



**LARGE BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **Public Disclosure**

February 1, 2000

# **Community Reinvestment Act Performance Evaluation**

Wells Fargo Bank Minnesota, N.A.  
Charter Number: 2006

Sixth and Marquette  
Minneapolis, Minnesota 55479

Office of the Comptroller of the Currency

Office of the Comptroller of the Currency  
Large Bank Supervision (Mail Stop 6-1)  
Washington, D.C. 20219-0001

**NOTE: This evaluation is not, and should not 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 Minnesota** prepared by the **Office of the Comptroller of the Currency (OCC)**, the institution's supervisory agency, as of **February 1, 2000**. 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.*

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this Performance Evaluation. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate** - Any company that controls, is controlled by, or is under common control by another company. A company is under common control with another company if both companies are directly or indirectly controlled by the same company. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Block Numbering Area (BNA)** - Statistical subdivisions of counties in which census tracts have not been established. BNAs have been established by the United States Census Bureau in conjunction with state agencies.

**Census Tract (CT)** - Small, locally defined statistical areas within metropolitan statistical areas. These areas are determined by the United States Census Bureau in an attempt to group homogenous populations. A CT has defined boundaries per ten year census and an average population of 4,000.

**Community Development (CD)** - Affordable housing for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

**Community Reinvestment Act (CRA)** - The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**Full-Scope Review** - Performance under the Lending, Investment and Service Tests is analyzed considering fully understood performance context, quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, branch distribution) and qualitative factors (e.g., innovation, complexity).

**Geography** - A census tract or a block numbering area delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA)** - The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, and the disposition of the application (e.g., approved, denied, withdrawn).

**Home Mortgage Loans** - Such loans include home purchase and home improvement loans, as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwellings loans, loans for the purchase of manufactured homes and refinancing of home improvement and home purchase loans.

**Limited-Scope Review** - Performance under the Lending, Investment and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, branch distribution).

**Low-Income** - Income levels that are less than 50% of the median family income.

**Median Family Income (MFI)** - The median income determined by the United States Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

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

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

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

**Small Business Loans** - Loans with original amounts of \$1 million or less that are: (1) secured by non-farm nonresidential properties; or (2) commercial and industrial loans to U.S. addresses.

**Small Farm Loans** - Loans with original amounts of \$500 thousand or less that are: (1) secured by farmland; or (2) to finance agricultural production and other loans to farmers.

**Tier 1 Capital** - The total of common shareholders' equity, perpetual preferred shareholder's equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

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

## Overall CRA Rating

**Institution's CRA Rating:** This institution is rated "Outstanding."

The following table indicates the performance level of **Wells Fargo Bank Minnesota, N.A.** with respect to the Lending, Investment, and Service Tests:

<b>Performance Levels</b>	Wells Fargo Bank Minnesota, N. A. Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding	X		X
High Satisfactory		X	
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

\* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.

The major factors that support this rating include:

- An excellent volume of lending including LMI geographies and LMI borrowers.
- An excellent borrower distribution of home mortgage loans.
- A good level of community development lending.
- A good level of community development investments.
- An excellent distribution of delivery systems that make the bank services accessible to geographies and individuals of different income levels in the assessment areas.
- A good level of community development services.

## Description of Institution

Wells Fargo Bank Minnesota, National Association (WFMN), is headquartered in Minneapolis, Minnesota. WFMN was formerly known as Norwest Bank Minnesota, NA. Wells Fargo & Company changed the name of the bank in 2000. This intrastate bank conducts business through 85 branches operating in two assessment areas (AA) in Minnesota. All but one of the branches are located in the Minneapolis-St. Paul MSA. The bank has one branch in the Sibley County AA. WFMN is a full service bank offering a wide array of services and loan products.

WFMN is a subsidiary of Wells Fargo & Company (WFC), San Francisco, California. WFC is a multi-bank holding company, resulting from the recent merger of Norwest and Wells Fargo Corporation. Norwest Corporation was formerly headquartered in Minneapolis, Minnesota. WFC has total assets in excess of \$200 billion and conducts business through almost 3,000 offices and over 6,000 ATMs in 21 states.

As of September 30, 1999, the bank reported total assets of \$34 billion; total deposits of \$19 billion, which includes \$6 billion in foreign deposits; and Tier 1 Capital of \$2 billion. Loans, net of reserves, totaled \$16 billion. Commercial and industrial financing (not secured by real estate) accounted for 31 percent of the portfolio. Loans for personal use accounted for 9 percent of the portfolio. The remainder of the portfolio is largely secured by real estate for one to four family purposes, as well as, construction, land development, personal use, and farming. Additional home mortgage lending is offered through the bank's affiliates, Wells Fargo Home Mortgage, Inc. (WFHM), and Wells Fargo Funding, Inc. (WFFI). WFHM and WFFI work together to purchase residential mortgages from correspondent bank relationships. These mortgages come from all income levels of geography and borrower. Our assessment of WFFI's activity did not reveal an adverse impact on WFMN's capacity for CRA reinvestment. At the request of management and in accordance with provisions of CRA, this evaluation considered lending activities of these affiliates in this evaluation.

There are no legal, financial, or other factors impeding the bank's ability to meet the credit needs of its assessment area.

WFMN was rated "Outstanding" at the previous CRA performance evaluation dated November 27, 1996.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

This evaluation included a review of small business, small farm, and home mortgage lending from January 1, 1997, through September 30, 1999. It also included a review of retail services and community development loans, investments, and services from January 1, 1996 through January 31, 2000. The bank's 1996 community development activities were not considered during the previous CRA Performance Evaluation.

### Data Integrity

We determined that the HMDA data is accurate by reviewing the bank's internal audit work papers and reports and through a limited file review. We relied on results from recent Small Business and Small Farm file reviews by the OCC. These reviews found no significant errors in reporting. We also reviewed community development services, loans, and investments to insure that they qualified under CRA.

### Selection of Areas for Full-Scope Review

WFMN established two assessment areas. We performed a full-scope review of both.

### Ratings

WFMN's overall rating is based on its performance under the Lending, Investment, and Service Tests, with the Lending test receiving the most weight. We reviewed both AAs, however, we placed most of the emphasis on the bank's performance in the Minneapolis-St. Paul MSA because it comprises over 99 percent of the bank's lending and deposits.

### Other

We reviewed 44 contacts in the Minneapolis-St. Paul area. Contacts included business trade organizations, housing authorities, housing development and rehabilitation organizations, economic development groups, city or government leaders, credit counseling services, social service organizations, and advocacy groups. Opportunities for community development lending, investment, and service are good.

Community contacts indicated a strong need for affordable housing. This included lower cost first-time homebuyer, multi-family, and rental housing loans as well as combination financing for rehabilitation with first mortgages. Contacts stated there was a need for housing at all income levels and that this would be an opportunity for banks to assist with development lending. Contacts also stated that home improvement loans are needed to improve the quality of the aging housing stock in many neighborhoods. Many contacts expressed a need for more first-time homebuyers programs, credit and financial counseling, and low or no down payment programs.

