



Comptroller of the Currency
Administrator of National Banks

Midwestern District
2345 Grand Avenue, Suite 700
Kansas City, Missouri 64108

PUBLIC DISCLOSURE

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

May 3, 1996

Norwest Bank Nebraska, National Association
Charter Number 2978
1919 Douglas Street
Omaha, Nebraska 68102

<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, conclusions, 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 Norwest Bank Nebraska, National Association, Omaha, Nebraska prepared by the Office of the Comptroller of the Currency (OCC), the institution's supervisory agency.

The evaluate represents the OCC's current assessment and rating of the institution's CRA performance based on an examination conducted as of May 3, 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 LMI 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 assessments 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, including the competitive environment in which it 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 in 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.

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.

The purpose of CRA is to ensure that financial institutions help meet the credit needs of their local communities. We rated this institution's CRA record as Outstanding because:

- Norwest Bank Nebraska, National Association (Norwest) and its affiliate, Norwest Mortgage, Inc., (NMI) originate a significant portion of Home Mortgage Disclosure Act (HMDA) loans within the Omaha market and a reasonable number of HMDA loans within the Lincoln market based on the bank's market presence;
- Norwest is the market leader in originating HMDA loans in low- and moderate-income census tracts (LMI CTs) and to LMI applicants in the Omaha market, due in part to its flexible Partnership Mortgage loan product, designed for LMI borrowers; and
- The bank actively participates in community development activities, providing leadership, technical and financial support.

Bank Profile

Norwest is a wholly-owned subsidiary of Norwest Corporation, a multi-bank holding company headquartered in Minneapolis, Minnesota. The bank is a full-service financial institution with retail credit and services as its primary business focus. In addition to Omaha, Norwest operates in the Nebraska communities of Lincoln, Hastings, Grand Island and Norfolk. Seventy-seven percent of Norwest's deposit base originates from the Omaha market. Lincoln and Hastings each represent 7%, while Grand Island and Norfolk represent 5% and 4%, respectively.

Based on 1994 deposit information, Norwest has the second largest deposit market share, 20%, of all financial institutions in Omaha. In Lincoln, Norwest ranks sixth with a 5% market share. In Hastings, Norwest ranks first with a 32% market share. In both Grand Island and Norfolk, Norwest ranks second with a 14% market share.

Norwest Bank Nebraska, National Association

As of December 31, 1995, Norwest had approximately \$2.2 billion in total assets. The bank's loan-to-deposit ratio was 90% with a loan mix of 27% real estate, including 14% 1-4 family residential; 23% commercial; 42% consumer; 5% agricultural and 3% other. NMI originates the majority of residential real estate loans in the bank's markets. NMI has loan originators at ten Norwest locations, six in Omaha, and one in each of the other four markets. The NMI lending activity within the bank's delineated community was considered in this Evaluation.

Community Profiles

Norwest's delineated communities primarily consist of six Nebraska counties, three of which are within the Omaha and Lincoln Metropolitan Statistical Areas (MSA). All of the markets have several common credit needs, identified by bank management, and verified through examiner contact with community organizations. These needs include: affordable housing, including home purchase and home improvement loans, small business loans and credit education.

The economies of these markets are stable with unemployment under 3%. Agriculture plays a more significant role in the nonMSA market economies, although each city has some diversification. In most cases, competition within each market is significant. The following 1995 delineations were used in this Evaluation of the bank's CRA performance.

Omaha

The Omaha delineated community consists of Douglas and Sarpy Counties which are within the Omaha, NE-IA MSA #5920. Based on 1990 Census Data, the population of this two-county area was approximately 519,000. Minorities comprised 14% of the population, including approximately 10% African Americans. There are 131 CTs within this defined area. Fifty, or 38%, are designated as LMI CTs. The majority of the LMI CTs are located in the areas known as North and South Omaha. Geographically, the northeastern quadrant of the city has the greatest economic and housing problems. The 1995 HUD MSA Median Family Income for the Omaha MSA is \$42,900.

