NORWEST CORPORATION

Norwest Corporation 1984 Annual Report

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DESCRIPTION OF BUSINESS

Norwest Corporation (Norwest) is a diversified financial services organization headquartered in Minneapolis, Minnesota, with operations in 43 states and five foreign countries. Norwest owns 81 commercial banks in seven Upper Midwest states. All 59 national and 22 state chartered banks are members of the Federal Deposit Insurance Corporation. Norwest also owns a group of financial services companies specializing in mortgage banking, consumer finance, leasing, trust services, venture capital investments, agricultural finance, secured commercial finance, insurance services, and data processing services.

Norwest and its subsidiaries employ 15,900 persons, including 13,800 full-time employees. At December 31, 1984, its assets totaled $21.3 billion, and it was ranked as the nation's 20th largest bank holding company.

As a holding company, Norwest's role is to coordinate the establishment of goals, objectives, policies and strategies, to monitor adherence to policies, and to provide capital funds. Norwest provides its subsidiaries strategic planning support, asset and liability management services, investment administration and portfolio planning, tax planning, new product and business development, advertising, and human resources management.

Legislative and regulatory changes, coupled with technological advances, have significantly increased competition in the financial services industry over the past 10 years. Norwest banks and financial services subsidiaries compete with other commercial banks and other financial institutions including savings and loan associations, finance companies, mortgage banking companies, brokerage houses and credit unions and other new entrants in the field with financial services.

As a holding company, Norwest derives substantially all its income from investments in and service fees received from its subsidiaries.

Earnings of Norwest's various operating units are affected by legislative changes and policies of various regulatory authorities, including those of all the states in which Norwest operates, the United States Government, foreign governments, and international agencies, the effect of which upon the future business and earnings of the corporation cannot be predicted. Such policies define the products which Norwest's subsidiaries may offer and restrict entry into geographic markets. They include statutory consumer deposit and maximum lending rates, domestic monetary policies of the Board of Governors of the Federal Reserve System regulating credit, United States fiscal policy, and international currency regulations and monetary policies.

Norwest is subject to the supervision of the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956, as amended.

John W. Morrison
Chairman of the Board

NORWEST CORPORATION

Norwest Corporation
1200 Peavey Building
Minneapolis, Minnesota 55479

March 13, 1985

Dear Shareholder:

Subsequent to the printing of this annual report, Norwest Corporation announced the election of Lloyd P. Johnson, 54, as president and chief executive officer and a director, effective March 4, 1985. I will continue to serve as chairman of the board.

Mr. Johnson is a professional banker with 30 years of experience in all phases of banking, with top-level management responsibilities in commercial, correspondent, retail, international and trust banking operations. He has also had broad exposure to a variety of bank related activities similar to those of our Specialized Financial Group. His most recent position was as vice chairman and member of the office of the chief executive of Security Pacific National Bank and its holding company, Security Pacific Corporation, Los Angeles.

Lloyd Johnson will provide strong leadership to this Corporation over the years to come, and I look forward to working with him to accomplish a smooth transition of management responsibilities. He, of course, will be present at our annual meeting on April 22, 1985, and I hope that those of you who are planning to attend the meeting will have an opportunity to meet him at that time.

Sincerely,

John Morrison

FINANCIAL HIGHLIGHTS

NORWEST CORPORATION AND SUBSIDIARIES

	1984	1983	Increase (Decrease)
For the Year *In millions of dollars*			
Net income	**$ 69.5**	125.2	(44.5)%
Common dividends declared	**51.3**	49.5	3.6
Dividend payout ratio	**94.7%**	44.4	
Per Common Share			
Net income			
Primary	**$ 1.90**	4.05	(53.1)%
Fully diluted	**1.85**	3.89	(52.4)
Dividends declared	**1.80**	1.80	—
Shareholders' equity	**35.66**	35.93	(0.8)
Stock price			
High-Low	**33 7/8-21 1/2**	39 1/2-22 3/4	
Close	**23**	33 5/8	
Price/earnings ratio	**12.1X**	8.3	
Performance and Capital Measures*			
Return on assets	**.34%**	0.67	
Return on total equity	**6.0%**	11.5	
Return on common equity	**5.3%**	11.6	
Leverage of total equity	**17.9X**	17.1	
Shareholders' equity to total assets	**5.6%**	5.7	
Primary capital ratio**	**6.54%**	6.66	
At Year-end *In millions of dollars*			
Assets	**$21,346**	19,854	7.5%
Investment securities	**2,410**	2,859	(15.7)
Total loans and leases	**14,101**	12,735	10.7
Deposits	**14,615**	13,552	7.8
Total shareholders' equity	**1,160**	1,130	2.7

*Based on average balances and net income for the periods.
**Primary capital includes shareholders' equity, minority interest in equity of consolidated subsidiaries and the allowance for loan losses.

TO OUR SHAREHOLDERS

"We are a strong organization... committed to our fundamental strategies and values."

The year 1984 was a challenging one for Norwest with results falling below expectations due to mortgage banking losses and increased loan loss provisions in the banking group.

Net income was $69.5 million, compared with $125.2 million in 1983. On a primary earnings per share basis, net income was $1.90, compared with $4.05 in 1983.

Banking Group

The banking group's earnings improved over 1983, despite the increased loan loss provision. Earnings in the banking group in 1984 increased 14.6 percent over 1983, adjusted for a gain on a fire loss settlement in the earlier year.

Substantial progress was made in 1984 in a number of areas of our retail banking business, particularly in the areas of credit card and other consumer loan growth.

Also, Norwest's capital management and trust earnings contribution increased significantly over 1983.

Credit quality problems in the banking group, compounded by the difficult agricultural and international environments, were a major concern in 1984. We increased the group's loan loss provision to $172.8 million, compared with $119.9 million in 1983 and charged off $124.1 million of loans net of recoveries. The group's allowance for loan losses at year-end was $181.2 million, or 1.56 percent of loans and leases outstanding

Norwest Corporation Chairman and Chief Executive Officer John W. Morrison (second from right) heads Norwest's senior management team. He is supported by Vice Chairmen E. Peter Gillette, Jr. (far left), Robert A. Krane (second from left) and Richard S. Levitt (right).

up from $131.4 million or 1.25 percent a year ago.

We have substantially strengthened our credit review processes, with tighter and more uniform standards systemwide. We have installed our most experienced personnel as senior credit officers. They have made significant progress by being closer to the lenders and customers to help with workout solutions to difficult credit problems. Aggressive recognition of problem areas has stimulated our efforts to organize workout efforts and concentrate the necessary talent to solve problems.

Specialized Financial Group

Norwest Financial had another excellent year, with an earnings contribution of $45.7 million.

Our mortgage banking subsidiary lost $26.1 million in 1984 as a result of management problems and major difficulties with adjustable rate mortgages during the year.

A new management team at the mortgage company has scaled back the operation and changed the focus of the company. The adjustable rate mortgages in the portfolio have been sold.

We have discontinued our participation in two programs which provide mortgages to relocating and other corporate employees. We stopped accepting mortgage applications for manufactured housing. In the first quarter of 1985, we sold the net assets of Residential Funding Corporation, which purchases mortgages from other financial institutions and subsequently sells them, primarily as securities, in the secondary market.

Therefore, Norwest Mortgage has been scaled down to basics, to the more traditional business of originating residential and commercial mortgages through its national network of 58 offices. Servicing of mortgages for investors continues at the company's servicing center in Waterloo, Iowa. Norwest Mortgage, even after these divestitures, remains one of the nation's largest mortgage banking operations.

New Directors

We are pleased to welcome three additions to our board of directors—N. Bud Grossman, chairman and chief executive officer of Gelco Corporation; Donald W. McCarthy, chairman and chief executive officer of Northern States Power Company; and Dale R. Olseth, president and chief executive officer of Medtronic, Inc.

At the end of December, William G. Stocks, formerly chairman and chief executive officer of Peavey Company, announced his retirement from our board after four years of dedicated service as a director of Norwest Corporation. We appreciate his many significant contributions and wish him well in his retirement.

Norwest Center

In February 1985, plans were canceled to develop the full block Norwest Center in downtown Minneapolis in partnership with Oxford Properties, Inc. We will now proceed independently to explore building our own structure on our own site where our former headquarters was destroyed by a fire in 1982.

About This Report

We are a strong and well capitalized organization. Our primary capital ratio in 1984 was 6.54 percent and our ratio of assets to equity was at 17.9 times. We remain committed to our fundamental strategies and values.

We invite you to read this annual report carefully, particularly the sections which describe in detail the progress we have made in addressing our problems and opportunities. Throughout the year, Norwest people continued their dedicated efforts to address a number of major challenges: managing credit risk, reorganizing our operations, reducing costs and intensifying our market focus. This report is about the progress they have made.

John W. Morrison

John W. Morrison
Chairman and Chief Executive Officer

Peter Gillette

E. Peter Gillette, Jr.
Vice Chairman

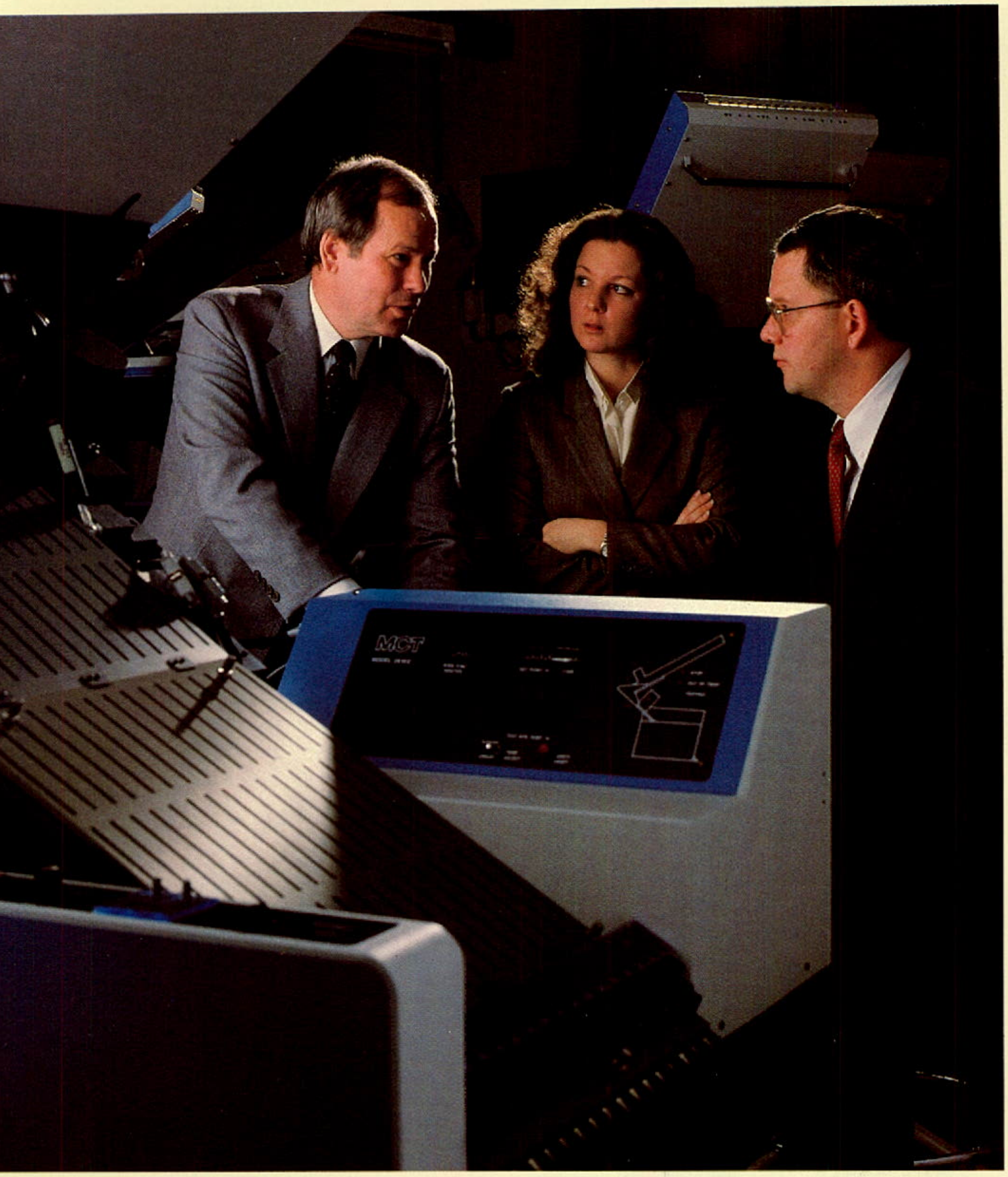
Robert A. Krane

Robert A. Krane
Vice Chairman

Richard Levitt

Richard S. Levitt
Vice Chairman

March 1, 1985



Banking group activities represent about 80 percent of total assets.

Norwest has 81 banks and 227 banking locations in Minnesota, Iowa, Nebraska, North and South Dakota, Montana and Wisconsin. On the basis of deposits within respective states, Norwest ranks as the largest banking group in Iowa, Nebraska and South Dakota and the second largest in Minnesota, Montana and North Dakota.

Norwest's lead bank is Norwest Bank Minneapolis, one of the

For the past eight years, Norwest has supported the rapid growth of Micro Component Technology, a manufacturer of integrated circuit handling and testing systems. Norwest has provided working capital and construction financing, placement of long-term debt, international and cash management services. Tom Longlet (right), vice president of Norwest Bank St. Paul, feels the relationship between the two organizations has grown through mutual trust and Norwest's ability to access diverse financial resources. Norwest Bank Minneapolis and Norwest Bank Midland have participated in the relationship with MCT through the sharing of various credit facilities. Gordon Boehne (left), senior vice president-finance and treasurer for MCT, works closely with Longlet and Catherine M. Weir (center), assistant vice president of Norwest Bank Minneapolis.

"A good customer relationship is based on personal contact and an understanding of the business and industry a customer operates in. Only then can we respond with the appropriate financial solutions."

three original banks that formed Norwest in 1929. At year-end 1984 its assets totaled $6.0 billion, or 34.2 percent of the banking group's total assets. All other Norwest banks are organized into eight regions, each headed by a regional president.

During 1984, the banking group addressed three primary challenges: improving credit quality, containing expense growth and intensifying our concentration on key markets.

CREDIT QUALITY

Credit quality in the banking group continued as a major concern in 1984. During 1984, the banking group reported $124.1 million of net loan charge-offs, compared with $88.7 million in 1983. In addition, non-performing assets rose to $446.0 million from $233.1 million a year earlier.

Credit processes have been strengthened and the number of people devoted to problem asset identification and resolution has been increased during 1984. Norwest enters 1985 with evaluation techniques that recognize the realities of lending in the lower inflationary but still volatile conditions of the '80s.

Many businesses in the markets Norwest serves are going through fundamental structural changes. Loan evaluation procedures with a strong emphasis on industry economics and capacity to work closely with borrowers in times of rapid change have been implemented.

New software modeling programs for analyzing credit on a prospective as well as a historical basis were installed in key commercial and agricultural lending offices. These programs, especially helpful in working with farmers and ranchers, enable lenders to simulate a borrower's ability to pay under various economic or market conditions.

New senior credit officers were appointed to monitor loans and ensure early recognition of problem credits.

Working with Customers

Faster recognition of problems enables Norwest to move more proactively to work out solutions. Specialized units have been established to handle the more complex and difficult credit situations. Recognizing that an important key to solving credit problems is working early with our customers, staffing was selectively increased in lending areas to enable lenders to devote more time to troubled loans without neglecting important market opportunities. Norwest's agricultural bankers have been especially challenged in working with farmers and ranchers whose ability to service debt has been seriously eroded.

Prioritizing the Market

Progress has been made in prioritizing commercial industries, focusing marketing efforts on industry segments that are the most promising. To aid in this process, Norwest's economics department analyzed and rated the growth potential and risk characteristics of 79 regional industries. This information is being used by client executives throughout the system, enabling them to market more productively.

New International Focus

Norwest's international loan portfolio of approximately $1.0 billion is of concern to management, even though it represents only 7.2 percent of total loans and leases. Exposure in any one of the less developed countries in all cases is less than one percent of assets. About $170 million is U.S. government guaranteed. A rescheduling of debt maturities of several Latin American countries has been completed and we remain optimistic about the ultimate collectibility of our loans in these areas. Nevertheless, the total of foreign non-performing loans rose $39.0 million to $121 million in 1984.

Our current strategy is to concentrate on domestic services and reduce the size of the international loan portfolio.

All international marketing activity for the corporation has been centered in Norwest Bank Minneapolis for better monitoring of problem credits and to control levels of international assets. International departments of affiliates in Des Moines, Iowa, and Omaha, Nebraska, were converted to Edge Act offices of the lead bank. Our future international activities will be focused in fee-based trade related services. Lending activities to less developed countries will be concentrated in U.S. government guaranteed loans to encourage exports.

COST CONTROL

As a diverse and widely dispersed organization, Norwest faces a constant challenge to control non-interest expenses. In 1984, Norwest continued to make progress in this regard by eliminating duplications of effort and by decreasing unit costs through expansion of the electronic transaction network.

Consolidation

At year-end 1983, Norwest banks had 85 separate operations for processing checks, bookkeeping and other operational functions. By year-end 1984, through consolidations, that number had been reduced to 27. The beneficial effect of these consolidations will be realized in future years.

During 1984, all eight Norwest Capital Management and Trust companies and departments consolidated many internal operations and investment functions at Norwest Bank Minneapolis. This resulted in a single accounting system for all Norwest trust affiliates and standardization of operational and investment systems and procedures throughout Norwest.

In October, all Norwest banks in South Dakota were consolidated into Norwest Bank South Dakota, N.A. In northern Minnesota, banks at Virginia and Eveleth were consolidated into Norwest Bank Mesabi, N.A. while Norwest Bank Silver Bay was merged into Norwest Bank Two Harbors. A similar action was taken to merge Norwest Bank Omaha South, N.A. into Norwest Bank Omaha, N.A.

Collectively, these and similar efforts throughout the system enabled the Norwest banking group to reduce staff positions by more than 1,500 in 1984. More than half of the personnel reduction was accomplished through normal attrition.

Electronic Consolidations

Electronic technology enables Norwest to reduce costs in a number of ways.

Norwest consolidated three electronic funds transfer systems into a single entity called Norwest Electronic Delivery Systems (NEDS). The Instant Cash debit card network is now a single standardized system for all Norwest banks and links up with eight other local and regional proprietary networks, as well as the CIRRUS nationwide network. This improvement in the utility of Instant Cash will accelerate the trend toward self service transactions and contain staff and occupancy costs.

In addition, allowing other organizations to use our network will provide profitable fee income and lower unit costs by adding volume to existing equipment.

We signed sharing agreements with 55 financial organizations during 1984, enabling approximately 75,000 additional persons to transact business on our Instant Cash terminals and generating fee income for Norwest. At year-end 1984, NEDS was providing services to 250 financial institutions, including all 81 Norwest banks, in addition to the sharing arrangements with the nine other networks comprising a total of 6,500 ATMs in the United States and Canada.

SHARPENING THE MARKET FOCUS

In 1984, Norwest's banking business segments continued to sharpen their focus on discrete markets and to streamline delivery of services.

Commercial Banking—A New System at Work

In early 1984, the commercial group successfully introduced the Client Executive System, a unified sales approach to serve primarily commercial middle market customers. This enables customers to have immediate access to all of Norwest's products and services. Each client executive manages a limited portfolio of selected customers. This concept has been further adopted by a new small *business marketing organization and by the financial institutions group. Training for sales managers, client executives and client representatives focused on "client-driven selling"—selling those products and services which best meet the client's needs.*

New Products

Several new product offerings enable the commercial group to better respond to client needs.

Beginning in 1985, Norwest will provide verified information on international trade opportunities through a new "Tradelink" system to customers involved in international trade. The system identifies products and services needed in international markets and enables Norwest to alert local companies to international trade prospects. The "Tradelink" system will be an adjunct to the Client Executive System and will increase awareness of the company's international services.

A new electronic data transfer system was developed which provides a wide range of global

Keeping corporate America green is the primary business of Plantscape, Inc., a plant leasing, sales and design firm. Gail Malikowski (right), vice president of commercial banking at Norwest Bank MetroWest, meets regularly with Craig Peterson (left), president of Plantscape, to discuss the company's changing financial needs.

"Being genuinely interested and receptive to a customer's business needs is crucial to a successful customer relationship."

electronic banking and cash management services to commercial customers. This system, giving customers direct access to Norwest's back-office systems, will be marketed in 1985 under the name BankTIES (Terminal Information and Entry Services).

BankTIES will include customer balance and transaction reporting, as well as wire transfers. Future enhancements will allow customers to receive the latest in cash management technology.

Norwest began offering an expanded lockbox network to cash management customers in 1984. The Norwest Lockbox Intercept System allows customers to accelerate collection of accounts by having remittances sent to 10 sites nationwide. Remittances sent to these sites are intercepted and

Lowell Thrasher (left), vice president and client executive at Norwest Bank Omaha, put together a financing package to allow the management of Behlen Mfg. Co. to purchase the firm from its parent company. Thrasher and his colleagues at Norwest Business Credit used asset-based lending techniques to finance the acquisition. According to Thrasher, the agreement was successful in part because of Norwest's timely response and practical expertise. A. F. Raimondo (right), is the president of Behlen Mfg. Co.

"Some situations demand a rapid response. Using Norwest's diverse resources, we developed a workable solution for a special customer in record time."

delivered to Norwest Bank Minneapolis for processing that same day.

In 1984, Norwest became one of the nation's top four originators of ACH (Automated Clearing House) transactions.

The Multi-Manager Fund was developed for institutional trust customers whose pension or investment funds we manage. This fund offers small and medium-size companies the opportunity to diversify investments while reducing costs and risk. This employee benefit equity fund uses 10 distinct investment styles to manage portions of the fund, thus spreading the risk associated with a single investment style.

Legislation allowing introduction of 401(k) savings and investment plans to the employee benefit market has provided Norwest with an excellent opportunity to increase its involvement in the institutional trust market.

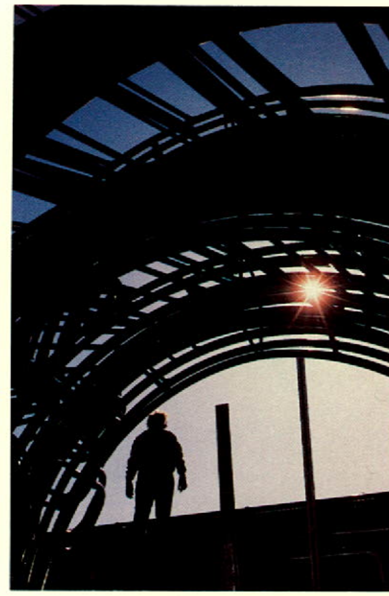
A standardized employee benefit plan was introduced in 1984 allowing customers to adopt a pre-approved plan with a range of options to meet specific requirements. The plan enables customers to reduce the time and costs necessary to draft plans and get approvals from the Internal Revenue Service and other legal authorities.