Contacts said that there is also a strong need for small business loans and for loans that help communities foster job creation. Contacts said that there is a need for assisting small



business owners with technical and managerial counseling. Some contacts said that it would also be beneficial if financial institutions could provide the smaller suburban communities with technical advice on providing alternate or tax increment financing for city-based development projects.

## Fair Lending Review

In conjunction with the CRA review, the OCC conducted a Fair Lending examination of WFC's residential lending units. The examination utilized the OCC's Fair Lending examination procedures and focused upon home improvement and home refinance loan applications underwritten by the bank's Consumer Retail Division and Home Equity Group. Examiners selected and analyzed a sample of applications submitted by Black, Asian, and White persons that were processed between January 1, 2000, and June 30, 2000. The sample included 209 loan applications. The objective was to determine if WFC provided consistent treatment to these applicants without regard to race, color, and national origin. These factors (prohibited bases) can form the basis for illegal discrimination.

### Conclusions:

- The OCC found no evidence of disparate treatment and cited no violations of fair lending laws.
- WFC has a satisfactory process in place to help ensure ongoing compliance with fair lending laws.

## Conclusions with Respect to Performance Tests

### LENDING TEST

WFMN's performance under the Lending Test is rated "Outstanding." The major factors that support this rating include:

- WFMN's volume of lending represents an excellent responsiveness to the credit needs of the Minneapolis-St. Paul MSA both in LMI geographies and to LMI borrowers.
- The bank's excellent distribution of home mortgage loans to borrowers of different income levels.
- The bank's good distribution of small business loans to borrowers of different income levels.
- WFMN used flexible underwriting products to help address the credit needs of both LMI persons and geographies.
- The bank's community development lending demonstrates a good responsiveness to the needs of the LMI population and geographies.

Based on full-scope reviews, the bank's performance in the Minneapolis MSA is excellent, and its performance in the Sibley AA is adequate.

### Lending Activity

*Refer to Table 1 in Appendix C for the facts and data used to evaluate the bank's lending activity.*

WFMN's volume of lending represents excellent responsiveness to the credit needs of the Minneapolis-St. Paul MSA. The bank ranks second in deposit market rank, with a 29 percent market share. The bank ranks first in home mortgage lending. Home mortgage lending accounts for 92 percent of the reported loans made by the bank. The bank ranks second in small business lending, which comprises eight percent of its lending. The bank ranked third in a limited farm lending market. In 1998, the bank made 28 out of only 321 reported farm loans.

The Sibley AA is very limited, consisting of only four middle-income areas. The bank's volume of lending represents an adequate responsiveness given the needs of the community. In 1998, all reporting lenders made only 86 home mortgage loans, 38 small business loans, and 33 small farm loans in this AA. In this same year, the bank ranked first

in mortgage lending, but made no small business or small farm loans in the AA. Given the limited lending opportunity and bank presence, we placed less emphasis on the

performance of the bank in this AA.

### ***Home Mortgage Products***

During the evaluation period, WFMN was the number one lender overall and the number one lender in LMI CTs and to LMI Borrowers for both home purchase and home refinance lending. The sole exception came in 1997, when WFMN ranked third in its refinance lending in low-income CTs. WFMN was eight loans behind the number one lender and five loans behind the number two lender. Both competitors were non-bank related mortgage companies. WFMN's market dominance in low- and moderate-income CTs and to low- and moderate-income borrowers was an overriding factor in assessing the bank's overall lending performance.

Home purchase loans account for 43% of the home mortgage loans originated by WFMN. The 1998 aggregate HMDA data shows the bank is the number one volume lender for this product in its AAs. In the Minneapolis MSA, the bank made nearly three times more home purchase loans than its next competitor. The bank is also the number one lender in both LMI geographies and to LMI borrowers. The bank made two to three times more home purchase loans in LMI areas and to LMI borrowers than its next competitor.

Home improvement loans comprise only eight percent of the number of home mortgage loans originated by WFMN. The 1998 aggregate HMDA data shows the bank is the number one volume lender for this product in the Minneapolis MSA and 6<sup>th</sup> in the Sibley AA. In the Minneapolis MSA, the bank is second in lending to LMI geographies. They are also second in lending to low-income borrowers. The bank is the number one lender to moderate-income borrowers.

Refinance loans account for 49% of the home mortgage loans originated by WFMN. The 1998 aggregate HMDA data shows the bank is the number one volume lender for this product in its AAs. The bank made more than three times more loans than its next competitor. In the Minneapolis MSA, the bank is also the number one lender to LMI applicants and in LMI geographies. The bank made about one and one-half times more loans in low-income tracts than its next competitor. In addition, they made two to three times more loans in moderate-income tracts and to LMI applicants than its next competitor.

### ***Small Loans to Businesses***

In the Minneapolis MSA the 1998 aggregate Small Business data shows the bank is ranked second in lending. The bank also ranks second in lending in LMI geographies and to businesses with revenues of less than \$1 million.

### ***Small Loans to Farms***

In the Minneapolis MSA the 1998 aggregate Small Farm data shows the bank is ranked third in lending for total reported farm lending and in lending to farms with revenues of less than \$1 million. During the 1998 period lenders did not report any farm loans in low-income tracts. The bank made one loan in a moderate-income tract, ranking them ninth.

### **Distribution of Loans by Income Level of the Geography**

WFMN's overall geographic distribution is adequate. The bank's distribution of home mortgage lending by geography is adequate. WFMN's home mortgage lending accounted for 92% of its total lending activity. The bank's distribution of small loans to businesses is excellent. However, the bank's lending to businesses and farms accounted for 8% and .1% of its total lending, respectively. The bank's small business and small farm lending did not have a material impact on the overall conclusion. We based our conclusions primarily upon the bank's lending distribution compared to area demographics. The demographic comparison was then supplemented by a market share analysis.

For the evaluation of the bank's geographic distribution, we focused solely on the bank's performance in the Minneapolis MSA, where there are different income level geographies. The Sibley AA's composition is homogenous with only four, middle-income areas. In 1998, the AAs as a whole only generated 321 small farm loans. Given the nominal nature of this component in the bank's AAs, small farm lending was not evaluated.

### ***Home Mortgage Loans***

*Refer to Tables 2, 3, and 4 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.*

### ***Home Purchase Loans***

WFMN's geographic distribution of its home purchase lending is good. In the Minneapolis MSA, the bank's percentage of home purchase loans in low-income areas is about two-thirds the demographic percentage of owner-occupied homes there. The bank's market share in low-income geographies is also about two-thirds its overall market share. The bank's performance in moderate-income geographies is slightly better. The percentage of loans in moderate-income tracts is about 70 percent of the demographic percentage of owner-occupied homes in these tracts. In addition, the bank's market share in moderate-income tracts is about 80 percent of its total.

