



Comptroller of the Currency
Administrator of National Banks

Multinational Banking Department
250 E Street, S.W.
Washington, D.C. 20219

PUBLIC DISCLOSURE

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

March 31, 1996

Wells Fargo Bank, N. A.
420 Montgomery Street
San Francisco, CA 94163

Charter Number: 1741

<p>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.</p>
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GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (CRA) performance of Wells Fargo Bank, N. A., San Francisco, California, prepared by the Office of the Comptroller of the Currency (OCC), the institution's supervisory agency.

The evaluation represents the OCC's current assessment and rating of the institution's CRA performance based on an examination conducted as of March 31, 1996. It does not reflect any CRA-related activities that may have been initiated or discontinued by the institution after the completion of the examination.

The purpose of the Community Reinvestment Act of 1977 (12 U.S.C. 2901), as amended, is to encourage each financial institution to help meet the credit needs of the communities in which it operates. The Act requires that in connection with its examination of a financial institution, each federal financial supervisory agency shall (1) assess the institution's record of helping to meet the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operations of the institution and (2) take that record of performance into account when deciding whether to approve an application of the institution for a deposit facility.

The Financial Institutions Reform, Recovery and Enforcement Act of 1989, Pub. L. No. 101-73, amended the CRA to require the Agencies to make public certain portions of their CRA performance assessment of financial institutions.

Basis for the Rating

The assessment of the institution's record takes into account its financial capacity and size, legal impediments and local economic conditions and demographics. This includes the competitive environment in which the institution operates. Assessing the CRA performance is a process that does not rely on absolute standards. Institutions are not required to adopt specific activities, nor to offer specific types or amounts of credit. Each institution has considerable flexibility in determining how it can best help to meet the credit needs of its entire community. In that light, evaluations are based on a review of 12 assessment factors, which are grouped together under 5 performance categories, as detailed in the following section of this evaluation.

ASSIGNMENT OF RATING

Identification of Ratings

In connection with the assessment of each insured depository institution's CRA performance, a rating is assigned from the following groups:

Outstanding record of meeting community credit needs.

An institution in this group has an outstanding record of, and is a leader in, ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Satisfactory record of meeting community credit needs.

An institution in this group has a satisfactory record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Needs to improve record of meeting community credit needs.

An institution in this group needs to improve its overall record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Substantial noncompliance record of meeting community credit needs.

An institution in this group has a substantially deficient record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

DEFINITIONS

For this Evaluation, we define the following abbreviations:

- LMI - Low- and Moderate-Income are the income level for individuals or average income level for census tracts (CT) that are less than 80% of the median family income of the respective MSA.
- Mid - Middle-Income is the income level for individuals or average income level for CTs that are equal to or greater than 80% and less than 120% of the median family income of the respective MSA.
- Upper - Upper-Income is the income level for individuals or average income level for CTs that are equal to or greater than 120% of the median family income of the respective MSA.

DISCUSSION OF INSTITUTION'S PERFORMANCE

Institution's Rating:

Based on the findings presented below, this institution is rated:

"Outstanding Record of Meeting Community Credit Needs."

Evaluation Period: Wells Fargo Bank's previous Public Disclosure is dated April 20, 1994. The current Disclosure evaluates the bank's performance from April 21, 1994 through March 31, 1996.

BANK PROFILE

Wells Fargo Bank, N.A.(WFB), founded in 1852, is a wholly-owned subsidiary of Wells Fargo & Company (WFC). WFC, based in San Francisco, California, is the 17th largest bank holding company in the United States.

On April 1, 1996, WFC acquired First Interstate Corporation. As of the same date, WFB merged with First Interstate Bank of California. Because the acquisition took place during our examination, this evaluation does not consider the activities of First Interstate Bank of California or its affiliates.

WFB is the second largest bank in California. It is headquartered in the financial district of San Francisco and operates 974 branches throughout a significant portion of the state. As of December 31, 1995, WFB reported total assets of \$49 billion. Then, loans and deposits were \$35 billion and \$39 billion, respectively. Its loan portfolio consisted of about \$17 billion in real estate related loans (including \$8 billion in consumer mortgages), \$3 billion in consumer loans, \$11 billion in commercial/small business loans (including \$1 billion in agriculture loans) and \$2 billion in lease financing. WFB's loan portfolio represented 90% of total deposits. Further, 86% of the residential real estate, consumer, small business and small farm loans are within WFB's delineated community.

WFB is a full service bank focused on the needs of commercial real estate borrowers, corporate, mid-size, and small businesses and consumers. To address each of these needs, management has organized the bank to deliver credit products through four major lending areas:

- o Real Estate Group (REG)
- o Consumer Lending Group (CLG)
- o Commercial Banking Group (CBG)
- o Business Banking Group (BBG)

REG specializes in interim construction financing for developers. This type of lending gives borrowers the funds needed to construct high-rise office buildings, shopping centers, residential developments and community development projects.

CLG is responsible for consumer-related credit including auto loans, personal loans, secured and unsecured lines of credit, and credit cards. In June 1995, WFC obtained a charter for Wells Fargo Bank (Arizona), N.A. [WFB(AZ)]. It is headquartered in Phoenix. WFB (AZ) assumed the credit card operations of WFB and continues to provide credit card services for WFC subsidiaries. Our analysis combined WFB's origination of credit card accounts with those of WFB(AZ). This analysis was limited to originations within WFB's delineated community. WFB(AZ) or other WFB affiliates will not receive CRA consideration for those accounts attributed to WFB's CRA performance.

CBG provides credit to middle-market businesses. They have defined these customers as businesses having annual sales between \$5 million and \$250 million. CBG also provides financing to ventures that contribute to the retention or creation of jobs. This includes loans to women- and minority-owned businesses and nonprofit agencies.

BBG is responsible for providing credit to small businesses. BBG's Business Loan Division makes loans to businesses with up to \$5 million in annual sales. However, most of BBG's business customers have revenues of less than \$1million.

WFB's Mortgage Lending Division handled residential mortgages. In April 1995, WFB closed this division when it formed a partnership with Norwest Mortgage, Inc. Under the terms of this partnership, the venture, called Towne Square Mortgage, funds residential mortgages for WFB's customers. Towne Square Mortgage has access to WFB's branch network and is providing appropriate staffing. This venture began operations in October 1995.

Other units of the bank are responsible for the delivery of other financial services and the daily operation of the branch network.

COMMUNITY PROFILE

WFB has delineated its community to include the 25 California Metropolitan Statistical Areas (MSA) and 14 non-MSA counties. This delineation only excludes the Alpine, Del Norte, Inyo, Lassen, Modoc, Mono, Plumas, Sierra, Siskiyou and Trinity counties.

California is the most populous state in the United States with its population exceeding 31 million. Since the onset of the 1991 recession, population growth has slowed significantly, falling from a growth rate of 3% in 1990, to less than 1% in 1995. The underlying trend in foreign immigration has remained largely unchanged during this period. A dramatic shift occurred in the pattern of the state's domestic migration. More people are moving out of California than are moving into the state from other parts of the country. This is in sharp contrast to the 1980's when domestic immigration accounted for 17% of the state's total population. California's median income is \$41,848. The state's distribution of census tracts by income level, is shown in the following table.

LMI	Middle	Upper
CENSUS TRACTS	CENSUS TRACTS	CENSUS TRACTS
28%	41%	27%

The California economy is diversified among several industries including: high-technology, agriculture, international trade, construction, and defense. The state's defense industry continues to shrink because of Federal Government spending cuts and major contractors consolidation and relocation to other states. Statewide, 30 military bases have closed or are closing, since the first round of base closures in 1988. The high-technology industry has lost jobs to other states that have lower labor and real estate costs. According to the Governor's Office of Planning and Research, the state will lose 82 thousand military and civilian jobs by the end of the year 2000. These job losses represent 69% of nationwide military cutbacks.

During the evaluation period, the California economy showed signs of recovery from the recession. The state's unemployment rate fell from 8.6% to 7.8%, between January 1994 and December 1995. Retail sales increased almost 5% through the first nine months of 1995, after a small decline over the prior three years. In 1995, the median housing value was \$179,850. In 1994, sales of single family detached homes increased 11%, while their median price dropped 2%. Over the last three years, the issuance of new housing permits has fluctuated widely. This reflects the instability in California's new home market.

