



LIMITED PURPOSE BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

December 31, 2009

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
250 E Street SW
Washington, DC 20219-0001

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

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 demonstrates occasional use of innovative or complex CD loans, qualified investments, and CD services.
- The bank demonstrates excellent responsiveness to credit and CD needs in its assessment area (AA).

Scope of the Examination

In evaluating the bank's performance under the CRA, we reviewed CD activities from July 1, 2006 through December 31, 2009. We reviewed the level and nature of qualified investments, CD lending, and CD services. At the bank's request, we also considered qualified investments, CD lending, and CD services provided by its affiliates.

For this CRA evaluation, WFFNB submitted a qualified investment outside of its AA for consideration. If a bank has adequately addressed its AA's needs, the Office of the Comptroller of the Currency may consider, upon request, CD activities the bank submits that benefit areas outside of its AA. Because WFFNB, within its capacity, has adequately addressed the needs of its AA, we gave positive consideration to a qualified investment from a prior evaluation period that benefited a federally designated disaster area.

At the prior examination dated June 30, 2006, we rated the bank Outstanding.

Description of Institution

On July 9, 1997, WFFNB received approval from the OCC for designation as a limited purpose bank under the CRA, based upon its overall business strategy, primary focus, and specific product offerings. 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, is a wholly owned subsidiary of Wells Fargo Financial, Inc., (WFFI) a consumer finance company. In turn, WFFI is a subsidiary of Wells Fargo and Company (WFC), a diversified financial services company headquartered in San Francisco, California. As of December 31, 2009, WFC had consolidated total assets of nearly \$1.2 trillion, ranking it fourth among the largest financial institutions in the United States.

WFFNB's business strategy and primary focus is to provide private label credit card programs on behalf of retail merchants in various industries and to provide commercial loans. WFFNB does not actively market home mortgage products or other financial services to the general public. From its inception until 2001, WFFNB was domiciled in Des Moines, Iowa, along with its 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, 2009, WFFNB had total assets of \$3.9 billion and Tier 1 Capital of \$389 million.

There is strong competition among financial institutions to provide financial services in the Las Vegas-Paradise MSA. Further, several local and regional institutions and credit unions vie for the available CD opportunities. Large institutions having a presence in the bank's AA include Bank of America, N.A., JP Morgan Chase Bank, Nevada State Bank, US Bank, N.A., and

Citibank, N.A. In addition, WFFNB operates in the same AA as its affiliate, Wells Fargo Bank, N.A. (WFB).

Within the designated AA of the Las Vegas-Paradise Metropolitan Statistical Area (MSA), WFFNB has approximately 20 employees whose main responsibilities are in credit card customer service and underwriting. Employees have limited contact with residents of the Las Vegas-Paradise MSA. Due to limited business exposure to the local community, WFFNB's CRA strategy has been to establish relationships with several well known non-profit organizations that have as their key mission assistance to low- and moderate-income people and geographies.

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 2006	Year-end 2007	Year-end 2008	Year-end 2009	Average for Evaluation Period
Tier 1 Capital	\$201,954	\$278,055	\$323,201	\$388,981	\$298,047
Total Income	\$186,505	\$314,450	\$390,210	\$427,239	\$329,601
Net Operating Income	\$40,905	\$76,101	\$45,146	\$65,780	\$56,983
Total Assets	\$1,823,109	\$2,713,533	\$2,590,849	\$3,872,858	\$2,750,087
Pass-Through Receivables*	\$1,827,686	\$2,752,876	\$2,715,058	\$3,436,237	\$2,682,964

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 impact the bank's capacity to engage in CD activities.

Description of Assessment Area

WFFNB has delineated its AA as the Las Vegas-Paradise MSA encompassing the charter office and administrative office activity. 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 includes all of Clark County. The City of Las Vegas is the most populous in the MSA and the state of Nevada. Las Vegas is a major vacation, shopping, entertainment, and gambling location. In 2009, the MSA's population was estimated at 1.9 million. Other major cities in the AA include Henderson, North Las Vegas, Boulder City, and Mesquite. Three Native American Tribes are located in Clark County. 97 percent of Clark County residents reside in the Las Vegas Valley area, a 600-square mile basin that includes the cities of Las Vegas, Henderson, North Las Vegas, Boulder City, and other unincorporated areas surrounding these cities. Approximately 90 percent of the area's land 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 MSA

	Number	Low	Moderate	Middle	Upper
Tracts	345	2%	23%	43%	32%
Families	342,405	19%*	19%*	23%*	39%*
Businesses	144,291	4%**	20%**	38%**	38%**

Source: Demographic Data – 2000 U.S. Census, 2009 Dun & Bradstreet Data. *Represents families by income level. **Represents businesses by income level of census tract.

The leisure and hospitality industries dominate the Nevada employment base, making up 28 percent of Nevada’s industry distribution compared to 10 percent nationally. Nineteen percent of Nevada’s jobs and one-third of its General Fund budget are dependent on retail sales and its sales tax revenues. Between 1997 and 2007, these two industries in Nevada added 77,300 jobs, according to statistics from the Department of Employment, Training and Rehabilitation. However, since 2007, 44,100 jobs have been eliminated. August 2009 marked the 18th consecutive month of gaming industry decline. According to The Center for Business and Economic Research, University of Nevada, Las Vegas, Clark County gaming revenue for 2009 was \$8.9 billion, a 9.8 percent decrease from the 2008 total. Visitor volume was down 4.4 percent in 2008 from 2007 and 3 percent in 2009 from 2008. Additionally, convention visitor volume decreased roughly 27 percent in 2009.