During the evaluation period, WFMN made more than 47 thousand home purchase loans. Using this lending as the base, to achieve a higher level of performance the bank would have needed to make between 195 and 235 more loans in low-income CTs or 6-7 loans per month, respectively. In moderate-income CTs WFB would have needed to make between 1,432 and 1,703 loans in moderate-income CTs or 43-52 loans per month, respectively. This expectation was then compared to the number of loans made by all other lenders during the evaluation period. The bank would have had to take away 5.3%

- 6.4% and 7.8% - 9.3% of the home purchase loans made by other lenders in the MSA's low- and moderate-income areas, respectively.

While theoretically achievable given the size and dominance of the bank, a more favorable comparison of the bank's lending distribution to demographics as a measure of performance is a standard that WFB could not reasonably achieve. This type of performance is a reflection of the bank's dominance in the market.

### *Home Improvement Loans*

WFMN's geographic distribution of its home improvement lending is adequate. In the Minneapolis MSA, the bank's percentage of home improvement loans in low-income areas is about two-thirds the demographic percentage of owner-occupied homes there. Its market share in low-income geographies is about 80 percent its total market share. The bank's performance in moderate-income geographies is a little weaker. The percentage of the bank's loans in moderate-income tracts is about two-thirds the demographic percentage of owner-occupied homes in these tracts. Further, the bank's market share in moderate-income tracts is only about 70 percent of its total market share for home improvement loans.

### *Refinance Loans*

WFMN's geographic distribution of its refinance lending is adequate. In the Minneapolis MSA, the bank's percentage of loans in low-income areas is less than one-third the demographic percentage of owner-occupied homes there. Moreover, its market share in low-income geographies is less than half its overall market share. The bank's performance in moderate-income geographies is slightly better. The percentage of its loans in moderate-income tracts is about half the percentage of owner-occupied homes in these tracts. However, the bank's market share in moderate-income tracts is nearly 75% of its overall market share.

During the evaluation period, WFMN made more than 54 thousand home refinance loans. Using this lending as the base, to achieve higher levels of performance WFB needed to make between 608 and 655 more loans in low-income CTs or 18-20 loans per month, respectively and between 3,024 and 3,339 loans in moderate-income CTs or 92-101 loans per month, respectively. This expectation was then compared to the number of loans made by all other lenders during the evaluation period. The bank would have had to take away 19.2% - 20.7% and 16.8% - 18.5% of the home refinance loans made by other lenders in the MSA's low- and moderate-income areas, respectively.

While theoretically achievable given the size and dominance of the bank, a more favorable comparison of the bank's lending distribution to demographics as a measure of performance is a standard that WFB could not reasonably achieve. This type of performance is a reflection of the bank's dominance in the market.

### ***Small Loans to Businesses***

*Refer to Table 5 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.*

WFMN's geographic distribution of small loans to businesses is excellent. The bank's lending to businesses in low- and moderate-income geographies in the Minneapolis MSA comes close to demographics (the number of businesses in these geographies) at over eighty percent and 90%, respectively. Further, the bank's market shares in low- and moderate-income areas exceeded its overall market share. This shows that the bank took full advantage of the opportunities available in the MSA.

### ***Lending Gap Analysis***

This evaluation included an analysis of lending gaps throughout the AAs of the bank. We did not identify any areas within the AA where there are unexplained gaps in lending. In the tracts in which the bank did little or no lending, opportunities for lending are non-existent or limited.

### ***Inside/Outside Ratio***

WFMN's distribution of loans inside versus outside of its AA is excellent. The bank conducted nearly all of its reportable lending in the AA. The bank's small business and small farm loans are 96 and 98 percent within its AAs, respectively.

## **Distribution of Loans by Income Level of the Borrower**

### ***Home Mortgage Loans***

*Refer to Tables 7, 8, and 9 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.*

WFMN's overall borrower distribution is excellent. The distribution of home mortgage lending to borrowers of different income levels reflects excellent penetration to families of different income levels. The bank's distribution of loans to small businesses (businesses with revenues of \$1 million or less) is good.

This rating is derived primarily from the bank's performance in the Minneapolis MSA as it represents over 99 percent of the bank's lending and nearly all of its branch presence. Also, as previously mentioned, in 1998, the AAs as a whole only generated 321 small farm loans. Given the nominal nature of this component in the bank's AAs, small farm lending was not evaluated. We based our conclusions primarily upon the bank's lending to borrowers of different income levels compared to the population demographics of the area. The demographic comparison was then supplemented by a market share analysis.

### ***Home Purchase Loans***

WFMN's distribution of home purchase loans to borrowers of different income levels is excellent. In the Minneapolis MSA and Sibley AA, the bank's percentage of home purchase lending to low-income borrowers is less than the demographics (percentage of low-income borrowers). However, the bank's market share of lending to low-income families exceeds its overall market share in the Sibley AA and is nearly at parity in the Minneapolis MSA. The bank's percentage of home purchase lending to moderate-income families greatly exceeds demographics in the Minneapolis AA and is at parity in the Sibley AA. For both AAs, the bank's market share to moderate-income families exceeds its overall market share.

### *Home Improvement Loans*

WFMN's distribution of home improvement loans to borrowers of different income levels is adequate. In both AAs, the percentage of the bank's home improvement lending to low-income borrowers is about half the areas' demographics (the percentage of low-income families). In the Minneapolis MSA, the bank's market share to low-income families is 75% its overall market share. In Sibley, the market share analysis was not applicable because in 1998, the bank made only two home improvement loans in the Sibley AA. Neither of these loans benefited LMI families. The bank exceeded demographics in lending to moderate-income families in the Minneapolis MSA. However, the bank's market share of moderate-income borrowers was less than its overall market share. In Sibley, the bank's lending to moderate-income borrowers was 75% of the area's the demographics.

### *Refinance Loans*

WFMN's distribution of home refinance loans to borrowers of different income levels is good. In both AAs, the bank's percentage of refinance lending to low-income borrowers is about one-third the percentage of low-income borrowers. Nevertheless, the bank's market share of low-income families is nearly matches or exceeds its overall market share. In addition, the bank's borrower distribution and market share to moderate-income families nearly matches the demographics and the bank's overall market share in the Minneapolis MSA. In the Sibley AA, the bank's lending to moderate-income borrowers exceeded demographics. The bank's market share to moderate-income borrowers, however, is only one-third its overall market share.

During the evaluation period, WFMN made more than 54 thousand home refinance loans. Using this lending as the base, to achieve a higher level of performance WFMN needed to make between 4,956 and 5,870 more loans to low-income borrowers or 150 - 178 loans per month. The bank did not need to increase its lending to moderate-income borrowers. This expectation was then compared to the number of loans made by all other lenders during the evaluation period. The bank would have had to take away 32.4% - 38.4% the home refinance loans made by other lenders to the MSA's low- and moderate-income borrowers, respectively.

