



Office of the  
Comptroller of the Currency

Constitution Center  
400 7<sup>th</sup> Street SW  
Washington, DC 20219

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November 4, 2016

Timothy Sloan, President and Chief Executive Officer  
Wells Fargo Bank, N.A.  
MAC: A0101-121  
420 Montgomery Street, 12<sup>th</sup> Floor  
San Francisco, CA 94104

Dear President and Chief Executive Officer Sloan:

Enclosed is the Wells Fargo Financial National Bank Community Reinvestment Act (CRA) Performance Evaluation (PE). This CRA PE is for the evaluation period January 1, 2010 to December 31, 2013. Conclusions drawn on community development activities are based on the level and nature of qualified investments, community development lending, and community development services through December 31, 2013. The Office of the Comptroller of the Currency used procedures established by the federal financial supervisory agencies to analyze the Bank's performance under the Act.

We assigned an overall "Satisfactory" CRA rating. Please refer to the enclosed PE for a detailed discussion of the bank's CRA performance. A copy of the PE, in its entirety, must be placed in your Bank CRA Public File within 30 days after receipt of this letter. The format and content of the PE may not be altered or abridged in any manner. The bank may place a written response to the PE in the public file. The CRA regulation requires that your bank make this PE available to the public for inspection upon request and at no cost in your main office and all branches. If requested, your bank must also provide copies to the public. However, you may charge a reasonable fee not to exceed the cost of copying and mailing, if applicable.

Please contact EIC / National Bank Examiner Brad Linskens at (415) 396-5894 or Compliance Specialist Bobbie K. Kennedy at (202) 649-5413 if you have any questions about this evaluation.

Sincerely,

Greg Coleman  
Deputy Comptroller  
Large Bank Supervision

Beverly F. Cole  
Deputy Comptroller  
Compliance Supervision

Enclosure

cc: Yvette Hollingsworth Clark, Chief Compliance Officer  
Jon Campbell, Head of Government and Community Relations  
Mike Rizer, Head of Community Relations  
Robert Manuel, Director of CRA Risk Management



# LIMITED PURPOSE BANK

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## PUBLIC DISCLOSURE

December 31, 2013

## COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Wells Fargo Financial National Bank  
Charter Number: 21099

4455 Spring Mountain Road  
Las Vegas, NV 89102-8719

Office of the Comptroller of the Currency

Large Bank Supervision  
400 7<sup>th</sup> 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 (LMI) neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

## **INSTITUTION'S CRA RATING:**

**Wells Fargo Financial National Bank (WFFNB) is rated Satisfactory.**

The conclusions for the three rating criteria are:

- WFFNB demonstrates an adequate level of qualified investments, community development (CD) lending and CD services.
- WFFNB rarely uses innovative or complex qualified investments, CD loans, or CD services.
- The bank demonstrates adequate responsiveness to credit and CD needs in its assessment area (AA).

## Scope of the Evaluation

In evaluating the bank's performance under the CRA, we reviewed CD activities from January 1, 2010 through December 31, 2013. We reviewed the level and nature of qualified investments, CD lending, and CD services.

At the prior examination dated December 31, 2009, we rated the bank Satisfactory.

## Description of Institution

On July 9, 1997, WFFNB received approval from the OCC for designation as a limited purpose bank under the CRA. WFFNB was originally chartered as a credit card bank under the Competitive Equality Banking Act and had a limited scope of business. However, on December 24, 1998, WFFNB received a full commercial banking charter. WFFNB does not accept deposits from the public and does not currently have nor has it ever had any branches.

WFFNB, headquartered in Las Vegas, Nevada, was a wholly owned subsidiary of Wells Fargo Financial, Inc. (WFFI) and its parent company, Wells Fargo Financial, LLC. Wells Fargo Financial, LLC was in turn a wholly owned subsidiary of Wells Fargo and Company (WFC) a diversified financial services company headquartered in San Francisco, California. On December 2, 2012, ownership of WFFNB was transferred from WFFI to WFC, which became the direct parent company of WFFNB.