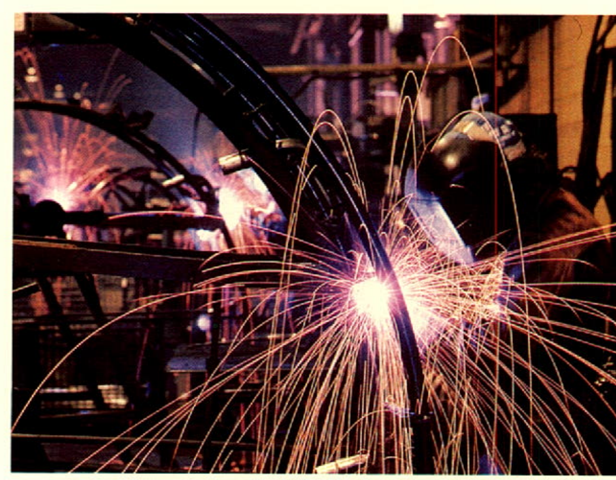
Norwest Expands in Key Retail Markets

In 1984, Norwest substantially increased its penetration of several key retail markets:

- **Private Banking,** which provides specialized credit and investment services for high net worth individuals, professionals and business executives, was available in 11 Norwest banks in 1984. Currently these banks service more than 5,300 private banking relationships with preferred lines of credit, bond investments, insurance and other services. This highly successful program will be extended to an additional five banks in 1985.
- **Card Services Division** successfully introduced Master Card "Gold Card" accounts for upscale customers in 1984. Approximately half of the 10,000 gold card accounts represent new cardholder relationships. Gold card customers tend to be high frequency users whose loan quality is very high.

The management of Behlen Mfg. Co., formerly a division of The Wickes Corporation, used Norwest's expertise in asset-based lending to purchase the company.





Agricultural production and related businesses are two of the primary industries found in Norwest's market. To support these critical industries, Norwest has developed special programs to assist agricultural producers to succeed in the current difficult environment. The services offered by Norwest include equipment and operating loans, financial planning, equipment leasing and insurance.

In 1984, the card services division opened 65,000 new accounts, nearly double new accounts opened in 1983. The division now has a total of 515,000 accounts. The division also acquired $3.5 million of credit card assets from two smaller financial institutions.

- ***Consumer Loans:*** *An aggressive marketing campaign and the mid-year introduction of the Home Equity and Preferred Lines of Credit programs contributed to a 24.5 percent average increase in consumer loans across the system in 1984.*
- ***IRAs:*** *Norwest enhanced its strong position in the market for Individual Retirement Accounts, with IRA deposits growing by 40 percent during 1984. IRA deposits now total $518 million, or more than 6 percent of total retail deposits.*
- ***Individual Trust:*** *The Rollover IRA Trust was introduced to individual trust customers in 1984. This product enables customers to use Norwest's wide range of investment programs to meet their IRA rollover objectives.*
- ***Small Business Banking,*** *for businesses with revenues of up to $5 million, was organized as a separate business at Norwest in 1984, reflecting the growing importance of this market segment to the company.*

Agricultural Banking— Redefining the Focus

Historically, Norwest's agricultural loan portfolio has been among its most secure assets. However, high interest rates, low commodity prices caused by a weak export market due to inconsistent U.S. trading policies and the strength of the dollar have eroded the profitability of many farms and ranches.

Nevertheless, though it requires more expertise and skills than ever before to succeed, agriculture remains the nation's number one business and a continuing opportunity for Norwest.

To move Norwest's delivery system closer to the producer and to improve efficiency, we have re-structured our agricultural lending organization. Financial products and services for agriculture are now offered through 80 banking locations and 5 loan production offices.

In 1984, Norwest Agricultural Credit offices were opened in Lexington and York, Nebraska; Fairmont, Minnesota; and

Spencer, Iowa, to provide locally based lending services in highly productive agricultural areas where Norwest did not have a presence.

Another objective for Norwest agricultural lenders is to increase non-interest revenues with primary emphasis on generating fees from insurance, especially crop peril insurance. Other fee-earning products include leasing, cash management, trust and estate planning services, and farm and ranch land management.

Despite current economic difficulties, a great many farmers remain financially strong. Norwest is focusing more of its efforts on the market segment with the greatest potential for profit, those farmers and ranchers who account for 80 percent of aggregate net farm income.

Norwest management believes that a stronger generation of farmers and ranchers will

Dan Brady (left), vice president and manager of agricultural lending at Norwest Bank Mason City, works closely with T. J. Thompson (right), a local agricultural producer, to meet Thompson's changing financial needs. Thompson raises more than 6,000 hogs and farms 1,500 acres in Iowa. During the past four years, Norwest has successfully designed financing alternatives for operating purposes, machinery, equipment and capital improvements.

"Looking out for the interests of agricultural producers is critical to keeping my customers and this region economically sound."

emerge from the current troubled times—producers who employ modern and disciplined production, marketing and financial techniques. Therefore, Norwest's commitment to agriculture continues.

Financial Institutions—The Alliance Program
Two important developments in the financial institutions group in 1984 were the establishment of a "Hub" banking system and the signing of the first participant in the Norwest Alliance Banking Program.

- **The "Hub" System:** *To put its client executives closer to their customers, concentrate skills and expertise, and increase frequency of contact with customers, the financial institutions group distributes its products and services through a network of*

Ken Vegors (right), vice president of Norwest Alliance System, Inc., coordinated Norwest's alliance banking relationship with Affiliated Bank Corporation of Wyoming. The program is Norwest's first step toward bank franchising and will expand distribution of Norwest products and services in strategic markets. Robert T. Noel (left), president of Wyoming National Bank of Casper (soon to become Norwest Bank Casper), and seven other ABC affiliates now have access to Norwest's products, services and financial resources.

"Alliance Partners share a common goal to be innovative leaders in the financial services industry. Mutual trust is fundamental to the program's success."

14 strategically situated banks. This new system is providing correspondent customers with quicker access to Norwest's entire array of services at lower cost.

- ***Alliance Agreement:*** *In November, Norwest and Affiliated Bank Corporation of Wyoming (ABC) announced that ABC and its eight Wyoming banks would be the first participants in Norwest's newly established Alliance Banking Program.*

  This program is a franchise arrangement that entitles ABC to market Norwest products and services exclusively in Wyoming under Norwest's name and to have access to Norwest's advertising, training, product development and research resources. ABC retains its independent ownership and management.

  The Alliance Program enables Norwest to establish mutually beneficial relationships with independent banking companies and to generate additional income through fees. It also provides an opportunity to share the costs of research and development with major regional financial institutions and holding companies.

Formation of Norwest Capital Markets

In late 1984, Norwest formed Norwest Capital Markets, Inc. to oversee most of Norwest's securities-related services. This step enables Norwest to concentrate its market expertise in this area and to approach the securities market in a more unified manner. Norwest Capital Markets manages four separate business units, each addressing a specific market and allowing Norwest to diversify distribution of its services:

Norwest Corporate Finance, *formed in 1979, provides selected investment banking services to commercial middle market customers.*

Norwest Investment Services, *formerly the bond trading departments of Norwest Bank Minneapolis, Norwest Bank Des Moines, and Norwest Bank Omaha, provides bond trading and certain underwriting services to individuals, corporations, institutions and municipalities.*

Norwest Brokerage Services, *formed in 1983, provides Norwest customers with low cost securities transactions. This service is now available at over 100 locations. Brokerage operations are expanding ahead of expectations with a customer base of about 3,500 accounts.*

The fourth unit, **Peregrine Capital Management,** *provides specialized investment management services, using distinct investment styles for pension and profit-sharing plans, foundations, endowments and other institutions with more than $5 million in investment assets. Peregrine now has about $400 million under management.*

ROLE OF NORWEST BANK MINNEAPOLIS

Norwest Bank Minneapolis, our largest affiliate, plays a pivotal role within the corporation. With assets of $6.0 billion at year-end 1984, the lead bank is the focus of over 47 percent of the banking group's domestic and foreign commercial loans, and 36 percent of its commercial deposits. Because of its size and lending limit, Norwest Bank Minneapolis can more than triple the lending capacity of our next largest bank.

More important, Norwest Bank Minneapolis has a key responsibility for developing and implementing commercial banking strategies for the corporation. As examples, all energy-related, international and large corporate activities are managed by Norwest Bank Minneapolis. The lead bank also coordinates all the middle market activity in the Twin Cities, an area which represents most of the corporation's middle market loans.

The Bank plays a key role in promoting the success of other affiliates. On behalf of their customers, client executives throughout the banking group can access services including cash management, investment banking services, international services, and employee benefit programs. All eight trust companies and departments use the Bank's accounting and investment functions and consolidation of bookkeeping, check processing and other operational functions have enabled Twin Cities affiliates to further decrease costs.

Norwest Mortgage's Income Loan Division acts as a financial intermediary for real estate developers throughout the United States. One of Norwest's recent projects included designing funding for the Kaleidoscope and Hub Tower development in Des Moines.

Norwest's specialized financial group consists of three principal operating entities: Norwest Financial Services, a consumer and commercial finance company acquired in 1982; Norwest Mortgage and Norwest Venture Capital.

NORWEST FINANCIAL SERVICES

Norwest Financial operates nationwide businesses in consumer finance, equipment leasing, commercial lending and accounts receivable financing. Total finance receivables outstanding at year-end amounted to $498.2 million, an increase of 22 percent from 1983. Norwest Financial also operates general insurance agencies in Iowa, Minnesota, Nebraska and North and South Dakota.

Consumer Financing

Consumer financing is Norwest Financial's primary business, consisting of direct installment loans, retail sales finance contracts purchased from merchants, and credit insurance sold to customers. As of December 31, 1984, Norwest's consumer finance business was operating 543 branch offices in 41 states.

Direct installment loans range from less than $1,000 to more than $100,000 and average $2,200. Some loans are unsecured but most are secured by personal property or real estate.

During 1984, installment loan receivables outstanding increased 7.0 percent, from $943.5 million to $1.01 billion. Loan customers numbered 454,000 at year-end 1984.

Sales finance contracts have a dual value. They are profitable in their own right and they represent the primary source of new installment loans. At year-end 1984, Norwest Financial was servicing 466,000 sales finance contracts. The amount of sales finance receivables outstanding increased 50 percent during 1984, from $247.1 million to $369.9 million.

In 1984, the percentage of net loan charge-offs to average consumer finance receivables outstanding was 1.33 percent, down slightly from 1.38 percent in 1983.

In 1984, Norwest Financial's credit insurance subsidiary, Centurion Life, began writing all credit insurance sold by Norwest banks.

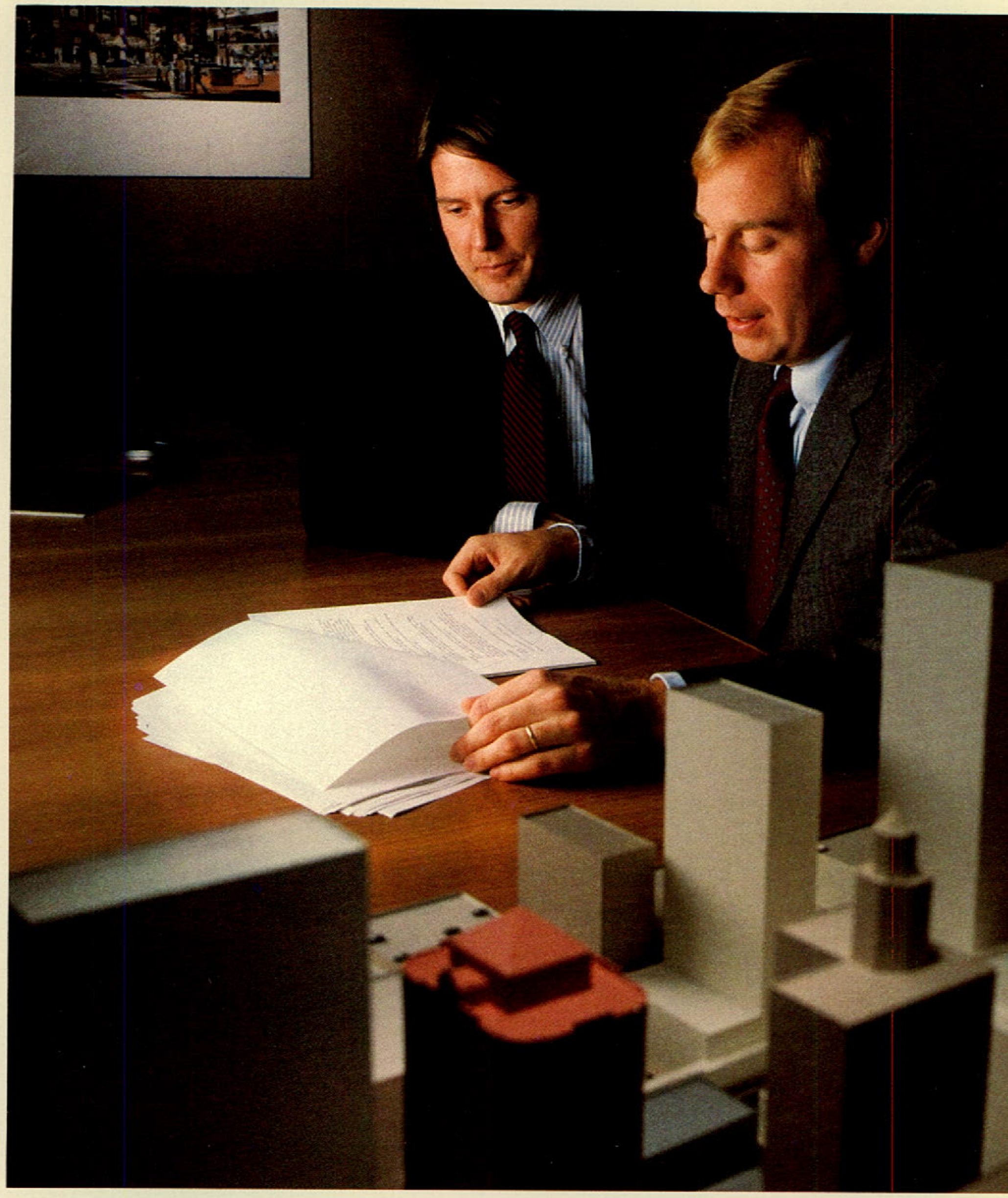
Commercial Financing

Norwest Financial's commercial financing activities consist of commercial lending, accounts receivable financing and equipment leasing.

Norwest Financial's asset-based commercial lending subsidiary, Norwest Business Credit, lends amounts generally exceeding $1 million. Loans are secured by accounts receivable, inventories, machinery or equipment. At December 31, 1984, finance receivables outstanding totaled $140.3 million, an increase of 33 percent for the year.

Another subsidiary, Norwest Financial Business Credit, provides private-brand financing of retail accounts receivable, along with billing, marketing and management services. At year-end 1984, finance receivables outstanding for this business totaled $83.3 million, up 13 percent from year-end 1983.

Until recently, clients were almost exclusively furniture dealers. In 1983, the company began providing accounts receivable financing services nationwide to dealers for a major supplier of heating and



Steve Seat (right), vice president of Norwest Mortgage's Income Loan Division, designed project financing for the Kaleidoscope and Hub Tower development in downtown Des Moines, Iowa. Norwest worked with James W. Hubbell III, president of Hubbell Realty (left), to create the financing package.

"We understand both sides of a financing arrangement. This unique perspective allows us to design financing that meets the needs of the developer and the financing source."

air conditioning equipment. Also, a major distributor of home- and personal-care products with a national network of independent distributors became a client for accounts receivable financing in late 1984.

Norwest Financial's leasing subsidiaries operate 11 offices across the country and serve two distinct market segments: end-users of agricultural and manufacturing equipment, trucks and trailers, data processing equipment and other high-ticket items; and suppliers of commercial equipment such as office copiers and furniture, small computers, illuminated signs, vending machines and telephone systems. Finance receivables for these leasing subsidiaries, Norwest Leasing and Norwest Financial Leasing, totaled $274.6 million, up 20 percent from the previous year.

Jim Seeny, manager at Norwest Financial in Torrence, California, feels that one key element in his success is his understanding of the customer's needs. Norwest Financial customers seek a variety of financing arrangements for home improvements, large purchases and personal business. Seeny works with individuals to determine ways in which their existing assets can be used to support their current needs. Efficient service, a friendly atmosphere and understanding customer needs are part of Norwest Financial's success.

"Customers trust us. They know that we will use our financial expertise to help them reach their goals."

The percentage of write-offs after recoveries to average commercial finance receivables outstanding was .53 percent in 1984, compared with .39 percent in 1983.

Data Services

In the late 1960's, Norwest Financial developed SWIFT®, one of the consumer finance industry's first on-line, real-time data processing and telecommunications systems. Today, SWIFT is the most widely used on-line system among finance companies. In addition to Norwest Financial, 32 other companies use the system. More than 3,300 branch offices are linked to Norwest Financial's computers in Des Moines. The system maintains nearly five million customer accounts.

In mid-1985, Norwest Financial plans to start converting its branch offices to System 83, an enhancement to SWIFT that increases the efficiency of branch office operations. The new system will be made available to SWIFT's subscribing companies and offered to prospective subscribers.

NORWEST MORTGAGE

Norwest Mortgage originates mortgages on residential and commercial property through a nationwide network of loan production offices and sells them to a wide variety of investors. Additionally, it has a portfolio of some $11 billion in mortgages that it services for the mortgage owners, collecting principal and interest and paying taxes and insurance—all from a national servicing facility in Waterloo, Iowa.

Norwest Mortgage had a difficult year in 1984. Following several years of dramatic growth and performance gains, it began 1984 anticipating substantial increases in origination and servicing volumes. To prepare for that growth, new offices were opened, staff was expanded throughout the organization and the size of the Waterloo servicing center was doubled.

During 1984, adjustable rate mortgages (ARMs) played a large role in Norwest Mortgage's growth, accounting for 45 percent of its mortgage originations.

ARMs were a relatively new instrument, with no firmly established secondary market. Norwest Mortgage found itself unable to sell $1.3 billion of ARMs profitably.

With increased overhead and a write-down of the ARMs portfolio, Norwest Mortgage incurred a loss of $36.8 million in the third quarter of 1984 and a loss of $26.1 million for the year.

During the last four months of the year, 22 loan production offices were closed. Staff was reduced from 3,000 to 2,200. The entire ARM inventory was sold. During the year, $5.3 billion of mortgage servicing rights were sold.

In December, Robert V. Gorsche, former senior vice president of Norwest Financial, was named president of Norwest Mortgage.

At year-end, Norwest Mortgage discontinued participation in two programs which provide residential mortgages to client companies' relocating employees and employees with other mortgage financing needs. The operations of

D'Lites used the financial resources and expertise of Norwest Venture Capital to expand their franchising system throughout the southeastern portion of the United States.

Norwest Modern Home Capital, a subsidiary engaged in the financing of manufactured housing, were discontinued in January 1985. In February 1985, it sold the net assets of Residential Funding Corporation, which purchases mortgages from other lenders for sale as securities in the secondary market.

The emphasis at Norwest Mortgage now is on profitability, to be achieved by assuming risk prudently, operating with effective management and pursuing growth opportunities only when the prospects of a reasonable return are clearly favorable.

NORWEST VENTURE CAPITAL

Norwest Venture Capital, through three investment funds, specializes in meeting the capital needs of small and emerging businesses. It provides start-up funds for new businesses, additional funds to ensure the continued growth and success of existing businesses, and funds to finance leveraged buyouts.

Norwest Venture Capital's business experts often serve as members of client companies' board of directors.

A venture capital limited partnership established in 1983, with funding commitments of $60 million from institutional investors, including Norwest, provides additional funds for investments in attractive venture opportunities and is an additional source of fee income.

Norwest Venture Capital's investments typically range from $750,000 to $2 million; however, larger sums may be invested in a single company, sometimes through syndication with other venture capitalists.

Most Norwest Venture Capital clients are engaged in electronics and other technological businesses, such as information processing, microelectronics, biotechnology, computer software, medical products, health care delivery, telecommunications, and industrial automation.

In 1984, Norwest Venture Capital analyzed more than 1,000 prospective client businesses. It added nine companies to its portfolio, with investments in these new companies totaling $10.5 million.

Almost $13 million was invested in 33 companies that had been added to the portfolio in previous years. At December 31, 1984, Norwest Venture

Capital's portfolio consisted of 100 companies representing investments of $74.5 million, with an estimated market value of approximately $117 million.

Six of the companies in Norwest Venture Capital's portfolio became publicly-owned in 1984. Two are listed on the New York Stock Exchange. Shares in the other four are traded in the over-the-counter market. Having listed companies in the portfolio will improve the liquidity in the portfolio in 1985 and subsequent years.

In 1984 Norwest Venture Capital added two experienced leveraged buyout professionals to its staff. Norwest Venture Capital finances the equity portion of leveraged buyouts. These transactions usually involve the existing management team of the company in a corporate divestiture or a going-private transaction.

Norwest Venture Capital Management is committed to helping new and expanding companies achieve their growth goals. Tim Stepanek (right), vice president of Norwest Venture Capital, has worked with D'Lites of America, a fast-food chain specializing in nutritious, "lite" fast-food since January 1983. Jeff Miller (left), president of D'Lites, plans to expand the system nationwide.

"We help our clients achieve their growth goals. In essence, we become their partners by helping develop alternative financing and providing financial advice."

FINANCIAL REVIEW

This financial review should be read with the financial statements and accompanying notes presented on pages 34 through 48 and other information presented on pages 50 through 59. A discussion of the effects of changing prices on net income, earnings per share and other related information is presented on page 57.

EARNINGS PERFORMANCE

The corporation's net income in 1984 was $69.5 million compared with $125.2 million in 1983. Earnings per common share declined to $1.90 in 1984 from $4.05 in 1983. On a fully diluted basis 1984 net income per share was $1.85 compared with $3.89 in 1983.

The earnings decline in 1984 was due to major increases in the loan loss provision of Norwest's banking group over 1983 and losses recorded at Norwest Mortgage, Inc., the mortgage banking subsidiary.

Higher levels of net interest income and non-interest income and income tax benefits partially offset the adverse effects of the increased loan loss provision and mortgage banking losses.

The increase in net interest income resulted from growth in bank loans and consumer finance receivables. Non-interest income increased over 1983 as fee income from insurance, trust and lending activities, service charges on deposit accounts, and several other revenue sources registered gains. The income tax benefit recorded in 1984 is largely the result of the level of tax-exempt income compared with income before income taxes and reduced tax rates applicable to long-term capital gains.

Non-interest expenses increased 19.6 percent in 1984 with increases from 1983 largely attributable to rapid expansion of mortgage banking activities during the first half of 1984 and an increase in the number of offices and volume of business at Norwest Financial Services, Inc. (Norwest Financial).

ORGANIZATIONAL EARNINGS

Net organizational earnings for 1982, 1983 and 1984 are presented in the table on page 21. Earnings of the entities listed are impacted by intercompany revenues and expenses, such as interest on borrowings from the parent company, corporate service fees and allocations of federal income taxes.

