



Comptroller of the Currency
Administrator of National Banks

Large Bank Supervision
250 E Street, SW
Washington, DC 20219

LARGE BANK EXAMINATION

Public Disclosure

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Community Reinvestment Act Performance Evaluation

**Wells Fargo Bank, NA
Charter Number: 1741**

**420 Montgomery Street
San Francisco, CA 94104**

Office of the Comptroller of the Currency

**250 E Street, SW
Washington, D.C. 20219**

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.

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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 CRA performance of **Wells Fargo Bank, NA** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **March 31, 1998**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. 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 **Outstanding**.

The major factors supporting the institution's rating are:

- " **The strength of WFB's CRA performance is best illustrated by its activities in the state of California, where it generated almost \$26 billion in loans and community development investments or 83% of its total CRA-related activities.**
- " **WFB has provided a good level of credit to small businesses.**
- " **Many of WFB's \$875 million in community development activities are innovative and/or complex.**
- " **WFB demonstrated leadership in many aspects of its CRA performance throughout the review period.**

The following table shows the performance level of **Wells Fargo Bank, NA** with respect to the lending, investment, and service tests.

Performance Levels	Wells Fargo Bank, NA Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding	X	X	
High satisfactory			X
Low satisfactory			
Needs to improve			
Substantial noncompliance			

* Note: The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

Scope of the Examination

This examination followed the Interagency CRA Examination Procedures for Large Retail Institutions. These procedures evaluated the performance tests prescribed under CRA's implementing regulations. Our analysis of Wells Fargo's performance included the evaluation of the distribution of credit at four income levels. In addition, our analysis looked at residential and its individual components. Our evaluation covered transactions Wells Fargo generated between January 1, 1996 and March 31, 1998. We also reviewed investment transactions the bank generated prior to the review period, but either remain on its books or paid out during the evaluation period.

Our full scope review focused on assessment areas consisting of Consolidated Metropolitan Statistical Areas and Metropolitan Statistical Areas having a population exceeding 250 thousand residents. In addition, we evaluated the bank's performance in the largest non-metropolitan assessment area in each state. The bank's performance in these areas provided the basis for our limited scope reviews in the bank's other assessment areas. The elements we considered in weighting the bank's overall performance were; the percentage of business (deposits and loans) generated in each state; the bank's market share of deposits and loans in each state; the level of community development activity occurring in each state; and the time WFB has been in each state.

For insight into the context of Wells Fargo's performance, we reviewed its previous CRA Public Disclosures and that of a similarly situated institution, i.e., Bank of America, NT & SA. We used information derived from the 1996 Aggregate HMDA and Small Business data to determine the performance of the bank's competitors within its assessment areas. Aggregate

information from 1997 was not available. We also considered demographic data from the 1990 Census for each state and assessment area. The listing of assessment areas under Appendix A, identifies the areas that received a comprehensive review of bank activities and those areas that we reviewed for consistency of performance.

Definitions and Common Abbreviations

This Performance Evaluation uses the following terms and abbreviations. They are intended to provide a general understanding of the terms, not a strict legal definition.

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 safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

Metropolitan Statistical Area (MSA) - Area defined by the Director of the United States Office of Management and Budget. An MSA consists of one or more counties, including large population centers and nearby communities that have a high degree of interaction.

Census Tract - A small, locally defined statistical area. The United States Census Bureau defines these areas to group homogenous populations.

Home Mortgage Disclosure Act (HMDA) - The statute that annually requires certain mortgage lenders that do business in an MSA to file summary reports of their mortgage lending activity. The report includes the race, gender, and the income of applicants, the amount of a loan requested, and its disposition (e.g., approved, denied, withdrawn). This "Residential Lending" is for the purpose of home purchase, refinance of home purchase or home improvement.

Median Family Income (MFI) - The United States Census Bureau determines the MFI every ten years and uses it to determine the income level category of census tracts. Also, annually the Department of Housing and Urban Development determines the MFI that is used to calculate the income level category of individuals.

Low-Income - Income levels that are less than 50% of the MFI.

Moderate-Income - Income levels that are at least 50% and less than 80% of the MFI.

Middle-Income - Income levels that are at least 80% and less than 120% of the MFI.

Upper-Income - Income levels that are 120% or more of the MFI.

LMI - Low- and Moderate-Income level. This is applied to both the income level of a geography and borrower.

Small Business Loans - Loans with an original amount of \$1 million or less for which the bank is required to collect and report certain monitoring data under the CRA regulation.

Small Farm Loans - Loans with an original amount of \$500 thousand or less for which the bank is required to collect and report certain monitoring data under the CRA regulation.

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

Description of Institution

Wells Fargo Bank, National Association (WFB), is a wholly-owned subsidiary of Wells Fargo & Company (WFC). WFC is a bank holding company headquartered in San Francisco, California, and is the tenth-largest bank holding company in the United States. WFB is the second largest bank in the Western United States. As of March 31, 1998, it had total assets of \$87 billion. As of the same date, total deposits were \$68 billion. Total loans were \$60 billion, primarily made up of real estate loans \$27 billion, commercial loans \$20 billion and consumer loans \$6 billion. Its Tier 1 capital was almost \$6 billion. On April 1, 1996, WFC acquired First Interstate Bancorporation. Shortly thereafter it consolidated most of First Interstate's subsidiary bank charters into WFB's charter.

WFB's primary focus is retail and wholesale banking within fifty-eight assessment areas. These areas are in nine states and two multistate MSAs. Information in the table below includes WFB's defined states and multistate MSAs, the percentage of business it has generated in each, the level of deposits it has obtained from each and its market share. WFB's level of lending compared to its deposits translates to a loan to deposit ratio of 94%. The table illustrates the significance California plays in WFB's business and how it relates to the bank's other markets. WFB derives 81% of its deposits from California. The second ranked state is Arizona, where WFB derives only 6.3% of its deposits.

Wells Fargo Bank, NA Market Share Comparison Deposits and Small Business Lending							
State and Assessment Area	Total Deposits 6/30/98* (millions)	%of Bank	Market Share %				
			Deposits*		Small Business Lending**		
			6/30/97	6/30/98	12/31/96	12/31/97	
Arizona	\$4,111	6.3%					
MSA Flagstaff #2620	64		22.03%	14.87%	18.58%	15.37%	
MSA Phoenix #6200	2,749		12.29	10.44	12.18	18.05	
MSA Tucson #8520	713		13.09	11.91	13.49	19.52	
MSA Yuma #9360	127		23.02	16.91	10.74	18.94	
Rural Arizona	458		17.19%	12.14%	19.37%	23.73%	

State and Assessment Area	Total Deposits 6/30/98* (millions)	%of Bank	Market Share %			
			Deposits*		Small Business Lending**	
			6/30/97	6/30/98	12/31/96	12/31/97
California	\$53,186	81.0%				
MSA Bakersfield #0680	414		13.69%	13.01%	23.44%	37.04%
MSA Chico #1620	176		12.79	10.15	19.37	33.37
MSA Fresno #2840	563		9.96	9.43	19.07	30.88
CMSA Los Angeles	15,491		8.30	7.95	19.43	26.95
MSA Merced #4940	130		12.94	12.59	11.50	25.31
MSA Modesto #5170	428		12.46	12.03	15.70	17.35
MSA Redding #6690	148		12.27	11.28	12.07	20.40
CMSA Sacramento	2,290		17.26	15.94	26.38	38.41
MSA Salinas #7120	517		14.97	14.14	22.63	33.40
MSA San Diego #7320	3,398		13.70	13.51	23.35	30.36
CMSA San Francisco	27,455		22.45	20.81	26.51	38.55
MSA San Luis Obispo #7460	133		5.68	5.45	14.20	22.33
MSA Santa Barbara #7480	333		7.29	6.71	15.73	23.67
MSA Stockton #8120	524		12.35	11.00	14.46	25.32
MSA Visalia #8780	218		11.03	10.34	17.15	26.15
MSA Yuba #9340	166		15.24	17.08	12.87%	31.52
Northern California	378		7.61	7.23	NA	29.29
Sierra Nevadas	129		8.91	8.23	NA	32.61%
Imperial County	174		19.14	18.83	NA	NA
Kings County	95		16.15	15.07	NA	NA
San Benito County	25		6.52%	6.07%	NA	NA
Colorado	\$330	0.5%				
CMSA Denver	329		1.45%	1.25%	4.05%	7.23%
Elbert County	1		0.00%	1.05%	3.02%	4.35%
Idaho	\$405	0.6%				
MSA Boise #1080	212		8.11%	5.92%	5.66%	6.26%
MSA Pocatello #6340	20		6.86	5.23	17.46	10.39
Central Idaho	55		6.48	3.40	5.60	5.52
Eastern Idaho	31		5.69	4.53	6.57	5.70
Northern Idaho	87		10.05	7.71	6.70	7.97%
Western Idaho	0		9.29	0.00	5.05	
Moscow, Idaho	0		4.35%	0.00%	5.71%	
Nevada	\$872	1.3%				
MSA Reno #6720	479		21.97%	14.41%	17.10%	21.25%
Rural Nevada	393		25.60%	20.82%	22.75%	26.49%
Las Vegas, NV-AZ	\$1,430	2.2%				
Multistate MSA #4120			14.92%	12.69%	11.58%	15.77%
New Mexico	\$87	0.1%				
MSA Albuquerque #0200	0		0.00%	0.00%	3.84%	4.44%
MSA Santa Fe #7490	87		5.84%	5.53%	7.14%	9.14%

State and Assessment Area	Total Deposits 6/30/98* (millions)	%of Bank	Market Share %			
			Deposits*		Small Business Lending**	
			6/30/97	6/30/98	12/31/96	12/31/97
Oregon	\$1,022	1.6%				
MSA Eugene #2400	212		11.77%	9.13%	10.26%	13.77%
MSA Medford #4890	142		11.82	9.63	18.20	19.62
Rural Oregon	668		12.75%	8.21%	19.34%	16.92%
Portland, OR-WA & Salem, OR	\$1,769	2.7%	9.67%	10.14%	11.93%	16.51%
Multistate CMSA						
Utah	\$519	0.8%				
MSA Provo - Orem #6520	40		2.61%	2.22%	3.30%	5.06%
MSA Salt Lake City #7160	424		3.78	3.55	4.55	8.22
Northern Rural UT	36		8.80	4.15	7.72	4.83
Southwestern Rural UT	0		4.26	0.00	6.20	
Carbon County	0		13.48	0.00	19.23	
Summit County	19		12.93%	6.60%	8.88%	14.09%
Washington	\$1,901	2.9%				
MSA Bellingham #0860	0		0.00%	0.00%	2.67%	4.48%
CMSA Seattle	1,623		5.06	4.16	7.90	9.84
MSA Spokane #7840	147		5.51	4.88	6.50	7.32
MSA Yakima #9260	55		4.94	3.64	7.98	8.59
Eastern Washington	0		0.93	0.00	6.87	4.08
Central Washington	26		5.12	3.13	5.57	4.72
Western Washington	34		5.40	1.69	13.03	11.35
Skagit County	16		1.71%	1.57%	4.42%	4.20%

* FDIC Deposit & Marketshare Databank

** CRA Small Business Reporting

WFB delivers products and services to individual consumers and businesses through its branch system, outside sales and direct mail campaigns. The bank's branch system runs throughout its assessment areas. There are no known legal or financial impediments to the bank's ability to deliver any product or service to its assessment areas. Further, we have reviewed the financial condition of WFB's operating subsidiaries. The subsidiaries do not represent a significant component of the bank. As such, they do not impair the bank's capacity for community reinvestment. The activities of WFB's subsidiaries do not have a community development purpose. Therefore, these subsidiaries had no impact on the bank's CRA performance.

Our review included contacting community groups and reviewing recent community contacts within the various assessment areas to assist us in assessing the credit needs within the communities in which the bank operates. The groups identified affordable housing and small business lending as the primary credit needs. Specifically, community groups representing small businesses and small business owners throughout WFB's assessment areas stated that

they needed a small dollar loan product requiring minimal documentation. The bank responded by developing a low-doc small loan product with expedited underwriting.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

Overall CRA Performance

- < The keystone to WFB's CRA performance is its level of community development activity, particularly in California.**
- < WFB's good level of credit to small business applicants provides the foundation for its CRA performance.**
- < WFB's use of proprietary underwriting techniques has helped meet a pressing community credit need.**

LENDING TEST

We considered WFB's lending performance to be strong based on an excellent level of community development lending, innovative lending products targeted at small businesses, and good penetration in LMI areas and to LMI borrowers. During the review period, WFB originated 149 community development loans totaling almost \$651 million. In total, WFB generated almost 258 thousand small loans to businesses and residential loans for more than \$10 billion in its assessment areas. Of that total, more than 86 thousand loans for more than \$2 billion were made to small businesses and to LMI borrowers and more than 63 thousand small loans to businesses and residential loans for more than \$3 billion were made in LMI areas. WFB's small loans to businesses and residential loans in LMI areas accounted for 25% of its total lending.

WFB's performance in California contributed significantly to its overall lending test rating. The bank has a substantial presence in the state with 81% of WFB's deposits. During the review period, the bank originated 198 thousand small loans to businesses and residential loans totaling almost \$8 billion in California, representing 77% of the bank's total lending activity. WFB originated more than 50 thousand small loans to businesses and residential loans totaling almost \$2.4 billion in LMI areas within its California assessment areas. This represents 79% of the bank's loans in all of its assessment areas' LMI geographies. Community development lending in California accounted for 99 transactions totaling \$469 million or 66% of the bank's total community development lending activity.

The bank's small business lending activity includes small farm lending. However, the small farm lending activity makes up only 1% of the number and 4% of the dollars in small business lending. Therefore, we did not isolate this component in our analysis.

COMMUNITY DEVELOPMENT LENDING

The bank has been a leader in financing affordable housing projects for over a decade. Its performance during this review period reflected its continued commitment. The volume, innovativeness, and complexity of the bank's community development lending had a significant impact on the rating for the lending test. The bank frequently takes the lead in arranging complex financing packages for affordable housing and economic development projects. The projects often require a variety of funding sources to make the transactions financially sound. These sources included grants and contributions, public and private guarantees, seamless takeout financing, and tax advantages, such as Low-Income Housing Tax Credits (LIHTC).

In 1996, after WFB's merger with First Interstate, management began exporting its expertise in financing the construction of affordable housing projects to the new assessment areas in other states. In many of the new areas, management found that community needs are similar to those in California. However, these areas had not developed infrastructures of community groups and nonprofit and for-profit developers.

During the first two years in these areas, management expended significant effort in identifying working partners and viable community development projects. Accordingly, WFB directed a substantial level of contributions and grants to benefit these communities and the bank's new partners for the development of infrastructures that will support future lending opportunities in these communities. These contributions and grants are reflected under the Investment Test.

SMALL BUSINESS LENDING

During the review period, the bank changed its lending focus to emphasize small business lending. This change in focus was due to the intense competition in mortgage lending and the bank's perception that it could offer a competitive product line to meet credit needs of small businesses.

The new focus included development of a proprietary low-documentation small business loan and marketing programs targeted toward traditionally underserved small business customers. These changes contributed to the increase in small loans to businesses of \$2.7 billion over the prior period.

During the review period, WFB originated more than half its small loans to businesses, through direct mail or telephone inquiry in response to the new segmented, targeted marketing programs. Seventy percent of the bank's small loans to businesses were within its assessment areas.

The other effort that contributed to the increased lending volume was the bank's targeted marketing to groups that have historically been reluctant to access the credit markets. WFB

directed special marketing efforts to women-owned businesses, Latino-owned businesses and African-American owned businesses.

The strongest attribute of WFB's lending performance is its ability to penetrate most segments of the small business market. This reflects the success of the bank's expedited underwriting process used to evaluate small business loan applications. While the credit scoring of consumer loans is not unique, WFB's innovative application of the process has gained it a substantial share of the small business market. WFB's lending strength was also exhibited in its willingness to make small loans of less than \$100 thousand. These loans made up 92% of the bank's small business lending. The bank's average loan amount to businesses across all of its assessment areas was \$39 thousand. We used this attribute to evaluate the bank's lending to small businesses. While the data showed that the bank made 33% of its small business loans to businesses having revenues of less than \$1 million, the bank did not collect revenue information on 54% of its loans.

The bank's market share of small business loans in LMI geographies frequently exceeded its overall market share. The strongest example of its small business loan penetration of LMI geographies was in California. The weakest attribute of WFB's lending performance was its inability to penetrate LMI geographies in Idaho, Nevada, Oregon and the Las Vegas Multistate MSA.

WFB has taken a leading role in developing and promoting the Capital Access Program, a successful partnership of State governments, private lenders, and small business borrowers which increases the availability of credit. The program is an alternative for businesses unable to qualify for conventional loans. To date, the bank has actively used this program in California, Oregon and Colorado. This participation resulted in 780 loans totaling more than \$136 million.

The Capital Access Programs vary by state but are used to buy, build or lease capital assets or as working capital. On each loan, the borrower, lender and state contribute funds toward a loan loss reserve as protection for the lender's portfolio of Program loans. The borrower contributes 2% to 3% of the loan to a reserve, with the lender matching that amount. The state then makes a contribution based on the lender's assets.

RESIDENTIAL LENDING

WFB's residential lending targets refinanced (36%) and home improvement loans (59%) through its home equity loan product. WFB originates some home purchase loans (4%), primarily as an accommodation to its business customers.

The bank's residential lending in California declined \$2.2 billion, compared to its lending in 1994 and 1995. However, its small business lending increased \$2.7 billion over the same

period. WFB's change in lending focus to small businesses more than offset the volume of real estate lending it replaced. (Comparison numbers are only available for California.)

INVESTMENT TEST

WFB exhibited a strong level of community development investments, especially in California, Arizona and Washington. The activity in these states accounts for 80% of the bank's investments. WFB made more than two thousand qualified investments totaling more than \$227 million. The bank's investments were productively used for the capitalization of loan pools, CDFIs, CDCs, government subsidized programs, tax credits and the support of nonprofit developers, social services, and support groups. Many investments were components of a financing package that included community development lending.

In California, WFB is viewed as a leader in the participation and creation of qualified investments. Management is working to leverage off its historical performance by bringing its attention to the bank's other states. The bank has received recognition from national groups and state and local housing departments for its ongoing commitment to the resources necessary to enhance the availability of affordable housing.

WFB made investments totaling almost \$26 million in regional and national organizations. These organizations help to address affordable housing and small business credit needs of its assessment areas. It also invested in companies that serve states in which the bank does business, providing financing and technical assistance for start-up and growing small businesses, including minority- and women-owned small businesses. The bank made another regional investment in a rural nonprofit corporation that provides technical assistance, loans, grants and operational support for organizations in rural communities. This entity focuses on affordable housing, economic development, water and waste issues, and community services for residents of rural areas.

Through WFB's affordable housing investments, the bank helped to create more than 6,500 housing units for LMI persons and families. It also invested in two funds that a national affordable housing intermediary has sponsored. The first fund raises capital using Federal low-income housing tax credits. It provides technical assistance and special financing to local developers of affordable housing for LMI families. The national affordable housing intermediary also operates a California fund, which supports local affordable housing efforts in California's urban and rural communities. The second fund is a retail initiative, providing equity financing and technical assistance to local commercial real estate developers. These developers build grocery stores and shopping center properties in distressed inner-city communities.

SERVICE TEST

WFB's delivery systems are reasonably accessible to essentially geographies and individuals of different income levels in the bank's 58 assessment areas. The bank's performance in California has the greatest impact, as 81% of its deposits and 62% of its branches are there. The physical distribution of the bank's branches in many of its assessment areas is less than the demographic distribution of LMI census tracts in these areas. However, LMI accessibility is enhanced by a significant number of branches that border or are within one mile of LMI areas. In general these branches are in high traffic shopping areas, accessible by public transportation.

WFB offers a variety of loan and deposit products through its branch network. The bank offers several alternative delivery systems/products that improve banking access to LMI individuals and geographies. The bank's customers have accepted each of these systems/products. These include the following:

- C electronic banking using a proprietary network of 24-hour full service ATMs (Delivery Channel Tables detail the network by State); Express ATM and check cards accepted by a wide network of ATMs, point-of-service terminals, and retailers; and mobile ATMs and branches;
- C affordable checking which includes no monthly fees, unlimited check writing, free use of basic bill pay services, and unlimited touch tone 24 hour telephone banking;
- C basic small business checking which offers low fees for accounts with limited transactions (used by more than 13,000 small businesses);
- C a joint venture with Mr. Payroll, developed a machine that provides a low cost way for non-customers to cash checks;
- C ATM remittance products enable customers to remit funds to Mexico and the Philippines at a significant cost savings compared to international wires;
- C 24-hour telephone banking includes touch tone services and a staff of agents available to speak in 17 different languages used by consumers and small businesses;
- C online/Internet banking services that allow customers to open accounts, transfer funds, make payments and purchase financial instruments from their home access device;
- C innovative online small business banking services, provided through custom software;
- C bank by mail;
- C home mortgage loan centers (4) in LMI communities that are not a part of the bank's branch network, providing access to affordable mortgage products and credit counseling in partnership with nonprofit organizations; and
- C an interactive web site that provides innovative links to community and credit resources.

We were unable to place significant weight in our conclusions on those alternative delivery systems where the bank did not have information concerning the systems availability and effectiveness in delivering services in low- and moderate-income geographies and to low- and moderate-income individuals.

Beyond traditional branches, WFB offers a variety of branch formats including in-store offices, express offices, branch centers, banking centers, investment centers, business centers, and a “cyber” branch. The most common branch formats include traditional and in-store locations, which offer the full array of the bank’s products and services.

WFB branch hours are reasonable and convenient to LMI geographies and individuals. Normal hours vary somewhat from state to state but not in a way that inconveniences LMI customers or geographies. Most locations offer Saturday hours. Many in-store and banking center locations provide banking services seven days a week.

The bank’s record of opening and closing branches is satisfactory. Branch activity during the review period did not adversely affect the accessibility of WFB’s delivery systems. WFB uses a consistent format to review branches for opening, closing, consolidation, relocation and retention. During the review period, the bank opened 459 branches, 77 or 17% of these openings occurred in LMI areas. WFB also piloted seven off-site ATMs in LMI communities, to ascertain the viability of expanding the bank’s retail presence in these areas. These ATMs have lower transaction levels than they would ordinarily anticipate when opening a new location.

During the review period, WFB closed 249 branches of which 63 or 25% of these were in LMI areas. Management’s continuous closure review identified another 22 branches due to low profitability and growth. However, they retained these offices to ensure adequate access to banking services in certain LMI areas. Because of the bank’s merger with First Interstate and a branch network redesign process, WFB consolidated 120 branches and relocated 215 branches in its assessment areas during the review period. These actions had a small impact on the accessibility of the bank’s branch network, as they addressed service area redundancies.

Community Development Services: WFB provides a good level of community development services. During the review period, bank personnel provided financial related services to more than 400 qualified community development organizations in its 58 assessment areas. These groups benefited the assessment areas through affordable housing, small businesses, economic development, and/or services targeted to LMI individuals. Listed below are examples of the bank’s community development services:

- C In 1997, Wells Fargo developed and implemented a comprehensive multi-state program to provide high quality credit counseling services through 70 national and local nonprofit organizations. As a part of this program, the bank selected appropriate community groups, assisted in the development of counseling program materials, and has provided continued technical support to these groups.
- C Providing financial expertise to innovative technology centers, formed in partnership with a project in East Palo Alto, California. The center helps area residents and merchants

learn about computers and banking technology. It provides a computer drop-in center with several Internet-connected computers, computer classes and a community networking project. The intent is to help agencies gain access to the Internet.

WFB's CRA Public File contained all required information. This included a list of available deposit accounts, general bank services, and credit products. The public can access this list through all of the bank's branches and certain alternative delivery systems.

To help illustrate WFB's performance and provide consistent demographic data, we have included the following tables: State or Assessment Area Profiles; Bank and State Aggregate Residential and Small Business Lending, Investment Test, and Service Test.

Summary of State and Multistate MSA Ratings

State or multistate MSA name	Lending test rating	Investment test rating	Service test rating	Overall rating state/multistate
Arizona	O	HS	LS	S
California	O	O	HS	O
Colorado	HS	HS	LS	S
Idaho	LS	LS	LS	S
Nevada	LS	HS	LS	S
New Mexico	LS	HS	LS	S
Oregon	HS	HS	HS	S
Utah	HS	LS	HS	S
Washington	HS	O	HS	S
Las Vegas, NV - Mohave, AZ	HS	HS	HS	S
Portland & Salem, OR - Vancouver, WA	HS	HS	HS	S

BANK AGGREGATE TABLES

WFB LENDING ACTIVITIES									
Loan Type	#	% of Total	\$ (million)	% of Total	CT	# of loans by LMI	\$ volume by LMI (million)	% of # loans by LMI area or borrower	LMI Avg. Loan size (000's)
					B				
Residential	19,133	7%	\$1,212	11%	CT	2,415	\$179	13%	\$74
					B	6,862	240	36	35
Small Business & Small Farm	238,543	93%	9,274	83%	CT	61,098	\$2,833	26%	\$46
Community Development	149		651						
Total Lending	257,825	100%	\$11,137	100%	CT	63,513	\$3,012	25%	\$47

(CT) Income Level of Census Tracts
 (B) Income Level of Borrower

WFB AGGREGATE SMALL BUSINESS, SMALL FARM AND COMMUNITY DEVELOPMENT LENDING

State:	% of Small Businesses in LMI CTs	% of Reporters' Loans in LMI CTs ^(a)	Market Share		% of Bank's Loans in LMI CTs	% of Loans less than \$100,000	% of Loans to Small Businesses ⁽ⁱ⁾	Bank Totals		Avg. Loan (000s)	Community Development Loans	
			Overall	LMI CTs				#	\$(000s) ^(d)		#	\$(000s)
ARIZONA	29%	28%	13.15%	13.51%	28%	95%	49%	11,863	\$470,114	\$40	7	\$52,515
CALIFORNIA	29	26	21.41	22.14	26	92	29	191,371	7,257,045	38	99	469,473
COLORADO	34	27	3.77	4.66	34	93	43	2,886	130,498	45	2	16,850
IDAHO	28	17	5.26	4.81	18	90	50	2,164	105,771	49	4	7,175
NEVADA	34	34	17.13	15.24	29	93	46	2,694	107,907	40	0	0
NEW MEXICO	36	36	4.45	4.55	37	99	60	987	20,552	21	0	0
OREGON	18	15	16.88	14.07	14	94	53	4,892	174,457	36	9	11,492
UTAH	30	31	4.60	4.95	34	89	46	2,354	136,850	58	10	20,554
WASHINGTON	24	23	7.07	6.93	23	99	47	8,492	390,803	46	9	36,692
LAS VEGAS, NV	22	19	11.58	11.25	17	94	51	3,040	112,545	37	2	21,125
PORTLAND, OR	22%	22%	11.93%	12.58%	21	84	45	7,800	367,040	47	7	15,323
Total States					26%	92%	33%	238,543	\$9,273,582	\$39	149	\$651,199

- (a) 1996 CRA Small Business Reporters
- (i) Percent of loans to businesses having revenues less than \$1 million. They did not know borrower revenue size on 54% of the loans.
- (d) Each state's dollar volume was adjusted because the bank overstated the amount of its 1997 line increases. Dollar volume reduced by an aggregate \$163 million.

WFB AGGREGATE RESIDENTIAL LENDING										
State:	Demographics		Lending Distribution		Market Share*			#	\$ (000s)	Avg. Loan (000s)
	% Owner Occupied in LMI CTs	% LMI Families	in LMI CTs	to LMI Borrowers	Overall	LMI CTs	LMI Borrower			
ARIZONA	23%	35%	16%	37%	1.48%	1.61%	1.56%	3,345	\$109,813	\$33
CALIFORNIA	17	39	13	35	0.58	0.53	0.80	7,092	696,604	98
COLORADO	23	37	46	62	0.08	0.21	0.13	101	13,087	130
IDAHO	14	37	9	34	2.41	1.81	1.84	806	29,928	37
NEVADA	18	37	12	42	2.17	1.97	2.61	459	15,290	33
NEW MEXICO	25	39	29	65	0.08	0.08	0.08	34	1,889	56
OREGON	10	38	8	28	4.40	3.75	3.87	1,618	69,465	43
UTAH	14	36	12	43	0.29	0.23	0.35	294	28,516	97
WASHINGTON	13	37	12	39	1.17	1.16	1.24	2,118	103,350	49
LAS VEGAS, NV	15	37	7	39	1.45	1.35	1.42	1,024	52,499	51
PORTLAND, OR	13%	36%	13	35	1.99%	1.72%	1.98%	2,242	91,316	41
Total			13%	36%				19,133	\$1,211,757	\$63

(*) 1996 HMDA Reporter Market Share

WFB AGGREGATE QUALIFIED INVESTMENTS									
State:	Affordable Housing and Economic Development			Contributions/ Grants			Total Investments		
	#	% of Bk by #	\$ (000s)	#	% of Bk by #	\$ (000s)	#	% of Bk by #	\$ (000s)
ARIZONA	13	16%	\$12,600	215	9%	\$2,504	228	10%	\$15,104
CALIFORNIA	31	37	134,332	1,429	62	13,482	1,460	61	147,814
COLORADO	2	2	300	69	3	637	71	3	937
IDAHO	2	2	1,150	18	1	71	20	1	1,221
NEVADA	2	2	2,750	35	2	349	37	2	3,099
NEW MEXICO	1	1	200	29	1	166	30	1	366
OREGON	6	7	8,850	76	3	616	82	3	9,466
UTAH	2	2	448	59	3	259	61	3	707
WASHINGTON	10	12	8,541	198	9	1,547	208	9	10,088
LAS VEGAS, NV	3	4	2,650	49	2	265	52	2	2,915
PORTLAND, OR	6	7	8,850	127	6	1,495	133	6	10,345
National Entities	5	6%	25,500	0	0%	0	5	0%	25,500
Total	83	100%	\$206,171	2,304	100%	\$21,391	2,387	100%	\$227,562

WELLS FARGO BANK, NA AGGREGATE DELIVERY CHANNELS

State:	Deposits		# of Branches				% # of All Branches				# of ATM Sites	% of # of ATM Sites			
	\$'s 06/30/98 (millions)	% of Bank	Traditional	In-Store	Other	Total	Low CT	Mod CT	Middle CT	Upper CT		Low CT	Mod CT	Middle CT	Upper CT
Arizona	\$4,111	6.3%	83	80	68	231	3%	16%	40%	41%	279	2%	17%	40%	41%
California	\$53,186	81.0%	442	229	411	1,082	4%	18%	45%	33%	1,523	5%	19%	44%	32%
Colorado	\$330	0.5%	3	7	2	12	0%	17%	50%	33%	23	0%	30%	39%	30%
Idaho	\$405	0.6%	23	0	1	24	8%	25%	46%	21%	30	7%	20%	53%	20%
Nevada	\$872	1.3%	27	8	1	36	0%	25%	58%	17%	51	0%	27%	53%	20%
New Mexico	\$87	0.1%	5	0	0	5	0%	20%	60%	20%	5	0%	20%	60%	20%
Oregon	\$1,022	1.6%	45	11	5	61	8%	11%	75%	5%	87	6%	15%	71%	3%
Utah	\$519	0.8%	24	2	0	26	8%	19%	54%	19%	30	10%	17%	57%	17%
Washington	\$1,901	2.9%	104	10	9	123	3%	23%	59%	15%	136	2%	20%	62%	15%
Portland-Salem CMSA	\$1,769	2.7%	59	25	7	91	1%	21%	64%	14%	167	1%	21%	59%	19%
Las Vegas Multistate MSA	\$1,430	2.2%	24	17	19	60	8%	10%	45%	37%	79	6%	7%	51%	35%
Total Bank	\$65,632	100.0%	839	389	523	1,751					2,410				

Compliance with Antidiscrimination Laws and Regulations

We performed a fair lending examination of WFB using the OCC's fair lending examination procedures. The examination included a sample of residential home improvement and automobile loan applications. Our analysis also included a review of fair housing complaints registered against the bank.

Fair Lending Conclusions:

- " We did not find any "reason to believe" that disparate treatment exists in WFB's underwriting of home improvement or indirect automobile loan applications. Our conclusion is based on our modeling and comparison process and evaluation of WFB's methods of soliciting loan applications.**
- " WFB's processed indirect automobile loan applications in a nondisparate manner.**
- " WFB's compliance review process, including training, is appropriate to ensure compliance with antidiscrimination laws.**
- " Our analysis of fair lending complaints showed that WFB did not treat complainants in a disparate manner.**
- " WFB complies with antidiscrimination laws and regulations.**

ARIZONA

ARIZONA STATE RATING

CRA Rating for Arizona¹: Satisfactory

The lending test is rated: Outstanding

The investment test is rated: High Satisfactory

The service test is rated: Low Satisfactory

Description of Institution's Operations in Arizona

WFB's presence in Arizona consists of its credit card operations, as well as, branch and ATM sites acquired through its April 1996 merger with First Interstate Bank. WFB provides full banking services to its five identified Arizona assessment areas; Phoenix MSA (Maricopa and Pinal Counties), Tucson MSA (Pima County), Flagstaff MSA (Coconino County), Yuma MSA (Yuma County), and Rural Arizona (Conchise, Gila, Graham, La Paz, Navajo, Santa Cruz, and Yavapai Counties). The assessment areas reflect either MSA boundaries or contiguous counties, and define the locations of WFB branches. WFB's primary competitors were Bank One, Arizona, Bank of America and Norwest Bank Arizona.

Arizona is experiencing sustained economic and employment growth. Recent data shows job growth in the Phoenix metropolitan area at 5.7%, and Tucson 2.2%. Arizona's manufacturing industry has a much higher component of high-tech production than the national average and defense-related activity accounts for 20%. Arizona's probusiness tax legislation and regulatory environment have also attracted many firms.

Arizona experienced a relatively stable real estate market, except in the affordable housing segment. The population migration into the state and the growing economy have helped cause rising housing costs including rents, and reduced vacancy rates. The rapid escalation in home values and rental rates is reducing housing stock available for lower income persons.

Community outreach efforts suggest several areas of credit needs including affordable housing (acquisition and rehabilitation), small business lending, and commercial revitalization (including downtown Phoenix and Native American reservations). In the Phoenix area, Indian reservations comprise 5% of Maricopa County, and 20% of Pinal County. In Tucson, 42% of its land area includes various Indian tribes. In Flagstaff, Indian reservations cover 38% of Coconino County land.

¹ For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation is adjusted and does not reflect performance in the parts of those states contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

Description of Institution's Operations in the Phoenix MSA:

Maricopa County residents comprise more than 60% of Arizona's population. WFB serves this MSA with 148 offices and 188 ATM sites.

The Phoenix area ranks second nationwide in job growth among the 41 largest metropolitan areas. It is a diversified economy based on bio-tech industry, business services, high-tech industry, tourism, transportation, and software. Principal employment in the MSA is manufacturing, government, retail trade, and service. Despite indications of prosperity, many new jobs are lower paying service sector positions.

Maricopa County's sustained growth has driven residential permit requests to an all-time high and has led to escalating rents. Median rents increased 12% since 1990 and the unofficial estimate of new home construction for 1997 was 30,000 homes. During the third quarter of 1997, the Arizona Real Estate Center reported the median price of new homes in the Phoenix area at \$134,650, and the resale of existing homes at \$106,500.

Information received through Community contacts suggests that affordable housing, rehabilitation, and redevelopment loans are the area's most pressing credit needs. However, the area has insufficient affordable housing available for many individuals employed in the low-paying service sector jobs, who earn less than the median family income.

Description of Institution's Operations in the Tucson MSA:

The MSA consists of Pima County. WFB serves the MSA with 36 offices and 42 ATM sites.

Beginning in the early 1990's, economic conditions in Pima County have been on the upswing. The University of Arizona is a major asset to the area, both culturally and economically. Along with federal, state, and local government, the University is one of the two largest employers. Consistent with the robust growth, housing prices have risen dramatically. Only 9.6% of available housing units were considered affordable by moderate-income home buyers. Rental rates are also rising with increased competition for available affordable rental housing.

A community contact noted that more residential loans are needed in South Tucson, an LMI area.

Description of Institution's Operations in Rural Arizona

WFB serves this area with 36 offices and 35 ATM sites.

Unemployment rates vary by county, ranging from 12% to 19% in Apache, La Paz, Navajo and Santa Cruz. Manufacturing, mining, tourism, and agriculture continue to drive economic forces

in these regions, with high-technology firms finding rural Arizona increasingly attractive. About one-quarter of the state's agricultural acreage yields cotton, the state's principal crop. Cattle and mining operations are two major mainstays of the Native American economy.

The Arizona State University Center for Business Research recently suggested that the single family housing sector in rural Arizona will continue to grow. This is more evident in the second and/or retirement home markets, as these buyers seek housing away from traffic, pollution, crime, and other problems associated with large cities. Consequently, the pressure of increased demand will affect the demand for affordable housing and affordable housing loans.