Therefore, while theoretically achievable given the size and dominance of the bank, a more favorable comparison of the bank's lending distribution to demographics as a measure of performance is a standard that WFB could not reasonably achieve. This type of performance is a reflection of the bank's dominance in the market.



## Small Loans to Businesses

*Refer to Table 10 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.*

WFMN's distribution of loans to small businesses is good. In the Minneapolis MSA, the bank's percentage of small business loans to businesses with revenues of less than \$1 million is near to the market's demographics (the number of businesses with revenues of less than \$1 million). The bank's market share of lending to businesses with revenues of less than \$1 million exceeds its overall market share. In the Sibley AA, the bank's distribution is only adequate. The bank's reported lending to small businesses with revenues of less than \$1 million is only about two-thirds the demographics. The bank did not make any small loans to businesses in Sibley in 1998; therefore, market share is not applicable.

## Community Development Lending

*Refer to Table 1 in Appendix C for the facts and data used to evaluate the bank's level of community development lending.*

WFMN's community development loans made during the evaluation period had a neutral impact on the bank's performance. During this period, WFMN made 43 qualified community development loans in the Minneapolis MSA totaling almost \$30 million. These loans (30) mainly focused on providing affordable housing for LMI individuals, one of the major needs identified within the MSA. These loans resulted in the creation of 1,077 housing units. Loan proceeds were used to construct, purchase, refinance, and rehabilitate low-income housing projects in the AA. The other loans were made to organizations involved in providing community services and small business lending. Several of the loans demonstrate flexibility, innovation, and other unique aspects on WFMN's behalf to serve the credit needs of its community. Examples include:

- An \$800,000 bridge construction loan to a local non-profit organization that provides residential and support services to LMI people with developmental disabilities. Proceeds of the financing were used to construct additional housing units for the organization's use. Adding complexity to the transaction, the bank also purchased a bond supporting the project.
- An \$880,000 construction loan to a local organization that provides furniture and household items free of charge to economically disadvantaged individuals in transition. The business' revenues are principally donated goods and are not a traditional revenue stream.
- Financing the construction of housing units for a local, non-profit housing agency serving the poor and homeless in the AA. The \$2.4 million loan was made without traditional loan guarantees and was granted based on the receipt of future capital

campaign funds by the organization.

- Providing \$650,000 in Tax Increment Revenue notes to a local nonprofit organization that uses the resources of neighborhood institutions and residents to leverage public and private contributions and investments in meeting the revitalization needs of a local neighborhood in Minneapolis. The organization derives its objectives and programs from the community comments and the City of Minneapolis Neighborhood Revitalization Plan. The funds were used for the development and redevelopment of affordable housing in this neighborhood, one of the oldest and poorest in Minneapolis. Without WFMN's financing, the project would not have been accomplished, as there is no source of funding from future tax proceeds to the developer without these loans. This project also has several layers of financing and public, private, and neighborhood interests involved.

In addition to the above noted loans, WFMN is actively involved in other types of lending, which benefit the community. During the evaluation period, WFMN made 11 loans totaling \$45 million that had community development attributes, but technically did not qualify for inclusion as community development loans. The majority of these loans consisted of providing letters of credit to community development projects. Without the support of the letters of credit, the projects would not have been viable.

### **Product Innovation and Flexibility**

WFMN used flexible underwriting products to help address the credit needs of both LMI persons and geographies during the exam period. These programs had a positive impact on the bank's performance in LMI areas and to LMI borrowers. The bank has its own affordable housing program, the Community Home Affordable Mortgage Program (CHAMP), previously known as the Community Home Ownership Program (CHOP). This first mortgage program assists individuals in the purchase of residential real estate by providing home ownership counseling and flexible underwriting criteria, such as a three percent down payment with no private mortgage insurance. During the evaluation period, the bank made 866 home purchase loans, totaling almost \$67 million under this program. The bank provided 22 CHAMP loans to assist participants in the St. Paul Public Housing Programs to buy their own homes. In conjunction with the CHAMP product, the bank offers down payment assistance through a five-year consumer loan product, at the CHAMP interest rate. The bank made 44 of these loans in 1997 and 3 loans in 1998 and 1999.

In addition, the bank and WFHM offered a variety of Minnesota Housing Finance Agency (MHFA) products during the evaluation period:

- **MHFA Greater Minnesota Fix-up Fund** - WFHM made 226 home improvement loans totaling \$2.3 million to LMI individuals through this program. They also made 141 Home Energy and Accessibility loans; half of which went to LMI individuals.
- **Entry Cost Home Ownership Opportunity Program (ECHO)** - WFHM originated 297 loans for \$591 thousand. This non-amortizing second mortgage provides down payment and closing cost assistance up to \$2 thousand, in conjunction with the CHAMP

home mortgage loan.

- **Community Fix-Up Fund (CFUF)** - WFHM made 83 loans for \$1.3 million under this program, which focuses on the revitalization of deteriorating neighborhoods through rehabilitation of aging housing. This program is not limited to LMI borrowers.
- **Minnesota Mortgage Program/Minnesota City Participation Program/Community Activity Set-Aside Program** - WFHM made 1,177 affordable first mortgage loans for about \$75 million under these programs. These programs provide flexible lending terms with reduced interest rate mortgages to LMI borrowers.
- **Urban Indian Housing Program** - WFHM made 11 home mortgage loans totaling \$748 thousand to Native American borrowers under this program, which provides significantly reduced interest rates and more flexible underwriting.

In addition to the MHFA programs, WFHM offered several other products. From 1996 through September 1999, WFHM made 434 Freddie Mac 97 and Fannie Mae 97 loans for about \$43 million and 1,024 Farmer's Home loans for about \$72 million. These loan programs are targeted to moderate-income borrowers that also may have minimal cash reserves. For the same period, WFHM made 303 down payment assistance loans for \$586 thousand through a Federal Home Loan Bank program. These loans were made to LMI borrowers, helping them leverage over \$18 million in home purchase mortgages. WFHM also participated in a program, which provided LMI borrowers with tax credit certificates to offset interest associated with their affordable home mortgages. WFHM provided 134 Take Credit certificates for about \$10.8 million in 1998 and 1999. WFHM also offered a Community Living Program, which provided group-housing loans for disabled, LMI individuals. WFHM made 99 of these for \$9.2 million from 1996 through September 1999.

Finally, WFHM made 47 small business loans through its participation in three revolving loan funds. These funds provide financing to small businesses in targeted LMI communities. The largest of the three funds uses micro loans and the SBA 504 program. These loans provide businesses with the financing they need to stabilize their operations and hire local residents.

## INVESTMENT TEST

WFMN's performance under the Investment Test is rated "High Satisfactory." The bank's performance in the Minneapolis-St. Paul MSA is good. The bank did not have any investments in the Sibley AA. The performance in the Sibley AA is not material and did not influence the bank's Investment Test rating.

