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Comptroller of the Currency  
Administrator of National Banks

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## **PUBLIC DISCLOSURE**

December 24, 1996

# **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Nordstrom National Credit Bank  
Charter Number 22195**

**13531 East Caley  
Englewood, Colorado 80111**

**Comptroller of the Currency  
50 Fremont Street, Suite 3900  
San Francisco, California 94105-2292**

**NOTE:** 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.

## GENERAL INFORMATION

*The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.*

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of Nordstrom National Credit Bank, Englewood, Colorado, prepared by the Office of the Comptroller of the Currency, the institution's supervisory agency, as of December 24, 1996. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

### **Scope of the examination**

We evaluated the bank's CRA performance for 1995 and 1996 using the CRA Examination Procedures for Wholesale/Limited-Purpose Institutions. We assessed the bank's qualified community development investments and services originated or held during the evaluation period which impact its assessment area or a broader statewide or regional area. We did not consider community development investments and services of affiliate companies during our review. Bank management requested that we only consider the activities of the bank.

**INSTITUTION'S CRA RATING:** This institution is rated **“Satisfactory.”**

Nordstrom National Credit Bank (Nordstrom) has reasonably met its CRA responsibilities through community development investment and services that are consistent with its designation as a limited purpose institution. The bank has qualifying investments in community development projects in addition to providing grants and assistance to community service organizations.

## **DESCRIPTION OF INSTITUTION:**

Nordstrom is a limited purpose bank chartered within the criteria set by the Competitive Equality Banking Act (CEBA) for the specific purpose of engaging in credit card operations. CEBA banks are restricted from offering most products and services common to full service banks, such as granting or purchasing commercial, residential, or retail-oriented loans, other than credit card loans. The bank also does not accept demand deposits. The prohibitions limit Nordstrom's ability to participate in community development lending, and until recently, limited investments as well. The bank's request for designation as a limited purpose bank for CRA was approved January 18, 1996.

The bank's main office is located in Englewood, Colorado, approximately 15 miles southeast of downtown Denver. The bank also conducts servicing activities out of offices in Seattle, Washington and Santa Ana, California. Nordstrom is a wholly owned subsidiary of Nordstrom, Inc., a publicly traded company, which is headquartered in Seattle. Nordstrom, Inc. is the largest specialty retailer in the country with 83 stores in 17 states.

As of September 30, 1996, the bank had total assets of \$26 million and year-to-date net income of \$414,000. In 1995, the bank reported net income of \$1.4 million. Assets consist mainly of cash, short-term investments, and fixed assets. Proprietary card receivables are sold daily to the parent company, Nordstrom Inc. VISA card receivables are participated to the parent company until securitization. The bank staff includes approximately 300 full- and part-time employees.

## **DESCRIPTION OF THE ASSESSMENT AREA**

Nordstrom has designated 34 census tracts within Arapahoe County, a portion of the Denver Metropolitan Statistical Area (MSA), as its assessment area. Demographic information indicates that the area contains a more highly educated, wealthier population than exists in the balance of the Denver MSA. The 34 tracts include 25 upper-, 5 middle-, and 4 moderate-income census tracts. Population of the assessment area based on 1990 census data is 150,387. Upper-income families comprise 60% of the population, with 20% middle-income, 11% moderate-income, and 8% low-income. The assessment area and the metropolitan area remain economically strong. Trends in retail sales, real estate sales, and employment are all positive. Major employers in the assessment area include several national cable companies.

The bank's community remains in the initial development phase and has not experienced any significant redevelopment at this time. As a result, the bank's ability to make investments in community development and redevelopment projects is limited in the assessment area. The bank supports many local community development organizations through substantial donations of time and money. Recent community contacts performed by regulatory agencies indicate the primary credit needs of the local community are mortgage products tailored for low-income borrowers and small business loans.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :**

The bank's performance was evaluated based on its record of providing community development investments and services. The bank is prohibited from making or purchasing community development loans by CEBA charter restrictions. Community development is defined by CRA as providing affordable housing for low- or moderate-income individuals, community services that are targeted to low- or moderate-income individuals, activities that promote economic development through financing of small businesses and farms, and activities that revitalize low- or moderate-income areas.