STATE DEMOGRAPHIC CHARACTERISTICS																	
State: Arizona	Population (000s)	Census Tracts	Owner-Occupied Housing (000s)	Small Businesses	Unemployment Rate 06/30/98	Median Income	Median Housing Value	Distribution of Census Tracts (CT) & Families (F)					Distribution of Owner-Occupied Housing (OO) & Small Businesses (SB)				
								CT	Low % of #	Mod % of #	Mid % of #	Upper % of #	OO	Low % of #	Mod % of #	Mid % of #	Upper % of #
								F					SB				
Phoenix	2,238	490	539	89,053	2.7%	\$47,500	\$85,627	CT	6	25	38	30	OO	3	21	42	34
								F	20	18	23	39	SB	6	26	36	32
Tucson	667	115	159	24,851	2.8%	40,100	78,704	CT	9	30	35	27	OO	3	20	39	38
								F	21	18	22	39	SB	8	28	33	31
Rural Arizona	463	122	112	14,466	4.7	31,200	61,268	CT	11	13	45	26	OO	9	10	50	31
								F	20	18	22	40	SB	1	7	59	33
Flagstaff	97	25	18	3,623	8.1	40,800	76,772	CT	12	20	44	24	OO	15	11	41	32
								F	23	16	20	41	SB	1	20	50	29
Yuma	107	24	24	2,882	32.0	33,500	62,857	CT	4	29	42	21	OO	1	28	41	30
								F	20	18	22	40	SB	0	32	40	28
Total State	3,572	776	852	134,875	4.4	43,191	80,175	CT	7	24	39	29	OO	4	19	43	34
								F	21	18	22	39	SB	6	24	38	31

Conclusions with Respect to Performance Tests in Arizona:

- " WFB's lending activities have been very responsive to the credit needs of its assessment areas. Its overall distribution of loans by geography and by borrower income is excellent. WFB also provided several, large dollar loans for community development purposes.**
- " WFB's volume of qualified investments is good, although concentrated mostly in the major MSA's. WFB addressed other assessment areas primarily through entities serving the broader statewide market. Overall, it has responded well to the needs of its community.**
- " WFB's services are adequate in helping to reach geographies and populations of different income levels. Some innovative and challenging community development related services helped benefit LMI individuals.**
- " We evaluated WFB's performance in the Flagstaff and Yuma MSAs, for consistency with the bank's performance in the other areas. We found that the bank's performance under the three tests in these areas is not inconsistent with its performance in the other areas.**

LENDING TEST

WFB's lending in its Arizona assessment areas reflects an excellent response to the community's credit needs. The bank is a major small business lender there originating nearly twelve thousand small business loans for \$638 million during the review period. While WFB ranks number four behind three larger retail banks in deposit market share, it consistently ranked number three in small business loan market share across low- and moderate-income markets and overall. The bank's small business lending activity includes small farm lending. The small farm lending activity makes up only 2% of the number and 7% of the dollars in small business lending. Therefore, we did not isolate this component in our analysis. Residential lending reported under the HMDA, is a loan product the bank has de-emphasized under its corporate strategy. Nevertheless, the bank booked more than three thousand home loans totaling \$127 million. WFB also provided a significant volume of community development lending. These loans helped support some more pressing credit needs for LMI persons, including affordable housing and economic development related needs.

Geographic Distribution:

Small Business Lending: WFB's small business loans were well dispersed geographically when considering demographic profiles and the performance of other lenders. The income levels of tracts where the bank's lending had not occurred varied. In its lending to LMI areas,

WFB matched the market's performance. Its market share of loans in LMI areas was greater than its overall share of the market.

Residential Lending: WFB's dispersion of residential loans was good. For the review period, the bank's percentage of loans in LMI areas compared favorably to the distribution of owner-occupied housing units in those areas. For the full review period, its market share of LMI area loans was good, exceeding its overall market share by a 9% margin.

Borrower Distribution:

Small Business Lending: WFB's small business lending performance by borrower profile was excellent. In 1996, the bank's level of loans to small businesses having revenues less than \$1 million in LMI areas, was proportionate to the level of businesses in those areas and exceeded that of other market lenders. In total, half WFB's loans went to the smaller businesses. For the review period, 95% of the bank's small business loans were less than \$100 thousand in size. WFB's performance in these components exceeded respective market lenders in nearly all of its Arizona assessment areas.

Residential Lending: WFB's borrower distribution of residential loans was also excellent. For the full review period, its lending to low-income borrowers exceeded the percentage of low income families in those areas. In lending to moderate-income borrowers, its performance was less than the market's demographics. In 1996, its percentage of loans to LMI borrowers essentially matched demographics and significantly exceeded other market lenders by a substantial margin. WFB also held an LMI borrower market share that exceeded its overall market share. This performance did not change significantly during the latter part of the review period.

Community Development Lending: WFB's dollar volume of lending for community development purposes in Arizona was significant when related to the level of deposits the bank derives from its assessment areas. During the review period, WFB provided \$52 million in funding through seven loans. These loans were responsive to the respective communities, helping provide affordable housing units to LMI persons and supporting the economic development needs of LMI Native American Indians.

PHOENIX MSA #6200

Geographic Distribution

Small Business Lending: WFB's small business lending in Phoenix was excellent. The portion of the bank's lending to LMI areas for the review period was generally consistent with the market's demographic profile. In addition, in 1996, its percentage of loans to LMI areas exceeded the average performance of other lenders. WFB's lending to the smaller

businesses in LMI areas was also generally proportionate to the percentage of such businesses in those areas.

Residential Lending: Despite WFB's declining residential lending volume, its distribution was excellent. In 1996, its portion of lending in LMI areas exceeded the percentage of owner-occupied housing in those areas, as well as the performance of other lenders in that market. The bank's lending activity during the remainder of the review period was comparable, despite a decline in volume.

Borrower Distribution

WFB's borrower profile distribution in small business lending was excellent. During the review period, about 92% of its small business loans were less than \$100 thousand in size. This performance was comparable with other lenders to that market in 1996. Further, WFB's portion of loans to businesses having revenues of less than \$1 million was 63% compared to the market at 35%.

The bank's residential lending performance was also excellent. In 1996, its LMI borrower market share comfortably exceeded the performance of other lenders to that market. During the review period, WFB's percentage of loans to low-income persons compared to market demographics was excellent, while lending to moderate-income borrowers were adequate.

Community Development Lending Activities: WFB provided three loan facilities totaling \$32 million to an American Indian tribal organization. They used this funding to supply construction financing of a shopping center in a low-income area of the tribe's reservation (\$10 million), support the tax exempt nature of the project (\$10 million), and supply construction financing for a recreational facility on the tribe's property (\$12 million). These projects will help supply needed revenues to the tribe and provide jobs to a low-income area that has high levels of unemployment and poverty. The significance of their need is apparent as 39% of the residents on the tribe's reservation are below the poverty level.

TUCSON MSA #8520

Geographic Distribution

Small Business Lending: WFB's geographic distribution reflects an excellent responsiveness to the credit needs of small businesses. In 1996, the bank's LMI market share exceeded its overall market share. In addition, its percentage of loans in LMI areas exceeded its competition, and was nearly consistent with the percentage of small businesses in those areas. This lending pattern did not change during the review period.

Residential Lending: WFB's residential loan performance was good. During the review period, its lending in LMI areas was adequate considering the demographic profile of the

areas and compared favorably to the distribution of other lenders. In 1996, the bank had an excellent market share of loans in LMI areas that exceeded its overall market share.

Borrower Distribution

Small Business Lending: WFB's borrower profile of its small business loans is excellent given demographic and market representation. During the review period, the bank's percentage of loans less than \$100 thousand in size was 94%, compared to the market at 90%. Further, WFB made 65% of its loans to smaller businesses having revenues less than \$1 million, compared to the market at 41%. This percentage declined in 1997 to 46%.

Residential Lending: The bank's dispersion of loans to borrowers of different income levels is excellent. In 1996, its percentage of loans to LMI borrowers was adequate compared to demographics, and excellent compared to the performance of other lenders. In addition, WFB's market share of LMI borrowers in 1996 was greater than its overall market share.

Community Development Lending Activities: WFB provided an \$8.2 million loan to rehabilitate 408 units of affordable housing for senior citizens and disabled persons of LMI status. The project benefited persons with income of no more than 60% of the area's median income. WFB used its expertise to finance a project that no other local lender would underwrite.

RURAL ARIZONA

Geographic Distribution

Small Business Lending: WFB's geographic distribution of small business loans did not compare favorably to the percentage of businesses in LMI areas. Likewise, its percentage of small business loans to businesses having annual sales less than \$1 million in LMI areas was lower than demographic profiles. In 1996, WFB made only 4% of its small business loans in LMI areas. This did not compare favorably to the market's distribution as 8% of its loans were in LMI areas.

Residential Lending: WFB's geographic distribution of residential lending also did not compare favorably to demographic and market profiles. During the review period, the bank's percentage of lending in low-income areas was well below the percentage of owner-occupied units in those areas. In addition, the bank's performance was well below that of other lenders. This profile was similar for moderate-income areas. Also, in 1996, WFB's market share of lending in LMI areas was well below its overall market share.

Borrower Distribution

Small Business Lending: WFB's distribution of small business lending to borrowers of different income levels was excellent. In 1996, more than 68% of its loans went to businesses with annual revenues less than \$1 million, compared to 39% for the market's other lenders. WFB's loan size also reflects a good responsiveness to the assessment area's credit needs as 93% of its loans were less than \$100 thousand which is comparable to other market lenders.

Residential Lending: The bank's dispersion of loans to borrowers of different income levels is reasonable given demographic and market profiles. In 1996, its portion of lending to low-income borrowers was well below the percentage of low-income families in the market. Improvement is noted with moderate-income borrowers, but still below demographics. Notwithstanding, WFB performed better than other lenders in the market. Also, WFB's LMI borrower market share was above its overall market share.

Community Development Lending Activities: WFB provided a construction loan for \$9 million to a native American Indian Tribe. The funds provided the tribe with the means to construct a hotel and convention center that will support its casino related activities. WFB also provided a \$2.5 million term loan for equipment and the expansion of a kitchen in the tribe's casino. A \$750 thousand line of credit was used to supplement the tribe's working capital. These projects will help supply needed revenues to the tribe and jobs to the LMI residents of an LMI area.

Limited Scope Areas: WFB's lending performance in the Flagstaff and Yuma MSAs is adequate, but weaker than the bank's lending performance in the state of Arizona. The bank's performance in these areas can be compared in the Aggregate Small Business and Community Development Lending Table and Residential Lending Table at the end of the Arizona section.

INVESTMENT TEST

WFB's investment performance in the state of Arizona is good. It made 13 investments totaling \$12.6 million for the period, which a number of grants complemented. In all, they provided 215 grants totaling \$2.5 million to various organizations supporting community development goals such as affordable housing, small business development, and community services relating to financial counseling, education, health, and social services to LMI individuals or geographies.

They originated most of WFB's investments during the review period. Included are investments in several regional and one national organization that focus on affordable housing and small business credit initiatives to LMI persons. Included among the organizations for which WFB has investments is a multi-bank community development corporation (CDC) which provides financing and technical assistance for LMI housing development and small

businesses; an investment in an education project that provides services for low-income persons, migrant farm workers, and Native Americans who operate small businesses in rural and non-metropolitan areas; and an investment in Hispanic organization allowing it to expand its affordable housing, economic development and neighborhood revitalization efforts in Tucson and southeastern Arizona.

WFB's involvement in the education project more directly benefitted the Tucson and rural Arizona assessment areas, was complex in structure as multiple financing aspects including below market terms were involved. WFB was also the only investor in a self employment loan fund, a statewide program designed to benefit LMI entrepreneurs with capital assistance, particularly women-owned businesses. This innovative fund was created to capitalize a loan loss reserve for the multi-bank CDC. Most of the affordable housing related programs in which WFB invests, supplements each program's offering of flexible underwriting terms such as below market rate financing and/or a less restrictive collateral requirement.

PHOENIX MSA #6200

WFB's performance in this MSA is good. Its investments totaled almost \$4 million and included 127 grants for almost \$2 million. These grants helped promote economic development, affordable housing, and social service related activities for LMI persons. WFB made seven investments totaling more than \$2 million that went to organizations and programs that focused directly on the Phoenix assessment area.

TUCSON MSA #8520

WFB's investment performance in this assessment area is very good. Such transactions totaled nearly \$2 million and included 50 grants for \$489 thousand. These grants helped promote economic development, affordable housing and social services targeted to LMI persons. This assessment area also benefits from WFB's almost \$9 million in transactions with entities supporting organizations that have a broader statewide focus, including the multi-bank CDC, education project and a national fund that invests in local affordable housing and economic development projects. The transactions primarily went to such causes as affordable housing for LMI families, economic development, technical assistance to small businesses and LMI housing developers.

RURAL ARIZONA

WFB's overall investment performance here has been primarily with organizations focused on the broader statewide market and one national entity. Each of these organizations promotes community development either through small business or affordable housing related initiatives. WFB invested almost \$9 million in these organizations. In addition, they provided 22 grants for \$102 thousand to entities promoting financial/technical assistance

relating to housing, small business, and economic development initiatives for LMI persons/areas.

Limited Scope Areas : WFB's investment performance in the Yuma MSA is consistent with the bank's investment performance in the state of Arizona. The investment performance in the Flagstaff MSA was adequate, but weaker than the bank's investment performance in the state of Arizona. The bank's performance in these areas can be compared in the Aggregate Investment Test Table at the end of the Arizona section.

SERVICE TEST

WFB's retail delivery systems are reasonably accessible to geographies and individuals of different income levels in its assessment areas. It has the second largest branch and ATM network in its system, with 231 branches of all types and 408 ATMs at 279 locations. Although extensive, the system is favorable to middle- and upper-income geographies. Only in its Yuma assessment area, which has only three branches, does the distribution of branches reach equivalency in the LMI areas with the distribution of households. The bank has analyzed the proximity of all branches and ATMs to LMI geographies. This analysis shows that many facilities not in those geographies are convenient to them through public transportation or high volume shopping areas.

Most of the bank's traditional (freestanding) branches in Arizona are open from 9:00 a.m. until 6:00 p.m. Monday through Friday and from 9:00 a.m. until 2:00 p.m. on Saturdays. In-store branches are open from 10:00 a.m. until 7:00 p.m. Monday through Saturday and from 11:00 a.m. until 5:00 p.m. on Sundays. Five offices do not open on Saturdays, and two of those close earlier than 6:00 p.m. on weekdays. Two of the five offices with limited hours are in LMI geographies, an in-store branch that has extended hours supplements one and the other is in the town's business district. The established hours of service are reasonable, and the few variances do not cause inconvenience of any consequence to any geographies or individuals. All of the bank's alternative delivery systems are fully available in Arizona and enhance WFB's service in the state.

As part of its ongoing corporate planning, WFB opened 131 branches and closed 39 in the review period. This overall increase in service has not significantly changed the distribution of the facilities, as the openings and closings have not shifted the geographic location of branches significantly. To maintain banking services to certain LMI neighborhoods, seven branches throughout the state have been kept open when profitability and growth analyses suggested closure.

Community Development Services:

WFB provides a adequate level of community development services in Arizona. The bank lists 54 qualified services during the period. However, most are concentrated in the Phoenix MSA. Bank employees serve as members, directors and officers of a variety of qualified service organizations. The roles these personnel play in each organization include loan application review, consumer credit counseling, financial management advice, and fund raising. A notable level of innovation and creativity are apparent in the venture capital funding activities of a Phoenix organization and housing programs of organizations in Tucson, both of which are supported by services provided by WFB. Among the credit counseling services in Arizona is a challenging program provided to a large Native American tribe.

PHOENIX MSA #6200

WFB has 104 full service branches and an additional 44 branches with limited or specialized services in this area. Combined with ATMs at 188 sites, this provides reasonable access to its service; nonetheless, only 19% of the branches and 20% of the ATM sites are in LMI geographies, which is 31% of the total community and contain 31% of Phoenix households. When branches and ATMs that border LMI areas are included, then approximately 35% of the facilities may be reasonably accessible to LMI areas. All WFB alternative delivery systems are available in Phoenix, as well.

Except the private banking division in Scottsdale, which has more limited hours, and the Tri-City office in Mesa, which is closed Saturday and closes at 5:00 p.m. on other days (middle-income geography), all Phoenix offices observe the operating hours that are reasonable and standard throughout Arizona. In an unusual arrangement, WFB shares its branch at Central and Grant with the Chicanos Por La Causa Federal Credit Union, providing mutually beneficial and cost-effective service to the customers of both organizations.

WFB opened 90 offices and closed 31 offices in Phoenix during the review period. The additional offices have improved accessibility, with the distribution approximately equivalent to the overall distribution of offices. WFB retained two offices in Phoenix, which met its criteria for closure, to provide continued service throughout the community, especially to LMI areas.

Community Development Services: WFB engaged in more than 20 qualified community development services in Phoenix. Among these are services provided to a Phoenix organization that helped them implement an innovative venture capital funding program. This is a good level of community development services.

TUCSON MSA #8520

WFB's retail delivery system in Tucson provides good accessibility to all community segments. The bank serves the community with 29 full-service branches and 7 additional offices with limited or specialized services. Twenty-five per cent of these offices are in LMI geographies where 31% of the community's households are found. WFB has 42 ATM sites

in Tucson, with 29% of these in LMI geographies. Other alternative delivery systems are available here, as elsewhere.

The Tucson Main office (low-income geography) and the Green Valley office (middle-income geography) are closed on Saturdays. Otherwise, all Tucson offices observe the standard and reasonable hours of WFB offices in Arizona.

During the review period, WFB increased its offices in this MSA by 10, by opening 12 new offices and closing two offices. It located two of the new offices in LMI areas, thereby enhancing service to those areas. In addition, WFB retained two branches that might have been closed to maintain a more thorough delivery system in LMI areas.

Community Development Services: WFB has reasonable qualified community development services in the Tucson community, with nine services reported. Of note is the contribution of technical expertise by one of the bank's officers, to the housing and child care efforts of a local organization.

RURAL ARIZONA

The bank's assessment area in rural Arizona contains 21 full-service and 15 other offices. Eleven per cent of these offices are in LMI geographies, while 18% of rural Arizona household are in these geographies. The locations of these offices and proximity of offices in middle- and upper-income tracts to LMI geographies, suggests a reasonable level of accessibility. The distribution of ATM sites is similar to that of the branches, with 12% in LMI geographies. Alternative delivery systems are fully available in rural Arizona.

Except the branch in Whiteriver, which is closed on Saturdays, all branches in rural Arizona conform to the reasonable business hours standard throughout Arizona.

During the review period WFB expanded the rural Arizona network of offices with its opening of 25 offices and the closing of only four offices. The offices the bank closed are in middle- and upper-income geographies, while 12% of the offices opened are in LMI geographies. WFB retained two offices that serve LMI geographies and individuals, despite meeting the bank's criteria for closure.

Community Development Services: WFB provided limited community development services in rural Arizona, with only two qualified services, associated with an industrial development authority and a community church in Payson, identified. However, WFB does provide services to 22 various organizations that provide a statewide benefit.

Limited Scope Areas: WFB's service performance in the Flagstaff and Yuma MSAs is consistent with the bank's service performance in the state of Arizona. The bank's

performance in these areas can be compared in the Aggregate Delivery Channels Table at the end of the Arizona section.

ARIZONA AGGREGATE TABLES

WELLS FARGO BANK, NA AGGREGATE SMALL BUSINESS, SMALL FARM AND COMMUNITY DEVELOPMENT LENDING												
State: Arizona	Demographics		Market Share		% of Bank's Loans in LMI CTs	% of Loans less than \$100,000	% of Loans to Small Businesses —	Bank Totals		Avg. Loan (000s)	Community Development Loans	
	% of Small Businesses in LMI CTs	% of Reporters' Loans in LMI CTs*	Overall	LMI CTs				#	\$(000s)		#	\$(000s)
Phoenix #6200	32%	31%	12.18%	13.07%	30%	92%	48%	7,834	\$324,640	\$41	3	\$32,000
Tucson #8520	36	33	13.49	15.95	38	94	52	1,976	77,227	39	1	8,215
Yuma #9360	32	29	10.74	7.82	30	90	45	260	12,035	46	0	0
Flagstaff #2620	19	21	18.58	19.17	16	98	54	427	11,179	26	0	0
Rural Arizona	8	8	19.34%	9.33%	4	93	52	1,366	51,240	38	3	12,300
Total State					28%	95%	49%	11,863	\$476,321	\$40	7	\$52,515

(*)

1996 CRA Small Business Reporters

(—)

Percent of loans to businesses having revenues less than \$1 million. Borrower revenue size was not known on 35% of the loans.

WELLS FARGO BANK, NA AGGREGATE RESIDENTIAL LENDING										
State: Arizona	Demographics		Lending Distribution		Market Share*			#	\$ (000s)	Avg. Loan (000s)
	% Owner Occupied in LMI CTs	% LMI Families	in LMI CTs	to LMI Borrowers	Overall	LMI CTs	LMI Borrower			
Phoenix #6200	24%	38%	17%	38%	1.22%	1.45%	1.27%	2,067	\$56,731	\$27
Tucson #8520	23	38	20	38	1.68	1.88	1.99	657	25,928	39
Flagstaff #2620	27	39	6	33	1.80	1.69	2.97	87	11,418	131
Yuma #9360	29	38	33	42	1.71	2.95	2.83	73	1,570	22
Rural Arizona	19	42	4	30	4.57%	2.61%	5.63%	461	14,166	31
Total			16%	37%				3,345	\$109,813	\$33

(*) 1996 HMDA Reporter Market Share

WELLS FARGO BANK, NA AGGREGATE QUALIFIED INVESTMENTS									
State: Arizona	Affordable Housing and Economic Development			Contributions/ Grants			Total Investments		
	#	% of # for ST	\$ (000s)	#	% of # for ST	\$ (000s)	#	% of # for ST	\$ (000s)
Phoenix #6200	7	54%	\$2,100	127	59%	\$1,840	134	59%	\$3,940
Tucson #8520	2	15	1,150	50	23	489	52	23	1,639
Yuma #9360	1	8	500	8	4	40	9	4	540
Flagstaff #2620	0	0	0	8	4	33	8	4	33
Rural Arizona	0	0	0	22	10	102	22	10	102
Statewide	3	23%	8,850	0	0%	0	3	1%	8,850
Total State (ST)	13		\$12,600	215		\$2,504	228		\$15,104

WELLS FARGO BANK, NA AGGREGATE DELIVERY CHANNELS																	
State: Arizona Assessment Area:	Deposits		# of Branches				% Branches in		# of ATM Sites	% ATM Sites in		# Branches		% Opened in:		% Closed in:	
	\$'s 06/30/98 (millions)	% of Bank	Traditional Offices	In-Store Offices	Other Offices *	Total	Low CT	Mod CT		Low CT	Mod CT	Opened	Closed	Low CT	Mod CT	Low CT	Mod CT
Flagstaff #2620	\$64	< 1%	3	3	2	8	0%	0%	11	0%	0%	4	2	0%	0%	0%	0%
Phoenix #6200	2,749	4%	48	56	44	148	2	17	188	2	18	90	31	1	17	6	23
Tucson #8520	713	1%	21	8	7	36	6	19	42	5	24	12	2	0	17	0	0
Yuma #9360	127	< 1%	2	1	0	3	0	33	3	0	33	0	0	NA	NA	NA	NA
Rural Arizona	458	1%	9	12	15	36	3	8	35	3	9	25	4	4	8	0	0
Total State	4,111	6%	83	80	68	231	3%	16%	279	2%	17%	131	39	2%	15%	5%	18%
Total Bank	\$65,632	100%															

* Other Offices are those that do not have full service features, e.g., safe deposit boxes.

CALIFORNIA

CALIFORNIA STATE RATING

CRA Rating for California: Outstanding

The lending test is rated: Outstanding

The investment test is rated: Outstanding

The service test is rated: High Satisfactory

Description of Institution's Operations in California

WFB is the second largest retail bank in the state offering a variety of services including consumer, corporate and middle market banking, commercial real estate and investment services to customers that span the geography and economy of California. WFB serves the state with 1,082 offices and 1,523 ATM locations. During the review period, WFB's loan volume in this state accounted for more than 77% of its total number and 76% of its total dollar volume. Further, the state accounts for 81% of the bank's deposits. This ranks the state's market as the largest out of the nine states and two Multistate MSAs evaluated. The bank's major retail bank and thrift competitors include Bank of America, Home Savings of America, Washington Mutual and Union Bank of California. These institutions are the first and third largest commercial banks and the two largest thrifts in California. The thrifts recently consolidated into one institution under Washington Mutual. WFB has the second largest share of deposits in California behind Bank of America. When Washington Mutual and Home Savings of America are combined WFB's deposit ranking in California drops to number three.

WFB divided California into twenty-one assessment areas. These areas include the state's CMSAs and MSAs, several of which have populations of one million or more. Areas that were a major focus of this review, based on population, are the Los Angeles CMSA, the San Francisco CMSA, and the Sacramento CMSA and each MSA that had a population exceeding 250 thousand. The bank divided the rural areas as follows: Northern California, Sierra Nevadas, Imperial County, Kings County and San Benito County. WFB defines the whole state as its service area.

California, one of the largest states in the U.S., has a population of more than twenty-nine million. It is also the most ethnically diverse state. The business sectors include manufacturing of both durable and nondurable goods, services, retail and government. The state's economic recovery has been slower in Southern California, except Riverside-San Bernardino and Orange counties. All are showing slow but steady growth in all sectors. The Central Valley is also showing steady economic improvement. The Bay area is the region of greatest growth fueled primarily by high-technology and its related products and services. The table at the end of this section provides basic demographic information about the assessment areas receiving a comprehensive analysis.

California presents opportunities for growth for consumers and businesses. State strengths include access to the Pacific Rim's economies and its position as the capital of the U.S. entertainment industry. The personal computer industry and related networking and software industries are expanding statewide. State weaknesses include the high costs of doing business and a lack of affordable housing. Local governments also have constraints on their taxing authority.

Small business credit needs continue to climb throughout the state, both in large and small communities. There continues to be a need for very small loans and borrowers want a simplified application and approval process. The trend is toward demand notes without the need for borrowers to sign new documents each year. WFB also makes government guaranteed small business loans including SBA guaranteed loans, State of California guaranteed loans and Capital Access loans.

Construction loans for affordable multi-family housing made to nonprofit sponsors is a specialty of WFB. The focus has been to generate housing units that meet the needs of low- and very low-income families in both urban and rural parts of the state. During the review period, 2,666 projects in California received construction permits for multi-family housing structures of five units or more creating more than 40 thousand units of housing (source: US Census Bureau). In addition, the state issued LIHTCs for 192 projects supporting more than 13 thousand units of affordable housing (source: California State Treasurer's Office).

WFB provides deposit and related services through a network of traditional branches, in-store offices, other offices, ATMs, telephone banking services, direct mail, and on-line computer banking services. They offer these products and services in a variety of languages and often tailor them to meet the needs of special communities, such as the disabled. Many products and services are available around the clock, seven days a week. They have trained and given incentives to sales staffs to promote customer service when and where it is convenient and appropriate.

We made several community contact calls and used data collected on previous contacts to gain insight to the needs of the assessment areas. We also used the information to learn how they perceive WFB's performance at meeting those needs. In general, community groups and the bank have identified affordable housing and small business lending as the most pressing needs in California.

Description of Institution's Operations in the Bakersfield MSA:

The Bakersfield MSA is comprised of Kern County. It is primarily a rural MSA with the City of Bakersfield representing the largest urban area.

WFB is the second largest commercial bank in the MSA. It ranks third in this market's deposits behind Bank of America and Home Savings of America. The bank expanded its

operations in the MSA through its purchase of American National Bank. It has 21 offices and 23 ATM sites in the MSA.

The need for affordable housing is a major issue in the MSA. However, there are barriers to new construction of affordable housing, one of which is the lack of affordable housing developers in the area. Most new construction is for market rate projects. During the review period, 61 projects in the assessment area received construction permits for multi-family housing structures of five units or more creating more than five hundred units of housing. In addition, LIHTCs were issued for three projects supporting 231 units of affordable housing. Other opportunities for bank to meet community credit needs are small business loans, both guaranteed and unguaranteed.

Description of Institution's Operations in the Fresno MSA:

This MSA is located in central San Joaquin Valley. The surrounding cities and unincorporated areas are heavily involved in agriculture, and rely on the collection of services provided by the City of Fresno. The City is the county's demographic and economic development center. It serves as a regional hub for retail, government, medical and many other services provided to its residents.

WFB is the second largest commercial bank in the MSA. It ranks third in this market's deposits behind Bank of America and Glendale Federal Bank. WFB has 21 offices and 23 ATM sites in the MSA.

The MSA's unemployment rate and cost of housing have risen, while the economy remains flat. A recent housing boom in the outskirts of the City of Fresno has increased the number of units in the housing market, but the need for affordable housing persists. During the review period, 66 projects in the assessment area received construction permits for multi-family housing structures of five units or more creating more than five hundred units of housing. In addition, LIHTCs were issued for three projects supporting 696 units of affordable housing.

Description of Institution's Operations in the Los Angeles CMSA:

This CMSA comprises Los Angeles, Orange, Riverside/San Bernardino and Ventura MSAs. The area includes the city of Los Angeles which is the largest city in the state. The estimated total population of the CMSA represents almost one half of the state's population. The CMSA's geography encompasses the coastline, the desert and urban areas to the east and south.

WFB is the second largest commercial bank in the CMSA. It ranks third in this market's deposits behind Bank of America and Home Savings of America. Its presence in the area includes 173 traditional branches, 101 in-store offices, 174 other offices and 598 ATM sites in locations throughout the CMSA.

Los Angeles was a high growth area until the late 1980's when defense spending cuts and other federal decisions caused a reduction in aerospace and defense manufacturing resulting in major reductions in jobs. The loss of jobs led to property defaults and foreclosures and the subsequent loss in value of real estate county wide. More than 300 firms employing 53 thousand people have left the Los Angeles area since 1990. Overall, an estimated 300 thousand jobs have been lost. Many of the businesses cited the high costs of operating in the state, coupled with other states concessions, as reasons for relocation.

Los Angeles also experienced several major disasters during the 1990's. The Civil Disturbances of 1992 resulted in loss of businesses serving the lower income areas of the city, of which 50% have yet to reopen, thus resulting in the permanent loss of jobs for many residents. The federal government announced the closure of several military bases and facilities, once again affecting jobs and property values. However, by far the most destructive disaster was the 1994 Northridge earthquake in which more than 4,700 homes were damaged. Many residents and businesses have not yet recovered from the quake.

Despite the disasters, Los Angeles is on the rise. The area is a major industrial center, and despite a decline during the last three years, remains a base for the aerospace and defense industries. It also has the most profitable port in the country followed closely by the adjacent port of Long Beach. The Los Angeles MSA remains the capital of the motion picture and television industries, and has added telecommunications equipment, software production and women's apparel to the list of industries providing jobs for residents. During the review period, 1,065 projects in the assessment area received construction permits for multi-family housing structures of five units or more creating more than 15 thousand units of housing. In addition, LIHTCs were issued for 91 projects supporting more than six thousand units of affordable housing.

Affordable housing is a critical need in the CMSA. The County Community Development Commission operates the Housing Authority. Almost three thousand units of public housing and other units are under its management. There is a waiting list of more than 19 thousand households for public housing. The Commission has also issued 17 thousand HUD vouchers. A voucher waiting list is maintained for another 123 thousand households.

Description of Institution's Operations in the Modesto MSA:

The Modesto MSA is comprised of Stanislaus County. It is located in the northern San Joaquin Valley area of the state.

WFB is the second largest commercial bank in the MSA, ranking second in this market's deposits behind Bank of America. The bank has ten offices and 15 ATM sites in the cities of Ceres, Modesto, Oakdale and Turlock.

The need for small business loans, home improvement loans, and residential loans present the major lending opportunities in the county. The improvement of the older single family housing stock is a county wide priority. During the review period, 17 projects in the assessment area received construction permits for multi-family housing structures of five units or more creating more than 116 units of housing. In addition, LIHTCs was issued for one project supporting 40 units of affordable housing.

Description of Institution's Operations in the Sacramento CMSA:

This CMSA is located in the northern Central Valley. It is comprised of the Sacramento and Yolo MSAs and includes counties that stretch to the California-Nevada border. The area is a balance between small cities and the city of Sacramento.

WFB is the second largest commercial bank in the CMSA, ranking second in this market's deposits behind Bank of America. It has 24 traditional branches, 19 in-store offices, 43 other offices and 118 ATM sites.

The need for affordable housing and home improvement loans are important issues in the MSA. This is especially true in Sacramento, where an abundance of existing housing stock could be converted into affordable units. During the review period, 203 projects in the assessment area received construction permits for multi-family housing structures of five units or more creating more than twenty-two hundred units of housing. In addition, LIHTCs were issued for ten projects supporting more than one thousand units of affordable housing. Lending opportunities also exist in all consumer and small business categories.

Description of Institution's Operations in the Salinas MSA:

The Salinas MSA is comprised of Monterey County. The area contains scenic coastline and expands into agricultural areas. It contains the small cities of Salinas, Monterey and Carmel.

WFB is the second largest commercial banks in Monterey County, ranking second in this market's deposits behind Bank of America. It has 18 offices and 21 ATM sites.

The need for affordable housing is a problem throughout the county. This includes rehabilitation of existing housing stock. A lack of land is cited as the foremost barrier to affordable housing as preservation of agricultural land is a priority. However, the cities of Monterey and Salinas are exploring alternatives that will eliminate or mitigate the barriers. During the review period, 73 projects in the assessment area received construction permits for multi-family housing structures of five units or more creating more than 596 units of housing. In addition, LIHTC was issued for one project supporting 46 units of affordable housing.

Description of Institution's Operations in the San Diego MSA:

This MSA consists of San Diego County. The county is primarily urban and suburban, but has some rural areas in its northern sections. The major urban area of the county is the city of San Diego. The area includes several other smaller cities.

WFB is the second largest bank in the MSA, ranking second in this market's deposits behind Bank of America. It serves the MSA with 39 traditional branches, 31 in-store offices, 40 other offices and 204 ATM sites.

San Diego is the sixth largest city in the country. The area has one eighth of the population of the state. It is a center for education and research with both public and private colleges and universities within the city. San Diego's economic base previously relied on defense and military spending. The area now has a more diverse economic base including a growing biotechnology industry, international trade, high-tech manufacturing, professional services and tourism.

The city of San Diego has provided public funding for home ownership programs targeted toward low-income homebuyers. Also, the establishment of the San Diego Housing Trust Fund made support available for several low-income housing developers in the area. The affordable housing industry in the area experienced a "mini-boom" during the mid 1990's. Rents in the city are actually affordable and have not kept pace with either inflation or the increases in housing prices. During the review period, 290 projects in the assessment area received construction permits for multi-family housing structures of five units or more creating more than thirty-four hundred units of housing. In addition, LIHTCs were issued for 13 projects supporting more than one thousand units of affordable housing.

There are opportunities for loans in all consumer and small business areas. Competition is especially stiff for affordable housing loans and SBA Guaranteed loans.

Description of Institution's Operations in the San Francisco CMSA:

This CMSA is comprised of the San Francisco, Oakland, San Jose, Santa Cruz, Santa Rosa and Vallejo MSAs. These MSAs cover ten counties. The CMSA is located in the north central part of the state. Much of the CMSA is located along the California coastline. The area is primarily urban and suburban in nature. The largest city in the area is San Jose.

WFB is headquartered in San Francisco and is the second largest financial institution in the CMSA, ranking second in this market's deposits behind Bank of America. In addition to branches, the bank has administrative offices and divisions located throughout the CMSA. The bank has operated in San Francisco since its inception. It serves the CMSA with 146 traditional branches, 44 in-store offices, 91 other offices and 401 ATM sites.

The CMSA presents lending opportunities to meet consumer, small business, and housing needs. The San Francisco and San Jose MSAs are among the most expensive areas in the

country to live. In addition, only 9.3% of the population can afford to own homes. As most of the CMSA is built out, new housing developments are primarily in-fill projects. This presents a particular challenge to financial institutions, governmental and nonprofit groups operating in the CMSA. During the review period, 771 projects in the assessment area received construction permits for multi-family housing structures of five units or more creating more than 16 thousand units of housing. In addition, LIHTCs were issued for 41 projects supporting almost thirty-six hundred units of affordable housing.

Description of Institution's Operations in the Santa Barbara MSA:

The Santa Barbara MSA is located along the central coast of California. Land use is widely diverse, ranging from scenic seaports to rich agricultural soil to parcels of arid land. The City of Santa Barbara is the commercial, financial, and governmental center of the County. WFB has a good presence in the MSA, ranking fifth in this market's deposits behind Santa Barbara Bank & Trust, Bank of America, Home Savings of America and Washington Mutual. It serves the MSA with 14 offices and 21 ATM sites.

Due to the declining industries of aerospace and defense, the MSA has lost several thousand jobs. Economic conditions have resulted in the cut back of various levels of government services. These cutbacks in employment have led to a decline in property values, foreclosures and forced sales of homes. The households tend to be concentrated in certain areas of Santa Barbara, primarily the downtown area, and the Eastside and Westside areas. Since 1995, there has been a rise in business volume and property values are beginning to stabilize. During the review period, 24 projects in the assessment area received construction permits for multi-family housing structures of five units or more creating more than 316 units of housing. In addition, LIHTCs were issued for seven projects supporting 544 units of affordable housing.

The City of Santa Barbara is one of the most expensive places to live in the United States. While home ownership costs have decreased, they continue to be out of reach for most households. Thus, affordable housing is a key need in the MSA.

Description of Institution's Operations in the Stockton MSA:

This MSA is located in the central San Joaquin Valley. The area is rural, but is rapidly urbanizing as growth continues. Stockton is the largest population center in the county. WFB is the fourth largest bank in the MSA, ranking fourth in this market's deposits behind Bank of Stockton, Bank of America and Union Safe Deposit Bank. It serves the MSA with ten offices and 16 ATM sites.