The banking group reported earnings of $78.4 million for the year, compared with earnings of $68.4 million in 1983, excluding a nonrecurring gain of $15.9 million after tax in the third quarter of 1983 from the settlement of a fire insurance claim.

CONSOLIDATED INCOME SUMMARY

In millions of dollars	**1984**	**Increase (Decrease) %**	*1983*	*Increase (Decrease) %*	*1982*	*1981*	*1980*	*5 Year Growth Rate %*
Interest income-tax equivalent basis	**$2,395.2**	**16.0%**	$2,064.3	8.7%	$1,898.7	1,777.8	1,392.8	17.3%
Interest expense	**1,601.8**	**21.1**	1,323.0	1.9	1,298.4	1,266.0	934.3	19.0
Net interest income	**793.4**	**7.0**	741.3	23.5	600.3	511.8	458.5	14.2
Provision for loan losses	**198.3**	**45.0**	136.8	54.8	88.4	35.9	25.8	57.6
Net interest income after provision for loan losses	**595.1**	**(1.6)**	604.5	18.1	511.9	475.9	432.7	9.0
Non-interest income	**372.2**	**14.8**	324.2	56.0	207.8	152.4	149.9	24.6
Non-interest expenses	**845.9**	**19.6**	707.2	28.1	551.9	448.5	377.5	21.9
Income before income taxes	**121.4**	**(45.2)**	221.5	32.0	167.8	179.8	205.1	(9.2)
Income tax expense (benefit)	**(33.0)**	**(221.8)**	27.1	453.1	4.9	3.7	20.0	NM
Tax equivalent adjustment	**84.9**	**22.7**	69.2	(6.2)	73.8	76.0	71.6	6.1
Net income	**$ 69.5**	**(44.5)**	$ 125.2	40.5	$ 89.1	100.1	113.5	(8.2)

NM—Not meaningful

Lower earnings at Norwest Bank Minneapolis were offset by higher earnings at the other banks and trust companies.

The decline in earnings at Norwest Bank Minneapolis was primarily caused by the increase in the provision for loan losses. Higher loan volume and increased earning asset yields boosted net interest income 12.1 percent above 1983 at the lead bank despite a 56.8 percent increase in the impact of non-accrual and restructured loans. Excluding the 1983 insurance settlement proceeds, non-interest income was up 12.8 percent over 1983 due to higher fees from trust, securities trading and deposit account charges. Non-interest expenses grew a modest 4.3 percent over 1983.

Earnings at the other banks and trust companies were up 27.8 percent from 1983 due to higher loan volumes and increased trust and deposit-related fees which offset the impact of higher provisions for loan losses in the banks.

Norwest Financial reported increased earnings in 1984 due to higher loan volume and insurance revenues. Results in 1982 for Norwest Financial are for the period after its acquisition on August 31, 1982.

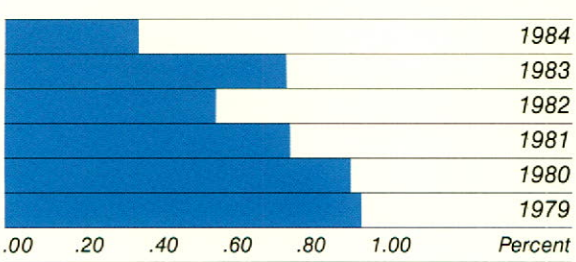
Norwest Mortgage's earnings decline resulted primarily from losses on sales of mortgages. In addition, its non-interest expenses were up 93.4 percent, partly as a result of expansion and costs incurred in new mortgage programs begun in late 1983. The company, under new management, evaluated these programs late in 1984 and began to reduce its operating expenses by scaling down or discontinuing less profitable programs. Consolidation efforts have continued into early 1985.

Among the other specialized financial companies, Norwest Venture Capital saw limited opportunities for realizing gains in 1984 after benefiting from strong equity markets in 1983. Though not reflected in current earnings, an important measure of performance for a venture capital firm is the amount of unrealized appreciation in its investment portfolio. Net unrealized appreciation, based upon market prices where available or management's estimates of values, amounted to approxi-

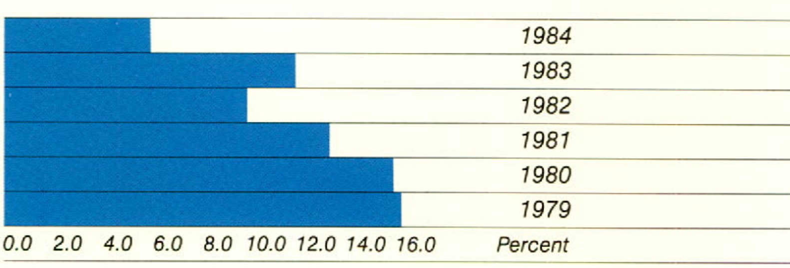
ORGANIZATIONAL EARNINGS

In millions of dollars	1984	1983	1982
Norwest Bank Minneapolis, N.A. and subsidiaries	**$16.3**	35.7	30.7
Other banks and trust companies	**62.1**	48.6	31.7
Total banking group	**78.4**	84.3	62.4
Norwest Financial Services, Inc. and subsidiaries	**45.7**	39.3	13.6
Norwest Mortgage, Inc. and subsidiaries	**(26.1)**	10.5	4.7
Other specialized financial companies	**0.7**	4.6	5.3
Other (consolidating adjustments, parent and service companies)	**(29.2)**	(13.5)	3.1
Consolidated net income	**$69.5**	125.2	89.1

1 RETURN ON ASSETS



2 RETURN ON COMMON EQUITY



mately $29 million after-tax at the end of 1984 on a portfolio investment of $63 million.

Parent company expenses increased in 1984 primarily due to the effects of the consolidated income tax provision and costs incurred to provide additional funding to subsidiaries to strengthen their equity positions.

RETURN ON ASSETS

A basic measure of earning power for financial institutions is return on assets—the ratio of net income to average assets (Chart 1). In 1984, Norwest earned 34 cents for each $100 of assets, compared with 67 cents in 1983 and 57 cents in 1982. The lower returns on assets in the last three years reflected higher provisions for loan losses and the impact on interest income from nonaccrual and restructured loans. Additionally, in 1984, return on assets was reduced by losses at Norwest Mortgage. Net securities losses were a major factor affecting the return on assets in 1982.

During the past five years, Norwest's assets grew at a 12.3 percent compound annual rate compared with 11.1 percent for equity capital. This resulted in a modest increase in financial leverage. On average, the corporation's ratio of assets to total equity was 17.9 times in 1984 compared with 17.1 times in 1983 and 16.9 times in 1979.

RETURNS ON EQUITY

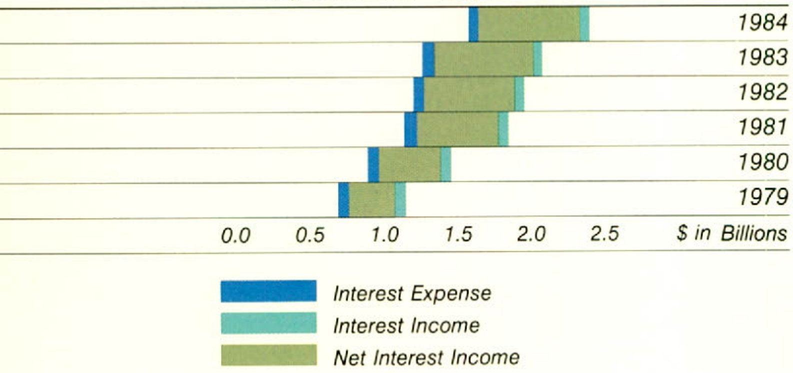
Returns on common equity and total equity—the ratios of net income after preferred dividends to average common shareholders' equity, and net income to average total shareholders' equity—were 5.3 percent and 6.0 percent, respectively, in 1984 (Chart 2). The decrease in returns on equity since 1979 is attributable to the lower return on assets and, in the case of the return on common equity, the effect of dividends paid to preferred shareholders.

NET INTEREST INCOME

Net interest income on a tax-equivalent basis is the difference between interest earned on assets and interest paid on liabilities, with adjustments made to present income and yields on tax-exempt assets as if such income were taxable. In 1984, tax equivalent net interest income provided 68.1 percent of the corporation's net revenues. Consequently, changes in the mix and volume of assets and liabilities and related yields and rates have a major impact on earnings.

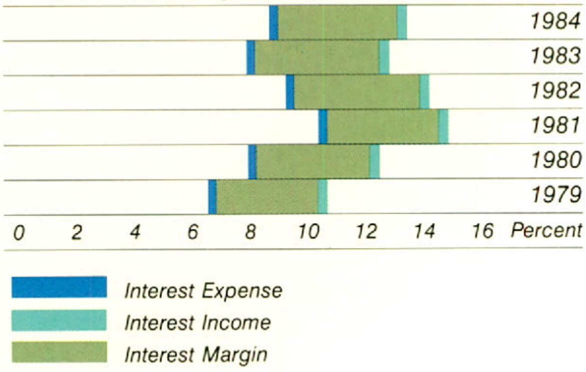
Total tax equivalent net interest income was up $52.1 million or 7.0 percent in 1984, following a 23.5 percent increase in 1983 (Chart 3). The increase resulted from growth in bank loans and consumer finance receivables which offset lower net interest margin (Chart 4). Net interest income from foreign activities

3 NET INTEREST INCOME—TAX EQUIVALENT BASIS



4 NET INTEREST MARGIN

As a % of Earning Assets



was $32.6 million, or 4.1 percent of total net interest income on a tax-equivalent basis. A detailed analysis of net interest income appears on pages 50, 51 and 53.

Net Interest Margin

Net interest margin—the relationship between tax equivalent net interest income and earning assets—narrowed from 4.54 percent in 1983 to 4.32 percent in 1984. Net interest margin was reduced in 1984 as a result of the 61.3 percent growth on an average balance basis in mortgages held for sale occurring principally in lower-yielding adjustable rate mortgages (ARMs). Further pressure on net interest margin resulted from the negative impact of non-accrual and restructured loans in the banking group and a greater reliance on purchased funds (certificates of deposit, other time deposits, commercial paper and other short-term borrowings) to support earning assets.

Earning Assets

Average earning assets were $18.4 billion in 1984, an increase of 12.5 percent over 1983 and consistent with the compound annual growth rate over the last five years (Chart 5). A change in the mix of earning assets during the year favorably affected net interest income as loan growth of 16.4 percent was the primary component of earning asset growth in the year. Much of the growth reflected the consumer-led economic recovery which continued in 1984. Consumer loans (Chart 6) were 24.5 percent over 1983, reflecting growth in the banking group and at Norwest Financial.

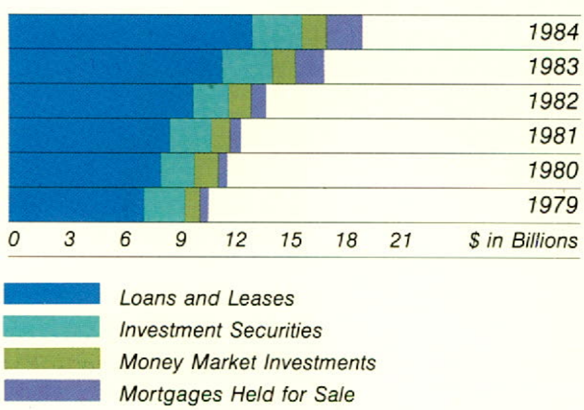
PROVISION FOR LOAN LOSSES

The provision for loan losses reflects management's judgement of the cost associated with the risks inherent in the loan and leasing portfolio. The provision for loan losses amounted to $198.3 million in 1984, an increase of $61.5 million over 1983, commensurate with increased charge-offs in the current year and the corporation's objective to have its allowance for loan losses reflect current credit risks.

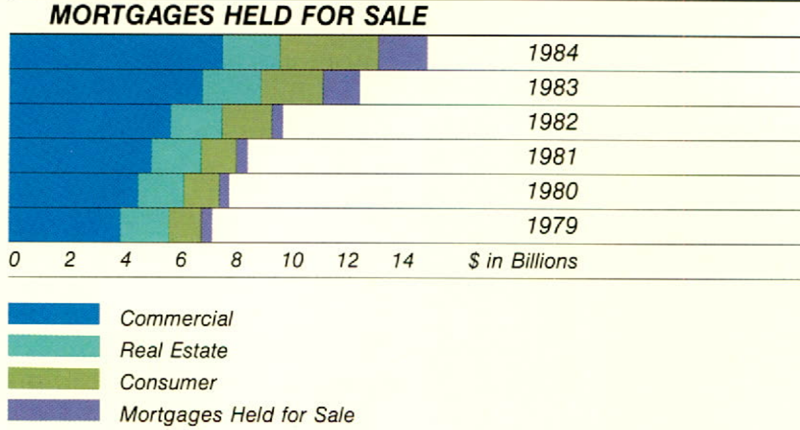
NON-INTEREST INCOME

In 1984 the corporation realized 31.9 percent of its total net revenues on a tax equivalent basis from non-interest income. This compared with 30.5 percent in 1983 and 29.9 percent in 1982, after adjusting for investment securities losses. Non-interest income is Norwest's fastest growing source of revenue, increasing 14.8 percent in 1984 after a 56.0 percent increase in 1983 (Chart 8). Significant growth occurred in several categories of non-interest income, including trust fees, insurance revenue, and service charges on deposit accounts and gains on sales of mortgage servicing rights. Also included

5 AVERAGE EARNING ASSETS



6 AVERAGE LOANS, LEASES AND MORTGAGES HELD FOR SALE



in 1984 is a $20.8 million gain from termination of participation and transfer of rights in two mortgage banking programs. In 1983, non-interest income included an $11.4 million gain from insurance settlement proceeds.

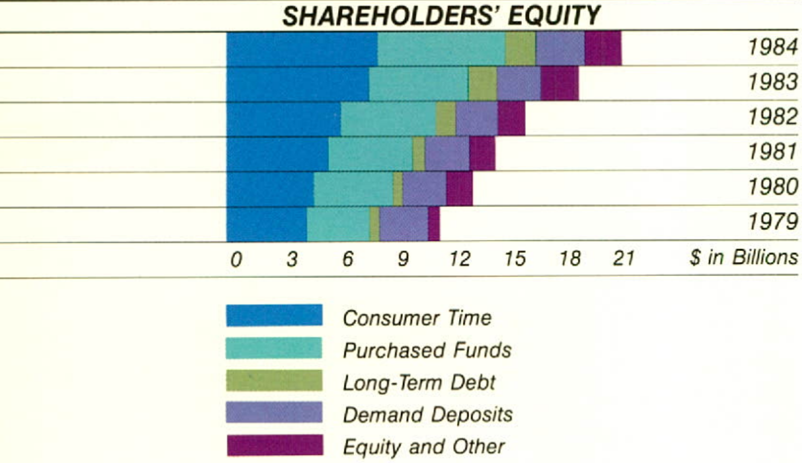
Norwest's banking group increased non-interest income by 10.2 percent from 1983, or 25.1 percent after adjusting for the 1983 insurance settlement. Service charges on deposit accounts increased 20.3 percent in 1984 primarily due to repricing of products in the first quarter of the year. Other increases came from trust fees, credit card fees, trading account profits and commissions, and other fees. Credit card fees increased 10.5 percent in 1984 due largely to a 7.1 percent increase over 1983 in the number of cardholders. The 13.8 percent growth in trust fees over 1983 reflected a larger volume of activity and an increase in the value of managed assets.

Data processing and credit life insurance businesses constitute major sources of revenues for Norwest Financial which increased its non-interest income 34.9 percent over 1983 principally due to growth in insurance revenue. The credit life insurance business is dependent on Norwest Financial's consumer finance business, including the receivables from USLIFE Credit Corporation purchased in October 1983 and the banking group's credit life insurance volume which is now underwritten by a subsidiary of Norwest Financial.

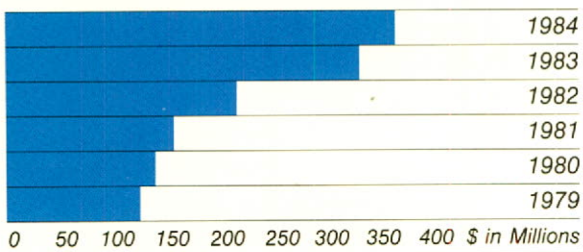
Norwest Mortgage obtains fees through the origination and servicing of residential and commercial mortgages. Fees from the servicing of mortgages and mortgage origination fees are the most stable sources of Norwest Mortgage's revenues. Loan servicing fees increased 42.2 percent from 1983 due largely to an increase in the average size of the servicing portfolio. Loan origination fees declined 9.0 percent from 1983, however, as the residential real estate market slowed.

During the last half of 1984, Norwest Mortgage sold all of its ARM inventory which had accumulated late in 1983 and during the first half of 1984. The year-end mortgage inventory of $1.0 billion was down from $2.0 billion at June 30, 1984. The origination and sale of ARMs contributed materially to the $97.5 million net mortgage marketing loss in 1984. The losses incurred on the sales of ARMs resulted from lack of a secondary market for ARMs, a market which failed to develop as had been anticipated. Partially offsetting this loss were $85.7 million in gains realized on sales of mortgage servicing rights reflecting favorable market conditions for such

7 AVERAGE LIABILITIES AND SHAREHOLDERS' EQUITY



8 NON-INTEREST INCOME



sales. The December 31, 1984 mortgage servicing portfolio, totaling $11 billion, decreased slightly from a year ago as a result of the sale of $5.3 billion of mortgage servicing rights during the year.

NON-INTEREST EXPENSES

Non-interest expenses increased 19.6 percent over a year ago (Chart 9). The largest increase occurred at Norwest Mortgage where rapid expansion occurred from late 1983 through the first half of 1984 in anticipation of origination volume increases. However, by the fourth quarter, Norwest Mortgage began scaling down certain businesses and imposing tight cost controls. Non-interest expenses also included accruals for estimated future expenses related to various reductions in certain mortgage programs.

Norwest Financial's non-interest expenses grew in proportion to the increase in its overall business.

Banking group non-interest expenses were held in check by the group's cost control programs. Non-interest expenses in the banking group increased 7.7 percent from 1983. The group held growth in salaries and employee benefits expenses in 1984 to 0.9 percent through effective salary and benefits administration and several operational consolidations.

Net occupancy, equipment rental, depreciation and maintenance expenses increased 19.9 percent in 1984 compared with 1983, largely due to the increase in the number of mortgage banking and consumer finance offices.

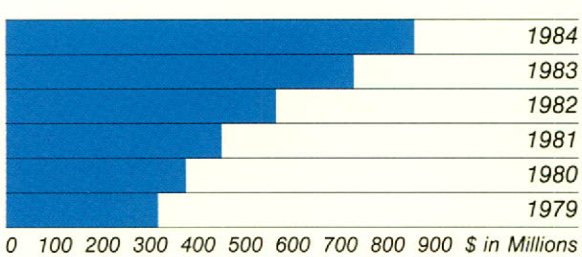
The 66.2 percent increase in other non-interest expenses was largely due to write-downs and expenses related to other real estate owned, professional fees and other expenses related to credit quality issues, the expanded operations of Norwest Financial, and various mortgage banking expenses.

INCOME TAXES

Norwest's income tax planning is based upon the goal of maximizing long-term after-tax profitability. Tax expense is significantly impacted by the mix of taxable versus tax-exempt revenues from the investment securities and loan portfolios, investment tax credits, leasing activities and major capital additions and dispositions.

Norwest's 1984 federal income tax position permitted utilization of investment tax credits of $6.5 million and the recognition of $11.6 million of tax benefits arising from long-term capital gains. The corporation reported an income tax benefit of $33.0 million in 1984 due largely to reduced income before income

9 NON-INTEREST EXPENSES



taxes coupled with the effect of tax-exempt income, long-term capital gains and investment tax credits. This benefit was recognized through a net reduction of deferred income tax credits which existed at January 1, 1984. An analysis of the corporation's income tax position and tax accounting procedures appears on page 46 in the notes to the consolidated financial statements.

RISK MANAGEMENT

Financial institutions are faced with managing significant risks. Norwest manages major credit, interest rate, liquidity, and asset valuation risks in addition to other typical business exposures. Management's approach to these risks and Norwest's position in these areas are described in the following sections.

CREDIT RISK MANAGEMENT

Norwest manages exposure to credit risk through loan portfolio diversification by customer, product and geography. With its diversified customer and product base, the corporation's portfolio continued to grow in 1984 without undue concentration in any single sector. No concentration of loans to a single industry exceeded ten percent of total loans at December 31, 1984.

Credit risk management also includes pricing loans to cover anticipated future losses, funding costs, operating costs and a profit margin. An objective of loan pricing is to charge appropriate risk premiums to cover expected losses.

Although it is not possible to forecast future losses with complete accuracy, the allowance for loan losses is closely monitored to ensure it is adequate to cover all losses that can reasonably be anticipated based on current conditions.

Non-Accrual, Restructured and Past Due Loans

The accompanying table presents data on the corporation's non-accrual, restructured and past due loans and leases. Generally, the accrual of interest on a loan or lease is suspended when the credit becomes 90 days past due unless fully secured and in the process of collection. Restructured loans are generally those, excluding non-accrual loans, for which the terms have been renegotiated to reduce or defer interest or principal because of deterioration in the borrowers' financial condition. Non-accrual and restructured loans rose to $451

NON-ACCRUAL, RESTRUCTURED AND PAST DUE LOANS

December 31 In millions of dollars	1984	1983	1982	1981	1980	1979
Non-accrual loans						
Domestic	**$305**	147	140	53	*	*
Foreign	**117**	74	55	8	*	*
Total non-accrual loans	**422**	221	195	61	29	23
Restructured loans						
Domestic	**25**	9	48	25	*	*
Foreign	**4**	8	9	1	*	*
Total restructured loans	**29**	17	57	26	9	4
Total non-accrual and restructured loans	**$451**	238	252	87	38	27
Effect of non-accrual and restructured loans on primary earnings per share	**$(.76)**	(.50)	(.51)	(.16)	*	*
Loans past due 90 days or more**						
Domestic	**$ 78**	65	66	*	*	*
Foreign	**—**	35	14	*	*	*
Total loans past due 90 days or more	**$ 78**	100	80	46	51	26

*Data not available.
**Excludes non-accrual and restructured loans.

million in 1984 from $238 million at the end of 1983. As a percent of loans outstanding at year-end, non-accrual and restructured loans increased to 3.3 percent in 1984 from 1.9 percent in 1983. The $213 million increase in non-accrual and restructured loans during the year was concentrated in the agricultural, energy and international sectors. Approximately 31 percent of the impact on earnings of non-accrual and restructured loans resulted from non-accrual and restructured foreign loans.

Other Real Estate Owned

The total of other real estate acquired as a result of certain problem loans rose to $70.5 million at December 31, 1984 from $40.6 million at year-end 1983. Slightly less than half of the other real estate owned is farm and ranch land. The remainder is made up of a wide variety of other relatively small properties.