Our evaluation focused on WFB's CRA-related activities in 13 of the 25 delineated communities. The MSAs we evaluated include:

MSA	Number	MSA	Number
Fresno	2840	Salinas	7120
Los Angeles/Long Beach	4480	San Diego	7320
Modesto	5170	San Francisco	7360
Oakland	5775	San Jose	7400
Orange	5945	Santa Rosa	7500
Riverside/San Bernardino	6780	Vallejo/Fairfield/Napa	8720
Sacramento	6920		

Combined, these MSAs represent 80% of the state's population. We reviewed WFB's performance in the remaining MSAs and rural areas for consistency of credit originations. The MSAs we did not target are: Bakersfield, Chico, Merced, Redding, San Luis Obispo, Santa Barbara, Santa Cruz, Stockton, Ventura, Visalia, Yolo and Yuba. Table A-6 in the Appendix provides a summary of demographic data that we used to analyze WFB's CRA performance.

The following facts present general demographic and economic information on the targeted MSAs.

#2840 FRESNO	MEDIAN INCOME	POPULATION	LMI PERSONS	LMI CENSUS TRACTS
	\$30,012	755,580	32%	31%

This MSA consists of Fresno County. The City of Fresno is the main population center. Fresno’s economy is heavily concentrated in agriculture production and the manufacturing of food products. Primary employers include the state and federal government, health services, retail trade, and manufacturing. The unemployment rate declined from 14.7% in 1993, to 13.4% in 1995, but remains well above the state and national averages. In 1995, the MSA’s median housing value was \$76,200. WFB has 21 branches in this MSA, five of which are in LMI areas.

#4480 LOS ANGELES/ LONG BEACH	MEDIAN INCOME	POPULATION	LMI PERSONS	LMI CENSUS TRACTS
	\$39,035	8,863,164	36%	32%

This MSA consists of Los Angeles County and is the most populous MSA in the state, accounting for 29% of California’s population. The largest employment sectors include the aerospace/defense, financial services, entertainment, government, health services, and petroleum industries. Despite recent increases in the area’s number of jobs, total employment remains 400 thousand below the level reached before the recession. In 1995, the MSA’s unemployment fell below 8% and is now in line with the state average. During 1995, the MSA’s median price of homes dropped 6% to \$207,250. WFB has 200 branches in this MSA, 30 of which are in LMI areas.

#5170 MODESTO	MEDIAN INCOME	POPULATION	LMI PERSONS	LMI CENSUS TRACTS
	\$32,923	370,522	20%	16%

This MSA consists of Stanislaus County. The City of Modesto is the MSA’s population center with outlying areas used primarily for agricultural production. Modesto’s economy is diversified among the agriculture, manufacturing, retail, services, and government industries. In 1995, the MSA’s median housing value was \$105,400. WFB has 13 branches in this MSA, three of which are in LMI areas.

#5775 OAKLAND	MEDIAN INCOME	POPULATION	LMI PERSONS	LMI CENSUS TRACTS
	\$47,516	2,082,914	29%	31%

This MSA consists of Alameda and Contra Costa Counties. The largest employment sectors include government, retail trade, health and education services, and manufacturing. The Port of Oakland serves as the Bay Area's primary shipping facility. In 1995, unemployment improved, decreasing from 6.3% in 1994 to 5.8%. Oakland has several large military bases and facilities that the government has scheduled for closure by the end of the decade. These bases currently employ approximately 20 thousand military and civilian personnel. In 1995, the MSA's median housing value was \$197,000. WFB has 74 branches in this MSA, 18 of which are in LMI areas.

#5945 ORANGE	MEDIAN INCOME	POPULATION	LMI PERSONS	LMI CENSUS TRACTS
	\$51,269	2,410,556	30%	27%

This MSA was formerly the Anaheim/Santa Ana MSA. It consists of Orange County. The MSA's economy is diversified among high-technology, retail, financial services, and tourism industries. The county's unemployment rate is the lowest among the Los Angeles Basin MSAs, having fallen from 6.7% in 1993, to 5.2% in 1995. The government has scheduled two military bases that employ about 11 thousand military and civilian personnel, for closure by the year 2000. In 1995, the MSA's median home price was \$235,250 having declined 15% since its peak in 1990. WFB has 77 branches in this MSA, 21 of which are in LMI areas.

#6780 RIVERSIDE/ SAN BERNARDINO	MEDIAN INCOME	POPULATION	LMI PERSONS	LMI CENSUS TRACTS
	\$37,274	2,588,793	24%	32%

This MSA includes Riverside and San Bernardino Counties. The MSA's unemployment rate, which dropped from 10.5% in 1993, to 8.4% in 1995, remains the highest in the Los Angeles Basin. The government has closed or scheduled for closure several large military bases. These bases employed approximately 15 thousand military and civilian personnel. In 1995, the MSA's median home price was \$117,600. WFB has 61 branches in this MSA, 13 of which are in LMI areas.

#6920 SACRAMENTO	MEDIAN INCOME	POPULATION	LMI PERSONS	LMI CENSUS TRACTS
	\$38,850	1,340,010	23%	27%

This MSA consists of Sacramento, El Dorado, and Placer Counties. The MSA’s population is centered in and around the City of Sacramento, the state’s capital. The largest employment sectors include government, retail, and a variety of services. The area is also an agricultural region. The MSA has benefitted from employers moving jobs from other parts of the state, taking advantage of its lower labor and real estate costs. During the evaluation period, the MSA’s unemployment rate declined from 7.3% to 6.8%. In 1995, the MSA’s median housing value was \$131,200. WFB has 66 branches in this MSA, seven of which are in LMI areas.

#7120 SALINAS	MEDIAN INCOME	POPULATION	LMI PERSONS	LMI CENSUS TRACTS
	\$36,223	355,660	30%	22%

This MSA consists of Monterey County. It is a major center for agriculture and tourism. The closure of the Fort Ord military base had a significant impact on employment and on the local economy. Overall employment declined 1.7% between 1990 and 1995. In 1995, the MSA’s median housing value was \$171,050. WFB has 17 branches in this MSA, five of which are in LMI areas.

#7320 SAN DIEGO	MEDIAN INCOME	POPULATION	LMI PERSONS	LMI CENSUS TRACTS
	\$39,798	2,498,016	31%	28%

This MSA consists of San Diego County. The largest employment sectors include manufacturing of aerospace, machinery, and electronic equipment; services related to health and tourism; and government. Further, San Diego has the nation’s fourth largest bio-tech cluster. The unemployment rate decreased from 7.8% in 1993, to 6.3% in 1995. In 1995, the MSA’s median housing value was \$170,400 having declined 9% during the prior two years. WFB has 111 branches in this MSA, 27 of which are in LMI areas.

#7360 SAN FRANCISCO	MEDIAN INCOME	POPULATION	LMI PERSONS	LMI CENSUS TRACTS
	\$49,282	1,603,678	27%	24%

This MSA consists of Marin, San Francisco, and San Mateo Counties. The largest employment

sectors include financial services, public utilities, government, air transportation, and services related to tourism. San Francisco is the headquarters city for many large corporations. In 1995, the MSA's unemployment rate declined to 5.1%, remaining one of the lowest unemployment rates in the state. Also the MSA's median housing value was the nation's highest at \$324,200. WFB has 75 branches in this MSA, 18 of which are in LMI areas.

#7400 SAN JOSE	MEDIAN INCOME	POPULATION	LMI PERSONS	LMI CENSUS TRACTS
	\$53,771	1,497,577	25%	18%

This MSA contains Santa Clara County, which has the highest median income in California. The largest employment sector is high-technology in the "Silicon Valley." This area is recognized as one of the world's foremost centers for high-tech-research, development and manufacturing. The financial, health, and educational services sectors are also large employers. The unemployment rate for the county declined from 6.8% in 1993, to 4.9% in 1995. The MSA's median housing value was \$251,400. WFB has 62 branches in this MSA, nine of which are in LMI areas.

#7500 SANTA ROSA	MEDIAN INCOME	POPULATION	LMI PERSONS	LMI CENSUS TRACTS
	\$41,961	388,222	10%	13%

This MSA contains Sonoma County and is a center for medical, finance, tourism, agriculture and wine production. Positive employment and population trends have exceeded state and Northern California levels. This area has little exposure to the shrinking defense/aerospace industry. It has benefited from a diverse economic structure and reasonable housing costs. In 1995, the MSA's median housing value was \$193,050. WFB has 15 branches in this MSA, two of which are in LMI areas.

#8720 VALLEJO/FAIRFIELD /NAPA	MEDIAN INCOME	POPULATION	LMI PERSONS	LMI CENSUS TRACTS
	\$42,467	451,186	16%	21%

This MSA includes Solano and Napa Counties. The largest employment sectors include government, retail, manufacturing, and other services. Napa County is a major wine producing region. During the evaluation period, the MSA's unemployment rate dropped from 8% to 7.2%. The government is closing the Mare Island Naval Shipyard in Vallejo. This action is expected to affect more than 9,500 military and civilian jobs by the end of the decade. In 1995, the MSA's median housing value was \$140,600. WFB has 17 branches in this MSA, four of which are in LMI areas.