More than 10 percent of Nevada housing units received at least one foreclosure filing in 2009, giving Nevada the nation’s highest state foreclosure rate for the third consecutive year. Nevada was the highest state in the nation for negative equity. In the third quarter 2009, 65 percent of the state’s homeowners with mortgages had negative equity.

According to the Bureau of Labor Statistics, the unemployment rate in the Las Vegas-Paradise MSA as of February 2010 was 13.9 percent, an increase from 13.8 percent in January 2010 and 10.3 percent in February 2009. For the one-year period between December 2008 and 2009, Las Vegas lost 66,700 jobs.

The lack of quality affordable housing remains one of the most serious problems facing Nevada, particularly Las Vegas residents. The 2010 Las Vegas Perspective indicates that 58.4 percent of Clark County residents are concerned about housing affordability. The Center for Housing Policy reported that this MSA ranked sixth of the 50 largest MSAs for working households with severe housing cost burden in 2008.

Although existing home prices have declined over 50 percent since the beginning of the foreclosure crisis, lower-income individuals still find it difficult to purchase a home as a result of the tightening of credit policies, increased down payment requirements, and difficulty in accessing short sale and bank owed properties. Increased unemployment and under employment have put a strain on local government and augmented the demand for affordable housing, schools, and health care for low- and moderate-income families, seniors, and people who are homeless. Eleven percent of the population in Clark County lives in poverty. Nevada ranks highest among U.S states for homeless population.

Community Contact information on file for this MSA and information from the OCC Community Affairs officers identified affordable housing for low- and moderate-income families, transitional housing, economic development, and small business financing as the predominant needs in the AA. Multi-family rental housing assistance and financial literacy counseling for both business owners and individual customers were also identified as critical needs for the AA. The contacts also 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 affiliates, has been involved in CD activities in the AA. During the evaluation period, WFFNB made nearly \$20 million in qualified investments and CD loans in its AA. Combined with prior period investments, the bank provided almost \$33 million in CD loans and investments. The majority of the current and prior period investments were qualified mortgage backed securities. In addition, employees provided seven CD services totaling 425 hours focusing on financial literacy training primarily for and low- and moderate-income families and students and participation on boards and providing technical assistance to CD qualified organizations.

WFFNB occasionally provides innovative or complex CD loans. Two of the three CD loans were considered innovative primarily due to the non traditional underwriting required. These loans are more fully described under the Community Development Lending section.

The majority of WFFNB's CD activities target affordable housing or financial literacy and demonstrate excellent responsiveness to one of the most pressing AA credit needs.

Qualified Investments

Table 3: Qualified Investment Activity (000s)

	Benefits AA
Originated Investments	\$16,941
Originated Grants	\$175
Prior-Period Investments that Remain Outstanding	\$13,154
Total Qualified Investments	\$30,272
Unfunded Commitments*	\$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

	Benefit AA (%)
Total Investments/Average Tier 1 Capital	10.16%
Total Investments/Average Total Income	9.18%

During the evaluation period, WFFNB made a total of 10 investments totaling almost \$17 million and 36 grants totaling \$175 thousand. The majority of the current period investments

was in the form of CD qualified mortgage backed securities targeting low- and moderate-income borrowers in Clark County and as such was not considered innovative or complex.

Prior period investments were also predominately in the form of mortgage backed securities targeted to low- and moderate-income borrowers in Clark County.

For example, the largest investment made by the bank during the evaluation period was in a mortgage backed security collateralized by 20 mortgages to borrowers in Clark County with incomes of 80 percent or less of the median income of the AA.

One investment from a prior period benefited an area outside of the bank’s AA. The investment was in the form of a \$100 thousand certificate of deposit in a CD qualified institution benefiting the victims of Hurricane Katrina. The institution has leveraged the funds to assist with home purchases, home repairs, business financing and the development of new office and retail space. The investment represents less than 0.1% of Tier 1 Capital and was not significant to the evaluation.

The majority of CD investments as well as CD grants and donations were to provide affordable housing or to provide operating funds to organizations that facilitated affordable housing. Affordable housing was a critical need identified in community contact and bank needs assessments. The focus of investments and grants on affordable housing indicates an excellent level of responsiveness.

Community Development Lending

Table 5: Community Development Lending Percentages

	Benefits AA (%)
Total CD Lending/Average Tier 1 Capital	0.87%
Total CD Lending/Average Total Income	0.79%

During the evaluation period, WFFNB extended three loans totaling \$2.6 million.

Two of the loans were to the For an Independent Tomorrow (FIT) organization to provide construction and permanent financing for the organization’s facility. FIT assists unemployed and underemployed Nevada residents to achieve financial stability through mentoring, education and support. WFFNB worked closely with FIT and another bank to ensure that the funds and underwriting met the client’s needs. Because of the nontraditional underwriting and unusual circumstances of the loan, we considered the loans innovative and complex.

A third loan was for a working capital line to an organization that assists low-income elderly or disabled homeowners to maintain their homes. The funds are used to assist the organization with cash flow shortfalls due to the timing differences between application for and receipt of Community Development Block Grant funds.

Community Development Services

During the evaluation period, WFNB provided 7 CD services totaling 425 hours of bank employee time and effort. One of the services, Hands on Banking, provided financial literacy training tailored to audiences ranging from senior citizens and low- and moderate-income families to high school, middle school and grade school students in CD qualified schools. The other services ranged from membership on boards of CD qualified organization to financial counseling, mentoring and technical assistance to clients of CD qualified organizations.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

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

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 community development. 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 low- and moderate-income 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.