



**WHOLESALE 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 Bank Northwest, N.A.  
Charter Number: 2597

2404 Washington Boulevard  
Ogden, UT 84401

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 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 Bank, N.A. (WFBNW) is rated Satisfactory.**

**The conclusions for the three rating criteria are:**

- The bank demonstrates an adequate level of community development (CD) lending and qualified investment activity.
- The bank occasionally demonstrates the use of innovative or complex qualified investments, CD loans, or CD services.
- The bank demonstrates excellent 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 bank's request, we also considered qualified investments, CD lending, and CD services provided by its affiliates.

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

## Description of Institution

On December 8, 2003, WFBNW received approval from the Office of the Comptroller of the Currency for designation as a wholesale bank under the CRA. This designation became effective at the close of business on February 20, 2004, when retail operations for WFBNW were consolidated into its affiliate, Wells Fargo Bank, N.A. (WFB). WFBNW is headquartered in Ogden, Utah. The bank does not have any retail branches and does not accept traditional retail or commercial deposits. The bank has 73 employees. Administrative offices are located primarily in Salt Lake City, Utah. WFBNW is a wholly owned subsidiary of Wells Fargo & Company (WFC).

WFC is a diversified financial services company headquartered in San Francisco, California. 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 bank subsidiary WFB. WFBNW holds various portfolio assets for WFC, including commercial loans, real estate loans, and consumer credit, such as home equity loans and personal loans. Student loans originated by WFB were also part of the WFBNW portfolio until December 2012 when the bank divested its portfolio of these assets. The bank does not offer or originate direct commercial or retail loans in the AA.

WFBNW's business strategy and primary focus is to provide aircraft and equipment leasing through its Corporate Trust business, though it also remains active in the public funds business. In addition, it does not have a branch network, does not originate or service consumer related assets and liabilities, nor does it have any direct consumer interaction. The bank accepts public funds and municipal deposits from Utah-based government entities through WFC's branch network in the state of Utah.

WFBNW collaborates with its affiliates for all of its CRA activities. Qualified investments and CD loans and services are provided through affiliate entities such as WFB, the Wells Fargo Community Development Corporation, and the Wells Fargo Foundation and then allocated to WFBNW. As a result, a higher level of CD technical expertise is available to WFBNW. The bank also uses WFB CD personnel to interact in the community and to identify credit needs within the AA. No activities considered in this CRA performance evaluation were considered in the CRA performance evaluation of the affiliate.

There are no known legal or financial factors that impede WFBNW'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>	\$1,583,000	\$1,524,000	\$1,592,000	\$1,722,000	\$1,605,250
<b>Total Income</b>	\$1,034,153	\$988,846	\$922,538	\$955,153	\$975,173
<b>Net Operating Income</b>	\$539,153	\$611,846	\$485,538	\$678,153	\$578,672
<b>Total Assets</b>	\$16,582,000	\$15,825,000	\$16,815,000	\$13,024,000	\$15,561,500

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

## Description of Assessment Area

WFBNW delineated the entire Ogden-Clearfield Metropolitan Statistical Area (MSA) encompassing the Ogden, UT location of its headquarters as its AA. The AA complies with the technical requirements of the regulation and does not arbitrarily exclude low- and moderate-income geographies. The following discussion and tables present general demographic and economic information on the Ogden-Clearfield MSA.

The Ogden-Clearfield MSA is comprised of Box Elder, Davis, Morgan, and Weber counties. It is in the North Central part of the state and is part of the Salt Lake City-Ogden-Clearfield Combined Statistical Area. Ogden is the most populous city in Weber County and the MSA with an estimated population of 83,793. The other centers of population in the MSA are the cities of Layton and Bountiful in Davis County with estimated populations of 72,500 and 42,898 respectively. The MSA lies north of and adjacent to the Salt Lake City MSA.