Allowance for Loan Losses

At year-end 1984, the allowance for loan losses stood at 1.65 percent of loans and leases, compared with 1.36 percent a year ago (Chart 10). The 1984 provision for loan losses exceeded net charge-offs by $55.2 million.

Norwest has increased its allowance for loan losses in absolute terms and relative to outstanding loans. The corporation estimates losses which experience indicates exist in the portfolio at any point in time. By increasing the allowance through charges to current earnings, the corporation has recognized the weaker than expected recovery of certain business customers and the ongoing problems of agricultural producers. The near-term future of the agricultural economy is uncertain with numerous governmental assistance programs under consideration by state and federal legislators. Norwest believes it has provided adequately for its credit risks, including its long-term commitment to the agricultural economy.

With the exception of Norwest Financial's allowance and certain immaterial amounts established for specific cross border risks, no portion of the corporation's allowance is allocated to any individual loans, groups of loans or major categories of loans. An analysis of the changes in the allowance over the past six years appears on page 54.

Loan Charge-offs and Recoveries

All loans evaluated as uncollectible are charged off. Net loan losses in 1984 were $143.1 million compared with $102.6 million in 1983. Net loan losses as a percent of average loans and leases increased to 1.11 percent compared with .93 percent in 1983 (Chart 11). This ratio has averaged .69 percent of loans and leases over the past five years. Many of the loan losses in the past three years have involved loans to long-term small and medium sized businesses and agricultural producers.

Foreign Activities

Assets and liabilities attributable to foreign activities, which comprised 9.4 percent and 4.4 percent, respectively, of average total assets and liabilities in 1984 and 10.9 percent and 6.5 percent, respectively, in 1983, are principally at the largest subsidiary, Norwest Bank Minneapolis. Norwest's aggregate outstandings at December 31, 1984, to customers in any single foreign country, consisting of loans, deposits with foreign banks and acceptances, were less than .75 percent of the corporation's total assets except with respect to the United Kingdom, British West Indies, Bahamas, and Mexico. Outstandings in these countries were $227.8 million, $225.5 million, $222.2 million and $161.2 million respectively, at year-end.

Much attention has been focused on the difficulties that governmental and private borrowers abroad have had, especially in several Latin American countries, in maintaining adequate funds flows for their activities, imports and debt service. Norwest Bank Minneapolis has participated in agreements permitting, among other things, borrowers in Mexico, Brazil, Chile, Argentina and other countries access to additional funds along with longer repayment terms. Agreements made with the governments of Mexico, Brazil and Chile in 1983 were complied with in 1984 and continue to be in force. The Bank's outstandings in Mexico, Brazil, Chile, and Argentina represent the major cross border risks among Norwest's assets and are summarized in the following table:

In millions	Loans and Other Outstandings	Loans on Non-Accrual or Restructured Status
December 31, 1984		
Mexico*	$161.2	$22.6
Brazil	131.8	—
Chile*	113.8	5.7
Argentina	44.2	34.0
December 31, 1983		
Mexico*	$172.5	$28.3
Brazil	111.4	—
Chile*	113.0	4.9
Argentina	57.9	10.0

*Loans and other outstandings do not include a total of $166.8 million and $254.0 million at December 31, 1984 and 1983, respectively, in loans guaranteed by the U.S. Commodity Credit Corporation to finance grain exports to these countries.

Negotiations to restructure Mexican external public sector debt are currently taking place. Under the multiyear refinancing proposal, original maturities from 1985 to 1990 will be rescheduled and principal payments will begin in 1986, extending over thirteen years. This proposal also provides for a reduction in overall rates on the borrowings and a reduction in fees. There are no commitments to lend additional funds to the Mexican government under the proposed refinancing. The Mexican government has repaid certain funds advanced under the 1983 rescheduling agreement as a sign of good faith.

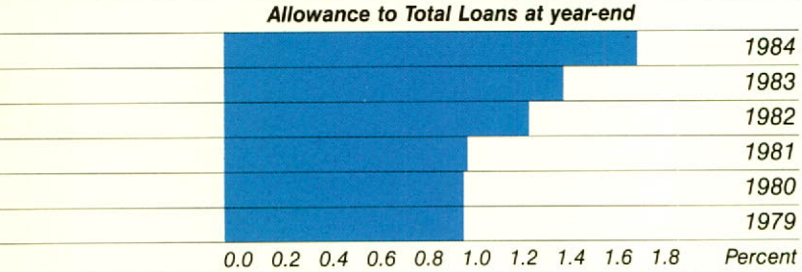
Loans and outstandings to private Mexican borrowers, included in the table above, were approximately $96.4 million and $108.2 million at December 31, 1984 and 1983, respectively. Loans to private Mexican borrowers which are in a non-accrual or restructured status were $22.6 million and $28.3 million at December 31, 1984 and 1983, respectively. Substantially all of the private Mexican borrowers are complying with the FICORCA program instituted by the Mexican government through its central bank in 1983. Under the program, the private borrowers are assured the hard currency necessary to service their foreign debts over eight years with interest only required in the first four years. Other terms, including security and rates, are negotiated individually between the banks and their customers.

In 1983, lenders agreed to restructuring and rescheduling of Chile and Brazil's public sector debt. At December 31, 1984, Norwest was not obligated to provide additional funds to either country. As of that date, the public sectors of Brazil and Chile were meeting their payment obligations under the restructuring and rescheduling agreements. Discussions regarding rescheduling 1985 maturities of Brazilian and Chilean public sector debt are in progress.

In late 1984, lenders agreed to the restructuring of Argentina's

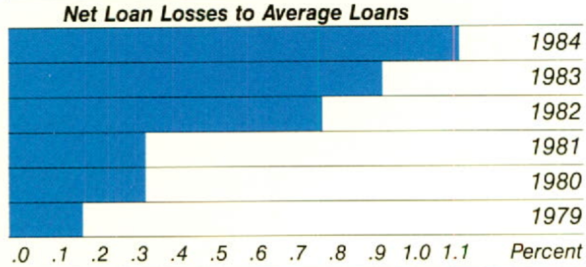
10 ALLOWANCE FOR LOAN LOSSES

Allowance to Total Loans at year-end



11 LOAN LOSS RATIO

Net Loan Losses to Average Loans



public and private sector debt. Under the restructuring, the Argentine government will guarantee substantially all of the Argentine private banking sector and private borrower debt. Principal payments are scheduled to begin in 1988.

Other Problem Loans
In 1984 Norwest continued to experience serious credit quality problems in the agricultural and energy sectors.

Charge-offs of loans to farmers and ranchers, net of recoveries, totaled $46.9 million in 1984 or 32.8 percent of all net loan losses. Norwest's agricultural loan portfolio totaled $1.0 billion or 7.3 percent of total loans and leases at December 31, 1984. Deflating values of land and other assets, weak commodity prices, and a weak export market have forced many farmers and ranchers to liquidate and left others with materially reduced financial strength. Norwest's management anticipates that these economic conditions and loan losses related to these conditions will continue in 1985.

Within its energy portfolio, which totaled $222 million at December 31, 1984, the corporation experienced $10.4 million of losses in 1984. These losses were generally related to the low level of activity in the domestic energy exploration and drilling sectors precipitated by falling oil prices. The high risk drilling portion of the portfolio constitutes a small percentage of the corporation's energy-related loans.

INTEREST SENSITIVITY MANAGEMENT

As noted earlier, net interest income represents the major income component to the corporation, and is dictated by the mix of assets and liabilities and their repricing (or interest sensitivity) characteristics.

Management of net interest income is based on managing the structural relationship between assets and liabilities to ensure an acceptable level of net interest margin (NIM), and to maintain the volatility of that variable within prudent guidelines.

Interest Sensitivity Profile
One way to monitor both the level and volatility of NIM is through the use of an interest sensitivity profile which portrays an institution's balance sheet in terms of its repricing characteristics. This tool enables management to assess the expected impact on its NIM from a change in interest rates or as a result of its assets and/or liabilities repricing at different yield (cost) levels than they are currently being carried.

Norwest's management reviews such information to assess structural changes in the balance sheet over time, and to plan changes in the mix of assets and liabilities consistent with expectations as to changes in market rates of interest. The table below shows total assets and liabilities subject to repricing in the stated timeframes, and is based on average balances in December 1984. This information is based on certain judgments and assumptions which are subject to change over time.

The sensitivity of demand deposits to interest rate changes, for example, can vary with the absolute level of interest rates, the regulatory environment and many other factors. Likewise, the same mortgage portfolio can have a very different sensitivity profile in different rate environments as the rate of prepayments varies.

INTEREST RATE SENSITIVITY
December, 1984

In millions of dollars	Repricing or Maturing: Within 6 Months	6 Months-1 Year	After 1 Year*
Assets	$10,622	1,100	9,129
Liabilities and equity	10,520	860	9,471
Gap [Assets−(liabilities + equity)]	$ 102	240	(342)

*In addition to fixed rate consumer and commercial loans and liabilities, this category includes premises and equipment, demand deposits, non-accrual loans and the credit card portfolio.

In comparing interest sensitivity profiles of financial institutions, it is unrealistic to assume that those of similar size with similar gaps will experience like NIM performance over time. Even though the assets subject to repricing in a given period may be of the same magnitude, one institution's sensitive assets may consist of maturing long-term assets while another's sensitivity may consist of short-term investments and floating rate loans. The two will experience very different performance results. Management's familiarity and understanding of the sensitivity and mix characteristics which underlie its own balance sheet will have a significant impact on the interpretation and management of sensitivity gaps—and therefore, NIM—over time.

1984 Changes in Corporate Sensitivity

The sensitivity depicted in the interest rate sensitivity table portrays Norwest's sensitivity position in December, 1984. The December, 1984 numbers show a negative long-term gap (i.e., over one year) of $342 million compared with a positive long-term gap of $497 million at December, 1983. This shift in the sensitivity reduces the exposure of NIM to upward interest rate movements.

LIQUIDITY MANAGEMENT

Liquidity management involves the ability to meet financial commitments and opportunities in an efficient manner at a reasonable price. The various Norwest entities manage their liquidity according to methods that are most appropriate to their markets and needs. Affiliates in the eight banking regions, for example, manage the cash flow from maturing investments to meet seasonal credit requirements and cyclical deposit outflows. A broad base of retail funds available in the Norwest marketing area also provides a stable source of funding for the corporation. Approximately 50 percent of Norwest's funding is provided by customer deposits gathered at the banks. This is a high level of core deposit funding by industry standards. Norwest Bank Minneapolis, which has a much lower percentage of its funding from customer deposits than the regional banking affiliates, and the specialized financial companies, which have little or no customer deposit base due to the nature of their businesses, generally manage their liquidity through an active participation in diverse national and international money markets.

The corporation currently operates under federal laws that restrict the transfer of funds from affiliates to the parent company in the form of cash dividends, loans or advances. In 1984 these restrictions, which are discussed in more detail on page 48, did not have a significant impact on the ability of the parent company to meet its cash obligations and are not expected to have any significant impact in the future.

Noninterest-Bearing Demand Deposits

Noninterest-bearing demand deposits represent a major source of funding for the corporation. The growth of these deposits has been significantly slower than the growth in total assets for several years, which accounts in part for the rise from 79.3 percent in 1979 to 87.5 percent in 1984 in the corporation's reliance on interest-bearing liabilities to fund earning assets. The corporation's increasing reliance on interest-bearing liabilities and possible legislative changes permitting banks to pay interest on commercial demand deposits will create additional pressure on the corporation's net interest margin.

Retail Interest-Bearing Deposits

Local customers continue to provide a stable source of funds for Norwest banks. Among the 30 largest U.S. bank holding companies, Norwest is in the lowest one-third in reliance on purchased funding, due to the amount of retail deposits available in the Norwest market area. In 1984 interest-bearing retail funds accounted for 38 percent of Norwest's funding. The rapid growth of the money market savings and checking products, which were first introduced in late 1982 and early 1983, slowed considerably during 1984, but the combined balance of these products increased from $2.1 billion at December 31, 1983 to $2.2 billion at year-end 1984, confirming customer acceptance. The ability to offer deposit products with rates that respond to short-term or long-

term interest rate movements has helped stabilize the deposit base by meeting the competitive challenges of other financial intermediaries.

Purchased Funds

Purchased funds represent approximately 33 percent of the corporation's funding, with characteristics that are important for both liquidity and interest sensitivity. Major sources of purchased funds are large certificates of deposit, other time deposits and short-term borrowings for the larger banking affiliates and commercial paper for the corporation. These funds are raised primarily in national and international markets. The diversity of the suppliers of these funds represents an important source of liquidity. Liquidity is also enhanced by extending the maturity of the debt instruments, especially the large certificates of deposit and other time deposits raised by the larger banking affiliates.

The corporation's commercial paper is rated A1+ by Standard & Poor's Corporation, and P1 by Moody's Investors Services, Inc. These are the highest ratings available from each rating agency.

Long-Term Debt

Norwest also raises funds in the long-term debt markets. This funding is particularly important to Norwest Financial which funds over one-half of its earning assets with long-term debt. Norwest's long-term debt is rated AA− by Standard & Poor's and A1 by Moody's. Although these ratings were lowered in 1984 and early 1985, Norwest continues to have access to the public capital market on favorable terms.

In 1984, Norwest Financial issued $360 million dollars of senior notes and debentures, due 1986 through 1994 at interest rates of 11.35 percent to 14.3 percent.

In February, 1984, another subsidiary, Norwest Overseas Capital Corporation N.V., entered the Eurobond market, issuing $50 million of 12⅛ percent notes guaranteed by the parent company. The proceeds were used to fund various affiliates including Norwest Mortgage.

ASSET/LIABILITY MANAGEMENT

Norwest's asset/liability management process occurs at the corporate, regional, and affiliate levels. The Asset/Liability Management Committee at the corporate level meets monthly, focusing attention on management of the company's interest sensitivity profile, and policies and controls to ensure realization of continued profitability and minimization of risks.

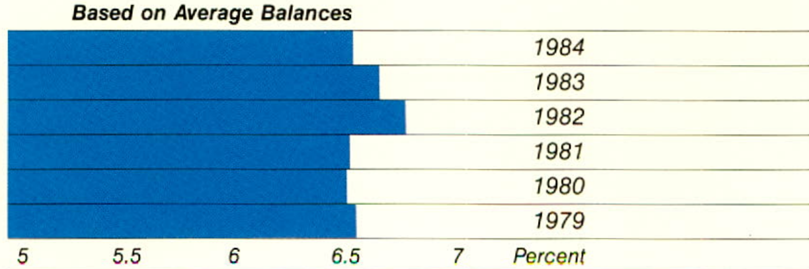
Norwest also reviews risks of declining asset values apart from credit risk or interest rate risk. Primary balance sheet items subject to this risk are mortgages held for sale, the investment and trading account securities portfolios, and other real estate owned. Norwest management reviews the market valuation of these assets on an ongoing basis and takes steps to limit its exposure in any one area.

CAPITAL MANAGEMENT

Capital management is a continuous process which ensures that capital is provided for current needs and anticipated growth. Capital funds, consisting of long-term debt, convertible subordinated debentures and shareholders' equity, totaled $3.0 billion at year-end 1984, an increase of $413 million or 16.1 percent

12 PRIMARY CAPITAL RATIO

Based on Average Balances



over year-end 1983. Retail deposits and purchased funds are also relied upon as major sources of funding (Chart 7).

The change in the corporation's capital position over the past six years is indicated in Chart 12. The corporation's consolidated capital position, as measured by its primary capital ratio of 6.5 percent, remains above the average of its peer group of the top thirty U.S. bank holding companies and the minimum threshold level established by the regulatory authorities.

Norwest believes that a strong equity position is vital to continued profitability because it promotes depositor and investor confidence, enhances flexibility and helps ensure continued access to capital markets on favorable terms. It also enables the corporation to take advantage of expansion opportunities as they arise.

During the past five years Norwest's internal common equity growth rate has averaged 5.6 percent annually. As a result of lower earnings and maintenance of the dividend to common shareholders, at $1.80 per share annually, internal equity growth in 1984 was negligible. Total cash dividends paid on common shares during 1984 amounted to $51.3 million compared with $49.5 million in 1983 and $44.8 million in 1982. In January, 1985, the Corporation's Board of Directors declared a quarterly dividend on common shares of 45 cents per share payable on March 1, 1985.

Norwest further strengthened its equity position in 1984 by:

- *Increasing equity capital $13.0 million in 1984 through dividend reinvestment and employee savings-investment plans.*
- *Issuing $2.6 million of common stock upon the exercise of stock options and conversion of subordinated debentures.*

On June 1, 1984, Norwest issued 437,964 shares of common stock in exchange for 100 percent of the common stock of Bankshares of Nebraska, Inc., whose wholly-owned subsidiary was the First National Bank of Grand Island, now renamed Norwest Bank Grand Island, N.A.

ANALYSIS OF 1983 COMPARED WITH 1982

The following analysis presents a review of 1983 consolidated financial results compared with 1982. Net income was $125.2 million in 1983, or $4.05 per share, compared with $89.1 million, or $3.08 per share in 1982. 1983 earnings were adversely affected by a slower than expected economic recovery in the seven-state banking region which resulted in higher loan losses and a larger provision for loan losses than in 1982. Higher levels of net interest income and non-interest income in 1983 more than offset the impact of the increased provision for loan losses over 1982.

NET INTEREST INCOME

Net interest income on a tax-equivalent basis increased to $741.3 million from $600.3 million in 1982. The increase was partly attributable to growth in bank loans, investment securities, mortgages held for sale and other earning assets plus the inclusion of the results of Norwest Financial for the entire year. Average earning assets increased 20.6 percent in 1983. Norwest Financial was acquired on August 31, 1982. The increase in earning assets was partially offset by a smaller effect of interest free funds on net interest margin, resulting from lower interest rates in 1983 compared with 1982.

Net interest margin widened to 4.54% in 1983 from 4.43% in 1982. Norwest Financial's yield spread was wider than the yield spread of the banks, thereby favorably impacting net interest margin after the acquisition. Norwest Financial's results also partially offset the effect of higher reliance on money market-priced consumer deposits and purchased funds and the decline in the relative value of interest-free funds since mid-1982.

PROVISION FOR LOAN LOSSES

The corporation increased its provision for loan losses to

$136.8 million in 1983 from $88.4 million in 1982. The higher provision resulted from the higher level of net loan losses and management's assessment of the inherent risks in the loan portfolio. Non-accrual and restructured loans totaled $238 million at December 31, 1983 compared with $252 million the year before.

▶ NON-INTEREST INCOME

Non-interest income increased 56.0 percent in 1983 compared with 1982. The increase occurred through the acquisition of Norwest Financial with its significant data processing and insurance revenues, the rapid expansion of mortgage banking operations, the explicit pricing of banking services and the offering of new services.

In 1983, 30.5 percent of total revenue on a tax-equivalent basis was derived from non-interest income, excluding net investment securities losses, compared with 29.9 percent in 1982. In 1983, Norwest banks recognized $1.6 million in net investment securities losses, compared with $47.8 million in 1982 from the prior year's program to improve yields and balance tax-exempt and taxable revenues. Ignoring investment securities losses, non-interest income increased 27.4 percent in 1983.

Mortgage servicing volumes increased to $12.1 billion at the end of 1983 compared with $7.3 billion the year before. Mortgage banking originations totaled $5.1 billion in 1983, an increase from $2.1 billion in 1982. Net gains on sales of mortgages were $8.3 million in 1983 compared with $9.1 million in 1982. The 1982 mortgage banking revenues included gains of $5.0 million realized from sales of mortgage servicing rights.

Venture capital gains on sales of equity investments were $8.4 million in 1983 and $8.9 million in 1982, both years' venture capital activities benefiting from strong equity markets.

The corporation's trust units experienced a 14.9 percent climb in fees in 1983 due primarily to the growth in employee benefit accounts, custody, safekeeping and security processing activity and the increased value of managed assets.

Data processing revenue increased 42.1 percent in 1983 and was enhanced by the inclusion of a full year's results of Norwest Financial's computer systems group. The group is the leading supplier of data services to the consumer finance industry.

An $11.4 million gain on the insurance settlement from the Thanksgiving Day fire in 1982 was included in 1983 other non-interest income.

▶ NON-INTEREST EXPENSES

Consolidated non-interest expenses increased 28.1 percent in 1983 from 1982. The increase resulted primarily from the effect of the 1982 acquisition of Norwest Financial and Norwest Mortgage's rapid expansion into new markets. Expense growth in the banks moderated in 1983 due to the corporation's cost control programs and the overall moderation in cost increases as reflected in the lower U.S. inflation rate. Included in business development expenses in 1983 were expenditures related to the name change which implemented the uniform "Norwest" identity in all markets.

▶ INCOME TAXES

The corporation's 1983 federal income tax position permitted the use of all foreign tax credit carryforwards and reduced investment tax credit carryforwards to $10.1 million. In 1982, the corporation generated a refund amounting to $7.6 million of federal income taxes previously paid largely as a result of sales of selected low-yielding tax-exempt securities.