*Refer to Table 12 in Appendix C for the facts and data used to evaluate the bank's level of qualified investments.*

WFMN reported 644 qualified investments totaling \$59.5 million. To assist in gauging the relative volume of investments, we calculated their relationship to Tier 1 capital, allocated by AA. The bank's community development investment activity accounts for three percent of the bank's Tier 1 Capital over the evaluation period. The level of WFMN's investments is reasonable when considering the makeup of the bank's deposit base (68% domestic deposits) and the competition provided in the MSA from other financial institutions. WFMN has placed a majority of its investments in lines of business in which it excels principally affordable housing and residential mortgages. From 1996 through 1999, the bank committed to invest \$17 million in Low-income Housing Tax Credit (LIHTC) investments, mortgage-backed securities (MBS), and equity funds. The mortgage-backed securities supported the funding of home purchase loans to LMI applicants in the bank's AAs. In addition, the bank donated \$9.6 million to local community development qualified activities and organizations. WFMN also has \$42 million in outstanding investments, of which \$39.7 was funded before the evaluation period. These outstanding investments include LIHTC commitments made to a national fund between 1990 and 1995 and municipal bonds issued as early as 1972 through 1980. The municipal bonds supported the financing of housing for LMI individuals and economic development of areas identified in state government plans. The bank also has \$9.4 million in outstanding commitments for LIHTC investments, which the bank is not yet scheduled to fund. These unfunded commitments include three LIHTC investments totaling \$6 million through a national fund. The table below provides an overview of investment activities included in Table 12.

Investment Type	New Investments 1996-1999		Prior Period Investments*	
	Number	Dollar (000's)	Number	Dollar (000's)
LIHTC Projects	6	\$13,168	11	\$14,263
Mortgage Backed Securities	1	3,823		
Municipal Bonds - LMI Mortgages & Economic Development			32	27,200
Capital Funds	2	125	5	705
Grants & Contributions	587	9,639		
Total	596	\$26,755	48	\$42,168

\* - Commitment made or funded prior to review period

WFMN's most responsive investments are recent projects, in which the bank provided equity capital as follows:

**A) Limited Partnership** - In 1999, WFMN provided \$1.4 million in equity to this LIHTC project that allowed for the continued preservation of this low- and moderate-income

housing. WFMN is the sole limited partner in this partnership with the Community Housing Development Corporation (CHDC) formed to preserve 161 senior rental units in the Twin Cities suburb of Hopkins. The Minnesota Housing Finance Agency also provided funding to keep the project as a LMI apartment complex. The former owner of the apartment complex planned to refinance the project and eliminate the Section 8 and 236 federal assistance contracts and convert the units to market rate.

**B) Limited Partnership** - As sole limited partner, WFMN provided \$1.3 million equity during the exam period and has committed an additional \$815 thousand to the owner, CHDC, for the renovation of an existing four-story building into a residence for alcoholics. A charitable organization provides services to the residents including referrals to treatment centers. The facility provides 32 single occupancy rooms. Other funding for this LIHTC project came from the Family Housing Fund, the Minneapolis Community Development Agency, and the Minnesota Housing Finance Agency. During the development of this project a WFMN banker had to negotiate differences between the developer and the charitable organization to ensure the project was completed.

**C) Limited Partnership** - As sole limited partner, in 1999, WFMN provided \$3.5 million in equity to the owner, CHDC, for this five-story residence. This project provides 88 single residences of affordable housing to low-income persons with limited skills. The charitable organization manages the property and provides assistance to the residents. This residence received additional funding from city, state and federal agencies and programs. Initially, public opposition to the project was substantial. WFMN took a leadership role in advocating for the project. Hennepin County provides annual funding to help cover the cost of support services. CHDC requested WFMN's participation in this project because of its previous experience and equity provided to the above project.

**D) Capital Fund, LLC** - The bank invested \$50 thousand in 1997 in this certified Community Development Financial Institution (CDFI) that finances small businesses, promotes revitalization, and creates jobs in Anoka County, Minnesota, and other distressed areas. The bank received a Bank Enterprise Award of \$7,500 for their participation and investment in this entity. WFMN granted the award money back to the CDFI.

In addition, the bank made a large number of contributions to community development organizations. About 85% of the bank's grants funded services for LMI families. Many of the services address issues related to welfare-to-work, such as job training. The bank also provided funding to affordable housing providers and small business loan consortiums. The bank's largest contribution, at about a third the total, provided major funding to an organization that collects grants on behalf of a variety of community development agencies. The majority of these agencies have a community development purpose. Other notable contributions provided funding to organizations that address issues involving childcare, affordable housing predevelopment, home ownership counseling, education, and youth and senior services. WFMN helped fund a project that links a large library with non-profit agencies, serving the needs of small businesses in a LMI neighborhood. In addition, the bank provided funding for several programs serving the housing, employment, and small business needs of a very low-income neighborhood.

## **SERVICE TEST**

WFMN's performance under the Service Test is rated "Outstanding." Based on the full-scope review, the bank's performance in the Minnesota-St. Paul MSA is excellent. The bank's performance in the Sibley AA does not materially influence the overall rating under the Service Test. This is because of the bank's nominal deposit generation from this AA, as well as, its limited branch presence.

### **Retail Banking Services**

*Refer to Table 13 in Appendix D for the facts and data used to evaluate the distribution of the WFMN's branch distribution and record for opening and closing of branches.*

WFMN's delivery systems are readily accessible to geographies and individuals of difference income levels in the Minneapolis MSA. The bank's distribution of branches nearly matches the demographic distribution of the population in low- and moderate-income areas. WFMN also has branches bordering LMI geographies that further enhance their accessibility to customers residing there. This profile is complimented by an even stronger distribution of freestanding ATMs in LMI areas versus population demographics.

The bank's changes in its branch locations have not adversely affected the accessibility of its delivery systems, particularly in LMI areas. During the evaluation period, a number of branch openings and closings resulted from various, business related decisions of the bank. However, it is the policy of WFMN to precede such decisions with a thorough analysis, which, among other factors, addresses the impact or consequence the activity would have to its customers. In instances where closures occurred in LMI areas, customer accounts were transferred to nearby branch locations. Overall, none of these changes affected the quantity of branches in LMI areas. The bank relocated one branch into a moderate-income area and closed one branch in a moderate-income area.

WFMN's business hours are reasonable and structured to accommodate customer needs. Most of the bank's branches have Saturday hours, and in a few cases, Sundays. Our review of these hours indicated consistency in that they do not vary in a way that favors and/or inconveniences certain portions of its AAs.

