprise-Ozark, AL CSA (Dothan CSA AA); Florence-Muscle Shoals, AL MSA (Florence MSA AA); Gadsden, AL MSA (Gadsden MSA AA); Montgomery, AL MSA (Montgomery MSA AA); Tuscaloosa, AL MSA (Tuscaloosa MSA AA), and AL Combined non-metropolitan AA (AL Combined NonMetro AA). The Birmingham CSA AA, Huntsville CSA AA, and Mobile CSA AA received FS reviews. These three areas accounted for the majority of the lending (69 percent) and deposits (70 percent) amongst the AAs in Alabama. Refer to Appendix A for a complete description of each AA. Alabama represents the 20th largest rated area by deposits. WFBNA has $8.3 billion deposits representing 0.7 percent of adjusted deposits in Alabama. WFBNA operates 109 branches and 185 ATMs in Alabama representing 2.0 percent of branches and 0.01 percent of the bank's ATMs. The bank originated or purchased $16.5 billion in loans or 0.9 percent of total reported loan originations and purchases during the evaluation period. The bank's primary loan products in Alabama are home mortgage loans and small loans to businesses.

<u>Birmingham CSA AA</u>

Within the Birmingham CSA AA, the bank had $4.0 billion deposits and ranked third amongst 59 depository institutions in the market with 9.7 percent market share. Regions Bank ranked first with a market share of 27.4 percent and Compass Bank ranked second with a market share of 21.0 percent. WFBNA operates 37 branches and 67 ATMs in the AA.

[18] This rating reflects performance within the state. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan statistical area.

Huntsville CSA AA

Within the Huntsville CSA AA, the bank had $836 million deposits and ranked third amongst 39 institutions in the market with 7.1 percent market share. Regions Bank and Compass Bank ranked second and third with 20.7 percent and 11.2 percent market share, respectively. WFBNA operates 12 branches and 23 ATMs in the AA.

Mobile CSA AA

Within the Mobile CSA AA, the bank had $1.0 billion deposits and ranked fourth amongst 30 institutions in the market with 9.0 percent market share. Regions Bank ranked first with 27.7 percent market share, Compass Bank ranked second with 11.8 percent, and PNC Bank ranked third with 9.8 percent. WFBNA operates 18 branches and 32 ATMs in the AA.

Demographic Data

Birmingham CSA AA

The following table provides a summary of the demographics that includes housing and business information for the Birmingham CSA AA. Table A indicates that the volume of OOUs is very small in low-income CTs and over 38 percent of families in the AA are LMI. The area's median housing value in the Birmingham CSA AA is 2.5 times the area's median income, but 3.1 times moderate-, and 4.9 times low-income, indicating a limited proportion of OOUs affordable to LMI. Median rents and the high percentage of families below poverty level suggest rental housing is also unaffordable for many low-income residents.

Table A – Demographic Information of the Assessment Area

Assessment Area: FS Birmingham-Hoover-Talladega AL CSA (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	314	8.3	23.9	41.4	26.1	0.3
Population by Geography	1,332,360	6.1	20.1	44.1	29.8	0.0
Housing Units by Geography	591,676	7.0	21.5	43.9	27.6	0.0
Owner-Occupied Units by Geography	369,659	3.7	17.8	46.1	32.5	0.0
Occupied Rental Units by Geography	141,220	13.3	28.0	39.0	19.7	0.0
Vacant Units by Geography	80,797	11.3	27.2	42.3	19.2	0.0
Businesses by Geography	74,393	6.8	18.2	39.2	35.7	0.0
Farms by Geography	2,013	2.1	16.7	48.1	32.9	0.0
Family Distribution by Income Level	349,480	21.9	17.0	19.6	41.5	0.0
Household Distribution by Income Level	510,879	24.4	15.6	17.6	42.5	0.0
Median Family Income MSA - 13820 Birmingham-Hoover, AL MSA		$59,532	Median Housing Value			$147,160
Median Family Income Non-MSAs - AL		$43,820	Median Gross Rent			$707
			Families Below Poverty Level			10.9%

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

According to the August 2018 Moody's Analytics report, Birmingham's economy performed well in the first half of 2018 but the state is still making up for a lackluster 2017. Hiring among Birmingham manufacturers helped the state's labor market, but job growth in private services as well as education and healthcare, in particular, is behind the rest of the South and the nation. Income trends did improve due to bigger pay gains and firmer job growth. Birmingham will remain a below-average performer in long-term job and income growth because of weak demographics and automation in manufacturing. The Birmingham CSA AA held on to its early-2018 gains through the summer, narrowing the gap with the nation in year-over- year job growth. Birmingham's labor force recovered from the 2017 drop, reaching its highest since late 2011. Birmingham will soon make the leap from recovery to expansion, and by the end of 2018 payroll employment will finally surpass its prerecession level. Gains in financial services and construction will help grow the economy, but Birmingham will remain a below average near-term performer. In the long run, growth will trail the U.S. average because of sluggish population trends and an undereducated workforce that will hinder Birmingham's ability to grow its core industries. The single-family housing market is fair with gains in prices since 2012 exceeding those nationally and federal trade policies and defense spending will boost new homeownership and steel mill recovery.

The largest economic sectors for employment in the AA are Government, Education and Health Services, and Manufacturing, with Professional and Business Services. Major employers in the AA apart from the university include Regions Financial Corporation and Children's of Alabama. According to the U.S. BLS, the unemployment rate for the 2Q of 2018 was 3.9 percent, down from 6.9 percent at the beginning of the evaluation period. The AA unemployment rate was less than the overall state at 4.7 percent for the same period.

Community Contacts

The analysis takes into consideration comments provided by two community contacts pertaining to the Birmingham CSA AA in conjunction with this evaluation. One contact represented a small business development corporation serving the AA through one-on-one business counseling and educational training for small businesses. The other community contact represented a social services and educational organization for the Counties of Shelby and Chilton, both within the Birmingham CSA AA.

According to the first contact, Birmingham is having more community banks come back into the small business space after the recession with competitive lending only for high quality credit clients. The contact expressed larger regional banks were not as involved with the small business clients and felt the key priority or challenge in the State of Alabama is access to capital for small businesses. Recovery has been slow with businesses significantly impacted. In terms of volume, the contact noted approximately 200 new business start-ups each year. The contact discussed a large shortfall in financing for small businesses relative to the 2006 to 2007 period with the gap only half filled since 2018. The contact cited limited availability for small businesses, including only three CDFIs who do small business lending in the State of Alabama. The contact discussed the statewide economy as growing slower than the national average, with unemployment about one percent higher than the national average.

While the contact noted slow, net growth in employment largely tied to the automotive industry and strong exports and mostly confined to the urban areas such as Birmingham and Huntsville. The community contact cited no real growth in the huge rural areas, where unemployment is almost at 20 percent. Chilton, a rural county one hour south of Birmingham, has a lot of farming but not much

manufacturing, and not much opportunity or growth. Other opportunities noted by the contact from the small business development organization for local financial institutions include small business education and technical assistance, particularly to micro lenders, and involvement in the State Small Business Credit Initiative program.

The second contact noted a number of pressing community needs in Chilton County specifically, including the need for quality jobs, affordable housing, housing rehab and repair, transportation, and quality education. The contact discussed old housing stock in need of repair in Chilton County along with unmet credit needs in the community to help those with low income and poor credit records. The contact noted the opportunity for financial institutions to provide needed financial education and grant funding to meet community development needs, including senior home improvement programs.

The bank conducted research in the AA and identified community needs for homeless services; financial education for the unbanked or underbanked; neighborhood revitalization/stabilization; and small business assistance.

Considering the information from the community contact and bank management as well as demographic and economic data, affordable housing and small business loans represent a primary credit need for the Birmingham CSA AA. Opportunity exists to originate these types of loans throughout the AA; however, it is limited in the low-income geographies as reflected by the small proportion of OOUs coupled with limited home affordability for LMI individuals.

Huntsville CSA AA

The following table provides a summary of the demographics that includes housing and business information for the Huntsville CSA AA. Table A indicates that the volume of OOUs is very small in low-income CTs and over 39 percent of families in the AA are LMI. The area's median housing value in the Huntsville CSA AA is 1.9 times the area's highest median income, but 2.4 times moderate-, and 3.9 times low-income, indicating a limited proportion of OOUs are affordable to LMI. Median rents and the high percentage of families below poverty level suggest rental housing is also unaffordable for many low-income residents.

Table A – Demographic Information of the Assessment Area

Assessment Area: FS Huntsville-Decatur-Albertville AL CSA (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	143	8.4	23.8	39.9	28.0	0.0
Population by Geography	664,441	5.8	21.8	42.2	30.2	0.0
Housing Units by Geography	280,906	6.5	22.8	41.8	28.9	0.0
Owner-Occupied Units by Geography	181,724	2.5	19.1	44.0	34.3	0.0
Occupied Rental Units by Geography	69,088	14.9	30.9	36.7	17.4	0.0
Vacant Units by Geography	30,094	11.6	26.5	39.8	22.2	0.0
Businesses by Geography	36,726	7.3	22.3	39.3	31.1	0.0
Farms by Geography	1,458	3.1	20.8	50.1	26.1	0.0
Family Distribution by Income Level	172,924	22.1	17.0	18.9	42.0	0.0
Household Distribution by Income Level	250,812	24.5	15.8	17.0	42.7	0.0
Median Family Income MSA - 19460 Decatur, AL MSA		$52,988	Median Housing Value			$132,517

Median Family Income MSA - 26620 Huntsville, AL MSA	$67,829	Median Gross Rent	$624
Median Family Income Non-MSAs - AL	$43,820	Families Below Poverty Level	10.3%

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

Huntsville, AL MSA

According to the April 2018 Moody's Analytics report, the Huntsville economy is in the late expansion stage of the business cycle and is an above-average performer with job growth exceeding both Alabama and U.S. averages. Huntsville's lead over the state and the U.S. will shrink in 2018 as firms struggle to find qualified workers in a tight labor market. Job gains in high-wage research, engineering and manufacturing will lift retail and housing. Over the long run, a high-quality workforce and solid population trends will enable Huntsville to perform better than Alabama and in line with the U.S. According to the U.S. BLS, the unemployment rate in second quarter of 2018 was 4.3 percent, down from 8.4 percent in 2012. The MSA unemployment rate compares favorably to the overall State of Alabama at 4.7 percent.

The largest sectors by employment are Professional and Business Services, Government, and Manufacturing. Major area employers include the U.S. Army/Redstone Arsenal, NASA, Huntsville Hospital, and Boeing. Federal military spending is resurgent and will aid the Huntsville economy. In the fourth quarter of 2017, U.S. military outlays were up more than 4 percent from a year earlier, the fastest pace since 2010 and the first-time military spending outpaced nonmilitary spending since 2012. The $1.3 trillion federal spending bill, enacted in March 2018, raises military spending by $80 billion above the limit set in the Budget Control Act of 2011, which will boost military construction and contracting activity.

Per Moody's, homeowner vacancy rates exceed both Alabama state and the nation along with declining single-family housing construction in the first quarter of 2018.

Decatur, AL MSA

According to the December 2018 Moody's Analytics report, Decatur's economy is strong. Job growth is the fastest since early 2012 and matches the state and national rates. The Moody's Analytics Business Cycle Index, which combines employment, factory output, homebuilding and house prices into one indicator, is keeping pace with Alabama and trailing the U.S. average by a smaller margin. The acceleration in hiring is due to an exceptional surge in the labor force compared with the flat trend for most of the decade. Construction jobs, meanwhile, has increased more substantially thanks to a pickup in housing activity. The favorable housing outlook rests on two assumptions: First, net migration will flip from a negative to a positive, resulting in the population increasing for the first time since 2011, second, more households will form and purchase homes thanks to renewed

The largest sectors by employment are Professional and Business Services, Government, and Manufacturing. Major area employers include the General Electric Co., Wayne Farms Prepared Foods, and Wayne Farms. According to the U.S. BLS, the unemployment rate in fourth quarter of 2018 was

3.3 percent, down significantly from 7.1 percent at the beginning of the evaluation period. The MSA unemployment rate was similar to the overall State of Alabama at 3.5 percent during the same period.

Community Contacts

The analysis takes into consideration comments provided by a community contact pertaining to the Huntsville CSA AA in conjunction with this evaluation. The contact represents a community development organization including financial literacy programs serving LMI individuals and families in Madison and Limestone Counties. The organization is a certified community housing development organization and receives some funding through grants from local financial institutions.

The contact described the Huntsville economy as a high-tech sector, with contractors providing services to military bases, as well as automobile manufacturers. The contact stated there are approximately 55,000 people in poverty in the area and some low-income neighborhoods in the northwest quadrant of the city, both a focus for the contact's organization. The contact stated financial institutions served the low-income areas in Huntsville well and did not express any concern over insufficient branches or ATMs in low-income areas.

Considering the information from the community contact, bank management, and demographic and economic data, affordable housing and small business loans represent a primary credit need for the Huntsville CSA AA. Opportunity exists to originate these types of loans throughout the AA; however, it is limited in the low-income geographies as reflected by the small proportion of OOUs coupled with limited home affordability for LMI individuals.

Demographic Data

Mobile CSA AA

The following table provides a summary of the demographics that includes housing and business information for the Mobile CSA AA. Table A indicates that the volume of OOUs is very small in low-income CTs and over 39 percent of families in the AA are LMI. The area's median housing value in the Mobile CSA AA is 2.7 times the area's highest median income, but 3.4 times moderate-, and 5.4 times low-income, indicating a limited proportion of OOUs are affordable to LMI. Median rents and the high percentage of families below poverty level suggest rental housing is also unaffordable for many low-income residents.

Table A – Demographic Information of the Assessment Area

Assessment Area: FS Mobile-Daphne-Fairhope AL CSA (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	145	8.3	26.9	42.1	22.1	0.7
Population by Geography	595,257	4.4	21.0	46.6	27.8	0.1
Housing Units by Geography	276,846	4.4	20.4	47.4	27.8	0.0
Owner-Occupied Units by Geography	158,124	2.7	18.1	47.2	32.0	0.0
Occupied Rental Units by Geography	64,654	8.2	28.4	43.2	20.2	0.0
Vacant Units by Geography	54,068	5.0	17.3	52.8	24.9	0.0
Businesses by Geography	34,637	4.0	17.1	47.1	31.6	0.1

Farms by Geography	959	1.8	18.4	52.2	27.5	0.1
Family Distribution by Income Level	154,519	22.0	17.3	20.2	40.5	0.0
Household Distribution by Income Level	222,778	25.2	15.3	17.8	41.6	0.0
Median Family Income MSA - 19300 Daphne-Fairhope-Foley, AL MSA		$58,429	Median Housing Value			$157,558
Median Family Income MSA - 33660 Mobile, AL MSA		$49,900	Median Gross Rent			$764
			Families Below Poverty Level			13.5%

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

Mobile, AL MSA

According to the April 2018 Moody's Analytics report, the Mobile economy is in the recovery stage of the business cycle and remains a weak economic performer in a weak state. The metro area is struggling to create jobs, with payroll employment growing at half the national average over the last two years. The public sector continues to weaken, with payrolls lingering near the lowest level in 25 years. According to the U.S. BLS, the unemployment rate in the second quarter of 2018 was 5.0 percent, down from 9.6 percent in 2012. The MSA unemployment rate is below the overall State of Alabama at 4.7 percent for the same period.

The largest sectors by employment are Education and Health Services, Government, and Professional and Business Services. Major employers include the USA Health System, Infirmary Health, and Austal. A tight state budget will crimp hiring at the University of South Alabama, with only Louisiana suffering a larger drop than Alabama in per student higher education state funding since the Great Recession. Medical services will stagnate as policy and funding uncertainties weigh on hiring needed to serve Mobile's aging population and the nearby retiree haven, Daphne-Fairhope. Budgeting and insurance impede medical service growth after the State of Alabama abandoned its Medicaid reform efforts. There is also concern around private insurance coverage in Alabama's poorer southern portions after Humana withdrew from the state's federal healthcare exchange, and funding questions around children's health insurance and federal cost-sharing subsidies. Mobile will get back on track in 2018, but job growth will fall short of that in Alabama and the U.S. Healthcare will provide less support and public education will struggle.

Shipbuilding and attendant services will benefit from greater military spending but longer term, weak demographics, including the out-migration of skilled youth, will cause Mobile to lag the U.S. Per Moody's, the president and Congress plan to add almost 80 vessels to the U.S. Navy, creating opportunities for the shipyards within the AA. The firm's military specialization and Navy contract will help insulate it from the steel and aluminum import tariffs, since its competitors would all face the same costs of compliance. The port authority also signed a $60 million investment plan to increase the Port of Alabama's accessibility to auto trade providing a favorable outlook to commercial port operations.

Per Moody's, housing price appreciation is below that of the nation overall. Single-family building is lagging, and although the pace of appreciation brought Mobile ahead of the state average, house prices are still 10 percent below their 2009 highs.

Daphne-Fairhope-Foley, AL MSA

According to the April 2019 Moody's Analytics report, the Daphne economy is performing well despite some recent slowing. Job growth has cooled over the past few months, but year-ago growth in payroll employment is a full percentage point above that in the rest of the state. Fueled by an increase in visitors and robust in-migration, consumer industries are leading the way forward. Leisure/hospitality will remain the chief driver in Daphne's economy. Consumer confidence has recovered from its swoon early in the year that was tied to the partial federal government shutdown and stock market decline, and households are more willing and able to spend. Aerospace holds the most promise in DAP with the merger between UTC Aerospace Systems and Rockwell Collins now complete. Collins Aerospace, which assembles wind turbines and jet engine covers, supplies the metro area with a much-needed source of well-paying manufacturing jobs.

The housing market is taking a breather following a strong 2018, with both new construction and price appreciation decelerating early in 2019.

The largest sectors by employment are Leisure and Hospital Services, Retail Trade, and Education and Health Services. Major area employers include Walmart Stores, Inc., Tanger Factory Outlet Center, and Quality Filters. According to the U.S. BLS, the unemployment rate in the fourth quarter of 2018 was 3.3 percent, down significantly from 6.6 percent at the beginning of the evaluation period. The MSA unemployment rate is similar to the overall State of Alabama at 3.5 percent for the same period.

Community Contacts

The analysis takes into consideration comments provided by a community contact pertaining to the Mobile CSA AA in conjunction with this evaluation. The contact represents a small business development corporation (SBDC) serving small business entrepreneurs within the AA. The SBDC is a statewide, inter-institutional program to enhance economic growth in Alabama by providing management and technical assistance to small businesses. A total of ten certified business counselors are available in 10 SBDs located at member university partners across the state. The SBDC Network specializes in one-on-one business counseling and educational training for small businesses. Programs of assistance are developed in response to small business needs and growth opportunities for expansion of the state's economy. The SBDC counsels 3000-3500 companies each year, including 400-500 that receive high impact in-depth counseling. There are approximately 200 new business start-ups each year. The contact indicated that the key priority/challenge in the AA is access to capital for small businesses. The recession 8 years ago significantly impacted the businesses in the AA and recovery has been slow. Based on a study conducted 3 years ago, there is approximately a $250 million shortfall of financing for small businesses relative to the 2006-2007 period. The financing gap has only been half filled to date. Alabama SBDC is focusing on the CDFI community. In certain areas, banks could be more proactive in terms of small business education and providing technical assistance, particularly to the micro lenders. Also, banks that are not part of the program should definitely apply to be a participant in the program.

Considering the information from the community contact and bank management as well as demographic and economic data, small business and affordable housing loans represent a primary credit need for the Mobile CSA AA. Opportunity exists to originate these types of loans throughout the AA; however, it is limited in the low-income geographies as reflected by the small proportion of OOUs coupled with limited home affordability for LMI individuals.

Scope of Evaluation in Alabama

The rating for the State of Alabama is primarily based on FS evaluations of the bank's performance in the Birmingham CSA AA, Huntsville CSA AA, and the Mobile CSA AA; however, performance in each AA was considered. Conclusions where LS reviews affected the CRA Rating for the state are addressed within their respective tests. LS procedures were performed for the remaining seven AAs. A limited portion of the bank's overall lending, investments, and services were conducted in Alabama; therefore, the performance in Alabama received less weight in determining the bank's overall CRA Rating.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN ALABAMA

LENDING TEST

The bank's performance under the Lending Test in Alabama is rated High Satisfactory.

Conclusions for Areas Receiving FS Reviews

Based on FS reviews, including the data in the tables below and consideration of performance context discussed in the lending test, the bank's performance in the Birmingham CSA AA is good and performance in both the Huntsville CSA and Mobile CSA AAs is excellent.

Lending Activity

Based on the tables below, lending levels reflect excellent responsiveness to the credit needs in its AAs taking into account the number and amount of home mortgage, small business, small farm, and CD loans originated or purchased relative to its capacity based on deposits, competition, and market presence.

Number of Loans*							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	%State Loans	%State Deposits
Anniston MSA	1,640	594	22	1	2,257	1.9	3.3
Birmingham CSA	29,151	9,956	270	20	39,397	33.5	48.0
Dothan CSA	5,906	2,084	305	0	8,305	7.1	6.7
Florence MSA	2,459	662	87	0	3,208	2.7	1.8
Gadsden MSA	1,574	578	34	0	2,186	1.9	2.4
Huntsville CSA	20,447	3,221	242	9	23,919	20.4	10.1
Mobile CSA	12,524	5,654	59	10	18,247	15.5	12.3
Montgomery MSA	8,009	2,224	80	5	10,318	8.8	8.7
Tuscaloosa MSA	5,061	1,357	61	1	6,480	5.5	2.8
AL Combined NonMetro	1,982	1,074	149	1	3,206	2.7	3.9
Total	88,753	27,414	1,309	47	117,523	100.0	100.0

*The tables present the data for all assessment areas. The narrative below addresses performance in FS areas only.

Dollar Volume of Loans (000's)*							
Assessment Area	Home Mortgage	Small Business	Small Farm	CD	Total	%State* Loans	%State Deposits
Anniston MSA	$203,309	$30,938	$2,027	$50	$236,324	1.4	3.3
Birmingham CSA	$5,130,500	544,176	9,408	$14,913	$5,698,997	34.2	48.0
Dothan CSA	870,333	98,892	$28,381	$0	$997,606	6.0	6.7
Florence MSA	355,740	74,968	1,990	$0	$432,698	2.6	1.8
Gadsden MSA	$196,151	$45,033	$728	$0	$241,912	1.5	2.4
Huntsville CSA	$3,611,963	$198,790	$5,589	$14,280	$3,830,622	23.0	10.1
Mobile CSA	$2,079,428	$287,395	$4,310	$81,894	$2,453,027	14.7	12.3
Montgomery MSA	$1,365,428	$137,188	$6,145	$10,321	$1,519,082	9.1	8.7
Tuscaloosa MSA	$876,680	$70,030	$4,399	$780	$951,889	5.6	2.8
AL Combined NonMetro	$249,084	$55,200	$4,917	$6,500	$315,701	1.9	3.9
Total	$14,938,616	$1,542,610	$67,894	$128,738	$16,677,858	100.0	100.0

*The tables present the data for all assessment areas. The narrative below addresses performance in FS areas only.

Birmingham CSA AA

WFBNA ranked third in deposits with 9.7 percent market share in the AA. In overall HMDA lending, WFBNA ranked first with 7.0 percent market share. There is strong competition as reflected by the 472 lenders and 59 depository institutions in the AA. The second and third top lenders in this market were Regions Bank with a 6.5 percent market share and Quicken Loans with a 4.3 percent market share.

In small loans to businesses, WFBNA ranked seventh with a market share of 5.5 percent. There is also strong competition as reflected by the 120 lenders in the AA. The top three lenders were American Express with a market share of 22.5 percent, Capital One with a market share of 7.0 percent, and Citibank with a market share of 6.5 percent.

Huntsville CSA AA

WFBNA ranked third in deposits with 7.1 percent market share in the AA. In overall HMDA lending, WFBNA ranked second with 8.0 percent market share. There is strong competition as reflected by the 358 lenders and 39 depository institutions in the AA. The top lender in the market is Redstone Federal Credit Union with 10.8 percent market share.

In small loans to businesses, WFBNA ranked sixth with a market share of 4.1 percent. There is also strong competition as reflected by the 83 lenders in the AA. The top three lenders were American Express with a market share of 19.7 percent, Citibank with a 7.1 percent, and Synchrony Bank with a 6.9 percent.

Mobile CSA AA

WFBNA ranked fourth in deposits with 9.0 percent market share in the AA. In overall HMDA lending, WFBNA ranked second with 6.5 percent market share. There is strong competition as reflected by the 476 lenders and 30 depository institutions in the AA. The top lender in the market is Regions Bank with 6.9 percent market share.

In small loans to businesses, WFBNA ranked fifth with a market share of 5.5 percent. There is also strong competition as reflected by the 104 lenders in the AA. The top three lenders were American Express with a market share of 19.2 percent, PNC Bank with 8.2 percent, and Capital One with 6.2 percent.

Distribution of Loans by Income Level of the Geography

The bank exhibits a good geographic distribution of loans in the FS AAs.

Birmingham CSA AA

Home Mortgage Loans

Refer to Table O in the State of Alabama section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is good.

- The bank's performance in both periods, 2012-2016 and 2017-2018, for home mortgage loans in low-income geographies exceeds the aggregate distribution of loans and is significantly below the proportion of OOUs in those geographies.
- The proportion of loans in moderate-income geographies substantially meets the aggregate distribution of loans and is significantly below the proportion of OOUs in those geographies.

Small Loans to Businesses

Refer to Table Q in the State of Alabama section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is good.

- The bank's performance in both periods, 2012-2016 and 2017-2018, for small business loans in low-income geographies substantially meets the aggregate distribution of loans and is near to the proportion of businesses located in those geographies.
- The proportion of loans in moderate-income geographies exceeds the aggregate distribution of loans and is below the proportion of businesses located in those geographies.in those geographies.

Huntsville CSA AA

Home Mortgage Loans

Refer to Table O in the State of Alabama section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is good.

- For 2012-2016, the proportion of home mortgage loans in low-income geographies is below the aggregate distribution of loans and is significantly below the proportion of OOUs in those geographies.
- The proportion of loans in moderate-income geographies substantially meets the aggregate distribution of loans and is below the proportion of OOUs in those geographies.in those geographies
- Based on the bank's performance in 2017-2018, the bank's home mortgage lending is slightly below the combined performance in 2012-2016.

Small Loans to Businesses

Refer to Table Q in the State of Alabama section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is good.

- The bank's performance in both periods, 2012-2016 and 2017-2018, for small business loans in LMI geographies substantially meets the aggregate distribution of loans in those geographies.
- The proportion of loans in low-income geographies exceeds the proportion of businesses and to moderate-income geographies is below the proportion of businesses located in those geographies.

Mobile CSA AA

Home Mortgage Loans

Refer to Table O in the State of Alabama section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is good.

- The bank's performance in both periods, 2012-2016 and 2017-2018, for home mortgage loans in low-income geographies exceeds the aggregate distribution of loans and is significantly below the proportion of OOUs in those geographies.
- The proportion of loans in moderate-income geographies substantially meets the aggregate distribution of loans and is significantly below the proportion of OOUs in those geographies

Small Loans to Businesses

Refer to Table Q in the State of Alabama section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is good.

- For 2012-2016, the combined proportion of the bank's small business loans in low-income geographies is below both the aggregate distribution of loans and the proportion of businesses located in those geographies.
- The proportion of loans in moderate-income geographies substantially meets the aggregate distribution of loans and is near to the proportion of businesses located in those geographies.
- Based on the bank's performance in 2017-2018, the bank's small business lending is slightly below the combined performance in 2012-2016.

Distribution of Loans by Income Level of the Borrower

The bank exhibits a good distribution of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the institution.

Birmingham CSA AA

Home Mortgage Loans

Refer to Table P in the State of Alabama section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is good.

- There are homeownership affordability hurdles in the AA especially for LMI borrowers. As noted above, the area's median housing value is 4.9 times the income of low-income and 3.1 times the income of moderate-income borrowers indicating a limited proportion of OOUs are affordable to LMI. Because of the affordability challenges, the bank's overall home mortgage lending to low-income borrowers in both time periods, 2012-2016 and 2017-2018, is below the aggregate distribution of loans and is significantly below the proportion of families.
- The bank's overall home mortgage lending to moderate-income borrowers substantially meets the aggregate distribution of loans and is near to the proportion of families.

Small Loans to Businesses

Refer to Table R in the State of Alabama section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is good.

- For both periods, 2012-2016 and 2017-2018, the bank's distribution of small loans to businesses with revenues of $1 million or less exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is near to the percentage of small businesses located in the AA.

Huntsville CSA AA

Home Mortgage Loans

Refer to Table P in the State of Alabama section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is good.

- There are homeownership affordability hurdles in the AA especially for LMI borrowers. As noted above, the area's median housing value is 3.9 times the income of low-income and 2.4 times the income of moderate-income borrowers indicating a limited proportion of OOUs are affordable to LMI. Despite the affordability challenges, the bank's performance in 2012-2016 to LMI borrowers substantially meets the aggregate lending.

- The bank's overall home mortgage lending to low-income borrowers is well below the proportion of families and to moderate-income borrowers is near to the proportion of families.
- Based on the bank's performance in 2017-2018, the bank's home mortgage lending is slightly below the combined performance in 2012-2016.

Small Loans to Businesses

Refer to Table R in the State of Alabama section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is good.

- For both 2012-2016 and 2017-2018 periods, the bank's distribution of small loans to businesses with revenues of $1 million or less exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is below the percentage of small businesses located in the AA.

Mobile CSA AA

Home Mortgage Loans

Refer to Table P in the State of Alabama section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is good.

- There are homeownership affordability hurdles in the AA especially for LMI borrowers. As noted above, the area's median housing value is 5.4 times the income of low-income and 3.4 times the income of moderate-income borrowers indicating a limited proportion of OOUs are affordable to LMI. Despite the affordability challenges, the bank's performance in both time periods, 2012-2016 and 2017-2018, to LMI borrowers substantially meets the aggregate lending.
- The bank's overall home mortgage lending to low-income borrowers is significantly below the proportion of families and to moderate-income borrowers is below the proportion of families.

Small Loans to Businesses

Refer to Table R in the State of Alabama section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is good.

- For both 2012-2016 and 2017-2018 periods, the bank's distribution of small loans to businesses with revenues of $1 million or less exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is below the percentage of small businesses located in the AA.

Community Development Lending

The institution has made an adequate level of CD loans.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

Birmingham CSA AA

The level of CD lending in the Birmingham CSA AA is poor. WFBNA made 20 CD loans in its AA for a total of $14.9 million, which represents only 3.4 percent of tier 1 capital. CD lending performance has a neutral impact on the lending test rating. The CD loans made had a limited responsiveness to the identified needs in the AA and focused on affordable housing, economic development, revitalization/stabilization, and community services for LMI individuals.

Examples of CD loans in the AA include:

- In July 2013, WFBNA provided a $5.3 million loan to purchase a 176-unit affordable housing building in a moderate-income census tract in Birmingham with 99.4 percent of the actual rent rates below the area's 2013 Fair Market Rents and affordable to LMI tenants.
- In July 2014, WFBNA provided a $1.2 million working capital line of credit for revitalization of a moderate-income area as part of a larger comprehensive plan developed by the city to create and connect multiple urban entertainment districts. The funds purpose was to create a children's museum to meet the crucial development needs of early learners.

Huntsville CSA AA

The level of CD lending in the Huntsville CSA AA is excellent. WFBNA made nine CD loans in its AA for a total of $14.3 million, which represents nearly 15.2 percent of allocated tier 1 capital. CD lending performance has a significant positive impact on the lending test rating. The institution makes significant use of innovative and/or complex CD loans and involved many complex projects where the bank often acted in a leadership role. All CD loans were responsive to the identified needs of affordable housing in the AA.

Examples of CD loans in the AA include:

- In December 2016, WFBNA provided a $4.5 million loan for a multifamily affordable housing development located in a low-income census tract in Huntsville, AL. The project consists of 100 one-bedroom units and 94 two-bedroom units with 98.4 percent of the actual rent rates below the 2016 Fair Market Rent for the area and 98.4 percent of the units affordable to tenants earning between 20 and 32 percent of the 2016 area MFI of $71,800.
- In July 2018, WFBNA provided a $6.5 million loan for an affordable housing development restricted to 100 percent of the tenants earning between 50 and 60 percent of the area MFI and the project also restricted to seniors aged 55 or older.

Mobile CSA AA

The level of CD lending in the Mobile CSA AA is excellent. WFBNA made ten CD loans in its AA for a total of $81.9 million, which represents nearly 71.5 percent of allocated tier 1 capital. CD lending performance has a significant positive impact on the lending test rating. The institution makes significant use of innovative and/or complex CD loans and involved many complex projects where the bank often acted in a leadership role. The loans were responsive to the identified needs in the AA

including affordable housing, economic development, revitalization/stabilization, and community services for LMI individuals. The bank made 5 CD loans totaling $11.8 million (14.4 percent) for the purpose of affordable housing. Additionally, the bank extended 4 CD loans totaling $9 million for the primary purpose of community services to LMI individuals and one CD loan totaling $61 million to revitalize and stabilize a distressed area within the AA.

Examples of CD loans in the AA include:

- In July 2014, WFBNA provided a $61 million loan for the construction of a retail development located in a moderate-income tract in Mobile, AL to revitalize the community by generating approximately 1,200 permanent jobs in addition to the construction jobs. The area is part of an improvement district that allows developers to issue bonds to finance public infrastructure.
- In March 2018, WFBNA renewed a $3.3 million working capital line of credit for a nonprofit organization specializing in affordable housing and community economic development activities for low-income and special needs families.

Product Innovation and Flexibility

Birmingham CSA AA

The institution makes extensive use of lending practices in order to serve AA credit needs. The bank launched the NeighborhoodLIFT program in the Birmingham CSA AA in April 2017 and more than 200 potential homebuyers attended the event and more than 150 homebuyers utilized the down payment assistance ($15,000) to purchase a home. Of the 150 WFBNA originated 49 home mortgage loans totaling $5.4 million. Under the *your*FirstMortgage loan program the bank has funded 76 loans totaling $9.1 million to LMI homebuyers that qualified under this program.

Huntsville CSA AA

The institution makes limited use of lending practices in order to serve AA credit needs. Under the *your*FirstMortgage loan program the bank has funded 37 loans totaling $3.5 million to LMI homebuyers that qualified under this program

Mobile CSA AA

The institution makes limited use of lending practices in order to serve AA credit needs. Under the *your*FirstMortgage loan program the bank has funded 29 loans totaling $2.7 million to LMI homebuyers that qualified under this program.

Refer to the comments in the institution Innovative or Flexible Lending Programs section of this public evaluation for additional details regarding these programs above.

Conclusions for Areas Receiving LS Reviews

Based on LS reviews, the bank's performance under the Lending Test in the Dothan CSA, Florence MSA, Gadsden MSA Tuscaloosa MSA, and AL Combined NonMetro AAs is consistent with the bank's overall good performance under the Lending Test in the FS areas. The bank's performance in the Anniston MSA and Montgomery MSA AAs is stronger than the bank's overall performance due to

excellent borrower distribution. Performance differences in the two LS AAs did not impact the overall Lending Test rating for the State of Alabama.

Refer to Tables O through T in the State of Alabama section of appendix D for the facts and data that support these conclusions.

INVESTMENT TEST

The bank's performance under the Investment Test in the State of Alabama is rated Low Satisfactory.

Conclusions for Areas Receiving FS Reviews

Based on FS reviews, including the data in the table below and consideration of performance context discussed in the investment test, the bank's performance in the Birmingham CSA is adequate and performance in the Huntsville CSA and Mobile CSA AAs is excellent.

Qualified Investments										
	Prior Period*		Current Period		Total				Unfunded Commitments**	
Assessment Area	#	$(000's)	#	$(000's)	#	% of Total #	$(000's)	% of Total $	#	$(000's)
Anniston MSA	0	$0	16	$104	16	2.7	$104	0.1		
Birmingham CSA	0	$0	258	$25,041	258	43.2	$25,041	14.2		
Dothan CSA	0	$0	26	$228	26	4.4	$228	0.1		
Florence MSA	1	$42	17	$159	18	3.0	$201	0.1		
Gadsden MSA	0	$0	12	$73	12	2.0	$73	0.0		
Huntsville CSA	10	$2,786	82	$32,448	92	15.4	$35,234	20.0		
Mobile CSA	1	$2,769	78	$42,380	79	13.2	$45,149	25.7		
Montgomery MSA	3	$127	58	$827	61	10.2	$954	0.5		
Tuscaloosa MSA	1	$38,854	34	$30,174	35	5.9	$69,028	39.2		
AL Combined NonMetro	0	$0	10	$37	10	1.7	$37	0.0		
Total	16	$44,578	581	$131,434	597	100.0	$176,012	100.0		

* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.
** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Birmingham CSA AA

The institution has an adequate level of qualified CD investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 5.6 percent of tier 1 capital allocated to the AA.

The investments and grants reflect adequate responsiveness to the needs identified in the AA including affordable housing, community services, economic development, and revitalization/stabilization for LMI individuals and geographies. Over 79 percent of the bank's CD investments focused on affordable housing which is an identified credit need in the AA. Additionally, the bank provided 239 grants totaling $9.4 million to a variety of organizations that primarily support affordable housing, community services, and economic development.

The institution occasionally uses innovative and/or complex investments to support CD initiatives. CD Investments involved one complex LIHTC project where the bank acted in a leadership role with participations from federal, state, and local housing agencies and real estate developers. Additionally, the bank purchased numerous government mortgage-backed securities for the CD Investment portfolio.

Examples of CD investments in the AA include:

- In October 2018 WFBNA provided a $12.7 million investment for an LIHTC affordable housing development located in Phenix City, Alabama. The development restricts 98.8 percent of the units to tenants earning no more than 60 percent of the area MFI.
- During the exam timeframe, WFBNA provided two grants totaling $700,000 to two local economic development organizations through the Small Business DCC Program benefiting small businesses in the State of Alabama including the Birmingham CSA AA. Refer to the comments in the institution Community Development Initiatives section of this public evaluation for additional details regarding this program.
- In April and September 2017, WFBNA provided two local initiative grants totaling $35,000 to two housing Partnership organizations to administer the NeighborhoodLIFT Down Payment Assistance program. Refer to the comments in the institution Innovative or Flexible Lending Programs section of this performance evaluation for additional details regarding this program.

Huntsville CSA AA

The institution has an excellent level of qualified CD investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 37.5 percent of tier 1 capital allocated to the AA.

The investments and grants reflect excellent responsiveness to the needs identified in the AA including affordable housing, community services, economic development, and revitalization/stabilization for LMI individuals and geographies. Approximately 33.8 percent of the bank's CD investments focused on affordable housing which is an identified credit need in the AA. The bank also allocated 65.3 percent of total investments to revitalize and stabilize a distressed area. Additionally, the bank provided 71 grants totaling $695,250 to a variety of organizations that primarily support affordable housing, community services, and economic development.

The institution makes significant use of innovative and/or complex investments to support CD initiatives. CD Investments involved several complex projects where the bank often acted in a leadership role with participations from federal, state, and local housing agencies and real estate developers. Additionally, the bank purchased numerous government mortgage-backed securities for the CD Investment portfolio.

Examples of CD investments in the AA include:

- In July 2018, WFBNA provided a $7.3 million investment for a LIHTC affordable housing development located in Athens, Alabama, with 100 percent of the units restricted to tenants earning no more than 60 percent of the area MFI. This investment is responsive to the need for affordable housing. WFBNA also demonstrated multi-faceted support by providing the construction loan and equity investment to support this affordable housing development. This investment is also complex involving multiple parties.
- In May 2018, WFBNA provided a $23 million NMTC investment for the construction of a medical center located in Athens, Alabama. The project will be an outpatient medical facility with out-patient procedures scheduled for the 1st floor and doctor's office on the second and third floors. This distressed area has an MFI of less than 80 percent and an unemployment rate that is 1.5 times the national average.

Mobile CSA AA

The institution has an excellent level of qualified CD investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 39.4 percent of tier 1 capital allocated to the AA.

The investments and grants reflect excellent responsiveness to the needs identified in the AA including affordable housing, community services, and economic development for LMI individuals and geographies. Approximately 56.9 percent of the bank's CD investments focused on affordable housing which is an identified credit need in the AA. Additionally, the bank provided 75 grants totaling $856,400 million to a variety of organizations that primarily support affordable housing, community services, and economic development.

The institution makes significant use of innovative and/or complex investments to support CD initiatives. CD Investments involved several complex projects where the bank often acted in a leadership role with participations from federal, state, and local housing agencies and real estate developers.

Examples of CD investments in the AA include:

- In July 2015, WFBNA invested $11.4 million in a LIHTC affordable housing complex located in Mobile, Alabama. The development consists of a newly constructed 70-unit Senior (55+) property. The unit mix includes 10 one-bedroom units, 60 two-bedroom units with 10 units restricted to tenants earning 50 percent of the area MFI and 60 units restricted to tenants earning 60 percent of the area MFI. This investment is responsive to the need for affordable housing.
- In October 2018, WFBNA provided an $11.1 million investment for a LIHTC affordable housing development located in Satsuma, Alabama, with 100 percent of the units restricted to tenants earning between 50 and 60 percent of the area MFI. The units are further restricted to tenants aged 62 years or older. This investment is responsive to the need for affordable housing.

Conclusions for Areas Receiving LS Reviews

Based on LS reviews, the bank's performance under the Investment Test in the Tuscaloosa MSA is stronger than the bank's overall adequate performance due to higher volume of CD investments. The bank's performance in the Anniston MSA, Dothan CSA, Florence MSA, Gadsden MSA, Montgomery MSA, and AL Combined NonMetro AAs is weaker than the bank's overall adequate performance due

primarily to lower volume of CD investments. Performance differences in the LS AAs did not impact the overall Investment Test rating for the State of Alabama.

SERVICE TEST

The bank's performance under the Service Test in Alabama is rated High Satisfactory.

Conclusions for Areas Receiving FS Reviews

Based on FS reviews, including the data in the tables below and consideration of performance context discussed in the service test, the bank's performance in the Birmingham CSA, and Huntsville CSA AAs is excellent, and performance in the Mobile CSA AA is good.

Retail Banking Services

Service delivery systems are accessible to geographies and individuals of different income levels in the institution's AAs, particularly LMI geographies and/or LMI individuals.

Distribution of Branch Delivery System											
Assessment Area	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)*				% of Population within Each Geography*			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Anniston MSA	3.3	4	3.7	0.0	75.0	25.0	0.0	5.1	17.5	63.8	10.3
Birmingham CSA	48.0	37	33.9	8.1	21.6	37.8	29.7	7.3	22.6	38.7	31.0
Dothan CSA	6.7	10	9.2	0.0	20.0	50.0	30.0	1.9	11.9	48.1	38.0
Florence MSA	1.8	2	1.8	50.0	50.0	0.0	0.0	3.5	15.6	62.5	18.4
Gadsden MSA	2.4	3	2.7	0.0	33.3	66.7	0.0	6.4	23.0	43.5	27.1
Huntsville CSA	10.1	12	11.0	16.7	25.0	33.3	25.0	6.8	21.0	40.5	31.7
Mobile CSA	12.3	18	16.5	0.0	27.8	38.9	33.3	6.3	17.7	45.5	30.4
Montgomery MSA	8.6	9	8.3	0.0	11.1	55.6	22.2	9.5	21.7	36.1	32.5
Tuscaloosa MSA	2.8	4	3.7	0.0	50.0	0.0	50.0	1.5	26.2	42.9	25.2
AL Combined NonMetro	3.9	10	9.2	10.0	30.0	30.0	30.0	4.0	21.4	56.1	18.4

* May not add up to 100 percent due to geographies with unknown tract income level and rounding.

Distribution of Branch Openings/Closings							
Assessment Area	# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				
			Low	Mod	Mid	Upper	NA
Anniston MSA	0	1	0	-1	0	0	0
Birmingham CSA	0	5	-1	0	-2	0	-2
Dothan CSA	0	4	-1	0	-2	-1	0
Florence MSA	0	2	0	0	-2	0	0
Gadsden MSA	0	1	-1	0	0	0	0
Huntsville CSA	0	3	0	0	-1	-2	0
Mobile CSA	0	1	0	-1	0	0	0
Montgomery MSA	0	3	0	0	-2	0	-1
Tuscaloosa MSA	0	2	0	0	0	-1	-1
AL Combined NonMetro	0	1	0	0	0	-1	0

Birmingham CSA AA

As of December 31, 2018, WFBNA operates 37 branches and 67 ATMs in the Birmingham CSA AA. Of these branches, 36 are full-service locations and one is a limited service branch. There are three branches in low-income geographies and eight branches in moderate-income geographies. The branch distribution in both LMI geographies exceeds the percentage of the population in LMI geographies in the AA. When considering an additional six branches within close proximity to LMI geographies, the bank's branch distribution further exceeds demographics.

The institution's opening and closing of branches have not affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank closed one branch within a low-income geography since the last evaluation. The closure of a branch in a low-income geography did not negatively impact the distribution of branches relative to the population residing in those geographies.

Services and, where appropriate, business hours, do not vary in a way that inconveniences the various portions of the AA, particularly LMI geographies and/or individuals. The bank maintains standard business hours. Generally, branches are open Monday through Friday from 9:00 am to 6:00 pm. Sixteen of the 37 branches are also open on Saturdays from 9:00 am to 1:00 pm. All WFBNA services are available at all branches and all delivery systems discussed bank-wide are available in this AA.

Huntsville CSA AA

As of December 31, 2018, WFBNA operates 12 branches and 23 ATMs in the Huntsville CSA AA. All of these branches are full-service locations. There are two branches in low-income geographies and three branches in moderate-income geographies. The branch distribution in both LMI geographies significantly exceeds the percentage of the population in LMI CTs in the AA.

The institution's opening and closing of branches have not affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank closed three branches located in middle- and upper-income geographies.

Services and, where appropriate, business hours do not vary in a way that inconveniences the various sections of the AA, particularly LMI geographies and/or individuals. Generally, branches are open Monday through Friday from 9:00 am to 5:00 pm. Five of the 12 branches are also open on Saturdays from 9:00 am to 1:00 pm. All WFBNA services are available at all branches and all delivery systems discussed bank-wide are available in this AA.

Mobile CSA AA

As of December 31, 2018, WFBNA operates 18 branches and 32 ATMs in the Mobile CSA AA. All of these branches are full-service locations. There are no branches in low-income geographies and five branches in moderate-income geographies. The branch distribution in low-income geographies is significantly below the percentage of the population in low-income geographies and branch distribution in moderate-income geographies significantly exceeds the percentage of the population in moderate-income geographies in the AA. When considering an additional four branches within close proximity to LMI geographies, the bank's distribution improves and is near to demographics.

The institution's opening and closing of branches have not affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank closed one branch located in a moderate-income geography. This closure did not negatively impact the distribution of branches relative to the population residing in that geography.

Services and, where appropriate, business hours do not vary in a way that inconveniences the various sections of the AA, particularly LMI geographies and/or individuals. The bank maintains standard business hours. Generally, branches are open Monday through Friday from 9:00 am to 5:00 pm. Six of the 12 branches are also open on Saturdays from 9:00 am to 1:00 pm. All WFBNA services are available at all branches and all delivery systems discussed bank-wide are available in this AA.

Community Development Services

The institution is a leader in providing CD services.

Birmingham CSA AA

The level of CD services in the Birmingham CSA AA is excellent. Bank records show that employees provided their financial or job-specific expertise and/or technical assistance for 476 CD service activities to 100 organizations since the last evaluation, logging a total of 1,876 qualified hours within this AA. The majority (96 percent) of the bank's assistance was to organizations that provide community services to LMI individuals and families. Other activities targeted affordable housing (3 percent), and economic development (1 percent). The bank's assistance provided was responsive to the identified need in the AA particularly affordable housing. The following are examples of CD services provided in this AA:

- Thirty-nine WFBNA team members provided 485 hours of financial expertise to an institute of learning where 71.3 percent of its students qualify for the federal free- and reduced-lunch (FRL) program.

- A WFBNA team member provided 22 hours of Board service to an affordable housing organization with a mission to stabilize urban neighborhoods within the city of Birmingham by increasing opportunities for homeownership, providing education for first-time homebuyers and helping existing homeowners remain in their homes. According to the organization's Executive Administrator, as of September 2014, 95 percent of its clients are LMI individuals as they earn less than 80 percent of the area MFI.

Huntsville CSA AA

The level of CD services in the Huntsville CSA AA is excellent. Bank records show that employees provided their financial or job-specific expertise and/or technical assistance for 128 CD service activities to 30 organizations since the last evaluation, logging a total of 335 qualified hours within this AA. The majority (80 percent) of the bank's assistance was to organizations that provide community services to LMI individuals and families. Other activities targeted affordable housing (20 percent). The bank's assistance provided was responsive to the identified needs in the AA particularly affordable housing. The following are examples of CD services provided in this AA:

- One WFBNA team member provided 105 hours of Board service and two team members provided 3 hours of financial education at an organization where 100 percent of its clients are LMI families and individuals. These clients earn less than 80 percent of the area MFI. The organization is a local affiliate of an international organization that provides social services such as hunger relief, housing, and homeless services, to help individuals and families overcome obstacles.
- Two WFBNA team members provided 30 hours of Board service at an organization where 100 percent of its clients are LMI families and individuals. The stated mission of this organization is to eliminate poverty and to make decent, affordable shelter for all people a matter of conscience. This is a nonprofit housing organization that works in partnership with people in need to build decent, affordable housing. The houses are sold to LMI families and individuals at no profit and with no interest charged.

Mobile CSA AA

The level of CD services in the Mobile CSA AA is adequate. Bank records show that employees provided their financial or job-specific expertise and/or technical assistance for 88 CD service activities to 22 organizations since the last evaluation, logging a total of 229 qualified hours within this AA. All of the bank's assistance was to organizations that provide community services to LMI individuals and families. The following are examples of CD services provided in this AA:

- Twelve WFBNA team members provided 46 hours of financial education at an organization where 100 percent of its clients are LMI families and individuals. According to the National Center for Education Statistics (NCES) the free/reduced lunch program participation rate at this institution of learning is 87.9 percent, and 80 percent of the area's MFI is in excess of 185 percent poverty.
- Eight WFBNA team members provided 43 hours of financial education at an organization where, according to the NCES, 88.5 percent of students qualify for FRL program.

Conclusions for Areas Receiving LS Reviews

Based on LS reviews, the bank's performance under the Service Test in the Anniston MSA,

Montgomery MSA, and Tuscaloosa MSA AAs is consistent with the bank's overall good performance under the Service Test in the FS areas. The bank's performance in the Dothan CSA, Florence MSA, Gadsden, and AL Combined NonMetro AAs is stronger than the bank's overall performance due to higher percentage of branch distribution in LMI geographies. Performance differences in the four LS AAs did not impact the overall Service Test rating for the State of Alabama.

State Rating

State of Alaska

CRA rating for the State of (Alaska)[19]: Satisfactory
The Lending Test is rated: High Satisfactory
The Investment Test is rated: Low Satisfactory
The Service Test is rated: High Satisfactory

The major factors that support this rating include:

- Good lending activity;
- Excellent geographic distribution of loans;
- Adequate borrower distribution of loans;
- WFBNA is a leader in providing CD loans, which has a significant positive impact on the Lending Test;
- WFBNA's use of flexible products has a neutral impact on the Lending Test;
- Adequate level of CD investments;
- Retail delivery systems are accessible to all portion of the AA; and
- Good level of CD services that are responsive to the needs of the bank's AA.

Description of Institution's Operations in Alaska

WFBNA delineated three AAs within Alaska including the Anchorage, AK MSA (Anchorage MSA AA), AK Combined non-metropolitan AA (AK Combined NonMetro AA), and Fairbanks, AK MSA (Fairbanks MSA AA). The Anchorage MSA AA and AK Combined NonMetro AA received FS reviews. The two areas accounted for the majority of the lending (91.9 percent) and deposits (92.6 percent) amongst the AAs in Alaska. Refer to Appendix A for a complete description of each AA. Alaska represents the 23th largest rated area by deposits. WFBNA has approximately $6 billion of deposits representing 0.5 percent of adjusted deposits in Alaska. WFBNA operates 44 branches and 117 ATMs within Alaska, representing 0.8 percent of the bank's branches and 0.9 percent of the bank's ATMs. The bank originated and purchased approximately $11.8 billion in loans or 0.6 percent of total reported loan originations and purchases during the evaluation period. The bank's primary loan products in the Alaska are home mortgage and small loans to businesses.

<u>Anchorage MSA AA</u>

Within the Anchorage MSA AA, the bank had $3.3 billion deposits and ranked first amongst four depository institutions in the market with 49.2 percent market share. First National Bank Alaska and Northrim Bank ranked second and third with 21.9 percent and 14.8 percent market share, respectively. WFBNA operates 16 branches and 67 ATMs in the AA.

[19] This rating reflects performance within the state. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan statistical area.

AK Combined NonMetro AA

Within the AK Combined NonMetro AA, the bank had $2.2 billion deposits and ranked first amongst seven depository institutions in the market with 57.4 percent market share. First National Bank Alaska and First Bank ranked second and third with 20.6 percent and 13.0 percent market share, respectively. WFBNA operates 24 branches and 37 ATMs in the AA.

Demographic Data

Anchorage MSA AA

The following Table provides a summary of the demographics that includes housing and business information for the Anchorage MSA AA. Table A shows that a very small proportion of tracts and population are located in low-income geographies. The volume of OOUs is even smaller in the low-income tracts and the proportion of OOUs in moderate-income geographies is much smaller than the proportion of population in those tracts. Additionally, over 37 percent of families in the AA are LMI. The area's median housing value is three times the median income but 6 times the income of low-income and 4 times to moderate-income borrowers indicating a limited proportion of OOUs are affordable to LMI within the AA. Median rents and the percentage of families below poverty level suggest rental housing is also unaffordable for many low-income residents.

Table A – Demographic Information of the Assessment Area

Assessment Area: FS Anchorage AK MSA (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	79	1.3	29.1	51.9	17.7	0.0
Population by Geography	380,821	2.0	24.8	53.8	19.4	0.0
Housing Units by Geography	150,797	1.7	27.0	52.6	18.7	0.0
Owner-Occupied Units by Geography	87,632	0.5	16.0	58.3	25.2	0.0
Occupied Rental Units by Geography	46,044	4.1	41.2	45.6	9.1	0.0
Vacant Units by Geography	17,121	1.5	45.3	41.9	11.3	0.0
Businesses by Geography	30,809	1.4	27.1	52.5	19.0	0.0
Farms by Geography	589	0.8	19.2	61.5	18.5	0.0
Family Distribution by Income Level	91,429	19.6	18.0	23.6	38.8	0.0
Household Distribution by Income Level	133,676	22.0	17.2	20.4	40.4	0.0
Median Family Income MSA - 11260 Anchorage, AK MSA		$82,861	Median Housing Value			$242,183
			Median Gross Rent			$1,059
			Families Below Poverty Level			6.0%

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

According to the July 2018 Moody's Analytics report, the Anchorage economy is improving. After two

years of contraction, non-farm payrolls are slowly digging out of a six-year low. The modest improvement is mostly due to gains in transportation and utilities. The major economic drivers in the Anchorage MSA are Natural Resources and Defense industries. The energy industry will no longer be a drag but will do little to promote growth. One in three energy jobs have been lost since 2015 but firmer oil prices have ended the slide. A shifting military focus toward the Asia-Pacific region has improved prospects for federal government and military employment. The Anchorage MSA is in the top tenth of all metro areas in terms of its dependence on military and federal government employment due to the presence of the area's top employer joint base Elmendorf-Richardson. Tensions with North Korea and Russia have forced the U.S. to hold off on its planned troop reductions at the base, safeguarding civilian payrolls.

The outlook for the housing market is average thanks largely to favorable demographics trends. Residential real estate is also on the mend. Sales are no longer falling and prices have recovered from the brief downturn earlier

The largest employers in the Anchorage MSA include Fort Richardson, Elmendorf AFB, and Providence Health & Services. According to the U.S. BLS, the unemployment rate for the 2nd quarter of 2018 was 6.4 percent and has increased slightly from 6.1 percent at the beginning of the evaluation period. The unemployment rate in the AA was slightly less than the overall state at 6.7 percent for the same period.

Community Contacts

The analysis takes into consideration comments provided by two community contacts pertaining to the Anchorage MSA AA in conjunction with this evaluation. The contacts were with an economic development corporation and with a CRA Listening Session.

Community contacts commented that rural and urban needs are drastically different. For instance, there are large rural areas in the Anchorage MSA that have no banks or very limited access to banks. Other than pre-paid cards there is little in the way of financial services in some of the rural areas. Rural communities have difficulty getting banking services and mortgage loans and appraisals can be an issue. Anchorage is ranked the 16th most expensive housing market in the country. As such, there is a shortage of housing in the assessment area and there are not enough housing vouchers for affordable housing. Pressure on housing is caused by a pent-up demand and not enough construction to meet the need. As a result, housing is very expensive (the average home price is $366,500). Due to the housing shortage, rental units are also very expensive and unaffordable. This trend is expected to continue for the next few years. Some communities have dilapidated housing stock which is contributing to rising vacancies and an increased demand for affordable housing. The ability to meet the needs of LMI families and communities are declining in the assessment area. Community contacts stated demands for services in LMI communities are up but monetary resources are not available.

Contacts mentioned that other challenges in LMI communities in the AA is the large refugee population (from various countries) where English is not the first language. The Mountain View neighborhood census tract is the most diverse in the country with over 100 languages spoken. As a result, jobs are difficult to find for this workforce and non-profits are having difficulty finding their clients living wage jobs; many have to work multiple jobs to make ends meet. Those in the community that are unbanked have special credit needs.

The bank conducted research in the AA and identified community needs for affordable housing for LMI families; homeless services; and workforce development and job readiness to prepare for the aging population.

Considering the information from the community contact and bank management as well as demographic and economic data, affordable housing and small business loans represent a primary credit need for the Anchorage MSA AA. Opportunity exists to originate these types of loans throughout the AA; however, it is limited in the low-income geographies as reflected by the small proportion of tracts, population, OOUs, and small businesses coupled with limited home affordability for LMI individuals.

AK Combined NonMetro AA

The following Table provides a summary of the demographics that includes housing and business information for the AK Combined NonMetro AA. Table A shows a very small proportion of tracts and population are located in low-income geographies. The volume of OOUs is even smaller in the low-income tracts and over 38 percent of families in the AA are LMI. The area's median housing value is 2.8 times the median income but 5.7 times the income of low-income and 3.6 times to moderate-income borrowers indicating a limited proportion of OOUs are affordable to LMI. Median rents and the percentage of families below poverty level suggest rental housing is also unaffordable for many low-income residents.

Table A - Demographic Information of the Assessment Area

Assessment Area: FS AK Combined Non-Metros (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	71	2.8	21.1	52.1	19.7	4.2
Population by Geography	231,829	3.2	17.4	58.8	19.6	1.1
Housing Units by Geography	107,616	2.9	17.6	61.2	18.3	0.0
Owner-Occupied Units by Geography	52,294	2.4	15.0	63.4	19.2	0.0
Occupied Rental Units by Geography	27,682	2.7	14.2	61.6	21.5	0.0
Vacant Units by Geography	27,640	3.9	25.8	56.7	13.6	0.0
Businesses by Geography	18,132	1.2	10.9	64.2	23.4	0.2
Farms by Geography	505	0.0	11.1	71.1	17.8	0.0
Family Distribution by Income Level	53,613	21.3	17.5	20.3	40.9	0.0
Household Distribution by Income Level	79,976	23.8	16.4	18.6	41.2	0.0
Median Family Income Non-MSAs - AK		$68,693	Median Housing Value			$195,852
			Median Gross Rent			$907
			Families Below Poverty Level			8.3%

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

According to the July 2018 Moody's Analytics report, Alaska's economy is sending mixed signals. Non-farm payrolls are near an eight-year low as job cuts in office-using industries and government

outweigh modest additions elsewhere. The major economic drivers within the AK Combined NonMetro AA are Natural Resources and Defense industries.

The outlook for the housing market is average thanks largely to favorable demographics trends. Residential real estate is also on the mend. Sales are no longer declining and prices have recovered from the brief downturn earlier.

According to the U.S. BLS, the unemployment rates for the second quarter of 2018 in the following Boroughs range from a low of 3.4 percent (Bristol Bay) to a high of 17.2 percent (Northwest Arctic) while the state average is 6.7 percent.

Community Contacts

The analysis takes into consideration comments provided by a recent community contact in conjunction with this evaluation that serves the AK Combined NonMetro AA.

The contact indicated there is a hardship to access cash, loan capital, and basic financial services. The contact commented that cash in ATM's is often depleted and banks have to fly in cash which is expensive, so at time the machines are empty for extended periods of time. This means that checks will sometimes float around the village several times by being endorsed over and over before it can finally be deposited. The Permanent Dividend reduction hit the AA very hard. The Alaska Permanent Fund is a state-owned investment fund established using oil revenues. It has, since 1982, paid out an annual dividend to every man, woman, and child living in Alaska. In 2015, with oil prices high, the dividend totaled $2,072 per person, or $8,288 for a family of four. But recently, the dividend was reduced $1,100 per person due to money being diverted to other needs in the state.

The contact mentioned that another significant challenge to LMI families in the rural areas is access to medical services. This is because transportation is very expensive in the rural areas of the AA and frequently air travel is the primary mode of transportation in the rural areas. Appraisals are still a challenge for financing homes in the AA. Construction is very expensive in rural and remote AK due to the cost to ship materials, labor, and weather. Seasonal or subsistence incomes are common and therefore need to be considered with lending underwriting and modified payment schedules for consumers; this is especially important in rural Alaska, i.e., seasonal payments, quarterly or annual, etc.

Considering the information from the community contact and bank management as well as demographic and economic data, affordable housing, affordable consumer lending products, access to financial literacy training and credit building products, and small business loans represent a primary credit and service need for the AK Combined NonMetro AA. Opportunity exists to originate these types of loans throughout the AA; however, it is limited in the low-income geographies as reflected by the small proportion of tracts, population, OOUs, and small businesses coupled with limited home affordability for LMI individuals.

Scope of Evaluation in Alaska

The rating for the State of Alaska is primarily based on FS evaluations of the bank's performance in the Anchorage MSA and AK Combined NonMetro AAs; however, performance in each AA was considered. Conclusions where a LS review affected the CRA Rating for the state are addressed within their respective tests. LS procedures were performed for the Fairbanks MSA. A limited portion of the

bank's overall lending, investments, and services were conducted in Alaska; therefore, the performance in Alaska received less weight in determining the bank's overall CRA Rating.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN ALASKA

LENDING TEST

The bank's performance under the Lending Test in Alaska is rated High Satisfactory.

Conclusions for Areas Receiving FS Reviews

Based on FS reviews, including the data in the tables below and consideration of performance context discussed in the lending test, the bank's performance in the Anchorage MSA AA is excellent and performance in the AK Combined NonMetro AA is good.

Lending Activity

Based on the tables below, lending levels reflect good responsiveness to the credit needs in its AAs taking into account the number and amount of home mortgage, small business, small farm, and CD loans originated or purchased relative to the bank's significant capacity and market dominance.

Number of Loans*							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	%State Loans	%State Deposits
Anchorage MSA	30,297	8,881	161	38	39,386	66.5	55.2
AK Combined NonMetro	8,233	6,209	553	23	15,018	25.4	37.4
Fairbanks MSA	3,210	1,574	28	0	4,812	8.1	7.4
Total	41,740	16,664	742	61	59,207	100.0	100.0

*The tables present the data for all assessment areas. The narrative below addresses performance in FS areas only.

Dollar Volume of Loans (000's)*							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	%State* Loans	%State Deposits
Anchorage MSA	$7,968,051	$629,502	$9,760	$123,429	$8,730,742	72.7	55.2
AK Combined NonMetro	$1,847,133	$429,380	$74,271	$120,176	$2,470,960	20.6	37.4
Fairbanks MSA	$701,776	$107,302	$1,201	0	$810,279	6.7	7.4
Total	$10,516,960	$1,166,184	$85,232	$243,605	$12,011,981	100.0	100.0

*The tables present the data for all assessment areas. The narrative below addresses performance in FS areas only.

Anchorage MSA AA

WFBNA ranked first in deposits with 49.2 percent market share in the AA. In overall HMDA lending, WFBNA ranked first with 18.0 percent market share. Although WFBNA's HMDA market share is considerably lower than its deposit market share, lending competition was significantly stronger, reflected by the 166 lenders, than competition for deposits, where there were only 4 depository institutions. The 2nd and 3rd top lenders in this market was Alaska USA Federal CU with 13.5 percent market share and Alaska USA Mortgage with 13.0 percent market share.

In small loans to businesses, WFBNA ranked second with a market share of 15.1 percent; however, when compared by dollar volume the bank has a larger market share of 24.9 percent. Although WFBNA's small business market share is considerably lower than its deposit market share, lending competition was significant stronger, reflected by the 73 lenders, than competition for deposits, where there were only 4 depository institutions. The top lender by number was Bank of America with a market share of 32.5 percent

AK Combined NonMetro AA

WFBNA ranked first in deposits with 57.4 percent market share in the AA. In overall HMDA lending, WFBNA ranked first with 16.8 percent market share. Although WFBNA's HMDA market share is considerably lower than its deposit market share, lending competition was significantly stronger, reflected by the 121 lenders, than competition for deposits, where there were only 7 depository institutions. The 2nd and 3rd top lenders in this market was Alaska USA Federal CU with 16.7 percent market share and Alaska USA Mortgage CO with 15.7 percent market share.

In small loans to businesses, WFBNA ranked second with a market share of 24.8 percent; however, when compared by dollar volume the bank has a larger market share of 38.2 percent. Although WFBNA's small business market share is considerably lower than its deposit market share, lending competition was significant stronger, reflected by the 58 lenders, than competition for deposits, where there were only 7 depository institutions. The top lender by number was Bank of America with a market share of 32.2 percent.

Distribution of Loans by Income Level of the Geography

The bank exhibits an excellent geographic distribution of loans in the Anchorage MSA AA and an adequate geographic distribution of loans in the AK Combined NonMetro AA.

Anchorage MSA AA

Home Mortgage Loans

Refer to Table O in the State of Alaska section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is excellent.

- The bank's performance in 2012-2016 for home mortgage loans in low-income geographies exceeds both the aggregate distribution of loans and the proportion of OOUs in those geographies.
- The proportion of loans in moderate-income geographies substantially meets the aggregate distribution of loans and is near to the proportion of OOUs in those geographies.
- Based on the bank's performance in 2017-2018, the bank's home mortgage lending is slightly less than the combined performance in 2012-2016.

Small Loans to Businesses

Refer to Table Q in the State of Alaska section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is excellent.

- The bank's performance in both periods, 2012-2016 and 2017-2018, for small business loans in LMI geographies exceeds the aggregate performance in those geographies.
- The bank's performance in both periods for small business loans exceeds the proportion of businesses located in low-income geographies and is near to the proportion in moderate-income geographies.

AK Combined NonMetro AA

Home Mortgage Loans

Refer to Table O in the State of Alaska section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is adequate.

- For 2012-2016, the proportion of home mortgage loans in low-income geographies is significantly below to both the aggregate distribution of loans and the proportion of OOUs in those geographies. Less weight was given to the bank's performance in low-income geographies given the very small volume of tract, population, OOUs, and lending in low-income geographies.
- The proportion of loans in moderate-income geographies approximates the aggregate distribution of loans and is significantly below the proportion of OOUs in those geographies.
- Based on the bank's performance in 2017-2018, the bank's home mortgage lending is slightly less than the combined performance in 2012-2016.

Small Loans to Businesses

Refer to Table Q in the State of Alaska section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is adequate.

- For 2012-2016, the combined proportion of the bank's small business loans in low-income geographies is below the aggregate distribution of loans and is significantly below the proportion of businesses located in those geographies.

- The proportion of loans in moderate-income geographies substantially meets the aggregate distribution of loans and is below the proportion of businesses located in those geographies.
- Based on the bank's performance in 2017-2018, the bank's small business lending is slightly lower than the combined performance in 2012-2016.

Distribution of Loans by Income Level of the Borrower

The bank exhibits an adequate distribution of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the institution in its AAs.

Anchorage MSA AA

Home Mortgage Loans

Refer to Table P in the State of Alaska section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is adequate.

- There are homeownership affordability hurdles in the AA especially for LMI borrowers. As noted above, the area's median housing value is 6 times the income of low-income and 4 times the income of moderate-income borrowers indicating a limited proportion of OOUs are affordable to LMI individuals. Because of the affordability challenges, the bank's performance in 2012-2016 to low-income borrowers is well below the aggregate lending and to moderate-income borrowers is below the aggregate lending.
- The bank's overall home mortgage lending to low-income borrowers is significantly below the proportion of families and to moderate-income borrowers is near the proportion of families reported in those geographies.
- Based on the bank's performance in 2017-2018, the bank's home mortgage lending is slightly higher than the combined performance in 2012-2016.

Small Loans to Businesses

Refer to Table R in the State of Alaska section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is good.

- For 2012-2016, the bank's distribution of small loans to businesses with revenues of $1 million or less exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is below the percentage of small businesses located in the AA.
- Based on the bank's performance in 2017-2018, the bank's small business lending is slightly higher than the combined performance in 2012-2016.

AK Combined NonMetro AA

Home Mortgage Loans

Refer to Table P in the State of Alaska section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is adequate.

- There are homeownership affordability hurdles in the AA especially for LMI borrowers. As noted above, the area's median housing value is 5.7 times the income of low-income and 3.6 times the income of moderate-income borrowers indicating a limited proportion of OOUs are affordable to LMI individuals. Because of the affordability challenges, the bank's performance in 2012-2016 to low-income borrowers is well below the aggregate lending and to moderate-income borrowers is below the aggregate lending.
- The bank's overall home mortgage lending to low-income borrowers is significantly below the proportion of families and to moderate-income borrowers is below the proportion of families.
- Based on the bank's performance in 2017-2018, the bank's home mortgage lending is slightly higher than the combined performance in 2012-2016.

Small Loans to Businesses

Refer to Table R in the State of Alaska section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is excellent.

- For both 2012-2016 and 2017-2018 periods, the bank's distribution of small loans to businesses with revenues of $1 million or less exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is near to the percentage of small businesses located in the AA.

Community Development Lending

The institution is a leader in making CD loans.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

<u>Anchorage MSA AA</u>

The level of CD lending in the Anchorage MSA AA is excellent. WFBNA made 38 CD loans in its AA for a total of $123.4 million, which represents over 33 percent of tier 1 capital. CD lending performance has a significant positive impact on the lending test rating. The institution makes significant use of innovative and/or complex CD loans and involved many complex projects where the bank often acted in a leadership role. The loans were responsive to the identified needs in the AA, including affordable housing, economic development, community services, and revitalization/stabilization.

Examples of CD loans in the AA include:

- In December 2016, WFBNA provided a $3.9 million line of credit to an affordable housing development located in Anchorage, AK with 100 percent of the units restricted to tenants earning 60 percent of the area MFI.
- During the exam evaluation timeframe, WFBNA provided four loans totaling $12 million to a housing organization that is a congressionally chartered nonprofit organization that focuses on

comprehensive approaches to affordable housing and community development. This activity is responsive to the identified need for affordable housing.

AK Combined NonMetro AA

The level of CD lending in the AK NonMetro AA is excellent. WFBNA made 23 CD loans in its AA for a total of $120 million, which represents over 47 percent of tier 1 capital. CD lending performance has a significant positive impact on the lending test rating. The institution makes significant use of innovative and/or complex CD loans and involved many complex projects where the bank often acted in a leadership role. The loans were responsive to the identified needs in the AA, including affordable housing, economic development, community services, and revitalization/stabilization.

Examples of CD loans in the AA include:

- In October 2016, WFBNA provided a $50 million working capital line of credit for a health corporation that administers a comprehensive health care delivery system for 58 rural communities in southwest Alaska. The system includes community clinics, sub- regional clinics, a regional hospital, dental services, mental health services, substance abuse counseling and treatment, health promotion and disease prevention programs, and environmental health services. The organization is listed as a Federally Qualified Health Center, a community-based and patient directed organization that serve populations with limited access to health care. These include low-income populations, the uninsured, those with limited English proficiency, migrant and seasonal farm workers, individuals and families experiencing homelessness, and those living in public housing.
- In August 2014, WFBNA provided a $2.5 million working capital term loan for a regional housing authority which includes Kotzebue and 11 surrounding villages in Northwest Alaska. According to the organization, the housing authority was established to administer Low-Income and Low-Rent housing programs financed by HUD.

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Product Innovation and Flexibility

Anchorage MSA AA

The institution makes limited use of innovative and/or flexible lending practices in order to serve AA credit needs. Under the *your*FirstMortgage loan program, the bank has funded 65 loans totaling $13.8 million to LMI homebuyers that qualified under this program.

AK Combined NonMetro AA

The institution makes limited use of innovative and/or flexible lending practices in order to serve AA credit needs. Under the *your*FirstMortgage loan program the bank has funded 31 loans totaling $6.1 million to LMI homebuyers that qualified under this program.

Refer to the comments in the institution Innovative or Flexible Lending Programs section of this public evaluation for additional details regarding this program.

Conclusions for Area Receiving a LS Review

Based on a LS review, the bank's performance under the Lending Test in the Fairbanks MSA AA is consistent with the bank's overall good performance under the Lending Test in the FS areas

Refer to Tables O through T in the State of Alaska section of appendix D for the facts and data that support these conclusions.

INVESTMENT TEST

The bank's performance under the Investment Test in the State of Alaska is rated Low Satisfactory.

Conclusions for Areas Receiving FS Reviews

Based on FS reviews, including the data in the table below and consideration of performance context discussed in the investment test, the bank's performance in the Anchorage MSA AA is excellent and performance in the AK Combined NonMetro AA is poor.

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	$(000's)	#	$(000's)	#	% of Total #	$(000's)	% of Total $	#	$(000's)
Anchorage MSA	4	$31,793	243	$19,627	247	74.0	$51,420	97.7		
AK Combined NonMetro	4	$354	70	$533	74	22.2	$887	1.7		
Fairbanks MSA	1	$21	12	$304	13	3.9	$325	0.6		
Total	9	$32,168	325	$20,464	334	100.0	$52,632	100.0		

* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.
** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Anchorage MSA AA

The institution has an excellent level of qualified CD investments and grants within the Anchorage MSA AA, often in a leadership position, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 13.9 percent of tier 1 capital allocated to the AA. Over 97.7 percent of the qualified investments in the state are within the Anchorage MSA AA.

The investments and grants reflect excellent responsiveness to the needs identified in the AA including affordable housing, community services, economic development, and revitalization/stabilization for LMI individuals and geographies. Over 70.8 percent of the bank's CD investments focused on affordable housing which is an identified credit need in the AA. Additionally, the bank provided 239 grants totaling $3 million to a variety of organizations that primarily support affordable housing, community services, and economic development.

The institution makes significant use of innovative and/or complex investments to support CD initiatives. CD Investments involved several complex LIHTC and NMTC projects where the bank often acted in a leadership role with participations from federal, state, and local housing agencies and real estate developers. Additionally, the bank purchased several government mortgage-backed securities for the CD Investment portfolio.

Examples of CD investments in the AA include:

- In July 2015, WFBNA provided an $11.3 million LIHTC investment for the construction of a 52-unit multifamily family housing development located in Anchorage, Alaska. The development consists of 20 one-bedroom units, 17 two-bedroom units, 11 three-bedroom units, and 4 four-bedroom units. The subject will restrict 31 units at or below 50 percent of the area MFI and 10 units at or below 60 percent of the area MFI. There will also be 11 market-rate units with no rent or income restrictions. Eight units will be set-aside for tenants with Special Needs. The Partnership must also give a preference in all units to Homeless households. This activity is responsive to the identified need for affordable housing.
- During the exam timeframe, WFBNA provided four grants totaling $400,000 to four local housing organizations through the PMP for affordable housing in the Anchorage MSA AA. Refer to the comments in the institution Community Development Initiatives section of this public evaluation for additional details regarding this program.

AK Combined NonMetro AA

The institution has a poor level of qualified CD investments and grants within the AK Combined NonMetro AA, but not in a leadership, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 0.3 percent of tier 1 capital allocated to the AA.

The investments and grants reflect a poor responsiveness to the needs identified in the AA. There are some opportunities available within the AA for the bank to provide CD investments; however, the bank opted to make a majority of the CD investment in smaller grants within the AA. The bank provided 69 grants totaling $435,100 to a variety of organizations that primarily support affordable housing and community services for LMI individuals and geographies.

The institution rarely uses innovative and/or complex investments to support CD initiatives.

Examples of CD investments in the AA include:

- In January 2014, WFBNA provided a $1.1 million investment in a government single-family mortgage backed security. The investment amount reported of $98,200 is a portion of the total investment amount and the underlying mortgages were made to LMI borrowers. Refer to the comments in the institution Community Development Initiatives section of this public evaluation for additional details regarding this program.
- In November 2014, WFBNA provided a $30,000 grant to an organization that assists students for the world of work by assisting in the development of life skills, work readiness skills, academic skills, and career awareness while maintaining the academic standards of Nome Public Schools, Bering Strait School District. According to the organization's Director, as of July 2014, 90 percent of its clients are LMI families as they earn less than 80 percent of the area MFI.

Conclusions for Area Receiving a LS Review

Based on a LS review, the bank's performance under the Investment Test in the Fairbank MSA AA is weaker than the bank's overall due to lower volume of CD investments; however, the performance did not impact the overall Investment Test rating for the State of Alaska.

SERVICE TEST

The bank's performance under the Service Test in Alaska is rated High Satisfactory.

Conclusions for Areas Receiving FS Reviews

Based on the FS reviews, including the data in the tables below and consideration of performance context discussed in the service test, the bank's performance in the Anchorage MSA is excellent and the AK Combined NonMetro AAs is adequate.

Retail Banking Services

Service delivery systems are accessible to geographies and individuals of different income levels in the institution's AAs.

Distribution of Branch Delivery System											
Assessment Area	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)*				% of Population within Each Geography*			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Anchorage MSA	55.2	16	36.4	0.0	50.0	43.7	6.3	3.0	23.6	51.5	21.8
AK Combined NonMetro	37.4	24	54.5	0.0	4.2	79.1	16.7	3.1	18.8	53.4	23.4
Fairbanks MSA	7.4	4	9.1	0.0	25.0	50.0	25.0	0.0	20.9	54.7	24.4

* May not add up to 100 percent due to geographies with unknown tract income level and rounding.

Distribution of Branch Openings/Closings						
Assessment Area	# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)			
			Low	Mod	Mid	Upper
Anchorage MSA	0	1	0	0	-1	0
AK Combined NonMetro	0	4	0	0	-2	-2
Fairbanks MSA	0	1	0	-1	0	0

Anchorage MSA AA

As of December 31, 2018, WFBNA operates 16 branches and 67 ATMs in the Anchorage MSA AA. All of these branches are full-service locations. There are no branches in low-income geographies; however, the population is low compared to total demographics in the low-income geographies. The branch distribution in moderate-income geographies significantly exceeds the percentage of the population in moderate-income CTs in the AA. When considering an additional two branches within close proximity to LMI geographies, the bank's distribution exceeds demographics.

The institution's opening and closing of branches have not affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank closed one branch within a middle-income geography since the last evaluation.

Services and, where appropriate, business hours do not vary in a way that inconveniences the various portions of the AA, particularly LMI geographies and/or individuals. Generally, branches are open Monday through Friday from 10:00 am to 6:00 pm. Eight of the 16 branches are also open on Saturdays from 10:00 am to 6:00 pm, two from 10:00 am to 5:00 pm, and one from 10:00 am to 3:00 pm. All WFBNA services are available at all branches and all ADS discussed bank-wide are available in this AA.

AK Combined NonMetro AA

As of December 31, 2018, WFBNA operates 24 branches and 37 ATMs in the AK Combined NonMetro AA. All of these branches are full-service locations. There are no branches in the low-income geographies; however, the population is low compared to total demographics in the low-income geographies. The branch distribution in moderate-income geographies is significantly below the percentage of the population in moderate-income CTs in the AA. When considering six branches within close proximity to LMI geographies, the bank's distribution remains below demographics.

The institution's opening and closing of branches have not affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank closed four branches located in middle- and upper-income geographies since the last evaluation.

Services and, where appropriate, business hours do not vary in a way that inconveniences the various sections of the AA, particularly LMI geographies and/or individuals. Generally, branches are open Monday through Friday from 10:00 am to 6:00 pm. Seven of the 24 branches are also open on Saturdays. Of those, five open from 10:00 am to 5:00 pm and two from 10:00 am to 2:00 pm. All WFBNA services are available at all branches and all ADS discussed bank-wide are available in this AA.

Community Development Services

The institution provides a relatively high level of CD services.

Anchorage MSA AA

The level of CD services in the Anchorage MSA AA is excellent. Bank records show that employees provided their financial or job-specific expertise and/or technical assistance for 410 CD service activities

to 51 organizations since the last evaluation, logging a total of 1,143 qualified hours within this AA. A substantial majority of the bank's assistance was to organizations that provide community services to LMI individuals and families. Other activities targeted affordable housing and economic development. The bank's assistance provided was responsive to the identified needs in the AA particularly affordable housing. The following are examples of CD services provided in this AA:

- A WFBNA team member provided 89.5 hours of Board service and five team members provided 13 hours of financial education at a community organization that provides transitional housing and crisis counseling services to homeless, trafficked, and exploited youths throughout Alaska.
- A WFBNA member provided 28 hours of Board service to an organization that is administered through the Department of the Treasury to promote economic revitalization and community development in distressed urban, rural, and native communities. This organization encourages business development and also provides a full range of services to encourage homeownership, thereby enhancing the quality of life for all those communities and residents of the Region.

AK Combined NonMetro AA

The level of CD services in the AK Combined NonMetro AA is good. Bank records show that employees provided their financial or job-specific expertise and/or technical assistance for 172 CD service activities to 30 organizations since the last evaluation, logging a total of 526 qualified hours within this AA. A substantial majority of the bank's assistance was to organizations that provide community services to LMI individuals and families. Other activities targeted affordable housing and economic development. The bank's assistance provided was responsive to the identified needs in the AA particularly affordable housing. The following are examples of CD services provided in this AA:

- Two WFBNA team members provided 88.5 hours of Board service to a food bank that provides an average of 1,895 meals each month. This organization is dedicated to eliminating hunger in Alaska by obtaining and providing food to partner agencies feeding the hungry, and through anti-hunger leadership.
- Five WFBNA team members provided 27 hours of financial education at an elementary school where 52.2 percent of the student population qualifies for the federal free- and reduced-lunch program.

Conclusion for Area Receiving a LS Review

Based on a LS review, the bank's performance under the Service Test in the Fairbanks MSA AA is higher than the bank's overall good performance under the Service Test in the FS areas due to a higher percentage of branch distribution in LMI geographies. Performance differences in the LS AA did not impact the overall rating for the state.

State Rating

State of Arizona

CRA rating for the State of Arizona[20]: Satisfactory
The Lending Test is rated: Outstanding
The Investment Test is rated: Needs to Improve
The Service Test is rated: High Satisfactory

The major factors that support this rating include:

- Good lending activity;
- Adequate geographic distribution of loans;
- Excellent distribution of loans by borrower profile;
- WFBNA is a leader in providing CD loans, which has a significant positive impact on the Lending Test;
- WFBNA's use of flexible products has a positive impact on the Lending Test;
- Poor level of CD investments;
- Retail delivery systems are accessible to all portions of the AA; and
- WFBNA is a leader in providing CD services that are responsive to the needs of the bank's AA.

Description of Institution's Operations in Arizona

WFBNA delineated eight AAs within Arizona including the Phoenix-Mesa-Scottsdale, AZ MSA (Phoenix MSA AA); Tucson-Nogales, AZ CSA (Tucson CSA AA); Flagstaff, AZ MSA (Flagstaff MSA AA); Lake Havasu City-Kingman, AZ MSA (Lake Havasu MSA AA); Prescott, AZ MSA (Prescott MSA AA); Sierra Vista-Douglas, AZ MSA (Sierra Vista MSA AA);Yuma, AZ MSA (Yuma MSA AA); and AZ Combined non-metropolitan AA (AZ Combined NonMetro AA). Refer to Appendix A for a complete description of each AA. The Phoenix MSA AA and Tucson CSA AA received FS reviews. The two areas accounted for the majority of the lending (86 percent) and deposits (88 percent) amongst the AAs in Arizona. WFBNA has $30.6 billion deposits representing 2.4 percent of adjusted deposits in Arizona. Arizona represents the ninth largest rated area by deposits. WFBNA operates 227 branches and 575 ATMs in Arizona representing 4.0 percent of branches and 4.2 percent of the bank's ATMs. The bank originated or purchased $66.7 billion in loans or 3.5 percent of total reported loan originations and purchases during the evaluation period. The bank's primary loan products in Arizona are home mortgage loans and small loans to businesses.

<u>Phoenix MSA AA</u>

Within the Phoenix MSA AA, the bank had $22.2 billion deposits and ranked second amongst 61 depository institutions in the market with 22.0 percent market share. JPMorgan Chase ranked first with a market share of 23.7 percent and Bank of America ranked third with a market share of 19.8 percent. WFBNA operates 145 branches and 363 ATMs in the AA.

[20] This rating reflects performance within the state. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan statistical area.

Tucson CSA AA

Within the Tucson CSA AA, the bank had $4.6 billion deposits and ranked first amongst 20 institutions in the market with 27.7 percent market share. JPMorgan Chase and Bank of America ranked second and third with 24.9 percent and 17.6 percent market share, respectively. WFBNA operates 39 branches and 91 ATMs in the AA.

Demographic Data

Phoenix MSA AA

The following table provides a summary of the demographics that includes housing and business information for the Phoenix MSA AA. Table A indicates that the volume of OOUs is very small in low-income CTs and over 39 percent of families in the AA are LMI. The area's median housing value in the Phoenix MSA AA is four times the MSA median income, but five times moderate-, and 7.8 times low-income, indicating a limited proportion of OOUs are affordable to LMI. Median rents and the significant percentage of families below poverty level suggest rental housing is also unaffordable for many low-income residents.

Table A – Demographic Information of the Assessment Area

Assessment Area: FS Phoenix-Mesa-Scottsdale AZ MSA (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	991	9.2	24.5	33.9	31.4	1.0
Population by Geography	4,192,887	8.2	24.7	36.0	31.0	0.2
Housing Units by Geography	1,745,666	7.4	26.4	35.9	30.3	0.0
Owner-Occupied Units by Geography	1,008,811	3.7	21.5	38.1	36.8	0.0
Occupied Rental Units by Geography	492,017	14.1	34.3	32.3	19.3	0.0
Vacant Units by Geography	244,838	9.6	30.5	34.0	25.8	0.1
Businesses by Geography	328,447	6.5	15.9	30.8	46.3	0.5
Farms by Geography	6,597	5.5	17.1	34.5	42.4	0.4
Family Distribution by Income Level	1,000,063	21.2	17.8	20.5	40.6	0.0
Household Distribution by Income Level	1,500,828	22.6	17.1	18.5	41.7	0.0
Median Family Income MSA - 38060 Phoenix-Mesa-Scottsdale, AZ MSA		$64,408	Median Housing Value			$251,130
			Median Gross Rent			$934
			Families Below Poverty Level			10.0%

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

According to the August 2018 Moody's Analytics report, the Phoenix economy is strong. The economy has performed better than the West region overall for most of the past decade and employers are adding jobs at nearly twice the national rate. Phoenix is a financial center which drives the economy along with

retirees. The share of finance jobs in Phoenix is amongst the highest in the nation and back-office wages are also above-average. The area's favorable migration trends are driving other industries reliant on local demand including healthcare, hospitality, retail, and construction. Phoenix's large workforce, reasonable costs, and friendly business environment make it desirable for large-scale expansions and relocations.

The single-family housing market is strong with gains in prices and sales exceeding those nationally and robust demand spurring new construction.

The largest economic sectors for employment are Professional and Business Services, Education and Health Services, and Retail Trade. Major area employers include Banner Health System, Wal-Mart Stores Inc., Wells Fargo, and Arizona State University. According to the U.S. BLS, the unemployment rate in the third quarter of 2018 was 4.1 percent, down from 7.4 percent at the beginning of the evaluation period. The MSA unemployment rate compares favorably to the overall State of Arizona at 5.2 percent for the same period.

Community Contacts

The analysis takes into consideration comments provided by two community contacts pertaining to the Phoenix MSA AA in conjunction with this evaluation. The contacts represent a CDFI serving the AA and a local economic development organization.

According to one contact, Phoenix has a large wealth disparity. A number of wealthy middle-age or older residents, often white, have moved to Phoenix to run their businesses, finish their careers or retire. At the same time, there is a large population of young Hispanic residents that are struggling and underserved. Approximately one in three Hispanic residents in Phoenix is at or below the poverty line. The contact noted that affordable housing in the city center was an issue as low-income workers cannot afford the high-cost apartments being built and have had to move into the suburbs and commute for work.

The same contact felt that the large under-banked and un-banked population, largely low-income and Hispanic residents, was not being served by the banks in Phoenix. The contact was highly critical of large national banks in the market for not serving the local population by lending and investing locally and for allowing non-bank financial institutions such as check cashers and auto title lenders to thrive. The contact felt that decision-making at these institutions was not local and that local deposits should be invested in the local community.

Per another contact, local financial institutions have limitations but are doing a good job of participating. Banks have CRA goals and know how to meet them; however, they are not very creative in how they go about doing this. The contact would like banks to develop a relationship with CDFIs to provide a viable opportunity for a referral program. CDFIs have money to lend but are not aware of the opportunities out in the market. CDFIs could fill the gap with regards to creative and innovative CD opportunities.

The contact indicated that local financial institutions do an excellent job on what they can do. The larger banks are involved in some way, but the contact would expect more, for example, banks could educate small businesses on credit cards as they tend to use credit cards for short-term debt and pay for it over the long term. According to the contact, banks need more innovative products and services to help small businesses.

The bank conducted research in the AA and identified community needs for affordable housing serving LMI families, services to homeless veterans and families, job training and assistance with job placement, and Workforce Development/Job Readiness to assist individuals.

Considering the information from the community contacts and bank management as well as demographic and economic data, affordable housing and small business lending represent a primary credit need for the Phoenix MSA AA. Opportunity exists to originate these types of loans throughout the AA; however, it is limited in the low-income geographies as reflected by the small proportion of OOUs coupled with limited home affordability for LMI individuals.

Tucson CSA AA

The following table provides a summary of the demographics that includes housing and business information for the Tucson CSA AA. Table A below indicates that the volume of OOUs is very small in low-income CTs and over 39 percent of families in the AA are LMI. The area's median housing value in the Tucson CSA AA is 3.6 times the MSA median income, but 4.6 times moderate-, and 7.3 times low-income, indicating a limited proportion of OOUs are affordable to LMI. Median rents and the significant percentage of families below poverty level suggest rental housing is also unaffordable for many low-income residents.

Table A - Demographic Information of the Assessment Area

Assessment Area: FS Tucson-Nogales AZ CSA (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	244	7.8	27.5	33.6	30.7	0.4
Population by Geography	999,989	7.3	29.0	33.8	29.5	0.4
Housing Units by Geography	441,376	6.4	29.0	34.8	29.9	0.0
Owner-Occupied Units by Geography	247,786	3.5	22.1	38.0	36.4	0.0
Occupied Rental Units by Geography	136,443	11.1	41.1	29.3	18.5	0.0
Vacant Units by Geography	57,147	7.4	29.6	34.3	28.7	0.0
Businesses by Geography	62,978	5.9	26.1	30.5	37.5	0.0
Farms by Geography	1,392	4.5	21.5	37.1	37.0	0.0
Family Distribution by Income Level	240,804	21.8	17.9	19.5	40.8	0.0
Household Distribution by Income Level	384,229	23.8	16.8	17.4	42.0	0.0
Median Family Income MSA - 46060 Tucson, AZ MSA		$57,377	Median Housing Value			$208,998
Median Family Income Non-MSAs - AZ		$43,391	Median Gross Rent			$767
			Families Below Poverty Level			11.7%

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

According to the July 2018 Moody's Analytics report, the Tucson economy is in the recovery stage of the business cycle and is underperforming compared to other areas in Arizona and the West overall. In the past five years, Tucson has added jobs at one-third the state and regional rates and half the national rate.

The economy is driven by defense spending and also by retirees. The area's large healthcare, hospitality, and retail industries are underperforming, and the large public sector remains a drag on the economy. The largest sectors by employment are Government, Education and Health Services, and Professional and Business Services. Major employers include the University of Arizona, Raytheon Missile Systems, and Davis-Monthan Air Force Base. Given the presence of the Air Force Base and the University, Tucson's reliance on state and federal government positions is nearly twice that of the nation overall. The MSA is also heavily reliant on aerospace manufacturing with Raytheon Missile System divisional headquarters and factory located in Tucson. Aerospace employment has seen a 20 percent increase since 2015, and Raytheon plans to add another 2,000 workers at its new research and development and testing facilities in the second half of 2018. Aerospace positions pay nearly twice the state average and gains in the industry will provide a boost to the housing market and consumer industries.

Per Moody's, housing price appreciation is above that of the nation overall thanks to robust retiree demand; however, supply constraints remain due in part to weak homebuilding. According to the U.S. BLS, the unemployment rate in the third quarter of 2018 was 4.1 percent, down considerably from 7.4 percent at the beginning of the evaluation period. The MSA unemployment rate compares favorably to the overall State of Arizona at 5.2 percent for the same period.

Community Contacts

The analysis takes into consideration comments provided by an existing community contact pertaining to the Tucson CSA AA in conjunction with this evaluation. The contact represents an affordable housing organization serving the Pima County.

The contact mentioned that Tucson is still recovering from the recession and suffers from high unemployment and low wages. Small businesses are suffering and construction is slow to recover. The downtown area has been redeveloped but affordability is an issue. The recent bus strike has impacted the poorest residents of Tucson the most. As a result, there is a critical need for transportation and child care funds. Tucson has also been negatively affected by cuts in federal funding at a time when their needs actually increased. The contact noted that local banks could partner with non-profits through more favorable loan terms (lowered interest rates, waived fees, etc.), and extending lines of credit. Banks can provide relief to non-profits in the form of fee waivers and being more proactive in making charitable contributions. Banks should take time to develop relationships with non-profits and be more effective in meeting the actual needs of the community.

The contact specifically mentioned Wells Fargo as being a partner with their non-profit, along with other community organizations. The contact expressed that many of the large banks are happy meeting their CRA quotas rather than actually trying to make a difference in the community at the ground level.

Considering the information from the community contact and bank management as well as demographic and economic data, affordable housing and small business loans represent a primary credit need for the Tucson CSA AA. Opportunity exists to originate these types of loans throughout the AA; however, it is limited in the low-income geographies as reflected by the small proportion of OOUs coupled with limited home affordability for LMI individuals.

Scope of Evaluation in Arizona

The rating for the State of Arizona is primarily based on FS evaluations of the bank's performance in the Phoenix MSA and Tucson CSA AAs; however, performance in each AA was considered. Conclusions where a LS review affected the CRA Rating for the state are addressed within their respective tests. LS procedures were performed for the remaining six AAs. The State of Arizona is the ninth largest rated area and along with 12 other rated areas represents the bank's most significant markets in terms of lending, deposit, and branch distribution. Arizona represents a sizeable portion of the bank's overall lending, investments, and services; therefore, the performance in the state was weighted heavier in determining the bank's overall CRA Rating.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN ARIZONA

LENDING TEST

The bank's performance under the Lending Test in Arizona is rated Outstanding.

Conclusions for Areas Receiving FS Reviews

Based on FS reviews, including the data in the tables below and consideration of performance context discussed in the lending test, the bank's performance in both the Phoenix MSA and Tucson CSA AAs is excellent.

Lending Activity

Based on the tables below, lending levels reflect a good responsiveness to the credit needs in its AAs taking into account the number and amount of home mortgage, small business, small farm, and CD loans originated or purchased relative to its capacity based on deposits, competition, and market presence.

Number of Loans*							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	%State Loans	%State Deposits
Phoenix MSA	206,022	80,071	1,036	146	287,275	70.7	72.5
Tucson CSA	47,557	15,839	223	60	63,679	15.7	15.0
Flagstaff MSA	5,330	2,151	37	3	7,521	1.8	2.2
Lake Havasu City MSA	7,921	2,620	40	1	10,582	2.6	2.8
Prescott MSA	10,523	4,129	79	8	14,739	3.6	3.0
Sierra Vista MSA	4,620	1,336	151	5	6,112	1.5	1.1
Yuma MSA	6,205	2,050	242	4	8,501	2.1	1.8
AZ Combined NonMetro	5,930	1,849	167	5	7,951	2.0	1.6
Total	294,108	110,045	1,975	232	406,360	100.0	100.0

*The tables present the data for all assessment areas. The narrative below addresses performance in FS areas only.

Dollar Volume of Loans (000's)*							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	%State* Loans	%State Deposits
Phoenix MSA	$44,542,772	$4,620,087	$102,192	$740,296	$50,005,347	74.0	72.5
Tucson CSA	$8,845,489	$928,672	$14,923	$97,303	$9,886,387	14.6	15.0
Flagstaff MSA	$1,313,099	$102,597	$2,195	$2,050	$1,419,941	2.1	2.2
Lake Havasu City MSA	$1,116,299	$97,999	$1,829	$250	$1,216,377	1.8	2.8
Prescott MSA	$2,011,113	$169,435	$2,229	$17,552	$2,200,329	3.3	3.0
Sierra Vista MSA	$718,177	$58,547	$14,792	$22,640	$814,156	1.2	1.1
Yuma MSA	$881,841	$100,859	$33,045	$3,694	$1,019,439	1.5	1.8
AZ Combined NonMetro	$916,805	$78,140	$15,543	$2,325	$1,012,813	1.5	1.6
Total	$60,345,595	$6,156,336	$186,748	$886,110	$67,574,789	100.0	100.0

*The tables present the data for all assessment areas. The narrative below addresses performance in FS areas only.

Phoenix MSA AA

WFBNA ranked second in deposits with 22.0 percent market share in the AA. In overall HMDA lending, WFBNA ranked first with 8.9 percent market share. There is strong competition as reflected by the 841 lenders and 61 depository institutions in the AA. The second and third top lenders in this market were U.S. Bancorp with a 6.4 percent market share and JPMorgan Chase Bank with a 4.8 percent market share.

In small loans to businesses, WFBNA ranked fourth with a market share of 10.4 percent. The top three lenders were American Express with a market share of 17.0 percent, JPMorgan Chase Bank with a market share of 15.4 percent, and Citibank with a market share of 13.8 percent.

Tucson CSA AA

WFBNA ranked first in deposits with 27.7 percent market share in the AA. In overall HMDA lending, WFBNA ranked second with 10.8 percent market share. There is strong competition as reflected by the 467 lenders and 20 depository institutions in the AA. The top lender in the market was Nova Home Loans with 11.1 percent market share.

In small loans to businesses, WFBNA ranked fourth with a market share of 11.7 percent. The top three lenders were Citibank with a market share of 14.4 percent, American Express with a 13.9 percent, and JPMorgan Chase Bank with a 12.3 percent.

Distribution of Loans by Income Level of the Geography

The bank exhibits an adequate geographic distribution of loans in its AAs.

Phoenix MSA AA

Home Mortgage Loans

Refer to Table O in the State of Arizona section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is adequate.

- The bank's performance in both periods, 2012-2016 and 2017-2018, for home mortgage loans in LMI geographies substantially meets the aggregate distribution of loans in those geographies.
- The proportion of loans in low-income geographies is significantly below the proportion of OOUs and in moderate-income is well below the proportion of OOUs in those geographies.

Small Loans to Businesses

Refer to Table Q in the State of Arizona section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is excellent.

- The bank's performance in both periods, 2012-2016 and 2017-2018, for small business loans in LMI geographies exceeds the aggregate distribution of loans located in those geographies.
- The combined proportion of the bank's small business loans in low-income geographies exceeds the proportion of businesses located and in moderate-income geographies is near to the proportion of businesses located in those geographies.

Tucson CSA AA

Home Mortgage Loans

Refer to Table O in the State of Arizona section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is adequate.

- For 2012-2016, the bank's performance for home mortgage loans in LMI geographies substantially meets the aggregate distribution of loans in those geographies.
- The proportion of loans in low-income geographies is significantly below the proportion of OOUs and in moderate-income is well below the proportion of OOUs in those geographies.
- Based on the bank's performance in 2017-2018, the bank's home mortgage lending is higher than the combined performance in 2012-2016.

Small Loans to Businesses

Refer to Table Q in the State of Arizona section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is excellent.

- The bank's performance in both periods, 2012-2016 and 2017-2018, for small business loans in LMI geographies exceeds the aggregate distribution of loans located in those geographies.
- The combined proportion of the bank's small business loans in low-income geographies exceeds the proportion of businesses located and in moderate-income geographies is near to the proportion of businesses located in those geographies.

Distribution of Loans by Income Level of the Borrower

The bank exhibits an excellent distribution of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the institution.

Phoenix MSA AA

Home Mortgage Loans

Refer to Table P in the State of Arizona section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is excellent.

- The Phoenix MSA AA has homeownership affordability hurdles especially for LMI borrowers. As noted above, the area's median housing value is 7.8 times the income of low-income and 4.9 times the income of moderate-income borrowers indicating a limited proportion of OOUs are affordable to LMI individuals. Despite the affordability challenges, the bank's overall home mortgage lending in both periods, 2012-2016 and 2017-2018, to LMI borrowers exceeds the aggregate distribution of loans.
- The bank's home mortgage lending to low-income borrowers is well below the proportion of families and to moderate-income borrowers is near to the proportion of families.

Small Loans to Businesses

Refer to Table R in the State of Arizona section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is excellent.

- For 2012-2016, the bank's distribution of small loans to businesses with revenues of $1 million or less exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is near to the percentage of small businesses located in the AA.
- Based on the bank's performance in 2017-2018, the bank's small business lending is slightly less than the combined performance in 2012-2016.

Tucson CSA AA

Home Mortgage Loans

Refer to Table P in the State of Arizona section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is excellent.

- The Tucson CSA AA has homeownership affordability hurdles especially for LMI borrowers. As noted above, the area's median housing value is 7.3 times the income of low-income and 4.6 times the income of moderate-income borrowers indicating a limited proportion of OOUs are affordable to LMI. Despite the affordability challenges, the bank's overall home mortgage lending in 2012-2016 to LMI borrowers exceeds the aggregate distribution of loans.
- The bank's home mortgage lending to low-income borrowers is well below the proportion of families and to moderate-income borrowers is below the proportion of families.
- Based on the bank's performance in 2017-2018, the bank's home mortgage lending is slightly below the combined performance in 2012-2016.

Small Loans to Businesses

Refer to Table R in the State of Arizona section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is excellent.

- For 2012-2016, the bank's distribution of small loans to businesses with revenues of $1 million or less exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is near to the percentage of small businesses located in the AA.
- Based on the bank's performance in 2017-2018, the bank's small business lending is slightly less than the combined performance in 2012-2016.

Community Development Lending

The institution is a leader in making CD loans.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

<u>Phoenix MSA AA</u>

The level of CD lending in the Phoenix MSA AA is excellent. WFBNA made 146 CD loans in its AA for a total of $740.3 million, which represents nearly 30 percent of tier 1 capital. CD lending performance has a significant positive impact on the lending test rating. The institution makes significant use of innovative and/or complex CD loans and involved many complex projects where the bank often acted in a leadership role. The loans were responsive to the identified affordable housing and small business lending needs in the AA. The bank made 32 CD loans totaling $534 million (72 percent) for the purpose of affordable housing. Additionally, the bank extended 102 CD loans totaling $132 million for the primary purpose of community services to LMI individuals.

Examples of CD loans in the AA include:

- In August 2013, WFBNA provided a $3.2 million loan to purchase a vacant commercial building in a low-income tract in Phoenix. The City of Phoenix's Economic Development Strategic Plan identified a need to encourage adaptive reuse of existing buildings and develop strategic sites along the light rail corridor. The project addressed several key priorities of the city's plan including transit-oriented development and stabilizes the area with new jobs.

- In May 2014, WFBNA provided a $2.2 million loan to fund the construction of an emergency family shelter consisting of 16 temporary homeless shelter units and support services center located in downtown Mesa.
- In June 2018, WFBNA provided a $71.6 million loan for a multifamily housing development in a moderate-income census tract in Phoenix. The development consists of over 700 units of which 99 percent are affordable to tenants earning between 38 and 79 percent of the 2018 area MFI.

Tucson CSA AA

The level of CD lending in the Tucson AA is excellent. WFBNA made 60 CD loans in its AA for a total of $97.3 million, which represents nearly 19 percent of tier 1 capital. CD lending performance has a significant positive impact on the lending test rating. The institution makes significant use of innovative and/or complex CD loans and involved many complex projects where the bank often acted in a leadership role. The loans were responsive to the identified affordable housing and small business lending needs in the AA. The bank made 12 CD loans totaling $55 million (56.7 percent) for the purpose of affordable housing. Additionally, the bank extended 43 CD loans totaling $31 million for the primary purpose of community services to LMI individuals.

Examples of CD loans in the AA include:

- In May 2018, WFBNA provided a $13.6 million loan for a multifamily housing development located in a moderate-income census tract in Tucson, Arizona. The project consists of 280 one-bedroom units and 24 two-bedroom units, with 64 percent of the actual rent rates below the 2018 Fair Market Rent for the area and 100 percent of the units affordable to tenants earning between 33 and 64 percent of the 2018 area MFI of $60,600.
- In March 2015, WFBNA provided a $3.5 million construction loan for an affordable housing development in downtown Tucson that consisted of 30 fully furnished single-room occupancy units. The project targets homeless veterans and has rent restrictions at 30 percent of the area MFI. In addition, the City of Tucson will provide rental assistance for the project for 15 years.
- In May 2013, WFBNA provided a $1.8 million increase to an existing $5.1 million loan to finance the construction of a certified mixed-use housing project. The project consisted of a seven-story mixed used property located in a low-income area and Empowerment Zone in Tucson. The transit oriented development will include office space, retail space, 24 apartment units, and a parking garage. The activity was expected to spur revitalization efforts in this low-income community.

Product Innovation and Flexibility

Phoenix MSA AA

The institution makes extensive use of innovative and/or flexible lending practices in order to serve AA credit needs. The bank launched the NeighborhoodLIFT program in the Phoenix MSA AA in January 2016 and more than 200 potential homebuyers attended the event. Of the 200 in attendance, WFBNA originated 113 mortgage loans totaling $16 million. Under the yourFirstMortgage loan program the bank has funded 291 loans totaling $46.2 million to LMI homebuyers that qualified under this program.

Tucson CSA AA

The institution makes extensive use of innovative and/or flexible lending practices in order to serve AA credit needs. The bank launched the NeighborhoodLIFT program in the Tucson CSA AA in September 2016 and more than 600 potential homebuyers attended the event. Of the 600 in attendance, WFBNA originated 70 mortgage loans totaling $6.4 million. Under the yourFirstMortgage loan program the bank has funded 37 loans totaling $4.3 million to LMI homebuyers that qualified under this program.

Refer to the comments in the institution Innovative or Flexible Lending Programs section of this performance evaluation for additional details regarding the programs noted above.

Conclusions for Areas Receiving LS Reviews

Based on LS reviews, the bank's performance under the Lending Test in the Prescott MSA AA is consistent with the bank's overall excellent performance under the Lending Test in the FS areas. The bank's performance in the Flagstaff MSA, Lake Havasu MSA. Sierra Vista MSA, Yuma MSA, and AZ Combined NonMetro AAs is good and slightly weaker than the bank's overall performance due primarily to lower volume of CD lending. Performance differences in the LS AAs did not impact the Lending Test rating for the State of Arizona.

Refer to Tables O through T in the State of Arizona section of appendix D for the facts and data that support these conclusions.

INVESTMENT TEST

The bank's performance under the Investment Test in the State of Arizona is rated Needs to Improve.

Conclusions for Areas Receiving FS Reviews

Based on FS reviews, including the data in the table below and consideration of performance context discussed in the lending test, the bank's performance in the Phoenix MSA is poor and performance in the Tucson CSA AA is excellent.

Qualified Investments										
	Prior Period*		Current Period		Total				Unfunded Commitments**	
Assessment Area	#	$(000's)	#	$(000's)	#	% of Total #	$(000's)	% of Total $	#	$(000's)
Phoenix MSA	60	$29,481	664	$62,356	724	71.4	$91,837	47.3		
Tucson CSA	6	$24,187	179	$71,784	185	18.2	$95,971	49.4		
Flagstaff MSA	0	$0	19	$188	19	1.9	$188	0.1		
Lake Havasu City MSA	4	$7	7	$34	11	1.1	$41	0.0		
Prescott MSA	0	$0	22	$249	22	2.2	$249	0.1		

Sierra Vista MSA	0	$0	2	$1,057	2	0.2	$1,057	0.5		
Yuma MSA	0	$0	23	$130	23	2.3	$130	0.1		
AZ Combined NonMetro	5	$3,620	23	$1,187	28	2.8	$4,807	2.5		
Total	75	$57,295	939	$136,985	1,014	100.0	$194,280	100.0		

* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.
** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Phoenix MSA AA

The institution has a poor level of qualified CD investments and grants, but not in a leadership position, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 3.7 percent of tier 1 capital allocated to the AA.

The investments and grants reflect adequate responsiveness to the needs identified in the AA including affordable housing, community services, economic development, and revitalization/stabilization for LMI individuals and geographies. Over 72 percent of the bank's CD investments focused on affordable housing which is an identified credit need in the AA. Additionally, the bank provided 540 grants totaling $14.4 million to a variety of organizations that primarily support affordable housing, community services, and economic development.

The institution occasionally uses innovative and/or complex investments to support CD initiatives. CD Investments involved several complex LIHTC projects where the bank acted in a leadership role with participations from federal, state, and local housing agencies and real estate developers. Additionally, the bank purchased numerous government mortgage-backed securities for the CD Investment portfolio.

Examples of CD investments in the AA include:

- In August 2016, WFCB invested $43 million in the Homestead Equity Fund XIII, a LIHTC fund. Of this total investment, $5.2 million was allocated to Landmark Senior Living. This development is located in Glendale, Arizona, with 48 units restricted to tenants earning no more than 60 percent of the area MFI. This limited partnership is operated and managed by National Equity Fund and is a nonprofit affiliate of the Local Initiatives Support Corporation and a leading syndicator of LIHTC. This investment is responsive to the need for affordable housing.
- In May 2017, WFBNA provided a grant totaling $300,000 to a statewide CDC through the Small Business DCC Program benefiting small businesses in the State of Arizona including the Phoenix MSA AA. Refer to the comments in the institution Community Development Initiatives section of this public evaluation for additional details regarding this program.
- In January 2016, WFBNA provided six local initiative grants totaling $700,000 to six local organizations to administer the NeighborhoodLIFT Down Payment Assistance program. Refer to the comments in the institution Innovative or Flexible Lending Programs section of this performance evaluation for additional details regarding this program.
- During the exam timeframe, WFBNA provided six grants totaling $780,000 to several housing organizations through the PMP for affordable housing in the Phoenix MSA AA. Refer to the comments in the institution Community Development Initiatives section of this public evaluation for additional details regarding this program.

Tucson CSA AA

The institution has an excellent level of qualified CD investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 18.6 percent of tier 1 capital allocated to the AA.

The investments and grants reflect excellent responsiveness to the needs identified in the AA including affordable housing, community services, economic development, and revitalization/stabilization for LMI individuals and geographies. Over 50.6 percent of the bank's CD investments focused on affordable housing which is an identified credit need in the AA. Additionally, the bank provided 160 grants totaling $6.9 million to a variety of organizations that primarily support affordable housing, community services, and economic development.

The institution makes significant use of innovative and/or complex investments to support CD initiatives. CD Investments involved several complex LIHTC and NMTC projects where the bank acted in a leadership role with participations from federal, state, and local housing agencies and real estate developers. Additionally, the bank purchased numerous government mortgage-backed securities for the CD Investment portfolio.

Examples of CD investments in the AA include:

- In May 2017, WFBNA invested $20.3 million for the rehabilitation and construction of an 83-unit LIHTC affordable housing complex located in Tucson, Arizona. The development specifies that 100 percent of the units restricted to tenants earning between 40 and 60 percent of the area MFI. The project is a renovation of a vacant school in a very low-income census tract. This investment is responsive to the need for affordable housing. WFBNA also demonstrated multi-faceted support by providing a $17.3 million construction loan and equity investment to support this affordable housing development. This investment is also complex involving several parties.
- In July 2014, WFBNA invested $39 million in the Homestead Equity Fund XI, a LIHTC Credit fund. Of this total investment, $2.1 million was allocated to a development located in Tucson, Arizona, with units restricted to tenants earning no more than 60 percent of the area MFI.
- In February 2015, WFBNA provided a $100,000 grant to this organization for its Youth Development as part of the Tucson NeighborhoodLIFT Program Local Initiative program. Refer to the comments in the institution Innovative or Flexible Lending Programs section of this performance evaluation for additional details regarding this program.

Conclusions for Areas Receiving LS Reviews

Based on LS reviews, the bank's performance under the Investment Test in the Flagstaff MSA, Lake Havasu City MSA, Prescott MSA, Sierra Vista MSA, and Yuma MSA AAs is consistent the bank's overall poor performance. The bank's performance in the AZ Combined NonMetro AA is stronger than the bank's overall poor performance due primarily to higher volume of CD investments. Performance differences in the LS AA did not impact the overall Investment Test rating for the State of Arizona.

SERVICE TEST

The bank's performance under the Service Test in Arizona is rated High Satisfactory.

Conclusions for Areas Receiving FS Reviews

Based on FS reviews, including the data in the tables below and consideration of performance context discussed in the lending test, the bank's performance in the Phoenix MSA AA and Tucson CSA AA is good.

Retail Banking Services

Service delivery systems are accessible to geographies and individuals of different income levels in the institution's AAs particularly LMI geographies and/or LMI individuals.

Distribution of Branch Delivery System											
Assessment Area	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)*				% of Population within Each Geography*			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Phoenix MSA	72.5	145	63.9	6.8	15.7	37.4	40.1	10.6	23.5	33.7	31.9
Tucson CSA	15.0	39	17.2	0.0	38.5	28.2	30.8	8.7	27.5	32.4	30.9
Flagstaff MSA	2.2	5	2.2	0.0	20.0	40.0	20.0	3.2	26.0	29.0	34.5
Lake Havasu MSA	2.8	8	3.5	0.0	12.5	75.0	12.5	0.0	10.3	71.9	17.7
Prescott MSA	3.0	9	4.0	0.0	55.6	11.1	33.3	0.0	24.4	57.2	18.4
Sierra Vista MSA	1.1	4	1.8	0.0	75.0	0.0	25.0	2.9	25.5	48.5	23.1
Yuma MSA	1.8	6	2.6	0.0	33.3	50.0	16.7	0.0	32.9	42.0	24.8
AZ Combined NonMetro	1.6	11	4.8	0.0	27.3	54.5	18.2	0.9	39.2	37.0	23.0

* May not add up to 100 percent due to geographies with unknown tract income level and rounding.

	Distribution of Branch Openings/Closings					
Assessment Area	# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)			
			Low	Mod	Mid	Upp
Phoenix MSA	0	23	-2	-1	-11	-9
Tucson CSA	0	4	0	-1	-1	-2
Flagstaff MSA	0	1	0	0	0	-1
Lake Havasu MSA	0	2	0	0	-2	0
Prescott MSA	0	0	0	0	0	0
Sierra Vista MSA	0	0	0	0	0	0
Yuma MSA	0	0	0	0	0	0
AZ Combined NonMetro	0	0	0	0	0	0

Phoenix MSA AA

As of December 31, 2018, WFBNA operates 145 branches and 363 ATMs in the Phoenix MSA AA. Of these branches, 143 are full-service locations and two are limited-service branches. There are 10 branches in the low-income geographies and 23 in moderate-income geographies. The branch distribution in LMI geographies is below the percentage of the population in LMI geographies in the AA. When considering an additional 29 branches within close proximity to LMI geographies, the bank's distribution is near to demographics.

The institution's opening and closing of branches have not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank closed two branches in low-income geographies and one in a moderate-income geography since the last evaluation. The closure of branches in LMI geographies was to consolidate with other branches nearby and did not negatively impact the distribution of branches relative to the population residing in those geographies. The bank still maintains 33 active branches or 22.5 percent within LMI geographies.

Services, including where appropriate, business hours, do not vary in a way that inconveniences the various portions of its AAs, particularly LMI geographies and/or individuals. Generally, branches are open Monday through Friday from 9:00 am to 6:00 pm, with 29 branches open until 7:00 pm. All except 11 branches are also open on Saturday from 9:00 am to 2:00 pm, 29 from 9:00 am to 5:00 pm, one from 9:00 am to 1:00 pm, and one from 9:00 am to 4:00 pm. All WFBNA services are available at all branches and all ADS discussed bank-wide are available in this AA.

Tucson CSA AA

As of December 31, 2018, WFBNA operates 39 branches and 91 ATMs in the Tucson CSA AA. Of these branches, 38 are full-service locations and one is a limited-service branch. There are no branches in the low-income geographies and 15 branches in moderate-income geographies. The branch distribution in low-income geographies is significantly below the percentage of the population and the branch distribution in moderate-income geographies exceeds the percentage of the population in moderate-income CTs in the AA. When considering an additional eight branches within close proximity to LMI geographies, the bank's distribution is near to demographics.

The institution's opening and closing of branches have not affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank closed four branches since the last evaluation. One of the branch closings was located in moderate-income geography and the remaining closings were located in middle and upper-income geographies. The closure of branch in the moderate-income geography did not negatively impact the distribution of branches relative to the population residing in this geography.

Services, including where appropriate, business hours, do not vary in a way that inconveniences the various portions of its AAs, particularly LMI geographies and/or individuals. Generally, branches are open Monday through Friday from 9:00 am to 6:00 pm, with five branches open until 7:00 pm. All except 5 branches are also open on Saturday from 9:00 am to 2:00 pm, with 3 branches open until 5:00 pm. All WFBNA services are available at all branches and all ADS discussed bank-wide are available in this AA.

Community Development Services

The institution is a leader in providing CD services.

Phoenix MSA AA

The level of CD services in the Phoenix MSA AA is excellent. Bank records show that employees provided their financial or job-specific expertise and/or technical assistance for 714 CD service activities to 78 organizations since the last evaluation, logging a total of 3,239 qualified hours within this AA. A majority of the bank's assistance was to organizations that provide community services to LMI individuals and families. Other activities targeted affordable housing and economic development. The bank's assistance provided was responsive to the identified needs in the AA particularly affordable housing. The following are examples of CD services provided in this AA:

- A WFBNA team member provided 52 hours of Board service to a community organization that is certified by the US Department of Treasury to provide alternative financing programs anywhere in the state of Arizona. It serves a vehicle for institutions to meet community reinvestment and community development goals.
- Three WFBNA team members provided 73.5 hours of Board service to a community organization that is dedicated to helping community residents transform distressed neighborhoods into healthy and sustainable communities of choice and opportunity.

Tucson CSA AA

The level of CD services in the Tucson CSA AA is excellent. Bank records show that employees provided their financial or job-specific expertise and/or technical assistance for 272 CD service activities to 19 organizations since the last evaluation, logging a total of 2,268 qualified hours within this AA. A majority of the bank's assistance was to organizations that provide community services to LMI individuals and families. Other activities targeted affordable housing, economic development, and revitalization/stabilization. The bank's assistance provided was responsive to the identified needs in the AA particularly affordable housing. The following are examples of CD services provided in this AA:

- A WFBNA team member provided 60 hours of Board service to a community organization that provides resources and expertise to address issues of behavioral health, housing, family and children's services, employment, crisis intervention, and community and cultural education within LMI communities.
- Three WFBNA team members provided 57 hours of financial outreach and Board services to a community organization that specializes in neighborhood preservation, infrastructure improvement and business development.

Conclusion for Areas Receiving LS Review

Based on LS reviews, the bank's performance under the Service Test in the Flagstaff MSA, Lake Havasu MSA, Prescott MSA, Sierra Vista MSA, Yuma MSA, and AZ Combined NonMetro AAs is stronger than the bank's overall good performance under the Service Test in the FS areas due primarily to a higher percentage of branch distribution in the LMI geographies. Performance differences in the LS AAs did not impact the overall Service Test rating for the State of Arizona.

State Rating

State of California

CRA rating for the State of California[21]: Outstanding
The Lending Test is rated: Outstanding
The Investment Test is rated: Outstanding
The Service Test is rated: High Satisfactory

The major factors that support this rating include:

- Excellent lending activity;
- Good distribution of loans by borrower profile;
- Good geographic distribution of loans;
- WFBNA is a leader in providing CD loans, which has a significant positive impact on the Lending Test;
- WFBNA's use of flexible products has a positive impact on the Lending Test;
- Excellent level of CD investments that are responsive to AA needs;
- Retail delivery systems are accessible to all portions of the AA; and
- WFBNA is a leader in providing CD services that are responsive to the needs of the bank's AA.

Description of Institution's Operations in California

WFBNA delineated 15 AAs within California including the Los Angeles-Long Beach, CA CSA (Los Angeles CSA AA); Sacramento-Roseville, CA CSA (Sacramento CSA AA); San Diego-Carlsbad, CA MSA (San Diego MSA AA); San Jose-San Francisco-Oakland, CA CSA (San Jose CSA AA), Bakersfield, CA MSA (Bakersfield MSA AA); Chico, CA MSA (Chico MSA AA); El Centro, CA MSA (El Centro MSA AA); Fresno-Madera, CA CSA (Fresno CSA AA); Modesto-Merced, CA CSA (Modesto CSA AA); Redding-Red Bluff, CA CSA (Redding CSA AA); Salinas, CA MSA (Salinas MSA AA); San Luis Obispo-Paso Robles-Arroyo Grande, CA MSA (San Luis Obispo MSA AA); Santa Maria-Santa Barbara, CA MSA (Santa Maria MSA AA); Visalia-Porterville-Hanford, CA CSA (Visalia CSA AA); and the CA Combined Non-Metros AA (CA Combined NonMetro AA). The Los Angeles CSA AA, Sacramento CSA AA, San Diego MSA AA, and San Jose CSA AA received FS reviews. These four AAs accounted for the majority of the lending (88.5 percent) and deposits (93.4 percent) amongst the AAs in California. Refer to Appendix A for a complete description of each AA.

California represents the largest rated area by deposits. WFBNA has $258.3 billion deposits representing 20.3 percent of adjusted deposits in California. WFBNA operates 1,029 branches and 3,927 ATMs within California, representing 18 percent of the bank's branches and 29 percent of the bank's ATMs. The bank originated or purchased $538.4 billion in loans or 29.1 percent of total reported loan originations and purchases during the evaluation period in California. The bank's primary loan products in the State of California are home mortgage and small business loans.

[21] This rating reflects performance within the state. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan statistical area.

Los Angeles CSA AA

Within the Los Angeles CSA AA, the bank had $93.9 billion deposits and ranked second amongst 134 institutions in the market with 15.5 percent market share. Bank of America ranked first with 19.3 percent market share and JPMorgan Chase ranked third with 13.2 percent market share. WFBNA operates 460 branches and 1,762 ATMs in the Los Angeles CSA AA.

Sacramento CSA AA

Within the Sacramento CSA AA, the bank had $13.2 billion deposits and ranked first amongst 40 institutions in the market with 22.9 percent market share. U.S. Bank ranked second and Bank of America third with deposit market shares of 17.6 percent and 17.3 percent, respectively. WFBNA operates 78 branches and 260 ATMs in the Sacramento CSA AA.

San Diego MSA AA

Within the San Diego MSA, the bank had $20.2 billion deposits and ranked first amongst 53 institutions in the market with 22.6 percent market share. Bank of America ranked second and JP Morgan Chase third with deposit market shares of 15.5 percent and 14.0 percent, respectively. WFBNA operates 98 branches and 358 ATMs in the San Diego MSA AA.

San Jose CSA AA

Within the San Jose CSA, the bank had $113.8 billion deposits and ranked second amongst 89 institutions in the market with 20.6 percent market share. Bank of America ranked first with 26.4 percent market share and Silicon Valley Bank ranked third with 8.3 percent market share. WFBNA operates 278 branches and 1,164 ATMs in the San Jose CSA AA.

Demographic Data

Los Angeles CSA AA

The following table provides a summary of the demographics that includes housing and business information for the Los Angeles CSA AA. Table A indicates that the volume of OOUs is very small in low-income CTs and over 39 percent of families in the AA are LMI. The area's median housing value in the Los Angeles CSA AA is 5.8 times the area's highest median income, but 7.3 times moderate-, and 11.6 times low-income, indicating a limited proportion of OOUs are affordable to LMI individuals. Median rents and the high percentage of families below poverty level suggest rental housing may also be unaffordable for LMI residents.

Table A – Demographic Information of the Assessment Area

Assessment Area: FS Los Angeles-Long Beach CA CSA (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	3,924	7.7	28.1	30.1	32.8	1.2
Population by Geography	17,874,535	7.1	28.6	31.1	32.9	0.3
Housing Units by Geography	6,220,874	6.5	26.3	31.2	36.1	0.0
Owner-Occupied Units by Geography	3,181,087	2.5	18.5	32.4	46.6	0.0

Occupied Rental Units by Geography	2,547,751	11.2	35.6	29.3	23.8	0.1
Vacant Units by Geography	492,036	7.4	27.9	33.4	31.3	0.1
Businesses by Geography	1,203,941	5.6	20.7	29.3	43.4	1.0
Farms by Geography	15,975	4.0	20.8	32.5	42.3	0.4
Family Distribution by Income Level	4,014,031	23.0	16.9	18.6	41.4	0.0
Household Distribution by Income Level	5,728,838	24.4	16.0	17.4	42.2	0.0
Median Family Income MSA - 11244 Anaheim-Santa Ana-Irvine, CA MD		$83,735	Median Housing Value			$490,413
Median Family Income MSA - 31084 Los Angeles-Long Beach-Glendale, CA MD		$61,622	Median Gross Rent			$1,204
Median Family Income MSA - 37100 Oxnard-Thousand Oaks-Ventura, CA MSA		$84,364	Families Below Poverty Level			11.0%
Median Family Income MSA - 40140 Riverside-San Bernardino-Ontario, CA MSA		$63,176				

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

Anaheim-Santa Ana-Irvine, CA MD

According to the February 2019 Moody's Analytics report, the Anaheim economy is slowing with job growth below the national pace for the first time in over a decade. The housing market has softened leading construction to drop. On a positive note, the unemployment rate has leveled off at 3 percent which is at a 20-year low. The area economy is driven by healthcare, tourism, and high tech. Anaheim is a healthcare hub, home to one of the nation's top research hospitals, UC Irvine Medical Center. Healthcare has added 20 percent of net new jobs this decade, though most jobs gains are in low-paying social assistance. The area also benefits from a well-educated labor force thanks in part to the presence of UC Irvine. The University also ranks as one of the area's top employers along with Disneyland Resort, The Walt Disney Co., and St. Joseph Health. The largest employment sectors include Professional and Business Services, Education and Health Services, and Leisure and Hospitality Services.

The area economy's major weakness can be attributed to its own successes as strong demand for workers had resulted in increasingly unaffordable labor and real estate. Anaheim ranks fifth in Moody's Cost of Living Index, and home prices are 11 percent above their previous peak in 2006. The high costs of living and reduced standards of living have resulted in less people moving into Anaheim and more people leaving.

According to the U.S. BLS, the unemployment rate for Anaheim for the fourth quarter of 2018 was 2.9 percent and has decreased significantly from 6.6 percent at the beginning of the evaluation period. The unemployment rate in the AA was lower than the overall state at 4.1 percent for the same period.

Los Angeles-Long Beach-Glendale, CA MD

According to the May 2018 Moody's Analytics report, Los Angeles's job growth has fallen since 2016 and is now slightly below the national average. On a positive note, unemployment is at a record low and the quality of jobs being created has improved. The local economy is driven by federal government (non-defense) and defense. Los Angeles has benefitted from the recent increase in defense spending.

Northrup Grumman, an aerospace and defense technology company has a huge presence in Los Angeles and recently won a contract to produce the Air Force's next generation stealth bomber. Aecom, an engineering firm headquartered in Los Angeles, also recently won a contract from the Air Force. Los Angeles is also known as a major trade port handling half of all U.S maritime trade with China. As such, a potential trade war with China is a real threat to the Los Angeles economy. Higher education also drives the area economy as the area is home to two major universities, University of California Los Angeles and the University of Southern California, which are amongst the area's top employers. Other top employers include Kaiser Permanente and Northrup Grumman. The largest sectors by employment are Education and Health Services, Professional and Business Services and Government.

According to Moody's, there are 16 percent fewer homes listed for sale in 2018 than the year prior, underpinning above average price appreciation. The percent of houses for sale is below the State of California and well below the U.S. overall. Housing affordability is also a major concern in Los Angeles.

According to the U.S. BLS, the area unemployment rate is 4.4 percent compared to 10.9 percent at the beginning of the evaluation period. Though improved, the area unemployment rate is still above the State of California overall at 3.7 percent for the same period.

Oxnard-Thousand Oaks-Ventura, CA MSA

According to the July 2018 Moody's Analytics report, Oxnard's economy is improving. Rising hourly earnings are providing households with increased discretionary spending funds. The Oxnard economy is driven by high-tech and defense spending. There is a large military presence in the area with the Naval Base Ventura County being the area's largest employer by far. The recent increase in defense spending cap by Congress will benefit the area economy. Military personnel saw large pay increases in 2018 and can expect another large increase in 2019 which will boost demand in the retail and leisure/hospitality industries. Oxnard benefits from a high educational attainment and lower business costs than neighboring Los Angeles. The area's share of high-tech jobs including semiconductor and electronic components manufacturing is in the top 10 percent of U.S metro areas. Employment in this area is expected to increase further in the next two years as fiscal stimulus and rising wages bolster demand for tech goods. Other major area employers include Biotech Company Amgen Inc. and Bank of America. The largest employment sectors in Oxnard are Government, Education and Health Services, and Retail Trade.

The Oxnard labor market has contracted over the last year where the regional and U.S. labor forces have expanded. The area has suffered from weak migration patterns and the current immigration policy could reduce immigration and further restrict the labor supply. In Oxnard, a quarter of the population is immigrants, placing it in the top 10 percent of U.S. metro areas.

The housing market is steady. Price appreciation is slowing but single-family permits are increasing.

According to the U.S. BLS, the area unemployment rate is 4.0 percent which is the lowest for Oxnard since the early 90's when the series began. The unemployment rate is down from 9.1 percent at the beginning of the evaluation period and is lower than the State of California overall at 4.5 percent for the same period.

Riverside-San Bernardino-Ontario, CA MSA

According to the August 2018 Moody's Analytics report, the Riverside economy is thriving. The area added jobs at a faster rate than all of California with the exception of Stockton-Lodi over the last year. Personal income growth has outpaced the U.S. average since 2014, led by wage and salaries, though much of this increase is the result of job additions rather than average hourly pay. However, labor markets are tight and Riverside's unemployment rate is above the state and U.S. averages. Riverside has seen positive and increasing net migration as the area is an affordable bedroom community for Los Angeles and San Diego where housing prices are 15 to 25 percent higher.

The area economy is driven by logistics and defense. Army training center Fort Irwin and the U.S. Marine Corps. Air Ground Combat Center are both located in San Bernardino County and are amongst the top area employers. Other major employers are Stater Brothers Markets and Arrowhead Regional Medical Center. The area relies heavily on logistics where the number of workers in warehousing and transportation is more than twice the U.S. average. Since 2011, the area's share of jobs in logistics has risen three percentage points to 12 percent compared to less than a percentage point growth nationwide to approximately seven percent. E-commerce is the driving force in the logistics growth, led by Amazon which now employs more than 15,000 workers in Riverside.

According to the U.S. BLS, the current unemployment rate is 4.4 percent, down considerably from 11.5 percent at the beginning of the evaluation period. The unemployment rate in the AA is slightly higher than the State of California overall at 4.3 percent for the same period.

Community Contacts

The analysis takes into consideration comments provided by six community contacts pertaining to the Los Angeles CSA AA in conjunction with this evaluation. Three of the contacts are CDCs, one is a Small Business Economic Development Agency, one is a CDFI, and one is an Economic Development Corporation.

Los Angeles is the second largest city in the United States in terms of population and one of the largest in terms of area. It is the center of a five-county metropolitan area and has all of the advantages and problems of large urban areas. The community contacts collectively agree that affordable housing remains a significant need in the AA. The need for affordable housing is further compounded by an increase in the cost of rental accommodations in the AA making housing almost unaffordable for LMI people. While unemployment rates have decreased among cities in the AA, poverty rate is higher than the country and overall state. Additionally, the number of homeless people is at crisis level.

A contact from the CDC agency which serves the Vernon neighborhood in South Central Los Angeles indicated that the area has a concentration of poverty and unemployment. In addition, a large percentage of adults do not have a high school diploma. There is a need for affordable housing, small business and micro loans, financial literacy, credit score repair, and workforce development in the area.

Another contact from the Community Development agency that serves the city of Santa Ana area in Orange County also noted that their clients have bad credit history, are financially illiterate, and use payday lenders. The contact believes that there should be more bank products that meet the needs of LMI persons and that most banks are not willing to come out into LMI communities to market their products. Another contact representing LMI communities in downtown Los Angeles directly adjacent to skid row mentioned the following community needs: remittance services, construction loan financing,

permanent loan financing, and equity investors for LIHTC projects and general operating support for CDCs in the area.

The contact from the Small Business Economic Development agency that serves Los Angeles, Ventura, and Santa Barbara Counties commented that the economy and market is improving and there is a significant increase in lending both on a quantitative and qualitative basis. Other economic trends include a reduction in unemployment, low interest rates, and an increase in access to capital by small business owners and entrepreneurs. The contact noted that some state policies were not always business friendly and that Los Angeles continues to struggle with the minimum wage issue, which will have an impact on small business owners.

The CDFI agency contact noted that while the economy is improving and banks are making loans, there are still underserved areas. Credit worthiness continues to be a problem as well. In an effort to help, the agency refers some borrowers to alternative means of financing, including crowd funding for example. The agency also provides banks with microloan program information. According to the contact, another missed opportunity of banks is start-ups. The agency also offers to put together a start-up loan package free of charge to ensure borrowers are ready for the financial portion of the loan process.

Since the financial crisis, there has been an increase in the number of bank mergers, which decreased the overall opportunity for funding sources and partners. This has been a problem in the low-income community and for the organizations that work to support them. There is a huge need for small business loans from $50,000 to $500,000.

The contacts indicated that banks could offer more affordable deposit products such as those that do not allow for overdrafts and subsequent fees. These products should be combined with financial education. The contact shared the example of a large bank who used to offer a “second chance” checking account and a secured credit card to help individuals build credit, but does not offer it anymore. Such affordable products are needed to help individuals and households get into the financial mainstream. In addition, banks should increase their participation in the micro lending segment by providing grants and investments in intermediaries for re-lending and technical assistance.

The bank conducted research in the AA and identified community needs for affordable housing for LMI families; financial education, products, and services for the unbanked and underbanked individuals; homeless services; small business assistance; workforce development and job readiness; development of healthy communities; and neighborhood revitalization/stabilization.

Considering the information from the community contacts and bank management as well as demographic and economic data, affordable housing, small business loans, small business assistance, and neighborhood revitalization/stabilization represent primary credit needs for the Los Angeles CSA AA. Opportunity exists to originate these types of loans throughout the AA; however, it is limited in the low-income geographies as reflected by the small proportion of OOUs and small businesses coupled with limited home affordability for LMI individuals. Small business loans in amounts of $50,000 to $500,000 are in high demand. The Los Angeles CSA AA also has CD needs including affordable housing, community services, and economic development.

Sacramento CSA AA

The following table provides a summary of the demographics that includes housing and business information for the Sacramento CSA AA. Table A indicates that the volume of OOUs is very small in

low-income CTs and over 38 percent of families in the AA are LMI. The area's median housing value in the Sacramento CSA AA is five times the area's highest median income, but 6.2 times moderate-, and ten times low-income, indicating a limited proportion of OOUs are affordable to LMI individuals.

Table A – Demographic Information of the Assessment Area

Assessment Area: FS Sacramento-Roseville CA CSA (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	539	7.1	23.2	38.6	31.0	0.2
Population by Geography	2,414,783	6.5	23.3	38.1	31.8	0.3
Housing Units by Geography	974,684	6.2	23.2	40.3	30.3	0.0
Owner-Occupied Units by Geography	550,661	3.4	17.2	40.9	38.5	0.0
Occupied Rental Units by Geography	321,149	11.0	32.9	37.5	18.6	0.0
Vacant Units by Geography	102,874	6.7	24.6	45.7	23.0	0.0
Businesses by Geography	157,280	6.3	20.9	39.1	33.6	0.0
Farms by Geography	4,910	2.8	13.6	45.0	38.6	0.0
Family Distribution by Income Level	585,832	21.6	16.9	20.0	41.5	0.0
Household Distribution by Income Level	871,810	23.2	16.4	18.3	42.0	0.0
Median Family Income MSA - 40900 Sacramento--Roseville--Arden-Arcade, CA MSA		$71,816	Median Housing Value			$359,051
Median Family Income MSA - 49700 Yuba City, CA MSA		$55,370	Median Gross Rent			$1,032
Median Family Income Non-MSAs - CA		$55,928	Families Below Poverty Level			8.7%

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

Sacramento-Roseville-Arden-Arcade, CA MSA

According to the July 2018 Moody's Analytics report, Sacramento's expansion is slowing with job growth stalling, average hourly earnings flattening out, and homebuilding decelerating. Sacramento serves as the state capital which helps drive the economy along with higher education and high tech. UC Davis, which has seen steady enrollment growth provides the area with high-paying jobs and a highly skilled labor force. Sacramento is also a healthcare hub for the area and is home to one of the nation's top research hospitals, UC Davis Health System, which is also the area's largest employer. Other top employers include Kaiser Permanente, Sutter Health, and Dignity Health. The largest employment sector by far is Government, followed by Education and Health Services and Professional and Business Services.

Population growth in Sacramento is the highest it's been in the last decade and almost twice the statewide average. The area benefits from lower living and business costs relative to its Bay Area neighbors. In addition, the proximity to the Bay Area attracts investment in tech and agriculture.

Prices in the Sacramento real estate market have reached every end of the spectrum. The onset of the recession saw record lows, and recent appreciation rates all but erased the decline in prices. Sacramento real estate has appreciated by as much as 64.6 percent in the last three years. It wasn't until the end of

last year that the pace of appreciation started to temper, and even then, it is still higher than the national average.

According to the U.S. BLS, the current unemployment rate is 3.9 percent, down considerably from 10.3 percent at the beginning of the evaluation period. The unemployment rate in the AA is lower than the State of California overall at 4.5 percent for the same period.

Yuba City, CA MSA

According to the July 2018 Moody's Analytics report, the Yuba City economy has hit a downturn with the public sector taking much of the blame. Recent layoffs have brought the unemployment rate back up above its 30-year low. The area economy is not particularly diverse and is driven by defense and agriculture. The largest employment sector by far is Government, followed by Education and Health Services and Retail Trade. The area is home to Beale Air Force Base (BAFB) which helps provide economic stability and reliable demand for consumer services. BAFB is also the largest employer in the area followed by Fremont-Rideout Health Group and Sunsweet Growers Inc. The agriculture industry has been hurt in recent years due to loss of revenues from higher tariffs and forest fires in the Central Valley.

The residential real estate market remains strong with year-over-year appreciation. Housing demand continues to be strong in Sacramento which created strong inward migration to Yuba City from the Sacramento area and added pressure to expand single family construction in the area.

According to the U.S. BLS, the current unemployment rate is 7.2 percent, down considerably from 16.3 percent at the beginning of the evaluation period. The unemployment rate in the AA is higher than the State of California overall at 4.5 percent for the same period.

Community Contacts

The analysis takes into consideration comments provided by four existing community contacts pertaining to the Sacramento CSA AA in conjunction with this evaluation. Two contacts represent affordable housing agencies that serve the Sacramento-Roseville area and rural areas in the state including the AA, one is an economic development corporation, and the other is a non-profit social service agency.

The affordable housing agencies indicated that the economy in Sacramento is growing. The two largest employers, state government and health care providers, tend to hire a diverse workforce. Affordable housing was once widely available in the AA. However, recent increases in housing prices and rental costs and people moving to Sacramento from San Francisco to escape high home prices and high rents are leaving the conventional and LMI housing markets stressed. This has resulted in limited available affordable housing inventory for purchase and declining rental vacancies in the AA.

Both contacts indicated that there are other factors that negatively impact affordable housing including:

- The California Redevelopment law was repealed by the state legislature leaving very little capacity for planning or funding for affordable housing.
- There is a significant challenge to serve those most in need in rural communities.

- Blight is no longer a condition for the application of tax increment financing. This has ended tax increment financing as a source of funding for affordable housing at the local level and has taken eliminated critically needed funds from LMI areas.
- For a number of years, government subsidies for affordable housing construction have been insufficient to meet the demand for affordable housing.
- Lack of affordable housing projects. There are only about three to four affordable housing projects starting each year in the AA. There are more banks that are interested in financing affordable housing then there are projects.

The social service agency is a food bank that serves the Sacramento County-North Sacramento-Oak Park areas of the AA. The contact indicated that the incidence of hunger and food insecurity has been increasing in Sacramento County. A survey of emergency food providers found that, on average, the number of clients being served at local food pantries increased by 20 percent.

The economic development corporation indicated that LMI communities lack the capacity to access capital, even though there is plenty of capital available under the right terms and conditions. Banks could help this need by providing technical assistance to small business owners and entrepreneurs.

The bank conducted research in the AA and identified community needs for affordable housing for LMI families; education for the unbanked and underbanked individuals; small business assistance; workforce development and job readiness; and development of healthy communities.

Considering the information from the community contacts and bank management as well as demographic and economic data, affordable housing, small business loans, and small business assistance represent primary credit needs for the Sacramento CSA AA. Opportunity exists to originate these types of loans throughout the AA; however, it is limited in the low-income geographies as reflected by the small proportion of OOUs and small businesses coupled with limited home affordability for LMI individuals.

San Diego MSA AA

The following table provides a summary of the demographics that includes housing and business information for the San Diego MSA AA. Table A indicates that the volume of OOUs is very small in low-income CTs and 40 percent of families in the AA are LMI. The area's median housing value in the San Diego MSA AA is 6.7 times the area's median income, but 8.4 times moderate-, and 13.4 times low-income, indicating a limited proportion of OOUs are affordable to LMI individuals.

Table A – Demographic Information of the Assessment Area

Assessment Area: FS San Diego-Carlsbad CA MSA (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	628	10.0	21.3	36.1	31.5	1.0
Population by Geography	3,095,313	9.8	21.6	35.2	33.1	0.3
Housing Units by Geography	1,154,874	8.4	20.3	36.7	34.5	0.0
Owner-Occupied Units by Geography	593,945	3.3	14.3	38.8	43.6	0.0
Occupied Rental Units by Geography	467,844	15.0	27.6	33.9	23.5	0.0
Vacant Units by Geography	93,085	8.0	22.5	37.6	31.9	0.0
Businesses by Geography	245,710	5.7	15.5	35.2	43.3	0.2

Farms by Geography	4,775	4.0	16.0	38.8	41.3	0.0
Family Distribution by Income Level	703,747	22.4	17.6	18.7	41.3	0.0
Household Distribution by Income Level	1,061,789	23.7	16.6	17.7	41.9	0.0
Median Family Income MSA - 41740 San Diego-Carlsbad, CA MSA		$73,560	Median Housing Value			$496,417
			Median Gross Rent			$1,274
			Families Below Poverty Level			8.6%

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

According to the August 2018 Moody's Analytics report, the San Diego economy is solid but has lost some steam. The area economy is driven by high tech and defense. Top employers include Marine Corps Base Camp Pendleton, UC San Diego, Naval Base San Diego, and Naval Base Coronado. San Diego's highly educated workforce, including abundant engineering talent, access to venture capital and lower costs than Silicon Valley spur tech firm expansion. San Diego is among the top recipients of venture capital funding and startups have been a steady source of new jobs. On the downside, layoffs at Qualcomm and other sectors have softened the job market recently.

San Diego is home to various military installations and military intelligence and unmanned aerial vehicles. Congress' recently approved defense budget includes the biggest active-duty pay raise in almost a decade, which will spur consumer demand for housing and consumer goods. Healthcare will also provide a boost to the economy providing a solid foundation of mid-wage jobs and lift consumption. San Diego is home to one of the nation's top research hospitals, UC San Diego Medical Center, which along with other local hospitals will benefit from increased National Institutes of Health funding and the availability of research grants.

Residential real estate is mixed. Over the last year, home prices are up about 8 percent, but home sales were down significantly in 2018.

According to the U.S. BLS, the current unemployment rate is 3.4 percent, down considerably from 9.1 percent at the beginning of the evaluation period. The unemployment rate in the AA is lower than the State of California overall at 4.3 percent for the same period.

Community Contacts

The analysis takes into consideration comments provided by a 2017 CRA Listening Session sponsored by several regulatory agencies in which 12 affordable housing, economic development, and community service organizations participated.

The contacts indicated that at the macro level things are improving in San Diego. However, there are neighborhoods in the AA that are not doing well and are having significant issues. These neighborhoods include City Heights, San Ysidro, South East San Diego, Diamond, Barrio Logan, Logan Heights, National City, and West Chula Vista. San Ysidro is home to almost 70,000 men, women, and children who live below the federal poverty level.