CONSOLIDATED BALANCE SHEETS

NORWEST CORPORATION AND SUBSIDIARIES

December 31, *In millions of dollars*	1984	1983
Assets		
Cash and due from banks	$ 1,427.5	1,292.7
Interest-bearing deposits with banks		
Domestic	34.1	23.0
Foreign	845.5	1,113.1
Total interest-bearing deposits with banks	879.6	1,136.1
Investment securities—market value $2,381.6 in 1984 and $2,802.9 in 1983	2,409.9	2,858.5
Trading account securities	81.3	125.3
Federal funds sold and resale agreements	1,049.7	219.3
Mortgages held for sale	1,012.0	1,024.2
Loans and leases		
Domestic	13,083.6	11,614.1
Foreign	1,017.8	1,121.4
Total loans and leases	14,101.4	12,735.5
Unearned discount	(566.3)	(485.9)
Allowance for loan losses	(223.3)	(167.0)
Net loans and leases	13,311.8	12,082.6
Premises and equipment	382.4	370.4
Customers' liability on acceptances		
Domestic	35.8	36.4
Foreign	75.7	140.0
Total customers' liability on acceptances	111.5	176.4
Interest receivable and other assets	680.1	568.7
Total assets	$21,345.8	19,854.2
Liabilities and Shareholders' Equity		
Deposits		
Domestic		
Noninterest-bearing	$ 3,364.1	3,047.5
Interest-bearing	10,527.3	9,849.1
Foreign interest-bearing	723.5	655.6
Total deposits	14,614.9	13,552.2
Short-term borrowings	3,024.3	3,059.4
Acceptances outstanding	106.6	176.6
Accrued expenses and other liabilities	621.7	500.8
Long-term debt	1,774.2	1,390.3
Convertible subordinated debentures	44.0	44.8
Total liabilities	20,185.7	18,724.1
Preferred stock—authorized 5,000,000 shares without par value. Outstanding 2,500,000 shares, $50 stated value, cumulative and adjustable dividends	125.0	125.0
Common stock, $1⅔ par value—authorized 50,000,000 shares. Issued 29,570,344 shares in 1984 and 28,515,753 shares in 1983	49.3	47.5
Surplus	111.4	91.3
Retained earnings	875.3	867.2
Treasury stock—545,782 common shares in 1984 and 543,332 common shares in 1983	(0.9)	(0.9)
Total common shareholders' equity	1,035.1	1,005.1
Total shareholders' equity	1,160.1	1,130.1
Total liabilities and shareholders' equity	$21,345.8	19,854.2

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME

NORWEST CORPORATION AND SUBSIDIARIES

Year ended December 31 In millions of dollars, except per share amounts	1984	1983	1982
Interest Income on			
Loans and leases, including fees	$1,726.8	1,449.5	1,338.7
Investment securities			
U.S. Treasury and federal agencies	182.4	215.8	183.2
State, municipal and housing	60.7	54.1	61.9
Other investment securities	5.8	6.6	4.3
Total	248.9	276.5	249.4
Deposits with banks	81.9	90.1	100.8
Trading account securities	8.5	9.9	9.3
Federal funds sold and resale agreements	35.9	34.6	91.5
Mortgages held for sale	208.3	134.5	35.2
Total interest income	2,310.3	1,995.1	1,824.9
Interest Expense on			
Deposits	1,030.5	908.9	975.6
Short-term borrowings	385.0	272.8	252.0
Long-term debt and convertible subordinated debentures	186.3	141.3	70.8
Total interest expense	1,601.8	1,323.0	1,298.4
Net interest income	708.5	672.1	526.5
Provision for Loan Losses	198.3	136.8	88.4
Net interest income after provision for loan losses	510.2	535.3	438.1
Non-interest Income			
Trading account	10.4	7.4	14.0
Trust	45.5	40.0	34.8
Service charges on deposit accounts	60.6	50.3	41.7
Mortgage origination and servicing	65.6	56.7	37.8
Data processing	35.7	34.1	24.0
Credit card	29.5	26.7	23.3
Insurance	49.4	38.1	20.7
Other fees and service charges	44.6	29.8	23.2
Net investment securities gains (losses)	0.7	(1.6)	(47.8)
Net mortgage marketing gains (losses)	(97.5)	8.3	9.1
Sales of servicing rights	85.7	—	5.0
Other	42.0	34.4	22.0
Total non-interest income	372.2	324.2	207.8
Non-interest Expenses			
Salaries and benefits	433.6	396.1	312.7
Net occupancy	58.4	49.3	38.8
Equipment rentals, depreciation and maintenance	64.7	53.4	44.6
Business development	38.0	38.7	29.7
Communication	63.4	56.7	39.4
Other	187.8	113.0	86.7
Total non-interest expenses	845.9	707.2	551.9
Income Before Income Taxes	36.5	152.3	94.0
Income Tax Expense (Benefit)	(33.0)	27.1	4.9
Net Income	$ 69.5	125.2	89.1
Per Common Share			
Net Income			
Primary	$ 1.90	4.05	3.08
Fully diluted	1.85	3.89	2.92
Dividends Declared	1.80	1.80	1.68

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION

NORWEST CORPORATION AND SUBSIDIARIES

Year ended December 31	1984		1983		1982	
In millions of dollars	**Financial Resources Provided**	**Used**	Financial Resources Provided	Used	Financial Resources Provided	Used
Net Income	**$ 69.5**	**—**	125.2	—	89.1	—
Items not requiring (providing) resources in the current period						
Amortization of investment securities premiums and discounts, net	**27.8**	**—**	30.7	—	4.5	—
Depreciation and amortization	**42.0**	**—**	31.0	—	25.1	—
Provision for loan losses	**198.3**	**—**	136.8	—	88.4	—
Deferred income taxes	**(83.0)**	**—**	(18.4)	—	2.0	—
Gain on insurance settlement	**—**	**—**	(11.4)	—	—	—
Resources from operations	**254.6**	**—**	293.9	—	209.1	—
Issuance of preferred stock	**—**	**—**	—	—	121.6	—
Issuance of common stock, net	**27.0**	**—**	30.2	—	10.1	—
Dividends declared	**—**	**66.5**	—	62.9	—	51.7
Total resources from operations and equity	**281.6**	**66.5**	324.1	62.9	340.8	51.7
Assets Acquired and Liabilities Assumed as a Result of Purchase of Norwest Financial Services, Inc.						
Investment securities	**—**	**—**	—	—	—	76.2
Loans and leases	**—**	**—**	—	—	—	895.0
Deposits	**—**	**—**	—	—	35.1	—
Short-term borrowings	**—**	**—**	—	—	208.4	—
Long-term debt	**—**	**—**	—	—	521.4	—
Other, net	**—**	**—**	—	—	—	45.1
Subtotal	**—**	**—**	—	—	764.9	1,016.3
Earning Assets						
Interest-bearing deposits with banks	**256.5**	**—**	—	151.0	—	417.3
Investment securities	**420.8**	**—**	—	335.5	—	64.0
Trading account securities	**44.0**	**—**	—	38.9	—	11.6
Federal funds sold and resale agreements	**—**	**830.4**	552.9	—	114.3	—
Mortgages held for sale	**12.2**	**—**	—	475.2	—	425.9
Loans and leases	**—**	**1,452.6**	—	2,060.9	—	734.5
Total earning assets	**733.5**	**2,283.0**	552.9	3,061.5	114.3	1,653.3
Deposits and Borrowings						
Deposits	**1,062.7**	**—**	1,581.0	—	549.9	—
Short-term borrowings	**—**	**35.1**	343.7	—	698.6	—
Long-term debt and convertible subordinated debentures	**428.5**	**45.4**	356.7	51.8	156.0	4.0
Total deposits and borrowings	**1,491.2**	**80.6**	2,281.4	51.8	1,404.5	4.0
Cash and due from banks	**—**	**134.8**	39.0	—	111.1	—
Premises and equipment	**—**	**52.7**	—	77.6	—	49.4
Proceeds from insurance settlement	**—**	**—**	64.7	—	—	—
Interest receivable and other assets	**—**	**112.7**	—	149.5	—	61.3
Accrued expenses and other liabilities	**203.9**	**—**	114.4	—	68.4	—
Other	**25.2**	**5.2**	26.8	—	32.8	0.8
Total	**$2,735.4**	**2,735.4**	3,403.3	3,403.3	2,836.8	2,836.8

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

NORWEST CORPORATION AND SUBSIDIARIES

In millions of dollars	Preferred Stock	Common Stock	Surplus	Retained Earnings	Treasury Stock	Total
Balance, December 31, 1981	**$ —**	**45.0**	**56.9**	**767.5**	**(0.9)**	**868.5**
Net income	—	—	—	89.1	—	89.1
Issuance of 2,500,000 preferred shares	125.0	—	(3.4)	—	—	121.6
Dividends declared on						
Common stock	—	—	—	(44.8)	—	(44.8)
Preferred stock	—	—	—	(6.9)	—	(6.9)
Issuance of 483,555 common shares, net	—	0.8	9.3	—	—	10.1
Balance, December 31, 1982	**125.0**	**45.8**	**62.8**	**804.9**	**(0.9)**	**1,037.6**
Net income	—	—	—	125.2	—	125.2
Dividends declared on						
Common stock	—	—	—	(49.5)	—	(49.5)
Preferred stock	—	—	—	(13.4)	—	(13.4)
Issuance of 1,008,600 common shares, net	—	1.7	28.5	—	—	30.2
Balance, December 31, 1983	**125.0**	**47.5**	**91.3**	**867.2**	**(0.9)**	**1130.1**
Net income	—	—	—	69.5	—	69.5
Dividends declared on						
Common stock	—	—	—	(51.3)	—	(51.3)
Preferred stock	—	—	—	(15.2)	—	(15.2)
Issuance of 1,052,141 common shares, net	—	1.8	20.1	5.1	—	27.0
Balance, December 31, 1984	**$125.0**	**49.3**	**111.4**	**875.3**	**(0.9)**	**1,160.1**

See notes to consolidated financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Norwest Corporation (the "corporation") is a diversified financial services company organized in 1929. Subsidiary banks and trust companies provide a full range of commercial banking, municipal bond underwriting and capital management services. In addition, other subsidiaries provide mortgage banking, consumer finance, leasing, insurance, commercial finance, agricultural lending and venture capital services.

The accounting and reporting policies of the corporation and its subsidiaries conform to generally accepted accounting principles and general practices within the financial industry. The more significant accounting policies are summarized below.

Consolidation *The consolidated financial statements include the accounts of the corporation and all subsidiaries. Significant intercompany accounts and transactions have been eliminated.*

Reclassifications *Certain amounts in the 1983 and 1982 consolidated financial statements have been reclassified to conform with the 1984 presentation.*

Securities *Investment securities are stated at cost adjusted for amortization of premiums and accretions of discounts. Gains and losses on sales of investment securities are computed on a specifically-identified cost basis.*

Trading account securities are stated at market value. Adjustments to carrying value are reported in trading account income.

Loans and Leases *Loans are stated at their principal amount. The corporation, except in its consumer finance subsidiaries, recognizes interest income on loans on an accrual basis except on loans past due for 90 days unless such loans are in the process of collection and, in management's opinion, are fully secured. When a loan is placed on the cash basis, any uncollected interest accrued in prior years is charged against the allowance for loan losses. A loan is returned to an accrual status when principal and interest are no longer due and unpaid and factors indicating doubtful collectibility no longer exist. The corporation's consumer finance subsidiaries recognize interest income on the cash basis.*

Lease financing includes aggregate lease rentals, net of the related unearned income, which include deferred investment tax credits, and related nonrecourse debt. Leasing income is recognized by the interest method.

Unearned discount on consumer loans is recognized as income by either the sum-of-the-digits or interest method over the outstanding terms of the related loans.

Allowance for Loan Losses *The provision for loan losses is based upon management's evaluation of a number of factors, including loan loss experience, risk analyses of loan portfolios and current and expected economic conditions. Such provisions, less net loan losses, comprise the allowance for loan losses, which is available for future loan losses.*

All loans evaluated as uncollectible are charged off. Loans made by the consumer finance subsidiaries, unless fully secured, are generally charged off when past due 90 days. Consumer loans made by subsidiary banks, unless fully secured, are generally charged off when past due 120 days.

Premises and Equipment *Premises and equipment are stated at cost less accumulated depreciation and amortization. Depreciation of owned property is provided over estimated useful lives of 20 to 50 years for buildings and 4 to 10 years for furniture, fixtures and equipment, computed generally on a straight-line basis. Amortization of capital lease assets is provided over the lease term generally on a straight-line basis. Leasehold improvements are amortized over the terms of the respective leases.*

The cost of improvements and interest incurred in connection with the construction of certain premises and equipment is capitalized. Maintenance and repairs and gains and losses on dispositions are included in non-interest expenses.

Other Real Estate *Real estate acquired in satisfaction of loans is included in other assets at the lower of cost or estimated fair value. When title to property is acquired, the excess of the recorded investment in the property over the estimated fair value, if any, is charged to the allowance for loan losses. Subsequent changes in the estimated fair value, not to exceed the initial recorded investment, and net operating results from the property are included in non-interest expenses.*

Financial Futures *The corporation uses financial futures contracts as part of its overall interest rate risk management strategy. Outstanding contracts represent future commitments and are not included in the consolidated balance sheets. Gains and losses on the liquidation of futures contracts used in banking operations are deferred and amortized over the terms of items hedged as adjustments to interest income or interest expense. Gains and losses on the liquidation of futures contracts used in mortgage banking operations are deferred and recognized as adjustments to gains and losses on sales of mortgages at settlement dates.*

At December 31, 1984, the corporation had short positions totaling $178.2 million in financial futures contracts which were used as hedges of interest rate risk on certain investment securities, mortgages held for sale and loans.

Income Taxes *The corporation and its U.S. subsidiaries, except one life insurance subsidiary, file a consolidated federal income tax return. The income tax effects of transactions are recognized in the year in which they enter into the determination of reported income, regardless of when they are recognized for tax return purposes. Accordingly, income tax expense (benefit) in the statements of income include charges or credits for deferred income taxes relating to timing differences.*

Investment tax credits on purchases of equipment for lease to others are deferred and amortized over the terms of the respective leases. Investment tax credits on purchases of equipment are recognized when such equipment is placed in use as a reduction of income tax expense. Foreign withholding taxes are applied as credits to reduce federal income taxes payable in the current year.

Earnings Per Share *Income for primary and fully diluted earnings per share is adjusted for preferred stock dividends. Primary earnings per share data are computed based on the weighted average number of common shares outstanding and common stock equivalents arising from the assumed exercise of outstanding stock options. Fully diluted earnings per share data are computed by using such average common shares and equivalents increased by the assumed conversion of the 6¾ percent convertible subordinated debentures into common stock. Income for fully diluted earnings per share is also adjusted for interest expense related to these debentures, net of the related income tax effect.*

The corporation had weighted average common and common equivalent shares as follows:

	1984	1983	1982
Primary	**28,541,145**	27,613,638	26,781,123
Fully diluted	**30,009,007**	29,132,807	28,783,647

▶ MORTGAGE BANKING

Mortgages Held for Sale *Mortgages held for sale are stated at the lower of cost or market as determined on an aggregate basis. The market calculation includes consideration of all open positions, outstanding commitments from investors, and related fees paid.*

At December 31, 1984, approximately $443.2 million of mortgages held for sale were pledged to secure certain short-term borrowings.

Sales of Mortgages *Subsidiaries of the corporation have issued various types of mortgage-backed securities, including collateralized mortgage obligations (CMOs). The issuance of these securities and the simultaneous placement of the related collateral (mortgages or mortgage-backed securities) in trust have been accounted for as sales of the mortgages or mortgage-backed securities. Accordingly, neither the mortgages or mortgage-backed securities nor the securities or obligations payable appear on the consolidated balance sheets. At December 31, 1984 and 1983, there were $959.2 million and $447.2 million, respectively, of CMOs outstanding which were secured by GNMA mortgage-backed and conventional mortgage-backed securities placed in trust with outstanding principal balances totaling $990.0 million at December 31, 1984.*

Gains and losses on such sales and on sales of mortgages are recognized at settlement dates. Gains and losses are determined by the difference between sales proceeds and the carrying value of the mortgages or mortgage-backed securities adjusted for the present value of the difference between the estimated future net revenues and normal servicing revenues. Premiums or discounts resulting from such adjustments are amortized on an accelerated method over the estimated lives of the mortgages or mortgage-backed securities.

During 1984, a subsidiary of the corporation, Norwest Mortgage, Inc. (NMI), sold mortgages under agreements which contain various contin-

gencies based on future events. Management believes that maximum exposure to loss, if any, under these agreements will not be material.

Sales of Servicing Rights *During 1984, NMI sold the servicing rights on mortgages having an aggregate principal balance of $5.3 billion. Gains of $85.7 million on sales of servicing rights were determined by the difference between net sales proceeds and the unamortized acquisition costs, if any, of the rights.*

Under the terms of an agreement to sell servicing rights to $2.6 billion of mortgages (included in the amount in the preceding paragraph), NMI will continue to service the mortgages on a fixed fee basis as agent through April 30, 1985.

Reduction in Mortgage Banking Operations *In 1984, NMI reduced its operations, resulting in several transactions described below:*

- *Effective December 31, 1984, NMI terminated a revenue sharing agreement and transferred its rights and other property relating to two mortgage programs which provide residential mortgages to client companies' relocating employees and employees with other mortgage financing needs. This resulted in a gain of $20.8 million which is recorded in other non-interest income.*

  In connection with the termination of the revenue sharing agreement, NMI has agreed to continue to act as agent for the participating party for a fee representing costs incurred by NMI as agent through April 30, 1985, and to sublease the operations facilities of these two programs to the party through December 31, 1985.

  NMI has also sold servicing rights to $1.4 billion of mortgages (included in the $5.3 billion above) originated prior to December 31, 1984 under the two programs to the participating party. Under the terms of this sale, NMI will continue to service the mortgages on a fixed fee basis as agent through June 30, 1985. NMI has also agreed to purchase up to $500 million and $200 million of servicing rights to mortgages originated after December 31, 1984, but prior to July 1, 1985, under the relocation and employee mortgage programs, respectively.

- *In early 1985, NMI sold the net assets of Residential Funding Corporation (RFC) for $10 million. RFC purchases mortgages from other lenders for sale in the secondary market.*

  NMI has agreed to act as agent for the purchaser through April 30, 1985 for a fee representing costs incurred by NMI in operating RFC.

- *NMI has reduced its mortgage banking activities, other than those discussed above, in late 1984 through the consolidation of loan origination facilities, the closing of certain operations and other staff reductions. The accompanying 1984 income statement includes $5.8 million in accrued losses in other non-interest expenses related to the disposal or abandonment of unused facilities.*

GAIN ON INSURANCE SETTLEMENT

On November 25, 1982, a fire severely damaged the Northwestern Bank Building in downtown Minneapolis, Minnesota and destroyed most of its contents. The bank building, which is owned by a subsidiary of the corporation, included the principal executive offices of the corporation and the offices of certain operations of such bank and certain other subsidiaries.

In 1983, the corporation negotiated a $64.7 million cash settlement with its insurance carrier for losses and related costs sustained as a result of the fire, realizing an $11.4 million gain that is included in other non-interest income in the accompanying 1983 consolidated statement of income.

ACQUISITION

On August 31, 1982, the corporation acquired Dial Corporation (now Norwest Financial Services, Inc.) a consumer finance company, through a merger in which each outstanding share of common stock of Norwest Financial Services, Inc. was exchanged for $56 in cash, aggregating approximately $251.5 million. Under the purchase method of accounting, the corporation is amortizing the excess of acquisition cost over the fair value of the identifiable net assets acquired on a straight-line basis over 30 years.

RESTRICTIONS ON CASH AND DUE FROM BANKS

The corporation's banking subsidiaries are required to maintain reserve balances in cash with Federal Reserve Banks. The total average amount of those reserve balances for the year ended December 31, 1984 was approximately $178 million.

INVESTMENT SECURITIES

The carrying and market values of investment securities at December 31 were:

In millions	1984		1983	
	Carrying Value	**Market Value**	Carrying Value	Market Value
U.S. Treasury and federal agencies	**$1,497.0**	**1,513.5**	1,830.8	1,834.6
State, municipal and housing	**801.8**	**711.0**	899.6	796.4
Other investment securities	**111.1**	**157.1**	128.1	171.9
Total	**$2,409.9**	**2,381.6**	2,858.5	2,802.9

Investment securities, carried at $925.0 million, were pledged to secure public or trust deposits or for other purposes at December 31, 1984.

LOANS AND LEASES

The carrying value of loans and leases at December 31 was:

In millions	1984	1983
Domestic		
Commercial	**$ 6,129.7**	5,347.9
Construction and land development	**332.3**	296.7
Real estate	**2,384.4**	2,256.1
Consumer	**4,033.0**	3,479.2
Lease financing	**204.2**	234.2
Total domestic loans and leases	**13,083.6**	11,614.1
Foreign	**1,017.8**	1,121.4
Total loans and leases	**14,101.4**	12,735.5
Unearned discount	**(566.3)**	(485.9)
Loans and leases net of unearned discount	**$13,535.1**	12,249.6

Changes in the allowance for loan losses were:

In millions	1984	1983	1982
Balance at beginning of year	**$167.0**	125.4	86.1
Allowance for lease losses at January 1, 1983	—	1.4	—
Allowances established for assets acquired	**1.1**	6.0	22.5
Provision for loan losses	**198.3**	136.8	88.4
Loan losses	**(167.1)**	(121.7)	(81.9)
Loan recoveries	**24.0**	19.1	10.3
Net loan losses	**(143.1)**	(102.6)	(71.6)
Balance at end of year	**$223.3**	167.0	125.4

Non-accrual and restructured loans at December 31 were:

In millions	1984	1983
Non-accrual loans	**$422.0**	221.4
Restructured loans	**28.9**	16.8
Total	**$450.9**	238.2

Non-accrual loans are those on which income is recognized only to the extent cash is received. Restructured loans are generally those which have been renegotiated as a result of deterioration in the borrower's position.

The effect of non-accrual and restructured loans on interest income for each of the three years ended December 31 was:

In millions	1984	1983	1982
Interest			
As originally contracted	**$54.1**	34.1	38.0
As recognized	**(8.7)**	(5.1)	(9.4)
Reduction of interest income	**$45.4**	29.0	28.6

There are no material commitments to lend additional funds to customers whose loans were classified as non-accrual or restructured at December 31, 1984.

Leveraged lease financing amounted to $88.9 million and $90.1 million at December 31, 1984 and 1983, respectively. Deferred income taxes related to leveraged leases amounted to $83.7 million and $83.5 million at the same dates, respectively.

The corporation and its subsidiaries have made loans to the executive officers and directors (and their associates) of the corporation and its significant subsidiaries in the ordinary course of business. Aggregate amounts of these loans (but excluding loans to the immediate families of executive officers and directors of the subsidiaries) were $67.3 million and $103.0 million at December 31, 1984 and 1983, respectively. Activity with respect to these loans during 1984 included advances, repayments and net reductions (due to changes in executive officers and directors) of $83.0 million, $104.8 million and $13.9 million, respectively.

PREMISES AND EQUIPMENT

The net carrying value of premises and equipment at December 31 was:

In millions	1984	1983
Owned		
Land	**$ 42.3**	42.6
Premises and improvements	**207.8**	203.1
Furniture, fixtures and equipment	**106.5**	97.5
	356.6	343.2
Capitalized leases		
Premises	**15.0**	15.5
Equipment	**10.8**	11.7
	25.8	27.2
Total	**$382.4**	370.4

SHORT-TERM BORROWINGS

Short-term borrowings at December 31 consisted of:

In millions	1984 Amount	1984 Average Rate at Year-end	1983 Amount	1983 Average Rate at Year-end
Commercial paper	**$1,394.4**	**9.48%**	$ 1,297.4	9.41%
Federal funds purchased and securities sold under agreements to repurchase	**873.1**	**8.43**	452.4	9.72
Demand notes payable to banks	**155.2**	**6.46**	641.2	9.41
Mortgage-backed borrowings	**419.2**	**11.25**	505.0	10.45
U.S. Treasury demand notes	**116.6**	**7.71**	91.9	8.97
Other	**65.8**	**9.24**	71.5	8.36
Total	**$3,024.3**	**9.20%**	$ 3,059.4	9.59%

Other information on short-term borrowings during 1984, 1983 and 1982 follows:

In millions	1984	1983	1982
Maximum month-end balance	**$4,180**	3,377	2,716
Average daily balance	**$3,544**	2,961	2,144
Weighted average interest rate	**10.88%**	9.22%	11.81%

At December 31, 1984, the corporation had available lines of credit with banks totaling $1.0 billion. In addition, a subsidiary, Norwest Financial, Inc., had lines of credit with unaffiliated banks totaling $317.0 million at year-end 1984, all of which were unused. These financing arrangements require the maintenance of compensating balances, or payment of fees, which are not material.