**Table 2: Assessment Area Description**

	Number	Low	Moderate	Middle	Upper
<b>Tracts</b>	106	6%	24%	47%	23%
<b>Families</b>	132,834	16%	20%	25%	39%*
<b>Businesses</b>	45,558	3%	20%	48%	29%**

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 the Hill Air Force Base, Department of the Treasury Internal Revenue Service, McKay-Dee Hospital Center, Marketstar Corporation, Weber County School District, and Weber State University. According to the U.S. Bureau of Labor Statistic, the unemployment rate for the MSA has decreased from 6.9 percent, at the end of the last evaluation period, to 4.6 percent at year end 2013. This is higher than the state of Utah's average of 3.3 percent, but lower than the national rate of 6.7 percent. Nonetheless, it is still a concern since many employed persons may be part of the 8.7 percent of the MSA population living below the poverty level. MSA population has shown a steady increase from

599,578 in 2010 to 621,580 in 2013. HUD estimated Median Family Income was \$70,844.51 as of 2013.

There is strong competition for financial services in Utah. Several local and regional institutions compete for a part of available CD opportunities. Among those institutions having a presence in the bank's AA are Barnes Banking Company, Zion's First National Bank, Republic Bank, Bank of Utah and JP Morgan Chase. WFBNW's affiliate WFB has the largest market share of deposits and the most banking offices in the AA.

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 Ogden-Clearfield MSA as financial education, affordable multifamily and single-family housing, and revitalization and stabilization.

Financial Education – Residents lack financial education and the area needs willing and trained volunteers to help residents achieve basic financial skills. The Consolidated Plan of the City of Ogden states, "Financial education is an important tool that can help individuals help themselves. Partnering with organizations that focus on financial literacy can help to resolve existing concerns as well as avoid future obstacles."

Affordable Multifamily and Single-Family Housing – According to a study completed by the Utah Housing Coalition, "Utah Housing Matters: A County by County Look at Utah's Housing," the housing wage in the Ogden-Clearfield MSA is \$14.04/hour to afford a payment of \$730 per month. The Davis Community Housing Authority has a wait list of over three years for Section 8 housing and the Ogden Housing Authority has a wait list of over one year. Approximately 21.3 percent lived below the poverty level in 2012, according to a study conducted by the Community Foundation of Utah. While housing is considered "affordable" for those in the median household income population, the 21.3 percent that are living at the poverty level and others in the low- to moderate-income range are struggling to find affordable single- and multi-family housing.

Revitalization and Stabilization – The City of Ogden prepared the "Central Business District (CBD) Community Plan" in 1990 and has used that plan as a template for improvements in the area. The plan has been updated periodically through a process involving formal community outreach and discussion forums. The most recent version of the plan is based on outreach and discussions held in 2007 and 2008. This plan includes goals to "Strengthen the positive perception of the city," "Expand community pride," and other goals for the revitalization and stabilization of the area. The comprehensive plan includes making the Central Business District and mall area a destination for residents and visitors where they can live, work, and play. The downtown Ogden area was in disrepair. A shopping mall was abandoned and the entire area needed redevelopment. There was also a former U.S. Military depot within a few miles of the downtown area. It included warehousing and distribution facilities that were closed in 1997. These two areas had not been used for several years and needed changes. There were opportunities both in the revitalization stage as well as long-term, once the properties and other surrounding areas had been improved. The Ogden Redevelopment Agency worked with local businesses to revitalize and stabilize the area.

Although several statewide agencies exist to address affordable housing issues, the majority of the CD organizations and opportunities are located in the Salt Lake City MSA and although

adjacent to the Salt Lake City MSA, the CD opportunities in the Ogden-Clearfield MSA are considered limited.

## Conclusions About Performance

### Summary

WFBNW made an adequate level of qualified investments and CD loans in its AA in relation to its capacity, credit needs, and opportunities in its 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, WFBNW made over \$64 million in qualified investments and CD loans. Combined with prior period investments, the bank provided over \$66 million in CD loans and qualified investments. Although not significant to the overall conclusion, employees provided four CD services that included participation on boards of CD qualified organizations and financial training to low- and moderate-income students.

The CD activities exhibited some innovative and/or complex characteristics. In addition to the \$64 million in CD loans and investments, the bank, through its affiliate, renewed a \$30.3 million letter of credit to support the Ogden City Redevelopment Agency bond transactions. The agency was formed to address deteriorating conditions in the downtown area and inner city neighborhoods.