The contacts noted that while unemployment rate is low in the AA, certain groups have very high unemployment rates. These groups include many young adults that are not in school. There is a disconnect in skills between the unemployed and the employment opportunities in the AA. In addition, the U.S. immigration policies are having a negative economic impact. One nonprofit contact indicated that many legal residents have closed bank accounts because of fear of deportation or loss of legal status.

Several contacts mentioned that affordable housing is a significant issue and challenge due to high housing prices, limited affordable housing units, and investment purchasing by buyers paying cash. Contacts indicated that banks can address the issue by funding mixed used projects and provide financing (line of credit and acquisition funding) to these organizations to acquire and develop properties. In addition, there is a need for banks to capitalize CDFI loan pools that offer down payment and closing cost assistance to LMI and middle-income borrowers in high-coast markets, as many creditworthy borrowers cannot purchase homes even with down payment assistance due to high home prices. One contact specifically mentioned WFBNA's NeighborhoodLift program as being particularly helpful with providing closing cost assistance.

Contacts identified the following needs pertaining to small businesses and economic development:

- increase collaboration in referring and supporting small businesses.
- offer small business loan products that are competitive, affordable, sustainable, and transparent. One contact specifically mentioned WFBNA's startup financing in the form of line of credit with a streamlined process.
- provide technical assistance to businesses.
- invest in CDFIs to help them bring new products to market.
- provide capital and funding for nonprofits entities.
- engage with local minority chambers of commerce.

The bank conducted research in the AA and identified community needs for affordable housing for LMI families, financial education for the unbanked and underbanked; homeless services, small business assistance, and workforce development and job readiness.

Considering the information from the community contacts and bank management as well as demographic and economic data, affordable housing, small business loans, and small business assistance represent a primary credit need for the San Diego MSA AA. Opportunity exists to originate these types of loans throughout the AA; however, it is limited in the low-income geographies as reflected by the small proportion of OOUs and small businesses coupled with limited home affordability for LMI individuals.

<u>San Jose CSA AA</u>

The following table provides a summary of the demographics that includes housing and business information for the San Jose CSA AA. Table A indicates that the volume of OOUs is very small in low-income CTs and over 39 percent of families in the AA are LMI. The area's median housing value in the San Jose CSA AA is 5.4 times the area's highest median income, but 6.7 times moderate-, and 10.8 times low-income, indicating a limited proportion of OOUs are affordable to LMI individuals.

Table A – Demographic Information of the Assessment Area

Assessment Area: FS San Jose-San Francisco-Oakland CA CSA (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	1,789	9.6	21.9	37.8	29.9	0.8
Population by Geography	8,153,696	8.8	22.6	38.5	29.9	0.2
Housing Units by Geography	3,115,353	8.8	21.3	39.3	30.6	0.0
Owner-Occupied Units by Geography	1,686,652	3.6	16.6	41.1	38.7	0.0
Occupied Rental Units by Geography	1,200,391	14.9	27.8	37.0	20.3	0.0
Vacant Units by Geography	228,310	14.4	22.6	37.3	25.7	0.0
Businesses by Geography	609,357	9.6	17.8	36.1	36.4	0.1
Farms by Geography	13,298	4.5	16.7	40.3	38.5	0.0
Family Distribution by Income Level	1,886,976	22.9	16.7	19.4	41.0	0.0
Household Distribution by Income Level	2,887,043	24.9	15.5	17.4	42.1	0.0
Median Family Income MSA - 34900 Napa, CA MSA		$80,030	Median Housing Value			$607,419
Median Family Income MSA - 36084 Oakland-Hayward-Berkeley, CA MD		$88,024	Median Gross Rent			$1,303
Median Family Income MSA - 41884 San Francisco-Redwood City-South San Francisco, CA		$93,987	Families Below Poverty Level			7.1%
Median Family Income MSA - 41940 San Jose-Sunnyvale-Santa Clara, CA MSA		$99,794				
Median Family Income MSA - 42034 San Rafael, CA MD		$112,911				
Median Family Income MSA - 42100 Santa Cruz-Watsonville, CA MSA		$80,264				
Median Family Income MSA - 42220 Santa Rosa, CA MSA		$76,715				
Median Family Income MSA - 44700 Stockton-Lodi, CA MSA		$61,292				
Median Family Income MSA - 46700 Vallejo-Fairfield, CA MSA		$77,321				

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

Napa, CA MSA

According to the July 2018 Moody's Analytics Report, the Napa economy has slowed. After outperforming California and the U.S. earlier this decade, the area has struggled to keep pace the last few years. Napa is fully employed with an unemployment rate near a historic low and wage growth is firming. The area also boasts the fifth and sixth highest hourly earnings and per capita income, respectively, in the state. Major employers include Napa State Hospital, St. Joseph Health Queen of the Valley and St. Helena Hospital. The largest employment sectors are Leisure and Hospitality Services, Manufacturing, and Government.

The area economy is driven by agriculture, tourism, and retirees. Winemaking anchors the economy and has been helped by strong domestic demand. Visitors to the area are typically affluent and wages for

workers in tourism earn more than those elsewhere in the state and nationwide. On the downside, the area has a very high cost of living and migration trends are weak and worsening.

On the housing front, inventory is very low at affordable price points, where the pace of appreciation is strongest. Wine and tourism rely on low-wage workers and unless Napa takes steps to improve access to affordable housing, more workers will have to commute. To help increase supply, the city council has lowered or eliminated fees for housing units under 500 square feet.

According to the U.S. BLS, the current unemployment rate is 3.3 percent, down considerably from 8.4 percent at the beginning of the evaluation period. The unemployment rate in the AA is lower than the State of California overall at 4.5 percent for the same period.

Oakland-Hayward-Berkeley, CA MD

According to the April 2017 Moody's Analytics Report, the Oakland economy is expanding steadily. Unemployment in the area is lower than in the state and nation. Oakland has experienced a positive spillover effect from neighboring cities of San Francisco and San Jose. Affordability in these areas declined and caused companies to seek more affordable options like Oakland.

The pace of residential and commercial construction has increased to even higher levels as organizations and businesses like Tesla, Uber, the University of California, and Blue Shield have expanded or relocated to the area. The area's economy is diverse and benefits from various sectors.

The top three employers in the area are the University of California–Berkeley, Safeway Inc., and Kaiser Permanente. According to the U.S. BLS, the area unemployment rate for the first quarter of 2017 is 4.0 percent, down considerably from 7.3 percent at the beginning of the evaluation period. The unemployment rate in the AA is lower than the State of California overall at 4.7 percent for the same period.

San Francisco-Redwood City-South San Francisco, CA MD

According to the July 2018 Moody's Analytics report, the San Francisco economy has experienced slow growth. Job additions are average at best and income growth has been below the national average over the last year. The area unemployment rate at 2.2 percent is the 11th lowest among U.S. metro areas, and average annual earnings are more than forty percent above the national average. San Francisco is the epicenter of technology innovation and technology firms are the driving force behind the area economy. Tech companies are investing heavily to maintain competitive advantages and develop the next generation of tech projects and services. Other economic drivers include finance and medical centers. The area's top employers are UC San Francisco, Genentech Inc., Wells Fargo Bank, and Oracle Corp. The largest employment sector by far is Professional and Business Services followed by Leisure and Hospitality Services and Education and Health Services.

As demand for workers has grown, labor and real estate have become increasingly unaffordable for businesses. There are shortages of labor and land in San Francisco. The area is in the top ten percent of metro areas in house price appreciation, and vacant office space is limited. As a result, a number of companies have either relocated or shifted hiring away from San Francisco. Excessive living costs also limit in-migration and push workers out of San Francisco.

According to the U.S. BLS, the current unemployment rate is 2.5 percent, down considerably from 6.6 percent at the beginning of the evaluation period. The unemployment rate in the AA is lower than the State of California overall at 4.5 percent for the same period.

San Jose-Sunnyvale-Santa Clara, CA MSA

According to the July 2018 Moody's Analytics report, the San Jose economy is at the forefront of the U.S. economic expansion. The strength of the economy is its technology industry, which is fueling high-wage job growth at a rate two times the national rate. The area's tech sector is anchored by some of the world's most valuable companies including Facebook, Apple, and Google.

The largest employment sectors are Professional and Business Services, Education and Health Services, and Manufacturing. The area is home to a number of tech-centered higher education institutions which provide a steady stream of highly skilled workers. Major employers include Apple Inc., Alphabet Inc., and Stanford University.

On the downside, the San Jose MSA suffers from high living and business costs. As tech firms grow and compete, the demand for labor and office space spur the job market and commercial real estate market. This has resulted in the biggest commercial construction boom since the dot-come bubble. In addition, San Jose has seen the second fastest rate of house price appreciation over the past two years.

According to the U.S. BLS, the current unemployment rate is 2.9 percent, down considerably from 8.0 percent at the beginning of the evaluation period. The unemployment rate in the AA is lower than the State of California overall at 4.5 percent for the same period.

San Rafael, CA MD

According to the July 2018 Moody's Analytics report, the San Rafael economy has slowed and job growth is on the lower end among metro areas in California. In addition, the labor force has declined pushing the jobless rate to the lowest level this century. The area economy is driven by high-tech and healthcare. Major employers include Kaiser Permanente, Marin General Hospital, and BioMarin Pharmaceutical. San Rafael's proximity to San Francisco allows it to benefit from spillover growth. A fifth of area residents commute to San Francisco to work bringing in much higher wages than they would earn in San Rafael.

The area experiences a very high cost of living with the median housing value at $1.14 million. As a result, a third of workers in San Rafael live elsewhere such as Oakland or Santa Rosa where housing is more affordable. Adding to the affordability issue, new home construction is at historical lows, and large-scale developments are unlikely due to local regulations.

According to the U.S. BLS, the unemployment rate is 2.5 percent, down from 6.3 percent at the beginning of the evaluation period. The unemployment rate in the AA is lower than the State of California overall at 4.5 percent for the same period.

Santa Cruz-Watsonville, CA MSA

According to the July 2018 Moody's Analytics report, the Santa Cruz economy is demonstrating strong upward trends and accelerated growth. Area payrolls and hourly earnings have grown faster than California and the U.S. overall. Employment growth is driven by state government and

leisure/hospitality. Top employers are UC Santa Cruz, Seagate Technology, and Titan Corp. The largest employment sectors are Government, Education and Health Services, and Leisure and Hospitality Services.

Santa Cruz is a college town, home to UC Santa Cruz which is an important source of economic growth. First year student applications reached a record number for the fall 2018 semester and the university expects enrollment numbers to increase by more than 50 percent, or around ten thousand students, by 2040. Expansion and renovation projects on campus are expected to support construction payrolls. Other economic drivers include agriculture and tourism. On the agriculture front, farm incomes have declined steadily since their record high in 2014. Santa Cruz farmers, whose primary crop is strawberries, also face potential Chinese tariffs on imports of fresh fruits from the U.S.

House price appreciation is slowing, but strong demand for homes near Silicon Valley is keeping the pace above the state and U.S. averages. According to the U.S. BLS, the area unemployment rate is 5.2 percent, down from 11.8 percent at the beginning of the evaluation period. The unemployment rate in the AA is higher than the State of California overall at 4.5 percent for the same period.

Santa Rosa, CA MSA

According to the July 2018 Moody's Analytics report, Santa Rosa is reasserting itself as one of California's strongest mid-size economies. Job growth has been steady and in line with the strong California average. The economy is driven by agriculture and tourism. The area is home to world class wineries and craft breweries which are thriving as consumer demand has lifted sales. Top employers include Kaiser Permanente, Graton Resort & Casino, and St. Joseph Health System. The largest employment sectors are Education and Health Services, Government, and Leisure and Hospitality Services.

The area housing market is significantly constrained by supply but progress this year has been notable with permit issuances more than doubling. The recent Tubbs wildfire resulted in housing loss which only exacerbated the imbalance between supply and demand. The supply shortage has driven housing price increases at a double-digit rate. As housing affordability has declined, the area has experienced out migration of residents relocating to lower-cost areas.

According to the U.S. BLS, the area unemployment rate is 3.0 percent, down from 8.9 percent at the beginning of the evaluation period. The unemployment rate in the AA is lower than the State of California overall at 4.5 percent for the same period.

Stockton-Lodi, CA MSA

According to the March 2019 Moody's Analytics report, Stockton's payroll employment has fallen outright in the last three months because of losses in core transportation/warehousing and in manufacturing and business and professional services. The slump has lifted the unemployment rate from its low in late 2018 to just above 6 percent. More than one in seven workers are employed in transportation, wholesale trade, warehousing and storage. Near-term growth prospects for Stockton's food manufacturers are dim, but the sector will hold up better than average.

Apart from local government, which is benefiting from an influx of residents who are bolstering tax revenue, Stockton's housing sector is buoying the economy. Home prices have doubled since early 2012, and construction firms are hiring at above-average rates. Affordable real estate, especially

compared with Oakland, have drawn in Bay Area commuters, resulting in above-average population growth.

Top employers include St. Joseph Medical Center, OG Packing Co., and San Joaquin General Hospital. According to the U.S. BLS, the area unemployment rate for the 4th quarter of 2018 is 6.0 percent, down from 12.3 percent at the beginning of the evaluation period. The unemployment rate in the AA is higher than the State of California overall at 4.1 percent for the same period.

Vallejo-Fairfield, CA MSA

According to the March 2019 Moody's Analytics report, Vallejo's employment growth in the outsize healthcare industry is no longer decelerating and exceeds the California and U.S. averages, but additions are still harder to come by than in previous years. Consumer industries are also struggling in the midst of recent hotel closures. Goods producers are not faring any better, with manufacturing and construction employment trending lower over the past few quarters. Hikes in federal defense spending enacted over the past two fiscal years will trickle down to Travis Air Force Base (AFB), breathing life into the expansion. Vallejo is more dependent on the military than the average western metro area, with Travis AFB employing 5 percent of the workforce and injecting $1.6 billion a year into the local economy.

House price appreciation is slowing, but strong demand for homes from Bay Area commuters is keeping the pace above the state and U.S. averages. San Francisco's rapidly rising living costs make Vallejo's real estate market look increasingly affordable. More commuters will encourage greater homebuilding in Vallejo, with single-family housing starts forecast to rise at an above-average rate over the coming year.

The largest employers in Vallejo include Travis AFB, Kaiser Permanente, and NorthBay Health Care. According to the U.S. BLS, the area unemployment rate for December 2018 is 4.0 percent, down from 9.1 percent at the beginning of the evaluation period. The unemployment rate in the AA is lower than the State of California overall at 4.1 percent for the same period.

Community Contacts

The analysis takes into consideration comments provided by two community contacts and a CRA Listening Session sponsored by several regulatory agencies pertaining to the San Jose CSA AA as part of this evaluation. The contacts represent a local government focused on affordable housing in the AA and a Community Loan Fund agency serving all of northern California including the AA. The CRA Listening Session was participated by a variety of community development organizations and local and regional governments to learn about economic conditions and challenges in the AA.

The local government contact indicated that community development needs and challenges vary across the AA. For instance, East San Jose is the most economically challenged. Even in "north" Counties, where residents are less wealthy than in southern part of the AA, housing is still very expensive. San Francisco has a huge homeless population. According to the Department of Homelessness and Supportive Housing, there are approximately 7,500 homeless people in San Francisco.

South Alameda County is riding the wave of Silicon Valley's challenges and success. However, North Alameda County has urban challenges such as affordability and crime. Throughout the AA, the sales of homes and commercial properties were from foreign investors paying with cash, which resulted in increasing real estate prices. This makes homeownership almost impossible for LMI individuals.

The contact indicated that there are opportunities for participation from banks in the AA. These opportunities include credit needs of small businesses for working capital, financial literacy education to underserved LMI focused on credit and money management, and affordable housing.

The Community Loan Fund represents all of northern California including the AA. The Business arm of the Community Loan Fund provides loans and assists nonprofits in managing their cash flow. The contact indicated that affordable housing development in California suffered a setback in 2012 as the state eliminated redevelopment agencies, which had been a primary source of funding. In addition, access to credit by start-ups and new businesses and health services are an unmet need in the community.

Participants in the CRA Listening Session indicate that many borrowers are still underwater, particularly borrowers in Vallejo, Daly City, and Hercules. It is harder for their clients to obtain modifications when needed, as the home affordable modification program has ended. One participant indicated that another wave of foreclosures will come because of the amount of speculation and the level of renter evictions. One participant indicated that the organization is seeing irresponsible mortgage products re-emerging and huge promotions for equity loans. Participants also indicated that commercial space is hard to find, which impacts small businesses in the AA.

The bank conducted research in the AA and identified community needs for affordable housing for LMI families, education programs for the unbanked and underbanked, homebuyer assistance to assist LMI individuals, homeless services, small business assistance, and workforce development and job readiness.

Considering the information from the community contacts and bank management as well as demographic and economic data, affordable housing, small business loans, and small business assistance represent a primary credit need for the San Jose CSA AA. Opportunity exists to originate these types of loans throughout the AA; however, it is limited in the low-income geographies as reflected by the small proportion of OOUs and small businesses coupled with limited home affordability for LMI individuals.

Scope of Evaluation in California

The rating for the State of California is primarily based on FS evaluations of the bank's performance in the Los Angeles CSA, Sacramento CSA, San Diego MSA, and San Jose CSA AAs; however, performance in each AA was considered. Conclusions where a LS review affected the CRA Rating for the state are addressed within their respective tests. LS procedures were performed for the remaining 11 LS AAs. The State of California is the largest rated area and along with 12 other rated areas represents the bank's most significant markets in terms of lending, deposit, and branch distribution. California represents the largest portion of the bank's overall lending, investments, and services; therefore, the performance in California received the most weight in determining the bank's overall CRA Rating.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN CALIFORNIA

LENDING TEST

The bank's performance under the Lending Test in California is rated Outstanding.

Conclusions for Areas Receiving FS Reviews

Based on a FS review, including the data in the tables below and consideration of performance context discussed in the lending test, the bank's performance in the Los Angeles CSA, Sacramento CSA, San Diego MSA, and San Jose CSA AAs is excellent.

Lending Activity

Based on the tables below, lending levels reflect excellent responsiveness to the credit needs in its AAs taking into account the number and amount of home mortgage, small business, small farm, and CD loans originated or purchased relative to its capacity based on deposits, competition, and market presence.

Number of Loans*							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	%State Loans	%State Deposits
Los Angeles CSA	514,840	412,124	1,890	632	929,486	43.8	36.4
Sacramento CSA	112,651	52,807	791	94	166,343	7.9	5.1
San Diego MSA	113,781	76,365	472	102	190,720	9.0	7.8
San Jose CSA	355,150	235,249	2,337	580	593,316	27.9	44.1
Bakersfield MSA	21,799	10,666	555	30	33,050	1.6	0.8
Chico MSA	6,465	2,785	199	12	9,461	0.4	0.3
El Centro MSA	3,533	1,666	151	4	5,354	0.3	0.2
Fresno CSA	34,474	13,752	1,022	38	49,286	2.3	1.3
Modesto CSA	24,984	9,281	621	21	34,907	1.6	0.7
Redding CSA	6,756	2,546	161	0	9,463	0.4	0.2
Salinas MSA	12,443	7,401	446	19	20,309	1.0	0.9
San Luis Obispo MSA	13,147	4,500	222	14	17,883	0.8	0.4
Santa Maria MSA	14,248	6,382	191	12	20,833	1.0	0.9
Visalia CSA	15,695	5,066	787	22	21,570	1.0	0.4
CA Combined NonMetro	14,480	6,536	455	10	21,481	1.0	0.5
Total	1,264,446	847,126	10,300	1,590	2,123,462	100.0	100.0

*The tables present the data for all assessment areas. The narrative below addresses performance in FS areas only.

Dollar Volume of Loans (000's)*							
Assessment Area	Home Mortgage	Small Business	Small Farm	CD	Total	%State* Loans	%State Deposits
Los Angeles CSA	$203,180,021	$18,940,559	$84,380	$3,341,721	$225,546,681	41.2	36.4
Sacramento CSA	$30,077,268	$2,600,002	$37,670	$362,482	$33,077,422	6.0	5.1
San Diego MSA	$47,694,346	$3,780,722	$17,620	$460,405	$51,953,093	9.5	7.8
San Jose CSA	$175,110,331	$11,938,710	$132,711	$3,306,189	$190,487,941	34.9	44.1
Bakersfield MSA	$4,168,463	$639,600	$55,620	$64,186	$4,927,869	0.9	0.8
Chico MSA	$1,386,068	$160,478	$9,889	$36,531	$1,592,966	0.3	0.3
El Centro MSA	$581,186	$99,780	$24,968	$6,247	$712,181	0.1	0.2
Fresno CSA	$7,141,452	$992,254	$92,280	$451,144	$8,677,130	1.6	1.3
Modesto CSA	$4,886,957	$507,025	$40,411	$35,545	$5,469,938	1.0	0.7
Redding CSA	$1,311,128	$124,667	$7,791	$0	$1,443,586	0.3	0.2
Salinas MSA	$4,706,603	$347,977	$43,277	$153,963	$5,251,820	1.0	0.9
San Luis Obispo MSA	$4,503,810	$246,804	$9,290	$71,361	$4,831,265	0.9	0.4
Santa Maria MSA	$5,734,269	$285,439	$6,968	$60,273	$6,086,949	1.1	0.9
Visalia CSA	$2,812,445	$317,699	$80,500	$47,916	$3,258,560	0.6	0.4
CA Combined NonMetro	$3,159,768	$310,466	$21,788	$47,168	$3,539,190	0.6	0.5
Total	$496,454,115	$41,292,182	$665,163	$8,445,131	$546,856,591	100.0	100.0

*The tables present the data for all assessment areas. The narrative below addresses performance in FS areas only.

Los Angeles CSA AA

WFBNA ranked second in deposits with 15.5 percent market share in the AA. In overall HMDA lending, WFBNA ranked first with 9.1 percent market share. There is strong competition as reflected by the 941 lenders and 134 depository institutions in the AA. The second and third top lenders in this market were JPMorgan Chase Bank with 5.3 percent market share and Bank of America with 3.3 percent market share.

In small loans to businesses, WFBNA ranked fifth with 9.8 percent market share. The top lenders were American Express with 22.3 percent market share, followed by JPMorgan Chase Bank with 13.4 percent market share and Bank of America with 12.8 percent market share.

Sacramento CSA AA

WFBNA ranked first in deposits with 22.9 percent market share in the AA. In overall HMDA lending, WFBNA ranked first with 10.3 percent market share. There is strong competition as reflected by the 660 lenders and 40 depository institutions in the AA. The second and third top lenders in this market were Finance of America Family with 5.0 percent market share and Quicken Family with a 4.1 percent market share.

In small loans to businesses, WFBNA ranked fourth with 12.0 percent market share. The top lenders were American Express with 14.0 percent market share, followed by JPMorgan Chase Bank with 12.7 percent market share and Citibank with 12.4 percent market share.

San Diego MSA AA

WFBNA ranked first in deposits with 22.6 percent market share in the AA. In overall HMDA lending, WFBNA ranked first with 9.7 percent market share. There is strong competition as reflected by the 717 lenders and 53 depository institutions in the AA. The second and third top lenders in this market were JPMorgan Chase Bank with 5.8 percent market share and Caliber Home Loans with 3.6 percent market share.

In small loans to businesses, WFBNA ranked fourth with 11.0 percent market share. The top lenders were American Express with 18.7 percent market share, followed by JPMorgan Chase Bank with 14.5 percent market share and Citibank with 12.4 percent market share.

San Jose CSA AA

WFBNA ranked second in deposits with 20.6 percent market share in the AA. In overall HMDA lending, WFBNA ranked first with 12.4 percent market share. There is strong competition as reflected by the 773 lenders and 89 depository institutions in the AA. The second and third top lenders in this market were Chase family with 6.4 percent market share and Bank of America with 4.9 percent market share.

In small loans to businesses, WFBNA ranked fourth with 12.0 percent market share. The top lenders were American Express with 19.0 percent market share, followed by JPMorgan Chase Bank with 17.6 percent market share and Bank of America with 12.4 percent market share.

Distribution of Loans by Income Level of the Geography

The bank exhibits a good geographic distribution of loans in its AAs.

Los Angeles CSA AA

Home Mortgage Loans

Refer to Table O in the State of California section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is good.

- The bank's performance in both periods, 2012-2016 and 2017-2018, for home mortgage loans in low-income geographies is below both the aggregate distribution of loans and the proportion of OOUs in those geographies. However, less weight was given to WFBNA's performance in low-income geographies because of the very small proportion of the bank's loans and OOUs in low-income geographies.
- The proportion of loans in moderate-income geographies substantially meets the aggregate distribution of loans and is below the proportion of OOUs in those geographies.

Small Loans to Businesses

Refer to Table Q in the State of California section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is excellent.

- The bank's performance in 2012-2016 for small business loans in LMI geographies exceeds the aggregate distribution of loans in those geographies.
- The proportion of the bank's small business loans in low-income geographies is below proportion of businesses and in moderate-income geographies is near to the proportion of businesses located in those geographies.
- Based on the bank's performance in 2017-2018, the bank's small business lending is slightly less than the performance in 2012-2016.

Sacramento CSA AA

Home Mortgage Loans

Refer to Table O in the State of California section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is good.

- For the 2012-2016 period, the bank's home mortgage lending in LMI geographies substantially meets the aggregate distribution of loans in those geographies and is below the proportion of OOUs in those geographies.
- Based on the bank's performance in 2017-2018, the bank's home mortgage lending is higher than the performance in 2012-2016.

Small Loans to Businesses

Refer to Table Q in the State of California section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is excellent.

- For the 2012-2106 period, the bank's performance for small business loans in LMI geographies exceeds the aggregate distribution of loans in those geographies.
- The proportion of the bank's small business loans in low-income geographies exceeds and in moderate-income geographies is near to the proportion of businesses located in those geographies.
- Based on the bank's performance in 2017-2018, the bank's small business lending is slightly less than the performance in 2012-2016.

San Diego MSA AA

Home Mortgage Loans

Refer to Table O in the State of California section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's

overall geographic distribution of home mortgage loan originations and purchases for this evaluation is adequate.

- For the 2012-2016 period, the bank's home mortgage lending in LMI geographies is below to both the aggregate distribution of loans and the proportion of OOUs in those geographies.
- Based on the bank's performance in 2017-2018, the bank's home mortgage lending is higher than the performance in 2012-2016.

Small Loans to Businesses

Refer to Table Q in the State of California section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is excellent.

- The bank's performance in 2012-2016 for small business loans in LMI geographies exceeds the aggregate distribution of loans in those geographies.
- The proportion of the bank's small business loans in low-income geographies exceeds and in moderate-income geographies is near to the proportion of businesses located in those geographies.
- Based on the bank's performance in 2017-2018, the bank's small business lending is slightly less than the performance in 2012-2016.

San Jose CSA AA

Home Mortgage Loans

Refer to Table O in the State of California section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is good.

- The bank's performance in both periods, 2012-2016 and 2017-2018, to home mortgage loans in low-income geographies is below the aggregate distribution of loans and near to the proportion of OOUs in those geographies. However, less weight was given to WFBNA's performance in low-income geographies because of the very small proportion of the bank's loans and OOUs in low-income geographies.
- The proportion of loans in moderate-income geographies substantially meets the aggregate distribution of loans and is below the proportion of OOUs in those geographies.

Small Loans to Businesses

Refer to Table Q in the State of California section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is excellent.

- The bank's performance in 2012-2016 for small business loans to LMI geographies exceeds the aggregate distribution of loans and near to the proportion of businesses located in those geographies.

- Based on the bank's performance in 2017-2018, the bank's small business lending is slightly less than the performance in 2012-2016.

Distribution of Loans by Income Level of the Borrower

The bank exhibits a good distribution of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the institution.

Los Angeles CSA AA

Home Mortgage Loans

Refer to Table P in the State of California section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is good.

- There are significant homeownership affordability hurdles in the AA especially for LMI borrowers. As noted above, the area's median housing value is 11.6 times the income of low-income and 7.3 times the income of moderate-income borrowers indicating that it is almost impossible for LMI borrowers to afford a home in the AA. Despite the affordability challenges, the bank's performance in both 2012-2016 and 2017-2018 periods to LMI borrowers exceeds the aggregate lending.
- The bank's lending to low-income borrowers is significantly below the proportion of families and lending to moderate-income borrowers is well below the proportion of families.

Small Loans to Businesses

Refer to Table R in the State of California section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is excellent.

- For 2012-2016, the bank's distribution of small loans to businesses with revenues of $1 million or less exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is near to the percentage of small businesses located in the AA.
- Based on the bank's performance in 2017-2018, the bank's small business lending is slightly lower than the performance in 2012-2016.

Sacramento CSA AA

Home Mortgage Loans

Refer to Table P in the State of California section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is good.

- There are significant homeownership affordability hurdles in the AA especially for LMI borrowers. As noted above, the area's median housing value is ten times the income of low-income and 6.2 times the income of moderate-income borrowers indicating that it is almost impossible for LMI borrowers to afford a home in the AA. Despite the affordability challenges, the bank's performance in both 2012-2016 and 2017-2018 periods to LMI borrowers exceeds the aggregate lending.
- The bank's lending to low-income borrowers is significantly below the proportion of families and lending to moderate-income borrowers is below the proportion of families.

Small Loans to Businesses

Refer to Table R in the State of California section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is excellent.

- For 2012-2016, the bank's distribution of small loans to businesses with revenues of $1 million or less exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is near to the percentage of small businesses located in the AA.
- Based on the bank's performance in 2017-2018, the bank's small business lending is slightly lower than the performance in 2012-2016.

San Diego MSA AA

Home Mortgage Loans

Refer to Table P in the State of California section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is good.

- There are significant homeownership affordability hurdles in the AA especially for LMI borrowers. As noted above, the area's median housing value is 13.4 times the income of low-income and 8.4 times the income of moderate-income borrowers indicating that it is almost impossible for LMI borrowers to afford a home in the AA. Despite the affordability challenges, the bank's performance in 2012-2016 to LMI borrowers exceeds the aggregate lending.
- The bank's lending to LMI borrowers is significantly below the proportion of families.
- Based on the bank's performance in 2017-2018, the bank's home mortgage lending is slightly below the performance in 2012-2016.

Small Loans to Businesses

Refer to Table R in the State of California section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is excellent.

- For 2012-2016, the bank's distribution of small loans to businesses with revenues of $1 million or less exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is near to the percentage of small businesses located in the AA.
- Based on the bank's performance in 2017-2018, the bank's small business lending is slightly lower than the performance in 2012-2016.

San Jose CSA AA

Home Mortgage Loans

Refer to Table P in the State of California section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is good.

- There are significant homeownership affordability hurdles in the AA especially for LMI borrowers. As noted above, the area's median housing value is 13.4 times the income of low-income and 8.4 times the income of moderate-income borrowers indicating that it is almost impossible for LMI borrowers to afford a home in the AA. Despite the affordability challenges, the bank's performance in 2012-2016 to LMI borrowers exceeds the aggregate lending.
- The bank's performance to low-income borrowers is significantly below the proportion of families and lending to moderate-income borrowers is well below the proportion of families.
- Based on the bank's performance in 2017-2018, the bank's home mortgage lending is slightly below the performance in 2012-2016.

Small Loans to Businesses

Refer to Table R in the State of California section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is excellent.

- For 2012-2016, the bank's distribution of small loans to businesses with revenues of $1 million or less exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is near to the percentage of small businesses located in the AA.
- Based on the bank's performance in 2017-2018, the bank's small business lending is slightly lower than the performance in 2012-2016.

Community Development Lending

The institution is a leader in making CD loans.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

Los Angeles CSA AA

The level of CD lending in the Los Angeles CSA AA is excellent. WFBNA made 632 CD loans in its

AA for a total of $3.3 billion, which represents 31.7 percent of tier 1 capital. CD lending performance has a significant positive impact on the lending test rating. The institution makes significant use of innovative and/or complex CD loans and involved many complex projects where the bank often acted in a leadership role. The loans were responsive to the identified affordable housing and small business lending needs in the AA. The bank made 255 CD loans totaling $2.1 billion (62.5 percent) particularly responsive to the identified need for affordable housing. The bank also made 250 CD loans totaling $573.6 million for the purpose of economic development, which are responsive to the identified need for access to capital for small business and for small business assistance. Additionally, the bank made 123 CD loans totaling $272.3 million for the primary purpose of community services to assist LMI individuals and four CD loans totaling $407.4 million for neighborhood revitalization/stabilization.

Examples of CD loans in the AA include:

- In May 2017, WFBNA provided a $23.5 million LIHTC construction loan for a newly constructed LIHTC affordable housing development located in Los Angeles, California with 98.5 percent of the units restricted to families with incomes ranging from 30 to 60 percent of the area MFI. The developer provides affordable housing options throughout Southern California to fit the needs of low-income families, seniors and people with special needs. This activity is responsive to the identified need for affordable housing. WFBNA demonstrated multi-faceted support by providing both the construction loan and equity investment to support this affordable housing development enhancing the activities impact in the community. This activity is complex as it includes a $22 million direct purchase tax-exempt draw down bond issued by the Los Angeles Housing and Community Investment Department and $1.5 million taxable tail with interest, the tax-exempt bond is a non-bank qualified loan.
- In December 2013, WFBNA provided a $1.6 million loan to fund the expansion for a small business in conjunction with the SBA's 504 CDC program, which is a long-term financing tool for economic development within a community. Based in Commerce, California, the small business is the real estate holding company that will purchase a 4-story building to replace one of the operating company's retail furniture locations. The operating company is a retail furniture store offering affordable furniture with a majority of moderate-income families as customers.
- In March 2015, WFBNA provided a $257 million predevelopment loan for the construction of a commercial property. This development is located in a moderate-income census tract in the Hollywood submarket of Los Angeles, California. The development consists of a two-building, high quality office space and parking structure to be used as film studios. Because a large portion of Hollywood's local economy is dependent on the entertainment industry, this development will be an integral part of the evolution of Sunset Boulevard's commercial corridor. In an effort to stimulate business growth and increase employment opportunities, this project was included within the boundary of both the Los Angeles Enterprise Zone and Targeted Employment Area. According to the Los Angeles City Planning Department, the development will generate approximately 1,595 additional permanent jobs in this Historically Underutilized Business Zone. The building site is also located within the local redevelopment authority's project area.
- In March 2013, WFBNA renewed a $4 million working capital line of credit to nonprofit childcare and human services agency that has been at the forefront of helping thousands of families throughout the Los Angeles area break the cycle of poverty by providing its students and families with the tools to create a positive life foundation for academic and social success. Over 90 percent of clients served are considered to be LMI individuals as they earn less than $51,840 annually, which is 80 percent of the 2012 area MFI.

Sacramento CSA AA

The level of CD lending in the Sacramento CSA AA is excellent. WFBNA made 94 CD loans in its AA for a total of $362.5 million, which represents 24.5 percent of tier 1 capital. CD lending performance has a significant positive impact on the lending test rating. The institution makes significant use of innovative and/or complex CD loans and involved many complex projects where the bank often acted in a leadership role. The loans were responsive to the identified affordable housing and small business lending needs in the AA. The bank made 51 CD loans totaling $330.1 million (91.2 percent) particularly responsive to the identified need for affordable housing. The bank also made 11 CD loans totaling $14.9 million for the purpose of economic development, which are responsive to the identified need for access to capital for small business and for small business assistance. Additionally, the bank made 32 CD loans totaling $17.5 million for the primary purpose of community services to assist LMI individuals.

Examples of CD loans in the AA include:

- In December 2014, WFBNA provided an $11.5 million loan as well as a $16.1 million investment for the construction of a 50-unit LIHTC development located in Rancho Cordova, California. The project was the first of a three-phase development for homeless veterans with 100 percent of the units restricted to homeless and disabled veterans earning between 20 and 30 percent of the area MFI. On-site supportive services will be provided to tenants free of charge by the Veterans Resource Center of America and will include case management, living skills classes, substance abuse programs and mental health services. This activity is responsive to the identified community credit need for affordable rental housing. WFBNA demonstrated multi-faceted support by providing both the construction loan and equity investment in support of this affordable housing development. This transaction is also complex due to multiple sources of funding including the City of Rancho Cordova and the State of California Department of Housing and Community Development.
- In August 2013, WFBNA provided a $6.7 million loan for a 104-unit LIHTC affordable housing development located in Roseville, California. The development requires that 100 percent of the units be restricted to tenants earning between 50 to 60 percent of the area MFI.
- In June 2015, WFBNA provided a $1.5 million working capital line of credit to a Federally Qualified Health Center (FQHC) that provides medical, social, clinical, and narcotic treatment and prevention services in the Sacramento area. According to its website in May 2013, FQHCs are community-based and patient-directed organizations that serve populations with limited access to health care. These include low-income populations, the uninsured, those with limited English proficiency, migrant and seasonal farm workers, individuals and families experiencing homelessness, and those living in public housing.
- In March 2016, WFBNA provided a $2.3 million SBA 504 bridge loan to this small business to purchase commercial real estate to expand their operations. This loan was made in conjunction with the SBA's 504 CDC program, which is a long-term financing tool for economic development within a community. The small business provides temporary registered nurses to acute care hospitals through the United States.

San Diego MSA AA

The level of CD lending in the San Diego MSA AA is excellent. WFBNA made 102 CD loans in its AA for a total of $460.4 million, which represents 20.3 percent of tier 1 capital. CD lending performance has a significant positive impact on the lending test rating. The institution makes significant use of

innovative and/or complex CD loans and involved many complex projects where the bank often acted in a leadership role. The loans were responsive to the identified affordable housing and small business lending needs in the AA. The bank made 46 CD loans totaling $383.7 million (83.3 percent) particularly responsive to the identified need for affordable housing. The bank also made 34 CD loans totaling $59.5 million for the purpose of economic development, which are responsive to the identified need for access to capital for small business and for small business assistance. Additionally, the bank made 22 CD loans totaling $17.1 million for the primary purpose of community services to assist LMI individuals.

Examples of CD loans in the AA include:

- In February 2016, WFBNA provided a $12.9 million construction loan for the development of a 60-unit LIHTC affordable housing complex located in San Diego, California. The development is restricted to tenants earning between 30 and 50 percent of the area MFI with 100 percent of the units restricted to special needs individuals age 55 years or older (homeless individuals, persons with chronic illnesses, or individuals with developmental or mental health disabilities). This activity is responsive to the identified community credit need for affordable housing. WFBNA also demonstrated multi-faceted support by providing both the construction loan and equity investment to support this affordable housing development.
- In January 2014, WFBNA provided a $5 million loan to fund the expansion of a small business in conjunction with the SBA's 504 CDC program, which is a long-term financing tool for economic development within a community. The small business makes soap and is based in Escondido, California.
- In January 2016, WFBNA provided a new $825,000 term loan for this multifamily housing development. This development is located in a moderate-income census tract in San Diego, CA and consists of three one-bedroom units, six two-bedroom units, and three three-bedroom units. Two units are rent restricted for Section 8. Of the remaining 10 market rent units, 100 percent have actual rent rates below the 2015 Fair Market Rent for the area, and 100 percent of the units are affordable to tenants earning between 43.8 and 74 percent of the 2015 area MFI of $73,000.
- In April 2017, WFBNA provided a $100,000 increase to an existing $500,000 line of credit for a total of $600,000 to a non-profit organization that provides treatment and education to those who abuse alcohol and other drugs and currently serves over 2,500 men, women, children, and youth each month throughout San Diego County. An estimated 90 percent of their clients are considered LMI as they earn less than 80 percent of the 2016 area MFI.

San Jose CSA AA

The level of CD lending in the San Jose CSA AA is excellent. WFBNA made 580 CD loans in its AA for a total of $3.3 billion, which represents 25.9 percent of tier 1 capital. CD lending performance has a significant positive impact on the lending test rating. The institution makes significant use of innovative and/or complex CD loans and involved many complex projects where the bank often acted in a leadership role. The loans were responsive to the identified affordable housing and small business lending needs in the AA. The bank made 227 CD loans totaling $2.1 billion (63.9 percent) particularly responsive to the identified need for affordable housing. The bank also made 92 CD loans totaling $166.5 million for the purpose of economic development, which are responsive to the identified need for access to capital for small business and for small business assistance. Additionally, the bank made 250 CD loans totaling $197.5 million for the primary purpose of community services to LMI individuals and 11 CD loans totaling $830.8 million for neighborhood revitalization/stabilization.

Examples of CD loans in the AA include:

- In January 2015, WFBNA provided a $15 million construction loan for the development of an LIHTC affordable housing development located in San Francisco, California with 98 percent of the units restricted to tenants earning 50 percent or less of the area MFI. The development was further encumbered by a Section 8 HAP contract and HUD's Rental Assistance Demonstration (RAD) program. This activity is responsive to the identified community credit need for affordable rental housing. This organization has received multi-faceted support through loans and investments enhancing the activities impact in the community. This loan demonstrates several elements of complexity in that WFBNA is the junior participant ($15 million) in the Citibank construction loan totaling $41 million. This development, the first planned multiphase development in the City of San Francisco's HOPE SF public housing transformation program which was created to revitalize the City's most dilapidated public housing sites and transform them into mixed-income communities. The land was owned by the Housing Authority of the City and County of San Francisco and will be ground leased to the Partnership for $1 annually. The project is located in Bayview, a neighborhood in southeast San Francisco that has suffered from poverty and a lack of investment for decades. The subject has 26 units that will receive Section 8 and 54 units that will receive RAD subsidy via a project-based Section 8 contract and RAD Contract. The City and Housing authority (through its four loans) provided $28.6 million. The San Francisco Mayor's Office of Housing also provided a construction loan in the amount of $20.4 million.
- In October 2014, WFBNA provided a $19 million loan for a revitalized multifamily development. According to the City of Oakland's website, this 92-unit multifamily development is located within the City's West Oakland Specific Redevelopment plan. The purpose of the plan is to revitalize and rehabilitate vacant, underutilized, and blighted sites in an effort to attract industrial enterprises to provide jobs and services needed by the city of Oakland.
- In December 2017, WFBNA renewed a $350,000 line of credit for this non-profit organization that provides meal and nutrition program for seniors, low-income home energy assistance program, and weatherization program. Over 95 percent of its clients are LMI as they earn less than 80 percent of the area MFI.

Product Innovation and Flexibility

Los Angeles CSA AA

The institution makes extensive use of innovative and/or flexible lending practices in order to serve AA credit needs. The bank launched the NeighborhoodLIFT program in the Los Angeles CSA AA in February 2019 and originated 137 mortgage loans totaling $45 million. Under the *your*FirstMortgage loan program the bank has funded 115 loans totaling $23.4 million to LMI homebuyers that qualified under this program.

Sacramento CSA AA

The institution makes limited use of innovative and/or flexible lending practices in order to serve AA credit needs. Under the *your*FirstMortgage loan program the bank has funded 131 loans totaling $27.2 million to LMI homebuyers that qualified under this program.

San Diego MSA AA

The institution makes extensive use of innovative and/or flexible lending practices in order to serve AA credit needs. The bank launched the NeighborhoodLIFT program in the San Diego MSA AA in March 2016 and more than 200 potential homebuyers attended the event. Of the 200 in attendance, WFBNA originated 110 mortgage loans totaling $26 million. Under the *your*FirstMortgage loan program the bank has funded 16 loans totaling $3.7 million to LMI homebuyers that qualified under this program.

San Jose CSA AA

The institution makes extensive use of innovative and/or flexible lending practices in order to serve AA credit needs. The bank launched the NeighborhoodLIFT program in the San Jose CSA AA in November 2017 and more than 650 potential homebuyers attended the event. Of the 650 in attendance, WFBNA originated 161 mortgage loans totaling $52 million. Under the *your*FirstMortgage loan program the bank has funded 69 loans totaling $18.6 million to LMI homebuyers that qualified under this program.

Refer to the comments in the institution Innovative or Flexible Lending Programs section of this performance evaluation for additional details regarding the programs noted above.

Conclusions for Areas Receiving LS Reviews

Based on LS reviews, the bank's performance under the Lending Test in the Bakersfield MSA AA, Chico MSA AA, Fresno CSA AA, Modesto CSA AA, Salinas MSA AA, San Luis Obispo MSA AA, Santa Maria MSA AA, Visalia CSA AA, and CA Combined NonMetro AA is excellent and consistent with the bank's overall excellent performance under the Lending Test in the FS areas. The bank's performance under the Lending Test in the El Centro MSA AA and Redding CSA AA is good but weaker than the bank's overall excellent performance due primarily to lower CD lending activities. Performance in the two limited scope AAs did not affect the bank's overall rating for the state.

Refer to Tables O through T in the State of California section of appendix D for the facts and data that support these conclusions.

INVESTMENT TEST

The bank's performance under the Investment Test in the State of California is rated Outstanding.

Conclusions for Areas Receiving FS Reviews

Based on FS reviews, including the data in the table below and consideration of performance context discussed in the investment test, the bank's performance in the Los Angeles CSA, Sacramento CSA, San Diego MSA, and San Jose CSA AAs is excellent.

Qualified Investments										
	Prior Period*		Current Period		Total				Unfunded Commitments **	
Assessment Area	#	$(000's)	#	$(000's)	#	% of Total #	$(000's)	% of Total $	#	$(000's)
Los Angeles CSA	117	$235,100	2,503	$1,076,325	2,620	34.9	$1,313,746	35.3	1	$2.322
Sacramento CSA	12	$29,035	623	$157,138	635	8.5	$186,173	5.0		
San Diego MSA	15	$58,286	677	$220,085	692	9.2	$278,371	7.5		
San Jose CSA	86	$132,247	2,637	$1,443,617	2,723	36.3	$1,575,864	42.3		
Bakersfield MSA	4	$4,380	117	$28,957	121	1.6	$33,337	0.9		
Chico MSA	2	$2,682	34	$3,744	36	0.5	$6,426	0.2		
El Centro MSA	3	$463	20	$385	23	0.3	$848	0.0		
Fresno CSA	3	$8,924	234	$95,877	237	3.2	$104,801	2.8		
Modesto CSA	2	$11,981	46	$27,148	48	0.6	$39,129	1.1		
Redding CSA	1	$15	12	$4,885	13	0.2	$4,900	0.1		
Salinas MSA	3	$5,424	96	$49,405	99	1.3	$54,829	1.5		
San Luis Obispo MSA	1	$423	67	$26,640	68	0.9	$27,063	0.7		
Santa Maria MSA	1	$1,301	88	$21,320	89	1.2	$22,621	0.6		
Visalia CSA	6	$14,616	52	$11,436	58	0.8	$26,052	0.7		
CA Combined NonMetro	4	$99	44	$51,577	48	0.6	$51,676	1.4		
Total	260	$504,976	7,250	$3,218,539	7,510	100.0	$3,723,515	100.0	1	$2,322

* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.
** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Los Angeles CSA AA

The institution has an excellent level of qualified CD investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 12.4 percent of tier 1 capital allocated to the AA.

The investments and grants reflect excellent responsiveness to the needs identified in the AA including affordable housing, community services, economic development, and revitalization/stabilization for LMI individuals and geographies. Over 86.7 percent of the bank's CD investments focused on affordable housing which is an identified credit need in the AA. Additionally, the bank provided 2,416 grants

totaling $76 million to a variety of organizations that primarily support affordable housing, community services, and economic development.

The institution makes significant use of innovative and/or complex investments to support CD initiatives. CD Investments involved numerous complex projects where the bank often acted in a leadership role with participations from federal, state, and local housing agencies and real estate developers. Additionally, the bank purchased numerous government mortgage-backed securities for the CD Investment portfolio.

Examples of CD investments in the AA include:

- In September 2018, WFBNA provided a $36 million LIHTC investment for an affordable housing development located in Los Angeles, California. This project will be the new construction of a 26-unit permanent supportive housing, transitional age youth, and rental development with 96 percent of the units restricted to transitional age youth households that are homeless or living in transitional housing at 30 percent or below the area MFI. All residents will be referred by the Youth Coordinates Entry System administered by the Los Angeles Homeless Services Authority. This investment is responsive to the need for affordable housing and homeless services.
- During the exam timeframe, WFBNA provided four grants totaling $1 million to several statewide CDC through the Small Business DCC Program benefiting small businesses in the small businesses within the Los Angeles CSA AA.
- During the exam timeframe, WFBNA provided 77 housing counseling grants totaling $918,000 to several local housing organizations serving the AA. These grants were provided through the bank's HCGP to create affordable and sustainable homeownership opportunities for LMI individuals.
- During the exam timeframe, WFBNA provided 25 grants totaling $2.1 million to numerous housing organizations through the PMP for affordable housing in the Los Angeles CSA AA.
- Refer to the comments in the Community Development Initiatives section of this public evaluation for additional details regarding the three programs discussed above.

Sacramento CSA AA

The institution has an excellent level of qualified CD investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 12.6 percent of tier 1 capital allocated to the AA.

The investments and grants reflect excellent responsiveness to the needs identified in the AA including affordable housing, community services, economic development, and revitalization/stabilization for LMI individuals and geographies. Over 94.6 percent of the bank's CD investments focused on affordable housing which is an identified credit need in the AA. Additionally, the bank provided 603 grants totaling $11.7 million to a variety of organizations that primarily support affordable housing, community services, and economic development.

The institution makes significant use of innovative and/or complex investments to support CD initiatives. CD Investments involved several complex projects where the bank often acted in a leadership role with participations from federal, state, and local housing agencies and real estate developers. Additionally, the bank purchased numerous government mortgage-backed securities for the CD Investment portfolio.

Examples of CD investments in the AA include:

- In December 2014, WFBNA invested $16.1 million for the construction of a 50-unit LIHTC affordable housing development located in Rancho Cordova, California. The development requires 100 percent of the units be restricted to homeless and disabled veterans earning between 20 and 30 percent of the area MFI. On site supportive services will be provided to tenants free of charge by the Veterans Resource Center of America and will include case management, living skills classes, substance abuse programs and mental health services. According to its website, as of January 2015, the purpose of the organization is consistent with a valid Community Development purpose. This activity is responsive to the identified community credit need for affordable rental housing. WFBNA demonstrated multi-faceted support by providing both the construction loan ($11.5 million) and equity investment in support of this affordable housing development. This transaction is complex due to multiple sources of funding including the City of Rancho Cordova and the State of California Department of Housing and Community Development.
- In November 2016 WFBNA provided a $17.0 million LIHTC investment for a 56-unit LIHTC development located in Roseville, California. The development requires that 100 percent of the units restricted to tenants earning between 30 and 60 percent of the area MFI.

San Diego MSA AA

The institution has an excellent level of qualified CD investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 12.3 percent of tier 1 capital allocated to the AA.

The investments and grants reflect excellent responsiveness to the needs identified in the AA including affordable housing, community services, economic development, and revitalization/stabilization for LMI individuals and geographies. Over 86.2 percent of the bank's CD investments focused on affordable housing which is an identified credit need in the AA. Additionally, the bank provided 651 grants totaling $16.2 million to a variety of organizations that primarily support affordable housing, community services, and economic development.

The institution makes significant use of innovative and/or complex investments to support CD initiatives. CD Investments involved several complex projects where the bank often acted in a leadership role with participations from federal, state, and local housing agencies and real estate developers. Additionally, the bank purchased numerous government mortgage-backed securities for the CD Investment portfolio.

Examples of CD investments in the AA include:

- In February 2016, WFBNA invested $12.4 million for the development of a 60-unit LIHTC housing complex located in San Diego, California. Units are restricted to tenants earning between 30 and 50 percent of the area MFI with 100 percent of the units restricted to special needs individuals age 55 years or older (homeless individuals, persons with chronic illnesses, or individuals with developmental or mental health disabilities). This investment is responsive to the need for affordable housing. WFBNA also demonstrated leadership and multi-faceted support by providing a $12.9 million construction loan and equity investment to support this affordable housing development. This investment is also complex involving multiple parties.

- In March 2016, WFBNA provided five grants totaling $450,000 to several housing organizations to administer the NeighborhoodLIFT Down Payment Assistance program. Refer to the comments in the institution Innovative or Flexible Lending Programs section of this performance evaluation for additional details regarding this program.
- During the exam timeframe, WFBNA provided 8 housing counseling grants totaling $203,000 to several local housing organizations serving the AA through the bank's HCGP which is designed to provide financial resources to local nonprofit housing organizations to create affordable and sustainable homeownership opportunities for LMI individuals.
- During the exam timeframe, WFBNA provided three grants totaling $800,000 to several statewide CDC through the Small Business DCC Program benefiting small businesses in the small businesses within the San Diego MSA AA.
- Refer to the comments in the institution Community Development Initiatives section of this public evaluation for additional details regarding the programs discussed above.

San Jose CSA AA

The institution has an excellent level of qualified CD investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 12.3 percent of tier 1 capital allocated to the AA.

The investments and grants reflect excellent responsiveness to the needs identified in the AA including affordable housing, community services, economic development, and revitalization/stabilization for LMI individuals and geographies. Over 97 percent of the bank's CD investments focused on affordable housing which is an identified credit need in the AA. Additionally, the bank provided 2,546 grants totaling $60.4 million to a variety of organizations that primarily support affordable housing, community services, and economic development.

The institution makes significant use of innovative and/or complex investments to support CD initiatives. CD Investments involved numerous complex projects where the bank often acted in a leadership role with participations from federal, state, and local housing agencies and real estate developers. Additionally, the bank purchased numerous government mortgage-backed securities for the CD Investment portfolio.

Examples of CD investments in the AA include:

- In April 2013, WFBNA invested $21.4 million for the construction of a 92-unit LIHTC affordable housing development located in San Jose, California. The apartment serves the needs of seniors age 62 and older who earn at or below 50 percent of the area MFI. There are a total of 91 rent restricted units plus one manager's unit. Thirty-two of the units will be set aside for seniors who are both homeless and disabled and who earn 20 or less of the area MFI. The remaining 59 units are restricted to seniors earning 50 percent or less of the area MFI. The property will also have a 15-year Section 8 Housing Assistance Payment Contract with an automatic 15-year renewal that covers the 91 units. This investment is responsive to the need for affordable housing. This investment is also complex involving multiple parties.
- During the exam timeframe, WFBNA provided 33 housing counseling grants totaling $515,000 to several local housing organizations serving the AA through the bank's HCGP which is designed to provide financial resources to local nonprofit housing organizations to create affordable and sustainable homeownership opportunities for LMI individuals. Refer to the

comments in the institution Innovative or Flexible Lending Programs section of this performance evaluation for additional details regarding this program.

- During the exam timeframe, WFBNA provided five grants totaling $1.6 million to several local small business organizations through the Small Business DCC Program benefiting small businesses in the small businesses within the San Jose CSA AA. Refer to the comments in the institution Community Development Initiatives section of this public evaluation for additional details regarding this program.

Conclusions for Areas Receiving LS Reviews

Based on LS reviews, the bank's performance under the Investment Test in the Bakersfield MSA, Fresno CSA, Modesto CSA, Salinas MSA, San Luis Obispo MSA, Visalia CSA, and CA Combined NonMetro AAs is consistent the bank's overall excellent performance. The bank's performance in the Chico MSA, El Centro MSA, and Redding CSA AAs is weaker than the bank's overall performance due primarily to lower volume of CD investments. Performance differences in the LS AAs did not impact the overall Investment Test rating for the State of California.

SERVICE TEST

The bank's performance under the Service Test in California is rated High Satisfactory.

Conclusions for Areas Receiving FS Reviews

Based on FS reviews, including the data in the tables below and consideration of performance context discussed in the service test, the bank's performance in the Sacramento CSA, and San Jose CSA AAs is excellent. Performance in the Los Angeles CSA and San Diego MSA AAs is good.

Retail Banking Services

Service delivery systems are accessible to geographies and individuals of different income levels in the institution's AAs, particularly LMI geographies and/or LMI individuals.

Distribution of Branch Delivery System											
Assessment Area	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%) *				% of Population within Each Geography *			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Los Angeles CSA	36.4	460	44.7	3.7	21.3	29.1	44.6	7.6	28.6	29.4	33.8
Sacramento CSA	5.1	78	7.6	7.7	20.5	39.7	32.1	8.6	23.0	32.9	35.4
San Diego MSA	7.8	98	9.5	5.1	14.3	39.8	40.8	8.9	23.6	32.5	34.7
San Jose CSA	44.1	278	27.0	7.9	24.8	28.4	38.1	9.3	22.5	35.8	32.0
Bakersfield MSA	0.8	14	1.4	14.3	7.1	28.6	50.0	9.7	23.3	31.8	33.0
Chico MSA	0.3	6	0.6	0.0	16.7	83.3	0.0	3.9	26.2	46.6	23.3

El Centro MSA	0.2	4	0.4	0.0	100.0	0.0	0.0	0.0	41.5	26.4	29.7
Fresno CSA	1.3	18	1.7	0.0	27.8	22.2	44.4	7.3	33.8	23.6	34.7
Modesto CSA	0.7	14	1.4	0.0	42.9	21.4	35.7	3.0	27.1	40.2	29.7
Redding CSA	0.2	3	0.3	0.0	66.7	33.3	0.0	0.0	26.4	56.1	17.5
Salinas MSA	0.9	17	1.7	5.9	17.6	29.4	47.1	3.1	26.0	36.0	32.1
San Luis Obispo MSA	0.4	7	0.7	0.0	42.9	28.6	28.6	0.0	13.8	65.8	14.8
Santa Maria MSA	0.9	12	1.2	16.7	33.3	25.0	25.0	12.2	25.8	29.3	32.0
Visalia CSA	0.4	7	0.7	0.0	42.9	28.6	28.6	2.6	31.8	30.6	32.3
CA Combined NonMetro	0.5	13	1.3	0.0	46.2	38.5	15.4	2.1	19.9	53.0	24.4

* May not add up to 100% due to geographies with unknown tract income level and rounding.

Distribution of Branch Openings/Closings							
Assessment Area	# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				
			Low	Mod	Mid	Upper	NA
Los Angeles CSA	35	28	+2	+2	+1	+2	0
Sacramento CSA	1	1	-1	+1	0	0	0
San Diego MSA	3	6	0	-1	-2	0	0
San Jose CSA	14	15	-2	+2	-3	+2	0
Bakersfield MSA	1	0	0	0	0	+1	0
Chico MSA	0	1	0	0	0	`-1	0
El Centro MSA	1	0	0	+1	0	0	0
Fresno CSA	1	1	0	0	0	0	0
Modesto CSA	0	0	0	0	0	0	0
Redding CSA	0	0	0	0	0	0	0
Salinas MSA	0	1	0	0	0	-1	0
San Luis Obispo MSA	0	0	0	0	0	0	0
Santa Maria MSA	3	0	+2	+1	0	0	0
Visalia CSA	0	0	0	0	0	0	0
CA Combined NonMetro	0	1	0	0	-1	0	0

Los Angeles CSA AA

As of December 31, 2018, WFBNA operates 460 branches and 1,762 ATMs in the Los Angeles CSA AA. Of these branches, 448 are full-service locations and 12 are limited-service branches. There are 17 branches in low-income geographies and 98 branches moderate-income census tracts. The branch distribution in low-income census tracts is well below the percentage of the population in low-income

geographies and the branch distribution in moderate-income geographies is near to the percentage of the population in moderate-income geographies in the AA. When considering an additional 48 branches within close proximity to LMI geographies, the bank's branch distribution is near to demographics.

The institution's opening and closing of branches have not affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank opened three branches in low-income, seven branches in moderate-income, nine branches in middle-income, and 16 branches in upper-income geographies since the last evaluation. The bank closed one branch in low-income, five branches in middle-income, eight branches in middle-income, and 14 branches in upper-income geographies since the last evaluation. The closure of branches in LMI geographies did not negatively impact the distribution of branches relative to the population residing in those geographies and the closures were offset by the opening of additional branches in LMI geographies.

Services, including where appropriate, business hours, do not vary in a way that inconveniences the various portions of its AA, particularly LMI geographies and/or individuals. While there are slight variations in opening or closing times, branches are generally open Monday through Friday from 9:00 am to 6:00 pm. Of the total branches, including those in LMI geographies, 419 are also open on Saturdays and ten are open on Sundays. All WFBNA services are available at all branches and all delivery systems discussed bank-wide are available in this AA.

Sacramento CSA AA

As of December 31, 2018, WFBNA operates 78 branches and 260 ATMs in the Sacramento CSA AA. Of these branches, 74 are full-service locations and four are limited-service branches. There are seven branches in the low-income geographies and 15 branches in moderate-income geographies. The branch distribution in low-income census tracts approximates the percentage of the population in low-income geographies and the branch distribution in moderate-income geographies is near to the percentage of the population in moderate-income geographies in the AA. When considering an additional 11 branches within close proximity to LMI geographies, the bank's branch distribution exceeds demographics.

The institution's opening and closing of branches have not affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank closed one branch in a low-income geography and opened one branch in a moderate-income geography. The closure of the branch in a low-income geography did not negatively impact the distribution of branches relative to the population residing in those geographies and the closure is partly mitigated by the opening of a branch in a moderate-income geography.

Services, including where appropriate, business hours, do not vary in a way that inconveniences the various portions of its AA, particularly LMI geographies and/or individuals. While there are slight variations in opening or closing times, generally, branches are open Monday through Friday from 9:00 am to 6:00 pm. Of the total branches, including branches in LMI geographies, 74 are also open on Saturdays and one is open on Sundays. All WFBNA services are available at all branches and all delivery systems discussed bank-wide are available in this AA.

San Diego MSA AA

As of December 31, 2018, WFBNA operates 98 branches and 358 ATMs in the San Diego MSA AA. Of these branches, 96 are full-service locations and two are limited-service branches. There are five branches in the low-income geographies and 14 branches in moderate-income geographies. The branch

distribution in LMI geographies is below the percentage of the population in LMI geographies in the AA. When considering an additional 11 branches within close proximity to LMI geographies, the bank's branch distribution improves and approximates demographics.

The institution's opening and closing of branches have not affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank opened one branch in a moderate-income geography and two branches in upper-income geographies. The bank closed two branches in moderate-income, two branches in middle-income, and two branches in upper-income geographies. The closure of branches in moderate-income geographies did not negatively impact the distribution of branches relative to the population residing in those geographies.

Services, including where appropriate, business hours, do not vary in a way that inconveniences the various portions of its AA, particularly LMI geographies and/or individuals. While there are slight variations in opening or closing times, generally, branches are open Monday through Friday from 9:00 am to 6:00 pm. Of the total branches, including branches in LMI geographies, 92 are also open on Saturdays. All WFBNA services are available at all branches and all delivery systems discussed bank-wide are available in this AA.

San Jose CSA AA

As of December 31, 2018, WFBNA operates 278 branches and 1,164 ATMs in the San Jose CSA AA. Of these branches, 269 are full-service locations and nine are limited-service branches. There are 22 branches in low-income geographies and 69 branches in moderate-income geographies. The branch distribution in low-income census tracts is near to the percentage of the population in low-income geographies. The branch distribution in moderate-income geographies exceeds the percentage of the population in moderate-income geographies in the AA. When considering an additional 24 branches within close proximity to LMI geographies, the bank's branch distribution further exceeds demographics.

The institution's opening and closing of branches have not affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank opened one branch in low-income, four branches in moderate-income, two branches in middle-income, and seven branches in upper-income geographies. The bank closed three branches in low-income, two branches in moderate-income, five branches in middle-income, and five branches in upper-income geographies. The closure of branches in LMI geographies did not negatively impact the distribution of branches relative to the population residing in those geographies and the closure is partly mitigated by the opening of a branches in LMI geographies.

Services, including where appropriate, business hours, do not vary in a way that inconveniences the various portions of its AA, particularly LMI geographies and/or individuals. While there are slight variations in opening or closing times, generally, branches are open Monday through Friday from 9:00 am to 6:00 pm. Of the total branches, including branches in LMI geographies, 260 are also open on Saturdays and two are open on Sundays. All WFBNA services are available at all branches and all delivery systems discussed bank-wide are available in this AA.

Community Development Services

The institution is a leader in providing CD services.

Los Angeles CSA AA

The level of CD services in the Los Angeles CSA AA is excellent. Bank records show that employees provided their financial or job-specific expertise and/or technical assistance for 4,022 CD service activities to 716 organizations since the last evaluation, logging a total of 10,807 qualified hours within this AA. A majority (94 percent) of the bank's assistance was to organizations that provide community services to LMI individuals and families. Other activities targeted affordable housing (3 percent) and economic development (3 percent). The bank's assistance provided was responsive to the identified needs in the AA particularly affordable housing. The following are examples of CD services provided in this AA:

- One WFBNA team member provided eight hours of Board service and technical assistance to an organization dedicated to expanding economic opportunity in underserved communities through financial education and career services. Forty-seven WFBNA team members provided 258 hours of financial education to clients of the organization. According to the organization, all of its clients are LMI individuals.
- One WFBNA team member provided 112 hours of Board service and technical assistance and one team member provided three hours of financial education at an advocacy organization serving foster children in Orange County. According to the organization, all of its clients are LMI individuals.
- A WFBNA team member provided 50 hours of Board service and technical assistance to an affordable housing organization that provides comprehensive housing services and economic development that facilitate self-sufficiency for individuals and families who are most lacking in opportunity in Ventura County. According to the organization, 92 percent of its clients are LMI individuals.
- Two WFBNA members provided 50 hours of financial education and technical assistance to an economic development organization that advocates for, and coordinates efforts to educate local communities in Riverside County on Veterans' benefits and services to better serve Veterans. According to the organization, at least 51 percent of its business clients are small businesses and more than 51 percent of the clients/students are LMI.

Sacramento CSA AA

The level of CD services in the Sacramento CSA AA is excellent. Bank records show that employees provided their financial or job-specific expertise and/or technical assistance for 624 CD service activities to 86 organizations since the last evaluation, logging a total of 1,849 qualified hours within this AA. A majority (95 percent) of the bank's assistance was to organizations that provide community services to LMI individuals and families and 5 percent targeted affordable housing. The bank's assistance provided was responsive to the identified needs in the AA particularly affordable housing. The following are examples of CD services provided in this AA:

- Two WFBNA team members provided 185 hours of Board service to a nonprofit organization that works to help children facing adversity reach their potential through mentorships and supporting positive youth development. According to the organization, all of its clients are LMI.
- A WFBNA team member provided 50 hours of Board service to an affordable housing organization that focuses on comprehensive approaches to affordable housing and community development. According to the organization, 79 percent of its clients are LMI.

- A WFBNA team member served on the board of directors of the Sacramento Food Bank and Family Services providing 45 hours of board service activity. Sacramento Food Bank & Family Services is a local, nonprofit agency committed to serving individuals and families in need. The organization provides free emergency goods and services to 157,000 men, women, and children each month throughout Sacramento County.

San Diego MSA AA

The level of CD services in the San Diego MSA AA is excellent. Bank records show that employees provided their financial or job-specific expertise and/or technical assistance for 781 CD service activities to 86 organizations since the last evaluation, logging a total of 2,667 qualified hours within this AA. A majority (89 percent) of the bank's assistance was to organizations that provide community services to LMI individuals and families. Other activities targeted affordable housing (6 percent) and economic development (5 percent). The bank's assistance provided was responsive to the identified needs in the AA particularly affordable housing. The following are examples of CD services provided in this AA:

- Eighty-two WFBNA team members provided 476 hours of financial education at an elementary school. According to the NCES, 90 percent of students qualify for the FRL program. The reduced lunch program qualifying guidelines are above 80 percent MFI.
- Two WFBNA team members provided 62 hours of Board service to local affiliates of a self-help affordable housing developer that provides homeownership opportunities by building homes for, and with eligible LMI individuals.
- A WFBNA team member provided 60 hours of Board services to a non-profit organization that works in partnership with people in need to build decent and affordable housing. The houses are sold to those in need at no profit and with no interest charged.

San Jose CSA AA

The level of CD services in the San Jose CSA AA is excellent. Bank records show that employees provided their financial or job-specific expertise and/or technical assistance for 2,280 CD service activities to 332 organizations since the last evaluation, logging a total of 6,557 qualified hours within this AA. A majority (83 percent) of the bank's assistance was to organizations that provide community services to LMI individuals and families. Other activities targeted affordable housing (12 percent) and economic development (5 percent). The bank's assistance provided was responsive to the identified needs in the AA particularly affordable housing. The following are examples of CD services provided in this AA:

- One WFBNA team member provided 358 hours of Board service and technical assistance to an affordable housing organization that provides housing, services, and community programs. According to the organization 96 percent of its clients are LMI.
- One WFBNA team member provided 23 hours of Board service and technical assistance to an affordable housing developer. Thirty-eight WFBNA team members provided 93 hours of financial education to clients of the organization. The organization builds affordable housing communities for LMI families, seniors, disabled individuals and the formerly homeless. The organization also provides a range of supportive services and enrichment programs designed to meet the needs its residents.
- Fourteen WFBNA team members provided 41 hours of board activity and financial education to a nonprofit organization that is an affiliate of a global organization that utilizes community-led solutions to identify and resolve community concerns with a primary focus on education,

financial stability, and health. According to the organization, as of December 2012, the majority of its clients are LMI individuals as they earn less than 80 percent of the area MFI.

Conclusions for Areas Receiving LS Reviews

Based on LS reviews, the bank's performance under the Service Test in the Bakersfield MSA, Chico MSA and Fresno CSA AAs is consistent with the bank's overall performance under the Service Test in the FS areas. The performance in the El Centro MSA, Modesto CSA, Redding CSA, Salinas MSA, San Luis Obispo MSA, Santa Maria MSA, Visalia CSA, and CA Combined NonMetro AAs is stronger than the bank's overall performance due primarily to a higher percentage of branch distribution in LMI geographies. Performance differences in the LS AAs did not impact the overall Service Test rating for the State of California.

State Rating

State of Colorado

CRA rating for the State of (Colorado)[22]: Outstanding
The Lending Test is rated: Outstanding
The Investment Test is rated: Outstanding
The Service Test is rated: Outstanding

The major factors that support this rating include:

- Good lending activity;
- Good geographic distribution of loans;
- Excellent borrower distribution of loans;
- WFBNA is a leader in providing CD loans, which has a significant positive impact on the Lending Test;
- WFBNA's use of flexible products has a positive impact on the Lending Test;
- Excellent level of CD investments that are responsive to AA needs;
- Retail delivery systems are readily accessible to all portions of the AA; and
- Good CD services that are responsive to the needs of the bank's AA.

Description of Institution's Operations in Colorado

WFBNA delineated six AAs within Colorado including the Colorado Springs, CO MSA (Colorado Springs MSA AA); Denver-Aurora, CO CSA (Denver CSA AA); Fort Collins, CO MSA (Fort Collins MSA AA); Grand Junction, CO MSA (Grand Junction MSA AA); Pueblo-Canon City, CO CSA (Pueblo CSA AA); and CO Combined non-metropolitans (CO Combined NonMetro AA). The Colorado Springs MSA and Denver CSA AAs received FS reviews. These two areas accounted for the largest portion of the lending (79 percent) and deposits (84.5 percent) amongst the AAs in Utah. Refer to Appendix A for a complete description of each AA. Colorado represents the 8th largest rated area by deposits. WFBNA has $31 billion of deposits representing 2.5 percent of adjusted deposits. WFBNA operates 154 branches and 353 ATMs within Colorado, representing 2.7 percent of the bank's branches and 2.6 percent of the bank's ATMs. The bank originated and purchased approximately $67 billion in loans or 3.6 percent of total reported loan originations and purchases during the evaluation period. The bank's primary loan products in Colorado are home mortgage and small loans to businesses.

<u>Colorado Springs MSA AA</u>

Within the Colorado Springs MSA AA, the bank had $2 billion in deposits and ranked first amongst 38 financial institutions in the market with 24.9 percent market share. JPMorgan Chase Bank and US Bank ranked second and third with a market share of 12.9 percent and 11.5 percent, respectively. WFBNA operates 17 branch offices and 33 ATMs in the AA.

[22] This rating reflects performance within the state. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan statistical area.

Denver CSA AA

Within the Denver CSA AA, the bank had $ 24.5 billion in deposits and ranked first amongst 79 financial institutions in the market with 24.9 percent market share. US Bank and FirstBank ranked second and third with a market share of 13.9 percent and 13.2 percent, respectively. WFBNA operates 98 branch offices and 246 ATMs in the AA.

Demographic Data

Colorado Springs MSA AA

The following table provides a summary of the demographics that includes housing and business information for the Colorado Springs MSA AA. Table A indicates that the volume of OOUs is very small in low-income CTs and over 38 percent of families in the AA are LMI. The area's median housing value in the Colorado Springs MSA AA is 3.2 times the area's median income, but 4 times moderate-, and 6.6 times low-income, indicating a limited proportion of OOUs are affordable to LMI. Median rents and the high percentage of families below poverty level suggest rental housing is also unaffordable for many low-income residents.

Table A – Demographic Information of the Assessment Area

Assessment Area: FS Colorado Springs CO MSA (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	136	5.1	30.9	40.4	22.8	0.7
Population by Geography	645,613	4.3	26.5	42.0	26.5	0.7
Housing Units by Geography	261,292	5.0	28.2	42.8	23.9	0.0
Owner-Occupied Units by Geography	159,190	2.4	21.4	45.2	31.0	0.0
Occupied Rental Units by Geography	76,965	9.2	39.2	39.0	12.6	0.0
Vacant Units by Geography	25,137	8.6	37.6	39.7	14.1	0.0
Businesses by Geography	52,800	6.6	23.3	37.3	32.7	0.1
Farms by Geography	1,288	3.6	25.2	43.6	27.7	0.0
Family Distribution by Income Level	160,190	20.0	18.3	21.6	40.1	0.0
Household Distribution by Income Level	236,155	22.8	16.8	19.0	41.4	0.0
Median Family Income MSA - 17820 Colorado Springs, CO MSA		$68,800	Median Housing Value			$225,957
			Median Gross Rent			$827
			Families Below Poverty Level			8.0%

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

According to the July 2018 Moody's Analytics report, Colorado Springs' economy is improving. Job growth has picked up since the beginning of the year, blowing past the Colorado average and more than doubling the national pace. Although professional services, construction and logistics are leading gains, nearly every major industry has added jobs over the past year. Recent job gains have been heavily concentrated in high-wage industries, and the average hourly wage is rising at its fastest pace in more

than two years. The unemployment rate has edged lower since the start of 2018, even as the labor force has notched some of the fastest growth in the country. The area's defense industry already the backbone of the economy will expand further as the many bases increase troop levels. Prospects are further tilted to the upside because of a likely increase in Department of Defense investment in space operations.

The strong labor market and rapidly expanding population are keeping the housing market hot. Single-family price growth tops the Colorado average, and permits over the past three months have reached pre-recession levels. The outlook for the housing market looks favorably as relatively high housing affordability will attract workers priced out of Denver, increasing Colorado Spring's labor force and maintaining a healthy degree of slack in the labor market. Although house prices have been rising rapidly, the metro area remains one of the most affordable in the state. Ample land and a rapidly growing construction workforce have kept single-family construction climbing, and the multifamily market has also gained ground thanks to area's expanding millennial contingent. Lower housing costs will be a critical factor in retaining recent graduates of the University of Colorado-Colorado Springs and veterans transitioning out of the military.

The largest employers in the Colorado Springs MSA include Fort Carson, Peterson Air Force Base, and Schriever Air Force Base. According to the US BLS, the unemployment rate for the 2nd quarter of 2018 was 3.2 percent and has decreased significantly from 8.8 percent at the beginning of the evaluation period. The unemployment rate in the AA was similar to the overall state at 3.3 percent for the same period.

Community Contacts

The analysis takes into consideration comments provided by two community contacts that serve the bank's Colorado Springs MSA AA. One of the two community contacts represents an economic development corporation and the other represents a local community development agency.

The contacts stated that Colorado Springs' economy is flourishing and there has been solid improvement since the financial crisis. Unemployment rates are declining and average wages are slowly increasing; however, the AA has not rebounded as quickly as Denver or the national average. Since home prices in the AA are lower than Denver, an increasing percentage of people are moving to Colorado Springs from Denver increasing housing demand and thus raising prices. This has had an impact on making homeownership less affordable for LMI households. Tourism and government were the primary economic drivers for Colorado Springs. Government military bases in particular helped keep the economy more stable than if there was no presence. The area includes Fort Carson Army Base, Peterson and Schriever air force bases respectively, the Air Force Academy and Cheyenne Mountain.

The economic development agency contacted stated that significant opportunities are available for financial institutions to partner with community organizations in the AA. These include financing for affordable housing projects and funding for start-up businesses. The contact stated the banking climate in Colorado Springs and El Paso County is adequate; commenting that bankers in the AA are open to serving on boards. However, the contact also stated it would be helpful if more banks offered home loan programs that are designed to finance LMI persons and the AA would always like to have more grants and sponsorship dollars made available to non-profits that serve LMI communities in the AA.

The community contact also stated that 35 banks in El Paso County participate in some form of down payment assistance program for homebuyers. The contact commented that community banks can do more to assist in the financing of affordable housing projects.

Considering the information from the community contacts and bank management as well as demographic and economic data, affordable housing represents a primary credit need for the Colorado Springs MSA AA. Opportunity exists to originate these types of loans throughout the AA; however, it is limited in the low-income geographies as reflected by the small proportion of OOUs coupled with limited home affordability for LMI individuals. The AA also has needs for small business loans.

Demographic Data

Denver CSA AA

The following table provides a summary of the demographics that includes housing and business information for the Denver CSA AA. Table A indicates that the volume of OOUs is small in low-income CTs and over 38 percent of families in the AA are LMI. The area's median housing value in the Denver CSA AA is 3.1 times the area's median income, but 3.9 times moderate-, and 6.2 times low-income, indicating a limited proportion of OOUs are affordable to LMI. Median rents and the high percentage of families below poverty level suggest rental housing is also unaffordable for many low-income residents.

Table A – Demographic Information of the Assessment Area

Assessment Area: FS Denver-Aurora CO CSA (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	766	10.6	21.4	35.1	31.9	1.0
Population by Geography	3,090,874	10.6	22.4	35.4	31.5	0.1
Housing Units by Geography	1,282,906	10.5	23.7	36.5	29.3	0.0
Owner-Occupied Units by Geography	787,841	5.9	18.5	37.9	37.7	0.0
Occupied Rental Units by Geography	395,363	18.7	32.8	33.8	14.7	0.0
Vacant Units by Geography	99,702	14.5	28.3	36.2	21.0	0.0
Businesses by Geography	325,512	7.6	20.1	32.9	39.1	0.3
Farms by Geography	7,548	5.7	16.6	41.5	36.2	0.0
Family Distribution by Income Level	751,160	21.8	17.1	20.4	40.7	0.0
Household Distribution by Income Level	1,183,204	23.9	16.4	18.1	41.6	0.0
Median Family Income MSA - 14500 Boulder, CO MSA		$87,860	Median Housing Value			$272,058
Median Family Income MSA - 19740 Denver-Aurora-Lakewood, CO MSA		$75,101	Median Gross Rent			$902
Median Family Income MSA - 24540 Greeley, CO MSA		$64,996	Families Below Poverty Level			8.5%

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

Denver-Aurora-Lakewood, CO MSA

According to the August 2018 Moody's Analytics report, the Denver economy is strengthening. Job growth has risen above the top performing Mountain Census division average, and Denver's diverse economy is firing on all fronts. Top performers range from logistics to business/professional services

and leisure/hospitality. Drag from the public sector has abated, and a rebound in the energy industry is providing added fuel. An extremely tight labor market makes rapid job growth especially notable. Firms are snapping up workers by hiking pay. Denver's average hourly earnings, second highest in the Mountain states, are rising rapidly. Major corporate relocations and expansions will supplement hometown startups to fuel growth across a wide range of industries.

The outlook for the housing market looks favorable as Denver's booming economy has driven up house prices and rents significantly faster than incomes, but the worst of the affordability crisis has passed. According to the FHFA House Price Index, prices in Denver have climbed 65 percent over the past five years, and affordability is at a multi-decade low. Rising prices spurred a rush of new single- and multi-family construction, and with those units now hitting the market, rents have stabilized and single-family inventory has risen to a three-year high, according to the Denver Metro Association of Realtors. As house values plateau and the tight labor market pushes faster wage growth, affordability will stabilize late this year and edge modestly higher in 2019.

The largest employers in the Denver MSA include HealthOne, University of Colorado Hospital, and Lockheed Martin. According to the BLS, the unemployment rate for the 3rd quarter of 2018 was 2.6 percent and has decreased significantly from 7.7 percent at the beginning of the evaluation period. The unemployment rate in the AA was lower than the overall state at 3.3 percent for the same period.

Boulder, CO MSA

According to the March 2019 Moody's Analytics report, Boulder has side stepped the slowdown in job growth afflicting much of Colorado and is adding jobs faster than the overall state. The rapid pace of net hiring is especially notable given Boulder's relatively mature business cycle and tight labor market. The outsize professional services industry is the largest driver behind recent gains, while construction and leisure/hospitality are also pitching in. Boulder's economy will reap rewards as the metro area remains a leader in tech. High tech is on a tear, as job growth in 2018 was faster than at any point during the current business cycle.

Rapid house price gains over the past four years have left Boulder's housing market severely overvalued, and prices will suffer a modest correction over the next three years. Median house price growth is gradually slowing but dollar gains over the past year were still among the highest in the country. Single family housing affordability ranks among the bottom 5 percent of metro areas nationally and is at a three-decade low.

The largest employers in the Boulder MSA include University of Colorado, GlobalFoundries, and Level 3 Communication LLC. According to the BLS, the unemployment rate for the 4th quarter of 2018 was 2.4 percent and has decreased significantly from 5.5 percent at the beginning of the evaluation period. The unemployment rate was lower than the overall state at 3.3 percent for the same period.

Greeley, CO MSA

According to the March 2019 Moody's Analytics report, Greely's oil rich economy continues to be strong. Although job growth has decelerated over the past year with slower gains in mining and construction, Greeley's economy is still adding jobs at near the fastest pace in the state. The recent rebound in energy prices will fuel further development of Greeley's shale oil fields but increased production will yield new energy jobs as companies have learned to operate more leanly.

Average hourly wage has shot up more than 10 percent over the past year to match the state's average. Residents have funneled wage gains into the housing market, where single family house price appreciation has remained above 10 percent even as builders obtained more housing permits.

The largest employers in the Greeley MSA include JBS, Banner Health System, and Vestas. According to the BLS, the unemployment rate for the 4th quarter of 2018 was 2.7 percent and has decreased significantly from 6.6 percent at the beginning of the evaluation period. The unemployment rate was lower than the overall state at 3.3 percent for the same period.

Community Contacts

The analysis takes into consideration comments provided by two community contacts that serve the bank's Denver CSA AA. The contacts were with representatives from an economic development corporation and a housing assistance corporation.

The economic development corporation seeks to connect businesses both large and small with the resources needed to launch a business in the area. The organization fosters relationships and facilitates connection between entrepreneurs and businesses and sources of financing. The organization's primary goal is to significant increase primary employment in the area. The contact stated that the median home price has been rising as have rental rates. Given the number of retail/service jobs in the areas, there is a general need for affordable housing construction. An aging population has also increased the demand for affordable housing. The contact also stated that there is a high level of opportunity for bank involvement in terms of financing small businesses. Given the cost of living, construction challenges in the area, and competition from larger financial institutions, there is less opportunity for home mortgage lending and lending to LMI borrowers.

The housing assistance organization is a non-profit organization with a mission to make housing and successful homeownership affordable to LMI Colorado residents. The organization offers down payment assistance, financial counseling services, and home buyer education programs to qualified borrowers throughout the Denver area. The contact stated that the Denver metro economy continues to improve. Although economic growth is favorable, home prices outpace income for LMI population making it more difficult for LMI families to afford housing. The contact further commented that the primary difficulty related to financial institutions is communication. More financial service education is needed. There are opportunities for financial institutions to support the community and work with this organization directly. Also, there are opportunities to work with LMI families including apartment development that will provide rental housing for LMI families.

The bank conducted research in the AA and identified community needs for affordable housing for LMI families, homeless services, small business assistance, transit oriented development, and workforce development and job readiness.

Considering the information from the community contacts and bank management as well as demographic and economic data, affordable housing represents a primary credit need for the Denver CSA AA. Opportunity exists to originate these types of loans throughout the AA; however, it is limited in the low-income geographies as reflected by the small proportion of OOUs and small businesses coupled with limited home affordability for LMI individuals. The AA also has needs for small business loans.

Scope of Evaluation in Colorado

The rating for the State of Colorado is primarily based on FS evaluations of the bank's performance in the Colorado Springs MSA AA and Denver CSA AA; however, performance in each AA was considered. Conclusions where LS reviews affected the CRA Rating for the state are addressed within their respective tests. LS procedures were performed for the remaining four AAs. The State of Colorado is the 8th largest rated areas and along with 12 other rated areas represents the bank's most significant markets in terms of lending, deposit, and branch distribution. A modest portion of the bank's overall lending, investments, and services were conducted in Colorado; therefore, the performance in Colorado contributed to the bank's overall CRA Rating.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN COLORADO

LENDING TEST

The bank's performance under the Lending Test in Colorado is rated Outstanding.

Conclusions for Areas Receiving FS Reviews

Based on FS reviews, including the data in the tables below and consideration of performance context discussed in the lending test, the bank's performance in the Colorado Spring MSA and Denver CSA AAs is excellent.

Lending Activity

Based on the tables below, lending levels reflect good responsiveness to the credit needs in its AAs taking into account the number and amount of home mortgage, small business, small farm, and community development relative to its capacity based on deposits, competition, and market presence.

Number of Loans*							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	%State Loans	%State Deposits
Colorado Springs MSA	32,631	11,005	88	13	43,737	12.2	6.6
Denver CSA	150,452	87,384	856	135	238,827	66.7	77.9
Fort Collins MSA	13,359	8,104	182	5	21,650	6.1	3.8
Grand Junction MSA	7,405	4,202	152	6	11,765	3.3	2.7
Pueblo CSA	5,101	2,272	79	2	7,454	2.1	1.5
CO Combined NonMetro	20,233	12,890	1,147	19	34,289	9.6	7.5
Total	229,181	125,857	2,504	180	357,722	100.0	100.0

*The tables present the data for all assessment areas. The narrative below addresses performance in FS areas only.

Dollar Volume of Loans (000's)*							
Assessment Area	Home Mortgage	Small Business	Small Farm	CD	Total	%State * Loans	%State Deposits
Colorado Springs MSA	$7,360,273	$528,598	3,652	$44,545	$7,937,068	11.7	6.6
Denver CSA	$41,268,782	$4,311,124	$40,316	$700,042	$46,320,264	68.1	77.9
Fort Collins MSA	$3,184,437	$369,037	$8,476	$28,374	$3,590,324	5.3	3.8
Grand Junction MSA	$1,389,547	$291,000	$10,778	$12,550	$1,707,008	2.5	2.7
Pueblo CSA	$725,873	$119,637	$2,946	$10,683	$859,023	1.3	1.5
CO Combined NonMetro	$6,661,246	$750,310	$109,246	$56,364	$7,577,166	11.1	7.5
Total	$60,590,159	$6,369,706	$175,414	$855,574	$67,990,853	100.0	100.0

*The tables present the data for all assessment areas. The narrative below addresses performance in FS areas only.

Colorado Springs MSA AA

WFBNA ranked first in deposits with 24.9 percent market share in the AA. In overall HMDA lending, WFBNA ranked first with 6.8 percent market share. There is strong competition as reflected by the 554 lenders and 38 depository institutions in the AA. The 2nd and 3rd top lenders in this market were ENT Credit Union with 6.4 percent market share and PennyMac Loan Services with 4.1 percent market share.

In small loans to businesses, WFBNA ranked fifth with a market share of 9.4 percent. There is strong competition as reflected by the 133 lenders in the AA. The top three lenders were US Bank with 21.5 percent market share, American Express with 12.4 percent market share, and Chase Bank with 11.4 percent market share.

Denver CSA AA

WFBNA ranked first in deposits with a 24.9 percent market share in the AA. In overall HMDA lending, WFBNA ranked first with 7.6 percent market share. There is strong competition as reflected by the 856 lenders and 79 depository institutions in the AA. The 2nd and 3rd top lenders in this market were Chase Bank with 5.7 percent market share and American Financial Corp with 4.0 percent market share.

In small loans to businesses, WFBNA ranked third with a market share of 11.5 percent. There is strong competition as reflected by the 199 lenders in the AA. The top two lenders were Chase Bank with 17.7 percent market share and American Express with 14.8 percent market share.

Distribution of Loans by Income Level of the Geography

The bank exhibits a good geographic distribution of loans in both FS AAs.

Colorado Springs MSA AA

Home Mortgage Loans

Refer to Table O in the State of Colorado section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is good.

- The bank's performance in both periods, 2012-2016 and 2017-2018, for home mortgage loans in LMI geographies substantially meets the aggregate distribution of loans in those geographies.
- The proportion of loans in LMI geographies is below the proportion of OOUs in those geographies.

Small Loans to Businesses

Refer to Table Q in the State of Colorado section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is excellent.

- The bank's performance in both periods, 2012-2016 and 2017-2018, for small business loans in LMI geographies exceeds both the aggregate performance and the proportion of businesses located in those geographies.

Denver CSA AA

Home Mortgage Loans

Refer to Table O in the State of Colorado section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is good.

- The bank's performance in both periods, 2012-2016 and 2017-2018, for home mortgage loans in LMI geographies substantially meets the aggregate distribution of loans in those geographies.
- The proportion of loans in LMI geographies is below the proportion of OOUs in those geographies.

Small Loans to Businesses

Refer to Table Q in the State of Colorado section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is excellent.

- The bank's performance in both periods, 2012-2016 and 2017-2018, for small business loans in LMI geographies substantially meets the aggregate performance in those geographies.
- The banks performance for small business loans in LMI geographies exceeds the proportion of businesses located in those geographies.

Distribution of Loans by Income Level of the Borrower

The bank exhibits an excellent distribution of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the institution.

Colorado Springs MSA AA

Home Mortgage Loans

Refer to Table P in the State of Colorado section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is excellent.

- There are homeownership affordability hurdles in the AA especially for LMI borrowers. As noted above, the area's median housing value is 6.6 times the income of low-income and 4.1 times the income of moderate-income borrowers indicating a limited proportion of OOUs are affordable to LMI. Despite the affordability challenges, the bank's performance in 2012-2016 to low-income borrowers exceeds the aggregate lending and well below the proportion of families.
- The bank's lending to moderate-income borrowers substantially meets the aggregate distribution of loans and is near to the proportion of families.
- Based on the bank's performance in 2017-2018, the bank's home mortgage lending is slightly below the combined performance in 2012-2016.

Small Loans to Businesses

Refer to Table R in the State of Colorado section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is good.

- For both 2012-2016 and 2017-2018 periods, the bank's distribution of small loans to businesses with revenues of $1 million or less exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is below the percentage of small businesses located in the AA.

Denver CSA AA

Home Mortgage Loans

Refer to Table P in the State of Colorado section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is excellent.

- There are homeownership affordability hurdles in the AA especially for LMI borrowers. As noted above, the area's median housing value is 6.2 times the income of low-income and 3.9 times the income of moderate-income borrowers indicating a limited proportion of OOUs are affordable to LMI. Despite the affordability challenges, the bank's performance in 2012-2016 to LMI borrowers exceeds the aggregate lending.

- The bank's lending to low-income borrowers is well below the proportion of families and lending to moderate-income borrowers exceeds the proportion of families.
- Based on the bank's performance in 2017-2018, the bank's home mortgage lending is slightly below the combined performance in 2012-2016.

Small Loans to Businesses

Refer to Table R in the State of Colorado section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is good.

- For both 2012-2016 and 2017-2018 periods, the bank's distribution of small loans to businesses with revenues of $1 million or less exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is below the percentage of small businesses located in the AA.

Community Development Lending

The institution is a leader in making CD loans.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

Colorado Springs MSA AA

The level of CD lending in the Colorado Springs MSA AA is excellent. WFBNA made 13 CD loans for a total of $44.5 million which represents 19.0 percent of tier 1 capital. CD lending performance has a significant positive impact on the lending test rating. The institution makes significant use of innovative and/or complex CD loans and involved many complex projects where the bank often acted in a leadership role. The loans were responsive to the identified needs in the AA particularly affordable housing. The bank made 7 CD loans totaling $40.4 (90.8 percent) for the purpose of affordable housing. Additionally, the bank extended 4 CD loans totaling $1.7 million for the primary purpose of providing community services to LMI individuals and two CD loans totaling $2.5 million for the primary purpose of economic development.

Examples of CD loans in the AA include:

- In September 2013, WFBNA provided a $19.5 million loan for a 216-unit LIHTC affordable housing development located in Colorado Springs, Colorado. The project specifies that 214 of its 216 units must be restricted to tenants earning no more than 60 percent of the area MFI.
- In December 2016, WFBNA provided an $8.2 million loan for this multifamily housing development located in a low-income census tract in Colorado Springs, CO. The development consisted of 4 one-bedroom units and 146 two-bedroom units with 98 percent of the actual rent rates below the 2016 Fair Market Rent and affordable to tenants earning between 31 percent and 46 percent of the 2016 area MFI of $71,600.

Denver CSA AA

The level of CD lending in the Denver CSA AA is excellent. WFBNA made 135 CD loans for a total of $700 million which represents 25.5 percent of tier 1 capital. CD lending performance has a significant positive impact on the lending test rating. The institution makes significant use of innovative and/or complex CD loans and involved many complex projects where the bank often acted in a leadership role. The loans were responsive to the identified needs in the AA particularly affordable housing and small businesses. The bank made 76 CD loans totaling $600 million (85.7 percent) for the purpose of affordable housing which is a critical need in the AA. Additionally, the bank extended 30 CD loans totaling $25 million for the primary purpose of providing community services to LMI individuals, 25 CD loans totaling $40.7 million for the primary purpose of economic development, and 4 CD loans totaling $34 million to revitalize and stabilize distressed areas within the AA.

Examples of CD loans in the AA include:

- In January 2013, WFBNA provided a $15.7 million term loan for the acquisition of a 300-unit affordable housing development located in a low-income census tract in Federal Heights, Colorado. The project consisted of 38 studio units, 158 one-bedroom units, and 104 two-bedroom units. The project requires that 79 percent of the units (239-units) must have actual rental rates that are below 2013 Fair Market Rent and are affordable to tenants earning between 30 and 51 percent of the 2012 area MFI of $79,300.
- In August 2014, WFBNA provided a $9.8 million construction loan for a development located in a low-income tract in Denver, Colorado. The project included all of the units restricted to tenants earning between 30 and 60 percent of the area MFI. This development consists of 48 one-bedroom units, 36 two-bedroom units and 11 three-bedroom units. All 95 units are designed for families.

Product Innovation and Flexibility

Colorado Springs MSA AA

The institution makes limited use of innovative or flexible lending practices in order to serve AA credit needs. Under the *your*FirstMortgage loan program the bank has funded 27 loans totaling $4.7 million to LMI homebuyers that qualified under this program.

Denver-Aurora AA

The institution makes extensive use of innovative or flexible lending practices in order to serve AA credit needs. The bank launched the NeighborhoodLIFT program in the Denver CSA AA in April 2014 and more than 600 potential homebuyers attended the event and more than 250 homebuyers utilized the down payment assistance ($15,000) to purchase a home. Of the 250, WFBNA originated 95 home mortgage loans totaling $14.6 million. Under the *your*FirstMortgage loan program the bank has funded 136 loans totaling $31.4 million to LMI homebuyers that qualified under this program.

Refer to the comments in the institution Innovative or Flexible Lending Programs section of this public evaluation for additional details regarding the programs noted above.

Conclusions for Areas Receiving LS Reviews

Based on LS reviews, the bank's performance under the Lending Test in the Fort Collins MSA, Grand Junction MSA, Pueblo CSA, and CO Combined NonMetro AAs is consistent with the bank's overall excellent performance under the Lending Test in the FS areas.

Refer to Tables O through T in the State of Colorado section of appendix D for the facts and data that support these conclusions.

INVESTMENT TEST

The bank's performance under the Investment Test in the State of Colorado is rated Outstanding.

Conclusions for Areas Receiving FS Reviews

Based on FS reviews, including the data in the table below and consideration of performance context discussed in the investment test, the bank's performance in the Colorado Springs MSA AA is poor and performance in the Denver CSA AA is excellent.

Qualified Investments										
	Prior Period*		Current Period		Total				Unfunded Commitments **	
Assessment Area	#	$(000's)	#	$(000's)	#	% of Total #	$(000's)	% of Total $	#	$(000's)
Colorado Springs MSA	1	$223	115	$5,800	116	7.3	$6,023	1.2		
Denver CSA	75	$39,317	1,030	$341,520	1,105	69.9	$380,837	73.7		
Fort Collins MSA	0	$0	75	$35,441	75	4.7	$35,441	6.9		
Grand Junction MSA	1	$729	58	$26,958	59	3.7	$27,687	5.4		
Pueblo CSA	3	$715	36	$14,413	39	2.5	$15,128	2.9		
CO Combined NonMetro	4	$455	183	$51,278	187	11.8	$51,733	10.0		
Total	84	$41,439	1,497	$475,410	1,581	100.0	$516,849	100.0		

* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.
** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Colorado Springs MSA AA

The institution has a poor level of qualified CD investments and grants, but not in a leadership position, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 2.6 percent of tier 1 capital allocated to the AA.

The investments and grants reflect poor responsiveness to the needs identified in the AA including affordable housing, community services, and revitalization/stabilization for LMI individuals and geographies. Over 91.3 percent of the bank's CD investments focused on affordable housing which is an identified credit need in the AA. Additionally, the bank provided 113 grants totaling $691,983 to a variety of organizations that primarily support affordable housing, community services, and economic development.

The institution occasionally uses innovative and/or complex investments to support CD initiatives. CD Investments involved two complex projects where the bank acted in a leadership role with participations from federal, state, and local housing agencies and real estate developers.

Example of CD investment in the AA include:

- In October 2015, WFBNA invested $40 million in a LIHTC fund. Of this total investment, $4.7 million was allocated to an affordable housing development located in Woodland Park, Colorado. The development specifies that 24 units restricted to tenants earning no more than 60 percent of the area MFI. This investment is responsive to the need for affordable housing and is also complex involving multiple parties.

Denver CSA AA

The institution has an excellent level of qualified CD investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 13.9 percent of tier 1 capital allocated to the AA.

The investments and grants reflect excellent responsiveness to the needs identified in the AA including affordable housing, community services, economic development, and revitalization/stabilization for LMI individuals and geographies. Over 86.3 percent of the bank's CD investments focused on affordable housing which is an identified credit need in the AA. Additionally, the bank provided 972 grants totaling $31.9 million to a variety of organizations that primarily support affordable housing, community services, and economic development.

The institution makes significant use of innovative and/or complex investments to support CD initiatives. CD Investments involved numerous complex LIHTC and NTMC projects where the bank often acted in a leadership role with participations from federal, state, and local housing agencies and real estate developers. Additionally, the bank purchased numerous government mortgage-backed securities for the CD Investment portfolio.

Examples of CD investments in the AA include:

- In July 2016, WFBNA provided a $14.5 million LIHTC investment for the construction of an affordable housing development located in Denver, Colorado, with 99 percent of the units restricted to tenants earning between 30 and 60 percent of the area MFI. Additionally, this development meets the Priority 4 development goals of the Mayor's housing plan to increase critical needs and homeless housing and supports the goal of the City's ten-year plan to end homelessness. This activity is responsive to the identified need for affordable housing as well as the identified need for addressing homelessness. WFBNA also demonstrated multi-faceted support by providing both the construction loan ($3.4 million) and equity investment to support this affordable housing development. This activity is highly complex because it involves

multiple funding sources (including US Bank), first and second mortgages, and local government agencies.

- In November 2017, WFBNA provided a $12 million NMTC for the construction of a mixed-use project located in Denver, Colorado that includes affordable housing, a non-profit healthcare center, garden, and community center. The development provides 176 units of affordable senior housing with a ground floor health clinic and a senior activity center. The clinic will be located in a medically underserved community and will create approximately 37 new full-time jobs. The Health Care Clinic will help fill the vacancy left by the hospital (St. Anthony's) when it moved out of the community to a suburban location. The surrounding community has a high population of Medicare and Medicaid patients who will be able to access primary healthcare at the clinic and have access to a larger medical network for specialized services. This activity is responsive to the identified need for affordable housing. This activity is highly complex involving multiple parties including the Denver Housing Authority and the Denver Office of Economic Development.
- During the exam timeframe, WFBNA provided seven grants totaling $757,500 to four housing organizations through the PMP for affordable housing in the Denver CSA AA. Refer to the comments in the institution Community Development Initiatives section of this public evaluation for additional details regarding this program.

Conclusions for Areas Receiving LS Reviews

Based on LS reviews, the bank's performance under the Investment Test in the Fort Collins MSA, Grand Junction MSA, and Pueblo CSA AAs is consistent with the bank's overall excellent performance. The bank's performance in the CO Combined NonMetro AA is weaker than the bank's overall performance due primarily to a lower volume of CD investments. Performance differences in the LS AA did not impact the overall Investment Test rating for the State of Colorado.

SERVICE TEST

The bank's performance under the Service Test in Colorado is rated Outstanding.

Conclusions for Areas Receiving FS Reviews

Based on FS reviews, including the data in the tables below and consideration of performance context discussed in the service test, the bank's performance in the Colorado Springs MSA and Denver CSA AAs is excellent.

Retail Banking Services

Service delivery systems are readily accessible to geographies and individuals of different income levels in the institution's AAs, particularly LMI geographies and/or LMI individuals.

Distribution of Branch Delivery System											
Assessment Area	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)*				% of Population within Each Geography*			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Colorado Springs MSA	6.6	17	11.0	17.7	11.8	35.3	35.3	4.6	26.0	39.7	28.3
Denver CSA	77.9	98	63.6	6.1	26.5	42.9	23.5	8.6	23.9	34.4	33.0
Fort Collins MSA	3.8	7	4.5	0.0	14.3	71.4	14.3	3.5	25.8	48.8	21.9
Grand Junction MSA	2.7	4	2.6	0.0	25.0	75.0	0.0	0.0	24.5	56.4	19.1
Pueblo CSA	1.4	5	3.2	0.0	20.0	80.0	0.0	4.0	32.0	31.5	27.0
CO Combined NonMetro	7.5	23	14.9	0.0	8.7	43.5	47.8	0.0	9.1	46.7	44.2

* May not add up to 100 percent due to geographies with unknown tract income level and rounding

Distribution of Branch Openings/Closings						
Assessment Area	# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)			
			Low	Mod	Mid	Upp
Colorado Springs MSA	0	1	0	0	-1	0
Denver CSA	3	7	-1	-2	-1	0
Fort Collins MSA	0	1	0	0	-1	0
Grand Junction MSA	0	2	0	-1	-1	0
Pueblo CSA	0	3	0	-1	-1	-1
CO Combined NonMetro	0	1	0	0	-1	0

Colorado Springs MSA AA

As of December 31, 2018, WFBNA operates 17 branches and 33 ATMs in the Colorado Springs MSA AA. Of these branches, 16 are full-service locations and one is a limited-service branch. There are three branches in low-income geographies and two branches in moderate-income geographies. The branch distribution in low-income geographies exceeds the percentage of population in low-income CTs and branch distribution in moderate-income geographies is below the percentage of the population in moderate-income CTs in the AA. When considering an additional three branches within close proximity to LMI geographies, the bank's branch distribution exceeds demographics.

The institution's opening and closing of branches have not affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank closed one branch in a middle-income CT since the last evaluation.

Services, including where appropriate, business hours, do not vary in a way that inconveniences the various portions of its AA, particularly LMI geographies and/or individuals. Generally, branches are

open Monday through Thursday from 9:00 am to 5:30 pm and Friday from 9:00 am to 5:30 or 6:00 pm. Of the total branches, 11 are also open on Saturday from 9:00 am to 1:00 pm, with three branches open until 2:00 pm. All WFBNA services are available at all branches and all delivery systems discussed bank-wide are available in this AA.

Denver CSA AA

As of December 31, 2018, WFBNA operates 98 branches and 246 ATMs in the Denver CSA AA. Of these branches, 93 are full-service locations and five are limited-service branches. There are six branches in low-income geographies and 26 branches in moderate-income geographies. The branch distribution in low-income geographies is near to the percentage of the population in low-income CTs and branch distribution in moderate-income geographies exceeds the percentage of the population in moderate-income geographies in the AA. When considering an additional 11 branches within close proximity to LMI geographies, the bank's distribution significantly exceeds demographics.

The institution's opening and closing of branches have not affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank opened three branches and closed seven branches since the last evaluation. This resulted in a net loss of one branch in low-income CTs and two branches in moderate-income CTs. The closure of branches in moderate-income geographies was to consolidate with other branches nearby and did not negatively impact the distribution of branches relative to the population residing in those geographies. The bank still maintains 32 active branches or 32.6 percent within LMI geographies.

Services, including where appropriate, business hours, do not vary in a way that inconveniences the various portions of its AA, particularly LMI geographies and/or individuals. Although hours vary by branch, generally, branches are open Monday through Friday between 6:00 am to 6:00 pm, with five branches open until 7:00 pm. Of the total branches, 61 are also open on Saturday from 9:00 am to 1:00 pm, with six branches open from 9:00 am to 2:00 pm and four branches open from 10:00 am 2:00 pm. All WFBNA services are available at all branches and all delivery systems discussed bank-wide are available in this AA.

Community Development Services

The institution provides a relatively high level of CD services.

Colorado Springs MSA AA

The level of CD services in the Colorado MSA AA is good. Bank records show that employees provided their financial or job-specific expertise and/or technical assistance for 123 CD service activities to 29 organizations since the last evaluation, logging a total of 383.5 qualified hours within this AA. A majority of the bank's assistance was to organizations that provide community services to LMI individuals and families. Other activities targeted affordable housing. The bank's assistance provided was responsive to the identified needs in the AA particularly affordable housing. The following are examples of CD services provided in this AA:

- WFBNA team members provided 157.5 hours of financial education and outreach to a local community organization that utilizes community-led solutions to identify and resolve community concerns with a primary focus on education, financial stability, and health. A majority of the clients are LMI.

- A WFBNA team member provided 16 hours of Board service to a community organization that provides affordable and stable housing to communities within Colorado Springs.

Denver CSA AA

The level of CD services in the Denver CSA AA is good. Bank records show that employees provided their financial or job-specific expertise and/or technical assistance for 452 CD service activities to 91 organizations since the last evaluation, logging a total of 1,730 qualified hours within this AA. A majority of the bank's assistance was to organizations that provide community services to LMI individuals and families. Other activities targeted affordable housing and economic development. The bank's assistance provided was responsive to the identified needs in the AA particularly affordable housing. The following are examples of CD services provided in this AA:

- A WFBNA team member provided 41 hours of Board service to a community housing authority that currently builds, owns, and manages 33 percent of the total inventory of affordable housing in Boulder, making a strong contribution to City Council's goal that 10 percent of all housing is permanently affordable.
- WFBNA team members provided 28 hours of Board service and outreach to a local community organization that oversees the construction of over "Self-Help" homes for households of LMI, farm worker housing and units of affordable multifamily housing across the state.

Conclusion for Areas AA Receiving LS Reviews

Based on LS reviews, the bank's performance under the Service Test in the Grand Junction MSA and CO Combined NonMetro AAs is consistent with the bank's overall excellent performance under the Service Test in the FS areas. The performance in the Fort Collins MSA and Pueblo CSA AAs is weaker than the bank's overall performance due primarily to a lower percentage of branch distribution in LMI geographies. Performance differences in the LS AAs did not impact the overall Service Test rating for the State of Colorado.

State Rating

State of Connecticut

CRA rating for the State of (Connecticut)[23]: Outstanding
The Lending Test is rated: Outstanding
The Investment Test is rated: Outstanding
The Service Test is rated: High Satisfactory

The major factors that support this rating include:

- Excellent lending activity;
- Excellent geographic distribution of loans;
- Excellent borrower distribution of loans;
- Good level of CD loans, which has a positive impact on the Lending Test;
- WFBNA's use of flexible products has a neutral impact on the Lending Test;
- Excellent level of CD investments that are responsive to AA needs;
- Retail delivery systems are readily accessible to all portions of the AA; and
- Adequate CD services.

Description of Institution's Operations in Connecticut

WFBNA delineated one AA within Connecticut which includes the Hartford-West Hartford-East Hartford, CT MSA (Hartford MSA AA). Refer to Appendix A for a complete description of the AA. The Hartford MSA AA received a FS review. Connecticut represents the 45th largest rated area by deposits. WFBNA has $721 million of deposits representing 0.1 percent of adjusted deposits in Connecticut. WFBNA ranked eleventh amongst 29 financial institutions in the market with 1.6 percent deposit market share. The top three financial institutions in terms of deposit market share include Bank of America with 43.8 percent, Webster Bank with 9.7 percent, and United Bank with 8.0 percent. WFBNA operates 7 branches and 9 ATMs within Connecticut representing 0.1 percent of the bank's branches and 0.2 percent of the bank's ATMs. The bank originated and purchased approximately $5.3 billion in loans or 0.3 percent of total reported loan originations and purchases during the evaluation period. The bank's primary loan products in Connecticut are home mortgage and small loans to businesses.

Demographic Data

The following table provides a summary of the demographics that includes housing and business information for the Hartford MSA AA. Table A indicates that the volume of OOUs in the low-income CTs is very small and over 38 percent of families in the AA are LMI. The area's median housing value in the Hartford MSA AA is 3.1 times the area's median income, but 3.9 times moderate-, and 6.3 times low-income, indicating a limited proportion of OOUs are affordable to LMI families. Median rents and the high percentage of families below poverty level suggest rental housing is also unaffordable for many low-income residents.

[23] This rating reflects performance within the state. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan statistical area.

Table A – Demographic Information of the Assessment Area

Assessment Area: Hartford-West Hartford-East Hartford CT MSA (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	290	15.9	14.5	39.3	28.3	2.1
Population by Geography	1,212,381	11.8	14.0	41.6	31.3	1.3
Housing Units by Geography	503,113	12.9	14.7	42.8	29.6	0.0
Owner-Occupied Units by Geography	323,477	3.6	11.1	46.7	38.6	0.0
Occupied Rental Units by Geography	145,575	29.6	22.4	35.9	12.1	0.0
Vacant Units by Geography	34,061	30.2	15.7	34.6	19.3	0.2
Businesses by Geography	88,017	9.3	11.0	41.8	37.5	0.4
Farms by Geography	2,678	2.8	6.8	43.6	46.7	0.0
Family Distribution by Income Level	310,244	21.4	17.0	22.1	39.6	0.0
Household Distribution by Income Level	469,052	24.7	15.6	17.9	41.7	0.0
Median Family Income MSA - 25540 Hartford-West Hartford-East Hartford, CT MSA		$82,299	Median Housing Value			$257,503
			Median Gross Rent			$921
			Families Below Poverty Level			6.7%

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

According to the May 2018 Moody's Analytics report, Hartford's economy is in the recovery business cycle status with a well-educated workforce, above-average wages and lower living and business costs than in Boston and New York. However, the area has high exposure to state government, weak but improving demographics, sharp slowing in net out-migration and high energy costs relative to rest of nation.

Hartford has retaken the top spot in Connecticut. After languishing in 2016 and much of last year, payroll employment sprang to life late in 2017 and early in 2018 is nearing its prerecession peak. Year-ago job growth is the strongest since mid-2015 and just shy of the Northeast average. Despite the improvement, job growth is still slower and more concentrated than in most other large metro areas in the region. Professional/business services and manufacturing are the source of all the net new jobs created over the past year. Job losses in retail and government, and lackluster performance in financial services, are to blame for the narrow scope of payroll gains.

Hartford's insurance core finance industry will stabilize but will not add to job growth this year or in 2019. Industry payrolls have trended lower for the past year, as relatively high business costs have driven the outsourcing of lower-skill, back office work to cheaper areas of the country. Hartford's much larger insurance industry will expand as Travelers and Hartford will benefit from higher bond reinvestment rates, and the stalwarts should also be able to land new business and achieve higher rates on policy renewals following last year's hurricane season.

Weak state finances will remain a significant drag on Hartford's economy. The state capital has borne the brunt of large-scale cuts to state government payrolls. Meanwhile, UConn has seen appropriations

slashed to 2004 levels, forcing a hiring freeze and cost-cutting measures. This has all come in addition to local government layoffs precipitated by cuts to municipal aid. The worst is over, thanks in part to stronger than expected capital gains tax revenue. The City of Hartford's fiscal footing has also improved as the state has taken over annual debt payments on the city's general obligation bonds, effectively diffusing the threat of bankruptcy. These factors will help slow the pace of layoffs, but public sector payrolls will not turn up until the next decade.

Housing is also lagging; prices are still nine percent below their prerecession peak and rising a paltry two percent year-over-year. The largest economic sectors for employment are insurance, Aerospace, and government. Major employers include Hartford Healthcare, Pratt & Whitney/United Technologies, and University of Connecticut. According to the U.S. BLS, the unemployment rate in the 2nd quarter of 2018 was 4.3 percent, down considerably from 8.2 percent at the beginning of the evaluation period. The unemployment rate in the AA was slightly higher than the overall state at 4.1 percent for the same period.

Community Contacts

The analysis takes into consideration comments provided by a community contact in conjunction with this evaluation that serves the bank's Hartford MSA AA. The community contact represents a statewide economic development agency that serves the AA. The community contact did not mention specific information related to economic conditions in the AA but commented that the city of Hartford is the largest urban center in Connecticut and has the 5th highest poverty level in the country.

The contact went on to state that there is limited access to credit for small businesses, contractors, restaurants, small stores and small commercial strips that operate in urban centers throughout the AA. The contact also commented that there are huge pockets of urban centers throughout the AA that are underserved. Lastly, the contact stated that local institutions have not satisfied the small business credit needs in urban areas of the AA.

Considering the information from the community contact and bank management as well as demographics and economic data, small business lending represents a primary need in the Hartford MSA AA. Small business loans, particularly those for start-up businesses and micro-loans are in high demand. The AA also has CD needs including affordable housing. Opportunity exists to originate these types of loans throughout the AA; however, it is limited in the low-income geographies as reflected by the small proportion of OOUs coupled with limited home affordability for LMI individuals.

Scope of Evaluation in Connecticut

The rating for the State of Connecticut is based on FS evaluation of the bank's performance in the Hartford MSA AA. There are no LS AAs in Connecticut. A limited portion of the bank's overall lending, investments, and services were conducted in Connecticut; therefore, the performance in Connecticut received less weight in determining to the bank's overall CRA Rating.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN CONNECTICUT

LENDING TEST

The bank's performance under the Lending Test in Connecticut is rated Outstanding.

Conclusions for Area Receiving a FS Review

Based on a FS review, including the data in the tables below and consideration of performance context discussed in the lending test, the bank's performance in the Hartford MSA AA is excellent.

Lending Activity

Based on the tables below, lending levels reflect excellent responsiveness to the credit needs in its AAs taking into account the number and amount of home mortgage, small business, small farm, and CD loans originated or purchased relative to its capacity based on deposits, competition, and market presence.

Number of Loans*							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	%State Loans	%State Deposits
Hartford MSA	23,857	5,648	42	7	29,554	100.0	100.0

*The tables present the data for all assessment areas. The narrative below addresses performance in FS areas only.

Dollar Volume of Loans (000's) *							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	%State Loans	%State Deposits
Hartford MSA	$5,014,289	$307,617	$1,339	$7,620	$5,330,865	100.0	100.0

*The tables present the data for all assessment areas. The narrative below addresses performance in FS areas only.

WFBNA ranked eleventh in deposits with 1.6 percent market share in the AA. In overall HMDA lending, WFBNA ranked first with 6.8 percent market share. There is strong competition as reflected by the 438 lenders and 29 depository institutions in the AA. The 2nd and 3rd top lenders in this market were Quicken Loans with 4.3 percent market share and American Eagle FCU with 3.4 percent market share.

In small loans to businesses, WFBNA ranked tenth with a market share of 2.3 percent. There is strong competition as reflected by the 111 lenders in the AA. The top three lenders were American Express, FSB with 20.8 percent market share, US Bank with a 10.6 percent market share, and Bank of America with a 9.3 market share.

Distribution of Loans by Income Level of the Geography

The bank exhibits an excellent geographic distribution of loans in its AA.

Home Mortgage Loans

Refer to Table O in the State of Connecticut section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is excellent.

- For 2012-2016, the proportion of home mortgage loans in LMI geographies exceeds the aggregate distribution of loans in those geographies.
- The proportion of loans in LMI geographies is near to the proportion of OOUs in those geographies
- Based on the bank's performance in 2017-2018, the bank's home mortgage lending is slightly less the combined performance in 2012-2016.

Small Loans to Businesses

Refer to Table Q in the State of Connecticut section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is good.

- For 2012-2016, the proportion of the bank's small business loans in low-income geographies exceeds the aggregate distribution of loans and is near to the proportion of businesses located in those geographies.
- The proportion of loans in moderate-income geographies substantially meets the aggregate distribution of loans and is near to the proportion of businesses located in those geographies.
- Based on the bank's performance in 2017-2018, the bank's small business lending is slightly weaker than the combined performance in 2012-2016.

Distribution of Loans by Income Level of the Borrower

The bank exhibits an excellent distribution of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the institution.

Home Mortgage Loans

Refer to Table P in the State of Connecticut section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is excellent.

- The Hartford MSA AA has ownership affordability hurdles especially for LMI borrowers. As noted above, the area's median housing value is 6.3 times the income of low-income and 3.9 times the income of moderate-income borrowers indicating a limited proportion of OOUs are affordable to LMI. Despite the affordability challenges, the bank's performance in 2012-2016 to LMI borrowers exceeds the aggregate lending.
- The bank's overall home mortgage lending to low-income borrowers is well below the proportion of families and to moderate-income borrowers exceeds the proportion of families.

- Based on the bank's performance in 2017-2018, the bank's home mortgage lending is slightly lower than the combined performance in 2012-2016.

Small Loans to Businesses

Refer to Table R in the State of Connecticut section of appendix D for the facts and data used to evaluate

the borrower distribution of the bank's origination and purchase of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is good.

- For both 2012-2016 and 2017-2018 periods, the bank's distribution of small loans to businesses with revenues of $1 million or less substantially meets the aggregate small business lending data for businesses with revenues of $1 million or less and is well below the percentage of small businesses located in the AA.

Community Development Lending

The institution has made a relatively high level of CD loans.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

The level of CD lending in the Hartford MSA AA is good. WFBNA made 7 CD loans in its AA for a total of $7.6 million, which represents 9.4 percent of tier 1 capital. CD lending performance has a positive impact on the lending test rating. The loans were responsive to the identified affordable housing needs in the AA. The bank made 5 CD loans totaling $5.6 million (73.9 percent) for the purpose of affordable housing. Additionally, the bank extended 2 CD loans totaling $2 million for the primary purpose of community services to LMI individuals.

Examples of CD loans in the AA include:

- In April 2016, WFBNA provided a $27.9 million construction loan to a non-profit organization that provides affordable housing to LMI individuals. The loan amount reported of $2.8 million is 9.9 percent of the total loan amount and reflective of the proportional amount that will provide affordable housing. This development is located in Simsbury, CT with 99 percentage of the units restricted to tenants earning 80 percent of the area MFI.
- In November 2013, WFBNA renewed a $1.0 million working capital line of credit to a nonprofit organization with a primary mission of ending hunger as a part of the overall community effort to alleviate poverty in Greater Hartford. This organization accomplishes this mission through increasing self-sufficiency for those in need, increasing engagement of the larger community, and improving food assistance. Over 95 percent of its clients are LMI individuals as they earn less than 80 percent of the area MFI.

Product Innovation and Flexibility

The institution makes limited use of innovative and/or flexible lending practices in order to serve AA credit needs. Under the *your*FirstMortgage loan program the bank has funded 16 loans totaling $2.5 million to LMI homebuyers that qualified under this program. Refer to the comments in the institution

Innovative or Flexible Lending Programs section of this public evaluation for additional details regarding this program.

INVESTMENT TEST

The bank's performance under the Investment Test in the State of Connecticut is rated Outstanding.

Conclusions for Area Receiving a FS Review

Based on a FS review, including the data in the table below and consideration of performance context discussed in the investment test, the bank's performance in the Hartford MSA AA is excellent.

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments **	
	#	$(000's)	#	$(000's)	#	% of Total #	$(000's)	% of Total $	#	$(000's)
Hartford MSA	1	$2,098	98	$22,432	99	100.0	$24,530	100.0		

* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.
** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Hartford MSA AA

The institution has an excellent level of qualified CD investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 30.1 percent of tier 1 capital allocated to the AA.

The investments and grants reflect excellent responsiveness to the needs identified in the AA including affordable housing, community services, economic development, and revitalization/stabilization for LMI individuals and geographies. Over 97.1 percent of the bank's CD investments focused on affordable housing which is an identified credit need in the AA. Additionally, the bank provided 93 grants totaling $1.3 million to a variety of organizations that primarily support affordable housing, community services, and economic development.

The institution makes significant use of innovative and/or complex investments to support CD initiatives. CD Investments involved several complex LIHTC projects where the bank often acted in a leadership role with participations from federal, state, and local housing agencies and real estate developers. Additionally, the bank purchased several state tax credits for the CD Investment portfolio.

Examples of CD investments in the AA include:

- In December 2015, WFBNA invested $50.1 million in a LIHTC fund. Of this total investment, $11.2 million was allocated to a development located in Vernon, Connecticut, with 83 units restricted to tenants earning no more than 60 percent of the area MFI. This activity is responsive to the identified need for affordable housing.
- In December 2013, WFBNA invested $117,531 in The Connecticut Neighborhood Assistance Act Tax Credit Program. The program provides community-based alcoholism prevention or treatment programs; neighborhood assistance; job training; education; community services;

crime prevention; construction or rehabilitation of dwelling units for families of LMI in the AA; funding for open space acquisitions; child day care facilities; child care services; and any other program which serves LMI families.

- In August 2015, WFBNA invested $95.5 million in the WFCIH Investment Fund III - Bank of America Tranche 2, a LIHTC fund. Of this total investment, $9.8 million was allocated to a development located in New Britain, Connecticut, with 70 units restricted to tenants earning no more than 60 percent of the area MFI. This activity is responsive to the identified need for affordable housing.

SERVICE TEST

The bank's performance under the Service Test in Connecticut is rated High Satisfactory.

Conclusions for Area Receiving a FS Review

Based on a FS review, including the data in the tables below and consideration of performance context discussed in the service test, the bank's performance in the Hartford MSA AA is good.

Retail Banking Services

Service delivery systems are readily accessible to geographies and individuals of different income levels in the institution's AA, particularly LMI geographies and/or LMI individuals.

Distribution of Branch Delivery System											
Assessment Area	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				% of Population within Each Geography*			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Hartford MSA	100.0	7	100.0	14.3	14.3	57.1	14.3	12.5	14.1	37.7	34.3

* May not add up to 100 percent due to geographies with unknown tract income level and rounding

Distribution of Branch Openings/Closings						
Assessment Area	# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)			
			Low	Mod	Mid	Upp
Hartford MSA	0	1	0	0	-1	0

Hartford MSA AA

As of December 31, 2018, WFBNA operates seven branches and nine ATMs in the Hartford MSA AA. All of these branches are full-service locations. There is one branch in a low-income CT and one branch in a moderate-income CT. The branch distribution in LMI geographies exceeds the percentage of the population in LMI CTs in the AA.

The institution's opening and closing of branches have not affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank closed one branch since the last evaluation, within a middle-income CT.

Services, including where appropriate, business hours, do not vary in a way that inconveniences the various portions of its AA, particularly LMI geographies and/or individuals. Generally, branches are open Monday through Friday from 9:00 am to 5:00 pm. All except one branch are open on Saturday from 9:00 am to 12:00 pm. All WFBNA services are available at all branches and all ADS discussed bank-wide are available in this AA.

Community Development Services

Hartford MSA AA

The institution provides an adequate level of CD services.

The level of CD services in the Hartford CSA AA is adequate. Bank records show that employees provided their financial or job-specific expertise and/or technical assistance for 25 CD service activities to 13 organizations since the last evaluation, logging a total of 103 qualified hours within this AA. A majority of the bank's assistance was to organizations that provide community services to LMI individuals and families. Other activities targeted economic development.

The following are examples of CD services provided in this AA:

- A WFBNA team member provided 20 hours of Board service to a local community organization that works to strengthen neighborhood economies by providing flexible financial and technical support to small businesses, community organizations, via initiatives in targeted communities consisting of LMI business owners throughout Connecticut.
- A WFBNA team member provided 18 hours of financial education to a community organization that delivers educational programming focused on financial education, work readiness, and entrepreneurship to students from kindergarten through high school. According to the organization, as of May 2018, 68 percent of its clients are LMI individuals as they earn less than 80 percent of the area MFI.

State Rating

State of Delaware

CRA rating for the State of (Delaware)[24]: Satisfactory
The Lending Test is rated: High Satisfactory
The Investment Test is rated: Low Satisfactory
The Service Test is rated: Needs to Improve

The major factors that support this rating include:

- Excellent lending activity;
- Adequate geographic distribution of loans;
- Good borrower distribution of loans;
- Poor level of CD loans was originated;
- WFBNA's use of flexible products has a neutral impact on the Lending Test;
- Adequate level of CD investments;
- Retail delivery systems are unreasonably inaccessible to portions of the AA; and
- Very poor CD services.

Description of Institution's Operations in Delaware

WFBNA delineated one AA within Delaware which includes the Salisbury, DE MSA (Salisbury MSA AA). Refer to Appendix A for a complete description of the AA. The Salisbury MSA AA received a FS review. Delaware represents the 51th largest rated area by deposits. WFBNA has $199 million representing 0 percent of deposits in Delaware. WFBNA ranked 16th out of 24 institutions with a 0.3 percent market share. The top three banks in the AA in terms of deposits include Discover Bank with a market share of 89.4 percent, PNC Bank with a market share of 2.2 percent, and Manufacturers and Traders Trust with a market share of 1.7 percent. WFBNA operates 2 branches and 3 ATMs within Delaware, representing 0 percent of the bank's branches and 0 percent of the bank's ATMs. The bank originated and purchased approximately $2.9 billion in loans or 0.2 percent of total loan originations and purchases during the evaluation period. The bank's primary loan products in the Delaware are home mortgage and small loans to businesses.

Demographic Data

The following table provides a summary of the demographics that includes housing and business information for the Salisbury MSA AA. Table A indicates that there are no low-income CTs and over 39 percent of families in the AA are LMI. The area's median housing value in the Salisbury MSA AA is 5.2 times the area's median income e, but 6.6 times moderate-, and 10.5 times low-income, indicating a limited proportion of OOUs are affordable to LMI families. Median rents and the high percentage of families below poverty level suggest rental housing is also unaffordable for many low-income residents.

[24] This rating reflects performance within the state. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan statistical area.

Table A – Demographic Information of the Assessment Area

Assessment Area: Salisbury DE MSA (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	53	0.0	13.2	66.0	20.8	0.0
Population by Geography	197,145	0.0	14.8	73.2	12.1	0.0
Housing Units by Geography	119,482	0.0	9.9	66.9	23.1	0.0
Owner-Occupied Units by Geography	60,623	0.0	11.8	73.5	14.7	0.0
Occupied Rental Units by Geography	15,121	0.0	19.7	71.2	9.1	0.0
Vacant Units by Geography	43,738	0.0	4.0	56.3	39.7	0.0
Businesses by Geography	13,630	0.0	12.6	67.6	19.7	0.0
Farms by Geography	760	0.0	15.0	76.3	8.7	0.0
Family Distribution by Income Level	51,255	20.4	19.3	21.9	38.5	0.0
Household Distribution by Income Level	75,744	22.3	17.3	19.6	40.8	0.0
Median Family Income MSA - 41540 Salisbury, MD-DE MSA		$60,486	Median Housing Value			$317,846
			Median Gross Rent			$869
			Families Below Poverty Level			8.0%

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

According to the July 2018 Moody's Analytics report, the Salisbury economy is healthy but far from spectacular. Payroll employment is up so far this year, but only by enough to make up for the losses at the end of 2017. Retail and leisure/hospitality, which employ one-third of the workforce, have not added significantly to employment growth since early 2017. Education and healthcare are doing somewhat better, and a building boom is lifting construction payrolls, which are up by one-third from their 2012 low. Strong population gains are powering rapid workforce gains, limiting wage increases. Hourly earnings have risen since late 2017, but lag pay in the rest of Delaware and U.S. by a larger margin.

The strong population trends and a steady influx of visitors will lead to faster job growth in private services. At 1.5 percent, population growth last year was easily the fastest among northeast metro areas. Salisbury's coastal locale and low living costs will attract more migrants, particularly retiring baby boomers from elsewhere in the region. To meet the needs of a fast-growing and fast-graying population, healthcare facilities will expand. Citing blistering population gains, Beebe Healthcare is pursuing a $180 million expansion that will add an emergency room and cancer center. The attributes that draw migrants to the Salisbury MSA also attract tourists. Salisbury is within driving distance of several regional population centers, and it boasts an enviable waterfront landscape; Sussex and Worcester counties are flanked to the east by the Atlantic Ocean, while Somerset County opens up onto the iconic Chesapeake Bay. Tourism gains will ensure that local retailers, hotels and restaurants confidently raise headcounts.

The outlook for the housing market is good due to a fast-growing population. Amid robust household formation, home sales in the Salisbury MSA AA grew steadily throughout 2017. Affordability is below average, and with mortgage rates climbing, housing demand has suffered. Single-family housing starts

have also retreated, but have doubled from their lowest level and have lagged the upturn in sales. Single-family housing is also undervalued, a plus for prices. In the five years since the market bottomed, prices are up 16 percent in the Salisbury MSA, compared with over 45 percent nationally. Strong net migration and job creation will lift demand for housing and fuel bigger gains in prices and construction in 2019.

The largest employers in the Salisbury MSA AA include Peninsula Regional Medical Center, Beebe Medical Center, and Salisbury University. According to the U.S. BLS, the unemployment rate for Salisbury was 4.8 percent compared to 3.7 percent for the State of Delaware. The area unemployment rate has come down considerably from 8.9 percent in 2012.

Community Contacts

The analysis takes into consideration comments provided by a community contact that serves the bank's Salisbury MSA AA. The community contact was a CRA listening session that included bank regulators and representatives from non-profit community organizations.

The listening session covered a number of topics including banks' involvement in community projects, local economy, areas in the community that are ignored, poverty and unemployment, local politics and wealth, lack of funding for small businesses, population growth and lack of jobs, minimum wage and unaffordable market rate housing, and education deficiency.

Considering the information from the community contact, bank management, and demographic and economic data, affordable housing loans represent a primary credit need for the Salisbury MSA AA. Small business loans, particularly those for start-up businesses and micro-loans are also in high demand. Opportunity exists to originate these types of loans throughout the AA including moderate-income areas. The Salisbury MSA AA also has CD needs including affordable housing, financial literacy training for LMI individuals, and small business owners and economic development.

Scope of Evaluation in Delaware

The rating for the State of Delaware is primarily based on FS evaluation of the bank's performance in the Salisbury MSA AA. A limited portion of the bank's overall lending, investments, and services were conducted in the State of Delaware; therefore, the performance in the state received less weight in determining the bank's overall CRA Rating.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN DELAWARE

LENDING TEST

The bank's performance under the Lending Test in Delaware is rated High Satisfactory.

Conclusions for Area Receiving a FS Review

Based on FS review, including the data in the tables below and consideration of performance context discussed in the lending test, the bank's performance in the Salisbury MSA AA is good.

Lending Activity

Based on the tables below, lending levels reflect an excellent responsiveness to credit needs in its AAs taking into account the number and amount of home mortgage, small business, small farm, and CD loans originated or purchased relative to its capacity based on deposits, competition, and market presence.

Number of Loans					
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total
Salisbury MSA	11,506	1,214	24	1	12,745

Dollar Volume of Loans (000's)					
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total
Salisbury MSA	$2,898,675	$61,993	$1,219	$2,095	$2,963,982

WFBNA ranked 16thst in deposits with a 0.3 percent market share in the AA. In overall HMDA lending, WFBNA ranked first with 12.5 percent market share. There is strong competition as reflected by the 365 lenders and 24 depository institutions in the AA. The 2nd and 3rd top lenders in this market are NVR Mortgage with a 5.4 percent market share and Quicken with a 3.5 percent market share.

In small loans to businesses, WFBNA ranked eighth with a market share of 3.4 percent. There is strong competition in the market with approximately 76 lenders. The top three lenders were The American Express, FSB with a market share of 16.9 percent, PNC Bank with a market share of 13.6 percent, and Capital One Bank with a market share of 8.7 percent.

Distribution of Loans by Income Level of the Geography

The bank exhibits an adequate geographic distribution of loans in its AA.

Home Mortgage Loans

Refer to Table O in the State of Delaware section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is adequate.

- The AA contains no low-income tracts so our assessment focused on the bank's performance in moderate-income tracts.
- For 2012-2016, the proportion of loans in moderate-income geographies is below the aggregate distribution of loans and is well below the proportion of OOUs in those geographies.
- Based on the bank's performance in 2017-2018, the bank's home mortgage lending is slightly below the combined performance in 2012-2016.

Small Loans to Businesses

Refer to Table Q in the State of Delaware section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is poor.

- The AA contains no low-income tracts so our assessment focused on the bank's performance in moderate-income tracts.
- For 2012-2016, the proportion of loans in moderate-income geographies is below both the aggregate distribution of loans and the proportion of businesses in those geographies
- The bank's small business lending in 2017-2018 is very poor and significantly below the combined performance in 2012-2016. As such, the overall rating for this performance was lowered to poor.

Distribution of Loans by Income Level of the Borrower

The bank exhibits a good distribution of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the institution.

Home Mortgage Loans

Refer to Table P in the State of Delaware section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is good.

- There are homeownership affordability hurdles in the AA especially for LMI borrowers. As noted above, the area's median housing value is 10.5 times the income of low-income and 6.6 times the income of moderate-income borrowers indicating a limited proportion of OOUs are affordable to LMI. Despite the affordability challenges, the bank's performance in 2012-2016 to low-income borrowers exceeds the aggregate lending and is significantly below the proportion of families.
- The bank's overall home mortgage lending to moderate-income borrowers substantially meets the aggregate distribution of loans and is well below the proportion of families.
- Based on the bank's performance in 2017-2018, the bank's home mortgage lending is slightly lower than the combined performance in 2012-2016.

Small Loans to Businesses

Refer to Table R in the State of Delaware section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is good.

- For both 2012-2016 and 2017-2018 periods, the bank's distribution of small loans to businesses with revenues of $1 million or less exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is well below the percentage of small businesses located in the AA.

Community Development Lending

The institution has made a low level of CD loans.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

The level of CD lending in the Salisbury MSA AA is poor. WFBNA made only one CD loan in its AA for a total of $2 million, which represents 9.1 percent of tier 1 capital. CD lending performance has a neutral impact on the lending test rating. Although the loan represented a significant amount of tier 1 capital due to its size, the bank only originated one loan during the six-year time period. The loan was responsive to the identified affordable housing needs in the AA.

Example of a CD loan in the AA includes:

- In January 2016, WFBNA provided a $33 million line of credit to a Tax Credit Investment Fund. Of that total, $2.0 million was allocated to an affordable housing development located in Seaford, Delaware. The loan proceeds were used to bridge the gap between the receipt of capital contributions from investors and the payment of equity investments to operating partnerships that own the LIHTC projects.

Product Innovation and Flexibility

The institution makes limited use of innovative and/or flexible lending practices in order to serve AA credit needs. Under the *your*FirstMortgage loan program the bank has funded 14 loans totaling $2.2 million to LMI homebuyers that qualified under this program. Refer to the comments in the institution Innovative or Flexible Lending Programs section of this public evaluation for additional details regarding this program.

INVESTMENT TEST

The bank's performance under the Investment Test in the State of Delaware is rated Low Satisfactory.

Conclusions for Area Receiving a FS Review

Based on a FS review, including the data in the table below and consideration of performance context discussed in the investment test, the bank's performance in the Salisbury MSA AA is adequate.

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments **	
	#	$(000's)	#	$(000's)	#	% of Total #	$(000's)	% of Total $	#	$(000's)
Salisbury MSA	0	0	7	$2,228	7	100.0	$2,228	100.0		

* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.
** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Salisbury MSA AA

The institution has an adequate level of qualified CD investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 9.9 percent of tier 1 capital allocated to the AA.

The investments and grants reflect adequate responsiveness to the needs identified in the AA including affordable housing. All of the bank's CD investments focused on affordable housing which is an identified credit need in the AA. Additionally, the bank provided 6 grants totaling $27,500 to organizations that primarily support affordable housing.

The institution rarely uses innovative and/or complex investments to support CD initiatives. CD Investments involved one complex project where the bank acted in a leadership role with participations from federal, state, local housing agency, and real estate developers.

Example of a CD investment in the AA includes:

- In December 2015, WFBNA invested $50.1 million in a LIHTC. Of this total investment, $2.0 million was allocated to a development located in Seaford, Delaware, with 17 units restricted to tenants earning no more than 60 percent of the area MFI. This activity is responsive to the identified need for affordable housing.

SERVICE TEST

The bank's performance under the Service Test in Delaware is rated Needs to Improve.

Conclusions for Area Receiving a FS Review

Based on a FS review, including the data in the tables below and consideration of performance context discussed in the service test, the bank's performance in the Salisbury MSA AA is poor.

Retail Banking Services

Delivery systems are unreasonably inaccessible to portions of the AA, particularly LMI geographies and/or LMI individuals.

Distribution of Branch Delivery System											
Assessment Area	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				% of Population within Each Geography*			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Salisbury MSA	100.0	2	100.0	0.0	0.0	0.0	100.0	0.0	10.1	76.4	13.5

* May not add up to 100 percent due to geographies with unknown tract income level and rounding

Distribution of Branch Openings/Closings						
Assessment Area	# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)			
			Low	Mod	Mid	Upp
Salisbury MSA	0	0	0	0	0	0

Salisbury MSA AA

As of December 31, 2018, WFBNA operates two branches and three ATMs in the Salisbury MSA AA. Both of these branches are full-service locations. There are no branches in LMI geographies; therefore, the branch distribution in LMI geographies is significantly below the percentage of the population in moderate-income CTs in the AA. Additionally, there are no branches within close proximity to LMI geographies.

The bank did not open or close any branches during the evaluation period.

Services, including where appropriate, business hours, vary in a way that inconveniences the various portions of its AA, particularly LMI geographies and/or individuals. Generally, branches are open Monday through Thursday from 9:00 am to 6:00 pm, and Friday from 9:00 am to 6:00 pm. One branch is open on Saturday from 9:00 am to 2:00 pm. All WFBNA services are available at all branches and all ADS discussed bank-wide are available in this AA.

Community Development Services

Salisbury MSA AA

The institution provides few if any CD services.

The level of CD services in the Salisbury MSA AA is very poor. Bank records show that employees provided their financial or job-specific expertise and/or technical assistance for one CD service activity since the last evaluation, logging a total of two qualified hours within this AA. This activity consisted of a WFBNA team member providing two hours of financial education to an organization whose mission is to work towards the elimination of poverty and to lessen the effects of poverty on low-income people.

State Rating

State of Florida

CRA rating for the State of Florida[25]: Outstanding
The Lending Test is rated: Outstanding
The Investment Test is rated: High Satisfactory
The Service Test is rated: Outstanding

The major factors that support this rating include:

- Excellent lending activity;
- Good distribution of loans by borrower profile;
- Good geographic distribution of loans;
- WFBNA is a leader in providing CD loans, which has a significant positive impact on the Lending Test;
- WFBNA's use of flexible products has a positive impact on the Lending Test;
- Good level of investments that are responsive to AA needs;
- Retail delivery systems are readily accessible to all portions of the AA; and
- WFBNA is a leader in providing CD services that are responsive to the needs of the bank's AA.

Description of Institution's Operations in Florida

WFBNA delineated 17 AAs within Florida including the Miami-Fort Lauderdale-Port St. Lucie, FL CSA (Miami CSA AA), Orlando-Deltona-Daytona Beach, FL CSA (Orlando CSA AA), Tampa-St. Petersburg-Clearwater, FL MSA (Tampa MSA AA), Cape Coral-Fort Meyers-Naples, FL CSA (Cape Coral CSA AA), Crestview-Fort Walton Beach-Destin, FL MSA (Crestview MSA AA), Gainesville, FL MSA (Gainesville MSA AA), Homosassa Springs, FL MSA (Homosassa Springs MSA AA), Jacksonville, FL MSA (Jacksonville MSA AA), Lakeland-Winter Haven, FL MSA (Lakeland MSA AA), North Port-Sarasota, FL CSA (North Port CSA AA), Ocala, FL MSA (Ocala MSA AA), Palm Bay-Melbourne-Titusville, FL MSA (Palm Bay MSA AA), Panama City, FL MSA (Panama City MSA AA), Pensacola-Ferry Pass-Brent, FL MSA (Pensacola MSA AA), Sebring, FL MSA (Sebring MSA AA), Tallahassee, FL MSA (Tallahassee MSA AA), and FL Combined Non-Metros (FL Combined NonMetro AA). Refer to Appendix A for a complete description of each AA.

The Miami CSA, Orlando CSA, and Tampa MSA AAs received FS review. These areas accounted for the largest portion of the lending (65.5 percent) and deposits (72.2 percent) amongst the AAs in Florida. WFBNA has $79.4 billion of deposits in Florida representing 6.3 percent of adjusted deposits. Florida represents the second largest rated area in terms of deposits. WFBNA operates 588 branches and 1,168 ATMs within Florida, representing 10.5 percent of the bank's branches and 8.6 percent of the bank's ATMs. The bank originated and purchased approximately $115.8 billion in loans or 6.3 percent of total reported loan originations and purchases during the evaluation period. The bank's primary loan products in the Florida are home mortgage and small loans to businesses.

[25] This rating reflects performance within the state. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan statistical area.

Miami CSA AA

Within the Miami CSA AA, the bank had $37.6 billion deposits and ranked second amongst 96 financial institutions in the market with 15.0 percent market share. Bank of America ranked first with 17.5 percent market share. WFBNA operates 218 branches and 494 ATMs in the AA.

Orlando CSA AA

Within the Orlando CSA AA, the bank had $9.7 billion deposits and ranked third amongst 51 financial institutions in the market with 14.8 percent market share. SunTrust Bank and Bank of America ranked 1st and 2nd with 21.1 percent and 19.4 percent market share, respectively. WFBNA operates 79 branches and 144 ATMs in the AA.

Tampa MSA AA

Within the Tampa MSA AA, the bank had $9.9 billion deposits and ranked third amongst 56 financial institutions in the market with 11.7 percent market share. Raymond James Bank and Bank of America ranked 1st and 2nd with 23.1 percent and 16.6 market share, respectively. WFBNA operates 76 branches and 146 ATMs in the AA.

Demographic Data

Miami CSA AA

The following table provides a summary of the demographics that includes housing and business information for the Miami CSA AA. Table A indicates that the volume of OOUs is very small in low-income CTs and over 39 percent of families in the AA are LMI. The area's median housing value in the Miami CSA AA is four times the highest MSA median income, but five times moderate-, and eight times low-income, indicating a limited proportion of OOUs area affordable to LMI. Median rents and the significant percentage of families below poverty level suggest rental housing is also unaffordable for many low-income residents.

Table A – Demographic Information of the Assessment Area

Assessment Area: Miami-Fort Lauderdale-Port St Lucie FL CSA (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	1,325	5.7	25.5	34.5	32.2	2.2
Population by Geography	6,126,770	4.5	26.5	36.6	32.1	0.3
Housing Units by Geography	2,731,557	4.7	26.4	37.1	31.8	0.0
Owner-Occupied Units by Geography	1,498,627	1.9	22.1	38.7	37.3	0.0
Occupied Rental Units by Geography	740,843	9.9	36.1	34.7	19.3	0.0
Vacant Units by Geography	492,087	5.2	24.9	35.8	34.0	0.1
Businesses by Geography	826,356	3.3	21.3	32.0	42.5	0.8
Farms by Geography	14,339	2.8	22.4	35.2	39.3	0.3
Family Distribution by Income Level	1,463,623	22.1	17.5	19.1	41.3	0.0
Household Distribution by Income Level	2,239,470	24.3	16.2	17.2	42.3	0.0

Median Family Income MSA - 22744 Fort Lauderdale-Pompano Beach-Deerfield Beach, FL	$62,619	Median Housing Value	$278,564
Median Family Income MSA - 33124 Miami-Miami Beach-Kendall, FL MD	$50,065	Median Gross Rent	$1,092
Median Family Income MSA - 38940 Port St. Lucie, FL MSA	$56,832	Families Below Poverty Level	10.8%
Median Family Income MSA - 42680 Sebastian-Vero Beach, FL MSA	$57,477		
Median Family Income MSA - 48424 West Palm Beach-Boca Raton-Delray Beach, FL MD	$64,445		

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

Miami-Fort Lauderdale-West Palm Beach, FL MSA

According to the August 2018 Moody's Analytics report, Miami's economy is slowing. The unemployment rate has declined one-half percentage point over the last three months after hovering near 4.8 percent for more than a year. The tightening job market has not yet boosted wages, which have not budged over the last year. Home price growth, which was less than half the U.S. rate at the start of the year, has closed to within a fraction of the nationwide pace.

Since Miami's wealthy sustain their lifestyle with nonwage income, the area's gross domestic product has increased even as wage growth stagnates. But since this income growth is not broad-based, its impact on the local economy will be limited mostly to the well-to-do enclaves flanking the central business district and in Miami Beach. The largest employers in Miami include University of Miami, Jackson Health System, and Publix Super Markets Inc.