In 1983, the corporation executed a Eurodollar revolving credit agreement with a group of banking institutions for $100 million (included in the $1.0 billion of lines reported in the preceding paragraph) expiring September 19, 1986. Under the terms of the agreement, the corporation may borrow, from time to time, $10 million or any larger multiple of $1 million, with repayment due at the expiration of the agreement. The corporation may prepay at par any such borrowings at the end of designated interest rate periods. Borrowings under the agreement will bear interest at a rate per annum equal to the sum of .375 percent plus the applicable one, three or six months London interbank offered rate. The agreement requires a payment of fees of .1875 percent per annum on the amount of the lending banks' unused commitments. There were no borrowings under this agreement during 1983 or 1984.

LONG-TERM DEBT

Long-term debt at December 31 consisted of:

In millions	1984	1983
Norwest Corporation (parent company only)		
8% to 9% Notes due 1984 through 1985	**$ 0.8**	1.6
7⅞% Notes due 1986	**75.0**	75.0
14% Notes due 1987	**100.0**	100.0
13½% Notes due 1988	**50.0**	50.0
11% Notes due 1988	**50.0**	50.0
11¾% Notes due 1989	**50.0**	50.0
Floating rate notes due 1989	**65.0**	65.0
12¼% Notes due 1990	**25.0**	25.0
5⅛% Debentures due 1990	**24.0**	24.0
7¾% Sinking Fund Debentures due 2003	**63.6**	63.6
Capital lease obligations	**3.2**	2.2
Total	**506.6**	506.4
Norwest Financial Services, Inc. and its subsidiaries		
Senior Notes, 6.40% to 16½%, due 1984 to 2000	**1,061.7**	735.1
Senior Subordinated Notes, 7% to 12¼% due 1984 to 1998	**53.2**	40.2
Junior Subordinated Notes, 8½% to 10½% due 1984 to 1994	**17.3**	20.7
Mortgages payable	**0.2**	—
Capital lease obligations	**0.3**	—
Total	**1,132.7**	796.0
Other consolidated subsidiaries		
7% to 15.075% Notes guaranteed by Small Business Administration due 1984 through 1994	**20.5**	20.5
Other notes and debentures due 1984 through 1996	**57.3**	9.4
Mortgages payable	**38.0**	38.6
Capital lease obligations	**28.0**	28.3
Total	**143.8**	96.8
Less 7¾% Sinking Fund Debentures due 2003 held by subsidiaries	**(8.9)**	(8.9)
Total	**$1,774.2**	1,390.3

The notes and debentures are unsecured. The 7⅞ percent notes are redeemable at their principal amount plus accrued interest. The 14 percent and 11¾ percent notes are redeemable at the option of the corporation at their principal amount plus accrued interest after December 1, 1985 and October 15, 1987, respectively.

The interest rate on the floating rate notes due 1989, determined semi-annually at .50 percent above the interest yield equivalent of the then current market discount rate for six-month U.S. Treasury bills, was 11.25 percent at December 31, 1984. The notes are redeemable on or after May 1, 1986 at the option of the corporation at the principal amount plus accrued interest. The notes are convertible at the option of the note holders at any time prior to May 1, 1988, into an equivalent principal amount of 8⅝ percent debentures due 2004. A mandatory sinking fund beginning May 1, 1990 will retire 91 percent of the aggregate principal amount of the debentures prior to maturity. The corporation may increase the sinking fund payment in any year by an amount not exceeding the mandatory payment.

The 5⅛ percent debentures are redeemable at the principal amount plus a premium ranging from 0.39 percent in 1985 to 0.20 percent in 1986 and thereafter without premium.

The 7¾ percent sinking fund debentures are redeemable at the principal amount plus a premium ranging from 4.03 percent in 1985 to 0.31 percent in 1997, and thereafter without premium. A sinking fund must retire 50 percent of the debentures prior to maturity. The corporation may increase the payment in any year by an amount not exceeding the mandatory payment. The corporation has satisfied required sinking fund payments through 1988.

The other notes and debentures due 1984 through 1996 include $50 million 12⅛% notes due February 15, 1991, which are redeemable at the principal amount plus a premium ranging from 1% in 1988 to 0.5% in 1989 and thereafter without premium.

Mortgages payable consisted of notes secured by deeds of trust on premises with a net book value of $38.0 million at December 31, 1984. Interest rates on the notes range from six percent to twelve percent with maturities to the year 2012.

Maturities of long-term debt at December 31, 1984 were:

In millions	Consolidated	Parent Company Only
1985	$ 33.9	1.1
1986	122.5	75.4
1987	169.0	100.4
1988	266.3	100.5
1989	259.3	115.5
Thereafter	923.2	113.7
Total	$1,774.2	506.6

Under the terms of indentures, an additional $460.9 million of indebtedness could be incurred or guaranteed by the corporation and $758.2 million of retained earnings was available for dividends or the purchase or redemption of the corporation's common or preferred stock at December 31, 1984.

CONVERTIBLE SUBORDINATED DEBENTURES

The 6¾ percent convertible subordinated debentures due 2003 can be converted into common stock of the corporation at $30 per share subject to adjustment for certain events. Repayment is subordinated to the prior payment in full of all of the corporation's obligations for borrowed money. The subordinated debentures are redeemable at the principal amount plus a premium ranging from 4.388 percent in 1985 to 0.338 percent in 1997, and thereafter without premium.

SHAREHOLDERS' EQUITY

On June 1, 1984, the corporation issued 437,964 shares of common stock in exchange for 100 percent of the common stock of Bankshares of Nebraska, Inc., whose wholly-owned subsidiary was the First National Bank of Grand Island. The exchange was accounted for by the pooling-of-interests method of accounting, except that the financial statements for prior periods were not restated since the effect was not material.

Quarterly dividends on 2,000,000 shares of the corporation's preferred stock are paid at the rate of .35 percent below the highest of three U.S. Treasury rates but no lower than 7½ percent or higher than 15¾ percent per annum. The dividend rate on such shares for the quarter ended December 31, 1984 was 12.30 percent per annum. Such 2,000,000 shares are redeemable, at the corporation's option, at $51.50 per share on or after July 1, 1987 through June 30, 1992, and thereafter at their stated value.

The other 500,000 shares of preferred stock outstanding (designated Series B) pay quarterly dividends at the rate of .625 percent below the highest of three U.S. Treasury rates, but no lower than 7½ percent or higher than 15½ percent per annum. The dividend rate on the Series B shares for the quarter ending February 15, 1985 is 11.375 percent per annum. Such 500,000 shares are redeemable, at the corporation's option, at $51.50 per share on or after August 16, 1987 through August 15, 1992, and thereafter at their stated value.

Common shareholders may purchase shares of common stock at a 5 percent discount from market price through a dividend reinvestment plan. Shareholders may purchase additional shares amounting to no more than $3,000 worth per quarter at the market price without sales charges under the plan.

The corporation had reserved shares of authorized, but unissued common stock at December 31 as follows:

	1984	1983
Stock incentive plans	**1,105,880**	1,178,028
Convertible subordinated debentures	**1,466,586**	1,494,547
Dividend reinvestment plan	**388,492**	777,410
Savings-investment plan	**228,509**	56,109
Other	**161**	—
Total	**3,189,628**	3,506,094

EMPLOYEE BENEFIT AND STOCK OPTION PLANS

Savings-Investment Plan Under the plan, the corporation's matching contributions are invested in newly issued shares of its common stock. Upon attainment of specific earnings goals, the corporation will also contribute up to three percent of each eligible employee's base salary. Contribution expense for the plan amounted to $6.2 million, $9.8 million and $8.7 million in 1984, 1983 and 1982, respectively.

Retirement Plans The corporation's two noncontributory retirement plans cover substantially all full-time employees. Contributions to fund accrued and currently accruing plan benefits amounted to $10.7 million, $14.8 million and $13.3 million in 1984, 1983 and 1982, respectively, including amortization of past service cost over 30 years and 40 years for the Norwest Corporation Plan and the Norwest Financial Services, Inc. Plan, respectively. Revisions of certain actuarial assumptions made to more closely reflect recent investment experience and future expectations had the effect of reducing the 1984 pension expense by approximately $5.2 million.

A comparison of combined accumulated plan benefits and plan net assets for the retirement plans is presented below.

	January 1	
In millions	1984	1983
Actuarial present value of accumulated plan benefits		
Vested	**$128.0**	124.2
Nonvested	**11.8**	12.6
Total	**$139.8**	136.8
Net assets available for plan benefits	**$189.1**	158.9

The weighted average assumed rate of return used in determining the actuarial present value of accumulated plan benefits was 9.0 percent for 1984 and 8.2 percent for 1983. The actuarial present value of accumulated plan benefits includes only service completed prior to the valuation date and does not anticipate increased benefits related to future salary increases. In determining the amount of pension cost accounted for and funded each year the corporation uses actuarial methods that anticipate such increases.

Stock Incentive Plans The corporation grants stock options to key employees. At the discretion of a committee comprised of non-management directors, an option under the 1983 Stock Option and Restricted Stock Plan ("1983 Plan") may be granted as an incentive stock option or a non-qualified option.

The 1983 Plan also permits a participant to receive restricted stock subject to the participant's continuous employment by the corporation or its affiliates for a period specified by the committee. The total number of shares available for distribution under the 1983 Plan shall not exceed 1,000,000 shares.

No further grants can be made under the 1978 Stock Option Plan. At December 31, 1984, 379,045 shares remained reserved for unexercised options under the 1978 Stock Option Plan.

During the five-year term of the 1981 Long-Term Incentive Plan, performance awards and stock options for up to 400,000 shares of common stock may be granted to key executives of the corporation and its subsidiaries. Performance awards may be paid in cash or shares of common stock upon achieving performance goals for each four-year performance period. At December 31, 1984 no accrual for performance awards under this plan was required.

The committee may grant a stock appreciation right in conjunction with a related option. A stock appreciation right permits an optionee, in lieu of exercising the option, to receive the excess of the market value of shares over the option price of such shares in cash, stock, or a combination of both, provided that the aggregate value of such cash and shares shall not exceed an amount equal to 100 percent of the aggregate option price under the 1978 and 1983 Plans and 200 percent of the aggregate option price under the 1981 Long-Term Incentive Plan.

Under the plans, stock options may not be granted at prices less than fair market value at dates of grant. Options granted under the 1981 Long-Term Incentive Plan and the 1983 Plan must be exercised within ten years from date of grant while options granted under the 1978 Stock Option Plan must be exercised within five years. Proceeds from stock options exercised are credited to common stock and surplus.

There are no charges or credits to expense with respect to the granting or exercise of options, except for changes in the amounts of potential payments under the stock appreciation rights.

The following is a summary of stock option transactions under the plans:

	Options		Option Price	
	Available for Grant	Outstandings*	Per Share	Total In millions
December 31, 1981	744,550	838,498	24.38-28.81	21.8
Granted	(380,600)	380,600	21.63-22.63	8.6
Exercised	—	(10,250)	24.38-25.75	(0.2)
Cancelled	46,600	(46,600)	22.63-28.81	(1.2)
December 31, 1982	410,550	1,162,248	21.63-28.81	29.0
1983 Plan	1,000,000	—	—	—
Granted	(257,500)	257,500	35.38	9.1
Exercised	—	(495,485)	22.63-28.81	(12.2)
Cancelled	57,800	(97,610)	22.63-35.38	(2.5)
Expiration of 1978 Stock Option Plan	(131,850)	—	—	—
December 31, 1983	1,079,000	826,653	$21.63-35.38	23.4
Granted	(174,800)	174,800	26.44	4.6
Exercised	—	(89,323)	22.63-28.81	(2.3)
Cancelled	20,300	(72,015)	22.63-35.38	(2.0)
Performance award	(70)	—	—	—
December 31, 1984	924,430	840,115	$21.63-35.38	$23.7

*Includes 149,200 shares and 198,525 shares at December 31, 1984 and 1983, respectively, subject to alternative settlement methods.

At December 31, 1984, 1983 and 1982 options for 667,615 shares, 570,753 shares and 783,148 shares, respectively, were exercisable under the plans.

INCOME TAXES

Components of income tax expense (benefits) were:

In millions	1984	1983	1982
Current			
Federal	$ 21.8	23.6	(7.6)
State	17.8	18.7	6.3
Foreign	10.4	3.2	4.2
	50.0	45.5	2.9
Deferred			
Federal	(73.7)	(12.7)	0.3
State	(9.3)	(5.7)	1.7
	(83.0)	(18.4)	2.0
Total	$ (33.0)	27.1	4.9

Although the total provision is not affected, current income tax payments may differ from amounts shown as current as a result of final determinations as to the timing of recognizing certain revenue and expense items. As a result, the allocations between current and deferred taxes were restated for 1983.

The income tax expense applicable to gains on investment securities for the year ended December 31, 1984, was negligible. The income tax benefits applicable to losses for the years ended December 31, 1983 and 1982 were $0.8 million and $22.4 million, respectively.

Timing differences resulting in deferred income taxes and the tax effect of each were:

In millions	1984	1983	1982
Provision for loan losses	$(31.3)	(14.1)	(2.5)
Accrued expenses not deductible until paid	(20.5)	(14.4)	—
Net revenues on sales of mortgages	(10.4)	6.2	1.2
Lease financing	1.1	0.2	7.3
Depreciation of fixed assets	6.1	4.8	3.6
Excess investment and foreign tax credits	1.5	7.3	(6.0)
Cash method of accounting for tax purposes	(25.9)	(5.6)	0.5
Other, net	(3.6)	(2.8)	(2.1)
Total	$(83.0)	(18.4)	2.0

A reconciliation of the federal income tax rate to effective income tax rates is as follows:

	1984	1983	1982
Federal income tax rate	46.0 %	46.0	46.0
Adjusted for			
State income taxes	12.6	4.6	4.6
Tax-exempt income	(110.1)	(23.4)	(41.3)
Capital gains	(31.8)	(5.0)	(0.2)
Purchase method accounting	11.9	2.5	1.9
Investment tax credits	(13.7)	(3.5)	(3.6)
Life insurance income	(11.9)	(3.6)	(2.0)
Other, net	6.6	0.2	(0.2)
Effective income tax rate	(90.4)%	17.8	5.2

The 1984 income tax benefit of $33.0 million was recognized through a net reduction of deferred income tax credits which existed at January 1, 1984. Deferred income taxes, which are included in accrued expenses and other liabilities, amounted to $0.1 million and $83.1 million at December 31, 1984 and 1983, respectively.

At December 31, 1984, no federal income taxes have been provided on approximately $44.4 million of the life insurance subsidiary's retained earnings since such taxes will become payable only to the extent such retained earnings are distributed as dividends or to the extent prescribed by tax laws. The life insurance subsidiary does not contemplate distributing dividends from the untaxed retained earnings.

At December 31, 1984, investment tax credit carryforwards of $8.6 million are available to reduce taxes payable in future years. If unused, the investment tax credit carryforwards will expire in 1997 to 1999. These tax credits have been recognized as offsets to deferred income taxes.

Income before income taxes from operations outside the United States was not material.

COMMITMENTS AND CONTINGENT LIABILITIES

At December 31, 1984, the corporation's subsidiaries are obligated under noncancellable leases for premises and equipment with terms, including renewal options, ranging from one to 50 years, which provide for increased rentals based upon increases in real estate taxes, operating costs or selected price indices.

Rental expense (including taxes, insurance and maintenance when included in rent, and contingent rentals) net of sublease rentals, amounted to $43.5 million in 1984, $44.4 million in 1983 and $34.5 million in 1982.

Future minimum rental payments under capital leases and noncancellable operating leases with terms of one year or more at December 31, 1984 were:

In millions	Capital Leases	Operating Leases
1985	$ 4.9	24.3
1986	4.8	21.3
1987	4.5	16.3
1988	3.6	9.8
1989	3.5	7.4
Thereafter	55.2	55.3
Total minimum rental payments	$76.5	134.4
Less interest	45.0	
Present value of net minimum rental payments	$31.5	

Outstanding standby letters of credit issued by subsidiary banks amounted to $693 million at December 31, 1984.

In December 1984, a former affiliate of the corporation committed to an interest rate swap arrangement to fix the cost of short-term interim construction financing for the proposed Norwest Center. The corporation, a subsidiary of which was a general partner in the affiliate, guaranteed the performance of the affiliate's obligations under the swap up to a maximum of $19 million. In early 1985, construction plans were canceled and the affiliate partnership dissolved. The corporation is exploring alternative uses of this swap arrangement including use in its current operations, assignment to a third party or the execution of counter swaps designed to neutralize the effect of the original swap arrangement. Management does not anticipate any material loss as a result of its obligations under the commitment.

In the normal course of business there are other commitments and contingent liabilities such as mandatory and standby forward contracts and commitments to extend credit or guarantees which are not reflected in the accompanying financial statements. Management does not anticipate any material loss as a result of these transactions.

The corporation and certain subsidiaries are defendants in various matters of litigation generally incidental to their business. Although it is difficult to predict the ultimate outcome of any of these cases, management believes, based on discussions with counsel, that the corporation and its subsidiaries have meritorious defenses, are covered by insurance, or if not so covered, any ultimate liability will not materially affect the consolidated financial position of the corporation and its subsidiaries.

FOREIGN ACTIVITIES

The corporation conducts its foreign activities through both foreign and domestic offices of its subsidiary banks. Assets and liabilities are classified as foreign if they arise from transactions with customers domiciled outside the U.S., including foreign subsidiaries or branches of U.S. banks and corporations. Net income attributable to foreign activities includes interest income and expense directly related to foreign assets and liabilities, charges for domestic funds at marginal rates over the periods used, allocations of the provision for loan losses, and other related expenses. No allocation of equity capital was made.

The following is a summary of foreign activities at December 31:

In millions	**1984**	*1983*	*1982*
Assets, end of year	**$1,966.4**	2,417.7	1,971.1
Revenue	**$ 216.2**	185.4	216.6
Income before income taxes	**$ 16.2**	6.3	17.5
Net income	**$ 9.4**	4.1	8.7

PARENT COMPANY FINANCIAL INFORMATION

Condensed financial information for Norwest Corporation (Parent Company only) follows:

BALANCE SHEETS

December 31,	**1984**	*1983*
In millions		
Assets		
Interest-bearing deposits with banks	**$ 436.0**	508.7
Advances to subsidiary companies	**717.9**	660.0
Capital notes and term loans of subsidiaries		
Banks	**141.2**	141.9
Companies	**270.7**	203.2
Total capital notes and term loans of subsidiaries	**411.9**	345.1
Investments in subsidiaries		
Banks	**941.4**	897.8
Companies	**367.4**	327.4
Total investments in subsidiaries	**1,308.8**	1,225.2
Other assets	**56.2**	56.8
Total assets	**$2,930.8**	2,795.8
Liabilities and Shareholders' Equity		
Short-term borrowings	**$1,141.9**	1,076.9
Accrued expenses and other liabilities	**29.2**	37.6
Long-term debt with subsidiary	**49.0**	—
Other long-term debt	**506.6**	506.4
Convertible subordinated debentures	**44.0**	44.8
Total liabilities	**1,770.7**	1,665.7
Shareholders' equity	**1,160.1**	1,130.1
Total liabilities and shareholders' equity	**$2,930.8**	2,795.8

STATEMENTS OF INCOME

Year Ended December 31,	1984	1983	1982
In millions			
Income			
Dividends from subsidiaries			
Banks	$ 53.2	36.9	51.1
Companies	15.0	10.6	7.8
Total dividends from subsidiaries	68.2	47.5	58.9
Interest from subsidiaries	152.7	106.1	70.2
Other interest	18.8	23.5	35.7
Service fees from subsidiaries	25.3	25.7	12.8
Other income	0.7	(2.2)	1.3
Total income	265.7	200.6	178.9
Expenses			
Interest to subsidiary	5.8	—	—
Other interest	195.5	142.3	98.8
Other expenses	31.7	34.0	21.9
Total expenses	233.0	176.3	120.7
Income before income taxes and equity in undistributed income of subsidiaries	32.7	24.3	58.2
Income tax benefit	15.1	11.4	0.5
Income before equity in undistributed income of subsidiaries	47.8	35.7	58.7
Equity in undistributed income of subsidiaries	21.7	89.5	30.4
Net income	$ 69.5	125.2	89.1

The $49 million long-term debt with a subsidiary, Norwest Overseas Capital Corporation N.V., is due February 14, 1991. The interest rate is 13.125 percent and is redeemable upon notice at par.

Federal law prevents the corporation from borrowing from its subsidiary banks unless the loans are secured by specified obligations and, with respect to the corporation and any affiliate other than a bank, such secured loans by any subsidiary bank are generally limited to 10 percent of the subsidiary bank's capital and surplus and, with respect to the corporation and all of its affiliates other than banks, to an aggregate of 20 percent of the subsidiary bank's capital and surplus.

The payment of dividends to the corporation by subsidiary banks is subject to various state and federal regulatory limitations. In general, state banks must obtain regulatory approval before payment of dividends. A national bank must obtain the approval of the Comptroller of the Currency if the total of all dividends declared in any calendar year exceeds the bank's net profits for that year combined with its retained net profits for the preceding two calendar years. Under this formula, the corporation's national banks can declare $70.8 million of aggregate dividends in 1985 without the approval of the Comptroller of the Currency, plus an additional amount equal to their net profits for 1985, as defined, up to the date of any such dividend declaration.

STATEMENTS OF CHANGES IN FINANCIAL POSITION

Year Ended December 31,	1984	1983	1982
In millions			
Financial resources provided:			
From operations	$ 47.8	41.2	58.7
Proceeds from insurance settlement	—	2.6	—
Issuance of long-term debt	50.6	77.2	100.0
Issuance of preferred stock	—	—	121.6
Issuance of common stock, net	27.0	30.2	10.1
Increases in:			
Short-term borrowings	65.0	159.8	600.2
Accrued expenses and other liabilities	—	5.4	11.2
Decreases in:			
Interest-bearing deposits with banks	72.7	—	—
Other assets	0.6	30.7	—
Total	$263.7	347.1	901.8
Financial resources used:			
Retirement, exchange or conversion of long-term debt and convertible subordinated debentures	$ 2.3	6.9	1.8
Dividends declared	66.5	62.9	51.7
Increases in:			
Interest-bearing deposits with banks	—	137.6	139.1
Advances to subsidiary companies	57.9	39.0	437.6
Capital notes and term loans of subsidiaries	66.8	43.7	31.4
Investments in subsidiaries	61.9	41.4	207.1
Other assets	—	15.6	33.1
Decreases in:			
Accrued expenses and other liabilities	8.3	—	—
Total	$263.7	347.1	901.8

REPORTS OF MANAGEMENT AND AUDITORS

MANAGEMENT'S REPORT

The management of Norwest Corporation has prepared and is responsible for the accompanying financial statements, together with the other information presented in the annual report. Management believes that the financial statements have been prepared in conformity with generally accepted accounting principles appropriate in the circumstances to reflect the substance of events and transactions that should be included.