I. ASCERTAINMENT OF COMMUNITY CREDIT NEEDS

Assessment Factor A - Activities conducted by the institution to ascertain the credit needs of its community. This includes the institution's efforts to communicate to community members the credit services provided by the institution.

- WFB has an effective and thorough program to learn of community credit needs.
- WFB Community Development officers display leadership in their outreach activities.

WFB management regularly evaluates the effectiveness of the bank's efforts in helping to meet the credit needs in targeted areas of the delineated community. Staffs of Retail, Commercial and Business banking units of WFB make community contacts to identify credit needs in their specific locations. These units cover the bank's entire delineated community. During the evaluation period, the banking units made more than six thousand community contacts. The express purpose of these contacts was to identify the most pressing credit needs in their communities. From these contacts and the outreach efforts of WFB's Community Development Officers (CDO), management analyzes and identifies credit needs in all of the census tracts in the bank's community.

CDOs meet with statewide community advocate groups such as the California Reinvestment Committee, the Greenlining Institute, and Communities for Accountable Reinvestment. These groups benefit minorities and lower income residents through their efforts to ensure that credit is available for these segments of the community. Management uses these meetings to help them in determining which credit products and programs should help meet the credit needs of minority and low-income segments of WFB's community.

CDOs also maintain extensive contact with local government officials, local community organizations and developers of affordable housing. During these outreach contacts, CDOs often take leadership roles. For example:

- The CDO for the central valley region worked with local government officials and developers to encourage the development of affordable multifamily rental housing in the community.
- A Business Banking officer took the initiative of recommending the California Capital Access Program (CalCAP) to a major Southern California city's officials. This program provides more flexible underwriting and loan terms for unseasoned small businesses and allows lenders to approve small business loans they would normally decline under conventional programs.
- CalCAP originated as a partnership of the state and local banks. Under the program, banks, the borrower and the state, pay loan fees and provide for a reserve fund against potential losses. The reserve fund helps offset the higher underwriting risk associated with

the borrowers. Because of the Business Banking officer's recommendation, the state modified the program to allow the first city-sponsored CalCAP transaction. The participating city funds some or all of the borrower's share of the fees. This arrangement makes CalCAP loans more affordable for small, emerging businesses and gives cities a viable program to revitalize their communities. According to bank records, WFB has made approximately 90% of all CalCAP loans in California and received an award from the State Treasurer for its leadership role in this program.

WFB's ascertainment process continues to supply management with recommendations to develop new credit products or enhance existing products. The community's credit needs WFB identified include: direct development loans to affordable housing developers, construction loans for affordable multi-family housing, and flexible business loans for women- and minority-owned businesses. During the evaluation period, WFB created or enhanced their credit products to help meet the identified credit needs better.

WFB has a direct development loan program available to affordable housing developers to help meet their financing needs in the development of affordable housing. During the evaluation period, WFB issued more than \$252 million in loan commitments for low- and moderate-income housing developments. The housing projects are found throughout the bank's delineated community. Beyond WFB's direct development lending, the bank makes significant equity investments in tax credit financing. Affordable housing developers use these investments to augment their financing of low- and very low-income housing projects. The bank also participates actively in loan pools for affordable housing through a major California consortium.

In 1994, WFB's Commercial banking Group developed a Minority Business Outreach Program to simplify loans to minority business communities in California. This program has more flexible underwriting criteria than the bank's standard business loan products.

To simplify management's evaluation of WFB's loan originations, the Community Development Department (CDD) prepares a quarterly proprietary geographic distribution analysis of lending activity. This analysis helps management determine where they should concentrate their marketing and outreach efforts to assure WFB is helping to meet the credit needs of its community.

Our evaluation of WFB's performance included contacts with community-based organizations and the review of community contact forms submitted by other regulatory agencies. We used this data to obtain information on community credit needs and opinions on the bank's CRA performance. We found that WFB has accurately identified the credit needs of its delineated community.

Assessment Factor C - The extent of participation by the institution's Board in formulating the institution's policies and reviewing its performance with respect to the purpose of the Community Reinvestment Act.

- WFB's Board of Directors is involved in CRA activities through the Directors' CRA Committee.
- The Board actively supports flexible and innovative underwriting guidelines designed to help meet the community credit needs for affordable housing and small businesses.

The Board of Directors CRA involvement includes an annual review of CRA-related lending activity, approval of WFB's CRA Statement, and periodic review of branch closures. The Directors' CRA Committee has delegated authority to oversee ongoing CRA-related activities. This committee consists of five directors. They meet regularly to review WFB's Community and Economic Development Loan Program (CEDL) results, geographic distribution of lending, fair lending performance, and retail branch opening/closing activity. The Board's support has been demonstrated by the following activities:

- An approval of an expanded CRA Statement,
- a continuous review and adoption of specialized loan programs, and
- an ongoing commitment to lending under aggressive goals that benefit community and economic development.

The expanded CRA Statement describes examples of how WFB ascertains and helps to meet the credit needs of the delineated community. Also, it accurately lists the types of credit WFB offers.

The Corporate Community Development Group (CCDG), led by an Executive Vice President, actively supervises WFB's needs assessment process, conducts training sessions, and analyzes lending results. They have carried out these functions through CCDG's Community Development Department (CDD). The bank's training program is comprehensive, ongoing, and incorporates fair lending issues. Overall, the Directors' CRA Committee relies on CDD to monitor and report CRA performance.

WFB introduced the CEDL in 1986 by adopting specific lending goals for affordable housing, economic development, and low-income consumer loans. Since then, WFB has made and met several measurable CRA-related lending goals. Before April 1, 1996, WFB had committed to a ten-year CEDL lending goal of \$5 billion. On April 1, 1996, Wells Fargo & Company acquired First Interstate Bancorp. The board and management published a new ten-year CEDL lending goal of \$45 billion. They will commit the goal to the consolidated WFB and its affiliates.

The Business Loan Division (BLD) augmented the CEDL goals by committing to lending goals for small businesses. In 1993, BLD committed to lend \$2 billion over two years. After reaching this commitment, BLD renewed its goal in 1995 by committing to lend another \$2 billion in one year.

WFB's internal audit department adequately monitors departmental compliance with the technical provisions of CRA. Annually, WFB's policy requires that all branches, regional commercial banking offices, and loan production offices certify compliance with the CRA. Our review

confirmed WFB compliance with CRA's regulatory requirements.

II. MARKETING AND TYPES OF CREDIT OFFERED AND EXTENDED

Assessment Factor B - The extent of the institution's marketing and special credit-related programs to make members of the community aware of the credit services offered by the institution.

- Management effectively uses a targeted marketing strategy to direct WFB's advertising of specific credit products.
- WFB creatively employs new technology to ensure a wide and efficient distribution of its credit advertising.
- When planning marketing strategies, management uses periodic, internal analyses of WFB's loan distribution to ensure they reach all segments of the bank's community.

WFB advertises in trade, industry, community and service organization pamphlets and journals. Management also uses telemarketing to ensure effective promotion of its credit products to the bank's community. WFB further encourages its staff's marketing and sales of its credit products, including special credit products through a widespread incentive compensation program. Management occasionally uses mass media to market credit products. Instead, management relies on targeted marketing such as direct mail campaigns, and personal contacts with local government officials, community and trade organizations.

An example of WFB's targeted marketing is a direct mail campaign promoting the use of residential equity lines of credit by small business owners. Management supplements the target marketing with a program of regular advertising in a widely circulated small business trade journal called "Business 94" and "Business 95." They used these journals to present factual accounts of how WFB's credit products and services can help small businesses. These accounts are based on bank customers' own experiences.

WFB has targeted ethnic, minority, and low-income segments of its community for business and consumer lending promotions, including the bank's own special credit products. Management has used a variety of publications to target these markets. The February-March 1995 issue of "Turning Point" magazine included WFB's promotion of credit products for affordable home. WFB selected this publication for its circulation in the Los Angeles African-American community. WFB is also a regular advertiser in the Black Business Listing for the Oakland/San Francisco Bay Area. The bank has printed many credit product and service brochures in Chinese, Korean, Spanish, and Vietnamese to help reach California's diverse language markets.

During the evaluation period, the BLD participated in seminars and conferences that target minority-owned small businesses to make known the availability of its credit products. Examples

of these activities include the Festa Filipina 95 Fair and Expo, the Greenlining Institute's Second Annual Business Conference, the Los Angeles Small Business World Exposition, and the Los Angeles Black Business Conference. In 1994, WFB held five community outreach seminars in different regions. Management used the seminars to promote and market the bank's Minority Business Loan Outreach Program that provides minorities access to loans with more flexible terms. Management held these sessions with community groups in Oakland, Sacramento, San Francisco, Modesto, and Salinas.