Affordable housing is a pressing need in the county. Wages and salaries have not kept pace with population growth resulting in a large population of residents unable to afford a home. However, several barriers exist which exacerbate the problem. These include zoning laws,

low-growth ordinances and insufficient infrastructure. During the review period, 32 projects in the assessment area received construction permits for multi-family housing structures of five units or more creating 488 units of housing. In addition, LIHTCs were issued for two projects supporting 115 units of affordable housing.

Description of Institution's Operations in the Visalia-Tulare-Porterville MSA:

This MSA is located in the heart of the San Joaquin Valley, midway between Los Angeles and San Francisco. Visalia, the most populous city, is the county seat of Tulare County. WFB is the third largest bank in the MSA, ranking third in this market's deposits behind Bank of America and Bank of the Sierra. It serves the MSA with five offices and nine ATM sites.

Most of the small towns and cities in this MSA survive on the low tax-base of the residents. Many of them fall in the very low-, low-, and moderate-income levels. The primary cities in the MSA, Visalia, Tulare and Porterville, have diversified their labor markets to fuel the local economies. Many cities in the MSA are experiencing growth due to the conversion of agricultural land for housing. Population in this MSA is expected to double by 2010.

Housing affordability and the diversified economy have lured many people to various parts of the San Joaquin Valley. This has correspondingly increased the population, demand for housing and subsequently priced-out the local residents. Unemployment levels and the level of persons on welfare have remained well above the national and state averages. During the review period, seven projects in the assessment area received construction permits for multi-family housing structures of five units or more creating 63 units of housing. In addition, LIHTCs were issued for three projects supporting 95 units of affordable housing.

It is difficult for most families to afford a home as a large part of the population is well below the median family income. The housing stock in the MSA emulates the changes that have occurred statewide as the number of single family homes has decreased. However, multi-family units and mobile homes have increased 11% and 18%, respectively.

Description of Institution's Operations in the Northern California Assessment Area:

This Assessment Area stretches up the coast from north of the Santa Rosa MSA to the Oregon border and east to the Nevada border. The area is rural and sparsely populated. Twenty-five cities are located in the area including Mount Shasta, Grass Valley, Ukiah, Arcata, Willits and Susanville. WFB has branches in the counties of Colusa, Del Norte, Humboldt, Lake, Lassen, Mendocino, Modoc, Nevada, Plumas, Shasta, and Trinity. It serves the area with 17 offices and 18 ATM sites.

Many parts of the assessment area are economically depressed and present lending opportunities in all categories. The area has few low-income housing developers and local governments do not have sufficient resources to support projects.

ASSESSMENT AREA DEMOGRAPHIC CHARACTERISTICS																	
State: California Assessment Area:	Population (000s)	Census Tracts	Owner Occupied Housing (000s)	Small Businesses & Farms	Unemploy- ment Rate 06/30/98	Median Income	Median Housing Value	Distribution of Census Tracts (CT) & Families (F)					Distribution of Owner-occupied Housing (OO) & Small Businesses (SB)				
								CT	Low %#	Mod %#	Mid %#	Upper %#	OO	Low %#	Mod %#	Mid %#	Upper %#
								F					SB				
Bakersfield # 680	543	109	108	13,352	10.9%	\$37,700	\$82,800	CT	4%	29%	34%	32%	OO	1%	24%	33%	42%
								F	22	17	20	40	SB	10	26	26	38
Chico #1620	182	37	44	5,794	8.8	34,200	95,300	CT	0	22	60	19	OO	0	15	67	18
								F	20	19	22	39	SB	0	24	56	20
Fresno #2840	756	148	138	20,549	13.2	35,600	85,500	CT	4	25	43	24	OO	2	17	48	33
								F	23	17	20	40	SB	6	23	45	27
Los Angeles CMSA	14,532	2,564	2,645	402,767	6.5*	51,000	226,400	CT	7	24	37	31	OO	1	16	41	42
								F	22	17	21	40	SB	7	22	38	32
Merced #4940	178	53	30	3,240	14.8	34,600	90,400	CT	2	8	36	9	OO	0	12	70	18
								F	21	19	20	40	SB	0	25	63	12
Modesto #5170	371	98	76	8,853	12.9	41,000	124,100	CT	1	15	42	15	OO	0	14	58	28
								F	21	17	21	40	SB	1	22	57	20
Sacramento CMSA	1,481	306	328	42,398	5.1*	48,400	139,000	CT	6	21	47	25	OO	2	13	52	32
								F	20	18	23	39	SB	5	22	49	24
Redding #6690	147	29	36	5,038	8.8	36,100	93,500	CT	0	14	66	14	OO	0	9	76	15
								F	22	18	21	40	SB	0	18	72	10
Salinas #7120	356	72	57	9,714	7.6	\$45,600	\$206,900	CT	3	19	47	26	OO	0	12	45	42
								F	19	18	24	39	SB	7	20	39	34

ASSESSMENT AREA DEMOGRAPHIC CHARACTERISTICS																	
State: California Assessment Area:	Population (000s)	Census Tracts	Owner Occupied Housing (000s)	Small Businesses	Unemploy- ment Rate 06/30/98	Median Income	Median Housing Value	Distribution of Census Tracts (CT) & Families (F)					Distribution of Owner-occupied Housing (OO) & Small Businesses (SB)				
								CT	Low %#	Mod %#	Mid %#	Upper %#	OO	Low %#	Mod %#	Mid %#	Upper %#
								F					SB				
San Diego # 7320	2,498	445	478	68,734	3.6	\$48,600	\$198,200	CT	6%	22%	43%	26%	OO	2%	13%	49%	36%
								F	20	19	22	39	SB	4	24	45	27
San Francisco CMSA	6,253	1,462	1,318	204,029	3.1*	62,700	264,400	CT	6	18	42	24	OO	2	12	53	33
								F	19	18	24	39	SB	10	19	51	24
San Luis Obispo # 7460	217	34	48	8,455	4.1	43,800	219,600	CT	0	12	68	12	OO	0	7	82	11
								F	18	19	25	39	SB	0	11	80	9
Santa Barbara # 7480	370	82	71	12,201	3.7	49,300	256,300	CT	1	28	35	33	OO	0	16	41	43
								F	20	18	23	40	SB	1	43	28	28
Stockton #8120	481	114	91	10,740	10.5	42,600	124,000	CT	4	25	40	26	OO	1	21	48	31
								F	22	17	21	40	SB	8	23	43	26
Visalia #8780	312	54	59	7,271	13.5	32,100	76,000	CT	0	26	48	24	OO	0	20	48	32
								F	22	18	20	41	SB	0	19	52	29
Yuba #9340	123	26	24	2,877	14.6	34,100	79,500	CT	0	23	54	23	OO	0	20	51	29
								F	20	19	20	41	SB	0	26	54	20
Northern California	560	131	141	20,453	NA	30,000	97,100	CT	1	19	62	15	OO	0	15	67	18
								F	21	19	21	39	SB	0	21	65	14
Sierra Nevadas	154	38	41	6,028	NA	\$32,200	\$122,300	CT	0	5	68	16	OO	0	3	81	16
								F	17%	17%	22%	44%	SB	0%	6%	79%	15%

ASSESSMENT AREA DEMOGRAPHIC CHARACTERISTICS																	
State: California Assessment Area:	Population (000s)	Census Tracts	Owner Occupied Housing (000s)	Small Businesses	Unemploy- ment Rate 06/30/98	Median Income	Median Housing Value	Distribution of Census Tracts (CT) & Families (F)					Distribution of Owner-occupied Housing (OO) & Small Businesses (SB)				
								CT	Low %#	Mod %#	Mid %#	Upper %#	OO	Low %#	Mod %#	Mid %#	Upper %#
								F					SB				
Imperial County	109	29	19	2,339	NA	\$27,500	\$71,300	CT	3%	52%	17%	28%	OO	4%	54%	14%	28%
								F	29	18	19	33	SB	2	55	16	28
Kings County	101	18	15	1,909	NA	28,400	74,700	CT	0	39	44	17	OO	0	27	50	23
								F	23	19	22	36	SB	0	36	51	13
San Benito County	37	9	7	1,069	NA	40,700	222,700	CT	0	0	33	56	OO	0	0	30	70
								F	11	14	19	56	SB	0	0	43	57
Total State	29,760	5,858	5,775	857,810	5.8%	\$51,300	\$210,100	CT	6	22	41	27	OO	2	15	47	37
								F	21%	18%	22%	40%	SB	7%	22%	43%	28%

* Unemployment rates are for the Los Angeles MSA, Sacramento MSA and San Francisco MSA, respectively.

Conclusions with Respect to Performance Tests in California:

- " WFB's lending performance is very strong and is supported primarily by an excellent volume of community development lending that has resulted in many low- and very low-income housing units. WFB has also made large volumes of small business loans effectively penetrating low- and moderate-income geographies throughout the state's assessment areas.**
- " Investment performance has been responsive to the community development needs of the state, mostly affordable housing, and some investments reflect innovation and complexity. The volume of investments is excellent based on the size of the bank.**
- " Delivery systems are very accessible throughout the state with good penetration into LMI areas. Community development services in aggregate reflect a good response to community needs.**
- " We evaluated WFB's performance in the Chico, Merced, Redding, San Luis Obispo and Yuba City MSAs and the assessment areas of Sierra Nevadas, Imperial, Kings and San Benito Counties, for consistency with the bank's performance in the other areas. We found that the bank's performance under the three tests in these areas is not inconsistent with its performance in the other areas.**

LENDING TEST

WFB's lending performance is predicated upon the strength of its community development lending and supported by an excellent foundation of small business lending throughout its LMI communities. During the review period, WFB was a dominant force in lending to small businesses in small amounts. It was the leading small business lender in California, including low- and moderate-income areas. In 1996, the bank's closest retail bank competitor made 869 fewer loans in the state's low-income areas and 2,915 fewer loans in moderate-income areas. Further, WFB originated one out of every three small business loans created by retail banks and thrifts in California's low- and moderate-income areas. While complete 1997 data was not available for analysis, preliminary data showed that WFB maintained its small business lending dominance in California.

Community Development Lending Activities: The strength of WFB's CRA lending performance is based in its community development lending activities. During the review period the bank originated 99 community development loans for more than \$469 million. This level of activity extends the bank's historical commitment and leadership in providing affordable housing to LMI individuals and households. Further, if borrowers' had not used the bank's expertise and/or pricing in support of many transactions, the affordable housing

projects would have exceeded budgets or resulted in fewer available affordable units for LMI individuals or households. Transactions that have concessionary interest rates, deferred interest payments and reduced or waived fees have evidenced this. Management has developed a highly regarded expertise in affordable housing construction lending as noted by many community contacts. Supporting this expertise, the bank created a partnership in the “one stop shopping program” with four thrifts. The thrifts, who have access to the Federal Home Loan Bank’s Affordable Housing Program, provide the permanent loan for the projects.

During the review period, WFB financed 64 affordable housing projects that provided more than forty-three hundred LMI housing units. This helped to meet one of the more critical needs within the State. It also provided 16 affordable housing developers working capital through revolving lines of credit. Of the bank’s affordable housing transactions, more than half were complex in nature, using a variety of government-sponsored programs, concessionary terms, tax credits, grants, layers of financing and seamless loan takeout relationships. Besides WFB’s funded affordable housing projects, it prepared complex bids on 138 projects that did not fund and were to provide another thirty-seven hundred units of affordable housing. We do not include these projects in the bank’s lending totals, however, they reflect management’s commitment of time and resources to these activities. Further, it shows that on average during the review period, WFB was able to close funding on 54% of the packages it bid.

Small Business and Residential Lending Activity: The foundation of WFB’s lending performance is the volume and distribution of its small business loan program. During the review period, WFB made more than 198 thousand small business and residential loans in California, aggregating almost \$8 billion. This activity reflects the bank’s size and the effectiveness of its business strategy in the marketplace.

WFB is the leading small business lender in the State and in most of its assessment areas. Moreover, the bank is a leading small business lender in each MSA’s low- and moderate-income areas. This performance matched the bank’s overall ranking in each MSA. In 1996, the bank’s overall small business market share exceeded 21%. Its share in LMI areas of more than 22%, complemented this performance. This reflects the bank’s intent to help meet the small business credit needs of all geographies within its assessment areas. The market includes all financial institutions reporting under CRA. The bank’s small business lending activity includes small farm lending. However, the small farm lending activity makes up only 1% of the number and 3% of the dollars in small business lending. Therefore, we did not isolate this component in our analysis.

WFB also financed 75 small and mid-cap companies that reside in Enterprise Zones totaling more than \$493 million. These transactions support the continuing operation of companies doing business in economically distressed areas.

During the review period, the bank was a nominal residential lender with a .58% market share. This is the result of management’s strategy to concentrate on small business lending and

gradually disengage residential lending. Of the residential loans WFB originated in 1997, only 19% were for home purchase, 28% were for refinance, and 51% were for home improvement. Further, the bank's 1997 residential lending volume was 50% less than its volume in 1996. WFB made loans in essentially all geographies and to retail customers of different income levels and business customers of different sizes. The small business and residential lending tables at the end of this section provide the supporting data for the detailed comments.

WFB's lending performance was the strongest in the Los Angeles San Francisco and Sacramento CMSAs and the Bakersfield, San Diego, Santa Barbara, and Visalia MSAs. These areas account for 87% of the State's population and 93% of the bank's California deposits. Factors in this performance were the bank's significant level of complex community development lending, the significant volume of small business lending in both low- and moderate-income areas and the favorable comparison of market demographics and competitor lending patterns.

Community Development, Small Business and Residential Lending Activities: WFB has exhibited an excellent level of community development activities as the bank originated 84 loans totaling more than \$420 million, mostly for affordable housing. The 51 affordable housing projects provided more than thirty-six hundred LMI housing units, helping to meet one of the more critical needs in these assessment areas. The bank's share of affordable housing lending compares favorably to the dominant share of small business lending the bank has attained in these markets.

Los Angeles CMSA: During the review period WFB generated 38 qualified community development loans totaling \$191 million. These loans included the construction financing of 20 affordable housing projects that created more than twelve hundred units of housing for LMI individuals or households. The following are examples of the complex nature of the transactions, including a variety of concessionary terms.

< \$3.8 million construction financing supporting the creation of 14 units of affordable housing for LMI households. This is a mixed-use project consisting of two phases of development. The first phase includes 32 townhomes (for first time homebuyers) and 5,000 SF of retail space. The second phase involves the renovation of a historic, 1930's art deco building.

The project was initiated in 1994, as part of a bank-sponsored design competition, in cooperation with a local city council member. The purpose of the competition was to create a prototype of a well designed affordable housing development for low-income communities.

WFB joined forces with the city leaders to address the many issues facing this project ranging from economic issues to community and political conflicts. In addition to funding all costs related to the competition, WFB provided nearly \$900,000 in equity to the project,

helped to identify sources of gap funding, provided significant support to an inexperienced developer and served as the construction lender.

- < \$3 million construction financing supporting the creation of 32 units of affordable housing for LMI households. City leaders initiated this project to provide replacement housing for individuals affected by the Northridge earthquake in 1994. An experienced nonprofit organization, was the developer.

This project was a public/private partnership. The City donated a parking lot to the developer to make the project possible. The project financing included low income housing tax credits. WFB aggressively underwrote the project by approving an LTV greater than 80%, to bridge the pay in of the tax credit equity investment. The bank was willing to take on additional risk to facilitate the development of this project and to support an experienced developer who possessed the support of local city officials. The transaction also used city disaster relief, block grant funds, and a seamless affordable housing program takeout commitment.

- < \$8.2 million construction financing supporting the rehabilitation of 142 units of affordable housing for LMI households. This residential project is a complex development that involved the rehabilitation and reconfiguration of a historic 13-story hotel damaged during the Los Angeles civil unrest. The project is being converted into affordable housing (many for large families) and will provide an on-site day-care center that will be available to the local community as well.

Many lenders did not view the project favorably because of the complexity of the rehabilitation and reconfiguration, the relative inexperience of the developer, and the financial and legal issues faced by the developer. WFB worked actively with the developer and its for-profit partner to structure financing and repayment that were sensitive to these challenges. In addition, the bank worked closely with two city agencies to make the overall financing possible. The Bank viewed this project as important to the local community. The transaction used LIHTC, block grant funds, and a seamless affordable housing program takeout commitment.

- < \$1 million construction financing supporting the creation of 34 units of affordable housing for LMI individuals. This project will house individuals with mental disabilities. A nonprofit organization that specializes in making housing available to persons with special needs is developing the project. The nature of the organization's work is quite complex for several reasons. First, they target a very low-income population. Second, the persons that they serve need extensive support services. Ensuring the competence of the social service provider is critical to the success of the project. Third, most of the organization's projects, including this one, involve complex designs and rehabilitation. The risk in underestimating the extent of contingency funds needed to cover unforeseen costs is significant.

WFB is committed to working with this organization because it is building expertise in special needs housing, though it still faces new challenges when developing each of its projects. The transaction used LIHTC, housing program subsidy, grant funding, and a seamless loan takeout commitment.

- < \$10 million construction financing supporting the creation of 179 units of affordable housing for LMI individuals and households. WFB has been committed to financing this project for more than four years and began funding during the review period. The bank began working with the developers to make this large scale, affordable housing project available to the community. The city had been concerned about significant gang violence, drugs, overcrowding, and other illegal activities that had plagued this low-income neighborhood.

Initiated as a major neighborhood revitalization effort, the project involved the purchase and rehab of 185 units on 43 contiguous parcels. These parcels are in a severely blighted section of the city. At completion, the project will include 176 affordable units with recreational and community facilities in a secured environment which they designed to create a new livable community for low-income families. This is innovative for most cities and even more aggressive for the county that historically has not actively supported the development of low-income family housing.

WFB worked closely with the developer, the city government and the tax credit investor to make possible the financing for this project.

San Francisco CMSA: During the review period WFB generated 31 qualified community development loans totaling \$179 million. These loans included the construction financing of 21 affordable housing projects that created more than eighteen hundred units of housing for LMI individuals or households. The following are examples of the complex nature of the transactions, including a variety of concessionary terms.

- < \$4.3 million construction financing supporting the creation of 53 units of affordable housing and mixed-use facilities in 19 buildings to help revitalize a severely depressed low-income area. This project did not displace any LMI individuals. The bank exhibited leadership in providing financing to a nonprofit borrower who had little experience in the development of for-sale housing and in a location with perceived deteriorating commercial, industrial and residential uses. In addition, the nature of the site required that all 53 townhomes be constructed in one phase.

The impetus for the project came from an older group of residents who wanted new housing in the area to ensure that some of their children would remain in the neighborhood. Since no new housing had occurred for decades and since the area contained mixed industrial, commercial and residential uses, all of which were deteriorating, the WFB's challenge was to assure itself that the support of the neighborhood was real and would translate into home sales. This combination of factors severely constrained the nonprofit's ability to obtain

financing for the project. WFB exhibited leadership in working with the nonprofit, City and local residential groups to become comfortable with the concept and market. It also assisted in structuring the transaction so that the goal of providing affordable homes could become a reality.

- < \$2.9 million construction financing supporting the acquisition and rehabilitation of two contiguous existing buildings into a 63-unit SRO residence serving very low-income individuals. The proposed use of the project was for a traditional SRO serving very low-income persons, whose income would not support traditional debt. Although they had undertaken other rehabilitations of comparable projects, the borrower had mixed experience in the successful completion of its projects. WFB took the initiative to work with this nonprofit to assure that the rehabilitation was successfully completed, allowing the nonprofit to serve its target population. WFB's Real Estate engineering unit provided technical assistance in assuring that the rehabilitation was feasible and was completed successfully.
- < \$11.9 million construction financing supporting the creation of 82 units of affordable rental housing for LMI households. Wells Fargo provided four separate credit facilities to a mixed-use project that was an anchor to a suburban city's redevelopment of its downtown area. The three facilities included the subject construction loan for 82 units of affordable housing, including recreational facilities and a day care on a podium supported by partially underground parking and ground floor retail. The architectural design required that the entire complex be built in one phase. Due to a variety of issues that included the loss of \$1 million of government funding, the need to protect the nonprofit sponsor from liability issues associated with condominium construction, and the need to help the nonprofit to identify the basis for its LIHTCs clearly, the legal and financial structure became quite complex. WFB's willingness to work with this complex structure demonstrates its expertise and leadership in providing financing for affordable housing.

WFB provided two construction loans: the first to the nonprofit developer of the affordable housing; and a second construction loan to the nonprofit's joint venture partner for the commercial portion. In addition, Wells Fargo provided a bridge loan commitment to help the nonprofit in leveraging the price of the LIHTCS sold to an investor. Finally, the bank provided a permanent loan commitment for the commercial portion of the project.

- < \$7.3 million construction financing supporting the creation of 80 units of affordable housing for LMI households. The county in which this project is in is one of the highest income counties in the state. It is divided geographically with an affluent urbanized population along the San Francisco Bay side and an LMI population located along the Pacific Coast side where agriculture is still the principal business. The county has a significant farm-worker population that lives in very overcrowded and poor conditions. The nonprofit sponsor of this project targeted the project to this population and requested that WFB, along with other participants, provide services/funds "at cost" or "as grants" to assure the

development of the subject project and to assure that the rents would be affordable to families with farm-worker incomes. WFB's pricing on this transaction demonstrated leadership and flexibility in meeting community credit needs for affordable housing. The transaction used LIHTC, county funds, and concessionary interest rate and fees.

- < \$4.5 million construction financing supporting the creation of 30 units of affordable housing for LMI households. The small size of the project in an urban location with extremely high land costs and high construction costs posed a significant challenge to the borrower and the bank. The 30 large family units are in a 5-story structure that includes ground level parking. The combination of structure type, unit types, parking and location all resulted in high costs and the need for the bank to provide a loan with an extremely high loan-to-value (LTV). In addition, the location of this project in a non-residential community would have been challenging to most other lenders. The project location was in an alley that was beginning to transition from commercial uses, including clubs and poorly maintained hotels, into uses for family housing. WFB demonstrated leadership by responding with a high LTV loan in an area with an unproven market acceptance.
- < \$10.9 million construction financing supporting the creation of 146 units of mixed affordable and market rate rental housing (47% of the project or 68 units were affordable to families at 50% and 60% of the area's median income and 53% of the project or 78 units were market rate units). Although initially designed as a 100% affordable project, the affordability level changed due to the loss of LIHTC and the project's 30% equity when it lost the designation of "difficult to develop." To compensate for the loss of equity, the nonprofit borrower developed a complex financial structure that achieved its goal of providing affordable housing, but less affordable housing than the organization had originally proposed. The final financial structure involved one loan to two partnerships using the legal structure of two leasehold condominiums.

WFB demonstrated leadership in continuing to work with the borrower over a 4-year period and through structuring multiple financing models with the final model being complex. Because the location of the project was in a highly desirable and fast growing suburban community, the resulting project was the only affordable housing project built in the last eight years in this community.

- < \$7.5 million construction financing supporting the creation of 30 units of self-help subsidized affordable housing for LMI households. The transaction used government funding, concessionary interest rates and a loan-to-value exceeding 80%.
- < \$4.7 million construction financing supporting the creation of a 107-room SRO project serving individuals with incomes at 35% of the median income. The project included office space and two levels of parking. The bank, at the time of this approval, developed a program with a thrift that provided the nonprofit borrower with a WFB construction loan that converted into a permanent loan at the thrift. In addition, WFB Real Estate Group worked

with a permanent lender on referrals to assure that they could make AHP funds available to projects that used the combined WFB/thrift program. WFB exhibited leadership by coordinating the resources of other financial institutions to meet the needs of its nonprofit customers.

- < \$30 million construction financing supporting the creation of a 306-unit mixed-income project, of which 50% of the units are affordable to families whose incomes are at 50% to 60% of the median income. The bank worked with the nonprofit sponsor through multiple attempts to underwrite the project's financing. The project was initially proposed as a 9% LIHTC project and had the project received the tax credits, they could have achieved a much greater level of affordability. Without 9% LIHTCs and to save the multiple years of work in obtaining local government support for this project, the nonprofit developer turned to a financing structure that involved the use of tax exempt bonds and 4% LIHTCs. Due to this LIHTC, the borrower had less equity in the project resulting in the Bank's LTV of 89%. WFB exhibited leadership in working with the borrower in the development of its financing and providing a loan with an unusually high LTV to facilitate the project's development.

San Diego MSA: During the review period WFB generated six qualified community development loans totaling nearly \$13 million. These loans included the construction financing of four affordable housing projects that created 77 units of housing for LMI individuals or households. The following are examples of the complex nature of the transactions, including a variety of concessionary terms.

- < \$2 million construction financing supporting the creation of 32 units of affordable housing for LMI households. This transaction demonstrated leadership for WFB's Community Lending Division. The project was under consideration since 1991. The original developer had difficulties obtaining financing although the project was awarded tax credits three times. The developer and two other partners restructured \$6 million in bonds that WFB held in 1993 and 1994, and were in a cash crunch on their joint real estate holdings. Despite the developer's efforts, he defaulted on other obligations and was unable to obtain any bank financing.

When the project Villas received a tax credit allocation again, the developer approached WFB with a plan. He wanted a community CDC to be the actual borrower on the transaction and he would serve as consultant. This presented difficulties in that community CDC had no track record of real estate development.

After negotiations and legal structuring, WFB agreed to lend the money to the community CDC with the developer serving as development consultant. The project was completed on time and according to the terms of the loan and would not have been built had WFB not used its expertise in structuring the loan.

- < \$2.6 million construction financing supporting the creation of 26 units of affordable housing for LMI households, and a \$1 million bridge financing supporting the interim between the construction and sale of another 11 units of affordable housing for LMI households. They would not have built these homes but for WFB's expertise in real estate lending. In fact, another lender did the construction loan on the first 11 units but did not go forward on the remaining units. The bank undertook the project largely on the strength of its previous and longstanding relationship with the developer.

The homes qualify under a low-income community's affordable housing program that a nonprofit community development corporation sponsors. The program that the project qualifies under is designed to help LMI first-time homebuyers purchase a home within the community. WFB's willingness to undertake an affordable housing project for LMI households, when other lenders were not interested, helped fill a need in a community that has a shortage of affordable single family housing.

- < \$1 million construction financing supporting the creation of eight units of affordable housing for LMI households. This was one of the first for sale projects done in a low-income section of San Diego. The land was idle for many years after a prior housing development attempt failed in the late 1980's. These eight new for sale homes, all priced for low- and moderate-income borrowers, were sold with silent second mortgages offered by an economic development corporation. This was one of the first silent second mortgage programs offered by the corporation exclusive of the San Diego Housing Commission.

Additionally, the borrower was a new venture of its parent company. This was the first for-sale project undertaken by the borrower and required technical help from WFB's Real Estate Group Community Lending Division. Also, the parent company had prior problems with a failed multi-family project and was unable to obtain traditional bank financing. This fact, coupled with the loan size, increased the complexity and fixed costs of the transaction. Without the support of WFB, these houses would not have been built. Since this transaction, 48 more units have been built within two blocks, and sold to LMI borrowers and have begun stabilizing the neighborhood.

Sacramento CMSA: During the review period WFB generated three qualified community development loans totaling more than \$13 million. These loans included the construction financing of two affordable housing projects that created 196 units of housing for LMI individuals or households. The following are examples of the complex nature of the transactions, including a variety of concessionary terms.

- < \$6.5 million construction financing supporting the creation of 136 units of affordable housing for LMI households. The developer experienced significant community resistance to this project. At one point, the county said that it would pull their funding if they did not resolve these issues. Wells Fargo patiently stood by the developer as they went through the community's issues.

They developed this project with complex, layered financing - tax credits and funds from the county - which required creative underwriting. Additionally, the project had some site difficulty as power stanchions created obstacles for land development. Eventually, WFB worked with the developer to ensure that the social services offices were closest to the stanchions and the affordable apartments were farthest away.

- < \$1.4 million construction financing supporting the creation of 60 units of affordable housing consisting of single occupancy cottages for LMI households and community-rooms. This project is restricted to very low-income persons. The initial borrower was a completely new organization with very little abilities and no real estate development skills. WFB worked closely with the organization as they evolved into a more sophisticated developer. When the bank indicated to the borrower that it could not do this deal with them as the sole borrower, it introduced the borrower to an experienced developer, which became their consultant. The bank then arranged a meeting with an agency who took on the financial responsibility role. WFB's technical assistance in matching the borrower with this expertise was essential to the project's success.

This development was a model project for creating new construction of housing for the homeless population. The city had set aside land for a campus to include transitional housing for the homeless. The cottage concept is highly unusual in the real estate world. This is a single purpose project with a very unusual architectural style that would not be considered acceptable for reuse. For example, this would not be appropriate for family housing if the project failed. WFB accepted the risk that these units would not be marketable. The bank's work with the various providers to help people turn their lives around made a significant difference to this project's success.

Bakersfield MSA: During the review period WFB generated four qualified community development loans totaling more than \$19 million. These loans included the construction financing of three affordable housing projects that created 305 units of housing for LMI individuals or households. The following are examples of the complex nature of the transactions, including a variety of concessionary terms.

- < \$7 million construction financing supporting the creation of 128 units of affordable housing for LMI households. WFB provided two significant credit facilities to this affordable housing project: the construction loan and a 9% LIHTC investment of approximately \$6.8 million. While the bank subsequently decided it did not wish to purchase LIHTCs directly but through nonprofit intermediaries, this project is an example of the bank's willingness to take on complex transactions in supporting affordable housing.
- < \$7.3 million construction financing supporting the creation of 81 units of affordable housing for LMI households. This community is an extremely low income community with a population that includes farm-workers and workers in other agricultural related fields. The city asked the developer to take over a failed subdivision site that required that the

affordable rental housing be single family homes. In addition, the site was next to marginal housing that had the potential to affect the market acceptance of the proposed housing.

The combination of the low rents and sales prices in the area, the increased costs associated with building single family homes and the lack of local subsidies to assist the project financing resulted in a loan with an LTV of 90%. WFB showed leadership in providing a high LTV loan to this nonprofit. The bank supported this project despite challenges such as the earlier failure of the subject site and the potential market risks associated with the location.

Visalia MSA: During the review period WFB generated two qualified community development loans totaling nearly \$4 million. These loans included the construction financing of an affordable housing project that created 40 units of housing for LMI individuals or households and a working capital line for a developer of affordable housing.

< WFB extended the \$1.5 million working capital line to this nonprofit developer that specializes in self-help housing. The bank provided the line to facilitate the organization's construction of self-help housing in areas not served by the USDA-RD funding, but still containing a large population of farm-workers and/or agricultural workers. WFB typically does not allow borrowers' to use Lines of Credit for construction, but the size of the project along with the self-help aspect made this an efficient and less costly credit facility for the nonprofit's efforts in providing homeownership to low-income families utilizing their own labor. Due to the simple documentation and reliance on the organization's financial condition, the credit facility was less costly to the borrower.

WFB generated more than 178 thousand small business and residential loans aggregating more than \$7 billion. Within this group of areas, WFB generated more than 12 thousand loans totaling more than \$641 million in low-income census tracts and more than 34 thousand loans totaling more than \$1.5 billion in moderate-income census tracts. WFB is one of the leading small business lenders in each of these assessment areas. Moreover, the bank is a leading small business lender in each MSA's *low- and moderate-income areas*. This performance matched the bank's overall ranking in each MSA.

Geographic Distribution

Small Business Lending: WFB's distribution of its loans is consistent with each market's small business demographics. During the review period, the bank's distribution of loans in LMI areas nearly matched or exceeded the distribution of small businesses in those areas. It also nearly matched or exceeded the average of market lenders' distribution of small business loans in LMI areas. Further, WFB's leading market share in LMI areas nearly matched or exceeded its overall market share. This is primarily attributed to the strength of the bank's lending in the Los Angeles and San Francisco CMSAs.

The table at the end of the Lending Test section shows the dominant position WFB attained, not only in each area's overall market but also in low-income and moderate-income areas. In the Los Angeles CMSA's low-income areas WFB ranked number two to a peer bank. The difference between these lenders accounted for only .35% of the area's market. The next ranked retail bank or thrift made almost 1,500 fewer loans. WFB substantially exceeded competitor lending volumes in both the San Francisco and Sacramento CMSAs' LMI areas and its overall market. Further, the bank's dominant position is evident in the San Diego MSA. The bank's geographic distribution of small business loans in San Diego's LMI areas comes close to the lending reported by other lenders, but is below the area's small business demographics. In 1996, WFB was the number one lender in these LMI areas, originating 1,093 loans for a 22.88% market share. Its closest retail bank or thrift competitor made 241 fewer loans in LMI areas. These CMSAs and MSA are the largest markets in California both as population centers and sources of bank deposits.

WFB's success in penetrating LMI markets can be attributed to both its marketing strategy and its underwriting process. This combination has helped the bank identify the small business markets and promote a loan product that is attractive to borrowers that have the highest need for small loans.

Residential Lending: WFB's geographic distribution of loan originations reflects reasonable penetration throughout the assessment area. The bank's loan distribution in most of these areas was comparable to owner-occupancy demographics in LMI areas. However, its distribution in the San Diego and Santa Barbara MSAs were below those markets' demographics. This reflects the bank's weaker residential loan performance in those areas. WFB's nominal market share in each of the assessment areas shows the secondary nature of this type of lending to the bank's overall performance. However, the bank's LMI market share was comparable to its overall market share in these areas.

Borrower Distribution

Small Business Lending: During the review period, WFB was extremely successful in helping to meet the credit needs of these markets by providing small loans to businesses and has made a reasonable penetration of different size businesses. More than 85% of the bank's business loans in these areas were less than \$100 thousand in size. More specifically, 92% of WFB's loans in the Los Angeles and San Francisco CMSAs were less than \$100 thousand. These CMSAs accounted for more than 73% of the bank's small business lending in California. WFB's average loan size of \$38 thousand is another indicator that they are reaching businesses with revenues of less than \$1 million. In addition, in these areas WFB made at least 26% of its loans to businesses with less than \$1 million in annual revenues. It did not obtain the borrower's revenue size in more than half its loan originations. This is evidence of the bank's proprietary decisioning process combined with limited financial information small business borrowers are required to provide under the bank's underwriting

process. WFB originated 32% of its loans in the Los Angeles CMSA to businesses with less than \$1 million in annual revenues.

Residential Lending: WFB made a very good level of loans to LMI borrowers in these assessment areas. The bank's distribution of loans to LMI borrowers nearly matched each market's demographics but in the Visalia MSA. Further, WFB's market share of LMI borrowers exceeded its overall market share in these areas. This is especially noteworthy in the large diverse markets of Los Angeles, Sacramento and San Diego.

WFB's lending performance in the Fresno, Modesto, Salinas and Stockton MSAs and the Northern California Assessment Area reflected the bank's good level of community development activities. It was further supported by reasonable small business and residential lending patterns when compared to market demographics and competitive factors.

Community Development, Small Business and Residential Lending Activities: WFB has demonstrated a good level of community development activities as the bank originated 10 loans totaling almost \$43 million, mostly for affordable housing. The five affordable housing projects provided 249 LMI housing units, helping to meet a critical need in these assessment areas.

Modesto MSA: During the review period WFB generated one qualified community development loan totaling \$1.3 million. This loan provided construction financing of an affordable housing project that created 52 units of housing for LMI individuals or households.

Salinas MSA: During the review period WFB generated six qualified community development loans totaling more than \$16 million. These loans included the construction financing of three affordable housing projects that created 118 units of housing for LMI individuals or households. The following are examples of the complex nature of the transactions, including a variety of concessionary terms.

< \$1 million unsecured line of credit to this nonprofit for predevelopment costs related to affordable housing projects being developed through the use of LIHTCs. At the time the line was provided, the nonprofit had been extraordinarily active in pursuing low income housing tax credits and had been highly successful. The nonprofit did not have its own working capital to support the predevelopment costs associated with its applications. At the same time it was attempting to develop affordable housing in localities and counties that had neither the economic base nor the government entitlement to support the nonprofit. Further, the nonprofit lost some of its LIHTC awards because of community resistance activities, resulting in its inability to repay the line as originally projected. Wells Fargo worked with the organization to support its efforts while allowing it adequate time to repay the subject line.

- < \$2.4 million construction financing supporting the creation of 46 units of affordable housing for rural LMI households. While limited affordable housing development had occurred in this community through the efforts of outside agencies, none of that development had been undertaken by members of the community. This project was the first truly community-based effort. The Hispanic organization had very limited resources and very limited technical skills. WFB's Real Estate Group provided guidance to the organization both during the predevelopment and development periods. This guidance was critical to the successful completion of the project. The bank exhibited leadership by working with this organization. It provided real estate expertise and analysis plus coordinating efforts with other government agencies during the project's development. The transaction used LIHTCs, block grant funds, city funding, concessionary interest rates and a seamless takeout commitment.

Northern California Assessment Area: During the review period WFB generated two qualified community development loans totaling nearly \$7 million. These loans included the construction financing of an affordable housing project that created 79 units of housing for LMI individuals or households.

In this group of areas the bank made almost 14 thousand small business and residential loans aggregating almost \$644 million. Within this group, WFB generated 459 loans totaling almost \$23 million in low-income areas and almost three thousand loans totaling almost \$144 million in moderate-income areas. WFB is one of the leading small business lenders in each of these assessment areas. It is also a leading small business lender in each MSA's low- and moderate-income areas. This performance matched the bank's overall ranking in each MSA.

Geographic Distribution

Small Business Lending: During the review period WFB's distribution of its loans is consistent with each market's small business demographics. The bank's distribution of loans in LMI areas nearly matched the distribution of small businesses in all areas except the Salinas MSA. It also nearly matched the average of market lenders' distribution of small business loans in LMI areas, again, except in the Salinas MSA. Further, WFB's market share in LMI areas matched or was slightly below its overall market share.