In preparing the financial statements, management makes judgments and estimates of the expected effects of events and transactions that are currently accounted for and relies on the corporation's system of internal accounting control. In designing these controls, management recognizes that errors or irregularities may nevertheless occur. Also, estimates and judgments are required to assess and balance the relative costs and expected benefits of the controls. This system is augmented by written policies, operating procedures and accounting manuals, plus a strong program of internal audit carried out with carefully selected and qualified personnel.

The board of directors oversees these financial statements through an audit and examination committee comprised of outside directors. The committee meets periodically with management and the internal auditors to monitor the discharge by each of its responsibilities. The independent auditors, who are engaged to express an opinion on the financial statements, meet periodically with and have free access to the committee or the board, without management present, to discuss control, auditing and financial reporting matters.

Management has long recognized its responsibility for conducting the corporation's affairs with a high level of integrity and accountability to its shareholders, customers and society. This is reflected in policy statements which include a Code of Ethics and compliance with various regulatory and consumer laws.

John W. Morrison

John W. Morrison
Chairman and Chief Executive Officer

David Jarvis

David Jarvis
Executive Vice President and Chief Financial Officer

January 29, 1985

AUDITORS' REPORT

The Board of Directors and Shareholders of Norwest Corporation:

We have examined the consolidated balance sheets of Norwest Corporation and subsidiaries as of December 31, 1984 and 1983 and the related consolidated statements of income, shareholders' equity and changes in financial position for each of the years in the three-year period ended December 31, 1984. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned consolidated financial statements present fairly the financial position of Norwest Corporation and subsidiaries at December 31, 1984 and 1983 and the results of their operations and the changes in their financial position for each of the years in the three-year period ended December 31, 1984, in conformity with generally accepted accounting principles applied on a consistent basis.

Peat, Marwick, Mitchell & Co.

Peat, Marwick, Mitchell & Co.

Minneapolis, Minnesota
January 29, 1985

CONSOLIDATED AVERAGE BALANCE SHEETS AND RELATED YIELDS AND RATES

In millions of dollars **Assets**	1984 **Average Balance**	 **Interest Income/ Expense**	 **Average Yields/ Rates**	1983 Average Balance	 Interest Income/ Expense	 Average Yields/ Rates	1982 Average Balance	 Interest Income/ Expense
Interest-bearing deposits with banks*								
Domestic	**$ 41**	**$ 4.0**	**9.76%**	$ 185	$ 18.0	9.75%		
Foreign	**720**	**77.9**	**10.82**	732	72.0	9.83		
Total interest-bearing deposits with banks	**761**	**81.9**	**10.76**	917	90.0	9.81	$ 734	$ 100.8
Investment securities								
U.S. Treasury and federal agencies	**1,653**	**182.4**	**11.03**	1,917	215.7	11.25	1,374	183.1
State, municipal and housing	**906**	**110.6**	**12.21**	836	98.5	11.78	1,025	112.5
Other investment securities	**117**	**5.7**	**4.92**	120	6.6	5.49	69	4.3
Total investment securities	**2,676**	**298.7**	**11.16**	2,873	320.8	11.16	2,468	299.9
Trading account securities, net	**85**	**9.4**	**11.10**	100	10.7	10.62	79	10.2
Federal funds sold and resale agreements	**358**	**36.0**	**10.04**	378	34.6	9.15	750	91.6
Mortgages held for sale	**1,629**	**208.3**	**12.79**	1,010	134.5	13.33	230	35.2
Loans and leases (net of unearned discount)								
Commercial*								
Domestic	**6,485**	**849.3**	**13.10**	5,692	706.7	12.42		
Foreign	**1,070**	**129.5**	**12.10**	956	105.7	11.05		
Total commercial	**7,555**	**978.8**	**12.96**	6,648	812.4	12.22	5,790	894.1
Real estate	**2,097**	**234.3**	**11.18**	1,826	198.4	10.87	1,772	184.6
Consumer	**3,221**	**547.8**	**17.01**	2,587	462.9	17.89	1,723	282.3
Total loans and leases	**12,873**	**1760.9**	**13.68**	11,061	1,473.7	13.32	9,285	1,361.0
Allowance for loan losses	**(195)**			(147)			(103)	
Net loans and leases	**12,678**			10,914			9,182	
Total earning assets (before the allowance for loan losses)	**18,382**	**2,395.2**	**13.03**	16,339	2,064.3	12.63	13,546	1,898.7
Cash and due from banks	**1,278**			1,210			1,186	
Other assets	**1,171**			1,191			1,080	
Total assets	**$20,636**			$18,593			$15,709	
Liabilities and Shareholders' Equity								
Noninterest-bearing deposits	**$ 2,701**			$ 2,558			$ 2,468	
Interest-bearing deposits								
Savings and NOW accounts	**1,393**	**72.4**	**5.20**	1,525	78.4	5.14	1,898	100.0
Money market checking	**452**	**30.9**	**6.82**	298	20.7	6.93	—	—
Money market savings	**1,683**	**141.7**	**8.42**	1,520	124.2	8.17	—	—
Savings certificates	**4,213**	**441.3**	**10.47**	3,983	420.9	10.57	4,052	496.2
Certificates of deposit	**2,084**	**229.4**	**11.01**	1,589	157.7	9.92	1,866	240.0
Other time deposits*								
Domestic	**300**	**29.5**	**9.84**	392	42.4	10.83		
Foreign	**793**	**85.3**	**10.76**	673	64.7	9.62		
Total other time deposits	**1,093**	**114.8**	**10.50**	1,065	107.1	10.06	1,054	139.5
Total interest-bearing deposits	**10,918**	**1,030.5**	**9.44**	9,980	909.0	9.11	8,870	975.7
Short-term borrowings	**3,544**	**385.6**	**10.88**	2,961	273.1	9.22	2,144	253.1
Long-term debt and convertible subordinated debentures	**1,622**	**186.3**	**11.49**	1,245	141.2	11.35	657	70.8
Interest-bearing liabilities	**16,084**	**1,602.4**	**9.96**	14,186	1,323.3	9.33	11,671	1,299.6
Capitalized interest expense		**(0.6)**			(0.3)			(1.2)
Net interest expense		**1,601.8**			1,323.0			1,298.4
Other liabilities	**698**			763			618	
Shareholders' equity	**1,153**			1,086			952	
Total liabilities and shareholders' equity	**$20,636**			$18,593			$15,709	
Net interest income-tax equivalent basis		**$ 793.4**			$ 741.3			$ 600.3
Yield spread			**3.07**			3.30		
Net interest income to earning assets			**4.32**			4.54		
Interest-bearing liabilities to earning assets			**87.5**			86.8		

*Data on domestic and foreign components is not available for years prior to 1983.

	1981			1980			1979			Average Balance	
Average Yields/ Rates	Average Balance	Interest Income/ Expense	Average Yields/ Rates	Average Balance	Interest Income/ Expense	Average Yields/ Rates	Average Balance	Interest Income/ Expense	Average Yields/ Rates	5 Year Growth Rate %	% Change 1984 Over 1983
											(77.8)%
											(1.6)
13.73%	$ 576	$ 96.9	16.82%	$ 680	$ 86.4	12.71%	$ 322	$ 37.7	11.71%	18.8%	(17.0)
13.33	1,195	146.7	12.27	847	85.3	10.07	760	64.1	8.43	16.8	(13.8)
10.98	1,217	126.2	10.37	1,319	132.2	10.02	1,325	128.4	9.69	(7.3)	8.4
6.19	45	2.1	4.72	33	1.9	5.88	30	1.9	6.80	31.3	(2.5)
12.15	2,457	275.0	11.19	2,199	219.4	9.98	2,115	194.4	9.19	4.8	(6.9)
12.91	65	9.3	14.24	90	9.9	10.97	83	8.3	9.96	0.5	(15.0)
12.20	746	121.2	16.25	620	78.7	12.69	382	41.0	10.73	(1.3)	(5.3)
15.33	114	20.4	17.86	110	17.0	15.38	124	14.8	11.94	67.4	61.3
											13.9
											11.9
15.44	4,972	893.6	17.97	4,392	649.4	14.79	3,977	481.3	12.10	13.7	13.6
10.41	1,729	171.2	9.90	1,724	160.3	9.30	1,664	149.1	8.96	4.7	14.8
16.38	1,371	190.2	13.88	1,387	171.7	12.39	1,329	151.3	11.38	19.4	24.5
14.66	8,072	1,255.0	15.55	7,503	981.4	13.08	6,970	781.7	11.22	13.1	16.4
	(83)			(77)			(68)			23.5	32.7
	7,989			7,426			6,902			12.9	16.2
14.02	12,030	1,777.8	14.78	11,202	1,392.8	12.44	9,996	1,077.9	10.78	13.0	12.5
	1,215			1,100			999			5.0	5.6
	955			775			604			14.2	(1.7)
	$14,117			$13,000			$11,531			12.3	11.0
	$ 2,510			$ 2,605			$ 2,550			1.2	5.6
5.27	1,814	95.6	5.25	1,686	89.0	5.25	1,689	86.5	5.12	(3.8)	(8.7)
—	—	—	—	—	—	—	—	—	—	—	51.7
—	—	—	—	—	—	—	—	—	—	—	10.7
12.25	3,430	408.8	11.92	2,841	267.7	9.42	2,338	177.6	7.60	12.5	5.8
12.86	2,074	332.5	16.03	1,787	229.8	12.86	1,538	162.3	10.56	6.3	31.2
											(23.5)
											17.8
13.23	800	126.0	15.75	638	81.5	12.77	512	53.7	10.48	16.4	2.6
11.00	8,118	962.9	11.86	6,952	668.0	9.61	6,077	480.1	7.90	12.4	9.4
11.81	1,727	271.4	15.72	1,851	235.1	12.70	1,508	164.5	10.91	18.6	19.7
10.78	371	33.1	8.95	368	33.9	9.22	338	27.0	7.98	36.8	30.3
11.14	10,216	1,267.4	12.41	9,171	937.0	10.22	7,923	671.6	8.48	15.2	13.4
		(1.4)			(2.7)			(1.5)			
		1,266.0			934.3			670.1			
	562			468			378			13.1	(8.5)
	829			756			680			11.1	6.2
	$14,117			$13,000			$11,531			12.3	11.0
		$ 511.8			$ 458.5			$ 407.8			
2.88			2.37			2.22			2.30		
4.43			4.25			4.09			4.08		
86.2			84.9			81.9			79.3		

SIX-YEAR FINANCIAL SUMMARY

NORWEST CORPORATION AND SUBSIDIARIES

Consolidated Statements of Income

In millions of dollars	1984	1983	1982	1981	1980	1979
Interest income	**$2,310.3**	1,995.1	1,824.9	1,701.8	1,321.2	1,014.9
Interest expense	**1,601.8**	1,323.0	1,298.4	1,266.0	934.3	670.1
Net interest income	**708.5**	672.1	526.5	435.8	386.9	344.8
Provision for loan losses	**198.3**	136.8	88.4	35.9	25.8	20.4
Net interest income after provision for loan losses	**510.2**	535.3	438.1	399.9	361.1	324.4
Non-interest income	**372.2**	324.2	207.8	152.4	149.9	123.9
Non-interest expenses	**845.9**	707.2	551.9	448.5	377.5	314.9
Income before income taxes	**36.5**	152.3	94.0	103.8	133.5	133.4
Income tax expense (benefit)	**(33.0)**	27.1	4.9	3.7	20.0	26.8
Net income	**$ 69.5**	125.2	89.1	100.1	113.5	106.6
Per Common Share						
Net income						
Primary	**$ 1.90**	4.05	3.08	3.85	4.39	4.13
Fully diluted	**1.85**	3.89	2.92	3.67	4.17	3.94
Dividends declared	**1.80**	1.80	1.68	1.60	1.44	1.28
Shareholders' equity at year-end	**35.66**	35.93	33.84	32.79	30.73	27.80
Stock price range	**33⅞-21½**	39½-22¾	28⅞-17	32⅜-23½	30¼-18	29¼-23

Selected Consolidated Balance Sheet Data at December 31

In millions of dollars	1984	1983	1982	1981	1980	1979
Assets	**$21,346**	19,854	17,585	15,141	14,395	12,416
Investment securities	**2,410**	2,859	2,554	2,418	2,448	2,106
Total loans and leases	**14,101**	12,735	10,723	8,878	7,887	7,628
Deposits	**14,615**	13,552	11,971	11,386	11,044	9,573
Long-term debt and convertible subordinated debentures	**1,818**	1,435	1,130	457	366	380
Shareholders' equity	**1,160**	1,130	1,038	868	797	719

Ratios

	1984	1983	1982	1981	1980	1979
Return on assets						
Per $100 of average resources						
Net interest income-tax equivalent basis	**$ 3.85**	3.99	3.82	3.63	3.53	3.54
Provision for loan losses	**.96**	.74	.56	.25	.20	.18
Net interest income after the provision for loan losses	**2.89**	3.25	3.26	3.38	3.33	3.36
Non-interest income	**1.80**	1.74	1.32	1.08	1.15	1.07
Non-interest expenses	**4.10**	3.80	3.51	3.18	2.90	2.73
Income before income taxes	**.59**	1.19	1.07	1.28	1.58	1.70
Income tax expense (benefit)	**(.16)**	.15	.03	.03	.15	.23
Tax equivalent adjustment	**.41**	.37	.47	.54	.55	.55
Net income	**$ .34**	.67	.57	.71	.88	.92
Leverage	**17.9X**	17.1	16.5	17.0	17.2	16.9
Return on total equity	**6.0%**	11.5	9.4	12.1	15.0	15.7
Return on common equity	**5.3%**	11.6	9.2	12.1	15.0	15.7
Dividend payout	**94.7%**	44.4	54.5	41.6	32.8	31.0
Shareholders' equity to average assets	**5.6%**	5.8	6.1	5.9	5.8	5.9

INCOME STATEMENT DATA

CHANGES IN NET INTEREST INCOME

In millions of dollars	1984 Over 1983 Volume	Yield/Rate	Total	1983 Over 1982 Volume	Yield/Rate	Total
Increase (decrease) in						
Interest income–tax equivalent basis						
Loans and leases	$240.9	46.3	287.2	244.6	(131.9)	112.7
Investment securities	(22.1)	—	(22.1)	46.6	(25.7)	20.9
Money market and trading account securities	(19.0)	11.0	(8.0)	(20.1)	(47.2)	(67.3)
Mortgages held for sale	82.6	(8.8)	73.8	104.5	(5.2)	99.3
Total	282.4	48.5	330.9	375.6	(210.0)	165.6
Interest expense						
Time deposits	85.5	36.0	121.5	113.2	(179.9)	(66.7)
Short-term borrowings	53.6	58.6	112.2	83.8	(62.9)	20.9
Long-term debt and convertible subordinated debentures	42.8	2.3	45.1	66.5	3.9	70.4
Total	181.9	96.9	278.8	263.5	(238.9)	24.6
Increase in net interest income	$100.5	(48.4)	52.1	112.1	28.9	141.0

ANALYSIS OF SELECTED NON-INTEREST EXPENSES

In millions of dollars	1984	1984/1983 Change Amount	%	1983	1983/1982 Change Amount	%	1982
Salaries and benefits							
Salaries	$369.7	36.4	10.9%	$333.3	73.6	28.3%	$259.7
Benefits	63.9	1.1	1.8	62.8	9.8	18.5	53.0
Total salaries and benefits	433.6	37.5	9.5	396.1	83.4	26.7	312.7
Business development							
Advertising	15.8	(3.3)	(17.3)	19.1	5.1	36.4	14.0
Other business development	22.2	2.6	13.3	19.6	3.9	24.8	15.7
Total business development	38.0	(0.7)	(1.8)	38.7	9.0	30.3	29.7
Other non-interest expenses							
Professional fees	32.3	19.4	150.4	12.9	2.3	21.7	10.6
Computer processing	14.5	0.2	1.4	14.3	1.3	10.0	13.0
Other employment	11.9	1.5	14.4	10.4	1.8	20.9	8.6
Insurance claims	11.6	4.0	52.6	7.6	(1.1)	(12.6)	8.7
Other processing	9.3	2.3	32.9	7.0	1.3	22.8	5.7
FDIC premiums	8.9	0.6	7.2	8.3	1.2	16.9	7.1
Miscellaneous charge-offs and recoveries	20.2	13.2	188.6	7.0	2.4	52.2	4.6
Charitable contributions	5.0	1.3	35.1	3.7	0.4	12.1	3.3
Other real estate owned, net	16.4	15.7	NM	0.7	0.5	250.0	0.2
Other	57.7	16.6	40.4	41.1	16.2	65.1	24.9
Total other non-interest expenses	187.8	74.8	66.2	113.0	26.3	30.3	86.7

NM—Not meaningful

LOAN INFORMATION

NORWEST CORPORATION AND SUBSIDIARIES

In millions of dollars	1984	1983	1982	1981	1980	1979
LOANS AND LEASES AT DECEMBER 31						
Domestic loans and leases						
Commercial, financial and industrial	**$ 5,103**	4,343	3,817	3,598	2,851	2,692
Agricultural	**1,027**	1,005	927	808	797	834
Construction and land development	**332**	297	229	246	163	211
Real estate						
Secured by 1-4 family residential properties	**1,490**	1,480	1,406	1,345	1,290	1,378
Secured by other properties	**894**	776	652	583	634	443
Consumer	**3,627**	3,163	2,519	1,222	1,251	1,367
Credit card and check credit	**406**	316	236	232	204	197
Lease financing	**204**	234	186	148	140	138
Total domestic loans and leases	**13,083**	11,614	9,972	8,182	7,330	7,260
Foreign loans*						
Governments and official institutions	**255**	237	151			
Banks and other financial institutions	**440**	530	226			
Commercial and industrial	**291**	305	345			
Other	**32**	49	29			
Total foreign loans	**1,018**	1,121	751	696	557	368
Total loans and leases	**$14,101**	12,735	10,723	8,878	7,887	7,628
ALLOWANCE FOR LOAN LOSSES						
Balance at beginning of year	**$ 167.0**	125.4	86.1	75.1	72.6	62.6
Allowance for lease losses at January 1, 1983	**—**	1.4	—	—	—	—
Allowances established for assets acquired	**1.1**	6.0	22.5	0.2	0.2	0.3
Provision for loan losses	**198.3**	136.8	88.4	35.9	25.8	20.4
Loan losses						
Commercial, financial and agricultural	**114.4**	82.8	57.4	21.6	17.4	7.1
Construction and land development	**2.9**	0.2	0.5	0.3	—	0.2
Real estate	**2.8**	1.0	3.1	0.9	0.5	0.9
Consumer	**30.8**	26.1	13.1	6.0	7.9	5.1
Credit card and check credit	**4.0**	3.6	3.8	4.8	4.9	3.1
Lease financing**	**2.0**	0.9				
Foreign***	**10.2**	7.1	4.0			
Total loan losses	**167.1**	121.7	81.9	33.6	30.7	16.4
Loan recoveries						
Commercial, financial and agricultural	**13.8**	10.0	5.8	3.8	3.9	2.9
Construction and land development	**0.1**	—	—	0.1	0.3	0.1
Real estate	**0.5**	0.3	0.3	0.4	0.2	0.1
Consumer	**7.4**	7.2	3.3	2.2	2.1	1.9
Credit card and check credit	**0.9**	0.9	0.9	2.0	0.7	0.7
Lease financing**	**0.1**	0.1				
Foreign***	**1.2**	0.6	—			
Total loan recoveries	**24.0**	19.1	10.3	8.5	7.2	5.7
Net loan losses	**143.1**	102.6	71.6	25.1	23.5	10.7
Balance at end of year	**$ 223.3**	167.0	125.4	86.1	75.1	72.6
Net loan losses as a percent of average loans and leases	**1.11%**	.93	.77	.31	.31	.15
Allowance for loan losses to						
Total loans and leases at year-end	**1.65%**	1.36	1.22	.98	.97	.97
Net loan losses	**1.56X**	1.63	1.75	3.42	3.21	6.74
Provision for loan losses to average loans and leases	**1.54%**	1.24	.95	.45	.34	.29
Earnings coverage of net loan losses	**1.64X**	2.82	2.55	5.57	6.78	14.37

*Data not available prior to 1982.
**Leasing losses and recoveries are not included in loan losses in years prior to 1983.
***Immaterial foreign loan losses and recoveries are included in commercial loan data in years prior to 1982.

BALANCE SHEET DATA

NORWEST CORPORATION AND SUBSIDIARIES

MATURITY OF SECURITIES AT DECEMBER 31, 1984

In millions of dollars	Carrying Value: Within 1 Year Amount	Yield	1-5 Years Amount	Yield	5-10 Years Amount	Yield	After 10 Years Amount	Yield	Total Amount	Yield	Total Market Value
U.S. Treasury and federal agencies	$ 882	10.31%	$598	11.20%	$ 7	10.77%	$ 10	10.23%	$1,497	10.67%	$1,514
State, municipal and housing*	67	12.37	233	11.25	363	12.31	139	13.10	802	12.14	711
Other investment securities	93	2.85	15	8.10	3	8.67	—	10.70	111	3.73	157
Total investment securities	$1,042	9.78	$846	11.15	$373	12.25	$149	12.90	$2,410	10.84	$2,382

*The yield on state, municipal and housing securities is increased by the benefit of tax exemption, assuming a 46% federal income tax rate. The amount of the increases in the yields for these securities and for total investment securities are 5.58% and 1.86%, respectively.

MATURITY OF LOANS AT DECEMBER 31, 1984*

In millions of dollars	Within 1 Year	1-5 Years	After 5 Years	Total
Commercial	$4,639	1,150	341	6,130
Construction and land development	193	82	57	332
Real estate	188	356	350	894
Foreign	517	423	78	1,018
Total	$5,537	2,011	826	8,374
Predetermined interest rates	$1,666	836	463	2,965
Floating interest rates	3,871	1,175	363	5,409
Total	$5,537	2,011	826	8,374

*Excludes leases of $204 million and consumer and residential mortgage loans of $5,523 million.

MATURITY OF TIME DEPOSITS OF $100,000 OR MORE

December 31, 1984 In millions of dollars	Within 3 Months	3-6 Months	6-12 Months	Over 12 Months	Total
Certificates of deposit and other time	$1,305	482	193	713	2,693
Foreign time	530	157	32	5	724
Total	$1,835	639	225	718	3,417

DEPOSITS

December 31 In millions of dollars	**1984**	1983	1982	1981	1980
Noninterest-bearing deposits	**$ 3,364**	3,048	2,927	2,892	3,133
Interest-bearing deposits					
Savings and NOW accounts	**1,368**	1,430	1,934	1,833	1,740
Money market checking	**516**	418	—	—	—
Money market savings	**1,656**	1,694	370	—	—
Savings certificates	**4,288**	4,088	4,160	3,701	3,104
Certificates of deposit and other time*	**2,699**	2,218	1,948	2,019	2,540
Foreign time	**724**	656	632	941	527
Total deposits	**$14,615**	13,552	11,971	11,386	11,044

*Includes $6 million of time deposits of less than $100,000 in 1984.