As of December 31, 2013, WFC had consolidated total assets of nearly \$1.5 trillion, ranking it fourth among the largest financial institutions in the United States. WFC conducts business in 39 states and the District of Columbia primarily through the 6,195 branches and 12,368 ATMs operated by its subsidiary Wells Fargo Bank, N.A. (WFB).

WFFNB's business strategy and primary focus is to provide both private label and dual-line (a private label card with VISA privileges) credit card programs on behalf of retail merchants in various industries. WFFNB does not market home mortgage products or other financial services to the public. From its inception until 2001, WFFNB was domiciled in Des Moines, Iowa, along with its then parent corporation WFFI. WFFNB administered all of its credit card programs, collections, sales development, customer service, credit decisions, and client support from this centralized location. On August 1, 2001, WFFNB relocated its charter to Las Vegas, Nevada, and received the necessary approvals from the OCC.

Funding sources for the bank are from its affiliate, WFC. As of December 31, 2013, WFFNB had total assets of \$5.7 billion and Tier 1 Capital of \$1.0 billion.

Within the designated AA of the Las Vegas-Paradise Metropolitan Statistical Area (MSA), WFFNB has approximately 23 employees whose main responsibilities are in credit card account origination and credit limit increase decisions at a computer station. WFFNB's nationwide business model results in very limited business exposure to the local community.

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

**Table 1: Financial Information (000s)**

	Year-end 2010	Year-end 2011	Year-end 2012	Year-end 2013	Average for Evaluation Period
<b>Tier 1 Capital</b>	\$490,857	\$526,069	\$767,798	\$1,015,556	\$700,070
<b>Total Income</b>	\$505,580	\$527,214	\$597,489	\$669,785	\$575,017
<b>Net Operating Income</b>	\$190,090	\$369,697	\$374,108	\$383,587	\$212,894
<b>Total Assets</b>	\$3,662,512	\$4,193,815	\$5,149,218	\$5,742,869	\$4,687,104
<b>Pass-Through Receivables*</b>	\$3,444,971	\$3,931,187	\$4,690,342	\$5,429,938	\$4,374,110

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

\* Pass-through receivables are not given significant consideration in this evaluation because they do not represent day-to-day activities that affect the bank's capacity to engage in CD activities.

## Description of Assessment Area

WFFNB has delineated the entire Las Vegas-Paradise MSA encompassing the Las Vegas, NV location of its headquarters as its AA. The AA complies with the technical requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies. The following discussion and tables present general demographic and economic information on the Las Vegas-Paradise MSA.

The Las Vegas-Paradise MSA is comprised of Clark County. It borders Nye County and the state of California to the west and south and the state of Arizona to the southeast. The city of Las Vegas, with a 2013 estimated population of 603,488, is the county seat and the most populous city in the MSA and the state of Nevada. Other major cities in the AA include Henderson, North Las Vegas, Boulder City, and Mesquite. Las Vegas is a major vacation, shopping, entertainment, and gambling location. Three Native American Tribes are located in Clark County. Approximately 90 percent of the MSA is owned by the Federal Government and managed by six different agencies. Most of Clark County is in the Mojave Desert.

**Table 2: Las Vegas – Paradise Assessment Area Description**

	Number	Low	Moderate	Middle	Upper
<b>Tracts</b>	487	6%	23%	41%	30%
<b>Families</b>	457,592	20%*	18%*	22%*	40%*
<b>Businesses</b>	118,200	5%**	22%**	42%**	31%**

Source: Tracts/Families: PCI CRA Wiz – 2010 US Census (Activity Year: 2013), Business: PCI CRA Wiz – 2013 Business Geodemographic data. \*Represents families by income level. \*\*Represents businesses by income level of census tract.

Some of the largest employers in the MSA are MGM Resorts International, Caesars Entertainment, Station Casinos, Nellis Air Force Base, Wynn Las Vegas, Boyd Gaming, and Las Vegas Sands. According to the U.S Bureau of Labor Statistics, the unemployment rate for the MSA has decreased from 11.9 percent at the end of the last evaluation period to 10 percent. However, during the evaluation period the unemployment rate was as high as 14 percent. MSA population has shown a small but steady increase from 1,953,106 in 2010 to 2,027,868 in 2013. HUD estimated Median Family Income was \$63,083 as of 2013.

