



Comptroller of the Currency
Administrator of National Banks

Wholesale

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Community Reinvestment Act Performance Evaluation

**Wells Fargo Bank Northwest, N.A.
Charter Number: 2597**

**2404 Washington Boulevard
Ogden, Utah 84401-2316**

**Office of the Comptroller of the Currency
Large Bank Supervision
250 E Street, S.W.
Washington, D.C. 20219-0001**

NOTE: This document is an evaluation of this 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. 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.

Institution's CRA rating:

This institution is rated “**Satisfactory.**”

The major characteristics that support this rating are:

- Wells Fargo Bank Northwest, N.A. (WFBNW) demonstrates an adequate level of qualified investments, community development loans and community development services in its Assessment Area (AA).
- WFBNW demonstrates occasional use of innovative or complex qualified investments, community development loans, and community development services in its AA.
- WFBNW demonstrates adequate responsiveness to credit and community development needs in its AA.

Scope of the Examination

In evaluating WFBNW performance under the Community Reinvestment Act (CRA), we reviewed community development (CD) activities from February 21, 2004 through December 31, 2005. We evaluated the level and nature of qualified investments, CD lending, and CD services.

For this CRA evaluation, WFBNW submitted a number of qualified investments, CD loans, and CD services originated by affiliates for consideration. All of these benefited the bank's AA, or greater regional areas that include the AA. WFBNW also submitted CD activities outside of its AA for consideration. If a bank has adequately addressed its AA's needs, the OCC may consider CD activities the bank submits that benefit areas outside of its AA.

WFBNW has adequately addressed the needs of its AA, when considering the limited opportunities for CD activities in the AA. Therefore, we considered the bank's qualified investments, CD loans, and CD services that benefit the adjacent Salt Lake City MSA.

WFBNW's CRA performance was last evaluated through May 3, 1999, at which time it was rated “Outstanding.” At that time, WFBNW was a retail banking operation. Since then Wells Fargo & Company (WFC) has gone through a variety of mergers and acquisitions. These corporate activities resulted in the restructuring of the WFBNW's objectives. WFC consolidated WFBNW's retail banking assets and liabilities into one national charter, Wells Fargo Bank, NA (WFB). As a result, WFBNW's CRA performance under its former retail designation was evaluated as a part of WFB's CRA performance evaluation dated September 30, 2004. WFB operates in the same AA as WFBNW.

Description of Institution

On December 8, 2003, WFBNW received approval from the Office of the Comptroller of the Currency for designation as a wholesale bank under the CRA. This designation became effective at the close of business on February 21, 2004, when retail operations for WFBNW were consolidated into WFB. WFBNW is headquartered in Ogden, Utah. The bank does not have any retail branches and does not accept traditional retail or commercial deposits. WFBNW is a wholly owned subsidiary of WFC.

WFC is a diversified financial services company headquartered in San Francisco, California. As of December 31, 2005, WFC had consolidated total assets of \$482 billion, ranking it among the largest financial institutions in the United States. WFB conducts business through nearly 3,000 offices and 6,000 ATMs located in 23 states. WFBNW holds various portfolio assets for WFC, including commercial loans, real estate loans, and consumer credit, such as home equity loans, personal and student loans. The bank does not offer or originate direct commercial or retail loans in the AA.

WFBNW business strategy and primary focus is to provide municipal account services to government entities in the state of Utah, and Corporate Trust Services worldwide, specifically as a trustee for leasing transactions involving aircraft, real estate, railroad cars, vessels, and other types of equipment. WFBNW delivers its products and services by direct contact with potential customers. The bank accepts public funds/municipal deposits from Utah-based government entities through its affiliate branch network, WFB, in the state of Utah.

WFBNW has \$7 billion in deposits consisting of deposits from its direct customers of the bank (municipalities); deposits from individuals, partnerships and corporations, much of which represents escrow deposits; and U.S. depository institution and government time deposits. Only 5% of deposits are from municipalities located in the Ogden MSA. As of December 31, 2005, WFBNW's total assets were \$20.6 billion and it has Tier 1 capital of \$1.3 billion.

WFBNW collaborates with its affiliates for most of its CRA activities. While WFBNW does hold some CRA assets on its books, most qualified investments and CD loans are made through affiliate entities such as WFB, the Wells Fargo CDC, and the Wells Fargo Foundation and then allocated to this charter. As a result, a higher level of community development technical expertise is available to WFBNW. The bank also uses WFC and WFB community development personnel to interact in the community and to identify credit needs within the AA.