Nordstrom's participation in community development activities is consistent with the bank's resources. The bank, although limited by charter restrictions, is responsive to the primary credit needs of the community through innovative investments. However, due to the demographics of the bank's assessment area, many of the qualifying investments are for organizations serving the greater metropolitan area. In 1995-96, the bank had two investments totaling \$350,000 and provided an additional \$487,000 in grants to 10 community service organizations. The grants alone represent 23% of the bank's annualized net income during the rating period. In addition, bank employees provided 1,940 hours of volunteer service, during both company and personal time, to six of the organizations during the two year period. Each of the investments and grants is detailed below.

### **Community Development Activities**

- In January 1994, the bank invested \$300,000 in a revenue bond issued by the City and County of Denver for the Parliament Apartments project. The project provides over 80 affordable housing units for low- or moderate-income individuals. The project is located on the outside edge of the bank's assessment area. The bank continues to hold this investment.
- During 1995 and 1996, the bank provided \$468,360 in grants through the Fair Share program to Consumer Credit Counseling Service (CCCS) locations throughout the country. In addition, bank employees donated 520 hours to CCCS and their affiliate National Foundation for Consumer Credit (NFCC). The combined mission of CCCS and NFCC is to provide a program that educates all segments of society in the use of credit and provides a forum for resolving debt problems. However, the organization serves primarily low- or moderate-income individuals. The average income level of client's served by CCCS is \$25,680 and falls into the low-income category for the bank's assessment area.
- In 1995, the bank provided \$50,000 to back loans to small businesses that are struggling to find financing. This innovative program designed by the Colorado Capital Initiatives (CCI) uses the bank's money to guarantee up to \$150,000 in business loans at any one

time for borrowers in the nearby cities of Denver and Aurora. This program addresses one of the primary credit needs of the assessment area.

- A \$5,000 grant by the bank provided to Arapahoe County Community Housing Development Association (CHDA) supports their ability to provide housing opportunities in the bank's assessment area to low-income individuals with chronic mental illness, substance abuse problems, and developmental disabilities.
- The bank provided a \$5,000 grant to Children's Hospital in 1996. The Denver based Children's Hospital provides short- and long-term medical care, treatment, and rehabilitation to over 250,000 children per year including low- and moderate-income individuals. Over 50% of the patients treated by the hospital have no medical coverage or are covered only by Medicare. In addition, bank employees provided 120 hours of service to this organization over the past two years.
- A \$1,800 grant to Mi Casa Resource Center helps provide education and employment services for predominantly low-income women and youth throughout the Denver MSA.
- The bank provided a \$1,500 grant and bank employees provided 100 hours of service to Habitat for Humanity (Habitat). Habitat provides affordable housing for low- and moderate-income families throughout the Denver MSA.
- The bank provided two \$1,000 grants to Families First during this rating period. Families First provides services ranging from education and prevention of child abuse through intervention. The majority of the families served in the Denver area are low- or moderate-income.
- Colorado Women's Employment and Education (CWEE) received a \$1,000 grant from the bank in 1996. The CWEE prepares single parents in the Denver area for success in employment, helping families to avoid, get off, or stay off welfare. Approximately 46% of their clients have income below poverty level.
- A \$1,000 grant was provided by the bank in 1996 to Colorado UpLIFT (UpLIFT). In addition, bank employees provided 400 hours of volunteer service to UpLIFT. UpLIFT is designed to place minority students in summer jobs to provide mentoring relationships and combat hopelessness and despair. The organization focuses on locations in the Denver MSA where the preponderance of students come from low-income families.
- In addition, the bank provided grants of \$950 to Colorado Business Week for scholarships targeted to low-income students, \$350 for educational materials given to a public school located in a low-income neighborhood, and \$150 to Catholic Charities for operation of a homeless shelter in downtown Denver.



## **COMPLIANCE WITH ANTIDISCRIMINATION LAWS AND REGULATIONS**

Our examination did not disclose any violations of the substantive provisions of the antidiscrimination laws and regulations.