Residential Lending: WFB's geographic distribution of loan originations reflects weak penetration throughout these assessment areas. The bank's distribution of loans in LMI areas was below both market and demographic patterns. The bank's ability to penetrate LMI areas, as exhibited in the other California assessment areas, was not displayed in these areas.

Borrower Distribution

Small Business Lending: During the review period, WFB did a very good job of helping meet the credit needs of these markets by providing small loans to businesses and made a

reasonable penetration of different size businesses. More than 86% of the bank's business loans in these areas were less than \$100 thousand in size. More specifically, 92% and 93% of WFB's loans in the Salinas MSA and Northern California AA, respectively, were less than \$100 thousand. In addition, in these areas WFB made at least 23% of its loans to businesses with less than \$1 million in annual revenues. It did not obtain the borrower's revenue size in more than half its loan originations. This is evidence of the bank's proprietary decisioning process combined with limited financial information small business borrowers are required to provide under the bank's underwriting process.

Residential lending: WFB made an acceptable level of loans to LMI borrowers in these assessment areas. The bank's distribution of loans to LMI borrowers did not compare favorably to the other markets. WFB's market share of LMI borrowers exceeded its overall market share in each of these areas.

Limited Scope Areas: WFB's lending performance in the San Luis Obispo MSA, Imperial County, and San Benito County is consistent with the lending performance in the state of California. In the Chico, Merced, Redding, and Yuba City MSAs and the Sierra Nevadas, and Kings County assessment areas, the lending performance is adequate, but weaker than the bank's lending performance in the state of California. The bank's performance in these areas can be compared in the Aggregate Small Business and Community Development Lending Table and Residential Lending Table at the end of the California section.

WFB 1996 Small Business Market Share Analysis

Assessment Area	Low-Income Areas			Moderate-Income Areas			Low- & Moderate-Income Areas			Overall Market		
	Market Share	WFB Rank (Retail Banks & Thrifts)	# of Loan Difference* between competitors	Market Share	WFB Rank (Retail Banks & Thrifts)	# of Loan Difference* between competitors	Market Share	WFB Rank (Retail Banks & Thrifts)	# of Loan Difference* between competitors	Market Share	WFB Rank (Retail Banks & Thrifts)	# of Loan Difference* between competitors
Bakersfield #0680	24.50%	1	21	25.08%	1	87	24.94%	1	128	23.44%	1	289
Fresno #2840	21.46	1	11	17.90	1	1	18.46	1	12	19.07	1	62
Los Angeles CMSA	20.31	2	-30/+1,496	20.22	1	710	20.24	1	680	19.43	1	2,948
Modesto #5170	21.05	1	3	18.55	1	52	18.72	1	55	15.70	1	180
Sacramento CMSA	24.82	1	80	26.20	1	335	25.94	1	415	26.38	1	1,524
Salinas #7120	11.19	2	-4/+21	21.85	1	40	17.73	1	36	22.63	1	243
San Diego #7320	25.33	1	48	22.52	1	193	22.88	1	241	23.35	1	1,245
San Francisco CMSA	28.96	1	683	26.39	1	1,150	27.25	1	1,833	26.51	1	6,041
Santa Barbara #7480	NA	-	NA	17.99	1	25	17.99	1	25	15.73	2	-59/+175
Stockton #8120	12.00	3	-60/+8	14.83	2	-89/+3	14.18	3	-149/+82	14.46	2	-294/+24
Visalia #8780	NA	-	NA	24.29	1	36	24.29	1	36	17.15	2	-223/+138
California	23.36%	1	869	21.74%	1	2,915	22.14%	1	3,784	21.41%	1	13,908

* Difference is the number of loans WFB is above (if positive) or below (if negative) the next ranked competitor.

Source: 1996 CRA Small Business Data

INVESTMENT TEST

- " WFB's investment performance has been very responsive to the community development needs of the state, mostly benefiting affordable housing.**
- " Many of WFB's investments reflect innovation, complexity and/or leadership.**
- " WFB's volume of investments is excellent compared to the size of the bank and the geographic area it serves.**

WFB's has maintained an excellent level of qualified investments and grants totaling more than \$134 million. In addition, the bank participated in regional investments that include California of more than \$25 million. This substantial volume of investments reflects an excellent responsiveness to community and economic development needs of California, primarily in affordable housing, small business and community development initiatives. Moreover, the bank created 89% of these investments during the review period. Some significant portions of these investments are innovative and/or complex. WFB assumed a leadership role in many transactions. More than 50% of the investments target affordable housing with the remaining transactions split between small business and other community development needs. WFB's performance compares favorably to its investment strategy. Management developed this strategy to help address unmet or poorly met credit needs in its communities, such as affordable single- and multi-family housing and small business initiatives.

WFB made qualified investments and grants that targeted areas, which as a group, represent more than 75% of the State's population. They made these investments and grants to organizations that undertook community and economic development activities in the Los Angeles, Oakland, San Francisco, and San Diego areas. WFB investments include Federal Low-income Housing Tax Credits (LIHTC), community development corporations (CDC) and community development financial institutions (CDFI), community development and minority-owned banks and credit unions, and loan pools. Many investments reflected WFB's leadership role by being either the first, only or largest investor and partnering with groups to achieve success. Some examples of these organizations include a San Diego-based small business CDC, a micro loan program in San Diego, a community development credit union related to an Oakland-based church, and a special small business lending program providing equity capital to small business entrepreneurs in LMI neighborhoods in urban Los Angeles.

Several investments were complex and/or innovative, such as the layered financing and purchase of tax-exempt bonds issued by an agency of Oakland. This financing package was for the development of condominiums and retail space in an economically distressed LMI area. The project was part of Oakland's redevelopment plan. WFB's partnership with Oakland government agencies, investment structure, leveraging of public financing, and

lease/option arrangements to help renters in purchasing the housing units were key attributes in successfully implementing the project.

WFB made several statewide investments that support affordable housing. The bank's investment in a statewide equity fund of almost \$73 million, is a significant component of its community development investment portfolio. A national nonprofit housing intermediary, sponsors and manages the equity fund. The fund uses LIHTCs and provides technical assistance, loans, grants, and education to local community development corporations to build affordable rental and single family housing for LMI persons and families. Many of the fund's projects are in rural communities. Another fund, in which WFB invests, is a national fund that invests in affordable housing and economic development projects using a variety of leveraged financial tools. It has made two affordable housing project investments in California.

WFB also has made statewide investments that support small business development. WFB strongly influenced the formation of a lending initiative that provides financing to small businesses, developers of affordable housing, and local intermediaries targeted to businesses that women or minorities own, and those in California LMI census tracts. WFB also owns a Small Business Investment Company, licensed by the U.S. Small Business Administration, which invests in small companies in the manufacturing, distribution and service industries.

WFB provided more than 1,400 qualified grants and contributions to nonprofit corporations. The nonprofit corporation's use these funds to increase their organizational capacity and to support start-up and ongoing affordable housing, community services, small business, and revitalization efforts. Some organizations receiving WFB's grants during the review period include a coalition of the state's diverse community groups, a home buyer assistance center, a Hispanic coalition on education, hospitalization for LMI individuals, a Southeast Asian community group, a redevelopment center in Los Angeles, a school program for LMI students in Los Angeles, and an affordable housing corporation.

WFB's investments in regional and national organizations that will help address affordable housing and small business credit needs throughout its nine-state area are also noteworthy. These organizations benefit the assessment areas in California.

WFB's investment activities in the limited scope assessment areas were not inconsistent with its performance in other areas.

WFB's investment performance was the strongest in the Los Angeles, Sacramento, and San Francisco CMSAs and the San Diego MSA, when compared to market opportunities and competitive factors. In these areas the bank invested in twenty-five projects/organizations aggregating more than \$41 million. Supplementing this performance, the bank provided more than twelve-hundred qualified community development grants to various organizations aggregating more than \$12 million.

In the Los Angeles CMSA WFB made eleven investments, five of which were in local minority-owned banks and community development credit unions. The bank's investments in two funds, through the purchase of LIHTCs, supported affordable housing for LMI residents. Its equity interest in the South Central Los Angeles business center provided credit opportunities to small businesses that could not qualify for traditional bank financing. The bank also made an investment in a nonprofit organization whose mission is to enhance access to, and awareness of banking services in low-income and minority communities. The above investments do not include WFB's investment in the statewide fund that helped support a project that helps LMI persons and families in the CMSA. The bank also invested in a CDFI that provides financing for affordable housing and economic development projects in LMI neighborhoods in Orange County.

WFB made qualified grants to 471 organizations, totaling more than \$5 million. The organizations use these funds for affordable housing, home buyer counseling, women- and minority-owned small businesses, and community services for the homeless, LMI families and youths. This level of grants is excellent in supporting local credit and community development needs.

In the Sacramento CMSA WFB made an investment in a housing services fund, which provides second mortgages for down payments by first-time LMI home buyers. The bank also made a limited partnership investment for the purchase of LIHTCs to develop an affordable housing project sponsored by an affordable housing developer. In addition, WFB's qualified grants to 114 organizations supported rural and urban affordable housing, economic development, small and minority business lending, and community services for LMI residents. These grants and investments are a good response to local community and economic development needs. The most pressing need we identified is affordable housing.

In the San Francisco CMSA WFB made nine qualified investments of which four were LIHTC investments in funds that develop affordable housing for LMI families. One investment supports an organization that provides technical assistance and financing for predevelopment expenses to developers of affordable housing. As previously discussed, another investment involved working with an agency of Oakland. This investment was an integral part of financing the development of condominiums and retail space for local residents. WFB demonstrated leadership through its partnership with Oakland government agencies and implemented a complex arrangement of bank and public financing and lease/option arrangements to help renters in purchasing the housing units. The bank also made investments in a state-chartered community development bank and community development credit union. It supported a micro-credit loan fund that provides small loans to low-income, inner-city entrepreneurs. The above investments do not include WFB's investment in the statewide fund that helped support three large affordable housing programs, one of which assists LMI persons and families in the Bay Area.

In addition, WFB made qualified grants to 540 organizations that provide financing and support for affordable housing, economic development, small and minority-owned businesses, and community services for LMI residents and youths. These investments and services are very responsive to local community and economic development needs.

In the San Diego MSA WFB made an investment in an Hispanic nonprofit corporation whose mission is to bring economic opportunities to small, start-up businesses in San Diego. Bank management demonstrated leadership by being one of three bank investors in a San Diego CDFI, the first chartered national bank with a community development focus. WFB also made an investment in the multi-bank sponsored small business CDC, which provides loans less than \$35 thousand and gap financing letters of credit to small businesses, including minority- and women-owned small businesses in the MSA's LMI areas. The above investments do not include WFB's investment in the statewide fund that helped support projects that assist LMI persons and families in the MSA.

Additionally, WFB made qualified grants to 119 organizations that support affordable housing, small businesses, and community services for LMI. These investments and grants reflect a very good responsiveness to the MSA's community and economic development needs.

WFB's investment performance in the Bakersfield, Fresno, Modesto, Salinas, Santa Barbara, Stockton, and Visalia MSAs and the Northern California assessment area was reasonable when compared to market opportunities and competitive factors. In these areas the bank provided 185 qualified grants to community development organizations aggregating more than \$900 thousand. The grants were to organizations that provide lending, technical assistance, or other support for affordable housing production, minority small businesses, and community services for LMI youths. In addition, WFB's participation in the statewide fund includes shared equity investments in affordable housing projects.

Limited Scope Areas: WFB's investment performance in the San Luis Obispo MSA is consistent with the bank's investment performance in the state of California. Investment performance Chico, Merced, Redding, and Yuba City MSAs and the Sierra Nevadas, Imperial, Kings and San Benito counties assessment areas is adequate, but weaker than the bank's investment performance in the state of California. The bank's performance in these areas can be compared in the Investment Test Table at the end of the California section.

SERVICE TEST

- " WFB's delivery systems are reasonably accessible to essentially geographies and individuals of different income levels in its assessment areas.
- " WFB's branch hours are reasonable and convenient to LMI geographies and individuals.
- " WFB's branch opening and closing activity during the review period did not adversely affect the accessibility of its delivery systems by LMI individuals.
- " WFB provides a good level of community development services in the state.

Geographic Distribution of Branches: WFB has 1,082 branches of which 22% are in LMI areas. This distribution compares favorably to the state's demographics as 28% of its census tracts and block numbering areas are LMI. Also, augmenting the bank's distribution is another 7% of the branches that are on the border of LMI areas. Further, 20% of the branches are less than one mile from an LMI area. WFB's alternative delivery systems include a network of 2,962 ATMs in 1,523 sites of which 25% are in LMI areas. Other alternative delivery systems offered are identical to those described in overall bank summary.

WFB's geographic distribution of branches was the strongest in the San Francisco CMSA, the Fresno, Modesto and Santa Barbara MSAs and the Northern California Assessment Area, when compared to market demographics. In these areas the distribution of the bank's branch network nearly matched or exceeded the markets' distribution of LMI areas. In addition, the public's access to banking services is augmented by bank branches that are on the border of LMI areas or less than a mile from LMI areas. These branches are accessible through high traffic corridors and shopping facilities. A network of ATM sites supplements the branches. The distribution of these sites also nearly matched or exceeded the markets' distribution of LMI areas.

WFB's geographic distribution of branches was reasonable in the Los Angeles CMSA and the Salinas, San Diego, and Visalia MSAs comparing favorably to market demographics. In these areas the distribution of the bank's branch network was slightly below the markets' distribution of LMI areas. However, branches that are on the border of LMI areas or less than a mile from LMI areas significantly augment LMI residents' access to the bank's services. These branches are accessible through high traffic corridors or shopping facilities. Also distribution of the bank's ATM sites supplementing the branch network, nearly match the distribution of LMI areas.

WFB's geographic distribution of branches in the Sacramento CMSA and the Bakersfield and Stockton MSAs was marginal when compared to market demographics. In these areas the distribution of the bank's branch network did not compare favorably to the markets' distribution of LMI areas. The bank's branches that are on the border of LMI areas or less than one mile from LMI areas modestly enhance LMI residents' access to financial services. The distribution of the bank's ATM sites is comparable to the branch distribution in these areas.

Business Hours and Services: WFB's normal hours of operation throughout the state are from 9:00 A.M. to 6:00 P.M. during the week and from 9:00 A.M. to 4:00 P.M. on Saturdays. Only a few locations do not offer Saturday service. These offices are primarily in the downtown areas of the larger metropolitan assessment areas. The bank has 229 in-store locations and 329 banking centers in California that provide banking services seven days a week of which 18% of these offices are in LMI areas.

Branch Opening and Closing Activity: The bank's branch closures in the Los Angeles, Sacramento and San Francisco CMSAs and the San Diego MSA accounted for 37 of the 42 offices it closed in LMI areas. The bank helped compensate for the 37 closures by opening 40 new offices in these assessment areas' LMI areas.

During the review period, WFB opened 224 new branches in California of which 19% were in the LMI areas of six assessment areas. The bank also piloted seven off-site ATMs in LMI communities to ascertain the viability of expanding the bank's retail presence in these areas. These ATMs have lower transaction levels than the bank would expect to open a new location.

Also during the review period WFB closed 161 branches of which 26% of these offices were in the LMI areas six assessment areas. Management's ongoing closure review process identified another eleven branches for closure, having low profitability and growth data. However, they retained these branches to ensure adequate banking services were available in certain LMI areas. Additionally, WFB consolidated 120 branches and relocated 189 branches. This unusual level of activity primarily resulted from the bank's 1996 merger with First Interstate Bank and its 436 California branches.

Community Development Services: Bank personnel provided financial related services to 220 qualified community development organizations/groups in California during the review period. At least thirteen of those services provided statewide community development benefits that affected each of the state's assessment areas. These groups provided assessment area benefit through affordable housing, small businesses, economic development, and/or services targeted to LMI individuals. Examples of services that benefit California include:

- c Serving in a leadership position on the California Community Reinvestment Corporation, an affordable housing organization.

- C Providing financial expertise as a Board member of the California Housing Conference, an affordable housing organization.
- C Providing financial advice as a Board member an economic development organization.
- C Serving on a statewide loan committee, an affordable housing organization.

WFB has 79% (174) of its community development services concentrated in the cities of Los Angeles, Sacramento and San Francisco.

Los Angeles CMSA: WFB provides a good level of community development services in this CMSA. Bank staff participated in 85 qualified services specifically targeted to this CMSA. However, these services were heavily concentrated in the Los Angeles MSA (70), with only a few services occurring in the Orange MSA (10), Ventura MSA (3), and Riverside-San Bernardino MSA (2). Listed below are examples of the bank's community development services in this CMSA:

- C Providing financial advice to groups such as the California Financial Resource Center, Valley Plaza Triangle Association, Pacific Coast Regional Small Business Development, and Los Angeles Community Design Center.
- C Serving on the loan committees of economic revitalization and affordable housing groups such as the LA Community Development Bank, Community Redevelopment Agency, Local Initiatives Support Corporation, Southern California Business Development, and East Side Redevelopment Project.

Sacramento CMSA: WFB provides a good level of community development services in this CMSA. Bank staff participated in 21 qualified services specifically targeted to this CMSA. These services were concentrated in the Sacramento MSA, with three services documented in the Yolo MSA. Listed below are examples of the bank's community development services in this CMSA:

- C Serving on the loan committees of Neighborhood Housing Services and State of California Local Assistance Loan Committee.
- C Providing financial expertise as an officer/Board member of the Sacramento Neighborhood Housing Services and Northern California Reinvestment Corporation.

San Francisco CMSA: WFB provides a good level of community development services in this assessment area. Bank staff participated in 68 qualified services specifically targeted to this CMSA. However, these services were heavily concentrated in the San Francisco (32) and Oakland (22) MSAs, with only a few services provided in the San Jose (7), Santa Rosa (3), Santa Cruz (1) and Vallejo (3) MSAs. Listed below are examples of the bank's community development services in this CMSA:

- C Serving on the loan committees for affordable housing groups such as the Low Income Housing Fund, Lytton Gardens, Los Mendos Fund, LISC of San Francisco Bay Area, and California Economic Development Lending (CEDLI).
- C Assisting in the development of underwriting standards for economic development groups such as Lenders for Community Development in San Jose, Merritt Community Capital Corporation, and CEDLI.
- C Providing assistance in marketing financial services for economic revitalization for groups such as San Francisco Partnership, Economic Development Alliance for Business in Oakland and Oakland Sharing the Vision.

WFB participated in a reasonable level of community develop services in the Bakersfield, Fresno, Modesto and San Diego MSAs. Bank staff participated in 30 qualified services specifically targeted to these MSAs. These services included:

- < Assisting with fund raising for a homeless shelter and a child care facility for LMI families and serving on the loan committee for a small business development organization in the Bakersfield MSA.
- < Serving on the loan committee of a small business development group and assisting with fund raising efforts for economic development organizations in the Fresno MSA.
- < Providing financial expertise to economic development groups in the Modesto MSA.
- < Providing financial expertise to a community development bank; providing technical assistance to five nonprofit credit counseling organizations; and serving on the loan committee for a community development corporation in the San Diego MSA.

WFB participated in an adequate level of community develop services in the Salinas, Santa Barbara, Stockton and Visalia MSAs and the Northern California assessment area. Bank staff participated in eleven qualified services specifically targeted to these assessment areas. These services included:

- < Serving on the loan committee of a credit counseling organization and assisting with fundraising for an affordable housing group in the Salinas MSA.
- < Serving on the loan committee of a small business development center in the Stockton MSA.

Limited Scope Areas: WFB's service performance in the Chico and Merced MSAs and the Sierra Nevadas, Imperial, Kings and San Benito counties assessment areas is consistent with the bank's service performance in the state of California. The bank's service performance in the Redding, San Luis Obispo, and Yuba City MSAs is adequate, but weaker than the bank's service performance in the state of California. The bank's performance in these areas can be compared in the Aggregate Delivery Channels Table at the end of the California section.

AGGREGATE CALIFORNIA TABLES

WELLS FARGO BANK, NA AGGREGATE SMALL BUSINESS, SMALL FARM AND COMMUNITY DEVELOPMENT LENDING												
State: CALIFORNIA Assessment Areas:	Demographics		Bank's Market Share (1996)		Distribution of Bank's Loans			Bank Totals		Avg. Loan (000s)	Community Development Loans	
	% of Small Businesses in LMI CTs	% of Reporters' Loans in LMI CTs*	Overall	LMI CTs	% in LMI CTs	% less than \$100,000	% to Small Businesses —	#	\$(000s)+		#	\$(000s)
Bakersfield # 680	36%	31%	23.44%	24.94%	34%	89%	28%	2,799	\$131,737	\$47	4	\$19,240
Chico #1620	24	19	19.37	19.26	19	94	29	1,032	29,799	29	0	0
Fresno #2840	29	27	19.07	18.43	26	86	27	3,929	230,019	59	1	18,354
Los Angeles CMSA	29	27	19.43	20.24	26	92	32	78,773	3,147,955	40	38	190,995
Merced #4940	25	24	11.50	8.01	19	92	26	546	19,898	36	0	0
Modesto #5170	23	18	15.70	18.72	21	91	28	1,840	77,294	42	1	1,348
Redding #6690	18	13	12.07	16.57	15	98	35	621	11,571	19	0	0
Sacramento CMSA	27	25	26.38	25.94	24	93	28	12,465	398,480	32	3	13,317
Salinas #7120	27	28	22.63	17.73	20	92	23	2,747	105,893	39	6	16,289
San Diego # 7320	28	24	23.35	22.88	22	94	31	14,565	467,732	32	6	12,673
San Francisco CMSA	29	28	26.51	27.25	27	92	26	60,813	2,338,188	38	31	179,311
San Luis Obispo # 7460	11	9	14.20	18.18	11	95	35	1,032	31,469	30	4	5,381
Santa Barbara #7480	44	41	15.73	17.99	44	95	30	1,775	52,335	29	0	0
Stockton #8120	31	31	14.46	14.18	30	89	29	2,243	108,472	48	0	0
Visalia #8780	19	15	17.15	24.29	20	85	29	1,345	80,729	60	2	4,350
Yuba #9340	26	20	12.87	11.79	17	93	29	582	19,126	33	1	1,500

WELLS FARGO BANK, NA AGGREGATE SMALL BUSINESS, SMALL FARM AND COMMUNITY DEVELOPMENT LENDING												
State: CALIFORNIA Assessment Areas:	Demographics		Bank's Market Share (1996)		Distribution of Bank's Loans			Bank Totals		Avg. Loan (000s)	Community Development Loans	
	% of Small Businesses in LMI CTs	% of Reporters' Loans in LMI CTs*	Overall	LMI CTs	% in LMI CTs	% less than \$100,000	% to Small Businesses —	#	\$(000s)+		#	\$(000s)
Northern California	21	NA	NA	NA	20	93	34	2,545	82,683	32	2	6,715
Sierra Nevadas	6	NA	NA	NA	2	94	38	823	28,176	34	0	0
Imperial County	57	NA	NA	NA	59	93	34	324	11,582	36	0	0
Kings County	36	NA	NA	NA	29	88	27	379	19,691	52	0	0
San Benito County	0	NA	NA	NA	0	92	24	193	6,580	34	0	0
Total State	29%	26%	21.41%	22.14%	26%	92%	29%	191,371	\$7,257,045	\$38	99	\$469,473
% of Total Bank								80%	78%		66%	72%
Total Bank								238,543	\$9,273,58		149	\$651,199

(*) 1996 CRA Small Business Reporters

(—) Percent of loans to businesses having revenues less than \$1 million. Borrower revenue size was not known on 59% of the loans.

(+) Total dollar volume is reduced by \$142.4 million because of WFB's incorrect reporting of line of credit increases.

AGGREGATE RESIDENTIAL LENDING										
State: CALIFORNIA Assessment Area:	Demographics		Distribution of Bank's Loans		Bank's Market Share (1996)			#	\$ (000s)	Avg. Loan (000s)
	% Owner Occupied in LMI CTs	% LMI Families	in LMI CTs	to LMI Borrowers	Overall	LMI CTs	LMI Borrower			
Bakersfield # 680	25%	39%	26%	35%	1.04%	1.24%	1.01%	187	\$13,720	\$73
Chico #1620	15	39	18	29	2.82	3.80	3.17	138	7,265	53
Fresno #2840	19	40	11	30	0.47	0.30	0.54	141	8,353	59
Los Angeles CMSA	17	39	16	37	0.56	0.53	0.81	2,806	344,366	123
Merced #4940	12	40	8	29	0.66	0.33	1.12	38	1,658	44
Modesto #5170	14	38	15	39	0.70	0.94	0.86	115	4,445	39
Redding #6690	9	40	8	25	0.75	0.65	0.51	51	3,845	75
Sacramento CMSA	15	38	13	38	0.62	0.69	0.70	492	27,807	57
Salinas #7120	12	37	8	29	0.60	0.10	0.65	86	8,834	103
San Diego # 7320	15	39	10	32	0.78	0.66	1.01	691	91,904	133
San Francisco CMSA	14	37	9	37	0.42	0.35	0.53	1,640	141,883	87
San Luis Obispo # 7460	7	37	8	24	0.45	0.00	0.35	39	2,108	54
Santa Barbara #7480	16	38	3	37	0.46	0.00	0.60	63	8,111	129
Stockton #8120	22	39	18	38	0.70	0.59	1.11	138	6,072	44
Visalia #8780	20	40	15	25	0.53	0.39	0.46	65	3,138	48
Yuba #9340	20	39	25	29	1.61	2.00	1.52	63	3,004	48
Northern California	15	40	9	36	NA	NA	NA	184	12,191	66
Sierra Nevadas	3	34	3	25	NA	NA	NA	77	4,217	55

AGGREGATE RESIDENTIAL LENDING										
State: CALIFORNIA Assessment Area:	Demographics		Distribution of Bank's Loans		Bank's Market Share (1996)			#	\$ (000s)	Avg. Loan (000s)
	% Owner Occupied in LMI CTs	% LMI Families	in LMI CTs	to LMI Borrowers	Overall	LMI CTs	LMI Borrower			
Imperial County	58	37	49	29	NA	NA	NA	51	2,574	50
Kings County	27	42	7	31	NA	NA	NA	14	540	39
San Benito County	0	25	0	8	NA	NA	NA	13	569	44
Total	17%	39%	13%	35%	0.58%	.53%	.80%	7,092	\$696,604	\$98
% Of Total Bank Lending								37%	57%	
Total Bank Lending								19,133	\$1,211,757	\$63

(*) 1996 HMDA Reporter Market Share

AGGREGATE ASSESSMENT AREAS - INVESTMENT TEST									
State (ST): CALIFORNIA Assessment Areas:	Affordable Housing and Economic Development			Contributions and Grants			Total Investments		
	#	% # ST	\$ (000)	#	% # ST	\$ (000)	#	% # ST	\$ (000s)
Bakersfield # 680	0		\$0	15	1%	\$71	15	1%	\$71
Chico #1620	0		0	9	1	31	9	1	31
Fresno #2840	0		0	45	3	294	45	3	294
Los Angeles CMSA	11	35%	17,205	471	33	5,419	482	33	22,624
Merced #4940	0		0	4	0	29	4	< 1	29
Modesto #5170	0		0	14	1	54	14	1	54
Redding #6690	0		0	5	< 1	24	5	< 1	24
Sacramento CMSA	2	6	225	114	8	766	116	8	991
Salinas #7120	0		0	13	1	89	13	1	89
San Diego # 7320	3	9	1,969	119	8	1,052	122	8	3,021
San Francisco CMSA	9	29	21,600	540	38	5,325	549	38	26,925
San Luis Obispo # 7460	1		300	9	1	37	10	1	337
Santa Barbara #7480	0		0	8	1	30	8	1	30
Stockton #8120	0		0	11	1	38	11	1	38
Visalia #8780	0		0	8	1	75	8	1	75
Yuba #9340	0		0	3	< 1	5	3	< 1	5
Northern California	0		0	22	2	91	22	2	91
Sierra Nevadas	0		0	9	1	26	9	1	26
Imperial County	0		0	7	< 1	20	7	< 1	20
Kings County	0		0	3	< 1%	6	3	< 1	6
San Benito County	0		0	0		0	0	< 1	0
Statewide	5	16%	93,033	0		0	5	< 1%	93,033
Total State	31		\$134,332	1,429		\$13,482	1,460		\$147,814
% of Total Bank	37%		65%	62%		63%	61%		65%

WELLS FARGO BANK, NA AGGREGATE DELIVERY CHANNELS

State: CALIFORNIA Assessment Area:	Deposits		# of Branches				% Branches in		# of ATM Sites	% ATM Sites in		# Branches		% Opened in:		% Closed in:	
	\$'s 06/30/98 (millions)	% of Bank	Traditional Offices	In-Store Offices	Other Offices	Total	Low CT	Mod CT		Low CT	Mod CT	Opened	Closed	Low CT	Mod CT	Low CT	Mod CT
Bakersfield # 0680	\$413	1%	5	9	7	21	5%	14%	23	4%	18%	8	9	0%	0%	0%	44%
Chico #1620	176	< 1%	1	5	1	7	NA	14	10	NA	30	2	2	0	0	0	0
Fresno #2840	563	1%	7	7	7	21	5	19	23	4	18	5	1	0	0	0	0
Los Angeles CMSA	15,491	24%	173	101	174	448	4	19	598	4	21	104	85	4	18	8	19
Merced #4940	129	< 1%	2	1	2	5	0	20	6	0	17	1	0	0	0	0	0
Modesto #5170	428	1%	5	1	4	10	0	40	15	0	27	1	2	0	100	0	0
Redding #6690	148	< 1%	2	0	3	5	NA	20	6	NA	17	0	0	0	0	0	0
Sacramento CMSA	2,290	3%	24	19	43	86	0	13	118	3	17	28	17	0	14	6	18
Salinas #7120	517	1%	9	2	7	18	6	11	21	14	10	4	0	0	0	0	0
San Diego # 7320	3,398	5%	39	31	40	110	0	19	204	3	21	19	25	0	11	0	32
San Francisco CMSA	27,454	42%	146	44	91	281	6	16	401	8	17	42	11	2	24	0	18
San Luis Obispo # 7460	133	< 1%	2	2	5	9	NA	11	14	NA	7	3	2	0	0	0	0
Santa Barbara #7480	332	< 1%	5	2	7	14	0	29	22	4	32	2	3	0	0	0	33
Stockton #8120	524	1%	5	0	5	10	10	0	16	6	6	1	1	0	0	0	0
Visalia #8780	218	< 1%	4	0	1	5	NA	20	9	NA	11	0	0	0	0	0	0
Yuba #9340	166	< 1%	1	1	0	2	NA	50	4	NA	25	1	0	0	0	0	0
Northern California	378	1%	6	3	8	17	0	41	18	0	39	3	1	0	33	0	0
Sierra Nevadas	129	< 1%	2	0	3	5	NA	0	7	NA	0	0	1	0	0	0	0
Imperial County	174	< 1%	2	0	3	5	0	80	5	0	80	0	1	0	0	0	0

WELLS FARGO BANK, NA AGGREGATE DELIVERY CHANNELS

State: CALIFORNIA Assessment Area:	Deposits		# of Branches				% Branches in		# of ATM Sites	% ATM Sites in		# Branches		% Opened in:		% Closed in:	
	\$'s 06/30/98 (millions)	% of Bank	Traditional Offices	In-Store Offices	Other Offices	Total	Low CT	Mod CT		Low CT	Mod CT	Opened	Closed	Low CT	Mod CT	Low CT	Mod CT
Kings County	95	< 1%	2	0	0	2	NA	50	2	NA	50	0	0	0	0	0	0
San Benito County	25	< 1%	0	1	0	1	NA	NA	1	NA	NA	0	0	0	0	0	0
Total State	\$53,187	81%	442	229	411	1,082	4%	18%	1,523	5%	20%	224	161	2%	17%	5%	21%
Total Bank	\$65,632	100%															

COLORADO

COLORADO STATE RATING

CRA Rating for Colorado: Satisfactory

The lending test is rated: High Satisfactory

The investment test is rated: High Satisfactory

The service test is rated: Low Satisfactory

Description of Institution's Operations in Colorado

WFB's presence in Colorado is concentrated in the Denver MSA and emanates from its merger with First Interstate Bank in April 1996. Principal cities in the assessment areas are Aurora, Boulder, Denver, Englewood, Greeley, Lakewood, Littleton, Thornton, and Westminster. WFB serves the Denver CMSA with 11 branch offices and 22 ATM sites.

The Denver CMSA has one of the strongest, most diversified economies in the nation. Currently, the CMSA is experiencing high employment growth and low unemployment rates. The state ranks second in the nation in business vitality with the third largest rate of new companies formed. Principal employers of the CMSA are government, retail trade, manufacturing, and service.

Along with economic prosperity, housing increased significantly during the past two years. Community group feedback indicates that credit is needed in the areas of affordable housing (including 30-year fixed rate home purchase loans), home improvement, rehabilitation of existing LMI housing, and small business, including those for small business expansion.

Conclusions with Respect to the Performance Tests in Colorado:

- " WFB's lending activity was good, however concentrated in the Denver MSA. The bank's distribution of small business loans was excellent from a geographic and borrower profile basis. Its community development activity also helped support some key community credit needs.**
- " WFB's level of investments demonstrates a good responsiveness to areas' needs. These transactions primarily benefit the Denver MSA.**
- " Delivery systems are accessible within the limitations of its small number of locations in a large metropolitan area. WFB also provided an adequate level of community development services in the Denver CMSA, but none in Greeley or Elbert County.**

STATE DEMOGRAPHIC CHARACTERISTICS																	
State: Colorado	Population (000s)	Census Tracts	Owner-Occupied Housing (000s)	Small Businesses	Unemployment Rate 06/30/97	Median Income	Median Housing Value	Distribution of Census Tracts (CT) & Families (F)					Distribution of Owner-Occupied Housing (OO) & Small Businesses (SB)				
								CT	Low %	Mod %	Mid %	Upper %	OO	Low %	Mod %	Mid %	Upper %
								F					SB				
Denver CMSA	1,980	589	483	100,593	3.2	\$54,758	\$90,752	CT	7	21	35	22	OO	3	19	47	31
								F	19	19	25	30	SB	9	25	39	27
Elbert County	10	2	2,865	496	NA	38,700	84,044	CT	0	50	0	50	OO	0	16	0	84
								F	12	13	17	58	SB	0	11	0	89

LENDING TEST

WFB's lending activity during the review period was most prevalent in the Denver CMSA. In addition, lending activity was comprised mostly of small business loans. During the review period, small business loan originations totaled 2,886 for \$132 million, of which more than 99% of the number and dollar were in the Denver MSA. The bank's small business lending activity includes small farm lending. The small farm lending activity makes up less than 1% of the number and less than 1% of the dollars in small business lending. Therefore, we did not isolate this component in our analysis. The bank's residential lending was nominal and generally confined to the Denver MSA. These loans totaled 101 for \$13 million. Overall, WFB's lending activity represents a good response to the area's credit needs. While the volume of the bank's lending activity is focused in the CMSA, the distribution profiles for the geography and borrower were generally consistent with other assessment areas.

Community Development Lending Activities: WFB booked two loans totaling \$17 million in these assessment areas to support community development needs. The loans provided benefits to a business in a designated low-income enterprise zone, and to LMI individuals through construction of 248 affordable housing rental units.

Geographic Distribution

Small Business Lending: WFB's small business loan distribution was very good. During the review period, its percentage of lending to LMI areas was comparable to demographic profiles and more than other market lenders. Its performance in lending to smaller companies in LMI areas was also very good, exceeding demographics. In 1996, WFB also originated 33% of its small business loans to LMI areas, exceeding the 27% performance by other lenders.

Residential Lending: WFB's residential loan activity was nominal and does not materially impact the overall conclusion. Notwithstanding, while concentrated almost entirely in the Denver MSA, the distribution of its loans was good. Its percentage of residential loans that went to LMI areas exceeded the percentage of owner-occupied units in those areas. The bank's residential lending to low-income areas was particularly excellent. On a market share basis in 1996, WFB's LMI market share exceeded its overall market share.

Borrower Distribution

Small Business Lending: WFB's small business loan distribution among borrowers of various income profiles was excellent. During the review period, 93% of such loans were less than \$100 thousand suggesting a positive response to the smaller business community. In 1996, WFB's performance exceeded that of other lenders in each assessment area. WFB's volume of loans to the smaller companies was also favorable. In 1996, over half its small business

loans went to companies with revenues less than \$1 million, exceeding the performance of other lenders in three of four assessment areas.

Residential Lending: WFB's distribution of residential loans was excellent, however again noting that the lending was small and concentrated mostly in the Denver MSA. During the review period, about half its loans went to LMI borrowers, exceeding demographics by a significant margin. Its lending profile to low-income borrowers was particularly excellent, while the proportion of lending to moderate-income borrowers was below demographics. In 1996, WFB's market share of LMI loans surpassed its overall market share.

INVESTMENT TEST

WFB's investments demonstrate a good responsiveness to the area's needs. The transactions total almost \$1 million and represent a reasonable accommodation to this geography, considering the bank's capital and level of deposits. WFB provided 69 grants totaling \$637 thousand during the review period that helped promote economic development, affordable housing, and social services targeted to LMI persons. The bank also made two investments, one in the Business Capital of Colorado and the other in Colorado Micro Credit, totaling \$300 thousand. These organizations are focused statewide, promoting economic development by financing small and micro businesses.

SERVICE TEST

WFB operates in the Denver CMSA with 11 branches and 22 ATM sites, and in Elbert County with a limited-service Express Branch and ATM. This network is accessible, within the limitations of a small number of locations in a large metropolitan area. Of these, two branches and seven ATM sites are in LMI areas. Alternative delivery systems are fully available to all customers and potential customers.