There is strong competition among financial institutions to provide financial services in the Las Vegas-Paradise MSA. Further, 19 financial institutions have two or more branches in the AA and compete for the available CD opportunities. Several of these are large regional or national institutions such as Bank of America, N.A., Citibank, N.A., Beal Bank USA, Nevada State Bank, Bank of Nevada, U.S. Bank N.A., JPMorgan Chase Bank, N.A., USAA Savings Bank, City National Bank, Mutual of Omaha Bank, Bank of Las Vegas, Washington Federal, and Bank of the West. In addition, WFFNB operates in the same AA as its affiliate WFB.

Community Contact information for this MSA and information from the OCC Community Affairs officers as well as information provided by the bank identified CD needs within the Las Vegas-Paradise MSA as affordable housing, neighborhood stabilization, capacity development for nonprofit organizations, and financial education.

Community contacts conducted by the OCC Community Affairs Officer reaffirmed that the infrastructure for CD activities is not well developed in this MSA and opportunities are limited by this factor.

## **Conclusions About Performance**

### **Summary**

WFFNB made an adequate level of qualified investments, CD loans, and CD services in its AA in relation to its capacity, credit needs, and opportunities in the AA. Although retail services are not offered by the bank and commercial activity is limited, the bank, in partnership with its affiliate, WFB, has been involved in CD activities in the AA. During the evaluation period, WFFNB made over \$44 million in qualified investments and CD loans in its AA. In addition, employees provided 67 CD services totaling 163 hours that included participations on boards of CD qualified organizations, and financial education to low- and moderate-income individuals and small businesses.

WFFNB rarely uses innovative or complex qualified investments, CD loans, or CD services. All of the investments were qualified mortgage backed bonds purchased by the bank. However, one of its CD loans represents an ongoing commitment to an organization through flexible and often complex financing in partnership with its affiliate and other financial institutions in the AA. Limited CD infrastructure and competition from other banks have constrained opportunities to engage in innovative or complex activities in the AA.

The majority of WFFNB's CD activities target affordable housing, financial literacy, and revitalization/stabilization. The CD loans and about half of the CD services were particularly responsive to specific needs identified within the AA for adult financial literacy and affordable housing. The majority addressed the identified needs in a general way.

By definition, most if not all CD activities would be considered responsive to the needs of the AA. However, when we reviewed the bank's CD portfolio, we identified activities that we considered particularly responsive to the needs of the AA because the bank demonstrated that the CD activity fulfilled a unique need in the community and was originated through discussions with local community groups. We gave these CD activities extra credit to be

considered in addition to the number and amount of CD activities considered in these performance criteria

## Qualified Investments

**Table 3: Qualified Investment Activity (000s)**

	<b>Benefits AA</b>
<b>Originated Investments</b>	\$43,437
<b>Originated Grants</b>	\$162
<b>Prior-Period Investments that Remain Outstanding</b>	\$0
<b>Total Qualified Investments</b>	\$43,599
<b>Unfunded Commitments*</b>	\$0

\* "Unfunded Commitments" means legally binding investment commitments that are tracked and recorded by the bank's financial reporting system.

**Table 4: Qualified Investment Percentages**

	<b>Benefit AA (%)</b>
<b>Total Investments/Average Tier 1 Capital</b>	6.23%
<b>Total Investments/Average Total Income</b>	7.58%

During the evaluation period, WFFNB made 16 investments totaling \$43 million and 18 grants totaling \$162,000. All of the current period investments were in the form of bonds secured by mortgages to LMI borrowers within the AA, and as such were not considered innovative or complex.

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

## Community Development Lending

**Table 5: Community Development Lending Percentages**

	<b>Benefits AA (%)</b>
<b>Total CD Lending/Average Tier 1 Capital</b>	0.07%
<b>Total CD Lending/Average Total Income</b>	0.09%

During the evaluation period, WFFNB extended two loans totaling \$510,000.