### **Community Development Services**

WFMN has a good level of community development services. Further, the bank's performance is complemented by the leadership management and employees supply in providing community development services to the AAs. The involvement of the bank was extensive during the evaluation period with well over 60 community development services provided. These services went to organizations in support of LMI individuals/geographies through affordable housing, small business, service, or revitalization initiatives. WFMN extended its knowledge and expertise not only through traditional financial and technical related counseling, but also from numerous leadership capacities such as Board, executive, loan, and planning related committee memberships. The extent of this involvement is reflective of the bank's willingness to serve the financially disadvantaged sectors of the

AAs. During the evaluation period, WFMN has been the recipient of awards and letters of commendation for its leadership initiatives on the community development front. Highlighted below are some of the community development services that WFMN has provided to its AAs:

**American Indian Housing Corporation (AIHC)** - AIHC's mission is focused on providing housing and services to low-income Native American Indians, primarily in the City of Minneapolis. WFMN provides leadership and direction as AIHC's only lending institution and non-Native board member. During the evaluation period, the bank was awarded the "Innovations in Housing" award for its involvement with AIHC by the Federal Home Loan Bank. This award is provided only to institutions that demonstrate an outstanding commitment to affordable housing and community development through motivation and innovation.

**Home Ownership Center (HOC)** - WFMN was a founder of this organization, which provides training, seminars, and information to LMI residents and nonprofits pursuing home ownership. The bank provides its expertise in various capacities such as counselor/training sessions for loan underwriting, fundraising initiatives, and homebuyer workshops. The bank extends leadership and direction by serving as Chair of the organization's Board. WFMN's contributions helped HOC serve as a model for a national organization in its planning of its homebuyer education curriculum across the country.

**Our Savior's Housing** - This organization helps the financially disadvantaged homeless in finding housing. WFMN provides financial expertise by serving in a leadership capacity as a Board member of this organization. The bank also took the lead in providing a computer work lab to help facilitate the organization's mission.

**Greater Minneapolis Metropolitan Housing Corporation (GMMHC)** - The bank is a founding member of this organization which is dedicated to helping community development corporations obtain predevelopment funding for affordable housing projects. WFMN provides financial counseling and guidance on loan programs and services to customers of GMMHC, which operates through three locations in the Minneapolis area.

**Metropolitan Economic Development Association** - The bank is a founding member of this organization, which is popular in the field of minority entrepreneurial development and training for LMI individuals. Through this organization, WFMN has been significant in providing its financial expertise to help individuals in the small business sectors of LMI areas.

**Loring Nicollet Bethlehem Community Center** - This organization provides assistance to low-income individuals in securing employment opportunities in the suburbs. WFMN provides its financial related expertise in a leadership capacity by serving as a Board member.

## Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities reviewed, and loan products considered. The table also reflects the metropolitan and non-metropolitan areas that received a comprehensive examination review (designated by the term "Full-Scope") and those that received a less comprehensive review (designated by the term "Limited-Scope").

<b>Time Period Reviewed</b>	Lending Test: January 1, 1997 to September 30, 1999 Community Development Lending: January 1, 1996 to January 31, 2000 Investment Test: January 1, 1996 to December 31, 1999 Service Test: January 1, 1996 to December 31, 1999	
<b>Financial Institution</b>		<b>Products Reviewed</b>
Wells Fargo Bank Minnesota, N.A. (WFMN) Minneapolis, Minnesota		Small Business, Small Farm, and Home Mortgage
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
Wells Fargo Mortgage, Inc. Wells Fargo Funding, Inc.	Holding Company Affiliate Subsidiary	Home Mortgages
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Minneapolis-St. Paul MSA #5120 Sibley County AA	Full-Scope Full-Scope	



# Appendix B: Market Profiles for Full-Scope Areas

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## Table of Contents

### Market Profiles for Areas Receiving Full-Scope Reviews

Minneapolis MSA.....	B-2
Sibley AA .....	B-3

## Minneapolis MSA

Demographic Information for Full-Scope Area: Minneapolis MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	640	8.13	16.25	54.84	19.22	1.56
Population by Geography	2,455,818	5.42	12.80	60.50	21.15	0.12
Owner-Occupied Housing by Geography	640,163	1.75	11.07	63.16	24.02	0.00
Businesses by Geography	107,341	5.12	10.64	61.02	23.19	0.03
Farms by Geography	4,293	0.86	14.81	70.86	13.46	0.00
Family Distribution by Income Level	632,062	16.66	18.50	27.78	37.06	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	222,218	8.43	19.80	60.91	10.86	0.00
Median Family Income HUD Adjusted Median Family Income (1999) Households Below the Poverty Level	= \$43,063 = \$63,600 = 7.88%	Median Housing Value Unemployment Rate (November 1999)				= \$87,982 = 1.7%

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 1990 U.S. Census and 1999 HUD updated MFI.

WFMN is a significant presence in the Minneapolis-St. Paul MSA. The bank is ranked second in deposits, with a 29 percent market share. U.S. Bank is the market leader with a 31 percent market share. TCF National Bank and Firststar Bank of Minnesota have the next highest market shares with roughly six and five percent of deposits, respectively. Including WFHM and WFFI, WFMN is the number one home mortgage lender in the MSA. The bank has 84 branches and 263 ATMs in the AA.

WFMN's market is extremely competitive, particularly among the larger commercial financial institutions. The AA is served by more than 90 commercial banks, excluding thrifts and credit unions. These banks range in size from \$5 million to \$67 billion. WFMN and US Bank are the largest financial institutions in the area. Competition for all types of loans, but especially mortgage and commercial loans, is strong.

The MSA is made up of eleven counties. The twin cities of Minneapolis and St. Paul are the center of the MSA, resulting in the 15th largest metropolitan area in the US. The area has a thriving, diversified economic base and is a major transportation and distribution hub for the Upper Midwest. It is also a center for electronics, medical instruments, health care, finance, entertainment, printing and publishing, as well as processing and transporting agricultural products. The MSA is the home of thirteen Fortune 500 companies and several of the world's largest private companies. The top five employers are the University of Minnesota, Dayton Hudson Corporation, Allina Health System, Northwest Airlines, and 3M Company. Unemployment is very low at 1.7 percent. The population grew about 15 percent to 2.8 million in 1998. The MSA's vibrant economy combined with favorable interest rates has recently driven home prices up. In 1998, the Metropolitan Council indicates that the MSA's average home price was \$143,500.

**Sibley AA**

Demographic Information for Full-Scope Area: Sibley AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	4	0.00	0.00	100.00	0.00	0.00
Population by Geography	14,366	0.00	0.00	100.00	0.00	0.00
Owner-Occupied Housing by Geography	4,339	0.00	0.00	100.00	0.00	0.00
Businesses by Geography	603	0.00	0.00	100.00	0.00	0.00
Farms by Geography	314	0.00	0.00	100.00	0.00	0.00
Family Distribution by Income Level	3,934	16.47	18.58	26.94	38.00	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	1,379	0.00	0.00	100.00	0.00	0.00
Median Family Income HUD Adjusted Median Family Income (1999) Households Below the Poverty Level	= \$28,933 = \$41,600 = 9.27%	Median Housing Value Unemployment Rate				= \$47,281 = 6.68%

(\*) The NA category consists of geographies that have not been assigned an income classification.