WFB offers operating hours of 9:00 a.m. until 5:00 p.m., Monday through Thursday and 9:30 a.m. until 6:00 p.m. on Fridays. In-store branches open at 10:00 a.m. and close at 7:00 p.m., Monday through Saturday. On Sundays, the offices have varying closing times ranging until 11:00 p.m. The hours offer convenience and variations are reasonable.

WFB opened nine of its branches, including the Elbert County office, during the review period, significantly expanding the bank's presence. It has not closed any branches.

WFB provided a relatively good level of community development services in Denver, but no services in Elbert County. WFB provided 10 qualified community development services in Denver and adjacent communities during the review period.

COLORADO AGGREGATE TABLES

WELLS FARGO BANK, NA AGGREGATE SMALL BUSINESS, SMALL FARM AND COMMUNITY DEVELOPMENT LENDING												
State: Colorado	Demographics		Market Share		% of Bank's Loans in LMI CTs	% of Loans less than \$100,000	% of Loans to Small Businesses —	Bank Totals		Avg. Loan (000s)	Community Development Loans	
	% of Small Businesses in LMI CTs	% of Reporters' Loans in LMI CTs*	Overall	LMI CTs				#	\$(000s)		#	\$(000s)
Denver CMSA	34%	32%	4.05%	4.90%	34%	93%	43%	2,873	\$131,843	\$46	2	\$16,850
Elbert County***	11%	12%	3.02%	2.85%	11	100	40	13	133	10	0	0
Total State					34%	93%	43%	2,886	\$131,976	\$46	2	\$16,850

(*) 1996 CRA Small Business Reporters. Also, Elbert County was not part of WFB's defined assessment areas in 1996.

(—) Percent of loans to businesses having revenues less than \$1 million. Borrower revenue size was not known on 42% of the loans.

WELLS FARGO BANK, NA AGGREGATE RESIDENTIAL LENDING										
State: Colorado	Demographics		Lending Distribution		Market Share*			#	\$ (000s)	Avg. Loan (000s)
	% Owner Occupied in LMI CTs	% LMI Families	in LMI CTs	to LMI Borrowers	Overall	LMI CTs	LMI Borrower			
Denver CMSA	23%	37%	47%	62%	0.08%	0.21%	0.13%	101	\$13,087	\$130
Elbert County	16	25	0	0	NA	NA	NA	0	0	NA
Total			47%	62%				101	\$13,087	\$130

(*) 1996 HMDA Reporter Market Share. Also, Elbert County was not part of WFB's defined assessment areas in 1996.

WELLS FARGO BANK, NA AGGREGATE QUALIFIED INVESTMENTS									
State: Colorado	Affordable Housing and Economic Development			Contributions/ Grants			Total Investments		
	#	% # ST	\$ (000s)	#	% # ST	\$ (000s)	#	% # ST	\$ (000s)
DENVER CMSA	0	0%	0	69	100%	637	69	97%	\$637
ELBERT County	0	0	0	0	0	0	0	0	0
Statewide	2	100%	300	0	0%	0	2	3%	300
Total State (ST)	2		\$300	69		\$637	71		\$937

WELLS FARGO BANK, NA AGGREGATE DELIVERY CHANNELS																	
State: Colorado Assessment Area:	Deposits		# of Branches				% Branches in		# of ATM Sites	% ATM Sites in		# Branches		% Opened in:		% Closed in:	
	\$'s 06/30/98 (millions)	% of Bank	Traditional Offices	In-Store Offices	Other Offices	Total	Low CT	Mod CT		Low CT	Mod CT	Opened	Closed	Low CT	Mod CT	Low CT	Mod CT
Denver CMSA	\$329	< 1%	3	7	1	11	0	18	22	0	32	8	0	0	12	0	0
Elbert County	1	0%	0	0	1	1	0	0	1	NA	0	1	0	NA	0	NA	NA
Total State	\$330	< 1%	3	7	2	12	0	17	23	0	30	9	0	0	11	0	0
Total Bank	\$65.632	100%															

IDAHO

IDAHO STATE RATING

CRA Rating for Idaho: Satisfactory

The lending test is rated: Low Satisfactory

The investment test is rated: Low Satisfactory

The service test is rated: Low Satisfactory

Description of Institution's Operations in Idaho

WFB is a full service bank and ranks as the fifth largest commercial bank in the state. It serves the state with 22 branch offices and 45 ATMs. The loans WFB originated in this state during the review period, accounted for .8% of its total number and .6% of its total dollar volume. Further, the state accounts for .2% of the bank's domestic deposits. This ranks the market size number ten out of the nine states and two Multistate MSAs evaluated.

WFB's primary competitors include U.S. Bank, First Security Bank, Key Bank, Bank of America, Washington Federal, and Home Federal. The Idaho Housing and Finance Association is a quasi-state agency that competes with private lenders by funding most affordable housing projects in the state.

Idaho has one of the strongest economies in the nation, outperforming the national economy over the past ten years. However, since 1996, its economy has been slowing. Its historical industries of agriculture, mining and forestry are declining while retail trade, high-technology and tourism are growing rapidly. Over the past several years, Idaho's population growth rate was the fourth fastest in the nation and increased 18% since 1990. Approximately 50% of the state's population live in large urban areas.

Housing construction has kept pace with the population growth. However, it is aimed at middle- and upper-income persons, leaving a shortage of affordable rentals and first-time home buyer opportunities for LMI individuals. There are less state funding and fewer community development organizations to mitigate affordability issues. The growing and changing characteristics of the state's population, and the increases in retail trade, services and tourism sectors provide opportunities for growth in the small business arena.

Community contacts in Idaho confirmed the limited availability of investment opportunities within the state. The need for affordable housing and the limited presence of nonprofit developers was corroborated by five community organizations contacted in the Boise MSA. Identified credit needs are loans for rehabilitation and construction of affordable rental and owner-occupied housing, first-time and LMI home buyers, community development needs focused on transportation, public water and wastewater systems, and construction of medical and emergency facilities for rural communities, and small businesses.

Description of the Institution's Operations in Boise

The Boise MSA consists of Ada and Canyon Counties with Boise the capital city of Idaho. The MSA has one of the strongest economies in the nation with nearly full employment. Boise's economy continues to expand, especially in the high-technology and government sectors. In Ada County, the primary industries are services, manufacturing, and retail. In Canyon County, agriculture still dominates 84% of the available land. As with the rest of the state, the rural areas of Canyon County have higher unemployment and lower per capita income than the urban areas.

The bank operates 10 branches in the MSA and 13 ATM sites.

Description of the Institution's Operations in Central Idaho

The Central Idaho assessment area is composed of the seven counties, Cassia, Twin Falls, Gooding, Jerome, Minidoka, Blaine, and Lincoln. The federal government is a significant land owner in these counties. Its ownership ranges between 25% and 77% of each county's land.

Agriculture and food processing dominate the local economy of Cassia, Twin Falls, and Minidoka counties. In Twin Falls retail trade and services are becoming increasingly important. Gooding, Jerome, and Lincoln counties rely heavily on agriculture. Home to the Sun Valley Resort, Blaine County relies heavily on recreation and tourism employment. The bank operates four branches in the assessment area and seven ATM sites.

ASSESSMENT AREA DEMOGRAPHIC CHARACTERISTICS																	
State: IDAHO Assessment Area:	Population (000s)	Census Tracts	Owner Occupied Housing (000s)	Small Businesses	Unemploy- ment Rate 06/30/98	Median Income	Median Housing Value	Distribution of Census Tracts (CT) & Families (F)					Distribution of Owner-occupied Housing (OO) & Small Businesses (SB)				
								CT	Low %#	Mod %#	Mid %#	Upper %#	OO	Low %#	Mod %#	Mid %#	Upper %#
								F					SB				
Boise MSA	296	66	75	15,365	3.5%	46,200	64,709	CT	5	18	55	20	OO	1	15	56	28
								F	17	20	24	39	SB	11	16	56	17
Pocatello MSA	66	22	16	2,184	4.4%	41,500	52,559	CT	0	23	55	23	OO	0	15	65	20
								F	20	18	25	37	SB	0	36	55	9
Eastern Idaho	72	15	17	3,366	NA	37,300	62,659	CT	0	7	40	53	OO	0	5	38	57
								F	13	15	21	51	SB	0	16	38	46
Central Idaho	136	38	34	6,559	NA	37,300	71,521	CT	0	16	68	13	OO	0	14	70	13
								F	18	21	24	37	SB	0	25	52	23
Moscow County	64	17	15	2,581	NA	37,300	59,407	CT	0	12	59	29	OO	0	8	55	37
								F	17	17	22	44	SB	0	30	49	21
Northern Idaho	105	32	29	6,364	NA	37,300	63,954	CT	0	9	75	16	OO	0	9	76	15
								F	18	20	24	38	SB	0	23	68	9
Western Idaho	25	7	7	1,024	NA	37,300	43,510	CT	0	43	57	0	OO	0	40	60	0
								F	26	24	23	27	SB	0	39	61	0
Total State	764	197	193	37,443	4.4	40,750	63,510	CT	2	16	60	21	OO	0	13	61	25
								F	18	19	24	39	SB	5	21	55	19

Conclusions with Respect to Performance Tests in Idaho

- " WFB's overall lending performance is adequate. Its geographic distribution of loans to small businesses was generally adequate. However, its geographic distribution of residential loans was generally low, particularly in LMI areas.**
- " The bank's investment performance demonstrates an adequate responsiveness to the state's affordable housing, small business development and community revitalization needs. It also reflects innovative approaches and some leadership qualities in meeting identified credit needs.**
- " WFB's delivery systems are accessible to essentially all geographies and individuals of different income levels in the community. The bank provides an adequate level of community development services.**

LENDING TEST

WFB's overall lending activities in Idaho are adequate. During this review period, it generated 2,164 small business loans totaling \$107 million and 806 residential loans totaling \$30 million. The bank's small business lending activity includes small farm lending. The small farm lending activity makes up less than 8% of the number of small business loans. Therefore, we did not isolate this component in our analysis.

Geographic Distribution

Small Business Lending: WFB's distribution of loans to small businesses in LMI areas is adequate. The bank's distribution of loans in LMI areas was generally below business demographics. However, it was in line with the distribution of lending reported by the market's lenders. Further, WFB made more than 50% of its loans to businesses having revenues less than \$1 million. Based on 1996 aggregate data, the bank's percentage of loans in LMI areas was 18% and exceeded the 17% aggregate for all reporters. WFB's market share of loans in LMI tracts to small businesses was 4.8%. This was slightly below its overall market share of 5.3%.

Residential Lending: The distribution of WFB's residential loans reflects an adequate dispersion in Idaho. The percentage of residential loans in LMI tracts represents 9% or 64% of the percentage of owner-occupied units that are within these census tracts. Based on 1996 aggregate HMDA data, WFB's market share of residential loans represents 75% of its overall market share.

Borrower Distribution

Small Business Lending: WFB's distribution of loans to small businesses reflects an adequate responsiveness to the credit needs of smaller businesses in Idaho. The bank extended 90% of its loans in amounts less than \$100 thousand. Businesses with revenues less than \$1 million represented 50% of the bank's loans to small businesses.

Residential Lending: WFB's loan distribution reflects an adequate penetration among borrowers at different income levels. The distribution of loans the bank made to LMI borrowers compared favorably to the percentage of LMI families. Based on 1996 aggregate data, WFB's market share of residential loans represents 76% of its overall market share.

Community Development Lending Activities: WFB made one loan for almost \$2 million in the Central Idaho assessment area to support affordable housing initiatives. In addition, they made two loans totaling \$5 million in the Northern Idaho and Eastern Idaho assessment areas. These projects provided 180 units for low-income housing, helping meet one of the significant needs within these assessment areas.

BOISE MSA # 1080

WFB's overall lending activity in the Boise MSA is at a low level with 790 small business loans and an overall market share of 5.7%. Its residential loan activity is also low with 351 loans corresponding to 1.6% of the overall market.

Geographic Distribution

Small Business Lending: WFB's distribution of loans to small businesses in LMI census tracts is adequate. The proportion of its loans to small businesses in LMI tracts represent 68% of the proportion of businesses in those tracts. Based on 1996 aggregate data, the bank's percentage of loans in LMI census tracts is 18% and less than the 25% of loans reported by all market reporters in the MSA. WFB's market share of loans in LMI tracts to small businesses is 4.34% that is less than its overall market share of 5.66%.

Residential Lending: WFB's geographic distribution of residential loans reflects a weak dispersion to LMI census tracts. The percentage of residential loans made in the LMI census tracts represents 65% of the percentage of owner-occupied units that are within these census tracts. Based on 1996 aggregate data, WFB's 1.3% market share of residential loans in LMI tracts was less than its overall market share of 1.6%.

Borrower Distribution

Small Business Lending: The distribution of WFB's loans to small businesses reflects a good responsiveness to the credit needs of small businesses in the Boise MSA. Ninety percent of the small business loans were in amounts less than \$100 thousand. The dispersion to businesses with revenues less than \$1 million was also favorable. WFB made 50% of its

business loans to these businesses. Based on 1996 aggregate business data, the percentage of loans to small businesses in amounts less than \$100 thousand is approximately 109% of the percentage of loans made by the aggregate market in amounts less than \$100 thousand.

Residential Lending: The bank's distribution reflects an adequate penetration among LMI borrowers in the Boise MSA. The percentage of loans made to LMI families represents 39% of the percentage of families that are within these income categories, exceeding the demographics. Based on 1996 aggregate HMDA data, WFB's share of residential loans was less than its overall market share and represented 72% of its overall market share.

CENTRAL IDAHO ASSESSMENT AREA

Geographic Distribution

Small Business Lending: WFB's distribution of loans to small businesses in LMI census tracts is weak. There are no low-income census tracts in this assessment area. The distribution of the bank's loans in moderate-income tracts does not compare favorably to the proportion of businesses in those tracts. Based on 1996 aggregate data, the distribution of the bank's loans in LMI areas is 8% and less than the 13% aggregate for all market reporters in the area. WFB's market share of loans in LMI tracts to small businesses is 3.96% and less than its overall market share of 5.6%.

Residential Lending: The geographic distribution of WFB's residential loans reflects a weak dispersion to moderate-income census tracts in the Central Idaho assessment area. The percentage of residential loans made in the LMI census tracts represents 45% of the percentage of owner-occupied units that are within these census tracts. Based on 1996 aggregate data, WFB's 2% market share of residential loans in moderate-income areas was less than its overall market share of 4%.

Borrower Distribution

Small Business Lending: WFB's distribution of loans to small businesses reflects an adequate responsiveness to the credit needs of small businesses in the Central Idaho assessment area. Ninety-one percent of the bank's small business loans were in amounts less than \$100 thousand. The bank's loan dispersion to businesses with revenues less than \$1 million was also favorable as they made 50% of its loans to these businesses.

Residential Lending: Overall, WFB's distribution reflects an adequate penetration among LMI borrowers in the Central Idaho assessment area. The distribution of the bank's loans to LMI borrowers compared favorably to the percentage of families within these income categories. Based on 1996 aggregate data, WFB's 3.6% market share of residential loans to LMI borrowers was only slightly below its overall market share of 4%.

Community Development Lending Activities: WFB made one loan for \$1.5 million in Central Rural assessment area to support affordable housing initiatives. The project provided 42 low-income housing units, helping to meet one of the significant needs within the assessment area.

Limited Scope Areas: WFB's lending performance in the Pocatello MSA, Eastern Idaho, and Western Idaho assessment areas is stronger than the bank's lending performance in the state of Idaho. Lending performance in the Northern Idaho and Moscow assessment areas is consistent with the bank's lending performance in the state of Idaho. The bank's performance in these areas can be compared in the Aggregate Small Business and Community Development Lending Table and Residential Lending Table at the end of the Idaho section.

INVESTMENT TEST

WFB's investment performance in Idaho has been adequate during this review period. The bank has purchased \$1 million in low-income housing tax credits to provide affordable housing for LMI individuals. A nonprofit organization received \$150 thousand to support micro- and startup-loans for small businesses and provide technical assistance. These statewide investments represent either the largest or only commercial bank involvement in these activities. Additionally, the bank granted \$71 thousand to 18 nonprofit, community-based organizations for affordable housing and various community development services to LMI individuals and families.

The bank has also made investments in regional and national organizations that will help address affordable housing and small business credit needs throughout its nine states. These investments benefit this state and its assessment areas.

Based on the recognized lack of community development opportunities within the state, the bank's investments represent adequate responsiveness to identified needs.

BOISE MSA #1080

WFB's investment performance in this MSA has been adequate during this review period. The bank made 10 grants totaling \$50 thousand to various nonprofit organizations for affordable housing and other community development services targeted to LMI individuals and geographies. Additionally, the MSA benefits from the bank's \$1 million statewide investments that support affordable housing and small business development reflecting an adequate responsiveness to the MSA's affordable housing and small business needs.

CENTRAL IDAHO ASSESSMENT AREA

WFB's investment performance in this assessment area has been adequate during this review period. The bank made only one grant of \$3 thousand. However, the area does benefit from the bank's \$1 million in statewide investments for affordable housing and related activities.

Limited Scope Areas: WFB's investment performance in the Pocatello, Moscow, Eastern, Northern and Western Idaho assessment areas is consistent with the bank's investment performance in the state of Idaho. While WFB made few grants and no direct investments in these assessment areas, they received benefit from the \$1.2 million in statewide investments and the bank's national and regional investments supporting affordable housing and small business development. The bank's performance in these areas can be compared in the Aggregate Investment Test Table at the end of the Idaho section.

SERVICE TEST

The bank's delivery systems are readily accessible to geographies and individuals of different income levels in the bank's MSA and non-MSA assessment areas. Of the bank's 23 branches in Idaho, 33% are in LMI geographies. This distribution exceeds the percentage of LMI geographies in the bank's assessment areas at only 16%. An additional 8% of branches are in tracts that border on LMI geographies and 25% are in tracts that are nearby (within one mile in metropolitan areas and 2.5 miles in rural areas). Except one motor bank, all of the branches are traditional. No branches were opened or closed during the review period.

WFB's alternative delivery systems are accessible through a variety of channels. The bank has 30 ATMs at 30 different sites throughout its assessment areas in Idaho. Of the ATM sites, 27% are in LMI geographies. This distribution also exceeds the percentage of LMI geographies in the Idaho assessment areas. Other alternative delivery systems available include systems offered on a bank-wide basis.

Services do not vary in a way that would inconvenience any portions of the Idaho assessment areas. Branch service hours in Idaho are typical of that of the bank overall.

All of the branches offer at least five days a week banking. Seven of the 24 branches in the Idaho assessment areas offer Saturday banking, with a concentration in the Boise MSA.

WFB provides an adequate level of community development services in Idaho. Bank staff participated in three services that benefit the statewide area including the bank's assessment areas. One of the services addressing affordable housing, is provided through participation in a community reinvestment corporation and a statewide multibank loan consortium. Others address economic development and credit counseling. In addition, seven services were identified that target particular assessment areas.

BOISE MSA #1080

WFB's delivery systems are readily accessible to geographies and individuals of different income levels in the Boise MSA. Of the 11 branches in the MSA, 27% are in LMI geographies. No branches were opened or closed during the review period.

Alternative delivery systems are accessible through a variety of channels. Other alternative delivery systems available in the MSA include systems offered on a bankwide basis. Services do not vary in a way that would inconvenience any portions of the Boise MSA.

The bank provides an adequate level of community development services in the Boise MSA. Besides those services provided on a statewide basis, four qualified services were identified that specifically targets the MSA. The services address affordable housing (Idaho Community Reinvestment Corporation) and credit counseling (Boise Neighborhood Housing Services).

CENTRAL IDAHO ASSESSMENT AREA

WFB's delivery systems are readily accessible to geographies and individuals of different income levels in the Central Idaho assessment area. Of the four branches in the assessment area, half are in moderate-income areas. They did not open or close any branches during the review period.

WFB's alternative delivery systems are accessible through a variety of channels. Other alternative delivery systems available in the assessment area include systems offered on a bankwide basis. Branch service hours in the assessment area are typical of all of the bank's branches in Idaho.

The bank provides an adequate level of community development services in the assessment area. Besides those services provided on a statewide basis, one qualified service was identified that specifically targets the assessment area. The service addresses affordable housing.

Limited Scope Areas: WFB's service performance in the Pocatello, Moscow, Eastern, Northern and Western Idaho assessment areas is consistent with the bank's service performance in the state of Idaho. The bank's performance in these areas can be compared in the Aggregate Delivery Channels Table at the end of the Idaho section.

IDAHO AGGREGATE TABLES

WELLS FARGO BANK, NA AGGREGATE SMALL BUSINESS, SMALL FARM AND COMMUNITY DEVELOPMENT LENDING												
State: IDAHO Assessment Areas	Demographics		Market Share		% of Bank's Loans in LMI CTs	% of Loans less than \$100,000	% of Loans to Small Businesses —	Bank Totals		Avg. Loan (000s)	Community Development Loans	
	% of Small Businesses in LMI CTs	% of Reporters' Loans in LMI CTs*	Overall	LMI CTs				#	\$(000s)		#	\$(000s)
BOISE #1080	27%	25%	5.66%	4.34%	18%	90%	50%	790	\$34,670	\$44	0	\$0
POCATELLO #6340	55	14	17.46	19.28	28	91	34	201	9,984	50	0	0
NORTHERN Idaho	23	15	6.70	5.76	12	NA	54	394	16,354	42	1	2,800
MOSCOW	30	20	5.71	7.76	26	NA	50	104	5,500	53	0	0
CENTRAL Idaho	25	13	5.60	3.96	8	NA	50	477	28,994	61	1	1,525
EASTERN Idaho	16	7	6.57	4.55	9	NA	43	137	8,704	64	1	1,900
WESTERN Idaho	39	30	5.05	4.97	38	NA	43	61	2,574	42	0	0
Outside AA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	1	950
Total States					18%	90%	50%	2,164	\$106,780	\$49	4	\$7,175

(*) 1996 CRA Small Business Reporters

(—) Percent of loans to businesses having revenues less than \$1 million. Borrower revenue size was not known on 37% of the loans.

WELLS FARGO BANK, NA AGGREGATE RESIDENTIAL LENDING										
State: IDAHO Assessment Area:	Demographics		Lending Distribution		Market Share*			#	\$ (000s)	Avg. Loan (000s)
	% Owner Occupied in LMI CTs	% LMI Families	in LMI CTs	to LMI Borrowers	Overall	LMI CTs	LMI Borrower			
BOISE #1080	16%	37%	10%	39%	1.59%	1.31%	1.15%	351	\$10,849	\$31
POCATELLO #6340	15	37	12	31	1.22	1.09	0.67	26	755	29
NORTHERN Idaho	9	38	4	33	6.01	3.00	5.94	238	10,151	43
MOSCOW	8	34	0	15	1.58	0.00	1.18	20	844	42
CENTRAL Idaho	14	39	7	29	3.97	1.98	3.58	122	4,303	35
EASTERN Idaho	5	28	12	28	1.77	6.25	1.23	26	2,489	96
WESTERN Idaho	40	50	48	48	3.38%	4.78%	3.41%	23	537	23
Total			9%	34%				806	\$29,928	\$37

(*) 1996 HMDA Reporter Market Share

AGGREGATE ASSESSMENT AREAS - INVESTMENT TEST.									
State (ST): IDAHO Assessment Areas:	Affordable Housing and Economic Development			Contributions/ Grants			Total Investments		
	#	% # ST	\$ (000s)	#	% # ST	\$ (000)	#	% # ST	\$ (000)
BOISE # 1080	0	0%	\$0	10	55%	\$50	10	50%	\$50
POCATELLO # 6340	0	0	0	2	11	2	2	10	2
EASTERN IDAHO	0	0	0	1	6	3	1	5	3
CENTRAL IDAHO	0	0	0	1	6	3	1	5	3
MOSCOW	0	0	0	2	11	1	2	10	1
NORTHERN IDAHO	0	0	0	2	11	12	2	10	12
WESTERN IDAHO	0	0	0	0	0	0	0	0	0
STATEWIDE	2	100%	1,150	0	0%	0	2	10%	1,150
Total State (ST)	2		1,150	18		71	20		1,221

WELLS FARGO BANK, NA AGGREGATE DELIVERY CHANNELS																	
State: Idaho Assessment Area:	Deposits		# of Branches				% Branches in		# of ATM Sites	% ATM Sites in		# Branches		% Opened in:		% Closed in:	
	\$'s 06/30/98 (millions)	% of Bank	Traditional Offices	In-Store Offices	Other Offices	Total	Low CT	Mod CT		Low CT	Mod CT	Opened	Closed	Low CT	Mod CT	Low CT	Mod CT
Boise MSA	\$212	< 1%	10	0	1	11	18%	9%	13	15%	8%	0	0	0%	0%	0%	0%
Pocatello MSA	20	< 1%	2	0	0	2	NA	0	2	NA	0	0	0	0	0	0	0
Moscow*	0	< 1%	0	0	0	0	NA	NA	0	NA	NA	0	0	0	0	0	0
Central Idaho	55	< 1%	4	0	0	4	NA	50	7	NA	29	0	0	0	0	0	0
Eastern Idaho	31	< 1%	2	0	0	2	NA	50	3	NA	33	0	0	0	0	0	0
Northern Idaho	87	< 1%	5	0	0	5	NA	40	5	NA	40	0	0	0	0	0	0
Western Idaho	0	< 1%	0	0	0	0	NA	0	0	NA	NA	0	0	0	0	0	0
Total State	\$405	1%	23	0	1	24	8%	25%	30	7%	20%	0	0	0%	0%	0%	0%
Total Bank	\$65,632	100%															

* During the third quarter of 1997, the bank sold its branches in this area to other financial institutions.

NEVADA

NEVADA STATE RATING

CRA Rating for Nevada ²: Satisfactory

The lending test is rated: Low Satisfactory

The investment test is rated: High Satisfactory

The service test is rated: Low Satisfactory

Description of Institution's Operations in Nevada

WFB's assessment areas include the Reno MSA and the state's non-metropolitan statewide area referred to as Rural Nevada. Rural Nevada consists of eleven rural counties: Carson City, Churchill, Douglas, Elko, Humboldt, Lander, Lincoln, Lyon, Mineral, Storey, and White Pine. The combined area is dominated by mountain ranges, deserts, and a large proportion of Federal land. Both areas have experienced strong population growth since 1990, which is expected to continue.

Employment opportunities are strong. HUD reports jobs are growing more quickly than the population. The major industries are hotels and gaming, government, retail trade, construction, transportation and utilities, finance and real estate, manufacturing, mining, and agriculture. The strength of the economy is driven by the growth of tourism, as well as by the migration and creation of businesses of many types.

The significant increase in population compounds the need for additional affordable housing. The supply of housing units consists of 62% single family structures (versus 41% in LMI census tracts and BNAs), 19% in multifamily structures (33% in LMI), and 19% in manufactured homes (26% in LMI). HUD reports that median home purchase prices and median contract rental rates have been increasing more rapidly than median income, while vacancy rates have declined. The type of housing unit varies in each county, although manufactured home occupancy is higher in the rural counties. The majority of new housing units developed in the rural counties since 1980 were manufactured homes, which are more affordable for the large influx of retirees and more flexible for the mining industry. HUD reports other rural housing needs include the reduction of overcrowded households, improvement of plumbing and other structural inadequacies, and improved weatherization. In both assessment areas, there are also a wide variety of homeless needs based on income and health considerations. Continued growth of small business loans is another identified credit need and opportunity.

² For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation is adjusted and does not reflect performance in the parts of those states contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

WFB entered the Nevada market in April 1996 through its merger with First Interstate Bank. Through 36 branches and 51 ATM sites, it serves its Nevada assessment areas which include the Reno MSA, and the state's non-metropolitan statewide area referred to as Rural Nevada.

Description of Institution's Operations in the Reno MSA:

The Reno MSA consists of Washoe County in the northwest corner of Nevada. Its principal cities are Reno, Sparks, and Virginia City. This MSA and the Las Vegas Multi state MSA are the only MSAs in Nevada and contain the primary concentrations of population.

WFB operates 21 branches and maintains 33 ATM sites in this MSA.

Along with the need for affordable housing loans, discussions with community groups indicate a need for small business loans.

Description of Institution's Operations in the Rural Nevada Assessment Area

WFB operates 15 branches and maintains 18 ATM sites in this assessment area.

According to HUD, other housing needs include reducing overcrowded households, improving plumbing systems, and correcting structural inadequacies.

STATE DEMOGRAPHIC CHARACTERISTICS																	
State: Nevada	Population (000s)	Census Tracts	Owner-Occupied Housing (000s)	Small Businesses	Unemployment Rate 06/30/97	Median Income	Median Housing Value	Distribution of Census Tracts (CT) & Families (F)					Distribution of Owner-Occupied Housing (OO) & Small Businesses (SB)				
								CT	Low %	Mod %	Mid %	Upper %	OO	Low %	Mod %	Mid %	Upper %
								F					SB				
Reno	255	58	55	11,465	3.7	\$52,500	\$117,350	CT	2	22	36	22	OO	0	18	47	35
								F	17	19	25	38	SB	1	47	36	16
Rural Nevada	188	86	46	7,919	4.1	49,500	91,288	CT	1	26	44	9	OO	0	16	69	12
								F	19	18	26	37	SB	1	13	74	12
Total	443	144	102	19,384	N/A	50,708	106,392	CT	1	24	41	15	OO	0	17	57	25
								F	18	19	25	38	SB	1	34	51	14

Conclusions with Respect to Performance Tests in Nevada:

- " WFB's lending reflects a reasonable responsiveness to the assessment area's credit needs. It has been particularly active in the small business component where its lending has been well distributed, both geographically and by borrower profile.**
- " WFB's dollar level of investments in the state of Nevada demonstrates a good responsiveness to community's needs. It also took a leadership role in one program by being a significant factor in its development.**
- " Delivery systems are readily accessible to geographies and individuals of different income levels in the assessment area and are supported by an adequate level of community development services.**

LENDING TEST

WFB is one of the major small business lenders in Nevada. During the review period, it made 2,694 such loans totaling \$111 million. It's trend in this lending category has been rising, increasing 60% from 1996 to 1997. The bank's small business lending activity includes small farm lending. The small farm lending activity makes up less than 2% of the number and 3% of the dollars in small business lending. Therefore we did not isolate this component in our analysis. WFB is not a significant residential lender, a profile consistent with the bank's overall strategy. During the review period, the bank booked 459 loans for \$15 million, of which about 66% were originated in 1996. WFB's overall lending is well distributed among geographies and borrowers of different income levels.

Geographic Distribution

Small Business Lending: WFB's geographic dispersion of small business loans to LMI areas was adequate. Its percentage of loans to these areas was modestly below demographic profiles during the review period, with the stronger performance noted in Rural Nevada. Also, WFB's percentage of lending to smaller companies in LMI tracts was excellent in both Reno and Rural Nevada . This level was slightly below the performance of the market.

Residential Lending: The bank's loan distribution among geographies of different income is good. In low-income areas during 1996, it's lending was 30% higher than the level of owner-occupied units in those areas and higher than other market lenders. In moderate-income areas however, its lending was below demographics and below the market. On an overall market share basis, WFB's performance was good; its market share of lending to LMI areas was nearly in proportion of its overall market share.

Borrower Distribution

Small Business Lending: WFB did an excellent job in providing smaller size business loans. During the review period, the bank made over 90% of its loans under \$100 thousand. In 1996, this performance slightly exceeded the market. Also, WFB's lending to smaller businesses was very good. In 1996, its portion of loans to businesses with revenues under \$1 million was higher than the market.

In the Reno MSA, WFB's borrower distribution of residential loans to LMI borrowers was excellent. During the review period, it provided 35% of its loans to low income borrowers, while only 17% of the family population are low income. Moderate income families however, only received 12% of the bank's loans whereas 19% of the population are moderate income. However, in both cases, WFB's performance in 1996 exceeded the performance of other lenders by a good margin. In addition, WFB's market share of LMI loans in 1996 exceeded its overall market share by a reasonable margin.

In Rural Nevada WFB did well in providing residential credit to low-income borrowers. Its percentage of loans to such borrowers exceeded demographics by a 40% margin. The bank's 1996 performance in this component also exceeded that of other lenders. However, the bank's residential lending to moderate-income borrowers was weak. WFB's percentage of loans to this population was well below the percentage families in this income category. On an LMI market share basis, WFB's performance was good. In 1996, its LMI borrower market share exceeded its overall market share of HMDA loans.

Community Development Lending Activities: During the review period WFB did not originate any qualified community development loans.

INVESTMENT TEST

WFB's level of investments in the state demonstrates a good responsiveness to community's needs. It made two investments and provided 35 grants totaling more than \$3 million. This volume is significant when measured with the nominal level of deposits derived from the area. In addition to the bank's investment in a national fund, WFB made an investment in a state development corporation. Both organizations have statewide impact, helping to stimulate economic development and job creation for LMI persons via non traditional loans to small businesses, including minority-owned small businesses. The bank took a leadership role in the state development corporation program by being a significant factor in its development.

SERVICE TEST

WFB serves the Reno MSA and Rural Nevada through a retail delivery system consisting of 36 branches (35 full service) and 51 ATM sites. These branches and ATMs are distributed in such a way as to provide readily accessible service in Reno and accessible service in Rural Nevada. All of WFB's alternative delivery systems are available to the state's customers.

WFB operates 21 full service branches and 33 ATM sites in Reno, 33% of which are located in moderate income geographies. Such tracts constitute 27% of the total in Reno and contain 32% of the households. There is virtually no population in the two, low-income tracts in Reno.

WFB operates 15 branches (14 full service) and 18 ATM sites in Rural Nevada. The branches are concentrated in middle-income geographies, as are the ATM sites. While only 13% of the branches and 17% of the ATM sites are in moderate-income geographies, only 17% of the households are located there, and the distribution is accessible.

WFB's traditional branches maintain hours of 9:00 a.m. until 6:00 p.m. Monday through Friday, and 9:00 a.m. until 2:00 p.m. on Saturday, with some exceptions. Several offices, located in middle- and moderate-income geographies, do not maintain Saturday hours. The bank's in-store branches are open 10:00 a.m. until 7:00 p.m. Monday through Saturday and 11:00 a.m. until 5:00 p.m. on Sundays. Branch Centers and Loan Centers, providing limited or specialized services, maintain briefer hours. None of these variations causes customers an unreasonable inconvenience.

WFB opened nine branches and closed two branches during the review period. These actions did not adversely affect the availability or convenience of services for any segments of the community. The bank opened one of the branches in a moderate-income area. None of the branches it closed were in LMI areas. One branch in Rural Nevada, slated for closure, has been retained specifically to continue service to an LMI geography.

WFB provides an adequate level of community development services in Nevada. Eleven qualified services have been reported during the review period.

NEVADA AGGREGATE TABLES

WELLS FARGO BANK, NA AGGREGATE SMALL BUSINESS, SMALL FARM AND COMMUNITY DEVELOPMENT LENDING												
State: Nevada	Demographics		Market Share		% of Bank's Loans in LMI CTs	% of Loans less than \$100,000	% of Loans to Small Businesses —	Bank Totals		Avg. Loan (000s)	Community Development Loans	
	% of Small Businesses in LMI CTs	% of Reporters' Loans in LMI CTs*	Overall	LMI CTs				#	\$(000s)		#	\$(000s)
Reno	45%	43%	17.1%	15.2%	40	95	45%	1,443	\$54,174	\$38	0	\$0
Rural Nevada	13	18	22.75	27.75	18	91	48	1,251	56,587	45	0	0
Total States					29%	93%	46%	2,694	\$110,761	\$41	0	\$0

(*) 1996 CRA Small Business Reporters

(—) Percent of loans to businesses with revenues less than \$1 million. Borrower revenue size was not known on 36% of the loans.

WELLS FARGO BANK, NA AGGREGATE RESIDENTIAL LENDING										
State: Nevada	Demographics		Lending Distribution		Market Share*			#	\$ (000s)	Avg. Loan (000s)
	% Owner Occupied in LMI CTs	% LMI Families	in LMI CTs	to LMI Borrowers	Overall	LMI CTs	LMI Borrower			
Reno	18%	36%	12%	47%	1.48%	1.34%	2.01%	248	\$8,313	\$34
Rural Nevada	17	37	12	37	4.07%	4.52%	4.19%	211	6,977	33
Total			12%	42%				459	\$15,290	\$33

(*) 1996 HMDA Reporter Market Share

WELLS FARGO BANK, NA AGGREGATE QUALIFIED INVESTMENTS									
State: Nevada	Affordable Housing and Economic Development			Contributions/ Grants			Total Investments		
	#	% # ST	\$ (000s)	#	% # ST	\$ (000s)	#	% # ST	\$ (000s)
Reno	0	0%	\$0	26	74%	\$309	26	70%	\$309
Rural Nevada	0	0	0	9	26	40	9	24	40
Statewide	2	100%	2,750	0	0%	0	2	5%	2,750
Total State (ST)	2		\$2,750	35		\$349	37		\$3,099

WELLS FARGO BANK, NA AGGREGATE DELIVERY CHANNELS																	
State: Nevada Assessment Area:	Deposits		# of Branches				% Branches in		# of ATM Sites	% ATM Sites in		# Branches		% Opened in:		% Closed in:	
	\$'s 06/30/9 8 (millions)	% of Bank	Traditional Offices	In-Store Offices	Other Offices	Total	Low CT	Mod CT		Low CT	Mod CT	Opened	Closed	Low CT	Mod CT	Low CT	Mod CT
Reno MSA	\$479	1%	16	5	0	21	0%	33%	33	0%	33%	5	1	0%	20%	NA	0%
Rural Nevada	393	1%	11	3	1	15	0	13	18	0	17	4	1	0	0	NA	0
Total State	872	1%	27	8	1	36	0%	25%	51	0%	27%	9	2	0%	11%	NA	0%
Total Bank	\$65,632	100%															

NEW MEXICO

NEW MEXICO STATE RATING

CRA Rating for New Mexico: Satisfactory

The lending test is rated: Low Satisfactory

The investment test is rated: High Satisfactory

The service test is rated: Low Satisfactory

Description of Institution's Operations in New Mexico

WFB entered the New Mexico market through its merger with First Interstate Bank in April, 1996. Its branch and ATM presence in New Mexico is focused in the Santa Fe MSA, however, its loan products/services extend to both the Santa Fe and Albuquerque MSAs. The state economy, which experienced boom-like conditions during 1993-1995, has stabilized. Reflecting the slower pace of economic growth, the state's unemployment rate rose from 6.3% in 1995 to 7.7% in 1998. Government offices are the leading employer in the state. New Mexico ranks very low in the nation in per capita income. In spite the state's economic growth over the past five years, high poverty rates and low per capita income remains a major problem. High-tech manufacturing plants continue to expand and create more jobs in the local economy. The state continues to attract new industry, such as Internet and computer firms, credit card processing and a manufactured housing plant.