Lincoln

Lincoln is the second largest city in Nebraska and is the state capital. The Lincoln market consists of CTs 1 through 38.02 in Lancaster County, which is located within the Lincoln, NE MSA #4360. The Lincoln market excludes four outlying middle-income MSA CTs. In 1996, management redefined the delineation to include all of Lancaster County. Based on 1990 Census data, the population of this area was 197,710. Minorities comprised 6% of the

population, including 2% African Americans. There are 48 CTs in the Lincoln delineation. Fifteen, or 31%, are LMI. The 1995 HUD MSA Median Family Income for the Lincoln MSA is \$43,600.

NonMSA Markets

The Hastings, Grand Island and Norfolk markets are not located in an MSA. In 1995, the community delineations consisted of a 10-15 mile radius around the cities and included Adams, Hall and Madison County, respectively. In 1996, management redefined the delineations to include only these counties. The 1995 statewide nonMSA Median Family Income for these areas is \$32,600. Hastings is the only market with a LMI geographic area. Minorities comprise less than 3% of the population in each of these markets.

Reasonableness of Delineated Community

Norwest's delineated communities are reasonable and do not arbitrarily exclude any LMI areas. The delineations include areas surrounding branch locations and contain approximately 65-75% of the bank's deposit and loan volume.

I. ASCERTAINMENT OF COMMUNITY CREDIT NEEDS

Assessment Factor A - Activities conducted by the institution to ascertain the credit needs of its community, including the extent of the institution's efforts to communicate with members of its community regarding the credit services being provided by the institution.

- Management maintains ongoing, meaningful contact with a wide range of individuals and groups representing various community interests.

Norwest has developed a process that incorporates surveys, focus groups and direct contact with individuals representing LMI neighborhoods, housing services, small businesses and community development and government agencies. In many instances, bank employees are members of or serve on governing boards and committees of these organizations. This allows the bank to receive ongoing input and feedback on community credit needs. The bank's 1996 Community Reinvestment Act Statement lists these organizations and the nature of the bank's involvement with them.

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

- The Board of Directors and senior management have developed an effective program to meet the credit needs of the bank's communities.

The bank uses the Norwest Corporation Community Reinvestment Act Community Marketing Initiative (CMI) planning process. This process provides the framework for determining community credit needs and developing the bank's response to community needs. The plan is monitored quarterly, updated annually and incorporates information such as demographic data, ascertainment efforts, marketing strategies, and lending goals. A CMI plan is prepared for each market in order to respond to any special local needs.

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.

- The Board and senior management have implemented a sound marketing program designed to reach all segments of Norwest's communities.

Management annually develops a marketing plan designed to promote various products and services throughout the bank's communities. Regional advertising, directed by Norwest corporate marketing staff, focuses on broad base general media activities including television, radio, and major newspapers. Bank-wide direct mail, brochures and product point-of-sale information are also produced.

Managing officers initiate local marketing efforts. Working with the bank's marketing unit, they develop a customized marketing plan designed for their local market which includes local newspapers, direct mail, and participation in community events. This allows each market to tailor its marketing efforts to its community. For example, Norwest uses Spanish brochures, signage, and Hispanic newspapers for informing Hispanic customers of the bank's products and services in its Omaha and Norfolk markets. The bank has also established an effective referral network for marketing its Partnership Mortgage loan product through personal contact with realtors and community organizations.

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.

- Norwest has made significant efforts to address the housing, small business, small farm, and consumer credit needs of its communities.

Norwest offers a comprehensive array of loan products to meet community credit needs, including loans for housing, consumer, small business and small farm. Refer to the bank's 1996 CRA Statement for details regarding loan products.

Norwest and NMI (Norwest/NMI) have originated a significant portion of its markets' residential mortgage loans. Based on 1994 Aggregate HMDA data for all lenders, Norwest/NMI was the market leader in Omaha with 11% of all HMDA originations. In Lincoln, Norwest/NMI ranked fifth with 8% of all HMDA originations. Aggregate market information is not available for nonMSA markets. An overall rise in market interest rates contributed to a decline in HMDA originations in 1995. Aggregate HMDA information for 1995, depicting market share, is not yet available.

Eighty-four percent of Norwest's 1994 HMDA reportable loans were originated within the bank's delineated communities. A total of 96% were originated in Nebraska, many from areas in close proximity to the bank's defined markets.