There is strong competition for financial services in Utah. Several local and regional institutions, industrial loan corporations and credit unions are vying for a part of available CD opportunities. Among those institutions having a presence in the bank's AA are: Zion's First National Bank, Barnes Banking Company, and the Bank of Utah.

There do not appear to be any legal, financial or other factors that impede WFBNW's ability to meet the credit needs of its AA.

Table 1: Financial Information for WFBNW (000s)

	Year-end 2004	Year-end 2005	Average for Evaluation Period
Tier 1 Capital	\$2,283,000	\$1,314,000	\$1,798,500
Total Income	\$1,284,000	\$1,541,000	\$1,412,500
Net Operating Income	\$693,000	\$421,000	\$557,000
Total Assets	\$19,310,000	\$18,980,000	\$19,145,000

Source: Consolidated Report of Condition, Income, and bank reported data.

Description of Assessment Area

WFBNW delineated two AAs, the Ogden-Clearfield Metropolitan Statistical Area (MSA) and the Salt Lake City MSA, encompassing the geographies that contain its charter office and administrative office activity. The OCC does not evaluate the bank's delineation of its AAs as a separate performance criterion; however examiners do determine whether the delineation complies with CRA regulatory requirements. Geographic areas for wholesale or limited purpose banks must consist generally of one or more MSAs or Metropolitan Divisions (MD) using the MSA or MD boundaries that were in effect as of January 1st of the calendar year in which the delineation is made. The AA must be a geographic area in which the bank has its main office, branches, or deposit-taking ATMs.

During our review, we determined that WFBNW's designation of the Salt Lake City MSA as an AA does not meet the technical requirements of the CRA regulation; therefore, we adjusted the bank's AA in order to meet these requirements. As a result, we evaluated the bank on its legal AA, the Ogden-Clearfield MSA. The following discussion and tables present general demographic and economic information on this AA.

Ogden –Clearfield MSA

	Number	Low	Moderate	Middle	Upper
Tracts	93	4%	18%	54%	24%
Families	111,216	2%	16%	57%	25%
Businesses	35,133	6%	15%	52%	27%

Source: Demographic Data – 1990 or 2000 U.S. Census, Dun & Bradstreet Data.

The Ogden-Clearfield MSA is made up of Weber County and includes Utah's sixth largest city. Ogden City is situated at the base of the Wasatch Mountains and located 35 miles north of Salt Lake City. Ogden City is the most populous city in Weber County, with an estimated

78,519 residents in 2005. Ogden City is urban in nature with a HUD updated median family income of \$50,898, while the unemployment rate is 3.7 %.

Ogden City's inner city declined to the extent that it qualified for Utah's only Enterprise Community designation in 1994. Although the official "Enterprise" designation ended in December 2004, Ogden City received a two-year extension to allow it to fully expend grant funding and continue several on-going projects through 2006. There are four, contiguous "Enterprise Target Neighborhoods"; East Central, Jefferson, West Ogden and the Central Business District. They total nine square miles of the City and include approximately 20,000 residents and several hundred businesses and community based organizations.

Ogden continues to suffer from many of the problems that plague other urban areas including poverty and crime. The city has an overall 15% poverty rate that reaches 23% in its inner city. It has a growing Hispanic population of which 48% have incomes below the poverty level. Many of the new residents have moved to the area to take advantage of more affordable housing. Forty-three percent of the city's schools qualify for Title One benefits.

The major industries in Ogden City are services, construction and government. Major employers in the MSA include Internal Revenue Service, Hill Air Force Base, Weber County School District, Weber State University and the Ogden School District. Obtaining and retaining long-term employment at wages capable of sustaining family households is a challenge for low- and moderate-income (LMI) families in Ogden City. Economic and small business development efforts are working to attract businesses to the central Ogden area that will provide residents with employment opportunities close to home and attract middle-upper income households to inner-city neighborhoods.

The city's Community Development division administers the city's HUD funds. The Enterprise Community designation has resulted in several programs including Children's Discovery Learning Centers, a Youth Impact program that provides after school and summer activities for low-income students, Neighborhood Career Centers that provide free career counseling for low-income adults, and Group Workcamps that provide paint and repair for the homes of low-income senior citizens and disabled homeowners. The city also has a Small Business Administration (SBA) One Stop Capital Shop to support small business owners. We also learned that the infrastructure for CD activities in the AA is in its infancy stage. Some revitalization efforts have stumbled in the past and new projects are being developed. There are no Community Housing Development Organizations (CHDO), and the one tax credit project that has been completed was sponsored by the city's housing authority and provided 100 units of housing. The local Community Action Agency is in the process of developing a project for people with disabilities.