According to the August 2018 Moody's Analytics report, Fort Lauderdale's economy is in the late stage of its expansion. The area's unemployment rate has trickled down just 0.3 percentage point over the last year. After tumbling in the spring, wages have increased back over the summer and now equal the high reached at the beginning of the year. However, the U.S. dollar will strengthen against most world currencies over the next two years as the Federal Reserve normalizes monetary policy. Tourism falters as a result of the stronger dollar, which disproportionately affects South Florida as it is the second most popular destination for overseas travelers, after New York.

According to the August 2018 Moody's Analytics report, even though West Palm Beach's unemployment rate is hovering just above the lowest rate ever recorded, average hourly wages over the last two years have not increased. In the last year, job growth has been especially weak in healthcare, which has shed a record number of positions.

Residential construction will surge in the Miami CSA AA because the rate of homebuilding in the region is unsustainably low. Among the 20 most populated metro areas in the U.S., South Florida ranks 8th in population growth and 15th in number of permits issued over the last five years.

According to the U.S. BLS, the unemployment rate for Miami MSA for the third quarter of 2018 was 4.5 percent and has significantly decreased from 8.3 percent at the beginning of the evaluation period. The unemployment rate for Fort Lauderdale and West Palm Beach was lower than Miami and also

significantly decreased from the beginning of the evaluation period. The unemployment rate for the Miami MSA was higher than the overall state of Florida at 3.7 percent for the same period.

Port St Lucie, FL MSA

According to the December 2018 Moody's Analytics report, Port St. Lucie's total employment accelerated for the rest of the year, overtaking the robust Florida average by November 2018. Healthcare and consumer industries are contributing the bulk of net new jobs, powered by the large senior population and robust visitor arrivals. The tight labor market is lifting average hourly earnings. Healthcare will remain the area's primary growth engine, as the area has gained a reputation as a retiree haven, fueling robust in-migration.

The largest employers in Port St. Lucie include Martin Health System, Indian River State College, and Wal-Mart Stores Inc. The housing market is gaining momentum. Fueled by several years of above-average house price appreciation, single family construction is picking up.

According to the U.S. BLS, the unemployment rate for Port St. Lucie for the fourth quarter of 2018 was 4.2 percent and has significantly decreased from 10.1 percent at the beginning of the evaluation period. The unemployment rate for Port St. Lucie was higher than the overall state of Florida at 3.7 percent for the same period.

Sebastian-Vero Beach, FL MSA

According to the December 2018 Moody's Analytics report, Sebastian's labor market strengthened appreciably as 2018 progressed, and the area is keeping pace with fast-growing Florida in job growth after trailing it since late 2017. Key construction and healthcare industries are leading the way and have contributed nearly two-thirds of the net new jobs created since mid-2018. The tight labor market has caused average hourly earnings to surge, and wages are rising at a much faster pace than in the state and the nation.

The area will grow over the near term as favorable demographic trends and increased tourism power job growth in private services, and in healthcare and leisure/hospitality in particular. The largest employers in Sebastian include Indian River Medical Center, Publix Super Markets Inc., and Piper Aircraft Inc.

The housing market is mixed. Low inventories and affordability are weighing on sales, but housing starts are at a multiyear high and rising faster than elsewhere in Florida and the nation. Strong demand from rapid population growth and household formation will push home sales higher in 2019, and price appreciation will exceed the U.S. average by a comfortable margin.

According to the U.S. BLS, the unemployment rate for Sebastian for the fourth quarter of 2018 was 4.5 percent and has significantly decreased from 11 percent at the beginning of the evaluation period. The unemployment rate was higher than the overall state of Florida at 3.7 percent for the same period.

Community Contacts

The analysis takes into consideration comments provided by three community contacts that serve the bank's Miami CSA AA. One community contact is a community development corporation serving West Palm Beach that advocates fair and equal access to financial services/products and increased community investments for the AA. One community contact is a Community Needs Assessment (CNA)

group sponsored by a large bank in the AA. The CNA group is comprised of nine participants representing various non-profit organizations that serve the AA. One community contact is a nonprofit community-based organization dedicated to building and supporting strong economies and diverse communities in Palm Beach County.

The community development corporation indicated that affordable housing continues to be a major concern in West Palm Beach, as the MSA has the largest share of house burdened families in the State for rental and owner-occupied housing. Strategies to provide and preserve affordable housing are imperative for the AA.

The nonprofit community-based organization contact indicated that West Palm Beach, Lake Worth, Boynton Beach, and Riviera Beach have low-income pockets. The unincorporated portions of Palm Beach County have high unemployment rates, a lack of job opportunities, and substandard housing conditions. In Palm Beach County, many areas have not recovered from the housing crisis. As a result, abandoned properties are very common in the AA. Local financial institutions need to work with non-profit organizations to address the growing need for affordable homes that match the wages of LMI workers.

The CNA group contact mentioned that twenty percent of the AA are low-income single parent households, who live in poverty due to lack of a solid paying job and affordable child care options. The most pressing needs for the AA are affordable housing, access to capital for small businesses and entrepreneurs, and access to employment opportunities. There is a need for soft skills training, especially for high school youth and college students, access to quality education, including vocational and entrepreneurship training, financial literacy, working space for artists, and long-term funding for the arts/ museums.

Considering the information from the community contact and bank management as well as demographic and economic data, affordable housing and small business loans represent a primary credit need for the Miami CSA AA. Opportunity exists to originate these types of loans throughout the AA; however, it is limited in the low-income geographies as reflected by the small proportion of OOUs and small businesses coupled with limited home affordability for LMI individuals.

Orlando CSA AA

The following table provides a summary of the demographics that includes housing and business information for the Orlando CSA AA. Table A shows a very small proportion of tracts and population are low-income. The volume of OOUs is even smaller in the low-income tracts and over 38 percent of families in the AA are LMI. The area's median housing value in the Orlando CSA AA is four times the highest MSA median income, but five times moderate-, and eight times low-income, indicating a limited proportion of OOUs are affordable to LMI individuals. Median rents and the significant percentage of families below poverty level suggest rental housing is also unaffordable for many low-income residents.

Table A – Demographic Information of the Assessment Area

Assessment Area: Orlando-Deltona-Daytona Beach FL CSA (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	541	2.6	24.8	44.2	27.9	0.6
Population by Geography	2,818,120	1.4	24.4	44.8	29.2	0.2
Housing Units by Geography	1,264,451	1.5	24.9	46.2	27.5	0.0
Owner-Occupied Units by Geography	721,935	0.7	18.3	48.1	32.9	0.0
Occupied Rental Units by Geography	321,936	3.0	38.8	41.2	16.9	0.0
Vacant Units by Geography	220,580	1.8	26.2	46.8	25.2	0.0
Businesses by Geography	299,711	1.1	22.6	41.0	35.4	0.0
Farms by Geography	8,377	0.8	19.0	49.5	30.6	0.1
Family Distribution by Income Level	701,256	19.9	18.6	21.1	40.4	0.0
Household Distribution by Income Level	1,043,871	22.1	17.6	19.3	41.0	0.0
Median Family Income MSA - 45540 The Villages, FL MSA		$51,268	Median Housing Value			$218,157
Median Family Income MSA - 36740 Orlando-Kissimmee-Sanford, FL MSA		$58,474	Median Gross Rent			$999
Median Family Income MSA - 19660 Deltona-Daytona Beach-Ormond Beach, FL MSA		$55,217	Families Below Poverty Level			9.0%

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

Orlando-Kissimmee-Sanford FL MSA

According to the August 2018 Moody's Analytics report, Orlando's economy is at full employment. The jobless rate has hovered near 3.4 percent since the beginning of 2018 as the labor market has added jobs and employees at roughly the same rates. Steadiness in the labor market has spilled over to the housing market as the median sale price for single-family homes surged 9.8 percent over the prior year. This was the second biggest increase in the state.

Abundant jobs in tourism and retail have made Orlando the state's mecca for young adults, and this large cohort explains why wages and homeownership rank among the nation's lowest for major metro areas. The largest employers in Orlando include Walt Disney World Resort, Universal Orlando (Comcast), and Adventist Health System/Florida Hospital.

According to the U.S. BLS, the unemployment rate for the MSA for the third quarter of 2018 was 3.2 percent and has significantly decreased from 8.4 percent at the beginning of the evaluation period. The unemployment rate in the AA was lower than the overall state of Florida at 3.7 percent for the same period.

Deltona-Daytona Beach-Ormond Beach FL MSA

According to the December 2018 Moody's Analytics report, Daytona Beach's economy is taking a breather following several quarters of steady job gains. Total employment dipped at the end of 2018,

dragging down year-ago growth to its lowest since the third quarter of 2018. A slowdown in education/healthcare is largely to blame.

Private services will be the MSA's primary growth engine. Moreover, robust population growth led by an influx of retiring baby boomers will keep demand for hospital and primary care services elevated, and health providers will hire with confidence and even expand infrastructure. The largest employers in the MSA include Halifax Medical Center, Publix Super Markets Inc., and Florida Hospital Ormond Memorial. Residential real estate market will remain in good shape. Homes in the MSA are more affordable than those statewide and in other retiree havens such as Naples, North Port, and Port St. Lucie.

According to the U.S. BLS, the unemployment rate for the MSA for the fourth quarter of 2018 was 3.8 percent and has significantly decreased from 9.6 percent at the beginning of the evaluation period. The unemployment rate in the AA was slightly higher than the overall state of Florida at 3.7 percent for the same period.

The Villages FL MSA

According to the December 2018 Moody's Analytics report, the Villages economy is improving. After a tumultuous 2018, job growth is once again accelerating and exceeds the Florida and U.S. averages. Employment in retail, leisure/hospitality, and healthcare, which together account for nearly half of all jobs in the metro area, is rising at a lofty 4 percent year-over-year following a lull earlier in 2018. Local government is the blemish on an otherwise spotless progress report. The industry has lost five percent of its workforce in the past year and is a substantial drag on the economy.

Seniors consume by far the most medical services of all age cohorts, which will help healthcare outperform. The largest employers in the MSA include Coleman Federal Prison, CFHA - The Villages Regional Medical Center, and Publix Super Markets Inc. Homebuilding has emerged from an earlier lull, and activity will pick up further in the coming year as demand holds firm.

According to the U.S. BLS, the unemployment rate for the MSA for the fourth quarter of 2018 was 5.3 percent and has significantly decreased from 10.6 percent at the beginning of the evaluation period. The unemployment rate in the AA was higher than the overall state of Florida at 3.7 percent for the same period.

Community Contacts

The analysis takes into consideration comments provided by two community contacts serving the bank's Orlando CSA AA in conjunction with this evaluation. One organization is a CDFI that makes CD loans through the NMTC programs to support CD projects by nonprofit organizations throughout Florida. The other organization is both a CDFI and a Community Development Enterprise certified by the U.S. Department of the Treasury. The organization is a non-traditional lender that specializes in providing loans to black, minority, and underserved small businesses in the Orlando MSA. In addition, the organization assists its business clients in building their management capacity by offering financial and technical assistance training.

One organization indicated that across the state there are not enough affordable rental housing units. Community credit needs include loans for affordable housing, both single family and multifamily. The contact noted that opportunities for participation in community programs include increasing bank

partnerships with land trusts to retain affordable housing options, and nontraditional approaches to providing affordable housing loans.

Another organization indicated that community credit needs include loans to small businesses for general operations and financial education for small businesses. The organizations indicated that there is a variety of opportunities for participation by banks including participating in loan pools created by the CDFIs and providing technical assistance to small business owners.

The bank conducted research in the AA and identified community needs for quality rental housing for low-income families; services to homeless veterans and families covering job training and assistance with job placement; small business loans; and technical assistance for small businesses.

Considering the information from the community contacts and bank management as well as demographic and economic data, affordable housing and small business loans represent a primary credit need for the Orlando CSA AA. Opportunity exists to originate these types of loans throughout the AA; however, it is limited in the low-income geographies as reflected by the small proportion of OOUs and small businesses coupled with limited home affordability for LMI individuals.

Tampa MSA AA

The following table provides a summary of the demographics that includes housing and business information for the Tampa MSA AA. Table A indicates that the volume of OOUs is very small in low-income CTs and over 39 percent of families in the AA are LMI. The area's median housing value in the Tampa MSA AA is three times median income, but four times moderate-, and six times low-income, indicating a limited proportion of OOUs are affordable to LMI. Median rents and the significant percentage of families below poverty level suggest rental housing is also unaffordable for many low-income residents.

Table A – Demographic Information of the Assessment Area

Assessment Area: Tampa-St Petersburg-Clearwater FL MSA (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	742	4.4	25.7	41.2	27.4	1.2
Population by Geography	2,783,243	3.6	25.1	41.4	29.7	0.2
Housing Units by Geography	1,336,484	3.3	26.1	42.1	28.4	0.0
Owner-Occupied Units by Geography	782,399	1.8	22.2	43.8	32.2	0.0
Occupied Rental Units by Geography	340,764	6.7	33.1	39.9	20.3	0.0
Vacant Units by Geography	213,321	3.6	29.4	39.7	27.3	0.0
Businesses by Geography	285,030	2.8	21.3	38.6	37.1	0.1
Farms by Geography	7,292	2.2	22.5	43.5	31.7	0.0
Family Distribution by Income Level	698,563	20.7	18.5	19.7	41.0	0.0
Household Distribution by Income Level	1,123,163	22.8	16.9	18.6	41.7	0.0
Median Family Income MSA - 45300 Tampa-St. Petersburg-Clearwater, FL MSA		$57,333	Median Housing Value			$198,240
			Median Gross Rent			$918
			Families Below Poverty Level			9.4%

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

According to the August 2018 Moody's Analytics report, the Tampa economy is strong. The area's jobless rate is within a fraction of the lowest point reached at the peak of the last expansion, and the tight labor market has helped wages grow nearly twice as fast as the national pace. The metro area's GDP will grow by a healthy 4 percent this year and 5 percent in 2019. The largest employers in Tampa include Publix Super Markets Inc., BayCare Health System, and HCA Holdings.

House price appreciation has exceeded the U.S. rate for 13 of the last 16 quarters, but homebuilding is weak. The housing crash hit the AA very hard and produced a large inventory of foreclosed properties that kept a lid on new construction and real estate sales.

According to the U.S. BLS, the unemployment rate for the Tampa MSA for the third quarter of 2018 was 3.5 percent and has significantly decreased from 8.2 percent at the beginning of the evaluation period. The unemployment rate in the AA was lower than the overall state of Florida at 3.7 percent for the same period.

Community Contacts

The analysis takes into consideration comments provided by four community contacts that serve the bank's Tampa MSA AA. One organization that focuses on affordable housing in the AA indicated that there is still a tremendous need for affordable multifamily housing in the area, particularly in non-metropolitan underserved communities. Demand for affordable housing has been exacerbated by the growing wealth gap, resulting in increased homelessness across the region and state. Banks have the opportunity to provide financing for affordable housing, community development and small business.

Three organizations offer various CD services including homeownership and foreclosure prevention, job training, and neighborhood revitalization and stabilization in LMI areas in Hillsborough and Pinellas Counties. The organizations indicated that the low-income communities adjacent to the Central Business Districts of West Tampa and South St. Petersburg are in need of revitalization. East Tampa and St. Petersburg have many neighborhoods that were plagued with dilapidated and overcrowded housing, high rates of poverty and unemployment, teen pregnancy, school dropouts/suspension, and drug abuse. In addition, access to capital continues to be a challenge for many small businesses in the area. Barriers include past personal credit challenges, lack of existing capital and assets, and lack of business credit.

There are a variety of opportunities for participation by banks including small business assistance, program funding for the non-profits serving the area, layered financing by banks for affordable housing development or neighborhood revitalization projects, portfolio lending with more flexible underwriting criteria that may not meet secondary market guidelines, and homebuyer education.

Considering the information from the community contacts, bank management, and demographic and economic data, affordable housing and small business loans represent a primary credit need for the Tampa MSA AA. Opportunity exists to originate these types of loans throughout the AA; however, it is limited in the low-income geographies as reflected by the small proportion of OOUs and small businesses coupled with limited home affordability for LMI individuals.

Scope of Evaluation in Florida

The rating for the State of Florida is primarily based on FS evaluations of the bank's performance in the Miami CSA, Orlando CSA, and Tampa MSA AAs; however, performance in each AA was considered. Conclusions where a LS review affected the CRA Rating for the state are addressed within their respective tests. LS procedures were performed for the remaining 14 AAs. The State of Florida is the second largest rated area and along with 12 other rated areas represents the bank's most significant markets in terms of lending, deposit, and branch distribution. Florida represents a sizeable portion of the bank's overall lending, investments, and services; therefore, the performance in the state was weighted heavier in determining the bank's overall CRA Rating.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN FLORIDA

LENDING TEST

The bank's performance under the Lending Test in Florida is rated Outstanding.

Conclusions for Areas Receiving FS Reviews

Based on FS reviews, including the data in the tables below and consideration of performance context discussed in the lending test, the bank's performance in the Miami CSA, Orlando CSA, and Tampa MSA AAs is excellent.

Lending Activity

Based on the tables below, lending levels reflect excellent responsiveness to the credit needs in its AAs taking into account the number and amount of home mortgage, small business, small farm, and CD loans originated or purchased.

Number of Loans*							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	% State Loans	% State Deposits
Miami CSA	138,208	124,124	628	145	263,105	34.9	47.4
Orlando CSA	79,883	34,291	228	55	114,457	15.2	12.3
Tampa MSA	79,327	36,332	188	27	115,874	15.4	12.5
Cape Coral CSA	33,107	14,026	105	10	47,248	6.3	5.5
Crestview MSA	12,454	2,402	30	3	14,889	2.0	0.5
Gainesville MSA	4,742	2,411	78	8	7,239	1.0	1.3
Homosassa Springs MSA	2,051	646	19	0	2,716	0.4	0.1
Jacksonville MSA	40,880	18,334	188	29	59,431	7.9	7.6
Lakeland MSA	12,130	5,435	92	3	17,660	2.3	1.5
North Port CSA	27,747	11,322	170	7	39,246	5.2	4.8
Ocala MSA	6,626	2,987	93	5	9,711	1.3	0.9
Palm Bay MSA	17,902	7,105	52	2	25,061	3.2	2.3
Panama City MSA	4,165	1,422	18	4	5,609	0.7	0.3
Pensacola MSA	12,720	2,588	26	6	15,340	2.0	0.8

Sebring MSA	1,064	698	45	0	1,807	0.2	0.2
Tallahassee MSA	8,071	1,908	20	13	10,012	1.3	1.5
FL Combined NonMetro	3,197	2,056	163	2	5,418	0.7	0.5
Total	484,274	268,087	2,143	319	754,823	100.0	100.0

*The tables present the data for all assessment areas. The narrative below addresses performance in FS areas only.

Dollar Volume of Loans (000's)*							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	% State Loans	% State Deposits
Miami CSA	$35,462,186	$4,809,918	$22,759	$885,621	$41,180,484	35.0	47.4
Orlando CSA	$16,559,421	$1,388,127	$7,952	$544,165	$18,499,665	15.7	12.3
Tampa MSA	$15,289,496	$1,554,627	$6,685	$124,466	$16,975,274	14.4	12.5
Cape Coral CSA	$7,536,881	$530,038	$5,019	$101,238	$8,173,176	6.9	5.5
Crestview MSA	$2,897,806	$92,568	$1,391	$11,650	$3,003,415	2.5	0.5
Gainesville MSA	$916,992	$117,672	$2,726	$29,430	$1,066,820	0.9	1.3
Homosassa Springs MSA	$265,324	$28,964	$564	$0	$294,852	0.3	0.1
Jacksonville MSA	$8,370,134	$890,789	$14,095	$182,397	$9,457,415	8.0	7.6
Lakeland MSA	$1,804,441	$226,854	$3,089	$17,298	$2,051,682	1.7	1.5
North Port CSA	$6,053,592	$439,646	$8,784	$22,375	$6,524,397	5.5	4.8
Ocala MSA	$945,634	$133,892	$2,190	$3,438	$1,085,154	0.9	0.9
Palm Bay MSA	$3,091,595	$343,386	$1,326	$12,556	$3,448,863	2.9	2.3
Panama City MSA	$783,904	$54,823	$2,456	$9,293	$850,476	0.8	0.3
Pensacola MSA	$2,264,783	$141,064	$1,800	$14,298	$2,421,945	2.1	0.8
Sebring MSA	$116,578	$25,397	$3,101	$0	$145,076	0.1	0.2
Tallahassee MSA	$1,428,516	$103,565	$1,916	$57,718	$1,591,715	1.4	1.5
FL Combined NonMetro	$940,941	$77,028	$12,287	$16,519	$1,046,775	0.9	0.5
Total	$104,728,224	$10,958,358	$98,140	$2,032,462	$117,817,184	100.0	100.0

*The tables present the data for all assessment areas. The narrative below addresses performance in FS areas only

Miami CSA AA

WFBNA ranked second in deposits with 15.0 percent market share in the AA. In overall HMDA lending, WFBNA ranked first with 9.9 percent market share. There is strong competition as reflected by the 1,206 lenders and 96 depository institutions in the AA. The next two lenders in this market were Quicken Family with 5.3 percent market share and Caliber Home Loans with 4.2 percent market share.

In small loans to businesses, WFBNA ranked sixth with a market share of 6.0 percent. The 3 top lenders in this market were American Express with 27.9 percent market share, Bank of America with 13.9 percent market share, and JPMorgan Chase Bank with 9.8 percent market share. There is strong competition as reflected by the 244 lenders and 96 depository institutions in the AA.

Orlando CSA AA

WFBNA ranked third in deposits with 14.8 percent market share in the AA. In overall HMDA lending,

WFBNA ranked first with 8.5 percent market share. There is strong competition as reflected by the 933 lenders and 51 depository institutions in the AA. The next two lenders in this market were Quicken Family with a 5.1 percent market share and FBC Mortgage, LLC with a 3.6 percent market share.

In small loans to businesses, WFBNA ranked seventh with a market share of 5.7 percent. The top 3 lenders in this market were American Express with a 22.1 percent market share, Bank of America with an 11.0 percent market share, and JPMorgan Chase Bank with a 10.2 percent market share. There is strong competition as reflected by the 172 lenders and 51 depository institutions in the AA.

Tampa MSA AA

WFBNA ranked third in deposits with 11.7 percent market share in the AA. In overall HMDA lending, WFBNA ranked first with 8.2 percent market share. There is strong competition as reflected by the 948 lenders and 56 depository institutions in the AA. The next two lenders in this market were U.S. Bancorp with a 5.0 percent market share and Quicken Family with a 4.9 percent market share.

In small loans to businesses, WFBNA ranked sixth with a market share of 5.9 percent. There is strong competition as reflected by the 175 lenders and 56 depository institutions in the AA. The top 3 lenders in this market were American Express with a 21.0 percent market share, Bank of America with an 11.8 percent market share, and Citibank with a 9.3 percent market share.

Distribution of Loans by Income Level of the Geography

The bank exhibits a good geographic distribution of loans in the Miami CSA, Orlando CSA, and Tampa MSA AAs.

Miami CSA AA

Home Mortgage Loans

Refer to Table O in the State of Florida section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. the bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is adequate.

- The bank's performance in both 2012-2016 and 2017-2018 periods for home mortgage loans in low-income geographies is below the aggregate distribution of loans and is significantly below the proportion of OOUs units in those geographies. However, less weight was given to WFBNA's performance in low-income geographies because of the very small proportion of the bank's loans and OOUs in low-income geographies.
- For both periods, the proportion of loans in moderate-income geographies is below the aggregate distribution of loans and is well below the proportion of OOUs in those geographies.

Small Loans to Businesses

Refer to Table Q in the State of Florida section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is excellent.

- The bank's performance in both 2012-2016 and 2017-2018 periods for small business loans in LMI geographies exceeds both the aggregate distribution of loans and the proportion of businesses located in those geographies.

Orlando CSA AA

Home Mortgage Loans

Refer to Table O in the State of Florida section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is adequate.

- The bank's performance in both periods, 2012-2016 and 2017-2018, for home mortgage loans in low-income geographies exceeds the aggregate distribution of loans and is significantly below the proportion of OOUs in those geographies. Less weight was given to WFBNA's performance in low-income geographies because of the very small proportion of the bank's loans and OOUs in low-income geographies.
- The proportion of loans in moderate-income geographies is below both the aggregate distribution of loans and the proportion of OOUs in those geographies.

Small Loans to Businesses

Refer to Table Q in the State of Florida section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is excellent.

- The bank's performance in both periods, 2012-2016 and 2017-2018, for small business loans in LMI geographies exceeds the aggregate distribution of loans in those geographies.
- The proportion of the bank's small business loans to low-income geographies exceeds the proportion of businesses and to moderate-income geographies is near to the proportion of businesses located in those geographies.

Tampa MSA AA

Home Mortgage Loans

Refer to Table O in the State of Florida section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is adequate.

- The bank's performance in both periods, 2012-2016 and 2017-2018, for home mortgage loans in low-income geographies is well below both the aggregate distribution of loans and the proportion of OOUs in those geographies. Less weight was given to WFBNA's performance in low-income geographies because of the very small proportion of the bank's loans and OOUs in low-income geographies.
- The proportion of loans in moderate-income geographies substantially meets the aggregate distribution of loans and is well below the proportion of OOUs in those geographies.

Small Loans to Businesses

Refer to Table Q in the State of Florida section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is excellent.

- The bank's performance in both periods, 2012-2016 and 2017-2018, for small business loans in LMI geographies substantially meets the aggregate distribution of loans in those geographies.
- The proportion of the bank's small business loans in low-income geographies exceeds and to moderate-income geographies is near to the proportion of businesses located in those geographies.

Distribution of Loans by Income Level of the Borrower

The bank exhibits a good distribution of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the institution in the Miami CSA, Orlando CSA, and Tampa MSA AAs.

Miami CSA AA

Home Mortgage Loans

Refer to Table P in the State of Florida section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is good.

- The Miami CSA AA has homeownership affordability hurdles especially for LMI borrowers. As noted above, the area's median housing value is 8 times the income of low-income and 5 times the income of moderate-income borrowers indicating a limited proportion of OOUs are affordable to LMI. Despite the affordability challenges, the bank's overall home mortgage lending in 2012-2016 to LMI borrowers exceeds the aggregate distribution of loans.
- The bank's home mortgage lending to low-income borrowers is significantly below the proportion of families and lending to moderate-income borrowers is below the proportion of families.
- Based on the bank's performance in 2017-2018, the bank's home mortgage lending is slightly below the combined performance in 2012-2016.

Small Loans to Businesses

Refer to Table R in the State of Florida section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is good.

- For both 2012-2016 and 2017-2018 periods, the bank's distribution of small loans to businesses with revenues of $1 million or less exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is below the percentage of small businesses located in the AA.

Orlando CSA AA

Home Mortgage Loans

Refer to Table P in the State of Florida section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is good.

- The Orlando CSA AA has homeownership affordability hurdles especially for LMI borrowers. As noted above, the area's median housing value is 8 times the income of low-income and 5 times the income of moderate-income borrowers indicating a limited proportion of OOUs are affordable to LMI. Despite the affordability challenges, the bank's overall home mortgage lending in both 2012-2016 and 2017-2018 periods to LMI borrowers exceeds the aggregate distribution of loans.
- The bank's home mortgage lending to low-income borrowers is significantly below the proportion of families and lending to moderate-income borrowers is below the proportion of families.

Small Loans to Businesses

Refer to Table R in the State of Florida section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is good.

- For both 2012-2016 and 2017-2018 periods, the bank's distribution of small loans to businesses with revenues of $1 million or less exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is below the percentage of small businesses located in the AA.

Tampa MSA AA

Home Mortgage Loans

Refer to Table P in the State of Florida section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is good.

- The Tampa MSA AA has homeownership affordability hurdles especially for LMI borrowers. As noted above, the area's median housing value is 6 times the income of low-income and 4 times the income of moderate-income borrowers indicating a limited proportion of OOUs are affordable to LMI. Despite the affordability challenges, the bank's overall home mortgage lending in 2012-2016 to low-income borrowers exceeds the aggregate distribution of loans and is significantly below the proportion of families.
- The bank's home mortgage lending to moderate-income borrowers substantially meets the aggregate distribution of loans and is below the proportion of families.
- Based on the bank's performance in 2017-2018, the bank's home mortgage lending is slightly below the combined performance in 2012-2016.

Small Loans to Businesses

Refer to Table R in the State of Florida section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is good.

- For both 2012-2016 and 2017-2018 periods, the bank's distribution of small loans to businesses with revenues of $1 million or less exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is below the percentage of small businesses located in the AA.

Community Development Lending

The institution is a leader in making CD loans.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

Miami CSA AA

The level of CD lending in the Miami CSA AA is excellent. WFBNA made 145 CD loans in its AA for a total of $885.6 million, which represents 20.9 percent of allocated tier 1 capital. CD lending performance has a significant positive impact on the lending test rating. The institution makes significant use of innovative and/or complex CD loans and involved many complex projects where the bank often acted in a leadership role. The loans were responsive to the identified affordable housing and small business lending needs in the AA. The bank made 84 CD loans totaling $641.8 million (72.5 percent) for the purpose of affordable housing. Additionally, the bank extended 28 CD loans totaling $182.2 million for the primary purpose of community services to LMI individuals.

Examples of CD loans in the AA include:

- In May 2017, WFBNA provided a $75 million line of credit to an organization with a primary purpose of addressing issues affecting the health of all children, particularly those who are most vulnerable due to lack of insurance or access issues. Programs range from well child care, immunizations, to injury prevention and obesity, as well as to cultural adaptation to our health care system. Through the Health on Wheels program, the division has provided comprehensive medical care and education to 110,000 uninsured children in South Florida. Over 64 percent of the hospital's revenue was from Medicaid reimbursements.
- In October 2018, WFBNA provided a $22.7 million construction loan for an LIHTC affordable housing development located in North Miami Beach, Florida, with 97.7 percent of the units restricted to tenants earning between 30 and 60 percent of the area MFI.

Orlando CSA AA

The level of CD lending in the Orlando CSA AA is excellent. WFBNA made 55 CD loans in its AA for a total of $544.2 million, which represents 49.8 percent of allocated tier 1 capital. CD lending performance has a significant positive impact on the lending test rating. The institution makes significant use of innovative and/or complex CD loans and involved many complex projects where the

bank often acted in a leadership role. The loans were responsive to the identified affordable housing needs in the AA. The bank made 48 loans totaling $538.4 million (99 percent) for the purpose of affordable housing. Additionally, the bank extended five CD loans totaling $3 million for the primary purpose of community services to LMI individuals.

Examples of CD loans in the AA include:

- In February 2018, WFBNA provided a $23.4 million loan for an LIHTC affordable housing development located in Orlando, Florida, with 98 percent of the units restricted to tenants earning between 30 and 60 percent of the area MFI.
- In May 2018, WFBNA renewed a $500,000 working capital line of credit to a non-profit organization that serves as the lead agency in the privatization of foster care services. The agency develops and manages a comprehensive, community-based system of care for abused, neglected and abandoned children and their families. A majority of the clients are LMI families.

Tampa MSA AA

The level of CD lending in the Tampa MSA AA is excellent. WFBNA made 27 CD loans in its AA for a total of $124.4 million, which represents 11.2 percent of allocated tier 1 capital. CD lending performance has a significant positive impact on the lending test rating. The institution makes significant use of innovative and/or complex CD loans and involved many complex projects where the bank often acted in a leadership role. The loans were responsive to the identified affordable housing needs in the AA. The bank made 14 loans totaling $60 million (52 percent) for the purpose of affordable housing. Additionally, the bank extended 10 CD loans totaling $43.8 million for the primary purpose of community services to LMI individuals.

Examples of CD loans in the AA include:

- In February 2018, WFBNA provided an $11 million loan for a multifamily housing development located in a low-income census tract in Tampa, FL. The development consists of 223 one-bedroom units, 18 two-bedroom units, with 100 percent of the average rent rates below the 2018 Fair Market Rent for the area and 100 percent of the units affordable to tenants earning between 41 and 53 percent of the 2017 area MFI of $59,800.
- In June 2015, WFBNA renewed a $12.9 million working capital line of credit to an organization licensed by the Florida Department of Children and Families for its drug and alcohol treatment and prevention programs. The CD loan had a primary purpose of community services to LMI individuals. All of its clients are LMI as they earn less than 80 percent of the area MFI.

Product Innovation and Flexibility

Miami CSA AA

The institution makes limited use of innovative and/or flexible lending practices in order to serve AA credit needs. Under the *your*FirstMortgage loan program the bank has funded 140 loans totaling $19.6 million to LMI homebuyers that qualified under this program.

Orlando CSA AA

The institution makes extensive use of innovative and/or flexible lending practices in order to serve AA

credit needs. The bank launched the NeighborhoodLIFT program in the Orlando CSA AA in November 2018 and more than 500 potential homebuyers attended the event. Of the 500 in attendance, WFBNA originated 182 mortgage loans totaling $30 million. Under the *your*FirstMortgage loan program the bank has funded 185 loans totaling $26.9 million to LMI homebuyers that qualified under this program.

Tampa MSA AA

The institution makes limited use of innovative and/or flexible lending practices in order to serve AA credit needs. Under the *your*FirstMortgage loan program the bank has funded 158 loans totaling $20.1 million to LMI homebuyers that qualified under this program.

Refer to the comments in the institution Innovative or Flexible Lending Programs section of this performance evaluation for additional details regarding the programs noted above.

Conclusions for Areas Receiving LS Reviews

Based on LS reviews, the bank's performance under the Lending Test in the Cape Coral CSA, Crestview MSA, Gainesville MSA, Jacksonville MSA, Lakeland MSA, Ocala MSA, Panama City MSA, Tallahassee MSA, and FL Combined NonMetro AAs is consistent with the bank's overall excellent performance under the Lending Test in the FS areas. Performance in the Homosassa Springs MSA, North Port CSA, Palm Bay MSA, Pensacola MSA, and Sebring MSA AAs is weaker than the bank's overall performance due primarily to lower or no volume of CD lending. Performance in these LS AAs did not affect the bank's overall rating for the state.

Refer to Tables O through T in the State of Florida section of appendix D for the facts and data that support these conclusions.

INVESTMENT TEST

The bank's performance under the Investment Test in the State of Florida is rated High Satisfactory.

Conclusions for Areas Receiving FS Reviews

Based on FS reviews, including the data in the table below and consideration of performance context discussed in the investment test, the bank's performance in the Miami CSA and Orlando CSA AAs is excellent. Performance in the Tampa MSA AA is adequate.

Qualified Investments										
	Prior Period*		Current Period		Total				Unfunded Commitments**	
Assessment Area	#	$(000's)	#	$(000's)	#	% of Total #	$(000's)	% of Total $	#	$(000's)
Miami CSA	47	$71,393	855	$549,942	902	33.1	$621,335	58.5	1	$686
Orlando CSA	5	$10,929	402	$128,332	407	14.9	$139,261	13.1	1	$1,125
Tampa MSA	31	$7,027	388	$56,357	419	15.4	$63,384	6.0		
Cape Coral CSA	0	$0	166	$33,687	166	6.1	$33,687	3.2		

Crestview MSA	0	$0	7	$9,182	7	0.3	$9,182	0.9		
Gainesville MSA	0	$0	43	$11,758	43	1.6	$11,758	1.1		
Homosassa Springs MSA	0	$0	4	$20	4	0.1	$20	0.0		
Jacksonville MSA	1	$34	342	$79,762	343	12.6	$79,796	7.5		
Lakeland MSA	1	$181	62	$17,076	63	2.3	$17,257	1.6		
North Port CSA	0	$0	155	$7,458	155	5.7	$7,458	0.7		
Ocala MSA	0	$0	36	$170	36	1.3	$170	0.0		
Palm Bay MSA	0	$0	58	$487	58	2.1	$487	0.0		
Panama City MSA	1	$2,907	5	$12,414	6	0.2	$15,321	1.4		
Pensacola MSA	0	$0	30	$14,158	30	1.1	$14,158	1.3		
Sebring MSA	0	$0	10	$107	10	0.4	$107	0.0		
Tallahassee MSA	0	$0	59	$21,667	59	2.2	$21,667	2.0		
FL Combined NonMetro	2	$9,455	19	$18,208	21	0.8	$27,663	2.6		
Total	88	$101,926	2,641	$960,785	2,729	100.0	$1,062,711	100.0	2	$1,811

* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.
** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Miami CSA AA

The institution has an excellent level of qualified CD investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 14.7 percent of tier 1 capital allocated to the AA.

The investments and grants reflect excellent responsiveness to the needs identified in the AA including affordable housing, community services, economic development, and revitalization/stabilization for LMI individuals and geographies. Over 97 percent of the bank's CD investments focused on affordable housing which is an identified credit need in the AA. Additionally, the bank provided 805 grants totaling $14.2 million to a variety of organizations that primarily support affordable housing, community services, and economic development.

The institution makes significant use of innovative and/or complex investments to support CD initiatives. CD Investments involved numerous complex LIHTC and NTMC projects where the bank often acted in a leadership role with participations from federal, state, and local housing agencies and real estate developers. Additionally, the bank purchased numerous government mortgage-backed securities for the CD Investment portfolio.

Examples of CD investments in the AA include:

- In October 2015, WFBNA invested $12.9 million for the construction of a 121-unit LIHTC affordable housing development located in Miami Gardens, Florida. Units are restricted to tenants earning between 37 and 60 percent of the area MFI. This activity is responsive to the identified need for affordable housing. WFBNA demonstrated multi-faceted support by providing both the construction loan ($6 million) and equity investment in support of this affordable housing development.
- In October 2014, WFBNA made a $10 million NMTC investment for the development of four grocery stores in rural Oklahoma, Texas, and Virginia, as well as one metro market in Florida. Of this total investment, $4.2 million was allocated to the Lakewood, Florida location. This NMTC transaction will provide the majority of the financing needed to finance the development of four new supermarket stores in LMI communities as noted above. The four proposed stores should help to create an estimated 44 permanent jobs, 55 construction jobs, and provide new affordable fresh food options to approximately 83,000 low-income community residents.
- During the evaluation, WFBNA provided four grants totaling $1.6 million to several small business organizations through the Small Business DCC Program benefiting small businesses in Florida including the Miami CSA AA. Refer to the comments in the institution Community Development Initiatives section of this public evaluation for additional details regarding this program.
- During the evaluation, WFBNA provided 20 grants totaling $1.1 million to several housing organizations through the PMP for affordable housing in the Miami CSA AA. Refer to the comments in the institution Community Development Initiatives section of this public evaluation for additional details regarding this program.

Orlando CSA AA

The institution has an excellent level of qualified CD investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 12.8 percent of tier 1 capital allocated to the AA.

The investments and grants reflect excellent responsiveness to the needs identified in the AA including affordable housing, community services, economic development, and revitalization/stabilization for LMI individuals and geographies. Over 86.8 percent of the bank's CD investments focused on affordable housing which is an identified credit need in the AA. Additionally, the bank provided 386 grants totaling $13 million to a variety of organizations that primarily support affordable housing, community services, and economic development.

The institution makes significant use of innovative and/or complex investments to support CD initiatives. CD Investments involved several complex projects where the bank often acted in a leadership role with participations from federal, state, and local housing agencies and real estate developers. Additionally, the bank purchased numerous government mortgage-backed securities for the CD Investment portfolio.

Examples of CD investments in the AA include:

- In November 2016, WFBNA invested $22.4 million for the construction of a 120-unit LIHTC affordable housing complex located in Apopka, Florida. Units are restricted to tenants earning between 40 and 60 percent of the area MFI. This activity is responsive to the identified need for affordable housing. WFBNA demonstrated multi-faceted support by providing both the

construction loan ($10 million) and equity investment in support of this affordable housing development.

- In August 2014, WFBNA invested $15.5 million for the construction of an 86-unit LIHTC affordable housing development located in Kissimmee, Florida. The development will be a newly constructed 86-unit project consisting of one 7-story concrete building. The property will target seniors age (55+), with nine units set aside for seniors earning 35 percent of area MFI and 77 units for seniors earning 60 percent of area MFI. This activity is responsive to the identified need for affordable housing.
- During the exam timeframe, WFBNA provided three grants totaling $250,000 to two housing organizations through the PMP for affordable housing in the Orlando CSA AA. Refer to the comments in the institution Community Development Initiatives section of this public evaluation for additional details regarding this program.

Tampa MSA AA

The institution has an adequate level of qualified CD investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 5.7 percent of tier 1 capital allocated to the AA.

The investments and grants reflect good responsiveness to the needs identified in the AA including affordable housing, community services, economic development, and revitalization/stabilization for LMI individuals and geographies. Over 80.9 percent of the bank's CD investments focused on affordable housing which is an identified credit need in the AA. Additionally, the bank provided 360 grants totaling $5.2 million to a variety of organizations that primarily support affordable housing, community services, and economic development.

The institution makes significant use of innovative and/or complex investments to support CD initiatives. CD Investments involved several complex LIHTC and NMTC projects where the bank often acted in a leadership role with participations from federal, state, and local housing agencies and real estate developers. Additionally, the bank purchased numerous government mortgage-backed securities for the CD Investment portfolio.

Examples of CD investments in the AA include:

- In October 2015, WFBNA invested $12.45 million for the rehabilitation and construction of a 95-unit LIHTC affordable housing development located in Tarpon Springs, Florida. All of the units are restricted to senior residents who will pay no more than 30 percent of their income towards housing. The renovation will provide safer and improved replacement housing for seniors making less than 60 percent of the Very Low Income as defined by HUD. This investment is responsive to the need for affordable housing. WFBNA also demonstrated leadership and multi-faceted support by providing a $3.5 million construction loan and equity investment to support this affordable housing development. This investment is also complex involving multiple parties.
- During the exam timeframe, WFBNA provided a $200,000 grant to a local small business corporation through the Small Business DCC Program benefiting small businesses in Florida including the Tampa MSA AA. Refer to the comments in the institution Innovative or Flexible Lending Programs section of this public evaluation for additional details regarding this program.

Conclusions for Areas Receiving LS Reviews

Based on LS reviews, the bank's performance under the Investment Test in the Crestview MSA, Lakeland MSA, Panama City MSA, Pensacola MSA, Tallahassee MSA, and FL Combined NonMetro AAs is consistent the bank's overall excellent performance in the Investment Test in the FS areas. Performance in the Cape Coral CSA, Gainesville MSA, and Jacksonville MSA AAs is weaker than the bank's overall performance. In addition, performance in the Homosassa Springs MSA, North Port CSA, Ocala MSA, Palm Bay MSA, and Sebring MSA AAs is significant weaker and overall rated as poor. The weaker performance was primarily due to a lower percentage of CD investments. Performance differences in the LS AAs including the Tampa MSA AA did impact the overall Investment Test rating for the State of Florida. As such, the bank's overall Investment Test rating for the State of Florida was downgraded to High Satisfactory.

SERVICE TEST

The bank's performance under the Service Test in Florida is rated Outstanding.

Conclusions for Areas Receiving FS Reviews

Based on FS reviews, including the data in the tables below and consideration of performance context discussed in the service test, the bank's performance in the Miami CSA and Orlando CSA AAs is excellent. Performance in the Tampa MSA AA is good.

Retail Banking Services

Service delivery systems are readily accessible to geographies and individuals of different income levels in the institution's AAs, particularly LMI geographies and/or LMI individuals.

Distribution of Branch Delivery System											
Assessment Area	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%) *				% of Population within Each Geography *			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Miami CSA	47.4	218	37.0	4.1	28.9	28.0	36.7	5.6	28.1	33.3	32.6
Orlando CSA	12.2	79	13.4	2.5	36.7	39.2	21.5	2.3	25.7	42.9	28.8
Tampa MSA	12.5	76	12.9	5.3	25.0	32.9	36.8	4.5	24.4	38.0	32.7
Cape Coral CSA	5.5	44	7.5	0.0	20.5	31.8	47.7	5.5	25.9	40.8	27.8
Crestview MSA	0.5	6	1.0	0.0	16.7	16.7	66.7	0.0	14.8	63.3	21.8
Gainesville MSA	1.3	9	1.5	11.1	33.3	22.2	33.3	10.9	27.9	28.7	30.0
Homosassa Springs MSA	0.1	2	0.3	0.0	0.0	0.0	100.0	0.0	21.9	59.8	18.3

Jacksonville MSA	7.6	50	8.5	2.0	16.0	32.0	50.0	5.1	23.6	40.9	30.4
Lakeland MSA	1.5	16	2.9	18.8	25.0	50.0	6.3	2.5	22.4	55.6	19.5
North Port CSA	4.8	37	6.3	0.0	27.0	48.6	24.3	2.4	22.7	51.6	23.2
Ocala MSA	0.9	9	1.5	0.0	22.2	55.6	22.2	2.3	18.5	63.6	15.7
Palm Bay MSA	2.3	17	2.9	0.0	35.3	23.5	41.2	3.4	23.5	43.2	29.9
Panama City MSA	0.3	3	0.5	0.0	0.0	66.7	33.3	2.5	15.6	56.0	25.9
Pensacola MSA	0.7	7	1.2	14.3	57.1	14.3	14.3	2.5	18.6	54.8	24.1
Sebring MSA	0.2	3	0.5	0.0	33.3	66.7	0.0	0.0	9.0	75.6	15.4
Tallahassee MSA	1.5	6	1.0	16.7	50.0	33.3	0.0	14.1	22.3	35.9	24.0
FL Combined NonMetro	0.5	6	1.0	0.0	16.7	50.0	33.3	0.0	6.6	59.6	33.8

* May not add up to 100 percent due to geographies with unknown tract income level and rounding.

Distribution of Branch Openings/Closings							
Assessment Area	# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				
			Low	Mod	Mid	Upper	NA
Miami CSA	9	9	-1	+2	+1	-3	+1
Orlando CSA	2	7	0	0	-4	-1	0
Tampa MSA	0	10	-1	-2	-5	-2	0
Cape Coral CSA	0	7	-1	0	-3	-3	0
Crestview MSA	1	2	0	0	-1	0	0
Gainesville MSA	0	0	0	0	0	0	0
Homosassa Springs MSA	0	0	0	0	0	0	0
Jacksonville MSA	0	10	-1	-5	-3	-1	0
Lakeland MSA	0	5	0	-2	-1	-2	0
North Port CSA	0	2	0	0	-2	0	0
Ocala MSA	0	2	0	0	-2	0	0
Palm Bay MSA	0	2	0	-1	-1	0	0
Panama City MSA	0	0	0	0	0	0	0
Pensacola MSA	0	2	0	-1	0	-1	0
Sebring MSA	0	1	0	0	-1	0	0
Tallahassee MSA	0	2	0	0	-1	-1	0
FL Combined NonMetro	0	1	0	0	-1	0	0

Miami CSA AA

As of December 31, 2018, WFBNA operates 218 branches and 494 ATMs in the Miami CSA AA. Of these branches, 216 are full-service locations and two are limited-service branches. There are nine branches in low-income geographies and 63 branches moderate-income geographies. The branch distribution in low-income geographies is near to the percentage of the population in low-income

geographies and the branch distribution in moderate-income geographies exceeds the percentage of the population in moderate-income geographies in the AA. When considering an additional 35 branches within close proximity to LMI geographies, the bank's branch distribution further exceeds demographics.

The institution's opening and closing of branches have not affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank opened three branches in moderate-income, five branches in middle-income, and one branch in a geography where income is unknown since the last evaluation. The bank closed one branch in low-income, one branch in moderate-income, four branches in middle-income, and three branches in upper-income geographies since the last evaluation. The closure of branches in LMI geographies did not negatively impact the distribution of branches relative to the population residing in those geographies. The closures were partially offset by the opening of additional branches in LMI geographies.

Services, including where appropriate, business hours, do not vary in a way that inconveniences the various portions of its AA, particularly LMI geographies and/or individuals. While there are slight variations in opening or closing times, generally, branches are open Monday through Friday from 9:00 am to 5:00 pm. Of the total branches, including branches in LMI geographies, 171 are also open on Saturdays. All WFBNA services are available at all branches and all ADS discussed bank-wide are available in this AA.

Orlando CSA AA

As of December 31, 2018, WFBNA operates 79 branches and 144 ATMs in the Orlando CSA AA. Of these branches, 77 are full-service locations and two are limited-service branches. There are two branches in low-income geographies and 29 branches moderate-income geographies. The branch distribution in LMI geographies exceeds the percentage of the population in LMI geographies in the AA. When considering an additional nine branches within close proximity to LMI geographies, the bank's branch distribution further exceeds demographics.

The institution's opening and closing of branches have not affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank opened one branch in moderate-income and one branch in upper-income geographies since the last evaluation. The bank closed one branch in moderate-income, four branches in middle-income, and two branches in upper-income geographies since the last evaluation. The closure of branches in moderate-income geographies did not negatively impact the distribution of branches relative to the population residing in those geographies and the closures were offset by the opening of additional branches in moderate-income geographies.

Services, including where appropriate, business hours, do not vary in a way that inconveniences the various portions of its AA, particularly LMI geographies and/or individuals. While there are slight variations in opening or closing times, generally, branches are open Monday through Friday from 9:00 am to 5:00 pm. Of the total branches, including branches in LMI geographies, 47 are also open on Saturdays. All WFBNA services are available at all branches and all ADS discussed bank-wide are available in this AA.

Tampa MSA AA

As of December 31, 2018, WFBNA operates 76 branches and 146 ATMs in the Tampa MSA AA. All

of these branches are full-service locations. There are four branches in low-income geographies and 19 branches moderate-income geographies. The branch distribution in LMI geographies exceeds the percentage of the population in LMI geographies in the AA. When considering an additional eleven branches within close proximity to LMI geographies, the bank's branch distribution further exceeds demographics.

The institution's opening and closing of branches generally not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank did not open any branches in the AA since the last evaluation. The bank closed one branch in low-income, two branches in moderate-income, five branches in middle-income, and two branches in upper-income geographies since the last evaluation. The closure of branches in moderate-income geographies was to consolidate with other branches nearby and did not negatively impact the distribution of branches relative to the population residing in those geographies. The bank still maintains 23 active branches or 30.3 percent within LMI geographies.

Services, including where appropriate, business hours, do not vary in a way that inconveniences the various portions of its AA, particularly LMI geographies and/or individuals. While there are slight variations in opening or closing times, generally, branches are open Monday through Thursday from 9:00 am to 5:00 pm and Fridays from 9:00 am to 6:00 pm. Of the total branches, including branches in LMI geographies, 51 are also open on Saturdays. All WFBNA services are available at all branches and all ADS discussed bank-wide are available in this AA.

Community Development Services

The institution is a leader in providing CD services.

Miami CSA AA

The level of CD services in the Miami CSA AA is excellent. Bank records show that employees provided their financial or job-specific expertise and/or technical assistance for 1,935 CD service activities to 460 organizations since the last evaluation, logging a total of 5,351 qualified hours within this AA. A majority (89 percent) of the bank's assistance was to organizations that provide community services to LMI individuals and families. Other activities targeted affordable housing (5 percent), economic development (4 percent) and revitalization or stabilization (2 percent). The bank's assistance provided was responsive to the identified needs in the AA particularly affordable housing. The following are examples of CD services provided in this AA:

- One WFBNA team member provided 142 hours of Board service and two WFBNA team members provided 10 hours of financial education to a local affiliate of an organization that supports positive youth development for children facing adversity through volunteer mentors. According to the organization, 75 percent of its clients are LMI.
- One WFBNA team member provided 99 hours of Board service and five WFBNA team members provided 32 hours of financial education to a local affiliate of an organization that provides financial education, work readiness skills, and entrepreneurship to students from kindergarten through high school. According to the organization, 63 percent of its student clients are LMI.
- A WFBNA team member provided 80 hours of technical expertise serving as a board member to a nonprofit organization that focuses on comprehensive community revitalization in areas of

public safety, housing, health and wellness, neighborhood beautification, feeding programs, seniors and other social services.

Orlando CSA AA

The level of CD services in the Orlando CSA AA is excellent. Bank records show that employees provided their financial or job-specific expertise and/or technical assistance for 487 CD service activities to 146 organizations since the last evaluation, logging a total of 1,693 qualified hours within this AA. A majority (69 percent) of the bank's assistance was to organizations that provide community services to LMI individuals and families. Other activities targeted affordable housing (18 percent), economic development (12 percent), and revitalization or stabilization (1 percent). The bank's assistance provided was responsive to the identified needs in the AA particularly affordable housing. The following are examples of CD services provided in this AA:

- Two WFBNA team members provided 196 hours of Board service as well as technical assistance and financial education to a community development financial institution. The mission of the organization is to develop and promote black small businesses by providing loan capital, training, and education as well as provide an environment conducive to their development.
- One WFBNA team member provided 144 hours of Board service and technical assistance to a nonprofit organization dedicated to preserving affordable homeownership by repairing the homes of low-income elderly and disabled individuals. According to the organization, all of its clients are LMI.
- A WFBNA team member provided 34 hours of board service to an organization that develops and promotes diverse small businesses by providing capital, training, and education. This activity is responsive to the identified need for small business assistance, and Wells Fargo's support of this organization is multi-faceted as demonstrated by multiple services and an investment.

Tampa MSA AA

The level of CD services in the Tampa MSA AA is excellent. Bank records show that employees

provided their financial or job-specific expertise and/or technical assistance for 701 CD service activities to 158 organizations since the last evaluation, logging a total of 1,811 qualified hours within this AA. A majority (87 percent) of the bank's assistance was to organizations that provide community services to LMI individuals and families. Other activities targeted economic development (7 percent) and affordable housing (6 percent). The bank's assistance provided was responsive to the identified needs in the AA particularly affordable housing. The following are examples of CD services provided in this AA:

- One WFBNA team member provided 81 hours of Board service and another team member provided three hours of financial education to an organization that provides shelter and services to victims of domestic violence and sexual assault. According to the organization, over 80 percent of its clients are LMI individuals.
- Two WFBNA team members provided 60 hours of Board service as well as technical assistance and financial education to an economic development organization that assists minority owned businesses to succeed. According to the organization, 80 percent of its clients are small businesses.

- A WFBNA team member provided 46 hours of board service for the Minority Enterprise Development Corporation of Tampa Bay, Inc. This organization works to insure the success of minority-owned small businesses in the Tampa Bay area.

Conclusions for Areas Receiving LS Reviews

Based on LS reviews, the bank's performance under the Service Test in the Crestview MSA, Gainesville MSA, Lakeland MSA, North Port CSA, Ocala MSA, Palm Bay MSA, Pensacola MSA, Sebring MSA, Tallahassee MSA, and FL Combined NonMetro AAs is consistent with the bank's overall excellent performance under the Service Test in the FS areas. The bank's performance under the Service Test in the Cape Coral CSA, Homosassa Springs MSA, Jacksonville MSA, and Panama City MSA AAs is weaker than the bank's overall performance due primarily to a lower branch distribution in LMI geographies. Performance in the LS AAs did not impact the overall Service Test rating for the state.

STATE RATING

State of Georgia

CRA rating for the State of Georgia[26]: Outstanding
The Lending Test is rated: Outstanding
The Investment Test is rated: Low Satisfactory
The Service Test is rated: Outstanding

The major factors that support this rating include:

- Excellent lending activity;
- Good geographic distribution of loans;
- Good borrower distribution of loans;
- WFBNA is a leader in providing CD loans, which has a significant positive impact on the Lending Test;
- WFBNA's use of flexible products has a positive impact on the Lending Test;
- Adequate level of CD investments;
- Retail delivery systems are readily accessible to all portions of the AA; and
- WFBNA is a leader in providing CD services that are responsive to the needs of the bank's AA.

Description of Institution's Operations in Georgia

WFBNA delineated seven AAs within Georgia including the Atlanta-Athens-Clarke-Sandy Springs, GA CSA (Atlanta CSA AA); Savannah-Hinesville-Statesboro, GA CSA (Savannah CSA AA); Brunswick, GA MSA (Brunswick MSA AA); Chattanooga-Cleveland-Dalton, GA CSA (Chattanooga CSA AA); Macon-Bibb County-Warner Robins, GA CSA (Macon CSA AA); Rome, GA MSA (Rome MSA AA); and GA Combined non-metropolitan (GA Combined NonMetro AA). The Atlanta CSA and Savannah CSA AAs received FS reviews. The two areas accounted for the largest portion of the lending (92.4 percent) and deposits (95.8 percent) amongst the AAs in Georgia. Refer to Appendix A for a complete description of each AA. Georgia represents the 6th largest rated area by deposits. WFBNA has $34.7 billion deposits representing 2.7 percent of adjusted deposits in Georgia. WFBNA operates 226 branches and 658 ATMs in Georgia representing 4.0 percent of branches and 4.9 percent of the bank's ATMs. The bank originated or purchased $57.7 billion in loans or 3.1 percent of total reported loan originations and purchases during the evaluation period. The bank's primary loan products in Georgia are home mortgage loans and small loans to businesses.

Atlanta CSA AA

Within the Atlanta CSA AA, the bank had $31.8 billion in deposits and ranked second amongst 104 depository institutions in the market with 18.3 percent market share. The top depository institutions in terms of deposit market shares were SunTrust Bank in first with 26.9 percent and Bank of America in third with 18.1 percent. WFBNA operates 187 branches and 573 ATMs in the AA.

[26] This rating reflects performance within the state. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan statistical area.

Savannah CSA AA

Within the Savannah CSA AA, the bank had $1.4 billion in deposits and ranked second amongst 26 institutions in the market with 16.2 percent market share. SunTrust Bank and Bank of America ranked first and third with 22.9 percent and 12.4 percent market share, respectively. WFBNA operates 15 branches and 43 ATMs in the AA.

Demographic Data

Atlanta CSA AA

The following table provides a summary of the demographics that includes housing and business information for the Atlanta CSA AA. Table A indicates that the volume of OOUs is very small in the low-income CTs and almost 39 percent of families in the AA are LMI. The area's median housing value in the Atlanta CSA AA is 3 times the area's highest median income, but 3.8 times moderate-, and 6.1 times low-income, indicating a limited proportion of OOUs are affordable to LMI. Median rents and the moderate percentage of families below poverty level suggest rental housing is also unaffordable for many low-income residents.

Table A – Demographic Information of the Assessment Area

Assessment Area: Atlanta-Athens-Clarke County-Sandy Springs, GA CSA (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	1,053	9.6	23.8	36.0	30.1	0.5
Population by Geography	5,774,624	6.2	23.1	39.7	30.9	0.1
Housing Units by Geography	2,329,049	7.2	24.1	38.3	30.4	0.0
Owner-Occupied Units by Geography	1,386,791	2.7	18.0	42.2	37.1	0.0
Occupied Rental Units by Geography	661,325	13.9	34.0	31.9	20.2	0.0
Vacant Units by Geography	280,933	13.6	30.9	34.1	21.5	0.0
Businesses by Geography	491,760	4.8	21.0	35.5	38.5	0.1
Farms by Geography	10,193	2.6	18.6	45.2	33.6	0.0
Family Distribution by Income Level	1,397,588	21.8	17.1	19.5	41.6	0.0
Household Distribution by Income Level	2,048,116	23.0	16.9	18.2	41.9	0.0
Median Family Income MSA - 12020 Athens-Clarke County, GA MSA		$57,573	Median Housing Value			$206,609
Median Family Income MSA - 12060 Atlanta-Sandy Springs-Roswell, GA MSA		$67,374	Median Gross Rent			$905
Median Family Income MSA - 23580 Gainesville, GA MSA		$57,774	Families Below Poverty Level			9.9%
Median Family Income Non-MSAs - GA		$44,940				

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

Athens-Clarke County, GA MSA

According to the April 2019 Moody's Analytics report, the Athens economy is strong. Annual job growth clocks in at nearly 4 percent which is among the fastest rates nationally. Nearly all industries are performing well. State government payrolls are the standout, responsible for nearly one-third of employment additions over the past year. Job gains are expected to slow as the labor market tightens. Labor market tightness is putting upward pressure on wages, as hourly earnings growth is picking up.

Major area employers include University of Georgia (UGA), St. Mary's Hospital, and Caterpillar. UGA remains a driving force of the economy as the swelling student body enabled consumer industries to ramp up hiring in recent years. The pace of in-migration is more than twice that of the South with an influx of new students, residents, and tourists sustaining growth in consumer-reliant industries. Still, laggard wage gains will hold back more significant net hiring. The recently approved $171 million expansion of Piedmont Athens Regional Medical Center will set the stage for healthcare to play a larger role in the economy as the renovation and expansion will enable the hospital to handle higher patient volumes.

Buoyed by the strength of the labor market and robust population gains, house price increases are exceeding those of the state and nation by a wide margin. According to the U.S. BLS, the unemployment rate in June of 2018 was 4.3 percent, down from 9.2 percent at the beginning of the evaluation period. The MSA unemployment rate is similar to the overall State of Georgia at 4.3 percent.

Atlanta-Sandy Springs-Roswell, GA MSA

According to the August 2018 Moody's Analytics report, the Atlanta economic expansion stabilized with job growth just above the U.S. average but behind the rate in the rebounding South after sliding for more than two years. Growth in office-using industries is underway led by business and professional services, recouping earlier office job losses and slowing in the economy but still less growth than top peer areas. New migrants will help ease worker shortages and bolster professional/business services, while higher incomes and business travelers will aid consumer industries. Longer term, an educated workforce, robust in-migration, and an airport with direct connections around the globe will enable this area to outperform the U.S. Strong income growth is lifting consumer industries and the housing market, though affordability is fast deteriorating.

Single-family housing is modestly overvalued and though affordability eroded significantly, it is still higher than nationally and household formation in Atlanta is about twice the U.S. rate. There is some risk of overbuilding in the high end of the multifamily market, but residential real estate is primed for solid growth. Major area employers include Delta Air Lines, Wal-Mart, and The Home Depot. According to the U.S. BLS, the unemployment rate in 2nd quarter of 2018 was 4.2 percent, down from 9.3 percent at the beginning of the evaluation period. The MSA unemployment rate is slightly lower than the overall State of Georgia at 4.3 percent.

Gainesville, GA MSA

According to the April 2019 Moody's Analytics report, the Gainesville timely labor force additions are helping the area retains its position as a top regional performer. Late-year workforce additions in 2018 are allowing employers to maintain a breakneck pace of hiring. Population-dependent industries,

namely retail, leisure/hospitality and education/healthcare are contributing the most to Gainesville's success, with each handily outperforming their counterparts in Georgia and the U.S. Goods producers are expanding at a swift pace despite a stall in manufacturing. Manufacturing and medical centers are economic drivers in the area. Tariffs and trade policy concerns are weighing on the industry as Gainesville is the fourth most export-dependent area in Georgia behind the state's three coastal metro areas. Tariffs on poultry exports to China will hurt local food processors which employ just over half of all factory workers. Thus, even though domestic demand for poultry is breaking records, industrial production will grow more slowly in coming quarters and limit the need for labor. Healthcare will help pick up some of the slack from manufacturing and will be a key source of growth for Gainesville in the near and medium term. Though population growth in 2018 slowed to 1.4 percent, the pace exceeds the Georgia and U.S. averages and the local senior cohort is growing at a well above-average rate of near 5 percent per year.

Gainesville's proximity to Atlanta creates more opportunities for local job seekers including high-wage jobs and helps attract new households fueling strong demand for housing. Moody's reports nearly 24 percent of Gainesville residents work in Atlanta, and a lower cost of living in Gainesville could entice more to relocate. Major area employers include Northeast Georgia Health System, Fieldale Farms Corp., and Pilgrims Pride Poultry Co. According to the U.S. BLS, the unemployment rate in the 4th quarter of 2018 was 3.6 percent, down from 8.2 percent at the beginning of the evaluation period. The MSA unemployment rate is lower than the overall State of Georgia at 4.3 percent.

Community Contacts

The analysis takes into consideration comments provided by four community contacts that serve the bank's Atlanta CSA AA. One of the four community contacts represents a government public housing authority serving Newton County in the AA. One community contact is an economic development agency serving the city of Atlanta and Fulton County in the AA. Another contact is a housing agency serving the AA and one is a small business development agency serving 68 counties within the AA.

The community contact contacted from the economic development and the housing agencies commented that North Georgia and metro Atlanta's economic condition has generally improved, since the end of the financial crisis. The demographics for the metro are varied and are comprised of high, moderate, and low-income communities. The banking and credit needs of all citizens are generally met through a wide array of financial institutions and community development organizations in the AA. According to the contact, there is ample opportunity for local financial institutions to assist in the affordable housing programs offered by non-profits in the AA. The community contact from the public housing agency commented there is a critical need for affordable housing specifically single-family housing and multi-family rentals in the AA. The contact mentioned there is a year-long waiting list for people in need of affordable rental housing as well as a need for affordable homeownership opportunities for residents who were trying to move on. The contact mentioned several opportunities for bank participation beyond the current efforts including offering FHA loans to LMI first time homebuyers and volunteers to provide financial literacy training to LMI people in the AA.

The predominant housing problem facing LMI families and individuals is the housing cost burden. In Fulton County, households are paying more than 30 percent of their income toward their housing costs. Affordability is a critical issue for very low and low-income households. Affordable rental properties are critical to the stability of the community. Yet, at least one-third of current households cannot reasonably afford to purchase a home and almost one-fourth cannot afford to rent decent housing. Escalating land and construction costs have priced the LMI family out of the marketplace. Potential

LMI homebuyers often face the challenge of having enough cash at closing for the down payment and closing costs. Credit is also an issue for many who live paycheck to paycheck and lack budgeting skills. Many of the areas in the southern part of Fulton County experienced the greatest decline in home values. There is ample opportunity for small businesses and currently there is a high demand for SBA lending in the Atlanta Metro market.

The bank conducted research in the AA and identified community needs for affordable housing serving LMI families, financial education for the unbanked and underbanked individuals, small business assistance, and Workforce Development/Job Readiness to assist individuals.

Considering the information from the community contacts and bank management as well as demographic and economic data, affordable housing and small business loans, particularly those for start-up businesses and micro-loans are in high demand, and represent a primary credit need for the Atlanta CSA AA. Opportunity exists to originate these types of loans throughout the AA; however, it is limited in the low-income geographies as reflected by the small proportion of OOUs and small businesses coupled with limited home affordability for LMI individuals. There are also opportunities for financial institutions to perform more outreach to minority small business throughout about available lending programs in the assessment area.

Demographic Data

Savannah CSA AA

The following table provides a summary of the demographics that includes housing and business information for the Savannah CSA AA. Table A indicates that the volume of OOUs is very small in low-income CTs and over 38 percent of families in the AA are LMI. The area's median housing value in the Savannah CSA AA is 2.9 times the area's highest median income, but 3.7 times moderate-, and 5.9 times low-income, indicating a limited proportion of OOUs are affordable to LMI. Median rents and the high percentage of families below poverty level suggest rental housing is also unaffordable for many low-income residents.

Table A – Demographic Information of the Assessment Area

Assessment Area: Savannah-Hinesville-Statesboro GA CSA (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	117	11.1	22.2	38.5	24.8	3.4
Population by Geography	495,745	8.3	17.4	43.5	30.8	0.0
Housing Units by Geography	206,893	7.9	18.9	43.5	29.7	0.0
Owner-Occupied Units by Geography	107,624	3.4	12.6	45.3	38.7	0.0
Occupied Rental Units by Geography	72,196	13.0	27.5	41.0	18.5	0.0
Vacant Units by Geography	27,073	12.0	21.1	43.3	23.6	0.0
Businesses by Geography	31,510	5.4	17.5	42.6	34.2	0.3
Farms by Geography	849	1.6	9.8	46.2	42.4	0.0
Family Distribution by Income Level	118,570	21.0	17.2	19.6	42.2	0.0
Household Distribution by Income Level	179,820	25.0	15.8	17.7	41.5	0.0
Median Family Income MSA - 25980 Hinesville, GA MSA		$46,764	Median Housing Value			$167,918
Median Family Income MSA - 42340 Savannah, GA MSA		$57,354	Median Gross Rent			$814

Median Family Income Non-MSAs - GA	$44,940	Families Below Poverty Level	11.7%

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

Savannah, GA MSA

According to the April 2018 Moody's Analytics report, the Savannah economy is advancing at the slowest pace since 2010 and growth has decelerated faster than in most other Georgia metro areas in the past year, despite a pickup at Savannah's factories and strong port activity. Services, especially brick-and-mortar retail, leisure/ hospitality and financial, have lost steam. Finding qualified workers is a greater hurdle now that the expansion is in a late-cycle phase. Savannah's port will become an even more important growth driver, but the outlook is not without downside risk. Larger ships arriving via the expanded Panama Canal have lifted cargo volumes by 9 percent since July. Construction of a rail terminal will make it possible to move large cargo to markets in the Midwest. Rail expansion will hurt trucking in Savannah, and the trade war with China could lead to declining port activity. About 8 percent of the port's shipments are commodities targeted by tariffs and a full-blown trade war would cost jobs and incomes. Savannah's factories are adding jobs at twice the U.S. pace, but Moody's predicts producers will struggle to maintain this edge with costly labor in a fully employed economy and aerospace payrolls accounting for more than half of Savannah's factory jobs are at risk with U.S. import tariffs on aluminum and steel.

Healthier household balance sheets and steady in-migration are aiding single-family housing. Sales are up and permits hit a cycle high in the first quarter. The economy is driven by the logistics, defense, and tourism. Major employers include Gulfstream Aerospace Corp., Memorial health University Medical Center, and Ft. Stewart/Hunter Army Airfield. According to the U.S. BLS, the unemployment rate in the second quarter of 2018 was 4.0 percent, down from 9.5 percent at the beginning of the evaluation period. The MSA unemployment rate is similar to the overall State of Georgia at 4.3 percent.

Hinesville, GA MSA

According to the April 2019 Moody's Analytics report, the Hinesville economy is improving and job growth is catching up to the state and national averages. Federal employment at Fort Stewart, the economy's bedrock, is relatively stable, goods-producing employment is trending up, and private services have made up the ground lost a year earlier. According to the Moody's Analytics Industrial Diversity Index, Hinesville is more dependent on a single employer than almost any other metro area in the U.S. While more job growth in higher-value-added industries is needed, Hinesville will have difficulty attracting such investment given its low educational attainment and fluctuating population. Longer term, poor industrial diversity, low per capita income, and a lack of dynamic drivers will keep Hinesville one of the South's underperformers.

The housing market has contributed more to growth in recent months. Single-family housing starts are at their highest point since 2015, and apartment construction is on the upswing. Major employers include Fort Stewart, SNF, and Liberty County Medical Center. According to the U.S. BLS, the unemployment rate in June of 2018 was 4.6 percent, down from 9.4 percent at the beginning of the evaluation period. The MSA unemployment rate is lower than the overall State of Georgia at 4.3 percent.

Community Contacts

The analysis takes into consideration comments provided by a recent community contact in conjunction with this evaluation that serves the bank's Savannah CSA AA. The community contact was with an affordable housing organization and the representative indicated that the overall short-term economic outlook for the AA is positive. The contact also revealed that there is a limited amount of affordable housing available for LMI families in the AA. The contact noted that there are needs for business lending and special purpose lending as it relates to providing affordable housing offered through the non-profit. The contact also stated that a shortage in the housing market continues to exist even with pre-crisis construction levels. The community contact also mentioned assistance is needed with mortgage servicing for loans originated by the non-profit and an outlet to sell portions of their mortgage portfolio to local financial institutions.

Considering the information from the community contacts and bank management as well as demographic and economic data, small business and affordable home mortgage loans represent a primary credit need for the Savannah CSA AA. Opportunity exists to originate these types of loans throughout the AA; however, it is limited in the low-income geographies as reflected by the small proportion of OOUs and small businesses coupled with limited home affordability for LMI individuals. Furthermore, the Savannah CSA AA has CD needs including affordable housing and economic development.

Scope of Evaluation in Georgia

The rating for the State of Georgia is primarily based on FS evaluations of the bank's performance in the Atlanta CSA and Savannah CSA AAs; however, performance in each AA was considered. Conclusions where a LS review affected the CRA Rating for the state are addressed within their respective tests. LS procedures were performed for the Brunswick MSA AA, Chattanooga CSA AA, Macon CSA AA, Rome MSA AA, and the GA Combined NonMetro AA. The State of Georgia is the sixth largest rated area and along with 12 other rated areas represents the bank's most significant markets in terms of lending, deposit, and branch distribution. Georgia represents a sizeable portion of the bank's overall lending, investments, and services; therefore, the performance in the state was weighted more heavily in determining the bank's overall CRA.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN GEORGIA

LENDING TEST

The bank's performance under the Lending Test in Georgia is rated Outstanding.

Conclusions for Areas Receiving FS Reviews

Based on FS reviews, including the data in the tables below and consideration of performance context discussed in the lending test, the bank's performance in the Atlanta CSA is excellent and performance in the Savannah CSA AAs is good.

Lending Activity

Based on the tables below, lending levels reflect excellent responsiveness to the credit needs in its AAs taking into account the number and amount of home mortgage, small business, small farm, and community development relative to its capacity based on deposits, competition, and market presence.

Number of Loans*							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	%State Loans	%State Deposits
Atlanta CSA	213,719	101,987	859	119	316,684	86.4	91.7
Brunswick MSA	2,724	492	20	0	3,236	0.9	0.2
Chattanooga CSA	4,895	1,367	112	0	6,374	1.7	1.6
GA Combined NonMetro	3,094	1,031	98	0	4,223	1.2	0.9
Macon CSA	9,497	1,725	87	10	11,319	3.0	1.1
Rome MSA	2,073	617	63	0	2,753	0.8	0.4
Savannah CSA	16,520	5,294	88	22	21,924	6.0	4.1
Total	252,522	112,513	1,327	151	366,513	100.0	100.0

*The tables present the data for all assessment areas. The narrative below addresses performance in FS areas only.

Dollar Volume of Loans (000's)*							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	%State* Loans	%State Deposits
Atlanta CSA	$45,931,832	$4,490,319	$23,946	$1,146,540	$51,592,637	87.5	91.7
Brunswick MSA	$579,252	$24,162	$2,599	$0	$606,013	1.0	0.2
Chattanooga CSA	$632,939	$79,769	$2,242	$0	$714,950	1.2	1.6
GA Combined NonMetro	$539,884	$59,691	$7,169	$0	$606,744	1.0	0.9
Macon CSA	$1,566,425	$88,255	$4,016	$55,246	$1,713,942	2.9	1.1
Rome MSA	$263,288	$31,505	$1,576	$0	$296,369	0.5	0.4
Savannah CSA	$3,116,190	$288,674	$5,285	$51,235	$3,461,384	5.9	4.1
Total	$52,629,810	$5,062,375	$46,833	$1,253,021	$58,992,039	100.0	100.0

*The tables present the data for all assessment areas. The narrative below addresses performance in FS areas only.

Atlanta CSA AA

WFBNA ranked second in deposits with 18.3 percent market share in the AA. In overall HMDA lending, WFBNA ranked first with 9.7 percent market share. There is strong competition as reflected by the 832 lenders and 104 depository institutions in the AA. The top second and third lenders in terms of market share were Quicken Loans with 5.3 percent and SunTrust Bank with 4.8 percent.

In small loans to businesses, WFBNA ranked third with a market share of 8.8 percent. There is also strong competition as reflected by the 207 lenders in the AA. The top two lenders in terms of market share were American Express with 28.0 percent and Bank of America with 10.0 percent.

Savannah CSA AA

WFBNA ranked second in deposits with 16.2 percent market share in the AA. In overall HMDA lending, WFBNA ranked first with 10.2 percent market share. There is strong competition as reflected by the 396 lenders and 26 depository institutions in the AA. The second and third lenders are PennyMac Loan Services with 5.0 percent market share and Quicken Loans with 4.5 percent market share.

In small loans to businesses, WFBNA ranked second with a market share of 7.7 percent. There is also strong competition as reflected by the 87 lenders in the AA. The top first and third lenders were American Express with a market share of 22.6 percent and Bank of America with a 7.1 percent.

Distribution of Loans by Income Level of the Geography

The bank exhibits a good geographic distribution of loans in the Atlanta CSA and Savannah CSA AAs.

Atlanta CSA AA

Home Mortgage Loans

Refer to Table O in the State of Georgia section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is good.

- The bank's performance in both periods, 2012-2016 and 2017-2018, for home mortgage loans in LMI geographies substantially meets the aggregate distribution of loans in those geographies.
- The proportion of loans in low-income geographies is well below the proportion of OOUs and for moderate-income geographies is below the proportion of OOUs in those geographies.

Small Loans to Businesses

Refer to Table Q in the State of Georgia section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is good.

- The bank's performance in both periods, 2012-2016 and 2017-2018, for small business loans in LMI geographies substantially meets the aggregate distribution of loans and is below the proportion of businesses located in those geographies.

Savannah CSA AA

Home Mortgage Loans

Refer to Table O in the State of Georgia section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is adequate.

- For 2012-2016, the proportion of home mortgage loans in LMI geographies substantially meets the aggregate distribution of loans and is well below the proportion of OOUs in those geographies.
- Based on the bank's performance in 2017-2018, the bank's home mortgage lending is slightly higher than the combined performance in 2012-2016.

Small Loans to Businesses

Refer to Table Q in the State of Georgia section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is good.

- The bank's performance in both periods, 2012-2016 and 2017-2018, for small business loans in low-income geographies is below both the aggregate distribution of loans and the proportion of businesses located in those geographies.
- The bank's performance in moderate-income geographies exceeds both the aggregate distribution of loans and the proportion of businesses located in those geographies.

Distribution of Loans by Income Level of the Borrower

The bank exhibits a good distribution of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the institution.

Atlanta CSA AA

Home Mortgage Loans

Refer to Table P in the State of Georgia section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is good.

- There are homeownership affordability hurdles in the AA especially for LMI borrowers. As noted above, the area's median housing value is 6.1 times the income of low-income and 3.8 times the income of moderate-income borrowers, indicating a limited proportion of OOUs are affordable to LMI. Despite the affordability challenges, the bank's overall home mortgage lending to low-income borrowers in both periods, 2012-2016 and 2017-2018, exceeds the aggregate distribution of loans and is well below the proportion of families.
- The bank's overall home mortgage lending to moderate-income borrowers substantially meets the aggregate distribution of loans and is below the proportion of families.

Small Loans to Businesses

Refer to Table R in the State of Georgia section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is good.

- For both 2012-2016 and 2017-2018 periods, the bank's distribution of small loans to businesses with revenues of $1 million or less exceeds the aggregate small business lending data for

businesses with revenues of $1 million or less and is below the percentage of small businesses located in the AA.

Savannah CSA AA

Home Mortgage Loans

Refer to Table P in the State of Georgia section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is good.

- There are homeownership affordability hurdles in the AA especially for LMI borrowers. As noted above, the area's median housing value is 6 times the income of low-income and 3.7 times the income of moderate-income borrowers, indicating a limited proportion of OOUs are affordable to LMI. Despite the affordability challenges, the bank's overall home mortgage lending to low-income borrowers in both periods, 2012-2016 and 2017-2018, substantially meets the aggregate distribution of loans and is significantly below the proportion of families.
- The bank's overall home mortgage lending to moderate-income borrowers exceeds the aggregate distribution of loans and is below the proportion of families.

Small Loans to Businesses

Refer to Table R in the State of Georgia section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is good.

- For both 2012-2016 and 2017-2018 periods, the bank's distribution of small loans to businesses with revenues of $1 million or less exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is below the percentage of small businesses located in the AA.

Community Development Lending

The institution is a leader in making CD loans.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

Atlanta CSA AA

The level of CD lending in the Atlanta CSA AA is excellent. WFBNA made 119 CD loans in its AA for a total of $1.1 billion, which represents 32.1 percent of tier 1 capital. CD lending performance has a significant positive impact on the lending test rating. The institution makes significant use of innovative and/or complex CD loans and involved many complex projects where the bank often acted in a leadership role. The loans were responsive to the identified affordable housing and small business lending needs in the AA. The bank made 64 CD loans totaling $730 million (66.4 percent) particularly responsive to the identified need for affordable housing as well as 17 CD loans totaling $31.7 million for the purpose of economic development which are responsive to the identified need for access to capital

for small business and for small business assistance. Additionally, the bank made 38 CD totaling $384.6 million for the primary purpose of community services to LMI individuals.

Examples of CD loans in the AA include:

- In July 2014 and renewed in November 2017, WFBNA provided a $125 million working capital line of credit to a nonprofit organization that provides social services such as hunger relief, housing, and homeless services, to help individuals and families overcome obstacles. All of its clients are LMI individuals as they earn less than 80 percent of the area MFI.
- In August 2018, WFBNA provided a $57.8 million loan for a multifamily housing development located in a moderate-income census tract in Marietta, GA. The development consists of 430 one-bedroom units, 250 two-bedroom units, and requires that 100 percent of the units available to tenants earning between 39.6 and 71.7 percent of the 2017 area MFI of $69,200.
- In December 2014, WFBNA provided a $5.3 million loan to fund the relocation of a small business. This loan was made in conjunction with the SBA's 504 CDC program, which is a long-term financing tool for economic development within a community.

Savannah CSA AA

The level of CD lending in the Savannah CSA AA is excellent. WFBNA made 22 CD loans in its AA for a total of $51.2 million, which represents 32.1 percent of tier 1 capital. CD lending performance has a significant positive impact on the lending test rating. The institution makes significant use of innovative and/or complex CD loans and involved many complex projects where the bank often acted in a leadership role. The loans were responsive to the identified affordable housing needs in the AA. The bank made 9 CD loans totaling $40.5 million (79.0 percent) for the purpose of affordable housing which is a critical need in the AA. Additionally, the bank extended 13 CD loans totaling $10.8 million for the primary purpose of providing community services to LMI individuals.

Examples of CD loans in the AA include:

- In November 2018, WFBNA provided a $12.1 million loan for a multifamily housing development located in a moderate-income census tract in Savannah, GA. The development consists of 86 one-bedroom units, 91 two-bedroom units, with 100 percent of the units affordable to tenants earning between 44.2 and 77.1 percent of the 2018 area MFI of $65,200.
- In October 2014, WFBNA provided a $1.6 million community infrastructure term loan to an organization to finance the Head Start program. The private nonprofit agency provides a variety of programs and services to assist LMI residents of Savannah and Chatham County, as well as promoting cultural diversity throughout the city.

Product Innovation and Flexibility

Atlanta CSA AA

The institution makes extensive use of innovative and/or flexible lending practices in order to serve AA credit needs. The bank launched the NeighborhoodLIFT program in the Atlanta CSA AA in May 2018 and nearly 500 potential homebuyers attended the event. Of the 500 in attendance, WFBNA originated 125 mortgage loans totaling $18.5 million. Under the *your*FirstMortgage loan program the bank has funded 501 loans totaling $70.9 million to LMI homebuyers that qualified under this program.

Savannah CSA AA

The institution makes limited use of innovative and/or flexible lending practices in order to serve AA credit needs. Under the *your*FirstMortgage loan program the bank has funded 26 loans totaling $3.2 million to LMI homebuyers that qualified under this program.

Refer to the comments in the institution Innovative or Flexible Lending Programs section of this public evaluation for additional details regarding the programs noted above.

Conclusions for Areas Receiving LS Reviews

Based on LS reviews, the bank's performance under the Lending Test in the Macon MSA AA is consistent with the bank's overall excellent performance under the Lending Test in the FS areas. The bank's performance in the Brunswick MSA, Chattanooga CSA, Rome MSA, and GA Combined NonMetro AAs is weaker than the bank's overall performance due primarily to a low level of CD lending. Performance differences in the LS AAs did not impact the Lending Test rating for the State of Georgia.

Refer to Tables O through T in the State of Georgia section of appendix D for the facts and data that support these conclusions.

INVESTMENT TEST

The bank's performance under the Investment Test in the State of Georgia is rated Low Satisfactory.

Conclusions for Areas Receiving FS Reviews

Based on FS reviews, including the data in the table below and consideration of performance context discussed in the investment test, the bank's performance in the Atlanta CSA and Savannah CSA AAs is adequate.

Qualified Investments										
	Prior Period*		Current Period		Total				Unfunded Commitments **	
Assessment Area	#	$(000's)	#	$(000's)	#	% of Total #	$(000's)	% of Total $	#	$(000's)
Atlanta CSA	42	$15,538	983	$178,378	1,025	87.8	$193,916	74.8	4	$6,086
Brunswick MSA	0	$0	5	$1,337	5	0.4	$1,337	0.5		
Chattanooga CSA	0	$0	15	$119	15	1.3	$119	0.0		
GA Combined NonMetro	0	$0	22	$14,141	22	1.9	$14,141	5.5		
Macon CSA	0	$0	28	$36,052	28	2.4	$36,052	13.9		
Rome MSA	0	$0	13	$100	13	1.1	$100	0.0		
Savannah CSA	0	$0	60	$13,478	60	5.1	$13,478	5.2		

Total	42	$15,538	1,126	$243,605	1,168	100.0	$259,143	100.0	4	$6,086

* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.
** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Atlanta CSA AA

The institution has an adequate level of qualified CD investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 5.4 percent of tier 1 capital allocated to the AA.

The investments and grants reflect adequate responsiveness to the needs identified in the AA including affordable housing, community services, economic development, and revitalization/stabilization for LMI individuals and geographies. Over 88.9 percent of the bank's CD investments focused on affordable housing which is an identified credit need in the AA. Additionally, the bank provided 768 grants totaling $22.6 million to a variety of organizations that primarily support affordable housing, community services, and economic development.

The institution makes significant use of innovative and/or complex investments to support CD initiatives. CD Investments involved several complex LIHTC projects where the bank often acted in a leadership role with participations from federal, state, and local housing agencies and real estate developers. Additionally, the bank purchased numerous government mortgage-backed securities for the CD Investment portfolio.

Examples of CD investments in the AA include:

- In August 2013, WFBNA invested $28.4 million in a LIHTC fund. Of this total investment, $2.9 million was allocated to a development located in Marietta, Georgia, with 87 units restricted to tenants earning no more than 60 percent of the area MFI. This activity is responsive to the identified need for affordable housing.
- During the exam timeframe, WFBNA provided four grants totaling $351,600 to four housing organizations through the PMP for affordable housing in Georgia including the Atlanta CSA AA. Refer to the comments in the institution Community Development Initiatives Practices section of this public evaluation for additional details regarding this program.
- During the exam timeframe, WFBNA provided two grants totaling $700,000 to two small business organizations through the Small Business DCC Program benefiting small businesses in Georgia including the Atlanta CSA AA. Refer to the comments in the institution Innovative or Flexible Lending Programs section of this public evaluation for additional details regarding this program.

Savannah CSA AA

The institution has an adequate level of qualified CD investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 8.5 percent of tier 1 capital allocated to the AA.

The investments and grants reflect adequate responsiveness to the needs identified in the AA including affordable housing, community services, economic development, and revitalization/stabilization for LMI individuals and geographies. Only 37.7 percent of the bank's CD investments focused on affordable

housing which is an identified credit need in the AA. Additionally, the bank provided 58 grants totaling $805,000 to a variety of organizations that primarily support affordable housing, community services, and economic development.

The institution occasionally uses innovative and/or complex investments to support CD initiatives. CD Investments involved two complex projects where the bank often acted in a leadership role with participations from federal, state, and local housing agencies and real estate developers.

Examples of CD investments in the AA include:

- In November 2018, WFBNA invested $32.5 million in the National Equity Fund 2018, LP, a LIHTC fund. Of this total investment, $4.7 million was allocated to a development located in Savannah, Georgia, with 144 units restricted to tenants earning less than 60 percent of the area MFI. This activity is responsive to the identified need for affordable housing.
- In December 2013, WFBNA provided an $8.0 million NMTC investment in an education facility located in Savannah, Georgia to develop a new law school campus with NMTC proceeds specifically used to increase the opportunity for low-income students in the Southern Atlantic coastal region to study law. The law school strives to be considered "the school of opportunity" and will target students from the surrounding low-income communities and the part-time evening program will enable non-traditional students the opportunity to attend law school.

Conclusions for Areas Receiving LS Reviews

Based on LS reviews, the bank's performance under the Investment Test in the Brunswick MSA, Macon CSA, and GA Combined NonMetro AAs is stronger than the bank's overall adequate performance in the Investment Test in the FS areas. The bank's performance in the Chattanooga CSA and Rome MSA AAs is weaker than the bank's overall performance. Performance differences in the LS AAs were primarily due to the volume of CD investments and did not impact the overall Investment Test rating for the State of Georgia.

SERVICE TEST

The bank's performance under the Service Test in Georgia is rated Outstanding.

Conclusions for Areas Receiving FS Reviews

Based on FS reviews, including the data in the tables below and consideration of performance context discussed in the service test, the bank's performance in the Atlanta CSA AA is excellent and performance in the Savannah CSA AA is good.

Retail Banking Services

Service delivery systems are readily accessible to geographies and individuals of different income levels in the institution's AAs, particularly LMI geographies and/or LMI individuals.

Distribution of Branch Delivery System											
Assessment Area	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%) *				% of Population within Each Geography *			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Atlanta CSA	91.7	187	82.7	7.5	26.7	26.2	38.0	7.4	25.2	35.0	32.0
Savannah CSA	4.1	15	6.6	0.0	40.0	40.0	20.0	8.2	19.8	42.8	29.2
Brunswick MSA	0.2	2	0.9	0.0	0.0	50.0	50.0	3.6	24.0	44.0	28.4
Chattanooga CSA	1.6	5	2.2	0.0	40.0	60.0	0.0	0.0	25.4	51.3	23.3
Macon CSA	1.1	5	2.2	0.0	0.0	40.0	60.0	11.3	22.7	35.6	30.4
Rome MSA	0.4	3	1.3	0.0	66.7	33.3	0.0	3.6	28.1	40.6	27.7
GA Combined NonMetro	0.9	9	4.0	0.0	33.3	55.6	11.1	2.0	20.4	60.8	16.8

* May not add up to 100 percent due to geographies with unknown tract income level and rounding.

Distribution of Branch Openings/Closings							
Assessment Area	# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				
			Low	Mod	Mid	Upper	NA
Atlanta CSA	6	21	0	-3	0	-12	0
Savannah CSA	0	2	0	-1	0	-1	0
Brunswick MSA	0	0	0	0	0	0	0
Chattanooga CSA	0	2	0	0	-1	-1	0
Macon CSA	0	0	0	0	0	0	0
Rome MSA	0	0	0	0	0	0	0
GA Combined NonMetro	0	0	0	0	0	0	0

Atlanta CSA AA

As of December 31, 2018, WFBNA operates 187 branches and 573 ATMs in the Atlanta CSA AA. Of these branches, 183 are full-service locations and four are limited-service branches. There are 14 branches in the low-income geographies and 50 branches in moderate-income geographies. The branch distribution in LMI geographies exceeds the percentage of the population in LMI geographies in the AA. When considering an additional 21 branches within close proximity to LMI geographies, the bank's branch distribution further exceeds demographics.

The institution's opening and closing of branches have not affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank opened three branches in middle-income and two branches in upper-income geographies since the last evaluation. The bank also opened one branch in a geography where income level of the census tract is unknown. The bank closed three branches in moderate-income, three branches in middle-income, and 14 branches in upper-income

geographies since the last evaluation. The bank also closed one branch in a geography where income level of the census tract is unknown. The closure of branches in moderate-income geographies was to consolidate with other branches nearby and did not negatively impact the distribution of branches relative to the population residing in those geographies. The bank still maintains 54 active branches or 31.7 percent within LMI geographies.

Services, including where appropriate, business hours, do not vary in a way that inconveniences the various portions of its AA, particularly LMI geographies and/or individuals. Generally, branches are open Monday through Thursday from 9:00 am to 5:00 pm and 9:00 am to 6:00 pm on Friday. Of total branches, 134 are also open on Saturday from 9:00 am to 1:00 pm. All WFBNA services are available at all branches and all ADS discussed bank-wide are available in this AA.

Savannah CSA AA

As of December 31, 2018, WFBNA operates 15 branches and 43 ATMs in the Savannah CSA AA. All of these branches are full-service locations. There are no branches in the low-income geographies and six branches in moderate-income geographies. The branch distribution in low-income geographies is significantly below the percentage of the population in low-income geographies and the branch distribution in moderate-income geographies significantly exceeds the percentage of the population in moderate-income geographies in the AA. When considering an additional six branches within close proximity to LMI geographies, the bank's branch distribution is near to demographics.

The institution's opening and closing of branches have not affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank did not open any branches in the AA since the last evaluation. The bank closed one branch in moderate-income and one branch in upper-income geographies since the last evaluation. The closure of the one branch in a moderate-income geography did not negatively impact the distribution of branches relative to the population residing in moderate-income geographies.

Services, including where appropriate, business hours, do not vary in a way that inconveniences the various portions of its AA, particularly LMI geographies and/or individuals. Generally, branches are open Monday through Thursday from 9:00 am to 5:00 pm and 9:00 am to 6:00 pm on Friday. Of total branches, eight are also open on Saturday from 9:00 am to 1:00 pm. All WFBNA services are available at all branches and all ADS discussed bank-wide are available in this AA.

Community Development Services

The institution is a leader in providing CD services.

Atlanta CSA AA

The level of CD services in the Atlanta CSA AA is excellent. Bank records show that employees provided their financial or job-specific expertise and/or technical assistance for 1,243 CD service activities to 321 organizations since the last evaluation, logging a total of 5,073 qualified hours within this AA. A majority (99 percent) of the bank's assistance was to organizations that provide community services to LMI individuals and families and 1 percent to affordable housing organizations. The following are examples of CD services provided in this AA:

- One WFBNA team member provided 12 hours of Board service, technical assistance, and financial education and 126 team members provided 977 hours of financial education at a local affiliate of an organization that provides financial education, work readiness skills, and entrepreneurship to students from kindergarten through high school. According to the organization, 60 percent of its student clients are LMI.
- One WFBNA team member provided 150 Board service and technical assistance at an emergency services and housing assistance organization. According to the organization, all of its clients are LMI.

Savannah CSA AA

The level of CD services in the Savannah CSA AA is adequate. Bank records show that employees provided their financial or job-specific expertise and/or technical assistance for 85 CD service activities to 31 organizations since the last evaluation, logging a total of 226 qualified hours within this AA. A substantial majority of the bank's assistance was to local schools that provide community services to LMI individuals and families. The following are examples of CD services provided in this AA:

- Five WFBNA team members provided 38 hours of financial education at an elementary school. According to the NCES, 64 percent of students qualify for the federal FRL program.
- Three WFBNA team members provided 12 hours of financial technical assistance to a nonprofit organization that provides vital humanitarian and social services to Savannah's homeless and special needs communities. The programs address shelter, long and short-term housing, healthcare, behavioral counseling, substance abuse, job and life skills training and employment assistance. According to the organization, all of its clients are LMI.

Conclusions for Areas Receiving LS Reviews

Based on LS reviews, the bank's performance under the Service Test in the Chattanooga CSA, Rome MSA, and GA Combined NonMetro AAs is consistent with the bank's overall excellent performance under the Service Test in the FS areas. The performance in the Brunswick MSA and Macon CSA AAs is weaker than the overall performance. These two LS AAs have very poor branch distribution in LMI geographies but including branches near to LMI geographies elevated the overall branch distribution to adequate. Performance differences in the LS AAs did not impact the overall Service Test rating for the State of Georgia

State Rating

State of Idaho

CRA rating for the State of Idaho[27]: Satisfactory
The Lending Test is rated: High Satisfactory
The Investment Test is rated: Low Satisfactory
The Service Test is rated: Outstanding

The major factors that support this rating include:

- Good lending activity;
- Good geographic distribution of loans;
- Good borrower distribution of loans;
- Adequate level of CD loans;
- WFBNA's use of flexible products has a positive impact on the Lending Test;
- Adequate level of CD investments;
- Retail delivery systems are readily accessible to all portions of the AA; and
- WFBNA provides a relatively high level of CD services that are responsive to the needs of the bank's AA.

Description of Institution's Operations in Idaho

WFBNA delineated seven AAs within Idaho including the Boise City, ID MSA (Boise City MSA AA); Coeur d'Alene, ID MSA (Coeur d'Alene MSA AA); Idaho Falls-Rexburg-Blackfoot, ID CSA (Idaho Falls CSA AA); Lewiston, ID MSA (Lewiston MSA AA); Pocatello, ID MSA (Pocatello MSA AA); Twin Falls, ID MSA (Twin Falls MSA AA); and the ID Combined non-metropolitan AA (ID Combined NonMetro AA). The Boise City MSA AA and ID Combined NonMetro AA received FS reviews. Refer to Appendix A for a complete description of each AA. The two areas accounted for the largest portion of the lending (67 percent) and deposits (71 percent) amongst the AAs in Idaho. Idaho represents the 24th largest rated area by deposits. WFBNA has $5.6 billion deposits representing 0.4 percent of adjusted deposits in the State of Idaho. WFBNA operates 72 branches and 85 ATMs representing 1.3 percent of the bank's branches and 0.6 percent of the bank's ATMs. The bank originated and purchased $11.2 billion in loans or 0.6 percent of total reported loan originations and purchases in Idaho during the evaluation period. The bank's primary loan products in the State of Idaho are home mortgage loans and small business loans.

<u>Boise City MSA AA</u>

Within the Boise City MSA AA, WFBNA has $2.8 billion in deposits and ranked first amongst 20 depository institutions in the market with 25.3 percent market share. The second and third largest banks in terms of deposits were U.S. Bank with a market share of 22.6 percent and KeyBank with a market share of 11.2 percent. WFBNA operates 22 branches and 29 ATMs in the AA.

[27] This rating reflects performance within the state. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan statistical area.

ID Combined NonMetro AA

Within the ID Combined NonMetro AA, WFBNA has $1.1 billion in deposits and ranked first amongst 21 depository institutions in the market with 22.4 percent market share. The second and third largest banks in terms of deposits were U.S. Bank with 18.8 percent market share and D.L. Evans Bank with 9.6 percent market share. WFBNA operates 25 branches and 28 ATMs in the AA.

Demographic Data

Boise City MSA AA

The following table provides a summary of the demographics that includes housing and business information for the Boise City MSA AA. Table A shows a very small proportion of tracts and population are located within the low-income geographies. The volume of OOUs is even smaller in the low-income tracts and over 37 percent of families in the AA are LMI. The area's median housing value in the Boise MSA AA is 3.3 times the highest MSA median income, but 4.2 times moderate-, and 6.7 times low-income, indicating a limited proportion of OOUs are affordable to LMI. Median rents and the significant percentage of families below poverty level suggest rental housing is also unaffordable for many low-income residents.

Table A – Demographic Information of the Assessment Area

Assessment Area: Boise City ID MSA (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	95	2.1	32.6	41.1	24.2	0.0
Population by Geography	616,561	1.2	28.2	43.4	27.2	0.0
Housing Units by Geography	240,349	1.1	30.2	43.0	25.7	0.0
Owner-Occupied Units by Geography	155,887	0.6	24.3	45.1	30.1	0.0
Occupied Rental Units by Geography	65,257	2.3	43.1	38.1	16.5	0.0
Vacant Units by Geography	19,205	1.0	34.9	42.8	21.3	0.0
Businesses by Geography	40,947	0.9	31.0	38.5	29.5	0.0
Farms by Geography	1,983	0.6	28.5	49.7	21.2	0.0
Family Distribution by Income Level	153,721	19.6	18.3	22.5	39.6	0.0
Household Distribution by Income Level	221,144	21.9	17.7	20.1	40.3	0.0
Median Family Income MSA - 14260 Boise City, ID MSA		$59,649	Median Housing Value			$199,548
			Median Gross Rent			$768
			Families Below Poverty Level			9.0%

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

Per the July 2018 Moody's Analytics report, Boise is a top performer with payroll growth twice the U.S. average. Rapid population growth is spurring hiring in consumer driven industries including retail, leisure/hospitality, and personal service firms. Despite the favorable migration flows and above average labor force growth, workers remain scarce with the unemployment rate sitting at 2.7 percent, down from

7.1 percent at the beginning of the evaluation period. The unemployment rate is comparable to the state of Idaho overall at 2.5 percent during the same period.

Boise's economy is driven by high tech, manufacturing, and retirees. According to Moody's, Boise's tech sector will expand for the rest of the year but the pace of hiring will fall below average. Boise is home to semiconductor manufacturer Micron, which is the areas' second largest employer.

Boise has emerged as a dynamic startup scene for small tech firms due in part to below-average business costs compared to other tech hubs in the West. These will gradually become a more central source of employment. The area's other top employers are St. Luke's Health System and Boise State University. The top economic sectors by employment are a virtual tie between Professional and Business Services, Government, and Education and Health Services.

Home sales over the last year are up and prices have risen by about ten percent, approximately twice the national average. Housing supply is not keeping up with demand and according to HUD there are about ten potential buyers for every house built in Boise. The tight labor market is partly to blame but also the fact that Boise's house prices are 75 percent below the national average may deter some builders looking for larger profits.

Community Contacts

The analysis takes into consideration comments provided by two community contacts pertaining to the Boise City MSA AA in conjunction with this evaluation. The contacts represent an affordable housing organization and a small business development center.

Per the affordable housing contact, economic conditions in the MSA are healthy due to low unemployment, high job growth projections, and a relatively low cost of living. However, the Boise housing market is in short supply and over-priced. While the pace of new construction is said to have returned to pre-crisis levels, demand for new housing is still outweighing supply.

The contact mentioned that participation by financial institutions is mainly limited to homebuyer education seminars. Potential opportunities to partner with community organizations exist and include special purpose lending services offering full financing of down payments, home rehabilitation projects, and financial coaching and counseling services. The contact also noted a business need for access to credit to finance the purchase of property to support the growth in agriculture and manufacturing industries.

Per the small business development contact, the Boise economy is doing well and growing with year-over-year increases in jobs created, sales growth, and new start-up businesses. Lenders are taking more risk since the economy is good. There has been an increase in SBA lending activity in the area and more equity capital investing. The area is significantly less expensive in terms of housing than Seattle or California. There has been an influx of Californians moving to Idaho for more affordable housing. Per the contact, the housing market has reached its peak and he expects it will decline over the next several years.

Area banking and credit needs include equipment loans, loans for operational expense, and inventory loans. The contact mentioned that small businesses, which he indicated are usually unbankable, are always looking for operating funds. The contact also noted that banks could increase their collaboration

with organizations that promote small business economic growth. He specifically mentioned the Boise Startup Week, which is an event filled with activities to help small businesses grow.

The bank conducted research in the AA and identified community needs for affordable housing for LMI families, financial education for the unbanked and underbanked, homebuyer assistance to assist LMI borrowers, and homeless services.

Considering the information from community contacts and bank management as well as demographic and economic data, affordable housing and small business loans represent a primary credit need for the Boise City MSA AA. Opportunity exists to originate these types of loans throughout the AA; however, it is limited in the low-income geographies as reflected by the small proportion of tracts, population, OOUs, and small businesses coupled with limited home affordability for LMI individuals.

ID Combined NonMetro AA

The following table provides a summary of the demographics that includes housing and business information for the ID Combined NonMetro AA. Table A indicates that there are no low-income CTs and over 38 percent of families in the AA are LMI. The area's median housing value in the ID Combined NonMetro AA is 4 times the area's median income, but 5 times moderate-, and 7.9 times low-income, indicating a limited proportion of OOUs are affordable to LMI families. Median rents and the high percentage of families below poverty level suggest rental housing is also unaffordable for many low-income residents.

Table A – Demographic Information of the Assessment Area

Assessment Area: ID Combined Non-Metros (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	91	0.0	9.9	79.1	11.0	0.0
Population by Geography	420,801	0.0	7.4	81.5	11.1	0.0
Housing Units by Geography	192,809	0.0	7.2	78.9	14.0	0.0
Owner-Occupied Units by Geography	112,321	0.0	6.0	81.9	12.2	0.0
Occupied Rental Units by Geography	48,045	0.0	9.6	79.7	10.6	0.0
Vacant Units by Geography	32,443	0.0	7.7	67.2	25.1	0.0
Businesses by Geography	26,110	0.0	7.4	79.5	13.1	0.0
Farms by Geography	3,107	0.0	3.6	89.0	7.4	0.0
Family Distribution by Income Level	110,767	18.4	19.7	23.0	38.8	0.0
Household Distribution by Income Level	160,366	21.8	17.8	19.6	40.7	0.0
Median Family Income Non-MSAs - ID		$49,523	Median Housing Value			$196,383
			Median Gross Rent			$634
			Families Below Poverty Level			10.5%

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

According to the July 2018 Moody's Analytics report, Idaho's economy is white hot pushing the state to

the top of the stellar Mountain West. Year-over-year growth in payroll employment is the fastest in the nation, performing nearly two times the national average over the past three years. Job growth has been bolstered by strong performance in manufacturing, healthcare and construction. However, wage growth remains subdued as hourly earnings have risen more slowly than the national average over the last several years due to a weak job mix. Per Moody's, Idaho is home to the highest share of low-wage jobs in the country. The major economic driver in the ID Combined NonMetro AA is agriculture. The largest counties in the AA by population are Bonner and Latah Counties. Major employers in Bonner County include Coldwater Creek (mail order catalog), Bonner General Hospital, and Litehouse (food manufacturer). In Latah County, the University of Idaho is the area's major employer and economic driver.

Idaho benefits from above average population growth and net migration. The area's housing affordability in relation to the West Coast makes Idaho an attractive destination for workers and business investment.

According to the U.S. BLS, the unemployment rates for July 2018 in the following counties range from a low of 1.4 percent (Teton County) to a high of 5.3 percent (Clearwater County) while the overall state average was 2.5 percent during the same period.

Community Contacts

The analysis takes into consideration comments provided by a community contact with an organization providing community services including education, employment, healthcare, and housing assistance throughout the State of Idaho.

The contact noted that the primary industry of Magic Valley is agriculture or agriculture related businesses. However, the area continues to become more diversified. Large employers include Amalgamated Sugar, Cassia Regional Medical Center, and Glanbia Foods, among others. The contact mentioned small business start-up financing as a specific need, though he noted it was not an issue with the financial institutions but rather his clients that do not seek the financing, rather they rely on cash or credit cards to finance business operations. The contact mentioned that he is working to educate his clients about commercial financing. The contact also stated that his clients have commented that financial institutions are not willing to take the time to bridge the language barrier to fully assist them in the process. He further noted that they worked with one local bank and that other institutions had not expressed interest about getting involved with their organization.

Considering the information from the community contacts and bank management as well as demographic and economic data, affordable housing and small business loans represent a primary credit need for the ID Combined NonMetro AA. Opportunity exists to originate these types of loans throughout the AA including moderate-income areas.

Scope of Evaluation in Idaho

The rating for the State of Idaho is primarily based on FS evaluations of the bank's performance in the Boise City MSA and ID Combined NonMetro AAs; however, performance in each AA was considered. Conclusions where a LS review affected the CRA Rating for the state are addressed within their respective tests. LS procedures were performed for the remaining five AAs. A limited portion of the

bank's overall lending, investments, and services were conducted in Idaho; therefore, the performance in Idaho received less weight in determining the bank's overall CRA Rating.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN IDAHO

LENDING TEST

The bank's performance under the Lending Test in Idaho is rated High Satisfactory.

Conclusions for Areas Receiving FS Reviews

Based on FS reviews, including the data in the tables below and consideration of performance context discussed in the lending test, the bank's performance in both Boise City MSA and the ID Combined NonMetro AAs is good.

Lending Activity

Based on the tables below, lending levels reflect good responsiveness to the credit needs in its AAs taking into account the number and amount of home mortgage, small business, small farm, and CD loans originated or purchased relative to the bank's significant capacity based on deposits and market dominance.

Number of Loans*							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	%State Loans	%State Deposits
Boise City MSA	21,196	11,314	463	18	32,991	42.9	50.9
Coeur d'Alene MSA	8,211	2,819	47	3	11,080	14.4	9.3
Idaho Falls CSA	6,006	2,843	365	9	9,223	12.0	8.8
Lewiston MSA	1,356	488	57	0	1,901	2.5	2.4
Pocatello MSA	1,373	725	46	5	2,149	2.8	3.5
Twin Falls MSA**	254	397	102	1	754	1.0	5.3
ID Combined NonMetro	10,482	6,711	1,505	4	18,702	24.4	19.8
Total	48,878	25,297	2,585	40	76,800	100.0	100.0

*The tables present the data for all assessment areas. The narrative below addresses performance in FS areas only.
**** The Twin Falls MSA AA is a new AA due to OMB Census changes. Twin Falls MSA lending volume includes 2017-2018 data only. Lending volume from 12-16 were included with the ID Combined NonMetro AA.

Dollar Volume of Loans (000's)*							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	%State* Loans	%State Deposits
Boise City MSA	$4,004,364	$673,508	$44,851	$30,171	$4,752,894	42.0	50.9
Coeur d'Alene MSA	$1,738,639	$166,038	$2,429	$7,334	$1,914,440	16.9	9.3
Idaho Falls CSA	$999,101	$171,251	$33,586	$26,472	$1,230,410	10.9	8.8

Lewiston MSA	$206,874	$50,400	$6,509	$0	$263,783	2.3	2.4
Pocatello MSA	$208,880	$53,550	$4,582	$6,203	$273,215	2.5	3.5
Twin Falls MSA**	$40,514	$29,982	$9,465	$5,500	$85,461	0.8	5.3
ID Combined NonMetro	$2,147,657	$463,054	$152,192	$2,984	$2,765,887	24.6	19.8
Total	$9,346,029	$1,607,783	$253,614	$78,664	$11,286,090	100.0	100.0

*The tables present the data for all assessment areas. The narrative below addresses performance in FS areas only.** The Twin Falls MSA AA is a new AA due to OMB Census changes. Twin Falls MSA lending volume includes 2017-2018 data only. Lending volume from 12-16 were included with the ID Combined NonMetro AA.

Boise City MSA AA

WFBNA ranked first in deposits with 25.3 percent market share in the AA. In overall HMDA lending, WFBNA ranked second with 6.7 percent market share. Although WFBNA's HMDA market share is considerably lower than its deposit market share, lending competition was significantly stronger, reflected by the 321 lenders, than competition for deposits, where there were 20 depository institutions in the AA. The top lender in the market is Idaho Central Credit Union with 9.2 percent market share and the third top lender is Fairway Independent Mortgage Corp. with 6.5 percent market share.

In small loans to businesses, WFBNA ranked fourth out of 91 lenders with a market share of 10.0 percent; however, by dollar volume of loans, WFBNA ranked first in small loans to businesses with a market share 15.1 percent. The top lenders are U.S. Bank with a market share of 14.6 percent, American Express with a market share of 11.8 percent, and Chase Bank with a market share of 11.2 percent.

ID Combined NonMetro AA

WFBNA ranked first in deposits with 22.4 percent market share in the AA. In overall HMDA lending, WFBNA ranked first with 9.0 percent market share. Although WFBNA's HMDA market share is considerably lower than its deposit market share, lending competition was significantly stronger, reflected by the 283 lenders, than competition for deposits, where there were 20 depository institutions in the AA. The second and third top lenders in this market are U.S Bank with a market share of 5.4 percent and Quicken Loans with a market share of 4.8 percent.

In small loans to businesses, WFBNA ranked second out of 71 lenders with a market share of 13.3 percent; however, by dollar volume of loans, WFBNA ranked first in small loans to businesses with a market share 20.4 percent. The top lender is U.S. Bank with a market share of 17.6 percent.

Distribution of Loans by Income Level of the Geography

The bank exhibits a good geographic distribution of loans in its AAs.

Boise City MSA AA

Home Mortgage Loans

Refer to Table O in the State of Idaho section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's

overall geographic distribution of home mortgage loan originations and purchases for this evaluation is adequate.

- The bank's performance in both periods, 2012-2016 and 2017-2018, for home mortgage loans in low-income geographies is well below the aggregate distribution of loans and is significantly below the proportion of OOUs in those geographies. Less weight was given to the bank's performance in low-income geographies due to the very small volume of tract, population, OOUs, and lending in low-income geographies.
- The proportion of loans in moderate-income geographies substantially meets the aggregate distribution of loans and is below the proportion of OOUs in those geographies.

Small Loans to Businesses

Refer to Table Q in the State of Idaho section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is excellent.

- The bank's performance in both periods, 2012-2016 and 2017-2018, for small business loans in LMI geographies exceeds the aggregate performance and is near to the proportion of businesses located in those geographies.

<u>ID Combined NonMetro AA</u>

Home Mortgage Loans

Refer to Table O in the State of Idaho section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is adequate.

- The AA contains no low-income tracts so our assessment focused on the bank's performance in moderate-income tracts.
- The bank's performance in 2012-2016 for home mortgage loans in moderate-income geographies is below both the aggregate distribution of loans and the proportion of OOUs in those geographies.
- Based on the bank's performance in 2017-2018, the bank's home mortgage lending is slightly higher than the combined performance in 2012-2016.

Small Loans to Businesses

Refer to Table Q in the State of Idaho section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is excellent.

- The AA contains no low-income tracts so our assessment focused on the bank's performance in moderate-income tracts.
- The bank's performance in both periods, 2012-2016 and 2017-2018, for small business loans in LMI geographies exceeds the aggregate performance and is near to the proportion of businesses located in those geographies.

Distribution of Loans by Income Level of the Borrower

The bank exhibits a good distribution of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the institution.

Boise City MSA AA

Home Mortgage Loans

Refer to Table P in the State of Idaho section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is good.

- The Boise MSA AA has homeownership affordability hurdles especially for LMI borrowers. As noted above, the area's median housing value is 6.7 times the income of low-income and 4.2 times the income of moderate-income borrowers indicating a limited proportion of OOUs are affordable to LMI. Despite the affordability challenges, the bank's overall home mortgage lending in 2012-2016 to low-income borrowers substantially meets the aggregate distribution of loans and is well below the proportion of families.
- The bank's overall home mortgage lending to moderate-income borrowers is below both the aggregate lending and the proportion of families.
- Based on the bank's performance in 2017-2018, the bank's home mortgage lending is slightly below the combined performance in 2012-2016.

Small Loans to Businesses

Refer to Table R in the State of Idaho section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is excellent.

- For 2012-2016 combined, the bank's distribution of small loans to businesses with revenues of $1 million or less exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is near to the percentage of small businesses located in the AA.
- Based on the bank's performance in 2017-2018, the bank's small business lending is slightly below the combined performance in 2012-2016.

ID Combined NonMetro AA

Home Mortgage Loans

Refer to Table P in the State of Idaho section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is good.

- The ID Combined NonMetro AA has homeownership affordability hurdles especially for LMI borrowers. As noted above, the area's median housing value is 7.9 times the income of low-income and five times the income of moderate-income borrowers indicating a limited proportion

of OOUs are affordable to LMI. Despite the affordability challenges, the bank's overall home mortgage lending in 2012-2016 to low-income borrowers exceeds the aggregate distribution of loans and is significantly below the proportion of families.
- The bank's overall home mortgage lending to moderate-income borrowers is below the aggregate lending and is well below the proportion of families.
- Based on the bank's performance in 2017-2018, the bank's home mortgage lending is slightly below the combined performance in 2012-2016.

Small Loans to Businesses

Refer to Table R in the State of Idaho section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is good.

- For both 2012-2016 and 2017-2018 periods, the bank's distribution of small loans to businesses with revenues of $1 million or less exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is below the percentage of small businesses located in the AA.

Community Development Lending

The institution made an adequate level of CD loans.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

Boise City MSA AA

The level of CD lending in the Boise City MSA AA is good. WFBNA made 18 CD loans in its AA for a total of $30.2 million, which represents nine percent of tier 1 capital. CD lending performance has a positive impact on the lending test rating. The loans were responsive to the identified affordable housing needs in the AA. The bank made 7 loans totaling $17 million (56.3 percent) for the purpose of affordable housing which is an identified credit needs in the AA. Additionally, the bank extended 11 CD loans totaling $13.2 million for the primary purpose of community services to LMI individuals.

Examples of CD loans in the AA include:

- In October 2017, WFBNA provided a $7.2 million construction loan for a development in Nampa, ID. The project consists of 50 units of which 45 are reserved for senior households with incomes ranging from 30 to 55 percent of the area MFI. The activity is responsive to an identified need for affordable housing.
- In October 2018, WFBNA provided a $4.7 million term loan to a nonprofit organization whose purpose is to preserve the area's affordable housing stock and facilitate development of new housing in underserved areas of the state. The activity is responsive to an identified need for affordable housing.
- In April 2017, WFBNA provided a $1.0 million increase to an existing $1.0 million working capital line of credit to a nonprofit organization providing residential treatment, group homes, adoption, and other services for troubled youth and adolescents.

ID Combined NonMetro AA

The level of CD lending in the ID Combined NonMetro AA is poor. WFBNA made four CD loans in its AA totaling $3.0 million, which represents 2.4 percent of tier 1 capital. CD lending performance has a neutral impact on the lending test rating. Two loans totaling approximately $1 million addressed affordable housing which is an identified credit needs in the AA. Two other CD loans were allocated to revitalizing and stabilizing a distressed area within the AA.

Examples of CD loans in the AA include:

- In March 2014, WFBNA provided a $1.0 million working capital line of credit to a medical center located in a remote rural underserved middle-income tract. The center is designated as a Critical Access Hospital providing essential services to the community including LMI individuals. WFBNA renewed the line of credit in May 2015.
- In June 2013, WFBNA provided a $17.9 million line of credit to a Tax Credit Investment Fund, of which $462,000 was allocated to an affordable housing project in Moscow, ID that includes 62 affordable housing units. The loan proceeds were used to fund the gap between the receipt of capital contributions from investors and the payment of equity investments.

Product Innovation and Flexibility

Boise City MSA AA

The institution makes extensive use of innovative and/or flexible lending practices in order to serve AA credit needs. The bank launched the NeighborhoodLIFT program in the Boise MSA AA in June 2017 and more than 100 potential homebuyers attended the event. Of the 100 in attendance, WFBNA originated 66 mortgage loans totaling $8.6 million. Under the *your*FirstMortgage loan program the bank has funded 20 loans totaling $3.5 million to LMI homebuyers that qualified under this program.

ID Combined NonMetro AA

The institution makes limited use of innovative and/or flexible lending practices in order to serve AA credit needs. Under the *your*FirstMortgage loan program the bank has funded 15 loans totaling $1.6 million to LMI homebuyers that qualified under this program.

Refer to the comments in the institution Innovative or Flexible Lending Programs section of this public evaluation for additional details regarding the programs listed above.

Conclusions for Areas Receiving LS Reviews

Based on LS reviews, the bank's performance under the Lending Test in the Coeur d'Alene MSA and Pocatello MSA AAs is consistent with the bank's overall good performance under the Lending Test in the FS areas. The bank's performance in the Idaho Falls CSA and Lewiston MSA AAs is stronger due to a higher volume of CD lending and strong geographic distribution. Performance in the Twin Falls MSA AA is weaker due to poor geographic distribution. Performance in these LS AAs did not affect the bank's overall rating for the State of Idaho.

Refer to Tables O through T in the State of Idaho section of appendix D for the facts and data that support these conclusions.

INVESTMENT TEST

The bank's performance under the Investment Test in the State of Idaho is rated Low Satisfactory.

Conclusions for Areas Receiving FS Reviews

Based on FS reviews, including the data in the table below and consideration of performance context discussed in the investment test, the bank's performance in the Boise City MSA AA is adequate and performance in the ID Combined NonMetro AAs is poor.

Qualified Investments										
	Prior Period*		Current Period		Total				Unfunded Commitments**	
Assessment Area	#	$(000's)	#	$(000's)	#	% of Total #	$(000's)	% of Total $	#	$(000's)
Boise City MSA	26	$4,796	163	$10,444	189	56.8	$15,240	13.4		
Coeur d'Alene MSA	4	$2,812	23	$3,163	27	8.1	$5,975	5.3		
Idaho Falls CSA	4	$1,420	18	$61,877	22	6.6	$63,297	55.8	2	$1,765
Lewiston MSA	0	$0	6	$29	6	1.8	$29	0.0		
Pocatello MSA	0	$0	32	$20,250	32	9.6	$20,250	17.9	1	$931
Twin Falls MSA**	1	$60	25	$7,663	26	7.8	$7,723	6.8		
ID Combined NonMetro	3	$707	28	$182	31	9.3	$889	0.8		
Total	38	$9,795	295	$103,608	333	100.0	$113,403	100.0	3	$2,696

* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.
** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Boise City MSA AA

The institution has an adequate level of qualified CD investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 4.8 percent of tier 1 capital allocated to the AA.

The investments and grants reflect adequate responsiveness to the needs identified in the AA including affordable housing, community services, economic development, and revitalization/stabilization for LMI individuals and geographies. Over 94.6 percent of the bank's CD investments focused on affordable housing which is an identified credit need in the AA. Additionally, the bank provided 141 grants totaling $1.6 million to a variety of organizations that primarily support affordable housing, community services, and economic development.

The institution occasionally uses of innovative and/or complex investments to support CD initiatives. CD Investments involved several LIHTC complex projects where the bank acted in a leadership role with participations from federal, state, and local housing agencies and real estate developers. Additionally, the bank purchased numerous government mortgage-backed securities for the CD Investment portfolio.

Examples of CD investments in the AA include:

- In August 2016, WFBNA invested $43 million in an LIHTC fund. Of the total investment, $3.6 million was allocated to a property located in Nampa, Idaho, with 22 units restricted to tenants earning no more than 60 percent of the area MFI. This activity is responsive to the identified need for affordable housing.
- In June 2017, WFBNA provided three grants totaling $80,000 to three local housing partnership organizations to administer the NeighborhoodLIFT Down Payment Assistance program. Refer to the comments in the institution Innovative or Flexible Lending Programs section of this performance evaluation for additional details regarding this program.
- In May 2016, WFBNA provided a $300,000 grant to a local CDC organization through the Small Business DCC Program benefiting small businesses in the State of Idaho including the Boise MSA AA. Refer to the comments in the institution Innovative or Flexible Lending Programs section of this public evaluation for additional details regarding this program.

ID Combined NonMetro AA

The institution has a poor level of qualified CD investments and grants, but not in a leadership position, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 0.7 percent of tier 1 capital allocated to the AA.

The investments and grants reflect poor responsiveness to the needs identified in the AA including affordable housing. Virtually all of the bank's CD investments are from prior period and focused on affordable housing which is an identified credit need in the AA. There are opportunities available within the AA for the bank to provide CD investments; however, the bank opted to provide smaller grants within the AA. Since the last evaluation, the bank provided 28 grants totaling $182,000 to organizations that primarily support affordable housing and community services to LMI individuals.

The institution rarely uses innovative and/or complex investments to support CD initiatives.

Example of a CD investment in the AA includes:

- During the exam timeframe, WFBNA provided six grants totaling $30,000 to an organization for its Homes on the Move program. The organization's mission is to develop permanently affordable housing for LMI individuals and families and to work with all interested public and private parties towards this objective. All of its clients served are considered LMI.

Conclusions for Areas Receiving LS Reviews

Based on LS reviews, the bank's performance under the Investment Test in the Coeur d'Alene MSA AA is consistent with the bank's overall adequate performance in the Investment Test in the FS areas. Performance in the Idaho Falls CSA, Pocatello MSA, and Twin Falls MSA AAs is stronger than the

overall performance due primarily to higher volume of CD investments. Performance in the Lewiston MSA AA is weaker due to a low volume of CD investments. Stronger performance in the Idaho Falls CSA, Pocatello MSA, and Twin Falls MSA AAs contributed to the bank's overall adequate rating for the State of Idaho.

SERVICE TEST

The bank's performance under the Service Test in Idaho is rated Outstanding.

Conclusions for Areas Receiving FS Reviews

Based on FS reviews, including the data in the tables below and consideration of performance context discussed in the service test, the bank's performance in both the Boise City MSA AA is excellent and performance in the ID Combined NonMetro AA is good.

Retail Banking Services

Service delivery systems are readily accessible to geographies and individuals of different income levels in the institution's AAs, particularly LMI geographies and/or individuals.

Distribution of Branch Delivery System											
Assessment Area	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				% of Population within Each Geography*			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Boise City MSA	50.9	22	30.6	13.6	40.9	27.3	18.2	3.4	28.7	44.1	23.8
Coeur d'Alene MSA	9.3	7	9.7	0.0	57.1	42.9	0.0	0.0	18.1	68.7	13.1
Idaho Falls CSA	8.8	10	13.9	10.0	30.0	30.0	30.0	8.9	9.6	63.0	18.4
Lewiston MSA	2.4	2	2.8	0.0	0.0	100.0	0.0	0.0	0.0	77.1	22.9
Pocatello MSA	3.5	3	4.2	0.0	0.0	100.0	0.0	6.2	14.9	52.3	26.6
Twin Falls, MSA	5.3	3	4.2	0.0	0.0	66.7	33.3	0.0	3.6	88.6	7.7
ID Combined NonMetro	19.8	25	34.7	0.0	8.0	76.0	16.0	0.0	5.2	81.3	13.5

* May not add up to 100 percent due to geographies with unknown tract income level and rounding.

Distribution of Branch Openings/Closings						
Assessment Area	# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)			
			Low	Mod	Mid	Upper
Boise City MSA	0	3	-1	-2	0	0
Coeur d'Alene MSA	0	0	0	0	0	0
Idaho Falls CSA	1	4	0	0	-3	0
Lewiston MSA	0	0	0	0	0	0
Pocatello MSA	0	1	0	-1	0	0
Twin Falls MSA	0	3	0	-1	-2	0
ID Combined NonMetro	0	5	0	0	-4	-1

Boise City MSA AA

As of December 31, 2018, WFBNA operates 22 branches and 29 ATMs in the Boise City MSA AA. All of these branches are full-service locations. There are three branches in low-income geographies and nine branches in moderate-income geographies. The branch distribution in both LMI geographies exceeds the percentage of the population in LMI CTs in the AA. When considering an additional four branches that directly border LMI geographies, the bank's distribution further exceeds demographics.

The institution's opening and closing of branches have not affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank closed one branch in a low-income geography CT and two branches in moderate-income geography CTs since the last evaluation. The closure of branches in LMI geographies was to consolidate with other branches nearby and did not negatively impact the distribution of branches relative to the population residing in those geographies. The bank still maintains 12 active branches or 45.5 percent within LMI geographies.

Services and, where appropriate, business hours do not vary in a way that inconveniences the various portions of the AA, particularly LMI geographies and/or individuals. Generally, branches are open Monday through Thursday from 9:00 am to 5:00 pm, and from 9:00 am to 6:00 pm on Friday. Eighteen of the 22 branches are also open on Saturdays from 9:00 am to 2:00 pm. All WFBNA services are available at all branches and all delivery systems discussed bank-wide are available in this AA.

ID Combined NonMetro AA

As of December 31, 2018, WFBNA operates 25 branches and 28 ATMs in the ID Combined NonMetro AA. All of these branches are full-service locations. There are no low-income CTs in the AA. There are two branches in moderate-income CTs in the AA. The branch distribution in moderate-income geographies exceeds the percentage of the population in moderate-income CTs in the AA.

The institution's opening and closing of branches have not affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank closed four branches in middle-income geography CTs and one branch in an upper-income geography CT since the last evaluation.

Services and, where appropriate, business hours do not vary in a way that inconveniences the various portions of the AA, particularly LMI and/or individuals. Generally, branches are open Monday through Friday from 9:00 am to 5:00 pm. Five of the 25 branches are also open on Saturdays with opening hours that vary between 9:00 am and 10:00 am, and close at either 1:00 pm or 2:00 pm. All WFBNA services are available at all branches and all delivery systems discussed bank-wide are available in this AA.

Community Development Services

The institution provides a relatively high level of CD services.

Boise City MSA AA

The level of CD services in the Boise City MSA AA is excellent. Bank records show that employees provided financial or job-specific expertise and/or technical assistance for 258 CD service activities to 26 organizations since the last evaluation, logging a total of 633 qualified hours within this AA. The majority (68 percent) of the bank's assistance was to organizations that provide community services to LMI individuals and families. Other activities targeted affordable housing (31 percent) and economic development (1 percent). The bank's assistance provided was responsive to the identified needs in the AA particularly affordable housing. The following are examples of CD services provided in this AA:

- One WFBNA team member provided 132 hours of Board service, and two WFBNA team members provided 17 hours of financial expertise to an organization that promotes safety, healing, and freedom from domestic and sexual abuse. Over 80 percent of its clients are LMI individuals or families who earn less than 80 percent of the area MFI.
- Two WFBNA team members provided 67 hours of Board service to an organization that provides a catalyst for the development and preservation of affordable housing throughout the state of Idaho.

ID Combined NonMetro AA

The level of CD services in the ID Combined NonMetro AA is adequate. Bank records show that employees provided their financial or job-specific expertise and/or technical assistance for 86 CD service activities to 16 organizations since the last evaluation, logging a total of 174 qualified hours within this AA. The majority (71 percent) of the bank's assistance was to organizations that provide affordable housing to LMI individuals and families. Other activities targeted community services (29 percent). The bank's assistance provided was responsive to the identified needs in the AA particularly affordable housing. The following are examples of CD services provided in this AA:

- One WFBNA team member provided 57 hours of Board service and 35 hours of financial expertise, together with a second WFBNA team member who provided technical expertise to a nonprofit housing organization that works in partnership with people in need of affordable housing. The houses are sold to LMI families and individuals at no profit and with no interest charged.
- One WFBNA team member provided nine hours of Board service and 13 hours of financial and technical expertise to an organization whose clients are LMI families and individuals. The mission of the organization is to create and preserve safe, inclusive, and affordable housing opportunities to those families and individuals.

Conclusion for Areas Receiving LS Reviews

Based on LS reviews, the bank's performance under the Service Test in the Coeur d'Alene MSA, Idaho Falls CSA, Lewiston MSA, and Twin Falls MSA AAs is stronger than the performance under the Service Test in the FS review areas due primarily to higher percentage of branch distribution in LMI geographies. Performance in the Pocatello MSA AA is weaker due to lower percentage of branch distribution in LMI geographies. Performance differences in the stronger LS AAs did impact the overall Service Test rating to Excellent for the State of Idaho.

State Rating

State of Illinois

CRA rating for the State of (Illinois)[28]: Satisfactory
The Lending Test is rated: Outstanding
The Investment Test is rated: Needs to Improve
The Service Test is rated: High Satisfactory

The major factors that support this rating include:

- Excellent lending activity;
- Excellent geographic distribution of loans;
- Excellent borrower distribution of loans;
- Very poor CD loan volume;
- Poor level of CD investments;
- Retail delivery systems are readily accessible to all portions of the AA; and
- Poor CD services.

Description of Institution's Operations in Illinois

WFBNA delineated one AA within Illinois which includes the IL Combined NonMetros (IL Combined NonMetro AA). Refer to Appendix A for a complete description of the AA. The IL Combined NonMetro AA received a FS review. Illinois represents the 50th largest rated area by deposits. WFBNA has $276.3 million of deposits representing 0.0 percent of adjusted deposits. WFBNA ranked third amongst 38 depository institutions in the market with 7.4 percent market share. Sauk Valley Bank & Trust Company and Midwest Bank ranked first and second with a market share of 8.4 percent and 7.7 percent, respectively. WFBNA operates 5 branches and 5 ATMs within Illinois, representing 0.1 percent of the bank's branches and 0.1 percent of the bank's ATMs. The bank originated and purchased approximately $293.8 million in loans or 0.0 percent of total reported loan originations and purchases during the evaluation period. The bank's primary loan products in Illinois are home mortgage and small loans to businesses.

Demographic Data

The following table provides a summary of the demographics that includes housing and business information for the IL Combined NonMetro AA. Table A indicates that the number of census tracts, population, OOUs, and farms is very small in low-income CTs and over 40 percent of families in the AA are LMI. The area's median housing value in the IL Combined NonMetro AA is 1.6 times the area's median income, but two times moderate-, and 3.2 times low-income, indicating a limited proportion of OOUs are affordable to low-income individuals. Median rents and the high percentage of families below poverty level suggest rental housing may also be unaffordable for some low-income residents.

[28] This rating reflects performance within the state. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan statistical area.

Table A – Demographic Information of the Assessment Area Assessment Area: IL Combined Non-Metros (2016)						
Demographic Characteristics	**#**	**Low % of #**	**Moderate % of #**	**Middle % of #**	**Upper % of #**	**NA* % of #**
Geographies (Census Tracts)	51	2.0	19.6	66.7	11.8	0.0
Population by Geography	166,193	1.7	18.3	69.0	11.1	0.0
Housing Units by Geography	73,794	1.5	18.9	68.0	11.6	0.0
Owner-Occupied Units by Geography	49,466	0.3	15.9	71.4	12.4	0.0
Occupied Rental Units by Geography	17,547	4.5	26.1	59.5	9.9	0.0
Vacant Units by Geography	6,781	2.2	21.4	65.9	10.5	0.0
Businesses by Geography	7,504	5.4	19.3	63.0	12.3	0.0
Farms by Geography	958	0.3	7.8	77.0	14.8	0.0
Family Distribution by Income Level	44,078	19.5	20.6	22.6	37.3	0.0
Household Distribution by Income Level	67,013	23.9	16.3	20.0	39.8	0.0
Median Family Income Non-MSAs - IL		$54,499	Median Housing Value			$88,013
			Median Gross Rent			$564
			Families Below Poverty Level			9.7%

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

According to the June 2018 Moody's Analytics report, Illinois' modest job growth amid a contracting labor force pulled the jobless rate down to 4.3 percent in May, matching the previous low reached in 2006. Average hourly earnings are benefiting from the labor market's increasing tightness and a favorable mix of job creation across wage tiers. Industrial employment has risen in nine of the past 12 months, recovering the net number of factory jobs lost during the 2015 commodities bust, and then some.

A developing trade war between the U.S. and its trading partners threatens to prematurely derail manufacturing's progress. Retaliatory tariffs on U.S. steel and auto exports are bad news for the State's manufacturing centers. In addition, the State's agricultural economy is highly exposed to targeted farm commodities such as pork products and to those under threat, including soybeans.

Slow and steady house price increases and rising home sales have yet to stir a pickup in single-family building.

The largest employers in the State include University of Illinois, Abbott Laboratories, and Advocate Health Care System. According to the U.S. BLS, the unemployment rates for the second quarter of 2018 in the following counties range from a low of 4.2 percent (Warren County) to a high of 6.2 percent (Fulton County) while the state average is 4.7 percent.

Community Contacts

The analysis takes into consideration comments provided by three community contacts that serve the

bank's IL Combined NonMetro AA. One community contact represents an economic development agency serving several counties within the AA. One community contact is a local Chamber of Commerce serving the AA, and one contact is a rural development agency committed to helping improve the economy and quality of life in rural Illinois.

The economic development agency representative indicated that currently the economy is still pulling out of the effects of the recession. The contact noted some optimism that the retrenchment of the last few years has stabilized companies to the extent that they may now be interested in moving forward with expansion and the financing thereof. However, there are characteristics of rural southern Illinois that make it difficult to see any expansion of economic activity such as the loss of population and income.

The local chamber of Commerce contact indicated that opportunities for participation by local financial institutions include providing financial expertise and committee involvement. There is a great need for deeper participation by the chamber members including local community banks. The local economic development committee, which is part of the chamber, is looking for ways to strengthen business retention and expansion. As a result, there may be future needs for small business loans.

The rural development agency contact indicated that declining population and income have a greater impact on non-MSA counties than MSA counties, especially counties that are outside of commuter distance from economic and job creation centers. Low-income families represent a higher percentage of population in non-MSA counties, about 30 percent, than in MSA counties. It is important to utilize all agencies and their resources to address the need for affordable housing including USDA Rural Development, Illinois Housing Development Authority (IHDA), Community Action Agencies, Illinois Association of Community Action Agencies, and the Federal Home Loan Bank (FHLB).

In addition, the agencies should do more to inform lenders and homebuyers regarding various housing loan programs such USDA Rural Development housing guaranteed loan programs, down payment program offered by IHDA, and FHLB Mortgage Partnership Finance program. The contact indicated that banks do utilize the USDA guaranteed loan programs, but there is room for improvement, as the annual appropriation for the guarantee program is always under-subscribed.

Considering the information from the community contacts and bank management as well as demographic and economic data, affordable housing and small business loans represent a primary credit need for the IL Combined NonMetro AA. Opportunity exists to originate these types of loans throughout the AA; however, it is limited in the low-income geographies as reflected by the small proportion of tracts, population, OOUs and small farms coupled with limited home affordability for low-income individuals.

Scope of Evaluation in Illinois

The rating for the State of Illinois is primarily based on a FS evaluation of the bank's performance in the IL Combined NonMetro AA. A limited portion of the bank's overall lending, investments, and services were conducted in Illinois; therefore, the performance in Illinois received less weight in determining the bank's overall CRA Rating.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN ILLINOIS

LENDING TEST

The bank's performance under the Lending Test in Illinois is rated Outstanding.

Conclusions for Area Receiving a FS Review

Based on FS reviews, including the data in the tables below and consideration of performance context discussed in the lending test, the bank's performance in the IL Combined NonMetro AA is excellent.

Lending Activity

Based on the tables below, lending levels reflect excellent responsiveness to the credit needs in its AAs taking into account the number and amount of home mortgage, small business, small farm, and CD loans originated or purchased relative to its capacity based on deposits, competition, and market presence.

Number of Loans*							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	%State Loans	%State Deposits
IL Combined NonMetro	2,311	635	362	0	3,308	100.0	100.0

*The tables present the data for all assessment areas. The narrative below addresses performance in FS areas only.

Dollar Volume of Loans (000's) *							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	%State Loans	%State Deposits
IL Combined NonMetro	$193,260	$41,500	$59,054	$0	$293,814	100.0	100.0

*The tables present the data for all assessment areas. The narrative below addresses performance in FS areas only.

WFBNA ranked third in deposits with a 7.4 percent market share in the AA. In overall HMDA lending, WFBNA ranked second with 8.1 percent market share. There is strong competition as reflected by the 206 lenders and 38 depository institutions in the AA. The top lender in this market is The Farmers and Mechanics Bank with 9.2 percent market share.

In small loans to businesses, WFBNA ranked fifth with market share of 5.8 percent. There is strong competition as reflected by the 50 lenders in the AA. The top three lenders were U.S. Bank with market share of 13.6 percent, American Express FSB with market share of 12.3 percent, and Capital One Bank with market share of 11.3 percent.

Distribution of Loans by Income Level of the Geography

The bank exhibits an excellent geographic distribution of loans in the IL Combined NonMetro AA.

Home Mortgage Loans

Refer to Table O in the State of Illinois section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's

overall geographic distribution of home mortgage loan originations and purchases for this evaluation is excellent.

- The bank's performance in both periods, 2012-2016 and 2017-2018, for home mortgage loans in LMI geographies exceeds the aggregate distribution of loans in those geographies.
- The proportion of loans in low-income geographies is below the proportion of OOUs and in moderate-income geographies is near to the proportion of OOUs in those geographies.

Small Loans to Businesses

Refer to Table Q in the State of Illinois section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is excellent.

- The bank's performance in both periods, 2012-2016 and 2017-2018, for small business loans in LMI geographies exceeds both the aggregate distribution of loans and the proportion of businesses located in those geographies.

Small Loans to Farms

Refer to Table S in the State of Illinois section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to farms. The bank's overall geographic distribution of small loans to farms for this evaluation is excellent.

- The bank's performance in both periods, 2012-2016 and 2017-2018, for small farm loans in low-income geographies is significantly below both the aggregate distribution of loans and the proportion of farms located in those geographies. However, more weight was given to WFBNA's performance in moderate-income geographies because of the very small proportion of farms in low-income geographies.
- The bank's performance for small farm loans in moderate-income geographies exceeds both the aggregate distribution of loans and the proportion of farms located in those geographies.

Distribution of Loans by Income Level of the Borrower

The bank exhibits an excellent distribution of loans among individuals of different income levels and businesses and farms of different sizes, given the product lines offered by the institution.

Home Mortgage Loans

Refer to Table P in the State of Illinois section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is excellent.

- There are homeownership affordability hurdles in the AA especially for low-income borrowers. As noted above, the area's median housing value is 3.2 times the income of low-income borrowers indicating a limited proportion of OOUs are affordable to low-income borrowers. Despite the affordability challenges, the bank's performance in 2012-2016 to low-income borrowers exceeds the aggregate lending and is below the proportion of families.

- The bank's performance to moderate-income borrowers substantially meets the aggregate lending and is near to the proportion of families.
- Based on the bank's performance in 2017-2018, the bank's home mortgage lending is slightly below the performance in 2012-2016.

Small Loans to Businesses

Refer to Table R in the State of Illinois section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is excellent.

- For both 2012-2016 and 2017-2018 periods, the bank's distribution of small loans to businesses with revenues of $1 million or less exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is near to the percentage of small businesses located in the AA.

Small Loans to Farms

Refer to Table T in the "MMSA" section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's originations and purchases of small loans to farms. The distribution of the bank's originations and purchases of small loans to farms by revenue is good.

- For both 2012-2016 and 2017-2018 periods, the percentage of small loans to farms originated or purchased exceeds the aggregate small farm lending data for farms with revenues of $1 million or less and is well below the percentage of small farms located in the AA.

Community Development Lending

The institution has made few if any CD loans.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

The level of CD lending in the IL Combined NonMetro AA is very poor. WFBNA did not make any CD loans.

Product Innovation and Flexibility

The institution makes limited use of innovative and/or flexible lending practices in order to serve AA credit needs. Under the *your*FirstMortgage loan program the bank has funded 16 loans totaling $1.2 million to LMI homebuyers that qualified under this program. Refer to the comments in the institution Innovative or Flexible Lending Programs section of this public evaluation for additional details regarding this program.

INVESTMENT TEST

The bank's performance under the Investment Test in the State of Illinois is rated Needs to Improve.

Conclusions for Area Receiving a FS Review

Based on a FS review, including the data in the table below and consideration of performance context discussed in the investment test, the bank's performance in the IL Combined NonMetro AA is poor.

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments **	
	#	$(000's)	#	$(000's)	#	% of Total #	$(000's)	% of Total $	#	$(000's)
IL Combined NonMetro	4	$1,485	11	$11	17	100.0	$1,496	100.0		

* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.
** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

IL Combined NonMetro AA

The institution has a poor level of qualified CD investments and grants, but not in a leadership position, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 4.8 percent of Tier One Capital allocated to the AA.

The investments and grants reflect poor responsiveness to the needs identified in the AA. Virtually all of the bank's CD investments are from prior period and focused on affordable housing which is an identified credit need in the AA. There are opportunities within the AA for CD investments; however, the bank only provided 11 grants totaling $11,150 to organizations that primarily support community services to LMI individuals.

The institution rarely uses innovative and/or complex investments to support CD initiatives.

SERVICE TEST

The bank's performance under the Service Test in Illinois is rated High Satisfactory.

Conclusions for Area Receiving a FS Review

Based on a FS review, including the data in the tables below and consideration of performance context discussed in the service test, the bank's performance in the IL Combined NonMetro AA is good.

Retail Banking Services

Service delivery systems are readily accessible to geographies and individuals of different income levels in the institution's AA.

Distribution of Branch Delivery System											
Assessment Area	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				% of Population within Each Geography*			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
IL Combined NonMetro	100.00	5	100.00	20.0	20.0	40.0	20.0	4.7	19.7	65.3	10.3

* May not add up to 100 percent due to geographies with unknown tract income level and rounding

Distribution of Branch Openings/Closings						
Assessment Area	# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)			
			Low	Mod	Mid	Upp
IL Combined NonMetro	0	0	0	0	0	0

IL Combined NonMetro AA

As of December 31, 2018, WFBNA operates five branches and five ATMs in the IL Combined NonMetro AA. All of these branches are full service. There is one branch in a low-income CT and one branch in a moderate-income CT. The branch distribution in LMI geographies significantly exceeds the percentage of the population in LMI CTs in the AA. When considering one additional branch within close proximity to LMI geographies, the bank's distribution further exceeds demographics.

The bank did not open or close any branches during the evaluation period.

Services, including where appropriate, business hours, do not vary in a way that inconveniences the various portions of its AA, particularly LMI geographies and/or individuals. Generally, branches are open Monday through Friday from 9:00 am to 5:00 pm, and Saturday from 9:00 am to 12:00 pm. All WFBNA services are available at all branches and all delivery systems discussed bank-wide are available in this AA.

Community Development Services

IL Combined NonMetro AA

The institution provides few if any CD services.

The level of CD services in the IL Combined NonMetro AA is poor. Bank records show that employees provided their financial or job-specific expertise and/or technical assistance for one CD service activity since the last evaluation, logging a total of five qualified hours within this AA. This activity consisted of a WFBNA team member providing five hours of financial education to a local elementary school, in which, according to 2014-2015 NCES data, 51.8 percent of students qualify for the FRL program.

State Rating

State of Indiana

CRA rating for the State of (Indiana)[29]: Satisfactory
The Lending Test is rated: Outstanding
The Investment Test is rated: Low Satisfactory
The Service Test is rated: Low Satisfactory

The major factors that support this rating include:

- Good lending activity;
- Good geographic distribution of loans;
- Excellent borrower distribution of loans;
- Adequate level of CD loans was originated;
- Lending performance in the LS AAs enhanced overall rating;
- WFBNA's use of flexible products has a positive impact on the Lending Test;
- Adequate level of CD investments;
- Retail delivery systems are reasonably accessible to portions of the AA; and
- WFBNA provides a relatively high level of CD services that are responsive to the needs of the bank's AA.

