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Comptroller of the Currency  
Administrator of National Banks

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Mid-Size/Credit Card Bank Division  
440 South LaSalle, Suite 2700  
Chicago, Illinois 60605

## **PUBLIC DISCLOSURE**

December 13, 1996

# **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Limited Purpose  
Credit Card Bank

**World Financial Network National Bank  
Charter # 21739**

**4590 East Broad Street  
Whitehall, Ohio 43213**

**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 **World Financial Network National Bank** prepared by **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **December 13, 1996**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

**INSTITUTION'S CRA RATING:** This institution is rated “**Satisfactory Record of Meeting Community Credit Needs**”.

The reason for the bank's rating is found in the amount of community development investments and the variety and responsiveness of community development services provided by the bank to persons within its assessment area. Over the past three years, the bank has invested approximately 7% of its after tax net income in community development investments.

## **DESCRIPTION OF INSTITUTION**

World Financial Network National Bank (WFNNB) was chartered as a national banking association in May 1989 under the provisions of the Competitive Equality Banking Act (CEBA) of 1987. As a CEBA bank, WFNNB's lending activities are restricted to making only credit card loans. The bank is also prohibited from accepting demand deposits, or savings and time deposits of less than \$100,000. WFNNB has no branches that offer retail banking services. Its credit card operations are housed in four facilities in the cities of Whitehall, Westerville, Reynoldsburg and Gahanna. These are all located in the eastern half of the Columbus, Ohio Metropolitan Statistical Area (MSA). WFNNB is 40% owned by The Limited, Inc., with its headquarters located in Columbus, Ohio. Welsh, Carson, Anderson & Stowe VII L.P., a New York-based venture capital firm, owns the remainder of the bank. The Limited, Inc.'s primary line of business is the retailing of women's apparel and accessories through its retail store network and catalogue sales. WFNNB's primary business is issuing credit cards nationwide to customers of the various retail divisions of The Limited, Inc. These "proprietary" credit cards can only be used to purchase merchandise at the following retailers: The Limited Stores, Inc., Express, Inc., Structure, Inc., Victoria's Secret, Inc., Lane Bryant, Inc., Lerner New York, Inc., Henri Bendel, Inc., and Abercrombie & Fitch, Inc. Applications for credit cards are available through these retailers (including catalogues and direct mail solicitations) and are submitted to WFNNB for approval.

As of September 30, 1996, WFNNB had outstanding credit card receivables of approximately \$1.2 billion. The bank is further committed to lend up to \$10.7 billion under credit card agreements with its existing customer base. On November 23, 1996, WFNNB acquired a \$385 million portfolio of credit card receivables from another institution. This portfolio represents proprietary credit card agreements between customers and various apparel, furniture, and hard good retailers. On March 28, 1996, the OCC approved the designation of WFNNB as a limited purpose bank for the purposes of the CRA. There are no legal impediments to WFNNB fulfilling its obligations under the CRA.

## **DESCRIPTION OF ASSESSMENT AREA**

WFNNB has defined its assessment area as the 89 census tracts forming the eastern half of Franklin County, Ohio and one contiguous census tract to the north in Delaware County, Ohio. This area is located entirely within the Columbus, Ohio MSA and does not arbitrarily exclude any low- or moderate-income census tracts. The distribution of tracts is shown below in Exhibit - 1.

Recent contacts (within the last two years) with 12 local community leaders in economic and business development organizations identified the need for equity investment with relaxed credit standards within the community which would create more opportunities for small business growth. They also identified the need for credit education and single family housing rehabilitation.

**EXHIBIT-1: Assessment Area Census Tract Distribution by Income Category**

<b>Income Characteristic of Census Tract (% of MSA Median)</b>	<b>Number (%) of Census Tracts</b>	<b>Number (%) of Households in Census Tracts</b>
Low Income (<50%)	10 (11%)	12,000 (9%)
Moderate Income (≥50% and <80%)	18 (21%)	20,098 (15%)
Middle Income (≥80% and <120%)	41 (46%)	56,809 (42%)
Upper Income (>120%)	20 (22%)	46,339 (34%)
<b>TOTAL</b>	<b>90* (100%)</b>	<b>135,246 (100%)</b>

Source: 1990 US Census Bureau, from CRA Whiz, PCI, Inc. \* Total will not add due to one census tract not categorized.

The local economy remains good. The 1996 HUD adjusted median family income is \$46,200. The 1990 median family income for the assessment area was \$35,757. As of September, 1996, the Franklin County unemployment rate of 2.9% was well below the statewide and national rates of 5.5% and 5.0% respectively. Major employers in the area include state and local governments, the Ohio State University, Nationwide Insurance, as well as other financial services and real estate businesses. Demographic information for the assessment area is shown below in Exhibit - 2.

**EXHIBIT - 2: Demographic Information**

<b>Population</b>				
<i>Total Population</i>	<i>Population Over 65</i>	<i>Total Households</i>	<i>Households Below Poverty Level</i>	<i>Households on Public Assistance</i>
350,017	31,983	135,246	12,952	8,716
<b>Housing</b>				
<i>Total Units</i>	<i>Owner-Occupied</i>	<i>1-4 Family Units</i>	<i>Multi-Family Units</i>	<i>Vacant Units</i>
145,053	77,988	106,761	35,193	9,788

Source: US Census Bureau, from CRA Whiz, PCI Inc.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:**

WFNNB has made two major investments in projects or programs which promote community development. The bank has also taken an active role in promoting awareness and skills in the prudent management of credit and personal finances.