One of the loans was to provide permanent financing of a nonprofit organization's facility. The organization assists unemployed and underemployed Nevada residents to achieve financial stability through mentoring, education, and support.

The second loan was to refinance a working capital line to a nonprofit organization located in a low-income census tract in Las Vegas. The organization helps to preserve affordable housing

by bringing volunteers and communities together to rehabilitate the homes of low-income homeowners, particularly the elderly, disabled, veterans, and families with children.

## **Community Development Services**

During the evaluation period, WFFNB bank employees provided 163 hours of CD services to 66 different organizations. Although 74 hours of these hours were for financial education to LMI students at the elementary, junior, and high school levels, the bank provided an additional 87 hours of financial education to LMI adult populations and small business owners where the need is most critical. A bank employee also provided two hours of CD service as a board member on the Executive and Finance Committee for an affordable housing focused organization.

## **Fair Lending or Other Illegal Credit Practices Review**

Pursuant to 12 C.F.R. 25.28(c) and 195.28(c), in determining a national bank's (bank) or federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank's or FSA'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 Consumer Financial Protection Bureau.

The OCC did not identify evidence of discriminatory or other illegal credit practices with respect to this institution.

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



## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

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

**Assessment Area (AA):** A geographic area that consists generally of one or more MSAs (using the MSA boundaries that were in effect as of January 1 of the calendar year in which the delineation is made) or one or more contiguous political subdivisions, such as counties, cities, or towns, in which the bank has its main office, branches, and deposit-taking ATMs.

**Benefit to AA:** A qualified AA activity benefits the AA if (i) the activity benefits areas within the AA, or (ii) the activity has the potential to benefit the AA and is located in the broader statewide or regional area that includes the bank's AA. If a bank has adequately addressed the needs of its AA, then the OCC also considers activities submitted by the bank that benefit areas outside of its AA.

**CEBA:** Competitive Equality Banking Act of 1987, which permitted corporations to form limited-purpose credit card banks, whose operations are restricted to credit card activities, without the corporation becoming subject to the limitations of a "bank holding company" under the Bank Holding Company Act. A CEBA credit card bank engages only in credit card operations, does not accept demand deposits or savings or time deposits of less than \$100,000 (other than to secure extensions of credit), maintains only one office and does not engage in the business of making commercial loans.

**Census Tract (CT):** Small, locally defined statistical areas within metropolitan statistical areas. These areas are determined by the United States Census Bureau in an attempt to group homogenous populations. A CT has defined boundaries per 10-year census and an average population of 4,000.

**Community Development (CD):** Affordable housing for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of AA. Activities that revitalize or stabilize-

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or

- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
- a. Rates of poverty, unemployment, and population loss; or
  - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of AA individuals.

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

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

**Limited Purpose Institution:** An institution that offers only a narrow product line (such as credit cards or automobile loans) to a regional or broader market and for which a designation as limited purpose bank is in effect.

**Median Family Income (MFI):** The median income determined by the United States Census Bureau every 10 years and used to determine the income level category of geographies. Also, it is the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of families. For any given geography, the median is the point at which half of the families have income above it and half below it. (See the four categories of median income below.)

- **Low-Income** – An income level that is less than 50 percent of the MFI.
- **Moderate-Income** – An income level that is at least 50 percent and less than 80 percent of the MFI.
- **Middle-Income** – An income level that is at least 80 percent and less than 120 percent of the MFI.
- **Upper-Income** – An income level that is 120 percent or more of the MFI.

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

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

**Net Operating Income:** As listed in the Consolidated Report of Condition and Income: Income before income taxes and extraordinary items and other adjustments.

**Pass-Through Receivables:** Outstanding receivables tied to all accounts issued or owned by the bank. Pass-through receivables include receivables attributable and receivables retained on balance sheet as those terms are used in 12 CFR 8.

**Tier 1 Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with noncumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**Total Assets:** Total bank assets as listed in the Consolidated Report of Condition and Income.

**Total Income:** From the Consolidated Report of Condition and Income – Total Interest income plus Total Noninterest income.