There are twenty-eight Native American reservations entirely or partially in the state boundaries the majority are designated LMI areas. The population living on these lands is 6% of the state total.

WFB has designated two assessment areas that include the most densely populated areas of the state. The areas are the Albuquerque and Santa Fe MSAs.

We performed three community contact calls in New Mexico, two housing related and one small business loan related, during the examination to gain further insight to the needs of the community and how the bank was perceived in meeting those needs. The contacts have identified affordable housing and small business lending as the most pressing needs in the state.

Description of WFB's Operations in the Albuquerque MSA

The Albuquerque MSA consists of Bernalillo, Sandoval, and Valencia Counties. About 48% of New Mexico's population resides in the Albuquerque MSA. There are eight Native American reservations in the MSA and a part of six more reservations are within the MSA's boundaries. A majority of these are designated LMI census tracts.

The economy in the MSA is good and the majority of the population is employed in either services, government, or retail trade. The city's economic base was fueled for decades by federal government defense-related spending for military installations and nuclear weapons research. This profile has changed as manufacturing related employment increased dramatically, particularly in the high-tech sector. A force behind this change was the mass expansion of Intel Corporation's computer chip fabrication plant and related manufacturing into Albuquerque.

The City of Albuquerque has a pro-business climate; it offers several sophisticated industrial parks. New Mexico and the City of Albuquerque have various incentives programs that provide financial assistance to the private business sector for new business development, business expansion and business relocation.

The population in Albuquerque continues to increase since 1990, which in turn increased the demand for both owner-occupied and rental housing. However, the demand for housing and high cost of land has increased the price of single family homes. In addition, rental units of four or more bedrooms are scarce, and those that do exist are generally available at the high end of the market.

WFB does not serve this area with branch offices or ATM sites. Businesses and residents are using online or telephone banking services or have been contacted through direct mail or telephone solicitations.

Discussions with community groups indicate that significant credit needs include the areas of affordable housing, home improvement to low-income borrowers, and small businesses.

Description of Institution's Operations in the Santa Fe MSA

The Santa Fe MSA consists of Los Alamos and Santa Fe Counties and is home to about 17% of New Mexico's population. It has the highest median income and median housing value in the state and the lowest portion of the population. There are no low-income census tracts identified in the MSA. About 50% of the total employment base is in the wholesale, retail and service sectors, mainly based on tourism. The government employs about 36% of the labor force. WFB serves this MSA with five offices and five ATM sites.

STATE DEMOGRAPHIC CHARACTERISTICS																	
State: New Mexico	Population (000s)	Census Tracts	Owner-Occupied Housing (000s)	Small Businesses	Unemployment Rate 06/30/97	Median Income	Median Housing Value	Distribution of Census Tracts (CT) & Families (F)					Distribution of Owner-Occupied Housing (OO) & Small Businesses (SB)				
								CT	Low %	Mod %	Mid %	Upper %	OO	Low %	Mod %	Mid %	Upper %
								F	%	%	%	%	SB	%	%	%	%
Santa Fe	117	31	31	6,438	2%	\$53,300	\$118,389	CT	0	29	35	35	OO	0	26	43	31
								F	22	17	21	40	SB	0	43	34	23
Albuquerque	589	138	143	26,744	4%	44,400	82,643	CT	4	25	40	28	OO	2	21	44	33
								F	21	17	22	40	SB	3	32	38	27
Total	706	169	174	33,182	3%	46,032	88,672	CT	4	26	39	30	OO	2	21	43	34
								F	21	17	22	40	SB	2	34	37	26

Conclusions with Respect to Performance Tests in New Mexico

- " WFB's overall lending performance is focused on small business loans. The distribution of these loans, both geographically and by borrower income is adequate. Residential loans were not a significant aspect of WFB's lending activity and no qualified community development loans were identified.**
- " WFB's level of investments and grants in its two New Mexico assessment areas demonstrates a reasonable response to its community.**
- " WFB's delivery systems are adequate, but focused only in the Santa Fe MSA. WFB does not have a branch or ATM presence in its Albuquerque MSA. WFB provided two community development service to its assessment areas.**

LENDING TEST

WFB's lending activity consisted primarily of small business loans. During the review period, it made nearly one thousand such loans totaling \$21 million. The bank's small business lending activity includes small farm lending. The small farm lending activity makes up less than 1% of the number and less than 1% of the dollars in small business lending. Therefore we did not isolate this component in our analysis. Its residential lending comprised a nominal 34 loans for \$2 million. Again, the lack of residential lending is a reflection of the bank's overall strategy to de-emphasize this business.

Geographic Distribution

Small Business Lending: The geographic distribution of WFB's small business loans was good given demographic and market profiles. In 1996, its percentage of small business loans made to LMI areas was comparable to the percentage of small businesses located there, and slightly higher than the performance of other lenders. This showing was consistent during the latter part of the review period. In lending to smaller companies during the review period in LMI areas, WFB's performance was good as the level was in close proportion to the percentage of such small businesses located in those areas. Also, in 1996, WFB's percentage of LMI area lending with small business loans slightly exceeded the performance of other lenders to that market.

Residential Lending: WFB's lending was nominal and again, reflective of the bank's overall strategy to de-emphasize this business. None of WFB's 39 loans were to low-income areas, albeit there are only five tracts designated low-income. WFB did extend 29% of its loans to moderate-income tracts in Santa Fe, but none in Albuquerque. Notwithstanding, WFB's performance in Santa FE's moderate income-tracts significantly exceeded the market. In

addition, the percentage of WFB's loans to LMI areas combined, was greater than the percentage of owner-occupied housing units in those areas.

Borrower Distribution

During the review period, WFB's small business loans were nearly all under \$100 thousand in size in both Albuquerque and Santa Fe. This reflects well on WFB's response to the smaller business community. In 1996, WFB's profile here also exceeded the performance of other lenders in the market by a liberal margin. WFB's lending to the smaller businesses was likewise good and generally consistent with the market in both assessment areas. Both these profiles did not change significantly during the latter part of the review period.

Of the small number of HMDA loans originated by WFB (essentially all to Santa Fe) for the full period, half went to low income borrowers, significantly exceeding area demographics. Moderate income borrowers also represented a good percentage of the bank's HMDA loans when compared to area demographics. The bank's market share of LMI borrowers in 1996 was comparable to its overall market share for the Santa Fe area. Again, activity in the Albuquerque area was essentially non-existent for HMDA lending.

Community Development Lending: WFB did not have any qualified community development loans that were originated during the review period in New Mexico.

ALBUQUERQUE MSA #0200

Geographic Distribution

As previously stated, WFB's lending activity in this MSA has been primarily with small business loans. These loans were adequately distributed among LMI areas when compared to demographic profiles and the performance of other market lenders. In addition, WFB's loans to businesses with less than \$1 million in annual revenues in LMI areas was comparable to the percentage of such businesses in those areas. WFB made only one residential loan in this area. Accordingly, no comments are rendered.

Borrower Distribution

WFB's distribution of loans to smaller businesses is good. In 1996, nearly all its small business loans were under \$100 thousand in size, surpassing other market lenders by a respectable margin. In addition, just over half of its loans were to businesses with less than \$1 million in annual revenues. This performance was comparable to other lenders.

SANTA FE MSA #7490

Geographic Distribution

Small Business Lending: WFB's geographic distribution of small business loans was excellent. In 1996, the percentage of its loans in LMI areas was nearly comparable to demographic profiles and in excess of other lenders in that market by a 5% margin. In addition, its loans to smaller businesses in LMI areas significantly exceeded the performance of other lenders to that market by a 22% margin and was modestly below demographics. WFB performed comparably in 1997 in these components.

Residential Lending: During the review period, WFB originated only 38 residential loans in this MSA, of which nearly 30% were in LMI areas. This performance, while light in volume, was excellent in its geographic dispersion given demographic and market profiles.

Borrower Distribution

Small Business Lending: WFB's borrower distribution of small business loans was good. In 1996, the percentage of such loans made that were under \$100 thousand in size was nearly 100% versus the market at 84%. In lending to smaller companies, WFB recorded 62% versus the market at 67%. These levels declined somewhat in 1997.

Residential Lending: As previously stated, WFB had nominal residential loan activity. However, of the 33 loans it originated, 67% went to LMI borrowers comparing favorably to the LMI families that comprise only 39% of the MSA's population. This dispersion is excellent and in 1996, significantly exceeded the market profile for this component.

INVESTMENT TEST

WFB's qualified investment activity in its New Mexico assessment areas demonstrates a good response to the community's needs. During the review period the bank made one investment and 29 grants totaling \$366 thousand. This dollar volume is significant when compared to the low level of deposits the bank derives from the state. The grants helped promote economic development, affordable housing, and social services targeted to LMI persons. The bank also made an investment, and is the largest provider of funds in a Hispanic community development organization. This organization facilitates small business micro-lending, particularly to minorities in economically distressed areas of the state.

SERVICE TEST

WFB maintains a service delivery system only in the Santa Fe MSA. The system consists of five branch offices and five ATM sites, providing accessibility to individuals and geographies of different income levels within the MSA. There are no low-income geographies in the MSA, and 27% of the households are located in moderate-income geographies. One each of the

bank's five branches and ATM sites are located in a moderate-income geography and one of each in an upper-income geography. The other three are in middle-income areas, where 43% of the households are located. All alternative delivery systems are available to supplement the branch and ATM facilities.

WFB maintains varying hours for each of its five offices. The variations do not cause inconvenience and are not significant, generally consisting of slightly different opening and closing hours. All offices are open Monday through Friday, with extended hours typically on Friday afternoon. The bank's Cerillos and Santa Fe Main offices (both in middle-income geographies) maintain hours on Saturday morning, as do the motor bank facilities. The Plaza branch (downtown) is located in a moderate-income geography and maintains slightly shorter hours than others, but any inconvenience is not significant. WFB did not open or close any branches or ATMs during the review period.

WFB provided two qualified community development services in New Mexico which were in the Santa Fe MSA. One service provided is financial related and to an organization focused on job creation for LMI persons. The other service is affordable housing-related through the Neighborhood Housing Services of Santa Fe. Other community development related opportunities in the area are in the small business related category.

NEW MEXICO AGGREGATE TABLES

WELLS FARGO BANK, NA AGGREGATE SMALL BUSINESS, SMALL FARM AND COMMUNITY DEVELOPMENT LENDING												
State: New Mexico	Demographics		Market Share		% of Bank's Loans in LMI CTs	% of Loans less than \$100,000	% of Loans to Small Businesses —	Bank Totals		Avg. Loan (000s)	Community Development Loans	
	% of Small Businesses in LMI CTs	% of Reporters' Loans in LMI CTs*	Overall	LMI CTs				#	\$(000s)		#	\$(000s)
Albuquerque	35%	37%	3.84%	3.77%	35%	100%	59%	685	\$13,905	\$20	0	\$0
Santa Fe	43%	39%	7.14%	7.87%	41	98	62	302	6,894	23	0	0
Total State					37%	99%	60%	987	\$20,799	\$21	0	\$0

(*) 1996 CRA Small Business Reporters

(—) Percent of loans to businesses with revenues less than \$1 million. Borrower revenue size was not known on 37% of the loans.

WELLS FARGO BANK, NA AGGREGATE RESIDENTIAL LENDING										
State: New Mexico	Demographics		Lending Distribution		Market Share*			#	\$ (000s)	Avg. Loan (000s)
	% Owner Occupied in LMI CTs	% LMI Families	in LMI CTs	to LMI Borrowers	Overall	LMI CTs	LMI Borrower			
Albuquerque	23%	38%	0%	0%	0.00%	0.00%	0.00%	1	\$30	\$30
Santa Fe	26%	39%	30	67	0.42%	0.61%	0.74%	33	1,859	56
Total State			29%	65%				34	\$1,889	\$56

(*) 1996 HMDA Reporter Market Share

WELLS FARGO BANK, NA AGGREGATE QUALIFIED INVESTMENTS									
State: New Mexico	Affordable Housing and Economic Development			Contributions/ Grants			Total Investments		
	#	% # ST	\$ (000s)	#	% # ST	\$ (000s)	#	% # ST	\$ (000s)
Santa Fe	0	0%	0	28	97%	\$116	28	93%	\$116
Albuquerque	0	0	0	1	3	50	1	3	50
Statewide	1	100%	200	0	0%	0	1	3%	200
Total State (ST)	1		\$200	29		\$166	30		\$366

WELLS FARGO BANK, NA AGGREGATE DELIVERY CHANNELS																	
State: New Mexico Assessment Area:	Deposits		# of Branches				% Branches in		# of ATM Sites	% ATM Sites in		# Branches		% Opened in:		% Closed in:	
	\$'s 06/30/98 (millions)	% of Bank	Traditional Offices	In-Store Offices	Other Offices	Total	Low CT	Mod CT		Low CT	Mod CT	Opened	Closed	Low CT	Mod CT	Low CT	Mod CT
Albuquerque MSA	0	0%	0	0	0	0	0%	0%	0	0%	0%	0	0	NA	NA	NA	NA
Santa Fe MSA	87	< 1%	5	0	0	5	NA	20%	5	NA	20	0	0	NA	NA	NA	NA
Total State	87	< 1%	5	0	0	5	0%	20%	5	0%	20%	0	0	NA	NA	NA	NA
Total Bank	\$65,632	100%															

OREGON

OREGON STATE RATING

CRA Rating for Oregon³: Satisfactory

The lending test is rated: High Satisfactory

The investment test is rated: High Satisfactory

The service test is rated: High Satisfactory

Description of Institution's Operations in Oregon

WFB's assessment areas include the Eugene-Springfield MSA, Medford MSA and the state's non-metropolitan statewide area referred to as Rural Oregon.

Oregon has experienced five years of population, employment and industry growth. The state's economy is performing well, although some of its rural parts are still suffering from the downsizing of the timber industry. The economy is in transition away from timber and agriculture to manufacturing, technology, services, and retail. Unemployment has been a significant problem due to the transition, but has been declining as the State has been able to attract businesses and diversify its economy. Many areas in the State are listed as 'distressed' based on unemployment data.

WFB's primary competitors include U.S. Bank, Key Bank, Washington Mutual, Pacific Continental, and Bank of America. The bank serves the state with 61 branch offices and 87 ATM sites.

The housing market is strong, but focused in upper-income areas. Affordable rental housing is generally scarce throughout the state, and the rising economy has led to affordable owner-occupied housing concerns. This is especially true in many areas where students and migrant workers are prevalent.

Identified credit needs are loans for affordable rental and owner-occupied housing. Financing for small businesses to economically stimulate the area is also a need.

Description of the Institution's Operations in Eugene-Springfield

This Eugene-Springfield MSA consists of Lane County and is located in Central Oregon. Overall, the local economy is performing well, although some rural areas are still suffering from

³ For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation is adjusted and does not reflect performance in the parts of those states contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

the downsizing of the timber industry. In recent years, two major high-technology companies have moved to the area, which has helped with the transition from a timber-dependant economy. Other major industries include agriculture, wholesale and retail trade, education and health services, manufacturing and construction.

As the home to the University of Oregon, Eugene has a large student population. It also has one of the lowest rental housing vacancy rates of any city in the state. Affordable rental housing is particularly scarce. Along with students, the large number of service industry employees working for the University or its subcontractors drive a great part of the demand for affordable housing. Rental housing for all incomes is needed, with a particular need for housing targeting low-income households. Our community contacts in this area agree that affordable housing is the primary credit need.

WFB operates 13 branch offices and 21 ATM sites in the MSA.

Description of the Institution's Operations in the Rural Oregon Assessment Area

Rural Oregon consists of all the non metropolitan counties in the state. Rural Oregon's economy is doing well. Despite the decreased harvesting of timber from federal lands, employment growth is up throughout the state. Major industries include forest products and timber, agriculture, tourism, fishing, high-technology, and import/export activities. In those areas adjacent to metropolitan areas there has been an increase in services, retail trades, small manufacturing and warehousing. Due to the pleasant climate and year round recreational opportunities, many retirees are moving to the area. Future prospects are for moderate economic growth throughout the state.

As in the major cities, housing prices continue to rise in all parts of the state, but particularly along the coast. However, costs are still moderate. Affordable rental housing is very much in demand by the many service sector workers associated with the state's higher education facilities, increases in services to the retirement community and tourism. The need for small business financing is also rising.

WFB operates 36 branch offices and 53 ATM sites in the assessment area.

ASSESSMENT AREA DEMOGRAPHIC CHARACTERISTICS																	
State: OREGON Assessment Area:	Population (000s)	Census Tracts	Owner Occupied Housing (000s)	Small Businesses	Unemploy- ment Rate 06/30/98	Median Income	Median Housing Value	Distribution of Census Tracts (CT) & Families (F)					Distribution of Owner-occupied Housing (OO) & Small Businesses (SB)				
								CT	Low %#	Mod %#	Mid %#	Upper %#	OO	Low %#	Mod %#	Mid %#	Upper %#
								F					SB				
Eugene-Springfield	283	82	67	12,137	5.2%	37,700	66,271	CT	2	15	52	15	OO	1	14	66	19
								F	19	19	24	38	SB	7	28	50	15
Medford	146	31	38	6,341	7.0%	36,200	77,171	CT	3	10	68	16	OO	0	10	69	21
								F	20	18	24	38	SB	13	12	61	14
Rural Oregon	858	262	220	37,771	NA	34,600	59,725	CT	0	10	67	13	OO	0	9	74	17
								F	19	19	23	39	SB	0	11	78	11
Total State	1,287	375	325	56,249	NA	37,937	62,495	CT	1	11	62	15	OO	0	10	72	18
								F	19	19	24	38	SB	3	15	70	12

Conclusions with Respect to Performance Tests in Oregon

- " WFB's overall lending performance is good.**
- " Its performance in community development lending is reasonable.**
- " WFB's investment performance demonstrates a good responsiveness to the state's affordable housing, small business development and community revitalization needs and reflects innovative approaches and demonstrate the bank's leadership in meeting identified credit needs.**
- " The bank's delivery systems are accessible to geographies and individuals of different income levels in the community. WFB provides a good level of community development services.**

LENDING TEST

WFB is one of the major small business lenders in Oregon. During the review period, it made nearly five thousand such loans totaling almost \$180 million. The bank's small business lending activity includes small farm lending. The small farm lending activity makes up only 3% of the number and less than 6% of the dollars in small business lending. Therefore we did not isolate this component in our analysis. WFB is a nominal residential lender, a profile consistent with the bank's strategy. During the review period, the bank booked 1,618 such loans for \$69 million. WFB's residential lending is adequately distributed among geographies and borrowers of different income levels.

Community Development Lending: WFB made seven loans totaling \$5 million for affordable housing. These projects provided 136 low-income housing units for senior citizens and families. It made two economic development loans to Native American Tribes totaling almost \$7 million. The bank did not make any community development loans in the Medford MSA.

Geographic Distribution

Small Business Lending: WFB's distribution of loans to small businesses in LMI areas is good. Its distribution of loans made in LMI areas compares favorably to the proportion of businesses in those areas. Further, based on 1996 aggregate data, the bank's percentage of loans in LMI census tracts exceeds the aggregate for all reporters. The bank's lending performance in the Eugene MSA is a stronger than in the Rural Oregon.

Residential Lending: The distribution of WFB's residential loans reflects an reasonable dispersion in Oregon. The bank's percentage of residential loans in LMI areas equals the percentage of owner-occupied units that are within those areas.

Borrower Distribution

Small Business Lending: WFB's distribution of loans to small businesses reflects a good responsiveness to the credit needs of those businesses in Oregon. It made 94% of its loans in amounts less than \$100 thousand. Further, businesses with revenues less than \$1 million represented 53% of all the bank's loans to small businesses.

Residential Lending: WFB's residential loan distribution reflects a good penetration among borrowers at different income levels. The bank's percentage of loans made to LMI families represents 84% of the state's LMI family demographics. Based on 1996 aggregate data, WFB's market share of residential loans to LMI borrowers represents 88% of its overall market share.

Limited Scope Area: WFB's lending performance in the Medford MSA is consistent with the bank's lending performance in the state of Oregon. The bank's performance in this area can be compared in the Aggregate Small Business and Community Development Lending Table and Residential Lending Table at the end of the Oregon section.

Eugene-Springfield MSA # 2400

Community Development Lending Activities: WFB made one loan of \$600 thousand for affordable housing. The project provided 20 low-income housing units for senior citizens, helping to meet one of the significant needs within the assessment area.

Geographic Distribution

Small Business Lending: WFB's distribution of loans to small businesses in this MSA's LMI census tracts is good. The proportion of the bank's loans to small businesses in LMI tracts represents 90% of the proportion of businesses located in those tracts. Further, based on 1996 aggregate data, the bank's percentage of loans in LMI census tracts exceeded the distribution of all market reporters lending in the MSA. WFB's market share of loans to small businesses in LMI tracts is 11% and exceed its overall market share of 10%.

Residential Lending: The geographic distribution of WFB's residential loans reflects a good dispersion to LMI census tracts. The percentage of the bank's residential loans made in the LMI census tracts compares favorably to the percentage of owner-occupied units within those census tracts. Based on 1996 aggregate data, WFB's market share of residential loans in LMI areas also compared favorably to its overall market share.

Borrower Distribution

Small Business Lending: WFB's distribution of loans to small businesses reflects a good responsiveness to the credit needs of small businesses in the MSA. The bank made 96% of its small business loans in amounts less than \$100 thousand. Its dispersion of loans to businesses with revenues less than \$1 million was also favorable. It made 55% of its small business loans to these businesses.

Residential Lending: WFB's distribution reflects a reasonable penetration among LMI borrowers in this MSA. The bank's percentage of loans made to LMI families represents 76% of the proportion of LMI families that are within these income categories. Based on 1996 aggregate data, WFB's market share of residential loans to LMI borrowers was less than its overall market share, but is nominal in nature.

Rural Oregon Assessment Area

Community Development Lending Activities: WFB made six loans for more than \$4 million to support affordable housing initiatives. The projects provided 116 low-income housing units, helping to meet one of the significant needs within the assessment area. In addition, the bank made two economic development loans totaling almost \$7 million to Native American Tribes.

Geographic Distribution

Small Business Lending: WFB's distribution of loans to small businesses in LMI areas in the assessment area is adequate. There are no low-income areas in this assessment area. The bank's proportion of loans to small businesses in moderate-income tracts, at 7%, is below to the proportion of businesses located in those tracts. However, based on 1996 aggregate data, the bank's distribution of loans in moderate-income areas equals the aggregate for all reporters in the assessment area. WFB's 15% market share of loans in moderate-income tracts is less than its 19% overall market share for this assessment area.

Residential Lending: WFB's geographic distribution of residential loans reflects an adequate dispersion to moderate-income areas. The bank's percentage of loans made in moderate-income areas represents 76% of the percentage of owner-occupied units that are within these areas. Based on 1996 aggregate data, WFB's 8.6% market share of residential loans in LMI tracts exceed its overall market share of 8.1%.

Borrower Distribution

Small Business Lending: WFB's distribution of loans to small businesses reflects a good responsiveness to the credit needs of small businesses in the assessment area. It made 93% of its small business loans in amounts less than \$100 thousand. The dispersion of the bank's loans to businesses with revenues less than \$1 million was also favorable. The bank made 54% of its loans to these small businesses. Based on 1996 aggregate data, the bank's volume of small loans to businesses exceeded the percentage of loans made by the aggregate market in these amounts.

Residential Lending: WFB's residential loan distribution reflects a less favorable but still adequate penetration among LMI borrowers in this assessment area. The percentage of loans the bank made to LMI families is less than the percentage of LMI families in the area. Further, based on 1996 aggregate data, WFB's 3% market share of residential loans to LMI borrowers was substantially less than its overall market share of 8%.

INVESTMENT TEST

During the review period, WFB's investment performance in Oregon has been good. The bank purchased \$9 million in low-income housing tax credits through the Oregon Equity Fund and the National Equity Fund; \$8 million were purchased during the review period. The Funds finance the acquisition, rehabilitation and construction of affordable housing units for LMI individuals throughout the state. Additionally, the bank made 76 grants totaling \$616 thousand. Over \$350 thousand of the grant funds went to organizations that target community development corporations and nonprofits involved in affordable housing and economic and small business development. The remaining grants went to a variety of nonprofit organizations that provide food, shelter, health and relief services to LMI individuals and families.

The bank also made investments in regional and national organizations that will help address affordable housing and small business credit needs throughout its nine state area. These investments benefit this state and its assessment areas.

The total investments and grants the bank made reflect good responsiveness to the needs of the state. One of the investments showed bank leadership in that it is the only commercial bank involved in the project.

Limited Scope Area: WFB's investment performance in the Medford MSA is consistent with its investment performance in the state of Oregon. The bank made grants totaling \$136 thousand with \$100 thousand provided for development, startup and technical assistance to small businesses. The bank's performance in this area can be compared in the Aggregate Investment Test Table at the end of the Oregon section.

Eugene-Springfield MSA # 2400

During the review period, WFB's investment performance in the Eugene MSA has been good. The bank made 17 grants totaling \$233 thousand, including a \$150 thousand grant for affordable housing projects in the City of Eugene. Additionally, the area benefits from the \$9 million in statewide investments targeted to the development, rehabilitation and construction of affordable housing for LMI individuals and families.

Rural Oregon Assessment Area

WFB's investment performance in this assessment area has been good during this review period. It made one direct investment of \$100 thousand in the form of a below market rate certificate of deposit in a community development credit union. The bank also made 41 grants totaling \$214 thousand, including over \$35 thousand to nonprofit organizations that facilitate affordable housing, economic development and related activities. The remaining grants were to a variety of community organizations devoted to providing community, health, shelter, food and social services to LMI individuals and families. Additionally, the area benefits from the \$9 million in statewide investments targeted to affordable housing.

SERVICE TEST

WFB's delivery systems are readily accessible to geographies and individuals of different income levels in the bank's MSA and non-MSA assessment areas in Oregon. Of WFB's 61 branches in Oregon, 20% are located in LMI geographies.

The bank's opening and closing of branches has not adversely affected the accessibility of its delivery systems in its assessment areas in Oregon, particularly in LMI geographies and/or to LMI individuals. During the review period, the bank closed 5 and opened 15 new branches in Oregon. One of the closings was in a moderate-income geography, while one of the openings was in a low-income geography. As a result, the net effect did not adversely impact the overall distribution of the bank's retail branch network.

WFB's alternative delivery systems are accessible through a variety of channels. Other alternative delivery systems available include systems offered on a bank-wide basis. The bank's services do not vary in a way that would inconvenience any portions of the Oregon assessment areas. Branch service hours in Oregon are typical of that of the bank overall. All of the branches offer at least five day a week banking.

The bank provides a good level of community development services in Oregon. Three services were identified that benefit the state-wide area including the bank's assessment areas. One such organization is the Network for Oregon Affordable Housing. One of the services addresses affordable housing, another economic development and the other

addresses credit counseling. In addition, 22 other services were identified that specifically target particular assessment areas.

Eugene-Springfield MSA # 2400

WFB's delivery systems are readily accessible to geographies and individuals of different income levels in the Eugene-Springfield MSA. Of the 13 branches in the MSA, 31% are located in LMI geographies.

The bank's opening and closing of branches has not adversely affected the accessibility of its delivery systems in the MSA, particularly in LMI geographies and/or to LMI individuals. During the review period, the bank closed two and opened three new branches in the MSA. Although both of the closures were in moderate-income geographies versus only one of the openings in a low-income geography, the net effect did not adversely impact the overall distribution of the bank's retail branch network.

WFB's alternative delivery systems are accessible through a variety of channels. Other alternative systems available in the MSA include systems offered on a bank-wide basis.

The bank's services do not vary in a way that would inconvenience any portions of the Eugene-Springfield MSA. Branch service hours in the MSA are typical of that of all of the bank's branches in Oregon.

The bank provides an adequate level of community development services in the MSA. In addition to those services provided on a state-wide basis, one qualified service was identified that specifically target the MSA. The service addresses economic development and credit counseling (Neighborhood Economic Development Corporation).

Rural Oregon Assessment Area

WFB's delivery systems are accessible to geographies and individuals of different income levels in the assessment area. Of the 36 branches in the assessment area, 11% are located in moderate-income geographies.

The bank's opening and closing of branches has not adversely affected the accessibility of its delivery systems in the assessment area, particularly in moderate-income geographies and/or to LMI individuals. During the review period, WFB closed two branches and opened eight new branches in the assessment area. All of the branches that the bank closed or opened were located in middle-income geographies.

WFB's alternative delivery systems are accessible through a variety of channels. Other alternative delivery systems available in the assessment area include systems offered on a bank-wide basis. Services do not vary in a way that would inconvenience any portions of the

assessment area. Branch service hours in the assessment area are typical of all of the bank's branches in Oregon.

The bank provides a good level of community development services in the assessment area. In addition to those services provided on a state-wide basis, 19 qualified services were identified that specifically target the assessment area. The majority of services addressed affordable housing (Baker County Community Development Corporation) and economic development (Central Oregon Economic Development).

Limited Scope Area: WFB's service performance in the Medford MSA is consistent with the bank's service performance in the state of Oregon. The bank's performance in this area can be compared in the Aggregate Delivery Channels Table at the end of the Oregon section.

OREGON AGGREGATE TABLES

WELLS FARGO BANK, NA AGGREGATE SMALL BUSINESS, SMALL FARM AND COMMUNITY DEVELOPMENT LENDING												
State: OREGON Assessment Areas:	Demographics		Market Share		% of Bank's Loans in LMI CTs	% of Loans less than \$100,000	% of Loans to Small Businesses —	Bank Totals		Avg. Loan (000s)	Community Development Loans	
	% of Small Businesses in LMI CTs	% of Reporters' Loans in LMI CTs*	Overall	LMI CTs				#	\$(000s)		#	\$(000s)
EUGENE #2400	35%	29%	10.26%	11.33%	32%	96%	55%	834	\$28,041	\$34	1	\$600
MEDFORD #4890	25	24	18.20	20.00	27	96	49	624	17,685	28	0	0
Rural Oregon	11%	7%	19.34%	15.33%	7	93	54	3,434	134,243	39	8	10,892
Total State					14%	94%	53%	4,892	\$179,969	\$37	9	\$11,492

(*) 1996 CRA Small Business Reporters

(—) Percent of loans to businesses with revenues less than \$1 million. Borrower revenue size was not known on 39% of the loans.

WELLS FARGO BANK, NA AGGREGATE RESIDENTIAL LENDING										
State: OREGON Assessment Areas:	Demographics		Lending Distribution		Market Share*			#	\$ (000s)	Avg. Loan (000s)
	% Owner Occupied in LMI CTs	% LMI Families	in LMI CTs	to LMI Borrowers	Overall	LMI CTs	LMI Borrower			
EUGENE #2400	14%	38%	12%	29%	2.71%	2.17%	2.22%	305	\$12,416	\$41
MEDFORD #4890	10	38	9	30	3.24	2.88	7.86	217	8,936	41
Rural Oregon	10%	38%	7	28	8.15%	8.68%	3.04%	1,096	48,113	44
Total State			8%	28%				1,618	\$69,465	\$43

(*) 1996 HMDA Reporter Market Share

AGGREGATE ASSESSMENT AREAS - INVESTMENT TEST									
State: OREGON Assessment Areas:	Affordable Housing and Economic Development			Contributions & Grants			Total Investments		
	#	% # ST	\$ (000s)	#	% # ST	\$ (000s)	#	% # ST	\$ (000s)
EUGENE # 2400	0	0%	\$0	17	22%	233	17	21%	233
MEDFORD # 4890	0	0	0	7	8	136	6	7	136
RURAL OREGON	1	17	100	41	54	214	42	51	314
STATEWIDE	5	83%	8,750	11	16%	33	16	21%	8,783
Total State (ST)	6		8,850	76		616	82		9,466

WELLS FARGO BANK, NA AGGREGATE DELIVERY CHANNELS																	
State: Oregon Assessment Area:	Deposits		# of Branches				% Branches in		# of ATM Sites	% ATM Sites in		# Branches		% Opened in:		% Closed in:	
	\$'s 06/30/98 (millions)	% of Bank	Traditional Offices	In-Store Offices	Other Offices	Total	Low CT	Mod CT		Low CT	Mod CT	Opened	Closed	Low CT	Mod CT	Low CT	Mod CT
EUGENE # 2400	\$212	< 1%	10	2	1	13	15	15	21	14	29	3	2	33	0	0	100
MEDFORD # 4890	142	< 1%	7	1	4	12	25	8	13	15	8	4	1	0	0	0	0
RURAL OREGON	669	1%	28	8	0	36	NA	11	53	NA	11	8	2	NA	0	NA	0
Total State	\$1,022	2%	45	11	5	61	8%	11%	87	6%	15%	15	5	7%	0%	0%	40%
Total Bank	\$65,632	100%															

UTAH

UTAH STATE RATING

CRA Rating for Utah: Satisfactory

The lending test is rated: High Satisfactory

The investment test is rated: Low Satisfactory

The service test is rated: High Satisfactory

Description of Institution's Operations in Utah

Utah's economy is strong and has been expanding for the past ten years. Wages have been traditionally low, and most all businesses in the state are considered small businesses. Its annual employment growth has exceeded the national average since 1986. It is also experiencing greater economic diversification with reliance on mining, construction and manufacturing declining while retail, service and tourism industries have been on the rise. Utah's population has also been increasing, faster than the national average, as the state experienced an influx of families during the recent California downturn. Rural population growth is strong, but most of Utah's population is within the metropolitan counties of Weber, Davis, Salt lake and Utah. Almost 90% of Utah's population live in urban areas.

While residential construction is at record levels, it is not keeping pace with the increased population and rising costs. Additionally, property value appreciation is making it harder for some families to purchase a home and causing others longer work commutes. The number of lower priced owner-occupied homes and rental units have decreased 34% and 62% respectively from 1980 through 1990. The most pressing credit need in the state is financing for affordable rental and owner-occupied housing. This need is most pronounced in the Salt Lake City/Ogden MSA.

Description of the Institution's Operations in the Provo-Orem MSA

Utah County is one of the fastest growing MSA's in the nation and has less than 3% unemployment. Since 1980 the population has increased over 60%. Primary industries include services and retail trade followed by education, agriculture and tourism-related industries. Brigham Young University, the largest private university in the nation, is located in Provo. Provo also has a concentration of migrant farm workers. The area has a labor force skilled in information technology, manufacturing, construction, education and financial services. Two multinational technology firms are also located here.

The bank operates two branches and 4 ATM sites in the MSA.

The availability of housing is critical. Prices have risen dramatically and LMI individuals must compete with college students for the limited supply of affordable housing. Over 60% of the

total housing stock is rental and the county restricts the construction of multi-family dwellings. The primary credit needs are loans for affordable rental and owner-occupied housing, small business development and home improvement.

Description of the Institution's Operations in Salt Lake City- Ogden MSA

The MSA consists of Salt Lake, Davis and Weber counties. The MSA's economy is strong, experiencing growth and low unemployment. The city has experienced rising housing costs causing a shortage of affordable housing. Additionally, low vacancy rates and escalating rental rates have made it difficult for low-income families to find housing. The population has been declining since 1970. Salt lake City has been designated a Champion City by the Department of Housing and Urban Development. Major industries in the three county area include federal, state and local government, mining, trucking, warehousing, tourism, wholesale and retail trade, and services. Many of the largest employers are government agencies. The bank operates 22 branches and 24 ATM sites in the MSA.

Salt Lake City's main credit needs are loans for affordable rental and owner-occupied affordable housing, first-time home buyer programs, small micro businesses, especially start-ups, and community development related to infrastructure improvements, economic development, historic preservation and public facilities. Needs identified in other cities within the county include economic revitalization and infrastructure needs, gap financing for small businesses, street improvements, job training and building a functional drainage system. Other needs include technical expertise and financial education.

Description of the Institution's Operations in Northern Utah

This area is comprised of Box-Elder and Cache Counties which border Idaho, Nevada and Wyoming. The population growth rate of Box-Elder County for the 1990's has been below the state average while Cache Country's has matched the state population growth rate. Primary industries in these counties include manufacturing, agriculture, government, services and retail trades. Together the counties lead the state in production of agricultural crops, cattle and dairy products.

WFB operates one branch and one ATM site in Box-Elder County. It sold two branches in Cache County during the review period. The bank's competition consists of 22 other commercial and savings banks.