Source: 1990 U.S. Census and 1999 HUD updated MFI.

WFMN's presence in the Sibley AA is limited. The bank has one branch and no ATMs in Sibley. They hold only a three- percent deposit market share, which represents less than one percent of the total deposits of the bank. However, the bank is the number one home lender in the AA, when including activity by WFHM and WFFI.

The AA covers Sibley County, which is comprised of four Block Numbering Areas. The branch of the bank is located in the northeast corner of the county, close to the Minneapolis-St. Paul MSA. This bedroom community relies on the economy of the MSA. The remainder of the county's economy relies on agriculture. The AA's population, at 14,573 in 1998, has changed very little since 1990.

## Appendix C: Tables of Performance Data

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### Content of Standardized Tables

References to WFMN include activities of any affiliates that the bank provided for consideration (refer to Appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: purchased loans are treated as originations/purchases; market rank is based on the number of loans originated and purchased by the bank as compared to all other lenders in the MSA/assessment area; and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MSA/assessment area.

The following is a listing and brief description of the tables:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MSA/assessment area.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle- and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle- and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 6. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle- and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.

- Table 7. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle- and upper-income borrowers to the percentage distribution of families by income level in each MSA/assessment area. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 8. Borrower Distribution of Home Improvement Loans** - See Table 7.
- Table 9. Borrower Distribution of Refinance Loans** - See Table 7.
- Table 10. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. The table also compares the banks percentage distribution with the percentage of loans originated and purchased by all other small business reporters in the bank's AA to businesses with revenues of \$1 million or less and is based on the most recent aggregate market data available. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 11. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500 thousand) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. The table also compares the banks percentage distribution with the percentage of loans originated and purchased by all other small farm reporters in the bank's AA to farms with revenues of \$1 million or less and is based on the most recent aggregate market data available. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MSA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must have been reported on schedule RC-L of the Call Reports as an off-balance sheet item.
- Table 13. Distribution of Branch Delivery System and Branch Openings/Closings** - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle- and upper-income geographies to the percentage of the population within each geography in each MSA/AA. The table also presents data on branch openings and closings in each MSA/AA.



**Table 1. Lending Volume**

LENDING VOLUME		Evaluation Period: 01/01/1997 TO 09/30/1999										
MSA/Assessment Area	% of Rating Area Deposits in AA*	Home Mortgage		Small Business		Small Farm		Community Development		Total Reported Loans		% of Rating Area Loans in AA (% of #)
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
<b>Full Scope</b>												
Minneapolis MSA	99.9	110,492	11,284,860	9,892	1,248,339	142	11,411	43	29,952	120,569	12,574,562	99.9
Sibley AA	.1	148	9,231	15	599	3	54	1	575	167	10,459	.1

\* Deposit Data as of June 30, 1999

**Table 2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE										Evaluation Period: 01/01/1997 TO 09/30/1999						
MSA/Assessment Area	Low Income Geographies		Moderate Income Geographies		Middle Income Geographies		Upper Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Purchase Loans	
	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans		Overall	Low	Mod	Mid	Upper	#	% of Total**
<b>Full Scope</b>																
Minneapolis MSA	2	1	11	8	63	60	24	30	1	22.8	14.8	18.5	22.2	26.1	47,038	99.9
Sibley AA	0	0	0	0	100	100	0	0	1	22.1	0.0	0.0	22.1	0.0	52	.1

\* Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.

\*\* Home purchase loans within an MSA/AA as a % of all home purchase loans originated and purchased in the rating area.



**Table 3. Geographic Distribution of Home Improvement Loans**

Geographic Distribution: HOME IMPROVEMENT										Evaluation Period: 01/01/1997 TO 09/30/1999						
MSA/Assessment Area	Low Income Geographies		Moderate Income Geographies		Middle Income Geographies		Upper Income Geographies		Overall Market Rank*	Market Share by Geography					Total Home Improvement Loans	
	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans		Overall	Low	Mod	Mid	Upper	#	% of Total**
<b>Full Scope</b>																
Minneapolis MSA	2	1	11	7	63	61	24	30	1	17.4	14.2	12.2	15.9	24.6	8,868	99.8
Sibley AA	0	0	0	0	100	100	0	0	6	6.9	0.0	0.0	6.9	0.0	14	.2

\* Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.

\*\* Home improvement loans within an MSA/AA as a % of all home improvement loans originated and purchased in the rating area.

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE										Evaluation Period: 01/01/1997 TO 09/30/1999						
MSA/Assessment Area	Low Income Geographies		Moderate Income Geographies		Middle Income Geographies		Upper Income Geographies		Overall Market Rank*	Market Share by Geography					Total Home Mortgage Refinance Loans	
	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans		Overall	Low	Mod	Mid	Upper	#	% of Total**
<b>Full Scope</b>																
Minneapolis MSA	2	1	11	5	63	62	24	32	1	21.9	9.4	16.2	21.3	24.8	54,552	99.8
Sibley AA	0	0	0	0	100	100	0	0	1	17.6	0.0	0.0	17.6	0.0	82	.2

\* Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.

\*\* Refinance loans within an MSA/AA as a % of all refinance loans originated and purchased in the rating area.

**Table 5. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL BUSINESS										Evaluation Period: 01/01/1997 TO 09/30/1999						
MSA/Assessment Area	Low Income Geographies		Moderate Income Geographies		Middle Income Geographies		Upper Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Small Business Loans	
	% of Businesses	% Bank Loans	% of Businesses	% Bank Loans	% of Businesses	% Bank Loans	% of Businesses	% Bank Loans		Overall	Low	Mod	Mid	Upper	#	% of Total**
<b>Full Scope</b>																
Minneapolis MSA	5	4	11	10	61	60	23	26	2	15.5	17.5	19.7	15.8	14.3	9,892	99.8
Sibley AA	0	0	0	0	100	100	0	0	0	0.0	0.0	0.0	0.0	0.0	15	.2

\* Based on 1998 Aggregate Small Business Data only. Market rank is for all income categories combined.

\*\* Small Business loans within an MSA/AA as a % of all Small Business loans originated and purchased in the rating area.

**Table 6. Geographic Distribution of Small Loans to Farms**

Geographic Distribution: SMALL FARM										Evaluation Period: 01/01/1997 TO 09/30/1999						
MSA/Assessment Area	Low Income Geographies		Moderate Income Geographies		Middle Income Geographies		Upper Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Loans Small Farm Loans	
	% of Farms	% Bank Loans	% of Farms	% Bank Loans	% of Farms	% Bank Loans	% of Farms	% Bank Loans		Overall	Low	Mod	Mid	Upper	#	% of Total**
<b>Full Scope</b>																
Minneapolis MSA	1	0	15	3	71	67	13	30	3	8.7	0.0	1.8	6.3	29.5	142	97.9
Sibley AA	0	0	0	0	100	100	0	0	0	0.0	0.0	0.0	0.0	0.0	3	2.1

\* Based on 1998 Aggregate Small Business Data only. Market rank is for all income categories combined.