Norwest makes a substantial number of direct and indirect consumer loans. In 1995, the bank approved 24,307 consumer loans, of which 71% were within the Omaha market and 17% within the Lincoln market.

Norwest actively participates in providing financial assistance to small businesses. In July 1995, the bank began piloting a Small Business Banking Program in order to provide faster and more efficient services to small business owners. The focus of this program is small businesses with credit needs up to \$100,000. Through December 31, 1995, the bank made 103 small business loans with an average size of \$19,000.

Norwest does not track small business and small farm loans other than for reporting by loan size as required for its June 30 Consolidated Report of Condition. As of June 30, 1995, over 75% of all reportable loans were originated in amounts less than \$100,000.

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

- Norwest actively participates in government-related lending programs for small business, housing and small farms.

Norwest has shown strong support of Small Business Administration (SBA) loan programs, including 504, 7A and LowDoc. The bank was the second most active SBA lender in Nebraska for the fiscal year ending September 30, 1995, making 23 loans for \$2.2 million.

In 1995, Norwest was designated as a SBA Preferred Lender. In addition, the SBA recognized the bank's internal SBA expert as the Financial Services Advocate of the year for Region 7, which consists of Nebraska, Iowa, Kansas and Missouri. The SBA gives this award annually to recognize individuals who provide exceptional service to help small businesses obtain financing.

In 1994 and 1995, NMI made a significant number of Federal Housing Authority (FHA) and Veteran's Administration (VA) housing loans. In 1994, NMI ranked third in government home purchase originations in Omaha with a 10% market share. In Lincoln, NMI was the leader with a 14% market share. In 1995, NMI originated 465 FHA/VA home purchase loans totaling \$30.4 million within the bank's defined markets. Because of delineation changes between 1994 and 1995, we do not have comparable 1994 NMI FHA/VA lending volume for all markets.

Norwest and NMI continue to participate in other government programs for housing and small farms. These include: the Nebraska Investment Finance Authority program for first-time home buyers and farmers; Farmer's Home Administration; and the City of Bellevue's Government Block Grant Program.

III. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES

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

- Norwest shows a reasonable distribution of loans throughout its delineated communities, including low- and moderate-income areas.

In 1994 and 1995, Norwest recorded HMDA activity in over 90% of the LMI CTs in the Omaha and Lincoln markets. Also, Norwest/NMI was the market leader in 1994 for all HMDA originations in LMI CTs and to LMI applicants in Omaha. Its market share of originations in LMI CTs and to LMI borrowers exceeded its market share of all HMDA originations. This reflects favorably on the bank's efforts to reach LMI market segments through its Partnership Mortgage product. In 1995, Norwest/NMI extended 28% of all HMDA loans to LMI applicants and 16% in LMI CTs. Aggregate market data is not yet available for 1995.

In Lincoln, Norwest/NMI's 1994 market share of HMDA originations in LMI CTs and to LMI borrowers was slightly less than its market share of all HMDA originations. In 1995, Norwest/NMI extended 25% of HMDA reportable loans to LMI applicants and 18% in LMI CTs.

Based on bank generated reports of 1995 loan activity, Norwest also shows a reasonable distribution of direct and indirect retail loan applications and approvals throughout all geographies of its delineated communities. In Omaha, 29% of retail applications were from LMI CTs and 22% of approvals were from LMI CTs. In Lincoln, 38% of retail applications and 31% of retail approvals were from LMI CTs.

Managing officers of individual markets perform annual analyses of the distribution of HMDA and retail loan applications and denials for all CTs of their markets. They use this information to develop and refine their CMI plans to address any potential problems with lending distribution.

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

- Norwest's offices are reasonably accessible to all segments of the community. Bank management regularly reviews business hours and services to ensure they meet the customers' needs.

Norwest operates 23 full-service branches and five teller-only branches in Nebraska as well as 83 ATM locations. Several of the branches are located in or adjacent to LMI geographies. Certain locations offer trust, investment and insurance services through the bank or affiliated companies. Sixty ATMs include a Spanish language option. In addition, one Omaha branch has bilingual staff members to assist Hispanic customers. Refer to the Community Profile section and the bank's Fee and Information Schedule for specific information on branch locations and hours.