As part of this evaluation, we interviewed or received information from community organizations that support affordable housing, social services, economic development, and small business development. Through our community contacts we learned that the most underserved needs in Ogden City are: housing for LMI families and individuals, transitional housing for individuals at risk, the need to increase homeownership in neighborhoods where

the number of rental units is now outpacing owner occupancy, and the need to rehabilitate existing housing stock in the City's older neighborhoods. Other needs include employment opportunities for LMI households and economic development efforts to attract businesses providing sustainable employment. Credit needs include financing for affordable housing, small business start-up and expansion and multi-family rental housing. Financial literacy counseling for both business owners and individual customers is also needed. Each of the community organizations that were interviewed spoke favorably of WFBNW and its affiliates' performance in helping to meet the credit needs in the AA.

In order to identify CD opportunities in the Ogden-Clearfield MSA, we contacted local community groups, researched Internet sites, and considered information provided by WFBNW. We learned that the infrastructure for CD activities is not well developed in this MSA and opportunities are limited by a lack of infrastructure. We also learned that WFBNW and its WFC affiliates that operate in and near the MSA are meeting many of the AA's CD needs.

We obtained information regarding the Salt Lake City MSA from the bank as well as through direct and indirect contact with community groups. This information showed that the predominant needs in the community are for financing of affordable housing and micro-loans and other types of credit for small businesses.

Conclusions About Performance

Summary

WFBNW has an adequate level of qualified investments, CD loans, and CD services in its AA. The bank has very limited customer activity in relation to its size. Its employees specialize in banking operations that meet the needs of its narrow customer focus. While WFBNW does hold qualified investments and CD loans on its books, most are originated through affiliate entities such as WFC and WFB.

During the evaluation period, WFBNW's total level of qualified investments and originated CD loans approximated \$47 million or 2.6% of the bank's average Tier 1 capital and 3.3% of average total income. These levels are commensurate with the capacity of the bank in light of the credit needs and opportunities in the AA and in the nearby Salt Lake City MSA. WFBNW's CD activities demonstrate adequate responsiveness to local credit needs. On occasion, CD activities are complex and/or innovative as more fully described later in this evaluation. The bank demonstrates adequate innovation and complexity in the bank's qualified investments and services.

During the evaluation period, WFBNW funded 41 qualified investments approximating \$14 million. This represents an adequate level of investments that are responsive to community credit needs. Most of the qualified investments funded by WFBNW are types that are routinely provided by private investors. The bank's investments address the needs for

affordable housing, small businesses development and job creation in its AA, and a greater regional area that includes the Ogden-Clearfield MSA. In addition, we considered qualified investments in the Salt Lake City MSA that supplement the bank's performance. These qualified investments are responsive to the need for affordable housing and financing for small businesses.

The level of CD loans in the AA is adequate. WFBNW granted 29 CD loans approximating almost \$33 million inside and outside its AA. Within the Ogden-Clearfield MSA, these loans are responsive to identified needs for affordable housing, services for LMI individuals and families, economic development and significant job creation. The bank's CD loans demonstrate average complexity relative to the size of the institution and expertise of its officers. We also evaluated the bank's CD loans in the Salt Lake City MSA. These loans supplement the bank's lending performance. Further, the CD loans in the Salt Lake City MSA are responsive to needs for affordable housing, services for LMI individuals and families, as well as economic development and job creation.

During the evaluation period, WFBNW provided an adequate level of CD services in its AA. The bank uses its affiliates, WFC and WFB community development personnel to interact in the community, identify credit needs, and provide financial services. Bank officers and other personnel provided services that were responsive to identified community needs in the Ogden-Clearfield MSA. CD activities included: providing technical expertise on local boards, committees, and programs of organizations that finance small businesses and non-profits that address housing needs for LMI Utah residents.

Two of the bank's projects were innovative CD services. One resulted in the development of a statewide infrastructure for Individual Development Accounts. A second project was innovative in that bank officers provided technical assistance to create an entity that helps the banking community provide venture capital to fund CD projects. A more complete description of both services appears later in this evaluation. In the Salt Lake City MSA, technical expertise is provided in similar ways, in addition to assisting organizations that provide services to LMI individuals and families.

Qualified Investments

WFBNW funded 41 qualified investments approximating more than \$14 million during the evaluation period. The level of investment in the AA is adequate in relation to identified needs and CD opportunities.