Description of Institution's Operations in Indiana

WFBNA delineated four AAs within Indiana including the Fort Wayne-Huntington-Auburn, IN CSA (Fort Wayne CSA AA); IN Combined non-metropolitans (IN Combined NonMetro AA); Indianapolis-Carmel-Anderson, IN MSA (Indianapolis MSA AA); and South Bend-Elkhart-Mishawaka, IN CSA (South Bend CSA AA). The Fort Wayne and IN Combined NonMetro AAs received FS reviews. Refer to Appendix A for a complete description of each AA. The two areas accounted for the larger portion of the lending (48.9 percent) and deposits (74.6 percent) amongst the AAs in Indiana. Indiana represents the 28th largest rated area by deposits. WFBNA has $3.2 billion of deposits representing 0.3 percent of adjusted deposits. As a result of the divestiture of the bank's deposit operations in Indiana, the bank sold 31 branches to Flagstar. WFBNA now operates only a private bank and a business banking branch and no ATMs within Michigan, representing 0.0 percent of the bank's branches and 0.0 percent of the bank's ATMs. The bank originated and purchased approximately $6.3 billion in loans or 0.3 percent of total reported loan originations and purchases during the evaluation period. The bank's primary loan products in Indiana are home mortgage and small loans to businesses.

<u>Fort Wayne CSA AA</u>

Within the Fort Wayne CSA AA, the bank had $2.1 billion in deposits and ranked first amongst 33 depository institutions in the market with 20.0 percent market share. JPMorgan Chase Bank and Lake City Bank ranked second and third with a market share of 12.0 percent and 9.0 percent, respectively. On November 30, 2018, the bank sold and closed all 20 branches in this AA as part of a divestiture of the bank's deposit operations in Indiana.

[29] This rating reflects performance within the state. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan statistical area.

IN Combined NonMetro AA

Within the IN Combined NonMetro AA, the bank had $334 million in deposits and ranked second amongst 23 depository institutions in the market with 13.5 percent market share. Farmers State Bank ranked first with a 16.7 percent market share. On November 30, 2018, the bank sold and closed all 9 branches in this AA as part of a divestiture of the bank's deposit operations in Indiana.

Demographic Data

Fort Wayne CSA AA

The following table provides a summary of the demographics that includes housing and business information for the Fort Wayne CSA AA. Table A indicates that the volume of OOUs is very small in low-income CTs and over 37 percent of families in the AA are LMI. The area's median housing value in the Fort Wayne CSA AA is 1.9 times the area's median income, but 2.4 times moderate-, and 3.8 times low-income, indicating a limited proportion of OOUs are affordable to low-income individuals. Median rents and the high percentage of families below poverty level suggest rental housing may also be unaffordable for some low-income residents.

Table A - Demographic Information of the Assessment Area

Assessment Area: Fort Wayne-Huntington-Auburn IN CSA (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	144	9.0	22.2	45.8	22.2	0.7
Population by Geography	564,176	5.7	19.4	49.1	25.7	0.1
Housing Units by Geography	242,849	6.4	21.6	49.3	22.6	0.0
Owner-Occupied Units by Geography	159,999	3.3	15.4	52.8	28.4	0.0
Occupied Rental Units by Geography	56,123	11.9	37.5	40.4	10.1	0.1
Vacant Units by Geography	26,727	13.8	25.0	46.9	14.3	0.0
Businesses by Geography	32,948	7.0	20.0	47.0	25.8	0.3
Farms by Geography	1,851	1.1	6.0	59.2	33.7	0.0
Family Distribution by Income Level	146,781	18.1	19.0	23.2	39.8	0.0
Household Distribution by Income Level	216,122	20.9	17.7	20.2	41.2	0.0
Median Family Income MSA - 23060 Fort Wayne, IN MSA		$60,235	Median Housing Value			$114,572
Median Family Income Non-MSAs - IN		$53,037	Median Gross Rent			$621
			Families Below Poverty Level			8.5%

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

According to the June 2018 Moody's Analytics report, Fort Wayne's expansion is improving. While production costs for the area's automakers and parts suppliers will rise because of new tariffs on imports of steel and aluminum, the impact will be modest since metal components account for little of the value

added in motor vehicle production. Fort Wayne's General Motors plant is still producing plenty of Chevrolet Silverado and GMC Sierra pickup trucks, and local suppliers are trying their best to keep up. Having invested a combined $15 million to expand facilities, Fort Wayne's based parts makers Android Industries and Avancez have recently taken on 200 temporary employees, a sign of surging demand for their wares. Solid consumer confidence and gasoline prices will be more significant for local manufacturers than the escalating trade war. Despite a pickup in gas prices to a multiyear high, light trucks make up more than two-thirds of U.S. vehicle sales as consumers, who have accumulated wealth and are in the best position to earn higher wages so far this cycle, will keep demand firm even as the cost of borrowing increases. As a result, payrolls in transportation equipment and overall manufacturing will easily beat the state and U.S. averages.

The outlook for the housing market looks favorable as healthy population gains will grease the wheels of residential real estate. Population growth in Fort Wayne ramped up to 0.8 percent last year, which was well above the Indiana average and among the top 25 among Midwestern areas. Fort Wayne creates more residents than average, and its diverse economy and low living costs are drawing in new residents, resulting in positive net migration since 2014. Firm household formation will persist in the years ahead, lifting demand for residential real estate. Higher mortgage rates will sting, but with more households forming and single-family housing much more affordable than elsewhere and 10 percent undervalued, home sales and prices are forecast to fare better than average this year and in 2019.

The largest employers in the Fort Wayne CSA AA include Parkview Health Systems, Lutheran Health Network, and General Motors Truck Group. According to the U.S. BLS, the unemployment rate for the 2nd quarter of 2018 was 2.8 percent and has decreased significantly from 8.3 percent at the beginning of the evaluation period. The unemployment rate in the AA was lower than the overall state at 3.7 percent for the same period.

Community Contacts

The analysis takes into consideration comments provided by two existing community contacts that serve the bank's Fort Wayne CSA AA. The contacts were with representatives from a community action agency and a fair housing organization.

The community action representative stated that the primary purpose of the organization is helping communities, families, and individuals remove the causes and conditions of poverty and create sustainable communities. The organization serves the northeastern portion of Indiana. The contact stated that manufacturing is the primary industry in all of northeast Indiana. The manufacturing plants do not pay very much so people often will commute into the Fort Wayne area for employment. The contact stated that there is a need for affordable housing; however, banks have not been able to assist because the counties are having trouble attracting developers to the areas. The other primary need is workforce development particularly training for manufacturing jobs. There is also needs for small business loans.

The second contact is a housing community development organization dedicated to helping citizens of 17 Indiana counties. This organization enables clients to buy vacant homes, rehabilitate them to the comfortable and safe for individuals and families then sell them to qualified buyers. It also provides home buyer education to applicants that are pre-screened. The contact indicated that the Fort Wayne MSA has fared better economically than other portions of Indiana and has transitioned from recovery to self-sustaining expansion. Auto-related in Fort Wayne has benefited greatly from the current boom in

US auto sales. The contact stated that the area could benefit from additional financial education, more affordable housing, and down payment assistance. Local banks area involved but more is needed.

The bank conducted research in the AA and identified community needs for affordable housing for LMI families, homeless services, small business assistance, and workforce development and job readiness.

Considering the information from the community contacts and bank management as well as demographic and economic data, affordable housing represents a primary credit need for the Fort Wayne CSA. Opportunity exists to originate these types of loans throughout the AA; however, it is limited in the low-income geographies as reflected by the small proportion of OOUs and small businesses coupled with limited home affordability for LMI individuals.

IN Combined Non-Metro AA

The following table provides a summary of the demographics that includes housing and business information for the IN Combined NonMetro AA. Table A indicates that there are no low-income CTs and over 38 percent of families in the AA are LMI. The area's median housing value in the IN Combined NonMetro AA is 2.1 times the area's median income, but 2.6 times moderate-, and 4.2 times low-income, indicating a limited proportion of OOUs affordable to LMI families. Median rents and the high percentage of families below poverty level suggest rental housing is also unaffordable for many low-income residents.

Table A – Demographic Information of the Assessment Area

Assessment Area: IN Combined Non-Metros (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	45	0.0	11.1	84.4	4.4	0.0
Population by Geography	169,790	0.0	10.3	85.4	4.3	0.0
Housing Units by Geography	74,039	0.0	12.5	83.0	4.5	0.0
Owner-Occupied Units by Geography	49,729	0.0	9.8	85.1	5.1	0.0
Occupied Rental Units by Geography	14,203	0.0	17.4	80.1	2.5	0.0
Vacant Units by Geography	10,107	0.0	18.8	77.0	4.2	0.0
Businesses by Geography	8,677	0.0	11.0	85.6	3.4	0.0
Farms by Geography	1,316	0.0	3.6	90.0	6.4	0.0
Family Distribution by Income Level	46,553	18.1	20.6	22.8	38.4	0.0
Household Distribution by Income Level	63,932	21.4	18.1	20.0	40.6	0.0
Median Family Income Non-MSAs - IN		$53,037	Median Housing Value			$110,585
			Median Gross Rent			$602
			Families Below Poverty Level			10.3%

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

According to the June's 2018 Moody's Analytics report, Indiana's economy is slowing. Employment is inching up, with gains somewhat stronger than earlier this year. Factory employment is rising steadily,

transportation equipment manufacturers in particular have hit a stride, adding workers faster than those in every other Great Lakes state.

The outlook for the housing market is average thanks largely to favorable demographics trends. Residential real estate is also on the mend. Sales are no longer falling and prices have recovered from the brief downturn earlier.

Indiana's outsize manufacturing industry still has gas and, fortunately, the tariffs will have minimal impact in the short run. Transportation equipment manufacturing, which employs more than one-quarter of all Indiana factory workers, is seemingly unstoppable. Industry payrolls are at their highest since early 2006, the peak reached during the last expansion, whereas nationally they remain nearly 7 percent lower, with no prospect of a full recovery.

According to the U.S. BLS, the unemployment rates for the second quarter of 2018 in the following counties range from a low of 2.5 percent (LaGrange County) to a high of 4.0 percent (Miami) while the state average is 3.7 percent.

Community Contacts

The analysis takes into consideration comments provided by a community contact that serves the bank's IN Combined NonMetro AA. The community contact represents a government city council that serves the AA.

The City Council's main source of funding is tax revenue. The contact described the general area as a low industry with moderate unemployment and a good infrastructure with connections to both Cincinnati and Indianapolis. Most local residents work for Hillenbrand, UPS, or the county government. Otherwise, executives of larger companies in the greater area often commute to either Cincinnati or Indianapolis. The county is primarily serviced by three local banks and services are good.

The contact indicated that there are three business parks in the area that are "shovel ready" for utilities. The contact also stated that the local banks have always been open to service low income individuals, but no specific financing program was identified. The local banks have been in the community for years and the staff understands the dynamics of the local economy and the needs of residents and businesses.

Considering the information from the community contacts and bank management as well as demographic and economic data, affordable housing and small business loans represent primary credit needs for the IN Combined NonMetro AA. Opportunity exists to originate these types of loans throughout the AA including moderate-income areas.

Scope of Evaluation in Indiana

The rating for the State of Indiana is primarily based on FS evaluations of the bank's performance in the Fort Wayne CSA and IN Combined NonMetro AAs; however, performance in each AA was considered. Conclusions where a LS review affected the CRA Rating for the state are addressed within their respective tests. LS procedures were performed for the Indianapolis MSA and South Bend CSA AAs. A limited portion of the bank's overall lending, investments, and services were conducted in Indiana; therefore, the performance in Indiana received less weight in determining the bank's overall CRA Rating.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN INDIANA

LENDING TEST

The bank's performance under the Lending Test in Indiana is rated Outstanding.

Conclusions for Areas Receiving FS Reviews

Based on FS reviews, including the data in the tables below and consideration of performance context discussed in the lending test, the bank's performance in the Fort Wayne CSA AA is good and performance in the IN Combined NonMetro AA is excellent.

Lending Activity

Based on the tables below, lending levels reflect good responsiveness to the credit needs in its AAs taking into account the number and amount of home mortgage, small business, small farm, and CD loans originated or purchased relative to its capacity based on deposits, competition, and market presence.

Number of Loans*							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	%State Loans	%State Deposits
Fort Wayne CSA	16,116	4,581	529	15	21,241	41.3	64.3
IN Combined NonMetro	2,450	991	460	3	3,904	7.6	10.3
Indianapolis MSA	15,698	1,849	3	9	17,560	34.2	14.3
South Bend CSA	7,437	1,182	60	3	8,682	16.9	11.1
Total	41,701	8,603	1,052	30	51,386	100.0	100.0

*The tables present the data for all assessment areas. The narrative below addresses performance in FS areas only.

Dollar Volume of Loans (000's)*							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	%State* Loans	%State Deposits
Fort Wayne CSA	$2,046,788	$311,267	$63,767	$11,050	$2,432,872	37.8	64.3
IN Combined NonMetro	$250,615	$68,956	$60,472	$9,000	$389,043	6.0	10.3
Indianapolis MSA	$2,318,587	$153,706	$67,000	$54,268	$2,526,624	39.4	14.3
South Bend CSA	$974,696	$84,182	$7,429	$17,060	$1,083,367	16.8	11.1
Total	$5,590,686	$618,111	$131,731	$91,378	$6,431,906	100.0	100.0

*The tables present the data for all assessment areas. The narrative below addresses performance in FS areas only.

Fort Wayne CSA AA

WFBNA ranked first in deposits with a 20.0 percent market share in the AA. In overall HMDA lending, WFBNA ranked second with 8.3 percent market share. There is strong competition as reflected by the

321 lenders and 33 depository institutions in the AA. The top lender in this market is RUOFF Mortgage with 10.0 percent market share.

In small loans to businesses, WFBNA ranked sixth with a market share of 6.6 percent. There is strong competition as reflected by the 100 lenders in the AA. The top three lenders were American Express FSB with a market share of 11 percent, Chase Bank with a market share of 11.1 percent, and PNC Bank with a market share of 10.1 percent.

IN Combined NonMetro AA

WFBNA ranked second in deposits with 13.5 percent market share in the AA. In overall HMDA lending, WFBNA ranked first with 6.2 percent market share. There is strong competition as reflected by the 245 lenders and 23 depository institutions in the AA. The 2nd and 3nd top lenders in this market were Farmers State Bank with a 5.4 percent market share and CrossRoads Bank with a 4.9 percent market share.

In small loans to businesses, WFBNA ranked fourth with a market share of 7.2 percent. There is strong competition as reflected by the 65 lenders in the AA. The top three lenders were US Bank with a market share of 13.5 percent, Capital One Bank with a market share of 11.3 percent, and American Express with a market share of 7.9 percent.

Distribution of Loans by Income Level of the Geography

The bank exhibits a good geographic distribution of loans in the Fort Wayne CSA AA and an excellent geographic distribution of loans in the IN Combined NonMetro AA.

Fort Wayne CSA AA

Home Mortgage Loans

Refer to Table O in the State of Indiana section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is good.

- The bank's performance in both periods, 2012-2016 and 2017-2018, for home mortgage loans in LMI geographies exceeds the aggregate distribution of loans in those geographies.
- The proportion of loans in low-income geographies is significantly below the proportion of OOUs and in moderate-income is near to the proportion of OOUs in those geographies.

Small Loans to Businesses

Refer to Table Q in the State of Indiana section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is good.

- The bank's performance in both periods, 2012-2016 and 2017-2018, for small business loans in LMI geographies substantially meets the aggregate performance and is near to the proportion of businesses located in those geographies.

IN Combined Non-Metro AA

Home Mortgage Loans

Refer to Table O in the State of Indiana section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is excellent.

- The AA contains no low-income tracts so our assessment focused on the bank's performance in moderate-income tracts.
- The bank's performance in both periods, 2012-2016 and 2017-2018, for home mortgage loans in moderate-income geographies exceeds both the aggregate distribution of loans and the proportion of OOUs in those geographies.

Small Loans to Businesses

Refer to Table Q in the State of Indiana section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is good.

- The AA contains no low-income tracts so our assessment focused on the bank's performance in moderate-income tracts.
- For 2012-2016, the proportion of loans in moderate-income geographies exceeds both the aggregate distribution of loans and the proportion of businesses in those geographies.
- Based on the bank's performance in 2017-2018, the bank's small business lending is significantly less than the combined performance in 2012-2016. As such, the overall performance rating for small business loans was downgraded from excellent to good.

Distribution of Loans by Income Level of the Borrower

The bank exhibits an excellent distribution of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the institution.

Fort Wayne CSA AA

Home Mortgage Loans

Refer to Table P in the State of Indiana section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is excellent.

- There are homeownership affordability hurdles in the AA especially for low-income borrowers. As noted above, the area's median housing value is 3.8 times the income of low-income borrowers indicating a limited proportion of OOUs are affordable to low-income borrowers. Despite the affordability challenges, the bank's performance in 2012-2016 to LMI borrowers exceeds the aggregate lending.

- The bank's performance to low-income borrowers is below the proportion of families and to moderate-income borrowers exceeds the proportion of families.
- Based on the bank's performance in 2017-2018, the bank's home mortgage lending is slightly below the combined performance in 2012-2016.

Small Loans to Businesses

Refer to Table R in the State of Indiana section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is good.

- For both 2012-2016 and 2017-2018 periods, the bank's distribution of small loans to businesses with revenues of $1 million or less exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is below the percentage of small businesses located in the AA.

IN Combined Non-Metro AA

Home Mortgage Loans

Refer to Table P in the State of Indiana section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is excellent.

- There are homeownership affordability hurdles in the AA especially for low-income borrowers. As noted above, the area's median housing value is 4.2 times the income of low-income borrowers indicating a limited proportion of OOUs are affordable to low-income borrowers. Despite the affordability challenges, the bank's performance in both periods, 2012-2016 and 2017-2018, to LMI borrowers exceeds the aggregate lending.
- The bank's performance with low-income borrowers is well below the proportion of families and to moderate-income borrowers exceeds the proportion of families.

Small Loans to Businesses

Refer to Table R in the State of Indiana section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is excellent.

- For 2012-2016, the bank's distribution of small loans to businesses with revenues of $1 million or less exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is near to the percentage of small businesses located in the AA.
- Based on the bank's performance in 2017-2018, the bank's home mortgage lending is slightly lower than the combined performance in 2012-2016.

Community Development Lending

The institution has made a low level of CD loans.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

Fort Wayne CSA AA

The level of CD lending in the Fort Wayne CSA AA is poor. WFBNA made 15 CD loans for a total of $11 million which represents 4.7 percent of tier 1 capital. CD lending performance has a neutral impact on the lending test rating. None of the CD loans addressed affordable housing which is an identified credit need in the AA. All CD loans were for the purpose of providing community services to LMI individuals.

Examples of CD loans in the AA include:

- In January 2018, WFBNA renewed a $1 million working capital line of credit for a nonprofit organization serving Northeast Indiana, including the City of Fort Wayne. The organization's mission is to enable people experiencing developmental or economic challenges to achieve independence and inclusion by providing social, educational, residential, and work-related supports. Based on estimated information, over 90 percent of the clients they serve are considered to be LMI individuals as they earn less than $45,360 annually, which is 80 percent of the 2015 area MFI.
- In July 2016, WFBNA renewed an $850,000 working capital line of credit to nonprofit organization that provides employment, job training, and other community-based programs for people with disabilities, those who lack education or job experience, and others facing employment challenges. The purpose of the organization is consistent with a valid Community Development purpose and all of its clients are considered LMI individuals.

IN Combined Non-Metro AA

The level of CD lending in the IN Combined NonMetro AA is adequate. WFBNA made 3 CD loans in its AA for a total of $9 million, which represents over 23 percent of tier 1 capital. While the dollar volume was excellent, the number of CD loans was considered minimal and none of the CD loans addressed affordable housing which is an identified credit needs in the AA. CD lending performance has a neutral impact on the lending test rating. All CD loans were for the purpose of providing community services to LMI individuals.

Example of a CD loan in the AA includes:

- During the evaluation, WFBNA provided three separate lines of credit for a total of $9 million to a social service agency offering accredited and comprehensive residential, foster care, independent living, adoption, and home-based services. The organization serves families and children, from infants to youths of 21 years, irrespective of race or religious background. Youth are placed at this organization through state and county departments of child services and juvenile probation offices, through the Departments of Corrections and Education, and through private placement. According to its website, the organization licenses and supports foster homes throughout Indiana and their residential program is a long-term placement facility for children and youth who are wards of the court or county. In addition, all of their clients are LMI individuals.

Product Innovation and Flexibility

Fort Wayne CSA AA

The institution makes limited use of innovative and/or flexible lending practices in order to serve AA credit needs. Under the *your*FirstMortgage loan program the bank has funded 136 loans totaling $11.5 million to LMI homebuyers that qualified under this program.

IN Combined NonMetro AA

The institution makes limited use of innovative and/or flexible lending practices in order to serve AA credit needs. Under the *your*FirstMortgage loan program the bank has funded 10 loans totaling $591,000 to LMI homebuyers that qualified under this program.

Refer to the comments in the institution Innovative or Flexible Lending Programs section of this public evaluation for additional details regarding this program.

Conclusions for Areas Receiving LS Reviews

Based on LS reviews, the bank's performance under the Lending Test in the Indianapolis MSA and South Bend CSA AAs is excellent and stronger than the bank's overall good performance under the Lending Test in the FS areas due primarily to higher volume of CD lending and stronger borrower distribution performance. Strong performance in the LS AAs including the IN Combined NonMetro AA did impact the overall Lending Test rating for the State of Indiana. As such, the overall lending rating for the State of Indiana was enhanced to Outstanding.

Refer to Tables O through T in the State of Indiana section of appendix D for the facts and data that support these conclusions.

INVESTMENT TEST

The bank's performance under the Investment Test in the State of Indiana is rated Low Satisfactory.

Conclusions for Areas Receiving FS Reviews

Based on FS reviews, including the data in the table below and consideration of performance context discussed in the investment test, the bank's performance in the Fort Wayne CSA is good and performance in the IN Combined NonMetro AAs is poor.

Qualified Investments										
	Prior Period*		Current Period		Total				Unfunded Commitments**	
Assessment Area	#	$(000's)	#	$(000's)	#	% of Total #	$(000's)	% of Total $	#	$(000's)
Fort Wayne CSA	18	$2,327	98	$19,864	116	63.7	$22,191	67.8		
IN Combined NonMetro	3	$167	11	$88	14	7.7	$255	0.8		

Indianapolis MSA	1	$1,581	22	$7,853	23	12.6	$9,434	28.8		
South Bend CSA	1	$33	28	$805	29	15.9	$838	2.6		
Total	23	$4,108	159	$28,610	182	100.0	$32,718	100.0		

* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.
** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Fort Wayne CSA AA

The institution has a significant level of qualified CD investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 9.5 percent of tier 1 capital allocated to the AA.

The investments and grants reflect good responsiveness to the needs identified in the AA including affordable housing, community services, economic development, and revitalization/stabilization for LMI individuals and geographies. Over 95.5 percent of the bank's CD investments focused on affordable housing which is an identified credit need in the AA. Additionally, the bank provided 88 grants totaling $1.6 million to a variety of organizations that primarily support affordable housing, community services, and economic development.

The institution occasionally uses innovative and/or complex investments to support CD initiatives. CD Investments involved two complex LIHTC and NMTC projects where the bank acted in a leadership role with participations from federal, state, and local housing agencies and real estate developers. Additionally, the bank purchased numerous government mortgage-backed securities for the CD Investment portfolio.

Examples of CD investments in the AA include:

- In September 2016, WFBNA made a $17.2 million NMTC investment for a mixed-use development. This development is the first of a larger revitalization effort that is located in a low-income census tract in downtown Fort Wayne, Indiana. This first phase will be comprised of 13,000 square feet of retail space, 15,000 square feet of office space, and 124 mixed-income residential units, of which 26 will be reserved for households with income at or below 80 percent of the area MFI. According to the Community Benefits Agreement, 60 permanent full-time jobs will be created, along with 200+ construction jobs. This investment is responsive to the need for affordable housing and revitalizing and stabilizing a distressed area.
- During the exam timeframe, WFBNA provided three grants totaling $400,000 to a local housing organization through the PMP for affordable housing in the Fort Wayne CSA AA. Refer to the comments in the institution Community Development Initiatives section of this public evaluation for additional details regarding this program.

IN Combined NonMetro AA

The institution has a poor level of qualified CD investments and grants, but not in a leadership position,

particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 0.7 percent of tier 1 capital allocated to the AA.

The investments and grants reflect poor responsiveness to the needs identified in the AA including affordable housing and community services. Virtually all of the bank's CD investments are from prior period and focused on affordable housing which is an identified credit need in the AA. There are opportunities for CD investments within the AA; however, the bank only provided 11 grants totaling $88,000 to several organizations that primarily support affordable housing and community services to LMI individuals.

The institution rarely uses innovative and/or complex investments to support CD initiatives.

Example of a CD investment in the AA includes:

- During the exam timeframe, WFBNA provided five grants totaling $65,000 to an organization that works in partnership with people in need to build decent and affordable housing. The houses are sold to those in need at no profit and with no interest charged. All of its clients are LMI as they earn less than 80 percent of the area MFI.

Conclusions for Areas Receiving LS Reviews

Based on LS reviews, the bank's performance under the Investment Test in the Indianapolis MSA AA is stronger than the bank's overall average performance in the Investment Test in the FS areas due to higher volume of CD investments. Performance in the South Bend CSA AA is weaker than the bank's overall performance due to lower volume of CD investments. Performance differences in both LS AAs were neutral and did not impact the overall Investment Test rating for the State of Indiana.

SERVICE TEST

The bank's performance under the Service Test in Indiana is rated Low Satisfactory.

Conclusions for Areas Receiving FS Reviews

Based on the FS reviews, including the data in the tables below and consideration of performance context discussed in the service test, the bank's performance in the Fort Wayne CSA AA adequate and performance in the IN Combined NonMetro AA is good.

Retail Banking Services

Service delivery systems are reasonably accessible to portions of the AAs, particularly LMI geographies and/or LMI individuals. The tables below are shown as of December 31, 2018 to be consistent with other rated areas. On November 30, 2018, the bank sold 31 branches, including three in low-income geographies and five in moderate-income geographies to Flagstar Bank. The branch sale was part of a larger transaction where Flagstar Bank purchased 52 branches in Indiana, Michigan, Ohio, and Wisconsin. With the exception of a private bank and a business banking branch, this sale resulted in a divestiture of the bank's deposit operations in Indiana. The branches were re-branded as Flagstar branches upon closing of the transaction. Flagstar intends to keep all branches and retain all employees. Since these branches were in operation during the majority of the evaluation time period these branches are evaluated and included in the analysis below.

Distribution of Branch Delivery System											
Assessment Area	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)*				% of Population within Each Geography*			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Fort Wayne CSA	64.3	0	0.0	0.0	0.0	0.0	0.0	6.7	14.2	56.0	22.6
IN Combined NonMetro	10.3	0	0.0	0.0	0.0	0.0	0.0	0.0	10.2	82.7	7.1
Indianapolis MSA	14.3	1	66.7	0.0	0.0	100.0	0.0	20.7	33.9	28.0	17.1
South Bend CSA	11.1	1	33.3	0.0	100.0	0.0	0.0	5.5	18.5	49.4	26.6

* May not add up to 100 percent due to geographies with unknown tract income level and rounding.

Distribution of Branch Openings/Closings						
Assessment Area	# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)			
			Low	Mod	Mid	Upper
Fort Wayne CSA	0	1	0	-1	0	0
IN Combined NonMetro	0	1	0	0	-1	0
Indianapolis MSA	1	0	0	0	+1	0
South Bend CSA	0	1	0	0	0	-1

Fort Wayne CSA AA

As of November 30, 2018, WFBNA operated 19 branches and 19 ATMs in the Fort Wayne CSA AA. All of these branches are full-service locations. There is one branch in a low-income geography and 3 branches in moderate-income geographies. The branch distribution in low-income geographies is significantly below the percentage of the population in low-income geographies and performance in the moderate-income geographies exceeds the percentage of the population in the moderate-income geographies in the AA.

The institution's opening and closing of branches have not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank closed one branch within a moderate-income geography during the evaluation period. The closure of one branch in a moderate-income geography did not negatively impact the distribution of branches relative to the population residing in those geographies.

Services, including where appropriate, business hours, do not vary in a way that inconveniences the various portions of its AA, particularly LMI geographies and/or individuals. Generally, branches are open Monday through Friday from 9:00 am to 5:00 pm, and Saturday from 9:00 am to 12:00 pm. All WFBNA services are available at all branches and all delivery systems discussed bank-wide are available in this AA.

IN Combined NonMetro AA

As of November 30, 2018, WFBNA operated 8 branches and 8 ATMs in the AA. All of these branches are full-service locations. There are no designated low-income census tracts in the AA. There is one branch in a moderate-income geography and 7 branches in middle-income geographies. The branch distribution in moderate-income geographies exceeds the percentage of the population in moderate-income geographies in the AA.

The institution's opening and closing of branches have not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank closed one branch within a middle-income geography during the evaluation period. The closure did not negatively impact the distribution of branches relative to the population residing in those geographies.

Services, including where appropriate, business hours, do not vary in a way that inconveniences the various portions of its AA, particularly LMI geographies and/or individuals. Generally, branches are open Monday through Friday from 9:00 am to 5:00 pm, and Saturday from 9:00 am to 12:00 pm. All WFBNA services are available at all branches and all delivery systems discussed bank-wide are available in this AA.

Community Development Services

The institution provides a relatively high level of CD services.

Fort Wayne CSA AA

The level of CD services in the Fort Wayne CSA AA is excellent. Bank records show that employees provided their financial or job-specific expertise and/or technical assistance for 484 CD service activities to 41 organizations since the last evaluation, logging a total of 1,314 qualified hours within this AA. The majority (80 percent) of the bank's assistance was to organizations that provide community services to LMI individuals and families. Other activities targeted affordable housing (19 percent) and economic development. The bank's assistance provided was responsive to the identified needs in the AA particularly affordable housing. The following are examples of CD services provided in this AA:
:

- One WFBNA team member provided 229 hours of Board service and 11 hours of financial expertise, and four team members provided 47 hours of financial and technical expertise at an organization where 90 percent of the clients served are considered to be LMI individuals, earning less than 80 percent of the 2015 area MFI. This organization is a comprehensive human and community development organization serving Northeast Indiana, including the City of Fort Wayne. Their mission is to enable people experiencing developmental or economic challenges to achieve independence and inclusion by providing social, educational, residential, and work-related support.
- Two WFBNA team members provided 80 hours of Board service, and two team members provided 37 hours of technical expertise at an organization where 100 percent of its clients are LMI individuals as they earn less than 80 percent of the area MFI. This organization is part of a nonprofit housing organization that works in partnership with people in need to build decent, affordable housing. The houses are sold to those in need at no profit and with no interest charged.

- A WFBNA team member provided 7 hours of tax preparation through the VITA program. Refer to the comments in the institution Innovative or Flexible Retail Service Programs section of this public evaluation for additional details regarding this program.

IN Combined NonMetro AA

The level of CD services in the IN Combined NonMetro AA is poor. Bank records show that employees provided their financial or job-specific expertise and/or technical assistance for 24 CD service activities to four organizations since the last evaluation, logging a total of 27 qualified hours within this AA. All of the bank's assistance was to organizations primarily schools that provide community services to LMI individuals and families. The following is an example of a CD service provided in this AA:

- Two WFBNA team members provided 11 hours of financial expertise at an organization where 55 percent of students qualify for the FRL program.

Conclusions for Areas Receiving LS Reviews

Based on LS reviews, the bank's performance under the Service Test in the Indianapolis MSA AA is weaker than the bank's overall adequate performance under the Service Test in the FS areas due to lower percentage of branch distribution in the LMI geographies. The bank's performance in the South Bend CSA AA is stronger than the bank's overall performance due to a higher percentage of branch distribution in LMI geographies. Performance differences in the LS AAs did not enhance the overall Service Test rating for the State of Indiana.

State Rating

State of Iowa

CRA rating for the State of Iowa[30]: Outstanding
The Lending Test is rated: Outstanding
The Investment Test is rated: Outstanding
The Service Test is rated: High Satisfactory

The major factors that support this rating include:

- Excellent lending activity;
- Good geographic distribution of loans;
- Good borrower distribution of loans;
- WFBNA provides a relatively high level of CD loans, which has a positive impact on the Lending Test;
- WFBNA's use of flexible products has a positive impact on the Lending Test;
- Excellent level of CD investments that are responsive to AA needs;
- Retail delivery systems are accessible to all portions of the AA; and
- WFBNA provides a high level of CD services that are responsive to the needs of the bank's AA.

Description of Institution's Operations in Iowa

WFBNA delineated five AAs within Iowa including the Cedar Rapids-Iowa City, IA CSA (Cedar Rapids CSA AA); Des Moines-Ames-West Des Moines, IA CSA (Des Moines CSA AA); Sioux City, IA MSA (Sioux City MSA AA); Waterloo-Cedar Falls, IA MSA (Waterloo MSA AA); and IA Combined non-metropolitan (IA Combined NonMetro AA). The Cedar Rapids CSA AA and Des Moines CSA AA received FS reviews. Refer to Appendix A for a complete description of each AA. The two areas accounted for the largest portion of the lending (74.5 percent) and deposits (73.1 percent) amongst the AAs in Iowa. Iowa represents the 22nd largest rated area by deposits. WFBNA has $6.4 billion deposits representing 0.5 percent of adjusted deposits in Iowa. WFBNA operates 52 branches and 80 ATMs in Iowa representing 0.9 percent of branches and 0.6 percent of the bank's ATMs. The bank originated or purchased $10.1 billion in loans or 0.5 percent of total reported loan originations and purchases during the evaluation period. The bank's primary loan products in Iowa are home mortgage loans and small loans to businesses.

<u>Cedar Rapids CSA AA</u>

Within the Cedar Rapids CSA AA, the bank had $853.9 million in deposits and ranked fourth amongst 50 depository institutions in the market with 8.4 percent market share. The top three depository institutions in terms of deposit market shares were Hills Bank and Trust Company with 23.6 percent, US Bank with 10.9 percent, and Cedar Rapids Bank and Trust Company with 9.6 percent. WFBNA operates 11 branches and 9 ATMs in the AA.

[30] This rating reflects performance within the state. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan statistical area.

Des Moines CSA AA

Within the Des Moines CSA AA, the bank had $3.2 billion in deposits and ranked first amongst 58 institutions in the market with 15.0 percent market share. Bankers Trust Company and Principal Bank ranked second and third with 13.3 percent and 11.6 percent market share, respectively. WFBNA operates 18 branches and 44 ATMs in the AA.

Demographic Data

Cedar Rapids CSA AA

The following table provides a summary of the demographics that includes housing and business information for the Cedar Rapids CSA AA. Table A indicates that the volume of population and OOUs is very small in low-income CTs and over 37 percent of families in the AA are LMI. The area's median housing value in the Cedar Rapids CSA AA is 2.1 times the area's highest median income, but 2.6 times moderate-, and 4.1 times low-income, indicating a limited proportion of OOUs are affordable to LMI. Median rents and the moderate percentage of families below poverty level suggest rental housing is also unaffordable for many low-income residents.

Table A – Demographic Information of the Assessment Area

Assessment Area: FS Cedar Rapids-Iowa City IA CSA (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	86	3.5	26.7	54.7	14.0	1.2
Population by Geography	424,456	1.8	21.5	56.7	19.2	0.7
Housing Units by Geography	181,568	1.5	23.4	58.1	16.5	0.5
Owner-Occupied Units by Geography	118,310	0.5	18.4	60.5	20.5	0.1
Occupied Rental Units by Geography	51,697	3.2	34.0	52.7	8.8	1.4
Vacant Units by Geography	11,561	3.4	27.8	57.9	9.4	1.4
Businesses by Geography	28,585	3.9	21.6	52.4	19.3	2.8
Farms by Geography	2,295	0.2	7.6	79.0	13.1	0.1
Family Distribution by Income Level	104,063	19.1	18.0	24.3	38.6	0.0
Household Distribution by Income Level	170,007	24.2	16.0	17.8	42.0	0.0
Median Family Income MSA - 16300 Cedar Rapids, IA MSA		$75,812	Median Housing Value			$166,412
Median Family Income MSA - 26980 Iowa City, IA MSA		$81,027	Median Gross Rent			$758
			Families Below Poverty Level			6.4%

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

Cedar Rapids, IA MSA

According to the June 2018 Moody's Analytics report, the Cedar Rapids economy is one of Iowa's weakest this year. Job growth is deceptively strong; with payroll employment only up slightly year to

date. The Rockwell-Collins-United Technologies merger creates upside potential for manufacturing in the medium term, and even further along, above-average demographics provide the tools to thrive as a national expansion effort paints a brighter picture for factory payrolls in Cedar Rapids, but a heavy reliance on manufacturing will limit Cedar Rapid's long-term economic potential.

Professional/business services accounts for the lion's share of job additions over the next two years. The largest economic sectors for employment are High-Tech and Logistics though Professional and Business services will supply a majority of job additions over the next two years. Major area employers include Rockwell Collins Inc., TransAmerica, and St. Luke's Hospital.

House price appreciation is at cycle highs with per capita permit issuance at the lowest level in three decades creating low housing supply. According to the U.S. BLS, the unemployment rate in the second quarter of 2018 was 3.0 percent, down from 5.2 percent at the beginning of the evaluation period. The MSA unemployment rate is slightly higher than the overall State of Iowa at 2.6 percent.

Iowa City, IA MSA

According to the October 2018 Moody's Analytics report, Iowa City's economy is performing well. Job growth is by no means robust but the pace has caught up to the state and regional averages. State government employment has flattened since 2017 as the University of Iowa trimmed headcount but the private sector has buoyed the labor market. Leisure/hospitality and goods production have been bright spots. Iowa City will strengthen slightly in the year ahead, matching Iowa and the Midwest in job and income growth. Favorable population trends will buoy healthcare and consumer-driven industries, offsetting slower gains in the public sector. Longer term, dependence on state government will keep Iowa City a merely average performer but it will also help insulate the area from economic downturns.

The multifamily housing market is red-hot thanks to the growing student population. Single-family house price appreciation has accelerated to the second fastest in Iowa but construction is lagging. Major area employers include University of Iowa, University of Iowa Hospital & Clinics, and Veterans Health Administration. According to the U.S. BLS, the unemployment rate in the third quarter of 2018 was 2.1 percent, down from 3.8 percent at the beginning of the evaluation period. The MSA unemployment rate is slightly lower than the overall State of Iowa at 2.6 percent.

Community Contacts

The analysis takes into consideration comments provided by four community contacts pertaining to the Cedar Rapids CSA AA in conjunction with this evaluation. The contacts represent two community development organizations and two local colleges.

According to one contact, Cedar Rapids attracts young professionals with a high wage threshold and many commuting in for work in primary industries such as electrical manufacturing, insurance and finance, food production, trucking and logistics, and information technology. The contact stated the agricultural economy is weak due to falling commodity prices with large corn processors and ethanol producers adversely affected. The contact also stated the housing industry is strong for both single- and multi-family dwellings but there is a significant need for rural housing development in communities around the area where there are less than 10,000 residents. The contact also noted the need for new small business lending programs, many of which need funding.

Another contact noted the age of housing stock in Cedar Rapids and specifically the gradual increase in new housing. Most of the homes built in Cedar Rapids, about 42 percent, were between 1950 and 1980, while an estimated 20 percent were pre-1950 and the remaining 38 percent built in 1980 or later. The contact noted home sales increased slightly from 2013 and 2014 along with a research survey conducted which consistently inventoried an increasing number of rental units throughout the Cedar Rapids area and a lower vacancy rate at 2.5 percent. This contact also noted small business struggles to gain loan funding though there are local support programs for small businesses.

One of the college contacts in Linn County discussed favorable overall economic conditions with a steadily increasing population, urban migration, and an increasing minority population. The contact noted the main credit need in Linn County is financial expertise for new homeowners as well as new farmers. Overall, the contact described a perception of active involvement in the community by financial institutions, particularly those in rural areas with those in urban areas more hesitant to work with lower credit individuals or those with criminal history.

The other college contact in Linn County described the area's resources and increase in new business starts, partly with the influx of funding after the 2008 floods in the area, but also that the area does not have a robust economy for existing small businesses. The flood in 2008 also affected affordable housing. The contact noted the flood destroyed 5,000 housing units in LMI areas. There is a new floodwall financed largely by state funds. The contact noted excellent involvement from banks and opportunities for involvement in Cedar Rapids including loan funds providing subordinated debt and loan guarantees as well as revolving loan funds targeted to minority, female-owned, veterans, and LMI individuals. The contact noted national banks lend and finance with the established business community, providing significant growth capital by providing commercial real estate and equipment financing on a larger scale and specifically in the post flood development projects.

Considering the information from the community contact and bank management as well as demographic and economic data, affordable housing and small business loans represent a primary credit need for the Cedar Rapids CSA AA. Opportunity exists to originate these types of loans throughout the AA; however, it is limited in the low-income geographies as reflected by the small proportion of tracts, OOUs, and small businesses coupled with limited home affordability for LMI individuals.

Demographic Data

Des Moines CSA AA

The following table provides a summary of the demographics that includes housing and business information for the Des Moines CSA AA. Table A indicates that the volume of OOUs is very small in low-income CTs and over 38 percent of families in the AA are LMI. The area's median housing value in the Des Moines CSA AA is 2.1 times the area's highest median income, but 2.6 times moderate-, and 4.2 times low-income, indicating a limited proportion of OOUSs are affordable to LMI. Median rents and the high percentage of families below poverty level suggest rental housing is also unaffordable for many low-income residents.

Table A – Demographic Information of the Assessment Area

Assessment Area: FS Des Moines-Ames-West Des Moines IA CSA (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	151	7.9	22.5	47.7	20.5	1.3
Population by Geography	694,773	6.2	19.0	46.7	27.3	0.8
Housing Units by Geography	287,624	5.8	19.7	48.7	25.9	0.0
Owner-Occupied Units by Geography	182,133	3.1	17.4	49.1	30.4	0.0
Occupied Rental Units by Geography	87,158	10.7	22.5	48.0	18.8	0.0
Vacant Units by Geography	18,333	9.3	28.3	47.9	14.5	0.0
Businesses by Geography	51,414	4.6	14.1	51.8	29.2	0.3
Farms by Geography	2,717	1.4	11.2	61.8	25.5	0.0
Family Distribution by Income Level	173,545	20.4	17.6	22.2	39.9	0.0
Household Distribution by Income Level	269,291	23.8	16.0	19.0	41.2	0.0
Median Family Income MSA - 19780 Des Moines-West Des Moines, IA MSA		$76,385	Median Housing Value			$163,157
Median Family Income MSA - 11180 Ames, IA MSA		$77,539	Median Gross Rent			$811
			Families Below Poverty Level			7.9%

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

Des Moines-West Des Moines IA MSA

According to the June 2018 Moody's Analytics report, the Des Moines economy is in the late expansion stage of the business cycle and solidified itself as one of the Midwest's most resilient economies. While faring well in the coming year, job additions will slow and wage pressures will build, especially in healthcare, construction, and knowledge-based industries. The labor market experienced year-over-year job growth climbing above the U.S. average in May to an 11-month high due to a surge in labor force entrants. Faster job growth traces back to bigger gains in professional/business services and leisure/hospitality. Construction is also a source of job growth and nonresidential building in particular will create jobs as construction ramps up for Apple's $1.3 billion data center and begins for the General Services Administration's new federal courthouse. Per Moody's home sales and prices will hold up better than elsewhere, but limited upside for housing late in the business cycle when mortgage rates are climbing means single-family construction in Des Moines will not perform as well this year or in 2019 as it did earlier in the expansion.

Job growth slowed elsewhere, including in manufacturing but Moody's reports 2018 and 2019 will be much closer to that nationally after lagging it in 2017. The economy is driven by the financial sector and the Iowa State Capital. Major employers include Wells Fargo, UnityPoint Health, and the Principal Financial Group. According to the U.S. BLS, the unemployment rate in the second quarter of 2018 was 2.5 percent, down from 5.1 percent at the beginning of the evaluation period. The MSA unemployment rate is similar to the overall State of Iowa at 2.6 percent.

Ames, IA MSA

According to the October 2018 Moody's Analytics report, Ames' economy has expanded faster than average for the last two years. Nonfarm job counts are at a historic high and growth accelerated sharply in the third quarter. The pace over the last year exceeds the state and U.S. averages. With the economy operating beyond capacity, firms are having difficulty finding workers and are bidding up the price of labor. Despite outshining Iowa and the U.S. year to date, Ames' dominant government sector will provide limited job gains in the short term but will insulate the economy against future economic downturns. Accounting for 29 percent of jobs in the metro area, the third highest nationwide after State College PA and College Station TX, state government is dominated by Iowa State University.

The outlook for the housing market looks favorably as positive demographic gains will lift the wheels of residential real estate. Major employers include Iowa State University, Iowa Department of Transportation, and Mary Greeley Medical Center. Unemployment is at its lowest in almost two decades and a full percentage point below the trough during the previous expansion. According to the U.S. BLS, the unemployment rate in the second third quarter of 2018 was 1.6 percent, down from 3.6 percent at the beginning of the evaluation period. The MSA unemployment rate is lower than the overall State of Iowa at 2.6 percent.

Community Contacts

The analysis takes into consideration comments provided by a community contact pertaining to the Des Moines CSA AA in conjunction with this evaluation. The contact represents a community improvement organization serving the Des Moines area.

The organization's mission is to empower and unite people to take control of their communities and taking action to address community needs. The interviewee discussed a micro small business program made available through a newly formed organization call Solidarity Micro Finance. This organization provides collateral-free small business loans with low interest to low-income women in the Des Moines market. They also provide each member with a no-fee savings account through Bankers Trust. Initial loans are made up to $1,000 with a six month pay back. Once the loan is paid back the consumer can apply for larger loans up to $2,500. The loans are for small businesses and microenterprises only. Current businesses include food, jewelry, clothes, cosmetics, and health products sales. Capital for the program is from local banks, local and national foundations and Whole Planet Foundation.

The contact stated that the economic conditions of Des Moines are improving but certain neighborhoods are suffering from years of disinvestment. Neighborhoods mention were Eagle Hill and King Irving that need investment to improve housing stock and the need for affordable banking services. Need for banks to be located in those neighborhoods. The contact further stated that banks not community organizations should be providing financial education and homebuyer education. The contact does not believe that nonprofit organization should be providing those services. The interviewee believes that banks should be making small dollar loans to consumers and that they should have to come up with a program to fund and then have someone maintain.

The bank conducted research in the AA and identified community needs for affordable housing for LMI families, homeless services, neighborhood revitalization/stabilization, small business assistance, and workforce development and job readiness.

Considering the information from the community contact and bank management as well as demographic and economic data, affordable housing and small business loans represent a primary credit need for the Des Moines CSA AA. Opportunity exists to originate these types of loans throughout the AA; however, it is limited in the low-income geographies as reflected by the small proportion of OOUs and small businesses coupled with limited home affordability for LMI individuals.

Scope of Evaluation in Iowa

The rating for the State of Iowa is primarily based on FS evaluations of the bank's performance in the Cedar Rapids CSA and Des Moines CSA AAs; however, performance in each AA was considered. Conclusions where a LS review affected the CRA Rating for the state are addressed within their respective tests. LS procedures were performed for the Sioux City MSA AA, Waterloo MSA AA, and the IA Combined NonMetro AA. A small portion of the bank's overall lending, investments, and services was conducted in Iowa; therefore, the performance in Iowa received less weight in determining the bank's overall CRA Rating.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN IOWA

LENDING TEST

The bank's performance under the Lending Test in Iowa is rated Outstanding.

Conclusions for Areas Receiving FS Reviews

Based on FS reviews, including the data in the tables below and consideration of performance context discussed in the lending test, the bank's performance in the Cedar Rapids CSA AA is good and performance in the Des Moines CSA AA is excellent.

Lending Activity

Based on the tables below, lending levels reflect excellent responsiveness to the credit needs in its AAs taking into account the number and amount of home mortgage, small business, small farm, and CD loans originated or purchased relative to its capacity based on deposits, competition, and market presence.

Number of Loans*							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	%State Loans	%State Deposits
Cedar Rapids CSA	7,606	2,873	375	3	10,857	14.4	13.4
Des Moines CSA	35,470	9,138	596	16	45,220	60.1	49.7
IA Combined NonMetro	7,041	2,958	1,912	21	11,932	15.9	27.3
Sioux City MSA	3,081	1,048	139	6	4,274	5.7	5.9
Waterloo MSA	1,879	901	181	0	2,961	3.9	3.7
Total	55,077	16,918	3,203	46	75,244	100.0	100.0

*The tables present the data for all assessment areas. The narrative below addresses performance in FS areas only.

Dollar Volume of Loans (000's)*							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	%State* Loans	%State Deposits
Cedar Rapids CSA	$1,143,524	$216,127	$37,696	$11,628	$1,408,702	13.9	13.4
Des Moines CSA	$6,129,988	$563,823	$72,048	$39,323	$6,805,182	66.9	49.7
IA Combined NonMetro	$735,033	$171,008	$262,258	$19,895	$1,188,194	11.7	27.3
Sioux City MSA	$341,668	$70,490	$20,774	$2,386	$435,318	4.3	5.9
Waterloo MSA	$246,267	$70,963	$12,984	$0	$330,214	3.2	3.7
Total	$8,596,480	$1,092,411	$405,760	$73,232	$10,167,883	100.0	100.0

*The tables present the data for all assessment areas. The narrative below addresses performance in FS areas only.

Cedar Rapids CSA AA

WFBNA ranked fourth in deposits with 8.4 percent market share in the AA. In overall HMDA lending, WFBNA ranked eighth with 2.3 percent market share. There is strong competition as reflected by the 273 lenders and 50 depository institutions in the AA. The top three lenders in terms of market share were the University of Iowa Community Credit Union with 23.2 percent, Hills Bank and Trust Company with 15.1 percent, and Collins Community Credit Union with 7.9 percent.

In small loans to businesses, WFBNA ranked sixth with a market share of 4.7 percent. There is also strong competition as reflected by the 69 lenders in the AA. The top three lenders in terms of market share were Hills Bank and Trust Company with 29.8 percent, U.S. Bank with 12.8 percent, and American Express with 10.7 percent.

Des Moines CSA AA

WFBNA ranked first in deposits with 11.5 percent market share in the AA. In overall HMDA lending, WFBNA ranked first with 11.5 percent market share. There is strong competition as reflected by the 386 lenders and 58 depository institutions in the AA. The second and third lenders are U.S. Bank with 5.7 percent market share and the University of Iowa Community Credit Union with 4.7 percent market share.

In small loans to businesses, WFBNA ranked third with a market share of 10.0 percent. There is also strong competition as reflected by the 95 lenders in the AA. The top two lenders were American Express with a market share of 14.9 percent and U.S. Bank with a 12.6 percent.

Distribution of Loans by Income Level of the Geography

The bank exhibits an excellent geographic distribution of loans in the Cedar Rapids CSA AA and an adequate geographic distribution of loans in the Des Moines CSA AA.

Cedar Rapids CSA AA

Home Mortgage Loans

Refer to Table O in the State of Iowa section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is excellent.

- The bank's performance in both periods, 2012-2016 and 2017-2018, for home mortgage loans in LMI geographies exceeds the aggregate distribution of loans in those geographies.
- The proportion of loans in low-income geographies is well below the proportion of OOUs and for moderate-income geographies is near to the proportion of OOUs in those geographies.

Small Loans to Businesses

Refer to Table Q in the State of Iowa section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is excellent.

- The bank's performance in 2012-2016 for small business loans in low-income geographies exceeds both the aggregate distribution of loans and the proportion of businesses located in those geographies.
- The proportion of loans in moderate-income geographies substantially meets the aggregate distribution of loans and is below proportion of businesses located in those geographies.
- The bank's performance in 2017-2018 for small business lending is slightly below the combined performance in 2012-2016.

Des Moines CSA AA

Home Mortgage Loans

Refer to Table O in the State of Iowa section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is adequate.

- For 2012-2016, the proportion of home mortgage loans in low-income geographies is below the aggregate distribution of loans and is well below the proportion of OOUs in those geographies.
- The proportion of loans in moderate-income geographies substantially meets the aggregate distribution of loans and is well below the proportion of OOUs in those geographies.
- Based on the bank's performance in 2017-2018, the bank's home mortgage lending is slightly higher than the combined performance in 2012-2016.

Small Loans to Businesses

Refer to Table Q in the State of Iowa section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is excellent.

- For the 2012-2016 period, the bank's performance for small business loans in LMI geographies exceeds the aggregate distribution of loans in those geographies.
- The proportion of loans in low-income geographies is below proportion of businesses and to moderate-income geographies exceeds the proportion of businesses located in those geographies.
- Based on the bank's performance in 2017-2018, the bank's small business lending is slightly below the combined performance in 2012-2016.

Distribution of Loans by Income Level of the Borrower

The bank exhibits a good distribution of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the institution.

Cedar Rapids CSA AA

Home Mortgage Loans

Refer to Table P in the State of Iowa section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is adequate.

- There are homeownership affordability hurdles in the AA especially for low-income borrowers. As noted above, the area's median housing value is 4.1 times the income of low-income borrowers, indicating a limited proportion of OOUs are affordable to low-income borrowers. Because of affordability challenges, the bank's overall home mortgage lending to LMI borrowers in 2012-2016 is below the aggregate distribution of loans reported in those geographies.
- The bank's overall home mortgage lending to low-income borrowers is below the proportion of families and to moderate-income borrowers is near to the proportion of families.
- Based on the bank's performance in 2017-2018, the bank's home mortgage lending is slightly higher than the combined performance in 2012-2016.

Small Loans to Businesses

Refer to Table R in the State of Iowa section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is good.

- For both 2012-2016 and 2017-2018 periods, the bank's distribution of small loans to businesses with revenues of $1 million or less exceeded the aggregate small business lending data for businesses with revenues of $1 million or less and is below the percentage of small businesses located in the AA.

Des Moines CSA AA

Home Mortgage Loans

Refer to Table P in the State of Iowa section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is good.

- There are homeownership affordability hurdles in the AA especially for low-income borrowers. As noted above, the area's median housing value is 4.2 times the income of low-income borrowers indicating a limited proportion of OOUs are affordable to low-income borrowers. Despite the affordability challenges, the bank's performance in both periods, 2012-2016 and 2017-2018, to LMI borrowers substantially meets the aggregate lending.
- The bank's overall home mortgage lending to low-income borrowers is well below the proportion of families and to moderate-income borrowers exceeds the proportion of families.

Small Loans to Businesses

Refer to Table R in the State of Iowa section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is good.

- For both 2012-2016 and 2017-2018 periods, the bank's distribution of small loans to businesses with revenues of $1 million or less exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is below the percentage of small businesses located in the AA.

Community Development Lending

The institution has made a relatively high level of CD loans.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

Cedar Rapids CSA AA

The level of CD lending in the Cedar Rapids CSA AA is adequate. WFBNA made 3 CD loans in its AA for a total of $11.6 million, which represents 12.1 percent of tier 1 capital. While the dollar volume was excellent, the number of CD loans was considered minimal given the six-year time period. CD lending performance has a neutral impact on the lending test rating. The loans were responsive to the identified needs for affordable housing and to revitalize and stabilize the community.

Examples of CD loans in the AA include:

- In August 2013, WFBNA provided a $3.8 million loan to fund the development of a 17-unit condominium building located in a moderate-income census tract of Cedar Rapids in Linn County. FEMA declared Linn County a designated disaster area in May 2008 due to severe storms, tornadoes, and flooding.
- In December 2017, WFBNA provided a $6.5 million construction loan for an affordable housing development located in Cedar Rapids, Iowa and comprised of nine one-bedroom units, 18 two-bedroom units, and 18 three-bedroom units. Of the 45 total units, 41 will be reserved for households with income between 30 and 60 percent of the area MFI. Five of the units will be supportive housing for persons experiencing homelessness.

Des Moines CSA AA

The level of CD lending in the Des Moines CSA AA is excellent. WFBNA made 16 CD loans in its AA for a total of $39 million, which represents 11 percent of tier 1 capital. CD lending performance has a significant positive impact on the lending test rating. The institution makes significant use of innovative and/or complex CD loans and involved many complex projects where the bank often acted in a leadership role. The bank made 10 CD loans totaling $33 million (84.6 percent) for the purpose of affordable housing which is critical needs in the AA. Additionally, the bank extended 6 CD loans totaling $6.1 million for the primary purpose of providing community services to LMI individuals.

Examples of CD loans in the AA include:

- In September 2018, WFBNA provided a $4.8 million construction loan for a multifamily housing development located in Grimes, Iowa and consists of four one-bedroom units, 20 two-bedroom units and 10 three-bedroom units, with 88.2 percent of the total units restricted to tenants earning 60 percent or below the area MFI.
- In December 2018, WFBNA provided a $7.9 million construction loan for an affordable housing development located in Des Moines, Iowa and consist of 64 of its 72 units restricted to households earning between 30 and 60 percent of the area MFI.

Product Innovation and Flexibility

Cedar Rapids CSA AA

The institution makes limited use of innovative and/or flexible lending practices in order to serve AA credit needs. Under the *your*FirstMortgage loan program the bank has funded 27 loans totaling $3.1 million to LMI homebuyers that qualified under this program.

Des Moines CSA AA

The institution makes extensive use of innovative and/or flexible lending practices in order to serve AA credit needs. The bank launched the NeighborhoodLIFT program in the Des Moines CSA AA in September 2018 and more than 400 potential homebuyers attended the event and more than 220 homebuyers utilized the down payment assistance ($15,000) to purchase a home. Of the 220, WFBNA originated 177 home mortgage loans totaling $22.6 million. Under the *your*FirstMortgage loan program the bank has funded 219 loans totaling $27.7 million to LMI homebuyers that qualified under this program.

Refer to the comments in the institution Innovative or Flexible Lending Practices section of this public evaluation for additional details regarding the programs listed above.

Conclusions for Areas Receiving LS Reviews

Based on LS reviews, the bank's performance under the Lending Test in the Waterloo MSA and IA Combined NonMetro AAs is consistent with the bank's overall excellent performance under the Lending Test in the FS areas. The bank's performance in the Sioux City MSA AA is weaker than the bank's overall performance due to a low volume of CD lending. Performance in this LS AA did not affect the bank's overall rating for the state.

Refer to Tables O through T in the State of Iowa section of appendix D for the facts and data that support these conclusions.

INVESTMENT TEST

The bank's performance under the Investment Test in the State of Iowa is rated Outstanding.

Conclusions for Areas Receiving FS Reviews

Based on FS reviews, including the data in the table below and consideration of performance context discussed in the investment test, the bank's performance in the Cedar Rapids CSA and Des Moines CSA AAs is excellent.

Qualified Investments										
	Prior Period*		Current Period		Total				Unfunded Commitments**	
Assessment Area	#	$(000's)	#	$(000's)	#	% of Total #	$(000's)	% of Total $	#	$(000's)
Cedar Rapids CSA	10	$4,288	60	$15,733	70	12.8	$20,021	14.1		
Des Moines CSA	22	$22,790	341	$57,984	363	66.4	$80,774	57.1		
IA Combined NonMetro	2	$162	54	$18,144	56	10.2	$18,306	12.9		
Sioux City MSA	2	$445	33	$13,955	35	6.4	$14,400	10.2		
Waterloo MSA	4	$3,326	19	$4,720	23	4.2	$8,046	5.7		
Total	40	$31,011	507	$110,536	547	100.0	$141,547	100.0		

* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.
** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Cedar Rapids CSA AA

The institution has an excellent level of qualified CD investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 20.9 percent of tier 1 capital allocated to the AA.

The investments and grants reflect excellent responsiveness to the needs identified in the AA including affordable housing, community services, economic development, and revitalization/stabilization for LMI individuals and geographies. Over 98.5 percent of the bank's CD investments focused on affordable housing which is an identified credit need in the AA. Additionally, the bank provided 57 grants totaling $571,050 to a variety of organizations that primarily support affordable housing, community services, and economic development.

The institution occasionally uses innovative and/or complex investments to support CD initiatives. CD Investments involved several complex LIHTC projects where the bank acted in a leadership role with participations from federal, state, and local housing agencies and real estate developers.

Examples of CD investments in the AA include:

- In December 2017, WFBNA provided a $7.8 million investment for an LIHTC affordable housing development located in Cedar Rapids, Iowa and is comprised of nine one-bedroom units, 18 two-bedroom units, and 18 three-bedroom units. Of the 45 total units, 41 will be reserved for households with income between 30 and 60 percent of the area MFI. Five of the units will be supportive housing for persons experiencing homelessness. This investment is responsive to the need for affordable housing and assisting individuals with homelessness. WFBNA also demonstrated multi-faceted support by providing the construction loan ($6.5 million) and equity investment to support this affordable housing development.
- In October 2018, WFBNA invested $45 million in an LIHTC fund. Of this total investment, $4.4 million was allocated to the project located in North Liberty, Iowa, with 37 units restricted to tenants earning less than 60 percent of the area MFI. The 37 housing units reported are 100 percent of the total number of LMI units and reflective of WFBNA's percentage of the fund's investment into the property.
- During the exam timeframe, WFBNA provided two grants totaling $190,000 to a local housing organization through the PMP for affordable housing in the Cedar Rapids CSA AA. Refer to the comments in the institution Community Development Initiatives section of this public evaluation for additional details regarding this program.

Des Moines CSA AA

The institution has an excellent level of qualified CD investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 22.7 percent of tier 1 capital allocated to the AA.

The investments and grants reflect excellent responsiveness to the needs identified in the AA including affordable housing, community services, economic development, and revitalization/stabilization for LMI individuals and geographies. Over 88.5 percent of the bank's CD investments focused on affordable housing which is an identified credit need in the AA. Additionally, the bank provided 327 grants totaling $15.9 million to a variety of organizations that primarily support affordable housing, community services, and economic development.

The institution makes significant use of innovative and/or complex investments to support CD initiatives. CD Investments involved several complex LIHTC projects where the bank acted in a leadership role with participations from federal, state, and local housing agencies and real estate developers. Additionally, the bank purchased numerous government mortgage-backed securities for the CD Investment portfolio.

Examples of CD investments in the AA include:

- In November 2015, WFBNA invested $7.9 million for the construction of a 62-unit LIHTC affordable housing development located in Pleasant Hill, Iowa. Of the 62 total units, 55 will be restricted to households with income up to 60 percent of the area MFI and the remaining seven units will be market rate. In addition, seven of the units in the development will be set aside for

individuals with disabilities. All of the units are targeted to seniors aged 55 and up. This investment is responsive to the need for affordable housing and assisting individuals with homelessness. WFBNA also demonstrated multi-faceted support by providing the construction loan ($7.1 million) and equity investment to support this affordable housing development.

- In October 2016, WFBNA invested $46 million in an LIHTC fund. Of this total investment, $4.5 million was allocated to the development located in Des Moines, Iowa, with 27 units restricted to tenants earning no more than 60 percent of the area MFI.
- During the exam timeframe, WFBNA provided two grants totaling $190,000 to two local housing organizations through the PMP for affordable housing in the Des Moines CSA AA. Refer to the comments in the institution Community Development Initiatives section of this public evaluation for additional details regarding this program.

Conclusions for Areas Receiving LS Reviews

Based on LS reviews, the bank's performance under the Investment Test in the Sioux City MSA and Waterloo MSA AAs is consistent with the bank's overall excellent performance in the Investment Test in the FS areas. Performance in the IA Combined NonMetro AA is overall good but is weaker than the bank's overall performance due to a lower volume of CD investments. Performance differences in the LS AA did not impact the overall Investment Test rating for the State of Iowa.

SERVICE TEST

The bank's performance under the Service Test in Iowa is rated High Satisfactory.

Conclusions for Areas Receiving FS Reviews

Based on the FS reviews, including the data in the tables below and consideration of performance context discussed in the service test, the bank's performance in both the Cedar Rapids CSA is excellent and Des Moines CSA AAs is good.

Retail Banking Services

Service delivery systems are accessible to geographies and individuals of different income levels in the institution's AAs.

Distribution of Branch Delivery System											
Assessment Area	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)*				% of Population within Each Geography*			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Cedar Rapids CSA	13.4	11	21.2	9.1	36.4	36.4	9.1	1.8	21.5	56.7	19.2
Des Moines CSA	49.7	18	34.6	0.0	16.7	61.1	22.2	6.2	19.0	46.7	27.3
IA Combined NonMetro	27.3	16	30.8	0.0	50.0	43.8	6.3	0.0	18.8	68.9	12.3

Sioux City MSA	5.9	4	7.7	25.0	0.0	50.0	25.0	4.0	23.9	37.4	34.7
Waterloo MSA	3.7	3	5.8	33.3	0.0	33.3	33.4	4.2	14.9	51.5	26.3

* May not add up to 100 percent due to geographies with unknown tract income level and rounding.

Distribution of Branch Openings/Closings						
Assessment Area	# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)			
			Low	Mod	Mid	Upper
Cedar Rapids CSA	0	-3	0	-1	-2	0
Des Moines CSA	0	-4	0	0	-3	-1
IA Combined NonMetro	0	-2	0	-1	-1	0
Sioux City MSA	0	0	0	0	0	0
Waterloo MSA	0	-1	0	0	-1	0

Cedar Rapids CSA AA

As of December 31, 2018, WFBNA operates 11 branches and 9 ATMs in the Cedar Rapids CSA AA. All of these branches are full-service locations. There is one branch in a low-income geography and 4 branches in moderate-income geographies. The branch distribution in both LMI geographies significantly exceeds the percentage of the population in LMI CTs in the AA. When considering an additional two branches that directly border LMI geographies, the bank's distribution further exceeds demographics.

The institution's opening and closing of branches have not affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank closed one branch within a moderate-income geography during the evaluation period. The closure of one branch in a moderate-income geography did not negatively impact the distribution of branches relative to the population residing in those geographies.

Services and, where appropriate, business hours do not vary in a way that inconveniences the various portions of the AA, particularly LMI geographies and/or individuals. Generally, branches are open Monday through Friday from 9:00 am to 5:00 pm. Of the total branches, eight of the 11 branches are also open on Saturdays from 9:00 am to 12:00 pm. Three of the eight branches are located in moderate-income geographies. All WFBNA services are available at all branches and all delivery systems discussed bank-wide are available in this AA.

Des Moines CSA AA

As of December 31, 2018, WFBNA operates 18 branches and 44 ATMs in the Des Moines CSA AA. All of these branches are full-service locations. There are no branches in the low-income geographies and three branches in moderate-income geographies. The branch distribution in low-income geographies is significantly below the percentage of the population in low-income geographies and the branch distribution in moderate-income geographies is near to the percentage of the population in moderate-income CTs in the AA. When considering an additional four branches that directly border LMI geographies, the bank's distribution is near to demographics.

The institution's opening and closing of branches have not affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank did not close any branches in LMI areas during the evaluation period. The bank closed four branches located in middle- and upper-income geographies.

Services and, where appropriate, business hours do not vary in a way that inconveniences the various sections of the AA, particularly LMI geographies and/or individuals. Generally, branches are open Monday through Friday from 9:00 am to 5:30 pm. Of the total branches, seventeen of the 19 branches are also open on Saturdays and from 9:00 am to 12:00 pm. All WFBNA services are available at all branches and all delivery systems discussed bank-wide are available in this AA.

Community Development Services

The institution provides a relatively high level of CD services.

Cedar Rapids CSA AA

The level of CD services in the Cedar Rapids CSA AA is good. Bank records show that employees provided their financial or job-specific expertise and/or technical assistance for 141 CD service activities to 22 organizations since the last evaluation, logging a total of 331 qualified hours within this AA. The majority (70 percent) of the bank's assistance was to organizations that provide community services to LMI individuals and families. Other activities targeted affordable housing (30 percent). The bank's assistance provided was responsive to the identified needs in the AA particularly affordable housing. The following are examples of CD services provided in this AA:

- Four WFBNA team members provided 45 hour of financial education to an organization that utilizes community-led solutions to identify and resolve community concerns with a primary focus on education, financial stability, and health. All of its clients are LMI individuals as they earn less than 80 percent of the area MFI.
- A WFBNA team member provided 54 hours of Board service and four hours of technical expertise to a community shelter and transition services organization. This organization provides safe shelter to the homeless.

Des Moines CSA AA

The level of CD services in the Des Moines CSA AA is excellent. Bank records show that employees provided their financial or job-specific expertise and/or technical assistance for 1,215 CD service activities to 23 organizations since the last evaluation, logging a total of 4,736 qualified hours within this AA. The majority (94 percent) of the bank's assistance was to organizations that provide community services to LMI individuals and families. Other activities targeted economic development (4 percent), and affordable housing (2 percent). The bank's assistance provided was responsive to the identified needs in the AA particularly affordable housing. The following are examples of CD services provided in this AA:

- 37 WFBNA members provided 1,560 hour of financial education, three team members provided 40 hour of Board service, and 30 team members provided 12 hours of financial expertise at an organization that utilizes community-led solutions to identify and resolve community concerns

with a primary focus on education, financial stability, and health. All of its clients are LMI individuals as they earn less than 80 percent of the area MFI.

- Two WFBNA team members provided 688 hour of Board service and eight team members provided 12 hours of financial expertise at an organization where 80 percent of its clients are LMI individuals earning less than 80 percent of the area MFI. This organization is an affiliate of a national organization that provides after-school programs for young people.
- Fifteen WFBNA team members provided over 300 hours of tax preparation through the VITA program. Refer to the comments in the institution Innovative or Flexible Retail Service Programs section of this public evaluation for additional details regarding this program.

Conclusions for Areas Receiving LS Reviews

Based on LS reviews, the bank's performance under the Service Test in the Sioux City MSA and Waterloo MSA AAs is consistent with performance within the FS review areas. The performance in the IA Combined NonMetro AA is stronger than the overall performance due to a higher branch distribution in LMI geographies. Performance differences in the LS AAs did not impact the overall Service Test rating for the State of Iowa.

State Rating

State of Kansas

CRA rating for the State of Kansas[31]: Outstanding
The Lending Test is rated: Outstanding
The Investment Test is rated: Outstanding
The Service Test is rated: Low Satisfactory

The major factors that support this rating include:

- Excellent lending activity;
- Good geographic distribution of loans;
- Excellent borrower distribution of loans;
- Good level of CD loans, which has a positive impact on the Lending Test;
- WFBNA's use of flexible products has a neutral impact on the Lending Test;
- Excellent level of CD investments that are responsive to AA needs;
- Retail delivery systems are accessible to all portions of the AA; and
- Adequate CD services.

Description of Institution's Operations in Kansas

WFBNA delineated two AAs within Kansas including the Kansas City-Overland Park-Kansas City, KS CSA AA (Kansas City CSA AA) and the Wichita, KS MSA (Wichita MSA AA). The Kansas City CSA AA received a FS review. The area accounted for the largest portion of the lending (76.4 percent) and deposits (84.0 percent) in Kansas. Refer to Appendix A for a complete description of each AA. Kansas represents the 42nd largest rated area by deposits. WFBNA has $1.0 billion deposits representing 0.1 percent of adjusted deposits in Kansas. WFBNA operates 9 branches and 10 ATMs in Kansas representing 0.2 percent of branches and 0.1 percent of the bank's ATMs. The bank originated or purchased $8.8 billion in loans or 0.5 percent of total reported loan originations and purchases during the evaluation period. The bank's primary loan products in Kansas are home mortgage loans and small loans to businesses.

Kansas City CSA AA

Within the Kansas City CSA AA, the bank had $878 million in deposits and ranked sixth amongst 82 depository institutions in the market with 3.9 percent market share. The top three depository institutions in terms of deposit market shares were Capitol Federal Savings Bank with 10.5 percent, US Bank with 8.1 percent, and Commerce Bank with 7.6 percent. WFBNA operates 7 branches and 8 ATMs in the AA.

[31] This rating reflects performance within the state. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan statistical area.

Demographic Data

Kansas City CSA AA

The following table provides a summary of the demographics that includes housing and business information for the Kansas City CSA AA. Table A indicates that the volume of OOUs is very small in low-income CTs and over 31 percent of families in the AA are LMI. The area's median housing value in the Kansas City CSA AA is 2.7 times the area's highest median income, but 3.4 times moderate-, and 5.4 times low-income, indicating a limited proportion of OOUs are affordable to LMI. Median rents and the moderate percentage of families below poverty level suggest rental housing is also unaffordable for many low-income residents.

Table A – Demographic Information of the Assessment Area

Assessment Area: Kansas City-Overland Park-Kansas City KS CSA(2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	230	7.8	20.9	31.7	35.2	4.3
Population by Geography	837,278	4.5	18.2	33.5	43.7	0.0
Housing Units by Geography	342,535	5.1	19.9	34.3	40.7	0.0
Owner-Occupied Units by Geography	222,579	2.8	15.0	33.8	48.4	0.0
Occupied Rental Units by Geography	93,141	8.6	28.4	35.7	27.3	0.0
Vacant Units by Geography	26,815	12.6	30.9	33.2	23.3	0.0
Businesses by Geography	56,177	3.1	13.2	27.8	52.3	3.5
Farms by Geography	1,828	1.0	11.9	45.1	41.6	0.4
Family Distribution by Income Level	214,938	16.0	15.5	20.6	47.9	0.0
Household Distribution by Income Level	315,720	19.2	15.3	17.5	48.1	0.0
Median Family Income MSA - 28140 Kansas City, MO-KS MSA		$68,846	Median Housing Value			$186,088
Median Family Income Non-MSAs - KS		$52,419	Median Gross Rent			$828
			Families Below Poverty Level			6.2%

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

According to the June 2018 Moody's Analytics report, Kansas City's economy is among the Midwest's large top performers. At 1.6 percent, annual job growth is stable, matching the U.S. rate and comfortably above the regional average. Kansas City is no longer expanding its large core of high-wage jobs, but a boom in logistics is fueling rapid mid-wage job growth. Strong population gains, triple those of the Midwest, are alleviating supply-side growth constraints and expanding the workforce, though wage growth settled down. Kansas will have trouble maintaining this momentum, and job growth will not pick up by enough to match the national average in coming quarters. Potential tariffs on agriculture and aerospace will overshadow gains from accelerating global demand. Kansas does not have another driver that could fill the void. The good news is that improving demographics increase the chances of landing one. Without one, Kansas will be a below average performer.

Price appreciation in Kansas City exceeded the U.S. rate for about five years, pushing single-family permitting and construction payrolls higher, in contrast to the rest of Missouri. Home sales slipped a bit along with affordability, but low inventories and more newly formed households willing and able to buy versus rent will support demand and prices. Moody's also reports single-family homes in Kansas City are no longer undervalued relative to rents and income.

Professional/business services account for the majority of job additions over the next two years. The largest economic sectors for employment are the Financial Center, High-Tech and Logistics. Major area employers include Cerner Corporation, HCA Midwest Health System, and the University of Kansas Hospital. According to the U.S. BLS, the unemployment rate in the second quarter of 2018 was 3.5 percent, down from 6.6 percent at the beginning of the evaluation period. The MSA unemployment rate is slightly less than the overall State of Kansas at 3.7 percent.

Community Contacts

The analysis takes into consideration comments provided by two community contacts that serve the bank's Kansas City CSA AA. One contact represents an affordable housing agency serving the AA and one community contact is a local Chamber of Commerce serving Olathe, Overland Park, Johnson County, and the Kansas City Metro area.

The community contact representing an affordable housing agency in the AA commented that home sales have rebounded and are near pre-recession levels and new home prices have increased due to construction cost mostly from rising prices of lumber and concrete. Existing home values are currently stable. However, the community contact also noted that wages are not keeping up with the higher costs making it more difficult for LMI consumers to purchase a home. Federal dollars in Home Funds through HUD are decreasing which negatively affects LMI clients wanting to purchase a home. The contact mentioned that the credit and banking needs of the community are being adequately addressed with qualifying credit. The contact stated that information from local businesses in the AA is that access to capital is not difficult to acquire from more than one financial institution. The contact mentioned that there is a wide variety of housing stock in the Olathe/Johnson county area and many individuals moving from the east/west coast may find this area to be much more affordable than the coasts.

The contact from the Chamber of Commerce commented that the AA is in an economic boom and mentioned that economic conditions in the AA have not been this great since the late 90's early 2000's. The contact went on to state that the AA has seen a major uptick in the economy in the past 3-5 years. The area's primary employers are Garmin, Farmers insurance, AIG, Local Medical Center, Sprint, and Honeywell. However, the community contact did not identify any credit related projects or financing programs. The community contact did state that more involvement of financial intuitions in the start-up/small business industry would be a plus, as startups or small businesses may not have the credit history needed to obtain credit.

The bank conducted research in the AA and identified community needs for affordable housing serving LMI families, Development of Healthy Community services to homeless veterans and families, and Neighborhood Revitalization/Stabilization.

Considering the information from the community contacts and bank management as well as demographic and economic data, affordable housing and small business loans are in high demand and represent a primary credit need for the Kansas City CSA AA. Opportunity exists to originate these types of loans throughout the AA; however, it is limited in the low-income geographies as reflected by the

small proportion of OOUs and small businesses coupled with limited home affordability for LMI individuals. The AA also has CD needs including access to more bank branches, grants to non-profits to assist with needs including affordable housing, volunteers to serve on various committees at non-profits in the AA, grants to support homeless shelters for the needy and economic development opportunities in the AA.

Scope of Evaluation in Kansas

The rating for the State of Kansas is primarily based on a FS evaluation of the bank's performance in the Kansas City CSA AA; however, performance in the Wichita MSA AA was considered as well. Conclusions where a LS review affected the CRA Rating for the state are addressed within their respective tests. LS procedures were performed for the Wichita MSA AA. A small portion of the bank's overall lending, investments, and services were conducted in Kansas; therefore, the performance in Kansas received less weight in determining the bank's overall CRA Rating.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN KANSAS

LENDING TEST

The bank's performance under the Lending Test in Kansas is rated Outstanding.

Conclusions for Area Receiving a FS Review

Based on a FS review, including the data in the tables below and consideration of performance context discussed in the lending test, the bank's performance in the Kansas City CSA AA is excellent.

Lending Activity

Based on the tables below, lending levels reflect an excellent responsiveness to the credit needs in its AAs taking into account the number and amount of home mortgage, small business, small farm, and CD loans originated or purchased relative to its capacity based on deposits, competition, and market presence.

Number of Loans*							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	%State Loans	%State Deposits
Kansas City CSA	32,468	2,662	101	10	35,241	68.5	84.0
Wichita MSA	14,706	1,400	76	10	16,192	31.5	16.0
Total	47,174	4,062	177	20	51,433	100.0	100.0

*The tables present the data for all assessment areas. The narrative below addresses performance in FS areas only.

Dollar Volume of Loans (000's)*							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	%State* Loans	%State Deposits
Kansas City CSA	$6,569,174	$180,439	$4,684	$17,277	$6,771,574	76.4	84.0
Wichita MSA	$1,981,017	$82,861	$3,526	$29,522	$2,096,926	23.6	16.0
Total	$8,550,191	$263,300	$8,210	$46,799	$8,868,500	100.0	100.0

*The tables present the data for all assessment areas. The narrative below addresses performance in FS areas only.

Kansas City CSA AA

WFBNA ranked sixth in deposits with 3.9 percent market share in the AA. In overall HMDA lending, WFBNA ranked first with 10.5 percent market share. There is strong competition as reflected by the 454 lenders and 82 depository institutions in the AA. The second and third lenders in terms of market share were Capitol Federal Savings Bank with 4.1 percent and Community America Credit Union with 3.7 percent.

In small loans to businesses, WFBNA ranked sixth with a market share of 4.7 percent. There is also strong competition as reflected by the 69 lenders in the AA. The top three lenders in terms of market share were Hills Bank and Trust Company with 29.8 percent, U.S. Bank with 12.8 percent, and American Express with 10.7 percent.

Distribution of Loans by Income Level of the Geography

The bank exhibits a good geographic distribution of loans in the Kansas City CSA AA.

Home Mortgage Loans

Refer to Table O in the State of Kansas section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is good.

- The bank's performance in 2012-2016 for home mortgage loans in low-income geographies exceeds the aggregate distribution of loans and is substantially below the proportion of OOUs in those geographies.
- The proportion of loans in moderate-income geographies substantially meets the aggregate distribution of loans and is well below the proportion of OOUs in those geographies.
- Based on the bank's performance in 2017-2018, the bank's home mortgage lending is slightly below the combined performance in 2012-2016.

Small Loans to Businesses

Refer to Table Q in the State of Kansas section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is excellent.

- The bank's performance in 2012-2016 for small business loans in low-income geographies substantially meets the aggregate distribution of loans and is below the proportion of businesses located in those geographies.
- The proportion of loans in moderate-income geographies exceeds both the aggregate distribution of loans and the proportion of businesses located in those geographies.
- Based on the bank's performance in 2017-2018, the bank's small business lending is slightly below the combined performance in 2012-2016.

Distribution of Loans by Income Level of the Borrower

The bank exhibits an excellent distribution of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the institution.

Home Mortgage Loans

Refer to Table P in the State of Kansas section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is excellent.

- There are homeownership affordability hurdles in the AA especially for LMI borrowers. As noted above, the area's median housing value is 5.4 times the income of low-income and 3.4 times the income of moderate-income borrowers, indicating a limited proportion of OOUs are affordable to LMI. Despite affordability challenges, the bank's overall home mortgage lending to LMI borrowers in 2012-2016 exceeds the aggregate distribution of loans.
- The bank's overall home mortgage lending to low-income borrowers is well below the proportion of families and to moderate-income borrowers exceeds the proportion of families.
- Based on the bank's performance in 2017-2018, the bank's home mortgage lending is slightly below the combined performance in 2012-2016.

Small Loans to Businesses

Refer to Table R in the State of Kansas section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is good.

- For both periods, 2012-2016 and 2017-2018, the bank's distribution of small loans to businesses with revenues of $1 million or less exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is below the percentage of small businesses located in the AA.

Community Development Lending

The institution has made a relatively high level of CD loans.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

The level of CD lending in the Kansas City CSA AA is good. WFBNA made 10 CD loans in its AA for a total of $17.3 million, which represents 17.6 percent of tier 1 capital. While the volume of CD loans was considered excellent and addressed affordable housing which is an identified credit needs in the AA, there were no CD loans addressing small businesses, community services, or to revitalize and stabilize the community which are also identified credit needs in the AA. As such, CD lending performance has a positive impact on the lending test rating.

Examples of CD loans in the AA include:

- In January 2017, WFBNA provided a $2.9 million loan for an affordable housing development. This Section 8 development is located in Olathe, Kansas, with 100 percent of the units operating under a Section 8 Housing Assistance Payment (HAP) contract.
- In April 2017, WFBNA provided an $11.2 million loan for an affordable housing development with $4.5 million of the loan amount reported, or 60 of the 149 units (40.3 percent), reflective of the proportional amount of the units restricted to tenants earning 80 percent or less of area MFI.

Product Innovation and Flexibility

The institution makes limited use of innovative and/or flexible lending practices in order to serve AA credit needs. Under the *your*FirstMortgage loan program the bank has funded 41 loans totaling $5.9 million to LMI homebuyers that qualified under this program. Refer to the comments in the institution Innovative or Flexible Lending Programs section of this public evaluation for additional details regarding this program.

Conclusions for Area Receiving a LS Review

Based on a LS review, the bank's performance under the Lending Test in the Wichita MSA AA is consistent with the bank's overall excellent performance under the Lending Test in the FS area.

Refer to Tables O through T in the State of Kansas section of appendix D for the facts and data that support these conclusions.

INVESTMENT TEST

The bank's performance under the Investment Test in the State of Kansas is rated Outstanding.

Conclusions for Area Receiving a FS Review

Based on a FS review, including the data in the table below and consideration of performance context discussed in the investment test, the bank's performance in the Kansas City CSA is excellent.

Qualified Investments										
	Prior Period*		Current Period		Total				Unfunded Commitments**	
Assessment Area	#	$(000's)	#	$(000's)	#	% of Total #	$(000's)	% of Total $	#	$(000's)
Kansas City CSA	2	$3,048	22	$18,355	24	48.0	$21,403	44.0		
Wichita MSA	3	$1,949	23	$25,295	26	52.0	$27,244	56.0		
Total	5	$4,997	45	$43,650	50	100.0	$48,647	100.0		

* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.
** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Kansas City CSA AA

The institution has an excellent level of qualified CD investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 21.9 percent of tier 1 capital allocated to the AA.

The investments and grants reflect excellent responsiveness to the needs identified in the AA including affordable housing and community services for LMI individuals and geographies. Over 99 percent of the bank's CD investments focused on affordable housing which is an identified credit need in the AA. Additionally, the bank provided 10 grants totaling $199,425 to a variety of organizations that primarily support affordable housing and community services.

The institution occasionally uses innovative and/or complex investments to support CD initiatives. CD Investments involved several complex LIHTC projects where the bank acted in a leadership role with participations from federal, state, and local housing agencies and real estate developers. Additionally, the bank purchased several government mortgage-backed securities for the CD Investment portfolio.

Examples of CD investments in the AA include:

- In October 2016, WFBNA invested $46 million in an LIHTC fund. Of this total investment, $4 million was allocated to a development located in Paola, Kansas, with 42 units restricted to tenants earning no more than 60 percent of the area MFI. This investment is responsive to the need for affordable housing and assisting with individuals with homelessness.
- In December 2016, WFBNA provided a $250,000 grant to small business organization through the Small Business DCC Program benefiting small businesses in Eastern Kansas including Kansas City CSA AA. Refer to the comments in the institution Innovative or Flexible Lending Programs section of this public evaluation for additional details regarding this program.
- During the exam timeframe, WFBNA provided a $100,000 grant to a local housing organization through the PMP for affordable housing in the Kansas City CSA AA. Refer to the comments in the institution Community Development Initiatives section of this public evaluation for additional details regarding this program.

Conclusions for Area Receiving a LS Review

Based on a LS review, the bank's performance under the Investment Test in the Wichita MSA

AA is consistent with the bank's overall excellent performance in the Investment Test in the FS area.

SERVICE TEST

The bank's performance under the Service Test in Kansas is rated Low Satisfactory.

Conclusions for Area Receiving a FS Reviews

Based on a FS review, including the data in the tables below and consideration of performance context discussed in the service test, the bank's performance in the Kansas City CSA AA is adequate.

Retail Banking Services

Service delivery systems are accessible to geographies and individuals of different income levels in the institution's AAs, particularly LMI geographies and/or LMI individuals.

Distribution of Branch Delivery System											
Assessment Area	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				% of Population within Each Geography*			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Kansas City CSA	84.7	7	77.8	0.0	14.3	42.9	42.9	7.3	14.3	34.7	43.5
Wichita MSA	15.3	2	22.2	0.0	50.0	50.0	0	7.7	22.8	38.6	30.9

* May not add up to 100 percent due to geographies with unknown tract income level and rounding.

	Distribution of Branch Openings/Closings					
Assessment Area	# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)			
			Low	Mod	Mid	Upp
Kansas City CSA	1	0	0	0	0	+1
Wichita MSA	0	0	0	0	0	0

Kansas City CSA AA

As of December 31, 2018, WFBNA operates seven branches and eight ATMs in the Kansas City CSA AA. Of these branches, six are full-service locations and one is a limited-service branch. There are no branches in the low-income geographies and one in a moderate-income geography. The branch distribution in low-income geographies is significantly below the percentage of the population in low-income geographies and the branch distribution in moderate-income geographies approximates the percentage of the population in moderate-income geographies in the AA. When considering an

additional two branches within close proximity to LMI geographies, the bank's distribution is near to demographics.

The institution's opening and closing of branches have not affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank opened one branch in an upper-income geography and has not closed any branches since the last evaluation.

Services, including where appropriate, business hours, do not vary in a way that inconveniences the various portions of its AAs, particularly LMI geographies and/or individuals. Generally, branches are open Monday through Friday from 9:00 am to 6:00 pm. Nine of the five branches are open on Saturday from 9:00 am to 2:00 pm. All WFBNA services are available at all branches and all delivery systems discussed bank-wide are available in this AA.

Community Development Services

Kansas City CSA AA

The institution provides an adequate level of CD services.

Bank records show that employees provided their financial or job-specific expertise and/or technical assistance for 59 CD service activities to 12 organizations since the last evaluation, logging a total of 110 qualified hours within this AA. A majority of the bank's assistance was to organizations that provide community services to LMI individuals and families. Other activities targeted affordable housing which was responsive to the identified needs in the AA. The following are examples of CD services provided in this AA:

- A WFBNA team member provided 14 hours of financial education at a nonprofit housing organization that works in partnership with people in need to build decent and affordable housing. The houses are sold to those in need at no profit and with no interest charged.
- A WFBNA team member provided 36.3 hours or board service at a local community organization. As of January 2015, eighty percent of its clients are LMI as they earn less than 80 percent of the area MFI. The mission of the organization is centered on finding homes for abandoned, abused, neglected or orphaned children.

Conclusion for Area Receiving a LS Review

Based on a LS review, the bank's performance under the Service Test in the Wichita MSA AA is consistent with the bank's overall performance under the Service Test in the FS area and did not have an effect on the overall rating for the state.

State Rating

State of Michigan

CRA rating for the State of (Michigan)[32]: Outstanding
The Lending Test is rated: Outstanding
The Investment Test is rated: Outstanding
The Service Test is rated: Low Satisfactory

The major factors that support this rating include:

- Good lending activity;
- Excellent geographic distribution of loans;
- Excellent borrower distribution of loans;
- Good level of CD loans, which has a positive impact on the Lending Test;
- WFBNA's use of flexible products has a neutral impact on the Lending Test;
- Excellent level of CD investments that are responsive to AA needs;
- Retail delivery systems are reasonably accessible to portions of the AAs; and
- Poor CD services.

Description of Institution's Operations in Michigan

WFBNA delineated two AAs within Michigan including the Grand Rapids-Wyoming, MI MSA (Grand Rapids MSA AA) and the Northwestern MI non-metropolitan AA (MI Combined NonMetro). Refer to Appendix A for a complete description of each AA. Both AAs received FS reviews. Michigan represents the 35th largest rated area by deposits. WFBNA has $2.4 billion of deposits representing 0.2 percent of adjusted deposits. As a result of the divestiture of the bank's deposit operations in Michigan, the bank sold 14 branches to Flagstar. WFBNA now operates only a private limited branch office and no ATMs within Michigan, representing 0.0 percent of the bank's branches and 0.0 percent of the bank's ATMs. The bank originated and purchased approximately $3 billion in loans or 0.2 percent of total reported loan originations and purchases during the evaluation period. The bank's primary loan products in Michigan are home mortgage and small loans to businesses.

Grand Rapids MSA AA

Within the Grand Rapids MSA AA, the bank had $1.7 billion in deposits and ranked fifth amongst 31 depository institutions in the market with 8.0 percent market share. The top three in terms of market share are Fifth Third Bank with 20.5 percent, The Huntington National Bank with 11.2 percent, and JPMorgan Chase Bank with 9.0 percent. WFBNA operates one limited branch and no ATMs in the AA.

MI Combined NonMetro AA

Within the MI Combined NonMetro AA, the bank had $705 million deposits and ranked first amongst 18 depository institutions in the market with 18.6 percent market share. mBank and First Bank ranked

[32] This rating reflects performance within the state. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan statistical area.

second and third with 11.0 percent and 10.0 percent, respectively. Due to the sale of branches to Flagstar Bank, WFBNA currently does not operates any branch and ATM in the AA.

Demographic Data

Grand Rapids MSA AA

The following table provides a summary of the demographics that includes housing and business information for the Grand Rapids MSA AA. Table A indicates that the volume of OOUs is very small in low-income CTs and over 38 percent of families in the AA are LMI. The area's median housing value in the Grand Rapids MSA AA is 1.9 times the area's median income, but 2.4 times moderate-, and 3.8 times low-income, indicating a limited proportion of OOUs are affordable to low-income individuals. Median rents and the high percentage of families below poverty level suggest rental housing may also be unaffordable for some low-income residents.

Table A – Demographic Information of the Assessment Area

Assessment Area: Grand Rapids-Wyoming MI MSA (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	205	5.9	22.0	50.7	21.5	0.0
Population by Geography	988,938	4.1	20.2	51.6	24.0	0.0
Housing Units by Geography	402,122	4.0	21.7	52.9	21.4	0.0
Owner-Occupied Units by Geography	274,520	2.0	16.3	55.2	26.5	0.0
Occupied Rental Units by Geography	91,159	8.9	33.5	47.9	9.7	0.0
Vacant Units by Geography	36,443	6.6	32.7	48.1	12.6	0.0
Businesses by Geography	52,180	4.2	19.2	49.4	27.2	0.0
Farms by Geography	2,241	0.6	11.1	61.7	26.7	0.0
Family Distribution by Income Level	254,137	19.6	18.4	22.5	39.5	0.0
Household Distribution by Income Level	365,679	22.5	16.8	19.9	40.8	0.0
Median Family Income MSA - 24340 Grand Rapids-Wyoming, MI MSA		$61,182	Median Housing Value			$152,016
			Median Gross Rent			$714
			Families Below Poverty Level			9.0%

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

According to the July 2018 Moody's Analytics report, Grand Rapids' economy is strong, maintaining its advantage over the region and the nation. Job growth accelerated in the second half of 2018. The robust performance of leisure/hospitality, construction and manufacturing is keeping Grand Rapids on firm footing despite some backtracking in such industries as healthcare and professional services. Industrial production is on an upward trajectory. With the unemployment rate at its lowest level since the late 1990s, industries that require skilled workers may be struggling to fill positions, and strong gains in earnings suggest upward wage pressures.

Grand Rapids' factory sector will struggle to build on recent job gains in 2019 and beyond as automation, digitization, and exposure to changes in trade policy will take a toll. Given the length of the expansion, payroll growth slowed in 2018 but remained impressive at more than 2 percent. Low business costs, a well-educated workforce, and proximity to Midwest transit hubs in Chicago and Detroit will help Grand Rapids safeguard many high-paying jobs, though.

The upswing in tourism will persist in 2019. The industry employs about one-tenth of the workforce, and the metro area's increasing reputation as a craft beer haven will draw visitors as downtown brewpubs and storefronts benefit from very strong consumer fundamentals.

The outlook for the housing market is good thanks largely to favorable demographics trends. Residential real estate is also on the mend. Sales are no longer falling and prices have recovered from the brief downturn earlier. The largest employers in the Grand Rapids MSA include Spectrum, Meijer Inc., and Mercy Health. According to the U.S. BLS, the unemployment rate for the 3rd quarter of 2018 was 3.3 percent and has decreased from 6.9 percent at the beginning of the evaluation period. The unemployment rate in the AA was slightly lower than the overall state at 4.1 percent for the same period.

Community Contacts

The analysis takes into consideration comments provided by two community contacts pertaining to organizations that provide community development and affordable housing within the Grand Rapids MSA AA in conjunction with this evaluation. Both contacts stated that there are significant opportunities for financial institutions to partner with community organizations in the Grand Rapids MSA. There is a need for small business loans (early start-ups). There are opportunities to participate with non-profit organizations through mentorships and counseling of small business owners and LMI individuals.

The city of Grand Rapids has done a good job of maintaining and improving its infrastructure, such as bus lines that extend into LMI neighborhoods. Furniture and automobile manufacturing traditionally have been the main industries here, but these have declined in recent years and giving rise to unemployment and physical decay primarily in the city. There is a very low supply of single-family homes for rent and this is putting pressure on affordability for sales and rentals. There is a need for rental rehab as the majority of the affordable rental units in the assessment area are substandard. Unfortunately, neighborhoods in the assessment area lost homes to foreclosures and have not quite rebounded.

Considering the information from the community contacts and bank management as well as demographic and economic data, affordable housing and small business loans represent a primary credit need for the Grand Rapids MSA. Opportunity exists to originate these types of loans throughout the AA; however, it is limited in the low-income geographies as reflected by the small proportion of OOUs and small businesses coupled with limited home affordability for LMI individuals.

<u>MI Combined NonMetro AA</u>

The following table provides a summary of the demographics that includes housing and business information for the MI Combined NonMetro AA. Table A indicates that there are no low-income CTs and over 36 percent of families in the AA are LMI. The area's median housing value in the MI Combined NonMetro AA is 2.1 times the area's median income, but 2.6 times moderate-, and 4.2 times low-income, indicating a limited proportion of OOUs are affordable to low-income families. Median

rents and the high percentage of families below poverty level suggest rental housing is also unaffordable for many low-income residents.

Table A – Demographic Information of the Assessment Area

Assessment Area: Northwestern MI Non-Metro (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	82	0.0	6.1	69.5	19.5	4.9
Population by Geography	239,457	0.0	5.6	72.4	22.0	0.0
Housing Units by Geography	136,475	0.0	5.3	76.5	18.1	0.1
Owner-Occupied Units by Geography	76,716	0.0	4.0	74.9	21.2	0.0
Occupied Rental Units by Geography	22,461	0.0	10.7	74.5	14.7	0.1
Vacant Units by Geography	37,298	0.0	4.9	81.0	13.9	0.2
Businesses by Geography	13,045	0.0	5.2	73.3	21.5	0.0
Farms by Geography	437	0.0	2.7	74.1	23.1	0.0
Family Distribution by Income Level	63,072	18.3	18.5	22.6	40.7	0.0
Household Distribution by Income Level	99,177	25.7	16.6	18.4	39.3	0.0
Median Family Income Non-MSAs - MI		$51,187	Median Housing Value			$106,931
			Median Gross Rent			$529
			Families Below Poverty Level			9.2%

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

According to the June 2018 Moody's Analytics report, Michigan's economy is strong and expanding at a faster clip, driven by solid gains in healthcare, construction, and professional/business services. However, the economy in the MI Combined NonMetro AA is trailing that of the state. The local economy has begun to recover and stabilize from the recession but the area faces obstacles to economic development. The most significant challenge facing the area is population decline. The area's primary industries are tourism, logging, and mining.

The outlook for the housing market is weak because of poor population trends and lack of household formation. Residential construction is depressed and will continue for the foreseeable future. According to the U.S. BLS, the unemployment rates for the second quarter of 2018 in the following counties range from a low of 3.9 percent (Dickinson County) to a high of 7.2 percent (Keweenaw County) while the state average is 4.1percent.

Community Contacts

The analysis takes into consideration comments provided by two community contacts pertaining to organizations that provide community services and small business lending within the Central and Upper Peninsula in Michigan in conjunction with this evaluation.

One organization serves Alger, Delta, Dickinson, Marquette, Menominee, and Schoolcraft counties. This organization works with local, regional, and state economic development corporations to facilitate

development activities in its six-county region. Its planning activities focus on both comprehensive regional plans and specific plans relating to such areas as housing, industrial development, and healthcare. The second contact provides technical assistance to small businesses primarily through one-on-one business and financial planning assistance.

One of the contacts noted that the biggest credit needs in the area is gap funding for small businesses. The contact stated that start-up businesses do not have access to loans, as most local banks demand collateral to secure financing. The contact indicated that banks should find ways to extend loans to start-up businesses that do not have sufficient collateral. In general, the contact believes that banks in the region are responsive to the credit needs of small businesses either by making loans themselves or referring declined borrowers to a local SBDC for financing or for technical assistance.

Considering the information from the community contacts and bank management as well as demographic and economic data, affordable housing and small business loans represent primary credit needs for the MI Combined NonMetro AA. Opportunity exists to originate these types of loans throughout the AA including moderate-income areas.

Scope of Evaluation in Michigan

The rating for the State of Michigan is primarily based on FS evaluations of the bank's performance in the Grand Rapids MSA and MI Combined NonMetro AAs; however, performance in each AA was considered. A limited portion of the bank's overall lending, investments, and services were conducted in Michigan; therefore, the performance in Michigan received less weight in determining the bank's overall CRA Rating.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN MICHIGAN

LENDING TEST

The bank's performance under the Lending Test in Michigan is rated Outstanding.

Conclusions for Areas Receiving FS Reviews

Based on FS reviews, including the data in the tables below and consideration of performance context discussed in the lending test, the bank's performance in both the Grand Rapids MSA and MI Combined NonMetro AAs is excellent.

Lending Activity

Based on the tables below, lending levels reflect good responsiveness to the credit needs in its AAs taking into account the number and amount of home mortgage, small business, small farm, and CD loans originated or purchased relative to its capacity based on deposits, competition, and market presence.

Number of Loans*							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	%State Loans	%State Deposits
Grand Rapids MSA	15,228	1,940	85	6	17,232	72.8	71.2
MI Combined NonMetro	4,258	2,106	79	7	6,450	27.2	28.8
Total	19,486	4,046	164	13	23,682	100.0	100.0

*The tables present the data for all assessment areas. The narrative below addresses performance in FS areas only.

Dollar Volume of Loans (000's)*							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	%State* Loans	%State Deposits
Grand Rapids MSA	$2,266,741	$203,720	$4,703	$40,813	$2,515,977	81.2	71.2
MI Combined NonMetro	$462,076	$108,457	$6,046	$4,338	$580,917	18.8	28.8
Total	$2,728,817	$312,177	$10,749	$45,151	$3,096,894	100.0	100.0

*The tables present the data for all assessment areas. The narrative below addresses performance in FS areas only.

Grand Rapids MSA AA

WFBNA ranked fifth in deposits with 8.0 percent market share in the AA. In overall HMDA lending, WFBNA ranked fifth with 3.3 percent market share. There is strong competition as reflected by the 414 lenders and 31 depository institutions in the AA. The top three lenders in this market were Lake Michigan Credit Union with 15.2 percent market share, Fifth Third Bank with 10.1 percent market share, and Amerifirst Home Mortgage with 5.0 percent market share.

In small loans to businesses, WFBNA ranked 15th with a market share of 1.0 percent. There is strong competition in the market as reflected by the 92 lenders. The top three lenders were American Express with 13.3 percent, Chase Bank with 13.0 percent, and Capital One Bank with 9.1 percent.

MI Combined NonMetro AA

WFBNA ranked first in deposits with 18.6 percent market share in the AA. In overall HMDA lending, WFBNA ranked first with 12.9 percent market share. There is strong competition as reflected by the 209 lenders and 18 depository institutions in the AA. The 2nd and 3rd top lenders in this market were MBank 002 with 12.2 percent market share and River Valley Bank with 10.9 percent market share.

In small loans to businesses, WFBNA ranked third with a market share of 12.0 percent. The top two lenders were American Express with 12.8 percent market share and MBank with 12.4 percent market share.

Distribution of Loans by Income Level of the Geography

The bank exhibits a good geographic distribution of loans in the Grand Rapids MSA AA and an excellent geographic distribution of loans in the MI Combined NonMetro AA.

Grand Rapids MSA AA

Home Mortgage Loans

Refer to Table O in the State of Michigan section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is good.

- For 2012-2016, the proportion of home mortgage loans in low-income geographies is below both the aggregate distribution of loans and the proportion of OOUs in those geographies. However, less weight was given to WFBNA's performance in low-income geographies because of the very small proportion of the bank's loans and OOUs in low-income geographies.
- The proportion of loans in moderate-income geographies substantially meets the aggregate distribution of loans and near to the proportion of OOUs in those geographies.
- Based on the bank's performance in 2017-2018, the bank's home mortgage lending is higher than the combined performance in 2012-2016.

Small Loans to Businesses

Refer to Table Q in the State of Michigan section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is excellent.

- For 2012-2016, the proportion of the bank's small business loans in LMI geographies exceeds both the aggregate distribution of loans and the proportion of businesses in those geographies.
- Based on the bank's performance in 2017-2018, the bank's small business lending is slightly lower than the combined performance in 2012-2016.

MI Combined NonMetro AA

Home Mortgage Loans

Refer to Table O in the State of Michigan section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is excellent.

- The AA contains no low-income tracts so our assessment focused on the bank's performance in moderate-income tracts.
- The bank's performance in both periods, 2012-2016 and 2017-2018, for home mortgage loans in moderate-income geographies exceeds the aggregate distribution of loans and is near to the proportion of OOUs in those geographies.

Small Loans to Businesses

Refer to Table Q in the State of Michigan section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is excellent.

- The AA contains no low-income tracts so our assessment focused on the bank's performance in moderate-income tracts.
- For 2012-2016, the proportion of loans in moderate-income geographies exceeds the aggregate distribution of loans and is near to the proportion of businesses located in those geographies.
- Based on the bank's performance in 2017-2018, the bank's small business lending is slightly below the combined performance in 2012-2016.

Distribution of Loans by Income Level of the Borrower

The bank exhibits an excellent distribution of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the institution.

Grand Rapids MSA AA

Home Mortgage Loans

Refer to Table P in the State of Michigan section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is excellent.

- There are homeownership affordability hurdles in the AA especially for low-income borrowers. As noted above, the area's median housing value is five times the income of low-income borrowers indicating a limited proportion of OOUs are affordable to low-income borrowers. Despite the affordability challenges, the bank's performance in 2012-2016 to LMI borrowers exceeds the aggregate lending.
- The bank's performance to low-income borrowers is below the proportion of families and to moderate-income borrowers exceeds the proportion of families.
- Based on the bank's performance in 2017-2018, the bank's home mortgage lending is slightly below the combined performance in 2012-2016.

Small Loans to Businesses

Refer to Table R in the State of Michigan section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is adequate.

- For 2012-2016, the bank's distribution of small loans to businesses with revenues of $1 million or less substantially meets the aggregate small business lending data for businesses with revenues of $1 million or less and is well below the percentage of small businesses located in the AA.
- The bank's performance in 2017-2018 was poor and attributed to the downgrade to the overall performance rating from good to adequate.

MI Combined NonMetro AA

Home Mortgage Loans

Refer to Table P in the State of Michigan section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is good.

- There are homeownership affordability hurdles in the AA especially for low-income borrowers. As noted above, the area's median housing value is 4.2 times the income of low-income borrowers indicating a limited proportion of OOUs are affordable to low-income borrowers. Despite the affordability challenges, the bank's performance in 2012-2016 to LMI borrowers substantially meets the aggregate lending.
- The bank's performance to low-income borrowers is well below the proportion of families and to moderate-income borrowers is below the proportion of families.
- Based on the bank's performance in 2017-2018, the bank's home mortgage lending is slightly better than the combined performance in 2012-2016.

Small Loans to Businesses

Refer to Table R in the State of Michigan section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is excellent.

- For both 2012-2016 and 2017-2018 periods, the bank's distribution of small loans to businesses with revenues of $1 million or less exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is near to the percentage of small businesses located in the AA.

Community Development Lending

The institution has made a relatively high level of CD loans.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

Grand Rapids MSA AA

The level of CD lending in the Grand Rapids MSA AA is excellent. WFBNA made 6 CD loans in its AA for approximately $41 million, which represents over 21 percent of tier 1 capital. CD lending performance has a significant positive impact on the lending test rating. The institution makes significant use of innovative and/or complex CD loans and involved many complex projects where the bank often acted in a leadership role. The loans were responsive to the identified affordable housing needs in the AA. The bank made 5 loans totaling $40 million (98 percent) for the purpose of affordable housing which is an identified credit needs in the AA. Additionally, the bank extended one CD loan for the primary purpose economic development.

Examples of CD loans in the AA include:

- In March 2016, WFBNA provided a $7.66 million construction loan for an affordable housing development located in a moderate-income area of Grand Rapids, Michigan, and this loan financed the second of the two affordable phases of this development. This phase includes 22 affordable units on floors 5-7 with a unit mix of 10 one-bedroom units and 12 two-bedroom units. The units will be restricted to tenants earning between 30 to 60 percent of the area MFI.
- In March 2016, WFBNA provided a $1 million SBA 504 term loan to this small business to purchase a commercial property. This loan was made in conjunction with the SBA's 504 CDC program, which is a long-term financing tool for economic development within a community.
- In July 2014, WFBNA provided a $9.1 million loan for a 34-unit LIHTC affordable housing development located in a moderate-income census tract in Grand Rapids, Michigan. The project includes a 100 percent of the units restricted to tenants earning between 30 and 60 percent of the area MFI. This development consists of six one-bedroom units and 28 two-bedroom units. The project will be an adaptive reuse of the former City of Grand Rapids building permit office, which was built in 1956, and the developers will be seeking Green Policy Certification for the development.

MI Combined NonMetro AA

The level of CD lending in the MI Combined Non-Metro AA is adequate. WFBNA made 7 CD loans in its AA for approximately $4.3 million, which represents approximately 5.5 percent of tier 1 capital. CD lending performance has a neutral impact on the lending test rating. Five loans totaling approximately $1.3 million addressed affordable housing which is an identified credit needs in the AA. Two other CD loans were for the purpose of providing community services to LMI individuals

Examples of CD loans in the AA include:

- In December 2013, WFBNA renewed a $3 million working capital line of credit to an organization that is designated as a federally recognized Native American tribe that provides housing, education, health, and social services to its members. Over 75 percent of their members are LMI individuals earning less than $42,000 annually.
- In April 2014, WFBNA provided a $15.0 million line of credit to a Tax Credit Investment Fund. Of that total, $679,000 has been allocated to an affordable housing development located in Ishpeming, MI. The loan proceeds will be used to bridge the gap between the receipt of capital contributions from investors and the payment of equity investments to operating partnerships that own LIHTC projects.

Product Innovation and Flexibility

Grand Rapids MSA AA

The institution makes limited use of innovative and/or flexible lending practices in order to serve AA credit needs. Under the *your*FirstMortgage loan program the bank has funded 7 loans totaling $740,000 to LMI homebuyers that qualified under this program. Refer to the comments in the institution Innovative or Flexible Lending Programs section of this public evaluation for additional details regarding this program.

MI Combined NonMetro AA

The institution makes limited use of innovative and/or flexible lending practices in order to serve AA credit needs. Under the *your*FirstMortgage loan program the bank has funded 38 loans totaling $2.6 million to LMI homebuyers that qualified under this program. Refer to the comments in the institution Innovative or Flexible Lending Programs section of this public evaluation for additional details regarding this program.

INVESTMENT TEST

The bank's performance under the Investment Test in the State of Michigan is rated Outstanding.

Conclusions for Areas Receiving FS Reviews

Based on FS reviews, including the data in the table below and consideration of performance context discussed in the investment test, the bank's performance in the Grand Rapids MSA and MI Combined NonMetro AAs is excellent.

Qualified Investments										
	Prior Period*		Current Period		Total				Unfunded Commitments**	
Assessment Area	#	$(000's)	#	$(000's)	#	% of Total #	$(000's)	% of Total $	#	$(000's)
Grand Rapids MSA	3	$111	19	$82,357	22	35.5	$82,468	87.3		
MI Combined NonMetro	10	$7,522	30	$4,527	40	64.5	$12,049	12.7		
Total	13	$7,633	49	$86,884	62	100.0	$94,517	100.0		

* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.
** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Grand Rapids MSA AA

The institution has an excellent level of qualified CD investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 42.2 percent of tier 1 capital allocated to the AA.

The investments and grants reflect excellent responsiveness to the needs identified in the AA including affordable housing, community services, and revitalization/stabilization for LMI individuals and geographies. Over 75.7 percent of the bank's CD investments focused on affordable housing which is an identified credit need in the AA. Additionally, the bank provided 10 grants totaling $78,500 to several organizations that primarily support affordable housing and community services for LMI individuals.

The institution occasionally uses innovative and/or complex investments to support CD initiatives. CD Investments involved several complex LIHTC and NMTC projects where the bank acted in a leadership role with participations from federal, state, and local housing agencies and real estate developers.

Examples of CD investments in the AA include:

- In March 2013, WFBNA invested $8.6 million in a LIHTC affordable housing development located in Grand Rapids, Michigan, with 100 percent of the units restricted to tenants earning between 30 to 60 percent of the area MFI. This development consists of 21 one-bedroom units and 16 two-bedroom units. This investment is responsive to the need for affordable housing.
- In November 2018, WFBNA invested $32.5 million in an LIHTC fund. Of this total investment, $1.1 million was allocated to a development located in Grand Rapids, Michigan, with 23 units restricted to tenants earning less than 60 percent of the area MFI. The 4 housing units reported are 16 percent of the total number of LMI units and reflective of Wells Fargo's percentage of the fund's investment into the property. This investment is responsive to the need for affordable housing.

MI Combined NonMetro AA

The institution has an excellent level of qualified CD investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 15.2 percent of tier 1 capital allocated to the AA.

The investments and grants reflect good responsiveness to the needs identified in the AA including affordable housing and community services for LMI individuals and geographies. Over 50 percent of the bank's CD investments focused on affordable housing which is an identified credit need in the AA. Additionally, the bank provided 29 grants totaling $353,818 to a variety of organizations that primarily support affordable housing and community services.

The institution rarely uses innovative and/or complex investments to support CD initiatives. CD Investments involved one complex project where the bank acted in a leadership role with participations from federal, state, and local housing agencies and real estate developers.

Example of a CD investment in the AA includes:

- In December 2013, WFBNA invested $25 million in an LIHTC fund. Of this total investment, $4.2 million was allocated to a development located in Ishpeming, Michigan. Funding was utilized to renovate the building into a mixed-use development which includes affordable housing and commercial space. The residential space features 24 spacious, energy efficient family apartments restricted to tenants earning no more than 60 percent of the area MFI while the commercial space is occupied by the YMCA Early Childhood Development program and Ishpeming Public Schools.

SERVICE TEST

The bank's performance under the Service Test in Michigan is rated Low Satisfactory.

Conclusions for Areas Receiving FS Reviews

Based on FS reviews, including the data in the tables below and consideration of performance context discussed in the service test, the bank's performance in the Grand Rapids MSA AA is very poor and performance in the MI Combined NonMetro AA is good.

Retail Banking Services

Service delivery systems are reasonably accessible to portions of the AAs, particularly LMI geographies and/or LMI individuals. The tables below are shown as of December 31, 2018 to be consistent with other rated areas. On November 30, 2018, the bank sold 14 branches, including four in moderate-income geographies to Flagstar Bank. The branch sale was part of a larger transaction where Flagstar Bank purchased branches in Indiana, Michigan, Ohio, and Wisconsin. With the exception of a private bank, this sale resulted in a divestiture of the bank's deposit operations in Michigan. The branches were re-branded as Flagstar branches upon closing of the transaction. Flagstar intends to keep all branches and retain all employees. Since these branches operated during the majority of the evaluation time period these branches are evaluated and included in the analysis.

Distribution of Branch Delivery System											
Assessment Area	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)*				% of Population within Each Geography*			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Grand Rapids MSA	71.2	1	100	0	0	0	100	5.2	19.7	51.1	24.0
MI Combined NonMetro	28.8	0	0	0	0	0	0	0.0	15.2	60.4	23.4

*May not add up to 100 percent due to geographies with unknown tract income level and rounding.

Distribution of Branch Openings/Closings						
Assessment Area	# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)			
			Low	Mod	Mid	Upper
Grand Rapids MSA	0	0	0	0	0	0
MI Combined NonMetro	0	0	0	0	0	0

Grand Rapids MSA AA

As of December 31, 2018, WFBNA operates one limited service branch and no ATMs in the Grand Rapids MSA AA. The limited service branch is located in an upper-income geography. The bank's branch distribution in LMI geographies is significantly below the demographics.

The bank has not opened or closed branches during the evaluation period.

Services and, where appropriate, business hours do not vary in a way that inconveniences the various portions of the AA, particularly LMI geographies and/or individuals. This branch is open Monday through Friday from 8:00 am to 5:00 pm. The bank offers limited banking products at this branch.

MI Combined NonMetro AA

As of November 30, 2018, WFBNA operated 14 branches and 14 ATMs in the Grand Rapids MSA AA. All of these branches are full-service locations. There is no branch in a low-income geography and four branches in moderate-income geographies. The branch distribution in low-income geographies is significantly below the percentage of the population in low-income geographies and performance in the moderate-income geographies exceeds the percentage of the population in the moderate-income geographies in the AA.

The bank has not opened or closed branches during the evaluation period.

Services, including where appropriate, business hours, do not vary in a way that inconveniences the various portions of its AA, particularly LMI geographies and/or individuals. Generally, branches are open Monday through Friday from 9:00 am to 5:00 pm, and Saturday from 9:00 am to 12:00 pm. All WFBNA services are available at all branches and all delivery systems discussed bank-wide are available in this AA.

Community Development Services

The institution provides a low level of CD services.

Grand Rapids MSA AA

The level of CD services in the Grand Rapids MSA AA is very poor. Bank records show that the bank provided no CD service activities since the last evaluation.

MI Combined NonMetro AA

The level of CD services in the MI Combined NonMetro AA is poor. Bank records show that employees provided financial or job-specific and/or technical assistance for 10 CD service activities to six organizations since the last evaluation, logging a total of 19 qualified hours within the AA. The majority (68 percent) of the bank's assistance was to organizations that provide community services to LMI individuals and families. Other activities targeted affordable housing (32 percent). The following are examples of CD services provided in this AA:

- One WFBNA team member provided three hours of Board service and three hours of financial expertise at a nonprofit organization where 100 percent of its clients are LMI individuals as they earn less than 80 percent of the area MFI. This organization works in partnership with people in need to build affordable housing. The houses are sold to LMI individuals and families at no profit and with no interest charged.
- One WFBNA team member provided five hours of technical assistance at an institution of learning where 88 percent of students qualify for the federal FRL program.

State Rating

State of Minnesota

CRA rating for the State of Minnesota[33]: Outstanding
The Lending Test is rated: Outstanding
The Investment Test is rated: Outstanding
The Service Test is rated: High Satisfactory

The major factors that support this rating include:

- Excellent lending activity;
- Excellent geographic distribution of loans;
- Excellent borrower distribution of loans;
- Adequate level of CD loans;
- WFBNA's use of flexible products has a neutral impact on the Lending Test;
- Excellent level of CD investments that are responsive to AA needs;
- Retail delivery systems are accessible to all portions of the AA; and
- Adequate CD services.

Description of Institution's Operations in Minnesota

WFBNA delineated four AAs within Minnesota including the Duluth, MN MSA (Duluth MSA AA); MN Combined Non-Metros (MN Combined NonMetro AA); Mankato-New Ulm-North Mankato, MN CSA (Mankato CSA AA); and Rochester-Austin, MN CSA (Rochester CSA AA). The Duluth MSA AA and MN Combined NonMetro AA received FS reviews. The two areas accounted for the largest portion of the lending (64.6 percent) and deposits (61.7 percent) amongst the AAs in Minnesota. Refer to Appendix A for a complete description of each AA. Minnesota represents the 26th largest rated area by deposits. WFBNA has $4.7 billion deposits representing 0.4 percent of adjusted deposits in Minnesota. WFBNA operates 43 branches and 91 ATMs in Minnesota representing 0.8 percent of branches and 0.7 percent of the bank's ATMs. The bank originated or purchased $8.2 billion in loans or 0.4 percent of total reported loan originations and purchases during the evaluation period. The bank's primary loan products in Minnesota are home mortgage loans and small loans to businesses.

<u>Duluth MSA AA</u>

Within the Duluth MSA AA, the bank had $1.1 billion in deposits and ranked first amongst 24 depository institutions in the market with 29.5 percent market share. The top second and third depository institutions in terms of deposit market shares were U.S. Bank with 19.2 percent market share and Republic Bank with 7.9 percent market share. WFBNA operates 9 branches and 24 ATMs in the AA.

<u>MN Combined NonMetro AA</u>

Within the MN Combined NonMetro AA, the bank had $1.8 billion in deposits and ranked first amongst

[33] This rating reflects performance within the state. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan statistical area.

119 institutions in the market with 12.0 percent market share. Bremer Bank and U.S. Bank ranked second and third with 11.5 percent and 3.7 percent market share, respectively. WFBNA operates 22 branches and 42 ATMs in the AA.

Demographic Data

Duluth MSA AA

The following table provides a summary of the demographics that includes housing and business information for the Duluth MSA AA. Table A indicates that the volume of OOUs is very small in low-income CTs and almost 38 percent of families in the AA are LMI. The area's median housing value in the Duluth MSA AA is 2.5 times the area's median income, but 3.1 times moderate-, and 5.0 times low-income, indicating a limited proportion of OOUs are affordable to LMI. Moderate median rents and the higher percentage of families below poverty level suggest rental housing is also unaffordable for many low-income residents.

Table A – Demographic Information of the Assessment Area

Assessment Area: Duluth MN MSA (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	74	10.8	18.9	50.0	18.9	1.4
Population by Geography	235,612	7.0	12.7	58.1	22.3	0.0
Housing Units by Geography	117,769	8.0	13.2	61.5	17.3	0.0
Owner-Occupied Units by Geography	73,851	3.0	10.6	65.4	21.0	0.0
Occupied Rental Units by Geography	26,434	23.4	22.0	41.1	13.4	0.0
Vacant Units by Geography	17,484	5.3	10.9	75.8	7.9	0.0
Businesses by Geography	15,423	13.8	10.9	56.5	18.8	0.0
Farms by Geography	464	3.4	7.3	69.2	20.0	0.0
Family Distribution by Income Level	61,055	19.8	17.9	23.0	39.3	0.0
Household Distribution by Income Level	100,285	25.1	15.3	17.5	42.1	0.0
Median Family Income MSA - 20260 Duluth, MN-WI MSA		$59,812	Median Housing Value			$149,105
			Median Gross Rent			$639
			Families Below Poverty Level			8.5%

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

According to the June 2018 Moody's Analytics report, Duluth's economy is improving after nearly nine years of sluggish growth. The trade policy has renewed positive momentum in local natural resources and mining. Duluth's important iron ore mines recovered from the 2014 commodity bust and are operating near capacity. Industrial production is up more than 3 percent from a year ago, the strongest pace since 2012. Poor demographic trends and a lack of diversity will keep Duluth a below-average long-term performer. The healthcare industry will play a bigger role in Duluth short term thanks to major new investment. The share of residents age 50 or older is well above average and medical providers provide care to people living in surrounding rural areas. An inadequately educated and slowly

growing workforce is the biggest long-term obstacle to growth, especially higher-value added service industries. Duluth lost residents the past three years and its population is roughly the same size as a decade ago. There is already a shortage of prime working-age residents, and the metro area's unusually large number of residents age 55 to 64 are retiring. Also, educational attainment is low despite the presence of the University of Minnesota Duluth. Graduates leave for the Twin Cities, where there are far more high-skill, high-wage service jobs.

After holding steady during the first half of the decade, home prices have risen 17 percent since the start of 2015, and single-family residential permits are higher than a year ago. Home sales and rental inventory is higher than the State of Minnesota and more aligned with the higher national rate. Major area employers include Essentia Health, St. Luke's University Health Network, and Miner's Inc. According to the U.S. BLS, the unemployment rate in the second quarter of 2018 was 3.8 percent, down from 6.6 percent at the beginning of the evaluation period. The MSA unemployment rate is higher than the overall State of Minnesota at 2.9 percent for the same period.

Community Contacts

The analysis takes into consideration comments provided by two community contacts that serve the bank's Duluth MSA AA. One of the two community contacts was a meeting between Community Development leaders and regulators from the OCC, FDIC, and the Federal Reserve to discuss affordable housing needs in the AA. The second community contact represents a Small Business Development agency that partners with entrepreneurs to stimulate growth of small businesses in the AA. The agency serves Aitkin, Carlton, Cass, Cook, Crow Wing, Itasca, Koochiching, Lake, Pine and St. Louis Counties in Minnesota and Douglas County in Wisconsin.

A primary area of need discussed between the regulators and the CD community contacts was affordable housing, including affordable housing for the workforce in the AA. As businesses recovered from the financial crisis, they are expanding and hiring new employees. With the lack of housing development in recent years, there is little available new construction in the AA to meet the need. According to the community contacts, both in new construction and rehabilitation, there is a gap between development costs and sales price, and there is lack of funding to cover that gap. There is a need for micro loans for small businesses as fewer than 10 percent of micro-loans issued to small businesses in the AA were in partnership with a bank. There is also a need for homebuyer workshops to assist LMI individuals with homeownership, more grants for down payment or closing cost assistance to LMI families and individuals, and technical assistance in the form of financial management and financial literacy education for first time homebuyers. Another need is for banks to partner with non-profits in LMI communities within the AA to ensure that funds are available to revitalize and stabilize LMI communities. The community contacts stated that there are strong relationships with banks and overall there has been successful collaboration on projects.

The Small Business Development agency stated that West Duluth has industrial areas with large numbers of vacancies. The City of Duluth has dedicated funds to address this issue through the Advance West program. Per the program, anyone that buys a building can get up to a $50,000 forgivable loan to cover any gap between the valuation and actual cost of rehabilitating the building. The business owner is required to open the business and create one or two jobs in the first year. In the past year, four projects were executed through the Advance West program. According to the community contact, there are many entrepreneurs, but a lack of access to working capital for small businesses in the AA. In addition to a lack of working capital, there is also a shortage of suitable locations for start-up businesses. The commercial retail space available in LMI areas of Duluth, for

example, are in such distressed condition that it is cost prohibitive to restore them to a condition compliant with City codes. Commercial vacancies persist at a terrible rate in the Lake and Park neighborhoods bordering Downtown. Nevertheless, the contact stated prospects for employment and business development are on an upswing in Duluth. This is due to activist politicians who support reinvestment and productive public/private economic development partnerships.

Considering the information from the community contacts and bank management as well as demographic and economic data, affordable housing and small business loans represent a primary credit need for the Duluth MSA AA. Opportunity exists to originate these types of loans throughout the AA; however, it is limited in the low-income geographies as reflected by the small proportion of OOUs and small businesses coupled with limited home affordability for LMI individuals.

Demographic Data

MN Combined NonMetro AA

The following table provides a summary of the demographics that includes housing and business information for the MN Combined NonMetro AA. Table A indicates that there are no low-income CTs and over 38 percent of families in the AA are LMI. The area's median housing value in the MN Combined NonMetro AA is 2.8 times the area's median income, but 3.5 times moderate-, and 5.6 times low-income, indicating a limited proportion of OOUs affordable to LMI individuals. The relatively high percentage of families below poverty level suggest rental housing may be unaffordable for many low-income residents as well.

Table A – Demographic Information of the Assessment Area

Assessment Area: MN Combined Non-Metros (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	191	0.0	15.2	75.4	8.9	0.5
Population by Geography	683,615	0.0	14.2	75.7	10.1	0.0
Housing Units by Geography	373,168	0.0	15.1	76.1	8.8	0.0
Owner-Occupied Units by Geography	219,825	0.0	12.3	77.1	10.7	0.0
Occupied Rental Units by Geography	63,493	0.0	20.4	73.8	5.8	0.0
Vacant Units by Geography	89,850	0.0	18.3	75.5	6.2	0.0
Businesses by Geography	46,722	0.0	15.0	76.7	8.3	0.0
Farms by Geography	5,850	0.0	6.9	80.7	12.3	0.0
Family Distribution by Income Level	188,519	19.3	19.1	23.4	38.1	0.0
Household Distribution by Income Level	283,318	24.1	16.7	19.2	40.0	0.0
Median Family Income Non-MSAs - MN		$57,683	Median Housing Value			$162,021
			Median Gross Rent			$579
			Families Below Poverty Level			8.1%

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

According to the June 2018 Moody's Analytics report, Minnesota transitioned into the late-cycle expansion, with job and income growth falling below the Midwest averages because of labor constraints. Even with the fastest labor force growth in the region, the unemployment rate hit an 18-year low. Anecdotal evidence indicates labor shortages across industries, which are starting to impede output. Wage pressures are developing and average hourly earnings are up almost 2 percent from a year ago. The healthcare industry will be the main driver behind job gains over the coming quarters thanks to a string of hospital and clinic expansions. The projects will support well-paying construction jobs, helping to accelerate job gains ahead of the U.S. average next year. Despite these expansions, healthcare job growth will slow over the coming years to a more sustainable pace, in line with the U.S. deceleration.

Minnesota's industrial production is hitting a new all-time high. Food and medical device producers are increasing headcounts to keep up with demand but worker shortages plague the industry since experienced baby boomers are starting to retire and younger workers are not stepping in. Payrolls in these industries will inch up, but companies will also invest in labor-saving technology. The state's large fabricated metal manufacturers are struggling because of higher steel prices resulting from the 25 percent tariff on imported steel. A full-fledged trade war with China would hurt the state since China is Minnesota's second largest trading partner and a quarter of Minnesota's exports are medical devices.

Housing conditions are mixed as house price growth slipped below the U.S. rate, but permitting picked up thanks to more multifamily construction. Major employers in the AA include the Mayo Clinic, Allina Health System, and Target Corp. According to the U.S. BLS, the unemployment rates for June 2018 in the following counties range from a low of 2.4 percent (Cook County) to a high of 6.1 percent (KooChiching County) while the overall state average was 2.9 percent during the same period.

Community Contacts

The analysis takes into consideration comments provided by a recent community contact in conjunction with this evaluation that serves the bank's MN Combined NonMetro AA. The contact is a housing organization serving the AA. The contact indicated that transportation and housing are a big issue in rural areas. Population in the region's rural communities grew because of new immigrants but they lack access to adequate transportation system to get to jobs, particularly in Southern Minnesota, where immigrant workers have been attracted to food processing industries.

The community contact commented that most of the decline in the downtown retail districts of rural communities is tied to the Farm Crisis of the 1980's. The loss of farm population and disposable income due to the disappearance of so many small family-owned farms were just enough to tip the balance in favor of disinvestment and decline in the AA. Housing development took a hit during the period and production sharply declined. Housing production, both single family and rental, improved during the 1990's and 2000's until the housing crisis. It had been keeping pace with population and employment needs. Since the housing crisis, it has been difficult to impossible to restart housing markets (single family or rental housing) in many rural communities in the State of Minnesota let alone in the non-metro areas in the AA. The average vacancy rate in rural counties in the State is 2.7 percent.

The community contact stated that housing production has picked up in the Twin Cities that it is similar to volume in 2002 but non-metro rural areas are struggling. Workers are looking for rentals because many of them are driving in from communities that may be as far as 100 miles away and owning homes

further out. But there are serious shortages of rental units in the communities in which they work. Under this pressure, there are fewer affordable, senior, workforce, and even executive rental units in towns where the jobs are located. The lack of investment and development has nothing to do with the access to capital.

Considering the information from the community contacts and bank management as well as demographic and economic data, affordable housing and small business loans represent a primary credit need for the MN Combined NonMetro AA. Furthermore, the AA has CD needs including affordable housing and economic development.

Scope of Evaluation in Minnesota

The rating for the State of Minnesota is primarily based on FS evaluations of the bank's performance in the Duluth MSA and MN Combined NonMetro AAs; however, performance in each AA was considered. Conclusions where a LS review affected the CRA Rating for the state are addressed within their respective tests. LS procedures were performed for the Mankato CSA AA and Rochester CSA AA. A small portion of the bank's overall lending, investments, and services were conducted in Minnesota; therefore, the performance in Minnesota received less weight in determining the bank's overall CRA Rating.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN IOWA

LENDING TEST

The bank's performance under the Lending Test in Minnesota is rated Outstanding.

Conclusions for Areas Receiving FS Reviews

Based on FS reviews, including the data in the tables below and consideration of performance context discussed in the lending test, the bank's performance in both the Duluth MSA and MN Combined NonMetro AAs is excellent.

Lending Activity

Based on the tables below, lending levels reflect excellent responsiveness to the credit needs in its AAs taking into account the number and amount of home mortgage, small business, small farm, and CDloans originated or purchased relative to its capacity based on deposits, competition, and market presence.

Number of Loans*							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	%State Loans	%State Deposits
Duluth MSA	7,171	4,077	90	8	11,346	17.6	24.2
Mankato CSA	5,388	1,513	167	18	7,086	11.0	14.7
MN Combined NonMetro	19,941	8,286	2,083	14	30,324	47.0	37.5
Rochester CSA	11,112	3,966	623	10	15,711	24.4	23.6
Total	43,612	17,842	2,963	50	64,467	100.0	100.0

*The tables present the data for all assessment areas. The narrative below addresses performance in FS areas only.

Dollar Volume of Loans (000's)*							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	%State* Loans	%State Deposits
Duluth MSA	$1,040,920	$215,780	$2,991	$1,338	$1,261,029	15.2	24.2
Mankato CSA	$814,343	$91,298	$18,379	$27,387	$951,407	11.5	14.7
MN Combined NonMetro	$3,105,983	$483,750	$247,154	$18,614	$3,855,501	46.6	37.5
Rochester CSA	$1,842,199	$232,208	$81,856	$53,323	$2,209,586	26.7	23.6
Total	$6,803,445	$1,023,036	$350,380	$100,662	$8,277,523	100.0	100.0

*The tables present the data for all assessment areas. The narrative below addresses performance in FS areas only.

Duluth MSA AA

WFBNA ranked first in deposits with 29.5 percent market share in the AA. In overall HMDA lending, WFBNA ranked second with 9.6 percent market share. There is strong competition as reflected by the 276 lenders and 24 depository institutions in the AA. The top first and third lenders in terms of market share were U.S. Bank with 11.1 percent and North Shore Bank of Commerce with 8.6 percent market share.

In small loans to businesses, WFBNA ranked second with a market share of 16.9 percent. There is strong competition as reflected by the 58 lenders in the AA. The top first and third lenders in terms of market share were U.S. Bank with 26.2 percent and American Express with 12.1 percent.

MN Combined NonMetro AA

WFBNA ranked first in deposits with 12.0 percent market share in the AA. In overall HMDA lending, WFBNA ranked first with 9.5 percent market share. There is strong competition as reflected by the 484 lenders and 119 depository institutions in the AA. The second and third lenders are U.S. Bank with 8.0 percent market share and Bremer Bank with 4.2 percent market share.

In small loans to businesses, WFBNA ranked second with a market share of 11.4 percent. There is also strong competition as reflected by the 84 lenders in the AA. The top first and third lenders were U.S. Bank with 17.0 percent and Capital One with 11.2 percent.

Distribution of Loans by Income Level of the Geography

The bank exhibits an excellent geographic distribution of loans in the Duluth MSA AA and a good geographic distribution of loans in the MN Combined NonMetro AA.

Duluth MSA AA

Home Mortgage Loans

Refer to Table O in the State of Minnesota section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is excellent.

- The bank's performance in both periods, 2012-2016 and 2017-2018, for home mortgage loans in low-income geographies is below the aggregate distribution of loans and exceeds the proportion of OOUs in those geographies.
- The proportion of loans in moderate-income geographies exceeds both the aggregate distribution of loans and the proportion of OOUs in those geographies.

Small Loans to Businesses

Refer to Table Q in the State of Minnesota section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is excellent.

- For the 2012-2016 period, the bank's performance for small business loans in low-income geographies substantially meets the aggregate distribution of loans and exceeds the proportion of businesses located in those geographies.
- The proportion of loans in moderate-income geographies exceeds both the aggregate distribution of loans and the proportion of businesses located in those geographies.
- Based on the bank's performance in 2017-2018, the bank's small business lending is slightly below the performance in 2012-2016.

MN Combined NonMetro AA

Home Mortgage Loans

Refer to Table O in the State of Minnesota section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is good.

- The AA contains no low-income tracts so our assessment focused on the bank's performance in moderate-income tracts.
- The bank's performance in 2012-2016 for home mortgage loans in moderate-income geographies substantially meets the aggregate distribution of loans and is below the proportion of OOUs in those geographies.

- Based on the bank's performance in 2017-2018, the bank's home mortgage lending is higher than the performance in 2012-2016.

Small Loans to Businesses

Refer to Table Q in the State of Minnesota section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is good.

- The AA contains no low-income tracts so our assessment focused on the bank's performance in moderate-income tracts.
- For both 2012-2016 and 2017-2018 periods, the bank's performance for small business loans in moderate-income geographies substantially meets the aggregate distribution of loans and is below the proportion of businesses located in those geographies.

Distribution of Loans by Income Level of the Borrower

The bank exhibits an excellent distribution of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the institution.

Duluth MSA AA

Home Mortgage Loans

Refer to Table P in the State of Minnesota section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is excellent.

- There are homeownership affordability hurdles in the AA especially for LMI borrowers. As noted above, the area's median housing value is 5.0 times the income of low-income and 3.1 times the income of moderate-income borrowers, indicating a limited proportion of OOUs are affordable to LMI borrowers. Despite affordability challenges, the bank's overall home mortgage lending to LMI borrowers in both 2012-2016 and 2017-2018 periods exceeds the aggregate distribution of loans.
- The bank's overall home mortgage lending to low-income borrowers is well below the proportion of families and to moderate-income borrowers exceeds the proportion of families.

Small Loans to Businesses

Refer to Table R in the State of Minnesota section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is excellent.

- For both 2012-2016 and 2017-2018 periods, the bank's distribution of small loans to businesses with revenues of $1 million or less exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is near to the percentage of small businesses located in the AA.

MN Combined NonMetro AA

Home Mortgage Loans

Refer to Table P in the State of Minnesota section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is excellent.

- There are homeownership affordability hurdles in the AA especially for LMI borrowers. As noted above, the area's median housing value is 5.6 times the income of low-income and 3.5 times the income of moderate-income borrowers indicating a limited proportion of OOUs are affordable to LMI borrowers. Despite affordability challenges, the bank's performance in both 2012-2016 and 2017-2018 periods to low-income borrowers exceeds the aggregate lending and is significantly below the proportion of families.
- The bank's overall home mortgage lending to moderate-income borrowers substantially meets the aggregate lending and is near to the proportion of families.

Small Loans to Businesses

Refer to Table R in the State of Minnesota section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is good.

- For both 2012-2016 and 2017-2018 periods, the bank's distribution of small loans to businesses with revenues of $1 million or less exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is below the percentage of small businesses located in the AA.

Community Development Lending

The institution has made an adequate level of CD loans.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

Duluth MSA AA

The level of CD lending in the Duluth MSA AA is poor. WFBNA made eight CD loans in its AA for a total of $1.3 million, which represents 1.1 percent of tier 1 capital. CD lending performance has a neutral impact on the lending test rating. The loans were responsive to the identified needs for affordable housing and community services.

Examples of CD loans in the AA include:

- In August 2013, WFBNA renewed a $100,000 working capital line of credit for an organization offering employment services to help LMI individuals obtain and maintain long-term

employment in their communities. Services offered include career exploration, skill assessments, job development, job placement, mentoring, training, and community access.
- In March 2017, WFBNA provided a $213,291 loan for a multifamily housing development located in a low-income census tract in Duluth, MN, of which $170,633 reported as affordable housing based on residential square footage being 50 percent of the mixed-use subject property located in Duluth, MN.

MN Combined NonMetro AA

The level of CD lending in the MN Combined NonMetro AA is excellent. WFBNA made 14 CD loans in its AA for a total of $18.6 million, which represents 9.4 percent of tier 1 capital. CD lending performance has a significant positive impact on the lending test rating. The institution makes significant use of innovative and/or complex CD loans and involved many complex projects where the bank often acted in a leadership role. The loans were responsive to the identified needs in the AA, including affordable housing and economic development.

Examples of CD loans in the AA include:

- In August 2015, WFBNA provided a $5.3 million loan for a 36-unit LIHTC affordable housing development located in a middle-income area of Owatonna, Minnesota with nine one-bedroom units and 27 two-bedroom units. All of the units will be affordable to households with income between 30 and 60 percent of the area MFI. Four of the units will be designated for long-term homeless, and two units will be fully accessible.
- In September 2016, WFBNA renewed a $1.5 million working capital line of credit for a nonprofit organization providing capital resources and innovative ideas to assist small businesses and community development corporations throughout Minnesota and the Midwest.

Product Innovation and Flexibility

Duluth MSA AA

The institution makes limited use of innovative and/or flexible lending practices in order to serve AA credit needs. Under the *your*FirstMortgage loan program the bank has funded 95 loans totaling $9.6 million to LMI homebuyers that qualified under this program. Refer to the comments in the institution Innovative or Flexible Lending Programs section of this public evaluation for additional details regarding this program.

MN Combined NonMetro AA

The institution makes limited use of innovative and/or flexible lending practices in order to serve AA credit needs. Under the *your*FirstMortgage loan program the bank has funded 144 loans totaling $15.5 million to LMI homebuyers that qualified under this program. Refer to the comments in the institution Innovative or Flexible Lending Programs section of this public evaluation for additional details regarding this program.

Conclusions for Areas Receiving LS Reviews

Based on LS reviews, the bank's performance under the Lending Test in the Rochester CSA

and Mankato CSA AAs is consistent with the bank's overall excellent performance under the Lending Test in the FS areas.

Refer to Tables O through T in the State of Minnesota section of appendix D for the facts and data that support these conclusions.

INVESTMENT TEST

The bank's performance under the Investment Test in the State of Minnesota is rated Outstanding.

Conclusions for Areas Receiving FS Reviews

Based on FS reviews, including the data in the table below and consideration of performance context discussed in the investment test, the bank's performance in the Duluth MSA is adequate and performance in the MN Combined NonMetro AAs is excellent.

Qualified Investments										
	Prior Period*		Current Period		Total				Unfunded Commitments**	
Assessment Area	#	$(000's)	#	$(000's)	#	% of Total #	$(000's)	% of Total $	#	$(000's)
Duluth MSA	1	$489	49	$8,664	50	35.5	$9,153	6.5		
Mankato CSA	1	$4,340	16	$21,664	17	12.1	$26,004	18.6		
MN Combined NonMetro	8	$5,960	50	$49,391	58	41.1	$55,351	39.6		
Rochester CSA	2	$3,270	14	$46,104	16	11.3	$49,374	35.3		
Total	12	$14,059	129	$125,823	141	100.0	$139,882	100.0		

* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.
** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Duluth MSA AA

The institution has an adequate level of qualified CD investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 7.2 percent of tier 1 capital allocated to the AA.

The investments and grants reflect adequate responsiveness to the needs identified in the AA including affordable housing, community services, economic development, and revitalization/stabilization for LMI individuals and geographies. Over 96.1 percent of the bank's CD investments focused on affordable housing which is an identified credit need in the AA. Additionally, the bank provided 39 grants totaling $756,500 to a variety of organizations that primarily support affordable housing, community services, and economic development.

The institution occasionally uses innovative and/or complex investments to support CD initiatives. CD Investments involved one complex project where the bank acted in a leadership role with participations from federal, state, and local housing agencies and real estate developers.

Example of CD investments in the AA include:

- In October 2016, WFBNA invested $46 million in an LIHTC fund. Of this total investment, $6.5 million was allocated to a development located in Virginia, Minnesota, with 49 units restricted to tenants earning no more than 60 percent of the area MFI. This investment is responsive to the need for affordable housing and assisting with individuals with homelessness.
- During the exam timeframe, WFBNA provided two grants totaling $105,000 to a local housing organization through the PMP for affordable housing in the Duluth MSA AA. Refer to the comments in the institution Community Development Initiatives section of this public evaluation for additional details regarding this program.

MN Combined NonMetro AA

The institution has an excellent level of qualified CD investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 28.0 percent of tier 1 capital allocated to the AA.

The investments and grants reflect excellent responsiveness to the needs identified in the AA including affordable housing, community services, economic development, and revitalization/stabilization for LMI individuals and geographies. Over 29.2 percent of the bank's CD investments focused on affordable housing which is an identified credit need in the AA. The bank also allocated over 38.8 percent of total CD investments to revitalize and stabilize a highly distressed area within the AA. Additionally, the bank provided 44 grants totaling $541,300 million to a variety of organizations that primarily support affordable housing, community services, and economic development.

The institution makes significant use of innovative and/or complex investments to support CD initiatives. CD Investments involved several complex LIHTC and NMTC projects where the bank acted in a leadership role with participations from federal, state, and local housing agencies and real estate developers.

Examples of CD investments in the AA include:

- In November 2015, WFBNA invested $7.9 million in a 62-unit LIHTC affordable housing development located in Pleasant Hill, Iowa. Of the 62 total units, 55 will be restricted to households with income up to 60 percent of the area MFI and the remaining seven units will be market rate. In addition, seven of the units in the development will be set aside for individuals with disabilities. All of the units are targeted to seniors aged 55 and up. This investment is responsive to the need for affordable housing and assisting with individuals with homelessness. WFBNA also demonstrated multi-faceted support by providing the construction loan ($7.1 million) and equity investment to support this affordable housing development.
- In June 2016, WFBNA made an $18 million NMTC investment for the expansion of a glass manufacturing facility. The facility is located in Owatonna, Minnesota, in an area designated as "Highly Distressed" by the 2006-2010 American Community Survey. The expansion enabled the manufacturer to better compete with domestic and international competitors, preserved 1,400 jobs, and created 40-50 new construction jobs, and at least 100 new permanent jobs within three

years. The expansion also ensured the preservation of a rural community that would have difficulty recreating the level of employment that this facility provides for residents, who likely would be forced to leave town to support their families.

- During the exam timeframe, WFBNA provided a $300,000 grant to a small business organization through the Small Business DCC Program benefiting the broader state of Minnesota including the MN Combined NonMetro AA. Refer to the comments in the institution Innovative or Flexible Lending Programs section of this public evaluation for additional details regarding this program.

Conclusions for Areas Receiving LS Reviews

Based on LS reviews, the bank's performance under the Investment Test in the Mankato CSA and Rochester CSA AAs is consistent with the bank's overall excellent performance in the Investment Test in the FS areas.

SERVICE TEST

The bank's performance under the Service Test in Minnesota is rated High Satisfactory.

Conclusions for Areas Receiving FS Reviews

Based on FS reviews, including the data in the tables below and consideration of performance context discussed in the service test, the bank's performance in both the Duluth MSA AA and the MN Combined NonMetro AA is good.

Retail Banking Services

Service delivery systems are accessible to geographies and individuals of different income levels in the institution's AAs.

Distribution of Branch Delivery System											
Assessment Area	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)*				% of Population within Each Geography*			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Duluth MSA	24.2	9	20.9	0.0	33.3	55.6	11.1	5.1	15.1	54.1	25.7
Mankato CSA	14.8	5	11.6	0.0	40.0	60.0	0.0	0	11.9	81.3	6.8
MN Combined NonMetro	37.5	22	51.2	0.0	40.9	59.1	0.0	0	18.6	71.2	10.1
Rochester CSA	23.6	7	16.3	0.0	14.3	57.1	28.6	0	23.8	48.6	27.6

* May not add up to 100 percent due to geographies with unknown tract income level and rounding.