In 1995, the Business Banking Group initiated a marketing campaign to promote its commitment to lend \$1 billion over the next three years to women owners of businesses. They promoted this campaign throughout WFB's community and nationwide in coordination with the National Association of Women Business Owners. WFB has reported that this loan commitment was the first nationwide lending program of its kind that is available to all creditworthy, established, women entrepreneurs.

WFB has used other creative and innovative methods to market its credit products. The bank is promoting consumer loans and other bank services through its branch network, including its new on-site supermarket locations throughout California. Officers staff many of these store sites to help customers seeking consumer loans and other customer services. "Loan by Phone" access stations also give customers direct contact with loan counselors. ATM screens use digitized transmissions at store locations and other remote sites to promote the availability of a variety of consumer loans.

WFB advertises the Low Income Finance Terms (L.I.F.T.) product throughout California. The bank designed L.I.F.T. for low- and moderate-income individuals that have a good credit history but cannot meet traditional credit standards because of their income level. The program, initially introduced in 1972, has periodically undergone modifications to adjust to changing market conditions and reach a wider target market. Additionally, they have adapted elements of the program to make the product more flexible.

WFB also offers a secured credit card product. The marketing of this product and other credit card products often focuses on preapproved solicitations. These marketing solicitations do not exclude low- and moderate-income segments of WFB's community.

WFB is expanding its credit marketing through new technologies. Management is now promoting business and consumer loan products through the Internet for the rapidly expanding market of personal computer users.

Periodically, WFB's CDD produces geographic distribution analyses of all credit products offered by the bank. They shared these analyses with managers of various credit product groups to provide insight into the distribution of recent loan originations. The managers use these analyses to help them modify and focus their marketing strategies on under-served segments or areas of WFB's community.

Assessment Factor I - The institution's origination of residential mortgage loans, housing rehabilitation loans, home improvement loans, and small business or small farm loans within its community, or the purchase of such loans originated in its community.

- WFB's aggregate level of lending reflects a responsiveness to the community's most pressing credit needs.
- WFB is an industry leading lender of small business loans and has made a significant volume of loans less than \$50 thousand.

WFB is a strong lender in most of its product areas, particularly in small business loans and consumer loans. WFB offers a variety of products, with many specifically designed to help meet the needs of the low- and moderate-income community. During the evaluation period, WFB originated more than 619 thousand loans aggregating more than \$14 billion in its delineated community. This activity makes up 85% of the bank's total small business, consumer, and residential loan originations. The Aggregate California Lending in the table below illustrates the strong levels of loan production, including the diversity of products offered. The largest component of WFB's lending is loans to small businesses. WFB's willingness to make loans of less than \$50 thousand enhances the bank's commitment to small business lending. More than 75% of WFB's small business loans were of this size.

AGGREGATE CALIFORNIA LENDING - 1994 & 1995			
PRODUCT	#	\$ (Millions)	Avg. loan \$ (Thousands)
Consumer Installment Loans & Lines*	247,168	\$ 1,884	\$ 8
L.I.F.T. & other affordable loans	22,523	88	4
Credit Cards* - WFB & WFB(AZ)	798,939	2,313	3
Small Business Loans (BBG)	85,119	4,449	52
SBA & Other Govt. Gtd. Loans	1,938	443	228
Loans ≤\$50M	67,445	1,069	16
Loans in LMI CTs	16,091	263	16
Small Farm Loans (BBG & CBG)	351	68	193
Residential Loans	21,538	3,069	143
Loans in LMI CTs	3,520	416	118
Loans to LMI borrowers	4,811	366	76
Govt. Gtd. Student Loans	147,956	613	4
Affordable Housing Construction	57	253	4,435
Other CRA-related Loans (CBG)	711	969	1,362
Total California Lending Activity	1,418,167	\$16,263	

* Consumer Lines of Credit and Credit Cards are included in commitment amounts.

Small Business Lending Activity

WFB makes many of its commercial loans to small businesses and for small amounts. The Business Banking Group (BBG) focuses its lending effort on businesses with revenues of less than \$1 million. Evidencing WFB's commitment to small business, the bank's small business loan originations in California more than doubled in 1994 and grew another 26% in 1995. Further, in 1995, we noted that WFB's loan growth was almost evenly divided between loans below and above \$50 thousand. During the evaluation period, WFB originated 68% of its small business loans in the bank's delineated community. In 1995, WFB's ratio of originations in the delineated community declined because of an expanded marketing effort outside California. However, as reflected in the growth rates, WFB's lending outside the state did not deter the bank from increasing its lending in California.

During the evaluation period, WFB's smaller loans had solid growth in LMI census tracts, with a 66% increase. Overall, our analysis of BBG's lending and the table below show distribution patterns approximately the same as that of small businesses in California. The largest variance we noted was between the San Francisco and Los Angeles MSAs. WFB originated 12% of its small business loans in the San Francisco MSA, which has about 8% of the state's small businesses. Conversely, WFB made 24% of its small business loans in the Los Angeles MSA, which has 28% of the small businesses.

We identified two principal factors for the variances. First, WFB's corporate headquarters is in San Francisco. This gives small businesses greater knowledge and visibility of the bank. Second, the concentration of small businesses in the Los Angeles MSA, makes this market extremely competitive and creates a challenge to any lender attempting to penetrate the market. Therefore, we do not view the distribution variances as unreasonable. For comparison purposes, we included the number of small businesses in each MSA in the table below. We obtained California's small business distribution from a Dun & Bradstreet report. BBG's lending also includes SBA loans discussed in assessment Factor J. WFB divides between the BBG and the CBG, loans to small farms whose revenues are \$1 million or less. The groups' activity in this area has been nominal.

AGGREGATE SMALL BUSINESS LENDING - 1994 & 1995					
MSA	# of Small Businesses	# of Loans ≤\$50M	Total #	Total \$ (Millions)	Avg. Loan (000's)
Fresno	11,209	1,307	1,818	\$ 123	\$68
Los Angeles	126,113	15,337	18,660	889	48
Modesto	5,011	722	913	45	49
Oakland	31,644	5,593	7,807	526	67
Orange County	41,861	6,690	8,334	412	50
Riverside/ San Bernardino	28,569	3,027	3,582	158	44
Sacramento	20,052	3,895	4,879	249	51
Salinas	5,431	771	1,054	77	73
San Diego	35,881	5,148	6,064	247	41
San Francisco	35,931	7,711	9,974	542	54
San Jose	23,425	4,908	6,468	382	59
Santa Rosa	7,962	813	1,102	65	59
Vallejo/ Napa/Fairfield	5,796	630	815	47	57
MSA's Not Sampled	53,968	6,187	7,663	371	48
Rural Tracts	17,348	921	1,176	58	49
CA location not known	NA	3,785	4,810	259	54
Subtotal - California	450,201	67,445	85,119	4,449	52
Outside California	NA	40,156	40,215	809	20
Total Bank		107,601	125,334	\$5,257	\$42

Consumer Lending Activity

WFB offers a variety of consumer loan products. Our analysis showed that WFB originated 93% of its consumer loans in its delineated community. WFB's affordable loan products contributed more than 9% of this activity. The bank has targeted these products to LMI borrowers through flexible underwriting or extended terms. The Aggregate California Lending table on Page 17, shows WFB's consumer loans and lines originated in the delineated community during the evaluation period. The L.I.F.T. and other affordable installment loans are a component of the consumer lending volume.

The table below shows WFB's consumer lending activity over the evaluation period. Our analysis of this activity showed declines in lending volumes for home equity lines and loans, and credit cards. We attribute these changes to flat or declining real estate values in parts of the community and to increased competition. Automobile and other installment loans continue to grow, particularly in the specially tailored products. WFB(AZ) originated more than 50% of its new credit card accounts in WFB's delineated community. Further, WFB(AZ) has supplemented its credit card programs with a secured card account. This new account has given LMI individuals with a limited credit history or minor delinquencies, access to a credit card account.