Service delivery and branch hours are reviewed regularly and expanded or tailored to meet local needs. In June 1995, the bank introduced a mobile branch which provides banking services to four senior citizen residential centers in Omaha. Also in 1995, Norwest opened a new facility featuring expanded hours, including Sundays. The bank also offers 24-hour toll-free phone service for making loan applications and conducting deposit and limited credit transactions.

There have been no branch closings since the last CRA examination. However, the bank reduced services at two branches to drive-through banking only. This did not significantly impact the accessibility of bank services, since a full-service branch was within one mile of each location. Neither branch was located in a LMI area.

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).

- We found no practices intended to discourage applicants for any type of credit listed on the bank's CRA Statement.

The bank solicits applications from all portions of its communities, including LMI areas. Corporate policies set forth basic fair lending requirements. All employees receive regular, comprehensive training on fair lending regulations. The bank has an independent second review program for all potential HMDA reportable denials.

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

- The bank is in compliance with substantive provisions of antidiscrimination laws and regulations.

We did not identify any instances in which the bank denied credit to similarly situated applicants based on the applicant's gender. We performed a comparative analysis of indirect auto loan applications to determine whether applicants with comparable qualifications received similar treatment. The sample included 28 denied female applications and 110 approved male applications originated between January 1, 1995 and October 31, 1995.

V. COMMUNITY DEVELOPMENT

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

- Norwest actively participates in community development and redevelopment programs, providing leadership, technical expertise and financial support.

The bank often provides technical assistance and financial support to numerous community and economic development organizations throughout its market areas. Some of the organizations which Norwest, its management and staff actively supported during this CRA Evaluation period were: Omaha Small Business Network, Omaha Economic Development Corporation, Holy Name Housing Authority, Omaha 100, Lincoln Community Development Partnership, and the Hastings Community Redevelopment Authority.

Norwest, individually and in conjunction with affiliates or community development organizations, has regularly provided financing to entities and individuals for constructing affordable housing and providing economic revitalization. Some of the more significant loans include: a \$32 million loan to provide financing to allow a slaughter house, which employs 800-900 persons, to reopen and expand in a LMI neighborhood in Omaha; and a \$120,000 loan to construct two duplexes for LMI families in Hastings.

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.

- Norwest's efforts to meet community credit needs are consistent with its size and resources.

Norwest has sufficient resources to meet the credit needs of its community. The bank also has access to additional resources through its Norwest affiliates, including NMI, Norwest Investment Services, Inc., Norwest Funding, Inc. and Norwest Business Credit, Inc. Norwest has demonstrated its willingness to support the development and implementation of programs and products to meet community growth and redevelopment needs. There are no legal impediments or other factors which limit the bank's efforts.

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

- Norwest has engaged in other meaningful activities which contribute to its efforts to

help meet the community's credit needs.

Norwest and its employees provide ongoing support of community organizations and activities which directly or indirectly address community credit needs. This support includes sponsoring home ownership and small business training sessions in which staff members often participate. The bank also provides financial support through donations to support such activities as the new SBA/SCORE Business Information Center in Omaha, the HOMES Credit and Housing Fair, Neighborhood Housing Services, Habitat for Humanity, and various economic development organizations.

ADDITIONAL INFORMATION

Examination Profile

The scope of our examination included an analysis of the bank's CRA performance since November 1994, the date of the prior CRA examination. We reviewed information prepared by bank management and obtained through contacts with community groups and government offices.

Home Mortgage Disclosure Act (HMDA)

The bank has offices in two MSAs and is required to gather home loan data to comply with the HMDA. Individuals may obtain this information from the following offices:

Omaha MSA #5920:
W. Dale Clark Library
215 S. 15th Street
Omaha, Nebraska 68102
(402) 444-4800

Lincoln MSA #4360:
Urban Development Department
Office of Neighborhood Planning and
Development
129 North 10th Street, Room 304
Lincoln, Nebraska 68508
(402) 471-7866

The Office of the Comptroller of the Currency (OCC) is the regulatory agency responsible for the supervision of this bank. If you should have comments regarding this bank's performance under the CRA or questions regarding the Act, contact the OCC Midwestern District Office, 2345 Grand Avenue, Suite 700, Kansas City, Missouri 64108.