ASSESSMENT AREA DEMOGRAPHIC CHARACTERISTICS																	
State: UTAH Assessment Area:	Population (000s)	Census Tracts	Owner Occupied Housing (000s)	Small Businesses	Unemploy - ment Rate 05/31/98	Median Income	Median Housing Value	Distribution of Census Tracts (CT) & Families (F)					Distribution of Owner-occupied Housing (OO) & Small Businesses (SB)				
								CT	Low %#	Mod %#	Mid %#	Upper %#	OO	Low %#	Mod %#	Mid %#	Upper %#
								F					SB				
Provo-Orem MSA #6520	266	51	44	7,043	2.4%	\$41,800	\$68,475	CT	6%	12%	45%	24%	OO	1%	6%	59%	34%
								F	19	19	24	38	SB	4	12	60	25
Salt lake City-Ogden MSA #7160	1,072	230	234	38,393	2.7%	47,700	72,830	CT	5	21	52	22	OO	1	15	59	25
								F	17	20	26	37	SB	7	29	45	19
Northern Utah	107	27	22	2,851	NA	38,500	65,485	CT	0	7	56	22	OO	0	6	61	33
								F	14	16	25	45	SB	0	15	56	29
Southwestern Utah	69	15	15	4,025	NA	38,500	73,212	CT	0	27	67	7	OO	0	16	78	6
								F	19	23	25	33	SB	0	16	80	4
Carbon County	20	6	5	628	NA	38,500	52,264	CT	0	33	50	17	OO	0	20	57	23
								F	20	18	20	42	SB	0	34	51	15
Summit County	16	4	4	1,276	NA	38,500	115,301	CT	0	0	50	50	OO	0	0	44	56
								F	10	14	19	57	SB	0	0	15	85
Total State	1,550	333	324	54,216	NA	\$45,359	\$72,341	CT	4	19	52	22	OO	1	13	60	26
								F	17%	19%	26%	38%	SB	5%	24%	50%	21%

Conclusions with Respect to Performance Tests in Utah

- " WFB's overall lending performance is good.**
- " The bank's performance in community development lending is good.**
- " WFB's investment performance demonstrates an adequate responsiveness in meeting identified credit needs.**
- " The bank's delivery systems are accessible to geographies and individuals of different income levels in the community. WFB provides a good level of community development services.**

LENDING TEST

WFB is a notable small business lender in Utah. During the review period, it made over two thousand such loans totaling almost \$138 million. The bank's small business lending activity includes small farm lending. The small farm lending activity makes up only 3% of the number and less than 4% of the dollars in small business lending. Therefore we did not isolate this component in our analysis. WFB is a nominal residential lender, a profile consistent with the bank's overall strategy. During the review period, the bank booked 294 such loans for \$29 million. WFB's lending is reasonably distributed among geographies and borrowers of different income levels.

Community Development Lending: WFB made nine loans for almost \$19 million in the Salt Lake City MSA and one loan for almost \$2 million in Southwestern Utah to support affordable housing initiatives. These projects provided 428 low-income housing units, helping to meet one of the significant needs within the assessment area.

Geographic Distribution

Small Business Lending: WFB's distribution of loans to small businesses in LMI census tracts is good. The percentage of the bank's loans in LMI areas corresponds to 113% of the proportion of businesses in LMI areas. Based on 1996 aggregate data, the distribution of the bank's loans in LMI areas is 14%, only slightly less than the 15% of loans disclosed by all reporters in the state. Further, during the same time, WFB's market share of loans to small businesses in LMI tracts of 7.7%, was only slightly less than its overall market share of 8.1%.

Residential Lending: The distribution of WFB's residential loans reflects an reasonable dispersion in Utah. The percentage of the bank's residential loans in LMI areas represents

86% of the proportion of owner-occupied units that are in these areas. Based on 1996 aggregate data, WFB's share of the residential loan market is nominal.

Borrower Distribution

Small Business Lending: WFB's distribution of loans to small businesses reflects a good responsiveness to the credit needs of smaller businesses in Utah. The bank extended 89% of its loans to small businesses in amounts less than \$100 thousand. Further, loans to businesses with revenues less than \$1 million represented 46% of all the bank's loans to small businesses.

Residential Lending: WFB's residential loan distribution reflects a good penetration among borrowers of different income levels. The bank's percentage of loans made to LMI families represents 119% of those families. As stated above, WFB's market share of residential loans is nominal.

Limited Scope Areas: WFB's lending performance in the Carbon County and Summit County assessment areas is consistent with its lending performance in the state of Utah. The bank's lending performance in the Southwestern Utah assessment area is stronger than its lending performance in the state of Utah. The bank's performance in these areas can be compared in the Aggregate Small Business and Community Development Lending Table and Residential Lending Table at the end of the Utah section.

Provo-Orem MSA #6520

WFB's lending activity in Provo-Orem MSA is low with 233 small business loans and 20 residential loans. The bank's overall presence in this market is limited with an overall market share of 3.3% for small business lending and .1% for residential lending.

Geographic Distribution

Small Business Lending: WFB's distribution of loans to small businesses in the MSA's LMI census tracts is excellent. Its proportion of loans to small businesses in LMI tracts represents 161% of the proportion of businesses located in those tracts. Based on 1996 aggregate data, the bank's percentage of loans in LMI census tracts is 25% and exceeded the 23% aggregate for all reporters. WFB's 6.4% market share loans in LMI tracts also exceeded its overall market share of 3.3%.

Residential Lending: The geographic distribution of WFB's residential loans reflects a good dispersion to moderate-income census tracts. No loans were made in low-income census tracts which exhibits a weak distribution. However, it should be noted that only 1% of the MSA's owner-occupied housing is in low-income census tracts. The percentage of loans the

bank made in moderate-income census tracts equals the percentage of owner-occupied housing units that are in those tracts.

Borrower Distribution

Small Business Lending: WFB's distribution of loans to small businesses reflects a good response to the credit needs of small businesses within the MSA. The bank extended 89% of its loans in amount of less than \$100 thousand. Further, it made 46% of its loans to businesses with revenues of less than \$1 million.

Residential Lending: The distribution of WFB's residential loans reflects a fair penetration of LMI borrowers. WFB's distribution of loans to moderate-income families is comparable to the percentage of families that are in this income category. It did not make any loans to low-income families which segment represents 19% of the families. As such, there are opportunities to make real estate loans to low-income families.

Salt Lake City-Ogden MSA #7160

For the state, Salt Lake City represents the biggest volume of lending activity for WFB and is concentrated in small business loans. The bank made more than sixteen hundred small business loans and a little over two hundred residential loans. Its small business loan market share represents 4.5% while its residential loan market share is only .25%.

Geographic Distribution

Small Business Lending: The geographic distribution of WFB's loans to small business reflects an excellent penetration of LMI census tracts. Its proportion of loans to businesses in LMI census tracts represents 119% of the proportion of businesses in those tracts. Based on 1996 aggregate data, the WFB's percentage of loans in LMI tracts at 43% exceeds the 41% aggregate for all reporters in the MSA. WFB's 5.1% market share of small business loans in LMI areas exceeds its overall market share of 4.6%.

Residential Lending: WFB's geographic distribution is reasonable. Its distribution of residential loans reflects a weak dispersion in low-income tracts and a good penetration in moderate-income tracts. The bank did not made any loans in low-income tracts. It must be noted that only 1% of the MSA's owner-occupied housing is in low-income tracts. The bank's percentage of loans made in moderate-income tracts represents 98% of the percentage of owner-occupied housing units that are in these tracts.

Borrower Distribution

Small Business Lending: WFB's distribution of loans to small businesses reflects a good responsiveness to the credit needs of small businesses within the MSA. The bank extended

about 89% of its loans to businesses in amounts less than \$100 thousand. Further, it made 44% of its loans to businesses with revenues of less than \$1 million.

Residential Lending: The distribution of WFB's residential loans reflects a good penetration of LMI borrowers. The bank's percentage of loans made to LMI families represents 119% of the percentage of families that are within these income categories.

Community Development Lending Activities: WFB made nine loans for \$19 million to support affordable housing initiatives. These projects provided 369 low-income housing units, helping to meet one of the significant needs within the assessment area.

Northern Utah Assessment Area

WFB's lending activity is reasonable, producing 166 small business loans and 33 residential loans. Its market share of small business loans is 7.7% while its market share of residential loans is 1.5%.

Geographic Distribution

Small Business Lending: The bank's distribution of loans to small business reflects a weak response to the credit needs of small businesses in the assessment area's LMI geographies. The assessment area has no low-income areas. The bank's proportion of loans to small businesses in LMI areas only represents 53% of the proportion of businesses located in those areas. Based on 1996 aggregate data, the bank's percentage of loans in LMI areas is 8%, slightly less than the 9% aggregate reported by all lenders. WFB's 4.2% market share of loans to businesses in LMI areas is less than its overall market share of 7.7%.

Residential Lending: The geographic distribution of WFB's residential loans reflects a weak dispersion in the moderate-income geographies. The bank's percentage of residential loans made in moderate-income geographies represents 0% of the owner-occupied housing units that are within these geographies.

Borrower Distribution

Small Business Lending: The bank's distribution of loans to small businesses reflects a good responsiveness to the credit needs of small businesses. WFB extended 92% of its loans in amounts less than \$100 thousand. In addition, it made 52% of its loans to businesses with revenues less than \$1 million.

Residential Lending: The bank's distribution of residential loans reflects an excellent dispersion to LMI borrowers. Its percentage of loans made to LMI families represents 112% of the percentage of families that are within these income categories.

INVESTMENT TEST

WFB's investment performance in Utah was adequate during this review period. It made two investments in the Salt Lake City MSA totaling \$448 thousand. One investment of \$388 thousand assists LMI individuals and families with all facets of home ownership, including financial counseling and below-market mortgage loans made directly to the borrower. The other investment of \$60 thousand provides financing and management support for startup and existing small businesses that do not qualify for conventional financing. Several WFB employees sit on the Board of this micro enterprise fund. Additionally, the bank made 59 grants totaling \$259 thousand, including over \$60 thousand to nonprofit organizations that provide assistance in affordable housing, small business development and economic development. The remaining grant funds were used by nonprofit community organizations for community, educational, health, shelter and food services to LMI individuals and families within the state.

The bank also made investments in regional and national organizations that will help address affordable housing and small business credit needs throughout its nine state area. These investments benefit this state and its assessment areas.

The bank's investments reflect an adequate responsiveness to affordable housing needs which is the most pressing need among LMI individuals and families within the state. While the investments are neither innovative or complex, they do demonstrate leadership aspects in providing needed capital to community development organizations in the Salt Lake City metropolitan area.

Limited Scope Areas: WFB's investment performance in the Carbon and Summit Counties and Southwestern Utah assessment areas is weaker than the bank's investment performance in the state of Utah. The bank made one grant totaling less than \$1 thousand in these areas. However, this performance did not impact the state rating. The bank's performance in these areas can be compared in the Aggregate Investment Test Table at the end of the Utah section.

Provo-Orem MSA #6520

WFB's investment performance in this was weak. During the review period, the bank made only two grants totaling \$2 thousand within the MSA. The bank's investment performance is nominally responsive to the affordable housing needs that exist in the area.

Salt Lake City-Ogden MSA #7160

During the review period WFB's investment performance in this MSA has been good. The bank made two investments totaling \$448 thousand targeted to affordable housing and small business development. It also provided 53 grants totaling \$254 thousand, of which, over \$60

thousand were targeted to nonprofit organizations assisting in affordable housing, small business and economic development. These investments and grants reflect a good responsiveness to the identified needs of the MSA.

Northern Utah Assessment Area

WFB's investment performance in this assessment area has been weak. During the review period, the bank made only one grant totaling less than \$1 thousand in the area.

SERVICE TEST

WFB's delivery systems are readily accessible to geographies and individuals of different income levels in the bank's MSA and non-MSA assessment areas in Utah. Of the bank's 26 branches in Utah, 27% are in LMI geographies.

The bank's alternative delivery systems are accessible through a variety of channels. Services do not vary in a way that would inconvenience any portion of the bank's Utah assessment areas. Branch service hours in Utah are typical of that of the bank overall.

The bank provides good community development services in Utah. Seven services were identified that benefit the state-wide area including the bank's assessment areas. Four of those services addressed economic development, while the remainder addressed affordable housing (Neighborhood Housing Services and County Housing Services). In addition, twelve services were identified that specifically target the various assessment areas throughout Utah.

Limited Scope Areas: The bank's service performance in the Carbon County, Summit County, and Southwestern Utah assessment areas is adequate, but weaker than its service performance in the state of Utah. However, we did not identify any community development services targeted to these assessment areas. The bank's performance in these areas can be compared in the Aggregate Delivery Channels Table at the end of the Utah section.

Provo-Orem MSA #6520

WFB's delivery systems are reasonably accessible in this MSA, given the bank's limited presence in the MSA. Of the bank's two branches, one is located in a low-income and the other in a moderate-income geography. No branches were opened or closed during the review period. WFB's alternative delivery systems are accessible through a variety of channels.

The bank's services do not vary in a way that would inconvenience the limited portions of the assessment area that the bank serves. Branch service hours in the assessment area are typical of that of all of the bank's branches in Utah.

The bank provides a good level of community development services in the MSA, based on its limited presence. In addition to those services provided on a state-wide basis, three qualified services were identified that specifically target the assessment area. One addresses affordable housing (Neighborhood Housing Services), while the other includes credit counseling.

Salt Lake City-Odgen MSA #7160

The bank's delivery systems are reasonably accessible to geographies and individuals of different income levels in this MSA. Of the 22 branches in the MSA, 23% are located in LMI geographies.

WFB's alternative delivery systems are accessible through a variety of channels. Services do not vary in a way that would inconvenience any portions of the MSA. Branch service hours in the MSA are typical of that of all of the bank's branches in Utah.

The bank provides a good level of community development services in the Salt Lake City MSA. In addition to those services provided on a state-wide basis, eight qualified services were identified that specifically target the MSA. These were either affordable housing or credit counseling. One program associated with affordable housing is the Utah Housing Technical Assistance program.

Northern Utah Assessment Area

WFB's delivery systems are reasonably accessible in the assessment area, given the bank's limited presence in the area. The bank has one branch in a middle-income geography. They did not open or close any branches in the area during the review period.

The bank's alternative delivery systems are accessible through a variety of channels. Services do not vary in a way that would inconvenience the limited portions of the assessment area that the bank serves. Branch service hours in the assessment area are typical of that of all of the bank's branches in Utah.

The bank provides an adequate level of community development services in the assessment area, given its limited presence. In addition to those services provided on a state-wide basis, one qualified service was identified that targets the assessment area. The service addresses affordable housing (Bear River Association of Governments.)

UTAH AGGREGATE TABLES

WELLS FARGO BANK, NA AGGREGATE SMALL BUSINESS, SMALL FARM AND COMMUNITY DEVELOPMENT LENDING												
State: UTAH Assessment Areas:	Demographics		Market Share		% of Bank's Loans in LMI CTs	% of Loans less than \$100,000	% of Loans to Small Businesses —	Bank Totals		Avg. Loan (000s)	Community Development Loans	
	% of Small Businesses in LMI CTs	% of Reporters' Loans in LMI CTs*	Overall	LMI CTs				#	\$ (000s)		#	\$(000s)
PROVO #6520	15%	23%	3.30%	6.37%	25%	89%	46%	233	\$14,985	\$64	0	\$0
SALT LAKE CITY #7160	36	41	4.55	5.11	43	89	44	1,631	100,046	61	9	18,769
Northern Utah	15	9	7.72	4.17	8	NA	52	166	10,442	63	0	0
Carbon County	34	19	19.23	11.43	8	NA	59	59	2,603	44	0	0
Summit County	0	0	8.88	0.00	0	NA	52	128	4,047	32	0	0
Southwestern Utah	16%	12%	6.20%	9.38%	16	NA	47	137	5,650	41	1	1,785
Total States					34%	89%	46%	2,354	\$137,773	\$59	10	\$20,554

(*) 1996 CRA Small Business Reporters

(—) Percent of loans to businesses with revenues less than \$1 million. Borrower revenue size was not known on 37% of the loans.

WELLS FARGO BANK, NA AGGREGATE RESIDENTIAL LENDING										
State: UTAH Assessment Areas:	Demographics		Lending Distribution		Market Share*			#	\$ (000s)	Avg. Loan (000s)
	% Owner Occupied in LMI CTs	% LMI Families	in LMI CTs	to LMI Borrowers	Overall	LMI CTs	LMI Borrower			
PROVO #6520	7%	38%	15%	35%	0.09%	0.19%	0.13%	20	\$774	\$39
SALT LAKE CITY #7610	16	36	15	43	0.25	0.22	0.25	204	23,669	116
Northern Utah	6	30	0	46	1.54	0.66	2.55	33	1,234	37
Carbon County	20	38	0	33	1.98	0.00	2.24	8	309	39
Summit County	0	24	0	33	0.66	0.00	6.38	9	245	27
Southwestern Utah	16%	42%	10	57	0.82%	0.54%	1.84%	20	2,285	114
Total State			12%	43%				294	\$28,516	\$97

(*) 1996 HMDA Reporter Market Share

AGGREGATE ASSESSMENT AREAS - INVESTMENT TEST.									
State (ST): UTAH Assessment Areas:	Affordable Housing and Economic Development			Contributions/ Grants			Total Investments		
	#	% # ST	\$ (000s)	#	% # ST	\$ (000)	#	% # ST	\$ (000)
PROVO #6520	0	0%	\$0	2	3%	\$2	2	3%	\$2
SALT LAKE CITY #7160	2	100	448	53	90	254	55	90	702
Northern Utah	0	0	0	1	2	0	1	2	0
Carbon County	0	0	0	1	2	0	1	2	0
Summit County	0	0	0	0	0	0	0	0	0
Southwestern Utah	0	0	0	0	0	0	0	0	0
STATEWIDE	0	0%	0	2	3%	3	2	3%	3
Total State (ST)	2		\$448	59		\$259	61		\$707

WELLS FARGO BANK, NA AGGREGATE DELIVERY CHANNELS																	
State: Utah Assessment Area:	Deposits		# of Branches				% Branches in		# of ATM Sites	% ATM Sites in		# Branches		% Opened in:		% Closed in:	
	\$'s 06/30/98 (millions)	% of Bank	Traditional Offices	In-Store Offices	Other Offices	Total	Low CT	Mod CT		Low CT	Mod CT	Opened	Closed	Low CT	Mod CT	Low CT	Mod CT
Provo-Orem #6520	\$39	< 1%	2	0	0	2	50%	50%	4	50%	25%	0	0	NA	NA	NA	NA
Salt Lake City #7610	424	1%	20	2	0	22	5	18	24	4	17	0	0	NA	NA	NA	NA
Carbon County*	0	< 1%	0	0	0	0	NA	0	0	NA	0	0	0	NA	NA	NA	NA
Summit County	19	< 1%	1	0	0	1	NA	NA	1	NA	NA	0	0	NA	NA	NA	NA
Northern Utah	35	< 1%	1	0	0	1	NA	0	1	NA	0	0	0	NA	NA	NA	NA
Southwestern Utah*	0	< 1%	0	0	0	0	NA	0	0	NA	0	0	0	NA	NA	NA	NA
Total State	\$519	1%	24	2	0	26	8%	19%	30	10%	17%	0	0	NA	NA	NA	NA
Total Bank	\$65,632	100%															

* The bank sold branches in these assessment areas to other financial institutions during the third quarter of 1997.

WASHINGTON

WASHINGTON STATE RATING

CRA Rating for Washington ⁴: Satisfactory

The lending test is rated: High Satisfactory

The investment test is rated: Outstanding

The service test is rated: High Satisfactory

Description of Institution's Operations in Washington

WFB's major competitors include Bank of America (Seafirst), U.S. Bank and Key Bank. There are more than 200 national, state and community banks in the state. Many community banks are formidable competitors in local markets. WFB serves the state with 258 branch offices and 850 ATMs. The loans the bank originated in this state during the review period, accounted for 16% of its total number and 13.2% of its total dollar volume. Further, the state accounts for 7.4% of the bank's domestic deposits. This ranks the state's market size number two out of the ten states and two Multistate MSAs evaluated.

Washington is ranked the sixth fastest growing state and the tenth most expensive housing market in the nation. The Seattle-Tacoma CMSA includes the state's major population centers, largest number of ethnic minorities, fastest growing economy, and over 75% of the state's new jobs. The Tacoma MSA includes "The Hilltop," one of the state's most impoverished neighborhoods. The Yakima MSA is home to the greatest concentration of Spanish-speaking people in Washington.

Sections of urban Seattle and Tacoma, and rural lower Yakima County have been federally-designated Enterprise Communities. Tacoma, Spokane and Yakima have been designated Champion Communities. Many counties became eligible for federal disaster relief funds in 1997, as a result of severe winter storms and flooding. In addition, several counties in Western Washington have been designated as timber-dependent by the state.

Historically the State's economy has been concentrated in aerospace, wood products, and defense. As the economy and population have grown, the predominance of these industries has diminished. But the state has experienced a significant gain in other high-wage industries such as high-technology and computer software, telecommunications and biomedical research. The state's proximity to the Pacific Rim positions it well for international trade.

⁴ For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation is adjusted and does not reflect performance in the parts of those states contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

Boeing, Microsoft and other smaller manufacturers are major contributors to the expanding economy. Economic forecasts predict rising employment, increasing personal income and an improving housing market. In spite of statewide predictions of a strong economy, certain timber-dependent communities still experience high unemployment and low wages. Most of these communities are located in the state's rural areas.

Identified credit needs are loans for housing, consumer products, affordable rental and owner-occupied housing, venture capital for community and small business development, and small businesses.

Description of the Institution's Operations in Seattle

The Seattle-Tacoma CMSA is comprised of the Bremerton, Olympia, Seattle and Tacoma MSAs. This encompasses the northwestern corner of Washington and includes the major cities of Seattle, Tacoma and Olympia, the state capitol.

The CMSA has the largest economy in the state, leading in population, labor force, jobs, and households. The area has low unemployment with over 75% of the state's new job growth. Population is expected to continue to rise over the next ten years with Seattle ranked as the fastest growing metropolitan area in the nation. The region has the state's highest per capita income, average wage, and median household income. Its economy is also influenced by one of the highest cost of living indexes in the nation. Eight percent of the CMSA's households are below the poverty level and the majority of these households pay more than 30% of income toward housing costs. Housing costs and rents have been increasing faster than incomes.

Several sources rate Seattle as one of the best cities for businesses in the nation. The CMSA has a number of economic advantages including comprehensive job-training and educational opportunities, low unemployment, a skilled work force, quality transportation and infrastructure, and access to domestic and international markets, and state and national governments. The economy is diversified, comprised of high-technology, biotechnology, retail services, trade, aerospace, manufacturing, and tourism. Other major industries include, commercial fishing, timber and food products. The CMSA is home to aerospace and high-technology giants Boeing and Microsoft, and four major military installations. Seattle has the fifth largest container port in the nation with one-in-five state jobs dependent on international trade.

The bank operates 104 branches and 115 ATM sites in the CMSA.

Identified credit needs include loans for rehabilitation and construction of affordable rental and owner-occupied housing, multifamily housing, venture capital for community and small business development, small businesses, infrastructure and public services improvements, services linking job opportunities with low-income populations, and first-time home buyer programs.

Description of the Institution's Operations in Spokane

This MSA is comprised of the eastern Washington county of Spokane. The city of Spokane is the largest city in the region, followed by Cheney and Medical Lake. WFB's major competitors in the MSA include Seafirst, U.S. Bank, Key Bank, and a number of thrifts, community banks, and credit unions. The county is the fourth largest in the state and is considered the economic hub of the area traditionally known as the Inland Empire. It currently features a strong and diversified manufacturing sector, dominated by such industries as aerospace, transportation equipment, aluminum products, computers, timber, and food processing. The county's wholesale trade and finance sectors serve a large agricultural community. Growing retail and services sectors round out an economy that is currently performing well.

The bank operates 9 branches and 10 ATM sites in the MSA.

Identified credit needs are loans for small businesses, consumer products, affordable housing and home improvements.

Description of the Institution's Operations in Western Washington

The Western Washington assessment area is comprised of Cowlitz, Grays Harbor, Lewis, and Mason counties. The largest industries are timber, manufacturing (primarily wood and paper products), trade and services.

WFB's major competitors in the assessment area include U.S. Bank, Key Bank, Seafirst, and a number of thrifts, community banks, and credit unions. The bank operates 3 branches and 5 ATM sites in the assessment area.

The economy of the region has long been associated with the timber industry. However, restructuring and modernization within the industry in the past decade, coupled with environmental concerns and mandated protection of endangered species have resulted in significant production and employment cutbacks. Some counties in the region have been designated as "Timber Dependent" by the state and are eligible for special aid. Nonetheless, it remains a major player in the region's economy.

Job losses experienced in the region's traditional resource intensive industries have been significantly offset by job creation in the trade, service, and government sectors. The downside of this trend is that these jobs typically pay less than the jobs they replace, putting a significant damper on the region's wage/salary growth prospects. To mitigate the effects of potential labor shortages, state and local officials are considering tapping underutilized groups, such as older workers, senior citizens, women and minorities within each county. However, this effort is likely to require academic and vocational programs designed to enhance the education levels and jobs skills of these individuals.

The jobless rate has always been consistently higher than that of the state, largely due to the cyclical and seasonal nature of the region's major industries. The region lags behind state figures in average annual wage and per capita income. However, the state averages are heavily influenced by the high-tech and aerospace industries of the Seattle-Tacoma CMSA.

Although the region's manufacturing sector continues to be based primarily on lumber, paper and wood products, the counties have made efforts to diversify their economies. For example, many of them have begun to exploit their geographic advantages by encouraging tourism and recreational development. Cowlitz County, part of the Columbia River region has proven to be tremendous tourist draw. Mason County has become the home of a growing community of small businesses associated with aerospace and defense industries.

Credit needs identified in the region are loans for small businesses and rehabilitation and construction of affordable rental and owner-occupied housing.

ASSESSMENT AREA DEMOGRAPHIC CHARACTERISTICS																	
State: WASHINGTON Assessment Area:	Population (000s)	Census Tracts	Owner Occupied Housing (000s)	Small Businesses	Unemploy- ment Rate 05/31/98	Median Income	Median Housing Value	Distribution of Census Tracts (CT) & Families (F)					Distribution of Owner-occupied Housing (OO) & Small Businesses (SB)				
								CT	Low %#	Mod %#	Mid %#	Upper %#	OO	Low %#	Mod %#	Mid %#	Upper %#
								F					SB				
Bellingham MSA	128	27	31	7,515	4.9%	\$43,500	\$91,457	CT	0%	22%	59%	7%	OO	0%	11%	77%	12%
								F	18	19	25	38	SB	0	23	70	7
Seattle CMSA	2,033	439	490	105,588	2.7%	55,100	141,463	CT	3	17	59	18	OO	0	12	65	23
								F	17	19	27	37	SB	3	22	55	20
Spokane MSA	361	99	90	15,053	3.7%	39,900	59,045	CT	7	23	52	18	OO	1	20	55	24
								F	19	19	23	39	SB	13	25	48	14
Yakima MSA	189	33	42	7,433	8.7%	34,300	53,666	CT	3	33	42	21	OO	0	25	42	33
								F	22	18	20	40	SB	10	26	43	21
Skagit County	80	29	21	4,539	NA	35,100	83,755	CT	0	0	62	31	OO	0	0	59	41
								F	14	17	23	46	SB	0	0	73	27
Central Washington	90	25	21	4,434	NA	35,100	53,957	CT	0	20	80	0	OO	0	16	84	0
								F	23	20	23	34	SB	0	19	81	0
Eastern Washington	48	10	11	1,830	NA	35,100	54,841	CT	10	10	60	20	OO	4	10	70	16
								F	19	17	24	40	SB	8	18	65	9
Western Washington	244	75	65	11,130	NA	35,100	59,637	CT	0	19	59	21	OO	0	10	63	27
								F	20	17	22	41	SB	0	22	61	17
Total State	4,110	928	986	196,018	NA	\$47,382	\$107,403	CT	0	15	50	20	SB	0	7	71	22
								F	18%	19%	25%	38%	OO	0%	20%	67%	13%

Conclusions with Respect to Performance Tests in Washington

- " WFB's overall lending performance is good.**
- " The bank's performance in community development lending is good.**
- " WFB's investment performance demonstrates an excellent responsiveness to the state's affordable housing, small business development and community revitalization needs and reflects innovative approaches and demonstrates the bank's leadership in meeting identified credit needs.**
- " The bank's delivery systems are accessible to geographies and individuals of different income levels in the community. It also provides a good level of community development services.**

LENDING TEST

WFB is a meaningful small business lender in Washington. During the review period, it made over eight thousand such loans totaling almost \$394 million. The bank's small business lending activity includes small farm lending. The small farm lending activity makes up less than 2% of the number and less than 4% of the dollars in small business lending. Therefore we did not isolate this component in our analysis. WFB is a nominal residential lender, a profile consistent with the bank's overall strategy. During the review period, the bank booked 2,118 loans for \$103 million. WFB's lending is reasonably distributed among geographies and borrowers of different income levels.

Geographic Distribution

Small Business Lending: WFB's geographic distribution of loans to small businesses is good. The bank's proportion of loans to small businesses in LMI areas represents 96% of the proportion of small businesses in those areas. The 1996 aggregate data shows that the bank's percentage of loans in LMI tracts at 23% is less than the 25% aggregate for all reporters. Based on same data, WFB's market share of loans to small businesses in LMI areas is slightly below its overall market share.

Residential Lending: WFB's geographic distribution of residential loans reflects a good dispersion in the state. The bank's percentage of residential loans in the LMI areas represents 92% of the percentage of owner-occupied units in these areas. The 1996 aggregate data shows that WFB's market share in LMI areas approximates its overall market share.

Borrower Distribution

Small Business Lending: WFB's distribution of loans to small businesses reflects a good responsiveness to the credit needs of businesses in the state. The bank extended 92% of these loans in amounts less than \$100 thousand. It made 47% of its loans to businesses with revenues less than then \$1 million.

Residential Lending: WFB's distribution of loans reflects a good penetration among borrowers of different income levels. The bank's percentage of loans to LMI families represents 105% of the percentage families within these income categories. Based on 1996 aggregate data, WFB's market share of residential loans to LMI borrowers is comparable to its overall market share.

Community Development Lending Activities: WFB made nine loans for a total of \$37 million, three of the loans for \$31 million supported affordable housing initiatives, and two loans for almost \$6 million were for a community service targeted to LMI individuals. The affordable housing projects provided 638 low-income housing units, helping to meet one of the significant needs within the assessment areas.

Seattle CMSA

For the state, Seattle represents the biggest volume of lending activity for WFB and is concentrated in small business loans. The bank made more than six thousand small business loans aggregating more than \$300 million and 1,530 residential loans aggregating \$74 million. Its small business loan market share represents 7.9% while its residential loan market share is only 1.04%.

Geographic Distribution

Small Business Lending: WFB's geographic distribution of loans to small businesses in LMI census tracts in the CMSA is good. The bank's percentage of loans to small businesses in LMI tracts exceeds the proportion of the businesses located in those tracts in the Bremerton, Olympia, and Tacoma MSA. The bank's distribution in the Seattle MSA still looks favorable as the proportion of loans to businesses in LMI tracts is 94%. For the Seattle CMSA the percentage of loans to small businesses in LMI tracts to businesses in those tracts at 98%. Each of the MSAs proportion of loans to businesses with revenues less than \$1 million in LMI tracts exceeds the proportion of the businesses located in those tracts. Based on 1996 aggregate data, the percentage of WFB loans in LMI census tracts exceeds the aggregate for all reporters in the Olympia MSA and the Seattle CMSA as a whole. WFB's market share of loans to businesses in LMI tracts exceeds its market share in all MSAs except in the Seattle MSA which is at 94% of the bank's overall market share.

Residential Lending: The distribution of WFB's residential loans reflects a good dispersion in all the MSAs that comprise the CMSA. The bank's percentage of residential loans in the

LMI census tracts represents 118% of the percentage of owner-occupied units that are within these tracts. Based on 1996 aggregate data, WFB's CMSA market share of residential loans in LMI tracts compares favorably to its overall market share. The bank's residential loan market share in LMI tracts represents 122% of the percentage of the over market share.

Borrower Distribution

Small Business Lending: WFB's distribution of loans to small businesses reflects a good responsiveness to the credit needs of businesses in the CMSA. The bank extended 92% of its loans in amounts less than \$100 thousand. Further, it made 45% its loans to businesses with revenues less than \$1 million.

Residential Lending: The distribution of WFB's loans reflects a good penetration among borrowers of moderate-income and a lower level of penetration of low-income borrowers. The bank's percentage of loans made to LMI families represents 117% of the percentage of families that are within these income categories. Opportunities to make residential loans to low-income families may be limited. Based on 1996 aggregate data, WFB's market share of home loans to LMI borrowers slightly exceeded its overall market share.

Community Development Lending Activities: WFB made three loans for \$17 million to support affordable housing initiatives. These projects provided 149 low-income housing units, helping to meet one of the significant needs within the assessment area.

Spokane MSA #7840

WFB's lending activity in this MSA is reasonable, producing 684 small business loans aggregating almost \$35 million and 231 residential loans aggregating almost \$14 million. Its market share of small business loans is 6.5% while its market share of residential loans is 1.4%.

Geographic Distribution

Small Business Lending: WFB's geographic distribution of loans to small business in LMI census tracts in this MSA is good. The bank's proportion of loans to small businesses in LMI tracts represents 103% of the proportion of businesses located in those tracts. Based on 1996 aggregate data, WFB's market share of loans to businesses in LMI tracts is 5.8%, slightly below its overall market share.

Residential Lending: The distribution of WFB's residential loans reflects an adequate dispersion in this MSA. The bank's percentage of residential loans in the LMI census tracts represents 73% of the percentage of owner-occupied units that are within these census tracts. Based on 1996 aggregate HMDA data, WFB's market share of residential loans at .9% is below its overall market share.

Borrower Distribution

Small Business Lending: WFB's distribution of loans to small businesses reflects a good responsiveness to the credit needs of smaller businesses in the MSA. The bank extended 90% of its loans in amounts less than \$100 thousand. Further, it made 47% percent of its business loans to businesses with revenues less than \$1 million. Based on 1996 aggregate data, the bank made a greater percentage of its loans to small businesses in amounts less than \$100 thousand than did all other market reporters.

Residential Lending: The bank's distribution reflects a reasonable penetration among borrowers at different income levels in this MSA. The bank made 33% of its loan to LMI families, this represents 87% of the percentage of families that are in those income categories. Based on 1996 aggregate data, WFB's 1.1% market share of home loans to LMI families is slightly below its overall market share.

Community Development Lending Activities: WFB made three loans for \$10 million to support affordable housing initiatives. These projects provided 313 low-income housing units, helping to meet one of the significant needs within the assessment area.

Western Washington Assessment Area

WFB's lending activity in this assessment area is reasonable. The bank produced 412 small business loans totaling almost \$17 million and 201 residential loans totaling more than \$8 million. Its market share of small business loans is 13% while its market share of residential loans is 4.4%.

Geographic Distribution

Small Business Lending: WFB's geographic distribution of loans to small businesses in LMI geographies in the assessment area is weak. There are no low-income geographies in this area. The bank's proportion of loans to small businesses in moderate-income areas was less than half the proportion of businesses located in those areas. Further, its 7.8% market share of lending in LMI areas was substantially less than its overall market share.

Residential Lending: WFB's distribution of residential loans also reflects a weak dispersion in the assessment area. The bank's proportion of residential loans in the moderate-income areas represents only half of the percentage of owner-occupied units that are in those areas. Based on 1996 aggregate data, WFB's market share of LMI areas did not compare favorably to its overall market share.

Borrower Distribution

Small Business Lending: The bank's distribution of loans to small businesses reflects a good responsiveness to the credit needs of small businesses within the Western Washington assessment area. Ninety percent of the small business loans were in amounts less than \$100 thousand. The dispersion to businesses with revenues less than \$1 million is also favorable. Fifty-seven percent of all business loans were made to businesses with revenues less than \$1 million.

Residential Lending: The bank's distribution reflects an adequate penetration among borrowers at different income levels in the assessment area. The bank's proportion of loans made to LMI families represents 70% of the percentage of families that are within these income categories. Based on 1996 aggregate data, WFB's 4.3% market share of residential loans to LMI families is only a little below its overall market share.

Community Development Lending Activities: During the review period WFB did not originate any community development loans in this assessment area.

Limited Scope Areas: WFB's lending performance in the Bellingham and Yakima MSAs and Skagit County, Eastern Washington and Central Washington assessment areas is consistent with the bank's lending performance in the state of Washington. Skagit County does not have any LMI areas. The bank's performance in these areas can be compared in the Aggregate Small Business and Community Development Lending Table and Residential Lending Table at the end of the Washington section.

INVESTMENT TEST

WFB's investment performance in Washington has been excellent during the review period. The bank made six investments totaling almost \$3 million, of which almost \$2 million was invested during the review period. Additionally, the bank purchased four low-income housing tax credit investments totaling almost \$6 million; \$3 million was purchased during the review period. These investments include loan funds that provide capital, financing and technical assistance to low-income entrepreneurs, rehabilitation of affordable living spaces, traditional housing development, commercial space and rental and for-sale housing limited to low and very low income individuals. WFB participated in an innovative capital investment of almost \$1 million in a community development bank (the application for this investment is pending approval by the Federal Reserve Bank.) This corporation's focus is restoration of markets and increased opportunities in under served communities. Loans will fund conservation-based development in distressed communities of southwest Washington and northwest Oregon and is a first in the area.