AGGREGATE CONSUMER LENDING 1994 & 1995				
MSA	Instalment		Credit Card	
	#	\$ (Millions)	#	\$ (Millions)
Fresno	4,050	\$ 32	12,842	\$ 35
Los Angeles/Long Beach	56,988	436	186,470	524
Modesto	3,391	25	9,043	27
Oakland	20,940	172	69,019	210
Orange	17,851	151	59,624	185
Riverside/San Bernardino	13,060	96	47,338	142
Sacramento	17,938	138	39,437	120
Salinas	2,623	20	8,420	24
San Diego	20,503	152	80,604	218
San Francisco	22,083	178	73,744	231
San Jose	16,870	136	60,537	174
Santa Rosa	4,541	33	10,923	33
Vallejo/Fairfield/Napa	4,237	32	11,444	33
Other MSAs & BNAs	30,289	203	87,746	260
CA location not known	11,804	81	41,718	96
Total California	247,168	1,884	798,909	2,314
Outside California	18,986	125	771,949	2,300
Total Loans	266,154	\$2,009	1,570,858	\$4,614

Residential Lending Activity

In 1995, WFB management decided to end its direct mortgage lending activity. The table below shows the resulting decline in activity as reporting under the Home Mortgage Disclosure Act (HMDA) and the community distribution of lending activity over the evaluation period. WFB's increasing volumes in small business and consumer loans reflect a reallocation of available funds to other credit needs of the community.

WFB will continue its commitment to finance affordable housing. It will accomplish this through the participation in specific loan pools and other programs developed for this type of activity. In addition, WFB will provide access to mortgage loans through a recently-established alliance with a national participant in the residential mortgage market (see Bank Profile). Management has emphasized the alliance's aggressive marketing to LMI borrowers.

AGGREGATE RESIDENTIAL LENDING - 1994 & 1995								
MSA	Purchase		Refinance		Home Improvement		Total	
	#	\$ (Millions)	#	\$ (Millions)	#	\$ (Millions)	#	\$ (Millions)
Fresno	157	\$ 18	298	\$ 27	17	\$ 0.4	472	\$ 45
Los Angeles/Long Beach	3,059	479	2,047	281	151	5.3	5,257	765
Modesto	127	13	226	21	32	0.8	385	35
Oakland	576	107	1,261	158	135	6.4	1,972	271
Orange	638	135	844	127	59	2.0	1,541	264
Riverside/San Bernardino	459	60	703	72	44	1.0	1,206	133
Sacramento	303	46	899	86	91	2.7	1,293	135
Salinas	103	19	199	30	12	1.1	314	50
San Diego	806	134	1,994	260	76	2.2	2,876	396
San Francisco	414	104	1,038	171	117	4.9	1,569	280
San Jose	227	52	672	105	88	3.4	987	160
Santa Rosa	119	19	173	18	24	0.7	316	39
Vallejo/Fairfield/Napa	96	16	221	25	12	0.4	329	42
Other MSAs & BNAs	766	96	2,027	189	188	5.0	2,981	289
Total California Loans	7,850	\$1,295	12,602	\$1,570	1,046	\$36.3	21,498	\$2,902

Assessment Factor J - The institution's participation in government-insured, guaranteed or subsidized loan programs for housing, small businesses or small farms.

- WFB is an active participant in government-guaranteed or sponsored loan programs that address housing, consumer and business credit needs.
- WFB is the leading lender under the SBA's 504 program within the State of California.
- WFB continues to display a leadership role in the California Capital Access Program.

WFB management identified affordable housing and small business loans as two credit needs of its delineated community. To help meet these needs, WFB participates in various government loan programs to supplement its own loan products. The table below summarizes WFB's activity in these programs.

AGGREGATE GOVERNMENT-GUARANTEED LOANS 1994 & 1995		
Program	#	\$ (Millions)
SBA 504 -- RE Secured	655	\$ 258
SBA 7(a)	276	37
CalCAP	985	141
Calif. State Guaranty Loan Program	22	6
Student Loans	147,956	613
Total Loans	149,894	\$1,055

During the evaluation period, the Small Business Administration (SBA) recognized WFB as California's leading originator of loans under the SBA 504 Program. WFB is also a strong lender under the SBA's 7(a) Program and has displayed strong growth in the last two years. The SBA has awarded WFB the status of "certified" lender in several districts in California. Recently, the SBA approved WFB's Preferred Lenders Program status in all California SBA District Offices. Their designation is based on WFB's volume and portfolio performance, and it reduces the time and paperwork necessary to process a loan application.

WFB continues to be a leader in community development lending in California. Through WFB's Real Estate Group and Commercial Banking Group, the bank funds significant number of loans to developers that use federal and state subsidy or credit programs. WFB uses its affordable

housing program to help finance developers of city-sponsored, nonprofit and for-profit housing and community development projects.

WFB is the dominant bank lender in the CalCAP. Also noteworthy are WFB's actions in getting state legislation passed to create the CalCAP. The program became effective March 21, 1994. WFB currently funds approximately 90% of all CalCAP loans.

III. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES.

Reasonableness of Delineated Community

- WFB's delineated community is reasonable and does not arbitrarily exclude any low-and moderate-income areas.

At least annually, the Community Development Department analyzes the reasonableness of the community delineation. The analysis includes a review of lending patterns, community demographics, banking needs and the location of WFB offices. The Board of Directors reviews the department's analysis and approves any changes to the community delineation (see "Community Profile").

Assessment Factor E - The geographic distribution of the institution's credit extensions, credit applications, and credit denials.

- Management has developed an effective and impressive analysis process to identify the geographic distribution of WFB's loan products.
- The geographic distribution of WFB's loan originations is reasonable and generally consistent with demographic patterns within the community.
- Our analysis showed that multiple WFB loan products are reaching the entire community.
- WFB's small business lending has made a strong penetration into LMI census tracts.

WFB's CDD management developed a focused product, analytical process to understand the bank's distribution of lending among all income levels of census tracts and borrowers. This proprietary process identifies levels of parity between low and moderate, middle, and upper-income lending distribution. WFB's parity analysis takes into account variable statistical factors affecting the different product lines. The analysis compares small business lending to the number of small business lending opportunities in the MSA, consumer lending to the income level of the individuals and the income level of the census tract, and home mortgage lending to the number of owner-occupied homes in each census tract.

The process allows WFB to identify areas of low penetration by product and to focus marketing efforts on those areas to improve its lending distribution. Our evaluation included a review of WFB's methodology, and we confirmed the reasonableness of the analysis process. We used the CDD analysis to supplement our review of WFB's consumer and small business lending distribution.

An example of how WFB used the focused product process was the CDD's analysis of home purchase lending in the Los Angeles MSA. Management used the analysis to identify and target LMI areas in the MSA. In 1994, WFB's targeting efforts resulted in a substantive increase in loan originations. We observed the bank's improved lending distribution in our analysis of 1994 HMDA data and Table A-1 in the Appendix. Our analysis also noted that WFB was the number one lender to LMI areas in the Los Angeles MSA. More than 32% of Los Angeles' census tracts are LMI areas. In 1994, WFB made 33% of its home purchase loans in Los Angeles' LMI census tracts. The aggregate HMDA data also showed that the average lender originated only 15% of its home purchase loans in LMI areas. In 1995, WFB increased its home purchase mortgage ratio in Los Angeles' LMI areas to 36%. When we overlaid the bank's focused analysis of other product lines, we noted similar increases in target areas. Further, our analysis reflected considerable penetration of all loan products in the entire community.

Small Business Lending

Overall, WFB's small business lending shows a good level of penetration into LMI areas. WFB's small business loans are the products offered by the bank that have the strongest volume. Our analysis of WFB's small business lending and the table below show consistency in the bank's penetration of LMI areas throughout the evaluation period. WFB's small business lending distribution also compares favorably to the number of small businesses in LMI census tracts.

SMALL BUSINESS LENDING DISTRIBUTION BY INCOME LEVEL OF CT					
MSA	% of Businesses in LMI Cts	% of total # of loans			
		LMI CTs		Mid/Upper Income CTs	
		1994	1995	1994	1995
Fresno	28	31	32	69	68
Los Angeles/Long Beach	27	26	27	75	73
Modesto	22	27	20	83	80
Oakland	28	29	28	71	72
Orange	34	37	40	63	60
Riverside/San Bernardino	26	22	24	78	76
Sacramento	25	25	23	75	77
Salinas	26	20	23	80	77
San Diego	27	26	24	74	76
San Francisco	33	35	35	65	65
San Jose	28	29	29	71	71
Santa Rosa	14	20	17	80	83
Vallejo/Fairfield/Napa	20	13	15	87	85
Total CA MSAs	28	29	29	71	71

Consumer Lending

Our analysis of WFB's geographic distribution of consumer loans showed a reasonable lending activity among all income levels. This is shown in the following table. Consumer lending is also WFB's product line with high volumes. Our analysis showed that the bank's percentage of loans originated during the evaluation period and within LMI census tracts showed a steady increase. This again reflects WFB's efforts to focus on LMI areas for increased distribution of loans.