Distribution of Branch Openings/Closings						
Assessment Area	# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)			
			Low	Mod	Mid	Upper
Duluth MSA	0	3	0	-1	-2	0
Mankato CSA	0	0	0	0	0	0
MN Combined NonMetro	0	5	0	-1	-4	0
Rochester CSA	0	1	0	0	-1	0

Duluth MSA AA

As of December 31, 2018, WFBNA operates nine branches and 24 ATMs in the Duluth MSA AA. All of these branches are full-service locations. There are no branches in low-income geographies and three branches in moderate-income geographies. The branch distribution in low-income geographies is significantly below the percentage of the population in low-income CTs and branch distribution in moderate-income geographies exceeds the percentage of the population in moderate-income CTs in the AA. When considering an additional branch within close proximity to LMI geographies, the bank's distribution improves and is near to demographics.

The institution's opening and closing of branches have not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank closed one branch within a moderate-income geography and two branches within a middle-income geography since the last evaluation. The closure of a branch in a moderate-income geography did not negatively impact the distribution of branches relative to the population residing in those geographies.

Services and, where appropriate, business hours do not vary in a way that inconveniences the various portions of the AA, particularly LMI geographies and/or individuals. Generally, branches are open Monday through Friday from 9:00 am to 6:00 pm. Five of the nine branches are also open on Saturdays, with four branches are open from 9:00 am to 12:00 pm and one branch is open from 9:00 am to 2:00 pm. All WFBNA services are available at all branches and all delivery systems discussed bank-wide are available in this AA.

MN Combined NonMetro AA

As of December 31, 2018, WFBNA operates 22 branches and 42 ATMs in the MN NonMetro AA. All of these branches are full-service locations. There are no low-income census tracts designated in the AA. There is one branch in a moderate-income geography. The branch distribution in moderate-income geographies significantly exceeds the percentage of the population in moderate-income CTs in the AA. When considering an additional two branch within close proximity to LMI geographies, the bank's distribution further exceeds demographics.

The bank's opening and closing of branches have not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank closed one branch within a moderate-income geography and five branches within a middle-income geography, since the last evaluation. The closure of a branch in a moderate-income geography did not negatively impact the distribution of branches relative to the population residing in those geographies.

Services and, where appropriate, business hours do not vary in a way that inconveniences the various portions of the AA, particularly LMI geographies and/or individuals. Generally, branches are open Monday through Friday from 9:00 am to 5:00 pm. Fourteen of the 22 branches are also open on Saturday, with 11 open from 9:00 am to 12:00 pm and two open from 9:00 am to 2:00 pm. All WFBNA services are available at all branches and all delivery systems discussed bank-wide are available in this AA.

Community Development Services

The institution provides an adequate level of CD services.

Duluth MSA AA

The level of CD services in the Duluth MSA AA is adequate. Bank records show that employees provided their financial or job-specific expertise and/or technical assistance for 47 CD service activities to nine organizations since the last evaluation, logging a total of 131 qualified hours within this AA. The majority (67 percent) of the bank's assistance was to organizations that provide affordable housing to LMI individuals and families. The bank's assistance provided was responsive to the identified needs in the AA particularly affordable housing. Other activities targeted organizations that participate in activities to revitalize or stabilize LMI communities (18 percent), and organizations that provide community service (15 percent). The following are examples of CD services provided in this AA:

- One WFBNA team member provided 41 hours of Board service at an organization that invests in affordable housing and sustainable development to strengthen communities in the Greater Minnesota and ensure that LMI individuals and families have a safe, decent, affordable place to live.
- One WFBNA team member provided 24 hours of Board service at an organization that is dedicated to helping community residents transform distressed neighborhoods into healthy and sustainable communities of choice and opportunity. This organization supports affordable housing development and rehabilitation, redevelopment of historic properties, neighborhood planning, commercial corridor development, resident engagement, asset and income building strategies, foreclosure remediation, and educational initiatives.

MN Combined Non-Metros AA

The level of CD services in the MN Combined NonMetro AA is adequate. The institution provides an adequate level of CD services. Bank records show that employees provided their financial or job-specific expertise and/or technical assistance for 66 CD service activities to 10 organizations since the last evaluation, logging a total of 98 qualified hours within this AA. The majority (71 percent) of the bank's assistance was to organizations that provide affordable housing to LMI individuals and families. The bank's assistance provided was responsive to the identified needs in the AA particularly affordable housing. Other activities targeted organizations that provide community service (29 percent). The following are examples of CD services provided in this AA:

- A WFBNA team member provided 43.5 hours of board service to a nonprofit organization that works in partnership with people in need to build decent, affordable housing. The houses are sold to those in need at no profit and with no interest charged.
- One WFBNA team member provided 13 hours of financial education at an organization where, according to the NCES, 52.4 percent of students qualify for the federal FRL program.

Conclusions for Areas Receiving LS Reviews

Based on LS reviews, the bank's performance under the Service Test in the Rochester CSA AA is consistent with the bank's overall performance under the Service Test in the FS areas. Performance in the Mankato CSA AA is stronger than the overall performance due to a higher percentage of branch distribution in LMI geographies. Performance differences in the LS AA did not impact the overall Service Test rating for the State of Minnesota.

State Rating

State of Mississippi

CRA rating for the State of Mississippi[34]: Satisfactory
The Lending Test is rated: High Satisfactory
The Investment Test is rated: Outstanding
The Service Test is rated: High Satisfactory

The major factors that support this rating include:

- Excellent lending activity;
- Adequate geographic distribution of loans;
- Good borrower distribution of loans;
- Good level of CD loans, which has a positive impact on the Lending Test;
- WFBNA's use of flexible products has a neutral impact on the Lending Test;
- Excellent level of CD investments that are responsive to AA needs;
- Retail delivery systems are accessible to all portions of the AA; and
- Adequate CD services.

Description of Institution's Operations in Mississippi

WFBNA delineated three AAs within Mississippi including the Gulfport-Biloxi-Pascagoula, MS MSA (Gulfport MSA AA); Jackson, MS MSA (Jackson MSA AA); and Hattiesburg, MS MSA (Hattiesburg MSA AA). The Gulfport MSA AA and Jackson MSA AA received FS reviews. The two areas accounted for the largest portion of the lending (87 percent) and deposits (82.6 percent) amongst the AAs in Mississippi. Refer to Appendix A for a complete description of each AA. Mississippi represents the 46th largest rated area by deposits. WFBNA has $693.6 million deposits representing 0.1 percent of adjusted deposits in Mississippi. WFBNA operates 11 branches and 13 ATMs in Mississippi representing 0.2 percent of branches and 0.1 percent of the bank's ATMs. The bank originated or purchased $3.7 billion in loans or 0.2 percent of total reported loan originations and purchases during the evaluation period. The bank's primary loan products in Mississippi are home mortgage loans and small loans to businesses.

Gulfport MSA AA

Within the Gulfport MSA AA, the bank had $268.1 million in deposits and ranked eighth amongst 15 depository institutions in the market with 4.8 percent market share. The top three depository institutions in terms of deposit market shares were Hancock Whitney Bank with 42.8 percent, The Peoples Bank in Biloxi with 9.1 percent, and The First with 8.4 percent market share. WFBNA operates 5 branches and 5 ATMs in the AA.

Jackson MSA AA

Within the Jackson MSA AA, the bank had $304.4 million in deposits and ranked ninth amongst 28

[34] This rating reflects performance within the state. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan statistical area.

institutions in the market with 2.2 percent market share. The top three depository institutions in terms of deposit market shares were Trustmark National Bank with 31.6 percent, Regions Bank with 21.3 percent, and BankPlus with 11.7 percent market share. WFBNA operates 4 branches and 5 ATMs in the AA.

Demographic Data

Gulfport MSA AA

The following table provides a summary of the demographics that includes housing and business information for the Gulfport MSA AA. Table A indicates that the volume of population and OOUs is very small in low-income CTs and over 38 percent of families in the AA are LMI. The area's median housing value in the Gulfport MSA AA is 2.6 times the area's MFI, but 3.2 times moderate-, and 5.2 times low-income, indicating a limited proportion of OOUs are affordable to LMI. Median rents and the high percentage of families below poverty level suggest rental housing is also unaffordable for many low-income residents.

Table A – Demographic Information of the Assessment Area

Assessment Area: Gulfport-Biloxi-Pascagoula MS MSA (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	80	5.0	22.5	53.8	17.5	1.3
Population by Geography	370,702	2.8	13.9	62.0	21.4	0.0
Housing Units by Geography	158,026	2.8	15.9	60.8	20.5	0.0
Owner-Occupied Units by Geography	92,181	2.1	12.4	60.2	25.3	0.0
Occupied Rental Units by Geography	39,764	3.6	21.8	62.0	12.6	0.0
Vacant Units by Geography	26,081	3.7	19.1	61.3	16.0	0.0
Businesses by Geography	20,019	3.5	20.3	54.6	21.5	0.1
Farms by Geography	416	1.0	12.7	60.8	25.5	0.0
Family Distribution by Income Level	92,171	21.8	17.1	20.4	40.7	0.0
Household Distribution by Income Level	131,945	23.8	16.5	18.1	41.6	0.0
Median Family Income MSA - 25060 Gulfport-Biloxi-Pascagoula, MS MSA		$54,001	Median Housing Value			$139,797
			Median Gross Rent			$838
			Families Below Poverty Level			11.9%

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

According to the April 2018 Moody's Analytics report, Gulfport's economy is struggling. Manufacturing is improving and house prices are rising more quickly, but the labor market is struggling. After holding steady in 2017, payroll employment is slipping, recently falling below its year-ago level. The largest economic sectors for employment are Defense, Tourism, and Manufacturing. Major area employers include the Huntington Ingalls Industries, Keesler Air Force Base, and the Naval Construction Battalion Center. Manufacturers halted layoffs as production rebounded. With the jobless rate near its prerecession low, wages in Gulfport are rising, but the lack of job creation is holding

income growth below the state and U.S. averages. More activity at the Huntington Ingalls shipyard in Gulfport will pave the way for renewed, albeit modest job creation in short order. Newly enacted tax cuts put more disposable income into the pockets of consumers in the South, favorably impacting travel and tourism though some tax savings will be affected by higher gasoline prices.

Home sales are down sharply, and low inventories, due in part to a lack of new single-family construction, are fueling faster house price appreciation. According to the U.S. BLS, the unemployment rate in the second quarter of 2018 was 4.9 percent, down from 8.7 percent at the beginning of the evaluation period. The MSA unemployment rate is higher than the overall State of Mississippi at 4.3 percent for the same period.

Community Contacts

The analysis takes into consideration comments provided by two community contacts that serve the bank's Gulfport MSA AA. One of the two community contacts represents a local government Economic Development Agency in the AA. The other community contact is a CDFI that supports economic development in the AA including small business development along with providing community services to LMI families in the AA.

The economic development agency serves the city of Pascagoula and Jackson County in the AA. The community contact stated that economic conditions are fair in the AA. The strong military presence (Keesler Air Force Base) stabilizes the AA economy. Employment opportunities are available in Gulfport from various industries including manufacturing, military, healthcare, and gaming.

The community contact also mentioned there is a need for more participation from banks with community development projects and in addressing the credit needs of small businesses. The vast majority of small business clients of the agency are a long way from being fundable, as most have serious credit challenges including low credit scores, collateral deficiencies, no down payment, and lack of assets.

The community contact from the CDFI in the AA mentioned that given the growth of the Hispanic community, Spanish translators would be helpful, especially as many of these individuals are open small businesses. Micro lending for small businesses would also be helpful along with smaller dollar loans to assist small businesses with starting a business. Affordable housing is also a challenge. While there are several non-profits assisting in this area, the contact works with several of those and knows affordable housing continues to be an ongoing issue for LMI families in the AA.

Considering the information from the community contacts and bank management as well as demographic and economic data, affordable housing and small business loans represent a primary credit need for the Gulfport MSA AA. Opportunity exists to originate these types of loans throughout the AA; however, it is limited in the low-income geographies as reflected by the small proportion of population, OOUs, and small businesses coupled with limited home affordability for LMI individuals.

Demographic Data

Jackson MSA AA

The following table provides a summary of the demographics that includes housing and business information for the Jackson MSA AA. Table A indicates that the volume of OOUs is small in low-

income CTs and 40 percent of families in the AA are LMI. The area's median housing value in the Jackson MSA AA is 2.2 times the area's median income, but 2.8 times moderate-, and 4.5 times low-income, indicating a limited proportion of OOUs are affordable to low-income individuals. Median rents and the very high percentage of families below poverty level suggest rental housing is also unaffordable for many low-income residents.

Table A – Demographic Information of the Assessment Area

Assessment Area: Jackson MS MSA (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	129	16.3	20.2	38.0	25.6	0.0
Population by Geography	567,122	11.1	17.6	43.3	28.0	0.0
Housing Units by Geography	229,887	11.3	18.2	42.6	27.9	0.0
Owner-Occupied Units by Geography	138,681	5.9	15.3	44.8	34.1	0.0
Occupied Rental Units by Geography	65,260	20.0	20.9	40.3	18.8	0.0
Vacant Units by Geography	25,946	18.5	27.0	37.2	17.3	0.0
Businesses by Geography	39,193	11.4	13.8	40.7	34.1	0.0
Farms by Geography	1,244	4.0	14.8	48.2	33.0	0.0
Family Distribution by Income Level	139,589	23.7	16.3	18.1	41.9	0.0
Household Distribution by Income Level	203,941	25.5	15.5	16.6	42.5	0.0
Median Family Income MSA - 27140 Jackson, MS MSA		$54,643	Median Housing Value			$122,105
			Median Gross Rent			$742
			Families Below Poverty Level			14.2%

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

According to the April 2018 Moody's Analytics report, Jackson's economy is stable. After impressively expanding in late 2017, job gains have cooled in 2018 and year-ago growth has slipped below Mississippi and U.S. averages. Weakness in the large public sector and cooling in private services, especially business/professional services and education/ healthcare, are to blame for a loss of momentum despite solid gains in manufacturing and construction. Increased output at the Nissan production facility in Jackson will help auto factory payrolls expand modestly this year and next. Demand is strong for the light trucks and SUVs that Nissan produces in Jackson. Moody's reports that the strengthening of national auto sales will allow for more activity at Nissan, but substantial job gains will be hard to come by given the contraction in government and weak and worsening migration trends. Net migration turned negative in 2012 and the loss of nearly 3,000 residents in 2017 was the largest on record dating back to 1991. Educational attainment is close to the U.S. average, but with only 25 percent of jobs created in Jackson in this decade in mid- and high-wage industries, compared with 60 percent nationally, there has been an outflow of skilled workers.

Tepid wage income gains are preventing meaningful progress in the housing market. Home sales are near a multi-decade low, and prices and housing starts are lower than a year ago. Major employers include the University of Mississippi Medical Center, Merit Health, and Nissan. According to the U.S. BLS, the unemployment rate in the second quarter of 2018 was 3.9 percent, down from 7.7 percent at

the beginning of the evaluation period. The MSA unemployment rate is lower than the overall State of Mississippi at 4.3 percent for the same period.

Community Contacts

The analysis takes into consideration comments provided by two existing community contacts pertaining to the Jackson MSA AA in conjunction with this evaluation. The contacts represent a government housing agency and an economic development organization serving the Jackson area.

The housing agency contact indicated that most people commute to work but live outside the City of Jackson. The contact stated the area is predominantly LMI minority individuals though government, education, and healthcare make a strong economic foundation. The housing agency has a housing initiative for young professionals such as teachers, police, etc. as well as an initiative for facade improvement on local businesses as part of opportunities for participation by local financial institutions.

The economic development agency works to recruit new business to the state and retain and expand existing Mississippi industry and business. The agency also provides technical assistance to the state's entrepreneurs and small businessmen and women and oversees programs that support Mississippi's minority and women-owned businesses in addition to promoting local tourism. The contact discussed improving economic conditions in Jackson, including an increase in construction and particularly the suburbs surrounding Jackson. The contact noted blighted areas in West Jackson as well as other subdivisions in addition to barriers to accessing credit for entrepreneurs and small business owners. Barriers to small business credit include nonpayment of bills, inability to repay loan, low credit scores/credit issues, and the lack of a viable business model/plan, collateral and business experience. The contact feels banks focus on the entrepreneur ready for a loan, not those working to get to that point citing a need for financial education, credit counseling, and a microloan program to assist entrepreneurs and small business owners. Also, the contact stated as bankers are not entrepreneurs, there is a need for engagement and understanding on behalf of the bankers and opportunities for banks to be more involved in entrepreneurship education and training for entrepreneurs.

Considering the information from the community contact and bank management as well as demographic and economic data, affordable housing and small business loans represent a primary credit need for the Jackson MSA AA. Opportunity exists to originate these types of loans throughout the AA; however, it is limited in the low-income geographies as reflected by the small proportion of OOUs and small businesses coupled with limited home affordability for LMI individuals.

Scope of Evaluation in Mississippi

The rating for the State of Mississippi is primarily based on FS evaluations of the bank’s performance in the Gulfport MSA and Jackson MSA AAs; however, performance in each AA was considered. Conclusions where a LS review affected the CRA Rating for the state are addressed within their respective tests. LS procedures were performed for the Hattiesburg MSA AA. A small portion of the bank’s overall lending, investments, and services were conducted in Mississippi; therefore, the performance in Mississippi received less weight in determining the bank’s overall CRA Rating.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN MISSISSIPPI

LENDING TEST

The bank's performance under the Lending Test in Mississippi is rated High Satisfactory.

Conclusions for Areas Receiving FS Reviews

Based on FS reviews, including the data in the tables below and consideration of performance context discussed in the lending test, the bank's performance in both the Gulfport MSA and Jackson MSA AAs is good.

Lending Activity

Based on the tables below, lending levels reflect excellent responsiveness to the credit needs in its AAs taking into account the number and amount of home mortgage, small business, small farm, and CD loans originated or purchased relative to its capacity based on deposits, competition, and market presence.

Number of Loans*							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	%State Loans	%State Deposits
Gulfport MSA	5,742	1,604	50	3	7,399	31.2	38.7
Hattiesburg MSA	2,424	604	43	5	3,076	13.0	17.5
Jackson MSA	11,050	2,066	85	11	13,212	55.8	43.8
Total	19,216	4,274	178	19	23,687	100.0	100.0

*The tables present the data for all assessment areas. The narrative below addresses performance in FS areas only.

Dollar Volume of Loans (000's)*							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	%State* Loans	%State Deposits
Gulfport MSA	$902,567	$83,840	$761	$3,686	$990,854	26.2	38.7
Hattiesburg MSA	$493,393	$39,030	$2,586	$12,983	$547,992	14.5	17.5
Jackson MSA	$2,090,128	$103,499	$4,015	$38,874	$2,236,516	59.3	43.8
Total	$3,486,088	$226,369	$7,362	$55,543	$3,775,362	100.0	100.0

*The tables present the data for all assessment areas. The narrative below addresses performance in FS areas only.

Gulfport MSA AA

WFBNA ranked eighth in deposits with 4.8 percent market share in the AA. In overall HMDA lending, WFBNA ranked second with 5.4 percent market share. There is strong competition as reflected by the 255 lenders and 15 depository institutions in the AA. The top first and third lenders in terms of market share were the Keesler Federal Credit Union with 6.0 percent market share and Quicken Family with 4.8 percent market share.

In small loans to businesses, WFBNA ranked tenth with a market share of 3.5 percent. There is strong competition reflected by the 83 lenders in the AA. The top three lenders in terms of market share were American Express with 17.9 percent, Hancock Whitney Bank with 13.6 percent, and Lake Forest Bank and Trust with 9.2 percent.

Jackson MSA AA

WFBNA ranked ninth in deposits with 2.2 percent market share in the AA. In overall HMDA lending, WFBNA ranked second with 8.5 percent market share. There is strong competition as reflected by the 282 lenders and 28 depository institutions in the AA. The first and third lenders are Trustmark National Bank with 12.5 percent market share and Bankplus with 7.5 percent market share.

In small loans to businesses, WFBNA ranked twelfth with a market share of 2.2 percent. There is also strong competition as reflected by the 85 lenders in the AA. The top three lenders are American Express with 22.3 percent market share, Trustmark National Bank with 9.3 percent, and Capital One Bank with 7.5 percent.

Distribution of Loans by Income Level of the Geography

The bank exhibits an adequate geographic distribution of loans in the Gulfport MSA AA and a poor geographic distribution of loans in the Jackson MSA AA.

Gulfport MSA AA

Home Mortgage Loans

Refer to Table O in the State of Mississippi section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is adequate.

- The bank's performance in 2012-2016 for home mortgage loans in low-income geographies is well below the aggregate distribution of loans and significantly below the proportion of OOUs in those geographies.
- The proportion of loans in moderate-income geographies is below the aggregate distribution of loans and is significantly below the proportion of OOUs in those geographies.
- The bank's performance in 2017-2018 is good and significantly exceeds the performance in 2012-2016. Therefore, the bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is upgraded from poor to adequate.

Small Loans to Businesses

Refer to Table Q in the State of Mississippi section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is excellent.

- For both 2012-2016 and 2017-2018 periods, the bank's performance for small business loans in low-income geographies exceeds the aggregate distribution of loans and is near to the proportion of businesses located in those geographies.

- The proportion of loans in moderate-income geographies substantially meets the aggregate distribution of loans and exceeds the proportion of businesses located in those geographies.

Jackson MSA AA

Home Mortgage Loans

Refer to Table O in the State of Mississippi section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is poor.

- The bank's performance in both 2012-2016 and 2017-2018 periods for home mortgage loans in low-income geographies is significantly below both the aggregate distribution of loans and the proportion of OOUs in those geographies.
- The proportion of loans in moderate-income geographies is below the aggregate distribution of loans and is significantly below the proportion of OOUs in those geographies.

Small Loans to Businesses

Refer to Table Q in the State of Mississippi section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is good.

- For both 2012-2016 and 2017-2018 periods, the bank's performance for small business loans in LMI geographies exceeds the aggregate distribution of loans and is below the proportion of businesses located in those geographies.

Distribution of Loans by Income Level of the Borrower

The bank exhibits a good distribution of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the institution.

Gulfport MSA AA

Home Mortgage Loans

Refer to Table P in the State of Mississippi section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases. Based on the data in Table P, the bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is good.

- There are homeownership affordability hurdles in the AA especially for LMI borrowers. As noted above, the area's median housing value is 5.2 times the income of low-income and 3.2 times the income of moderate-income borrowers, indicating a limited proportion of OOUs are affordable to LMI borrowers. Despite affordability challenges, the bank's overall home mortgage lending to LMI borrowers in 2012-2016 substantially meets the aggregate distribution of loans.

- The bank's overall home mortgage lending to low-income borrowers is significantly below the proportion of families and to moderate-income borrowers is below the proportion of families.
- Based on the bank's performance in 2017-2018, the bank's home mortgage lending is slightly below the performance in 2012-2016.

Small Loans to Businesses

Refer to Table R in the State of Mississippi section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is good.

- For both 2012-2016 and 2017-2018 periods, the bank's distribution of small loans to businesses with revenues of $1 million or less exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is below the percentage of small businesses located in the AA.

Jackson MSA AA

Home Mortgage Loans

Refer to Table P in the State of Mississippi section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is adequate.

- There are homeownership affordability hurdles in the AA especially for LMI borrowers. As noted above, the area's median housing value is 4.5 times the income of low-income and 2.8 times the income of moderate-income borrowers indicating a limited proportion of OOUs affordable to LMI borrowers. Because of the affordability challenges, the bank's performance in 2012-2016 to low-income borrowers is below the aggregate lending and is significantly below the proportion of families.
- The bank's overall home mortgage lending to moderate-income borrowers substantially meets the aggregate lending and is below the proportion of families.
- The bank's performance in 2017-2018 is poor and significantly below the performance in 2012-2016. Therefore, the bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is downgraded from good to adequate.

Small Loans to Businesses

Refer to Table R in the State of Mississippi section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is good.

- For both 2012-2016 and 2017-2018 periods, the bank's distribution of small loans to businesses with revenues of $1 million or less exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is below the percentage of small businesses located in the AA.

Community Development Lending

The institution has made a relatively high level of CD loans.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

Gulfport MSA AA

The level of CD lending in the Gulfport MSA AA is adequate. WFBNA made three CD loans in its AA for a total of $3.7 million, which represents 12.2 percent of tier 1 capital. While the dollar volume was excellent, the number of CD loans was considered minimal and none of the CD loans addressed small businesses which is an identified credit need in the AA. CD lending performance has a neutral impact on the lending test rating. The loans were responsive to the identified need for affordable housing.

Examples of CD loans in the AA include:

- In June 2013, WFBNA provided a $17.9 million line of credit to a Tax Credit Investment Fund. Of that total, $969,464 was allocated to an affordable housing project located in Pass Christian, MS. The loan proceeds were used to bridge the gap between the receipt of capital contributions from investors and the payment of equity investments to operating partnerships that own LIHTC projects.
- In July 2018, WFBNA provided a $3.5 million loan for a 108-unit housing complex located in Long Beach, MS, of which $1.3 million (39.8 percent) qualifies and is reflective of the proportional amount of below fair-market rent affordable housing.

Jackson MSA AA

The level of CD lending in the Jackson MSA AA is excellent. WFBNA made 11 CD loans in its AA for a total of $38.9 million, which represents 113.7 percent of tier 1 capital. CD lending performance has a significant positive impact on the lending test rating. The institution makes significant use of innovative and/or complex CD loans that involved many complex projects where the bank often acted in a leadership role. Ten of the 11 CD loans totaling $38.9 million (99.9 percent) were for the purpose of affordable housing which is a critical need in the AA. The bank provided one CD loan for the primary purpose of providing community services to LMI individuals. None of the CD loans addressed small businesses which is an identified credit needs in the AA.

Examples of CD loans in the AA include:

- In July 2013, WFBNA provided a $4.4 million loan extension for a multifamily housing development located in Ridgeland, MS consisting of 84 one-bedroom units, and 96 two-bedroom units, with 75 percent of the units restricted to tenants earning between 60 percent and 80 percent of the area MFI.
- In February 2016, WFBNA provided a $6 million extension loan for the construction of a 50-unit LIHTC affordable housing development located in Jackson, MS with 98 percent of the units

restricted to tenants earning 60 percent of the area MFI with one manager's unit. This development consists of 50 three-bedroom townhomes.

Product Innovation and Flexibility

Gulfport MSA AA

The institution makes limited use of innovative and/or flexible lending practices in order to serve AA credit needs. Under the *your*FirstMortgage loan program the bank has funded 11 loans totaling $883,000 to LMI homebuyers that qualified under this program. Refer to the comments in the institution Innovative or Flexible Lending Programs section of this public evaluation for additional details regarding this program.

Jackson MSA AA

The institution makes limited use of innovative and/or flexible lending practices in order to serve AA credit needs. Under the *your*FirstMortgage loan program the bank has funded 9 loans totaling $1.3million to LMI homebuyers that qualified under this program. Refer to the comments in the institution Innovative or Flexible Lending Programs section of this public evaluation for additional details regarding this program.

Conclusions for Area Receiving a LS Review

Based on a LS review, the bank's performance under the Lending Test in the Hattiesburg MSA AA is consistent with the bank's overall good performance under the Lending Test in the FS areas.

Refer to Tables O through T in the State of Mississippi section of appendix D for the facts and data that support these conclusions.

INVESTMENT TEST

The bank's performance under the Investment Test in the State of Mississippi is rated Outstanding.

Conclusions for Areas Receiving FS Reviews

Based on FS reviews, including the data in the table below and consideration of performance context discussed in the investment test, the bank's performance in the Gulfport MSA and Jackson MSA AAs is excellent.

Qualified Investments										
	Prior Period*		Current Period		Total				Unfunded Commitments**	
Assessment Area	#	$(000's)	#	$(000's)	#	% of Total #	$(000's)	% of Total $	#	$(000's)
Gulfport MSA	3	$2,256	55	$1,957	58	49.2	$4,213	18.1		
Hattiesburg MSA	1	$936	18	$10,624	19	16.1	$11,560	49.7		
Jackson MSA	1	$587	40	$6,901	41	34.7	$7,488	32.2		

Total	5	$3,779	113	$19,482	118	100.0	$23,261	100.0		

* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.
** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Gulfport MSA AA

The institution has an excellent level of qualified CD investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 14.0 percent of tier 1 capital allocated to the AA.

The investments and grants reflect good responsiveness to the needs identified in the AA including affordable housing, community services, and revitalization/stabilization for LMI individuals and geographies. Over 96.7 percent of the bank's CD investments focused on affordable housing which is an identified credit need in the AA. Additionally, the bank provided 53 grants totaling $367,425 to a variety of organizations that primarily support affordable housing, community services, and revitalization/stabilization.

The institution occasionally uses innovative and/or complex investments to support CD initiatives. CD Investments involved one complex project where the bank acted in a leadership role with participations from federal, state, and local housing agencies and real estate developers. Additionally, the bank purchased one government mortgage-backed security for the CD Investment portfolio.

Examples of CD investments in the AA include:

- In November 2018, WFBNA invested $32.5 million in an LIHTC fund. Of this total investment, $1.5 million was allocated to a development located in Gulfport, Mississippi, with 80 units restricted to tenants earning less than 60 percent of the area MFI. The 19 housing units reported are 23 percent of the total number of LMI units and reflective of Wells Fargo's percentage of the fund's investment into the property. This investment is responsive to the need for affordable housing.
- During the exam timeframe, WFBNA provided a $110,000 grant to a local housing organization through the PMP for affordable housing in the Gulfport MSA AA. Refer to the comments in the institution Community Development Initiatives section of this public evaluation for additional details regarding this program.

Jackson MSA AA

The institution has an excellent level of qualified CD investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 21.9 percent of tier 1 capital allocated to the AA.

The investments and grants reflect excellent responsiveness to the needs identified in the AA including affordable housing and community services for LMI individuals and geographies. Over 91.9 percent of the bank's CD investments focused on affordable housing which is an identified credit need in the AA. Additionally, the bank provided 35 grants totaling $1.3 million to a variety of organizations that primarily support affordable housing and community services.

The institution makes significant use of innovative and/or complex investments to support CD initiatives in this AA. CD investments involved several complex LIHTC projects where the bank acted in a

leadership role with participations from federal, state, and local housing agencies and real estate developers. Additionally, the bank purchased one government mortgage-backed security for the CD Investment portfolio.

Examples of CD investments in the AA include:

- In October 2017, WFBNA invested $20.0 million in an LIHTC fund. Of this total investment, $1.6 million was allocated to a development located in Jackson, Mississippi, with 24 units restricted to tenants earning no more than 60 percent of the area MFI. This investment is responsive to the need for affordable housing.
- In December 2018, WFBNA provided a $1.1 million grant to an organization that primarily works to strengthen communities, build assets, and improve lives in economically distressed areas in the Jackson MSA AA by providing access to high quality financial products and related services.
- During the exam timeframe, WFBNA provided three grants totaling $2.6 million to several small business organizations through the Small Business DCC Program benefiting the broader state of Mississippi including the Jackson MSA AA. Refer to the comments in the institution Innovative or Flexible Lending Programs section of this public evaluation for additional details regarding this program.

Conclusions for Area Receiving a LS Review

Based on a LS review, the bank's performance under the Investment Test in the Hattiesburg MSA AA is consistent with the bank's overall excellent performance in the Investment Test in the FS areas.

SERVICE TEST

The bank's performance under the Service Test in Mississippi is rated High Satisfactory

Conclusions for Areas Receiving FS Reviews

Based on FS reviews, including the data in the tables below and consideration of performance context discussed in the service test, the bank's performance in the Gulfport MSA AA is good and performance in the Jackson MSA AA is adequate.

Retail Banking Services

Service delivery systems are accessible to geographies and individuals of different income levels in the institution's AAs, particularly LMI geographies and/or individuals.

Distribution of Branch Delivery System											
Assessment Area	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)*				% of Population within Each Geography*			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Gulfport MSA	38.7	5	45.4	0.0	20.0	60.0	20.0	5.8	13.7	55.4	24.9
Hattiesburg MSA	17.5	2	18.2	50.0	0.0	0.0	50.0	11.7	11.1	50.9	26.3
Jackson MSA	43.9	4	36.4	0.0	25.0	50.0	25.0	9.9	26.8	31.7	30.7

* May not add up to 100 percent due to geographies with unknown tract income level and rounding.

Distribution of Branch Openings/Closings						
Assessment Area	# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)			
			Low	Mod	Mid	Upper
Gulfport MSA	0	1	0	0	-1	0
Hattiesburg MSA	0	0	0	0	0	0
Jackson MSA	0	0	0	0	0	0

Gulfport MSA AA

As of December 31, 2018, WFBNA operates five branches and five ATMs in the Gulfport MSA AA. All branches are full-service locations. There are no branches in a low-income geography and one branch in a moderate-income geography. The branch distribution in low-income geographies is significantly below the percentage of the population in low-income geographies and branch distribution in moderate-income geographies significantly exceeds the percentage of the population in moderate-income CTs in the AA. When considering an additional two branches within close proximity to LMI geographies, the bank's distribution improves and exceeds demographics.

The institution's opening and closing of branches have not affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank closed one branch located in middle-income geography.

Services and, where appropriate, business hours do not vary in a way that inconveniences the various portions of the AA, particularly LMI geographies and/or individuals. Generally, branches are open Monday through Friday from 9:00 am to 5:00 pm. One of the five branches is also open on Saturdays from 9:00 am to 1:00 pm. All WFBNA services are available at all branches and all delivery systems discussed bank-wide are available in this AA.

Jackson MSA AA

As of December 31, 2018, WFBNA operates four branches and five ATMs in the Jackson, MS MSA AA. Of these branches all are full-service locations. There are no branches in a low-income geography and one branch in a moderate-income geography. The branch distribution in low-income geographies is significantly below the percentage of the population in low-income geographies and branch distribution in moderate-income geographies approximates the percentage of the population in moderate-income CTs in the AA. When considering an additional branch within close proximity to LMI geographies, the bank's distribution is near to demographics.

The bank did not close any branches during the evaluation period. Therefore, the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals, has not been affected.

Services and, where appropriate, business hours do not vary in a way that inconveniences the various portions of the AA, particularly LMI geographies and/or individuals. All branches are open Monday through Thursday from 9:00 am to 5:00 pm. Two branches are open on Fridays from 9:00 am to 5:30 pm, and two are open from 9:00 am to 6:00 pm. One of the four branches are also open on Saturdays from 9:00 am to 1:00 pm. All WFBNA services are available at all branches and all delivery systems discussed bank-wide are available in this AA.

Community Development Services

The institution provides an adequate level of CD services.

Gulfport MSA AA

The level of CD services in the Gulfport MSA AA is adequate. Bank records show that employees provided their financial or job-specific expertise and/or technical assistance for 26 CD service activities to 10 organizations since the last evaluation, logging a total of 57 qualified hours within this AA. All of the bank's assistance was to organizations that provide community services to LMI individuals and families. The following are examples of CD services provided in this AA:

- Two WFBNA team members provided 45 hours of financial education at an institution where 96 percent of the students qualify for the federal FRL program.
- Five WFBNA team members provided 12 hours of financial education at an institution where 100 percent of its clients are LMI families or individuals, earning less than 80 percent of the area MFI.

Jackson MSA AA

The level of CD services in the Jackson MSA AA is adequate. Bank records show that employees provided their financial or job-specific expertise and/or technical assistance for 14 CD service activities to seven organizations since the last evaluation, logging a total of 44 qualified hours within this AA. All of the bank's assistance was to organizations that provide community services to LMI individuals and families. The following is an example of a CD service provided in this AA:

- Four WFBNA team members provided 16 hours of financial education at an institute of learning where the free/reduced lunch program participation rate is 83.1 percent.

Conclusions for Area Receiving a LS Review

Based on a LS review, the bank's performance under the Service Test in the Hattiesburg MSA AA is consistent with the bank's overall performance under the Service Test in the FS areas.

State Rating

State of Montana

CRA rating for the State of Montana[35]: Satisfactory
The Lending Test is rated: High Satisfactory
The Investment Test is rated: Needs to Improve
The Service Test is rated: Outstanding

The major factors that support this rating include:

- Excellent lending activity;
- Good geographic distribution of loans;
- Good borrower distribution of loans;
- Adequate level of CD loans;
- WFBNA's use of flexible products has a neutral impact on the Lending Test;
- Performance in the LS AAs negatively impacted the Investment Test to Needs to Improve;
- Retail delivery systems are readily accessible to all portions of the AA;
- Adequate CD services; and
- Performance in the LS AAs elevated the Service Test to Outstanding.

Description of Institution's Operations in Montana

WFBNA delineated four AAs within Montana including the Billings, MT MSA (Billings MSA AA); Great Falls, MT MSA (Great Falls MSA AA); Missoula, MT MSA (Missoula MSA AA); and MT Combined non-metropolitan (MT Combined NonMetro AA). The Billings MSA and MT Combined NonMetro AAs received FS reviews. Refer to Appendix A for a complete description of each AA. The two areas accounted for the largest portion of the lending (82 percent) and deposits (80 percent) amongst the AAs in Montana. Montana represents the 31st largest rated area by deposits. WFBNA has $2.9 billion deposits representing 0.2 percent of adjusted deposits. WFBNA operates 34 branches and 53 ATMs within Montana, representing 0.6 percent of the bank's branches and 0.4 percent of the bank's ATMs. The bank originated and purchased $6.6 billion in loans or 0.4 percent of total reported loan originations and purchases during the evaluation period. The bank's primary loan products in the Montana rated area are home mortgage and loans to small businesses.

<u>Billings MSA AA</u>

WFBNA has $716 million deposits in the Billings MSA AA and ranked third amongst 11 financial institutions with 14.6 percent market share. The first and second largest banks in the MSA were First Interstate Bank with a market share of 26.0 percent and U.S. Bank with a 21.6 percent market share. WFBNA operates 5 branches and 11 ATMs in the AA.

<u>MT Combined NonMetro AA</u>

WFBNA has $1.6 billion deposits in the MT Combined NonMetro AA

[35] This rating reflects performance within the state. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan statistical area.

and ranked second amongst 38 financial institutions with 13.5 percent market share. The largest bank in the MSA was Glacier Bank with a market share of 25.0 percent. WFBNA operates 23 branches and 30 ATMs in the AA.

Demographic Data

Billings MSA AA

The following table provides a summary of the demographics that includes housing and business information for the Billings MSA AA. Table A shows a very small proportion of tracts and population are low-income. The volume of OOUs is even smaller in the low-income tracts and over 37 percent of families in the AA are LMI. The area's median housing value in the Billings MSA AA is 2.8 times the MSA median income, but 3.5 times moderate-, and 5.7 times low-income, indicating a limited proportion of OOUs are affordable to LMI. Median rents and the significant percentage of families below poverty level suggest rental housing is also unaffordable for many low-income residents.

Table A – Demographic Information of the Assessment Area

Assessment Area: Billings MT MSA (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	38	2.6	13.2	68.4	15.8	0.0
Population by Geography	158,934	2.4	12.1	66.7	18.8	0.0
Housing Units by Geography	69,200	2.8	12.7	68.5	16.0	0.0
Owner-Occupied Units by Geography	45,276	1.0	9.5	69.5	20.0	0.0
Occupied Rental Units by Geography	18,953	6.2	20.6	64.6	8.6	0.0
Vacant Units by Geography	4,971	6.5	12.1	73.2	8.1	0.0
Businesses by Geography	13,028	3.1	10.3	72.3	14.3	0.0
Farms by Geography	775	1.0	9.3	74.2	15.5	0.0
Family Distribution by Income Level	41,047	19.2	18.3	23.4	39.2	0.0
Household Distribution by Income Level	64,229	23.0	16.8	19.1	41.1	0.0
Median Family Income MSA - 13740 Billings, MT MSA		$61,572	Median Housing Value			$174,689
			Median Gross Rent			$669
			Families Below Poverty Level			7.9%

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

According to the July 2018 Moody's Analytics report, The Billings economy is stagnant. Area job growth remains behind the state's pace and is even farther behind other areas in the West. The economy is driven by tourism, medical centers, and energy & resources. Billings serves as an access point to Yellowstone National Park where visitor counts remain up. Within the MSA tourism is the leading job creator, however, most of these jobs are low paying leisure/hospitality positions. The largest employment sectors are Education and Health Services, Leisure and Hospitality Services and Retail

Trade. Major employers in Billings include Billings Clinic, St. Vincent Healthcare, and Stillwater Mining Co.

The area has seen steady population growth and favorable migration patterns. The share of the population over 65 is above average in Billings and expected to grow as retirees are drawn to the area for its scenery and affordable housing. Billings' share of seniors is increasing demand for healthcare employment. Additionally, the inflow of retirees is fueling household formation and in turn residential construction.

According to the U.S. BLS, the area unemployment rate was 3.5 percent down from 4.6 percent at the beginning of the evaluation period. The unemployment rate is comparable to the State of Montana at 3.3 percent during the same period.

Community Contacts

The analysis takes into consideration comments provided by a community contact with a Native American Development Corporation serving Billings and offering statewide programs as well.

The contact spoke of economic conditions in the Native American communities as distressed. Unemployment in these communities is significantly higher than the statewide average. Native communities are isolated, and lack infrastructure, economic opportunities and capital. Tribal leadership often focuses on addressing social issues and do not implement long term economic development strategies. The contact noted the large unbanked and underbanked population in Montana, which presents an opportunity for financial institutions. Low-income households have limited ability to access affordable small loans and banking accounts. There is a need for mortgage financing on the reservation. Per the contact, moderate- and middle-income households are often shut out of Indian Housing programs which typically serve low- and very low- income.

The contact noted that there are many opportunities for banks to engage and participate in community development activities including supporting financial education and literacy programs, investing in Native CDFIs, capitalizing revolving loan funds, and providing expertise and investment funding on CDFI endeavors. The contact mentioned WFBNA as being active in the community and specifically noted the bank's EQ2 investments. However, the contact felt that banks could do more, including more outreach with CDFIs and engaging native tribes.

Considering the information from the community contact and bank management as well as demographic and economic data, affordable housing and small business loans represent a primary credit need for the Billings MSA AA. Opportunity exists to originate these types of loans throughout the AA; however, it is limited in the low-income geographies as reflected by the small proportion of OOUs and small businesses coupled with limited home affordability for LMI individuals.

<u>MT Combined NonMetro AA</u>

The following table provides a summary of the demographics that includes housing and business information for the MT Combined NonMetro AA. Table A shows a very small proportion of tracts and population are low-income. The volume of OOUs is nonexistent in the low-income tracts and over 35 percent of families in the AA are LMI. The area's median housing value in the MT Combined MSA AA is 3.6 times the MSA median income, but 4.5 times moderate-, and 7.3 times low-income, indicating a

limited proportion of OOUs are affordable to LMI. Median rents and the significant percentage of families below poverty level suggest rental housing is also unaffordable for many low-income residents.

Table A – Demographic Information of the Assessment Area

Assessment Area: MT Combined Non-Metros (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	132	1.5	14.4	62.1	20.5	1.5
Population by Geography	479,734	1.2	13.0	65.1	20.5	0.1
Housing Units by Geography	230,150	0.7	14.0	66.1	19.1	0.0
Owner-Occupied Units by Geography	135,078	0.1	10.2	66.7	23.0	0.0
Occupied Rental Units by Geography	58,831	1.9	19.5	62.5	16.1	0.0
Vacant Units by Geography	36,241	0.7	19.5	70.1	9.7	0.0
Businesses by Geography	43,763	0.3	13.4	63.5	22.8	0.0
Farms by Geography	4,398	0.3	12.8	74.8	12.1	0.0
Family Distribution by Income Level	124,532	18.7	17.2	21.3	42.8	0.0
Household Distribution by Income Level	193,909	22.0	16.0	18.5	43.5	0.0
Median Family Income Non-MSAs - MT		$54,061	Median Housing Value			$196,539
			Median Gross Rent			$651
			Families Below Poverty Level			9.3%

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

According to the July 2018 Moody's Analytics report, Montana's economy has cooled. Area job growth has not kept pace with the region, however, wage growth has advanced faster than the U.S. overall due in part to a favorable unemployment rate. The State of Montana unemployment rate dipped below four percent in 2018, the first time in this expansion phase. The area economy is driven by agriculture, tourism, and energy & resources. Steady visitor counts to Montana's tourist attractions have driven job gains in tourism and favorable macroeconomic trends will drive consistent growth in the coming years. Montana's farm economy on the other hand, faces uncertainty due to low cattle prices and trade tensions. In addition, farm incomes have dropped to a multiyear low due to droughts and forest fires that have weighed on farm output.

Flathead County is by far the largest county in the AA with a population of just over 100 thousand. The principal city in the county is Kalispell. Per the Kalispell Chamber of Commerce, healthcare is the county's largest industry. The Flathead Valley is also a year-round tourist destination which helps drive the area economy. The area is also home to hundreds of manufacturing and technology companies.

Home price appreciation has also been on the rise. State budget cuts will likely have a negative impact on the economy over the next couple of years, prompted by lower than expected income tax revenues, and a recent fire season was expensive, impacting the state's reserve funds. The state is projected to be one of the slowest-growth economies through the next decade. Top employers include various hospitals and clinics, University of Montana, Malmstrom Air Force Company, and Montana Air National Guard. According to the U.S. BLS, the unemployment rates for July 2018 in the following counties range from

a low of 1.6 percent (Fallon County) to a high of 5.8 percent (Mineral County) while the overall state average was 3.3 percent during the same period.

Community Contacts

The analysis takes into consideration comments provided by two community contacts pertaining to the AA in conjunction with this evaluation. The first contact was held with a statewide organization that serves the institution's AA, with a focus on affordable housing, including housing education, second lien mortgages, new construction, affordable rental development, and housing assistance. The second contact was with a community organization knowledgeable about local business conditions.

The contact stated that while entry level and lower-paying jobs are available to residents, he noted a lack of higher-wage jobs, and indicated that affordable housing is a need in the AA. He also discussed challenges related to qualification for government homebuyer programs, which sometimes require property improvements that result in affordability challenges for low-income borrowers. The contact stated that they also work with banks to facilitate first lien home mortgage loans for their clients. While they also receive sufficient donations from banks, they would like to see a better understanding of products and services that they offer, which could in turn lead to more referrals by banks.

According to the second contact, economic conditions continue to improve after the recent economic downturn. The largest opportunity for financial institutions is centered in loans to small business owners, startup companies, and farm operations. The contact stated that local banks adequately provide financing opportunities to stimulate economic growth and promote emerging businesses within the surrounding areas. The contact did not identify any significant unmet needs, although he stated that the area understandably lacks certain financing options, such as venture capital resources. The contact also stated that local financial institutions are actively meeting the needs of the community and adequately provide financing opportunities to stimulate economic growth. The representative indicated that his experiences with lending institutions in the AA have been positive. Area financial institutions act as stewards of the community and are very supportive in community development activities.

Considering the information from the community contacts and bank management as well as demographic and economic data, affordable housing loans and small business lending represent a primary credit need in the AA. Opportunity exists to originate these types of loans throughout the AA; however, it is limited in the low-income geographies as reflected by the small proportion of tracts, population, OOUs, and small businesses coupled with limited home affordability for LMI individuals.

Scope of Evaluation in Montana

The rating for the State of Montana is primarily based on FS evaluations of the bank's performance in the Billings MSA and MT Combined NonMetro AAs; however, performance in each AA was considered. Conclusions where a LS review affected the CRA Rating for the state are addressed within their respective tests. LS procedures were performed for the Great Falls MSA and Missoula MSA AAs. A limited portion of the bank's overall lending, investments, and services were conducted in Montana; therefore, the performance in Montana received less weight in determining the bank's overall CRA Rating.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN MONTANA

LENDING TEST

The bank's performance under the Lending Test in Montana is rated High Satisfactory.

Conclusions for Areas Receiving FS Reviews

Based on FS reviews, including the data in the tables below and consideration of performance context discussed in the lending test, the bank's performance in the Billings and MT Combined NonMetro AAs is good.

Lending Activity

Based on the tables below, lending levels reflect excellent responsiveness to the credit needs in its AAs taking into account the number and amount of home mortgage, small business, small farm, and CD loans originated or purchased relative to its capacity based on deposits, competition, and market presence.

Number of Loans*							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	%State Loans	%State Deposits
Billings MSA	5,874	2,499	272	3	8,648	19.7	25.0
Great Falls MSA	2,987	1,357	113	3	4,460	10.2	10.1
Missoula MSA	2,814	1,218	34	0	4,066	9.3	9.5
MT Combined NonMetro	16,916	7,925	1,801	6	26,648	60.8	55.4
Total	28,591	12,999	2,220	12	43,822	100.0	100.0

*The tables present the data for all assessment areas. The narrative below addresses performance in FS areas only.

Dollar Volume of Loans (000's)*							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	%State* Loans	%State Deposits
Billings MSA	$1,084,707	$139,769	$31,568	$10,169	$1,266,213	19.1	25.0
Great Falls MSA	$468,595	$84,441	$7,183	$858	$561,077	8.4	10.1
Missoula MSA	$608,887	$45,962	$1,125	$0	$655,974	9.9	9.5
MT Combined NonMetro	$3,555,687	$421,638	$177,535	$4,629	$4,159,489	62.6	55.4
Total	$5,717,876	$691,810	$217,411	$15,656	$6,642,753	100.0	100.0

*The tables present the data for all assessment areas. The narrative below addresses performance in FS areas only.

Billings MSA AA

WFBNA ranked third in deposits with 14.6 percent market share in the AA. In overall HMDA lending, WFBNA ranked second with 8.6 percent market share. There is strong competition as reflected by the

149 lenders and 11 depository institutions in the AA. The top lender in this market was Stockman Bank of Montana with 11.3 percent market share.

In small loans to businesses, WFBNA ranked seventh out of 66 lenders with a market share of 7.2 percent. The top lender was American Express with a market share of 15.6 percent.

MT Combined NonMetro AA

WFBNA ranked second in deposits with 13.5 percent market share in the AA. In overall HMDA lending, WFBNA ranked first with 10.3 percent market share. There is strong competition as reflected by the 275 lenders and 38 depository institutions in the AA. The second and third top lenders in this market were Glacier Bank with 7.7 percent market share and First Interstate Bank with 6.4 percent market share.

In small loans to businesses, WFBNA ranked fifth out of 99 lenders with a market share of 8.2 percent. The top lender was American Express with a market share of 18.2 percent.

Distribution of Loans by Income Level of the Geography

The bank exhibits a good geographic distribution of loans in its AAs.

Billings MSA AA

Home Mortgage Loans

Refer to Table O in the State of Montana section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is good.

- The bank's performance in both periods, 2012-2016 and 2017-2018, for home mortgage loans in low-income geographies is below the aggregate distribution of loans and exceeds the proportion of OOUs in those geographies. Less weight was given to the bank's performance in low-income geographies due to the very small volume of tract, population, OOUs, and lending in low-income geographies. Our assessment placed more weight on the bank's performance in moderate-income tracts.
- The proportion of loans in moderate-income geographies exceeds the aggregate distribution of loans and is below the proportion of OOUs in those geographies.

Small Loans to Businesses

Refer to Table Q in the State of Montana section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is good.

- The bank's performance in both periods, 2012-2016 and 2017-2018, for small business loans in low-income geographies is well below the aggregate performance and is below the proportion of businesses located in those geographies.

- The combined proportion of the bank's small business loans in moderate-income geographies exceeds both the aggregate distribution of loans and the proportion of businesses located in those geographies.

MT Combined NonMetro AA

Home Mortgage Loans

Refer to Table O in the State of Montana section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is good.

- The bank's performance in both periods, 2012-2016 and 2017-2018, for home mortgage loans in low-income geographies is below the aggregate distribution of loans and exceeds the proportion of OOUs in those geographies. Less weight was given to the bank's performance in low-income geographies due to the very small volume of tract, population, OOUs, and lending in low-income geographies. Our assessment placed more weight on the bank's performance in moderate-income tracts.
- The proportion of loans in moderate-income geographies substantially meets the aggregate distribution of loans and is below the proportion of OOUs in those geographies.

Small Loans to Businesses

Refer to Table Q in the State of Montana section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is excellent.

- The bank's performance in both periods, 2012-2016 and 2017-2018, for small business loans in LMI geographies exceeds the aggregate performance located in those geographies.
- The combined proportion of the bank's small business loans in low-income geographies is below the proportion of businesses and in moderate-income geographies exceeds the proportion of businesses located in those geographies.

Distribution of Loans by Income Level of the Borrower

The bank exhibits a good distribution of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the institution.

Billings MSA AA

Home Mortgage Loans

Refer to Table P in the State of Montana section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is good.

- The Billings MSA AA has homeownership affordability hurdles especially for LMI borrowers. As noted above, the area's median housing value is 5.7 times the income of low-income and 3.5 times the income of moderate-income borrowers indicating a limited proportion of OOUs affordable to LMI. Despite the affordability challenges, the bank's overall home mortgage lending in 2012-2016 to LMI borrowers substantially meets the aggregate distribution of loans.
- The bank's overall home mortgage lending to low-income borrowers is below the proportion of families and to moderate-income borrowers is near to the proportion of families.
- Based on the bank's performance in 2017-2018, the bank's home mortgage lending is higher than the combined performance in 2012-2016.

Small Loans to Businesses

Refer to Table R in the State of Montana section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is good.

- For both 2012-2016 and 2017-2018 periods, the bank's distribution of small loans to businesses with revenues of $1 million or less exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is below the percentage of small businesses located in the AA.

<u>MT Combined NonMetro AA</u>

Home Mortgage Loans

Refer to Table P in the State of Montana section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is good.

- The MT Combined NonMetro AA has homeownership affordability hurdles especially for LMI borrowers. As noted above, the area's median housing value is 6 times the income of low-income and 3.7 times the income of moderate-income borrowers indicating a limited proportion of OOUs are affordable to LMI. Despite the affordability challenges, the bank's overall home mortgage lending in both periods, 2012-2016 and 2017-2018, to LMI borrowers exceeds the aggregate distribution of loans.
- The bank's overall home mortgage lending to low-income borrowers is significantly below the proportion of families and to moderate-income borrowers is below the proportion of families.

Small Loans to Businesses

Refer to Table R in the State of Montana section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is good.

- For both 2012-2016 and 2017-2018 periods, the bank's distribution of small loans to businesses with revenues of $1 million or less exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is below the percentage of small businesses located in the AA.

Community Development Lending

The institution has made a low level of CD loans.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

Billings MSA AA

The level of CD lending in the Billings MSA AA is adequate. WFBNA made three CD loans in its AA for a total of $10.2 million, which represents 12.6 percent of tier 1 capital. While the dollar volume was excellent, the number of CD loans was considered minimal given the 6-year timeframe. CD lending performance has a neutral impact on the lending test rating. The bank made 2 CD loans totaling $9.8 million (96 percent) for the purpose of affordable housing which is critical needs in the AA. Additionally, the bank extended one CD loans for the primary purpose of providing community services to LMI individuals.

Examples of CD loans in the AA include:

- In November 2013, WFBNA provided a $2.5 million loan for a 62-unit LIHTC affordable housing development located in a moderate-income tract in Billings. All units are affordable to households earning less than 60 percent of the area MFI.
- In March 2017 WFBNA provided a $7.3 million loan for a 112-unit affordable housing development located in a middle-income tract in Billings. The property is encumbered by a Section 8 HAP contract which expires in 2027. All units are restricted to tenants earning less than 60 percent of the area MFI.

MT Combined NonMetro AA

The level of CD lending in the MT NonMetro AA is poor. WFBNA made six CD loans in its AA for a total of $4.6 million, which represents 2.6 percent of tier 1 capital. CD lending performance has a neutral impact on the lending test rating. Five loans totaling approximately $4.5 million (97.8 percent) addressed affordable housing which is an identified credit needs in the AA.

Examples of CD loans in the AA include:

- In May 2016, WFBNA provided a loan for a 72-unit multifamily mixed income apartment development in a moderate-income tract in Bozeman, MT of which 33 units are affordable. The allocated loan amount of $2.5 million is reflective of the proportion of units that are affordable (45.8 percent) to tenants earning 80 percent or less of the area MFI.
- In October 2013, WFBNA renewed a $100,000 working capital line of credit for a federally qualified healthcare center providing services in underserved communities.

Product Innovation and Flexibility

Billings MSA AA

The institution makes limited use of innovative and/or flexible lending practices in order to serve AA credit needs. Under the *your*FirstMortgage loan program the bank has funded 8 loans totaling $1.2 million to LMI homebuyers that qualified under this program. Refer to the comments in the institution Innovative or Flexible Lending Programs section of this performance evaluation for additional details regarding this program.

MT Combined NonMetro AA

The institution makes limited use of innovative and/or flexible lending practices in order to serve AA credit needs. Under the *your*FirstMortgage loan program the bank has funded 46 loans totaling $5.3 million to LMI homebuyers that qualified under this program. Refer to the comments in the institution Innovative or Flexible Lending Programs section of this performance evaluation for additional details regarding this program.

Conclusions for Areas Receiving LS Reviews

Based on LS reviews, the bank's performance under the Lending Test in the Great Falls MSA and Missoula MSA AAs is consistent with the bank's overall good performance under the Lending Test in the FS areas.

Refer to Tables O through T in the State of Montana section of appendix D for the facts and data that support these conclusions.

INVESTMENT TEST

The bank's performance under the Investment Test in the State of Montana is rated Needs to Improve.

Conclusions for Areas Receiving FS Reviews

Based on FS reviews, including the data in the table below and consideration of performance context discussed in the investment test, the bank's performance in the Billings MSA and MT Combined NonMetro AAs is adequate.

Qualified Investments										
	Prior Period*		Current Period		Total				Unfunded Commitments**	
Assessment Area	#	$(000's)	#	$(000's)	#	% of Total #	$(000's)	% of Total $	#	$(000's)
Billings MSA	9	$19,432	35	$910	44	26.0	$20,342	57.8		
Great Falls MSA	0	$0	30	$448	30	17.8	$448	1.3		

Missoula MSA	0	$0	38	$281	38	22.5	$281	0.8		
MT Combined NonMetro	10	$6,000	47	$8,096	57	33.7	$14,096	40.1		
Total	19	$25,432	150	$9,735	169	100.0	$35,167	100.0		

* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.
** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Billings MSA AA

The institution has an adequate level of qualified CD investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors. Although the current and prior period investments dollar volume represents 25.3 percent of tier 1 capital allocated to the AA, a substantial majority of the bank's CD investments are from prior period.

The investments and grants reflect adequate responsiveness to the needs identified in the AA including affordable housing, community services, economic development, and revitalization/stabilization for LMI individuals and geographies. The bank has invested $1.7 million focused on affordable housing which is an identified credit need in the AA. Additionally, the bank provided 32 grants totaling $367,425 to a variety of organizations that primarily support affordable housing, community services, and economic development.

The institution occasionally uses innovative and/or complex investments to support CD initiatives. CD Investments involved one complex project where the bank acted in a leadership role with participations from federal, state, and local housing agencies and real estate developers. Additionally, the bank purchased several government mortgage-backed securities for the CD Investment portfolio.

Example of a CD investment in the AA includes:

- In June 2015, WFBNA provided a $12.7 million investment in a government single-family mortgage backed security. The investment amount reported of $401,315 represents the allocation of several property addresses from the pool of mortgages under this transaction. This government agency was chartered by Congress in 1970 with a public mission to stabilize the nation's residential mortgage markets and expand opportunities for homeownership and affordable rental housing. Their statutory mission is to provide liquidity, stability and affordability to the U.S. housing market.

MT Combined NonMetro AA

The institution has an adequate level of qualified CD investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 7.9 percent of tier 1 capital allocated to the AA.

The investments and grants reflect adequate responsiveness to the needs identified in the AA including affordable housing and community services for LMI individuals and geographies. Virtually all of the bank's CD investments focused on affordable housing which is an identified credit need in the AA.

Additionally, the bank provided 31 grants totaling $252,325 to a variety of organizations that primarily support affordable housing and community services.

The institution rarely uses innovative and/or complex investments to support CD initiatives. CD Investments involved one complex LIHTC project where the bank acted in a leadership role with participations from federal, state, and local housing agencies and real estate developers. Additionally, the bank purchased numerous government mortgage-backed securities for the CD Investment portfolio.

Examples of CD investments in the AA include:

- In March 2015, WFBNA invested $30 million in an LIHTC fund. Of this total investment, $5.5 million was allocated to a development located in Sidney, Montana, with 36 units restricted to tenants earning no more than 60 percent of the area MFI. This investment is responsive to the need for affordable housing.
- During the exam timeframe, WFBNA provided a $300,000 grant to a local small business organization through the Small Business DCC Program benefiting the broader state of Montana including the MT Combined NonMetro AA. Refer to the comments in the institution Innovative or Flexible Lending Programs section of this public evaluation for additional details regarding this program.

Conclusions for Areas Receiving LS Reviews

Based on LS reviews, the bank's performance under the Investment Test in the Great Falls MSA and Missoula MSA AAs is weaker than the bank's overall adequate performance in the Investment Test in the FS areas due to a lower volume of CD investments. Performances differences in both LS AAs did impact the overall Investment Test rating for the State of Montana. As such, the bank's overall Investment Test rating for the State of Montana was downgraded to poor.

SERVICE TEST

The bank's performance under the Service Test in Montana is rated Outstanding.

Conclusions for Areas Receiving FS Reviews

Based on FS reviews, including the data in the tables below and consideration of performance context discussed in the service test, the bank's performance in the Billings MSA AA is excellent and performance in the MT Combined NonMetro AA is good.

Retail Banking Services

Service delivery systems are readily accessible to geographies and individuals of different income levels in the institution's AAs.

Distribution of Branch Delivery System											
Assessment Area	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				% of Population within Each Geography*			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Billings MSA	25.0	5	14.7	0.0	60.0	20.0	20.0	2.6	21.3	59.1	16.9
Great Falls MSA	10.1	3	8.8	0.0	66.7	33.3	0.0	0.0	18.0	55.7	26.2
Missoula MSA	9.5	3	8.8	33.3	0.0	66.7	0.0	1.9	17.6	63.0	17.5
MT Combined NonMetro	55.4	23	68.7	4.3	13.0	69.6	13.0	3.5	13.0	57.6	25.7

* May not add up to 100 percent due to geographies with unknown tract income level and rounding.

Distribution of Branch Openings/Closings						
Assessment Area	# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)			
			Low	Mod	Mid	Upper
Billings MSA	1	1	0	0	0	0
Great Falls MSA	0	2	0	-1	0	-1
Missoula MSA	0	0	0	0	0	0
MT Combined NonMetro	0	6	0	-1	-5	0

Billings MSA AA

As of December 31, 2018, WFBNA operates five branches and 11 ATMs in the Billings MSA AA. All of these branches are full-service locations. There are no branches in low-income geographies and three branches in moderate-income geographies. The branch distribution in low-income geographies is significantly below the percentage of population in low-income and branch distribution in moderate-income geographies significantly exceeds the percentage of the population in moderate-income CTs in the AA. When considering an additional branch within close proximity to LMI geographies, the bank's branch distribution further exceeds demographics.

The institution's opening and closing of branches have not affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank closed, one branch and also opened one branch within middle-income geographies during the evaluation period.

Services and, where appropriate, business hours do not vary in a way that inconveniences the various portions of the AA, particularly LMI geographies and/or individuals. Generally, branches are open Monday through Friday from 9:00 am to 5:00 pm. All five branches are also open on Saturday from 9:00 am to 2:00 pm. All WFBNA services are available at all branches and all delivery systems discussed bank-wide are available in this AA.

MT Combined NonMetro AA

As of December 31, 2018, WFBNA operates 23 branches and 30 ATMs in the MT NonMetro AA. All of these branches are full-service locations. There is one branch in a low-income geography and three branches in moderate-income geographies. The branch distribution in low-income geographies exceeds the percentage of the population in low-income geographies and branch distribution in moderate-income geographies approximates the percentage of the population in moderate-income CTs in the AA. When considering an additional three branches within close proximity to LMI geographies, the bank's branch distribution further exceeds demographics.

The institution's opening and closing of branches have not affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank closed one branch within a moderate-income geography during the evaluation period. The closure of the branch in a moderate-income geography did not negatively impact the distribution of branches relative to the population residing in that geography.

Services and, where appropriate, business hours do not vary in a way that inconveniences the various portions of the AA, particularly LMI geographies and/or individuals. Generally, branches are open Monday through Friday from 9:00 am to 5:00 pm. Six of the 23 branches are also open on Saturdays. Three branches are open from 9:00 am to 1:00 pm, two are open from 9:00 am to 12:00, and one is open from 9:00 am to 3:00 pm. All WFBNA services are available at all branches and all delivery systems discussed bank-wide are available in this AA.

Community Development Services

The institution provides an adequate level of CD services.

Billings MSA AA

The level of CD services in the Billings MSA AA is good. Bank records show that employees provided their financial or job-specific expertise and/or technical assistance for 33 CD service activities to nine organizations since the last evaluation, logging a total of 85 qualified hours within this AA. The majority of the bank's assistance was to organizations that provide affordable housing to LMI individuals and families which is responsive to identified needs in the AA. Other activities targeted community service (25 percent), and economic development (21 percent). The following are examples of CD services provided in this AA:

- One WFBNA team member provided 43 hours of Board service at an organization where 100 percent of its clients are LMI families and individuals. This organization is a nonprofit housing organization that works in partnership with people in need to build decent, affordable housing. The houses are sold to those in need at no profit and with no interest charged.
- One WFBNA team member provided 15 hours of financial education and technical expertise at an organization with the purpose of Community Development. This organization is dedicated to educating entrepreneurs and helping small businesses start, grow, and succeed nationwide. It is a resource partner with the SBA and has been mentoring small business owners for more than forty years.

MT Combined NonMetro AA

The level of CD services in the MT Combined NonMetro AA is adequate. Bank records show that employees provided their financial or job-specific expertise and/or technical assistance for 15 CD service activities to seven organizations since the last evaluation, logging a total of 78 qualified hours within this AA, all of which were targeted to assisting organizations that provide community services to LMI individuals and families. The following are examples of CD services provided in this AA:

- Two WFBNA team members provided 37 hours of technical assistance at an organization where 100 percent of its clients are LMI families and individuals. These clients earn less than 80 percent of the area MFI. The organization is a local affiliate of a global organization that utilizes community-led solutions to identify and resolve community concerns with a primary focus on education, financial stability, and health.
- One WFBNA team member provided 16 hours of technical assistance at an organization consisting of a nonprofit network of interfaith institutions that work together to end homelessness. The organization strives to empower homeless families with children to achieve self-sufficiency through partnerships, services, and advocacy.

Conclusions for Areas Receiving LS Reviews

Based on LS reviews, the bank's performance under the Service Test in the Great Falls MSA and Missoula MSA AAs is stronger than the bank's overall good performance under the Service Test in the FS areas due to a higher percentage of branch distribution in LMI geographies. Performances differences in both LS AAs did impact the overall Service Test rating for the State of Montana. As such, the bank's overall Service Test rating for the State of Montana was upgraded to Outstanding.

State Rating

State of Nebraska

CRA rating for the State of (Nebraska)[36]: Outstanding
The Lending Test is rated: Outstanding
The Investment Test is rated: High Satisfactory
The Service Test is rated: Outstanding

The major factors that support this rating include:

- Excellent lending activity;
- Good geographic distribution of loans;
- Excellent borrower distribution of loans;
- Good level of CD loans, which has a positive impact on the Lending Test;
- WFBNA's use of flexible products has a neutral impact on the Lending Test;
- Good level of CD investments that are responsive to AA needs;
- Retail delivery systems are readily accessible to all portions of the AA; and
- WFBNA is a leader in providing CD services that are responsive to the needs of the bank's AA.

Description of Institution's Operations in Nebraska

WFBNA delineated three AAs within Nebraska including the Lincoln, NE MSA (Lincoln MSA AA), NE Combined non-metropolitans AA (NE Combined NonMetro AA), and Grand Island, NE MSA (Grand Island MSA AA). The Lincoln MSA and NE Combined NonMetro AAs received FS reviews. The two areas accounted for the largest portion of the lending (90 percent) and deposits (84 percent) amongst the AAs in Nebraska. Refer to Appendix A for a complete description of each AA. Nebraska represents the 36th largest rated area by deposits. WFBNA has $2.2 billion of deposits representing 0.2 percent of adjusted deposit. WFBNA operates 20 branches and 39 ATMs within Nebraska, representing 0.4 percent of the bank's branches and 0.3 percent of the bank's ATMs. The bank originated and purchased approximately $3.2 billion in loans or 0.2 percent of total reported loan originations and purchases during the evaluation period. The bank's primary loan products in Nebraska are home mortgage and small loans to businesses.

<u>Lincoln MSA AA</u>

Within the Lincoln MSA AA, the bank had $1.2 billion deposits and ranked second amongst 28 financial institutions in the market with 14.8 percent market share. Union Bank and Trust ranked first with a market share of 22.8 percent. WFBNA operates 8 branches and 20 ATMs in the AA.

<u>NE Combined NonMetro AA</u>

Within the NE Combined NonMetro AA, the bank had $632 million deposits and ranked second amongst 58 financial institutions in the market with a 9.0 percent market share. First National Bank of

[36] This rating reflects performance within the state. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan statistical area.

Omaha ranked first with a market share of 10.9 percent. WFBNA operates 10 branches and 14 ATMs in the AA.

Demographic Data

Lincoln MSA AA

The following table provides a summary of the demographics that includes housing and business information for the Lincoln MSA AA. Table A shows that the volume of OOUs is small in the low-income tracts and over 37 percent of families in the AA are LMI. The area's median housing value in the Lincoln MSA AA is 2.2 times the MSA median income, but 2.7 times moderate-, and 4.4 times low-income, indicating a limited proportion of OOUs are affordable to LMI. Median rents and the significant percentage of families below poverty level suggest rental housing is also unaffordable for many low-income residents.

Table A – Demographic Information of the Assessment Area

Assessment Area: Lincoln NE MSA (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	78	12.8	19.2	34.6	29.5	3.8
Population by Geography	302,157	11.3	17.9	40.3	30.0	0.5
Housing Units by Geography	126,042	11.5	19.5	41.0	28.0	0.0
Owner-Occupied Units by Geography	74,177	4.6	13.1	44.3	37.9	0.0
Occupied Rental Units by Geography	44,150	21.5	28.8	36.7	13.0	0.0
Vacant Units by Geography	7,715	20.1	28.2	33.2	18.4	0.0
Businesses by Geography	19,163	7.5	22.2	35.9	33.9	0.5
Farms by Geography	1,059	1.6	6.0	41.6	50.7	0.0
Family Distribution by Income Level	73,828	19.1	18.2	23.6	39.1	0.0
Household Distribution by Income Level	118,327	23.9	16.6	18.7	40.8	0.0
Median Family Income MSA - 30700 Lincoln, NE MSA		$66,851	Median Housing Value			$146,094
			Median Gross Rent			$663
			Families Below Poverty Level			7.5%

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

According to the June 2018 Moody's Analytics report, Lincoln has entered the late-cycle phase of its expansion, but there are no signs that the economy is overheating. With the jobless rate at its lowest since 2000, at about 2.5 percent, the tight labor market has suppressed total payroll growth too decidedly below the U.S. average as businesses struggle to find new candidates. However, some industries including construction, retail trade and financial activities have managed to sustain stronger job gains. Wage pressures have yet to develop; average hourly earnings growth lags well behind the national pace.

The University of Nebraska will continue to anchor Lincoln's economy. Directly employing nearly 5 percent of the workforce, the university is the metro area's largest employer. Its indirect effects on the

labor market are much larger. Student enrollment has grown more than 13 percent in the past 10 years to a new high, but state funding is an impediment to further hiring and enrollment growth. The university's operating budget for fiscal 2018-2019 is virtually unchanged from the previous year despite increasing costs. Moreover, in response to an initial shortfall, the university was forced to cut a modest number of jobs and some program spending. Without the spending cuts, tuition would have risen by 8 percent, which would have almost certainly suppressed enrollment growth. Future state appropriations will play a critical role in keeping the student body, and a vital part of Lincoln's economy, growing.

As wage growth rebounds and disposable incomes rise through the end of the year, the Lincoln consumer will power hiring in consumer-driven industries such as retail trade and leisure/hospitality. The credit environment in Lincoln is healthy, with delinquency rates well below those of the state and the nation and recently reaching an all-time low. Stronger wage pressures will spur more consumer spending and hiring in consumer industries, but labor scarcity could be a headwind to widespread job gains in these industries.

The outlook for the housing market looks favorably as multifamily construction will cool in the medium term from its robust pace in recent years as demand is satiated, while the single-family market will remain on the upswing. Demand for single-family housing is ramping up faster than construction, as evidenced by house prices that are rising at about 8 percent on an annual basis. As single-family construction ramps up to meet demand, house prices will rise at a more moderate rate and single-family housing will become less overvalued. Construction has been one of Lincoln's fastest-growing industries.

The largest employers in the Lincoln MSA include the University of Nebraska, Bryan LGH Medical Center, and B&R stores. According to the U.S BLS, the unemployment rate for the 2nd quarter of 2018 was 2.5 percent and has decreased from 3.6 percent at the beginning of the evaluation period. The unemployment rate in the AA was lower than the overall state at 3.0 percent during the same period.

Community Contacts

The analysis takes into consideration comments provided by three community contacts that serve the Lincoln MSA AA. The contacts included representatives from a housing organization and a community-based development organization.

The contact from the housing organization stated they provide affordable housing to the residents of Lincoln, Nebraska. The contact indicated that there is a need for affordable housing development. According to the contact, there have not been any low-income housing developments in Lincoln since 2010. There is a need for banks to participate in affordable housing development. The only subsidy available comes from low-income tax credit program. There is a new community development initiative for the South Downtown area. They are seeking support for the community foundation in order to fund these projects. The East downtown area lost several older apartment complexes that provided LMI housing. These units were either replaced by retail and newer housing not designed for LMI individuals or the lot sits empty waiting for new development.

The housing organization is a home builder and mortgage lender for those in the community that would not qualify for a mortgage at a bank and takes on mortgages that would be too risky for a bank. Money for homes is generated from their retail store as well as from payments on previous mortgages, and via donations from participating banks. The program requires 100 percent capital up front; however, the organization does not charge any interest on their homes as their primary goal is to be able to provide an affordable mortgage to those who qualify for assistance. The organization serves Lancaster County,

which is within the city limits of Lincoln. The contact indicated that they have established good working relationships with some of the financial institutions in the community. These institutions have supported affordable housing initiatives. The contact believes their relationships with the institutions are strong and plans to reach out to others for donations, grants, etc.

The community based organization is a community development group located in North Platte, NE that is geared mostly towards tobacco and substance abuse individuals and groups. All of the operations are funded through grants (both local and federal). Employment is North Platte is currently pretty shallow, especially working as a non-profit organization it is hard to find those wanting to work compared to a salary job. Overall, lots of employers throughout the community are having difficulty with staffing due to the community's population shrinking (last census recording the North Platte Population decreasing by 800). The community is also rather homogenous, not very diverse. However, there are progressive individuals in the community that are looking for a better balance in housing and community growth. The contact indicated that there are lots of opportunities for local financial institutions to become involved in community development activities.

Considering the information from the community contacts and bank management as well as demographic and economic data, affordable housing represent a primary credit need for the Lincoln MSA AA. Opportunity exists to originate these types of loans throughout the AA; however, it is limited in the low-income geographies as reflected by the small proportion of OOUs and small businesses coupled with limited home affordability for LMI individuals.

NE Combined NonMetro AA

The following table provides a summary of the demographics that includes housing and business information for the NE Combined NonMetro AA. Table A indicates that there are no low-income CTs and over 34 percent of families in the AA are LMI. The area's median housing value in the NE Combined NonMetro AA is 2 times the area's median income, but 2.4 times moderate-, and 3.8 times low-income, indicating a limited proportion of OOUs are affordable to low-income families. Median rents and the high percentage of families below poverty level suggest rental housing is also unaffordable for many low-income residents.

Table A – Demographic Information of the Assessment Area

Assessment Area: NE Combined Non-Metros (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	53	0.0	9.4	67.9	22.6	0.0
Population by Geography	203,918	0.0	7.2	68.5	24.3	0.0
Housing Units by Geography	90,345	0.0	7.1	70.0	22.9	0.0
Owner-Occupied Units by Geography	56,159	0.0	4.4	70.7	24.8	0.0
Occupied Rental Units by Geography	25,397	0.0	13.0	66.5	20.5	0.0
Vacant Units by Geography	8,789	0.0	7.1	75.2	17.7	0.0
Businesses by Geography	14,485	0.0	7.4	69.1	23.5	0.0
Farms by Geography	2,705	0.0	1.6	73.9	24.4	0.0
Family Distribution by Income Level	53,584	17.0	17.3	23.0	42.7	0.0
Household Distribution by Income Level	81,556	22.2	15.9	18.2	43.6	0.0
Median Family Income Non-MSAs - NE		$54,221	Median Housing Value			$103,668

		Median Gross Rent	$568
		Families Below Poverty Level	8.0%

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

According to the June 2018 Moody's Analytics report, Nebraska has entered the late-cycle phase of its expansion. An uptick in work-force participation is helping to fuel stronger labor force growth, enabling businesses to step up their pace of net hiring. Although Nebraska has a high concentration of jobs in finance and insurance, professional/business services will be the primary catalyst for growth in office-using employment in eastern Nebraska through the decade's end. On top of cheap office space and commercial electricity, Nebraska has generous tax incentives specific to tech investments that are a big plus for energy-hungry data centers.

Nebraska benefits from above average population growth and net migration. The area's housing affordability in relation to the West Coast makes Nebraska an attractive destination for workers and business investment. According to the U.S. BLS, the unemployment rate as of June 2018 for the following counties range from a low of 2.2 percent (Buffalo County) to a high of 3.2 percent (Adams County) while the state average is 3.0 percent during the same period. All of the counties' unemployment rates have decreased slightly from the start of the evaluation period.

Community Contacts

The analysis takes into consideration comments provided by a community contact that serves the bank's NE Combined NonMetro AA. The community contacts represent a community-based development organization that serves the city of North Platte and Lincoln County.

The contact stated that the organization provides support to local businesses through marketing and support programs. Furthermore, the corporation supports economic development programs through business support and other incentive programs. The corporation owns a business park that is used to support local businesses. Primary source of funding is from membership. The community is always in need of housing development to improve the quality of low-income housing. Additionally, there are a number of downtown revitalization projects. One of these projects in particular includes a former movie theater that is being renovated for use as a movie theater/playhouse. There is also a backpack program that provides food for low-income children. All of these community development programs are opportunities for bank involvement.

Considering the information from the community contacts and bank management as well as demographic and economic data, affordable housing represent primary credit needs for the NE Combined NonMetro AA. Opportunity exists to originate these types of loans throughout the AA including moderate-income areas.

Scope of Evaluation in Nebraska

The rating for the State of Nebraska is primarily based on FS evaluations of the bank's performance in the Lincoln MSA and NE Combined NonMetro AAs; however, performance in each AA was

considered. Conclusions where a LS review affected the CRA Rating for the state are addressed within their respective tests. LS procedures were performed for the Grand Island MSA AA. A limited portion of the bank's overall lending, investments, and services were conducted in Nebraska; therefore, the performance in Nebraska received less weight in determining the bank's overall CRA Rating.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN NEBRASKA

LENDING TEST

The bank's performance under the Lending Test in Nebraska is rated Outstanding.

Conclusions for Areas Receiving FS Reviews

Based on FS reviews, including the data in the tables below and consideration of performance context discussed in the lending test, the bank's performance in both FS AAs is excellent.

Lending Activity

Based on the tables below, lending levels reflect excellent responsiveness to the credit needs in its AAs taking into account the number and amount of home mortgage, small business, small farm, and CD loans originated or purchased relative to its capacity based on deposits, competition, and market presence.

Number of Loans*							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	%State Loans	%State Deposits
Lincoln NE MSA	12,111	3,413	86	12	15,622	60.0	55.4
NE Combined NonMetro	4,279	2,100	1,438	18	7,835	30.1	28.9
Grand Island MSA	1,749	664	165	2	2,580	9.9	15.7
Total	18,139	6,177	1,689	32	26,037	100.0	100.0

*The tables present the data for all assessment areas. The narrative below addresses performance in FS areas only.

Dollar Volume of Loans (000's)*							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	%State* Loans	%State Deposits
Lincoln NE MSA	$1,845,293	$210,486	$5,834	$12,327	$2,073,940	64.0	55.4
NE Combined NonMetro	$505,049	$184,437	$203,749	$19,446	$912,681	28.1	28.9
Grand Island MSA	$191,694	$39,384	$21,553	$3,547	$256,178	7.9	15.7
Total	$2,542,036	$434,307	$231,136	$35,320	$3,242,799	100.0	100.0

*The tables present the data for all assessment areas. The narrative below addresses performance in FS areas only.

Lincoln MSA AA

WFBNA ranked second in deposits with 14.8 percent market share in the AA. In overall HMDA lending, WFBNA ranked first with 8.6 percent market share. There is strong competition as reflected by the 237 lenders and 28 depository institutions in the AA. The 2nd and 3rd top lenders in this market were US Bancorp with a 7.7 percent market share and Lincoln FSB with a 7.0 percent market share.

In small loans to businesses, WFBNA ranked eight with a market share of 5.3 percent. The top three lenders were Cornerstone Bank with an 11.5 percent market share, Pinnacle Bank with an 11.1 percent market share, and US Bank with a 9.1 percent market share.

NE Combined NonMetro AA

WFBNA ranked second in deposits with 9.0 percent market share in the AA. In overall HMDA lending, WFBNA ranked third with 8.6 percent market share. There is strong competition as reflected by the 188 lenders and 58 depository institutions in the AA. The top three lenders in this market were US Bancorp with a 12.0 percent market shares and First National Bank of Omaha with an 11.1 percent market share.

In small loans to businesses, WFBNA ranked fourth with a market share of 9.0 percent. The top three lenders were First National Bank of Omaha with a market share of 13.0 percent, US Bank with a market share of 10.8, and Capital One with a market share of 10.0 percent.

Distribution of Loans by Income Level of the Geography

The bank exhibits a good geographic distribution of loans in its AAs.

Lincoln MSA AA

Home Mortgage Loans

Refer to Table O in the State of Nebraska section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is good.

- The bank's performance in both periods, 2012-2016 and 2017-2018, for home mortgage loans in low-income geographies is below the aggregate distribution of loans and is well below the proportion of OOUs in those geographies.
- The proportion of loans in moderate-income geographies exceeds the aggregate distribution of loans and is near to the proportion of OOUs in those geographies.

Small Loans to Businesses

Refer to Table Q in the State of Nebraska section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is excellent.

- For 2012-2016, the combined proportion of the bank's small business loans in low-income geographies exceeds both the aggregate distribution of loans and the proportion of businesses located in those geographies.
- The proportion of loans in moderate-income geographies substantially meets the aggregate distribution of loans and is near to the proportion of businesses located in those geographies.
- Based on the bank's performance in 2017-2018, the bank's small business lending is slightly lower than the combined performance in 2012-2016.

NE Combined NonMetro AA

Home Mortgage Loans

Refer to Table O in the State of Nebraska section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is excellent.

- The AA contains no low-income tracts so our assessment focused on the bank's performance in moderate-income tracts.
- The proportion of loans in moderate-income geographies exceeds both the aggregate distribution of loans and the proportion of OOUs in those geographies.
- Based on the bank's performance in 2017-2018, the bank's home mortgage lending is slightly lower than the combined performance in 2012-2016.

Small Loans to Businesses

Refer to Table Q in the State of Nebraska section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is excellent.

- The AA contains no low-income tracts so our assessment focused on the bank's performance in moderate-income tracts.
- The proportion of loans in moderate-income geographies exceeds both the aggregate distribution of loans and the proportion of businesses in those geographies.
- Based on the bank's performance in 2017-2018, the bank's small business lending is slightly less than the combined performance in 2012-2016.

Distribution of Loans by Income Level of the Borrower

The bank exhibits excellent distribution of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the institution.

Lincoln MSA AA

Home Mortgage Loans

Refer to Table P in the State of Nebraska section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases. The bank's

overall borrower distribution of home mortgage loan originations and purchases for this evaluation is excellent.

- The Lincoln MSA AA has homeownership affordability hurdles especially for low-income borrowers. As noted above, the area's median housing value is 4.4 times the income of low-income borrowers indicating a limited proportion of OOUs are affordable to low-income borrowers. Despite the affordability challenges, the bank's overall home mortgage lending in both periods, 2012-2016 and 2017-2018, to LMI borrowers exceeds the aggregate distribution of loans.
- The bank's performance with low-income borrowers is well below the proportion of families and to moderate-income borrowers exceeds the proportion of families.

Small Loans to Businesses

Refer to Table R in the State of Nebraska section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is excellent.

- For 2012-2016 combined, the bank's distribution of small loans to businesses with revenues of $1 million or less exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is near to the percentage of small businesses located in the AA.
- Based on the bank's performance in 2017-2018, the bank's small business lending is slightly less than the combined performance in 2012-2016.

<u>NE Combined NonMetro AA</u>

Home Mortgage Loans

Refer to Table P in the State of Nebraska section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is excellent.

- The NE Combined NonMetro has homeownership affordability hurdles especially for low-income borrowers. As noted above, the area's median housing value is 3.8 times the income of low-income borrowers indicating a limited proportion of OOUs are affordable to low-income borrowers. Despite the affordability challenges, the bank's overall home mortgage lending in both periods, 2012-2016 and 2017-2018, to low-income borrowers substantially meets the aggregate distribution of loans and is well below the proportion of families.
- The bank's overall home mortgage lending to moderate-income borrowers exceeds the aggregate lending and is near to the proportion of families.

Small Loans to Businesses

Refer to Table R in the State of Nebraska section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is good.

- For 2012-2016 combined, the bank's distribution of small loans to businesses with revenues of $1 million or less exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is below the percentage of small businesses located in the AA.
- Based on the bank's performance in 2017-2018, the bank's small business lending is higher than the combined performance in 2012-2016.

Community Development Lending

The institution has made a relatively high level of CD loans.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

Lincoln MSA AA

The level of CD lending in the Lincoln MSA AA is good. WFBNA made 12 CD loans in its AA for a total of $12.3 million, which represents 9.1 percent of tier 1 capital. CD lending performance has a positive impact on the lending test rating. Only one CD loan totaling $3.4 million was responsive to the identified affordable housing needs in the AA. The bank also extended 11 CD loans totaling $9 million for the primary purpose of community services to LMI individuals.

Examples of CD loans in the AA include:

- In April 2016, WFBNA renewed a $1.3 million working capital line of credit to a nonprofit organization that was founded to help children and adults with developmental disabilities gain skills, knowledge, and experience to function better in society. All of its clients served are considered LMI individuals as they earn less than $54,320 annually (80 percent of the 2013 area MFI).
- In December 2013, WFBNA provided a $3.4 million loan for a 56-unit LIHTC in Lincoln, Nebraska. The development specified that 80 percent of the units restricted to tenants earning 60 percent of the area MFI and 20 percent of units restricted to tenants earning 20 percent of the area MFI. This development consists of 12 one-bedroom units, 16 two-bedroom units, and 28 three-bedroom units.

NE Combined NonMetro AA

The level of CD lending in the NE NonMetro AA is excellent. WFBNA made 18 CD loans in its AA for a total of $19.4 million, which represents over 27 percent of tier 1 capital. CD lending performance has a significant positive impact on the lending test rating. The institution makes significant use of innovative and/or complex CD loans and involved many complex projects where the bank often acted in a leadership role. The loans were responsive to the identified affordable housing needs in the AA. The bank made 14 loans totaling $18.2 million (93.8 percent) for the purpose of affordable housing which is an identified credit needs in the AA. Additionally, the bank extended 4 CD loans totaling $1.2 million for the primary purpose of community services to LMI individuals.

Examples of CD loans in the AA include:

- In August 2016, WFBNA provided an $80 million line of credit to a Tax Credit Investment Fund. Of that total, $2.7 million has been allocated to Eastside Estates, an affordable housing development located in Hastings, NE. The loan proceeds were used to bridge the gap between the receipt of capital contributions from investors and the payment of equity investments to operating partnerships that own LIHTC projects.
- In February 2015, WFBNA provided a $300,000 working capital line of credit to a non-profit organization that assists individuals with mental health and substance abuse. An estimated 95 percent of clients served are considered to be LMI individuals as they earn less than $45,600 annually (80 percent of the 2013 area MFI).

Product Innovation and Flexibility

Lincoln MSA AA

The institution makes limited use of innovative and/or flexible lending practices in order to serve AA credit needs. Under the *your*FirstMortgage loan program the bank has funded 60 loans totaling $7.8 million to LMI homebuyers that qualified under this program.

NE Combined NonMetro AA

The institution makes limited use of innovative and/or flexible lending practices in order to serve AA credit needs. Under the *your*FirstMortgage loan program the bank has funded 25 loans totaling $2.2 million to LMI homebuyers that qualified under this program.

Refer to the comments in the institution Innovative or Flexible Lending Programs section of this public evaluation for additional details regarding this program.

Conclusions for Area Receiving a LS Review

Based on a LS review, the bank's performance under the Lending Test in the Grand Island MSA AA is consistent with the bank's overall excellent performance under the Lending Test in the FS areas.

Refer to Tables O through T in the State of Nebraska section of appendix D for the facts and data that support these conclusions.

INVESTMENT TEST

The bank's performance under the Investment Test in the State of Nebraska is rated High Satisfactory.

Conclusions for Areas Receiving FS Reviews

Based on FS reviews, including the data in the table below and consideration of performance context discussed in the investment test, the bank's performance in the Lincoln MSA AA is good and performance in the NE Combined NonMetro AA is excellent.

Qualified Investments										
	Prior Period*		Current Period		Total				Unfunded Commitments**	
Assessment Area	#	$(000's)	#	$(000's)	#	% of Total #	$(000's)	% of Total $	#	$(000's)
Lincoln MSA	7	$3,574	39	$8,044	46	32.8	$11,618	13.6		
NE Combined NonMetro	7	$3,553	61	$59,870	68	48.6	$63,423	74.2		
Grand Island MSA	10	$3,660	16	$6,751	26	18.6	$10,411	12.2		
Total	24	$10,787	116	$74,665	140	100.0	$85,452	100.0		

* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.
** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Lincoln MSA AA

The institution has a significant level of qualified CD investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 8.6 percent of tier 1 capital allocated to the AA.

The investments and grants exhibit a good responsiveness to the needs identified in the AA including affordable housing and community services for LMI individuals and geographies. Over 96.9 percent of the bank's CD investments focused on affordable housing which is an identified credit need in the AA. Additionally, the bank provided 37 grants totaling $474,950 to a variety of organizations that primarily support affordable housing and community services.

The institution occasionally uses of innovative and/or complex investments to support CD initiatives. CD Investments involved two complex LIHTC projects where the bank often acted in a leadership role with participations from federal, state, and local housing agencies and real estate developers.

Examples of CD investments in the AA include:

- In December 2013, WFBNA invested $5.5 million for the construction of a 56-unit LIHTC affordable housing development located in Lincoln, Nebraska. Eighty percent of the units (45) are restricted to households earning 60 percent of the area MFI, 11 will be market rate. This activity is responsive to the identified need for affordable housing. WFBNA also demonstrated multi-faceted support by providing both the construction loan ($3.4 million) and equity investment in support of this affordable housing development.
- In October 2016, WFBNA invested $46.0 million in an LIHTC fund. Of this total investment, $2.1 million was allocated to a development located in Waverly, Nebraska, with 15 units restricted to tenants earning no more than 60 percent of the area MFI. This activity is responsive to the identified need for affordable housing.

NE Combined NonMetro AA

The institution has an excellent level of qualified CD investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 89.4 percent of tier 1 capital allocated to the AA.

The investments and grants reflect excellent responsiveness to the needs identified in the AA including affordable housing, community services, economic development, and revitalization/stabilization for LMI individuals and geographies. Over 60.5 percent of the bank's CD investments focused on affordable housing which is an identified credit need in the AA. Additionally, the bank provided 50 grants totaling $387,000 to a variety of organizations that primarily support affordable housing and community services.

The institution makes significant use of innovative and/or complex investments to support CD initiatives. CD Investments involved several complex LIHTC and NMTC projects where the bank often acted in a leadership role with participations from federal, state, and local housing agencies and real estate developers.

Example of a CD investment in the AA includes:

- In November 2017, WFBNA invested $45 million in an LIHTC fund. Of this total investment, $7 million was allocated to a development located in Nebraska, with 37 units restricted to tenants earning no more than 60 percent of the area MFI. This activity is responsive to the identified need for affordable housing.

Conclusions for Area Receiving a LS Review

Based on a LS review, the bank's performance under the Investment Test in the Grand Island MSA AA is stronger than the bank's overall good performance in the Investment Test in the FS areas due to a higher volume of CD investments. Performance differences in the LS AA did not impact the overall Investment Test rating for the State of Nebraska.

SERVICE TEST

The bank's performance under the Service Test in Nebraska is rated Outstanding.

Conclusions for Areas Receiving FS Reviews

Based on FS reviews, including the data in the tables below and consideration of performance context discussed in the service test, the bank's performance in both the Lincoln MSA and the NE Combined NonMetro AAs is excellent.

Retail Banking Services

Service delivery systems are readily accessible to geographies and individuals of different income levels in the institution's AAs.

Distribution of Branch Delivery System											
Assessment Area	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				% of Population within Each Geography*			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Lincoln MSA	55.4	8	40.0	0.0	50.0	25.0	25.0	5.3	24.9	36.2	30.6
NE Combined NonMetro	28.9	10	50.0	0.0	20.0	70.0	10.0	0.0	14.6	64.0	21.4
Grand Island MSA	15.7	2	10.0	0.0	50.0	50.0	0.0	0.0	25.4	43.6	31.0

* May not add up to 100 percent due to geographies with unknown tract income level and rounding.

Distribution of Branch Openings/Closings						
Assessment Area	# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)			
			Low	Mod	Mid	Upper
Lincoln MSA	0	1	-1	0	0	0
NE Combined NonMetro	0	1	0	-1	0	0
Grand Island MSA	0	1	0	-1	0	0

Lincoln MSA AA

As of December 31, 2018, WFBNA operates 8 branches and 20 ATMs in the Lincoln MSA AA. All of these branches are full-service locations. There are no branches in low-income geographies and four branches in moderate-income geographies. The branch distribution in moderate-income geographies significant exceeds the percentage of the population in moderate-income CTs in the AA. When considering an additional two branches within close proximity to LMI geographies, the bank's branch distribution further exceeds demographics.

The institution's opening and closing of branches have not affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank closed one branch in a low-income geography CT since the last evaluation. The closure of a branch in a low-income geography did not negatively impact the distribution of branches relative to the population residing in those geographies.

Services and, where appropriate, business hours do not vary in a way that inconveniences the various portions of the AA, particularly LMI geographies and/or individuals. All branches are open Monday through Friday from 9:00 am to 5:30 pm, and from 9:00 am to 1:00 pm on Saturday. All WFBNA services are available at all branches and all delivery systems discussed bank-wide are available in this AA.

NE Combined NonMetro AA

As of December 31, 2018, WFBNA operates 10 branches and 14 ATMs in the NE NonMetro AA. All of these branches are full-service locations. There are no low-income geographies in the AA. The branch distribution in moderate-income geographies significantly exceeds the percentage of the population in moderate-income CTs in the AA. When considering an additional two branches within close proximity to LMI geographies, the bank's branch distribution further exceeds demographics.

The institution's opening and closing of branches have not affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank closed one branch in a moderate-income geography. The closure of a branch in a moderate-income geography did not negatively impact the distribution of branches relative to the population residing in those geographies.

Services and, where appropriate, business hours do not vary in a way that inconveniences the various portions of the AA, particularly LMI geographies and/or individuals. Generally, branches are open Monday through Friday from 9:00 am to 5:00 pm. Five of the 10 branches are also opened on Saturday. Four open from 9:00 am to 1:00 pm, and one from 9:00 am to 12:00 pm. All WFBNA services are available at all branches and all delivery systems discussed bank-wide are available in this AA.

Community Development Services

The institution is a leader in providing CD services.

Lincoln MSA AA

The level of CD services in the Lincoln MSA AA is excellent. Bank records show that employees provided financial or job-specific expertise and/or technical assistance for 122 CD service activities to 17 organizations since the last evaluation, logging a total of 432 qualified hours within this AA. The majority (77 percent) of the bank's assistance was to organizations that provide community services to LMI individuals and families. Other activities targeted affordable housing (2 percent), economic development (12 percent), and community revitalization (9 percent). The bank's assistance provided was responsive to the identified needs in the AA particularly affordable housing. The following are examples of CD services provided in this AA:

- Three WFBNA team members provided 79 hours of Board service, and one WFBNA team member provided 60 hours of technical expertise to an organization where 85 percent of its clients are LMI families and individuals, earning less than 80 percent of the area MFI. This organization utilizes community-led solutions to identify and resolve community concerns with a primary focus on education, financial stability, and health.
- One WFBNA team member provided 53 hours of Board service to an organization with the mission to provide capital, technical assistance, and training opportunities to small businesses in the State of Nebraska. This organization is certified under the U.S. Treasury Department's CDFI Fund.

NE Combined NonMetro AA

The level of CD services in the NE Combined NonMetro AA is excellent. Bank records show that employees provided financial or job-specific expertise and/or technical assistance for 103 CD service activities to 17 organizations since the last evaluation, logging a total of 219 qualified hours within this

AA. The majority of the bank's assistance was to organizations that target affordable housing to LMI individuals and families which is responsive to identified need in the AA. Other activities targeted organizations that provide revitalization/stabilization (25 percent), and community services (25 percent) to LMI individuals. The following are examples of CD services provided in this AA:

- One WFBNA team member provided 30 hours of financial expertise to an organization where 91 percent of its clients are LMI individuals or families who earn less than 80 percent of the area MFI. This organization is an affiliate of Habitat for Humanity International that works in partnership with people in need to build decent and affordable housing. The houses area sold to those in need at no profit and with no interest charged.
- Two WFBNA team members provided 67 hours of Board service to an organization that provides a soup kitchen, and has a 90-bed facility that offers a program to help homeless men, women, and families overcome difficult times.

Conclusion for Area Receiving a LS Review

Based on a LS review, the bank's performance under the Service Test in the Grand Island MSA AA is consistent with the performance within the FS areas.

State Rating

State of Nevada

CRA rating for the State of (Nevada)[37]: Outstanding
The Lending Test is rated: Outstanding
The Investment Test is rated: Low Satisfactory
The Service Test is rated: Outstanding

The major factors that support this rating include:

- Excellent lending activity;
- Adequate geographic distribution of loans;
- Excellent borrower distribution of loans;
- WFBNA is a leader in providing CD loans, which has a significant positive impact on the Lending Test;
- WFBNA's use of flexible products has a positive impact on the Lending Test;
- Adequate level of CD investments;
- Retail delivery systems are readily accessible to all portions of the AA; and
- WFBNA is a leader in providing CD services that are responsive to the needs of the bank's AA.

Description of Institution's Operations in Nevada

WFBNA delineated three AAs within Nevada including the Las Vegas-Henderson-Paradise, NV MSA (Las Vegas MSA AA), Reno-Carson City-Fernley, NV CSA (Reno CSA AA), and NV Non-Metro (NV Combined NonMetro AA). The Las Vegas MSA and Reno CSA AAs received FS reviews. These two areas accounted for the larger portion of the lending (95.4 percent) and deposits (97.6 percent) amongst the AAs in Nevada. Refer to Appendix A for a complete description of each AA. Nevada represents the 10th largest rated area by deposits. WFBNA has $25.4 billion of deposits representing 2.0 percent of adjusted deposits. WFBNA operates 107 branches and 327 ATMs within Nevada, representing 1.9 percent of the bank's branches and 2.4 percent of the bank's ATMs. The bank originated and purchased approximately $25.7 billion in loans or 1.4 percent of total reported loan originations and purchases during the evaluation period. The bank's primary loan products in Nevada are home mortgage and small loans to businesses.

Las Vegas MSA AA

Within the Las Vegas MSA AA, the bank had $19.5 billion in deposits and ranked second amongst 40 depository institutions in the market with 7.5 percent market share. Charles Schwab Bank and Bank of America ranked first and third with a market share of 73.6 percent and 5.3 percent, respectively. WFBNA operates 71 branches and 229 ATMs in the AA.

Reno CSA AA

Within the Reno CSA AA, the bank had $5.2 billion in deposits and ranked first amongst 18 depository

[37] This rating reflects performance within the state. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan statistical area.

institutions in the market with 41.0 percent market share. Bank of America and U.S. Bank ranked second and third with 18.9 percent and 10.7 percent market share, respectively. WFBNA operates 29 branches and 81 ATMs in the AA.

Demographic Data

Las Vegas MSA AA

The following table provides a summary of the demographics that includes housing and business information for the Las Vegas MSA AA. Table A indicates that the volume of OOUs is very small in low-income CTs and over 38 percent of families in the AA are LMI. The area's median housing value in the Las Vegas MSA AA is 4.0 times the area's median income, but five times moderate-, and 7.9 times low-income, indicating a limited proportion of OOUs are affordable to LMI individuals. Median rents and the high percentage of families below poverty level suggest rental housing may also be unaffordable for many low-income residents.

Table A – Demographic Information of the Assessment Area

Assessment Area: Las Vegas-Henderson-Paradise NV MSA (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	487	5.7	23.2	41.3	29.8	0.0
Population by Geography	1,951,269	5.3	22.8	42.2	29.7	0.0
Housing Units by Geography	812,840	5.8	23.7	42.3	28.2	0.0
Owner-Occupied Units by Geography	405,047	1.7	15.5	45.7	37.1	0.0
Occupied Rental Units by Geography	290,654	10.8	33.2	39.2	16.8	0.0
Vacant Units by Geography	117,139	7.5	28.4	38.2	25.9	0.0
Businesses by Geography	94,127	5.1	21.0	42.4	31.5	0.0
Farms by Geography	1,497	1.9	18.0	46.3	33.8	0.0
Family Distribution by Income Level	457,592	20.1	18.0	22.0	39.9	0.0
Household Distribution by Income Level	695,701	21.7	17.6	19.8	40.9	0.0
Median Family Income MSA - 29820 Las Vegas-Henderson-Paradise, NV MSA		$63,888	Median Housing Value			$253,307
			Median Gross Rent			$1,061
			Families Below Poverty Level			8.7%

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

According to the July 2018 Moody's Analytics report, Las Vegas economy is strong. Leisure/hospitality and retail employment is perking back up following last year's lull, while manufacturing and logistics operations are starting to have a growing presence. The broadening jobs base and increased hiring in mid- and high-paying industries caused average hourly earnings to rise sharply in recent months.

Although tourist-related industries will remain in the driver's seat, Las Vegas will enjoy a boost from secondary industries as the job base broadens. Low business costs and proximity to nearby markets in California and Arizona are drawing distributors and manufacturers to the area.

Although economic fundamentals are strong, homebuilding has fallen over the past few months and the lean housing supply is pushing price growth further above the U.S. average.

Labor shortages once again appear to be limiting housing starts. The Greater Las Vegas Association of Realtors reports a less than two-month supply of homes for sale, well below what is considered a balanced market. Single-family homes are modestly overvalued, and affordability has eroded substantially in recent years as a result.

The largest employers in the Las Vegas MSA AA include MGM Resorts International, Caesars Entertainment Corp., and Station Casinos Inc. According to the U.S. BLS, the unemployment rate for the third quarter of 2018 was 4.9 percent and has decreased significantly from 11.3 percent at the beginning of the evaluation period. The unemployment rate in the AA was higher than the overall state at 4.7 percent for the same period.

Community Contacts

The analysis takes into consideration comments provided by three community contacts that serve the bank's Las Vegas MSA AA. One community contact represents a non-profit affordable housing agency in the AA and one community contact represents an economic development agency in Nye County. In addition, examiners participated in a CRA listening session with community-based organizations serving the AA.

The affordable housing agency community contact indicated that the economy in the AA has improved, but many people are still struggling. The Las Vegas MSA AA was one of the hardest hit areas during the housing collapse. Issues facing LMI individuals and families are not about jobs, but housing affordability. New affordable housing developments in the AA are encountering resistance from local residents, who are concerned that their areas and schools are already over-crowded and the stigma around low-income individuals and families. As a result, even though LMI individuals have jobs, they are unable to afford market rents or home prices.

The economic development agency contact indicated that north and east Las Vegas areas have seen the least benefit from the economic recovery. Both areas have large Hispanic populations. The cost of living is rising dramatically in the AA with rents rising faster than income. The median rent is now $900 in the AA making housing unaffordable for LMI individuals and seniors.

Participants from the CRA listening session commented that the population in the AA is somewhat transient. Although the economy in the AA is improving, it is somewhat fragile due to the core industry of hospitality and tourism. The homeless and working poor populations is growing in the AA. Small businesses have a lot of difficulty raising capital and obtaining small business loans. Some participants were concerned that the new labor laws will have a negative impact on small businesses and non-profit organizations. Although supportive services by non-profit organizations are needed to support the most vulnerable residents, the funding for these organizations is very limited. One participant mentioned that gentrification is also a concern in the AA. The revitalization of the downtown area with little affordable housing options is putting pressure on housing, posing real difficulties for LMI individuals. Developers have bought up much of the potential sites and only high-end housing has been built in the downtown.

As a result, workers with jobs in the local community can no longer afford to live in the area where they work. Another demographic trend in the AA is workforce displacement. New businesses are moving into the AA, but local residents do not benefit from the jobs created. One participant gave the example that Tesla is not required to hire locally even though the company received a huge tax incentive to move to the area.

The bank conducted research in the AA and identified community needs for affordable housing for LMI families, education, small business assistance, financial education, products, and services, and workforce development and job readiness.

Considering the information from the community contacts and bank management as well as demographic and economic data, affordable housing and small business loans represent a primary credit need for the Las Vegas MSA AA. Opportunity exists to originate these types of loans throughout the AA; however, it is limited in the low-income geographies as reflected by the small proportion of OOUs and small businesses coupled with limited home affordability for LMI individuals.

Reno CSA AA

The following table provides a summary of the demographics that includes housing and business information for the Reno CSA AA. Table A indicates that the volume of OOUs is very small in low-income CTs and over 38 percent of families in the AA are LMI. The area's median housing value in the Reno CSA AA is 4.6 times the area's highest median income, but 5.8 times moderate-, and 9.2 times low-income, indicating a limited proportion of OOUs are affordable to LMI families. Median rents and the high percentage of families below poverty level suggest rental housing is also unaffordable for many low-income residents.

Table A – Demographic Information of the Assessment Area

Assessment Area: Reno-Carson City-Fernley NV CSA (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	151	6.6	20.5	40.4	29.1	3.3
Population by Geography	579,668	7.4	20.5	44.4	27.6	0.0
Housing Units by Geography	252,071	7.6	22.0	42.3	28.1	0.0
Owner-Occupied Units by Geography	139,322	2.5	15.3	46.2	36.1	0.0
Occupied Rental Units by Geography	81,717	16.4	33.8	36.8	13.0	0.0
Vacant Units by Geography	31,032	7.6	21.1	39.0	32.3	0.0
Businesses by Geography	33,459	7.5	24.5	35.4	29.0	3.7
Farms by Geography	876	3.1	17.0	43.7	34.9	1.3
Family Distribution by Income Level	142,597	20.6	18.0	21.0	40.4	0.0
Household Distribution by Income Level	221,039	22.7	16.7	19.2	41.4	0.0
Median Family Income MSA - 16180 Carson City, NV MSA		$65,389	Median Housing Value			$301,480
Median Family Income MSA - 39900 Reno, NV MSA		$67,350	Median Gross Rent			$953
Median Family Income Non-MSAs - NV		$64,296	Families Below Poverty Level			8.2%

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

Carson City, NV MSA

According to the March 2019 Moody's Analytics report, Carson City's state government employment is improving. Healthcare and leisure/hospitality are getting back on track and unlike the national trend, retail trade is growing steadily. The jobless rate is trending lower, standing at 4.2 percent and just shy of its prerecession low. About one quarter of Carson City's workforce is employed in state government. State tax revenue growth is picking up, with revenues up 9 percent over fiscal 2018.

Healthcare, retail, and leisure/hospitality employ more than half of Carson City's private sector Workers. Healthcare will regain momentum over the next few years thanks to an above-average and rising share of retirees. Outside of healthcare, consumer industries will benefit from a wealthy senior population, proximity to Lake Tahoe, and greater discretionary spending thanks to the enduring expansion.

The housing market is performing well with price growth among the fastest in the West. Builders are taking notice with housing starts up significantly since 2016. Residential construction remains elevated in light of rising household formation, while existing-home sales reached a new post-recession high last year. The economic renaissance in neighboring Reno will lend support for housing in Carson City. Enticed by better job opportunities and higher pay, more than one in ten working residents commute to jobs in Reno. Although affordability has eroded in recent years, a limited supply of housing in Reno is pushing more families into Carson City. This will drive demand and homebuilding over the next few years.

The largest employers in Carson City include Carson Tahoe Hospital, Western Nevada Community College, and Fandango Casino. According to the U.S. BLS, the unemployment rate for Carson City for the fourth quarter of 2018 was 4.8 percent and has significantly decreased from 10.4 percent at the beginning of the evaluation period. The unemployment rate for Carson was higher than the overall state of Nevada at 4.3 percent for the same period.

Reno, NV MSA

According to the July 2018 Moody's Analytics report, Reno's economy is strong, outperforming Nevada and the West in nearly all key gauges. The metro area is cashing in on new manufacturing and distribution operations thanks to the buildup at and near Tesla's Giga factory.

Leisure/hospitality has paused following stronger growth at the start of the year, but other private services, notably professional/business services, are picking up the slack. A thriving job market and ballooning business investment are drawing more workers into the labor force, which has grown at triple the national pace for more than a year.

A sizzling job market and household formation that is twice the U.S. average will buoy the housing market. Demand for single-family housing is rising much faster than supply, lifting house prices as builders contend with labor shortages. Single-family housing starts will pick up in coming quarters following the midyear lull. More supply will cause price appreciation to slow, given that single-family homes are overvalued and are about 50 percent less affordable than the national average. New residents are gobbling up apartments, causing rents to spike in a market with a rental vacancy rate near zero. Multifamily construction will remain elevated.

The largest employers in Reno include University of Nevada-Reno, Renown Health, and Tesla Inc. According to the U.S. BLS, the unemployment rate for Reno for the third quarter of 2018 was 3.8 percent and has significantly decreased from 11.1 percent at the beginning of the evaluation period. The unemployment rate for Reno was lower than the overall state of Nevada at 4.7 percent for the same period.

Community Contacts

The analysis takes into consideration comments provided by two community contacts that serve the bank's Reno CSA AA. One community contact represents the local small business administration in the AA and one community contact represents an economic development agency that serves the AA.

The small business administration contact indicated that overall economic condition in the AA is improving. Nevada has been able to rebound from the recession and has begun to attract new industries and businesses. Due to the lower tax environment, less regulations, and close proximity, Californian businesses have been more attracted to Nevada as a place to conduct their operations. The contact identified the main industries as gaming, hospitality, mining, and an influx in light manufacturing. The housing stock is tremendously low and the organization is rushing to get new affordable housing on the market. The organization wanted more community banks in the area in an attempt to increase competition for the benefit of consumers. Financial institutions are in their "comfort zone" and should be more aggressive with their lending efforts.

The economic development agency indicated that there is significant business growth in the area with some larger companies such as Tesla and large distributors setting up their operation in the area. There is also a lot of entrepreneurial activity. Therefore, loans to small businesses have been very important to growth in the AA. The local economy was severely hit by the recession, and there are LMI neighborhoods and areas in the region that were disproportionately affected as far as unemployment goes.

Considering the information from the community contacts and bank management as well as demographic and economic data, affordable housing and small business loans represent a primary credit need for the Reno CSA AA. Opportunity exists to originate these types of loans throughout the AA; however, it is limited in the low-income geographies as reflected by the small proportion of OOUs and small businesses coupled with limited home affordability for LMI individuals.

Scope of Evaluation in Nevada

The rating for the State of Nevada is primarily based on FS evaluations of the bank's performance in the Las Vegas MSA and Reno CSA AAs; however, performance in each AA was considered. Conclusions where a LS review affected the CRA Rating for the state are addressed within their respective tests. LS procedures were performed for the NV Combined NonMetro AA. The State of Nevada is the 10th largest rated area and along with 12 other rated areas represents the bank's most significant markets in terms of lending, deposit, and branch distribution. Nevada represents a sizeable portion of the bank's overall lending, investments, and services; therefore, the performance in the state was weighted more heavily in determining the bank's overall CRA Rating.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN NEVADA

LENDING TEST

The bank's performance under the Lending Test in Nevada is rated Outstanding.

Conclusions for Areas Receiving FS Reviews

Based on FS reviews, including the data in the tables below and consideration of performance context discussed in the lending test, the bank's performance in both the Las Vegas MSA and Reno CSA AAs is excellent.

Lending Activity

Based on the tables below, lending levels reflect excellent responsiveness to the credit needs in its AAs taking into account the number and amount of home mortgage, small business, small farm, and CD loans originated or purchased relative to its capacity based on deposits, competition, and market presence.

Number of Loans *							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	% State* Loans	% State Deposits
Las Vegas MSA	76,318	32,330	129	87	108,864	69.0	77.0
Reno CSA	25,668	15,788	199	22	41,677	26.4	20.6
NV Combined NonMetro	4,697	2,261	317	0	7,275	4.6	2.4
Total	106,683	50,379	645	109	157,816	100.0	100.0

*The tables present the data for all assessment areas. The narrative below addresses performance in FS areas only.

Dollar Volume of Loans (000's)*							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	% State Loans	% State Deposits
Las Vegas MSA	$16,571,186	$1,190,581	$5,190	$579,101	$18,346,058	69.7	77.0
Reno CSA	$6,242,836	$755,282	$10,635	$75,810	$7,084,563	26.9	20.6
NV Combined NonMetro	$756,022	$108,777	$21,975	$0	$886,774	3.4	2.4
Total	$23,570,044	$2,054,640	$37,800	$654,911	$26,317,395	100.0	100.0

*The tables present the data for all assessment areas. The narrative below addresses performance in FS areas only.

Las Vegas MSA

WFBNA ranked second in deposits with a 7.5 percent market share in the AA. In overall HMDA lending, WFBNA ranked first with 9.5 percent market share. There is strong competition as reflected by the 462 lenders and 40 depository institutions in the AA. The second and third lenders in this market were U.S. Bancorp Family with 7.4 percent market share and Quicken Family with 4.7 percent market share.

In small loans to businesses, WFBNA ranked fourth with market share of 9.7 percent. There is strong competition as reflected by the 153 lenders in the AA. The top three lenders were American Express FSB with market share of 21.7 percent, Bank of America with market share of 11.9 percent, and Chase Bank with market share of 11.1 percent.

Reno CSA AA

WFBNA ranked first in deposits with 41.0 percent market share in the AA. In overall HMDA lending, WFBNA ranked second with 9.9 percent market share. Although WFBNA's HMDA market share is considerably lower than its deposit market share, lending competition was significantly stronger, reflected by the 327 lenders, than competition for deposits, where there were only 18 depository institutions. The first and third top lenders in this market were Guild Mortgage Company with 11.3 percent market share and U.S. Bancorp Family with 8.3 percent market share.

In small loans to businesses, WFBNA ranked second with market share of 13.9 percent. There is strong competition as reflected by the 103 lenders in the AA. The first and third lenders were American Express with market share of 15.0 percent and Citibank with market share of 12.2 percent.

Distribution of Loans by Income Level of the Geography

The bank exhibits an adequate geographic distribution of loans in the Las Vegas MSA AA and a good geographic distribution of loans in the Reno CSA AA.

Las Vegas MSA AA

Home Mortgage Loans

Refer to Table O in the State of Nevada section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is adequate.

- The bank's home mortgage lending in 2012-2016 in low-income geographies is below the aggregate distribution of loans and is significantly below the proportion of OOUs in those geographies.
- The proportion of loans in moderate-income geographies substantially meets the aggregate distribution of loans and is well below the proportion of OOUs in those geographies.
- The bank's home mortgage lending in 2017-2018 is higher than the performance in 2012-2016.

Small Loans to Businesses

Refer to Table Q in the State of Nevada section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is good.

- The bank's performance in both periods, 2012-2016 and 2017-2018, for small business loans in LMI geographies substantially meets the aggregate distribution of loans in those geographies.

- The proportion of loans in low-income geographies is well below the proportion of businesses and in moderate-income geographies is below the proportion of businesses located in those geographies.

Reno CSA AA

Home Mortgage Loans

Refer to Table O in the State of Nevada section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is good.

- The bank's home mortgage lending in both 2012-2016 and 2017-2018 periods in low-income geographies exceeds the aggregate distribution of loans and is well below the proportion of OOUs in those geographies.
- The proportion of loans in moderate-income geographies substantially meets the aggregate distribution of loans and is below the proportion of OOUs in those geographies.

Small Loans to Businesses

Refer to Table Q in the State of Nevada section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is excellent.

- The bank's performance in 2012-2016 for small business loans in LMI geographies exceeds the aggregate distribution of loans in those geographies.
- The proportion of loans in low-income geographies is below the proportion of businesses and in moderate-income geographies is near to the proportion of businesses located in those geographies.
- Based on the bank's performance in 2017-2018, the bank's small business lending is slightly less than the performance in 2012-2016.

Distribution of Loans by Income Level of the Borrower

The bank exhibits an excellent distribution of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the institution.

Las Vegas MSA AA

Home Mortgage Loans

Refer to Table P in the State of Nevada section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is excellent.

- There are homeownership affordability hurdles in the AA especially for LMI borrowers. As noted above, the area's median housing value is 7.9 times the income of low-income and five times the income of moderate-income borrowers indicating a limited proportion of OOUs are

affordable to LMI. Despite the affordability challenges, the bank's performance in both 2012-2016 and 2017-2018 periods to LMI borrowers exceeds the aggregate lending.
- The bank's performance to low-income borrowers is well below the proportion of families and to moderate-income borrowers is near to the proportion of families.

Small Loans to Businesses

Refer to Table R in the State of Nevada section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is excellent.

- For 2012-2016, the bank's distribution of small loans to businesses with revenues of $1 million or less exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is near to the percentage of small businesses located in the AA.
- Based on the bank's performance in 2017-2018, the bank's small business lending is slightly lower than the performance in 2012-2016.

Reno CSA AA

Home Mortgage Loans

Refer to Table P in the State of Nevada section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is excellent.

- There are homeownership affordability hurdles in the AA especially for LMI borrowers. As noted above, the area's median housing value is 9.2 times the income of low-income and 5.8 times the income of moderate-income borrowers indicating a limited proportion of OOUs are affordable to LMI. Despite the affordability challenges, the bank's performance in 2012-2016 to LMI borrowers exceeds the aggregate lending.
- The bank's performance to low-income borrowers is well below the proportion of families and to moderate-income borrowers is near to the proportion of families.
- Based on the bank's performance in 2017-2018, the bank's home mortgage lending is slightly below the performance in 2012-2016.

Small Loans to Businesses

Refer to Table R in the State of Nevada section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is excellent.

- For both 2012-2016 and 2017-2018 periods, the bank's distribution of small loans to businesses with revenues of $1 million or less exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is near to the percentage of small businesses located in the AA.

Community Development Lending

The institution is a leader in making CD loans.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

Las Vegas MSA AA

The level of CD lending in the Las Vegas MSA AA is excellent. WFBNA made 87 CD loans for a total of $579.1 million which represents 26.4 percent of tier 1 capital. CD lending performance has a significant positive impact on the lending test rating. The institution makes significant use of innovative and/or complex CD loans and involved many complex projects where the bank often acted in a leadership role. The loans were responsive to the identified affordable housing and small business lending needs in the AA. The bank made 66 CD loans totaling $562 million (97 percent) for the purpose of affordable housing. Additionally, the bank extended 12 CD loans totaling $6.2 million for the primary purpose of community services to LMI individuals, 7 CD loans totaling $9 million for economic development, and 2 CD loans totaling $2.2 million for the revitalizing and stabilizing a distressed area.

Examples of CD loans in the AA include:

- In January 2014, WFBNA renewed a $250,000 working capital line of credit and also increased it by $250,000, for a total of $500,000 to non-profit organization that works in partnership with people in need to build decent, affordable housing. The houses are sold to those in need at no profit and with no interest charged. All of its clients are LMI as they earn less than 80 percent of the area MFI.
- In August 2017, WFBNA provided a $28.7 million loan for a multifamily housing development located in a moderate-income census tract in Las Vegas, NV. The project consists of 119 one-bedroom units, 208 two-bedroom units, and 56 three-bedroom units with 88 percent of the actual rent rates below the 2017 Fair Market Rent for the area and 99 percent of the units affordable to tenants earning between 37 and 79 percent of the 2017 area MFI of $61,900.
- In December 2017, WFBNA provided a $2.2 million construction loan for a NMTC project located in a highly distressed low-income census tract of North Las Vegas, Nevada. This project is part of a new 32-acre development and is expected to create 39 permanent positions that will pay average wages higher than 115 percent of poverty guidelines for a family of four. The project will also implement training programs to improve prospective employees' basic skills, allowing them to perform at full capacity, as well as offering them the opportunity for career advancement and wage increases within the company.
- In August 2016, WFBNA provided a $20 million line of credit to a Tax Credit Investment Fund. Of that total, $818,000 has been allocated to an affordable housing development located in North Las Vegas, NV. The loan proceeds will be used to bridge the gap between the receipt of capital contributions from investors and the payment of equity investments to operating partnerships that own LIHTC projects.

Reno CSA AA

The level of CD lending in the Reno CSA AA is excellent. WFBNA made 22 CD loans in its AA for a total of $75.8 million, which represents 12.9 percent of tier 1 capital. CD lending performance has a

significant positive impact on the lending test rating. The institution makes significant use of innovative and/or complex CD loans and involved many complex projects where the bank often acted in a leadership role. The loans were responsive to the identified affordable housing and small business lending needs in the AA. The bank made 13 CD loans totaling $63.9 million (84 percent) for the purpose of affordable housing. Additionally, the bank extended 4 CD loans totaling $1.2 million for the primary purpose of community services to LMI individuals and 5 CD loans totaling $10.7 million for the purpose of economic development.

Examples of CD loans in the AA include:

- From 2014-2018, WFBNA provided four separate $300,000 working capital line of credit totaling $1.2 million to an organization that provides healthcare to LMI individuals. The organization was created in 2006 because of the realization that too many Nevadans were uninsured. Following the Shared Responsibility Model, the organization demonstrates how the entire community could join forces to reduce the number of uninsured Nevadans without overburdening any one group. According to the organization's website, the mission of Access to Healthcare Network is to increase access to primary and specialty health care services for LMI Nevada residents through shared responsibility and community-wide partnerships.
- In August 2018, WFBNA provided a $2.6 million line of credit for this affordable housing development located in Fernley, Nevada. The project requires that 100 percent of the units being restricted to tenants earning between 35 and 60 percent of the area MFI.
- In May 2017, WFBNA provided a $3.6 million SBA 504 bridge loan for a small business made in conjunction with the SBA's 504 CDC program, which is a long-term financing tool for economic development within a community.

Product Innovation and Flexibility

Las Vegas MSA AA

The institution makes extensive use of innovative and/or flexible lending practices in order to serve AA credit needs. The bank launched the NeighborhoodLIFT program in the Las Vegas MSA AA in March 2017 and nearly 350 potential homebuyers attended the event. Of the 350 in attendance, WFBNA originated 171 mortgage loans totaling $27.5 million. Under the *your*FirstMortgage loan program the bank has funded 285 loans totaling $45.5 million to LMI homebuyers that qualified under this program.

Reno CSA AA

The institution makes limited use of innovative and/or flexible lending practices in order to serve AA credit needs. Under the *your*FirstMortgage loan program the bank has funded 35 loans totaling $6.7 million to LMI homebuyers that qualified under this program.

Refer to the comments in the institution Innovative or Flexible Lending Programs section of this public evaluation for additional details regarding the programs noted above.

Conclusions for Area Receiving a LS Review

Based on a LS review, the bank’s performance under the Lending Test in the NV Combined NonMetro AA is weaker than the bank’s overall excellent performance under the Lending Test in the FS areas due

to a low volume of CD lending. Performance difference in the LS AA did not impact the overall Lending Test rating for the State of Nevada.

Refer to Tables O through T in the State of Nevada section of appendix D for the facts and data that support these conclusions.

INVESTMENT TEST

The bank's performance under the Investment Test in the State of Nevada is rated Low Satisfactory.

Conclusions for Areas Receiving FS Reviews

Based on FS reviews, including the data in the table below and consideration of performance context discussed in the investment test, the bank's performance in the Las Vegas MSA AA is adequate and performance in the Reno CSA A is poor.

Qualified Investments										
	Prior Period*		Current Period		Total				Unfunded Commitments**	
Assessment Area	#	$(000's)	#	$(000's)	#	% of Total #	$(000's)	% of Total $	#	$(000's)
Las Vegas MSA	45	$15,602	312	$131,347	357	68.1	$146,949	86.7		
Reno CSA	5	$1,940	159	$12,663	164	31.3	$14,603	8.6		
NV Combined NonMetro	1	$2,106	2	$5,781	3	0.6	$7,887	4.7		
Total	51	$19,648	473	$149,791	524	100.0	$169,439	100.0		

* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.
** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Las Vegas MSA AA

The institution has an adequate level of qualified CD investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 6.7 percent of tier 1 capital allocated to the AA.

The investments and grants exhibit adequate responsiveness to the needs identified in the AA including affordable housing, community services, economic development, and revitalization/stabilization for LMI individuals and geographies. Over 83.1 percent of the bank's CD investments focused on affordable housing which is an identified credit need in the AA. Additionally, the bank provided 298 grants totaling $9.6 million to a variety of organizations that primarily support affordable housing, community services, economic development, and revitalization/stabilization.

The institution makes significant use of innovative and/or complex investments to support CD initiatives. CD Investments involved several complex LIHTC and NMTC projects where the bank often acted in a leadership role with participations from federal, state, and local housing agencies and real estate developers. Additionally, the bank purchased several government mortgage-backed securities for the CD Investment portfolio.

Examples of CD investments in the AA include:

- In April 2016, WFBNA provided a $7.0 million LIHTC investment for the construction of an affordable housing development located in Las Vegas, Nevada. The development requires that 83 percent of the units restricted to tenants earning 40 percent or less of the area MFI. The remaining 10 units are market rate. This activity is responsive to the identified need for affordable housing. WFBNA also demonstrated multi-faceted support by providing both the construction loan ($6 million) and equity investment in support of this affordable housing development.
- During the exam timeframe, WFBNA provided three local initiatives grants totaling $150,000 to several housing Partnership organizations to administer the NeighborhoodLIFT Down Payment Assistance program. Refer to the comments in the institution Innovative or Flexible Lending Programs section of this performance evaluation for additional details regarding this program.
- During the exam timeframe, WFBNA provided two grants totaling $600,000 two small business organizations through the Small Business DCC Program benefiting small businesses in Nevada including the Las Vegas MSA AA. Refer to the comments in the institution Innovative or Flexible Lending Programs section of this public evaluation for additional details regarding this program.

Reno CSA AA

The institution has a poor level of qualified CD investments and grants, but not in a leadership position, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 2.5 percent of tier 1 capital allocated to the AA.

The investments and grants reflect poor responsiveness to the needs identified in the AA including affordable housing, community services, and economic development for LMI individuals and geographies. Over 85.8 percent of the bank's CD investments focused on affordable housing which is an identified credit need in the AA. Additionally, the bank provided 156 grants totaling $2.3 million to a variety of organizations that primarily support affordable housing, community services, and economic development.

The institution occasionally uses innovative and/or complex investments to support CD initiatives. CD Investments involved two complex LIHTC projects where the bank often acted in a leadership role with participations from federal, state, and local housing agencies and real estate developers.

Examples of CD investments in the AA include:

- In May 2015, WFBNA invested $7.4 million in a 45-unit LIHTC affordable housing development located in Sparks, Nevada. All of the units will be restricted to seniors with incomes at or below 45 percent area MFI, giving preference to veterans (16 units) and formerly homeless (5 units). The three-story building will include high efficiency heating and cooling equipment, EnergyStar appliances, low-E argon thermal pane windows, high R-value wall and attic insulation and automatic timer thermostat controls. This activity is responsive to the identified need for affordable housing. WFBNA also demonstrated multi-faceted support by providing both the construction loan ($5.8 million) and equity investment in support of this affordable housing development.

- In September 2015, WFBNA provided a $50,000 grant to a local housing organization through the PMP for affordable housing in Reno, NV. Refer to the comments in the institution Community Development Initiatives section of this public evaluation for additional details regarding this program.

Conclusions for Area Receiving a LS Review

Based on a LS review, the bank's performance under the Investment Test in the NV Combined NonMetro AA is consistent with the bank's overall adequate performance in the Investment Test in the FS areas.

SERVICE TEST

The bank's performance under the Service Test in Nevada is rated Outstanding.

Conclusions for Areas Receiving FS Reviews

Based on FS reviews, including the data in the tables below and consideration of performance context discussed in the service test, the bank's performance in both the Las Vegas MSA AA and Reno CSA AA is excellent.

Retail Banking Services

Service delivery systems are readily accessible to geographies and individuals of different income levels in the institution's AAs, particularly LMI geographies and/or LMI individuals.

Distribution of Branch Delivery System											
Assessment Area	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)*				% of Population within Each Geography*			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Las Vegas MSA	77.0	71	66.4	5.6	25.4	31.0	38.0	5.0	25.3	39.2	30.3
Reno CSA	20.6	29	27.1	6.9	34.5	34.5	20.7	6.3	19.9	44.6	28.2
NV Combined NonMetro	2.4	7	6.5	0.0	14.3	71.4	14.3	0.0	27.5	34.9	37.7

* May not add up to 100 percent due to geographies with unknown tract income level and rounding.

Distribution of Branch Openings/Closings						
Assessment Area	# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)			
			Low	Mod	Mid	Upper
Las Vegas MSA	1	8	0	-5	-2	0
Reno CSA	2	7	-1	-2	0	-2
NV Combined NonMetro	0	0	0	0	0	0

Las Vegas MSA AA

As of December 31, 2018, WFBNA operates 71 branches and 229 ATMs in the Las Vegas MSA AA. All of these branches are full-service locations. There are four branches in low-income geographies and 18 branches in moderate-income geographies. The branch distribution in LMI geographies exceeds the percentage of the population in the LMI geographies in the AA. When considering an additional nine branches within close proximity to LMI geographies, the bank's branch distribution further exceeds demographics.

The institution's opening and closing of branches have not affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank opened one branch and closed eight branches during the evaluation period. Five of the eight branches closed were in moderate-income geographies. The closure of branches in moderate-income geographies was to consolidate with other branches nearby and did not negatively impact the distribution of branches relative to the population residing in those geographies. The bank still maintains 22 active branches or 31.0 percent within LMI geographies.

Services and, where appropriate, business hours do not vary in a way that inconveniences the various portions of the AA, particularly LMI geographies and/or individuals. Generally, branches are open Monday through Thursday from 9:00 am to 5:00 pm, and on Friday from 9:00 am to 6 pm. Seventy of the 71 branches are also open on Saturdays from 10:00 am to 2:00 pm. All WFBNA services are available at all branches and all delivery systems discussed bank-wide are available in this AA.

Reno CSA AA

As of December 31, 2018, WFBNA operates 29 branches and 81 ATMs in the Reno CSA AA. Of these branches, 27 are full-service locations and two offer limited services. The branch distribution in LMI geographies exceeds the percentage of the population in both LMI CTs in the AA. When considering an additional three branches within close proximity to LMI geographies, the bank's branch distribution further exceeds demographics.

The institution's opening and closing of branches branch closings have not affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank opened two branches and closed seven branches during the evaluation period. Three of the seven branches closed were in LMI geographies. The closure of branches in LMI geographies did not negatively impact the distribution of branches relative to the population residing in those geographies.

Services and, where appropriate, business hours do not vary in a way that inconveniences the various sections of the AA, particularly LMI geographies and/or individuals. The bank maintains standard business hours. Generally, branches are open Monday through Friday from 9:00 am to 5:30 pm. Seventeen of the 19 branches are also open on Saturday and from 9:00 am to 12:00 pm. All WFBNA services are available at all branches and all delivery systems discussed bank-wide are available in this AA.

Community Development Services

The institution is a leader in providing CD services.

Las Vegas MSA AA

The level of CD services in the Las Vegas MSA AA is excellent. Bank records show that employees provided their financial or job-specific expertise and/or technical assistance for 428 CD service activities to 81 organizations since the last evaluation, logging a total of 1,593 qualified hours within this AA. The majority (94 percent) of the bank's assistance was to organizations that provide community services to LMI individuals and families. Other activities targeted affordable housing (3.6 percent) and economic development (2.4 percent). The bank's assistance provided was responsive to the identified needs in the AA particularly affordable housing. The following are examples of CD services provided in this AA:

- Twenty-seven WFBNA team members provided 234 hours of financial education services at an institute of learning where, according to the NCES, the free/reduced lunch program participation rate is 93.7 percent.
- A WFBNA team member provided 24 hours of Board service at a nonprofit organization that coordinates volunteers to preserve affordable homeownership by repairing the homes of low-income elderly and disabled individuals, providing them with a safe and healthy residence. All of its clients are low- to moderate-income as they earn less than 80 percent of the area MFI.

Reno CSA AA

The level of CD services in the Reno CSA AA is excellent. Bank records show that employees provided their financial or job-specific expertise and/or technical assistance for 479 CD service activities to 36 organizations since the last evaluation, logging a total of 1,529 qualified hours within this AA. The majority (99 percent) of the bank's assistance was to organizations that provide community services to LMI individuals and families. Other activities targeted economic development (1 percent). The following are examples of CD services provided in this AA:

- Two WFBNA team members provided 218 hour of financial expertise, and one team member provided 140 hours of Board service at an organization that provides services to LMI women and their children suffering from chemical addiction, poverty, and domestic violence.
- Five WFBNA team members provided 329 hour of financial expertise at a Community Development organization that offers a program administered by the U.S. Department of Labor. The program helps young people ages 16 through 24 improve the quality of their lives through career technical and academic training.

Conclusion for Area Receiving a LS Review

Based on a LS review, the bank's performance under the Service Test in the NV Combined NonMetro AA is weaker than the bank's overall performance under the Service Test in the FS areas due to weaker branch distribution in LMI geographies. Performance in the LS AA did not impact the overall Service Test Rating for the State of Nevada.

State Rating

State of New Mexico

CRA rating for the State of New Mexico[38]: Satisfactory
The Lending Test is rated: High Satisfactory
The Investment Test is rated: Low Satisfactory
The Service Test is rated: Outstanding

The major factors that support this rating include:

- Good lending activity;
- Good distribution of loans by borrower profile;
- Good geographic distribution of loans;
- Adequate level of CD loans originated;
- WFBNA's use of flexible products has a neutral impact on the Lending Test;
- Adequate level of CD investments;
- Retail delivery systems are readily accessible to all portions of the AA;
- WFBNA is a leader in providing CD services that are responsive to the needs of the bank's AA; and
- Performance in the LS AAs elevated the Service Test to Outstanding.

Description of Institution's Operations in New Mexico

WFBNA delineated four AAs within New Mexico including the Albuquerque-Santa Fe-Las Vegas, NM CSA (Albuquerque CSA AA); Farmington, NM MSA (Farmington MSA AA); Las Cruces, NM MSA (Las Cruces MSA AA); and NM Combined non-metropolitans (NM Combined NonMetro AA). The Albuquerque CSA AA received FS review. Refer to Appendix A for a complete description of each AA. This area accounted for the largest portion of the lending (62 percent) and deposits (71 percent) amongst the AAs in New Mexico. New Mexico represents the 19th largest rated area by deposits. WFBNA has $8.5 billion of deposits representing 0.7 percent of adjusted deposits. WFBNA operates 81 branches and 155 ATMs within New Mexico, representing 1.4 percent of the bank's branches and 1.1 percent of the bank's ATMs. The bank originated and purchased approximately $9.0 billion in loans or 0.5 percent of total reported loan originations and purchases during the evaluation period. The bank's primary loan products in the New Mexico are home mortgage and loans to small businesses.

<u>Albuquerque CSA AA</u>

Within the Albuquerque CSA AA, the bank had $6 billion deposits and ranked first amongst 24 depository institutions in the market with 31.2 percent market share. The 2nd and 3rd depository institutions in terms of deposit market share were Bank of America and BOKF with 18.4 percent and 8.4 percent, respectively. WFBNA operates 46 branches and 78 ATMs in the AA.

Demographic Data

The following table provides a summary of the demographics that includes housing and business

[38] This rating reflects performance within the state. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan statistical area.

information for the Albuquerque CSA AA. Table A shows that the volume of OOUs very small in the low-income tracts and over 39 percent of families in the AA are LMI. The area's median housing value in the Albuquerque CSA AA is 3.2 times the highest MSA median income, but 4 times moderate-, and 6.5 times low-income, indicating a limited proportion of OOUs are affordable to LMI residents. Median rents and the significant percentage of families below poverty level suggest rental housing is also unaffordable for many low-income residents.

Table A – Demographic Information of the Assessment Area

Assessment Area: Albuquerque-Santa Fe-Las Vegas NM CSA (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	280	4.6	25.7	38.6	30.4	0.7
Population by Geography	1,146,049	4.4	28.8	37.1	29.6	0.1
Housing Units by Geography	491,499	4.8	27.2	38.8	29.1	0.0
Owner-Occupied Units by Geography	303,925	2.3	25.1	38.2	34.5	0.0
Occupied Rental Units by Geography	135,303	9.8	32.9	38.3	18.9	0.0
Vacant Units by Geography	52,271	7.0	24.9	44.0	24.1	0.0
Businesses by Geography	72,279	6.6	22.6	37.4	33.4	0.0
Farms by Geography	1,649	3.3	21.1	40.9	34.6	0.0
Family Distribution by Income Level	279,749	22.2	17.2	19.1	41.5	0.0
Household Distribution by Income Level	439,228	23.9	15.9	17.5	42.6	0.0
Median Family Income MSA - 10740 Albuquerque, NM MSA		$59,381	Median Housing Value			$208,048
Median Family Income MSA - 42140 Santa Fe, NM MSA		$64,041	Median Gross Rent			$758
Median Family Income Non-MSAs - NM		$46,354	Families Below Poverty Level			11.7%

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

Albuquerque, NM MSA

According to the July 2018 Moody's Analytics report, Albuquerque has lost momentum over the past four months and wage growth has slowed since mid-2017. Albuquerque has a stable base of education/healthcare and scientific research jobs. The largest employers in Albuquerque include University of New Mexico, Kirtland Air Force Base, and Sandia National Laboratories. Albuquerque MSA is unlikely to be hurt by tariff escalation between the U.S., China, and Mexico.

The outlook for the housing market in Albuquerque remains cool with no surge in sales and construction, while the commercial real estate construction, mainly for retail structures, cannot alone provide enough impetus for total spending growth. Despite the flagging recovery, the labor market is tightening.

According to the U.S. BLS, the unemployment rate for the Albuquerque MSA for the 2nd quarter of 2018 was 4.9 percent and has significantly decreased from 7.1 percent at the beginning of the evaluation

period. The unemployment rate in the AA was slightly lower than the overall state of New Mexico at 5.5 percent for the same period.

Santa Fe, NM MSA

According to the July 2018 Moody's Analytics report, job growth in Santa Fe has resumed after the slow decline in nonfarm employment in 2016-2017. Healthcare industries will add significantly to Santa Fe MSA's growth in coming years due to increased demand for healthcare by older families and a larger than average concentration of social assistance services. Santa Fe MSA counts on healthcare for a higher share of employment than nationally. Many of these workers are employed at CHRISTUS St. Vincent Regional Medical Center and Presbyterian Medical Group hospitals.

Strong household formation, helped by inflows of retirees, is buoying housing demand. Due to the tight market, single-family construction in the MSA has come to life, with permits three times higher than in 2016. Residential construction will stay elevated the next few years because of retiree inflows and low home turnover.

According to the U.S. BLS, the unemployment rate for Santa Fe MSA for the 2nd quarter of 2018 was 4.5 percent and has decreased from 5.8 percent at the beginning of the evaluation period. The unemployment rate in the AA was lower than the overall state of New Mexico at 5.5 percent for the same period.

Community Contacts

The analysis takes into consideration comments provided by two community contacts serving the bank's Albuquerque CSA in conjunction with this evaluation. One organization runs affordable housing programs in the county of Los Alamos. These programs include down payment assistance, housing projects that use low income housing tax credit, and interest free loans to improve homes. The other organization provides services to new entrepreneurs in Bernalillo, Valencia, Torrance, and Socorro counties covering consulting, business training, and loans.

The community contacts noted a significant need for affordable housing and small business loans. The current housing demand in the Los Alamos County is very high, with available inventory of houses at an all-time low. The contacts noted that banks are meeting the credit needs in the community.

The bank conducted research in the AA and identified community needs for affordable housing for LMI families, financial education for the unbanked and underbanked, job creation for LMI individuals, and small business assistance.

Considering the information from the community contacts and bank management as well as demographic and economic data, affordable housing and small business loans represent a primary credit need for the Albuquerque CSA. Opportunity exists to originate these types of loans throughout the AA; however, it is limited in the low-income geographies as reflected by the small proportion of OOUs and small businesses coupled with limited home affordability for LMI individuals.

Scope of Evaluation in New Mexico

The rating for the State of New Mexico is primarily based on FS evaluations of the bank's performance in the Albuquerque CSA AA; however, performance in each AA was considered. Conclusions where a

LS review affected the CRA Rating for the state are addressed within their respective tests. LS procedures were performed for the Farmington MSA AA, Las Cruces MSA AA, and NM Combined NonMetro AA. A limited portion of the bank's overall lending, investments, and services were conducted in New Mexico; therefore, the performance in New Mexico received less weight in determining the bank's overall CRA Rating.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN NEW MEXICO

LENDING TEST

The bank's performance under the Lending Test in New Mexico is rated High Satisfactory.

Conclusions for Area Receiving a FS Review

Based on a FS review, including the data in the tables below and consideration of performance context discussed in the lending test, the bank's performance in the Albuquerque CSA AA is good.

Lending Activity

Based on the tables below, lending levels reflect good responsiveness to the credit needs in its AAs taking into account the number and amount of home mortgage, small business, small farm, and CD loans originated or purchased relative to the bank's significant capacity and market dominance.

Number of Loans*							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	%State Loans	%State Deposits
Albuquerque-CSA	25,470	17,628	230	42	43,370	62.7	71.1
Farmington MSA	1,822	1,262	38	6	3,128	4.5	5.4
Las Cruces MSA	4,279	2,816	119	12	7,226	10.5	6.8
NM Combined NonMetro	9,695	5,186	514	18	15,413	22.3	16.7
Total	41,266	26,892	901	78	69,137	100.0	100.0

*The tables present the data for all assessment areas. The narrative below addresses performance in FS areas only.

Dollar Volume of Loans (000's)*							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	%State* Loans	%State Deposits
Albuquerque CSA	$5,026,949	$1,078,865	$8,000	$31,311	$6,145,125	67.1	71.1
Farmington MSA	$297,079	$96,817	$1,868	$43,048	$438,812	4.8	5.4
Las Cruces MSA	$674,736	$142,741	$3,943	$24,711	$846,131	9.2	6.8

NM Combined NonMetro	$1,373,433	$281,717	$35,052	$36,100	$1,726,302	18.9	16.7
Total	$7,372,197	$1,600,140	$48,863	$135,170	$9,156,370	100.0	100.0

*The tables present the data for all assessment areas. The narrative below addresses performance in FS areas only.

WFBNA ranked first in deposits with 31.3 percent market share in the AA. In overall HMDA lending, WFBNA ranked first with 7.5 percent market share. Although WFBNA's HMDA market share is considerably lower than its deposit market share, lending competition was significantly stronger, reflected by the 400 lenders, than competition for deposits, where there were 24 depository institutions in the AA. The 2nd and 3rd top lenders in this market were Academy Mortgage Corporation with 5.6 percent market share and Quicken Family with 5.0 percent market share.

In small loans to businesses, WFBNA ranked second with a market share of 13.1 percent. The top lender was American Express Bank with a market share of 17.8 percent.

Distribution of Loans by Income Level of the Geography

The bank exhibits a good geographic distribution of loans in its AA.

Home Mortgage Loans

Refer to Table O in the State of New Mexico section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is good.

- For 2012-2016, the proportion of home mortgage loans in low-income geographies is below both the aggregate distribution of loans and the proportion of OOUs in those geographies.
- The proportion of loans in moderate-income geographies substantially meets the aggregate distribution of loans and is below the proportion of OOUs in those geographies
- Based on the bank's performance in 2017-2018, the bank's home mortgage lending is slightly below the combined performance in 2012-2016.

Small Loans to Businesses

Refer to Table Q in the State of New Mexico section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is excellent.

- For both 2012-2016 and 2017-2018 periods, the proportion of the bank's small business loans in LMI geographies exceeds both the aggregate distribution of loans and the proportion of businesses located in those geographies.

Distribution of Loans by Income Level of the Borrower

The bank exhibits a good distribution of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the institution.

Home Mortgage Loans

Refer to Table P in the State of New Mexico section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is adequate.