WFBNW funded three qualified investments totaling \$10.75 million in the Ogden-Clearfield MSA. These consist of a national low-income housing tax credit (LIHTC) that invested in a local affordable housing project (creating 35 affordable housing units) and two equity funds that finance small business expansion and job creation. All three funds have large unfunded portions that provide long-term benefits to the AA, particularly the equity funds. These equity funds continuously provide financing to intermediaries that invest in LMI areas.

WFBNW has been instrumental in the formation of an innovative fund that facilitates a collaborative effort between university students and members of the banking community to provide venture capital to small businesses for CD purposes. In addition to a \$750 thousand qualified investment in the fund, the bank provided an in-kind donation of office space valued at \$179 thousand over a two-year period to this entity. The bank’s participation is both innovative and responsive.

Other investments consist primarily of eight grants and donations that fund organizations that provide CD services, facilitate affordable housing and provide financial services to LMI geographies and persons. Many of these organizations rely on grants to fund continued operations. Although the use of innovative or complex investments is occasional, the funds are responsive to identified needs because they target affordable housing and economic development through financing small business creation and expansion.

As previously noted, the Ogden-Clearfield MSA has limited opportunities for qualified investments. Our discussions with city government officials and local community groups indicated that the MSA is in the early stages of stabilization and revitalization initiatives. Since WFBNW has made a reasonable effort to invest an adequate level of investments in its AA, we also considered qualified investments that had benefit outside the AA.

WFBNW funded six qualified investments totaling more than \$3 million and 23 grants and donations totaling more than \$339 thousand in the adjacent Salt Lake City MSA. Investments consist of LIHTCs that carry a significant unfunded portion (more than \$1.4 million), mortgage-backed securities, and an equity investment that recycles funds into new CD loans that benefit small business start up and expansion. The bank’s grants and donations funded organizations that provide CD, housing and financial services to LMI geographies and persons.

Table 3a: Qualified Investment Activity (000s)

	Benefits AA	Outside AA	Totals
Originated Investments	\$10,750	\$3,034	\$13,784
Originated Grants	61	339	400
Prior-Period Investments that Remain Outstanding	0	0	0
Total Qualified Investments	10,811	3,373	14,184
Unfunded Commitments*	\$9,031	\$1,445	\$10,476

* “Unfunded Commitments” means legally binding investment commitments that are tracked and recorded by the bank’s financial reporting system.

Table 4a: Qualified Investment Percentages

	Benefits AA (%)	Outside AA (%)	Total (%)
Total Investments/Average Tier 1 Capital	.60%	.19%	.79%
Total Investments/Average Total Income	.77%	.24%	1.01%

Community Development Lending

In the Ogden-Clearfield MSA, WFBNW originated eight CD loans approximating almost \$7 million. As previously discussed, the local infrastructure for CD activities is in its early stages. Therefore, this is an adequate volume based on the limited opportunities in the AA. Four of these loans provide working capital for organizations that provide community services to LMI individuals. Two loans funded the development of 102 affordable housing units in the MSA or a greater regional area that includes the AA. The remaining loans provided financing for a redevelopment project and working capital for statewide economic development efforts that has created more than 3,300 jobs for LMI individuals.

Since WFBNW has made a reasonable effort to originate an adequate level of CD loans in its AA, we also considered CD loans that had benefit outside the AA.

In the adjacent Salt Lake City MSA, WFBNW originated 21 loans approximating almost \$26 million, supplementing the bank’s performance. Of this total, 45% served to construct, rehabilitate or provide permanent financing for 540 affordable housing units. An additional 17% funded organizations that provide community services to LMI individuals and families. The remaining 38% provided funds that revitalize or stabilize LMI areas and have resulted in creating 534 jobs for LMI individuals.

Table 5a: Community Development Lending Percentages

	Benefits AA (%)	Outside AA (%)	Total (%)
Total CD Lending/Average Tier 1 Capital	.38%	1.43%	181%
Total CD Lending/Average Total Income	.48%	1.83%	2.31%

Community Development Services

WFBNW provided an adequate level of CD services that benefit the AA and a greater regional area that includes the AA. Therefore, we considered CD services benefiting areas outside the bank’s AA. WFB and WFC officers serving dual roles provided 14 qualified services that are responsive to identified needs.

The competitive environment in which WFBNW operates is a factor. Many of the financial institutions that the bank competes with have numerous employees to involve in providing CD services, including its affiliate WFB. In fact, many of the CD service needs are being met by WFC affiliates.