CONSUMER LENDING DISTRIBUTION BY INCOME LEVEL OF CT (% of total # of loans)				
MSA	LMI CTs		Mid/Upper Income CTs	
	1994	1995	1994	1995
Fresno	16	17	84	83
Los Angeles/Long Beach	20	22	80	78
Modesto	11	14	89	86
Oakland	23	21	77	79
Orange	19	22	81	78
Riverside/San Bernardino	14	15	86	85
Sacramento	16	17	84	83
Salinas	16	17	84	83
San Diego	21	25	79	75
San Francisco	22	23	78	77
San Jose	18	21	82	79
Santa Rosa	7	6	93	94
Vallejo/Fairfield/Napa	10	11	90	89
Total CA MSAs	19	21	81	79

Credit card lending is also well distributed among the three income levels (See Table A-5 in the Appendix). WFB and WFB(AZ) credit card originations, like the consumer loan activity, showed an increase in new accounts to LMI census tracts.

Residential Lending

Our analysis of WFB's residential lending showed a reasonable distribution of loans throughout its community. In mid 1995, WFB stopped direct home purchase and home refinance lending. However, WFB maintained good lending penetration levels of LMI census tracts between 1994 and the first six months of 1995. Tables A-1 and A-2 in the Appendix show these distribution levels.

In 1994, WFB's distribution of home purchase loans made to LMI borrowers exceeded the average for all HMDA reporters. WFB also matched the average distribution of residential refinanced loans for all HMDA reporters. WFB compared favorably to HMDA reporter averages for residential refinance lending by income level of the borrower. Tables A-3 and A-4 in the Appendix reflect our analysis of lending percentages by the borrower's income. Aggregate HMDA data from 1995 was not available for comparison.

WFB's home improvement lending volumes were too low to apply the focused product analysis management used on the other residential mortgage products. Our analysis showed a reasonable distribution of WFB's home improvement lending. Also, our analysis showed that the distribution of WFB's home improvement lending in LMI areas was consistent with the percent of owner-occupied homes in those same census tracts. In 1994, WFB's percent of home improvement lending in LMI census tracts exceeded the HMDA market average.

Despite WFB management's decision to stop originating home purchase and refinance loans, it substantially increased lending in LMI areas. Our analysis also overlaid WFB's home purchase, refinance, and home improvement lending activities on each MSA. The analysis showed that higher lending volumes in one category would support the lower volumes of another category. This further confirms that WFB is providing loan products that are helping to meet the varying residential loan needs of its communities.

Assessment Factor G - The institution's record of opening and closing offices and providing services at offices.

- WFB's branches are readily accessible to all segments of its delineated community.
- WFB's closure of branches during the evaluation period has not adversely affected the bank's ability to provide services to its community, including LMI areas.

In 1995, WFB increased its branch network by 54%. The principal component of this growth was WFB's addition of 375 In-Store offices. The network is made up of four types of offices: traditional branches, In-Store branches, In-Store banking centers, and branch centers. Attributes of the new offices include:

- In-Store branches function similarly to traditional branches but are located in supermarkets. WFB has typically staffed these branches with five to six full-time employees.
- In-Store banking centers are also located in supermarkets and give customers traditional banking services, with the exception of currency and coin transactions and safe-deposit facilities. These centers accept loan applications and can help customers in applying for loans. WFB has typically staffed these centers with at least one bank officer and a supporting team of part-time employees.
- Branch centers are placed in other retail locations and give customers traditional banking services, with the exception of currency and coin transactions, and safe-deposit facilities. These centers can also accept loan applications and assist customers in applying for loans. Branch centers have at least one bank officer onsite with a supporting team of part-time employees.

The following table provides a breakdown of the branch network.

BRANCH NETWORK	Traditional	In-Store Branches	In-Store Banking Centers	Branch Centers	Total Offices
1994	572	39	22	0	633
1995	535	94	337	8	974

WFB's branch network is reasonably distributed and readily accessible throughout its delineated community. WFB's addition of In-Store branches and centers gives customers the convenience of extended banking hours, seven days a week. At year-end 1995, WFB had 219 branches (23%) in LMI areas.

Beyond the branch network, as of the examination date, WFB had 2,382 ATMs in 1,208 sites throughout California. Further, 24% of the sites were in LMI areas. The ATM network enables the bank's customers to gain free access to cash. Customers can use many of the ATMs 24 hours a day, seven days a week. These machines have instructions in Spanish, English, and Braille. WFB customers can also execute more than 150 transactions using the bank's 24-hour person-to-person telephone service.

WFB has retained its Home Loan Center in South Central Los Angeles. In 1994, the bank opened the center to strengthen its lending efforts in this LMI community. The Towne Square Partnership is now staffing the center.

WFB's formal branch closure policy requires that, prior to closing, management must complete an in-depth analysis of its possible effect on the community. The branch closure analysis includes branch deposit and activity statistics, location information, and assessment of the customer base and market area. The CDD visits the location of the targeted branch to assess potential CRA concerns. WFB also considers comments from community groups, and requires Board approval before closure.

During the evaluation period, WFB closed 72 branches, 22 of which were in LMI areas. Management's closure analysis showed that WFB had excess branch capacity in the areas. That is, WFB had other facilities reasonably nearby to satisfy the affected customers.

IV. DISCRIMINATION AND OTHER ILLEGAL CREDIT PRACTICES

Assessment Factor D - Any practices intended to discourage applications for types of credit set forth in the institution's CRA Statement(s).

- WFB's practices do not discourage credit applications.

WFB actively seeks credit applications from all segments of its community and focuses on LMI neighborhoods. WFB uses compliance staff and targeted marketing programs to ensure applications are encouraged from low-income areas and low-income consumers.

WFB regularly assesses the adequacy of nondiscriminatory policies, procedures, and training programs through internal reviews and management reporting mechanisms. WFB's compliance management system provides an extensive and ongoing review of the bank's performance in providing access to credit to all applicants. Compliance and credit officers perform the following:

- second level reviews of declined residential loan applications from minorities and low-income individuals,
- reviews of loan files to analyze major reasons for denials,
- regular reviews of HMDA data and comparable data for all types of credit to evaluate lending activity by census tract and race,
- periodic reviews of underwriting guidelines and procedures, and
- ongoing sensitivity and cultural diversity training for all bank personnel.

Assessment Factor F - Evidence of prohibited discriminatory or other illegal credit practices.

- Our evaluations revealed no evidence of prohibited or illegal credit practices.

WFB complies with the substantive provisions of anti-discrimination laws and regulations that include the Equal Credit Opportunity, the Fair Housing and the Home Mortgage Disclosure Acts. We evaluated compliance with anti-discrimination laws through a review of 559 residential loan applications. Our sample included 381 applications for conventional home purchase loans and 178 applications for home improvement loans processed by WFB between October 1, 1994 and June 30, 1995. The home purchase loan sample included declined applications from 48 African Americans, 93 Hispanics and 4 Asians. We compared these files with approved applications from 236 whites. Our home improvement loan sample included declined applications from 8 African Americans and 55 Hispanics. We compared these files with approved applications from 115 whites. Our file comparison process did not detect any indication of illegal discrimination.

V. COMMUNITY DEVELOPMENT

Assessment Factor H - The institution's participation, including investments, in local community development and redevelopment projects or programs.

- WFB displays excellent leadership, innovation, and participation in financing community development and redevelopment projects.
- WFB is a leading originator of various financing methods used for the development of LMI and special need housing.

Throughout the evaluation period, WFB used a variety of lending and investment opportunities to finance more than \$694 million in community development and redevelopment ventures. This high level of financing is evidence of WFB’s continuing commitment to community development activity. The following table summarizes, by activity, WFB’s participation in community development during the evaluation period.

COMMUNITY DEVELOPMENT ACTIVITIES		
Activity	# of Projects	\$ (millions)
Lending Activity	287	\$672
Development of affordable housing	60	262
Development of housing and special need projects in LMI areas	15	11
LMI Loan Pool Participation	-	14
Business loans to revitalize/develop Enterprise Zones	193	353
Community Organizations	19	33
Equity investments	2	18
Grants	107	3
Total Community Development Activities	396	\$694

Leadership and Innovation

WFB management has shown excellent leadership and innovation in community development activities. Examples include:

- ▶ WFB’s CCDG Executive Vice President is Chairperson of the California Community Reinvestment Corporation (CCRC). CCRC is a major consortium of California banks that have developed a financing pool for community development projects.
- ▶ A senior officer in CDD is Chairperson for the Los Angeles Community Design Center (LACDC). The LACDC is one of the oldest established community development organizations in California. The CDD officer is also a board member of several community development organizations. These include the Skid Row Housing Trust, the Community Development Subcommittee of the American Banker’s Association, the California Community Economic Development Association, the National Association of Affordable Housing Lenders, and a member of the Business Council of the National Center for American Indian Enterprise Development.