- The Albuquerque CSA AA has homeownership affordability hurdles especially for LMI borrowers. As noted above, the area's median housing value is 6.5 times the income of low-income and 4 times the income of moderate-income borrowers indicating a limited proportion of OOUs are affordable to LMI borrowers. Because of the affordability challenges, the bank's overall home mortgage lending in 2012-2016 to LMI borrowers is below the aggregate distribution of loans.
- The bank's performance to low-income borrowers is significantly below the proportion of families and lending to moderate-income borrowers is below the proportion of families.
- Based on the bank's performance in 2017-2018, the bank's home mortgage lending is slightly below the combined performance in 2012-2016.

Small Loans to Businesses

Refer to Table R in the State of New Mexico section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is excellent.

- For 2012-2016, the bank's distribution of small loans to businesses with revenues of $1 million or less exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is near to the percentage of small businesses located in the AA and
- Based on the bank's performance in 2017-2018, the bank's small business lending is slightly below the combined performance in 2012-2016.

Community Development Lending

The institution has made a low level of CD loans.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

The level of CD lending in the Albuquerque CSA AA is adequate. WFBNA made 42 CD loans in its AA for a total of $31.3 million, which represents 4.6 percent of allocated tier 1 capital. CD lending performance had a neutral impact on the lending test rating. The loans were responsive to the identified affordable housing needs in the AA. The bank made 12 loans totaling $18 million (58 percent) for the purpose of affordable housing. Additionally, the bank extended 25 CD loans totaling $12.0 million for the primary purpose of community services to LMI individuals.

Examples of CD loans in the AA include:

- In November 2017, WFBNA provided a $10 million construction loan for the development of an affordable housing development located in Albuquerque, New Mexico. The development specified that 99 percent of the units are restricted to tenants earning between 30 and 60 percent of the area MFI. The units are further reserved for seniors aged 62 and over or disabled tenants of any age. WFBNA demonstrated multi-faceted support by providing both the construction loan and equity investment to support this affordable housing development.
- In September 2018, WFBNA renewed a $500,000 working capital line of credit to a nonprofit corporation that provides health care services to the underserved communities throughout the Southwest. This organization also provides services to the underserved area or population, offers a sliding fee scale, provides comprehensive services, have an ongoing quality assurance program, and have a governing board of directors.

Product Innovation and Flexibility

The institution makes limited use of innovative and/or flexible lending practices in order to serve AA credit needs. Under the *your*FirstMortgage loan program the bank has funded 198 loans totaling $38.6 million to homebuyers that qualified under this program. Refer to the comments in the institution Innovative or Flexible Lending Programs section of this performance evaluation for additional details regarding this program.

Conclusions for Areas Receiving LS Reviews

Based on LS reviews, the bank's performance under the Lending Test in the Farmington MSA AA is consistent with the bank's overall good performance under the Lending Test in the FS area. The bank's performance under the Lending Test in the Las Cruces MSA and NM Combined Non-Metros AAs is excellent and stronger than the bank's overall performance under the Lending Test in the FS area. The bank's performance in these two LS AAs did not enhance the bank's overall rating for the state.

Although CD lending in the Albuquerque CSA AA was considered low, the bank made an excellent level of CD loans compared to tier 1 capital in all three LS areas.

Refer to Tables O through T in the State of New Mexico section of appendix D for the facts and data that support these conclusions.

INVESTMENT TEST

The bank's performance under the Investment Test in the State of New Mexico is rated Low Satisfactory.

Conclusions for Area Receiving a FS Review

Based on a FS review, including the data in the table below and consideration of performance context discussed in the investment test, the bank's performance in the Albuquerque CSA AA is adequate.

Qualified Investments										
	Prior Period*		Current Period		Total				Unfunded Commitments **	
Assessment Area	#	$(000's)	#	$(000's)	#	% of Total #	$(000's)	% of Total $	#	$(000's)
Albuquerque CSA	5	$945	349	$37,408	354	81.6	$38,353	35.8		
Farmington MSA	2	$2,296	12	$11,052	14	3.2	$13,348	12.4		
Las Cruces MSA	0	$0	23	$2,737	23	5.3	$2,737	2.6		
NM Combined NonMetro	9	$7,594	34	$45,203	43	9.9	$52,797	49.2		
Total	16	$10,835	418	$96,400	434	100.0	$107,235	100.0		

* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.
** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Albuquerque CSA AA

The institution has an adequate level of qualified CD investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 5.7 percent of tier 1 capital allocated to the AA.

The investments and grants exhibit adequate responsiveness to the needs identified in the AA including affordable housing, community services, economic development, and revitalization/stabilization for LMI individuals and geographies. Over 63.2 percent of the bank's CD investments focused on affordable housing which is an identified credit need in the AA. Additionally, the bank provided 337 grants totaling $5.1 million to a variety of organizations that primarily support affordable housing, community services, economic development, and revitalization/stabilization.

The institution occasionally uses innovative and/or complex investments to support CD initiatives. CD Investments involved several complex LIHTC and NTMC projects where the bank often acted in a leadership role with participations from federal, state, and local housing agencies and real estate developers. Additionally, the bank purchased numerous government mortgage-backed securities for the CD Investment portfolio.

Examples of CD investments in the AA include:

- In November 2017, WFBNA provided an $11.7 million investment in an LIHTC affordable housing development located in Albuquerque, New Mexico, with 99 percent of the units restricted to tenants earning between 30 and 60 percent of the area MFI. The units are further reserved for seniors aged 62 and over or disabled tenants of any age. This activity is responsive to the identified need for affordable housing. WFBNA also demonstrated multi-faceted support by providing both the construction loan ($10 million) and equity investment in support of this affordable housing development.

- During the exam timeframe, WFBNA provided three grants totaling $1.1 million to three small business organizations through the Small Business DCC Program benefiting small businesses in New Mexico including the Albuquerque MSA AA. Refer to the comments in the institution Innovative or Flexible Lending Programs section of this public evaluation for additional details regarding this program.
- During the exam timeframe, WFBNA provided eight grants totaling $545,000 to two local housing organizations through the PMP for affordable housing in the Albuquerque CSA AA. Refer to the comments in the institution Community Development Initiatives section of this public evaluation for additional details regarding this program.

Conclusions for Areas Receiving LS Reviews

Based on LS reviews, the bank's performance under the Investment Test in the Las Cruces MSA AA is consistent with the bank's overall adequate performance in the Investment Test in the FS area. The bank's performance in the Farmington MSA and NM Combined NonMetro AAs is stronger than the bank's overall performance due to a higher volume of CD investments. Performance differences in the LS AAs did not impact the overall Investment Test rating for the State of New Mexico.

SERVICE TEST

The institution's performance under the Service Test in the Albuquerque CSA AA is rated Outstanding.

Conclusions for Area Receiving a FS Review

Based on a FS review, including the data in the tables below and consideration of performance context discussed in the service test, the institution's performance in the Albuquerque CSA AA is good.

Retail Banking Services

Service delivery systems are readily accessible to geographies and individuals of different income levels in the institution's AAs, particularly LMI geographies and/or LMI individuals.

Distribution of Branch Delivery System											
Assessment Area	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				% of Population within Each Geography*			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Albuquerque CSA	71.1	46	56.8	4.3	39.1	32.6	23.9	4.9	29.8	35.9	29.1
Farmington MSA	5.4	6	7.4	0.0	50.0	33.3	16.7	3.5	26.0	42.0	28.4
Las Cruces MSA	6.8	9	11.1	22.2	33.3	33.3	11.1	7.7	36.0	26.4	29.8
NM Combined NonMetro	16.7	20	24.7	0.0	40.0	40.0	20.0	2.7	30.9	40.9	25.4

* May not add up to 100 percent due to geographies with unknown tract income level and rounding

Distribution of Branch Openings/Closings						
Assessment Area	# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)			
			Low	Mod	Mid	Upp
Albuquerque CSA	0	7	0	-3	-1	-3
Farmington MSA	0	1	0	0	-1	0
Las Cruces MSA	0	0	0	0	0	0
NM Combined NonMetro	0	6	0	0	-5	-1

Albuquerque CSA AA

As of December 31, 2018, WFBNA operates 46 branches and 78 ATMs in the Albuquerque CSA AA. Of these branches, 44 are full-service locations and two are limited-service branches. There are two branches in low-income geographies and 18 branches in moderate-income geographies. The branch distribution in low-income geographies is near to the percentage of the population in low-income CTs and branch distribution in moderate-income geographies significantly exceeds the percentage of the population in moderate-income CTs in the AA. When considering an additional four branches within close proximity to LMI geographies, the bank's distribution further exceeds demographics.

The institution's opening and closing of branches have generally not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank closed seven branches since the last evaluation. Three of these branches were located in moderate-income CTs. The closure of branches in moderate-income geographies was to consolidate with other branches nearby and did not negatively impact the distribution of branches relative to the population residing in those geographies. The bank still maintains 20 active branches or 43.3 percent within LMI geographies.

Services, including where appropriate, business hours, do not vary in a way that inconveniences the various portions of its AA, particularly LMI geographies and/or individuals. Generally, branches are open Monday through Thursday from 9:00 am to 5:00 pm, with four branches open from 10:00 am to 7:00 pm. On Friday, most branches are open from 9:00 am to 5:00 or 6:00pm, with four branches open from 10:00 am to 7:00 pm. On Saturday, five branches are open from 9:00 am to 1:00 pm and four branches are open from 10:00 am to 5:00 pm. All WFBNA services are available at all branches and all delivery systems discussed bank-wide are available in this AA.

Community Development Services

The institution is a leader in providing CD services.

Albuquerque CSA AA

The level of CD services in the Albuquerque CSA AA is excellent. Bank records show that employees provided their financial or job-specific expertise and/or technical assistance for 1,010 CD service activities to 87 organizations since the last evaluation, logging a total of 2,513 qualified hours within this AA. A majority of the bank's assistance was to organizations that provide community services to LMI individuals and families. Other activities targeted affordable housing and economic development. The bank's assistance provided was responsive to the identified needs in the AA particularly affordable housing. The following are examples of CD services provided in this AA:

- A WFBNA team member provided 30.5 hours of Board service to a community organization that is responsible for advising the City on policies and activities related to affordable housing.
- A WFBNA team member provided 87.5 hours of Board service to a nonprofit community development organization that helps low-income residents of the Santa Fe area gain access to capital, economic literacy and affordable housing so that they can improve the quality of their lives and become more economically self-sufficient. The organization is committed to helping residents of northern New Mexico find affordable housing by providing counseling, training, and financial assistance to first-time homeowners while working with banks and other housing agencies to obtain favorable mortgage financing.

Conclusion for Areas Receiving LS Reviews

Based on LS reviews, the bank's performance under the Service Test in the Farmington MSA AA, Las Cruces MSA AA, and NM Combined NonMetro AA is stronger than the bank's overall good performance under the Service Test in the FS area due to a higher rating in the changes in location. Performance differences in the LS AAs did impact the overall Service Test rating for the State of New Mexico. As such, the overall Service Test rating for the State of New Mexico was upgraded to Outstanding.

State Rating

State of North Carolina

CRA rating for the State of North Carolina[39]: Outstanding
The Lending Test is rated: Outstanding
The Investment Test is rated: Low Satisfactory
The Service Test is rated: Outstanding

The major factors that support this rating include:

- Excellent lending activity;
- Good distribution of loans by borrower profile;
- Good geographic distribution of loans;
- WFBNA is a leader in providing CD loans, which has a significant positive impact on the Lending Test;
- WFBNA's use of flexible products has a positive impact on the Lending Test;
- Adequate level of CD investments;
- Retail delivery systems are readily accessible to all portions of the AA;
- WFBNA provides a relatively high level of CD services that are responsive to the needs of the bank's AA; and
- Performance in the LS AAs enhanced the overall Service Test Rating to Outstanding.

Description of Institution's Operations in North Carolina

WFBNA delineated 12 AAs within North Carolina including the Greensboro-Winston-Salem-High Point, NC CSA (Greensboro CSA AA); Raleigh-Durham-Chapel Hill, NC CSA (Raleigh CSA AA); NC Combined Non-Metros (NC Combined NonMetro AA); Asheville-Brevard, NC CSA (Asheville CSA AA); Fayetteville-Lumberton-Laurinburg, NC CSA (Fayetteville CSA AA); Goldsboro, NC MSA (Goldsboro MSA AA); Greenville-Washington, NC CSA (Greenville CSA AA); Hickory-Lenoir, NC CSA (Hickory CSA AA); Jacksonville, NC MSA (Jacksonville MSA AA); New Bern-Morehead City, NC CSA (New Bern CSA AA); Rocky Mount-Wilson-Roanoke Rapids, NC CSA (Rocky Mount CSA AA); and Wilmington, NC MSA (Wilmington MSA AA). Refer to Appendix A for a complete description of each AA. The Greensboro CSA AA, Raleigh CSA AA, and the NC Combined NonMetro AA received full scope reviews. These areas accounted for largest portion of the lending (64.6 percent) and deposits (74.2 percent) amongst the AAs in North Carolina.

WFBNA has $23.3 billion of deposits in North Carolina representing 1.8 percent of adjusted deposits. North Carolina represents the 12th largest rated area by deposits. WFBNA operates 224 branches and 476 ATMs within North Carolina, representing 4.0 percent of the bank's branches and 3.5 percent of the bank's ATMs. The bank originated and purchased approximately $46.9 billion in loans or 2.5 percent of total reported loan originations and purchases during the evaluation period. The bank's primary loan products in North Carolina are home mortgage and small loans to businesses.

[39] This rating reflects performance within the state. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan statistical area.

Greensboro CSA AA

Within the Greensboro CSA AA, the bank had $5.9 billion in deposits and ranked second amongst 28 financial institutions in the market with 12.0 percent market share. Branch Banking and Trust Company and Pinnacle Bank ranked first and third with market share of 57.8 and 4.9 percent, respectively. WFBNA operated 57 branch offices and 125 ATMs in the Greensboro CSA AA during the evaluation period.

Raleigh CSA AA

Within the Raleigh CSA AA, the bank had $9.6 billion in deposits and ranked first amongst 37 financial institution in the market with 22.1 percent market share. Pacific Western Bank and Branch Banking and Trust Company ranked second and third with market share of 14.0 and 13.3 percent, respectively. WFBNA operated 66 branch offices and 150 ATMs in the Raleigh CSA AA during the evaluation period.

NC Combined NonMetro AA

Within the NC Combined NonMetro AA, the bank had $1.8 billion in deposits and ranked second amongst 34 financial institution in the market with 15.6 percent market share. Branch Banking and Trust Company and PNC Bank ranked first and third with market share of 19.0 and 11.8 percent, respectively. WFBNA operated 33 branch offices and 43 ATMs in the NC Combined NonMetro AA during the evaluation period.

Demographic Data

Greensboro CSA AA

The following table provides a summary of the demographics that includes housing and business information for the Greensboro CSA AA. The Table shows that the volume of OOUs is very small in the low-income tracts and over 39 percent of families in the AA are LMI. The area's median housing value in the Greensboro CSA AA is 2.5 times the highest MSA median income, but three times moderate-, and five times low-income, indicating a limited proportion of OOUs are affordable to low-income borrowers. Median rents and the significant percentage of families below poverty level suggest rental housing is also unaffordable for many low-income residents.

Table A – Demographic Information of the Assessment Area

Assessment Area: Greensboro-Winston-Salem-High Point NC CSA (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	376	6.9	20.7	43.4	28.7	0.3
Population by Geography	1,589,200	5.2	21.2	45.6	28.0	0.0
Housing Units by Geography	698,188	5.1	21.9	46.1	26.9	0.0
Owner-Occupied Units by Geography	426,525	2.1	16.5	49.3	32.1	0.0
Occupied Rental Units by Geography	195,055	10.6	31.6	39.7	18.1	0.0
Vacant Units by Geography	76,608	7.8	27.1	44.8	20.3	0.0
Businesses by Geography	98,198	4.9	18.4	45.4	31.2	0.1
Farms by Geography	3,552	1.3	13.0	57.0	28.7	0.0

Family Distribution by Income Level	413,913	21.6	17.8	19.9	40.7	0.0
Household Distribution by Income Level	621,580	23.6	16.9	17.6	41.9	0.0
Median Family Income MSA - 15500 Burlington, NC MSA		$52,806	Median Housing Value			$139,425
Median Family Income MSA - 24660 Greensboro-High Point, NC MSA		$55,362	Median Gross Rent			$667
Median Family Income MSA - 49180 Winston-Salem, NC MSA		$56,529	Families Below Poverty Level			11.6%
Median Family Income Non-MSAs - NC		$46,764				

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

Burlington, NC MSA

According to the April 2019 Moody's Analytics report, Burlington's economy is struggling to create jobs. Construction employment is at a decade high, but an earlier uptick in factory payrolls has quickly phased out, and retail and leisure/hospitality are surprisingly weak given robust population growth. A well above average 60 percent of households earn less than $60,000 per year. With such a large chunk of the population hamstrung by low purchasing power, job growth in consumer services will, at best, match the State average.

On the upside, education/ healthcare is strong, along with industries situated downstream to manufacturing such as transportation. A graying U.S. population and an influx of retirees into North Carolina will pay dividends for healthcare diagnostics giant LabCorp (Burlington's largest employer), which is expanding its Burlington based operations and looking to diversify to gain footholds in other parts of the life sciences market.

Burlington's proximity to North Carolina's largest metro areas will create more opportunities for local job seekers and help attract new residents that will buoy housing and consumer services. The largest employers in the MSA are Laboratory Corp. of America, Cone Health Alamance Regional Medical Center, and Elon University. According to the U.S. BLS, the MSA unemployment rate as of the fourth quarter of 2018 was 3.9 percent, down from 7.2 percent at the beginning of the evaluation period. The unemployment rate in the AA was higher than the overall State of North Carolina at 3.7 percent for the same period.

Greensboro-High Point, NC MSA

According to the April 2019 Moody's Analytics report, the labor market in Greensboro has been mostly flat over the last two years. Year-over-year job growth has consistently trailed state and national averages throughout the expansion. Despite low living costs, Greensboro is struggling to attract residents because of a lack of dynamic growth industries and a share of low-wage jobs that is well above the state and national averages.

Bright spots are hard to find outside of transportation/warehousing, which has added significantly to payrolls over the last year. Thanks to low business costs, easy access to rail networks, and Piedmont Triad International Airport, the metro area is quickly becoming a magnet for companies looking to expand their distribution networks. Despite a recent slowdown, logistics payrolls account for an above-

average share of total jobs and will be a major contributor to growth with several large projects in the pipeline.

Despite improving demographics, weakness in the labor market has carried over into housing as single-family permits have recovered only slowly and stand at barely half the level from the early 2000s. Price appreciation has also been sluggish with house prices just 10 percent above their prior peak despite a mild recessionary decline.

The largest employers in the MSA are Cone Health, Ralph Lauren Corp., and High Point Regional Hospital. According to the U.S. BLS, the MSA unemployment rate as of the fourth quarter of 2018 was 4.3 percent, down from 8.4 percent at the beginning of the evaluation period. The unemployment rate in the AA was higher than the overall State of North Carolina at 3.7 percent for the same period.

Winston-Salem, NC MSA

According to the April 2019 Moody's Analytics report, demand for workers in Winston-Salem is strong. Private employers are hiring at an accelerating rate with healthcare, leisure/hospitality, and professional/business services leading the way. The Wake Forest Innovation Quarter will provide new avenues for growth. The mixed-use incubator of research in biomedical science, information technology, clinical services, and advanced materials are generating new jobs, revitalizing downtown Winston-Salem, and the prospects for further development are strong. Strong in-migration and an above-average share of residents age 65 and older are boosting demand for healthcare and driving investment in the industry.

Despite the tightening labor market, average wage growth has been disappointing because of an unfavorable mix of job creation, as much of the rebound in job growth has been fueled by low-wage positions.

Steady population gains and an improving labor market has added fuel to an already-hot housing market as builders struggle to keep up. Households are forming at an above-average rate and consumers are financially in their best position in years, helping to release pent-up housing demand that has vaulted existing single-family home sales to near prerecession levels. Builders have responded by pushing single-family permitting to early-2000s levels. Even with increased supply, prices are appreciating more rapidly than the U.S. average. Young professionals are lending support to the multifamily housing market, but developers are testing its limits. Three large projects under construction will increase the number of available units in downtown by 25 percent when they open next year.

The largest employers in the MSA are Novant Health, Wake Forest University Baptist Medical Center, and BB&T. According to the U.S. BLS, the MSA unemployment rate as of the fourth quarter of 2018 was 3.9 percent, down from 7.7 percent at the beginning of the evaluation period. The unemployment rate in the AA was higher than the overall State of North Carolina at 3.7 percent for the same period.

Community Contacts

The analysis takes into consideration comments provided by two community contacts that serve the bank's Greensboro CSA AA. The community contacts are representatives from an economic and community development organizations that help entrepreneurs/small businesses of various sizes in the cities of Greensboro, High Point, and Winston Salem.

The contacts indicated that the local economy is improving with a diversified employment and industrial base, and the unemployment rate is trending downward. The local economy has historically been dependent on manufacturing, but it has been declining consistently, while lower-paying retail jobs have grown significantly. The area's major employers include numerous hospitals and health care facilities, United Parcel Service, Wells Fargo Bank, Walmart stores, manufacturers, local governments, and area universities and school systems.

There was noticeable development in areas that were hard hit by the 2008 housing market crash. Downtown businesses are prospering, and many of the older buildings are being renovated and turned into condos and multi-family housing.

The contacts indicated that there is a significant need for more small business loans in the area. Access to capital by small businesses has diminished due to increasing regulatory burden, as evidenced by the lack of community banks in the area. There are opportunities for financial institutions to provide capital in the form of small business loans and other credit-related projects to start-up businesses.

The bank conducted research in the AA and identified community needs for affordable housing for LMI families, small business assistance, workforce development and job readiness, homebuyer assistance, and financial education, products, and services.

Considering the information from the community contacts and bank management as well as demographic and economic data, affordable housing and small business loans represent a primary credit need for the Greensboro CSA AA. Opportunity exists to originate these types of loans throughout the AA; however, it is limited in the low-income geographies as reflected by the small proportion of OOUs and small businesses coupled with limited home affordability for LMI individuals.

Raleigh CSA AA

The following table provides a summary of the demographics that includes housing and business information for the Raleigh CSA AA. The Table shows that the volume of OOUs is very small in the low-income tracts and over 39 percent of families in the AA are LMI. The area's median housing value in the Raleigh CSA AA is 2.9 times the highest MSA median income, but 3.5 times moderate-, and six times low-income, indicating a limited proportion of OOUs are affordable to low-income borrowers. Median rents and the significant percentage of families below poverty level suggest rental housing is also unaffordable for many low-income residents.

Table A – Demographic Information of the Assessment Area

Assessment Area: Raleigh-Durham-Chapel Hill NC CSA (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	345	9.0	23.2	32.8	33.3	1.7
Population by Geography	1,692,713	7.3	24.7	36.5	30.8	0.7
Housing Units by Geography	688,020	7.1	25.9	36.1	30.8	0.1
Owner-Occupied Units by Geography	411,098	2.7	22.6	39.2	35.4	0.0
Occupied Rental Units by Geography	212,783	14.0	31.4	30.8	23.6	0.2
Vacant Units by Geography	64,139	11.9	28.9	33.9	25.2	0.1
Businesses by Geography	126,694	5.1	22.1	34.5	38.0	0.3
Farms by Geography	3,665	3.3	22.2	46.6	27.8	0.0

Family Distribution by Income Level	408,933	22.3	17.1	19.5	41.1	0.0
Household Distribution by Income Level	623,881	23.3	16.8	17.8	42.1	0.0
Median Family Income MSA - 20500 Durham-Chapel Hill, NC MSA		$65,660	Median Housing Value			$211,385
Median Family Income MSA - 39580 Raleigh, NC MSA		$74,783	Median Gross Rent			$808
Median Family Income Non-MSAs - NC		$46,764	Families Below Poverty Level			8.5%

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

Durham-Chapel Hill, NC MSA

According to the April 2019 Moody's Analytics report, job creation in Durham has slowed sharply since mid-2018, and year-over-year growth in the first quarter was the weakest in more than seven years. Job losses in retail and fewer additions in healthcare are the main culprits.

Tech, life sciences, and other professional services will provide the biggest lift in the near term. Durham boasts an outsize tech cluster that attracts high-value business investment, and high-tech employment has surged over the last year.

Pharmaceutical production accounts for 20 percent of factory jobs in Durham. The depth of talent and an existing cluster of life sciences and related companies in the Research Triangle make Durham an ideal location for bio-manufacturers.

Robust population growth and a sturdy labor market has increased pressure on an already-hot housing market. Builders have responded aggressively, boosting single-family starts to level last reached in the early 2000s even as building activity nationally remains sluggish. As a result, construction employment growth is above average and will maintain momentum this year.

The largest employers in the MSA are Duke University & Health System, IBM Corp., and UNC - Chapel Hill. According to the U.S. BLS, the MSA unemployment rate as of the fourth quarter of 2018 was 3.6 percent, down from 6.3 percent at the beginning of the evaluation period. The unemployment rate in the AA was slightly lower than the overall State of North Carolina at 3.7 percent for the same period.

Raleigh, NC MSA

According to the April 2019 Moody's Analytics report, Raleigh's expansion is resuming after it stalled in the second half of 2018. Professional/business services have been the biggest boon to growth, accounting for nearly one in four net new jobs over the last year. Tech and the broader professional/business services industry hold the most promise for growth. Business costs are 12 percent below the U.S. average and much lower than those in other tech centers, giving Raleigh an edge in attracting tech startups and established companies alike.

The housing market is solid. Prices are 22 percent above their prior peak and single-family permits have returned to early-2000 levels even though the pace of building still lags that nationally.

The largest employers in the MSA are IBM Corporation, WakeMed Health & Hospitals, and North Carolina State University. According to the U.S. BLS, the MSA unemployment rate as of the fourth quarter of 2018 was 3.6 percent, down from 6.2 percent at the beginning of the evaluation period. The unemployment rate in the AA was slightly lower than the overall State of North Carolina at 3.7 percent for the same period.

Community Contacts

The analysis takes into consideration comments provided by three community contacts that serve the bank's Raleigh CSA AA. One community contact represents an affordable housing organization that serves the geographic boundaries in downtown Raleigh and the research triangle area which includes Wake and Orange Counties. One community contact provides affordable housing solutions throughout the State including the AA. The other one represents an economic and workforce development organization.

The community contacts indicated that the Raleigh-Durham area is rapidly growing and changing. As the area grows, it takes a workforce with many different income levels to support that growth, including low-paying workers, which leads to the need for affordable housing. There is some gentrification in Raleigh and housing costs in Durham are skyrocketing. Affordable housing is the critical credit need in the AA.

There are opportunities for financial institutions to provide capital for pre-development work for affordable housing projects, provide revolving lines of credit for affordable housing organizations to acquire land or rental housing properties, and a longer-term loan product to refinance LIHTC projects. There are also opportunities for financial institutions to provide financial literacy training to small business owners.

The bank conducted research in the AA and identified community needs for affordable housing for LMI families, homeless services, small business assistance, and neighborhood revitalization/stabilization.

Considering the information from the community contacts and bank management as well as demographic and economic data, affordable housing represents a primary credit need for the Raleigh CSA AA. Opportunity exists to originate these types of loans throughout the AA; however, it is limited in the low-income geographies as reflected by the small proportion of OOUs and small businesses coupled with limited home affordability for LMI individuals.

<u>NC Combined NonMetro AA</u>

The following table provides a summary of the demographics that includes housing and business information for the NC Combined NonMetro AA. Table A shows that the number of tracts, population, OOUs, and businesses is very small in the low-income tracts and over 38 percent of families in the AA are LMI. The area's median housing value in the NC Combined NonMetro AA is 3.5 times the highest MSA median income, but 4.5 times moderate-, and seven times low-income, indicating a limited proportion of OOUs are affordable to LMI borrowers. Median rents and the significant percentage of families below poverty level suggest rental housing is also unaffordable for many low-income residents.

Table A – Demographic Information of the Assessment Area

Assessment Area: NC Combined Non-Metros (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	164	3.0	10.4	60.4	25.0	1.2
Population by Geography	736,358	1.7	9.0	65.2	24.1	0.0
Housing Units by Geography	387,817	1.9	8.0	61.9	28.2	0.0
Owner-Occupied Units by Geography	205,351	0.9	8.3	65.8	25.1	0.0
Occupied Rental Units by Geography	87,756	4.8	9.3	64.1	21.7	0.0
Vacant Units by Geography	94,710	1.4	6.1	51.4	41.0	0.0
Businesses by Geography	41,726	2.6	6.0	61.3	30.1	0.0
Farms by Geography	2,857	0.2	8.8	71.5	19.5	0.0
Family Distribution by Income Level	195,080	21.3	16.9	19.3	42.5	0.0
Household Distribution by Income Level	293,107	24.8	15.4	17.1	42.6	0.0
Median Family Income Non-MSAs - NC		$46,764	Median Housing Value			$161,591
			Median Gross Rent			$639
			Families Below Poverty Level			13.6%

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

According to the August 2018 Moody's Analytics report, North Carolina's economy is improving. Year-over-year job growth is the fastest since late 2016 and comfortably exceeds the South and U.S. averages. Net hiring is exceptionally broad-based with more than four-fifths of private industries adding to their headcounts. As a result, hourly pay is rising faster than elsewhere as firms are forced to hike wages to attract and retain qualified labor.

Professional/business and information services, which together employ many of NC's tech workers, will contribute one-quarter of the State's net new jobs over the next year, despite accounting for only about 15 percent of nonfarm payrolls. Although NC's manufacturers are on a firmer trajectory, it will not be long before factory job growth slows. Meanwhile, transportation and warehousing have grown significantly, with payrolls up more than 30 percent this decade.

Population and income growth that are above average and accelerating in NC will keep an already-hot housing market sizzling as builders struggle to keep up. Multifamily starts hit a three-decade high in the first quarter, consistent with the forecast for big construction job gains this year and next.

The largest employers in NC Combined NonMetro are Fort Bragg, Wal-Mart Stores Inc., and Atrium Health. According to the U.S. BLS, the unemployment rates for the third quarter of 2018 in the following counties range from a low of 3.5 percent (Watauga County) to a high of 5.3 percent (Bladen County) while the State average is 4.0 percent during the same period.

Community Contacts

The analysis takes into consideration comments provided by a recent community contact in conjunction

with this evaluation that serves the bank's NC Combined NonMetro AA. The community contact is a government housing and community development agency that is involved in multiple efforts to find and develop affordable housing, educate and train low-income residents on building credit and wealth, and to assist in small business funding and incubation.

The contact indicated that the local economy is slowly improving. There is an increase in jobs within the local area and improvements to infrastructure. There have been recent projects to revitalize downtown areas. The contact indicated that there is a need for affordable housing within Wilkes County given that many of the new incoming workers are typically younger, who cannot afford the expensive housing. In addition, small businesses have trouble obtaining credit since they do not have the knowledge on how to qualify. There are opportunities for financial institutions to educate local small businesses regarding how to qualify for credit through seminars and outreach programs and credit for affordable housing within the AA.

Considering the information from the community contacts and bank management as well as demographic and economic data, affordable housing and small business loans represent a primary credit need for the NC Combined NonMetro AA. Opportunity exists to originate these types of loans throughout the AA; however, it is limited in the low-income geographies as reflected by the small proportion of population, OOUs, and small businesses coupled with limited home affordability for LMI individuals.

Scope of Evaluation in North Carolina

The rating for the State of North Carolina is based on FS evaluation of the bank's performance in the Greensboro CSA AA, Raleigh CSA AA, and NC Combined NonMetro AA; however, performance in each AA was considered. Conclusions where a LS review affected the CRA Rating for the state are addressed within their respective tests. LS procedures were performed for the Asheville CSA AA, Fayetteville CSA AA, Goldsboro MSA AA, Greenville CSA AA, Hickory CSA AA, Jacksonville MSA AA, New Bern CSA AA, Rocky Mount CSA AA, and Wilmington MSA AA. The State of North Carolina is the 12th largest rated area and along with 12 other rated areas represents the bank's most significant markets in terms of lending, deposit, and branch distribution. North Carolina represents a sizeable portion of the bank's overall lending, investments, and services; therefore, the performance in the state was weighted heavier in determining the bank's overall CRA Rating.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN NORTH CAROLINA

LENDING TEST

The bank's performance under the Lending Test in North Carolina is rated Outstanding.

Conclusions for Areas receiving FS Reviews

Based on FS reviews, including the data in the tables below and consideration of performance context discussed in the lending test, the bank's performance in the Greensboro CSA and Raleigh CSA AAs is excellent and performance in the NC Combined NonMetro AA is good**.**

Lending Activity

Based on the tables below, lending levels reflect excellent responsiveness to the credit needs in its AAs taking into account the number and amount of home mortgage, small business, small farm, and CD loans originated or purchased relative to its capacity based on deposits, competition, and market presence.

Number of Loans *							
Assessment Area	Home Mortgage	Small Business	Small Farm	CD	Total	% State* Loans	% State Deposits
Greensboro CSA	42,306	16,712	334	47	59,399	20.4	25.2
Raleigh CSA	77,920	26,488	350	48	104,806	36.0	41.3
NC Combined NonMetro	16,123	7,051	670	12	23,856	8.2	7.7
Asheville CSA	13,937	6,767	109	16	20,829	7.2	7.3
Fayetteville CSA	17,454	2,994	76	10	20,534	7.1	2.6
Goldsboro MSA	3,789	740	52	1	4,582	1.6	1.1
Greenville CSA	4,412	2,385	212	1	7,010	2.4	2.3
Hickory CSA	7,588	3,316	122	3	11,029	3.7	3.7
Jacksonville MSA	9,162	1,107	28	1	10,298	3.5	0.5
New Bern CSA	6,337	2,201	128	2	8,668	3.0	2.1
Rocky Mount CSA	3,299	1,587	83	3	4,972	1.7	1.6
Wilmington MSA	11,322	3,774	28	9	15,133	5.2	4.6
Total	213,649	75,122	2,192	153	291,116	100.0	100.0

*The tables present the data for all assessment areas. The narrative below addresses performance in FS areas only.

Dollar Volume of Loans (000's)*							
Assessment Area	Home Mortgage	Small Business	Small Farm	CD	Total	% State Loans	% State Deposits
Greensboro CSA	$6,940,284	$1,054,285	$10,620	$71,799	$8,076,988	17.0	25.2
Raleigh CSA	$18,342,414	$1,320,041	$18,068	$261,372	$19,941,895	42.1	41.3
NC Combined NonMetro	$3,407,629	$375,565	$69,613	$31,971	$3,884,778	8.2	7.7
Asheville CSA	$2,830,746	$352,230	$3,944	$25,241	$3,212,161	6.8	7.3
Fayetteville CSA	$2,655,546	$180,845	$4,610	$43,714	$2,884,715	6.1	2.6
Goldsboro MSA	$563,894	$50,540	$6,103	$3,669	$624,206	1.3	1.1
Greenville CSA	$722,861	$183,748	$31,235	$2,910	$940,754	2.0	2.3
Hickory CSA	$1,103,947	$188,441	$3,416	$12,540	$1,308,344	2.8	3.7
Jacksonville MSA	$1,530,094	$75,397	$1,883	$2,746	$1,610,120	3.4	0.5
New Bern CSA	$1,189,394	$124,055	$9,966	$8,750	$1,332,165	2.7	2.1
Rocky Mount CSA	$444,970	$104,079	$5,986	$2,732	$557,767	1.2	1.6

Wilmington MSA	$2,781,920	$208,650	$666	$22,786	$3,014,022	6.4	4.6
Total	$42,513,699	$4,217,876	$166,110	$490,230	$47,387,915	100.0	100.0

*The tables present the data for all assessment areas. The narrative below addresses performance in FS areas only.

Greensboro CSA AA

WFBNA ranked second in deposits with 12.0 percent market share in the AA. In overall HMDA lending, WFBNA ranked first with 9.4 percent market share. There is strong competition as reflected by the 497 lenders and 28 depository institutions in the AA. The second and third lenders in this market were State Employees' Credit Union and Quicken Family with 7.4 and 6.1 percent market share, respectively.

In small loans to businesses, WFBNA ranked third with a market share of 8.0 percent. The top two lenders in this market were American Express, FSB with 17.4 percent market share and Branch Banking and Trust Co. with 12.1 percent market share.

Raleigh CSA AA

WFBNA ranked first in deposits with 22.1 percent market share in the AA. In overall HMDA lending, WFBNA ranked first with 12.1 percent market share. Although WFBNA's HMDA market share is considerably lower than its deposit market share, lending competition was significantly stronger, reflected by the 620 lenders, than competition for deposits, where there were only 37 depository institutions. The second and third lenders in this market were State Employees' Credit Union and Quicken Family with 7.1 and 4.3 percent market share, respectively.

In small loans to businesses, WFBNA ranked third with a market share of 9.0 percent. The top two lenders in this market were American Express, FSB with 18.4 percent market share and Branch Banking and Trust Co. with 9.9 percent market share.

NC Combined NonMetro AA

WFBNA ranked second in deposits with 15.6 percent market share in the AA. In overall HMDA lending, WFBNA ranked first with 9.8 percent market share. There is strong competition as reflected by the 504 lenders and 34 depository institutions in the AA. The second and third lenders in this market were State Employees' Credit Union and BB&T Family with 9.7 and 5.4 percent market share, respectively.

In small loans to businesses, WFBNA ranked fourth with a market share of 8.6 percent. The top two lenders in this market were American Express, FSB with 13.5 percent market share and Branch Banking and Trust Co. with 13.2 percent market share.

Distribution of Loans by Income Level of the Geography

The bank exhibits a good geographic distribution of loans in its AA.

Greensboro CSA AA

Home Mortgage Loans

Refer to Table O in the State of North Carolina section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is good.

- The bank's performance in both periods, 2012-2016 and 2017-2018, to home mortgage loans in low-income geographies exceeds the aggregate distribution of loans and is significantly below the proportion of OOUs in those geographies. However, less weight was given to WFBNA's performance in low-income geographies because of the very small proportion of the bank's loans and OOUs in low-income geographies.
- The proportion of loans in moderate-income geographies substantially meets the aggregate distribution of loans and is below the proportion of OOUs in those geographies.

Small Loans to Businesses

Refer to Table Q in the State of North Carolina section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is excellent.

- For 2012-2016, the proportion of the bank's small business loans in low-income geographies exceeds the aggregate distribution of loans and is near to the proportion of businesses located in those geographies.
- The proportion of loans in moderate-income geographies substantially meets the aggregate distribution of loans and is near to the proportion of businesses located in those geographies.
- Based on the bank's performance in 2017-2018, the bank's small business lending is slightly below the performance in 2012-2016.

Raleigh CSA AA

Home Mortgage Loans

Refer to Table O in the State of North Carolina section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is good.

- The bank's performance in 2012-2016 for home mortgage loans in low-income geographies is below the aggregate distribution of loans and is well below the proportion of OOUs in those geographies. However, less weight was given to WFBNA's performance in low-income geographies because of the very small proportion of the bank's loans and OOUs in low-income geographies.
- The proportion of loans in moderate-income geographies substantially meets the aggregate distribution of loans and is below the proportion of OOUs in those geographies.

- Based on the bank's performance in 2017-2018, the bank's home mortgage lending is slightly below the performance in 2012-2016.

Small Loans to Businesses

Refer to Table Q in the State of North Carolina section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is good.

- For both 2012-2016 and 2017-2018 periods, the proportion of the bank's small business loans in low-income geographies substantially meets the aggregate distribution of loans and is well below the proportion of businesses located in those geographies.
- The proportion of loans in moderate-income geographies is below both the aggregate distribution of loans and the proportion of businesses located in those geographies.

NC Combined NonMetro AA

Home Mortgage Loans

Refer to Table O in the State of North Carolina section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is poor.

- The bank's performance in both periods, 2012-2016 and 2017-2018, to home mortgage loans in low-income geographies is well below the aggregate distribution of loans and is significantly below the proportion of OOUs in those geographies. However, less weight was given to WFBNA's performance in low-income geographies because of the very small proportion of the bank's loans and OOUs in low-income geographies.
- The proportion of loans in moderate-income geographies substantially meets the aggregate distribution of loans and is significantly below the proportion of OOUs in those geographies.

Small Loans to Businesses

Refer to Table Q in the State of North Carolina section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is excellent.

- For 2012-2016, the proportion of the bank's small business loans in low-income geographies substantially meets the aggregate distribution of loans and is below the proportion of businesses located in those geographies.
- The proportion of loans in moderate-income geographies exceeds both the aggregate distribution of loans and the proportion of businesses located in those geographies.
- Based on the bank's performance in 2017-2018, the bank's small business lending is slightly below the performance in 2012-2016.

Distribution of Loans by Income Level of the Borrower

The bank exhibits a good distribution of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the institution.

Greensboro CSA AA

Home Mortgage Loans

Refer to Table P in the State of North Carolina section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is good.

- The Greensboro CSA AA has homeownership affordability hurdles especially for low-income borrowers. As noted above, the area's median housing value is five times the income of low-income borrowers indicating a limited proportion of OOUs are affordable to low-income borrowers. Despite the affordability challenges, the bank's overall home mortgage lending in both 2012-2016 and 2017-2018 periods to LMI borrowers substantially meets the aggregate distribution of loans.
- The bank's home mortgage lending to low-income borrowers is significantly below the proportion of families and to moderate-income borrowers is below the proportion of families.

Small Loans to Businesses

Refer to Table R in the State of North Carolina section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is good.

- For both 2012-2016 and 2017-2018 periods, the bank's distribution of small loans to businesses with revenues of $1 million or less exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is below the percentage of small businesses located in the AA.

Raleigh CSA AA

Home Mortgage Loans

Refer to Table P in the State of North Carolina section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is excellent.

- The Raleigh CSA AA has homeownership affordability hurdles especially for low-income borrowers. As noted above, the area's median housing value is six times the income of low-income borrowers indicating a limited proportion of OOUs are affordable to low-income borrowers. Despite the affordability challenges, the bank's overall home mortgage lending in 2012-2016 to LMI borrowers exceeds the aggregate distribution of loans for LMI borrowers.

- The bank's home mortgage lending to low-income borrowers is well below the proportion of families and to moderate-income borrowers is near to the proportion of families.
- Based on the bank's performance in 2017-2018, the bank's home mortgage lending is slightly below the performance in 2012-2016.

Small Loans to Businesses

Refer to Table R in the State of North Carolina section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is good.

- For both 2012-2016 and 2017-2018 periods, the bank's distribution of small loans to businesses with revenues of $1 million or less exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is below the percentage of small businesses located in the AA.

NC Combined NonMetro AA

Home Mortgage Loans

Refer to Table P in the State of North Carolina section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is good.

- The NC Combined NonMetro AA has homeownership affordability hurdles especially for LMI borrowers. As noted above, the area's median housing value is seven times the income of low-income and 4.5 times the income of moderate-income borrowers indicating a limited proportion of OOUs are affordable to LMI borrowers. Despite the affordability challenges, the bank's overall home mortgage lending in 2012-2016 to low-income borrowers exceeds the aggregate distribution of loans and is significantly below the proportion of families.
- The bank's overall home mortgage lending to moderate-income borrowers substantially meets the aggregate distribution of loans and is well below the proportion of families.
- Based on the bank's performance in 2017-2018, the bank's home mortgage lending is slightly below the performance in 2012-2016.

Small Loans to Businesses

Refer to Table R in the State of North Carolina section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is good.

- For both 2012-2016 and 2017-2018 periods, the bank's distribution of small loans to businesses with revenues of $1 million or less exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is below the percentage of small businesses located in the AA.

Community Development Lending

The institution is a leader in making CD loans.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

Greensboro CSA AA

The level of CD lending in the Greensboro CSA AA is excellent. WFBNA made 47 CD loans in the Greensboro CSA AA for a total of $71.8 million, which represents 10.9 percent of tier 1 capital. CD lending performance has a significant positive impact on the lending test rating. The institution makes significant use of innovative and/or complex CD loans and involved many complex projects where the bank often acted in a leadership role. The loans were responsive to the identified needs in the AA, including affordable housing and community services. The bank made 36 CD loans totaling $64.8 million (90 percent) for the purpose of affordable housing which is an identified credit needs within the AA. Additionally, the bank extended 11 CD loans totaling $7 million for the primary purpose of community services to assist LMI individuals within the AA.

Examples of CD loans in the AA include:

- In July 2014, WFBNA provided an $8.2 million loan to finance the acquisition of an affordable housing development located in a moderate-income census tract in Greensboro, NC. The project consists of 24 efficiency units, 48 one-bedroom units, 232 two-bedroom units with 99 percent of the actual rent rates below the area 2014 Fair Market Rents and 100 percent of the units affordable to tenants earning between 25 and 45 percent of the 2014 area MFI of $65,500.
- In May 2014, WFBNA provided a $1.2 million term loan to a non-profit organization for the renovation of a new headquarter. The building houses the organization's programs including a year-round homeless shelter, enough to house at least 30 people who are women or mothers with children. Additionally, the organization offers job training programs for these people.
- In July 2018, WFBNA provided a $1.1 million loan to a multifamily housing development located in a moderate-income census tract in Winston-Salem, NC. The development consists of 49 two-bedroom units, with 100 percent of the asking rent rates below the 2018 Fair Market Rent for the area and 100 percent of the units affordable to tenants earning between 26.8 and 37.1 percent of the 2018 area MFI of $62,000.

Raleigh CSA AA

The level of CD lending in the Raleigh CSA AA is excellent. WFBNA made 48 CD loans in the Raleigh CSA AA for a total of $261.4 million which represents 24.1 percent of tier 1 capital. CD lending performance has a significant positive impact on the lending test rating in the Raleigh CSA AA. The institution makes significant use of innovative and/or complex CD loans and involved many complex projects where the bank often acted in a leadership role. The loans were responsive to the identified needs in the AA, including affordable housing and community services. The bank made 37 CD loans totaling $196.8 million (75.3 percent) for the purpose of affordable housing which is an identified credit needs within the AA. Additionally, the bank extended 9 CD loans totaling $62 million for the primary purpose of community services to assist LMI individuals and 2 CD loans totaling $2 million for the purpose of economic development.

Examples of CD loans in the AA include:

- In August 2017, WFBNA provided a $57.0 million bridge loan for an organization to acquire two medical office buildings. The organization provides 90 percent of the indigent health care services in Wake County. Over 60 percent of its clients are LMI as they earn less than 80 percent of the area MFI.
- In April 2018, WFBNA provided a $20.8 million loan for a multifamily housing development located in a moderate-income census tract in Raleigh, NC. The project consists of 120 one-bedroom units, 128 two-bedroom units, 12 three-bedroom units with 52.7 percent of the actual rent rates below the 2016 Fair Market Rent for the area and 100 percent of the units affordable to tenants earning between 26.9 and 65.9 percent of the 2018 area MFI of $84,300.

NC Combined NonMetro AA

The level of CD lending in the NC Combined NonMetro AA is excellent. WFBNA made 12 CD loans in the AA for a total of $32.0 million which represents 15.8 percent of the allocated tier 1 capital. CD lending performance has a significant positive impact on the lending test rating. The institution makes significant use of innovative and/or complex CD loans and involved many complex projects where the bank often acted in a leadership role. The loans were responsive to the identified needs in the AA, including affordable housing and community services. The bank made 8 CD loans totaling $26.5 million (82.8 percent) for the purpose of affordable housing which is an identified credit needs within the AA. Additionally, the bank extended 3 CD loans totaling $3 million for the primary purpose of community services to assist LMI individuals and 1 CD loans totaling $2.5 million for the purpose of revitalizing and stabilizing a distressed area with the AA.

Examples of CD loans in the AA include:

- In July 2013, WFBNA renewed a $1 million working capital line of credit to an organization that helps people with disabilities and special needs and their families to make choices to live more independently. All of its clients are LMI.
- In August 2016, WFBNA provided a $4 million construction loan for an affordable housing development located in Franklin, North Carolina. The project requires that 100 percent of the units restricted to tenants earning 60 percent of the area MFI.
- In March 2016, WFBNA provided a $15 million line of credit to a Tax Credit Investment Fund. Of that total, $552,000 has been allocated to an affordable housing development located in North Wilkesboro, NC. The loan proceeds were used to bridge the gap between the receipt of capital contributions from investors and the payment of equity investments to operating partnerships that own LIHTC projects.

Product Innovation and Flexibility

Greensboro CSA AA

The institution makes limited use of innovative and/or flexible lending practices in order to serve AA credit needs. Under the *your*FirstMortgage loan program the bank has funded 161 loans totaling $16.9 million to LMI homebuyers that qualified under this program.

Raleigh CSA AA

The institution makes extensive use of innovative and/or flexible lending practices in order to serve AA credit needs. The bank launched the NeighborhoodLIFT program in the Raleigh CSA AA in February 2017 and nearly 400 potential homebuyers attended the event. WFBNA originated 220 mortgage loans totaling $36.6 million. Under the *your*FirstMortgage loan program the bank has funded 362 loans totaling $59.7 million to LMI homebuyers that qualified under this program.

NC Combined NonMetro AA

The institution makes limited use of innovative and/or flexible lending practices in order to serve AA credit needs. Under the *your*FirstMortgage loan program the bank has funded 37 loans totaling $3.6 million to LMI homebuyers that qualified under this program.

Refer to the comments in the institution Innovative or Flexible Lending Programs section of this performance evaluation for additional details regarding the programs listed above.

Conclusions for Areas Receiving LS Reviews

Based on LS reviews, the bank's performance under the Lending Test in the Asheville CSA, Hickory CSA, and Wilmington MSA AAs is consistent with the bank's overall excellent performance under the Lending Test in the FS areas. The bank's performance in the Fayetteville CSA, Goldsboro MSA, New Bern CSA AA, and Rocky Mount CSA AAs is good and weaker than the bank's overall excellent overall performance. Additionally, the bank's performance under the Lending Test in the Greenville CSA and Jacksonville MSA AAs is adequate and significantly weaker than the bank's overall performance. However, the weaker performance of these LS AAs did not affect the bank's overall excellent rating for the State.

Refer to Tables O through T in the State of North Carolina section of appendix D for the facts and data that support these conclusions.

INVESTMENT TEST

The bank's performance under the Investment Test in the State of North Carolina is rated Low Satisfactory.

Conclusions for Areas Receiving FS Reviews

Based on FS reviews, including the data in the table below and consideration of performance context discussed in the investment test, the bank's performance in the Greensboro CSA and Raleigh CSA is adequate, and performance in the NC Combined NonMetro AAs is good.

Qualified Investments										
	Prior Period*		Current Period		Total				Unfunded Commitments**	
Assessment Area	#	$(000's)	#	$(000's)	#	% of Total #	$(000's)	% of Total $	#	$(000's)
Greensboro CSA	24	$6,189	312	$44,639	336	25.8	$50,828	18.4		
Raleigh CSA	18	$3,809	487	$71,594	505	38.8	$75,403	27.3	1	48
NC Combined NonMetro	5	$589	64	$22,508	69	5.3	$23,097	8.4		
Asheville CSA	1	$884	125	$16,036	126	9.7	$16,920	6.1		
Fayetteville CSA	3	$15,782	42	$49,519	45	3.5	$65,301	23.6		
Goldsboro MSA	1	$325	9	$70	10	0.8	$395	0.1		
Greenville CSA	0	$0	45	$4,266	45	3.5	$4,266	1.5		
Hickory CSA	1	$21	37	$5,394	38	2.9	$5,415	2.0		
Jacksonville MSA	1	$74	11	$1,259	12	0.9	$1,333	0.5		
New Bern CSA	0	$0	35	$852	35	2.7	$852	0.3		
Rocky Mount CSA	0	$0	27	$31,198	27	2.1	$31,198	11.3		
Wilmington MSA	0	$0	52	$1,261	52	4.0	$1,261	0.5		
Total	54	$27,673	1,246	$248,596	1,300	100.0	$276,269	100.0	1	48

* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.
** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Greensboro CSA AA

The institution has an adequate level of qualified CD investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 7.7 percent of tier 1 capital allocated to the AA.

The investments and grants reflect adequate responsiveness to the needs identified in the AA including affordable housing, community services, economic development, and revitalization/stabilization for LMI individuals and geographies. Over 77.8 percent of the bank's CD investments focused on affordable housing which is an identified credit need in the AA. Additionally, the bank provided 271 grants totaling $6.1 million to a variety of organizations that primarily support affordable housing, community services, and economic development.

The institution makes significant use of innovative and/or complex investments to support CD initiatives. CD Investments involved numerous complex LIHTC and NMTC projects where the bank often acted in a leadership role with participations from federal, state, and local housing agencies and real estate developers. Additionally, the bank purchased numerous government mortgage-backed securities for the CD Investment portfolio.

Examples of CD investments in the AA include:

- In December 2017, WFBNA provided a $4.5 million investment in a 56-unit LIHTC affordable housing complex development located in Graham, North Carolina. Units are restricted to tenants

(age 55 plus) and earning at or below 60 percent of the area MFI. This activity is responsive to the identified need for affordable housing.

- In April 2016, WFBNA provided a $6.2 million NMTC investment for the finance of a redevelopment of a 45,000 square foot underutilized shopping center in Northeast Greensboro, NC. The development is located in a heavily distressed redevelopment zone. Constructed in 1970, the property served as a shopping center until anchor tenant Winn-Dixie moved out in 1998, leaving the complex largely vacant and the area without any reliable food source. Once completed, the development will consist of a mix of retail and service businesses, anchored by Family Dollar and Renaissance Community Co-op. Additional tenants include a City of Greensboro workforce development and youth leadership program office, an independent pharmacy, and a credit union branch. The project will create 30 jobs for LMI individuals and an estimated 100 construction-related jobs during the approximately 12-month renovation.
- During the exam timeframe, WFBNA provided four grants totaling $320,000 to four local housing organizations through the PMP for affordable housing in the Greensboro CSA AA. Refer to the comments in the institution Community Development Initiatives section of this public evaluation for additional details regarding this program.

Raleigh CSA AA

The institution has an adequate level of qualified CD investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 7.0 percent of tier 1 capital allocated to the AA.

The investments and grants reflect adequate responsiveness to the needs identified in the AA including affordable housing, community services, economic development, and revitalization/stabilization for LMI individuals and geographies. Over 70.4 percent of the bank's CD investments focused on affordable housing which is an identified credit need in the AA. Additionally, the bank provided 435 grants totaling $14.1 million to a variety of organizations that primarily support affordable housing, community services, and economic development.

The institution makes significant use of innovative and/or complex investments to support CD initiatives. CD Investments involved numerous complex LIHTC and NMTC projects where the bank often acted in a leadership role with participations from federal, state, and local housing agencies and real estate developers. Additionally, the bank purchased numerous government mortgage-backed securities for the CD Investment portfolio.

Examples of CD investments in the AA include:

- In September 2013, WFBNA invested $3.8 million in a 40-unit LIHTC affordable housing complex development located in Garner, North Carolina. Units are restricted to tenants earning between 30 and 60 percent of the area MFI. This activity is responsive to the identified need for affordable housing.
- In June 2017, WFBNA provided four local initiatives grants totaling $350,000 to several housing Partnership organizations to administer the NeighborhoodLIFT Down Payment Assistance program. Refer to the comments in the institution Innovative or Flexible Lending Programs section of this performance evaluation for additional details regarding this program.
- During the exam timeframe, WFBNA provided three grants totaling $1.4 million to several small business organizations through the Small Business DCC Program benefiting small businesses in North Carolina particularly in the Raleigh CSA AA. Refer to the comments in the institution

Innovative or Flexible Lending Programs section of this public evaluation for additional details regarding this program.

NC Combined NonMetro AA

The institution has a significant level of qualified CD investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 11.4 percent of tier 1 capital allocated to the AA.

The investments and grants exhibit good responsiveness to the needs identified in the AA including affordable housing, community services, economic development, and revitalization/stabilization for LMI individuals and geographies. Over 55.3 percent of the bank's CD investments focused on affordable housing which is an identified credit need in the AA. Additionally, the bank provided 57 grants totaling $523,505 to a variety of organizations that primarily support affordable housing, community services, and economic development.

The institution makes significant use of innovative and/or complex investments to support CD initiatives. CD Investments involved numerous complex LIHTC and NMTC projects where the bank often acted in a leadership role with participations from federal, state, and local housing agencies and real estate developers.

Examples of CD investments in the AA include:

- In March 2014, WFBNA invested $5.9 million in a 72-unit LIHTC affordable housing complex development located in Boone, North Carolina. Units are restricted to tenants earning between 40 and 60 percent of the area MFI. This investment is responsive to the need for affordable housing.
- In March 2016, WFBNA invested $35.2 million in the Boston Capital Fund XLII, an LIHTC fund. Of this total investment, $3.4 million was allocated to a development located in North Wilkesboro, North Carolina, with 33 units restricted to tenants earning no more than 60 percent of the area MFI.

Conclusions for Areas Receiving LS Reviews

Based on LS reviews, the bank's performance under the Investment Test in the Asheville CSA, Greenville CSA, Hickory CSA, and Jacksonville MSA AAs is consistent the bank's overall adequate performance in the Investment Test in the FS areas. The bank's performance in the Fayetteville CSA and Rocky Mount CSA AAs is stronger than the bank's overall performance due to a higher volume of CD investments. In addition, performance in the Goldsboro MSA, New Bern CSA, and Wilmington MSA AAs is weaker and overall rated as poor due to a lower volume of CD investments. Performance differences in the LS AAs with respect to stronger and weaker were neutral and did not impact the overall Investment Test rating for the State of North Carolina.

SERVICE TEST

The bank's performance under the Service Test in North Carolina is rated Outstanding.

Conclusions for Areas Receiving FS Reviews

Based on FS reviews, including the data in the tables below and consideration of performance context discussed in the service test, the bank's performance in the Raleigh CSA AA is excellent and performance in the Greensboro CSA and NC Combined NonMetro AAs is good.

Retail Banking Services

Service delivery systems are readily accessible to geographies and individuals of different income levels in the institution's AAs, particularly LMI geographies and/or LMI individuals.

Distribution of Branch Delivery System											
Assessment Area	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)*				% of Population within Each Geography*			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Greensboro CSA	25.1	57	25.4	7.0	26.3	33.3	33.3	5.7	22.7	43.2	28.1
Raleigh CSA	41.3	66	29.5	9.1	16.7	22.7	43.9	7.2	27.4	33.2	31.6
NC Combined NonMetro	7.7	33	14.7	0.0	12.1	66.7	21.2	1.3	13.6	63.3	21.8
Asheville CSA	7.3	16	7.1	6.3	31.3	43.8	18.8	1.5	13.0	64.7	20.8
Fayetteville CSA	2.6	8	3.6	0.0	50.0	37.5	12.5	2.8	28.9	53.4	14.2
Goldsboro MSA	1.1	3	1.3	0.0	33.3	66.7	0.0	0.0	31.6	56.0	12.4
Greenville CSA	2.3	6	2.7	16.7	16.7	66.7	0.0	8.5	19.6	41.8	30.2
Hickory CSA	3.7	11	4.9	0.0	9.1	54.5	36.4	0.0	12.3	70.1	17.5
Jacksonville MSA	0.5	2	0.9	0.0	100.0	0.0	0.0	0.0	12.0	68.5	15.0
New Bern CSA	2.1	8	3.6	12.5	50.0	12.5	25.0	2.9	12.8	50.8	33.6
Rocky Mount CSA	1.6	4	1.8	0.0	0.0	100.0	0.0	1.2	20.0	52.8	26.0
Wilmington MSA	4.6	10	4.5	30.0	10.0	20.0	40.0	13.2	17.0	40.1	29.7

* May not add up to 100 percent due to geographies with unknown tract income level and rounding.

Distribution of Branch Openings/Closings						
Assessment Area	# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)			
			Low	Mod	Mid	Upp
Greensboro CSA	0	9	-2	-2	-1	-4
Raleigh CSA	2	4	0	-2	0	0
NC Combined NonMetro	0	5	0	-1	-3	-1
Asheville CSA	0	2	0	0	-2	0
Fayetteville CSA	0	0	0	0	0	0
Goldsboro MSA	0	0	0	0	0	0
Greenville CSA	0	2	-2	0	0	0
Hickory CSA	0	1	0	-1	0	0
Jacksonville MSA	0	0	0	0	0	0
New Bern CSA	0	1	0	0	0	-1
Rocky Mount CSA	0	0	0	0	0	0
Wilmington MSA	0	0	0	0	0	0

Greensboro CSA AA

As of December 31, 2018, WFBNA operates 57 branches and 125 ATMs in the Greensboro CSA AA. Of these branches, 51 are full-service locations and six are limited-service branches. There are 17 branches in the LMI geographies. The branch distribution in LMI geographies exceeds the percentage of the population in LMI CTs in the AA. When considering an additional 10 branches within close proximity to LMI geographies, the bank's distribution further exceeds demographics.

The institution's opening and closing of branches have not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank closed two branches in low-income geographies and two branches in moderate-income geographies since the last evaluation. The bank has not opened any new branches. The closure of branches in moderate-income geographies was to consolidate with other branches nearby and did not negatively impact the distribution of branches relative to the population residing in those geographies. The bank still maintains 17 active branches or 33.3 percent within LMI geographies.

Services, including where appropriate, business hours, do not vary in a way that inconveniences the various portions of its AA, particularly LMI geographies and/or individuals. Generally, branches are open Monday through Thursday from 9:00 am to 5:00 pm and 9:00 am to 6:00 pm on Friday. Of total branches, 14 are also open on Saturdays from 9:00 am to 1:00 pm. All WFBNA services are available at all branches and all delivery systems discussed bank-wide are available in this AA.

Raleigh CSA AA

As of December 31, 2018, WFBNA operates 66 branches and 150 ATMs in the Raleigh CSA AA. Of these branches, 56 are full-service locations and 10 are limited-service branches. There are 15 branches in LMI geographies. The branch distribution in low-income geographies significant exceeds the population in low-income CTs and the branch distribution in moderate-income geographies is near to the percentage of the population in moderate-income CTs in the AA. When considering an additional nine

branches within close proximity to LMI geographies, the bank's distribution further exceeds demographics.

The institution's opening and closing of branches have not affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank closed five branches since the last evaluation. Two of the closings were located in moderate-income geographies. The closure of branches in moderate-income geographies did not negatively impact the distribution of branches relative to the population residing in those geographies.

Services, including where appropriate, business hours, do not vary in a way that inconveniences the various portions of its AA, particularly LMI geographies and/or individuals. Generally, branches are open Monday through Thursday from 9:00 am to 5:00 pm, and on Friday from 9:00 am to 6:00 pm. Of the total branches, 32 are open on Saturdays from 9:00 am to 1:00 pm. All WFBNA services are available at all branches and all delivery systems discussed bank-wide are available in this AA.

NC Combined Non-Metro AA

As of December 31, 2018, WFBNA operates 33 branches and 43 ATMs in the NC Combined Non-Metro AA. Of these branches, 27 are full-service locations and six are limited-service branches. There are no branches in the low-income geographies; however, the population in low-income geographies is very low compared to total demographics. There are four branches in the moderate geographies. The branch distribution in moderate-income geographies is near to the percentage of the population in moderate-income CTs in the AA. When considering an additional five branches within close proximity to LMI geographies, the bank's distribution significantly exceeds demographics.

The institution's opening and closing of branches has not affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank closed five branches since the last evaluation. One of the closings was located in a moderate-income geography. The closure of branches in moderate-income geographies did not negatively impact the distribution of branches relative to the population residing in those geographies.

Services, including where appropriate, business hours, do not vary in a way that inconveniences the various portions of its AA, particularly LMI geographies and/or individuals. Generally, branches are open Monday through Thursday from 9:00 am to 5:00 pm, and on Friday from 9:00 am to 6:00 pm. Of the total branches, three are open on Saturdays from 9:00 am to 1:00 pm. All WFBNA services are available at all branches and all delivery systems discussed bank-wide are available in this AA.

Community Development Services

The institution provides a relatively high level of CD services.

Greensboro CSA AA

The level of CD services in the Greensboro CSA AA is excellent. Bank records show that employees provided their financial or job-specific expertise and/or technical assistance for 804 CD service activities to 114 organizations since the last evaluation, logging a total of 2,176 qualified hours within this AA. A majority of the bank's assistance was to organizations that provide community services to LMI individuals and families. Other activities targeted affordable housing and economic development. The

bank's assistance provided was responsive to the identified needs in the AA particularly affordable housing. The following are examples of CD services provided in this AA:

- A WFBNA team member provided 51 hours of Board service to a local community organization that is an affiliate of a global organization that utilizes community-led solutions to identify and resolve community concerns with a primary focus on education, financial stability, and health. Over 93 percent of its clients are LMI individuals as they earn less than 80 percent of the area MFI.
- A WFBNA team member provided 160 hours of Board service to a nonprofit organization that serves people in need in the Greater Greensboro area through practical action such as a food bank, homeless shelter, and emergency financial assistance. All of its clients are LMI individuals as they earn less than 80 percent of the area MFI.
- Eleven WFBNA team members provided 257 hours of tax preparation through the VITA program. Refer to the comments in the institution Innovative or Flexible Retail Service Programs section of this public evaluation for additional details regarding this program.

Raleigh CSA AA

The level of CD services in the Raleigh CSA AA is good. Bank records show that employees provided their financial or job-specific expertise and/or technical assistance for 376 CD service activities to 77 organizations since the last evaluation, logging a total of 880 qualified hours within this AA. A majority of the bank's assistance was to organizations that provide community services to LMI individuals and families. Other activities targeted affordable housing and economic development. The bank's assistance provided was responsive to the identified needs in the AA particularly affordable housing. The following are examples of CD services provided in this AA:

- A WFBNA team member provided 14.5 hours of Board service to a local community organization. This organization is a statewide nonprofit organization representing the interest of underdeveloped and underutilized sectors of the state's economic base. As of July 2012, 75 percent of its clients are LMI individuals as they earn less than 80 percent of the area MFI.
- A WFBNA team member provided 45 hours of board service for the North Carolina Housing Coalition. The Coalition serves LMI households throughout the state of North Carolina who need quality, accessible, and safe affordable housing.
- Two WFBNA team members provided 25 hours of tax preparation through the VITA program. Refer to the comments in the institution Innovative or Flexible Retail Service Programs section of this public evaluation for additional details regarding this program.

NC Combined NonMetro AA

The level of CD services in the NC Combined NonMetro AA is adequate. Bank records show that employees provided their financial or job-specific expertise and/or technical assistance for 113 CD service activities to 53 organizations since the last evaluation, logging a total of 244 qualified hours within this AA. A majority of the bank's assistance was to organizations that provide community services to LMI individuals and families. Other activities targeted affordable housing which is responsive to an identified need in the AA. The following are examples of CD services provided in this AA:

- WFBNA team members provided 26 hours of Board service to a nonprofit housing organization that works in partnership with people in need to build decent and affordable housing.

- A WFBNA employee provided seven hours of Board service to a community organization that utilizes community-led solutions to identify and resolve community concerns with a primary focus on education, financial stability, and health.
- A WFBNA employee provided 20 hours of Board service to a community organization that enables people in Watauga and Avery counties who are low-income, uninsured and have chronic illnesses to access needed medical care. The Migrant Farmworker Health Program provides access to quality, affordable, community-based, culturally appropriate, and comprehensive healthcare services for migrant and seasonal farmworkers and their families. No patient is turned away due to ability to pay. The program's vision is to build a regional healthcare system resulting in healthier individuals and enhanced quality of life while maintaining a standard of compassion, integrity and excellence.

Conclusion for Areas Receiving LS Reviews

Based on LS reviews, the bank's performance under the Service Test in the Asheville CSA, Fayetteville CSA, Goldsboro MSA, Greenville CSA, Hickory CSA, Jacksonville MSA, New Bern CSA and Wilmington MSA AAs is stronger than the bank's overall good performance under the Service Test in the FS areas due to a higher percentage of branch distribution in LMI geographies. Performance in the Rocky Mount CSA AA is weaker than the bank's overall performance. Performance differences in the LS AAs did impact the overall Service Test rating for the State of North Carolina. As such, the overall Service Test rating for the State of North Carolina upgraded to Outstanding.

State Rating

State of North Dakota

CRA rating for the State of North Dakota[40]: Satisfactory
The Lending Test is rated: High Satisfactory
The Investment Test is rated: Outstanding
The Service Test is rated: High Satisfactory

The major factors that support this rating include:

- Good lending activity;
- Adequate geographic distribution of loans;
- Good borrower distribution of loans;
- WFBNA is a leader in providing CD loans, which has a significant positive impact on the Lending Test;
- WFBNA's use of flexible products has a neutral impact on the Lending Test;
- Excellent level of CD investments that are responsive to AA needs;
- Retail delivery systems are accessible to all portions of the AA; and
- WFBNA provides a relatively high level of CD services that are responsive to the needs of the bank's AA.

Description of Institution's Operations in North Dakota

WFBNA delineated two AAs within North Dakota including the Bismarck, ND MSA (Bismarck MSA AA) and ND Combined non-metropolitans (ND Combined NonMetro AA). Both AAs received FS reviews. Refer to Appendix A for a complete description of each AA. North Dakota represents the 39th largest rated area by deposits. WFBNA has $1.4 billion of deposits representing 0.1 percent of adjusted deposits. WFBNA operates 12 branches and 18 ATMs within North Dakota representing 0.2 percent of the bank's branches and 0.1 percent of the bank's ATMs. The bank originated and purchased approximately $2.2 billion in loans or 0.1 percent of total bank loan originations and purchases during the evaluation period. The bank's primary loan products in North Dakota are home mortgage and small loans to businesses.

Bismarck MSA AA

Within the Bismarck MSA AA, the bank had $738 million deposits and ranked first amongst 19 depository institutions in the market with 17.8 percent market share. Station Bank and BNC National Bank ranked second and third with a 15.1 percent and 10.0 percent, respectively. WFBNA operates 4 branches and 4 ATMs in the AA.

ND Combined NonMetro AA

Within the ND Combined NonMetro AA, the bank had $622 million deposits and ranked second amongst 36 depository institutions in the market with 8.1 percent market share. First Western Bank &

[40] This rating reflects performance within the state. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan statistical area.

Trust ranked first with a 10.6 percent market share. WFBNA operates 8 branches and 14 ATMs in the AA.

Demographic Data

Bismarck MSA AA

The following table provides a summary of the demographics that include housing and business information for the Bismarck MSA AA. Table A indicates that the volume of OOUs is small in LMI CTs and over 37 percent of families in the AA are LMI. The area's median housing value in the Bismarck MSA AA is 2 times the area's median income, but 2.5 times moderate-, and 4.1 times low-income, indicating a limited proportion of OOUs are affordable to LMI. Median rents and the high percentage of families below poverty level suggest rental housing is also unaffordable for some low-income residents.

Table A – Demographic Information of the Assessment Area

Assessment Area: Bismarck ND MSA (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	27	11.1	7.4	63.0	18.5	0.0
Population by Geography	114,778	7.0	7.5	67.2	18.3	0.0
Housing Units by Geography	48,580	6.6	8.7	68.7	15.9	0.0
Owner-Occupied Units by Geography	32,872	6.0	7.2	68.1	18.7	0.0
Occupied Rental Units by Geography	12,675	7.1	11.3	72.0	9.6	0.0
Vacant Units by Geography	3,033	10.6	14.7	62.2	12.5	0.0
Businesses by Geography	9,266	7.0	6.5	70.6	16.0	0.0
Farms by Geography	791	4.6	13.8	69.9	11.8	0.0
Family Distribution by Income Level	29,794	19.0	18.4	22.9	39.6	0.0
Household Distribution by Income Level	45,547	23.8	16.3	18.5	41.5	0.0
Median Family Income MSA - 13900 Bismarck, ND MSA		$67,178	Median Housing Value			$136,222
			Median Gross Rent			$553
			Families Below Poverty Level			7.0%

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

According to the October's 2018 Moody's Analytics report, Bismarck's worst days are behind it but troubles remain. Higher oil prices are largely to thank with employment in mining and downstream industries such as transportation rising. Despite the tight labor market, average hourly earnings in private industries are not rising, held back by the continually slipping proportion of jobs in high paying industries. Lackluster income gains and a sharp slowing in the rate of household formation are weighting on housing demand and price appreciation. Increasing oil production will have positive effects on more than just mining. Bismarck is also home to many support services for drillers. These

mid-wage office jobs will help support both income and employment growth. The transportation industry that brings Bakken crude to refineries farther south will also benefit.

The major economic drivers in the Bismarck MSA are Resources, Agriculture, and Logistics. The largest employers in the Bismarck MSA includes Sanford Health, CHI St. Alexius, and Bismarck State College. According to the U.S. BLS, the unemployment rate for the fourth quarter of 2018 was 2.8 percent and has decreased from 3.1 percent at the beginning of the evaluation period. The unemployment rate in the AA was slightly lower than the overall State of North Dakota (2.9 percent) for the same period.

Community Contact

The analysis takes into consideration comments provided by a community contact that serves the bank's Bismarck MSA AA. The community contact represents a state government housing agency.

The agency is a self-supporting state agency dedicated to making housing affordable for all North Dakotans. The agency offers affordable home financing to LMI families, ensures the continued availability of suitable rental housing for households of modest means, and focuses on providing for the housing needs of the state's growing communities.

The community contact described the current economic conditions as moderated but stronger compared to a decade prior. As the price of oil has decreased, there has been some decrease in economic activity. Non-oil related industries have a strong presence in the community along with agriculture. The community contact also indicated that there is demand for banking products in the community and the local financial institutions are doing a great job meeting the needs of the community. There are needs for affordable single family residential real estate. Since the economy has moderated some, there is a significant supply of higher value homes in the area. The pricing on these homes has come down but there is still a need for quality affordable homes for LMI families.

Considering the information from the community contacts and bank management as well as demographic and economic data, affordable housing represents a primary credit need for the Bismarck MSA AA. Opportunity exists to originate these types of loans throughout the AA; however, it is limited in the low-income geographies as reflected by the small proportion of OOUs and small businesses coupled with limited home affordability for LMI individuals.

<u>ND Combined NonMetro AA</u>

The following table provides a summary of the demographics that include housing and business information for the ND Combined NonMetro AA. Table A shows no low-income CTs and indicates that the volume of population and OOUs in moderate-income geographies is small and over 34 percent of families in the AA are LMI. The area's median housing value in the ND Combined NonMetro AA is 1.7 times the area's median income, but 2.1times moderate-, and 3.3 times low-income, indicating a limited proportion of OOUs are affordable to LMI families. Median rents and the high percentage of families below poverty level suggest rental housing is also unaffordable for some low-income residents.

Table A – Demographic Information of the Assessment Area

Assessment Area: ND Combined Non-Metros (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	56	0.0	3.6	91.1	5.4	0.0
Population by Geography	171,025	0.0	5.9	86.8	7.3	0.0
Housing Units by Geography	77,846	0.0	6.3	86.9	6.8	0.0
Owner-Occupied Units by Geography	48,468	0.0	4.9	87.0	8.1	0.0
Occupied Rental Units by Geography	21,232	0.0	10.1	85.0	4.9	0.0
Vacant Units by Geography	8,146	0.0	4.5	91.5	4.0	0.0
Businesses by Geography	15,046	0.0	6.7	86.3	6.9	0.0
Farms by Geography	2,060	0.0	0.9	95.2	3.9	0.0
Family Distribution by Income Level	44,354	16.4	18.2	23.8	41.6	0.0
Household Distribution by Income Level	69,700	21.1	16.3	18.4	44.2	0.0
Median Family Income Non-MSAs - ND		$58,592	Median Housing Value			$97,800
			Median Gross Rent			$543
			Families Below Poverty Level			5.9%

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

According to the June 2018 Moody's Analytics report, North Dakota's economy has stabilized following almost four years of oil fallout. Road restrictions hindered rig mobility in much of the state's oil producing region, limiting the amount of new drilling. The state has added more than 6,000 jobs in the last five months of 2018. Almost half of those jobs have come directly in the energy industry. The energy downturn may have grabbed most of the headlines, but North Dakota's farmers have been hurting as well, to the detriment of the statewide outlook. State farm incomes are at their lowest levels since the late 1980s.

The outlook for the housing market is average thanks largely to improving demographics trends. Residential real estate sales are no longer falling and prices have recovered from the brief downturn earlier.

According to the U.S. BLS, the unemployment rate as of October 2018 in the following counties range from a low of 1.3 percent (Bowman) to a high of 2.4 percent (Billings while the state average is 2.9 percent for the same period.

Community Contacts

The analysis takes into consideration comments provided by three community contacts that serve the bank's ND Combined NonMetro AA. One of the community contacts represents a federal program that focuses on preventing rural poverty, and two others represent non-profit agencies in the AA that provides various programs to support LMI households including affordable housing initiatives and job creation.

Two of the non-profits contacted cover the geographic boundaries of Williston and Minot counties in the AA. Both community contacts mentioned that the economic condition of the AA has changed significantly in the past five years. The contact commented that overall the community is flourishing. Growth has happened in just the last few years due to the oil boom. The oil income in the area has left many going from "rags to riches". Due to the influx of monies and individuals moving into the area, the need has grown for professional workers such as doctors, lawyers, teachers, law enforcement, mental health professionals and truck drivers. The community has many retail restaurants as 30 new restaurants have opened in the last three years.

The contact also mentioned that Williston is home to the largest sunflower producer in the country. Small businesses are also doing well. There have been 45 new small businesses that have opened and flourished in the area since the boom. Financial institutions in the AA seem to work well with borrowers (no names of banks mentioned), taking the time to sit down with clients and provide helpful information. This contact did not provide any specific CD needs other than funding for local farmers.

The second contact stated that the influx of people has resulted in a shortage of housing which increased the cost of living significantly, including the cost to rent or purchase a home. The contact also stated that there was a major flood in Minot back in 2011, which had also brought a significant amount of people to the area as the flooded areas of the city were being rebuilt. There were several construction companies who came to Minot to build hotels, restaurants, apartment buildings, and affordable housing rental units during the last five years. Since 2014, oil prices have been decreasing which has caused some oil field companies to lay off workers and shut down operations. Due to this, the rental market prices have started to decrease but they still remain elevated. The housing market prices remain high and have not decreased much.

The third contact from Hillsboro mentioned that in recent years, farmers have been profitable, making it easier to repay borrowed funds. However, pricing has dropped on farm goods recently. The contact commented that farmers are also finding a hard time getting the funding they need. The community contact from Hillsboro also stated that if banks lowered their rates and extended the maturity of loans, this would make it more manageable for struggling farmers.

Considering the information from the community contact and bank management as well as demographics and economic data, loans to small business and start-ups in the AA including lending to small farms with flexible payment options and lower interest rates, represents a primary need in the ND Combined NonMetro AA. The area also has CD needs including affordable housing, funding help in the form of grants to non-profit organizations serving LMI people and communities, veteran housing support and economic development.

Scope of Evaluation in North Dakota

The rating for the State of North Dakota is primarily based on FS evaluations of the bank's performance in the Bismarck MSA and ND Combined NonMetro AAs. A limited portion of the bank's overall lending, investments, and services were conducted in North Dakota; therefore, the performance in North Dakota received less weight in determining the bank's overall CRA Rating.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN NORTH DAKOTA

LENDING TEST

The bank's performance under the Lending Test in North Dakota is rated High Satisfactory.

Conclusions for Areas Receiving FS Reviews

Based on FS reviews, including the data in the tables below and consideration of performance context discussed in the lending test, the bank's performance in the Bismarck MSA and ND Combined NonMetro AAs is good.

Lending Activity

Based on the tables below, lending levels reflect good responsiveness to the credit needs in the AA taking into account the number and dollar amount of home mortgage, small business, small farm, and CD loans originated or purchased relative to its capacity based on deposits, competition, and market presence.

Number of Loans*							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	%State Loans	%State Deposits
Bismarck MSA	4,004	1,346	295	8	5,653	43.0	54.3
ND Combined NonMetro	3,980	2,192	1,316	10	7,498	57.0	45.7
Total	7,984	3,538	1,611	18	13,151	100.0	100.0

*The tables present the data for all assessment areas. The narrative below addresses performance in FS areas only

Dollar Volume of Loans (000's)*							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	%State* Loans	%State Deposits
Bismarck MSA	$823,753	$163,707	$22,317	$22,654	$1,032,431	45.1	54.3
ND Combined NonMetro	$840,372	$213,370	$178,126	$27,304	$1,259,172	54.9	45.7
Total	$1,664,125	$377,077	$200,443	$49,958	$2,291,603	100.0	100.0

*The tables present the data for all assessment areas. The narrative below addresses performance in FS areas only

Bismarck MSA AA

WFBNA ranked first in deposits with 17.8 percent market share in the AA. In overall HMDA lending, WFBNA ranked second with 6.1 percent market share. There is strong competition as reflected by the 129 lenders and 19 depository institutions in the AA. The top lender in this market was Gate City Bank with 16.0 percent market share.

In small loans to businesses, WFBNA ranked fifth with a market share of 7.2 percent. There is strong competition in the market as reflected by the 48 lenders in the AA. The top three lenders were US Bank with a market share of 22.0 percent, American Express with a market share of 14.6 percent, and Capital One with a market share of 12.7 percent.

ND Combined Non-Metro AA

WFBNA ranked second in deposits with 8.1 percent market share in the AA. In overall HMDA lending,

WFBNA ranked second with 6.4 percent market share. There is strong competition as reflected by the 183 lenders and 36 depository institutions in the AA. The top lender in this market was Gate City Bank with 12.8 percent market share.

In small loans to businesses, WFBNA ranked fourth with a market share of 7.0 percent. There is strong competition as reflected by the 71 lenders in the AA. The top three lenders were US Bank with a market share of 13.6 percent, American Express with a market share of 11.9 percent, and Capital One with a market share of 9.9 percent.

Distribution of Loans by Income Level of the Geography

The bank exhibits an adequate geographic distribution of loans in both the Bismarck MSA and ND Combined NonMetro AAs.

Bismarck MSA AA

Home Mortgage Loans

Refer to Table O in the State of North Dakota section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is adequate.

- The bank's performance in both periods, 2012-2016 and 2017-2018, for home mortgage loans in low-income geographies is well below the aggregate distribution of loans and is significantly below the proportion of OOUs in those geographies.
- The proportion of loans in moderate-income geographies is below the aggregate distribution of loans and is well below the proportion of OOUs in those geographies.

Small Loans to Businesses

Refer to Table Q in the State of North Dakota section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is good.

- For 2012-2016, the combined proportion of the bank's small business loans in low-income geographies exceeds both the aggregate distribution of loans and the proportion of businesses in those geographies.
- The proportion of loans in moderate-income geographies is well below the aggregate distribution of loans and is significantly below the proportion of businesses located in those geographies.
- Based on the bank's performance in 2017-2018, the bank's small business lending is higher than the combined performance in 2012-2016.

Small Loans to Farms

Refer to Table S in the State of North Dakota section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to farms.

The bank's overall geographic distribution of small loans to farms for this evaluation is adequate.

- For 2012-2016, the combined proportion of the bank's small farm loans in low-income geographies is significantly below the aggregate distribution of loans and is well below the proportion of farms located in those geographies.
- The proportion of loans in moderate-income geographies exceeds the aggregate distribution of loans and was well below the proportion of farms located in those geographies.
- Based on the bank's performance in 2017-2018, the bank's small farm lending is slightly below the combined performance in 2012-2016.

ND Combined NonMetro AA

Home Mortgage Loans

Refer to Table O in the State of North Dakota section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is adequate.

- The AA contains no low-income tracts so our assessment focused on the bank's performance in moderate-income tracts.
- The proportion of loans in moderate-income geographies substantially meets the aggregate distribution of loans and is below the proportion of OOUs in those geographies.
- Based on the bank's performance in 2017-2018, the bank's home mortgage lending is slightly below the combined performance in 2012-2016.

Small Loans to Businesses

Refer to Table Q in the State of North Dakota section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is excellent.

- The AA contains no low-income tracts so our assessment focused on the bank's performance in moderate-income tracts.
- The proportion of loans in both periods, 2012-2016 and 2017-2018, in moderate-income geographies exceeds both the aggregate distribution of loans and the proportion of businesses in those geographies.

Small Loans to Farms

Refer to Table S in the State of North Dakota section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to farms. The bank's overall geographic distribution of small loans to farms for this evaluation is good.

- The AA contains no low-income tracts so our assessment focused on the bank's performance in moderate-income tracts.
- The proportion of loans in moderate-income geographies exceeds the aggregate distribution of loans and is well below the proportion of farms located in those geographies.

- Based on the bank's performance in 2017-2018, the bank's small farm lending is below the combined performance in 2012-2016.

Distribution of Loans by Income Level of the Borrower

The bank exhibits a good distribution of loans among individuals of different income levels and businesses and farms of different sizes, given the product lines offered by the institution.

Bismarck MSA AA

Home Mortgage Loans

Refer to Table P in the State of North Dakota section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's home mortgage loan originations and purchases. The bank's overall borrowers distribution of home mortgage loan originations and purchases for this evaluation is good.

- For 2012-2016 combined, the bank's performance with low-income borrowers is below the aggregate lending and is below the proportion of low-income families.
- The bank's overall home mortgage lending to moderate-income borrowers exceeds both the aggregate lending and the proportion of families.
- Based on the bank's performance in 2017-2018, the bank's home mortgage lending is higher than the combined performance in 2012-2016.

Small Loans to Businesses

Refer to Table R in the State of North Dakota section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's originations and purchases of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is good.

- For both 2012-2016 and 2017-2018 periods, the bank's distribution of small loans to businesses with revenues of $1 million or less exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is well below the percentage of small businesses located in the AA.

Small Loans to Farms

Refer to Table T in the State of North Dakota section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's originations and purchases of small loans to farms. The distribution of the bank's originations and purchases of small loans to farms by revenue is good.

- For 2012-2016 and 2017-2018 periods, the percentage of small loans to farms originated or purchased exceeds the aggregate small farm lending data for farms with revenues of $1 million or less and is well below the percentage of small farms located in the AA.

ND Combined NonMetro AA

Home Mortgage Loans

Refer to Table P in the State of North Dakota section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's home mortgage loan originations and purchases. The bank's overall borrowers distribution of home mortgage loan originations and purchases for this evaluation is adequate.

- For 2012-2016, the bank's performance to low-income borrowers is below the aggregate lending and is significantly below the proportion of families.
- The bank's overall home mortgage lending to moderate-income borrowers substantially meets the aggregate lending and is below the proportion of families.
- Based on the bank's performance in 2017-2018, the bank's home mortgage lending is higher compared to the combined performance in 2012-2016.

Small Loans to Businesses

Refer to Table R in the State of North Dakota section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's originations and purchases of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is good.

- For 2012-2016 and 2017-2018 periods, the bank's distribution of small loans to businesses with revenues of $1 million or less exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is well below the percentage of small businesses located in the AA.

Small Loans to Farms

Refer to Table T in the North Dakota section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's originations and purchases of small loans to farms. The distribution of the bank's originations and purchases of small loans to farms by revenue is good.

- For 2012-2016 and 2017-2018 periods, the percentage of small loans to farms originated or purchased exceeds the aggregate small farm lending data for farms with revenues of $1 million or less and is well below the percentage of small farms located in the AA.

Community Development Lending

The institution is a leader in making CD loans.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

Bismarck MSA AA

The level of CD lending in the Bismarck MSA AA is excellent. WFBNA made 8 CD loans in its AA

for a total of $22.6 million, which represents 27.3 percent of tier 1 capital. CD lending performance has a significant positive impact on the lending test rating. The institution makes significant use of innovative and/or complex CD loans and involved many complex projects where the bank often acted in a leadership role. All CD loans were for the primary purpose of affordable housing which is a critical CD need in the bank's Bismarck MSA AA.

Examples of CD loans in the AA include:

- In October 2013, WFBNA provided a $2.5 million loan renewal for a 47-unit affordable housing development. This development is located in Bismarck, ND. Forty-two units are restricted to tenants earning 60 percent or less of the area MFI and five of the units are restricted to tenants earning 30 percent or less of the area MFI. Thirteen units are one-bedroom, 25 are two-bedroom, and 9 are three-bedroom.
- In May 2014, WFBNA refinanced a $2.8 million loan for a 44-unit affordable housing development located in Bismarck, ND. The development is governed by a Land Use Restriction Agreement that requires 4 units to be leased to households at or below the 30 percent of the area MFI and 18 units leased to households at or below the 60 percent of the area MFI.

ND Combined NonMetro AA

The level of CD lending in the ND Combined NonMetro AA is excellent. WFBNA made 10 CD loans in its AA for a total of $27 million, which represents 27.3 percent of tier 1 capital. CD lending performance has a significant positive impact on the lending test rating. The institution makes significant use of innovative and/or complex CD loans and involved many complex projects where the bank often acted in a leadership role. A significant majority of the CD loans were for the primary purpose of affordable housing which is a critical CD need in the ND Combined NonMetro AA. The bank made one CD loan totaling $1 million for the primary purpose to community services to assist LMI individuals.

Examples of CD loans in the AA include:

- In November 2015, WFBNA provided a $4.4 million loan for a 35-unit low income affordable housing development located in a middle-income area of Minot, ND. The project consists of 8-one bedroom and one bath units, 3-two bedroom and 1 bath units, 17-two bedroom and two bath units, and 7-three bedroom and two bath units. All of the units were allocated to families with income up to 60 percent of the area MFI, and six of the units will be handicap accessible to target the physically disabled.
- In April 2014, WFBNA provided an extension on a $3.4 million construction loan for a 34-unit affordable housing development located in a moderate-income census tract of Minot, ND. This project consists of 12 one-bedroom units, 14 two-bedroom units and eight three-bedroom units, and will include gallery/exhibition space for tenants to display their art. Four units are restricted to tenants earning 30 percent of the area MFI, 16 units are restricted to 50 percent area MFI, and 12 units are restricted to 60 percent area MFI. Additionally, two units are market rate units, one of which is leased at rates affordable to tenants earning less than 40 percent of the area MFI.

Product Innovation and Flexibility

Bismarck MSA AA

The institution makes limited use of innovative and/or flexible lending practices in order to serve AA credit needs. Under the *your*FirstMortgage loan program the bank has funded 9 loans totaling $1.3 million to LMI homebuyers that qualified under this program.

ND Combined NonMetro AA

The institution makes limited use of innovative and/or flexible lending practices in order to serve AA credit needs. Under the *your*FirstMortgage loan program the bank has funded 20 loans totaling $2.6 million to LMI homebuyers that qualified under this program

Refer to the comments in the institution Innovative or Flexible Lending Programs section of this public evaluation for additional details regarding this program.

INVESTMENT TEST

The bank's performance under the Investment Test in the State of North Dakota is rated Outstanding.

Conclusions for Areas Receiving FS Reviews

Based on FS reviews, including the data in the table below and consideration of performance context discussed in the investment test, the bank's performance in the Bismarck MSA and ND Combined NonMetro AAs is excellent.

Qualified Investments										
	Prior Period*		Current Period		Total				Unfunded Commitments **	
Assessment Area	#	$(000's)	#	$(000's)	#	% of Total #	$(000's)	% of Total $	#	$(000's)
Bismarck MSA	12	$2,520	26	$13,221	38	63.3	$15,741	38.6		
ND Combined NonMetro	3	$1,740	19	$23,264	22	36.7	$25,004	61.4		
Total	15	$4,260	45	$36,485	60	100.0	$40,745	100.0		

* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.
** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Bismarck MSA AA

The institution has an excellent level of qualified CD investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 19.0 percent of tier 1 capital allocated to the AA.

The investments and grants reflect excellent responsiveness to the needs identified in the AA including affordable housing and community services for LMI individuals and geographies. Virtually all of the bank's CD investments focused on affordable housing which is an identified credit need in the AA. Additionally, the bank provided 22 grants totaling $330,000 to a variety of organizations that primarily support affordable housing and community services.

The institution makes significant use of innovative and/or complex investments to support CD initiatives. CD Investments involved several complex projects where the bank acted in a leadership role with participations from federal, state, and local housing agencies and real estate developers. Additionally, the bank purchased numerous government mortgage-backed securities for the CD Investment portfolio.

Examples of CD investments in the AA include:

- In August 2016, WFBNA provided a $5.3 million investment for the construction of a 30-unit LIHTC affordable housing development located in the Downtown Renaissance Zone in Bismarck, North Dakota. The development consists of 18 one bedroom and one bath units, and 12 two bedroom and one bath units. The property will target seniors 55 and older, with eight units both income and rent restricted to households earning at or below 30 percent of the area MFI, and the remaining units income and rent restricted to households at or below 50 percent of the area MFI. Five of the units, four of which will be fully accessible, will target the frail elderly. This investment is responsive to the need for affordable housing. WFBNA also demonstrated multi-faceted support by providing both the construction loan ($4.4 million) and equity investment in support of this affordable housing development.
- In June 2015, WFBNA made a $1 million state tax credit investment in the North Dakota Housing Incentive Fund (HIF), offered by the North Dakota Housing Finance Agency (NDHFA). Funds will be used throughout North Dakota. Capitalized by contributions from state taxpayers, HIF is a means for developing affordable multi-family housing for essential service workers and households of modest means. According to NDHFA's Communications Coordinator, 51.5 percent of housing units created through HIF Fund II will be restricted to households earning 80 percent or less of the area MFI. NDHFA is a self-supporting state agency dedicated to making housing affordable for all North Dakotans. NDHFA offers affordable home financing to LMI families, ensures the continued availability of suitable rental housing for households of modest means, and focuses on providing for the housing needs of the state's growing communities.
- During the exam timeframe, WFBNA provided two grants totaling $130,000 to a local housing organization through the PMP for affordable housing in the Bismarck MSA AA. Refer to the comments in the institution Community Development Initiatives section of this public evaluation for additional details regarding this program.

<u>ND Combined NonMetro AA</u>

The institution has an excellent level of qualified CD investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 35.8 percent of tier 1 capital allocated to the AA.

The investments and grants reflect excellent responsiveness to the needs identified in the AA including affordable housing and community services. Virtually all of the bank's CD investments focused on affordable housing which is an identified credit need in the AA. Additionally, the bank provided 15

grants totaling $56,550 to several organizations that primarily support affordable housing and community services to LMI individuals.

The institution makes significant use of innovative and/or complex investments to support CD initiatives. CD Investments involved several LIHTC complex projects where the bank acted in a leadership role with participations from federal, state, and local housing agencies and real estate developers.

Examples of CD investments in the AA include:

- In June 2015, WFBNA invested $4.5 million in an LIHTC affordable housing development located in Jamestown, North Dakota, and is comprised of 14 one-bedroom units and 10 two-bedroom units. All of the units are targeted to seniors (age 55+) with annual income between 30 and 60 percent of the area MFI. Four of the units will be fully accessible for physically disabled individuals, with support services provided. This investment is responsive to the need for affordable housing.
- In November 2015, WFBNA invested $6.5 million in a 35-unit LIHTC affordable housing development located in a middle-income area of Minot, North Dakota. The development consists of 8-one bedroom and one bath units, 3-two bedroom and 1 bath units, 17-two bedroom and two bath units, and 7-three bedroom and two bath units. All of the units will be targeted to families with income up to 60 percent of the area MFI, and six of the units will be handicap accessible to target the physically disabled. This investment is responsive to the need for affordable housing.

SERVICE TEST

The bank's performance under the Service Test in North Dakota is rated High Satisfactory.

Conclusions for Areas Receiving FS Reviews

Based on FS reviews, including the data in the tables below and consideration of performance context discussed in the service test, the bank's performance in the Bismarck MSA AA is excellent and performance in the ND Combined NonMetro AA is good.

Retail Banking Services

Service delivery systems are accessible to geographies and individuals of different income levels in the institution's AAs, particularly LMI geographies and/or LMI individuals.

Distribution of Branch Delivery System											
Assessment Area	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				% of Population within Each Geography*			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Bismarck MSA	54.3	4	33.3	0.0	50.0	50.0	0.0	3.5	13.1	76.1	7.3
ND Combined NonMetro	45.7	8	66.7	0.0	12.5	75.0	12.5	0.0	8.6	62.4	29.0

* May not add up to 100 percent due to geographies with unknown tract income level and rounding.

Distribution of Branch Openings/Closings						
Assessment Area	# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)			
			Low	Mod	Mid	Upp
Bismarck MSA	0	0	0	0	0	0
ND Combined NonMetro	1	3	0	0	-2	0

Bismarck MSA AA

As of December 31, 2018, WFBNA operates four branches and four ATMs in the Bismarck MSA AA. Of these branches, three are full-service locations and one is a limited-service branch. There are no branches in the low-income geographies: however, the population is very low in the low-income geographies compared to total demographics. There are two branches in moderate-income CTs. The branch distribution in moderate-income geographies significantly exceeds the percentage of the population in moderate-income CTs in the AA.

The bank did not open or close any branches during the evaluation period.

Services, including where appropriate, business hours, do not vary in a way that inconveniences the various portions of its AA, particularly LMI geographies and/or individuals. Generally, branches are open Monday through Friday from 9:00 am to 5:00 and 6:00 pm. Two branches are also open on Saturday from 9:00 am to 1:00 pm. All WFBNA services are available at all branches and all delivery systems discussed bank-wide are available in this AA.

ND Combined NonMetro AA

As of December 31, 2018, WFBNA operates eight branches and 14 ATMs in the ND Combined Non-Metro AA. All of these branches are full-service locations. There are no low-income geographies in the AA. The branch distribution in moderate-income geographies significantly exceeds the percentage of the population in moderate-income CTs in the AA.

The institution's opening and closing of branches have not affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank opened one branch and closed three branches all within middle-income geographies since the last evaluation. This branch

closures did not negatively impact the distribution of branches relative to the population residing in those geographies

Services, including where appropriate, business hours, do not vary in a way that inconveniences the various portions of its AA, particularly LMI geographies and/or individuals. Generally, branches are open Monday through Friday from 9:00 am to 5:00 or 6:00 pm. Two branches are also open on Saturday from 9:00 am to 1:00 pm, and one branch is open from 9:00 am to 12:00 pm. All WFBNA services are available at all branches and all delivery systems discussed bank-wide are available in this AA.

Community Development Services

The institution provides an adequate level of CD services.

Bismarck MSA AA

The level of CD services in the Bismarck MSA AA is excellent. Bank records show that employees provided their financial or job-specific expertise and/or technical assistance for 67 CD service activities to five organizations since the last evaluation, logging a total of 285.5 qualified hours within this AA. A majority of the bank's assistance was to affordable housing organizations which is responsive to an identified need in the AA. Other activities targeted organizations that provide community services to LMI individuals and families and economic development. The following are examples of CD services provided in this AA:

- A WFBNA team member provided 158 hours of Board service to a nonprofit organization that coordinates volunteers to preserve affordable homeownership by repairing the homes of low-income elderly and disabled individuals.
- A WFBNA team member provided 21.5 hours of Board service to a community organization that connects local families with temporary shelter and supportive resources that lead to self-sufficiency.

ND Combined NonMetro AA

The level of CD services in the ND Combined NonMetro AA is poor. Bank records show that employees provided their financial or job-specific expertise and/or technical assistance for five CD service activities to one organization since the last evaluation, logging a total of 10 qualified hours within this AA. These activities consisted of a WFBNA team member providing financial education to a local community development organization whose mission is to teach eligible young people the skills they need to become employable and independent and placing them in meaningful jobs or further education.

State Rating

State of Ohio

CRA rating for the State of Ohio[41]: Satisfactory
The Lending Test is rated: High Satisfactory
The Investment Test is rated: Needs to Improve
The Service Test is rated: Needs to Improve

The major factors that support this rating include:

- Poor lending activity;
- Good geographic distribution of loans;
- Good borrower distribution of loans;
- Adequate level of CD loans was originated;
- Poor level of CD investments;
- Retail delivery systems are unreasonably inaccessible to significant portions of the AA, particularly LMI geographies and/or LMI individuals; and
- Very poor CD services.

Description of Institution's Operations in Ohio

WFBNA delineated two AAs within Ohio including the Van Wert, OH Non-Metro (Van Wert NonMetro AA) and the Columbus OH, MSA (Columbus MSA AA). The Van Wert NonMetro AA received a FS review. Refer to Appendix A for a complete description of each AA. The Van Wert NonMetro AA accounts for the largest portion of deposits (76 percent) amongst the AAs in Ohio; however, lending is minimal. Ohio represents the 33rd largest rated area by deposits. WFBNA has $2.7 billion of deposits representing 0.2 percent of adjusted deposits. As a result of the divestiture of the bank's deposit operations in the Midwest including Ohio, WFBNA now operates only a private bank and no ATMs within Ohio, representing 0.0 percent of the bank's branches and 0.0 percent of the bank's ATMs. The bank originated and purchased approximately $4.1 billion in loans or 0.2 percent of total reported loan originations and purchases during the evaluation period. The bank's primary loan products in the State of Ohio are home mortgage and small loans to businesses.

Van Wert NonMetro AA

Within the Van Wert NonMetro AA, the bank had $2 billion in deposits and ranked first amongst eight financial institutions in the market with 82.0 percent market share. The Citizens National Bank of Bluffton and Van Wert Federal Saving Bank ranked second and third respectively with a market share of 3.6 percent each. WFBNA closed its branch office in the Van Wert AA during the evaluation period. WF does not operate any ATMs in the AA.

[41] This rating reflects performance within the state. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan statistical area.

Demographic Data

Van Wert NonMetro AA

The following table provides a summary of the demographics that includes housing and business information for the Van Wert NonMetro AA. Table A indicates that there are no low-income CTs and over 33 percent of families in the AA are LMI. The area's median housing value in the Van Wert NonMetro AA is 1.7 times the area's median income, but 3.4 times low-income, indicating a limited proportion of OOUs are affordable to low-income individuals. Median rents and the high percentage of families below poverty level suggest rental housing is also unaffordable for some low-income residents.

Table A – Demographic Information of the Assessment Area

Assessment Area: Van Wert OH Non-Metro (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	9	0.0	22.2	66.7	11.1	0.0
Population by Geography	28,744	0.0	12.4	71.9	15.7	0.0
Housing Units by Geography	12,651	0.0	13.6	71.8	14.6	0.0
Owner-Occupied Units by Geography	9,494	0.0	9.7	73.8	16.5	0.0
Occupied Rental Units by Geography	1,978	0.0	28.7	63.3	8.0	0.0
Vacant Units by Geography	1,179	0.0	19.7	70.4	9.9	0.0
Businesses by Geography	1,425	0.0	15.4	69.1	15.4	0.0
Farms by Geography	250	0.0	3.6	70.8	25.6	0.0
Family Distribution by Income Level	7,984	13.0	20.7	28.7	37.6	0.0
Household Distribution by Income Level	11,472	18.4	18.8	23.0	39.8	0.0
Median Family Income Non-MSAs - OH		$52,573	Median Housing Value			$89,589
			Median Gross Rent			$560
			Families Below Poverty Level			6.1%

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

According to the June's 2018 Moody's Analytics report, Ohio's economy is strong in the first half of 2018. Job growth surpasses that in the broader Midwest and has nearly caught up to that in the U.S. The gap between year ago growth in payroll employment in Ohio and the U.S. is the smallest it has been since late 2013. Much of the pickup can be traced to a turnaround in retail and business/professional services, which were shedding jobs toward the end of 2017 but are now expanding aggressively. Other standouts include construction and the public sector. As with the State of Ohio, the Van Wert AA's economy is driven by manufacturing. According to the Economic Development Office, Van Wert's major employers include the Eaton Corporation, Cooper Foods, and Federal-Mogul Corporation.

The outlook for the housing market is average thanks largely to favorable demographics trends. Residential real estate is also on the mend. House prices in Ohio are appreciating at their fastest pace since the late 1980s. According to the U.S. BLS, the unemployment rate for the AA for the first six

months of 2018 remained at decade lows at 3.6 percent. The area unemployment rate compares favorably to the State of Ohio unemployment rate of 5.0 percent during the same period.

Community Contacts

The analysis takes into consideration comments provided by a community contact in conjunction with this evaluation that serves the bank's Van Wert NonMetro AA. The contact indicated an overall healthy local economy fueled by agriculture and automotive industries. Most of the farms are now mechanized and have reduced the need for manual labor. According to the contact, housing stock is older in the AA and makes it challenging to find quality affordable rental units. The contact mentioned; more families are contacting their agency through their emergency shelters. The contact also commented that the drug crisis is creating a larger homeless population in the AA. The contact stated there are significant opportunities for participation from banks in the assessment area and mentioned that Wells Fargo provides financial support and in-kind support through their "Wells Fargo at Work" financial literacy curriculum. The curriculum is taught over eight weeks and includes access to bankers on the phone, webinars, and on-line resources.

Considering the information from the community contact and bank management as well as demographics and economic data, affordable housing lending represent the primary credit needs for the Van Wert NonMetro AA. Opportunity exists to originate these types of loans throughout the AA including moderate-income areas. Additionally, grants to support shelters for the homeless represent another primary need for the AA.

Scope of Evaluation in Ohio

The rating for the State of Ohio is based on a FS evaluation of the bank's performance in the Van Wert NonMetro AA; however, performance in the Columbus MSA AA was considered as this AA accounted for a significant percentage of the bank's total lending and CD activities. A limited portion of the bank's overall lending, investments, and services were conducted in Ohio; therefore, the performance in Ohio received less weight in determining the bank's overall CRA Rating.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN OHIO

LENDING TEST

The bank's performance under the Lending Test in Ohio is rated High Satisfactory.

Conclusions for Area receiving a FS Review

Based on a FS review, including the data in the tables below and consideration of performance context discussed in the lending test, the bank's performance in the Van Wert AA is good**.**

Lending Activity

Based on the tables below, lending levels reflect poor responsiveness to the credit needs in its AAs taking into account the number and amount of home mortgage, small business, small farm, and CD loans originated or purchased relative to the bank's capacity and market dominance based on deposits.

Number of Loans*							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	%State Loans	%State Deposits
Van Wert NonMetro	322	186	134	0	642	2.7	76.0
Columbus MSA	21,136	1,820	14	7	22,977	97.3	24.0
Total	21,458	2,006	148	7	23,619	100.0	100.0

*The tables present the data for all assessment areas. The narrative below addresses performance in FS areas only.

Dollar Volume of Loans (000's) *							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	%State Loans	%State Deposits
Van Wert NonMetro	$2,006	$143,790	$15,203	$0	$160,999	3.8	76.0
Columbus MSA	$3,865,868	$135,560	$400	$22,262	$4,024,090	96.2	24.0
Total	$3,867,874	$279,350	$15,603	$22,262	$4,185,089	100.0	100.0

*The tables present the data for all assessment areas. The narrative below addresses performance in FS areas only.

WFBNA ranked first in deposits with 82.0 percent market share in the AA. In overall HMDA lending, WFBNA ranked fourth with 5.4 percent market share. Although WFBNA's HMDA market share is considerably lower than its deposit market share, lending competition was significantly stronger, reflected by the 82 lenders, than competition for deposits, where there were only 8 depository institutions. The top 3 lenders in this market were the Citizens National Bank with 18.3 percent market share, Superior Credit Union with 9.4 percent market share, and First Fed Bank of the Midwest with 6.3 percent market share.

In small loans to businesses, WFBNA ranked sixth with a market share of 6.6 percent. The top three lenders were the Citizens National Bank with 19.2 percent market share, US Bank NA with 12.2 percent market share, and American Express, FSB with 10.8 percent market share.

Distribution of Loans by Income Level of the Geography

The bank exhibits a good geographic distribution of loans in its AA.

Home Mortgage Loans

Refer to Table O in the State of Ohio section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is good.

- For 2012-2016, the AA contains no low-income tracts so our assessment focused on the bank's performance in moderate-income tracts.
- The bank's performance in 2012-2016 for home mortgage loans in moderate-income geographies substantially meets the aggregate distribution of loans and is below the proportion of OOUs in those geographies.

- For 2017-2018, the AA contains no LMI tracts so no performance was concluded.

Small Loans to Businesses

Refer to Table Q in the State of Ohio section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is excellent.

- For 2012-2016, the AA contains no low-income tracts so our assessment focused on the bank's performance in moderate-income tracts.
- The proportion of loans in moderate-income geographies exceeds both the aggregate distribution of loans and the proportion of businesses located in those geographies.
- For 2017-2018, the AA contains no LMI tracts so no performance was concluded.

Distribution of Loans by Income Level of the Borrower

The bank exhibits an excellent distribution of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the institution.

Home Mortgage Loans

Refer to Table P in the State of Ohio section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is excellent.

- There are homeownership affordability hurdles in the AA especially for LMI borrowers. As noted above, the area's median housing value is 3.4 times the income of low-income indicating a limited proportion of OOUs affordable to low-income borrowers. Despite the affordability challenges, the bank's performance in 2012-2016 to low-income borrowers exceeds the aggregate lending and is near to the proportion of families.
- The bank's performance with moderate-income borrowers substantially meets the aggregate lending and exceeds the proportion of families.
- Based on the bank's performance in 2017-2018, the bank's home mortgage lending is below the combined performance in 2012-2016.

Small Loans to Businesses

Refer to Table R in the State of Ohio section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is good.

- For both periods, 2012-2016 and 2017-2018, the bank's distribution of small loans to businesses with revenues of $1 million or less exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is below the percentage of small businesses located in the AA.

Community Development Lending

The institution has made few if any CD loans.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

The level of CD lending in the Van Wert NonMetro AA is very poor. WFBNA did not make any CD loans in the AA.

Product Innovation and Flexibility

The institution makes limited use of innovative and/or flexible lending practices in order to serve AA credit needs. Under the *your*FirstMortgage loan program the bank has funded 3 loans totaling $183,000 to homebuyers that qualified under this program. Refer to the comments in the institution Innovative or Flexible Lending Programs section of this public evaluation for additional details regarding this program.

Conclusions for Area Receiving a LS Review

Based on a LS review, the bank's performance under the Lending Test in the Columbus MSA AA is consistent with the bank's overall good performance under the Lending Test in the FS area. Although CD lending in the Van Wert MSA AA was very poor, the bank made an excellent level of CD loans compared to tier 1 capital in the Columbus MSA AA.

WFBNA made seven CD loans totaling $22.4 million in the Columbus MSA AA which represents 31 percent of tier 1 capital. The loans were responsive to the identified needs in the AA, including affordable housing and community services.

Refer to Tables O through T in the State of Ohio section of appendix D for the facts and data that support these conclusions.

INVESTMENT TEST

The bank's performance under the Investment Test in the State of Ohio is rated Needs to Improve.

Conclusions for Area Receiving a FS Review

Based on a FS review, including the data in the table below and consideration of performance context discussed in the investment test, the bank's performance in the Van Wert NonMetro AA is very poor.

Qualified Investments										
	Prior Period*		Current Period		Total				Unfunded Commitments**	
Assessment Area	#	$(000's)	#	$(000's)	#	% of Total #	$(000's)	% of Total $	#	$(000's)
Van Wert NonMetro AA	0	$0	0	$0	0	0.0	$0	0.0		
Columbus MSA AA	0	$0	2	$1,554	2	100.0	$1,554	100.0		
Total	0	$0	2	$1,554	2	100.0	$1,554	100.0		

* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.
** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Van Wert NonMetro AA

The institution has a few, if any, qualified CD investments and grants, particularly those that are not routinely provided by private investors. WFBNA reported no CD investments since the last examination.

The investments and grants reflect very poor responsiveness to the needs identified in the AA.

The institution does not use innovative and/or complex investments to support CD initiatives.

Conclusions for Area Receiving a LS Review

Based on a LS review, the bank's performance under the Investment Test in the Columbus MSA AA is stronger than the bank's overall very poor performance in the Investment Test in the FS area. Within this limited scope AA, WFBNA invested $27 million in a LIHTC fund where approximately $1.5 million were allocated to two development projects located in Columbus, Ohio. Both projects are reserved for tenants earning less than 60 percent of the area MFI. Performances differences in the Columbus MSA AA did impact the overall Investment Test rating for the State of Ohio. As such, the bank's overall Investment Test rating for the State of Ohio was upgraded to poor.

SERVICE TEST

The institution's performance under the Service Test in the Ohio is rated Needs to Improve.

Conclusions for Area Receiving a FS Review

Based on a FS review, including the data in the tables below and consideration of performance context discussed in the service test, the institution's performance in the Van Wert NonMetro AA is poor.

Retail Banking Services

Delivery systems are unreasonably inaccessible to significant portions of the AA, particularly LMI geographies and/or LMI individuals. The tables below are shown as of December 31, 2018 to be consistent with other rated areas. On November 30, 2018, the bank sold a branch in a middle-income geography to Flagstar Bank. The branch sale was part of a larger transaction where Flagstar Bank purchased 52 branches in Indiana, Michigan, Ohio, and Wisconsin. With the exception of a private business banking branch, this sale resulted in a divestiture of the bank's deposit operations in Ohio. The branches were re-branded as Flagstar branches upon closing of the transaction. Flagstar intends to keep all branches and retain all employees. Since this branch operated during the majority of the evaluation time period the branch is evaluated and included in the analysis.

Distribution of Branch Delivery System											
Assessment Area	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				% of Population within Each Geography*			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Van Wert NonMetro	76.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	84.3	15.7
Columbus MSA	24.0	1	100.0	0.0	0.0	0.0	100.0	14.7	26.2	26.6	31.4

* May not add up to 100 percent due to geographies with unknown tract income level and rounding

Distribution of Branch Openings/Closings						
Assessment Area	# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)			
			Low	Mod	Mid	Upp
Van Wert NonMetro	0	1	0	0	-1	0
Columbus MSA	0	0	0	0	0	0

Van Wert NonMetro AA

As of November 30, 2018, WFBNA operated a branch in the Van Wert NonMetro AA. The branch is a full-service location and located in a middle-income geography. There are no LMI geographies within the AA; therefore, the rating for branch distribution is considered neutral.

The institution's opening and closing of branches have generally not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank closed a branch during the evaluation period. This closure did not negatively impact the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals.

Community Development Services

Van Wert NonMetro AA

The institution provides few if any CD services.

The level of CD services in the Van Wert NonMetro AA is very poor. Bank records show that employees did not participate in any service activities since the last evaluation.

Conclusion for Area Receiving a LS Review

Based on a LS review, the bank's performance under the Service Test in the Columbus MSA AA is consistent with the bank's overall poor performance under the Service Test in the FS area.

State Rating

State of Oregon

CRA rating for the State of (Oregon)[42]: Outstanding
The Lending Test is rated: High Satisfactory
The Investment Test is rated: Outstanding
The Service Test is rated: Outstanding

The major factors that support this rating include:

- Excellent lending activity;
- Good geographic distribution of loans;
- Good borrower distribution of loans;
- Good level of CD loans, which has a positive impact on the Lending Test;
- WFBNA's use of flexible products has a neutral impact on the Lending Test;
- Excellent level of CD investments that are responsive to AA needs;
- Retail delivery systems are readily accessible to all portions of the AA; and
- WFBNA provides a relatively high level of CD services that are responsive to the needs of the bank's AA.

Description of Institution's Operations in Oregon

WFBNA delineated four AAs within Oregon including the Bend-Prineville, OR CSA (Bend CSA AA); Eugene, OR MSA (Eugene MSA AA); Medford-Grants Pass, OR CSA (Medford CSA AA), and OR Combined non-metropolitans (OR Combined NonMetro AA). The Bend CSA, Eugene MSA, and Medford CSA AAs received FS reviews. These three AAs accounted for the largest portion of the lending (73.5 percent) and deposits (67.7 percent) amongst the AAs in Oregon. Oregon represents the 32th largest rated area by deposits. WFBNA has $2.7 billion of deposits representing 0.2 percent of adjusted deposit. WFBNA operates 36 branches and 68 ATMs within Oregon, representing 0.6 percent of the bank's branches and 0.5 percent of the bank's ATMs. The bank originated and purchased approximately $9.4 billion in loans or 0.5 percent of total reported loan originations and purchases during the evaluation period. The bank's primary loan products in the Oregon are home mortgage and small loans to businesses.

<u>Bend CSA AA</u>

Within the Bend CSA AA, the bank had $631 million in deposits and ranked third amongst 9 financial institutions in the market with 17.0 percent market share. First Interstate Bank and US Bank ranked first and second with a market share of 25.4 percent and 19.9 percent, respectively. WFBNA operates 7 branch offices and 11 ATMs in the AA.

<u>Eugene MSA AA</u>

Within the Eugene MSA AA, the bank had $577 million in deposits and ranked fourth amongst 13

[42] This rating reflects performance within the state. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan statistical area.

financial institutions in the market with 10.9 percent market share. The top three financial institutions in terms of deposit market shares are US Bank, Umpqua Bank, and Columbia State Bank with 16.8 percent, 16.6 percent, and 14.3 percent, respectively. WFBNA operates 7 branch offices and 19 ATMs in the AA.

Medford CSA AA

Within the Medford CSA AA, the bank had $617.8 million in deposits and ranked fourth amongst 11 financial institutions in the market with 12.8 percent market share. The top three financial institutions in terms of deposit market shares are Umpqua Bank, JPMorgan Chase Bank, and US Bank with 18.6 percent, 14.9 percent, and 14.8 percent, respectively. WFBNA operates 8 branch offices and 14 ATMs in the AA.

Demographic Data

Bend CSA AA

The following table provides a summary of the demographics that includes housing and business information for the Bend CSA AA. Table A shows no low-income CTs and indicates that 36 percent of families in the AA are LMI. The area's median housing value in the Bend CSA AA is 5.1 times the area's median income, but 6.4 times moderate-, and 10.3 times low-income, indicating a limited proportion of OOUs are affordable to LMI families. Median rents and the high percentage of families below poverty level suggest rental housing is also unaffordable for many low-income residents.

Table A – Demographic Information of the Assessment Area

Assessment Area: Bend-Redmond-Prineville OR CSA (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	28	0.0	14.3	67.9	17.9	0.0
Population by Geography	178,711	0.0	13.9	68.5	17.6	0.0
Housing Units by Geography	88,068	0.0	14.5	68.3	17.2	0.0
Owner-Occupied Units by Geography	49,290	0.0	10.3	69.5	20.2	0.0
Occupied Rental Units by Geography	22,654	0.0	26.9	62.2	10.9	0.0
Vacant Units by Geography	16,124	0.0	9.9	73.5	16.6	0.0
Businesses by Geography	18,600	0.0	17.8	61.0	21.3	0.0
Farms by Geography	857	0.0	10.0	63.1	26.8	0.0
Family Distribution by Income Level	49,842	19.8	17.0	23.8	39.4	0.0
Household Distribution by Income Level	71,944	21.6	17.3	20.4	40.7	0.0
Median Family Income MSA - 13460 Bend-Redmond, OR MSA		$61,605	Median Housing Value			$316,881
Median Family Income Non-MSAs - OR		$50,374	Median Gross Rent			$869
			Families Below Poverty Level			8.0%

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

According to the June 2018 Moody's Analytics report, Bend's economy is strong and has outperformed Oregon and the U.S., as rapid labor force growth allows for stronger job gains. Bend has solidified its reputation as a hub for tech startups and will continue in the coming years. Although high tech accounts for a below-average share of jobs, industry payrolls have grown by about twice the rise statewide and nationwide. New tech companies find the Bend area more attractive than non-tech companies because of high living standards for high earners, a plethora of talent, financing that is readily available, and synergies that come with a tech-oriented workforce. High-tech and population-dependent industries will drive robust growth. A highly educated workforce, strong population trends, low costs, and a scenic location that attracts tourists will help keep the Bend's economy an above-average long-term performer.

The outlook for the housing market looks favorable as rapid household formation will bolster housing demand, encouraging more home building and hiring in construction. Bend has experienced an influx of residents over past years thanks to the statewide tech boom. Although job seekers have primarily flooded areas around Portland, Bend is an attractive and cheaper alternative. Housing supply has been slow to accommodate surging demand. Single-family housing permits remain well below their prerecession peak. As demand outstrips supply, house price growth will accelerate through the end of the year. According to the Federal Housing Finance Agency, house prices are climbing at their fastest rate since 2006. The almost 10 percent year-over-year rise places Bend in the top 50 metro areas for price appreciation.

The largest employers in the Bend CSA include St. Charles Medical Center, Sunriver Resort, and Central Oregon Community College. According to the U.S. BLS, the unemployment rate for the 2nd quarter of 2018 was 4.1 percent and has decreased significantly from 11.2 percent at the beginning of the evaluation period. The unemployment rate in the AA was similar to the overall state at 4.2 percent for the same period.

Community Contacts

The analysis takes into consideration comments provided by a community contact that serves the bank's Bend CSA AA. The contact represents a community action agency that provides services in 12 program areas including housing, weatherization, emergency services, food, head start, asset building, and lending. In 2016, the organization helped 59,000 individuals which is about 1 in 4 people in their service area. Their services are designed to assist people to become more independent and self-sufficient, while recognizing there is a continuum of support that all people need throughout their life. Their operating budget is about $20 million. Funding sources are split 3 ways between Federal, state, and private sources. They are currently also working on their CDFI certification so that they can expand their lending program (which currently provides down payment assistance, home preservation and microbusiness loans on a limited basis). The organization serves Crook, Deschutes, Jefferson Counties and the Warm Springs Reservation. They also serve some remote parts of adjacent counties (such as Lake County and La Pine).

The contact stated that the unemployment rate is very low, particularly in Deschutes County; however, this statistic masks issues such as the high number of folks who have dropped out of the labor force and stopped seeking employment. There is a rising senior population particularly in Crook County and cost of housing is rapidly rising. Bend is the 6th fastest growing housing cost market in the country. Median home price is $398 thousand compared to the median income of approximately $52 thousand. Rents are

rapidly increasing as well. Bend and Prineville have the fastest rent appreciation respectively in the region. Overall, over 45 percent of renters are cost burdened as they pay over 30 percent of their incomes for housing. There is some good news in that tech and venture capital have entered the market and are creating some jobs in the manufacturing and tech industry. However, there is a mismatch between the current workforce skill level and these higher paid job opportunities. In terms of demographics, the two primary minority populations are Hispanic and Native American. These groups are disproportionately LMI and are concentrated in Jefferson Counties.

According to the contact, there are many opportunities for banks to participate in community development activities including volunteerism, loans, and investments. A real need for many area nonprofit organizations is for grant dollars. There are also opportunities to invest and/or lend to affordable housing projects which are critically needed. Consumers need affordable deposit accounts to avoid alternatives to payday loans. The contact also mentioned that banks could do more to reach the minority community by offering credit building classes, second chance checking type products to help folks get back into the banking mainstream.

Considering the information from the community contact and bank management as well as demographic and economic data, affordable housing represents a primary credit need for the Bend CSA AA. The AA also has needs for small business loans. Opportunity exists to originate these types of loans throughout the AA including moderate-income areas.

Demographic Data

Eugene MSA AA

The following table provides a summary of the demographics that includes housing and business information for the Eugene MSA AA. Table A indicates that the volume of population, tracts, and OOUs is very small in low-income CTs and over 39 percent of families in the AA are LMI. The area's median housing value in the Eugene MSA AA is 4.2 times the area's median income, but 5.3 times moderate-, and 8.4 times low-income, indicating a limited proportion of OOUs are affordable to LMI. Median rents and the high percentage of families below poverty level suggest rental housing is also unaffordable for many low-income residents.

Table A – Demographic Information of the Assessment Area

Assessment Area: Eugene OR MSA (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	86	2.3	22.1	53.5	22.1	0.0
Population by Geography	351,715	2.9	21.4	53.7	22.0	0.0
Housing Units by Geography	154,121	3.0	23.0	52.7	21.2	0.0
Owner-Occupied Units by Geography	87,469	1.4	16.5	57.9	24.2	0.0
Occupied Rental Units by Geography	56,425	5.5	31.4	45.3	17.8	0.0
Vacant Units by Geography	10,227	4.0	32.6	49.3	14.1	0.0
Businesses by Geography	25,845	3.5	27.0	45.3	24.1	0.0
Farms by Geography	1,122	2.0	13.7	64.2	20.1	0.0
Family Distribution by Income Level	86,947	21.3	18.1	21.0	39.6	0.0
Household Distribution by Income Level	143,894	24.2	16.5	17.0	42.3	0.0

Median Family Income MSA - 21660 Eugene, OR MSA	$55,817	Median Housing Value	$235,160
		Median Gross Rent	$766
		Families Below Poverty Level	10.0%

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

According to the July 2018 Moody's Analytics report, the Eugene economy is strong as job growth has been accelerating and exceeding the state average pace in the process. Eugene will outperform the U.S. over the next two years but will lag Oregon and the West. The University of Oregon will provide stability and cultivate skilled workers that will propel growth in tech and other knowledge-based industries. Meanwhile, automation will limit hiring at factories as production rises. Longer term, Eugene will remain an above-average performer because of strong demographics.

The outlook for the housing market looks favorable as rapid household formation will bolster housing demand, encouraging more home-building and hiring in construction. Eugene has experienced an influx of residents over the past year thanks to the statewide tech boom. Although job seekers have primarily flooded areas around Portland, Eugene is an attractive, cheaper alternative. Housing supply has been slow to accommodate surging demand. Single-family housing permits remain well below their prerecession peak. As demand outstrips supply, house price growth will remain elevated. According to the Federal Housing Finance Agency, house prices are climbing at their fastest rate since 2006. The almost 10 percent year-over-year rise places Eugene among the 30 metro areas with the fastest-growing house prices in the country.

The largest employers in the Eugene MSA include PeaceHealth Corp, University of Oregon, and Espresso Prn. According to the U.S. BLS, the unemployment rate for the 2nd quarter of 2018 was 4.4 percent and has decreased significantly from 8.9 percent at the beginning of the evaluation period. The unemployment rate in the AA was similar to the overall state at 4.2 percent for the same period.

Community Contacts

The analysis takes into consideration comments provided by two community contacts that serve the bank's Eugene MSA AA. The contacts included representatives from an economic development corporation and the local Chamber of Commerce.

The economic development serves Lane County. The purpose of this local agency is to fulfill the vision of the County's Rural Prosperity Initiative, which was created to partner with rural communities to support their unique needs and efforts to build vibrant economies throughout rural Lane County. This agency provides a range of services to assist rural communities with an economic development strategy including connectivity, collaboration, technical assistance, marketing, and funding through their partners' organizations.

According to the contact, many rural communities and small towns are facing challenges, including affordable housing, rapid growth, declining rural, loss of farms, and working lands. Additionally, agricultural lending is cyclical and entitled to some degree of risk. However, the community is in need of lending to start-up wineries, breweries, and lending for expansion such as equipment

purchase. The contact identified financial literacy programs as community credit need. Most people are not aware of the possibilities or opportunities available for them because in the countryside people lack technological tools such as the internet. In many cases, people do not have the information needed to make an informed decision.

The local Chamber of Commerce serves the cities of Eugene and Springfield, Oregon, located in Lane County. The mission of the Chamber of Commerce is to serve as a catalytic leader in creating a vibrant and diverse economy that drives economic opportunity and well-being. The Chamber provides visible and active leadership on economic issues. The Chamber is uniquely qualified to convene others and be a facilitative leader to address areas of economic importance. The Chamber champions the contributions of a vital economy to quality of life and actively educates the business and broader community on issues and opportunities important to their success. The Chamber consciously identifies where alignment exists and works to leverage that alignment. The Chamber believes benefits accrue to Eugene and to the greater area when any one part of the region succeeds economically. The Chamber champions, supports, and leads efforts to increase the economic health of the "greater Eugene/Springfield" region.

According to the contact, unemployment rates for Eugene have improved slightly from 2014 to 2015 but rose in July 2016 due to the seasonality effect from the University, which is the top employer for the area. Unemployment rates in the Eugene MSA AA are consistently less favorable compared to the rates for the State of Oregon and the rest of the nation.

The contact stated that the Eugene MSA has similar needs as other communities in various markets for small businesses. In particular, capital is always needed for financing small business start-ups and for working capital. The contact mentioned that gaps generally exist between the community credit needs of small businesses and funding provided by financial institutions are narrowed with the help of a variety of public sector tools and loan products. The organization is also responsible for enhancing community-wide awareness of the economic, educational, and business benefits of arts and culture.

Considering the information from the community contacts and bank management as well as demographic and economic data, affordable housing and small business loans represent primary credit needs for the Eugene MSA AA. Opportunity exists to originate these types of loans throughout the AA; however, it is limited in the low-income geographies as reflected by the small proportion of tracts, population, OOUs, and small businesses coupled with limited home affordability for LMI individuals.

Demographic Data

Medford CSA AA

The following table provides a summary of the demographics that includes housing and business information for the Medford CSA AA. Table A indicates that the volume of population, tracts, and OOUs is very small in low-income CTs and over 38 percent of families in the AA are LMI. The area's median housing value in the Medford CSA AA is 5.2 times the area's highest median income, but 6.5 times moderate-, and 10.3 times low-income, indicating a limited proportion of OOUs are affordable to LMI. Median rents and the high percentage of families below poverty level suggest rental housing is also unaffordable for many low-income residents.

Table A – Demographic Information of the Assessment Area

Assessment Area: Medford-Grants Pass OR CSA (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	57	1.8	12.3	70.2	15.8	0.0
Population by Geography	285,919	0.6	11.3	73.2	14.9	0.0
Housing Units by Geography	127,352	0.7	11.6	72.9	14.8	0.0
Owner-Occupied Units by Geography	76,346	0.2	8.4	74.0	17.5	0.0
Occupied Rental Units by Geography	41,312	1.6	16.2	72.0	10.2	0.0
Vacant Units by Geography	9,694	1.1	17.0	68.5	13.4	0.0
Businesses by Geography	24,741	4.2	10.4	71.0	14.5	0.0
Farms by Geography	1,258	1.3	8.2	76.1	14.5	0.0
Family Distribution by Income Level	76,294	20.2	18.6	20.7	40.5	0.0
Household Distribution by Income Level	117,658	23.5	16.5	18.1	41.9	0.0
Median Family Income MSA - 24420 Grants Pass, OR MSA		$48,180	Median Housing Value			$277,296
Median Family Income MSA - 32780 Medford, OR MSA		$53,739	Median Gross Rent			$808
			Families Below Poverty Level			11.0%

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

Medford, OR MSA

According to the July 2018 Moody's Analytics report, Medford's economy is strong and will settle into a slower pattern of growth in 2019, and payrolls will expand at a pace more in tune with that of Oregon. The job market is turning it up a notch as Medford comfortably leads the Oregon, West region, and U.S. averages in job growth over the past year, and the pace in the first half of 2018 is even more impressive.

The outlook for the housing market looks favorable as housing will lend greater support late in the cycle despite shortages of labor and rising building materials costs. Improving net migration and faster population growth, along with a booming job market, have new households forming more quickly, and home sales are higher than a year earlier despite slippage nationwide. Resilient demand and low supply will spur faster house price appreciation and keep construction crews busy.

The largest employers in Medford include Asante Health System, Lithia Motors, and Harry and David Operations Corp. According to the U.S BLS, the unemployment rate for the 2nd quarter of 2018 was 4.6 percent and has decreased significantly from 11.1 percent at the beginning of the evaluation period. The unemployment rate in the AA was slightly higher than the overall state at 4.2 percent for the same period.

Grants Pass, OR MSA

According to the March 2019 Moody's Analytics report, Grants Pass has lost ground but continues to stretch its recovery. After motoring ahead in the second and third quarters of 2018, the economy has

eased off the gas. Job growth still beats the U.S. average thanks to double-digit growth in manufacturing and the small information sector, which is expanding thanks to the statewide tech boom.

The housing market also has slowed considerably compared with the fast and furious price increases of the past two years. The slower growth can be partly attributed to the earlier concerted effort to increase multifamily housing units. Single-family housing permits have trended lower, and multifamily permits have seen only a few spikes over the past year.

The largest employers in Grants Pass include Three Rivers Community Hospital, Rogue Community College, and Master Brand Cabinet Company. According to the U.S BLS, the unemployment rate for the 4th quarter of 2018 was 5.6 percent and has decreased significantly from 11.1 percent at the beginning of the evaluation period. The unemployment rate in the AA was higher than the overall state at 4.3 percent for the same period.

Community Contacts

The analysis takes into consideration comments provided by two community contacts that serve the bank's Medford CSA AA. The contacts included representatives from a housing authority and a regional economic development corporation.

The housing authority serves Jackson County and is an independent agency established by the Jackson County Commissioners in 1969 to administer affordable housing programs. They are not part of the county government or federal government. The housing authority has grown to provide over 2,000 Housing Choice Vouchers and over 1,300 units of affordable rental housing throughout Southern Oregon and continues to grow to meet the ever-increasing demands for affordable housing.

The contact mentioned that the housing market in Jackson County was in good condition with single family housing in tight supply. The contact stated that employment had experienced a recent bump but overall the economy is strong. The contact also noted specific credit needs related to financing for small businesses, affordable single-family housing, and multi-family housing. The contact indicated that consumers and small businesses in the area have to go to larger cities for some specialty products but that access to larger markets was easily reachable to the community.

The economic development corporation's primary purpose is to help businesses prosper to advance economic opportunities compatible with community values. The organization has three objectives: business retention/expansion, primary recruiter of new businesses, and entrepreneurial business development. The contact indicated that the area used to be the plywood and pear capital of America but due to the changing economic environment, the area now focuses on specialized products such as wood products and novelty pears. The area also has a diverse hi-tech sector which has experienced recent growth. The contact further stated that there is less active lending to small businesses especially for start-ups and was not certain whether the lack of lending was due to insufficient demand or supply.

Considering the information from the community contacts and bank management as well as demographic and economic data, affordable housing and small business loans represent primary credit needs for the Medford CSA AA. Opportunity exists to originate these types of loans throughout the AA; however, it is limited in the low-income geographies as reflected by the small proportion of population, tracts, OOUs, and small businesses coupled with limited home affordability for LMI individuals.

Scope of Evaluation in Oregon

The rating for the State of Oregon is primarily based on FS evaluations of the bank's performance in the Bend CSA, Eugene MSA, and Medford CSA AAs; however, performance in each AA was considered. Conclusions where a LS review affected the CRA Rating for the state are addressed within their respective tests. LS procedures were performed for the OR Combined NonMetro AA. A limited portion of the bank's overall lending, investments, and services were conducted in Oregon; therefore, the performance in Oregon received less weight in determining the bank's overall CRA Rating.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN OREGON

LENDING TEST

The bank's performance under the Lending Test in Oregon is rated High Satisfactory.

Conclusions for Areas Receiving FS Reviews

Based on FS reviews, including the data in the tables below and consideration of performance context discussed in the lending test, the bank's performance in the Bend MSA and Eugene MSA AAs is excellent and performance in the Medford CSA AA is good.

Lending Activity

Based on the tables below, lending levels reflect excellent responsiveness to the credit needs in its AAs taking into account the number and amount of home mortgage, small business, small farm, and CD loans originated or purchased relative to its capacity based on deposits, competition, and market presence.

Number of Loans*							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	%State Loans	%State Deposits
Bend MSA	10,535	3,631	229	8	14,403	25.7	23.4
Eugene MSA	8,536	3,010	162	8	11,716	20.9	21.4
Medford CSA	8,225	3,752	153	0	12,130	21.7	22.9
OR Combined NonMetro	12,357	4,777	630	0	17,764	31.7	32.3
Total	39,653	15,170	1,174	16	56,013	100.0	100.0

*The tables present the data for all assessment areas. The narrative below addresses performance in FS areas only.

Dollar Volume of Loans (000's)*							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	%State* Loans	%State Deposits
Bend MSA	$2,695,091	$190,877	$8,087	$21,875	$2,915,930	30.7	23.4
Eugene MSA	$1,853,440	$188,523	$13,145	$39,591	$2,094,699	22.1	21.4
Medford CSA	$1,755,850	$198,135	$6,592	0	$1,960,577	20.6	22.9
OR Combined NonMetro	$2,233,718	$240,199	$48,192	0	$2,522,029	26.6	32.3

Total	$8,538,099	$817,654	$76,016	$61,466	$9,493,235	100.0	100.0

*The tables present the data for all assessment areas. The narrative below addresses performance in FS areas only.

Bend CSA AA

WFBNA ranked third in deposits with 17.0 percent market share in the AA. In overall HMDA lending, WFBNA ranked first with 11.2 percent market share. There is strong competition as reflected by the 333 lenders and 9 depository institutions in the AA. The 2nd and 3rd lenders in this market were Caliber Home Loans and Quicken Family with 4.5 percent and 4.3 percent market share, respectively.

In small loans to businesses, WFBNA ranked fifth with a market share of 9.4 percent. There is strong competition as reflected by the 77 lenders in the AA. The top three lenders were US Bank with a market share of 15.5 percent, Bank of America with a market share of 12.5 percent, and JPMorgan Chase Bank with a market share of 10.8 percent.

Eugene MSA AA

WFBNA ranked fourth in deposits with a 10.9 percent market share in the AA. In overall HMDA lending, WFBNA ranked second with 6.2 percent market share. There is strong competition as reflected by the 303 lenders and 13 depository institutions in the AA. The top lender in this market was Finance of America Family with an 8.1 percent market share.

In small loans to businesses, WFBNA ranked seventh with a market share of 7.0 percent. The top lender was US Bank with a market share of 17 percent. There is strong competition as reflected by the 64 lenders in the AA. The top three lenders were US Bank with a market share of 16.7 percent, American Express with a market share of 11.4 percent, and Citibank with a market share of 10.8 percent.

Medford CSA AA

WFBNA ranked fourth in deposits with a 12.8 percent market share in the AA. In overall HMDA lending, WFBNA ranked third with a 7.3 percent market share. There is strong competition as reflected by the 297 lenders and 11 depository institutions in the AA. The top two lenders were Loan Depot with a market share of 9.6 percent and Guild Mortgage with a market share of 7.6 percent.

In small loans to businesses, WFBNA ranked sixth with a market share of 9.7 percent. The top lender was US Bank with a market share of 15 percent. There is strong competition as reflected by the 62 lenders in the AA. The top three lenders were US Bank with a market share of 14.7 percent, JPMorgan Chase Bank with a market share of 11.5 percent, and American Express with a market share of 11.4 percent.

Distribution of Loans by Income Level of the Geography

The bank exhibits a good geographic distribution of loans in all three FS AAs.

Bend CSA AA

Home Mortgage Loans

Refer to Table O in the State of Oregon section of appendix D for the facts and data used to evaluate the

geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is good.

- The AA contains no low-income tracts so our assessment focused on the bank's performance in moderate-income tracts.
- For 2012-2016, the bank's performance for home mortgage loans in moderate-income geographies substantially meets the aggregate distribution of loans and is below the proportion of OOUs in those geographies.
- Based on the bank's performance in 2017-2018, the bank's home mortgage lending is slightly less than the combined performance in 2012-2016.

Small Loans to Businesses

Refer to Table Q in the State of Oregon section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is excellent.

- The AA contains no low-income tracts so our assessment focused on the bank's performance in moderate-income tracts.
- The proportion of loans in moderate-income geographies exceeds the aggregate distribution of loans and is near to the proportion of businesses in those geographies.
- Based on the bank's performance in 2017-2018, the bank's small business lending is less than the combined performance in 2012-2016.

Eugene MSA AA

Home Mortgage Loans

Refer to Table O in the State of Oregon section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is good.

- For 2012-2016, the bank's performance for home mortgage loans in LMI geographies substantially meets the aggregate distribution of loans and is near to the proportion of OOUs in those geographies.
- Based on the bank's performance in 2017-2018, the bank's home mortgage lending is higher than the combined performance in 2012-2016.

Small Loans to Businesses

Refer to Table Q in the State of Oregon section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is excellent.

- The bank's performance in both periods, 2012-2016 and 2017-2018, for small business loans in LMI geographies exceeds both the aggregate performance and the proportion of businesses located in those geographies.

Medford CSA AA

Home Mortgage Loans

Refer to Table O in the State of Oregon section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is good.

- For 2012-2016, the bank's performance for home mortgage loans in low-income geographies exceeds both the aggregate distribution of loans and the proportion of OOUs in those geographies.
- The proportion of loans in moderate-income geographies is below both the aggregate distribution of loans and the proportion of OOUs in those geographies
- Based on the bank's performance in 2017-2018, the bank's home mortgage lending is higher than the combined performance in 2012-2016.

Small Loans to Businesses

Refer to Table Q in the State of Oregon section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is good.

- The bank's performance in both periods, 2012-2016 and 2017-2018, for small business loans in LMI geographies exceeds the aggregate performance located in those geographies.
- The proportion of loans in LMI geographies is below the proportion of businesses located in those geographies.

Distribution of Loans by Income Level of the Borrower

The bank exhibits a good distribution of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the institution.

Bend CSA AA

Home Mortgage Loans

Refer to Table P in the State of Oregon section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases. Based on the data in Table P, the bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is good.

- There are homeownership affordability hurdles in the AA especially for LMI borrowers. As noted above, the area's median housing value is 10.3 times the income of low-income and 6.4 times the income of moderate-income borrowers indicating a limited proportion of OOUs are affordable to LMI. Despite the affordability challenges, the bank's performance in both periods, 2012-2016 and 2017-2018, to LMI borrowers exceeds the aggregate lending.

- The bank's performance to low-income borrowers is significant below the proportion of families and to moderate-income borrowers is below the proportion of families.
- Based on the bank's performance in 2017-2018, the bank's home mortgage lending is slightly below the combined performance in 2012-2016.

Small Loans to Businesses

Refer to Table R in the State of Oregon section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is good.

- For both periods, 2012-2016 and 2017-2018, the bank's distribution of small loans to businesses with revenues of $1 million or less exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is below the percentage of small businesses located in the AA.

Eugene MSA AA

Home Mortgage Loans

Refer to Table P in the State of Oregon section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is good.

- There are homeownership affordability hurdles in the AA especially for LMI borrowers. As noted above, the area's median housing value is 8.4 times the income of low-income and 5.3 times the income of moderate-income borrowers indicating a limited proportion of OOUs are affordable to LMI. Despite the affordability challenges, the bank's performance in both periods, 2012-2016 and 2017-2018, to LMI borrowers exceeds the aggregate lending.
- The bank's performance to low-income borrowers is significant below the proportion of families and to moderate-income borrowers is below the proportion of families.
- Based on the bank's performance in 2017-2018, the bank's home mortgage lending is higher than the combined performance in 2012-2016.

Small Loans to Businesses

Refer to Table R in the State of Oregon section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is good.

- For both periods, 2012-2016 and 2017-2018, the bank's distribution of small loans to businesses with revenues of $1 million or less exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is below the percentage of small businesses located in the AA.

Medford CSA AA

Home Mortgage Loans

Refer to Table P in the State of Oregon section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is good.

- There are homeownership affordability hurdles in the AA especially for LMI borrowers. As noted above, the area's median housing value is 10.3 times the income of low-income and 6.5 times the income of moderate-income borrowers indicating a limited proportion of OOUs are affordable to LMI. Despite the affordability challenges, the bank's performance in both periods, 2012-2016 and 2017-2018, to LMI borrowers exceeds the aggregate lending.
- The bank's performance to low-income borrowers is significant below the proportion of families and to moderate-income borrowers is below the proportion of families.

Small Loans to Businesses

Refer to Table R in the State of Oregon section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is good.

- For 2012-2016 combined, the bank's distribution of small loans to businesses with revenues of $1 million or less exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is below the percentage of small businesses located in the AA.

Community Development Lending

The institution has made a significant level of CD loans.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

Bend CSA AA

The level of CD lending in the Bend CSA AA is excellent. WFBNA made 8 CD loans in its AA for a total of $21.8 million, which represents over 30 percent of tier 1 capital. CD lending performance has a significant positive impact on the lending test rating. The institution makes significant use of innovative and/or complex CD loans and involved many complex projects where the bank often acted in a leadership role. The loans were responsive to the identified needs in the AA particularly affordable housing. The bank made 7 CD loans totaling $21.5 million (98 percent) for the purpose of affordable housing. Additionally, the bank extended one CD loan for the primary purpose of providing community services to LMI individuals.

Examples of CD loans in the AA include:

- In October 2017, WFBNA provided a $6 million construction loan for an affordable housing redevelopment of a recently closed elementary school into 29 units of affordable housing,

located in Prineville, Oregon. As part of the renovation, classrooms will be converted to residential space, the cafeteria building will be converted into a Head Start Program facility and the gymnasium will be used as a community recreation center. These community spaces will be operated by Neighbor Impact and Crook County Parks and Recreation, respectively. The unit mix will consist of 2 studios, 8 one-bedroom units, 16 two-bedroom units, 2 three-bedroom units and a manager's unit. All units will be rent restricted to tenants earning 50 percent and below the area MFI. Four units will be set aside to serve persons with disabilities referred by the Department of Human Services (DHS) and three units will be set aside to serve victims of domestic violence referred by Saving Grace. Those 7 units will be covered by a 15-year Section 8 HAP contract. Services for this population will be provided by DHS and Saving Grace at no cost to the Partnership.

- In July 2016, WFBNA provided an $8.2 million section 8 construction loan for an 8-unit affordable housing development with 100 percent of the units restricted to seniors age 55+ covered with a Section 8 contract. The Subject development will include a medical office space to be located on the ground floor of Cook Crossing and sold upon completion to Mosaic Medical, a nonprofit health care provider located in Bend, Oregon.

Eugene MSA AA

The level of CD lending in the Eugene MSA AA is excellent. WFBNA made 8 CD loans in its AA for a total of $39.5 million, which represents over 61 percent of tier 1 capital. CD lending performance has a significant positive impact on the lending test rating. The institution makes significant use of innovative and/or complex CD loans and involved many complex projects where the bank often acted in a leadership role. The loans were responsive to the identified needs in the AA particularly affordable housing. The bank made 6 CD loans totaling $24 million (60.8 percent) for the purpose of affordable housing. Additionally, the bank extended two CD loan for the primary purpose of providing community services to LMI individuals.