WFBNW demonstrates excellent responsiveness to the credit and CD needs in the AA. The majority of WFBNW's CD activities are targeted to affordable housing in a general way. However, 24 percent of qualified investments and CD loans were considered particularly responsive and address specific affordable housing and revitalization and stabilization needs identified within the MSA.

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>	\$30,222
<b>Originated Grants</b>	\$88
<b>Prior-Period Investments that Remain Outstanding</b>	\$2,393
<b>Total Qualified Investments</b>	\$32,703
<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>	2.04%
<b>Total Investments/Average Total Income</b>	3.35%

During the evaluation period, WFBNW, through its affiliates, made 10 investments totaling \$30.2 million and eight grants totaling \$88 thousand. A substantial majority of the current period investments were in the form of bonds secured by mortgages to low- and moderate-income (LMI) borrowers or in LMI tracts within the AA.

Outstanding prior period investments totaled \$2.4 million. These investments continue to address the identified needs of affordable housing and economic development.

The majority of CD investments and grants were for affordable housing needs throughout the MSA. A \$1.6 million bond purchased through the Ogden City Redevelopment Agency is considered particularly responsive to MSA needs. The bond provided funds to construct a hotel in a blighted area of downtown Ogden identified for revitalization and stabilization through the city's redevelopment plan.

Four grants totaling \$60,000 were provided to Habitat for Humanity to fund the construction of LMI housing. The grants were considered particularly responsive because they addressed the need for affordable housing as well as the need to build capacity of CD organization in the MSA. A WFBNW affiliate provided a \$7,500 grant to the Ogden Redevelopment Agency. The grant was also considered particularly responsive because it addressed the need for CD organization capacity building as well as revitalization and stabilization.

## Community Development Lending

**Table 5b: Community Development Lending Percentages**

	<b>Benefits AA (%)</b>
<b>Total CD Lending/Average Tier 1 Capital</b>	2.10%
<b>Total CD Lending/Average Total Income</b>	3.46%

During the evaluation period, WFBNW, through its affiliates, extended credit in the form of working capital lines of credit and loans totaling \$34 million. Four of the loans represented the renewal of a single \$300,000 working capital line of credit during the evaluation period.

In November 2011, a WFBNW affiliate extended an \$18 million CD loan for redevelopment of a downtown central business district located in a low-income census tract in the AA. This was considered particularly responsive to the need for revitalization and stabilization identified in the AA. In addition, two loans for \$6.3 million and \$5.9 million were extended to two separate entities to renovate industrial buildings on a former superfund site located in a moderate-

income census tract. These loans were also considered particularly responsive to specific needs identified in the AA.

In August 2010, a WFBNW affiliate provided a \$2.1 million line of credit for the purchase and rehabilitation of Elmhurst Apartments, a 15-unit affordable LIHTC development. The loan was considered particularly responsive and complex because of its financing. Wells Fargo worked with another bank that purchased the LIHTCs to finance the building, the Olene Walker Housing Trust Fund, the Ogden Redevelopment Corporation, and the owner's equity. Wells Fargo's portion was needed to complete the financing package and accommodate the requirements and limitations of other the other principles.

## **Community Development Services**

Bank employees of a WFBNW affiliate provided about seven hours of CD services to four organizations during the evaluation period. One employee provided financial expertise as a member of the board of directors of an organization that assists LMI persons to achieve financial independence and stability. A little more than four hours of CD service was provided through literacy education classes taught by bank employees to students at three predominately LMI elementary schools. None of these CD services were considered particularly responsive, innovative, or complex.



## 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 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:

- Numerous instances of non-compliance with the statutes and regulations prohibiting discriminatory or other illegal credit practices were identified in the CRA Performance Evaluation of WFBNW affiliate, WFB. WFB CD loans were considered in WFBNW's CRA evaluation. These practices did not adversely affect WFBNW's overall CRA Performance Evaluation, because WFB is a national bank subject to the CRA and the evidence of discriminatory and other illegal practices were considered in WFB's most recent CRA Performance Evaluation.

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.

**AA (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 CD 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.

**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 CD. 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.

**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.

**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.

**Wholesale Institution:** An institution that is not in the business of extending home mortgage, small business, small farm, or consumer loans to retail customers and for which a designation as a wholesale bank is in effect.