- ▶ The CDO for WFB's Bay Area and Northern California region was the founder of the National Association of Affordable Housing Lenders (NAAHL). He continues to serve as a member of the association's board and executive committee. The NAAHL promotes private investment in affordable housing. This officer is also a member of the Affordable Housing Partnership, the City of San Francisco's Mayor's Tenderloin Task Force, the California Association for Local Economic Development, and the Loan and Grant Committee of the City of Berkeley Housing Trust Fund.
- ▶ The CDO for the central region of California is a member of the advisory council for Rural Local Initiatives Support Corporation (LISC) and a director of the Fresno Certified Development Corporation. This officer also chairs the Fresno Community Lenders Council.
- ▶ The CDO for the San Diego region is a member of the organizing committee of the Neighborhood Development Bank, chairs the Advisory Committee of the San Diego LISC, chairs the Lender's Subcommittee of San Diego City/County Reinvestment Task Force, and is a member of both the East County Economic Development Corporation and the San Diego County Vacant Properties Task Force.

WFB has shown its innovation in helping to meet community development needs in a variety of projects. In 1994, WFB formed an innovative partnership with Bridge, California's largest nonprofit developer of affordable housing, the World Savings Bank, and the California Public Employees Retirement System. This is one of the first partnerships developed between a construction lender, a nonprofit developer, and permanent financing lenders. WFB made a \$50 million loan commitment for the construction of affordable housing. This commitment is the cornerstone of an overall plan to raise a \$300 million loan pool. The loan pool will provide the financing to build 5,000 affordable housing units in California over a period of three years.

Another example of WFB's innovation was evidenced when California affordable housing developers and the California Reinvestment Committee voiced a need to combine short-term construction financing with permanent financing. In late 1995, WFB management responded by arranging an innovative agreement with two major California savings institutions. The agreement provides an integrated process where affordable housing developers can combine development/construction financing commitments from WFB with permanent financing commitments from the savings institutions. By the end of 1995, WFB had already made seven construction loan commitments under the program, totaling \$19 million. The funding of these loans is projected for 1996.

Community Development Lending

Management has made a strong and effective commitment to identify and directly fund capable affordable housing developers. During the evaluation period, WFB committed loans to develop 57 exclusively LMI housing projects, aggregating \$253 million. The projects will provide 3,886 housing units for LMI families. Of these units, 95% are available to families with incomes equal

to or less than 60% of the area's family median income. The projects are in 36 different communities in 14 MSAs.

WFB also financed the development of three "mixed use" projects totaling \$9 million. A "mixed use" project contains units for families with incomes above and below the LMI level. These projects will provide 86 housing units, with the developers reserving 18 of these units for LMI families.

During the evaluation period, WFB also provided the following financing:

- A \$4 million loan package for the development of a 42-unit rental project that has no income limits on the tenants and is in an LMI area.
- A \$4 million loan package for a commercial project dedicated to treat AIDS. A nonprofit sponsor is developing the project.
- A \$4 million loan package to 10 nonprofit sponsors. The sponsors will use the loans to buy or refinance 13 single-family or small unit residential properties in nine communities. The sponsors will use the properties for special needs such as elderly care, mentally retarded, disabled adults, and troubled youth.

WFB is a leading participant in the CCRC. As a founding member of this consortium of California commercial banks, WFB has committed more than \$30 million to a revolving loan pool. The purpose of the pool is to provide financing for the development or rehabilitation of LMI housing projects throughout California. Currently, WFB's share in this pooled financing is approximately \$14 million.

WFB's high annual volume of affordable housing development lending described above continues a long standing commitment to the bank's community. Since 1990, WFB's annual financing activities for affordable housing development have consistently exceeded \$100 million.

WFB participates in community development through significant volumes of business loans made in economically depressed areas designated as Enterprise Zones. During the evaluation period, WFB made 193 of these Enterprise Zone business loans in 35 different cities throughout the bank's community. The total volume of this lending was \$353 million. These business loans are helping to revitalize the designated zones. They also complement WFB's high volumes of small business loans generated throughout all areas of the bank's community.

During the evaluation period, WFB also made 19 business loans totaling \$33 million to nonprofit community organizations. These organizations are involved in community development activity, businesses producing affordable housing, and businesses sponsored by a public agency to promote community development.

Equity Investment

To spur production of low-income housing further, WFB is making significant equity investments in nonprofit-sponsored projects. In 1995, WFB and WFB(AZ) committed to invest \$15 million through LISC. WFB will invest its \$12 million share in equity capital through LISC's California Equity Fund. LISC will leverage the investment to generate more than \$64 million of construction financing. Developers will use the financing for low-income housing projects throughout California. We will consider WFB(AZ)'s investment of the remaining \$3 million as part of its own CRA performance.

In 1995, WFB directly invested \$6 million through the federal tax-exempt credit program. The developers will use this investment to supplement their financing of the construction and rehabilitation of a 199-unit apartment building. The building, in the West Lake district of Los Angeles, will provide single-room occupancy for very low-income persons.

Grants

WFB also provides grants to organizations involved in community development. During the evaluation period, WFB contributed \$3 million to 107 community groups.

Assessment Factor K - The institution's ability to meet various community credit needs based on its financial condition and size, legal impediments, local economic conditions and other factors.

- We did not identify any constraints on WFB's ability to help meet the credit needs of its delineated community.

WFB has made a substantial commitment of financial and personnel resources to help meet its community's credit needs. WFB has shown this commitment through its participation in many community development projects, small business lending, and affordable lending programs. Information about WFB's financial condition, size, and local economic conditions can be found in the Bank and Community Profiles Section of this Evaluation.

In 1995, the California recession ended as the state made a strong comeback. However, entering 1994, WFB management was cautious in extending credit due to the impact the recession had on the state's economy. Also, businesses and consumers appeared reluctant to assume more debt. These conditions have now moderated. We have not identified any major impediments to WFB's ability to help meet various community credit needs.

Assessment Factor L - Any other factors that, in the regulatory authority's judgment, reasonably bear upon the extent to which an institution is helping to meet the credit needs of its entire community.

- WFB positively helps meet credit needs in its community through grants, officer and staff volunteer work, and various bank programs.
- WFB contributes to educational efforts that help ensure community residents develop their abilities to meet the demands of the current and future job markets.

Annually, WFB makes grants to community organizations that foster job development, economic revitalization, shelter for the needy, home renovation, and general community restoration. These grants are beyond those considered under WFB's community development grants.

The following minority job fostering organizations are examples of the grants' benefactors: the Pacific Asian Consortium in Employment of Los Angeles, the Black Economic Development Task Force, and various Hispanic and Asian Chambers of Commerce. Other examples of benefactors include community restoration organizations such as Christmas in April and economic revitalization organizations such as Oakland Business Development Corporation and the Los Angeles Opportunities Industrialization. WFB also benefits needy shelter organizations such as Neighborhood House Association of San Diego and the Tenderloin Housing Clinic of San Francisco. During the evaluation period, WFB gave more than \$390 thousand in grants to these organizations.

WFB has established several educational programs that positively affect the future economic vitality of the delineated community. It has targeted education as a vital need if residents are to develop the knowledge and skills necessary to compete in the increasingly technical job market. WFB focuses particularly on kindergarten through grade 12. For example, in 1995, WFB made a \$200 thousand grant to create a partnership with Cal State Los Angeles. This partnership helps a group of visionary teachers in South Central Los Angeles who have created a new, independent school for children from kindergarten through grade four. This school has set challenging academic standards for at-risk students. Parents must pledge to monitor homework and volunteer time each month. The school board consists of educators and business people who live and work in the community. During the evaluation period, WFB made grants of more than \$4 million for education to organizations in the delineated community.

Wells Fargo participates in the Detwiler Foundation that encourages enhancement of school technology and the recycling of surplus computers to schools. During the evaluation period, bank staff donated more than 100 computers through this program.

WFB continues a long established program--the President's Award for Community and Educational Volunteers. This program recognizes employees who volunteer their time in service of the community. During the evaluation period, Wells Fargo honored recipients with cash contributions of more than \$100 thousand to the employees' favorite charities.

Also, during the evaluation period, Wells Fargo made community grants for art/culture, civic, economic development, education, and social services purposes. These donations totaled more than \$11 million.