WFB also provided 198 grants totaling almost \$2 million. Of this amount, over \$500 thousand went to nonprofit organizations whose focus is affordable housing, small business development and community revitalization and stabilization. Several grants, totaling \$164

thousand, were made to a local affordable housing nonprofit. An \$80 thousand and a \$40 thousand grant were given to organizations targeting small business development and technical assistance services. The remainder of the grant funds were provided to a variety of nonprofit organizations providing community, educational, health, shelter and social services to LMI individuals and families.

The bank has also made investments in regional and national organizations that will help address affordable housing and small business credit needs throughout its nine state area. These investments benefit this state and its assessment areas.

The bank's investment performance demonstrates an excellent responsiveness to the state's affordable housing, small business development and community revitalization needs. Several of the investments reflect innovative approaches and demonstrate the bank's leadership in meeting identified credit needs.

Seattle CMSA

WFB's investment performance in the Seattle-Tacoma CMSA has been good during the review period. It made three investments in affordable housing and small business development providers totaling \$930 thousand, of which \$250 thousand was extended during the review period. The bank also purchased \$1.4 million in low income housing tax credits in 1994. Additionally, the CMSA benefits from the \$6 million in statewide investments. The bank also provided 153 grants totaling more than \$1 million, of which over \$450 thousand was for affordable housing and small business initiatives. Most of the grants are to nonprofit organizations located in the Seattle and Tacoma MSAs.

The bank's performance reflects a good responsiveness to the affordable housing and small business needs in the CMSA and the total and types of investments the bank made demonstrates leadership in this area.

Spokane MSA #7840

During the review period, WFB's investment performance in this MSA was excellent. The bank made 20 grants totaling \$140 thousand to a variety of nonprofit organizations. These organizations support affordable housing initiatives and shelter, education, food and social services to LMI individuals and families. Supplementing the bank's performance in the MSA was an additional \$6 million in statewide investments. This level of investment activities demonstrates excellent responsiveness to affordable housing and small business development needs within the MSA.

Western Washington Assessment Area

During this review period WFB's investment performance in this assessment area was good. It made eight grants totaling \$20 thousand to local nonprofit organizations covering affordable housing activities and community, educational and social services to LMI individuals and families. The area also benefits from the \$6 million in statewide investments.

Limited Scope Areas: WFB's investment performance in the Bellingham and Yakima MSAs and Skagit, Central and Eastern Washington assessment areas is adequate, but weaker than its investment performance in the state of Washington. In the aggregate, the bank made 17 grants totaling \$56 thousand in these areas, and they also benefit from the \$6.3 million in statewide investments. The bank's performance in these areas can be compared in the Aggregate Investment Test Table at the end of the Washington section.

SERVICE TEST

WFB's delivery systems are readily accessible to geographies and individuals of different income levels in the bank's MSA and non-MSA county assessment areas in Washington. Of the bank's 123 branches in Washington, 26% are in LMI geographies. This distribution exceeds the percentage of LMI geographies in the bank's assessment areas at 22%. Approximately 85% of the branches are traditional offices, 8% are in-store offices and 7% are other types.

The bank's opening and closing of branches has not adversely affected the accessibility of its delivery systems in its assessment areas in Washington, particularly in LMI geographies and/or to LMI individuals. During the review period, the bank closed 12 and opened 14 new branches in Washington. One of the closings was in a low-income (8%) and two were in moderate-income (17%) geographies, while three of the openings (21%) were in moderate-income geographies. The net effect did not adversely impact the overall distribution of the bank's retail branch network.

Alternative delivery systems are accessible through a variety of channels. The bank has 159 ATMs at 136 different sites throughout its assessment areas in Washington. Of the ATM sites, 22% are located in LMI geographies. This distribution equals the percentage of LMI geographies in the Washington assessment areas.

Services do not vary in a way that would inconvenience any portions of the Washington assessment areas. Branch service hours in Washington are typical of that of the bank overall. All of the branches offer at least five day a week banking. Thirty-three (27%) of the 104 traditional branches in Washington offer Saturday banking including 27% of branches located in LMI geographies and 33% of branches in middle- and upper-income geographies. The in-store branches all offer seven day a week banking.

The bank provides a good level of community development services in Washington. One service was identified that benefits the state-wide area including the bank's assessment areas. In addition, 25 services were identified that specifically target the bank's assessment areas in Washington. Some of the organizations the bank has become involved with include a neighborhood council that promotes economic revitalization, a developer of affordable housing, a housing development association that provides credit counseling, and a builder/developer of affordable housing.

Seattle CMSA

WFB's delivery systems are readily accessible to geographies and individuals of different income levels in the CMSA. Of the bank's 104 branches in the CMSA, 23% are located in LMI geographies.

The bank's opening and closing of branches has not adversely affected the accessibility of its delivery systems in the CMSA, particularly in LMI geographies or to LMI individuals. During the review period, the bank closed 11 branches and opened 11 new branches in the CMSA. It closed one branch in a low-income area and two branches in moderate-income areas, while only one of the branches opened was in a moderate-income area. It must be noted, however, that effective and accessible alternative delivery systems were in place prior to the closures of the branches. In addition, the net effect did not adversely impact the overall distribution of the bank's retail branch network in the CMSA.

WFB's alternative delivery systems are accessible through a variety of channels. The bank's services do not vary in a way that would inconvenience any portion of the CMSA. Branch service hours are typical of all its branches in the state.

WFB provides a good level of community development services in the CMSA. In addition to the service that is offered on a statewide basis, 18 qualified services were identified that specifically target the CMSA. The services address affordable housing, economic development and credit counseling. Some of the organizations the bank has become involved with include a neighborhood council that promotes economic revitalization, a developer of affordable housing, a housing development association that provides credit counseling, and a community reinvestment association.

Spokane MSA #7840

WFB's delivery systems are reasonably accessible in this MSA, given the its limited presence. Of the nine branches in the MSA, 22% (2) are located in LMI census tracts.

The bank's opening and closing of branches has not adversely affected the accessibility of its delivery systems in the MSA, particularly in LMI geographies and/or to LMI individuals.

During the review period, the bank closed one and opened one new branch in the MSA. Both of the branches were in middle-income geographies.

Alternative delivery systems available in the MSA include systems offered on a bank-wide basis. Services do not vary in a way that would inconvenience any portions of the MSA. Branch service hours in the MSA are typical of the bank's branches in Washington.

The bank provides a good level of community development services in the MSA. In addition to services that are provided on a state-wide basis, six qualified services were identified that specifically target the MSA. The services address affordable housing (Habitat for Humanity), economic development and credit counseling (Spokane Neighborhood Centers).

Western Washington Assessment Area

WFB's delivery systems are readily accessible to all portions of this assessment area. Of the bank's three branches in the assessment area, one is in a moderate-income area.

The bank's opening and closing of branches has not adversely affected the accessibility of its delivery systems in the assessment area, particularly in moderate-income geographies and/or to LMI individuals. During the review period, the bank opened a branch in a moderate-income area. This action increased the level of services available to moderate-income areas and to LMI individuals.

Alternative delivery systems available in the assessment area include systems offered on a bank-wide basis. Services do not vary in a way that would inconvenience any of the assessment area. Branch service hours are typical of the bank's branches in Washington.

WFB participated in one community development service targeted to this assessment area, the Aberdeen Neighborhood Housing Services. This area also benefits from the services provided on a state-wide basis.

Limited Scope Areas: WFB's service performance in the Yakima MSA, Central Washington, and Skagit County is consistent with its service performance in the state of Washington. The bank's service performance in the Bellingham MSA and Eastern Washington assessment areas is adequate, but weaker than its service performance in the state of Washington. However, no community development services targeted to the Eastern Rural and Central Rural assessment areas were identified. These areas may benefit from the service provided on a state-wide basis. The bank's performance in these areas can be compared in the Aggregate Delivery Channels Table at the end of the Washington section.

WASHINGTON AGGREGATE TABLES

WELLS FARGO BANK, NA AGGREGATE SMALL BUSINESS, SMALL FARM AND COMMUNITY DEVELOPMENT LENDING												
State: WASHINGTON Assessment Areas	Demographics		Market Share		% of Bank's Loans in LMI CTs	% of Loans less than \$100,000	% of Loans to Small Businesses —	Bank Totals		Avg. Loan (000s)	Community Development Loans	
	% of Small Businesses in LMI CTs	% of Reporters' Loans in LMI CTs*	Overall	LMI CTs				#	\$(000s)		#	\$(000s)
BELLINGHAM #0860	23%	21%	2.67%	2.80%	27%	93%	53%	162	\$7,065	\$44	0	\$0
SEATTLE CMSA	23	22	7.90	7.87	22	92	45	6,436	300,127	47	3	17,352
SPOKANE #7840	38	44	6.50	5.83	39	90	47	684	34,890	51	3	10,090
YAKIMA #9260	36	31	7.98	7.48	30	90	49	405	20,535	51	2	5,600
SKAGIT County	0	0	4.42	0.00	0	NA	50	142	3,794	27	0	0
WESTERN Washington	22	18	13.03	7.80	10	NA	57	412	16,982	41	0	0
EASTERN Washington	26	22	6.87	11.54	29	NA	55	40	1,418	35	0	0
CENTRAL Washington	19%	18%	5.57%	7.06%	15	NA	79	211	8,863	42	1	3,650
Total States					23%	92%	47%	8,492	\$393,674	\$46	9	\$36,692

(*) 1996 CRA Small Business Reporters

(—) Percent of loans to businesses with revenues less than \$1 million. Borrower revenue size was not known on 41% of the loans.

WELLS FARGO BANK, NA AGGREGATE RESIDENTIAL LENDING										
State: WASHINGTON Assessment Areas	Demographics		Lending Distribution		Market Share*			#	\$ (000s)	Avg. Loan (000s)
	% Owner Occupied in LMI CTs	% LMI Families	in LMI CTs	to LMI Borrowers	Overall	LMI CTs	LMI Borrower			
BELLINGHAM #0860	11%	37%	0%	0%	0.15%	0.00%	0.11%	0	\$0	??
SEATTLE CMSA	11	36	12	42	1.04	1.20	1.20	1,530	74,161	48
SPOKANE #7840	21	38	15	33	1.37	0.88	1.11	231	14,510	63
YAKIMA #9260	26	39	25	35	1.12	1.29	1.02	67	2,394	36
SKAGIT County	NA	32	NA	20	1.99	NA	1.83	41	1,952	48
WESTERN Washington	10	37	6	25	4.44	2.49	4.26	201	8,457	42
EASTERN Washington	14	36	33	0	0.45	1.64	0.00	3	105	35
CENTRAL Washington	16%	43%	9	44	2.85%	1.43%	3.57%	45	1,771	39
Total			12%	39%				2,118	\$103,350	\$49

(*) 1996 HMDA Reporter Market Share

AGGREGATE ASSESSMENT AREAS - INVESTMENT TEST									
State (ST): WASHINGTON Assessment Areas:	Affordable Housing and Economic Development			Contributions/ Grants			Total Investments		
	#	% # ST	\$ (000s)	#	% # ST	\$ (000s)	#	% # ST	\$ (000s)
BELLINGHAM #0860	0	0%	\$0	5	3%	\$20	5	2%	\$20
SEATTLE CMSA	5	50	2,280	153	77	1,331	158	76	3,611
SPOKANE #7840	0	0	0	20	10	140	20	10	140
YAKIMA #9260	0	0	0	5	3	22	5	2	22
SKAGIT County	0	0	0	2	1	3	2	1	3
CENTRAL WASHINGTON	0	0	0	3	2	6	3	1	6
EASTERN WASHINGTON	0	0	0	2	1	5	2	1	5
WESTERN WASHINGTON	0	0	0	8	4	20	8	4	20
Statewide	5	50%	6,261	0	0%	0	5	2%	6,261
Total State (ST)	10		\$8,541	198		\$1,547	208		\$10,08

WELLS FARGO BANK, NA AGGREGATE DELIVERY CHANNELS																	
State: Washington Assessment Area:	Deposits		# of Branches				% Branches in		# of ATM Sites	% ATM Sites in		# Branches		% Opened in:		% Closed in:	
	\$'s 06/30/98 (millions)	% of Bank	Traditional Offices	In-Store Offices	Other Offices	Total	Low CT	Mod CT		Low CT	Mod CT	Opened	Closed	Low CT	Mod CT	Low CT	Mod CT
BELLINGHAM #0860*	\$0	0%	0	0	1	1	NA	100%	1	NA	100%	1	0	NA	100%	NA	0%
SEATTLE CMSA	1,623	2%	91	8	5	104	1%	22	115	1%	20	11	11	0%	9	9	18
SPOKANE #7840	147	< 1%	8	1	0	9	11	11	10	10	10	1	1	0	0	0	0
YAKIMA #9260	55	< 1%	2	0	1	3	67	0	2	50	0	0	0	0	0	0	NA
SKAGIT County	16	< 1%	1	0	0	1	NA	NA	1	NA	NA	0	0	NA	NA	NA	NA
CENTRAL Washington	26	< 1%	1	0	1	2	NA	100	2	NA	50	0	0	NA	0	NA	0
EASTERN Washington**	0	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	NA	NA
WESTERN Washington	34	< 1%	1	1	1	3	NA	33	5	NA	20	1	0	NA	100	NA	0
Total State	\$1,901	3%	104	10	9	123	3%	23%	136	2%	20%	14	12	0%	21%	8%	17%
Total Bank	\$65,632	100%															

(*) The branch in this assessment area opened on 6/27/97.

(**) The bank sold its branch in this assessment area to another financial institution during the third quarter of 1997.

Las Vegas, Nevada - Mohave, Arizona Multistate MSA

Las Vegas Multistate MSA Rating

CRA Rating for the Las Vegas, Nevada - Mohave, Arizona MSA⁵: Satisfactory.

The lending test is rated: High Satisfactory

The investment test is rated: High Satisfactory

The service test is rated: High Satisfactory

Description of Institution's Operations in the Las Vegas, Nevada - Mohave, Arizona Multistate MSA

WFB has defined two assessment areas in the Multistate MSA. The Nevada assessment area includes Clark and Nye Counties. Its principal cities are Las Vegas and North Las Vegas. The Nellis Air Force Range and the Toiyabe National Forest dominate Nye County. The Arizona segment of the assessment area includes Mohave County. Its principal cities are Bullhead City and Kingman. The population of the Multistate MSA is distributed, 89% in Nevada and 11% in Arizona.

The MSA's economy has grown and diversified with the attraction and development of a broader range of businesses. Las Vegas is a major gaming, convention, and resort destination for domestic and foreign visitors. The city has more than 90,000 hotel rooms, with an additional 16,000 under construction or development. Although, hotels, gaming, and resorts as a group have grown in total number of jobs, they've declined in total employment share. Other major employment sectors are professional and other services, trade, government, and construction.

The significant increase in population compounds the need for financing affordable housing. The Department of Housing and Urban Development (HUD) reports that median home purchase prices and median contract rental rates have increased more rapidly than median income. Feedback from community groups indicate that along with affordable housing loans, small business loans are needed to keep pace with the growth of small businesses in the area.

⁵This rating reflects performance within the multistate metropolitan area. The statewide evaluations are adjusted and do not reflect performance in the parts of those states contained within the multistate metropolitan area.

MULTI STATE MSA PROFILE: LAS VEGAS/MOHAVE # 4120						
Demographic Characteristics	#	\$	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Population (#)	852,737		19%	19%	23%	39%
Median Income(\$)		\$46,900				
Census Tracts	159		7	22	48	23
Unemployment Rate - June 30, 1998	4.7%					
Owner Occupied Housing (#)	180,309		2	13	48	37
Median Housing Value (\$)		\$91,051				
Small Businesses	35,260		5%	17%	49%	29%

Conclusions with Respect to Performance Tests in the Las Vegas, Nevada - Mohave, Arizona Multistate MSA

- " **WFB's lending performance in this assessment area represents an overall good response to the community's credit needs.**
- " **The level of its investments and grants provided here is good demonstrating a positive responsiveness to the community's needs.**
- " **Delivery systems are reasonably accessible to individuals and geographies of different income levels. WFB also provides a relatively good level of community development services here.**

LENDING TEST

WFB is an excellent small business lender in the Las Vegas Multistate MSA. During the review period, it made three thousand small business loans totaling more than \$112 million. The bank's small business lending activity includes small farm lending. The small farm lending activity makes up only 1% of the number and less than 3% of the dollars in small business lending. Therefore we did not isolate this component in our analysis. WFB is a nominal residential lender, a profile consistent with the bank's overall strategy. During the review period, the bank booked over one thousand loans for more than \$52 million. In 1996, WFB's market share of small business lending was less than 12% and its share of residential lending was less than 2%.

Geographic Distribution

Small Business Lending: WFB's percentage of small business loans to LMI areas during the review period was good, considering the proportion of small businesses residing in those areas. The percentage of its loans to smaller businesses in LMI areas was also good when viewed against demographic profiles. In 1996, WFB's percentage of lending to LMI areas was good and generally in line with the performance of other market lenders.

Residential Lending: The percentage of the bank's residential lending in low income areas during the review period was low when compared to the level of owner occupied units in those areas. A mitigating factor is that its performance was not materially below the performance of other market lenders back in 1996. Residential lending to the moderate income areas was comparable. For LMI area lending as a whole for 1996, WFB's percentage of residential lending here was adequate when compared to the performance of other market lenders. WFB's LMI market share was only slightly below its overall market share.

Borrower Distribution

Small Business Lending: WFB's overall loan distribution by borrower profile was excellent. Nearly all of its small business loans made during the review period were under \$100 thousand in size, surpassing other market lenders in this component. In 1996, nearly two-thirds of the bank's small business loans went to such companies, whereas other market lenders averaged 45%.

Residential Lending: WFB's percentage of residential lending to low income families for the full review period was excellent, exceeding demographics by a significant 30% margin. Performance to moderate income borrowers was not as active, but at a good level. On an overall LMI borrower basis, WFB's percentage to this group in 1996 was good as its share was essentially consistent with its overall market share.

Community Development Lending: WFB provided a large dollar level of community development lending through two major affordable housing projects totaling \$21 million. Together, these projects provided 456 affordable rental units, all of which were restricted to low-income families.

INVESTMENT TEST

The level of the WFB's investments and grants in the Las Vegas Multi-State MSA is good and demonstrates a positive responsiveness to the needs of its assessment area. WFB provided three investments totaling \$2.7 million and 49 grants for \$265 thousand. Together these investments and grants represent a significant volume relative to the bank's capital and deposit levels associated with this geography. The grants helped promote economic

development, affordable housing, and services targeted to LMI persons. One investment will help create about 75 new jobs in LMI areas through small business lending; another will provide technical and managerial assistance to economically disadvantaged entrepreneurs; and the third represents an investment in the National Equity Fund.

The bank also took a leadership role in its investment with the Las Vegas Business Incubator by being the only bank investor in the program. This organization provides technical and managerial assistance to economically disadvantaged entrepreneurs and is the only known incubator in the assessment area

SERVICE TEST

WFB operates 60 branches (41 full service) and 79 ATM sites in the Multi state Las Vegas MSA. The delivery system is reasonably accessible to individuals and geographies of different income levels. Eighteen per cent of the branches and 13% of the ATM sites are in LMI geographies where 22% of the households are located. Further analysis shows that 38% of the branches and 35% of the ATM sites are within one mile of LMI geographies, as well. The proximity of these facilities helps to mitigate the distribution of the bank's delivery system. All of WFB's alternative delivery systems are available to customers and potential customers in Las Vegas.

Operating hours at the branches are generally 9:00 a.m. to 6:00 p.m., Monday through Friday and 9:00 a.m. to 2:00 p.m. on Saturday. Three offices, one in a low-income geography and two in moderate-income geographies, do not maintain Saturday hours. Two of those offices also maintain somewhat reduced weekday hours. These variations are attributed to reduced weekend traffic in downtown LMI areas and the daily limited service requirements of the motor bank, a drive-in operation.

Overall, the delivery system in Las Vegas was enhanced during the review period with the addition of 25 offices, while seven closed. Three of the new offices are in LMI geographies, as was one which closed. Therefore, most of the enhancement in direct service benefited upper- and middle-income geographies. Nonetheless, one branch in Las Vegas was retained, despite WFB's analyses indicating closure, in order to continue to serve an LMI geography.

WFB provides a relatively good level of community development services in Las Vegas, with 13 qualified services identified. These services are broadly distributed and address home buyer counseling, economic revitalization, affordable housing and financial planning.

WELLS FARGO BANK, NA AGGREGATE SMALL BUSINESS, SMALL FARM AND COMMUNITY DEVELOPMENT LENDING												
Multistate MSA	Demographics		Market Share		% of Bank's Loans			Bank Totals		Avg. Loan (000s)	Community Development Loans	
	% of Small Businesses in LMI CTs	% of Reporters' Loans in LMI CTs*	Overall	LMI CTs	in LMI CTs	less than \$100,000	to Small Businesses—	#	\$(000s)		#	\$(000s)
LAS VEGAS/MOHAVE	22%	19%	11.58%	11.25%	17%	94%	51%	3,040	\$112,545	\$37	2	\$21,125

(*) 1996 CRA Small Business Reporters

(—) Percent of loans to businesses with revenues less than \$1 million. Borrower revenue size was not known on 40% of the loans.

WELLS FARGO BANK, NA AGGREGATE RESIDENTIAL LENDING										
Multistate MSA	Demographics		% of Bank's loans		Market Share*			#	\$ (000s)	Avg. Loan (000s)
	% Owner Occupied in LMI CTs	% LMI Families	in LMI CTs	to LMI Borrowers	Overall	LMI CTs	LMI Borrower			
LAS VEGAS/MOHAVE	15%	37%	7%	39%	1.45%	1.35%	1.42%	1,024	\$52,499	\$51

(*) 1996 HMDA Reporter Market Share

WELLS FARGO BANK, NA AGGREGATE QUALIFIED INVESTMENTS									
Multistate MSA:	Affordable Housing and Economic Development			Contributions/ Grants			Total Investments		
	#	% # Bk	\$ (000s)	#	% # Bk	\$ (000s)	#	% # Bk	\$ (000s)
LAS VEGAS/MOHAVE	3	4%	\$2,650	49	2%	\$265	52	2%	\$2,915

WELLS FARGO BANK, NA AGGREGATE DELIVERY CHANNELS																		
Multistate MSA:	Deposits		# of Branches				% Branches in		# of ATM Sites	% ATM Sites in		# Branches		% Opened in:		% Closed in:		
	\$'s 06/30/98 (millions)	% of Bank	Traditional Offices	In-Store Offices	Other Offices	Total	Low CT	Mod CT		Low CT	Mod CT	Opened	Closed	Low CT	Mod CT	Low CT	Mod CT	
LAS VEGAS/MOHAVE	\$1,430	2%	24	17	19	60	8%	10%	79	6%	7%	25	7	8%	4%	0%	14%	
Total Bank	\$65,632	100%																

Portland, Oregon - Vancouver, Washington Multistate MSA

Portland - Vancouver Multistate CMSA Rating

CRA Rating for Portland, Oregon - Vancouver, Washington⁶: Satisfactory

The lending test is rated: High Satisfactory

The investment test is rated: High Satisfactory

The service test is rated: High Satisfactory

Description of Institution's Operations in the Portland - Vancouver CMSA

WFB is a full service bank operating in the Portland and Salem, Oregon and Vancouver, Washington areas. These areas are a Multistate CMSA. The Portland area encompasses the counties of Multnomah, Washington, Clackamas, Columbia, and Yamhill. The Salem MSA consists of Marion and Polk counties and is located adjacent to Portland. The Vancouver area encompasses Clark County. Major competitors include Bank of America, U.S. Bank and Key Bank.

The Portland portion of the CMSA has seen strong economic growth since 1990, fueled by expansion in the high-tech, international trade, construction and retail sectors. The Portland metropolitan area has over 50% of the state's population and is the center of Oregon's high-technology industry. Population growth has been substantial and is expected to continue. Despite such growth, median wages have tended to remain flat. At the same time, there have been significant increases in housing prices, creating a substantial affordability gap.

Housing has been an area of special emphasis. As part of a long term strategy to avoid urban sprawl, the Portland area is trying to increase the number of dwelling units and jobs within the central city. As such, there are opportunities for in-fill development for both rental units and home ownership. In the more rural areas, there is an increasing need for farm worker housing as the population becomes less transient. The area is also seeing strong growth in the small business sector, in part due to the high-tech boom. However, because of the large number of start-up companies, venture capital has been an issue of concern. Small businesses with less than 50 employees make up 94% of Portland's business firms.

Salem is the capital of Oregon and has a large population of state government workers. However, state budget reductions have trimmed this workforce. Agriculture is the major industry within the MSA with light manufacturing, distribution and food processing playing an increasing role in the area economy. Home and land prices have risen substantially in the past five years. Farm worker housing is needed, although the trend is to build year-round,

⁶This rating reflects performance within the multistate metropolitan area. The statewide evaluations are adjusted and do not reflect performance in the parts of those states contained within the multistate metropolitan area.

rather than seasonal worker housing, as many migrant workers are trying to settle in the area. As development land becomes more scarce in Portland, builders and home buyers are looking to Salem to find affordable properties. Business growth in the Salem area has been strong the past five years. In addition, as in Portland, small businesses are expanding or being created to take advantage of international trade opportunities. Secondary wood products manufacturing businesses are becoming prominent as primary timber-related jobs continue to diminish.

The Vancouver portion of the MSA is Washington's fastest growing city and is now its fourth largest. The majority of the area's businesses cater to consumers in the form of retail trade, personal services, and government including social and health services. Higher wage earners are typically located in Portland. The area has attracted high-tech investments. A number of such companies have established major production facilities in the area. Clark County generally has a smaller share of its workforce in managerial, professional and technical positions, and a higher share in skilled trade and semi-skilled blue collar occupations. For the past decade, Clark County has had one of the most dynamic economies in the state, fueled by a diverse industrial base, inflow of high-tech investments, and differing tax structure from Oregon. Major employers include the paper and wood firms, metal processing plants, textiles and high-tech companies.

MULTISTATE MSA PROFILE: PORTLAND-VANCOUVER CMSA #6 440						
Demographic Characteristics	#	\$	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Population (#)	1,793,476		18%	19%	25%	38%
Median Income(\$)		\$37,032				
Census Tracts	407		2	20	57	18
Unemployment Rate- June 30, 1998	4.2%					
Owner Occupied Housing (#)	427,452		1	13	65	22
Median Housing Value (\$)		\$73,414				
Small Businesses	80,290		1%	21%	61%	16%

Conclusions with Respect to Performance Tests in the Portland, Oregon - Vancouver, Washington Assessment Area

- " WFB's lending performance is good. The bank's geographic distribution of loans to small businesses was generally good. Its geographic distribution of residential loans was good, particularly in LMI areas.**
- " WFB shows a good level of community development lending.**
- " The bank's level of community development investments is also good.**
- " WFB's delivery systems are accessible.**

LENDING TEST

WFB is a good small business lender in the Portland CMSA. During the review period, it made almost eight thousand small business loans totaling more than \$367 million. The bank's small business lending activity includes small farm lending. The small farm lending activity makes up only 1% of the number and less than 3% of the dollars in small business lending. Therefore we did not isolate this component in our analysis. WFB is a nominal residential lender, a profile consistent with the bank's overall strategy. During the review period, the bank 2,242 loans for \$91 million. In 1996, WFB's market share of small business lending was almost 12% and its share of residential lending was almost 2%.

Geographic Distribution:

Small Business Lending: WFB's geographic distribution of loans to small businesses in LMI census tracts in this CMSA is good. The bank's proportion of loans to small businesses in LMI tracts was just below the proportion of the businesses located in those tracts. Based on 1996 aggregate data, WFB's percentage of loans in LMI census tracts was slightly below the percentage loans reported by all lenders in the CMSA. WFB's 12.6% market share of loans to businesses in LMI tracts exceeds its overall market share.

Residential Lending: WFB's distribution of residential loans reflects a good dispersion in this CMSA. The bank's proportion of residential loans in the LMI census tracts equals the percentage of owner-occupied units that are in those census tracts. Based on 1996 aggregate data, WFB's 1.7% market share of residential loans in LMI census tracts is below its overall market share.

Borrower Distribution:

Small Business Lending: WFB's distribution of loans to small businesses reflects a good responsiveness to the credit needs of smaller businesses within the CMSA. The bank extended 84% of its small business loans in amounts less than \$100 thousand. Further, it made 45% of its small business loans to businesses with revenues less than \$1 million. Based on 1996 aggregate data, the bank's percentage of small loans to businesses in amounts less than \$100 thousand exceeded the percentage of similar loans made by the all market reporters.

Residential Lending: WFB's distribution reflects an good penetration among borrowers at different income levels in the CMSA. The bank's proportion of loans made to LMI families compares favorably to the percentage of families that are within those income categories. Based on 1996 aggregate data, WFB's 2% market share of residential loans equals its overall market share.

Community Development Lending Activities: WFB made seven loans for more than \$15 million to support affordable housing initiatives. These projects provided 386 low-income housing units, helping to meet a significant need within the CMSA.

INVESTMENT TEST

WFB's investment performance in the Portland-Vancouver Multistate CMSA has been good during the review period. It made a \$100 thousand investment in a CDFI serving residents, especially low-income individuals and families, and small businesses in north/northeast Portland. The bank also purchased a \$100 thousand below-market rate certificate of deposit in a community development credit union serving Oregon's Lane County. Additionally, the bank purchased almost \$9 million in LIHTCs; almost \$6 million during the review period.

The bank has also made investments in regional and national organizations that will help address affordable housing and small business credit needs throughout it nine state area. These investments benefit this multistate assessment area.

WFB's made 127 grants totaling almost \$2 million. Of this amount, over \$240 thousand went to organizations targeting affordable housing and economic development. The remaining grants were given to a variety of nonprofit organizations providing community, educational, shelter, food, health and social services to LMI individuals and families.

WFB's investment performance demonstrates a good responsiveness to affordable housing and small business needs in the CMSA. The dollar volume of investments and the potential complexity of the LIHTC deals reflects the bank's commitment in this area. Further,

management's participation in the creation of several LIHTC deals and financial guidance to the fund coordinating the LIHTC projects.

SERVICE TEST

WFB's delivery systems are accessible to all portions of the Portland-Salem, Oregon-Washington Multi-state CMSA. Of the 91 branches in the CMSA, 22% are located in LMI geographies.

The bank's opening and closing of branches has generally not adversely affected the accessibility of its delivery systems in the CMSA, particularly in LMI geographies and/or to LMI individuals. During the review period, the bank closed 23 and opened 32 new branches in the CMSA. Five of the closures were in LMI geographies versus four of the openings in LMI geographies. The net effect did not adversely impact the overall distribution of the bank's retail branch network. In addition, the bank retained a branch as part of its CRA Branch Review process despite under performing revenue growth and profitability in order to continue to serve LMI geographies and/or individuals.

Alternative delivery systems include systems offered on a bank-wide basis. Services do not vary in a way that would inconvenience any portion of the CMSA. Branch service hours in the CMSA are typical compared to the overall bank.

The bank provides a good level of community development services in the CMSA. In addition to three services that benefit the state-wide areas including the CMSA, twenty services were identified that specifically target the CMSA. Examples of the organizations the bank supports include homebuyer counseling in Vancouver is provided through a housing resource center; economic development through a state department; and credit counseling through a housing center.

WELLS FARGO BANK, NA AGGREGATE SMALL BUSINESS, SMALL FARM AND COMMUNITY DEVELOPMENT LENDING												
Multistate MSA	Demographics		Market Share		% of Bank's Loans			Bank Totals		Avg. Loan (000s)	Community Development Loans	
	% of Small Businesses in LMI CTs	% of Reporters' Loans in LMI CTs*	Overall	LMI CTs	in LMI CTs	less than \$100,000	to Small Businesses—	#	\$(000s)		#	\$(000s)
PORTLAND CMSA	22%	22%	11.93%	12.58%	21%	84%	45%	7,800	\$367,040	\$47	7	\$15,323

(*) 1996 CRA Small Business Reporters

(—) Percent of loans to businesses with revenues less than \$1 million. Borrower revenue size was not known on 39% of the loans.

WELLS FARGO BANK, NA AGGREGATE RESIDENTIAL LENDING										
Multistate MSA	Demographics		% of Bank's loans		Market Share*			#	\$ (000s)	Avg. Loan (000s)
	% Owner Occupied in LMI CTs	% LMI Families	in LMI CTs	to LMI Borrowers	Overall	LMI CTs	LMI Borrower			
PORTLAND CMSA	13%	36%	12%	35%	1.99%	1.72%	1.98%	2,242	\$91,316	\$41

(*) 1996 HMDA Reporter Market Share

WELLS FARGO BANK, NA AGGREGATE QUALIFIED INVESTMENTS									
Multistate MSA:	Affordable Housing and Economic Development			Contributions/ Grants			Total Investments		
	#	% # Bk	\$ (000s)	#	% # Bk	\$ (000s)	#	% # Bk	\$ (000s)
PORTLAND CMSA	6	8%	\$8,850	127	6%	\$1,49	133	6%	\$10,345

WELLS FARGO BANK, NA AGGREGATE DELIVERY CHANNELS																	
Multi-State: Portland & Salem, OR & Vancouver, WA Assessment Area:	Deposits		# of Branches				% Branches in		# of ATM Sites	% ATM Sites in		# Branches		% Opened in:		% Closed in:	
	\$'s 06/30/97 (millions)	% of Bank	Traditional Offices	In-Store Offices	Other Offices	Total	Low CT	Mod CT		Low CT	Mod CT	Opened	Closed	Low CT	Mod CT	Low CT	Mod CT
PORTLAND CMSA	\$1,769	3%	59	25	7	91	1%	21%	167	1%	21%	32	23	0%	12%	4%	22%
Total Bank	\$65,632	100%															

Appendix A: Scope of Examination

The table that follows identifies the time period covered in this review, affiliate activities that we may have been reviewed, the bank's loan products we considered, and the assessment areas that received comprehensive examination analysis (designated by on-site analysis).

Time Period Reviewed		January 1, 1996 to March 31, 1998				
Financial institution			Products reviewed			
Wells Fargo Bank, National Association (WFB) San Francisco, California			Residential, Small Business, Small Farm and Consumer			
List of Assessment Areas and Type of Examination						
Assessment Area			Type of Exam	Discussion of area's performance (page number)		
				Lending	Investments	Services
Arizona						
MSA	Flagstaff	#2620	limited scope	33	35	38
MSA	Phoenix	#6200	full scope	29	34	36
MSA	Tucson	#8520	full scope	31	34	37
MSA	Yuma	#9360	limited scope	33	35	38
	Rural Arizona		full scope	32	34	37
California						
MSA	Bakersfield	#0680	full scope	58	76	78 & 80
MSA	Chico	#1620	limited scope	71	76	80
MSA	Fresno	#2840	full scope	68	76	77 & 80
CMSA	Los Angeles		full scope	58	74	77 & 79
MSA	Merced	#4940	limited scope	71	76	80
MSA	Modesto	#5170	full scope	68	76	77 & 80
MSA	Redding	#6690	limited scope	71	76	80
CMSA	Sacramento		full scope	58	74	78 & 79
MSA	Salinas	#7120	full scope	68	76	77 & 80
MSA	San Diego	#7320	full scope	58	74	77 & 80
CMSA	San Francisco		full scope	58	74	77 & 79
MSA	San Luis Obispo	#7460	limited scope	71	76	80
MSA	Santa Barbara	#7480	full scope	58	76	77 & 80
MSA	Stockton	#8120	full scope	68	76	78 & 80
MSA	Visalia	#8780	full scope	58	76	77 & 80
MSA	Yuba	#9340	limited scope	71	76	80
	Northern California		full scope	68	76	77 & 80
	Sierra Nevadas		limited scope	71	76	80
	Imperial County		limited scope	71	76	80
	Kings County		limited scope	71	76	80
	San Benito County		limited scope	71	76	80

Assessment Area	Type of Exam	Discussion of area's performance (page number)		
		Lending	Investments	Services
Colorado CMSA Denver Elbert County	full scope full scope	91 91	92 92	92 92
Idaho MSA Boise #1080 MSA Pocatello #6340 Central Idaho Eastern Idaho Northern Idaho Western Idaho Moscow, Idaho	full scope limited scope full scope limited scope limited scope limited scope limited scope	100 102 101 102 102 102 102	103 103 103 103 103 103 103	104 105 104 105 105 105 105
Nevada MSA Reno #6720 Rural Nevada	full scope full scope	114 114	115 115	116 116
Las Vegas, NV-AZ Multistate MSA #4120	full scope	180	181	182
New Mexico MSA Albuquerque #0200 MSA Santa Fe #7490	full scope full scope	124 125	125 125	126 126
Oregon MSA Eugene #2400 MSA Medford #4890 Rural Oregon	full scope limited scope full scope	134 134 135	137 136 137	138 139 138
Portland, OR-WA & Salem, OR Multistate CMSA	full scope	188	189	190
Utah MSA Provo - Orem #6520 MSA Salt Lake City #7160 Northern Rural Utah Southwestern Rural Utah Carbon County Summit County	full scope full scope full scope limited scope limited scope limited scope	148 149 150 148 148 148	151 152 152 151 151 151	152 153 153 152 152 152
Washington: MSA Bellingham #0860 CMSA Seattle MSA Spokane #7840 MSA Yakima #9260 Eastern Washington Central Washington Western Washington Skagit County	limited scope full scope full scope limited scope limited scope limited scope full scope limited scope	169 166 167 169 169 169 168 169	171 170 170 171 171 171 171 171	173 172 172 173 173 173 173 173