\*\* Small Farm loans within an MSA/AA as a % of all Small Farm loans originated and purchased in the rating area.

**Table 7. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HMDA HOME PURCHASE										Evaluation Period: 01/01/1997 TO 09/30/1999						
MSA/Assessment Area	Low Income Borrowers		Moderate Income Borrowers		Middle Income Borrowers		Upper Income Borrowers		Overall Market Rank*	Market Share by Borrower Income**					Total Home Purchase Loans	
	% of Families	% Bank Loans***	% of Families	% Bank Loans***	% of Families	% Bank Loans***	% of Families	% Bank Loans***		Overall	Low	Mod	Mid	Upper	#	% of Total
<b>Full Scope</b>																
Minneapolis MSA	17	10	19	27	28	31	37	30	1	22.8	21.8	24.6	27.3	29.1	47,038	99.9
Sibley AA	16	6	19	19	27	48	38	27	1	22.1	28.6	25.0	25.7	25.0	52	.1

\* Based on 1998 Aggregate HMDA Data Only. Market rank is for all income categories combined.

\*\* As a percentage of loans with borrower income information available.

\*\*\* Home purchase loans originated and purchased in the MSA/AA as a percentage of all home purchase loans in the rated area.

**Table 8. Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT										Evaluation Period: 01/01/1997 TO 09/30/1999							
MSA/Assessment Area	Low Income Borrowers		Moderate Income Borrowers		Middle Income Borrowers		Upper Income Borrowers		Overall Market Rank*	Market Share By Borrower Income**					Total Home Improvement Loans		
	% of Families	% Bank Loans***	% of Families	% Bank Loans***	% of Families	% Bank Loans***	% of Families	% Bank Loans***		Overall	Low	Mod	Mid	Upper	#	% of Total	
<b>Full Scope</b>																	
Minneapolis MSA	17	7	19	19	28	30	37	40	1	17.4	13.1	14.5	16.4	22.5	8,868	99.8	
Sibley AA	16	7	19	14	27	29	38	43	6	6.9	0.0	0.0	14.3	0.0	14	.2	

\* Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.

\*\* As a percentage of loans with borrower income information available.

\*\*\* Home improvement loans originated and purchased in the MSA/AA as a percentage of all home improvement loans in the rated area.

**Table 9. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE										Evaluation Period: 01/01/1997 TO 09/30/1999						
MSA/Assessment Area	Low Income Families		Moderate Income Families		Middle Income Families		Upper Income Families		Overall Market Rank*	Market Share by Borrower Income**					Total Loans	
	% of Families	% Bank Loans***	% of Families	% Bank Loans***	% of Families	% Bank Loans***	% of Families	% Bank Loans***		Overall	Low	Mod	Mid	Upper	#	% of Total
<b>Full Scope</b>																
Minneapolis MSA	17	6	19	18	28	29	37	37	1	21.9	20.9	20.9	24.1	26.3	54,552	99.8
Sibley AA	16	6	19	21	27	30	38	39	1	17.6	42.9	6.7	24.6	15.1	82	.2

\* Based on 1998 Aggregate HMDA Data Only. Market rank is for all income categories combined.

\*\* As a percentage of loans with borrower income information available.

\*\*\* Home mortgage refinance loans originated and purchased in the MSA/AA as a percentage of all home mortgage refinance loans in the rated area.

**Table 10. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL BUSINESS			Evaluation Period: 01/01/1997 TO 09/30/1999							
MSA/Assessment Area	Businesses With Revenues of \$1 million or less			% Distribution of Loans by Original Amount Regardless of Business Size			Market Share*		Total Small Business Loans	
	% Business**	% Bank Loans***	% Market Loans*	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev \$ 1 Million or Less	#	% of Total
<b>Full Scope</b>										
Minneapolis MSA	72	59	40	73	12	15	15.5	20.3	9,892	99.8
Sibley AA	79	53	73	93	7	0	0.0	0.0	15	.2

\* The market consists of all other Small Business reporters in WFMN's assessment area and is based on 1998 Aggregate Small Business Data Only

\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses.

\*\*\* Loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No revenue information was available for 3.8% of small loans to businesses reported by WFMN.



**Table 11. Borrower Distribution of Small Loans to Farms**

Borrower Distribution: SMALL FARM			Evaluation Period: 01/01/1997 TO 09/30/1999							
MSA/Assessment Area	Businesses With Revenues of \$ 1million or less			% Distribution Loans by Original Amount Regardless of Farm Size			Market Share*		Total Small Farm Loans	
	% Farms**	% Bank Loans***	% Market Loans*	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev \$ 1 Million or Less	#	% of Total
<b>Full Scope</b>										
Minneapolis MSA	95	99	95	77	17	6	8.7	9.2	140	97.9
Sibley AA	98	100	100	100	0	0	0.0	0.0	3	2.1

\* The market consists of all other Small Farm reporters in WFMN's assessment area and is based on 1998 Aggregate Small Business Data Only

\*\* As a Percentage of Farms with known revenues.

\*\*\* As a percentage of loans with borrower income information available.

**Table 12. Qualified Investments**

QUALIFIED INVESTMENTS State: MN Evaluation Period: 01/01/1996 TO 12/31/1999									
MSA/Assessment Areas:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	% of Total \$'s	#	\$ (000's)
Full-Scope:									
Minneapolis MSA	48	39,671	596	19,866	644	59,537	100	10	9,386
Sibley AA ***	0	0	0	0	0	0	0	0	0

(\*) APrior Period Investments@means investments made in a previous evaluation period that are outstanding as of the examination date.

(\*\*) AUnfunded Commitments@means legally binding investment commitments reported on the Report of Condition Schedule-L AOff Balance Sheet Items.@

(\*\*\*) Many of the investments included in the Minneapolis MSA serve the broader region including the Sibley AA.

**Table 13. Distribution of Branch Delivery System**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM																Evaluation Period: 11/01/96 TO 12/31/99			
MSA/Assessment Area	Deposits	Branches						Branch Openings/Closings						Population					
	% of Total Bank Deposits	# of Bank Branches	% of Total Bank Branches	Location of Branches by Income of Geographies (%)				# of Branch Closings	# of Branch Openings	Net gain(+) / loss(-) of branches due to openings/closings				% of the Population with Each Geography*					
				Low (%)	Mod (%)	Mid (%)	Upper (%)			Low	Mod	Mid	Upper	Low	Mod	Mid	Upper		
Full-Scope:																			
Minneapolis-St Paul MSA	99.9	84	99	5	12	62	21	22	26	0	0	+4	0	5.42	12.80	60.50	21.15		
Sibley County	00.1	1	1	0	0	100	0	0	1	0	0	+1	0	0.00	0.00	100.00	0.00		

\* The percentage of the population in the MSA/AA that resides in these geographies.