Examples of CD loans in the AA include:

- In August 2016, WFBNA provided a $20.0 million line of credit to a Tax Credit Investment Fund. Of that total, $378,000 has been allocated to an affordable housing development located in Prineville, OR. The loan proceeds were used to bridge the gap between the receipt of capital contributions from investors and the payment of equity investments to operating partnerships that own LIHTC projects.
- In August 2017, WFBNA provided a $4.6 million construction loan for an affordable housing development located in Springfield, Oregon. The project requires that 97 percent of the units be restricted to individuals and families earning at or below 50 percent of the area MFI. Of the 34 revenue producing units, eight units will be reserved for persons with developmental disabilities and will be receiving HUD Section 811 Project Rental Assistance.

Medford CSA AA

The institution has made no community development loans in the AA during the evaluation period. The level of CD lending in the Medford CSA AA is poor. There are opportunities available within the AA for the bank to provide CD loans.

Product Innovation and Flexibility

Bend CSA AA

The institution makes limited use of innovative and/or flexible lending practices in order to serve AA credit needs. Under the *your*FirstMortgage loan program the bank has funded 4 loans totaling $714,000 to LMI homebuyers that qualified under this program.

Eugene MSA AA

The institution makes limited use of innovative and/or flexible lending practices in order to serve AA credit needs. Under the *your*FirstMortgage loan program the bank has funded 3 loans totaling $448,000 to LMI homebuyers that qualified under this program.

Medford CSA AA

The institution makes limited use of innovative and/or flexible lending practices in order to serve AA credit needs. Under the *your*FirstMortgage loan program the bank has funded 6 loans totaling $798,000 to LMI homebuyers that qualified under this program.

Refer to the comments in the institution Innovative or Flexible Lending Programs section of this public evaluation for additional details regarding the program above.

Conclusions for Area Receiving a LS Review

Based on a LS review, the bank's performance under the Lending Test in the OR Combined NonMetro AA is consistent with the bank's overall good performance under the Lending Test in the FS areas.

Refer to Tables O through T in the State of Oregon section of appendix D for the facts and data that support these conclusions.

INVESTMENT TEST

The bank's performance under the Investment Test in the State of Oregon is rated Outstanding.

Conclusions for Areas Receiving FS Reviews

Based on FS reviews, including the data in the table below and consideration of performance context discussed in the investment test, the bank's performance in the Bend MSA and Eugene MSA is excellent. Performance in the Medford CSA AA is adequate.

Qualified Investments										
	Prior Period*		Current Period		Total				Unfunded Commitments **	
Assessment Area	#	$(000's)	#	$(000's)	#	% of Total #	$(000's)	% of Total $	#	$(000's)
Bend MSA	2	$161	51	$30,841	53	23.1	$31,002	23.5		
Eugene MSA	8	$4,676	68	$38,242	76	33.2	$42,918	32.5		
Medford CSA	2	$2,018	43	$928	45	19.7	$2,946	2.2		
OR Combined NonMetro	6	$20,246	49	$34,941	55	24.0	$55,187	41.8		
Total	18	$27,101	211	$104,952	229	100.0	$132,053	100.0		

* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.
** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Bend MSA AA

The institution has an excellent level of qualified CD investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 43.7 percent of tier 1 capital allocated to the AA.

The investments and grants reflect excellent responsiveness to the needs identified in the AA including affordable housing, community services, economic development, and revitalization/stabilization for LMI individuals and geographies. Over 85.7 percent of the bank's CD investments focused on affordable housing which is an identified credit need in the AA. Additionally, the bank provided 42 grants totaling $263,500 to a variety of organizations that primarily support affordable housing, community services, and economic development.

The institution makes significant use of innovative and/or complex investments to support CD initiatives. CD Investments involved numerous complex LIHTC and NMTC projects where the bank often acted in a leadership role with participations from federal, state, and local housing agencies and real estate developers. Additionally, the bank purchased two government mortgage-backed securities for the CD Investment portfolio.

Examples of CD investments in the AA include:

- In October 2017, WFBNA provided a $7.8 million LIHTC investment for the redevelopment of a recently closed elementary school into 29 units of affordable housing located in Prineville, Oregon. WFBNA also demonstrated multi-faceted support by providing both the construction loan ($6 million) and equity investment in support of this affordable housing development. This activity is responsive to the identified need for affordable housing and is complex involving multiple parties including government agencies, housing agencies, and developers.
- In December 2017, WFBNA invested $22.2 million in an LIHTC fund. Of this total investment, $3.9 million was allocated to a development located in Bend, Oregon, with 20 units restricted to tenants earning no more than 60 percent of the area MFI. This activity is responsive to the identified need for affordable housing

Eugene MSA AA

The institution has an excellent level of qualified CD investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 66.2 percent of tier 1 capital allocated to the AA.

The investments and grants reflect excellent responsiveness to the needs identified in the AA including affordable housing, community services, economic development, and revitalization/stabilization for LMI individuals and geographies. Over 51.1 percent of the bank's CD investments focused on affordable housing which is an identified credit need in the AA. Additionally, the bank provided 62 grants totaling $648,518 to a variety of organizations that primarily support affordable housing, community services, and economic development.

The institution makes significant use of innovative and/or complex investments to support CD initiatives. CD Investments involved several complex LIHTC and NMTC projects where the bank often acted in a leadership role with participations from federal, state, and local housing agencies and real estate developers.

Examples of CD investments in the AA include:

- In August 2015, WFBNA provided a $9.3 million LIHTC investment for a newly constructed 48-unit family community located in Eugene, Oregon. All of the project's 48 units are targeted for LIHTC tenants with incomes at 50 percent of the area MFIs. Due to the project receiving Oregon Housing Tax Credits, maximum MFI levels are further discounted to 46 percent of area MFI. The unit mix will consist of 16 one-bedroom units, 20 two-bedroom units, and 11 three-bedroom units. Five units will be set aside, on a best efforts basis, for homeless veterans. This activity is responsive to the identified need for affordable housing and addressing homelessness. The investment is also complex involving numerous parties.
- In December 2013, WFBNA made a $4 million NMTC investment to a nonprofit organization to finance the remodel of an existing building that the borrower recently purchased to consolidate operations. Located in Eugene, Oregon, the project is expected to generate approximately 93 construction jobs and seven permanent jobs. The project will be located in a highly distressed census tract with a 33.8 percent poverty rate. The organization serves families who are homeless or at risk of homelessness and adults who have a mental illness or a brain injury. This activity is responsive to the identified need for affordable housing and addressing homelessness.
- In May 2016, WFBNA provided a $250,000 grant to a local business organization through the Small Business DCC Program benefiting small businesses in Oregon including the Eugene MSA AA. Refer to the comments in the institution Innovative or Flexible Lending Programs section of this public evaluation for additional details regarding this program.

Medford CSA AA

The institution has an adequate level of qualified CD investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 4.2 percent of tier 1 capital allocated to the AA.

The investments and grants reflect adequate responsiveness to the needs identified in the AA including affordable housing, community services, economic development, and revitalization/stabilization for LMI

individuals and geographies. Over 85.6 percent of the bank's CD investments focused on affordable housing which is an identified credit need in the AA. Additionally, the bank provided 42 grants totaling $624,500 to a variety of organizations that primarily support affordable housing, community services, and economic development.

The institution occasionally uses innovative and/or complex investments to support CD initiatives. CD Investments involved one complex project where the bank acted in a leadership role with participations from federal, state, and local housing agencies and real estate developers.

Examples of CD investments in the AA include:

- In May 2015, WFBNA provided an $8 million NMTC investment to an organization to fund the expansion of 10 separate Walgreens Pharmacies in underserved areas in the state of Oregon. Of the investment, $303,168 is allocated for the project located in this AA. This store is located in distressed area of Central Point, Oregon that has a 14.6 percent poverty rate and a 9.5 percent unemployment rate. The 10 Walgreens stores that are part of the proposed NMTC transaction served over 4,000 Medicare and Medicaid patients in the past year; approximately a third of these patients were in a medically underserved area. Walgreens also provides consultation for Medicare and Medicaid patients on the most affordable options to purchase their prescription drugs. The 10 stores provide approximately 400 consultations annually. The portfolio creates 19.5 new FTE positions (all located in qualified census tracts) and retains 172 existing positions.
- During the exam timeframe, WFBNA provided three grants totaling $275,000 to two housing organizations through the PMP for affordable housing in the Medford CSA AA. Refer to the comments in the institution Community Development Initiatives section of this public evaluation for additional details regarding this program.

Conclusions for Area Receiving a LS Review

Based on a LS review, the bank's performance under the Investment Test in the OR Combined NonMetro AA is consistent with the bank's overall excellent performance in the Investment Test in the FS areas.

SERVICE TEST

The bank's performance under the Service Test in Oregon is rated Outstanding.

Conclusions for Areas Receiving FS Reviews

Based on FS reviews, including the data in the tables below and consideration of performance context discussed in the service test, the bank's performance in the Bend MSA and Medford CSA AAs is excellent and performance in the Eugene MSA AA is good.

Retail Banking Services

Service delivery systems are readily accessible to geographies and individuals of different income levels in the institution's AAs, particularly LMI geographies and/or LMI individuals.

Distribution of Branch Delivery System											
Assessment Area	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				% of Population within Each Geography*			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Bend CSA	23.4	7	19.4	0.0	71.4	28.6	0.0	0.0	20.9	62.0	17.1
Eugene MSA	21.4	7	19.4	0.0	57.1	42.9	0.0	4.5	20.3	53.5	21.7
Medford CSA	22.9	8	22.2	12.5	25.0	62.5	0.0	0.7	15.5	59.5	24.3
OR Combined NonMetro	32.2	14	38.9	7.1	21.4	57.1	14.3	0.6	8.4	74.2	16.8

* May not add up to 100 percent due to geographies with unknown tract income level and rounding.

Distribution of Branch Openings/Closings						
Assessment Area	# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)			
			Low	Mod	Mid	Upp
Bend CSA	0	0	0	0	0	0
Eugene MSA	0	2	0	-2	0	0
Medford CSA	0	1	0	0	-1	0
OR Combined NonMetro	0	2	0	0	-2	0

Bend CSA AA

As of December 31, 2018, WFBNA operates seven branches and 11 ATMs in the Bend CSA AA. Of these branches, six are full-service locations and one is a limited-service branch. There are no low-income geographies within the AA. There are five branches in moderate-income geographies. The branch distribution in moderate-income geographies significantly exceeds the percentage of the population in moderate-income CTs in the AA. When considering an additional branch within close proximity to LMI geographies, the bank's branch distribution further exceeds demographics.

The bank did not open or close branches during the evaluation period.

Services, including where appropriate, business hours, do not vary in a way that inconveniences the various portions of its AA, particularly LMI geographies and/or individuals. Generally, branches are open Monday through Friday from 9:00 am to 6:00 pm. Of the total branches, five are open on Saturday from 9:00 am to 2:00 pm. All WFBNA services are available at all branches and all delivery systems discussed bank-wide are available in this AA.

Eugene MSA AA

As of December 31, 2018, WFBNA operates 7 branches and 19 ATMs in the Eugene MSA AA. All seven are full-service locations. There are no branches in the low-income geographies; however, the population is very low in the low-income geographies compared to total demographics. There are four branches in moderate-income geographies. The branch distribution in moderate-income

geographies significantly exceeds the percentage of the population in moderate-income CTs in the AA. When considering an additional branch within close proximity to LMI geographies, the bank's distribution further exceeds demographics.

The institution's opening and closing of branches have not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank closed two branches since the last evaluation in moderate-income CTs. This closure did not negatively impact the distribution of branches relative to the population residing in those geographies.

Services, including where appropriate, business hours, do not vary in a way that inconveniences the various portions of its AAs, particularly LMI geographies and/or individuals. Generally, branches are open Monday through Friday from 9:00 am to 6:00 pm. All branches are open on Saturday from 10:00 am to 2:00 pm. All WFBNA services are available at all branches and all delivery systems discussed bank-wide are available in this AA.

Medford CSA AA

As of December 31, 2018, WFBNA operates eight branches and 14 ATMs in the Medford CSA AA. All eight are full-service locations. There is one branch in low-income geographies and two branches in moderate-income geographies. The branch distribution in LMI geographies significantly exceeds the percentage of the population in LMI CTs in the AA. When considering an additional two branches within close proximity to LMI geographies, the bank's distribution further exceeds demographics.

The institution's opening and closing of branches have not affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank closed one branch since the last evaluation, in a middle-income CT. This closure did not negatively impact the distribution of branches relative to the population residing in those geographies.

Services, including where appropriate, business hours, do not vary in a way that inconveniences the various portions of its AAs, particularly LMI geographies and/or individuals. Generally, branches are open Monday through Friday from 9:00 am to 6:00 pm. All branches are open on Saturday from 10:00 am to 2:00 pm. All WFBNA services are available at all branches and all delivery systems discussed bank-wide are available in this AA.

Community Development Services

The institution provides a significant level of CD services.

Bend CSA AA

The level of CD services in the Bend CSA AA is good. Bank records show that employees provided their financial or job-specific expertise and/or technical assistance for 42 CD service activities to six organizations since the last evaluation, logging a total of 168 qualified hours within this AA. A majority of the bank's assistance was to organizations that provide community services to LMI individuals and families. Other activities targeted affordable housing which is responsive to identified need in the AA. The following are examples of CD services provided in this AA:

- WFBNA team members provided 29 hours of Board service and ongoing outreach to a nonprofit housing organization that works in partnership with people in need to build decent and affordable housing.
- A WFBNA team member provided 50 hours of Board service to a local medical organization that provides care for working adults in Deschutes County who do not make enough money to afford medical insurance or services. Their mission is to improve the health and wellness of the medically uninsured through the engagement of professionals, community partners and dedicated volunteers.

Eugene MSA AA

The level of CD services in the Eugene MSA AA is good. Bank records show that employees provided their financial or job-specific expertise and/or technical assistance for 202 CD service activities to nine organizations since the last evaluation, logging a total of 316 qualified hours within this AA. A majority of the bank's assistance was to organizations that provide community services to LMI individuals and families. The following are examples of CD services provided in this AA:

- A WFBNA team member provided 219 hours of Board service and ongoing outreach to a local community organization that provides necessities and comfort items to children who are in crisis due to neglect, abuse, poverty or homelessness.
- WFBNA team members provided 51 hours of financial education to a community organization that assists men and women from Lane County released from Oregon state correctional facilities and the Lane County Jail in making a successful reentry into the community.

Medford CSA AA

The level of CD services in the Medford CSA AA is good. Bank records show that employees provided their financial or job-specific expertise and/or technical assistance for 113 CD service activities to 15 organizations since the last evaluation, logging a total of 342 qualified hours within this AA. A majority of the bank's assistance was to organizations that provide community services to LMI individuals and families. Other activities targeted affordable housing and economic development. The bank's assistance provided was responsive to the identified needs in the AA particularly affordable housing. The following are examples of CD services provided in this AA:

- A WFBNA team member provided 53 hours of Board service and ongoing outreach to a nonprofit housing organization that works in partnership with people in need to build decent and affordable housing.
- WFBNA team members provided 72 hours of Board service and ongoing outreach to a community organization that works to provide food, housing, warmth, and other essential services to Jackson County's low-income children, families, seniors, and people with disabilities.

Conclusion for Area Receiving a LS Review

Based on a LS review, the bank's performance under the Service Test in the OR Combined NonMetro AA is consistent with the bank's overall excellent performance under the Service Test in the FS areas.

State Rating

State of Pennsylvania

CRA rating for the State of (Pennsylvania)[43]: Outstanding
The Lending Test is rated: Outstanding
The Investment Test is rated: High Satisfactory
The Service Test is rated: Outstanding

The major factors that support this rating include:

- Excellent lending activity;
- Good geographic distribution of loans;
- Excellent borrower distribution of loans;
- Adequate level of CD loans was originated;
- WFBNA's use of flexible products has a neutral impact on the Lending Test;
- Good level of CD investments that are responsive to AA needs;
- Retail delivery systems are readily accessible to all portions of the AA; and
- WFBNA provides a relatively high level of CD services that are responsive to the needs of the bank's AA.

Description of Institution's Operations in Pennsylvania

WFBNA delineated five AAs within Pennsylvania including the Harrisburg-York-Lebanon, PA CSA (Harrisburg CSA AA); Scranton-Wilkes-Barre-Hazleton, PA MSA (Scranton MSA AA); Lancaster, PA MSA (Lancaster MSA AA); Pittsburgh, PA MSA (Pittsburg MSA AA); and PA Combined Non-Metros (PA Combined Non-Metro AA). The Harrisburg CSA and Scranton MSA AAs received FS reviews. The two areas accounted for the larger portion of the lending (46.6 percent) and deposits (65.8 percent) amongst the AAs in Pennsylvania. Refer to Appendix A for a complete description of each AA. Pennsylvania represents the 25th largest rated area by deposits. WFBNA has $4.7 billion of deposits representing 0.4 percent of adjusted deposits. WFBNA operates 50 branches and 70 ATMs within Pennsylvania, representing 0.9 percent of the bank's branches and 0.5 percent of the bank's ATMs. The bank originated and purchased approximately $16.5 billion in loans or 0.9 percent of total reported loan originations and purchases during the evaluation period. The bank's primary loan products in Pennsylvania are home mortgage and small loans to businesses.

Harrisburg CSA AA

Within the Harrisburg CSA AA, the bank had $2.1 billion in deposits and ranked fourth amongst 29 depository institutions in the market with 8.8 percent market share. Manufacturers and Traders Trust Company and PNC Bank ranked first and second with a market share of 15.8 percent and 13.4 percent, respectively. WFBNA operates 21 branches and 24 ATMs in the AA.

Scranton MSA AA
Within the Scranton MSA AA, the bank had $1.1 billion in deposits and ranked second amongst 22

[43] This rating reflects performance within the state. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan statistical area.

depository institutions in the market with 8.3 percent market share. PNC Bank ranked first with a 27.6 percent market share. WFBNA operates 11 branches and 15 ATMs in the AA.

Demographic Data

Harrisburg CSA AA

The following table provides a summary of the demographics that includes housing and business information for the Harrisburg CSA AA. Table A indicates that the volume of OOUs is very small in low-income CTs and close to 37 percent of families in the AA are LMI. The area's median housing value in the Harrisburg CSA AA is 2.3 times the area's highest median income, but 2.9 times moderate-, and 4.7 times low-income, indicating a limited proportion of OOUs are affordable to many low-income individuals.

Table A – Demographic Information of the Assessment Area

Assessment Area: Harrisburg-York-Lebanon PA CSA (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	245	7.3	18.0	54.3	20.0	0.4
Population by Geography	1,118,015	4.8	14.0	58.4	22.4	0.3
Housing Units by Geography	468,614	5.2	15.6	58.2	21.0	0.0
Owner-Occupied Units by Geography	318,778	2.2	10.7	62.1	25.0	0.0
Occupied Rental Units by Geography	118,855	10.7	26.1	51.3	11.8	0.0
Vacant Units by Geography	30,981	15.3	24.6	45.1	15.0	0.0
Businesses by Geography	70,316	3.9	16.9	55.5	23.7	0.0
Farms by Geography	2,822	0.5	7.3	70.7	21.5	0.0
Family Distribution by Income Level	294,451	18.3	18.6	23.9	39.2	0.0
Household Distribution by Income Level	437,633	22.1	17.3	19.6	40.9	0.0
Median Family Income MSA - 25420 Harrisburg-Carlisle, PA MSA		$69,389	Median Housing Value			$162,550
Median Family Income MSA - 30140 Lebanon, PA MSA		$62,174	Median Gross Rent			$740
Median Family Income MSA - 49620 York-Hanover, PA MSA		$67,624	Families Below Poverty Level			6.4%

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

Harrisburg-Carlisle, PA MSA

According to the May 2018 Moody's Analytics report, the Harrisburg economy is steady. State government payrolls have slid two percent over the past year, and after falling at the end of 2017, pivotal transportation/warehousing employment is one percent below its year-ago level. However, healthcare and construction have expanded payrolls at more than twice the U.S. average over the past six months.

The worst is over for the state government, but a poor fiscal situation is a source of downside risk.

Transportation/warehousing, Harrisburg's biggest single source of net new jobs since 2014 will settle into a pattern of slower growth. Productivity growth and automation will allow logistics firms to ship and store more goods with fewer new hires. Profitable health systems and an expanding population will ensure that healthcare, one of Harrisburg's fastest-growing industries over the last year, remains a key driver.

The housing market has improved but there is still room for growth. House price appreciation is accelerating in line with that of the state but single-family permits have barely budged this decade.

The largest employers in Harrisburg include Penn State Hershey Medical Center, Giant Food Stores, and Hershey Entertainment & Resorts. According to the U.S. BLS, the unemployment rate for the second quarter of 2018 was 3.8 percent and has decreased significantly from 6.9 percent at the beginning of the evaluation period. The unemployment rate in the AA was lower than the overall state at 3.9 percent for the same period.

Lebanon, PA MSA

According to the January 2019 Moody's Analytics report, Lebanon has experienced a slowdown in net hiring as its labor market has tightened. Job growth has dwindled from a well above-average 2.7 percent to 1.3 percent. Private services are in a funk, consistent with slower population growth, and education/healthcare payrolls are flat. On the upside, construction has been a driving force for job gains. Builders are adding jobs much faster than in other parts of the state.

The National Defense Authorization Act creates significant upside risk for the state's primary National Guard training facility, Fort Indiantown Gap, which will also benefit Lebanon. The housing market is stable but home price appreciation trails that in the state and U.S.

The largest employers in Lebanon include Sechler Family Foods, The Good Samaritan Hospital, and Fort Indiantown Gap. According to the U.S. BLS, the unemployment rate for the fourth quarter of 2018 was 3.9 percent and has decreased significantly from 6.7 percent at the beginning of the evaluation period. The unemployment rate in the AA was the same as the overall state at 3.9 percent for the same period.

York-Hanover, PA MSA

According to the May 2019 Moody's Analytics report, York's monthly job additions have declined and less reliable, leaving employment flat over the past year. Healthcare tapped the brakes early in 2018 and other private services are offering little support.

Manufacturing employment is backtracking after last year's impressive buildup and construction employment is barely budging. York is Pennsylvania's third most factory-dependent metro area behind Gettysburg and Reading, with two-fifths of factory jobs in metals, machinery and transportation equipment. Import tariffs have increased the price of steel mill products, raising input costs for manufacturers. However, a new opportunity for manufacturing employment has emerged from a $575 million Army contract awarded to BAE Systems for armored multipurpose vehicles. BAE Systems is adding hundreds of full-time jobs at its West Manchester Township plant in York County to meet demand.

The housing market remains uninspiring. Single-family housing starts have decelerated this year as house price appreciation trails that in the state and U.S.

The largest employers in York include Wellspan Medical Group, Utz Quality Foods Inc., and Rutter's Holdings Inc. According to the U.S. BLS, the unemployment rate for the fourth quarter of 2018 was 3.9 percent and has decreased significantly from 6.7 percent at the beginning of the evaluation period. The unemployment rate in the AA was the same as the overall state at 3.9 percent for the same period.

Community Contacts

The analysis takes into consideration comments provided by three community contacts that serve the bank's Harrisburg CSA AA. One community contact represents a local government Housing and Redevelopment Agency; one contact is a local Community Development Agency that serves the Cumberland, Dauphin, and Perry Counties; and one is a non-profit affordable housing agency located in Lebanon County.

The contacts indicated that the city of Harrisburg is experiencing growth and gentrification of its neighborhoods. A number of both homeowners and renters in the area are significantly cost burdened in covering their housing costs, that is, they are spending more than 30 percent of their gross monthly income on housing costs. Access to transportation is another issue facing the area. In many LMI communities, public transportation options are limited. There is an increase in homelessness in Cumberland, Dauphin, Perry, Lebanon, and York Counties. These Counties receive funding from the state for homeless services that is specifically targeted to homeless youth.

The contacts identified a number of needs in Cumberland, Dauphin, and Perry Counties including livable wage jobs, affordable housing, funding to rehabilitate substandard housing, and affordable quality child care services. There is also a need for support for family self-sufficiency programs to help break the cycle of generational poverty, and assistance transportation options as many low-income folks don't have access to transportation to get them to where the better paying jobs are.

The contacts noted that the most significant needs are innovative mortgage products that assist borrowers with lower credit scores to qualify for a mortgage loan and flexible credit products and micro loans for small businesses, particularly start-up businesses. General banking needs are being met, but there are limited opportunities for participation by banks in the AA through community development loans.

Considering the information from the community contacts and bank management as well as demographic and economic data, affordable housing and small business loans represent a primary credit need for the Harrisburg CSA AA. Opportunity exists to originate these types of loans throughout the AA; however, it is limited in the low-income geographies as reflected by the small proportion of OOUs and small businesses coupled with limited home affordability for LMI individuals.

<u>Scranton MSA AA</u>

The following table provides a summary of the demographics that includes housing and business information for the Scranton MSA AA. Table A indicates that the number of census tracts, population, and OOUs is very small in low-income CTs and over 38 percent of families in the AA are LMI. The area's median housing value in the Scranton MSA AA is 2.2 times the area's median income, but 2.8 times moderate-, and 4.4 times low-income, indicating a limited proportion of OOUs are affordable to

low-income families. Median rents and the high percentage of families below poverty level suggest rental housing is also unaffordable for many low-income residents.

Table A – Demographic Information of the Assessment Area

Assessment Area: Scranton-Wilkes-Barre-Hazleton PA MSA (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	170	2.4	20.6	59.4	17.1	0.6
Population by Geography	563,631	2.2	18.4	58.4	21.1	0.0
Housing Units by Geography	258,520	2.2	19.0	59.2	19.6	0.0
Owner-Occupied Units by Geography	157,034	0.7	14.4	61.7	23.2	0.0
Occupied Rental Units by Geography	71,162	5.2	27.4	54.2	13.2	0.0
Vacant Units by Geography	30,324	3.3	23.3	57.8	15.6	0.0
Businesses by Geography	35,375	5.6	14.9	58.7	20.6	0.1
Farms by Geography	793	0.5	7.7	63.2	28.6	0.0
Family Distribution by Income Level	147,130	20.3	18.0	21.7	40.0	0.0
Household Distribution by Income Level	228,196	24.4	16.5	17.0	42.1	0.0
Median Family Income MSA - 42540 Scranton--Wilkes-Barre--Hazleton, PA MSA		$56,045	Median Housing Value			$123,891
			Median Gross Rent			$612
			Families Below Poverty Level			9.6%

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

According to the May 2018 Moody's Analytics report, private-sector job growth in Scranton over the last 12 months was stronger than it had been since 2005. Several well-paying industries, including professional services, manufacturing and transportation/warehousing, are advancing at a solid clip. The thinning pool of workers has pushed employers to raise wages, and average hourly earnings are benefiting from a favorable mix of job creation across wage tiers.

Government employment is still dwindling. Strengthening consumer demand will sustain growth in lower-paying industries such as hotels, restaurants and entertainment and stem the tide of retail job losses. Healthcare has been one of the metro area's strongest industries in recent years and will remain a reliable source of employment. Increased admissions and higher health plan membership have boosted Geisinger Health System's bottom line, and the network is expanding its clinical programs.

Single-family home prices have just about reached their pre-crash peak but it is an apartment building boom that is driving gains in residential construction.

The largest employers in Scranton include Tobyhanna Army Depot, Geisinger Health System, and Wyoming Valley Health Care System. According to the U.S. BLS, the unemployment rate for the second quarter of 2018 was 5.0 percent and has decreased significantly from 9.4 percent at the beginning of the evaluation period. The unemployment rate in the AA was higher than the overall state at 3.9 percent for the same period.

Community Contacts

The analysis takes into consideration comments provided by two community contacts that serve the bank's Scranton MSA AA. One contact represents an economic and community development and one contact represents an affordable housing organization that operates in the AA that provides a full range of technical and financial services to those seeking to create or preserve affordable housing.

The contacts indicated that strengths of the Scranton economy include its position as a major distribution hub for the region, large presence of education and healthcare facilities, and comparatively low cost of living. The City of Scranton is economically distressed, and the population has been slowly declining due to a lack of job opportunities. Individuals are also moving to Scranton from nearby larger cities such as New York City and Philadelphia in search of affordable housing. Many of the city's residents are elderly.

The contacts indicated that most of Scranton's housing stock consists of buildings constructed prior to the 1940's; therefore, home rehabilitation is a primary community need. Many of the city's residents are elderly. Almost half of renter households in the county are cost burdened, paying more than 30 percent of their income for rent. Further, among the very lowest income households, most are cost burdened. The occupancy rate among rental properties in the area is very high, which further exacerbates the shortage of affordable rental housing. Rental housing costs in the AA are higher than that of surrounding counties. Larger households in need of three to four bedrooms have difficulty finding housing, even with Housing Choice Vouchers. Further, accessible housing is limited for persons with physical disabilities.

The contacts noted that the primary credit needs in the AA are affordable housing, both rental and owner-occupied, and financing for LMI first-time homebuyers. Other critical needs include reducing the number of blighted properties in the AA and developing a holistic approach to address homelessness.

The second contact indicated that their organization has a number of programs and initiatives that welcome participation from financial institutions, including the Local Housing Investment Fund and Trust, a revolving loan fund that provides flexible, below market rate loans for affordable housing and mixed-use and/or mixed-income projects. The organization has received support from and has partnered with a number of area financial institutions. Fulton Bank, PNC Bank, Wells Fargo, and BB&T have been supporters of the organization through such activities as board service, lender partners and financial support. The contact indicated that affordable housing is a need in the AA.

Considering the information from the community contacts and bank management as well as demographic and economic data, affordable housing represents a primary credit need for the Scranton MSA AA. Opportunity exists to originate these types of loans throughout the AA; however, it is limited in the low-income geographies as reflected by the small proportion of OOUs and small businesses coupled with limited home affordability for LMI individuals.

Scope of Evaluation in Pennsylvania

The rating for the State of Pennsylvania is primarily based on FS evaluations of the bank's performance in the Harrisburg CSA and Scranton MSA AAs; however, performance in each AA was considered. Conclusions where a LS review affected the CRA Rating for the state are addressed within their

respective tests. LS procedures were performed for the Lancaster MSA, Pittsburg MSA, and PA Combined Non-Metro AAs. A limited portion of the bank's overall lending, investments, and services were conducted in Pennsylvania; therefore, the performance in Pennsylvania received less weight in determining the bank's overall CRA Rating.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN PENNSYLVANIA

LENDING TEST

The bank's performance under the Lending Test in Pennsylvania is rated Outstanding.

Conclusions for Areas Receiving FS Reviews

Based on FS reviews, including the data in the tables below and consideration of performance context discussed in the lending test, the bank's performance in the Harrisburg CSA and Scranton MSA AAs is excellent.

Lending Activity

Based on the tables below, lending levels reflect excellent responsiveness to the credit needs in its AAs taking into account the number and amount of home mortgage, small business, small farm, and CD loans originated or purchased relative to its capacity based on deposits, competition, and market presence.

Number of Loans *							
Assessment Area	Home Mortgage	Small Business	Small Farm	CD	Total	% State* Loans	% State Deposits
Harrisburg CSA	33,122	5,128	162	5	38,417	34.5	43.5
Scranton MSA	9,201	4,184	53	13	13,451	12.1	22.3
Lancaster MSA	15,996	3,553	112	15	19,676	17.6	19.0
Pittsburg MSA	30,659	3,285	6	3	33,953	30.4	6.6
PA Combined NonMetro	4,307	1,654	48	1	6,010	5.4	8.6
Total	93,285	17,804	381	37	111,507	100.0	100.0

*The tables present the data for all assessment areas. The narrative below addresses performance in FS areas only.

Dollar Volume of Loans (000's)*							
Assessment Area	Home Mortgage	Small Business	Small Farm	CD	Total	% State Loans	% State Deposits
Harrisburg CSA	$5,589,490	$308,858	$4,819	$15,400	$5,918,567	35.7	43.5
Scranton MSA	$1,214,547	$268,481	$1,972	$22,112	$1,507,112	9.1	22.3
Lancaster MSA	$2,686,365	$198,418	$4,126	$40,175	$2,929,084	17.6	19.0
Pittsburg MSA	$5,373,408	$260,462	$150	$9,034	$5,643,054	34.0	6.6

PA Combined NonMetro	$522,585	$75,651	$1,854	$504	$600,594	3.6	8.6
Total	$15,386,395	$1,111,870	$12,921	$87,225	$16,598,411	100.0	100.0

*The tables present the data for all assessment areas. The narrative below addresses performance in FS areas only.

Harrisburg CSA AA

WFBNA ranked fourth in deposits with 8.8 percent market share in the AA. In overall HMDA lending, WFBNA ranked first with 8.5 percent market share. There is strong competition as reflected by the 484 lenders and 29 depository institutions in the AA. The second and third lenders in this market were Members 1ST FCU with 6.5 percent market share and Quicken Family with 3.8 percent market share.

In small loans to businesses, WFBNA ranked ninth with market share of 3.7 percent. There is strong competition as reflected by the 106 lenders in the AA. The top three lenders were American Express FSB with market share of 15.6 percent, U.S. Bank with market share of 10.1 percent, and Capital One Bank with market share of 8.7 percent.

Scranton MSA AA

WFBNA ranked second in deposits with 8.3 percent market share in the AA. In overall HMDA lending, WFBNA ranked first with 7.3 percent market share. There is strong competition as reflected by the 304 lenders and 22 depository institutions in the AA. The second and third top lenders in this market were Quicken Family with a 5.4 percent market share and Residential Mortgage Services with a 4.6 percent market share.

In small loans to businesses, WFBNA ranked sixth with a market share of 5.0 percent. There is strong competition as reflected by the 88 lenders in the AA. The top three lenders were American Express with market share of 16.5 percent, PNC Bank with market share of 13.1 percent, and Capital One Bank with market share of 7.2 percent.

Distribution of Loans by Income Level of the Geography

The bank exhibits a good geographic distribution of loans in the Harrisburg CSA AA and an excellent geographic distribution of loans in the Scranton MSA AA.

Harrisburg CSA AA

Home Mortgage Loans

Refer to Table O in the State of Pennsylvania section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is good.

- The bank's home mortgage lending in 2012-2016 in low-income geographies exceeds the aggregate distribution of loans and is significantly below the proportion of OOUs in those geographies.

- The proportion of loans in moderate-income geographies substantially meets the aggregate distribution of loans and is below the proportion of OOUs in those geographies.
- The bank's home mortgage lending in 2017-2018 exceeds the performance in 2012-2016.

Small Loans to Businesses

Refer to Table Q in the State of Pennsylvania section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is excellent.

- The bank's performance in in both periods, 2012-2016 and 2017-2018, for small business loans in LMI geographies exceeds the aggregate distribution of loans in those geographies.
- The proportion of loans in low-income geographies is near to the proportion of businesses and in moderate-income geographies is below the proportion of businesses located in those geographies.

Scranton MSA AA

Home Mortgage Loans

Refer to Table O in the State of Pennsylvania section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is excellent.

- The bank's home mortgage lending in both 2012-2016 and 2017-2018 periods in low-income geographies exceeds both the aggregate distribution of loans and the proportion of OOUs in those geographies.
- The proportion of loans in moderate-income geographies substantially meets the aggregate distribution of loans and was below the proportion of OOUs in those geographies.

Small Loans to Businesses

Refer to Table Q in the State of Pennsylvania section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is good.

- The bank's performance in 2012-2016 for small business loans in LMI geographies substantially meets the aggregate distribution of loans and is below the proportion of businesses in those geographies.
- Based on the bank's performance in 2017-2018, the bank's small business lending is slightly less than the performance in 2012-2016.

Distribution of Loans by Income Level of the Borrower

The bank exhibits an excellent distribution of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the institution.

Harrisburg CSA AA

Home Mortgage Loans

Refer to Table P in the State of Pennsylvania section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is excellent.

- There are homeownership affordability hurdles in the AA especially for low-income borrowers. As noted above, the area's median housing value is 4.7 times the income of low-income borrowers indicating a limited proportion of OOUs are affordable to low-income borrowers. Despite the affordability challenges, the bank's performance in 2012-2016 to low-income borrowers substantially meets the aggregate lending and is well below the proportion of families.
- The bank's performance to moderate-income borrowers exceeds both the aggregate lending reported and the proportion of families.
- Based on the bank's performance in 2017-2018, the bank's home mortgage lending is slightly below the performance in 2012-2016.

Small Loans to Businesses

Refer to Table R in the State of Pennsylvania section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is good.

- For both 2012-2016 and 2017-2018 periods, the bank's distribution of small loans to businesses with revenues of $1 million or less exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is below the percentage of small businesses located in the AA.

Scranton MSA AA

Home Mortgage Loans

Refer to Table P in the State of Pennsylvania section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is good.

- There are homeownership affordability hurdles in the AA especially for low-income borrowers. As noted above, the area's median housing value is 4.4 times the income of low-income borrowers indicating a limited proportion of OOUs are affordable to low-income borrowers. Because of the affordability challenges, the bank's performance in both periods, 2012-2016 and

2017-2018, to low-income borrowers is below the aggregate lending and is well below the proportion of families.
- The bank's performance to moderate-income borrowers substantially meets the aggregate lending and exceeds the proportion of families.

Small Loans to Businesses

Refer to Table R in the State of Pennsylvania section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is good.

- For both 2012-2016 and 2017-2018 periods, the bank's distribution of small loans to businesses with revenues of $1 million or less exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is below the percentage of small businesses located in the AA.

Community Development Lending

The institution has made an adequate level of CD loans.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

Harrisburg CSA AA

The level of CD lending in the Harrisburg CSA AA is poor. WFBNA made five CD loans for a total of $15.4 million which represents 6.7 percent of tier 1 capital. CD lending performance had a neutral impact on the lending test rating. The loans were responsive to the identified affordable housing needs in the AA. The bank made one CD loan totaling $11.4 million (74 percent) for the purpose of affordable housing. Additionally, the bank extended four CD loans totaling $4 million for the primary purpose of community services to LMI individuals.

Examples of CD loans in the AA include:

- In June 2014, WFBNA provided an $11.4 million loan for a 216-unit Section 8 affordable housing complex. This development is located in a middle-income census tract in Hershey, Pennsylvania and consists of 198 one-bedroom units and 17 two-bedroom unit, subsidized under a project-based Section 8 program.
- In February 2017, WFBNA renewed a $1.5 million working line of credit to a federally qualified health center that is accessible and community-minded. The health center provides compassionate and comprehensive health services to people seeking accessible and affordable quality care. According to the U.S. Department of Health and Human Services website as of April 2016, the health center must serve an underserved area or population, offer a sliding fee scale, provide comprehensive services, have an ongoing quality assurance program, and have a governing board of directors.

Scranton MSA AA

The level of CD lending in the Scranton MSA AA is excellent. WFBNA made 13 CD loans in its AA for a total of $22.1 million, which represents 18.7 percent of tier 1 capital. CD lending performance had a significant positive impact on the lending test rating. The institution makes significant use of innovative and/or complex CD loans and involved many complex projects where the bank often acted in a leadership role. The loans were responsive to the identified affordable housing needs in the AA. The bank made one CD loan totaling $16.3 million (73.8 percent) for the purpose of affordable housing. Additionally, the bank extended 12 CD loans totaling $6 million for the primary purpose of community services to LMI individuals.

Examples of CD loans in the AA include:

- In January 2014, WFBNA provided a $16.3 million loan for a 58-unit LIHTC affordable housing development located in Scranton, Pennsylvania and consists of 52 one-bedroom units and 6 two-bedroom units, with 100 percent of the units restricted to seniors aged 62 and older earning between 20 to 60 percent of the area MFI.
- In March 2018, WFBNA renewed a $300,000 working capital line of credit to a non-profit organization that provides day care services for low-income families in Luzerne County. Over 75 percent of the organization's clients are considered to be LMI as they earn less than $46,560 annually (80 percent of the 2014 area MFI).

Product Innovation and Flexibility

Harrisburg CSA AA

The institution makes limited use of innovative and/or flexible lending practices in order to serve AA credit needs. Under the *your*FirstMortgage loan program the bank has funded 79 loans totaling $10 million to LMI homebuyers that qualified under this program.

Scranton MSA AA

The institution makes limited use of innovative and/or flexible lending practices in order to serve AA credit needs. Under the *your*FirstMortgage loan program the bank has funded 55 loans totaling $3.9 million to LMI homebuyers that qualified under this program.

Refer to the comments in the institution Innovative or Flexible Lending Programs section of this public evaluation for additional details regarding the program above.

Conclusions for Areas Receiving LS Reviews

Based on LS reviews, the bank's performance under the Lending Test in the Lancaster MSA AA is consistent with the bank's overall excellent performance under the Lending test in the FS areas. Performance in the Pittsburg MSA and PA Combined Non-Metro AAs is weaker than the bank's overall performance under the Lending Test due primarily to lower geographic distribution of loans. Performance differences in these two LS AAs did not impact the Lending Test rating for the State of Pennsylvania.

Refer to Tables O through T in the State of Pennsylvania section of appendix D for the facts and data that support these conclusions.

INVESTMENT TEST

The bank's performance under the Investment Test in the State of Pennsylvania is rated High Satisfactory.

Conclusions for Areas Receiving FS Reviews

Based on FS reviews, including the data in the table below and consideration of performance context discussed in the investment test, the bank's performance in the Harrisburg CSA is adequate and performance in the Scranton MSA AA is excellent.

Qualified Investments										
	Prior Period*		Current Period		Total				Unfunded Commitments**	
Assessment Area	#	$(000's)	#	$(000's)	#	% of Total #	$(000's)	% of Total $	#	$(000's)
Harrisburg MSA	3	$15,466	64	$8,671	67	33.5	$24,137	28.6		
Scranton MSA	0	$0	78	$21,022	78	39.0	$21,022	25.0		
Lancaster MSA	0	$0	46	$26,467	46	23.0	$26,467	31.4		
Pittsburg MSA	0	$0	2	$12,500	2	1.0	$12,500	14.8		
PA Combined NonMetro	0	$0	7	$130	7	3.5	$130	0.2		
Total	3	$15,466	197	$68,790	200	100.0	$84,256	100.0		

* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.
** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Harrisburg MSA AA

The institution has a significant level of qualified CD investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 10.5 percent of tier 1 capital allocated to the AA.

The investments and grants reflect good responsiveness to the needs identified in the AA including affordable housing, community services, and economic development for LMI individuals and geographies. Over 75.1 percent of the bank's CD investments focused on affordable housing which is an identified credit need in the AA. Additionally, the bank provided 62 grants totaling $769,358 to a variety of organizations that primarily support affordable housing and community services.

The institution occasionally uses innovative and/or complex investments to support CD initiatives. CD Investments involved two complex projects where the bank acted in a leadership role with participations from federal, state, and local housing agencies and real estate developers.

Example of CD investments in the AA include:

- In September 2017, WFBNA provided a $5.5 million NMTC investment for the development of a retail center anchored by a grocery store. The retail center is located in a moderate-income, highly distressed tract designated as a food desert by the USDA in Lebanon, PA.
- In November 2015, WFBNA provided a $2.4 million investment in a government bond for single-family mortgages. This underlying mortgage was made in Perry PA. Of the total 50 units, all units are restricted to tenants earning 60 percent or less of the area MFI. This government agency's mission is to provide funding to the housing market, help families and communities, and create value.

Scranton MSA AA

The institution has an excellent level of qualified CD investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 17.8 percent of tier 1 capital allocated to the AA.

The investments and grants reflect excellent responsiveness to the needs identified in the AA including affordable housing, community services, and economic development for LMI individuals. Over 96.8 percent of the bank's CD investments focused on affordable housing which is an identified credit need in the AA. Additionally, the bank provided 76 grants totaling $977,250 to several organizations that primarily support affordable housing and community services to LMI individuals.

The institution occasionally uses innovative and/or complex investments to support CD initiatives. CD Investments involved two complex projects where the bank acted in a leadership role with participations from federal, state, and local housing agencies and real estate developers.

Example of CD investments in the AA include:

- In October 2014, WFBNA invested $19.9 million for the development of a 58-unit LIHTC affordable housing complex. This LIHTC development is located in Scranton, Pennsylvania, with 100 percent of the units restricted to seniors aged 62 and older earning between 20 and 60 percent of the area MFI. This development consists of 52 one-bedroom units and 6 two-bedroom units. This investment is responsive to the need for affordable housing.
- In July 2015, WFBNA provided a $4.4 million investment in a government single-family mortgage backed security. The investment amount reported of $155,000 represents the allocation of a single property address from the pool of mortgages under this transaction. This agency was chartered by Congress in 1970 with a public mission to stabilize the nation's residential mortgage markets and expand opportunities for homeownership and affordable rental housing. Their statutory mission is to provide liquidity, stability and affordability to the U.S. housing market.

Conclusions for Areas Receiving LS Reviews

Based on LS reviews, the bank's performance under the Investment Test in the Las PA Combined

NonMetro AA is weaker than the bank's overall good performance in the Investment Test in the FS areas due to a lower volume of CD investments. The bank's performance in the Lancaster MSA and Pittsburg MSA AAs is stronger than the bank's overall performance. Performance differences in the LS AAs with respect to weaker and stronger than the FS AAs were neutral and did not impact the overall Investment Test rating for the State of Pennsylvania.

SERVICE TEST

The institution's performance under the Service Test in the Pennsylvania is rated Outstanding.

Conclusions for Areas Receiving FS Reviews

Based on FS reviews, including the data in the tables below and consideration of performance context discussed in the service test, the institution's performance in the Harrisburg CSA and Scranton MSA AAs is excellent.

Retail Banking Services

Service delivery systems are readily accessible to geographies and individuals of different income levels in the institution's AAs, particularly LMI geographies and/or LMI individuals.

Distribution of Branch Delivery System											
Assessment Area	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				% of Population within Each Geography*			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Harrisburg CSA	43.5	21	42.0	4.8	28.6	57.1	9.5	6.5	12.7	60.4	19.9
Scranton MSA	22.3	11	22.0	0.0	18.2	63.6	18.2	3.2	20.5	52.2	23.6
Lancaster MSA	19.0	13	26.0	7.7	15.4	76.9	0.0	4.3	10.6	73.6	11.6
Pittsburg MSA	6.6	0	0.0	0.0	0.0	0.0	0.0	7.1	17.6	40.0	34.4
PA Combined NonMetro	8.6	5	10.0	0.0	40.0	40.0	20.0	0.0	14.1	70.0	16.0

* May not add up to 100 percent due to geographies with unknown tract income level and rounding.

Distribution of Branch Openings/Closings						
Assessment Area	# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)			
			Low	Mod	Mid	Upp
Harrisburg CSA	0	2	0	0	-1	-1
Scranton MSA	0	4	0	-2	-2	0
Lancaster MSA	1	4	0	0	-3	0

Pittsburg MSA	0	1	0	0	0	-1
PA Combined NonMetro	0	3	0	0	-3	0

Harrisburg CSA AA

As of December 31, 2018, WFBNA operates 21 branches and 24 ATMs in the Harrisburg CSA AA. All of these branches are full-service locations. There is one branch in a low-income geography and six branches in moderate-income geographies. The branch distribution in low-income geographies is near to the percentage of the population in low-income geographies and branch distribution in moderate-income geographies significantly exceeds the percentage of the population in the moderate-income geographies. When considering one additional branch within close proximity to LMI geographies, the bank's distribution exceeds demographics.

The institution's opening and closing of branches have not affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank closed two branches during the evaluation period, in middle and upper-income CTs. These branch closures did not negatively impact the distribution of branches relative to the population residing in LMI geographies.

Services, including where appropriate, business hours, do not vary in a way that inconveniences the various portions of its AA, particularly LMI geographies and/or individuals. Generally, branches are open Monday through Thursday from 9:00 am to 5:00 pm, and Friday from 9:00 am to 6:00 pm. with 5 branches open until 7:00 pm. Of the total branches, 18 are also open on Saturday from 9:00 am to 1:00 pm. All WFBNA services are available at all branches and all delivery systems discussed bank-wide are available in this AA.

Scranton MSA AA

As of December 31, 2018, WFBNA operates 11 branches and 15 ATMs in the Scranton MSA AA. All of these branches are full-service locations. There are no branches in low-income geographies; however, the population in low-income geographies is very low compared to total demographics. There are two branches in moderate-income geographies. The branch distribution in moderate-income geographies is near to the percentage of the population in moderate-income geographies in the AA. When considering one additional branch within close proximity to LMI geographies, the bank's distribution exceeds demographics.

The institution's opening and closing of branches has not affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank closed four branches during the evaluation period, two of which were in moderate-income CTs. These branch closures did not negatively impact the distribution of branches relative to the population residing in LMI geographies.

Services, including where appropriate, business hours, do not vary in a way that inconveniences the various portions of its AAs, particularly LMI geographies and/or individuals. Generally, branches are open Monday through Thursday from 9:00 am to 5:00 pm, and Friday from 9:00 am to 5:30 or 6:00 pm. with 5 branches open until 7:00 pm. Six branches are also open on Saturday from 9:00 am to 12:00 pm, and four branches are open until 1:00 pm. All WFBNA services are available at all branches and all delivery systems discussed bank-wide are available in this AA.

Community Development Services

The institution provides a relatively high level of CD services.

Harrisburg CSA AA

The level of CD services in the Harrisburg CSA AA is good. Bank records show that employees provided their financial or job-specific expertise and/or technical assistance for 106 CD service activities to 19 organizations since the last evaluation, logging a total of 173.3 qualified hours within this AA. A majority of the bank's assistance was to organizations that provide community services to LMI individuals and families. Other activities targeted affordable housing and economic development. The bank's assistance provided was responsive to the identified needs in the AA particularly affordable housing. The following are examples of CD services provided in this AA:

- WFBNA team members provided 25.5 hours of Board service, outreach, and financial education to a community organization that provides services which address and promote fair housing (anti-discrimination) rights and other housing opportunities for those in need.
- A WFBNA team member provided 40.5 hours of Board service and ongoing outreach to a statewide community organization coalition that works to provide leadership and a common voice for policies, practices, and resources to ensure that all Pennsylvanians, especially those with low incomes, have access to safe, decent, and affordable homes.

Scranton MSA AA

The level of CD services in the Scranton MSA AA is good. Bank records show that employees provided their financial or job-specific expertise and/or technical assistance for 109 CD service activities to 16 organizations since the last evaluation, logging a total of 362 qualified hours within this AA. A majority of the bank's assistance was to organizations that provide community services to LMI individuals and families. Other activities targeted affordable housing and economic development. The bank's assistance provided was responsive to the identified needs in the AA particularly affordable housing. The following are examples of CD services provided in this AA:

- A WFBNA team member provided 33 hours of Board service and outreach to a community organization that works to provide affordable housing to those in need.
- A WFBNA team member provided 47 hours of Board service and financial education to a community organization. This organization is a private, not-for-profit social service agency whose mission is to provide services and create opportunities to empower and build strong interdependent communities. This organization provides general advocacy, crisis intervention, HIV/AIDS prevention and education, and housing/homeless programs to community members.

Conclusion for Areas Receiving LS Reviews

Based on LS reviews, the bank's performance under the Service Test in the Lancaster MSA AA and PA Combined NonMetro AA is consistent with the bank's overall excellent performance under the Service Test in the FS areas. Performance in the Pittsburg MSA AA is weaker than the bank's overall performance due to a lower percentage of branch distribution in LMI geographies. The bank closed its only branch in the Pittsburg MSA AA. Performance differences in the LS AAs did not impact the overall Service Test rating for the State of Pennsylvania.

State Rating

State of South Carolina

CRA rating for the State of South Carolina[44]: Satisfactory
The Lending Test is rated: High Satisfactory
The Investment Test is rated: Needs to Improve
The Service Test is rated: High Satisfactory

The major factors that support this rating include:

- Good lending activity;
- Good geographic distribution of loans;
- Excellent distribution of loans by borrower profile;
- Good level of CD loans, which has a positive impact on the Lending Test;
- WFBNA's use of flexible products has a positive impact on the Lending Test;
- Lending performance in the LS AAs increased overall Lending Test rating to High Satisfactory;
- Poor level of CD investments;
- Performance in the LS AAs impacted overall Investment Test rating to Needs to Improve;
- Retail delivery systems are accessible to all portions of the AA; and
- WFBNA provides a relatively high level of CD services that are responsive to the needs of the bank's AA.

Description of Institution's Operations in South Carolina

WFBNA delineated seven AAs within South Carolina including the Charleston-North Charleston, SC MSA (Charleston MSA AA); Columbia-Orangeburg-Newberry, SC CSA (Columbia CSA AA); Greenville-Spartanburg-Anderson, SC CSA (Greenville CSA AA); Florence, SC MSA (Florence MSA AA); Hilton Head Island-Bluffton-Beaufort, SC MSA (Hilton Head Island MSA AA); Sumter, SC MSA (Sumter MSA AA); and SC Combined Non-Metros (SC Combined NonMetro AA). The Charleston MSA AA, Columbia CSA AA, and the Greenville CSA AA received full scope reviews. These areas accounted for largest portion of the lending (84.2 percent) and deposits (88.4 percent) amongst the AAs in South Carolina. Refer to Appendix A for a complete description of each AA. South Carolina represents the 15th largest rated area by deposits. WFBNA has $14.8 billion of deposits representing 1.2 percent of adjusted deposits. WFBNA operates 107 branches and 292 ATMs in South Carolina representing 1.9 percent of branches and 2.2 percent of the bank's ATMs. The bank originated and purchased approximately $22.9 billion in loans or 1.2 percent of total reported loan originations and purchases during the evaluation period. The bank's primary loan products in South Carolina are home mortgage and small loans to businesses.

<u>Charleston MSA AA</u>

Within the Charleston MSA AA, the bank had $3.3 billion in deposits and ranked first amongst 32 financial institutions in the market with 23.5 percent market share. Bank of America, N.A and South

[44] This rating reflects performance within the state. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan statistical area.

State Bank ranked second and third with market shares of 15.8 and 12.8 percent, respectively. WFBNA operates 23 branch offices and 56 ATMs in the AA.

Columbia CSA AA

Within the Columbia CSA AA, the bank had $5.9 billion in deposits and ranked first amongst 28 financial institution in the market with a 28.0 percent market share. Bank of America N.A. and Branch Banking and Trust Company ranked second and third with market shares of 24.5 and 11.3 percent, respectively. WFBNA operates 26 branch offices and 65 ATMs in the Columbia CSA AA during the evaluation period.

Greenville CSA AA

Within the Greenville CSA AA the bank had $3.9 billion in deposits and ranked first amongst 41 financial institution in the market with a 15.5 percent market share. Bank of America N.A. and Branch Banking and Trust Company ranked second and third with market shares of 11.5 and 10.8 percent, respectively. WFBNA operates 35 branch offices and 115 ATMs in the Greenville CSA AA during the evaluation period.

Demographic Data

Charleston MSA AA

The following table provides a summary of the demographics that includes housing and business information for the Charleston MSA AA. Table A shows a very small number of OOUs in the low-income tracts and close to 39 percent of families in the AA are LMI. The area's median housing value in the Charleston MSA AA is 4.1 times the MSA median income, but 5.1 times moderate-, and 8.1 times low-income, indicating a limited proportion of OOUs are affordable to LMI borrowers. Median rents and the significant percentage of families below poverty level suggest rental housing is also unaffordable for many low-income residents.

Table A – Demographic Information of the Assessment Area

Assessment Area: Charleston-North Charleston SC MSA (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	156	5.8	25.6	42.3	25.0	1.3
Population by Geography	664,607	4.0	22.8	46.9	26.3	0.0
Housing Units by Geography	289,861	4.4	22.4	45.6	27.7	0.0
Owner-Occupied Units by Geography	162,865	1.7	18.3	48.7	31.3	0.0
Occupied Rental Units by Geography	83,073	9.2	29.1	44.6	17.0	0.0
Vacant Units by Geography	43,923	5.1	24.8	35.7	34.5	0.0
Businesses by Geography	42,032	4.7	23.0	40.5	31.8	0.0
Farms by Geography	1,044	3.1	18.2	51.0	27.8	0.0
Family Distribution by Income Level	160,847	21.7	17.1	20.4	40.8	0.0
Household Distribution by Income Level	245,938	23.9	15.8	19.1	41.3	0.0
Median Family Income MSA - 16700 Charleston-North Charleston, SC MSA		$60,579	Median Housing Value			$245,856
			Median Gross Rent			$894

		Families Below Poverty Level	10.5%

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

According to the April 2018 Moody's Analytics report, Charleston's economy is advancing more slowly as its expansion matures. Net hiring has picked up in recent months. The MSA is adding workers in a broad range of industries, with goods producers and healthcare leading the way, while business and professional services have been a source of weakness. Commercial aerospace and healthcare will be the top source of near-term job gains.

To keep pace with demand, Boeing is expected to boost monthly Dreamliner production from 12 to 14 planes later in 2018. The busier production schedule bolds well for employment in the near term, while the metro area's involvement in the design and production of Dreamliners will provide long-term stability. Healthcare is benefiting from several positive trends. Long-awaited investments in the auto industry will pay off later this year as hiring accelerates. Together, the two automakers (Volvo and Daimler) will add more than 6,000 high-wage jobs, bolstering housing and consumer industries

Housing remains on solid footing with price appreciation outpacing the national average. The largest employers in the MSA are Joint Base Charleston, Medical University of South Carolina, and Boeing Co. According to the U.S. BLS, the unemployment rate for the second quarter of 2018 was 3.6 percent and has decreased significantly from 7.5 percent at the beginning of the evaluation period. The unemployment rate in the AA was higher than the overall State of South Carolina at 2.7 percent for the same period.

Community Contact

The analysis takes into consideration comments provided by a community contact pertaining to the Charleston MSA AA in conjunction with this evaluation. The contact represents an economic development corporation serving the AA.

The organization's primary function is fostering economic prosperity in Dorchester County. The group's mission is to create an environment that supports new business growth and retention enabling companies to succeed for generations. The organization serves all of Dorchester County, including the following communities: Summerville, Ridgeville, St. George, Reevesville, Harleysville, and North Charleston. The contact indicated that Dorchester County is growing at a 5 percent rate, and the county population has doubled in the last 15 years. No major employers have left the area in recent years and several large manufacturing companies have relocated to the area bringing jobs and bolster investments to the area. The contact indicated that it's challenging for small business owners to expand their businesses due to tough lending standards.

The contact also noted that affordable housing was an issue as low-income workers cannot afford to buy a home and also the high-cost apartment rents. The contact noted that local banks could partner with non-profits through more favorable loan terms including lowered interest rates, waived fees, and extending lines of credit. Banks can provide relief to non-profits in the form of fee waivers and being more proactive in making charitable contributions. Banks should take time to develop relationships with non-profits and be more effective in meeting the actual needs of the community.

Considering the information from the community contact and bank management as well as demographic and economic data, affordable housing and small business loans represent a primary credit need for the Charleston MSA AA. Opportunity exists to originate these types of loans throughout the AA; however, it is limited in the low-income geographies as reflected by the small proportion of OOUs and small businesses coupled with limited home affordability for LMI individuals.

Columbia CSA AA

The following table provides a summary of the demographics that includes housing and business information for the Columbia CSA AA. Table A shows that the volume of OOUs in the low-income tracts is very small and over 39 percent of families in the AA are LMI. The area's median housing value in the Columbia CSA AA is 2.3 times the MSA median income, but 2.8 times moderate-, and 4.5 times low-income, indicating a limited proportion of OOUs are affordable to low-income borrowers. Median rents and the significant percentage of families below poverty level suggest rental housing is also unaffordable for many low-income residents.

Table A – Demographic Information of the Assessment Area

Assessment Area: Columbia-Orangeburg-Newberry PA CSA (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	219	5.0	29.7	36.5	26.5	2.3
Population by Geography	897,607	3.4	27.2	38.1	29.3	2.0
Housing Units by Geography	382,452	3.6	29.2	38.8	28.3	0.1
Owner-Occupied Units by Geography	232,057	1.0	25.3	40.7	33.0	0.0
Occupied Rental Units by Geography	104,718	9.1	35.0	35.4	20.3	0.1
Vacant Units by Geography	45,677	4.6	35.8	36.6	22.8	0.3
Businesses by Geography	46,468	3.0	23.7	40.1	32.4	0.7
Farms by Geography	1,572	0.8	28.8	43.6	26.8	0.0
Family Distribution by Income Level	220,633	22.1	17.2	19.9	40.7	0.0
Household Distribution by Income Level	336,775	24.1	16.2	17.8	41.9	0.0
Median Family Income MSA - 17900 Columbia, SC MSA		$60,605	Median Housing Value			$136,196
Median Family Income Non-MSAs - SC		$43,494	Median Gross Rent			$734
			Families Below Poverty Level			11.2%

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

According to the April 2018 Moody's Analytics report, Columbia's economy is on a declining trend. The fallout from the failed expansion project with the state-owned utility Santee-Cooper is estimated to cost approximately $9 billion and the loss of thousands of high-paying jobs.

Hardest hit by the canceled nuclear project, construction and professional/business services have started to recover. Consumer industries are also holding their own, though the outsize public sector is still shedding jobs. Healthcare will be a key source of new jobs as faster population growth forces healthcare providers to expand. A string of new investments will help Columbia to rebound. Trane, Hushi, and LulaRoe will invest millions in the region, creating thousands of new positions over the coming years, providing support to consumer industries and housing.

The largest employers in the MSA are Palmetto Health, Blue Cross & Blue Shield of South Carolina, and University of South Carolina. According to the U.S. BLS, the unemployment rate for the second quarter of 2018 was 4.1 percent and has decreased significantly from 8.0 percent at the beginning of the evaluation period. The unemployment rate in the AA was higher than the overall State of South Carolina at 2.7 percent for the same period.

Community Contact

The analysis takes into consideration comments provided by a recent community contact in conjunction with this evaluation that serves the bank's Columbia CSA AA. The community contact represents an affordable housing organization that provides affordable housing and first-time homebuyer counseling and assistance in the AA. The community contact noted a healthy local economy in non-rural areas of the AA.

The community contact indicated that affordable housing is a significant need in the AA. The University of South Carolina-Columbia, the largest university in the State, is located in the AA. The university is creating a rent crisis as all new rentals are at higher rents, and a large number of apartment complexes are converting to higher rate student housing and refusing to take affordable housing vouchers. In addition, as national banks have continued to consolidate, there are fewer banks in the AA to help with meeting credit and community development needs in the AA. There are opportunities for financial institutions to provide credit for affordable housing

The bank conducted research in the AA and identified community needs for affordable housing for LMI families, homeless services, and disaster recovery. FEMA declared the area as a major disaster.

Considering the information from the community contacts and bank management as well as demographic and economic data, affordable housing represents a primary credit need for the Columbia CSA AA. Opportunity exists to originate these types of loans throughout the AA; however, it is limited in the low-income geographies as reflected by the small proportion of OOUs and small businesses coupled with limited home affordability for LMI individuals.

<u>Greenville CSA AA</u>

The following table provides a summary of the demographics that includes housing and business information for the Greenville CSA AA. Table A shows a very small number of OOUs in the low-income tracts and over 38 percent of families in the AA are LMI. The area's median housing value in the Greenville CSA AA is 2.3 times the highest MSA median income, but 2.8 times moderate-, and 4.6 times low-income, indicating a limited proportion of OOUs are affordable to low-income borrowers. Median rents and the significant percentage of families below poverty level suggest rental housing is also unaffordable for many low-income residents.

Table A – Demographic Information of the Assessment Area

Assessment Area: Greenville-Spartanburg-Anderson SC CSA (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	321	6.2	21.8	45.8	26.2	0.0
Population by Geography	1,362,073	4.3	18.2	48.8	28.7	0.0
Housing Units by Geography	596,149	4.8	19.4	48.8	27.0	0.0
Owner-Occupied Units by Geography	366,860	2.3	15.0	51.8	30.8	0.0
Occupied Rental Units by Geography	151,429	9.5	28.5	41.7	20.3	0.0
Vacant Units by Geography	77,860	7.1	22.6	48.1	22.2	0.0
Businesses by Geography	72,117	4.0	18.3	42.1	35.6	0.0
Farms by Geography	2,106	1.5	13.9	55.1	29.5	0.0
Family Distribution by Income Level	352,382	21.2	17.0	19.7	42.1	0.0
Household Distribution by Income Level	518,289	24.4	15.8	17.0	42.7	0.0
Median Family Income MSA - 24860 Greenville-Anderson-Mauldin, SC MSA		$54,957	Median Housing Value			$125,151
Median Family Income MSA - 43900 Spartanburg, SC MSA		$51,848	Median Gross Rent			$644
Median Family Income Non-MSAs - SC		$43,494	Families Below Poverty Level			11.6%

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

Greenville-Anderson-Mauldin, SC MSA

According to the August 2018 Moody's Analytics report, Greenville's economy is thriving and strong bolstered by gains in consumer industries, construction, and the public sector, while critical professional/business services have struggled. Low business costs and a business-friendly environment have helped Greenville to attract millions in investments from firms such as General Electric and Milliken. Consumer industries are also benefiting from the metro area's increasing popularity as a tourist destination.

Greenville's real estate market is firing on all cylinders and builders are struggling to keep up. A strong economy, rising incomes, and above-average population growth are supporting strong home sales. As a result, house prices are rising faster than the national average. Higher house prices along with a limited supply of housing have ignited a flurry of construction. The forecast calls for home sales to remain hot in what is a modestly overpriced but still affordable market for single-family homes, which will provide further incentive for homebuilders to increase the rate of new construction.

The largest employers in the MSA are Greenville Health System, Michelin North America Inc., and BI-LO Supermarkets. According to the U.S. BLS, the unemployment rate for the third quarter of 2018 was 3.6 percent and has decreased significantly from 8.2 percent at the beginning of the evaluation period. The unemployment rate in the AA was slightly lower than the overall State of South Carolina at 3.7 percent for the same period.

Spartanburg, SC MSA

According to the April 2019 Moody's Analytics report, Spartanburg's critical auto industry sector and professional/business services are doing the heavy lifting, accounting for more than three-quarters of net jobs over the past six months. The favorable composition of job gains is helping to boost average hourly earnings, which are expanding at three times the national rate. Investments in the auto industry will power the economy in the coming quarters, though U.S.-China trade frictions still pose a serious threat to the outlook.

Consumer industries will be a key source of job gains in the coming years. In addition to demand from residents, consumer industries will benefit from the strength in business and leisure travel, which is bolstering demand for accommodations.

Favorable demographics coupled with a thriving auto industry sector and burgeoning port are helping to propel a tidal wave of construction. Strong population growth and above-average wage growth are helping to spur demand for homes, and a shortage of existing homes has ignited a wave of new-home construction pushing housing starts to record highs.

The largest employers in the MSA are BMW Manufacturing Corp., Spartanburg Regional Health Services, and Michelin North America. According to the U.S. BLS, the MSA unemployment rate as of the fourth quarter of 2018 was 3.5 percent, down from 8.0 percent at the beginning of the evaluation period. The unemployment rate in the AA was higher than the overall State of South Carolina at 3.3 percent for the same period.

Community Contacts

The analysis takes into consideration comments provided by three community contacts that serve the bank's Greenville CSA AA. One of the three community contacts represents a local Chamber of Commerce serving the AA. Two of the three community contacts are non-profits serving the AA and are focused on homeownership for LMI families and individuals in the AA.

The community contact from the Chamber of Commerce commented that the local economy has recovered from the 2008 recession and has continued to grow at a fast pace. The retail sector has grown especially fast. One concern for the area is that growth may occur faster than expected; creating a need to update infrastructure and other developments to maintain residents' quality of life. The affordable housing development has occurred across all income tracts. For example, new HUD development apartment complexes such as Pope Field Tower and Aberdeen Apartments were constructed to serve LMI areas. The contact stated that one of the community's primary issues is homelessness, and that there are ways for financial institutions to become more involved in helping with this issue. The contact stated, one of the best ways financial institutions can contribute is by donating to local groups who help the homeless, such as the Dream Center, or by helping to finance projects to create housing.

The two community contacts from the non-profit housing development agency serves LMI people in Cherokee and Spartanburg Counties in the AA. According to the contacts, local institutions could donate money and employees' time to work on the construction of new homes or rehab of older homes. The contact mentioned that a local community bank had funded a home rehab and provided employees to assist with the rehab. One of the contacts from the housing development agency mentioned that the local Wells Fargo bank donated a foreclosed home which the agency renovated and subsequently sold to a qualified LMI family. Both community contacts stated there is a significant need

for affordable housing in the AA, mentioning that the local Housing Authority is working to upgrade and expand public housing facilities in the AA. In addition to affordable housing needs, the contact stated that much of the housing is need of repair. This situation is particularly critical for many older individuals who don't have the money to make the necessary repairs to their homes. According to the contacts, although there are a lot people who are living in substandard rental housing conditions, many of them don't have the necessary income stability to qualify for an affordable home developed and sponsored by the non-profit.

Considering the information from the community contacts and bank management as well as demographic and economic data, affordable housing is in high demand and represent a primary credit need for the Greenville CSA AA. Opportunity exists to originate these types of loans throughout the AA; however, it is limited in the low-income geographies as reflected by the small proportion of OOUs and small businesses coupled with limited home affordability for LMI individuals. There are also opportunities for financial institutions to perform more outreach to minority small business throughout about available lending programs in the assessment area. Funding is also needed to rehab housing in the AA, outreach service for people that are homeless and down payment or closing cost assistance to first time LMI families/individuals.

Scope of Evaluation in South Carolina

The rating for the State of South Carolina is based on FS evaluations of the bank's performance in the Charleston MSA AA, Columbia CSA AA, and Greenville CSA AA; however, performance in each AA was considered. Conclusions where a LS review affected the CRA Rating for the state are addressed within their respective tests. LS procedures were performed for the Florence MSA AA, Hilton Head Island MSA AA, Sumter MSA AA, and SC Combined NonMetro AA. A limited portion of the bank's overall lending, investments, and services were conducted in South Carolina; therefore, the performance in South Carolina received less weight in determining the bank's overall CRA Rating.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN SOUTH CAROLINA

LENDING TEST

The bank's performance under the Lending Test in South Carolina is rated High Satisfactory.

Conclusions for Areas receiving FS Reviews

Based on FS reviews, including the data in the tables below and consideration of performance context discussed in the lending test, the bank's performance in the Charleston MSA and Greenville CSA AAs is excellent and performance in the Columbia CSA AA is good.

Lending Activity

Based on the tables below, lending levels reflect good responsiveness to the credit needs in its AAs taking into account the number and amount of home mortgage, small business, small farm, and CD loans originated or purchased relative to its capacity based on deposits, competition, and market presence.

Number of Loans *							
Assessment Area	Home Mortgage	Small Business	Small Farm	CD	Total	% State* Loans	% State Deposits
Charleston MSA	28,184	9,827	74	25	38,110	27.0	22.0
Columbia CSA	23,335	8,555	313	29	32,232	22.8	39.6
Greensville CSA	35,389	12,881	252	31	48,553	34.4	26.8
Florence MSA	3,014	1,601	57	7	4,679	3.3	3.9
Hilton Head Island MSA	10,426	2,451	16	4	12,897	9.1	4.9
Sumter MSA	1,639	915	36	5	2,595	1.8	1.3
SC Combined NonMetro	1,313	761	106	12	2,192	1.6	1.5
Total	103,300	36,991	854	113	141,258	100.0	100.0

*The tables present the data for all assessment areas. The narrative below addresses performance in FS areas only.

Dollar Volume of Loans (000's)*							
Assessment Area	Home Mortgage	Small Business	Small Farm	CD	Total	% State Loans	% State Deposits
Charleston MSA	$7,212,660	$627,271	$2,637	$150,739	$7,993,307	34.4	22.0
Columbia CSA	$3,941,843	$525,608	$25,503	$29,288	$4,522,242	19.4	39.6
Greensville CSA	$6,008,842	$657,235	$11,085	$49,902	$6,727,064	28.9	26.8
Florence MSA	$422,361	$105,992	$3,538	$111,735	$643,626	2.8	3.9
Hilton Head Island MSA	$2,707,000	$122,247	$729	$10,807	$2,840,783	12.2	4.9
Sumter MSA	$231,733	$48,640	$3,380	$8,632	$292,385	1.3	1.3
SC Combined NonMetro	$167,489	$51,650	$14,020	$1,384	$234,543	1.0	1.5
Total	$20,691,928	$2,138,643	$60,892	$362,487	$23,253,950	100.0	100.0

*The tables present the data for all assessment areas. The narrative below addresses performance in FS areas only.

Charleston MSA AA

WFBNA ranked first in deposits with 23.5 percent market share in the AA. In overall HMDA lending, WFBNA ranked first with 9.8 percent market share. Although WFBNA's HMDA market share is considerably lower than its deposit market share, lending competition was significantly stronger, reflected by the 505 lenders, than competition for deposits, where there were only 32 depository institutions. The second and third lenders in this market were Quicken Family and South State Bank with 4.0 and 3.2 percent market share, respectively.

In small loans to businesses, WFBNA ranked third with a market share of 8.7 percent. The top two lenders in this market were American Express, FSB with 26.5 percent market share and Bank of America with 10.1 percent market share.

Columbia CSA AA

WFBNA ranked first in deposits with 28.0 percent market share in the AA. In overall HMDA lending, WFBNA ranked first with 7.5 percent market share. Although WFBNA's HMDA market share is considerably lower than its deposit market share, lending competition was significantly stronger, reflected by the 414 lenders, than competition for deposits, where there were only 28 depository

institutions. The second and third lenders in this market were Guild Mortgage Company and Ameris Bank with 6.7 and 4.6 percent market share, respectively.

In small loans to businesses, WFBNA ranked fifth with a market share of 7.7 percent. The top two lenders in this market were American Express, FSB with 19.4 percent market share and Bank of America with 7.8 percent market share.

Greenville CSA AA

WFBNA ranked first in deposits with 15.5 percent market share in the AA. In overall HMDA lending, WFBNA ranked first with 8.6 percent market share. There is strong competition as reflected by the 508 lenders and 41 depository institutions in the AA. The second and third lenders in this market were Quicken Family and Pennymac Loan Services with 5.6 and 3.8 percent market share, respectively.

In small loans to businesses, WFBNA ranked fifth with a market share of 6.9 percent. The top two lenders in this market were American Express, FSB with 18.4 percent market share and Citibank with 9.0 percent market share.

Distribution of Loans by Income Level of the Geography

The bank exhibits a good geographic distribution of loans in its AAs.

Charleston MSA AA

Home Mortgage Loans

Refer to Table O in the State of South Carolina section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is adequate.

- The bank's performance in both periods, 2012-2016 and 2017-2018, for home mortgage loans in low-income geographies is well below the aggregate distribution of loans and is significantly below the proportion of OOUs in those geographies.
- For both periods, the proportion of loans in moderate-income geographies substantially meets the aggregate distribution of loans and is below the proportion of OOUs in those geographies.

Small Loans to Businesses

Refer to Table Q in the State of South Carolina section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is excellent.

- For 2012-2016, the proportion of the bank's small business loans in LMI geographies exceeds the aggregate distribution of loans in those geographies.
- The proportion of loans in low-income geographies exceeds the proportion of businesses and in moderate-income geographies is below the proportion of businesses located in those geographies.

- Based on the bank's performance in 2017-2018, the bank's small business lending is slightly below the performance in 2012-2016.

Columbia CSA AA

Home Mortgage Loans

Refer to Table O in the State of South Carolina section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is good.

- The bank's performance in 2012-2016 for home mortgage loans in low-income geographies exceeds the aggregate distribution of loans and is well below the proportion of OOUs in those geographies.
- The proportion of loans in moderate-income geographies substantially meets the aggregate distribution of loans and is significantly below the proportion of OOUs in those geographies.
- Based on the bank's performance in 2017-2018, the bank's home mortgage lending is slightly below the performance in 2012-2016.

Small Loans to Businesses

Refer to Table Q in the State of South Carolina section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is excellent.

- For 2012-2016, the proportion of the bank's small business loans in low-income geographies exceeds the aggregate distribution of loans and is near to the proportion of businesses located in those geographies.
- The proportion of loans in moderate-income geographies substantially meets the aggregate distribution of loans and is below the proportion of businesses located in those geographies.
- Based on the bank's performance in 2017-2018, the bank's small business lending is slightly below the performance in 2012-2016.

Greenville CSA AA

Home Mortgage Loans

Refer to Table O in the State of South Carolina section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is adequate.

- The bank's performance in both periods, 2012-2016 and 2017-2018, for home mortgage loans in LMI geographies substantially meets the aggregate distribution of loans in those geographies.
- The proportion of loans in low-income geographies is significantly below the proportion of OOUs and in moderate-income geographies is below the proportion of OOUs in those geographies.

Small Loans to Businesses

Refer to Table Q in the State of South Carolina section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is excellent.

- For 2012-2016, the proportion of the bank's small business loans in low-income geographies exceeds the aggregate distribution of loans and is near to the proportion of businesses located in those geographies.
- The proportion of loans in moderate-income geographies substantially meets the aggregate distribution of loans and is below the proportion of businesses located in those geographies.
- Based on the bank's performance in 2017-2018, the bank's small business lending is slightly below the performance in 2012-2016.

Distribution of Loans by Income Level of the Borrower

The bank exhibits an excellent distribution of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the institution.

Charleston MSA AA

Home Mortgage Loans

Refer to Table P in the State of South Carolina section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is excellent.

- The Charleston MSA AA has homeownership affordability hurdles especially for LMI borrowers. As noted above, the area's median housing value is 8.1 times the income of low-income and 5.1 times the income of moderate-income borrowers indicating a limited proportion of OOUs are affordable to LMI borrowers. Despite the affordability challenges, the bank's overall home mortgage lending in 2012-2016 to low-income borrowers exceeds the aggregate distribution of loans and is significantly below the proportion of families.
- The bank's overall home mortgage lending in 2012-2016 to moderate-income borrowers substantially meets the aggregate distribution of loans and is near to the proportion of families.
- Based on the bank's performance in 2017-2018, the bank's home mortgage lending is slightly below the performance in 2012-2016.

Small Loans to Businesses

Refer to Table R in the State of South Carolina section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is good.

- For both 2012-2016 and 2017-2018 periods, the bank's distribution of small loans to businesses with revenues of $1 million or less exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is below the percentage of small businesses located in the AA.

Columbia CSA AA

Home Mortgage Loans

Refer to Table P in the State of South Carolina section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is excellent.

- The Columbia CSA AA has homeownership affordability hurdles especially for low-income borrowers. As noted above, the area's median housing value is 4.5 times the income of low-income borrowers indicating a limited proportion of OOUs are affordable to low-income borrowers. Despite the affordability challenges, the bank's overall home mortgage lending in 2012-2016 to low-income borrowers exceeds the aggregate distribution of loans and is well below the proportion of families.
- The bank's overall home mortgage lending in 2012-2016 to moderate-income borrowers substantially meets the aggregate distribution of loans and is near to the proportion of families.
- Based on the bank's performance in 2017-2018, the bank's home mortgage lending is slightly below the performance in 2012-2016.

Small Loans to Businesses

Refer to Table R in the State of South Carolina section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is good.

- For both 2012-2016 and 2017-2018 periods, the bank's distribution of small loans to businesses with revenues of $1 million or less exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is below the percentage of small businesses located in the AA.

Greenville CSA AA

Home Mortgage Loans

Refer to Table P in the State of South Carolina section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is excellent.

- The Greenville CSA AA has homeownership affordability hurdles especially for low-income borrowers. As noted above, the area's median housing value is 4.6 times the income of low-income borrowers indicating a limited proportion of OOUs are affordable to low-income

borrowers. Despite the affordability challenges, the bank's overall home mortgage lending in 2012-2016 to LMI borrowers exceeds the aggregate distribution of loans.
- The bank's overall home mortgage lending in 2012-2016 to low-income borrowers is significantly below the proportion of families and to moderate-income borrowers exceeds the proportion of families.
- Based on the bank's performance in 2017-2018, the bank's home mortgage lending is slightly below the performance in 2012-2016.

Small Loans to Businesses

Refer to Table R in the State of South Carolina section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is good.

- For both 2012-2016 and 2017-2018 periods, the bank's distribution of small loans to businesses with revenues of $1 million or less exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is below the percentage of small businesses located in the AA.

Community Development Lending

The institution has made a relatively high level of CD loans.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

Charleston MSA AA

The level of CD lending in the Charleston MSA AA is excellent. WFBNA made 25 CD loans in the Charleston MSA AA for a total of $150.7 million, which represents 41.1 percent of tier 1 capital. CD lending performance has a significant positive impact on the lending test rating. The institution makes significant use of innovative and/or complex CD loans and involved many complex projects where the bank often acted in a leadership role. The loans were responsive to the identified needs in the AA, including affordable housing and community services. The bank made 16 CD loans totaling $44.6 million (30 percent) for the purpose of affordable housing. Additionally, the bank extended 7 CD loans totaling $7 million for the primary purpose of community services to LMI individuals and 2 CD loans totaling $99 million to revitalize and stabilize distressed areas within the AA.

Examples of CD loans in the AA include:

- In May 2015, WFBNA provided an $11.9 million loan to an organization for the acquisition and rehabilitation of a housing development. The development is located in a moderate-income census tract in Ladson, SC and consists of 88 two-bedroom units and 74 three-bedroom units, with 58 percent of the actual rent rates below the 2015 Fair Market Rent for the area. In addition, 100 percent of the units are affordable to tenants earning between 54.9 and 78.7 percent of the 2014 area MFI of $61,900.

- In September 2015, WFBNA provided a $68.8 million construction loan for a mixed-use project in a moderate-income census tract located in downtown Charleston, SC consisting of 226 apartments (15 percent affordable to tenants earning 80 percent of area MFI) office space and ground-floor retail. The project is the first phase of the long-term redevelopment of a 12-acre property in downtown Charleston. The project is part of revitalization of Historic King Street and is in line with the objectives of the City of Charleston's Downtown Plan that calls for infill development within this area. It states mixed land use is ideal including office, housing, affordable housing and retail. The developers have worked closely with the City of Charleston on the redevelopment plan and the Mayor of Charleston noted in his State of City report in 2014, that the first phase of Courier Square will transform a vacant parcel. The Mayor also described the project as pivotal.
- In October 2018, WFBNA provided a $1.9 million term loan to a nonprofit organization that strives to keep children safe from abuse, and when abuse occurs, works to heal these children and their families. Over 81 percent of its clients are LMI as they earn less than 80 percent of the area MFI.

Columbia CSA AA

The level of CD lending in the Columbia CSA AA is poor. WFBNA made 29 CD loans in the Columbia CSA AA for a total of $29.3 million which represents 4.4 percent of tier 1 capital. CD lending performance has a neutral impact on the lending test rating. The loans were responsive to the identified needs in the AA, including affordable housing and community services. The bank made 7 CD loans totaling $22.5 million (76.8 percent) for the purpose of affordable housing. Additionally, the bank extended 21 CD loans totaling $6 million for the primary purpose of community services to LMI individuals.

Examples of CD loans in the AA include:

- In February 2015, WFBNA provided a $5.4 million construction loan for an organization to build an LIHTC development located in Columbia, SC. This development consists of 28 one-bedroom units and 28 two-bedroom units, with 100 percent of the units restricted to tenants earning between 50 to 60 percent of the area MFI.
- In August 2017, WFBNA provided a $14.7 million term loan of which $3.2 million is used for below fair-market rent affordable housing development. This development is located in a moderate-income census tract in Columbia, SC and consists of 68 one-bedroom units, 110 two-bedroom units, and 50 three-bedroom units. All of the units are affordable to tenants earning between 47.5 and 54.9 percent of the 2017 area MFI of $67,000.

Greenville CSA AA

The level of CD lending in the Greenville CSA AA is excellent. WFBNA made 31 CD loans in the Greenville CSA AA for a total of $49.9 million which represents 11.2 percent of the allocated tier 1 capital. CD lending performance has a significant positive impact on the lending test rating. The institution makes significant use of innovative and/or complex CD loans and involved many complex projects where the bank often acted in a leadership role. The loans were responsive to the identified needs in the AA, including affordable housing and community services. The bank made 12 CD loans totaling $30.8 million (61.7 percent) for the purpose of affordable housing. Additionally, the bank extended 9 CD loans totaling $19 million for the primary purpose of community services to LMI individuals.

Examples of CD loans in the AA include:

- In April 2014, WFBNA provided a $320,000 loan to an organization to finance the improvement of a thrift store that turns community donations and purchases into support for the homeless. The organization provides extensive services to individuals and families in the form of food, shelter, clothing, personal development, addiction recovery support, and residential and foster care for children. All of its clients are LMI as they earn less than 80 percent of the area MFI.
- In March 2015, WFBNA provided a $41.8 million loan for the acquisition of ten LIHTC housing developments. The loan amount reported of $5.2 million is reflective of the proportional share that is associated with this development. This LIHTC development is located in a low-income census tract in Greenville, SC with 100 percent of the units restricted to tenants earning 60 percent of the area MFI. The development consists of 46 one-bedroom units, 46 two-bedroom units, 64 three-bedroom units, and 44 four-bedroom units.

Product Innovation and Flexibility

Charleston MSA AA

The institution makes limited use of innovative and/or flexible lending practices in order to serve AA credit needs. Under the *your*FirstMortgage loan program the bank has funded 71 loans totaling $11.6 million to LMI homebuyers that qualified under this program.

Columbia CSA AA

The institution makes extensive use of innovative and/or flexible lending practices in order to serve AA credit needs. The bank launched the NeighborhoodLIFT program in the Columbia CSA AA in July 2016 and more than 250 potential homebuyers attended the event. WFBNA originated 45 mortgage loans totaling $4.9 million. Under the *your*FirstMortgage loan program the bank has funded 82 loans totaling $9.2 million to LMI homebuyers that qualified under this program.

Greenville CSA AA

The institution makes limited use of innovative and/or flexible lending practices in order to serve AA credit needs. Under the yourFirstMortgage loan program the bank has funded 92 loans totaling $10.1 million to LMI homebuyers that qualified under this program.

Refer to the comments in the institution Innovative or Flexible Lending Programs section of this performance evaluation for additional details regarding the programs above.

Conclusions for Area Receiving LS Reviews

Based on LS reviews, the bank's performance under the Lending Test in the Florence MSA AA, Hilton Head Island MSA AA, Sumter MSA AA, and SC Combined NonMetro AA is good; however, the combined performance is weaker than the bank's overall excellent performance under the Lending test in the FS areas. In addition, the performance in one of the three FS AAs (Columbia CSA AA) is only good. Performance differences in the LS AAs including the Columbia CSA AA did impact the overall Lending Test rating for the State of South Carolina. As such, the overall lending rating for the State of South Carolina was downgraded to High Satisfactory.

Refer to Tables O through T in the State of South Carolina section of appendix D for the facts and data that support these conclusions.

INVESTMENT TEST

The bank's performance under the Investment Test in the State of South Carolina is rated Needs to Improve.

Conclusions for Areas Receiving FS Reviews

Based on FS reviews, including the data in the table below and consideration of performance context discussed in the investment test, the bank's performance in the Charleston MSA and Greenville CSA AAs is adequate. Performance in the Columbia CSA AA is poor.

Qualified Investments										
	Prior Period*		Current Period		Total				Unfunded Commitments**	
Assessment Area	#	$(000's)	#	$(000's)	#	% of Total #	$(000's)	% of Total $	#	$(000's)
Charleston MSA	23	$2,420	160	$16,250	183	26.6	$18,670	18.7		
Columbia CSA	27	$4,708	155	$16,215	182	26.4	$20,923	20.9		
Greensville CSA	18	$13,334	196	$17,417	214	31.1	$30,751	30.8		
Florence MSA	1	$268	57	$14,076	58	8.4	$14,344	14.3		
Hilton Head Island MSA	2	$2,268	18	$139	20	2.9	$2,407	2.4		
Sumter MSA	0	$0	20	$11,665	20	2.9	$11,665	11.7		
SC Combined NonMetro	2	$1,021	10	$199	12	1.7	$1,220	1.2		
Total	73	$24,019	616	$75,961	689	100.0	$99,980	100.0		

* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.
** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Charleston MSA AA

The institution has an adequate level of qualified CD investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 5.1 percent of tier 1 capital allocated to the AA.

The investments and grants reflect adequate responsiveness to the needs identified in the AA including affordable housing, community services, economic development, and revitalization/stabilization for LMI individuals and geographies. Over 92.7 percent of the bank's CD investments focused on affordable housing which is an identified credit need in the AA. Additionally, the bank provided 146 grants totaling $2 million to a variety of organizations that primarily support affordable housing, community services, and economic development for LMI individuals and geographies.

The institution occasionally uses innovative and/or complex investments to support CD initiatives. CD Investments involved two complex projects where the bank acted in a leadership role with participations from federal, state, and local housing agencies and real estate developers. Additionally, the bank purchased numerous government mortgage-backed securities for the CD Investment portfolio.

Examples of CD investments in the AA include:

- In December 2013, WFBNA invested $7.3 million in a 56-unit LIHTC affordable housing development located in North Charleston, South Carolina. Units are restricted to tenants earning between 50 and 60 percent of the area MFI. This activity is responsive to the identified need for affordable housing. WFBNA demonstrated multi-faceted support by providing both the construction loan ($5.8 million) and equity investment in support of this affordable housing development.
- In December 2014, WFBNA invested $37.5 million in an LIHTC fund. Of this total investment, $5.2 million was allocated to a development located in Moncks Corner, South Carolina, with 40 units restricted to tenants earning no more than 60 percent of the area MFI. This activity is responsive to the identified need for affordable housing.
- In October 2017, WFBNA provided a $171,600 grant to a local organization through the PMP for affordable housing in Charleston, SC. Refer to the comments in the institution Community Development Initiatives section of this public evaluation for additional details regarding this program.

Columbia CSA AA

The institution has a poor level of qualified CD investments and grants, but not in a leadership position, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 3.2 percent of tier 1 capital allocated to the AA.

The investments and grants reflect poor responsiveness to the needs identified in the AA. Over 89.6 percent of the bank's CD investments focused on affordable housing which is an identified credit need in the AA. Additionally, the bank provided 139 grants totaling $6.3 million to a variety of organizations that primarily support affordable housing, community services, and economic development.

The institution occasionally uses innovative and/or complex investments to support CD initiatives. CD Investments involved one complex project where the bank acted in a leadership role with participations from federal, state, and local housing agencies and real estate developers. Additionally, the bank purchased numerous government mortgage-backed securities for the CD Investment portfolio.

Examples of CD investments in the AA include:

- In February 2015, WFBNA invested $6.7 million for a 56-unit LIHTC affordable housing development. This LIHTC development is located in Columbia, South Carolina, with 100 percent of the units restricted to tenants earning between 50 and 60 percent of the area MFI. This activity is responsive to the identified need for affordable housing. WFBNA also demonstrated multi-faceted support by providing both the construction loan ($5.4 million) and equity investment in support of this affordable housing development.
- During the exam timeframe, WFBNA provided three grants totaling $900,000 to several small business organizations through the Small Business DCC Program benefiting small businesses in

South Carolina particularly within the Columbia CSA AA. Refer to the comments in the institution Innovative or Flexible Lending Programs section of this public evaluation for additional details regarding this program.

- In July 2016, WFBNA provided a $100,000 local initiative grant to a housing Partnership organization to administer the NeighborhoodLIFT Down Payment Assistance program. The grant provided needed assistance in support of the organization's home repair programs. Refer to the comments in the institution Innovative or Flexible Lending Programs section of this performance evaluation for additional details regarding this program.

Greenville CSA AA

The institution has an adequate level of qualified CD investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 6.9 percent of tier 1 capital allocated to the AA.

The investments and grants reflect adequate responsiveness to the needs identified in the AA including affordable housing, community services, economic development, and revitalization/stabilization for LMI individuals and geographies. Only 30.3 percent of the bank's CD investments focused on affordable housing which is an identified credit need in the AA. Additionally, the bank provided 176 grants totaling $3.3 million to a variety of organizations that primarily support affordable housing, community services, and economic development.

The institution occasionally uses innovative and/or complex investments to support CD initiatives. CD Investments involved several complex LIHTC and NMTC projects where the bank often acted in a leadership role with participations from federal, state, and local housing agencies and real estate developers. Additionally, the bank purchased numerous government mortgage-backed securities for the CD Investment portfolio.

Examples of CD investments in the AA include:

- In October 2013, WFBNA made an $8.3 million NMTC investment for the construction of a new saw mill facility near Gaffney, South Carolina. The project site was once a brick manufacturing facility but the facility was forced to close operations due to economic difficulty. Located in a moderate-income census tract and designated as a state enterprise zone, the project is anticipated to generate approximately 20 permanent jobs. The unemployment rate in this area is 1.96 times the national average. The project supports the Cherokee County Development Board economic development plans and was awarded the State & Local Grants in support of the project.
- In June 2016, WFBNA invested $15 million in an LIHTC fund. Of this total investment, $2.0 million was allocated to a development located in Greenville, South Carolina, with 40 units restricted to tenants earning no more than 60 percent of the area MFI. This investment is responsive to the need for affordable housing.

Conclusions for Areas Receiving LS Reviews

Based on LS reviews, the bank's performance under the Investment Test in the SC Combined NonMetro AA is consistent with the bank's overall adequate performance in the Investment Test in the FS areas. Performance in the Florence MSA and Sumter MSA AAs is stronger than the bank's overall performance due to higher volume of CD investments. The bank's performance in the Hilton Head MSA AA is weaker than the bank's overall performance due to lower volume of CD investments.

Performance differences in the Hilton Head MSA AA and the FS Columbia CSA AA did impact the overall Investment Test rating for the State of South Carolina. As such, the bank's overall Investment Test rating for the State of South Carolina was downgraded from Adequate to Needs to Improve.

SERVICE TEST

The bank's performance under the Service Test in South Carolina is rated High Satisfactory.

Conclusions for Areas Receiving FS Reviews

Based on FS reviews, including the data in the tables below and consideration of performance context discussed in the service test, the bank's performance in the Charleston MSA and Greenville CSA AAs is excellent. Performance in the Columbia CSA AA is good.

Retail Banking Services

Service delivery systems are accessible to geographies and individuals of different income levels in the institution's AAs, particularly LMI geographies and/or LMI individuals.

Distribution of Branch Delivery System											
Assessment Area	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				% of Population within Each Geography*			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Charleston MSA	22.0	23	21.5	13.0	17.4	34.8	30.4	6.7	21.4	41.9	29.2
Columbia CSA	39.6	26	24.4	7.7	11.5	46.2	30.8	5.0	25.3	37.2	30.6
Greenville CSA	26.8	35	32.7	17.1	11.4	45.7	25.7	4.6	22.3	43.7	29.4
Florence MSA	3.9	7	6.5	0.0	42.9	14.3	42.9	2.9	20.3	49.3	27.5
Hilton Head Island MSA	4.9	6	5.6	0.0	16.7	66.7	16.7	0.0	36.4	43.6	20.0
Sumter MSA	1.3	3	2.8	0.0	33.3	66.7	0.0	0.0	22.3	62.2	15.5
SC Combined NonMetro	1.5	7	6.5	0.0	28.6	71.4	0.0	0.0	31.2	63.2	5.6

* May not add up to 100 percent due to geographies with unknown tract income level and rounding.

Distribution of Branch Openings/Closings						
Assessment Area	# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)			
			Low	Mod	Mid	Upp
Charleston MSA	0	2	-1	0	0	-1
Columbia CSA	0	4	-2	0	0	-2

Greenville CSA	0	7	0	-1	-1	-5
Florence MSA	0	1	0	-1	0	0
Hilton Head Island MSA	0	1	0	0	-1	0
Sumter MSA	0	0	0	0	0	0
SC Combined NonMetro	0	0	0	0	0	0

Charleston MSA AA

As of December 31, 2018, WFBNA operates 23 branches and 56 ATMs in the Charleston MSA AA. Of these branches, 22 are full-service locations and one is a limited-service branch. There are three branches in low-income geographies and four in moderate-income geographies. The branch distribution in low-income geographies significantly exceeds the percentage of the population in low-income CTs in the AA and branch distribution in moderate-income geographies is near to the percentage of the population in moderate-income CTs. When considering an additional two branches within close proximity to LMI geographies, the bank's distribution further exceeds to demographics.

The institution's opening and closing of branches has not affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank closed one branch in a low-income geography since the last evaluation. This closure did not negatively impact the distribution of branches relative to the population residing in LMI geographies.

Services, including where appropriate, business hours, do not vary in a way that inconveniences the various portions of its AA, particularly LMI geographies and/or individuals. Generally, branches are open Monday through Thursday from 9:00 am to 5:00 pm and 9:00 am to 6:00 pm on Friday. Of total branches, nine are also open on Saturday from 9:00 am to 2:00 pm. All WFBNA services are available at all branches and all delivery systems discussed bank-wide are available in this AA.

Columbia CSA AA

As of December 31, 2018, WFBNA operates 26 branches and 65 ATMs in the Columbia CSA AA. Of these branches, 25 are full-service locations and one is a limited-service branch. There are two branches in low-income geographies and three branches in moderate-income geographies. The branch distribution in low-income geographies significantly exceeds the percentage of the population in low-income CTs in the AA and branch distribution in moderate-income CTs is well below the demographics in moderate-income CTs. When considering an additional six branches within close proximity to LMI geographies, the bank's distribution is near to demographics.

The institution's opening and closing of branches have not affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank closed two branches in low-income geographies since the last evaluation. These closures did not negatively impact the distribution of branches relative to the population residing in LMI geographies.

Services, including where appropriate, business hours, do not vary in a way that inconveniences the various portions of its AA, particularly LMI geographies and/or individuals. The bank maintains standard business hours. Generally, branches are open Monday through Thursday from 9:00 am to 5:00 pm and 9:00 am to 6:00 pm on Friday. Of total branches, 12 are also open on Saturday from 9:00 am to 2:00 pm. All WFBNA services are available at all branches and all delivery systems discussed bank-wide are available in this AA.

Greenville CSA AA

As of December 31, 2018, WFBNA operates 35 branches and 115 ATMs in the Greenville CSA AA. Of these branches, 34 are full-service locations and one is a limited-service branch. There are six branches in low-income geographies and four in moderate-income geographies. The branch distribution in low-income geographies significantly exceeds the percentage of the population in low-income CTs in the AA and branch distribution in moderate-income geographies is below the percentage of the population in moderate-income CTs. When considering an additional seven branches within close proximity to LMI geographies, the bank's distribution exceeds demographics.

The institution's opening and closing of branches have not affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank closed seven branches since the last evaluation. One of the branches closed was within a low-income CT. This closure did not negatively impact the distribution of branches relative to the population residing in LMI geographies.

Services, including where appropriate, business hours, do not vary in a way that inconveniences the various portions of its AA, particularly LMI geographies and/or individuals. Generally, branches are open Monday through Thursday from 9:00 am to 5:00 pm and 9:00 am to 6:00 pm on Friday. Of total branches, 13 are also open on Saturday from 9:00 am to 1:00 pm. All WFBNA services are available at all branches and all delivery systems discussed bank-wide are available in this AA.

Community Development Services

The institution provides a relatively high level of CD services.

Charleston MSA AA

The level of CD services in the Charleston MSA AA is good. Bank records show that employees provided their financial or job-specific expertise and/or technical assistance for 143 CD service activities to 24 organizations since the last evaluation, logging a total of 294 qualified hours within this AA. A majority of the bank's assistance was to organizations that provide community services to LMI individuals and families. Other activities targeted affordable housing and economic development. The bank's assistance provided was responsive to the identified needs in the AA particularly affordable housing. The following are examples of CD services provided in this AA:

- WFBNA team members provided 36 hours of Board service to a local nonprofit housing organization that works in partnership with people in need to build decent and affordable housing.
- A WFBNA team member provided 46 hours of financial education to a nonprofit organization that is dedicated to educating entrepreneurs and helping small businesses start, grow, and succeed nationwide. It is a resource partner with the SBA and has been mentoring small business owners for more than 40 years.

Columbia CSA AA

The level of CD services in the Columbia CSA AA is adequate. Bank records show that employees provided their financial or job-specific expertise and/or technical assistance for 123 CD service activities to 31 organizations since the last evaluation, logging a total of 234 qualified hours within this AA. A

majority of the bank's assistance was to organizations that provide community services to LMI individuals and families. Other activities targeted affordable housing which is responsive to the identified need in the AA. The following are examples of CD services provided in this AA:

- A WFBNA team member provided 26 hours of Board service to a local community organization that creates and preserves the stock of affordable housing in the Central Midlands region of South Carolina through financing and technical assistance of affordable housing projects. Its focus is on projects serving LMI households.
- A WFBNA team member provided 14 hours of Board service to a community organization that provides permanent, quality, affordable multifamily housing to create safe, clean and well-maintained communities.

Greenville CSA AA

The level of CD services in the Greenville CSA AA is good. Bank records show that employees provided their financial or job-specific expertise and/or technical assistance for 153 CD service activities to 43 organizations since the last evaluation, logging a total of 597 qualified hours within this AA. A majority of the bank's assistance was to organizations that provide community services to LMI individuals and families. Other activities targeted affordable housing and economic development. The bank's assistance provided was responsive to the identified need in the AA particularly affordable housing. The following are examples of CD services provided in this AA:

- WFBNA team members provided 27 hours of financial education to a nonprofit housing organization that works in partnership with people in need to build decent and affordable housing.
- A WFBNA team member provided 51 hours of tax preparation through the VITA program. Refer to the comments in the institution Innovative or Flexible Retail Service Programs section of this public evaluation for additional details regarding this program.

Conclusion for Areas Receiving LS Reviews

Based on LS reviews, the bank's performance under the Service Test in the Hilton Head Island MSA AA is consistent to the bank's overall performance under the Service Test in the FS areas. Performance in the Florence MSA, Sumter MSA, and SC Combined NonMetro AAs is stronger than the bank's performance. Performance in the LS AAs did not enhance the bank's overall Service Test rating for the state.

State Rating

State of South Dakota

CRA rating for the State of South Dakota[45]: Outstanding
The Lending Test is rated: Outstanding
The Investment Test is rated: Outstanding
The Service Test is rated: Outstanding

The major factors that support this rating include:

- Good lending activity;
- Excellent distribution of loans by borrower profile;
- Adequate geographic distribution of loans;
- WFBNA is a leader in providing CD loans, which has a significant positive impact on the Lending Test;
- WFBNA's use of flexible products has a positive impact on the Lending Test;
- Excellent level of CD investments that are responsive to AA needs;
- Retail delivery systems are readily accessible to all portions of the AA; and
- WFBNA provides a relatively high level of CD services that are responsive to the needs of the bank's AA.

Description of Institution's Operations in South Dakota

WFBNA delineated three AAs within South Dakota including the Sioux Falls, SD MSA (Sioux Falls MSA AA); SD Combined Non-Metros (SD Combined NonMetro AA); and Rapid City-Spearfish, SD CSA (Rapid City CSA AA). The Sioux Falls MSA AA and SD Combined NonMetro AA received FS review. Refer to Appendix A for a complete description of each AA. These areas accounted for the largest portion of the lending (74.2 percent) and deposits (80.4 percent) amongst the AAs in South Dakota. WFBNA has $311.6 billion of deposits in South Dakota; however, a majority of the deposits are 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 any of WFBNA's customers are located, where they work, or where they conduct business. The adjusted deposits are $4.3 billion of retail deposits in South Dakota representing 0.3 percent of adjusted deposits. South Dakota represents the 29th largest rated area in terms of adjusted deposits. WFBNA operates 39 branches and 57 ATMs within South Dakota, representing less than 0.7 percent of the bank's branches and less than 0.1 percent of the bank's ATMs. The bank originated and purchased approximately $5.4 billion in loans or 0.3 percent of total reported loan originations and purchases during the evaluation period. The bank's primary loan products in the South Dakota are home mortgage and small loans to businesses.

<u>Sioux Falls MSA AA</u>

Within the Sioux Falls MSA AA, the bank had $309.2 billion deposits (including non-retail branch deposits) and ranked first amongst 37 financial institutions in the market with 52.9 percent market share. WFBNA operates 12 branches and 20 ATMs in the AA.

[45] This rating reflects performance within the state. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan statistical area.

SD Combined NonMetro AA

Within the SD NonMetro AA, the bank had $1.5 billion deposits and ranked first amongst 40 financial institutions in the market with 15.7 percent market share. WFBNA operates 22 branches and 24 ATMs in the AA.

Demographic Data

Sioux Falls MSA AA

The following table provides a summary of the demographics that includes housing and business information for the Sioux City MSA AA. Table A shows no tract, population, OOUs, businesses, and farms in the low-income tracts and over 36 percent of families in the AA are LMI. The area's median housing value in the Sioux Falls MSA AA is two times the MSA median income, but 2.7 times moderate-, and four times low-income, indicating a limited proportion of OOUs are affordable to many low-income residents.

Table A – Demographic Information of the Assessment Area

Assessment Area: Sioux Falls SD MSA (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	57	0.0	24.6	54.4	21.1	0.0
Population by Geography	228,261	0.0	24.5	53.9	21.6	0.0
Housing Units by Geography	92,905	0.0	27.2	53.2	19.5	0.0
Owner-Occupied Units by Geography	59,610	0.0	18.0	58.2	23.9	0.0
Occupied Rental Units by Geography	27,208	0.0	45.1	42.8	12.1	0.0
Vacant Units by Geography	6,087	0.0	38.6	51.2	10.2	0.0
Businesses by Geography	16,692	0.0	34.5	46.2	19.3	0.0
Farms by Geography	1,431	0.0	6.2	78.7	15.1	0.0
Family Distribution by Income Level	58,142	18.0	18.2	26.2	37.6	0.0
Household Distribution by Income Level	86,818	21.4	17.8	20.2	40.5	0.0
Median Family Income MSA - 43620 Sioux Falls, SD MSA		$66,496	Median Housing Value			$146,371
			Median Gross Rent			$666
			Families Below Poverty Level			5.9%

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

According to the February 2019 Moody's Analytics report, Sioux Falls' economy is improving. Wage growth is picking up because of the tight labor market, and a favorable job mix with strong gains in mid- and high-wage industries is lending additional support to hourly earnings, which are climbing at an above-average rate. Healthcare will account for one third of net new jobs over the next five years as well as a higher share of income gains. Stronger income gains and healthy household finances will extend gains in retail.

The largest employers in Sioux Falls include Sanford Health, Avera Health, and Smithfield Foods. Housing is slow to improve, single-family construction is moving sideways, and price appreciation is slowing.

According to the U.S. BLS, the unemployment rate for Sioux Falls MSA AA for the first quarter of 2019 was 2.0 percent and has decreased from 3.8 percent at the beginning of the evaluation period. The unemployment rate in the AA was lower than the overall state of South Dakota at 3.3 percent for the same period.

Community Contacts

The analysis takes into consideration comments provided by an existing community contact serving the bank's Sioux Falls MSA AA in conjunction with this evaluation. The organization stimulates economic development by creating a regional revolving loan fund in Clay, Lincoln, McCook, Minnehaha, Turner, and Union Counties. The organization also provides financing to individuals seeking to start or expand a business or purchase a home through the 502 Home Loan Partnership Program.

The community contact noted a significant need for low-income housing for the residents of the area. The contact noted that opportunities for participation in community programs are plentiful. Sioux Falls has a number of financial institutions, and there is no lack of banking products and services in the area.

Considering the information from the community contact and bank management as well as demographic and economic data, affordable housing represents a primary credit need for the Sioux Falls MSA AA. Opportunity exists to originate these types of loans throughout the AA; however, it is limited in the low-income geographies as reflected by no tracts, population, OOUs, and small businesses coupled with limited home affordability for LMI individuals.

<u>SD Combined NonMetro AA</u>

The following table provides a summary of the demographics that includes housing and business information for the SD NonMetro AA. Table A shows a very small number of tracts and population in the low-income tracts, and very small volume of OOUs in the LMI tracts. In addition, over 35 percent of families in the AA are LMI. The area's median housing value in the SD Combined NonMetro AA is twice times the MSA median income, but 2.4 times moderate-, and four times low-income, indicating a limited proportion of OOUs are affordable to low-income residents. Median rents and the significant percentage of families below poverty level suggest rental housing is also unaffordable for many low-income residents.

Table A – Demographic Information of the Assessment Area

Assessment Area: SD Combined Non-Metros (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	73	1.4	8.2	79.5	11.0	0.0
Population by Geography	280,014	1.6	5.9	79.0	13.5	0.0
Housing Units by Geography	125,550	1.1	4.9	81.7	12.3	0.0
Owner-Occupied Units by Geography	73,736	0.6	3.9	82.4	13.1	0.0
Occupied Rental Units by Geography	35,922	2.3	5.8	79.3	12.6	0.0
Vacant Units by Geography	15,892	1.0	7.3	83.8	8.0	0.0
Businesses by Geography	20,118	0.3	3.1	85.2	11.3	0.0
Farms by Geography	3,966	0.0	6.3	84.4	9.3	0.0
Family Distribution by Income Level	68,066	18.1	17.0	23.2	41.7	0.0
Household Distribution by Income Level	109,658	22.9	17.0	17.2	42.9	0.0
Median Family Income Non-MSAs - SD		$54,734	Median Housing Value			$105,493
			Median Gross Rent			$502
			Families Below Poverty			9.0%

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

According to the February 2019 Moody's Analytics report, South Dakota's economy is improving. Three-quarters of private industries are adding to payrolls, and job growth on a year-ago basis exceeds the U.S. average for the first time in three years. Exceptional weakness in agriculture will weigh on the economy this year. However, more residential and commercial building will drive above-average gains in construction in the near term. Overall, high housing affordability and job availability will attract domestic migrants to South Dakota.

According to the U.S. BLS, the unemployment rate as of December 2018 in the following counties range from a low of 2.6 percent (Beadle, Davison, Hughes, Tripp, and Yankton Counties) to a high of 6.2 percent (Todd County) while the state average is 3.3 percent.

Community Contacts

The analysis takes into consideration comments provided by four community contacts serving the bank's SD Combined NonMetro AA in conjunction with this evaluation. Two organizations support small businesses in 22 Counties in South Dakota via technical assistance, loans, and a revolving loan fund in partnership with lending institutions. Two organizations support small farms in 20 Counties in Northeast South Dakota via agricultural loans, crop insurance, crop marketing assistance, agricultural education, and scholarships for students to study agriculture.

The community contacts noted a significant need for business loans to fund new commercial development projects and to assist businesses in starting up or expanding. The contacts noted that banks are meeting the credit needs in the community.

Considering the information from the community contacts and bank management as well as demographic and economic data, affordable housing, small business loans, and agricultural loans represent a primary credit need for the SD Combined NonMetro AA. Opportunity exists to originate these types of loans throughout the AA; however, it is limited in the low-income geographies as reflected by the small proportion of OOUs, small farms, and small businesses coupled with limited home affordability for LMI individuals.

Scope of Evaluation in South Dakota

The rating for the State of South Dakota is primarily based on FS evaluations of the bank's performance in the Sioux Falls MSA AA and SD Combined NonMetro AA; however, performance in each AA was considered. Conclusions where a LS review affected the CRA Rating for the state are addressed within their respective tests. LS procedures were performed for the Rapid City CSA AA. A limited portion of the bank's overall lending, investments, and services were conducted in South Dakota; therefore, the performance in South Dakota received less weight in determining the bank's overall CRA Rating.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN SOUTH DAKOTA

LENDING TEST

The bank's performance under the Lending Test in South Dakota is rated Outstanding.

Conclusions for Areas Receiving FS Reviews

Based on FS reviews, including the data in the tables below and consideration of performance context discussed in the lending test, the bank's performance in the Sioux Falls MSA AA and SD Combined NonMetro AA is excellent.

Lending Activity

Based on the tables below, lending levels reflect good responsiveness to the credit needs in its AAs taking into account the number and amount of home mortgage, small business, small farm, and CD loans originated or purchased relative to its capacity based on competition and market dominance based on deposits.

Number of Loans*							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	%State Loans	%State Deposits
Sioux Falls MSA	11,087	4,414	499	32	16,032	40.9	45.1
SD Combined NonMetro	5,301	4,112	3,613	21	13,047	33.3	35.3
Rapid City CSA	6,119	3,539	424	10	10,092	25.8	19.6
Total	22,507	12,065	4,536	63	39,171	100.0	100.0

*The tables present the data for all assessment areas. The narrative below addresses performance in FS areas only.

Dollar Volume of Loans (000's)*							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	%State* Loans	%State Deposits
Sioux Falls MSA	$1,874,278	$305,246	$52,392	$44,233	$2,276,149	41.8	45.1
SD Combined NonMetro	$741,256	$352,437	$607,377	$29,128	$1,730,198	31.7	35.3
Rapid City CSA	$1,109,491	$277,349	$39,224	$19,336	$1,445,400	26.5	19.6
Total	$3,725,025	$935,032	$698,993	$92,697	$5,451,747	100.0	100.0

*The tables present the data for all assessment areas. The narrative below addresses performance in FS areas only.

Sioux Falls MSA AA

WFBNA ranked first in deposits with 52.9 percent market share in the AA including non-retail deposits. In overall HMDA lending, WFBNA ranked third with 8.8 percent market share. Although WFBNA's HMDA market share is considerably lower than its deposit market share, this is primarily due to the majority of deposits are non-retail and also lending competition was significantly stronger, reflected by the 202 lenders, than competition for deposits, where there were 37 depository institutions in the AA. The 1st and 2nd top lenders in this market was Plains Commerce Bank with 11.9 percent market share and Franklin American Mortgage with 10.1 percent market share.

In small loans to businesses, WFBNA ranked third with a market share of 10.7 percent. The 1st and 2nd top lenders in this market were US Bank with 11.8 percent market share and The First NB in Sioux Falls with 11.3 percent market share.

SD Combined NonMetro AA

WFBNA ranked first in deposits with 15.7 percent market share in the AA. In overall HMDA lending, WFBNA ranked second with 7.6 percent market share. There is strong competition as reflected by the 190 lenders and 40 depository institutions in the AA. The top lender in this market was Franklin American Mortgage with 7.9 percent market share.

In small loans to businesses, WFBNA ranked first with a market share of 11.2 percent. The 2nd lender was Dacotah Bank with 9.4 percent market share.

Distribution of Loans by Income Level of the Geography

The bank exhibits an adequate geographic distribution of loans in the Sioux Falls MSA AA and good geographic distribution of loans in the SD Combined NonMetro AA.

Sioux Falls MSA AA

Home Mortgage Loans

Refer to Table O in the State of South Dakota section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is adequate.

- The AA contains no low-income tracts so our assessment focused on the bank's performance in moderate-income tracts.
- The bank's performance in both periods, 2012-2016 and 2017-2018, for home mortgage loans in moderate-income geographies substantially meets the aggregate distribution of loans and is well below the proportion of OOUs in those geographies.

Small Loans to Businesses

Refer to Table Q in the State of South Dakota section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is good.

- The AA contains no low-income tracts so our assessment focused on the bank's performance in moderate-income tracts.
- For 2012-2016, the proportion of loans in moderate-income geographies substantially meets the aggregate distribution of loans and is near to the proportion of businesses located in those geographies.
- Based on the bank's performance in 2017-2018, the bank's small business lending is slightly below the performance in 2012-2016.

Small Loans to Farms

Refer to Table S in the State of South Dakota section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's originations and purchases of small loans to farms. The bank's overall geographic distribution of small loans to farms for this evaluation is good.

- The AA contains no low-income tracts so our assessment focused on the bank's performance in moderate-income tracts.
- The bank's performance in both periods, 2012-2016 and 2017-2018, for small farm loans in moderate-income geographies substantially meets the aggregate distribution of loans and is significantly below the proportion of farms in those geographies.

<u>SD Combined NonMetro AA</u>

Home Mortgage Loans

Refer to Table O in the State of South Dakota section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is good.

- For 2012-2016, the proportion of home mortgage loans in LMI geographies exceeds the aggregate distribution of loans in LMI geographies.
- The proportion of loans in LMI geographies is well below the proportion of OOUs in those geographies.
- Based on the bank's performance in 2017-2018, the bank's home mortgage lending is slightly below the combined performance in 2012-2016.

Small Loans to Businesses

Refer to Table Q in the State of South Dakota section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is adequate.

- For 2012-2016, the proportion of the bank's small business loans in low-income geographies is significantly below both the aggregate distribution of loans and the proportion of businesses located in those geographies.
- The proportion of the bank's small business loans in moderate-income geographies exceeds both the aggregate distribution of loans and the proportion of businesses located in those geographies.
- Based on the bank's performance in 2017-2018, the bank's small business lending slightly exceeds the performance in 2012-2016.

Small Loans to Farms

Refer to Table S in the State of South Dakota section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's originations and purchases of small loans to farms. The bank's overall geographic distribution of small loans to farms for this evaluation is adequate.

- The AA contains no farms in low-income tracts so our assessment focused on the bank's performance in moderate-income tracts.
- For 2012-2016, the proportion of small farm loans in moderate-income geographies is significantly below the aggregate distribution of loans and exceeds the proportion of farms located in those geographies.
- The bank's small farm lending in 2017-2018 is stronger than the combined performance in 2012-2016.

Distribution of Loans by Income Level of the Borrower

The bank exhibits an excellent distribution of loans among individuals of different income levels and businesses and farms of different sizes, given the product lines offered by the institution.

Sioux Falls MSA AA

Home Mortgage Loans

Refer to Table P in the State of South Dakota section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is excellent.

- The Sioux Falls MSA AA has homeownership affordability hurdles especially for low-income borrowers. As noted above, the area's median housing value is four times the income of low-income borrowers indicating a limited proportion of OOUs are affordable to low-income borrowers. Despite the affordability challenges, the bank's overall home mortgage lending to LMI borrowers in 2012-2016 exceeds the aggregate distribution of loans for LMI borrowers.

- The bank's overall home mortgage lending to low-income borrowers is well below the proportion of families and to moderate-income borrowers exceeds the proportion of families.
- Based on the bank's performance in 2017-2018, the bank's home mortgage lending is slightly below the performance in 2012-2016.

Small Loans to Businesses

Refer to Table R in the State of South Dakota section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is excellent.

- For 2012-2016, the bank's distribution of small loans to businesses with revenues of $1 million or less exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is near to the percentage of small businesses located in the AA.
- Based on the bank's performance in 2017-2018, the bank's small business lending is slightly below the combined performance in 2012-2016.

Small Loans to Farms

Refer to Table T in the State of South Dakota section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's originations and purchases of small loans to farms. The distribution of the bank's originations and purchases of small loans to farms by revenue is good.

- For both 2012-2016 and 2017-2018 periods, the percentage of small loans to farms originated or purchased substantially meets the aggregate small farm lending data for farms with revenues of $1 million or less and is well below the percentage of small farms located in the AA.

<u>SD Combined NonMetro AA</u>

Home Mortgage Loans

Refer to Table P in the State of South Dakota section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is excellent.

- The SD Combined NonMetro AA has homeownership affordability hurdles especially for low-income borrowers. As noted above, the area's median housing value is four times the income of low-income borrowers indicating a limited proportion of OOUs are affordable to low-income borrowers. Despite the affordability challenges, the bank's overall home mortgage lending to LMI borrowers in both 2012-2016 and 2017-2018 periods exceeds the aggregate distribution of loans.
- The bank's overall home mortgage lending to low-income borrowers is significantly below the proportion of families and to moderate-income borrowers is near to the proportion of families.

Small Loans to Businesses

Refer to Table R in the State of South Dakota section of appendix D for the

facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is good.

- For 2012-2016, the bank's distribution of small loans to businesses with revenues of $1 million or less exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is below the percentage of small businesses located in the AA.
- Based on the bank's performance in 2017-2018, the bank's small business lending exceeds the performance in 2012-2016.

Small Loans to Farms

Refer to Table T in the State of South Dakota section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's originations and purchases of small loans to farms. The distribution of the bank's originations and purchases of small loans to farms by revenue is adequate.

- For 2012-2016, the percentage of small loans to farms originated or purchased is below the aggregate small farm lending data for farms with revenues of $1 million or less and is well below the percentage of small farms located in the AA.
- The bank's small farm lending in 2017-2018 exceeds the combined performance in 2012-2016.

Community Development Lending

The institution is a leader in making CD loans.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

Sioux Falls MSA AA

The level of CD lending in the Sioux Falls MSA AA is excellent. WFBNA made 32 CD loans in its AA for a total of $44.2 million, which represents 20.2 percent of allocated tier 1 capital. CD lending performance has a significant positive impact on the lending test rating. The institution makes significant use of innovative and/or complex CD loans and involved many complex projects where the bank often acted in a leadership role. The loans were responsive to the identified affordable housing and small business lending needs in the AA. The bank originated 15 loans total of $33.6 million (76 percent) for the purpose of affordable housing. Additionally, the bank extended 11 CD loans totaling $7.3 million for the primary purpose of community services to assist LMI individuals.

Examples of CD loans in the AA include:

- In June 2017, WFBNA provided a $4.2 million construction loan for an affordable housing development. This 30-unit LIHTC development is located in Sioux Falls, SD. Nine of the units will be both income and rent restricted to households earning at or below 50 percent of the area MFI, the remaining 21 units will be income and rent restricted to households at or below 60 percent of the area MFI.
- In March 2018, WFBNA renewed a $1 million working capital line of credit for a non-profit organization that works to empower people of all ages to become healthier, self-sufficient,

productive members of their communities. The organization serve children, youth, adults and families with an array of prevention, education, employment, and care services. Over 90 percent of its clients are LMI individuals as they earn less than 80 percent of the area MFI.

SD Combined NonMetro AA

The level of CD lending in the SD NonMetro AA is excellent. WFBNA made 21 CD loans in its AA for a total of $29.1 million, which represents 17.0 percent of allocated tier 1 capital. CD lending performance has a significant positive impact on the lending test rating. The institution makes significant use of innovative and/or complex CD loans and involved many complex projects where the bank often acted in a leadership role. The loans were responsive to the identified affordable housing needs in the AA. The bank originated 13 loans totaling $17.8 million (61.4 percent) for the purpose of affordable housing. Additionally, the bank extended six CD loans totaling $6.4 million for the primary purpose of community services to assist LMI individuals.

Examples of CD loans in the AA include:

- In May 2018, WFBNA renewed a $3 million working capital line of credit for a school that serves Lakota (Sioux) children and families since 1927. Over 67 percent of its clients are LMI as they earn less than 80 percent of the area MFI.
- In November 2015, WFBNA provided a $20 million line of credit to a Tax Credit Investment Fund. Of that total, $622,000 has been allocated to an affordable housing development located in Aberdeen, SD. The loan proceeds will be used to bridge the gap between the receipt of capital contributions from investors and the payment of equity investments to operating partnerships that own LIHTC projects.

Product Innovation and Flexibility

Sioux Falls MSA AA

The institution makes limited use of innovative and/or flexible lending practices in order to serve AA credit needs. Under the *your*FirstMortgage loan program the bank has funded 40 loans totaling $5.8 million to LMI homebuyers that qualified under this program.

SD Combined NonMetro AA

The institution makes extensive use of innovative and/or flexible lending practices in order to serve AA credit needs. The bank launched the NeighborhoodLIFT program in the AA in November 2017 and more than 200 potential homebuyers attended the event. WFBNA originated 14 mortgage loans totaling $1.9 million. Under the *your*FirstMortgage loan program, the bank has funded 23 loans totaling $2.4 million to LMI homebuyers that qualified under this program.

Refer to the comments in the institution Innovative or Flexible Lending Programs section of this performance evaluation for additional details regarding the programs above.

Conclusions for Area Receiving a LS Review

Based on a LS review, the bank's performance under the Lending Test in the Rapid City CSA AA is weaker than the bank's overall excellent performance under the Lending Test in the FS areas due to

lower performance in geographic distribution. Performance differences in the LS AA did not impact the Lending Test rating for the State of South Dakota.

Refer to Tables O through T in the State of South Dakota section of appendix D for the facts and data that support these conclusions.

INVESTMENT TEST

The bank's performance under the Investment Test in the State of South Dakota is rated Outstanding.

Conclusions for Areas Receiving FS Reviews

Based on FS reviews, including the data in the tables below and consideration of performance context discussed in the investment test, the bank's performance in the Sioux Falls MSA and SD Combined NonMetro AAs is excellent.

Qualified Investments										
	Prior Period*		Current Period		Total				Unfunded Commitments **	
Assessment Area	#	$(000's)	#	$(000's)	#	% of Total #	$(000's)	% of Total $	#	$(000's)
Sioux Falls MSA	12	$2,771	94	$37,495	106	48.4	$40,266	49.1		
SD Combined NonMetro	3	$3,427	64	$19,684	67	30.6	$23,111	28.2		
Rapid City CSA	0	$0	46	$18,580	46	21.0	$18,580	22.7		
Total	15	$6,198	204	$75,759	219	100.0	$81,957	100.0		

* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.
** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Sioux Falls MSA AA

The institution has an excellent level of qualified CD investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 18.4 percent of adjusted tier 1 capital allocated to the AA.

The investments and grants reflect excellent responsiveness to the needs identified in the AA including affordable housing and community services for LMI individuals and geographies. Over 97 percent of the bank's CD investments focused on affordable housing which is an identified credit need in the AA. Additionally, the bank provided 84 grants totaling $2.3 million to a variety of organizations that primarily support affordable housing and community services.

The institution makes significant use of innovative and/or complex investments to support CD initiatives. CD Investments involved numerous complex LIHTC projects where the bank often acted in a leadership role with participations from federal, state, and local housing agencies and real estate developers.

Examples of CD investments in the AA include:

- In June 2017, WFBNA invested $4.9 million in a 30-unit affordable housing development located in Sioux Falls, South Dakota and will be targeted to families with children (95 percent of units) and to persons with physical disabilities (5 percent of units). Nine of the total units will be income and rent restricted to households earning at or below 50 percent of the area MFI and the remaining 21 units will be income and rent restricted to households earning at or below 60 percent of the area MFI. This activity is responsive to the identified need for affordable housing and is complex involving multiple parties including housing agencies and developers. WFBNA also demonstrated multi-faceted support by providing both the construction loan ($4.2 million) and equity investment in support of this affordable housing development.
- During the exam timeframe, WFBNA provided a $300,000 grant to a small business community fund through the Small Business DCC Program benefiting small businesses in the Cheyenne River Indian Reservation and statewide in South Dakota particularly within the Sioux Falls MSA AA. Refer to the comments in the institution Innovative or Flexible Lending Programs section of this public evaluation for additional details regarding this program.
- During the exam timeframe, WFBNA provided two grants totaling $256,000 to a local housing organization through the PMP for affordable housing in the Sioux Falls MSA AA. Refer to the comments in the institution Community Development Initiatives section of this public evaluation for additional details regarding this program.

SD Combined NonMetro AA

The institution has an excellent level of qualified CD investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 13.5 percent of tier 1 capital allocated to the AA.

The investments and grants reflect excellent responsiveness to the needs identified in the AA including affordable housing and community services for LMI individuals and geographies. Virtually all of the bank's CD investments focused on affordable housing which is an identified credit need in the AA. Additionally, the bank provided 59 grants totaling $481,500 to a variety of organizations that primarily support affordable housing and community services.

The institution makes significant use of innovative and/or complex investments to support CD initiatives. CD Investments involved several complex LIHTC projects where the bank often acted in a leadership role with participations from federal, state, and local housing agencies and real estate developers.

Examples of CD investments in the AA include:

- In October 2015, WFBNA invested $40 million in an LIHTC fund. Of this total investment, $4.6 million was allocated to a development located in Aberdeen, South Dakota. The development requires that 40 units restricted to tenants earning no more than 60 percent of the area MFI. This activity is responsive to the identified need for affordable housing. The investment is also complex involving numerous parties.
- In October 2018, WFBNA provided a $4.2 million investment for an affordable housing development located in Yankton, South Dakota. This development is comprised of 22 one-bedroom units and 18 two-bedroom units, with 100 percent of the total units targeted to

households with income between 30 and 60 percent of the area MFI. This activity is responsive to the identified need for affordable housing.

Conclusions for Area Receiving a LS Review

Based on a LS review, the bank's performance under the Investment Test in the Rapid City CSA AA is consistent with the bank's overall excellent performance in the Investment Test in the FS areas.

SERVICE TEST

The institution's performance under the Service Test in South Dakota is rated Outstanding.

Conclusions for Areas Receiving FS Reviews

Based on a FS review, including the data in the tables below and consideration of performance context discussed in the service test, the institution's performance in the Sioux Falls MSA AA and SD Combined NonMetro is excellent.

Retail Banking Services

Service delivery systems are readily accessible to geographies and individuals of different income levels in the institution's AAs, particularly LMI geographies and/or LMI individuals.

Distribution of Branch Delivery System											
Assessment Area	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				% of Population within Each Geography*			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Sioux Falls MSA	99.2	12	30.8	0.0	41.7	41.7.	16.7	0.0	27.8	50.7	21.5
SD Combined NonMetro	0.5	21	53.8	0.0	38.1	57.1	4.8	1.4	10.8	67.5	20.3
Rapid City CSA	0.3	6	15.4	0.0	33.3	50.0	16.7	0.5	14.7	65.1	19.7

* May not add up to 100 percent due to geographies with unknown tract income level and rounding.

Distribution of Branch Openings/Closings						
Assessment Area	# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)			
			Low	Mod	Mid	Upp
Sioux Falls MSA	0	2	0	-1	-1	0
SD Combined NonMetro	0	2	0	0	-2	0
Rapid City CSA	0	3	-1	0	-2	0

Sioux Falls MSA AA

As of December 31, 2018, WFBNA operates 12 branches and 20 ATMs in the Sioux Falls MSA AA. All of these branches are full-service locations. There are no branches in low-income geographies; however, there are no low-income CTs or populations within the AA. There are five branches in moderate-income CTs. The branch distribution in moderate-income geographies significantly exceeds the percentage of the population in moderate-income CTs in the AA.

The institution's opening and closing of branches have not affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank closed two branches during the evaluation period. One of the branches was located in a moderate-income CT. This branch closure did not negatively impact the distribution of branches relative to the population residing in LMI geographies.

Services, including where appropriate, business hours, do not vary in a way that inconveniences the various portions of its AA, particularly LMI geographies and/or individuals. Generally, branches are open Monday through Friday from 9:00 am to 5:00 pm, with five branches open until 6:00 pm. Of the total branches, seven are also open on Saturday from 9:00 am to 12:00 and 1:00 pm. All WFBNA services are available at all branches and all delivery systems discussed bank-wide are available in this AA.

SD Combined NonMetro AA

As of December 31, 2018, WFBNA operates 21 branches and 24 ATMs in the SD Combined Non-Metro AA. All of these branches are full-service locations. There are no branches in low-income geographies; however, the population is very low in the low-income geographies in the AA. There are eight branches located in moderate-income CTs. The branch distribution in moderate-income geographies significantly exceeds the percentage of the population in moderate-income CTs in the AA.

The institution's opening and closing of branches have not affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank closed two branches, both in middle-income CTs. This branch closure did not negatively impact the distribution of branches relative to the population residing in LMI geographies.

Services, including where appropriate, business hours, do not vary in a way that inconveniences the various portions of its AA, particularly LMI geographies and/or individuals. Generally, branches are open Monday through Friday from 9:00 am to 5:00 pm, with five branches open until 7:00 pm. Of the total branches, five are also open on Saturday from 9:00 am to 12:00 pm. All WFBNA services are available at all branches and all delivery systems discussed bank-wide are available in this AA.

Community Development Services

The institution provides a significant level of CD services.

Sioux Falls MSA AA

The level of CD services in the Sioux Falls MSA AA is excellent. Bank records show that employees provided their financial or job-specific expertise and/or technical assistance for 649 CD service activities

to 31 organizations since the last evaluation, logging a total of 2,042 qualified hours within this AA. A majority of the bank's assistance was to organizations that provide community services to LMI individuals and families. Other activities targeted affordable housing and economic development. The bank's assistance provided was responsive to the identified need in the AA particularly affordable housing. The following are examples of CD services provided in this AA:

- WFBNA team members provided 199 hours of Board service, financial education, and outreach to a nonprofit housing organization that works in partnership with people in need to build decent and affordable housing.
- WFBNA team members provided 503.5 hours of Board service and ongoing outreach to a community organization that works to eliminate hunger in South Dakota.

SD Combined NonMetro AA

The level of CD services in the SD Combined NonMetro AA is good. Bank records show that employees provided their financial or job-specific expertise and/or technical assistance for 99 CD service activities to 22 organizations since the last evaluation, logging a total of 307 qualified hours within this AA. A majority of the bank's assistance was to organizations that provide community services to LMI individuals and families. Other activities targeted affordable housing which is responsive to identified need in the AA. The following are examples of CD services provided in this AA:

- A WFBNA team member provided 41 hours of Board service to a nonprofit housing organization that works to build decent and affordable housing.
- A WFBNA team member provided 13 hours of Board service to a community organization that utilizes community-led solutions to identify and resolve community concerns with a primary focus on education, financial stability, and health. Over 65 percent of its clients are LMI individuals as they earn less than 80 percent of the area MFI.

Conclusion for Areas Receiving a LS Review

Based on a LS review, the bank's performance under the Service Test in the Rapid City CSA AA is consistent with the bank's overall performance under the Service Test in the FS area.

State Rating

State of Tennessee

CRA rating for the State of Tennessee[46]: Satisfactory
The Lending Test is rated: Outstanding
The Investment Test is rated: Low Satisfactory
The Service Test is rated: Low Satisfactory

The major factors that support this rating include:

- Excellent lending activity;
- Good geographic distribution of loans;
- Excellent borrower distribution of loans;
- WFBNA is a leader in providing CD loans, which has a significant positive impact on the Lending Test;
- WFBNA's use of flexible products has a positive impact on the Lending Test;
- Adequate level of CD investments;
- Retail delivery systems are accessible to all portions of the AA; and
- Adequate CD services.

Description of Institution's Operations in Tennessee

WFBNA delineated one AA within Tennessee which includes the Nashville-Davidson-Murfreesboro-Franklin, TN MSA (Nashville MSA AA). Refer to Appendix A for a complete description of the AA. The Nashville MSA AA received a FS review. WFBNA has $1.8 billion deposits representing 0.1 percent of adjusted deposits in Tennessee, making it the 38th largest rated area by deposits. WFBNA ranked tenth with a 2.9 percent deposit market share in the Nashville MSA. The largest banks in the MSA in terms of deposits were Pinnacle Bank with a market share of 14.7 percent and Bank of America with a market share of 14.0 percent. WFBNA operates 12 branches and 12 ATMs in the State of Tennessee, representing 0.2 percent of the bank's branches and 0.09 percent of the bank's ATMs. The bank originated and purchased $13.3 billion in loans or 0.7 percent of total reported loan originations and purchases during the evaluation period in Tennessee. The bank's primary loan products in the State of Tennessee are home mortgage and small loans to businesses.

Demographic Data

The following table provides a summary of the demographics that includes housing and business information for the Nashville MSA AA. Table A indicates that the volume of OOUs in the low-income CTs is very small and over 38 percent of families in the AA are LMI. The area's median housing value in the Nashville MSA AA is 3 times the area's median income, but 3.7 times moderate-, and 6 times low-income, indicating a limited proportion of OOUs are affordable to LMI families. Median rents and the high percentage of families below poverty level suggest rental housing is also unaffordable for many low-income residents.

[46] This rating reflects performance within the state. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan statistical area.

Table A – Demographic Information of the Assessment Area

Assessment Area: Nashville-Davidson-Murfreesboro-Franklin TN MSA(16)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	380	8.4	21.6	42.1	26.8	1.1
Population by Geography	1,670,890	6.8	20.9	42.8	29.2	0.3
Housing Units by Geography	687,243	7.2	22.4	43.1	27.3	0.0
Owner-Occupied Units by Geography	431,054	3.3	17.3	46.4	33.1	0.0
Occupied Rental Units by Geography	197,819	14.5	31.2	37.2	17.0	0.0
Vacant Units by Geography	58,370	11.2	30.3	38.8	19.8	0.0
Businesses by Geography	111,154	7.2	20.6	34.9	36.5	0.9
Farms by Geography	3,223	2.4	19.7	50.3	27.3	0.3
Family Distribution by Income Level	418,377	20.5	18.0	21.4	40.1	0.0
Household Distribution by Income Level	628,873	22.9	16.6	19.0	41.4	0.0
Median Family Income MSA - 34980 Nashville-Davidson--Murfreesboro--Franklin, TN MSA		$62,315	Median Housing Value			$185,774
			Median Gross Rent			$772
			Families Below Poverty Level			9.6%

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

According to the August 2018 Moody's Analytics report, the Nashville economy remains solid despite a slower pace of job additions. Although job growth has decreased from 2017, Nashville continues to add workers faster than the nation. The largest sectors by employment are Professional and Business Services and Education and Health Services. Major employers include Vanderbilt University Medical Center, hospital operator HCA Inc., and Nissan North America Inc.

Nashville is the capital of Tennessee which helps drive the economy along with tourism and manufacturing. Nashville has a favorable business-tax structure, which along with its central location and well-educated workforce make it attractive for businesses to locate and expand. The area has a booming tech scene which will help drive growth in the coming years. Numerous health-tech startups have already established in Nashville, attracting workers to the area with job opportunities. In the last five years high-tech employment has risen 25 percent in Nashville compared to 12 percent nationally.

Housing prices are rising rapidly as strong population growth and rising incomes drive up demand. At the same time, a shortage of labor and rising material costs are holding back homebuilding.

According to the U.S. BLS, the unemployment rate for Nashville MSA AA for the third quarter of 2018 was 2.7 percent and is amongst the lowest in the South and has decreased from 5.6 percent at the beginning of the evaluation period. The unemployment rate in the AA was lower than the overall state of Tennessee at 3.7 percent for the same period

Community Contacts

The analysis takes into consideration comments provided by two community contacts pertaining to the

Nashville MSA in conjunction with this evaluation. The contacts represent members of local government agencies.

One contact noted that the primary credit needs in Smith County are home, business, and small dollar consumer loans. Per the contact, new mortgage lending regulations have made it tougher for banks to meet credit needs; however, the banks in the area are willing to make loans to anyone that qualifies. The local banks are also willing to provide small business loans for most business ventures, if they are viable. In addition, most banks are willing to make small dollar consumer loans, but the general public seems to gravitate to payday lenders because their visibility and easy access. The contact noted that banks are very involved in the community by providing donations and volunteers for various community development organizations.

Primary credit needs as noted by the other contact include affordable housing, consumer loans and revitalization of certain downtown areas. There is also opportunity for banks to get involved through sponsorships and leadership on boards. This contact also felt that banks in the area were involved in the community.

Considering the information from the community contact and bank management as well as demographics and economic data, affordable housing and small business lending represents a primary need in the Nashville MSA AA. Opportunity exists to originate these types of loans throughout the AA; however, it is limited in the low-income geographies as reflected by the small proportion of OOUs and small businesses coupled with limited home affordability for LMI individuals.

Scope of Evaluation in Tennessee

The rating for the State of Tennessee is based on a FS evaluation of the bank's performance in the Nashville MSA AA. There are no LS areas in the State of Tennessee. A limited portion of the bank's overall lending, investments, and services were conducted in Tennessee; therefore, the performance in Tennessee received less weight in determining the bank's overall CRA Rating.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN TENNESSEE

LENDING TEST

The bank's performance under the Lending Test in Tennessee is rated Outstanding.

Conclusions for Area Receiving a FS Review

Based on a FS review, including the data in the tables below and consideration of performance context discussed in the lending test, the bank's performance in the Nashville MSA AA is excellent.

Lending Activity

Based on the tables below, lending levels reflect excellent responsiveness to the credit needs in its AAs taking into account the number and amount of home mortgage, small business, small farm, and CD presence.

Number of Loans*							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	%State Loans	%State Deposits
Nashville MSA	57,102	7,005	301	11	64,419	100.0	100.0

*The tables present the data for all assessment areas. The narrative below addresses performance in FS areas only.

Dollar Volume of Loans (000's)*							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	%State* Loans	%State Deposits
Nashville MSA	$12,970,852	$339,637	$7,412	$115,549	$13,433,450	100.0	100.0

*The tables present the data for all assessment areas. The narrative below addresses performance in FS areas only.

WFBNA ranked tenth in deposits with 2.9 percent market share in the AA. In overall HMDA lending, WFBNA ranked first with 8.1 percent market share. There is strong competition as reflected by over 700 lenders and 63 depository institutions in the AA. The second and third top lenders in the market were Quicken Loans with 3.7 percent market share and Franklin American Mortgage Co. with 3.4 percent market share.

In small loans to businesses, WFBNA ranked 12th with a market share of 1.8 percent. The top lenders were American Express with a market share of 19.7, Chase with a market share of 11.9 percent, and Bank of America with a market share of 7.6 percent.

Distribution of Loans by Income Level of the Geography

The bank exhibits a good geographic distribution of loans in its AA.

Home Mortgage Loans

Refer to Table O in the State of Tennessee section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is good.

- The bank's performance in both periods, 2012-2016 and 2017-2018, for home mortgage loans in low-income geographies is below both the aggregate distribution of loans and the proportion of OOUs in those geographies.
- The proportion of loans in moderate-income geographies substantially meets the aggregate distribution of loans and is below the proportion of OOUs in those geographies.

Small Loans to Businesses

Refer to Table Q in the State of Tennessee section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is excellent.

- The bank's performance in both periods, 2012-2016 and 2017-2018, for small business loans in LMI geographies exceeds the aggregate performance in those geographies.

- The banks performance for small business loans exceeded the proportion of businesses located in low-income geographies and was near to the proportion in moderate-income geographies.

Distribution of Loans by Income Level of the Borrower

The bank exhibits an excellent distribution of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the institution.

Home Mortgage Loans

Refer to Table P in the State of Tennessee section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is excellent.

- There Nashville MSA AA has ownership affordability hurdles especially for low-income borrowers. As noted above, the area's median housing value is 6 times the income of low-income borrowers indicating a limited proportion of OOUs are affordable to low-income borrowers. Despite the affordability challenges, the bank's performance in 2012-2016 to LMI borrowers exceeds the aggregate lending.
- The bank's overall home mortgage lending to low-income borrowers is well below the proportion of families and for moderate-income borrowers is near to the proportion of families.
- Based on the bank's performance in 2017-2018, the bank's home mortgage lending is slightly lower than the combined performance in 2012-2016.

Small Loans to Businesses

Refer to Table R in the State of Tennessee section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is good.

- For 2012-2016 combined, the bank's distribution of small loans to businesses with revenues of $1 million or less substantially meets the aggregate small business lending data for businesses with revenues of $1 million or less and is well below the percentage of small businesses located in the AA.
- Based on the bank's performance in 2017-2018, the bank's small business lending is slightly less than the combined performance in 2012-2016.

Community Development Lending

The institution is a leader in making CD loans.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

The level of CD lending in the Nashville MSA AA is excellent. WFBNA made 11 CD loans in its AA for a total of $116 million, which represents over 58 percent of allocated tier 1 capital. CD lending performance has a significant positive impact on the lending test rating. The institution makes

significant use of innovative and/or complex CD loans and involved many complex projects where the bank often acted in a leadership role. The loans were responsive to the identified affordable housing needs in the AA. The bank made 10 CD loans totaling $76 million (65.5 percent) for the purpose of affordable housing. Additionally, the bank extended one CD loans totaling $40 million for the primary purpose of revitalizing and stabilizing a distressed area within the AA.

Examples of CD loans in the AA include:

- In September 2014, WFBNA provided a $40 million construction loan for a housing development located in a moderate-income neighborhood. The area is part of a Redevelopment District designated by the City of Nashville. The revitalization of this project has been a top priority for Nashville city leaders and the project is expected to be a catalyst for development in the area.
- In February 2014, WFBNA provided a $5 million term loan for a 120-unit LIHTC affordable housing development in Smyrna, TN. All units are restricted to tenants earning between 50 to 60 percent of the area MFI.

Product Innovation and Flexibility

The institution makes extensive use of innovative and/or flexible lending practices in order to serve AA credit needs. The bank launched the NeighborhoodLIFT program in the Nashville MSA AA in October 2017 and more than 300 potential homebuyers attended the event and more than 200 homebuyers utilized the down payment assistance ($15,000) to purchase a home. Of the 200 WFBNA originated 48 home mortgage loans totaling $8.8 million. Under the *your*FirstMortgage loan program the bank has funded 46 loans totaling $8.0 million to LMI homebuyers that qualified under this program. Refer to the comments in the institution Innovative or Flexible Lending Programs section of this performance evaluation for additional details regarding these programs.

INVESTMENT TEST

The bank's performance under the Investment Test in the State of Tennessee is rated Low Satisfactory.

Conclusions for Area Receiving a FS Review

Based on a FS review, including the data in the tables below and consideration of performance context discussed in the investment test, the bank's performance in the Nashville MSA AA is adequate.

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments **	
	#	$(000's)	#	$(000's)	#	% of Total #	$(000's)	% of Total $	#	$(000's)
Nashville MSA	14	$1,098	90	$10,200	104	100.0	$11,298	100.0		

* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.
** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Nashville MSA AA

The institution has an adequate level of qualified CD investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 5.7 percent of tier 1 capital allocated to the AA.

The investments and grants exhibit adequate responsiveness to the needs identified in the AA including affordable housing, community services, economic development, and revitalization/stabilization for LMI individuals and geographies. Over 96 percent of the bank's CD investments focused on affordable housing which is an identified credit need in the AA. Additionally, the bank provided 83 grants totaling $5.2 million to a variety of organizations that primarily support affordable housing, community services, and economic development.

The institution occasionally uses innovative and/or complex investments to support CD initiatives. CD Investments involved two complex LIHTC projects where the bank acted in a leadership role with participations from federal, state, and local housing agencies and real estate developers. Additionally, the bank purchased several government mortgage-backed securities for the CD Investment portfolio.