In the Ogden-Clearfield MSA, WFBNW provided ten CD services that are responsive to identified needs, including technical support of organizations in a variety of ways. Most services involved officers serving as a board, committee, or panel member that advise or guide the organization on financial matters. For example, WFBNW supports a micro-loan fund by providing technical assistance and funding a grant to support operations, while a WFC affiliate holds an equity investment. Examples of the types of organizations served include a Small Business Investment Company that finances small businesses, a housing coalition that addresses affordable housing needs, and a micro-loan fund that provides financing and management support for start-up and existing small businesses and to businesses that would not qualify for traditional financing.

An officer of WFBNW's affiliate provided an innovative and complex service that promotes venture-capital investments in CRA qualified activities. As described earlier in the investment section of this evaluation, participation with this entity represents a collaborative effort between university students and members of the banking community to provide capital to small businesses for CD purposes. The bank's participation included assistance in layering of investment in the organization, providing technical expertise and donating office space. All of these attributes have significantly contributed to the entity's success.

Another innovative CD service was a bank officer's assistance with the development of a statewide infrastructure for Individual Development Account (IDA) providers. This Utah network raises its own operating funds and accepts applications from network providers. It provides matching funds that help LMI families purchase or repair a home, start a small business, or obtain specialized training.

Similar to the bank's level of qualified investments and origination of CD loans WFBNW has provided an adequate level of CD services in its AA. Therefore, we also considered CD services that benefited outside the AA. These CD services provided outside the AA supplement the bank's performance.

WFBNW provided four services in the adjacent Salt Lake City MSA that are responsive to affordable housing needs. These services involved officers serving as board or committee members that advice on financial matters. An example is a bank officer who assists in the planning and development of projects intended to reverse decline in the city of South Salt Lake City. The organization is developing affordable housing and working to develop a village center, as well as attract other small businesses to the city.

Fair Lending Review

We found no evidence of illegal discrimination or other illegal credit practices.

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 with 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.

Assessment Area (AA) – A geographic area that consists generally of one or more MSAs (using the MSA boundaries that were in effect as of January 1 of the calendar year in which the delineation is made) or one or more contiguous political subdivisions, such as counties, cities, or towns, in which the bank has its main office, branches, and deposit-taking ATMs.

Benefit to Assessment Area – A qualified Community Development activity benefits the assessment area if (i) the activity benefits areas within the assessment area, or (ii) the activity has the potential to benefit the assessment area and is located in the broader statewide or regional area that includes the bank's assessment area. If a bank has adequately addressed the needs of its assessment area, then the OCC also considers activities submitted by the bank that benefit areas outside of its assessment area.

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 10-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.

Geography – A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Low-Income Housing Tax Credit (LIHTC) - A program through which investors receive a credit against Federal tax owed in return for providing funds to developers to help build or renovate housing for low income households.

Median Family Income (MFI) – The median income determined by the United States Census Bureau every 10 years and used to determine the income level category of geographies. Also, it is the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of families. For any given geography, the median is the point at which half of the families have income above it and half below it. (See the four categories of median income below.)

- **Low-Income** – An income level that is less than 50% of the MFI.
- **Moderate-Income** – An income level that is at least 50% and less than 80% of the MFI.
- **Middle-Income** – An income level that is at least 80% and less than 120% of the MFI.
- **Upper-Income** – An income level that is 120% or more of the MFI.

Metropolitan Division (MD): As defined by Office of Management and Budget, a county or group of counties within a Metropolitan Statistical Area that contains a population of at least 2.5 million. A Metropolitan Division consists of one or more counties that represent an employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

Metropolitan Statistical Area (MSA): An area, defined by the Office of Management and Budget, as having at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties, plus adjacent outlying counties having a high degree of social and economic integration with the central county as measured through commuting.

Net Operating Income – As listed in the Consolidated Report of Condition and Income: Income before income taxes and extraordinary items and other adjustments.

Pass-Through Receivables – Outstanding receivables tied to all accounts issued or owned by the bank. Pass-through receivables include receivables attributable and receivables retained on balance sheet as those terms are used in 12 CFR 8.

Small Business Administration (SBA) – A federal agency created to provide management and financial assistance to small businesses. The SBA guarantees loans through financial institutions that may be used for working capital, machinery and equipment, acquisition of real estate, and expansion

Tier One Capital – The total of common shareholders’ equity, perpetual preferred shareholders’ equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Total Assets – Total bank assets as listed in the Consolidated Report of Condition and Income.

Total Income – From the Consolidated Report of Condition and Income – Total Interest income plus Total Non-interest income.

Wholesale Institution – An institution that is not in the business of extending home mortgage, small business, small farm, or consumer loans to retail customers and for which a designation as a wholesale bank is in effect.