In 1995, management started the Volunteer Leave Program. They designed the program to give individual employees the opportunity to help solve social problems of a personal concern. The program allows employees to work with a nonprofit organization or school of their choice. Leave can be for up to six months at full salary and benefits. During the evaluation period, WFB granted 11 employees volunteer leave. These employees contributed time to the American Women's Economic Development Corporation of Los Angeles and the Woodside Learning Center of San Francisco. The entities used their time to help develop a small business program and a transition center for supervision and training of troubled youth.

WFB encourages managers to purchase from minority, women and disabled vendors. In early 1996 WFB forwarded a mail survey to vendors it used in 1995. Approximately 27% of the vendors responded to the survey. Management's analysis of this survey showed that the bank purchased more than 43% of its goods and services from minority and women vendors.

ADDITIONAL INFORMATION

Wells Fargo Bank, N A. is a subsidiary of Wells Fargo & Company, San Francisco, California, a bank holding company. As of March 31, 1996, the bank was affiliated to chartered financial institutions in Arizona and California. For information about the CRA performance of these institutions, contact either the institution directly, or the Wells Fargo's Community Development Department, P. O. Box 63102, San Francisco, California 94163.

The OCC also supervises WFB's national bank affiliates. The Federal Reserve Bank of San Francisco is responsible for the supervision of Wells Fargo & Company. The Federal Reserve should be contacted for information about any corporate transactions the company may be processing which are subject to CRA.

APPENDIX

TABLE A-1 Distribution of Home Purchase Loans by Income Level of Census Tracts

TABLE A-2 Distribution of Refinance Loans by Income Level of Census Tracts

TABLE A-3 Distribution of Home Purchase Loans by Income Level of Borrowers

TABLE A-4 Distribution of Refinance Loans by Income Level of Borrowers

TABLE A-5 Distribution of Credit Card Originations by Income Level of Census Tract

TABLE A-6 MSA Demographic Profile

TABLE A-1 Distribution of Home Purchase Loans by Income Level of Census Tracts

% of total # of loans									
MSA:	Market Average			WFB					
	1994			1994			1995		
	LMI	Mid	Upper	LMI	Mid	Upper	LMI	Mid	Upper
Fresno	15	0	44	9	38	53	20	20	60
Los Angeles/Long Beach	15	33	52	33	39	28	36	31	32
Modesto	14	59	27	15	59	26	9	57	34
Oakland	14	44	42	15	38	47	11	38	51
Orange	12	39	49	12	35	52	11	49	40
Riverside/San Bernardino	13	45	42	8	37	54	18	42	40
Sacramento	11	47	42	10	41	49	2	48	51
Salinas	15	53	32	16	46	38	17	50	33
San Diego	12	44	44	14	42	44	12	46	42
San Francisco	15	43	42	15	41	44	15	44	41
San Jose	14	60	26	13	57	29	10	38	52
Santa Rosa	9	71	20	8	1	24	5	67	29
Vallejo/Napa/Fairfield	0	60	30	7	57	36	0	83	17
Total California	14	43	42	21	42	37	20	40	40

TABLE A-2 Distribution of Refinance Loans by Income Level of Census Tracts

% of total # of loans									
MSA:	Market Average			WFB					
	1994			1994			1995		
	LMI	Mid	Upper	LMI	Mid	Upper	LMI	Mid	Upper
Fresno	16	44	40	11	39	50	21	63	17
Los Angeles/Long Beach	19	32	50	20	33	47	21	34	45
Modesto	15	60	26	10	57	42	17	48	35
Oakland	16	41	44	16	42	42	17	48	35
Orange	13	41	46	10	42	49	15	43	41
Riverside/San Bernardino	15	49	36	11	45	44	17	57	26
Sacramento	14	51	34	11	49	40	11	51	38
Salinas	12	44	44	17	42	41	15	44	41
San Diego	13	45	42	11	40	49	15	44	41
San Francisco	12	42	46	11	41	48	10	34	56
San Jose	13	55	32	10	52	38	7	58	35
Santa Rosa	7	73	20	2	79	17	5	72	21
Vallejo/Napa/Fairfield	11	59	30	9	55	36	30	30	40
Total California	15	43	41	13	43	44	15	46	39

TABLE A-3 Distribution of Home Purchase Loans by Income Level of Borrowers

% of total # of loans									
MSA:	Market Average			WFB					
	1994			1994			1995		
	LMI	Mid	Upper	LMI	Mid	Upper	LMI	Mid	Upper
Fresno	22	28	49	17	19	55	10	25	60
Los Angeles/Long Beach	12	29	58	20	44	34	16	48	35
Modesto	22	34	43	27	38	31	13	35	52
Oakland	21	30	48	24	27	37	16	23	47
Orange	19	30	49	21	30	44	18	20	51
Riverside/San Bernardino	21	31	46	15	30	53	19	26	53
Sacramento	24	31	44	16	18	59	15	31	38
Salinas	11	30	58	16	24	51	28	17	50
San Diego	17	27	55	27	26	42	18	28	49
San Francisco	13	24	62	12	17	58	12	18	58
San Jose	22	32	46	17	23	56	10	21	59
Santa Rosa	16	31	51	18	21	51	29	15	57
Vallejo/Napa/Fairfield	18	34	46	19	27	48	50	25	25
Total California	18	29	51	20	33	42	20	28	47

TABLE A-4 Distribution of Refinance Loans by Income Level of Borrowers

% of total # of loans									
MSA	Market Average			WFB					
	1994			1994			1995		
	LMI	Mid	Upper	LMI	Mid	Upper	LMI	Mid	Upper
Fresno	17	19	50	12	24	61	21	17	58
Los Angeles/Long Beach	18	22	55	21	27	50	24	30	44
Modesto	21	23	43	25	26	47	29	42	29
Oakland	21	25	50	27	25	42	42	22	31
Orange	22	24	49	25	28	45	50	11	37
Riverside/San Bernardino	18	21	45	19	22	56	32	20	47
Sacramento	21	24	47	27	25	46	41	17	42
Salinas	15	23	59	26	19	51	10	20	60
San Diego	17	23	53	20	25	54	38	13	46
San Francisco	17	22	58	26	22	47	37	16	43
San Jose	22	26	49	29	25	43	25	44	29
Santa Rosa	18	27	49	25	23	46	33	33	28
Vallejo/Napa/Fairfield	19	25	49	23	26	47	50	0	40
Total California	19	23	51	23	25	50	32	23	42

TABLE A-5 Distribution of Credit Card Originations by Income Level of Census Tract

% of total # of loans				
MSA	1994		1995	
	LMI	Mid & Upper	LMI	Mid & Upper
Fresno	21	79	22	78
Los Angeles/Long Beach	27	73	32	68
Modesto	15	85	17	83
Oakland	28	72	31	69
Orange	25	75	28	72
Riverside/San Bernardino	18	82	18	82
Sacramento	20	80	20	80
Salinas	20	80	21	79
San Diego	30	70	33	67
San Francisco	27	73	29	71
San Jose	23	77	27	73
Santa Rosa	8	92	9	91
Vallejo/Napa/Fairfield	12	88	13	87
Total California	25	75	28	72

TABLE A-6 MSA Demographic Profile

This table compiles each MSA's percentage of owner-occupied housing by income level of the census tract (CT), the percentage of CTs in each income group, the percentage of individuals in each income group, and the percentage of small businesses by income level of the CT. The source of this information was the 1990 Census and a small business reporting agency.

MSA	% of Owner-occupied Housing			% of CTs*			% of Individuals			% of Small Businesses	
	LMI	Mid	Upper	LMI	Mid	Upper	LMI	Mid	Upper	LMI	Mid & Upper
Fresno	19	48	33	31	43	24	32	47	22	28	72
Los Angeles/ Long Beach	16	35	49	32	33	34	36	35	30	27	73
Modesto	15	58	28	16	42	15	20	59	20	22	78
Oakland	17	46	37	31	39	25	29	43	28	28	72
Orange	18	45	37	27	44	27	30	43	27	34	66
Riverside/ San Bernardino	16	53	31	32	45	22	24	50	26	26	74
Sacramento	14	53	32	27	48	24	23	53	24	25	75
Salinas	13	45	42	22	47	26	30	47	23	26	74
San Diego	15	49	36	28	43	26	31	44	25	27	73
San Francisco	13	47	40	24	40	32	27	46	27	33	67
San Jose	15	57	28	18	41	18	25	56	19	28	72
Santa Rosa	7	73	20	13	70	15	10	75	15	14	86
Vallejo/Napa/ Fairfield	10	62	28	21	55	20	16	63	21	20	80
MSAs not sampled	19	50	31	26	42	24	29	46	25	NA	NA
Total	16	46	37	28	41	27	30	44	26	28	72

* - Distribution does not include CTs that reported no population or income.