Examples of CD investments in the AA include:

- In December 2016, WFBNA provided a $4.1 million grant to an affordable housing organization. This is the allocated portion for Nashville, Tennessee. The organization's focus is to promote reinvestment in urban, suburban and rural communities by local financial institutions working cooperatively with residents and local government. The organization provides funds to over 235 organizations, monitors their progress, and provides financial support, technical assistance, and training for community-based revitalization efforts. Over 70 percent of its clients are LMI individuals as they earn less than 80 percent of the area MFI. This activity is responsive to the identified need for affordable housing.
- In March 2016, WFBNA invested $35.2 million in an LIHTC fund. Of this total investment, $1 million was allocated to a development located in Wheatland, Wyoming, with 6 units restricted to tenants earning no more than 60 percent of the area MFI. This activity is responsive to the identified need for affordable housing.
- During the exam timeframe, WFBNA provided three grants totaling $2.7 million to several small business organizations through the Small Business DCC Program benefiting small businesses in Tennessee including the Nashville MSA CSA AA. Refer to the comments in the institution Innovative or Flexible Lending Programs section of this public evaluation for additional details regarding this program.
- During the exam timeframe, WFBNA provided two local initiatives grants totaling $250,000 to two housing Partnership organizations to administer the NeighborhoodLIFT Down Payment Assistance program. Refer to the comments in the institution Innovative or Flexible Lending Programs section of this performance evaluation for additional details regarding this program.

SERVICE TEST

The bank's performance under the Service Test in Tennessee is rated Low Satisfactory.

Conclusions for Area Receiving a FS Review

Based on a FS review, including the data in the tables below and consideration of performance

context discussed in the service test, the bank's performance in the Nashville MSA AA is adequate.

Retail Banking Services

Service delivery systems are reasonably accessible to geographies and individuals of different income levels in the institution's AA, particularly LMI geographies and/or LMI individuals

Distribution of Branch Delivery System											
Assessment Area	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)*				% of Population within Each Geography*			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Nashville MSA	100.0	12	100.0	0.0	8.3	8.3	83.3	6.6	25.8	39.4	27.9

* May not add up to 100 percent due to geographies with unknown tract income level and rounding.

Distribution of Branch Openings/Closings						
Assessment Area	# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)			
			Low	Mod	Mid	Upp
Nashville MSA	0	0	0	0	0	0

As of December 31, 2018, WFBNA operates 12 branches and 12 ATMs in the Nashville MSA AA. Of these branches, 11 are full-service locations and one is a limited-service branch. There are no branches in the low-income geographies: however, the population in low-income geographies is low compared to total demographics. There is one branch in a moderate-income CT. The branch distribution in moderate-income geographies is well below the percentage of the population in moderate-income CTs in the AA. When considering an additional three branches within close proximity to LMI geographies, the bank's distribution remains below demographics.

The bank did not open or close any branches during the evaluation period.

Services, including where appropriate, business hours, do not vary in a way that inconveniences the various portions of its AA, particularly LMI geographies and/or individuals. Generally, branches are open Monday through Friday from 9:00 am to 4:30 and 5:00 pm and Friday from 9:00 am to 6:00 pm. Five branches are also open on Saturday from 9:00 am to 1:00 pm. All WFBNA services are available at all branches and all delivery systems discussed bank-wide are available in this AA.

Community Development Services

The institution provides an adequate level of CD services.

The level of CD services in the Nashville MSA AA is adequate. Bank records show that employees provided their financial or job-specific expertise and/or technical assistance for 68 CD service activities to 21 organizations since the last evaluation, logging a total of 207 qualified hours within this AA. A majority of the bank's assistance was to organizations that provide community services to LMI

individuals and families. Other activities targeted affordable housing which is responsive to an identified need in the AA. The following are examples of CD services provided in this AA:

- WFBNA team members provided 12 hours of Board service and ongoing outreach to a community organization whose sole effort is to provide affordable housing and rehabilitate neighborhoods.
- A WFBNA team member provided 39 hours of ongoing outreach to a community organization that utilizes community-led solutions to identify and resolve community concerns with a primary focus on education, financial stability, and health.

State Rating

State of Texas

CRA rating for the State of Texas[47]: Outstanding
The Lending Test is rated: Outstanding
The Investment Test is rated: High Satisfactory
The Service Test is rated: Outstanding

The major factors that support this rating include:

- Excellent lending activity;
- Good geographic distribution of loans;
- Good borrower distribution of loans;
- WFBNA is a leader in providing CD loans, which has a significant positive impact on the Lending Test;
- WFBNA's use of flexible products has a positive impact on the Lending Test;
- Good level of CD investments that are responsive to AA needs;
- Retail delivery systems are readily accessible to all portions of the AA; and
- WFBNA is a leader in providing CD services that are responsive to the needs of the bank's AA.

Description of Institution's Operations in Texas

WFBNA delineated 20 AAs within Texas including the Austin-Round Rock, TX MSA (Austin MSA AA); Dallas-Fort Worth, TX CSA (Dallas CSA AA); Houston-The Woodlands, TX CSA (Houston CSA AA); San Antonio-New Braunfels, TX MSA (San Antonio MSA AA); Amarillo-Borger, TX CSA (Amarillo CSA AA); Beaumont-Port Arthur, TX MSA (Beaumont MSA AA); Brownsville-Harlingen-Raymondville, TX CSA (Brownsville CSA AA); College Station-Bryan, TX MSA (College Station MSA AA); Corpus Christi-Kingsville-Alice, TX CSA (Corpus Christi CSA AA); El Paso, TX MSA (El Paso MSA AA); Killeen-Temple, TX MSA (Killeen MSA AA); Laredo, TX MSA (Laredo MSA AA); Lubbock, TX MSA (Lubbock MSA AA); McAllen-Edinburg-Mission, TX MSA (McAllen MSA AA); Midland-Odessa, TX CSA (Midland CSA AA); San Angelo, TX MSA (San Angelo MSA AA); Victoria-Port Lavaca, TX CSA (Victoria CSA AA); Waco, TX MSA (Waco MSA AA); Wichita Falls, TX MSA (Wichita Falls MSA AA); and TX Combined Non-Metros (TX Combined NonMetro AA).

The Austin MSA AA, Dallas CSA AA, Houston CSA AA, and San Antonio MSA AA received full scope reviews. These areas accounted for the majority of the lending (82.6 percent) and deposits (81.5 percent) amongst the AAs in Texas. Refer to Appendix A for a complete description of each AA. Texas represents the 3rd largest rated area by deposits. WFBNA has $72.5 billion of deposits representing 5.7 percent of adjusted deposits. WFBNA operates 608 branches and 1,194 ATMs in Texas representing 10.9 percent of branches and 8.8 percent of the bank's ATMs. The bank originated and purchased approximately $154.6 billion in loans or 8.3 percent of total reported loan originations and purchases during the evaluation period. The bank's primary loan products in Texas are home mortgage and small loans to businesses.

[47] This rating reflects performance within the state. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan statistical area.

Austin MSA AA

Within the Austin MSA AA, the bank had $8.3 billion in deposits and ranked first amongst 67 financial institutions in the market with a 19.6 percent market share. Bank of America and JPMorgan Chase Bank ranked second and third with market shares of 18.2 and 18.0 percent, respectively. WFBNA operates 66 branch offices and 113 ATMs in the AA.

Dallas CSA AA

Within the Dallas CSA AA, the bank had $19.7 billion in deposits and ranked third amongst 167 financial institutions in the market with a 7.1 percent market share. Bank of America and JPMorgan Chase Bank ranked first and second with a market share of 28.6 and 21.8, respectively. WFBNA operates 171 branch offices and 360 ATMs in the AA.

Houston CSA AA

Within the Houston CSA AA, the bank had $26.6 billion in deposits and ranked second amongst 102 financial institutions in the market with a 10.8 percent market share. JPMorgan Chase Bank ranked first with a market share of 41.7 percent. WFBNA operates 185 branch offices and 353 ATMs in the AA.

San Antonio MSA AA

Within the San Antonio MSA AA, the bank had $4.5 billion in deposits and ranked third amongst 61 financial institutions in the market with a 4.0 percent market share. USAA Federal Savings Bank and Frost Bank ranked first and second with a market share of 65.8 and 7.5 percent, respectively. WFBNA operates 48 branch offices and 87 ATMs in the AA.

Demographic Data

Austin MSA AA

The following table provides a summary of the demographics that includes housing and business information for the Austin MSA AA. Table A indicates that the volume of OOUs is small in low-income CTs and over 39 percent of families in the AA are LMI. The area's median housing value in the Austin MSA AA is 2.9 times the area's median income, but 3.6 times moderate-, and 5.7 times low-income, indicating a limited proportion of OOUs are affordable to LMI. Median rents and the high percentage of families below poverty level suggest rental housing is also unaffordable for many low-income residents.

Table A – Demographic Information of the Assessment Area

Assessment Area: Austin-Round Rock TX MSA (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	350	10.3	24.6	35.1	29.1	0.9
Population by Geography	1,716,289	10.7	23.9	34.8	30.4	0.1
Housing Units by Geography	676,169	10.5	23.4	35.7	30.4	0.0
Owner-Occupied Units by Geography	367,502	4.3	18.4	38.9	38.5	0.0
Occupied Rental Units by Geography	252,571	18.5	29.8	32.0	19.8	0.0
Vacant Units by Geography	56,096	15.9	27.3	31.9	25.0	0.0
Businesses by Geography	148,749	6.3	17.9	30.6	45.1	0.1
Farms by Geography	3,341	3.8	20.8	36.9	38.5	0.0
Family Distribution by Income Level	388,214	21.6	17.4	20.0	41.0	0.0
Household Distribution by Income Level	620,073	23.2	16.9	18.1	41.8	0.0
Median Family Income MSA - 12420 Austin-Round Rock, TX MSA		$71,602	Median Housing Value			$204,319
			Median Gross Rent			$920
			Families Below Poverty Level			9.0%

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

According to the January 2019 Moody's Analytics report, the Austin economy has accelerated in recent months, and job growth has been twice the national average over the past year. Most major industries have shared in the gains, with construction leading the way. However, federal and state payrolls have been flat, as workers left to take higher-paying jobs in the private sector.

The expansion of the tech industry will drive growth in 2019. In December, Apple announced that it will invest $1 billion in a new corporate campus, with an initial goal of hiring up to 5,000 and potentially as many as 15,000. The new jobs will be well-paying positions in engineering, research and development, operations, finance, sales and customer support.

Homebuilding is strong though home prices are decelerating. Home sales are on a record pace, and new single-family permits are in the vicinity of the peak of the 2006 boom. Multifamily permits are also elevated and close to their 2012 peak. As a result, total permits are at a 30-year high. Demand for workers in the building trades has construction employment up at a double-digit pace year over year. The extra supply on the market has slowed the growth in house prices, though. Whereas the pace was twice the national average, it is now below the national rate. Further, past price increases have reduced affordability in some parts of the metro area, another weight on price appreciation. Still, the inflow of well-paid professionals and population growth triple the national average will keep demand for housing strong over the coming year.

The AA's major employers are the University of Texas at Austin, Dell Inc., and Seton Healthcare Network. The Austin economy is driven by education, technology, and health care. According to the U.S. BLS, the unemployment rate for the 4Q of 2018 remained at decade lows at 3.0 percent, down from

5.7 percent at the beginning of the evaluation period. The AA unemployment rate was less than the overall state at 3.5 percent for the same period.

Community Contacts

The analysis takes into consideration comments provided by four community contacts that serve the bank's Austin MSA AA. The contacts were representatives from an economic development corporation, an affordable housing corporation, an economic development administration, and a revitalization authority.

The economic development organization is a department within the City of Lockhart for the purpose of creating and retaining jobs in the area through business expansions and recruitment. This organization has various resources available to incentivize new business investment in the community, including tax abatements, sales tax rebate, tax exempt financing, and development assistance packages to help fund development cost. The contact mentioned that the greatest need for the area is jobs and skilled training. He indicated that the local colleges have supported training programs to develop skills needed by larger employers. He also mentioned the need for more affordable housing units and more variety in housing options as there is a supply shortage of affordable housing. There is a need for new housing developments. The lack of housing has made it difficult to attract new teachers. He said that the school district has identified a specific need for 14 housing units. He thinks an apartment complex and/or affordable housing units could address this concern.

The affordable housing corporation is a non-profit organization that was created at the direction of Texas Legislature to serve as a self-sustaining and statewide affordable housing provider. The organization targets the housing need of low-income families and other underserved populations who do not has acceptable housing options through conventional financial channels. This organization provides mortgage loans and down payment assistance grants to eligible home buyers through several programs funded by the state to assist LMI families. The contact stated affordable housing is a critical needs but lenders have reported that poor credit in an issue for many LMI families.

The economic development administration is tasked with promoting economic development through business entities and municipalities. The organization provides information and economic data to help facilitate development opportunities. They do not work directly with banks but help entities understand that banks can be a partner in many projects. The contact stated that most markets in the central Texas region has been doing well for the past several years but the Austin, Texas market is strong. Unemployment is low at 4.9 percent and RE values are increasing. Land costs are significant, causing many projects to experience higher costs associated with RE taxes when it comes to affordability for LMI individuals (a significant detriment to affordability). Technology sector has been a contributing factor to population growth, providing higher paying employment opportunities. There are many opportunities for banks to get involved in commercial projects including multifamily. The contact indicated a need for small business financing and education for business entrepreneurs to better understand finances.

The revitalization authority's mission is to engage in commercial, residential and cultural development that promotes community well-being, while respecting the people, institutions and history of East Austin and other underserved communities. Travis County and the City of Austin are booming, with a net of 110 people moving there daily. The historic "music capital trend" has changed, and there is a lot of wealth coming from the high-tech industry. Austin fared well during the last recession and the current

economy is pretty much "exploding" in central Austin. The contact indicated that there have been contributions from Wells Fargo dealing with Historic Restorations.

Considering the information from the community contacts and bank management as well as demographic and economic data, affordable housing and small business loans represent a primary credit need for the Austin MSA AA. Opportunity exists to originate these types of loans throughout the AA; however, it is limited in the low-income geographies as reflected by the small proportion of OOUs and small businesses coupled with limited home affordability for LMI individuals.

Dallas CSA AA

The following table provides a summary of the demographics that includes housing and business information for the Dallas CSA AA. Table A indicates that the volume of OOUs is small in low-income CTs and over 39 percent of families in the AA are LMI. The area's median housing value in the Dallas CSA AA is 2.4 times the area's median income, but 3 times moderate-, and 4.8 times low-income, indicating a limited proportion of OOUs are affordable to LMI. Median rents and the high percentage of families below poverty level suggest rental housing is also unaffordable for many low-income residents.

Table A – Demographic Information of the Assessment Area

Assessment Area: Dallas-Fort Worth-Arlington TX MSA (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	1,324	11.3	25.5	30.5	32.4	0.3
Population by Geography	6,426,214	9.6	24.7	32.2	33.5	0.0
Housing Units by Geography	2,459,931	10.0	24.5	33.5	32.0	0.0
Owner-Occupied Units by Geography	1,404,368	4.6	19.3	34.3	41.7	0.0
Occupied Rental Units by Geography	823,996	17.3	31.4	32.6	18.7	0.0
Vacant Units by Geography	231,567	17.0	31.0	31.3	20.7	0.0
Businesses by Geography	516,007	7.0	18.5	29.5	44.8	0.2
Farms by Geography	10,534	4.5	16.7	37.5	41.3	0.0
Family Distribution by Income Level	1,546,770	22.4	16.9	18.8	41.8	0.0
Household Distribution by Income Level	2,228,364	23.2	16.8	18.0	42.0	0.0
Median Family Income MSA - 19124 Dallas-Plano-Irving, TX MD		$67,175	Median Housing Value			$163,360
Median Family Income MSA - 23104 Fort Worth-Arlington, TX MD		$64,976	Median Gross Rent			$872
			Families Below Poverty Level			10.2%

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

According to the August 2018 Moody's Analytics report, Dallas' economy is in the late expansion phase. Dallas's vigorous advance is undiminished, with job growth more than twice the national pace over the past year. Essentially all industries have shared in the outsize gains, led by construction and core professional services. Now that the huge, high-profile corporate relocations of recent years by Toyota, Liberty Mutual, State Farm, and others are complete, demand will increase for a wide variety of

related services such as accounting, legal, financial and architecture. Professional services employment is up more than 4 percent over the past year, more than twice the national pace. One effect has been that upwards of 20 major nonresidential construction projects are either under way or planned, and most are on a pre-lease basis.

The large concentration of technology-related businesses will attract new employers and lead to gains at local universities. Although Austin is the better-known high-tech hub of Texas, Dallas has twice as many such jobs, and growth in this category has recently accelerated to 3 percent year over year. The presence of companies such as AT&T and Texas Instruments drives steady demand for a well-educated information technology workforce as well as expansion of local higher education to meet the need. Enrollment at the Dallas branch of the University of Texas grew 5.9 percent in 2017, the biggest percentage gain among public universities surveyed by Axiometrics.

Homebuilding has helped lift the wider economy in previous years. Total new permits are already well above their peak prior to the Great Recession, a milestone achieved by very few other metro areas. The mix is evenly distributed, as those for single-family homes have risen closer to their prerecession peak, while those for multifamily remain near the 30-year high reached in 2015. This level of activity has kept builders busy, and construction employment has risen nearly 9 percent over the past year.

The area's top employers are Wal-Mart Stores Inc., AT&T, and Baylor Scott & White Health. According to the U.S. BLS, the unemployment rate for the 2nd quarter of 2018 was at 3.5 down from 6.6 percent at the beginning of the evaluation period. The AA unemployment rate was less than the overall state at 4.7 percent for the same period.

Community Contacts

The analysis takes into consideration comments provided by four community contacts that serve the bank's Dallas CSA AA. The contacts were representatives from an economic development corporation, a homeownership center, a minority business development agency, and a community organization.

The economic development corporation was formed after the passage of a $.005 sales tax proposition and primarily works to attract new businesses and serve the needs of current businesses, industries, and citizens in Kaufman County, an area within the Dallas CSA AA. According to the community contact, the industrial incentive program is one of the most aggressive in the state of Texas providing assistance in the form of low interest loans, grants, infrastructure improvements, and land purchase. The community is the eight fastest growing County in the state of Texas. There are lots of new retail, industrial, and housing developments. The local economy is growing rapidly and the banks all over the county are very involved in the growth and the development opportunities. The area has a diversified economic base which include General commerce, Industrial manufacturing, Retail and wholesale trade activity, Distribution, Commuters, Services, Federal, state, and local governments, and mental health services. The contact indicated that there needs to be more affordable housing project with a price point between $125,000 to $150,000 and very little down payments. There are opportunities for local banks to participate in financing the purchase of these homes while the home builders can also provide funding for home buyers. The contact also indicated that the majority of the businesses in the locality are small business with more small businesses being attracted to the community. Providing funding to the existing and new small businesses to assist with working capital is an opportunity that local banks can continue to tap into to help sustain the economic and developmental growth in the area.

The homeownership center is an organization dedicated to improving the lives of Texans through asset-building and job creation. The mission is to further the economic development of Texas by promoting and assisting in the growth and development of small business concerns and in the development of affordable housing to LMI families. The organization operates statewide and also serves the Dallas CSA AA. The contact indicated that the Dallas area has a low unemployment rate and is also experiencing an increase in small business job growth. The area's housing market continues to experience strong sales growth as housing supply declines and sale prices increase. The contact stated that poor or delinquent credit has been a routine problems for their clients. Most have credit reports in the high 500 to low 600 credit score. Affordable housing stock is not readily available and less than 500 units are "move-in" ready. There is a need for loan products that combines home improvements and purchase in one loan closing.

The minority business development agency assists minority-owned businesses retain and create jobs, obtain procurement contracts and financing for working capital and asset acquisition. The organization operates in the Dallas and Fort Worth area and is funded by the US Department of Commerce Minority Business Development Agency. The contact indicated that the economic conditions are competitive and the minority business community was significantly impacted by the recession and the slowdown in business conditions. The economy continues to impact small business owners. The contact also indicated that working capital availability is the biggest need for small businesses. Working capital is the lifeblood that allows a small business to grow.

The community organization is a nonprofit and HUD certified Community Development Corporation that provides the community home buyer counseling prior to home purchase and post home buyer training. The organization's mission is to provide sustainable, affordable, and quality housing while revitalizing Dallas communities. The vision is that all the communities are safe, vibrant, and productive neighborhoods which contribute to the quality of life in Dallas. The contact stated that the organization's impact on the community has been the provision of affordable housing for LMI individuals by way of 109 housing units since 2002. Record home price appreciation has eroded housing affordability in the metroplex. According to the National Association of Home Builders/Wells Fargo's Housing Opportunity Indexes, Dallas was the least affordable major metro area in the state, with about 50 percent of homes sold during fourth quarter 2016 considered affordable for the median-income family. Fort Worth remained more affordable relative to Dallas and the nation, with 64 percent of homes sold in the fourth quarter viewed as affordable. Home affordability has been declining in the metroplex since early 2013. The contact stated that there is a great deal of opportunity for bank involvement, whether it be financing LMI affordable housing (maybe First Time Home Buyer programs), gap funding, or grants and donations for the purpose of funding operating costs and program costs associated with financial literacy programs and Home Buyer Training seminars. Financial institutions just need to seek it out.

The bank conducted research in the AA and identified community needs for affordable housing for LMI families, financial education for the unbanked or underbanked homeless services, neighborhood revitalization/stabilization, small business assistance, and workforce development and job readiness.

Considering the information from the community contacts and bank management as well as demographic and economic data, affordable housing and small business loans represent a primary credit need for the Dallas CSA AA. Opportunity exists to originate these types of loans throughout the AA; however, it is limited in the low-income geographies as reflected by the small proportion of OOUs and small businesses coupled with limited home affordability for LMI individuals.

Houston CSA AA

The following table provides a summary of the demographics that includes housing and business information for the Houston CSA AA. Table A indicates that the volume of OOUs is small in low-income CTs and over 40 percent of families in the AA are LMI. The area's median housing value in the Houston CSA AA is 2.4 times the area's median income, but 3 times moderate-, and 4.8 times low-income, indicating a limited proportion of OOUs are affordable to LMI. Median rents and the high percentage of families below poverty level suggest rental housing is also unaffordable for many low-income residents.

Table A – Demographic Information of the Assessment Area

Assessment Area: Houston-The Woodlands TX CSA (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	1,085	12.1	28.4	27.3	31.7	0.6
Population by Geography	5,990,836	9.2	25.8	29.2	35.4	0.3
Housing Units by Geography	2,250,175	10.3	25.9	28.5	35.3	0.0
Owner-Occupied Units by Geography	1,258,492	4.0	20.9	30.6	44.5	0.0
Occupied Rental Units by Geography	725,811	18.9	32.2	25.4	23.5	0.0
Vacant Units by Geography	265,872	17.0	31.8	27.2	23.9	0.0
Businesses by Geography	449,014	7.9	19.2	25.4	47.5	0.1
Farms by Geography	8,183	4.2	17.2	33.9	44.7	0.0
Family Distribution by Income Level	1,411,547	23.7	16.5	17.6	42.2	0.0
Household Distribution by Income Level	1,984,303	24.2	16.4	16.9	42.5	0.0
Median Family Income MSA - 26420 Houston-The Woodlands-Sugar Land, TX MSA		$63,898	Median Housing Value			$154,819
Median Family Income Non-MSAs - TX		$47,817	Median Gross Rent			$850
			Families Below Poverty Level			11.8%

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

According to the August 2018 Moody's Analytics report, the Houston economy has strengthened significantly since the fall of 2017 after several weak years. The local Purchasing Managers' Index has continuously signaled expansion since October 2017. Job growth is now well above the national average and comparable with high-fliers Dallas and Austin. All major industries are sharing in the gains, with professional services and construction the runaway leaders. As a result, high-wage employment has risen at double the national pace over the past year.

The uptrend in oil prices from the range of $45 per barrel this time last year to the $70 range will boost exploration statewide. Active drill rigs in Texas are already up 15 percent over the past year. In turn, demand for related professional services, equipment and supplies will rise. Professional services, including technical and engineering, have risen 8.7 percent over the past year, a multiple of the national rate. Growth in manufacturing employment has also outpaced the national average, though not by as much.

Residential construction will increase. Most recently, new multifamily permits have begun to recover from their downturn in 2015 and 2016 after the oil price collapse. One driver is that mining employment is rising again, as the transient nature of jobs in that industry tends to cause employees to rent. With respect to new permits for single-family units, a significant increase occurred from September to February after Hurricane Harvey destroyed thousands of houses in August. Although they have come back down somewhat since, the pace is still nearly as high as in mid-2007, just before the Great Recession. Moreover, although house prices are still increasing at a below-average rate, they have begun to accelerate, encouraging developers. Solid job growth and still-low interest rates will add to demand.

The AA's major employers are Memorial Hermann Health System, the University of Texas Health Science Center, and Schlumberger Ltd. According to the U.S. BLS, the unemployment rate for the 2Q of 2018 was 4.4 percent, down from 6.6 percent at the beginning of the evaluation period. The AA unemployment rate was less than the overall state at 4.7 percent for the same period.

Community Contacts

The analysis takes into consideration comments provided by four community contacts that serve the bank's Houston CSA AA. The contacts were representatives from a housing department, an affordable housing organization, a community redevelopment corporation, and a small business development center.

The housing department is primarily responsible for the administration, coordination, and management of the Community Development Bank Block Grant (CDBG) and Investment Partnership Program. The organization is responsible for the development of a five-year strategy assessing the non-housing and housing community development needs of the city. All CDBG funds must be used to provide a benefit to LMI persons, eliminate a slum or blight condition, and meet an urgent community development need. The contact stated that the current economic conditions are good with real estate sales doing well; however, credit programs and the lack of income are the two major limitations to homeownership. Other fees such as flood insurance and wind/storm insurance increase the cost of construction and ownership. A second or buy-down program is needed to bring down the sales price to $100,000 - $110,000 range. There are lots of older homes that need rehab and acquisition program.

The affordable housing organization serves the Houston metropolitan area and is committed to developing affordable housing and economic opportunities in the area. The organization has created several programs to assist with homeownership. The Houston economy is good. The oil and gas industry is driving most of the Houston economy; however, with oil prices decreasing some energy companies have experienced major layoffs. The contact indicated that most of the clients that come into this organization have a banking relationship with an area bank or credit union. Poor credit is a major problem, thus the reason that the organization created the homebuyer club which offers free financial workshop for persons with credit issues. The contact indicated that there are opportunities for banks to provide affordable mortgage loan products and to provide loans to replace aging housing stock. There is also a need for affordable rental units and single-family housing. In addition, small businesses support the neighborhood and create jobs and technical assistance and small dollar funding is needed to support the area's small businesses.

The community redevelopment corporation offers multiple affordable housing programs including home buyer education for first-time homebuyers, foreclosure prevention, loan modification, disaster recovery, rental assistance, and rent-to-own programs. This organization serves the Southeast Houston area. The

contact stated that Houston is a great place to live and jobs are available for those who want to work and are trained; however, there is a large LMI population with multiple needs especially for affordable housing. Credit programs are a huge challenge. Many clients have broken rental leases, creating credit problems. A significant number of people in the financial literacy and first-time home buyer classes don't have bank accounts. The contact also stated that there is a need for construction and rebab loans to help rebuild a whole community that was flooded and needs to be demolished and rebuilt.

The small business development center was established in 2004 and provides technical assistance to economic development corporations and assists in the development of new business start-up, job creation, and capital injection. The organization primarily serves the Southern Houston area. The contact indicated that general financing for small business is needed. Also, micro lending for agriculture and farming is limited. There has been some small business lending, construction on the investment side but overall banks should seek out these small business opportunities.

The bank conducted research in the AA and identified community needs for affordable housing for LMI families, financial education for the unbanked or underbanked homeless services, and workforce development and job readiness.

Considering the information from the community contacts and bank management as well as demographic and economic data, affordable housing and small business loans represent a primary credit need for the Houston CSA AA. Opportunity exists to originate these types of loans throughout the AA; however, it is limited in the low-income geographies as reflected by the small proportion of OOUs and small businesses coupled with limited home affordability for LMI individuals.

San Antonio MSA AA

The following table provides a summary of the demographics that includes housing and business information for the San Antonio MSA AA. Table A indicates that the volume of OOUs is small in low-income CTs and over 39 percent of families in the AA are LMI. The area's median housing value in the San Antonio MSA AA is 2.4 times the area's median income, but 3 times moderate-, and 4.7 times low-income, indicating a limited proportion of OOUs are affordable to LMI. Median rents and the high percentage of families below poverty level suggest rental housing is also unaffordable for many low-income residents.

Table A – Demographic Information of the Assessment Area

Assessment Area: San Antonio-New Braunfels TX MSA (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	457	8.1	27.8	33.0	30.2	0.9
Population by Geography	2,142,508	6.4	28.1	34.1	31.5	0.0
Housing Units by Geography	810,455	6.1	27.4	35.6	30.9	0.0
Owner-Occupied Units by Geography	476,402	4.2	22.8	35.9	37.1	0.0
Occupied Rental Units by Geography	250,100	9.2	35.0	34.1	21.7	0.0
Vacant Units by Geography	83,953	7.7	31.1	38.2	22.9	0.0
Businesses by Geography	133,814	4.6	20.5	32.7	42.0	0.2
Farms by Geography	3,630	2.5	13.9	42.1	41.5	0.1
Family Distribution by Income Level	507,377	22.5	16.9	19.3	41.3	0.0
Household Distribution by Income Level	726,502	24.4	16.1	17.9	41.6	0.0

Median Family Income MSA - 41700 San Antonio-New Braunfels, TX MSA	$58,222	Median Housing Value	$137,275
		Median Gross Rent	$780
		Families Below Poverty Level	12.2%

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

According to the May 2018 Moody's Analytics report, the San Antonio economy is in the late expansion phase of the business cycle. Job growth in San Antonio has been moderately above the national rate. However, the pace has been uneven, with construction and distribution expanding much faster than average and most other industries underperforming. Federal civilian employment, which is correlated with military activities in areas such as San Antonio has declined over the past year.

The substantial jump in defense spending enacted in March will boost the local economy over the coming year. At 66,000, San Antonio has among the largest active-duty populations in the country. Nationally, the number of airmen will rise by one percent, a positive for Lackland AFB, the home of Air Force basic training. Prior to the legislation, the number of active-duty recruits had already risen by nearly a third in the past two years, the biggest increase since the Vietnam era. One result is that Air Education and Training Command is planning to build and modernize a number of dormitories and training complexes. Further, the number of soldiers in the Army is set to increase by two percent nationally. However, although the Army, Navy, and Air Force all train combat medics at Fort Sam Houston, it is uncertain whether that mission will receive some of the additional funding.

Homebuilding will advance over the coming year. House prices are up 6.8 percent year-over-year, a bit faster than the national average and an important signal to the market. Construction employment is already up at a double-digit pace over the past year, mainly because some San Antonio companies hired workers locally for Gulf Coast reconstruction projects. Still, in San Antonio itself, new permits for single-family homes have risen to their highest point since the recession. Because that point is below the pace of 20 years ago, there is substantial room for further gains. Moreover, the number of new multifamily permits remains elevated. As prices have risen, affordability has begun to decline. However, it remains above the Texas average and well above such costly areas as Austin and Dallas.

Major employers in the AA include the Joint Base San Antonio, H-E-B, and USAA. According to the U.S. BLS, the unemployment rate for the 2Q of 2018 was 3.3 percent, down from 6.3 percent at the beginning of the evaluation period. The AA unemployment rate was similar to the overall state at 3.6 percent for the same period.

Community Contacts

The analysis takes into consideration comments provided by two community contacts that serve the bank's San Antonio MSA AA. The contacts were with representatives from housing organizations.

The first contact stated that the mission of the organization is to provide credit and services to small businesses and entrepreneurs who do not have access to loans from commercial sources and to provide leadership and innovation to the micro-lending industry. The organization is a designated community development financial institution working in neighborhoods to provide affordable, responsible credit,

create and sustain jobs, and to stabilize communities. The organization currently operates in 8 states including Texas. The contact stated that the San Antonio economy is stable and the ten largest employers are concentrated in either the public sector or in health care. The contact stated that the lack of credit and/or multiple credit problems use to be an issue for this organization. Now that the organization has the staff and resources to provide technical assistance, banking and credit needs are not a big issue. Funding to create a patient capital loan pool to help small business grow and build their assets is needed. A patient capital loan pool would also help LiftFund to be more self-sustainable.

The second housing organization is an ecumenical, Christian organization working in partnership with God's people in need to build modest, decent, and affordable homes without interest or profit. The organization works with low-income families who would not otherwise be able to afford a home. This organization operates three centers in San Antonio. The contact stated that a family with two full-time worker earning the minimum wage cannot afford the local fair-market rent for a two-bedroom apartment in San Antonio. In addition to affordable housing, the contact indicated that the affordable rent for LMI families is also a need in the area. More than 6,800 poor San Antonio renter households live in physically deficient housing while over 150,000 people have an unmet housing need.

The bank conducted research in the AA and identified community needs for affordable housing for LMI families, financial education for the unbanked or underbanked homeless services, and small business assistance.

Considering the information from the community contacts and bank management as well as demographic and economic data, affordable housing and small business loans represent a primary credit need for the San Antonio CSA AA. Opportunity exists to originate these types of loans throughout the AA; however, it is limited in the low-income geographies as reflected by the small proportion of OOUs and small businesses coupled with limited home affordability for LMI individuals.

Scope of Evaluation in Texas

The rating for the State of Texas is based on FS evaluations of the bank's performance in the Austin MSA, Dallas CSA, Houston CSA, and San Antonio MSA AAs; however, performance in each AA was considered. Conclusions where LS reviews affected the CRA Rating for the state are addressed within their respective tests. LS procedures were performed for the remaining 16 AAs. The State of Texas is the 3rd largest rated area and along with 12 other rated areas represents the bank's most significant markets in terms of lending, deposit, and branch distribution. Texas represents a sizeable portion of the bank's overall lending, investments, and services; therefore, the performance in the state was weighted heavier in determining the bank's overall CRA Rating.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN TEXAS

LENDING TEST

The bank's performance under the Lending Test in Texas is rated Outstanding.

Conclusions for Areas receiving FS Reviews

Based on FS reviews, including the data in the tables below and consideration of performance

context discussed in the lending test, the bank's performance in the Austin MSA AA, Dallas MSA, Houston CSA, and San Antonia MSA AAs is excellent.

Lending Activity

Based on the tables below, lending levels reflect excellent responsiveness to the credit needs in its AAs taking into account the number and amount of home mortgage, small business, small farm, and CD loans originated or purchased relative to its capacity based on deposits, competition, and market presence.

Number of Loans*							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	%State Loans	%State Deposits
Austin MSA	81,504	33,399	322	48	115,273	12.0%	11.4%
Dallas CSA	245,913	77,714	1,079	117	324,823	33.8%	27.2%
Houston CSA	175,931	86,326	971	68	263,296	27.4%	36.7%
San Antonio MSA	64,121	25,306	572	48	90,047	9.4%	6.2%
Amarillo CSA	3,661	2,103	316	4	6,084	0.6%	0.6%
Beaumont MSA	5,515	3,060	105	7	8,687	0.9%	1.0%
Brownsville CSA	5,783	3,843	76	5	9,707	1.0%	1.3%
College Station MSA	5,685	2,204	108	6	8,003	0.8%	1.2%
Corpus Christi CSA	9,040	5,333	153	14	14,540	1.5%	1.7%
El Paso MSA	14,434	9,934	81	21	24,470	2.5%	3.2%
Killeen MSA	15,264	1,220	95	3	16,582	1.7%	0.2%
Laredo MSA	4,356	2,124	8	0	6,488	0.7%	0.5%
Lubbock MSA	10,394	2,367	142	0	12,903	1.3%	1.1%
McAllen MSA	7,794	5,514	63	1	13,372	1.4%	0.8%
Midland CSA	8,382	3,767	88	4	12,241	1.3%	2.3%
San Angelo MSA	2,920	1,173	32	1	4,126	0.4%	0.5%
Victoria CSA	2,495	2,136	87	0	4,718	0.5%	0.8%
Waco MSA	5,214	1,890	113	2	7,219	0.8%	0.5%
Wichita Falls MSA	3,268	1,424	98	9	4,799	0.5%	0.7%
TX Combined NonMetro	7,273	5,920	1,523	1	14,717	1.5%	2.2%
Total	678,947	276,757	6,032	359	962,095	100.0	100.0

Dollar Volume of Loans (000's) *							
Assessment Area	Home Mortgage	Small Business	Small Farm	CD	Total	%State Loans	%State Deposits
Austin MSA	$20,080,919	$1,608,952	$9,475	$298,661	$21,998,007	14.0%	11.4%
Dallas CSA	$53,188,088	$3,547,366	$28,190	$714,636	$57,478,280	36.7%	27.2%
Houston CSA	$37,273,782	$4,377,290	$35,217	$518,663	$42,204,952	26.9%	36.7%
San Antonio MSA	$12,817,964	$1,428,428	$27,751	$185,984	$14,460,127	9.2%	6.2%
Amarillo CSA	$568,390	$153,178	$36,929	$12,485	$770,982	0.5%	0.6%
Beaumont MSA	$809,344	$187,850	$9,305	$35,509	$1,042,008	0.7%	1.0%
Brownsville CSA	$684,540	$162,110	$5,763	$28,179	$880,592	0.6%	1.3%
College Station MSA	$1,064,726	$142,729	$2,702	$22,147	$1,232,304	0.8%	1.2%
Corpus Christi CSA	$1,448,552	$238,244	$9,423	$75,814	$1,772,033	1.1%	1.7%
El Paso MSA	$2,204,804	$438,033	$2,264	$78,662	$2,723,763	1.7%	3.2%
Killeen MSA	$2,235,576	$50,411	$4,636	$12,969	$2,303,592	1.5%	0.2%
Laredo MSA	$680,079	$119,581	$153	$0	$799,813	0.5%	0.5%
Lubbock MSA	$1,554,020	$110,382	$7,784	$0	$1,672,186	1.1%	1.1%
McAllen MSA	$1,009,054	$243,750	$3,010	$14,160	$1,269,974	0.8%	0.8%
Midland CSA	$1,733,791	$218,783	$8,264	$700	$1,961,538	1.3%	2.3%
San Angelo MSA	$416,533	$53,171	$1,279	$2,420	$473,403	0.3%	0.5%
Victoria CSA	$376,655	$175,492	$5,980	$0	$558,127	0.4%	0.8%
Waco MSA	$852,872	$76,395	$3,410	$19,940	$952,617	0.6%	0.5%
Wichita Falls MSA	$391,085	$96,267	$8,484	$14,654	$510,490	0.3%	0.7%
TX Combined NonMetro	$1,205,162	$313,044	$87,974	$543	1,606,723	1.0%	2.2%
Total	$140,595,936	$13,741,456	$297,993	$2,036,126	$156,671,511	100.0	100.0

*The tables present the data for all assessment areas. The narrative below addresses performance in FS areas only.

Austin MSA AA

WFBNA ranked first in deposits with 19.6 percent market share in the AA. In overall HMDA lending, WFBNA ranked first with 12.2 percent market share. There is strong competition as reflected by the 747 lenders and 67 depository institutions in the AA. The second and third lenders in this market were the JP Morgan Chase Bank and University Federal Credit Union with 5.1 and 3.1 percent market share, respectively.

In small loans to businesses, WFBNA ranked third with a market share of 8.6 percent. There is strong competition as reflected by the 181 lenders in the AA. The top two lenders were American Express with 19.8 percent market share and JPMorgan Chase Bank with 19.2 percent market share.

Dallas CSA AA

WFBNA ranked third in deposits with 7.1 percent market share in the AA. In overall HMDA lending, WFBNA ranked first with 11.7 percent market share. There is strong competition as reflected by the 980 lenders and 167 depository institutions in the AA. The 2nd and 3rd top lenders in this market were the JPMorgan Chase Bank and the Quicken Family 5.0 and 3.6 percent market share, respectively.

In small loans to businesses, WFBNA ranked sixth with a market share of 6.2 percent. There is strong competition as reflected by the 236 lenders in the AA. The top three lenders were American Express, JPMorgan Chase Bank, and Bank of America with market shares of 19.6 percent, 14.7 percent, and 9.2 percent, respectively.

Houston CSA AA

WFBNA ranked second in deposits with 10.8 percent market share in the AA. In overall HMDA lending, WFBNA ranked first with 11.0 percent market share. There is strong competition as reflected by the 886 lenders and 102 depository institutions in the AA. The 2nd and 3rd lenders in this market were JPMorgan Chase Bank and Quicken Family with a 5.5 and 4.3 percent market share, respectively.

In small loans to businesses, WFBNA ranked fourth with a market share of 6.8 percent. There is strong competition as reflected by the 217 lenders in the AA. The top three lenders were American Express, JPMorgan Chase Bank, and Bank of America with market shares of 21.8 percent, 17.3 percent, and 7.8 percent, respectively.

San Antonio MSA AA

WFBNA ranked third in deposits with 4.0 percent market share in the AA. In overall HMDA lending, WFBNA ranked first 8.4 percent market share. There is strong competition as reflected by the 691 lenders and 61 depository institutions in the AA. The 2nd and 3rd top lenders in this market were the Randolph-Brooks FCU and PennyMac Loan Services LLC with 5.1 percent and 3.8 percent market share, respectively.

In small loans to businesses, WFBNA ranked fourth with a market share of 7.0 percent. There is strong competition as reflected by the 164 lenders in the AA. The top three lenders were American Express, FSB, JPMorgan Chase Bank, and Bank of America with market shares of19.5 percent, 13.2 percent, and 8.7 percent, respectively.

Distribution of Loans by Income Level of the Geography

The bank exhibits a good geographic distribution of loans in the FS AAs.

Austin MSA AA

Home Mortgage Loans

Refer to Table O in the State of Texas section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is good.

- For 2012-2016, the proportion of home mortgage loans in low-income geographies substantially meets the aggregate distribution of loans and below the proportion of OOUs in those geographies.
- The proportion of loans in moderate-income geographies is below both the aggregate distribution of loans and the proportion of OOUs in those geographies
- Based on the bank's performance in 2017-2018, the bank's home mortgage lending is higher than the combined performance in 2012-2016.

Small Loans to Businesses

Refer to Table Q in the State of Texas section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is excellent.

- The bank's performance in both periods, 2012-2016 and 2017-2018, for small business loans in low-income geographies exceeds both the aggregate distribution of loans and the proportion of businesses located in those geographies.
- The proportion of loans in moderate-income geographies substantially meets the aggregate distribution of loans and is near to the proportion of businesses located in those geographies.

Dallas CSA AA

Home Mortgage Loans

Refer to Table O in the State of Texas section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is adequate.

- The bank's performance in both periods, 2012-2016 and 2017-2018, for home mortgage loans in low-income geographies is below the aggregate distribution of loans and is significantly below the proportion of OOUs in those geographies. Less weight was given to the bank's performance in low-income geographies due to the very small volume OOUs and lending in low-income geographies.
- The proportion of loans in moderate-income geographies substantially meets the aggregate distribution of loans and is well below the proportion of OOUs in those geographies.

Small Loans to Businesses

Refer to Table Q in the State of Texas section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is excellent.

- For 2012-2016, the combined proportion of the bank's small business loans in low-income geographies substantially meets the aggregate distribution of loans and is near to the proportion of the businesses located in those geographies.
- The proportion of loans in moderate-income geographies exceeds both the aggregate distribution of loans and the proportion of businesses located in those geographies.

- Based on the bank's performance in 2017-2018, the bank's small business lending is slightly below the combined performance in 2012-2016.

Houston CSA AA

Home Mortgage Loans

Refer to Table O in the State of Texas section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is adequate.

- The bank's performance in both periods, 2012-2016 and 2017-2018, for home mortgage loans in LMI geographies is below the aggregate distribution of loans and substantially below the proportion of OOUs in those geographies. Less weight was given to the bank's performance in low-income geographies due to the very small volume OOUs and lending in low-income geographies.
- The proportion of loans in moderate-income geographies substantially meets the aggregate distribution of loans and is significantly below the proportion of OOUs in those geographies.

Small Loans to Businesses

Refer to Table Q in the State of Texas section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is excellent.

- For 2012-2016, the proportion of the bank's small business loans in low-income geographies substantial meets the aggregate distribution of loans and is near to the proportion of the businesses located in those geographies.
- The proportion of loans in moderate-income geographies exceeds the aggregate distribution of loans and is near to the proportion of businesses located in those geographies.
- Based on the bank's performance in 2017-2018, the bank's small business lending is slightly below the combined performance in 2012-2016.

San Antonio MSA AA

Home Mortgage Loans

Refer to Table O in the State of Texas section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is adequate.

- The bank's performance in both periods, 2012-2016 and 2017-2018, for home mortgage loans in LMI geographies substantially meets the aggregate distribution of loans in those geographies.
- The proportion of loans in LMI geographies is significantly below the proportion of OOUs in those geographies.

Small Loans to Businesses

Refer to Table Q in the State of Texas section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is excellent.

- For 2012-2016, the proportion of the bank's small business loans in low-income geographies exceeds both the aggregate distribution of loans and the proportion of the businesses located in those geographies.
- The proportion of loans in moderate-income geographies substantially meets the aggregate distribution of loans and is near to the proportion of businesses located in those geographies.
- Based on the bank's performance in 2017-2018, the bank's small business lending is slightly below than the combined performance in 2012-2016.

Distribution of Loans by Income Level of the Borrower

The bank exhibits a good distribution of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the institution.

Austin MSA AA

Home Mortgage Loans

Refer to Table P in the State of Texas section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is good.

- There are homeownership affordability hurdles in the AA especially for LMI borrowers. As noted above, the area's median housing value is 5.7 times the income of low-income and 3.6 times the income of moderate-income borrowers indicating a limited proportion of OOUs are affordable to LMI. Despite the affordability challenges, the bank's performance in both periods, 2012-2016 and 2017-2018, to LMI borrowers exceeds the aggregate lending.
- The bank's performance to low-income borrowers is significantly below the proportion of families and lending to moderate-income borrowers is below the proportion of families.

Small Loans to Businesses

Refer to Table R in the State of Texas section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is good.

- For both 2012-2016 and 2017-2018 periods, the bank's distribution of small loans to businesses with revenues of $1 million or less exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is below the percentage of small businesses located in the AA.

Dallas CSA AA

Home Mortgage Loans

Refer to Table P in the State of Texas section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is good.

- There are homeownership affordability hurdles in the AA especially for LMI borrowers. As noted above, the area's median housing value is 4.8 times the income of low-income and 3 times the income of moderate-income borrowers indicating a limited proportion of OOUs are affordable to LMI. Despite the affordability challenges, the bank's performance in both periods, 2012-2016 and 2017-2018, to LMI borrowers exceeds the aggregate lending.
- The bank's performance with low-income borrowers is significantly below the proportion of families and lending to moderate-income borrowers is below the proportion of families.

Small Loans to Businesses

Refer to Table R in the State of Texas section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is good.

- For both 2012-2016 and 2017-2018 periods, the bank's distribution of small loans to businesses with revenues of $1 million or less exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is below the percentage of small businesses located in the AA.

Houston CSA AA

Home Mortgage Loans

Refer to Table P in the State of Texas section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is good.

- For 2012-2016, the bank's lending to LMI borrowers exceeds the aggregate lending.
- The bank's overall home mortgage lending to low-income borrowers is significantly below the proportion of families and lending to moderate-income borrowers is below the proportion of families.
- Based on the bank's performance in 2017-2018, the bank's home mortgage lending is slightly below the combined performance in 2012-2016.

Small Loans to Businesses

Refer to Table R in the State of Texas section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is good.

- For both 2012-2016 and 2017-2018 periods, the bank's distribution of small loans to businesses with revenues of $1 million or less exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is below the percentage of small businesses located in the AA.

San Antonio MSA AA

Home Mortgage Loans

Refer to Table P in the State of Texas section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is good.

- For 2012-2016, the bank's lending to LMI borrowers exceeds the aggregate lending.
- The bank's overall home mortgage lending to low-income borrowers is significantly below the proportion of families and lending to moderate-income borrowers is well below the proportion of families.
- Based on the bank's performance in 2017-2018, the bank's home mortgage lending is slightly below the combined performance in 2012-2016.

Small Loans to Businesses

Refer to Table R in the State of Texas section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is good.

- For both 2012-2016 and 2017-2018 periods, the bank's distribution of small loans to businesses with revenues of $1 million or less exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is well below the percentage of small businesses located in the AA.

Community Development Lending

The institution is a leader in making CD loans.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

Austin MSA AA

The level of CD lending in the Austin MSA AA is excellent. WFBNA made 48 CD loans for a total of $299 million which represents 32.1 percent of tier 1 capital. CD lending performance has a significant positive impact on the lending test rating. The institution makes significant use of innovative and/or complex CD loans and involved many complex projects where the bank often acted in a leadership role. The loans were responsive to the identified needs in the AA particularly affordable housing. The bank made 41 CD totaling $291 million (97 percent) for the purpose of affordable housing. Additionally, the

bank extended CD loans for the primary purpose of providing community services to LMI individuals, economic development, and revitalization/stabilization LMI geographies.

Examples of CD loans in the AA include:

- In May 2013, WFBNA provided a $26.5 million loan for a 351-unit affordable housing complex. This development is located in a moderate-income census tract in Pflugerville, Texas, and consists of 26 studio units, 117 one-bedroom units, 176 two-bedroom units, and 32 three-bedroom units; with 91.7 percent of the contract rent rates below the area's fair market rents and are affordable to tenants earning between 34.8 and 65.6 percent of the area MFI.
- In July 2016, WFBNA provided a $15.0 million construction loan for an LIHTC affordable housing development. This LIHTC development is in Austin, Texas, with 100 percent of the units restricted to tenants earning between 30 and 60 percent of the area MFI.

Dallas CSA AA

The level of CD lending in the Dallas CSA AA is excellent. WFBNA made 117 CD loans for a total of $715 million which represents 32.1 percent of tier 1 capital. CD lending performance has a significant positive impact on the lending test rating. The institution makes significant use of innovative and/or complex CD loans and involved many complex projects where the bank often acted in a leadership role. The loans were responsive to the identified needs in the AA particularly affordable housing. The bank made 95 CD totaling $521 million (72.8 percent) for the purpose of affordable housing. Additionally, the bank extended CD loans for the primary purpose of providing community services to LMI individuals, economic development, and revitalization/stabilization LMI geographies

Examples of CD loans in the Dallas CSA AA include:

- In May 2016, WFBNA provided a $3.0 million working capital line of credit to an affordable multi-family entity that works in partnership with people in need to build decent and affordable housing. The houses are sold to those in need at no profit and with no interest charged. The qualification process requires that applicants must earn between 30 and 80 percent of area MFI as determined annually by HUD. This activity is responsive to the identified need for affordable housing.
- In May 2018, WFBNA provided a 25 percent participation in a $9.9 million construction loan for a charter school. The loan amount reported of $2.5 million represents WFBNA’s proportional share of the total commitment. The school is in a low-income census tract of Dallas, Texas. It is estimated that 90 percent of the student population will qualify for the free/reduced lunch program. This is based on the free/reduced lunch statistics from surrounding schools in the area as well as the typical student demographics of other charter schools in the Dallas area.
- In October 2017, WFBNA provided a $24.0 million loan for an affordable housing development located in Fort Worth, Texas, with 100 percent of the units restricted under a Section 8 HAP Contract to tenants earning between 40 to 60 percent of the area MFI. The property is further restricted to tenants at least 62 years of age.

Houston CSA AA

The level of CD lending in the Houston CSA AA is excellent. WFBNA made 68 CD loans for a total of $519 million which represents 17.3 percent of tier 1 capital. CD lending performance has a significant positive impact on the lending test rating. The institution makes significant use of innovative and/or

complex CD loans and involved many complex projects where the bank often acted in a leadership role. The loans were responsive to the identified needs in the AA particularly affordable housing. The bank made 42 CD totaling $258 million loans (49.7 percent) for the purpose of affordable housing. Additionally, the bank extended CD loans for the primary purpose of providing community services to LMI individuals, economic development, and revitalization/stabilization LMI geographies.

Examples of CD loans in the Houston CSA AA include:

- In November 2015, WFBNA provided a $4.7 million loan for the construction of an LIHTC development located is in Houston, Texas, with 4 units restricted to tenants earning 50 percent of the area MFI and 60 units operating under a HUD Project Rental Assistance Contract with tenants paying 30 percent of their income toward rent and further reserved for seniors aged 62 and over. This activity is responsive to the identified need for affordable housing.
- In March 2017, WFBNA provided a $250,000 working capital line of credit for a community service nonprofit organization that helps women in crisis regain their self-esteem and dignity, empowering them to return to society as productive, self-sufficient individuals. All of its clients are LMI individuals as they earn less than 80 percent of the area MFI. This statement is based on actual data provided during the grant application process.
- In November 2014, WFBNA provided a $21 million term loan for a 428-unit housing development located in a moderate-income census tract in Houston, TX. The project consists of 304 one-bedroom units, 100 two-bedroom units, 24 three-bedroom units with 79.9 percent of the actual rent rates below the 2014 Fair Market Rent for the area and 99.7 percent of the units affordable to tenants earning between 29.5 and 74.7 percent of the 2014 area MFI.

<u>San Antonio MSA AA</u>

The level of CD lending in the San Antonio MSA AA is excellent. WFBNA made 48 CD loans for a total of $186 million which represents 37.0 percent of tier 1 capital. CD lending performance has a significant positive impact on the lending test rating. The institution makes significant use of innovative and/or complex CD loans and involved many complex projects where the bank often acted in a leadership role. The loans were responsive to the identified needs in the AA particularly affordable housing. The bank made 36 CD totaling $169 million loans (89.4 percent) for the purpose of affordable housing. Additionally, the bank extended CD loans for the primary purpose of providing community services to LMI individuals, economic development, and revitalization/stabilization LMI geographies.

Examples of CD loans in the San Antonio MSA AA include:

- In August 2013, WFBNA provided a $7.7 million construction loan for an 80-unit LIHTC affordable housing development located in New Braunfels, Texas. The project includes 88.8 percent of the units restricted to tenants earning between 30 and 60 percent of the area MFI. This development will consist of 24 one-bedroom units, 32 two-bedroom units and 24 three-bedroom units. In addition, four of the units will be set aside for persons with special or mobility needs, and two units will be accessible to residents with vision or hearing impairment.
- In September 2016, WFBNA provided a $6 million loan for this multifamily housing development located in a moderate-income census tract in San Antonio, TX and consists of 32 one-bedroom units, 60 two-bedroom units, and 12 three-bedroom units with 97.1 percent of the

actual rent rates below the 2016 Fair Market Rent for the area and 100 percent of the units affordable to tenants earning between 32 and 69 percent of the 2016 area MFI.

Product Innovation and Flexibility

Austin MSA AA

The institution makes extensive use of innovative and/or flexible lending practices in order to serve AA credit needs. The bank launched the NeighborhoodLIFT program in the Austin MSA AA in August 2016 and more than 250 potential homebuyers attended the event and more than 200 homebuyers utilized the down payment assistance ($15,000) to purchase a home. Of the 200, WFBNA originated 25 home mortgage loans totaling $4.4 million. Under the *your*FirstMortgage loan program the bank has funded 54 loans totaling $9.6 million to LMI homebuyers that qualified under this program.

Dallas CSA AA

The institution makes extensive use of innovative and/or flexible lending practices in order to serve AA credit needs. The bank launched the NeighborhoodLIFT program in the Dallas CSA AA in February 2014 and more than 600 potential homebuyers attended the event and more than 250 homebuyers utilized the down payment assistance ($15,000) to purchase a home. Of the 250, WFBNA originated 134 home mortgage loans totaling $11 million. Under the *your*FirstMortgage loan program the bank has funded 293 loans totaling $39.5 million to LMI homebuyers that qualified under this program.

Houston CSA AA

The institution makes limited use of innovative and/or flexible lending practices in order to serve AA credit needs. Under the *your*FirstMortgage loan program the bank has funded 210 loans totaling $27.6 million to LMI homebuyers that qualified under this program.

San Antonio MSA AA

The institution makes extensive use of innovative and/or flexible lending practices in order to serve AA credit needs. The bank launched the NeighborhoodLIFT program in the San Antonio MSA AA in January 2015 and more than 700 potential homebuyers attended the event and more than 270 homebuyers utilized the down payment assistance ($15,000) to purchase a home. Of the 270, WFBNA originated 165 home mortgage loans totaling $16 million. Under the yourFirstMortgage loan program the bank has funded 51 loans totaling $6.4 million to LMI homebuyers that qualified under this program.

Refer to the comments in the institution Innovative or Flexible Lending Programs section of this public evaluation for additional details regarding the programs listed above.

Conclusions for Areas Receiving LS Reviews

Based on LS reviews, the bank's performance under the Lending Test in the Corpus Christi CSA, El Paso MSA, Wichita Falls MSA, and the TX Combined NonMetro AAs is consistent with the bank's overall excellent performance under the Lending Test in the FS areas. The bank's performance in the remaining 12 AAs is weaker than the bank's overall performance under the Lending Test in the FS areas. Performance differences in the weaker LS AAs did not impact the overall Lending Test rating for the state.

Refer to Tables O through T in the State of Texas section of appendix D for the facts and data that support these conclusions.

INVESTMENT TEST

The bank's performance under the Investment Test in the State of Texas is rated High Satisfactory.

Conclusions for Areas Receiving FS Reviews

Based on FS reviews, including the data in the tables below and consideration of performance context discussed in the investment test, the bank's performance in the Austin MSA and San Antonio MSA AA is excellent. Performance in the Dallas MSA AA is good and performance in the Houston CSA AAs is adequate.

Qualified Investments										
	Prior Period*		Current Period		Total				Unfunded Commitments**	
Assessment Area	#	$(000's)	#	$(000's)	#	% of Total #	$(000's)	% of Total $	#	$(000's)
Austin MSA	8	$13,837	272	$118,115	280	13.9	$131,952	14.0	2	$63
Dallas CSA	97	$26,922	572	$185,220	669	33.2	$212,142	22.5	6	$13,729
Houston CSA	62	$24,928	481	$127,257	543	27.0	$152,185	16.2	1	$516
San Antonio MSA	3	$298	160	$115,909	163	8.1	$116,207	12.3		
Amarillo CSA	0	$0	11	$6,882	11	0.5	$6,882	0.7		
Beaumont MSA	2	$5,091	24	$30,067	26	1.3	$35,158	3.7		
Brownsville CSA	0	$0	28	$29,102	28	1.4	$29,102	3.1		
College Station MSA	2	$2,351	16	$123	18	0.9	$2,474	0.3		
Corpus Christi CSA	3	$4,269	23	$77,148	26	1.3	$81,417	8.6		
El Paso MSA	4	$4,568	97	$67,980	101	5.0	$72,548	7.7		
Killeen MSA	0	$0	1	$14,236	1	0.0	$14,236	1.5		
Laredo MSA	0	$0	9	$46	9	0.4	$46	0.0		
Lubbock MSA	0	$0	18	$3,012	18	0.9	$3,012	0.3		
McAllen MSA	3	$15,249	47	$23,408	50	2.5	$38,657	4.1		
Midland CSA	1	$379	13	$80	14	0.7	$459	0.0		
San Angelo MSA	1	$318	7	$23	8	0.4	$341	0.0		

Victoria CSA	1	$254	8	$101	9	0.4	$355	0.0		
Waco MSA	1	$247	13	$21,889	14	0.7	$22,136	2.3		
Wichita Falls MSA	0	$0	12	$20,299	12	0.6	$20,299	2.2		
TX Combined NonMetro	0	$0	14	$2,401	14	0.7	$2,401	0.3		
Total	188	$98,711	1,826	$843,298	2,014	100.0	$942,009	100.0	9	$14,308

* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.
** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Austin MSA AA

The institution has an excellent level of qualified CD investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 14.2 percent of tier 1 capital allocated to the AA.

The investments and grants reflect excellent responsiveness to the needs identified in the AA including affordable housing, community services, economic development, and revitalization/stabilization for LMI individuals and geographies. Over 97.6 percent of the bank's CD investments focused on affordable housing which is an identified credit need in the AA. Additionally, the bank provided 227 grants totaling $8.4 million to a variety of organizations that primarily support affordable housing, community services, and economic development.

The institution makes significant use of innovative and/or complex investments to support CD initiatives. CD Investments involved numerous complex LIHTC projects where the bank often acted in a leadership role with participations from federal, state, and local housing agencies and real estate developers. Additionally, the bank purchased numerous government mortgage-backed securities for the CD Investment portfolio.

Examples of CD investments in the AA include:

- In July 2016, WFBNA provided a $17 million LIHTC investment in an affordable housing development located in Austin, Texas, with 100 percent of the units restricted to tenants earning between 30 and 60 percent of the area MFI. This activity is responsive to the identified need for affordable housing. WFBNA demonstrated multi-faceted support by providing both the construction loan ($15 million) and equity investment to support this affordable housing development as well as multiple grants and services in support of the organization. This investment is also complex with multiple government agencies and various organizations.
- In August 2016, WFBNA provided two grants totaling $45,000 to two organizations to administer the NeighborhoodLIFT Down Payment Assistance program. The organizations provide revitalization work in the Austin area that includes repairing homes in LMI neighborhoods and school grounds of predominately minority and low-income schools. Refer to the comments in the institution Innovative or Flexible Lending Programs section of this performance evaluation for additional details regarding this program.
- During the exam timeframe, WFBNA provided eight grants totaling $440,000 to three local housing organizations through the PMP for affordable housing in the Austin MSA AA. Refer to

the comments in the institution Community Development Initiatives section of this public evaluation for additional details regarding this program.

Dallas MSA AA

The institution has a significant level of qualified CD investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 9.6 percent of tier 1 capital allocated to the AA.

The investments and grants reflect good responsiveness to the needs identified in the AA including affordable housing, community services, economic development, and revitalization/stabilization for LMI individuals and geographies. Over 68.2 percent of the bank's CD investments focused on affordable housing which is an identified credit need in the AA. Additionally, the bank provided 474 grants totaling $13.5 million to a variety of organizations that primarily support affordable housing, community services, and economic development.

The institution makes significant use of innovative and/or complex investments to support CD initiatives. CD Investments involved numerous complex LIHTC and NMTC projects where the bank often acted in a leadership role with participations from federal, state, and local housing agencies and real estate developers. Additionally, the bank purchased numerous government mortgage-backed securities for the CD Investment portfolio.

Examples of CD investments in the AA include:

- In May 2014, WFBNA invested $15.6 million for the construction of a 98-unit LIHTC affordable housing complex. This development is located in Dallas, Texas with 75 units restricted to tenants earning between 30 and 60 percent of the area MFI, and 23 market rate units. This activity is responsive to the identified community credit need for affordable housing.
- In August 2015, WFBNA invested $15 million in a licensed Small Business Investment Company (SBIC). Of this total investment, $9.4 million was allocated to a manufacturer of food ingredients used by food manufacturers, food service operators, and quick service restaurants. This investment is to a licensed fund of the SBA under the SBIC program, thus making it automatically approved as a CRA-qualified investment.
- During the exam timeframe, WFBNA provided 13 grants totaling $1.7 million to four local housing organizations through the PMP for affordable housing in the Dallas MSA AA. Refer to the comments in the institution Community Development Initiatives section of this public evaluation for additional details regarding this program.

Houston CSA AA

The institution has an adequate level of qualified CD investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 5.1 percent of tier 1 capital allocated to the AA.

The investments and grants reflect adequate responsiveness to the needs identified in the AA including affordable housing, community services, economic development, and revitalization/stabilization for LMI individuals and geographies. Over 86.5 percent of the bank's CD investments focused on affordable housing which is an identified credit need in the AA. Additionally, the bank provided 403 grants

totaling $10.1 million to a variety of organizations that primarily support affordable housing, community services, and economic development.

The institution makes significant use of innovative and/or complex investments to support CD initiatives. CD Investments involved several complex LIHTC and NMTC projects where the bank often acted in a leadership role with participations from federal, state, and local housing agencies and real estate developers. Additionally, the bank purchased numerous government mortgage-backed securities for the CD Investment portfolio.

Examples of CD investments in the AA include:

- In September 2013, WFBNA invested $100.4 million in an LIHTC fund. Of this total investment, $18.2 million was allocated to a development located in Pasadena, Texas, with 159 units restricted to tenants earning no more than 60 percent of the area MFI. This investment is responsive to the need for affordable housing. This investment is also complex involving multiple parties.
- In July 2017, WFBNA provided a $10.5 million NMTC investment for a public charter school located in Houston, Texas. In support of the project, the school received approximately $4.7 million Community Development Block Grant financing from the City of Houston. The land was acquired in April 2016 through a $4.7 million grant provided by City of Houston with the restriction that the land be used as a school for persons at least 51 percent of whom must be members of low-income families for five years after completion date. The new academy is estimated to provide education and increased access to healthy foods to 150 low-income persons, in addition to the current 150 existing beneficiaries. It will create 15 new full-time employment positions as well as retain 17 full-time positions, 90 percent of which are to be held by low-income persons, and also provide 60 construction jobs. The project site is located in a "Severely Distressed" census tract per the 2006-2010 ACS as well as a Federally Designated Food Desert. The NMTC subsidiary will provide gap financing needed to complete the Project. Construction came to a stop at the end of 2016 due to a need for additional funding. Without the NMTC financing the Project would have been delayed further and Lawson Academy would have had to cut aspects of the Project from the budget, thus reducing the ultimate community benefit to the low-income communities it serves. WFBNA demonstrated leadership in this development.
- During the exam timeframe, WFBNA provided two grants totaling $650,000 to two statewide CDC through the Small Business DCC Program benefiting small businesses within the State of Texas particularly the Houston CSA AA. Refer to the comments in the institution Innovative or Flexible Lending Programs section of this public evaluation for additional details regarding this program.
- During the exam timeframe, WFBNA provided 11 grants totaling $1.4 million to several local housing organization through the PMP for affordable housing in the Houston area. Refer to the comments in the institution Community Development Initiatives section of this public evaluation for additional details regarding this program.

<u>San Antonio MSA AA</u>

The institution has an excellent level of qualified CD investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 23.1 percent of tier 1 capital allocated to the AA.

The investments and grants reflect excellent responsiveness to the needs identified in the AA including affordable housing, community services, economic development, and revitalization/stabilization for LMI individuals and geographies. Over 87 percent of the bank's CD investments focused on affordable housing which is an identified credit need in the AA. Additionally, the bank provided 144 grants totaling $9.6 million to a variety of organizations that primarily support affordable housing, community services, and economic development.

The institution makes significant use of innovative and/or complex investments to support CD initiatives. CD Investments involved numerous complex LIHTC and NMTC projects where the bank often acted in a leadership role with participations from federal, state, and local housing agencies and real estate developers. Additionally, the bank purchased numerous government mortgage-backed securities for the CD Investment portfolio.

Examples of CD investments in the AA include:

- In September 2015, WFBNA provided a $3.1 million investment for the construction of an LIHTC affordable housing development. This LIHTC development is located in San Antonio, Texas, with 56 of the 57 units restricted to tenants earning between 30 and 50 percent of the area MFI. Of the 56 rent restricted units, 48 will be further reserved for seniors aged 62 and above. They will also receive rental assistance in the form of a HUD Project Rental Assistance Contract. This investment is responsive to the need for affordable housing. This investment is also complex involving multiple parties. WFBNA demonstrated multi-faceted support by providing both the construction loan ($4 million) and equity investment to support this affordable housing development.
- During the exam timeframe, WFBNA provided six housing counseling grants totaling $42,322 to several local housing organizations serving the AA. These grants were provided through the bank's HCGP which is designed to provide financial resources to local nonprofit housing organizations to create affordable and sustainable homeownership opportunities for LMI individuals. Refer to the comments in the institution Innovative or Flexible Lending Programs section of this performance evaluation for additional details regarding this program.
- In January 2015, WFBNA provided three local initiative grants totaling $225,000 to several housing organizations to administer the NeighborhoodLIFT Down Payment Assistance program. Refer to the comments in the institution Innovative or Flexible Lending Programs section of this performance evaluation for additional details regarding this program.

Conclusions for Areas Receiving LS Reviews

Based on LS reviews, the bank's performance under the Investment Test in the Kileen MSA AA is consistent the bank's overall good performance. The bank's performance in the College Station MSA, Laredo MSA, Lubbock MSA, Midland CSA, San Angelo, Victoria CSA, and TX Combined NonMetro AAs is weaker than the bank's overall performance due primarily to lower CD investments. Collectively these weaker LS AAs account for less than 9 percent of total deposits. The bank's performance in the Amarillo CSA, Beaumont MSA, Brownsville CSA, Corpus Christi CSA, El Paso MSA, McAllen MSA, Waco MSA, and Wichita Falls MSA AAs is stronger than the bank's overall performance. Performance differences in the stronger LS AAs also did not impact the overall Investment Test rating for the State of Texas.

SERVICE TEST

The bank's performance under the Service Test in Texas is rated Outstanding.

Conclusions for Areas Receiving FS Reviews

Based on FS reviews, including the data in the tables below and consideration of performance context discussed in the service test, the bank's performance in the Austin MSA, Dallas CSA, Houston CSA, and San Antonio MSA AAs is excellent.

Retail Banking Services

Service delivery systems are readily accessible to geographies and individuals of different income levels in the institution's AAs, particularly LMI geographies and/or LMI individuals.

Distribution of Branch Delivery System											
Assessment Area	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%) *				% of Population within Each Geography *			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Austin MSA	11.4	66	10.9	10.6	12.1	42.4	31.8	10.1	22.3	37.3	29.2
Dallas CSA	27.2	171	28.1	8.8	22.2	31.0	38.0	10.9	24.7	31.3	33.1
Houston CSA	36.7	185	30.4	10.8	17.3	23.8	48.1	11.3	25.8	28.4	34.1
San Antonio MSA	6.2	48	7.9	10.4	22.9	29.2	37.5	6.2	28.8	31.4	33.6
Amarillo CSA	0.6	8	1.3	12.5	25.0	25.0	37.5	1.9	26.7	35.8	35.5
Beaumont MSA	1.0	10	1.6	0.0	10.0	60.0	30.0	4.7	23.1	41.9	27.7
Brownsville CSA	1.3	11	1.8	9.1	36.4	18.2	36.4	1.4	36.4	29.3	32.9
College Station MSA	1.2	6	1.0	33.3	16.7	33.3	16.7	10.4	29.7	30.4	25.7
Corpus Christi CSA	1.7	17	2.8	5.9	17.6	35.3	35.3	4.3	30.1	34.9	30.2
El Paso MSA	3.2	14	2.3	7.1	21.4	28.6	42.9	3.9	27.6	34.3	34.2
Killeen MSA	0.2	1	0.2	0.0	0.0	0.0	100.0	1.5	17.1	54.4	25.8
Laredo MSA	0.5	4	0.7	0.0	75.0	0.0	25.0	2.2	40.4	31.4	26.0
Lubbock MSA	1.1	10	1.6	20.0	20.0	20.0	40.0	5.4	24.2	39.2	31.3
McAllen MSA	0.8	7	1.2	0.0	14.3	14.3	71.4	1.7	27.6	41.2	28.8
Midland CSA	2.3	6	1.0	0.0	16.7	33.3	50.0	2.6	19.4	43.9	34.0
San Angelo MSA	0.5	4	0.7	75.0	0.0	25.0	0.0	2.2	27.8	50.3	19.7

Victoria CSA	0.8	5	0.8	0.0	20.0	40.0	40.0	2.8	30.0	28.7	38.6
Waco MSA	0.5	3	0.5	0.0	33.3	66.7	0.0	9.7	30.0	25.1	33.7
Wichita Falls MSA	0.7	6	1.0	0.0	16.7	16.7	66.7	5.4	21.2	35.1	38.3
TX Combined NonMetro	2.2	26	4.3	0.0	26.9	50.0	23.1	0.8	14.6	57.6	26.9

* May not add up to 100 percent due to geographies with unknown tract income level and rounding.

Distribution of Branch Openings/Closings							
Assessment Area	# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				
			Low	Mod	Mid	Upper	NA
Austin MSA	1	5	-1	-1	-1	-2	+1
Dallas CSA	4	16	-3	0	-6	-3	0
Houston CSA	5	19	-2	-4	-5	-3	0
San Antonio MSA	0	4	0	-1	-2	-1	0
Amarillo CSA	0	1	0	-1	0	0	0
Beaumont MSA	0	2	0	0	-2	0	0
Brownsville CSA	0	1	0	0	0	-1	0
College Station MSA	0	0	0	0	0	0	0
Corpus Christi CSA	0	1	0	-1	0	0	0
El Paso MSA	1	1	0	0	0	0	0
Killeen MSA	0	0	0	0	0	0	0
Laredo MSA	0	0	0	0	0	0	0
Lubbock MSA	0	0	0	0	0	0	0
McAllen MSA	1	0	0	0	0	+1	0
Midland CSA	1	0	0	0	0	+1	0
San Angelo MSA	0	0	0	0	0	0	0
Victoria CSA	0	0	0	0	0	0	0
Waco MSA	0	0	0	0	0	0	0
Wichita Falls MSA	0	1	0	0	-1	0	0
TX Combined NonMetro	0	2	0	0	-2	0	0

Austin MSA AA

As of December 31, 2018, WFBNA operates 66 branches and 113 ATMs in the Austin MSA AA. Of these branches, 62 are full-service locations and four are limited-service branches. There are seven branches in the low-income geographies and eight branches in moderate-income geographies. The branch distribution in low-income geographies exceeds the percentage of the population in low-income geographies and the branch distribution in moderate-income geographies is below the percentage of the population in moderate-income geographies in the AA. When considering an additional ten branches within close proximity to LMI geographies, the bank's branch distribution improves and exceeds demographics.

The institution's opening and closing of branches have not affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank opened one branch in a

geography where the census tract income level is unknown since the last evaluation. The bank closed one branch each in low-, moderate-, and middle-income geographies and two branches in upper-income geographies since the last evaluation. The closure of branches in LMI geographies did not materially impact the distribution of branches relative to the population residing in those geographies.

Services, including where appropriate, business hours, do not vary in a way that inconveniences the various portions of its AA, particularly LMI geographies and/or individuals. While there are slight variations in opening or closing times, generally, branches are open Monday through Friday from 9:00 am to 5:00 pm. Of total branches, including branches in LMI geographies, 55 branches are also open on Saturdays and one branch is open on Sundays. All WFBNA services are available at the full-service branches and all delivery systems discussed bank-wide are available in this AA.

Dallas CSA AA

As of December 31, 2018, WFBNA operates 171 branches and 360 ATMs in the Dallas CSA AA. Of these branches, 165 are full-service locations and six are limited-service branches. There are 15 branches in low-income geographies and 38 branches in moderate-income geographies. The branch distribution in low-income geographies is near to the percentage of the population in low-income geographies and the branch distribution in moderate-income geographies approximates the percentage of the population in moderate-income geographies in the AA. When considering an additional 20 branches within close proximity to LMI geographies, the bank's branch distribution improves and exceeds demographics.

The institution's opening and closing of branches have not affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank opened three branches in moderate-income geographies and one branch in an upper-income geography since the last evaluation. The bank closed three branches in low-income, three branches in moderate-income, six branches in middle-income, and four branches in upper-income geographies since the last evaluation. The closure of branches in LMI geographies was to consolidate with other branches nearby and did not negatively impact the distribution of branches relative to the population residing in those geographies. The bank still maintains 53 active branches or 31.0 percent within LMI geographies.

Services, including where appropriate, business hours, do not vary in a way that inconveniences the various portions of its AA, particularly LMI geographies and/or individuals. While there are slight variations in opening or closing times, generally, branches are open Monday through Thursday from 9:00 am to 5:00 pm and from 9:00 am to 6:00 pm on Friday. Of the total branches, including branches in LMI geographies, 163 branches are also open on Saturdays. All WFBNA services are available at the full-service branches and all delivery systems discussed bank-wide are available in this AA.

Houston CSA AA

As of December 31, 2018, WFBNA operates 185 branches and 353 ATMs in the Houston CSA AA. Of these branches, 181 are full-service locations and four are limited-service branches. There are 20 branches in low-income geographies and 32 branches in moderate-income geographies. The branch distribution in low-income geographies approximates the percentage of the population in low-income geographies and the branch distribution in moderate-income geographies is below the percentage of the population in moderate-income geographies in the AA. When considering an additional 12 branches within close proximity to LMI geographies, the bank's branch distribution improves and exceeds demographics.

The institution's opening and closing of branches have not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank opened five branches in upper-income geographies since the last evaluation. The bank closed two branches in low-income, four branches in moderate-income, five branches in middle-income, and eight branches in upper-income geographies since the last evaluation. The closure of branches in moderate-income geographies was to consolidate with other branches nearby and did not negatively impact the distribution of branches relative to the population residing in those geographies. The bank still maintains 52 active branches or 28.1 percent within LMI geographies.

Services, including where appropriate, business hours, do not vary in a way that inconveniences the various portions of its AA, particularly LMI geographies and/or individuals. While there are slight variations in opening or closing times, generally, branches are open Monday through Thursday from 9:00 am to 5:00 pm and Friday from 9:00 am to 6:00 pm. Of the total branches, including branches in LMI geographies, 175 branches are also open on Saturdays. All WFBNA services are available at the full-service branches and all delivery systems discussed bank-wide are available in this AA.

San Antonio MSA AA

As of December 31, 2018, WFBNA operates 48 branches and 87 ATMs in the San Antonio MSA AA. Of these branches, 46 are full-service locations and two are limited-service branches. There are five branches in low-income geographies and eleven branches in moderate-income geographies. The branch distribution in low-income geographies exceeds the percentage of the population in low-income geographies and the branch distribution in moderate-income geographies is near to the percentage of the population in moderate-income geographies in the AA. When considering an additional two branches within close proximity to LMI geographies, the bank's branch distribution improves and exceeds demographics.

The institution's opening and closing of branches have not affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank did not open any branches in the AA since the last evaluation. The bank closed one branch in moderate-income, two branches in middle-income, and one branch in upper-income geographies since the last evaluation. The closure of branches in moderate-income geographies did not materially impact the distribution of branches relative to the population residing in those geographies.

Services, including where appropriate, business hours, do not vary in a way that inconveniences the various portions of its AA, particularly LMI geographies and/or individuals. While there are slight variations in opening or closing times, generally, branches are open Monday through Thursday from 9:00 am to 5:00 pm and Friday from 9:00 am to 6:00 pm. Of total branches, including branches in LMI geographies, 45 branches are also opened on Saturdays. All WFBNA services are available at the full-service branches and all delivery systems discussed bank-wide are available in this AA.

Community Development Services

The institution is a leader in providing CD services.

Austin MSA AA

The level of CD services in the Austin MSA AA is excellent. Bank records show that employees provided their financial or job-specific expertise and/or technical assistance for 616 CD service activities

to 53 organizations since the last evaluation, logging a total of 2,191 qualified hours within this AA. A majority (61 percent) of the bank's assistance was to organizations that provide community services to LMI individuals and families. Other activities targeted affordable housing (36 percent) and economic development (3 percent). The bank's assistance provided was responsive to the identified need in the AA particularly affordable housing. The following are examples of CD services provided in this AA:

- One WFBNA team member provided 372 hours of board service, technical assistance, and financial education at an organization that provides services to low-income, primarily Latino families with a focus on enhancing parenting skills, promoting long-term educational success for children, and breaking the family's trans-generational cycle of poverty. Eighteen WFBNA team members provided 36 hours of financial education to clients of the organization.
- One WFBNA team member provided six hours of Board service and nine WFBNA team members provided 366 hours financial education and technical assistance at a nonprofit affordable housing organization that provides affordable housing and ongoing financial coaching to low-income residents. All of its clients are LMI.
- One WFBNA team member served on the board of directors for a community capital corporation, providing 69.5 board service hours. This organization provides loan and investment products, development services, and other related activities to CDFIs, community based non-profit organizations and similar organizations, and to the LMI households they serve.

Dallas CSA AA

The level of CD services in the Dallas CSA AA is excellent. Bank records show that employees provided their financial or job-specific expertise and/or technical assistance for 1,103 CD service activities to 137 organizations since the last evaluation, logging a total of 4,184 qualified hours within this AA. A majority (84 percent) of the bank's assistance was to organizations that provide community services to LMI individuals and families. Other activities targeted affordable housing (8 percent) and economic development (8 percent). The bank's assistance provided was responsive to the identified need in the AA particularly affordable housing. The following are examples of CD services provided in this AA:

- Two WFBNA team members provided 198 hours of board service to local affiliates of a self-help affordable housing developer. Two team members provided 14 hours of technical assistance and financial education. This organization provides homeownership opportunities by building homes for, and with eligible LMI individuals.
- One WFBNA team member provided 132 hours on the board of directors for a nonprofit housing organization that works in partnership with people in need to build decent and affordable housing. The houses are sold to those in need at no profit and with no interest charged.
- Thirty-seven WFBNA team members provided 290 hours of financial education at an elementary school. According to the NCES, 69 percent of students qualify for the federal FRL program.

Houston CSA AA

The level of CD services in the Houston CSA AA is excellent. Bank records show that employees provided their financial or job-specific expertise and/or technical assistance for 1,079 CD service activities to 128 organizations since the last evaluation, logging a total of 4,091 qualified hours within this AA. A majority (91 percent) of the bank's assistance was to organizations that provide community services to LMI individuals and families. Other activities targeted affordable housing (8 percent) and revitalization or stabilization (1 percent). The bank's assistance provided was responsive to the

identified need in the AA particularly affordable housing. The following are examples of CD services provided in this AA:

- Two WFBNA team members provided 177 hours of board service and technical assistance to local affiliates of a self-help affordable housing developer. Four team members provided 23 hours of financial education to clients of the organization. This organization provides homeownership opportunities by building homes for, and with eligible LMI individuals.
- One WFBNA team member served on the Board of a Coalition for the Homeless providing 77 board service hours. This Coalition leads the development and implementation of community strategies to prevent and end homelessness. The Coalition drives collaboration among over 200 homeless service providers, the City, County, Housing Authorities, and private stakeholders to create a homeless service system that meets the needs of Houston's most vulnerable citizens, the homeless. The ultimate goal: a system that achieves decreases in new, length of, and returns to homelessness.
- Twenty-two WFBNA team members provided 550 hours of technical assistance and financial education at a community service organization that coordinates resources, education, and connections within underserved neighborhoods. All of its clients are LMI.

San Antonio MSA AA

The level of CD services in the Birmingham CSA AA is excellent. Bank records show that employees provided their financial or job-specific expertise and/or technical assistance for 358 CD service activities to 75 organizations since the last evaluation, logging a total of 1,447 qualified hours within this AA. A majority (96 percent) of the bank's assistance was to organizations that provide community services to LMI individuals and families. Other activities targeted economic development (3 percent) and affordable housing (1 percent). The bank's assistance provided was responsive to the identified need in the AA particularly affordable housing. The following are examples of CD services provided in this AA:

- Twenty-eight WFBNA team members provided 834 hours of technical assistance and financial education as part of the VITA program that provides tax preparation and related financial services to individuals and families of limited means. Refer to the comments in the institution Innovative or Flexible Service Programs section of this public evaluation for additional details regarding this program.
- One WFBNA team member provided 53 hours of Board service and two team members provided ten hours of technical assistance at a local food bank. The food bank provides food and grocery products to the hungry. All of its clients are LMI.

Conclusions for Areas Receiving LS Reviews

Based on LS reviews, the bank's performance under the Service Test in the Amarillo CSA, Beaumont MSA, Brownsville CSA, College Station MSA, Corpus Christi CSA, El Paso MSA, Laredo MSA, Lubbock MSA, McAllen MSA, Midland CSA, San Angelo MSA, Victoria CSA, Waco MSA, Wichita Falls MSA, and TX Combined NonMetro AAs is consistent with the bank's overall excellent performance under the Service Test in the FS areas. Branches near-to LMI geographies elevate overall branch distribution in each of the AAs from adequate or good to excellent similar to the FS AAs. The bank's performance under the Service Test in the Killeen MSA AA is weaker than the bank's overall performance. The Killeen MSA AA has poor branch distribution that is not mitigated by near-to branches. Performance in this AA did not impact the overall Service Test rating.

State Rating

State of Utah

CRA rating for the State of (Utah)[48]: Outstanding
The Lending Test is rated: Outstanding
The Investment Test is rated: Low Satisfactory
The Service Test is rated: Outstanding

The major factors that support this rating include:

- Excellent lending activity;
- Excellent geographic distribution of loans;
- Excellent borrower distribution of loans;
- WFBNA is a leader in providing CD loans, which has a significant positive impact on the Lending Test;
- WFBNA's use of flexible products has a positive impact on the Lending
- Adequate level of CD investments;
- Retail delivery systems are readily accessible to all portions of the AA; and
- WFBNA provides a relatively high level of CD services that are responsive to the needs of the bank's AA.

Description of Institution's Operations in Utah

WFBNA delineated three AAs within Utah including the Salt Lake City-Provo-Orem, UT CSA (Salt Lake City CSA AA), St. George, UT MSA (St. George MSA AA), and UT Combined non-metropolitan (UT Combined NonMetro AA). The Salt Lake City CSA AA received a FS review. Refer to Appendix A for a complete description of each AA. Salt Lake City CSA AA accounted for the largest portion of the lending (87.5 percent) and deposits (90.6 percent) amongst the AAs in Utah. Utah represents the 16th largest rated area by deposits. WFBNA has $12 billion of deposits representing 1.0 percent of adjusted deposits. WFBNA operates 95 branches and 133 ATMs within Utah, representing 1.7 percent of the bank's branches and 0.9 percent of the bank's ATMs. The bank originated and purchased approximately $30 billion in loans or 1.6 percent of total reported loan originations and purchases during the evaluation period. The bank's primary loan products in the Utah loan products home mortgage and small loans to businesses.

<u>Salt Lake City CSA AA</u>

Within the Salt Lake City CSA AA, the bank has $11 billion deposits and ranked 10th amongst 40 depository institutions in the market with 2.1 percent market share. The top three depository institutions in terms of deposit market share are: Morgan Stanley Bank with 22.8 percent, Ally Bank with 19.4 percent, and American Express with 13.0 percent. WFBNA operates 74 branches and 99 ATMs in the AA.

[48] This rating reflects performance within the state. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan statistical area.

Demographic Data

The following table provides a summary of the demographics that includes housing and business information for the Salt Lake City CSA AA. Table A indicates that the volume of OOUs is very small in low-income CTs and over 36 percent of families in the AA are LMI. The area's median housing value in the Salt Lake City CSA AA is 3.6 times the highest MSA median income, but 4.6 times moderate-, and 7.3 times low-income, indicating a limited proportion of OOUs are affordable to LMI. Median rents and the high percentage of families below poverty level suggest rental housing is also unaffordable for many low-income residents.

Table A – Demographic Information of the Assessment Area

Assessment Area: Salt Lake City-Provo-Orem UT CSA (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	487	4.9	17.7	48.3	28.3	0.8
Population by Geography	2,271,696	3.9	16.7	51.6	27.5	0.2
Housing Units by Geography	756,002	4.5	18.9	50.7	25.9	0.0
Owner-Occupied Units by Geography	497,874	1.4	12.8	54.7	31.1	0.0
Occupied Rental Units by Geography	200,927	11.9	33.4	42.9	11.8	0.0
Vacant Units by Geography	57,201	5.3	21.2	43.5	30.0	0.0
Businesses by Geography	159,668	3.9	16.8	46.1	32.9	0.3
Farms by Geography	3,570	1.8	10.8	56.7	30.6	0.1
Family Distribution by Income Level	524,573	17.4	18.8	23.6	40.2	0.0
Household Distribution by Income Level	698,801	20.4	17.5	21.2	40.8	0.0
Median Family Income MSA - 36260 Ogden-Clearfield, UT MSA		$66,879	Median Housing Value			$244,554
Median Family Income MSA - 39340 Provo-Orem, UT MSA		$62,738	Median Gross Rent			$825
Median Family Income MSA - 41620 Salt Lake City, UT MSA		$67,016	Families Below Poverty Level			7.2%
Median Family Income Non-MSAs - UT		$57,187				

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

Salt Lake City, UT MSA

According to the July 2018 Moody's Analytics report, Salt Lake City's spot as a top economy in the West is secure, but as the late-cycle expansion matures, cracks are emerging. Worker shortages appear to be slowing the pace of hiring, though it remains above national and regional averages. Salt Lake City's knowledge-based industries, exceptionally talented workforce, ability to attract capital, and stable state finances will guide the metro area during the next leg of its economic expansion. Longer term, a business-friendly environment and low-cost structure coupled with favorable demographics will ensure that it remains among the top performers in the West and the U.S.

The outlook for the housing market looks favorably as the strong labor market and robust population

gains are fueling faster household formation and supporting the real estate market. Prices have been climbing faster than nationally since mid-2015 and are up almost 10 percent over the last year.

The largest employers in the Salt Lake City CSA AA include the University of Utah, Intermountain Health Care Inc., and Wal-Mart Stores, Inc. According to the U.S. BLS, the unemployment rate for the 2nd quarter of 2018 was 2.9 percent and has decreased from 5.3 percent at the beginning of the evaluation period. The unemployment rate in the AA was slightly less than the overall state at 3.5 percent for the same period.

Ogden-Clearfield, UT MSA

According to the November 2018 Moody's Analytics report, Ogden's economy is in the mature phrase of its expansion. Worker shortages appear to be applying the brakes to the economy and driving wage growth to accelerate at a well above average rate. Construction payrolls have declined dramatically over the past year, but manufacturing has reenergized, adding 1,100 jobs since midyear and accounting for two-fifths of the rise in nonfarm employment. The outlook for Ogden's large defense-dependent concentration will help insulate the economy against softening in the private sector. Increased defense spending will benefit Hill Air Force Base, especially as the Pentagon shifts its focus to the Asia-Pacific region. The base, which is the largest single-site employer in Utah, has an economic impact of $3 billion annually in the metro area and accounts for 7 percent of employment.

Worker shortages are constraining residential and commercial construction in Ogden, though strong population growth skewed toward younger demographics promises to improve current challenges. Indicative of heady demand, existing-home prices are appreciating at a double-digit pace which is twice the national rate.

The largest employers in the Ogden MSA include the Hill Air force Base, Department of Treasury, and McKay-Dee Hospital Center. According to the U.S. BLS, the unemployment rate for the 3rd quarter of 2018 was 3.1 percent and has decreased from 5.5 percent at the beginning of the evaluation period. The unemployment rate in the AA was slightly less than the overall state at 3.5 percent for the same period.

Provo-Orem, UT MSA

According to the November 2018 Moody's Analytics report, Provo's economy is on a roll and boasts one of the strongest economies in the West. The labor market is strong. Although the household and establishment surveys show a slowdown in job growth this year, the Quarterly Census of Employment and Wages paints a significantly brighter picture. Consistent with an aging expansion, Provo has more job openings than workers to fill them, and as a result the jobless rate has held steady at less than 2.9 percent over the last year. The tight job market is sustaining above-average wage growth as firms compete to attract and retain quality labor. Provo's high-tech industry anchors the metro area's upbeat forecast. The metro area is one of the top tech hubs in the West, with a diverse cluster ranging from aerospace to software publishing.

Increased state spending will fortify Utah Valley University. The school is a stable source of growth for Provo and provides a deep talent pool that helps nurture gains in tech and other knowledge-based industries. While tech will shoulder much of the load as Provo's expansion matures, consumer services will also chip in. Leisure/hospitality and retail are booming. Indicative of high demand, existing-home prices are appreciating at a double-digit pace which is twice the national rate.

The largest employers in the Provo-Orem MSA include the Brigham Young University, Utah Valley Regional Medical Center, and Utah Valley University. According to the U.S. BLS, the unemployment rate for the 3rd quarter of 2018 was 2.8 percent and has decreased from 5.0 percent at the beginning of the evaluation period. The unemployment rate in the AA was slightly less than the overall state at 3.5 percent for the same period.

Community Contacts

The analysis takes into consideration comments provided by three community contacts that serve the bank's Salt Lake City CSA AA. One of the three contacts is a CDFI, one is a non-profit organization designed to assist LMI individuals and families move from crisis to control by creating a long term action plan for financial security. The third community contact was a CRA roundtable sponsored by the OCC that included five community organizations from the AA representing affordable housing, community development, a financial and technical support organization that provides support to small businesses and a provider of various social programs targeted to LMI individuals and families in the AA.

The CDFI contact indicates that one barrier seems to be challenging is that banks' small business credit standards are still too rigorous leaving many businesses unable to qualify for credit financing. However, some businesses are getting loans but those who seem to need it most are the ones who just cannot seem to qualify for conventional bank financing. The community contact also mentioned that a high level of bankruptcy has exacerbated the circumstance; Utah is ranked number 5 out of 50 states in 2014. Prior to the recession many small businesses depended on home equity for access to capital or used it as collateral for capital. Given the improvement in housing prices, the ability for small businesses to tap home equity as a source of small business capital is beginning to claw back after significantly being impacted during the recession. The community contact stated that during the recession, credit scores were negatively affected but she is witnessing marginal increases in her clientele's credit scores.

According to the community contact, Utah was ranked 12th in the country for bankruptcy filings and in the top 10 for home foreclosures. The contact indicated the need for loan capital for new start-ups as well as existing small businesses in the AA. A significant number of the organization's clients are business start-ups having little collateral and low credit scores. The roughly 40 percent left over represent existing businesses seeking growth and expansion potential and need small business loans in amounts between $1,000 - $25,000.

The non-profit organization provides social services to LMI individuals and families in the entire state with a focus on Salt Lake City and Salt Lake County. The community contact indicated that since the Great Recession, the unemployment rate is low. However, underemployed remains an issue. While many LMI people are employed, they are not earning enough. Predatory lending is a challenge and many of the organizations clients have gotten one or more payday loan or other predatory lending products. There is a growing homeless population as social service programs dwindle, and the resources available to assist the homeless continue to disappear in the AA. The community contact expressed concern about bank mergers which has the impact of eliminating banks in the AA, leaving a void in funding that other banks have not replaced.

The five nonprofit organizations provide an array of programs to small businesses and LMI individuals and families throughout the AA. These service and programs target affordable housing in the AA, community development, financial and technical support to small businesses. The contacts indicate that

the most significant needs in the AA are affordable housing and solutions for the chronic homeless many who are veterans.

The bank conducted research in the AA and identified community needs for affordable housing for LMI families; financial education, products, and services for the unbanked or underbanked; neighborhood revitalization and stabilization; and small business assistance due to business closures and layoffs.

Considering the information from the community contacts and bank management as well as demographic and economic data, affordable housing and small business loans represent a primary credit need for the Salt Lake City CSA AA. Opportunity exists to originate these types of loans throughout the AA; however, it is limited in the low-income geographies as reflected by the small proportion of OOUs and small businesses coupled with limited home affordability for LMI individuals.

Scope of Evaluation in Utah

The rating for the State of Utah is primarily based on FS evaluations of the bank's performance in the Salt Lake City CSA AA; however, performance in each AA was considered. Conclusions where a LS review affected the CRA Rating for the state are addressed within their respective tests. LS procedures were performed for the St. George MSA and the UT Combined NonMetro AAs. A limited portion of the bank's overall lending, investments, and services were conducted in Utah; therefore, the performance in Utah received less weight in determining the bank's overall CRA Rating.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN UTAH

LENDING TEST

The bank's performance under the Lending Test in Utah is rated Outstanding.

Conclusions for Area Receiving a FS Review

Based on a FS review, including the data in the tables below and consideration of performance context discussed in the lending test, the bank's performance in the Salt Lake City CSA AA is excellent.

Lending Activity

Based on the tables below, lending levels reflect excellent responsiveness to AA credit needs in its AAs taking into account the number and amount of home mortgage, small business, small farm, and CD loans originated or purchased relative to its capacity based on deposits, competition, and market presence.

Number of Loans*							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	%State Loans	%State Deposits
Salt Lake City CSA	103,360	38,856	448	99	142,763	87.5	90.6
St. George MSA	6,965	3,416	40	3	10,424	6.3	4.5
UT Combined NonMetro	6,202	3,384	470	2	10,058	6.2	4.9
Total	116,527	45,656	958	104	163,245	100.0	100.0

*The tables present the data for all assessment areas. The narrative below addresses performance in FS areas only.

Dollar Volume of Loans (000's)*							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	%State* Loans	%State Deposits
Salt Lake City CSA	$24,822,117	$2,339,007	$20,575	$283,758	$27,465,457	90.3	90.6
St. George MSA	$1,494,427	$188,727	$2,331	$10,074	$1695,559	5.6	4.5
UT Combined NonMetro	$1,018,402	$194,582	$30,168	$1,650	$1,244,802	4.1	4.9
Total	$27,334,946	$2,722,316	$53,074	$295,482	$30,405,818	100.0	100.0

*The tables present the data for all assessment areas. The narrative below addresses performance in FS areas only.

Salt Lake City CSA AA

WFBNA ranked tenth in deposits with a 2.0 percent market share in the AA. In overall HMDA lending, WFBNA ranked first with 9.4 percent market share. There is strong competition as reflected by the 460 lenders and 49 depository institutions in the AA. The 2nd and 3rd top lenders in this market were Academy Mortgage Corp. with a 4.9 percent market share and Citywide Home Loans with a 4.4 percent market share.

In small loans to businesses, WFBNA ranked fourth with a market share of 8.9 percent. There is strong competition as reflected by the 146 lenders. The top 3 lenders in market share were American Express with 24.8 percent, ZB, N.A. with 14.3 percent; and Chase Bank with 11.8 percent.

Distribution of Loans by Income Level of the Geography

The bank exhibits an excellent geographic distribution of loans in its AA.

Salt Lake City CSA AA

Home Mortgage Loans

Refer to Table O in the State of Utah section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's

overall geographic distribution of home mortgage loan originations and purchases for this evaluation is excellent.

- For 2012-2016, the proportion of loans in LMI geographies exceeds the aggregate distribution of loans in those geographies.
- The proportion of loans in low-income geographies exceeds the proportion of OOUs and in moderate-income geographies it is near to the proportion of OOUs in those geographies.
- Based on the bank's performance in 2017-2018, the bank's home mortgage lending is weaker than the combined performance in 2012-2016.

Small Loans to Businesses

Refer to Table Q in the State of Utah section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is excellent.

- The bank's performance in both 2012-2016 and 2017-2018 periods for small business loans in LMI geographies exceeds both the aggregate distribution of loans and the proportion of businesses located in those geographies.

Distribution of Loans by Income Level of the Borrower

The bank exhibits an excellent distribution of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the institution.

Salt Lake City CSA AA

Home Mortgage Loans

Refer to Table P in the State of Utah section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is excellent.

- There are homeownership affordability hurdles in the AA especially for LMI borrowers. As noted above, the area's median housing value is 7.3 times the income of low-income and 4.6 times the income of moderate-income borrowers indicating a limited proportion of OOUs are affordable to LMI. Despite the affordability challenges, the bank's overall home mortgage lending in 2012-2016 to low-income borrowers exceeds the aggregate distribution of loans and is well below the proportion of families.
- The bank's overall home mortgage lending to moderate-income borrowers substantially meets the aggregate distribution of loans and exceeds the proportion of families.
- Based on the bank's performance in 2017-2018, the bank's home mortgage lending is weaker than the combined performance in 2012-2016.

Small Loans to Businesses

Refer to Table R in the State of Oregon section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is good**.**

- For both 2012-2016 and 2017-2018 periods, the bank's distribution of small loans to businesses with revenues of $1 million or less exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is below the percentage of small businesses located in the AA.

Community Development Lending

Salt Lake City CSA AA

The institution is a leader in making CD loans.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

The level of CD lending in the Salt Lake City CSA AA is excellent. WFBNA made 99 CD loans in its AA for a total of $283.7 million, which represents over 22 percent of tier 1 capital. CD lending performance has a significant positive impact on the lending test rating. The institution makes significant use of innovative and/or complex CD loans and involved many complex projects where the bank often acted in a leadership role. The loans were responsive to the identified affordable housing and small business lending needs in the AA. The bank made 36 CD loans totaling $154 million (54.4 percent) for the purpose of affordable housing. Additionally, the bank extended CD loans for the primary purpose of providing community services to LMI individuals, economic development, and revitalization/stabilization LMI geographies.

Examples of CD loans in the AA include:

- In December 2018, WFBNA provided a $1.4 million loan for a multifamily affordable housing development located in a moderate-income census tract in Salt Lake City, UT. The property is subject to the rent control city ordinances and has three Section 8 units and 141 fair market rent units. This development consists of 72 one-bedroom (1 is Section 8) units, 72 two-bedroom (2 are Section 8) units, with 97 percent of the actual rent rates below the 2018 Fair Market Rent for the area and 97 percent of the units affordable to tenants earning between 31.6 and 42.7 percent of the 2018 area MFI.
- In January 2016, WFBNA provided an $8.1 million loan for the construction of an affordable housing development in a low-income area. This development is located in Midvale, Utah, with 100 percent of the 102-units restricted to tenants earning between 25 and 50 percent of the area MFI. Additionally, 24 units will have special needs set asides including eight units for domestic violence victims, five for transitional homeless, and 11 wheelchair accessible units for people with disabilities.

Product Innovation and Flexibility

The institution makes extensive use of innovative and/or flexible lending practices in order to serve AA credit needs. The bank launched the NeighborhoodLIFT program in the Salt Lake City CSA AA in December 2014 and more than 400 potential homebuyers attended the event and more than 200 homebuyers utilized the down payment assistance ($15,000) to purchase a home. Of the 200 WFBNA originated 49 home mortgage loans totaling $7.6 million. Under the *your*FirstMortgage loan program

the bank has funded 70 loans totaling $13.7 million to LMI homebuyers that qualified under this program. Refer to the comments in the institution Innovative or Flexible Lending Programs section of this performance evaluation for additional details regarding these programs.

Conclusions for Areas Receiving LS Reviews

Based on LS reviews, the bank's performance under the Lending Test in the St. George MSA AA is consistent with the bank's overall excellent performance under the Lending Test in the FS area. Performance in the UT Combined NonMetro AA is weaker than the overall performance due to lower volume of CD lending. Performance in the UT Combined NonMetro AA did not affect the bank's overall rating for the state.

Refer to Tables O through T in the State of Utah section of appendix D for the facts and data that support these conclusions.

INVESTMENT TEST

The bank's performance under the Investment Test in the State of Utah is rated Low Satisfactory.

Conclusions for Area Receiving a FS Review

Based on a FS review, including the data in the tables below and consideration of performance context discussed in the investment test, the bank's performance in the Salt Lake City CSA AA is adequate.

Qualified Investments										
	Prior Period*		Current Period		Total				Unfunded Commitments**	
Assessment Area	#	$(000's)	#	$(000's)	#	% of Total #	$(000's)	% of Total $	#	$(000's)
Salt Lake City CSA	45	$16,133	462	$65,005	507	92.9	$81,138	99.0		
St. George MSA	0	$0	12	$78	12	2.2	$78	0.1		
UT Combined NonMetro	1	$594	26	$166	27	4.9	$760	0.9		
Total	46	$16,727	500	$65,249	546	100.0	$81,976	100.0		

* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.
** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Salt Lake City CSA AA

The institution has an adequate level of qualified CD investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors. The current and prior period investments dollar volume represents 6.6 percent of tier 1 capital allocated to the AA.

The investments and grants exhibit adequate responsiveness to the needs identified in the AA including affordable housing, community services, economic development, and revitalization/stabilization for LMI

individuals and geographies. Over 66.1 percent of the bank's CD investments focused on affordable housing which is an identified credit need in the AA. Additionally, the bank provided 435 grants totaling $8.1 million to a variety of organizations that primarily support affordable housing, community services, economic development, and revitalization/stabilization.

The institution makes significant use of innovative and/or complex investments to support CD initiatives. CD Investments involved several complex LIHTC projects where the bank often acted in a leadership role with participations from federal, state, and local housing agencies and real estate developers. Additionally, the bank purchased numerous government mortgage-backed securities for the CD Investment portfolio.

Examples of CD investments in the AA include:

- In November 2015, WFBNA provided an $8.4 million LIHTC Direct investment for a development located in Provo, Utah, with 81.4 percent of the units restricted to tenants earning between 25 and 50 percent of the area MFI. Ten units will have special needs set asides including three units for domestic violence victims, two for veterans, and five for transitional homeless. All of these set-asides are on best effort's basis and the tenant must be able to pay rent. This activity is responsive to the identified need for affordable housing and addressing homelessness. WFBNA also demonstrated multi-faceted support by providing both the construction loan ($8.2 million) and equity investment in support of this affordable housing development.
- In January 2015, WFBNA provided a $3.4 million grant to the NeighborhoodLIFT Down Payment Assistance Program in Salt Lake City, UT. The grant provided needed assistance in support of affordable housing and neighborhood revitalization within the State of Utah including the Salt Lake City CSA AA. Refer to the comments in the institution Innovative or Flexible Lending Programs section of this performance evaluation for additional details regarding this program.
- During the exam timeframe, WFBNA provided four grants totaling $312,500 to a local housing organization through the PMP for affordable housing in the Salt Lake City CSA AA. Refer to the comments in the institution Community Development Initiatives section of this public evaluation for additional details regarding this program.

Conclusions for Areas Receiving LS Reviews

Based on LS reviews, the bank's performance under the Investment Test in the St. George MSA and UT Combined NonMetro AAs is weaker than the bank's overall adequate performance in the Investment Test in the FS area due to lower volume of CD investments. Performance differences in the weaker LS AAs did not impact the overall Investment Test rating for the State of Utah.

SERVICE TEST

The bank's performance under the Service Test in Utah is rated Outstanding.

Conclusions for Area Receiving a FS Review

Based on a FS review, including the data in the tables below and consideration of performance context discussed in the service test, the bank's performance in the Salt Lake City CSA AA is excellent.

Retail Banking Services

Service delivery systems are readily accessible to geographies and individuals of different income levels in the institution's AAs, particularly LMI geographies and/or LMI individuals.

Distribution of Branch Delivery System											
Assessment Area	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)*				% of Population within Each Geography*			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Salt Lake City CSA	90.6	74	77.9	8.1	31.1	41.9	17.6	3.6	19.5	45.9	30.6
St. George MSA	4.5	7	7.4	0.0	0.0	100.0	0.0	0.0	7.6	81.0	11.3
UT Combined NonMetro	4.9	14	14.7	0.0	42.9	57.1	0.0	1.4	20.1	73.8	4.6

* May not add up to 100 percent due to geographies with unknown tract income level and rounding.

Distribution of Branch Openings/Closings						
Assessment Area	# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)			
			Low	Mod	Mid	Upp
Salt Lake City CSA	0	14	-2	-5	-6	-1
St. George MSA	0	0	0	0	0	0
UT Combined NonMetro	0	6	0	0	-6	0

Salt Lake City CSA AA

As of December 31, 2018, WFBNA operates 74 branches and 108 ATMs in the Salt Lake City CSA AA. All branches are full-service locations. There are six branches in low-income geographies and 23 branches in moderate-income geographies. The branch distribution in LMI geographies significantly exceeds the percentage of the population in LMI CTs in the AA.

The institution's opening and closing of branches have not affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals . The bank closed 14 branches since the last evaluation. Of these closures, two were located in low-income CTs and five were located in moderate-income CTs. The closure of branches in LMI geographies was to consolidate with other branches nearby and did not negatively impact the distribution of branches relative to the population residing in those geographies. The bank still maintains 29 active branches or 39.2 percent within LMI geographies.

Services, including where appropriate, business hours, do not vary in a way that inconveniences the various portions of its AA, particularly LMI geographies and/or individuals. Generally, branches are open Monday through Friday from 9:00 am to 6:00 pm. Five branches are open until 7:00 pm. Of the

total branches, 52 are open on Saturday from 9:00 am to 2:00 pm. All WFBNA services are available at all branches and all delivery systems discussed bank-wide are available in this AA.

Community Development Services

The institution provides a relatively high level of CD services.

Salt Lake City CSA AA

The level of CD services in the Salt Lake City CSA AA is good. Bank records show that employees provided their financial or job-specific expertise and/or technical assistance for 587 CD service activities to 100 organizations since the last evaluation, logging a total of 1,908 qualified hours within this AA. A majority of the bank's assistance was to organizations that provide community services to LMI individuals and families. Other activities targeted affordable housing and economic development. The bank's assistance provided was responsive to the identified need in the AA particularly affordable housing. The following are examples of CD services provided in this AA:

- A WFBNA team member provided 63 hours of Board service to a community organization that works to promote economic development within Salt Lake City.
- A WFBNA team member provided 19 hours of financial education to a local community organization that develops sustainable and affordable housing, revitalizes neighborhoods and communities, and promotes self-sufficiency through home ownership.
- A WFBNA team member served on the board of directors for a Coalition for Personal Financial Literacy providing 71.5 board service hours. This Coalition was organized in September 2000 and became an official National Coalition affiliate in February of 2001 and consists of individuals and organizations that brings together leaders from business, government, and educators.
- Five WFBNA team members provided 50 hours of tax preparation through the VITA program. Refer to the comments in the institution Innovative or Flexible Retail Service Programs section of this public evaluation for additional details regarding this program.

Conclusion for Areas Receiving LS Reviews

Based on LS reviews, the bank's performance under the Service Test in the St. George MSA AA and UT Combined NonMetro AA is consistent with the bank's overall excellent performance under the Service Test in the FS area. Branch distribution in the St. George MSA AA is below the percentage of the population in LMI geographies; however, considering additional branches that directly border LMI geographies and serve LMI individuals, the bank's distribution exceeds the population.

State Rating

State of Virginia

CRA rating for the State of Virginia[49]: Satisfactory
The Lending Test is rated: High Satisfactory
The Investment Test is rated: Low Satisfactory
The Service Test is rated: Outstanding

The major factors that support this rating include:

- Excellent lending activity;
- Good geographic distribution of loans;
- Excellent borrower distribution of loans;
- A good level of CD loans, which has a positive impact on the Lending Test;
- WFBNA's use of flexible products has a neutral impact on the Lending Test;
- Lending performance in the LS AAs weakened overall Lending Test rating;
- Adequate level of CD investments;
- Retail delivery systems are readily accessible to all portions of the AA;
- Adequate level of CD services; and
- Service performance in the LS AAs enhanced overall Service Test rating.

Description of Institution's Operations in Virginia

WFBNA delineated nine AAs within Virginia including the Richmond, VA MSA (Richmond MSA AA); Roanoke, VA MSA (Roanoke MSA AA); Virginia Beach-Norfolk-Newport News, VA MSA (Virginia Beach MSA AA); Blacksburg-Christiansburg-Radford, VA MSA (Blacksburg MSA AA); Charlottesville, VA MSA (Charlottesville MSA AA); Harrisonburg-Staunton-Waynesboro, VA CSA (Harrisonburg CSA AA); Kingsport-Bristol, VA MSA (Kingsport MSA AA), Lynchburg, VA MSA (Lynchburg MSA AA); and VA Combined Non-Metros (VA Combined NonMetro AA). The Richmond MSA, Roanoke MSA, and Virginia Beach MSA AAs received full scope reviews. These areas accounted for the largest portion of the lending (79.0 percent) and deposits (74.6 percent) amongst the AAs in Virginia. Refer to Appendix A for a complete description of each AA. Virginia represents the 13th largest rated area by deposits. WFBNA has $18.0 billion of deposits representing 1.4 percent of adjusted deposits. WFBNA operates 165 branches and 321 ATMs within Virginia, representing 3.0 percent of the bank's branches and 2.4 percent of the bank's ATMs. The bank originated and purchased approximately $38.1 billion in loans or 2.1 percent of total reported loan originations and purchases during the evaluation period. The bank's primary loan products in Virginia are home mortgage and small loans to businesses.

<u>Richmond MSA AA</u>

Within the Richmond MSA AA, the bank had $6.8 billion in deposits and ranked third amongst 29

[49] This rating reflects performance within the state. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan statistical area.

financial institutions in the market with 6.3 percent market share. Capital One Bank N.A. and Bank of America, N.A ranked first and second with a market share of 64.9 and 13.2 percent, respectively. WFBNA operates 57 branch offices and 116 ATMs in the AA.

Roanoke MSA AA

Within the Roanoke MSA AA the bank had $1.8 billion in deposits and ranked first amongst 18 financial institution in the market with a 24.8 percent market share. SunTrust Bank and BB&T ranked second and third with market shares of 19.2 and 12.2 percent, respectively. WFBNA operates 9 branch offices and 23 ATMs in the AA.

Virginia Beach MSA AA

Within the Virginia Beach MSA AA the bank had $4.8 billion in deposits and ranked second amongst 24 financial institution in the market with a 19.1 percent market share. Towne Bank ranked first with a market share of 22.3. WFBNA operates 44 branch offices and 99 ATMs in the AA.

Demographic Data

Richmond, MSA AA

The following table provides a summary of the demographics that includes housing and business information for the Richmond MSA AA. Table A indicates that the volume of OOUs is very small in low-income CTs and over 38 percent of families in the AA are LMI. The area's median housing value in the Richmond MSA AA is 3.2 times the area's median income, but 4 times moderate-, and 6.4 times low-income, indicating a limited proportion of OOUs are affordable to LMI. Median rents and the high percentage of families below poverty level suggest rental housing is also unaffordable for many low-income residents.

Table A – Demographic Information of the Assessment Area

Assessment Area: Richmond VA MSA (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	295	9.8	25.1	34.6	29.2	1.4
Population by Geography	1,208,101	7.5	22.3	36.8	33.4	0.1
Housing Units by Geography	497,013	8.1	23.8	36.8	31.3	0.0
Owner-Occupied Units by Geography	310,572	3.6	17.3	40.1	39.0	0.0
Occupied Rental Units by Geography	141,349	15.4	34.9	31.7	18.0	0.0
Vacant Units by Geography	45,092	16.1	34.1	30.1	19.8	0.0
Businesses by Geography	89,658	5.4	20.4	35.4	38.7	0.2
Farms by Geography	2,531	2.0	18.9	40.6	38.5	0.0
Family Distribution by Income Level	300,468	20.4	18.0	21.1	40.5	0.0
Household Distribution by Income Level	451,921	22.4	17.3	18.7	41.6	0.0
Median Family Income MSA - 40060 Richmond, VA MSA		$71,605	Median Housing Value			$230,465
			Median Gross Rent			$884
			Families Below Poverty Level			7.5%

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

According to the August 2018 Moody's Analytics report, the Richmond economy is in a late expansion phase. Richmond is struggling to shift into a higher gear. Yet, the pace of job growth, while slower than in the rest of Virginia and the U.S., is tentatively improving thanks primarily to professional/business services and healthcare. Transportation/warehousing is playing a key supporting role. Average hourly earnings growth has lagged the U.S. average since mid-2017 but is close to catching up. Not only has the mix of job creation improved, but also the decline in the jobless rate is accelerating.

A talented workforce, high living standards, and a lower cost of doing business vis-à-vis the DC area will keep white-collar industries in the driver's seat in the Richmond MSA AA. Science Applications International Corporation will create IT jobs in downtown Richmond thanks to a contract with the Virginia Information Technologies Agency, the state's IT arm. UDig, a business technology consulting firm, is expanding its IT headquarters operations in Henrico County, leading to net new jobs. Finally, West Creek Financial, which provides consumer financing services for retailers, is adding a second office in Henrico County, creating about 100 positions. The additions will not move the needle on the economy, but their impact will be significant because they pay high wages and will contribute to consumption growth.

Healthcare will be a key source of investment in private and public structures. The Virginia Commonwealth University (VCU) will build a 16-story outpatient facility by mid-2020. VCU is also building a new College of Health Professions and has partnered with Sheltering Arms to construct a rehabilitation hospital in Goochland County. A BetterMed urgent care center will occupy an exterior parcel at the redeveloped Regency Mall. Some of these construction projects such as the Southside Emergency Care Center in Colonial Heights are coming on line. Growing healthcare demand is also bleeding into office industries.

It wasn't long ago that Richmond, Virginia was heralded as one of the hottest housing markets in 2014. Subsequently, housing prices in the capital of Virginia have persisted to increase at a steady pace for nearly four years, up approximately 3 percent annually since 2010. The positive trend may be attributed to the region's thriving job sector. The Richmond housing market experienced the same increased rate of appreciation as the rest of the country. Home values are rising more slowly than they were earlier this year, when 12-month gains were averaging nearly double their current pace. However, like the rest of the country, price growth has tempered in the Richmond housing market.

The area's major employers are Capital One Financial Corp., Fort Lee, and VCU Health System. According to the U.S. BLS, the unemployment rate for the first six months of 2018 remained at decade lows at 3.4 percent and has decreased from 6.6 percent at the beginning of the evaluation period. The unemployment rate in the AA is similar to the overall state at 3.5 percent for the same period.

Community Contacts

The analysis takes into consideration comments provided by an existing community contact that serves the bank's Richmond MSA AA. The contact is with an affordable housing organization that serves the greater Richmond area and has served more than 10,000 people. The organization provides rental and

homeownership development, as well as support services, including youth programs, early childhood and parent education, social services, financial and career development services, and access to computer technology and health and wellness services. One of the primary focuses is on building, renovating or restoring high-quality, and affordable, well-located properties.

The contact indicated that affordable housing is a significant need in the Richmond area. An additional 20,000 units are needed in the region by 2030 to meet the demand. According to the contact, changes at federal level will result in some reductions or eliminations of some programs, and with interest rates and construction costs going up, subsidies going down, and outside investors coming in, there is a need for larger, more sophisticated CD partners in the assessment area.

The community contact mentioned there are unfavorable or ineffective policies and diminished funding from public and private resources to meet affordable housing demands for LMI individuals and families in the assessment area. Workforce development is also a primary need in the Richmond MSA AA. An alternative to building or preserving affordable housing is to help increase incomes, figure out pathways for LMI individuals to get gainful employment at a living wage which will provide people more choices around where to live, work, send their kids to school, etc. The contact also mentioned that banks have not been that responsive with respect to grant funding with grants in the range of $10,000 t0 $25,000.

The bank conducted research in the AA and identified community needs for affordable housing for LMI families, homeless services, neighborhood revitalization and stabilization, and workforce development and job readiness.

Considering the information from the community contacts and bank management as well as demographic and economic data, affordable housing represents a primary credit need for the Richmond MSA AA. Opportunity exists to originate these types of loans throughout the AA; however, it is limited in the low-income geographies as reflected by the small proportion of OOUs and small businesses coupled with limited home affordability for LMI individuals. The AA also has CD needs for small business.

Roanoke MSA AA

The following table provides a summary of the demographics that includes housing and business information for the Roanoke MSA AA. Table A indicates that the volume of OOUs is very small in low-income CTs and over 38 percent of families in the AA are LMI. The area's median housing value in the Roanoke MSA AA is 2.9 times the area's median income, but 3.6 times moderate-, and 5.8 times low-income, indicating a limited proportion of OOUs are affordable to LMI. Median rents and the high percentage of families below poverty level suggest rental housing is also unaffordable for many low-income residents.

Table A – Demographic Information of the Assessment Area

Assessment Area: Roanoke VA MSA (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	65	4.6	21.5	43.1	30.8	0.0
Population by Geography	308,707	4.3	23.4	41.6	30.7	0.0
Housing Units by Geography	143,012	4.5	23.1	43.7	28.7	0.0
Owner-Occupied Units by Geography	91,498	1.9	20.7	42.5	35.0	0.0

Occupied Rental Units by Geography	37,320	9.7	30.2	41.8	18.3	0.0
Vacant Units by Geography	14,194	7.5	20.6	56.4	15.5	0.0
Businesses by Geography	20,917	3.3	21.5	39.2	35.9	0.0
Farms by Geography	699	2.0	21.3	48.1	28.6	0.0
Family Distribution by Income Level	83,199	20.1	18.3	21.6	39.9	0.0
Household Distribution by Income Level	128,818	22.7	17.0	19.1	41.2	0.0
Median Family Income MSA - 40220 Roanoke, VA MSA		$60,547	Median Housing Value			$174,973
			Median Gross Rent			$675
			Families Below Poverty Level			8.7%

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

According to the April 2018 Moody's Analytics report, the Roanoke economy is in a recovery phase. The establishment survey of employment grossly overestimated the job market's health in 2017. Benchmark revisions reveal that nonfarm payrolls fell 0.9 percent instead of rising by 1.2 percent. No Virginia metro area suffered a larger downgrade than the Roanoke MSA AA, which has become the state's worst performer. It is making progress though, albeit barely. After languishing for two years, payroll employment has revived some in early 2018 due to a resurgence in consumer industries.

If demography is destiny, then Roanoke will be a chronic underperformer. The metro area was one of the state's slowest growers last year. After the Great Recession, natural population changes went from reliably positive to negative or negligible. Domestic net migration, meanwhile, has become erratic. Though domestic net migration rose in 2017, it barely made up for the massive outflow of domestic residents in the prior year. The upshot is that the working-age population has shrunk, which is the most fundamental constraint to job growth. There is little reason to believe Roanoke will reverse its demographic woes. The metro area will struggle to attract working-age in-migrants and businesses seeking a low-cost alternative to Washington DC, Richmond, and Virginia Beach. Roanoke's costs of living and doing business, as well as its talent pool, are either on par with or less competitive than those of nearby Blacksburg and Lynchburg.

The largest employers in the Roanoke MSA AA include the Roanoke Memorial Community Hospital, Kroger, and Wells Fargo Bank. The unemployment rate for the first three months of 2018 was 3.3 percent and has decreased from 6.1 percent at the beginning of the evaluation period. The unemployment rate in the AA is similar to the overall state at 3.5 percent for the same period.

Community Contacts

The analysis takes into consideration comments provided by an existing community contact pertaining to the Roanoke MSA AA in conjunction with this evaluation. The contact represents an economic development organization that primarily serves as a point of contact for businesses looking to relocate and expand.

According to the contact, CRA opportunities include financing for affordable housing projects, financial literacy programs for start-ups, and flexible innovative financing for small businesses. The area has experienced positive job growth and the trend is expected to continue. Job growth is the result of a rise

in company expansions and relocations, largely in the servicing and manufacturing industry. The area is economically diverse in terms of local industries including medical/health care, food services and recreational. Economic weaknesses include the small size of the assessment area and limited air services from the local airport. More people are now homeless in the Roanoke area compared to a year ago, but the problem is still better than it was in 2012. According to the Blue Ridge Interagency Council on Homelessness, families were hit the hardest. The survey showed there are now 27 percent more family members who are homeless compared to a year ago. Other studies show there are far more families in need than the council's survey reflects. The council's findings don't include people who are staying with friends or other family members, or people staying in hotels. In just one example, Roanoke City Schools included those families in their count and found that there are nearly 500 homeless students in the school district.

Considering the information from the community contact and bank management as well as demographic and economic data, affordable housing and small business loans represent a primary credit need for the Roanoke MSA AA. Opportunity exists to originate these types of loans throughout the AA; however, it is limited in the low-income geographies as reflected by the small proportion of OOUs and small businesses coupled with limited home affordability for LMI individuals.

Virginia Beach MSA AA

The following table provides a summary of the demographics that includes housing and business information for the Virginia Beach MSA AA. Table A indicates that the volume of OOUs is very small in low-income CTs and over 37 percent of families in the AA are LMI. The area's median housing value in the Virginia Beach MSA AA is 3.7 times the area's median income, but 4.7 times moderate-, and 7.6 times low-income, indicating a limited proportion of OOUs are affordable to LMI. Median rents and the high percentage of families below poverty level suggest rental housing is also unaffordable for many low-income residents.

Table A – Demographic Information of the Assessment Area

Assessment Area: Virginia Beach-Norfolk-Newport News VA MSA (2016)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	410	6.6	24.4	36.6	30.2	2.2
Population by Geography	1,641,078	4.9	22.6	37.4	35.0	0.0
Housing Units by Geography	662,530	4.6	24.0	38.1	33.3	0.0
Owner-Occupied Units by Geography	391,937	1.9	16.8	39.5	41.8	0.0
Occupied Rental Units by Geography	217,019	9.1	35.7	36.8	18.4	0.0
Vacant Units by Geography	53,574	6.1	29.6	33.6	30.8	0.0
Businesses by Geography	101,426	4.7	19.0	37.9	38.1	0.3
Farms by Geography	2,446	1.9	13.8	40.6	43.5	0.2
Family Distribution by Income Level	414,999	19.2	18.2	22.1	40.6	0.0
Household Distribution by Income Level	608,956	21.7	17.3	19.9	41.1	0.0
Median Family Income MSA - 47260 Virginia Beach-Norfolk-Newport News, VA-NC MSA		$67,485	Median Housing Value			$255,790
			Median Gross Rent			$970
			Families Below Poverty Level			7.5%

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

Economic Data

According to the August 2018 Moody's Analytics report, the Virginia Beach economy is in a late expansion phase. Virginia Beach is reviving but remains a regional and national underachiever. Nevertheless, total employment has broken free from a yearlong spell of sluggishness, finally rising past its prerecession peak in April. Leisure/hospitality is leading the charge. Manufacturers are playing a key support role thanks to the federal defense stimulus that is under way after passage of the fiscal 2018 omnibus bill. Single-family homebuilding seems to have taken its cue from an improving job market. Trend growth in single-family permits has picked up to an above-average pace.

A loosening federal defense contract under the Bipartisan Budget Act of 2018 will be a boon for the Virginia Beach MSA AA. Department of Defense outlays on personnel and contracts for purchases of goods and services made up 16 percent of gross metro product in fiscal 2016, compared with 2 percent nationally. The commonwealth is partnering with Newport News Shipbuilding to support the creation of 2,000 jobs in the next five years. The company's shipyard was recently tapped to perform a mid-life overhaul of the USS John C. Stennis aircraft carrier. BAE Systems Norfolk Ship Repair will perform maintenance, modernization and repair on the USS Cole destroyer. MI Technical Solutions is expanding its IT and cybersecurity operations in the City of Chesapeake because of rising demand from the U.S. Navy.

Virginia Beach will continue to benefit from rising domestic travel to the area thanks to its beachfront attractions. Hotel room demand is outpacing supply across most of the area, forcing hotel operators to expand capacity. Near term outlook for domestic travel to the area is positive.

The AA's major employers are Huntington Ingalls Industries Inc. (Military shipbuilding), Sentra Healthcare, and Wal-Mart Stores Inc. The unemployment rate for the six months ending July of 2018 is at 3.6 percent and has decreased from 6.8 percent at the beginning of the evaluation period. The unemployment rate in the AA is similar to the overall state at 3.5 percent for the same period.

Community Contacts

The analysis takes into consideration comments provided by two community contacts pertaining to the Virginia Beach MSA AA in conjunction with this evaluation. One contact represents an economic development organization that primarily bring large commercial or industrial companies to the surrounding areas. The second contact represents a small business organization that primarily serves as the advocate for the retention and growth in small businesses for the surrounding areas.

The contact stated that the current economic conditions in the Virginia Beach MSA AA stable to improving. The area's economic activity continues to be dominated primarily by agriculture. The area produces primarily peanuts and soybeans. However, the area is focusing on its abundance of undeveloped land, its proximity to the Port of Hampton Roads and its extensive road network to lure large multinational businesses to the area. The contact stated that he believed the area will continue to grow at a modest to moderate pace. According to the second contact, the current economic conditions are favorable. The City of Virginia Beach experienced significant growth from 2001-2007 before being adversely impacted by the "Great Recession" which lasted until approximately 2012. Since 2012, the Pembroke Strategic Growth area has experienced significant growth. The area has experienced

numerous development and redevelopment activities. In addition to projects by local developers, there has been a recent influx in outside investors completing larger scale development activities. The contact also indicated that the most common form of development is mixed use and condo/townhouses.

Both contacts stated that there are numerous opportunities for bank involvement in the local economy. However, there is fierce competition amongst financial institutions of all sizes for business. The large and multinational banks continue to cherry pick the larger projects offering very competitive rates. The community and regional banks are very active in the middle market and small community banks and credit unions are active in the retail market. The small financial institutions are meeting the retail credit needs of the local economy. Developers continue to build large multi-use and townhouse developments financed by the larger institutions and home purchasers continue to acquire the newly built stock using financing from the smaller community banks and credit unions. Competition in the market is fierce.

There are opportunities for all credit unions and banks to participate in lending activity in the area. The perception of the local financial institutions is very good. Financial institutions must have a personal relationship with someone to obtain their businesses. Larger banks work on a different level and community banks are competing to fill the niche left behind.

Considering the information from the community contact and bank management as well as demographic and economic data, affordable housing and small business loans represent a primary credit need for the Virginia Beach MSA AA. Opportunity exists to originate these types of loans throughout the AA; however, it is limited in the low-income geographies as reflected by the small proportion of OOUs and small businesses coupled with limited home affordability for LMI individuals.

Scope of Evaluation in Virginia

The rating for the State of Virginia is based on FS evaluations of the bank's performance in the Richmond MSA, the Roanoke MSA, and the Virginia Beach MSA AAs; however, performance in each AA was considered. Conclusions where a LS review affected the CRA Rating for the state are addressed within their respective tests. LS procedures were performed for the remaining six AAs. The State of Virginia is the 13th largest rated area and along with 12 other rated areas represents the bank's most significant markets in terms of lending, deposit, and branch distribution. Virginia represents a sizeable portion of the bank's overall lending, investments, and services; therefore, the performance in the state was weighted heavier in determining the bank's overall CRA Rating.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN VIRGINIA

LENDING TEST

The bank's performance under the Lending Test in Virginia is rated High Satisfactory.

Conclusions for Areas receiving FS Reviews

Based on FS reviews, including the data in the tables below and consideration of performance context discussed in the lending test, the bank's performance in the Richmond MSA and Virginia Beach MSA AAs is excellent and performance in the Roanoke MSA AA is good.

Lending Activity

Based on the tables below, lending levels reflect excellent responsiveness to the credit needs in its AAs taking into account the number and amount of home mortgage, small business, small farm, and CD loans originated or purchased relative to its capacity based on deposits, competition, and market presence.

Number of Loans*							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	%State Loans	%State Deposits
Richmond MSA	50,362	20,760	192	27	71,341	33.6	37.9
Roanoke MSA	9,281	2,545	52	10	11,888	5.6	9.9
Virginia Beach MSA	68,870	15,354	168	41	84,433	39.8	26.8
Blacksburg MSA	4,303	1,105	47	2	5,457	2.6	2.8
Charlottesville MSA	6,034	2,752	121	10	8,917	4.2	5.3
Harrisonburg CSA	4,815	1,338	169	5	6,327	3.0	2.6
Kingsport MSA	854	540	35	0	1,429	0.7	2.0
Lynchburg MSA	5,790	2,749	106	7	8,652	4.1	6.4
VA Combined NonMetro	9,427	3,891	302	14	13,634	6.4	6.3
Total	159,736	51,034	1,192	116	212,078	100.0	100.0

*The tables present the data for all assessment areas. The narrative below addresses performance in FS areas only.

Dollar Volume of Loans (000's) *							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	%State Loans	%State Deposits
Richmond MSA	$11,534,519	$1,145,986	$8,189	$86,932	$12,766,715	33.2	37.9
Roanoke MSA	$1,713,408	$162,235	$1,059	$2,100	$1,879,113	4.9	9.9
Virginia Beach MSA	$16,420,467	$676,810	$6,295	$203,508	$17,307,080	45.0	26.8
Blacksburg MSA	$739,833	$56,923	$1,467	$2,384	$800,607	2.1	2.8
Charlottesville MSA	$1,596,187	$136,382	$5,957	$5,894	$1,744,420	4.5	5.3
Harrisonburg CSA	$837,620	$116,992	$6,093	$2,000	$962,705	2.5	2.6
Kingsport MSA	$120,641	$31,297	$1,126	$0	$153,064	0.4	2.0
Lynchburg MSA	$971,972	$160,685	$4,351	$6,406	$1,143,414	3.0	6.4
VA Combined NonMetro	$1,463,718	$206,267	$15,700	$6,922	$1,143,414	4.4	6.3
Total	$35,398,366	$2,693,577	$50,237	$316,146	$38,458,326	100.0	100.0

*The tables present the data for all assessment areas. The narrative below addresses performance in FS areas only.

Richmond MSA AA

WFBNA ranked third in deposits with 6.3 percent market share in the AA. In overall HMDA lending, WFBNA ranked first with 10.1 percent market share. There is strong competition as reflected by the

502 lenders and 29 depository institutions in the AA. The 2nd and third lenders in this market were the SunTrust and Quicken Family of lenders with 4.5 and 4.2 percent market share, respectively.

In small loans to businesses, WFBNA ranked second with a market share of 11.0 percent. The top lender was American Express, FSB with 19.1 percent market share.

Roanoke MSA AA

WFBNA ranked first in deposits with 24.8 percent market share in the AA. In overall HMDA lending, WFBNA ranked second with 9.4 percent market share. There is strong competition as reflected by the 316 lenders and 18 depository institutions in the AA. The top lender in this market was Atlantic Bay Mortgage Group with 11.4 percent market share.

In small loans to businesses, WFBNA ranked seventh with a market share of 5.9 percent. The top three lenders were American Express, FSB with 15.5 percent market share, BB&T with 9.8 percent, and SunTrust Bank with 9.4 percent market share.

Virginia Beach MSA AA

WFBNA ranked second in deposits with 19.1 percent market share in the AA. In overall HMDA lending, WFBNA ranked first with 9.6 percent market share. There is strong competition as reflected by the 491 lenders and 24 depository institutions in the AA. The 2nd and 3rd top lenders in this market were Atlantic Bay Mortgage Group, LLC and the Navy Federal Credit Union with 7.9 and 7.5 percent market share, respectively.

In small loans to businesses, WFBNA ranked third with a market share of 7.8 percent. The top two lenders were the American Express, FSB, and Citibank N.A. with 20.8 and 9.2 percent market share, respectively.

Distribution of Loans by Income Level of the Geography

The bank exhibits a good geographic distribution of loans in the Richmond MSA and Virginia Beach MSA AAs and an adequate geographic distribution of loans in the Roanoke MSA AA.

Richmond MSA AA

Home Mortgage Loans

Refer to Table O in the State of Virginia section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is good.

- The bank's performance in both periods, 2012-2016 and 2017-2018, for home mortgage loans in LMI geographies substantially meets the aggregate distribution of loans in those geographies.
- The proportion of loans in low-income geographies is well below the proportion of OOUs and in moderate-income geographies is below the proportion of OOUs in those geographies.

Small Loans to Businesses

Refer to Table Q in the State of Virginia section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is excellent.

- For 2012-2016, the combined proportion of the bank's small business loans in low-income geographies exceeds both the aggregate distribution of loans and the proportion of the businesses located in those geographies.
- The proportion of loans in moderate-income geographies substantially meets the aggregate distribution of loans and is below the proportion of businesses located in those geographies.
- Based on the bank's performance in 2017-2018, the bank's small business lending is slightly lower than the combined performance in 2012-2016.

Roanoke MSA AA

Home Mortgage Loans

Refer to Table O in the State of Virginia section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is adequate.

- For 2012-2016, the proportion of home mortgage loans in low-income geographies is well below both the aggregate distribution of loans and the proportion of OOUs in those geographies. Less weight was given to the bank's performance in low-income geographies due to the very small volume OOUs and lending in low-income geographies.
- The proportion of loans in moderate-income geographies is below both the aggregate distribution of loans and the proportion of OOUs in those geographies.
- Based on the bank's performance in 2017-2018, the bank's home mortgage lending is slightly below the combined performance in 2012-2016.

Small Loans to Businesses

Refer to Table Q in the State of Virginia section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is excellent.

- For 2012-2016, the combined proportion of the bank's small business loans in LMI geographies substantially meets the aggregate distribution of loans in those geographies.
- The proportion of loans in LMI geographies exceeds the proportion of businesses located in those geographies.
- Based on the bank's performance in 2017-2018, the bank's small business lending is slightly below the combined performance in 2012-2016.

Virginia Beach MSA AA

Home Mortgage Loans

Refer to Table O in the State of Virginia section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The bank's overall geographic distribution of home mortgage loan originations and purchases for this evaluation is good.

- The bank's performance in both periods, 2012-2016 and 2017-2018, for home mortgage loans in LMI geographies substantially meets the aggregate distribution of loans.
- The proportion of loans in low-income geographies is below the proportion of OOUs and to moderate-income geographies is near to the proportion of OOUs in those geographies.

Small Loans to Businesses

Refer to Table Q in the State of Virginia section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. The bank's overall geographic distribution of small loans to businesses for this evaluation is good.

- For 2012-2016, the proportion of the bank's small business loans in low-income geographies is below both the aggregate distribution of loans and the proportion of the businesses located in those geographies.
- The proportion of loans in moderate-income geographies exceeds the aggregate distribution of loans and is near to the proportion of businesses located in those geographies.
- Based on the bank's performance in 2017-2018, the bank's small business lending is higher than the combined performance in 2012-2016.

Distribution of Loans by Income Level of the Borrower

The bank exhibits an excellent distribution of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the institution.

Richmond MSA AA

Home Mortgage Loans

Refer to Table P in the State of Virginia section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is excellent.

- There are homeownership affordability hurdles in the AA especially for LMI borrowers. As noted above, the area's median housing value is 6.4 times the income of low-income and 4 times the income of moderate-income borrowers indicating a limited proportion of OOUs are affordable to LMI. Despite the affordability challenges, the bank's performance in both periods, 2012-2016 and 2017-2018, to LMI borrowers exceeds the aggregate lending.
- The bank's performance to low-income borrowers is well below the proportion of families and for moderate-income borrowers exceeds the proportion of families.

Small Loans to Businesses

Refer to Table R in the State of Virginia section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is good.

- For both 2012-2016 and 2017-2018 periods, the bank's distribution of small loans to businesses with revenues of $1 million or less exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is below the percentage of small businesses located in the AA.

Roanoke MSA AA

Home Mortgage Loans

Refer to Table P in the State of Virginia section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is good.

- There are homeownership affordability hurdles in the AA especially for LMI borrowers. As noted above, the area's median housing value is 5.8 times the income of low-income and 3.6 times the income of moderate-income borrowers indicating a limited proportion of OOUs are affordable to LMI. Despite the affordability challenges, the bank's performance in 2012-2016 to LMI borrowers substantially meets the aggregate lending.
- The bank's lending to low-income borrowers is well below the proportion of families and lending to moderate-income borrowers exceeds the proportion of families.
- Based on the bank's performance in 2017-2018, the bank's home mortgage lending is slightly below the combined performance in 2012-2016.

Small Loans to Businesses

Refer to Table R in the State of Virginia section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is good.

- For both 2012-2016 and 2017-2018 periods, the bank's distribution of small loans to businesses with revenues of $1 million or less exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is below the percentage of small businesses located in the AA.

Virginia Beach MSA AA

Home Mortgage Loans

Refer to Table P in the State of Virginia section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases. The bank's overall borrower distribution of home mortgage loan originations and purchases for this evaluation is excellent.

- There are homeownership affordability hurdles in the AA especially for LMI borrowers. As noted above, the area's median housing value is 7.6 times the income of low-income and 4.7 times the income of moderate-income borrowers indicating a limited proportion of OOUs are affordable to LMI. Despite the affordability challenges, the bank's performance in both periods, 2012-2016 and 2017-2018, to LMI borrowers exceeds the aggregate lending reported.
- The bank's lending to low-income borrowers is significantly below the proportion of families and lending to moderate-income borrowers is near to the proportion of families.

Small Loans to Businesses

Refer to Table R in the State of Virginia section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses. The distribution of the bank's originations and purchases of small loans to businesses by revenue is good.

- For both 2012-2016 and 2017-2018 periods, the bank's distribution of small loans to businesses with revenues of $1 million or less exceeds the aggregate small business lending data for businesses with revenues of $1 million or less and is below the percentage of small businesses located in the AA.

Community Development Lending

The institution has made a relatively high level of CD loans.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

Richmond MSA AA

The level of CD lending in the Richmond MSA AA is excellent. WFBNA made 27 CD loans for a total of $86.9 million, which represents 11.4 percent of tier 1 capital. CD lending performance has a significant positive impact on the lending test rating. The institution makes significant use of innovative and/or complex CD loans and involved many complex projects where the bank often acted in a leadership role. The loans were responsive to the identified affordable housing and small business lending needs in the AA. The bank made 13 CD loans totaling $45.8 million (52.7 percent) for the purpose of affordable housing. Additionally, the bank extended 9 CD loans totaling $9.5 million for the primary purpose of community services to LMI individuals, 4 CD loans totaling $31.5 million to revitalize and stabilize distressed areas, and one CD loan totaling $190,000 for the purpose of economic development.

Examples of CD loans in the state include:

- In May 2016, WFBNA renewed a $3.5 million working capital line of credit to an organization that primarily revitalizes and stabilizes projects within the AA. This entity offers innovative, flexible financial products, technical assistance designed to support housing and community development ventures, increase jobs, and build sustainable communities in low-income and underserved markets.
- In March 2018, WFBNA provided a $6.8 million loan for a multifamily affordable housing development. This development is located in a low-income census tract in Petersburg, VA and

consists of 49 one-bedroom units, 124 two-bedroom units, 27 three-bedroom units with 100 percent of the actual rent rates below the 2016 Fair Market Rent for the area and 100 percent of the units affordable to tenants earning between 20.3 and 41.9 percent of the 2017 area MFI.

Roanoke MSA AA

The level of CD lending in the Roanoke MSA AA is poor. WFBNA made 10 CD loans in the Roanoke MSA AA for a total of $2.1 million which represents only 1.0 percent of tier 1 capital. CD lending performance has a neutral impact on the lending test rating. The loans had a limited responsiveness to the identified needs in the AA and focused solely on community services. There are opportunities available within the AA for the bank to provide CD lending.

Examples of CD loans in the AA include:

- In August 2017, WFBNA renewed a $50,000 working capital line of credit for a non-profit organization whose mission is to provide educational enrichment and outdoor activities to less fortunate children, primarily those residing in public housing communities in the City of Roanoke. Founded in 1978, the nonprofit's overall goals are to equip young people from low-income families with the skills and self-confidence necessary to contend with and overcome barriers they face daily; build self-confidence and leadership skills; and encourage academic success. Over 95 percent of clients are considered to be LMI individuals as they earn less than $49,600 annually, which is 80 percent of the 2015 MFI.
- In August 2018, WFBNA renewed a $300,000 working capital line of credit for a non-profit nursing facility that provides long term care of its residents and has a 45-bed capacity. It is in downtown Salem, VA and focuses on the oldest segment of the population (geriatric residents) which is an area that many assisted living and nursing facilities do not focus exclusively on. Most facilities that have residents in their 80's and 90's are integrated with much younger residents which inhibits programming and activities that the geriatric community needs. The organization provides intermediate nursing home care which serves approximately 56 percent Medicaid patients.

Virginia Beach MSA AA

The level of CD lending in the Virginia Beach MSA AA is excellent. WFBNA made 41 CD loans in the Virginia Beach MSA AA for a total of $204 million which represents 37.6 percent of the allocated tier 1 capital. CD lending performance has a significant positive impact on the lending test rating. The institution makes significant use of innovative and/or complex CD loans and involved many complex projects where the bank often acted in a leadership role. The loans were responsive to the identified needs in the AA, including affordable housing and community services. The bank made 35 CD loans totaling $190 million (93 percent) for the purpose of affordable housing. Additionally, the bank extended 6 CD loans totaling $13.5 million for the primary purpose of community services to LMI individuals.

Examples of CD loans in the Virginia Beach MSA AA include:

- In November 2016, WFBNA provided a $14.2 million loan for a multifamily housing development located in a moderate-income census tract in Virginia Beach, VA. The project consists of 29 one-bedroom units, 104 two-bedroom units, and 80 three-bedroom units with 100

percent of the actual rent rates below the 2016 Fair Market Rent for the area and 100 percent of the units affordable to tenants earning between 39 and 66 percent of the 2016 area MFI.

- In April 2014, WFBNA provided a $2.5 million working capital line of credit to an organization that supports people with disabilities to live a productive and fulfilling lives. The organization serves over 1,100 people with disabilities in employment, day support, community living, and early childhood programs. The organization's service area includes the Virginia Peninsula, Middle Peninsula, and the Southside and have offices in Hampton, Gloucester, and Norfolk. Through success in government contracts, they have created jobs for over 250 people with disabilities across the country. All of its clients are LMI individuals as they earn less than 80 percent of the area MFI.

Product Innovation and Flexibility

Richmond MSA AA

The institution makes limited use of innovative and/or flexible lending practices in order to serve AA credit needs. Under the *your*FirstMortgage loan program the bank has funded 76 loans totaling $12.9 million to LMI homebuyers that qualified under this program.

Roanoke MSA AA

The institution makes limited use of innovative and/or flexible lending practices in order to serve AA credit needs. Under the *your*FirstMortgage loan program the bank has funded 17 loans totaling $2.2 million to LMI homebuyers that qualified under this program.

Virginia Beach MSA AA

The institution makes limited use of innovative and/or flexible lending practices in order to serve AA credit needs. Under the *your*FirstMortgage loan program the bank has funded 107 loans totaling $17.1 million to LMI homebuyers that qualified under this program.

Refer to the comments in the institution Innovative or Flexible Lending Programs section of this public evaluation for additional details regarding the program listed above.

Conclusions for Areas Receiving LS Reviews

Based on LS reviews, the bank's performance under the Lending Test in all six LS AAs is good and weaker than the bank's overall excellent performance under the Lending Test in the FS areas due primarily to lower volume of CD lending. Additionally, the performance in the FS Roanoke MSA AA is only good and weaker than the bank's overall excellent performance under the Lending Test in the other two FS areas. Performance differences in the LS AAs including the Roanoke MSA AA did impact the overall Lending Test rating for the State of Virginia. As such, the overall Lending Test rating for the State of Virginia was downgraded to High Satisfactory.

Refer to Tables O through T in the State of Virginia section of appendix D for the facts and data that support these conclusions.