CONDENSED AVERAGE BALANCE SHEETS AND STATEMENTS OF INCOME

NORWEST BANK MINNEAPOLIS, N.A. AND SUBSIDIARIES

In millions of dollars	1984	1983	1982
AVERAGE BALANCE SHEETS			
Assets			
Investment securities	$ 279	375	329
Federal funds sold and other short-term investments	773	726	593
Loans and leases (net of unearned discount)	3,858	3,412	2,943
Allowance for loan losses	(63)	(39)	(30)
Net loans and leases	3,795	3,373	2,913
Other assets	791	933	878
Total assets	$5,638	5,407	4,713
Liabilities and Shareholders' Equity			
Noninterest-bearing deposits	943	880	823
Interest-bearing deposits	3,099	2,596	2,403
Short-term borrowings	982	1,149	801
Long-term debt	35	60	60
Total interest-bearing liabilities	4,116	3,805	3,264
Other liabilities	293	469	402
Shareholders' equity	286	253	224
Total liabilities and shareholders' equity	$5,638	5,407	4,713
STATEMENTS OF INCOME			
Net interest income-tax equivalent basis	$164.2	146.6	144.6
Provision for loan losses	82.5	54.5	20.0
Non-interest income	74.2	89.7	53.1
Non-interest expenses			
Salaries and benefits	61.8	63.1	62.3
Other expenses	68.3	61.6	54.3
Total non-interest expenses	130.1	124.7	116.6
Income before income taxes	25.8	57.1	61.1
Income tax expense (benefit)	(11.8)	2.3	6.2
Tax equivalent adjustment	21.3	19.1	24.2
Net income	$ 16.3	35.7	30.7
KEY RATIOS			
Return on assets	.29%	.66	.66
Leverage	19.7X	21.4	21.0
Return on equity	5.7%	14.1	13.7
Net interest margin	3.34%	3.25	3.74
Primary capital	6.00%	5.13	5.03
At December 31			
Allowance for loan losses	$ 74	55	31
As a % of total loans and leases	1.85%	1.47	.99
Non-accrual and restructured loans	$ 266	129	152
As a % of total loans and leases	6.69%	3.41	4.90

IMPACT OF PRICE LEVEL CHANGES

Large public companies are required to report the estimated effects of changes in purchasing power on selected financial data. This enables the reader to evaluate historical numbers in terms of "constant dollars"; that is, dollars adjusted to represent a uniform measure of purchasing power.

The problems of inflation for financial institutions differ substantially from those incurred by other companies. As financial intermediaries, banks' assets are primarily monetary in nature and tend to move in concert with inflation and growth in monetary aggregates. The most significant effects of inflation on banks and similar organizations relate to:

- *Demands for credit;*
- *Interest yields and rates, which do not necessarily move in the same direction or magnitude as that of the Consumer Price Index for all Urban Consumers (CPI);*
- *Costs of maintaining competitive service capabilities.*

Increases in the CPI were modest at 4.3 and 3.2 percent during 1984 and 1983, respectively. As a result, inflation-adjusted data in the table below for the last three years do not differ markedly from unadjusted data in the basic financial statements.

The loss of purchasing power from holding net monetary assets represents the effect of inflation when holding assets denominated in fixed dollar terms. While financial institutions normally have net monetary assets, those assets are typically earning assets which produce a sufficient return to compensate for the loss in purchasing power. Therefore, the movement of net revenues and returns from earning assets may be a better indicator of the real impact of inflation on purchasing power.

No adjustments have been made to the carrying value of premises and equipment and related depreciation expense because such adjustments are not material. Similarly, data presented under the current cost method of adjusting for inflation would not differ significantly from the data shown in the table below.

SELECTED FINANCIAL DATA ADJUSTED FOR EFFECTS OF CHANGING PRICES

In millions of dollars except per share amounts	**1984**	1983	1982	1981	1980
Net interest income	**$ 708.5**	700.7	566.6	497.8	487.6
Net income	**69.5**	130.5	95.9	114.3	143.1
Net assets (at year-end)	**1,020.8**	1,030.4	971.0	959.8	959.2
Purchasing power loss on net monetary items	**20.7**	19.7	20.5	45.6	62.3
Average assets	**20,636**	19,385	16,905	16,124	16,386
Per common share					
Net income	**1.90**	4.22	3.31	4.40	5.53
Dividends declared	**1.80**	1.88	1.88	1.83	1.82
Stock price at year-end	**22.68**	34.47	26.21	26.25	34.77
Average Consumer Price Index	**311.1**	298.4	289.1	272.4	246.8

*The data presented are based upon an historical cost/constant dollar method of accounting, adjusting all historical data into 1984 average dollars using the Consumer Price Index for All Urban Consumers (1967 = 100).

QUARTERLY FINANCIAL INFORMATION

NORWEST CORPORATION AND SUBSIDIARIES

Consolidated Statements of Income

	1984 Quarters				1983 Quarters			
In millions of dollars	Fourth	Third	Second	First	Fourth	Third	Second	First
Interest income	$594.4	612.4	568.9	534.6	530.7	503.0	484.9	468.6
Interest expense	415.6	436.5	390.5	359.2	354.5	337.3	318.4	304.9
Net interest income	178.8	175.9	178.4	175.4	176.2	165.7	166.5	163.7
Provision for loan losses	42.8	86.7	39.3	29.5	45.7	43.6	25.0	22.5
Non-interest income	114.5	55.1	106.8	95.8	68.7	94.4	82.7	78.4
Non-interest expenses	227.4	221.7	204.6	192.2	186.8	179.7	174.4	166.4
Income (loss) before income taxes	23.1	(77.4)	41.3	49.5	12.4	36.8	49.8	53.2
Income tax expense (benefit)	(4.2)	(53.4)	8.9	15.7	(11.8)	5.6	15.7	17.5
Net income (loss)	$ 27.3	(24.0)	32.4	33.8	24.2	31.2	34.1	35.7
Per Common Share								
Net income (loss)								
Primary	$ .82	(.98)	1.01	1.07	.73	1.00	1.12	1.20
Fully diluted	.78	(.98)	.97	1.03	.71	.96	1.07	1.15
Dividends declared	.45	.45	.45	.45	.45	.45	.45	.45
Shareholders' equity at quarter-end	35.66	35.38	36.86	36.52	35.93	35.65	35.12	34.53
Stock price range	28-21½	29½-23¼	31¾-24⅝	33⅞-29½	37½-30¾	39½-34⅜	36⅛-27	28⅝-22¾
Tax Equivalent Yields and Rates								
Interest-bearing deposits with banks	10.70%	11.62	10.69	10.07	10.15	9.85	9.47	9.85
Investment securities	11.33	11.15	11.09	11.09	11.13	11.01	11.20	11.35
Trading account securities, net	10.19	11.68	11.87	11.12	11.07	11.71	10.03	10.06
Federal funds sold and resale agreements	9.35	11.72	10.46	9.00	9.42	9.07	9.11	9.12
Mortgages held for sale	13.88	12.29	12.17	13.05	13.00	13.60	13.37	13.16
Total loans and leases	13.55	14.01	13.63	13.44	13.30	12.98	13.26	13.52
Total earning assets	13.02	13.28	12.95	12.80	12.71	12.45	12.52	12.67
Total time deposits	9.51	9.72	9.32	9.19	9.15	9.14	8.97	9.18
Short-term borrowings	10.81	11.83	10.74	9.87	9.60	8.87	8.68	8.58
Long-term debt and convertible subordinated debentures	11.63	11.57	11.39	11.33	11.31	11.52	11.41	11.18
Interest-bearing liabilities	10.02	10.40	9.84	9.53	9.44	9.29	9.12	9.23
Yield spread	3.00%	2.88	3.11	3.27	3.27	3.16	3.40	3.44
Net interest income to earning assets	4.23%	4.14	4.39	4.51	4.55	4.40	4.56	4.67
Ratios*								
Return on assets	.51%	NM	.63	.69	.50	.66	.75	.82
Leverage	18.5X	18.2	17.6	17.2	17.4	17.2	17.1	16.8
Return on total equity	9.5%	NM	11.2	12.0	8.6	11.3	12.7	13.9
Return on common equity	9.2%	NM	11.1	12.0	8.3	11.4	13.0	14.3

*Based on average balances and annualized net income for the periods.
NM—Not meaningful.

QUARTERLY FINANCIAL INFORMATION

NORWEST CORPORATION AND SUBSIDIARIES

Condensed Consolidated Average Balance Sheets

In millions of dollars	1984 Quarters Fourth	Third	Second	First	1983 Quarters Fourth	Third	Second	First
Assets								
Investment securities	$ 2,393	2,567	2,800	2,917	2,937	2,920	2,895	2,739
Federal funds sold and other short-term investments	1,491	1,165	1,053	1,101	1,058	1,181	1,574	1,781
Mortgages held for sale	1,700	2,243	1,513	1,054	1,385	1,203	853	610
Loans and leases, (net of unearned discount)	13,242	13,033	12,800	12,326	11,871	11,320	10,706	10,297
Allowance for loan losses	(224)	(195)	(184)	(176)	(167)	(148)	(139)	(133)
Net loans and leases	13,018	12,838	12,616	12,150	11,704	11,172	10,567	10,164
Total earning assets	18,826	19,008	18,166	17,398	17,251	16,624	16,028	15,427
Cash and due from banks	1,354	1,262	1,259	1,233	1,281	1,210	1,191	1,157
Other assets	1,211	1,179	1,177	1,103	1,094	1,225	1,283	1,164
Total assets	$21,167	21,254	20,418	19,558	19,459	18,911	18,363	17,615
Liabilities and Shareholders' Equity								
Noninterest-bearing deposits	$ 2,814	2,655	2,690	2,612	2,708	2,572	2,503	2,447
Interest-bearing deposits	11,141	11,076	10,748	10,614	10,415	10,109	9,882	9,500
Short-term borrowings	3,641	3,980	3,507	3,039	3,142	3,070	2,909	2,717
Long-term debt	1,737	1,653	1,604	1,494	1,361	1,247	1,207	1,162
Other liabilities	690	720	709	663	711	811	788	742
Total liabilities	20,023	20,084	19,258	18,422	18,337	17,809	17,289	16,568
Shareholders' equity	1,144	1,170	1,160	1,136	1,122	1,102	1,074	1,047
Total liabilities and shareholders' equity	$21,167	21,254	20,418	19,558	19,459	18,911	18,363	17,615

FOURTH QUARTER FINANCIAL SUMMARY

For the fourth quarter of 1984, Norwest reported net income of $27.3 million, equal to 82 cents per share, compared with $24.2 million or 73 cents per share in the same period of 1983.

Net interest income on a tax equivalent basis in the fourth quarter increased 1.5 percent from the comparable period last year. Earning assets were up 9.1 percent over the fourth quarter of 1983, offsetting a lower net interest margin. The decline in net interest margin was largely due to the impact of higher levels of non-accrual and restructured loans. Net interest margin increased from the third quarter of 1984, reflecting the sale in the fourth quarter of all lower-yielding adjustable rate mortgages at Norwest Mortgage.

The provision for loan losses in the fourth quarter of 1984 was $42.8 million compared with $45.7 million in the fourth quarter of 1983, while net loan charge-offs totaled $41.0 million versus $44.4 million in the fourth quarter of 1983. In the third quarter of 1984, the provision for loan losses totaled $86.7 million, while net loan charge-offs in the same quarter were $54.3 million.

Non-interest income in the fourth quarter of 1984 included $19.8 million of gains on sales of mortgage servicing rights and a $20.8 million gain from termination of participation and transfer of rights in two residential mortgage programs.

Non-interest expenses in the fourth quarter of 1984 reflected 1984 growth at Norwest Financial and Norwest Mortgage, a 2.2 percent increase in banking group non-interest expenses over the comparable 1983 quarter and accruals for estimated future expenses related to various reductions in certain mortgage programs.

In the fourth quarter of 1984, the banking group earned $20.5 million versus $15.9 million in the fourth quarter of 1983. Norwest Financial had earnings of $16.4 million for the period, up 39.4 percent from the fourth quarter of 1983. Increased earnings at Norwest Financial were due primarily to a higher level of earning assets and growth in insurance revenue.

Norwest Mortgage reported $6.6 million of earnings for the fourth quarter, after recording the non-interest income and expense items referred to in this summary, compared with breakeven results in the same period of 1983.

Parent company expense increased significantly from the fourth quarter of 1983 primarily due to the effects of the consolidated income tax provision and costs incurred to provide additional funding to subsidiaries to strengthen their equity positions.

1984 FORM 10-K

Securities and Exchange Commission
Washington, D.C. 20549

Annual Report Pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934

For the fiscal year ended December 31, 1984
Commission file number 1-2979

NORWEST CORPORATION
Incorporated in the State of Delaware
IRS Employer Identification No. 41-0449260

Address: 1200 Peavey Building, Minneapolis, Minnesota 55479
Telephone: (612) 372-8268

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	*Name of each exchange on which registered*
Common stock ($1 2/3 par value)	New York Stock Exchange Midwest Stock Exchange
Preferred Stock with Cumulative and Adjustable Dividends ($50 stated value)	New York Stock Exchange
Preferred Stock—Series B with Cumulative and Adjustable Dividends ($50 stated value)	New York Stock Exchange
7 7/8% Notes Due 1986	New York Stock Exchange
6 3/4% Convertible Subordinated Debentures Due 2003	New York Stock Exchange
Floating Rate Notes Due 1989	New York Stock Exchange

No securities are registered pursuant to Section 12(g) of the Act.

Norwest Corporation (1) has filed all reports required by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days.

On February 20, 1985, 29,056,527 shares of common stock were outstanding, of which 27,341,304 shares were held by non-affiliates. At that date, the aggregate market values of these shares, based upon a closing price of $26.50 per share, were $770.0 million and $724.5 million, respectively.

Documents Incorporated by Reference
Portions of the Annual Report to Shareholders for the year ended December 31, 1984, are incorporated by reference into Parts I, II and IV.

Portions of the Notice of Annual Meeting and Proxy Statement for the annual meeting of shareholders to be held April 22, 1985, are incorporated by reference into Parts III and IV.

This Annual Report and Form 10-K incorporates into a single document all material required by the Securities and Exchange Commission to give our shareholders and other interested parties a timely and comprehensive explanation of the 1984 results. Only those sections of the Annual Report referenced in the following cross reference index are incorporated in the Form 10-K.

FORM 10-K CROSS REFERENCE INDEX

(a)(1) Financial Statements–See Item 8.

(2) Financial Statement Schedules
All schedules to the consolidated financial statements normally required by Form 10-K are omitted since they are either not applicable or the required information is shown in the financial statements or the notes thereto.

*(3) Exhibits***

3. Certificate of Incorporation, as amended [Exhibit I to the corporation's 1983 Annual Report on Form 10-K (File No. 1-2979) incorporated herein by reference]. By-Laws, as amended

4. Instruments Defining the Rights of Security Holders, Including Indentures [Exhibit I to the corporation's 1983 Annual Report on Form 10-K (File No. 1-2979) incorporated herein by reference. Copies of instruments with respect to long-term debt will be furnished to the Commission upon request.]

**The information required by Items 10 through 13 is incorporated by reference to the corporation's Notice of Annual Meeting and Proxy Statement for the 1985 annual meeting of shareholders which the corporation intends to file with the Securities and Exchange Commission pursuant to Regulation 14A.*

***Shareholders may obtain a copy of any Exhibit, Item 14(a)(3), none of which are contained herein, upon payment of a reasonable fee, by writing Norwest Corporation, Office of the Secretary, 1200 Peavey Building, Minneapolis, Minnesota 55479.*

Part IV Item 14(a)(3)-continued

10. (i) *1978 Stock Option Plan [Exhibit 1 to the corporation's Form S-8 Registration Statement No. 2-63811 incorporated herein by reference]*
    (ii) *1981 Long-Term Incentive Plan [Exhibit 15 to the corporation's Form S-8 Registration Statement No. 2-77119 incorporated herein by reference]*
    (iii) *1983 Stock Option and Restricted Stock Plan [Exhibit 28(b) to the corporation's Form S-8 Registration Statement No. 2-95331 incorporated herein by reference]*
    (iv) *Description of Executive Incentive Compensation Plan and Management Incentive Compensation Plan [Portions of the corporation's Notice of Annual Meeting and Proxy Statement for the 1985 annual meeting of shareholders are incorporated herein by reference]*
    (v) *Agreement between the corporation and John W. Morrison dated February 16, 1976, as amended [Exhibit II to the corporation's 1983 Annual Report on Form 10-K (File No. 1-2979) incorporated herein by reference]*
    (vi) *Description of employment arrangement with a director and executive officer [Portions of the corporation's Notice of Annual Meeting and Proxy Statement for the 1985 annual meeting of shareholders are incorporated herein by reference]*
11. *Computation of Earnings Per Share*
22. *Subsidiaries of the Corporation*
24. *Consent of Experts*
25. *Powers of Attorney*

(b) *Reports on Form 8-K*

(1) *On October 25, 1984, the corporation reported on Form 8-K the corporation's press release dated October 23, 1984 announcing third quarter 1984 financial results. The press release contained the corporation's unaudited consolidated balance sheets at September 30, 1983 and 1984, unaudited consolidated statements of income for the quarter and nine months ended September 30, 1984 and 1983, and accompanying supplemental information in narrative and tabular form. (Commission File Number 1-2979)*

PROPERTIES

Norwest Corporation leases its corporate offices in Minneapolis, Minnesota.

The corporation operates 227 commercial banking locations, of which 164 are owned directly by subsidiary banks, 12 are owned by a building company subsidiary of Norwest and 51 are leased from outside parties. Norwest Mortgage, Inc. owns a mortgage servicing facility in Waterloo, Iowa and leases its headquarters facilities in Minneapolis, Minnesota and all mortgage production offices nationwide. Norwest Financial Services, Inc. owns its headquarters in Des Moines, Iowa, and leases all consumer finance branch locations.

The Notes to Consolidated Financial Statements of Norwest Corporation and Subsidiaries contain additional information with respect to premises and equipment and commitments under noncancellable leases for premises and equipment.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 1st day of March, 1985.

Norwest Corporation
(Registrant)

JOHN W. MORRISON

John W. Morrison
Chairman and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed on the 1st day of March, 1985 by the following persons on behalf of the registrant and in the capacities indicated.

DAVID JARVIS

David Jarvis
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

JOHN T. THORNTON

John T. Thornton
Senior Vice President and Controller
(Principal Accounting Officer)

Each of the Directors of Norwest Corporation listed below have duly executed powers of attorney empowering David A. Christensen to sign this document on their behalf.

H. Brewster Atwater, Jr.
E. Peter Gillette, Jr.
N. Bud Grossman
William A. Hodder
George C. Howe, Jr.
Robert A. Krane
Richard S. Levitt
Donald W. McCarthy
Richard D. McCormick
Wilbur C. Miller
John W. Morrison
Dale R. Olseth
Gerald Rauenhorst
William G. Roth
Edson W. Spencer
Frederick T. Weyerhaeuser
David M. Winton

DAVID A. CHRISTENSEN

David A. Christensen
Director and Attorney-in-Fact

March 1, 1985

NORWEST BANKS

NORWEST BANK MINNEAPOLIS, N.A. — TOTAL ASSETS/$5.9 BILLION

Norwest Energy Finance
Minneapolis, Minnesota
Billings, Montana
Denver, Colorado
Paul Sedio, Manager

Norwest Trust Company, New York
New York, New York
Robert J. O'Connor
President

Norwest Capital Management & Trust Co., Arizona
Scottsdale, Arizona
John A. Miller
President

Norwest Bank International
Minneapolis, Minnesota
Daniel G. Brian
President

Norwest Bank International, New York
New York, New York
Tobin V. Levy
Manager

Norwest Asia Limited
Hong Kong
Gary B. Hawk
Managing Director

Norwest American Bank, S.A.
Luxembourg
Bernard L. Larsen
Managing Director

Norwest American Bank, S.A. (Representative Office)
London
Charles E. Meech
Managing Director

REGION I — TOTAL ASSETS/$558 MILLION

Minnesota

Duluth
Norwest Bank Duluth, N.A.
Robert M. Fischer, President

Ely
Norwest Bank Ely, N.A.
Joseph G. Kastelic, President

Grand Rapids
Norwest Bank Grand Rapids, N.A.
Robert P. Hatten, President

Two Harbors
Norwest Bank Two Harbors, N.A.
Edward E. Thornberg, President

Virginia
Norwest Bank Mesabi, N.A.
John R. Oltmanns, President

REGION II — TOTAL ASSETS/$2.5 BILLION

Minnesota

Bloomington
Norwest Bank Bloomington, N.A.
William H. Queenan, Chairman

Hastings
Norwest Bank Hastings, N.A.
Douglas J. Laumeyer, President

Hopkins
Norwest Bank MetroWest, N.A.
William D. Wilkening, President

Jordan
Norwest Bank Jordan
Richard D. Hofer, President

Maple Grove
Norwest Bank Maple Grove
E. James Heig, President

Minneapolis
Norwest Bank Central, N.A.
Michael G. Schrantz, President

Minneapolis
Norwest Bank Camden
Ernest C. Pierson, President

Minneapolis
Norwest Bank Calhoun-Isles, N.A.
Richard A. Bishop, President

Minneapolis
Norwest Bank Midland, N.A.
Ernest C. Pierson, Chairman

Minneapolis
Norwest Bank MetroSouth, N.A.
William H. Queenan, President

Minneapolis
Norwest Bank University-Midway, N.A.
Samuel B. Morison, President

Minneapolis
Norwest Bank Old St. Anthony, N.A.
John R. Silseth, President

St. Cloud
Norwest Bank St. Cloud
Wesley J. Hein, President

St. Paul
Norwest Bank St. Paul, N.A.
Larry D. Buegler, Chairman

St. Paul
Norwest Bank East St. Paul
Larry D. Buegler, President

Sauk Rapids
Norwest Bank Sauk Rapids
Ronald J. Havlik, President

South St. Paul
Norwest Bank South St. Paul, N.A.
Keith J. Vegors, President

Stillwater
Norwest Bank Stillwater
Steven E. Zinnel, President

REGION III — TOTAL ASSETS/$1.7 BILLION

Iowa

Mason City
Norwest Bank Mason City, N.A.
Jack W. Nielsen, President

Minnesota

Albert Lea
Norwest Bank Albert Lea, N.A.
Dale H. Monson, President

Austin
Norwest Bank Austin
Robert L. Bue, President

Dodge Center
Norwest Bank Dodge Center
John H. Rolf, President

Faribault
Norwest Bank Faribault, N.A.
James A. Loehr, President

Litchfield
Norwest Bank Litchfield, N.A.
David Daeges, President

Mankato
Norwest Bank Mankato, N.A.
George W. Sugden, President

Marshall
Norwest Bank Marshall, N.A.
John S. Lasher, President

Montevideo
Norwest Bank Montevideo
Randy N. Schouten, President

Northfield
Norwest Bank Northfield
Wilmer C. Brosz, President

Owatonna
Norwest Bank Owatonna, N.A.
Kenneth E. Wilcox, President

Red Wing
Norwest Bank Red Wing, N.A.
Norman J. Sampson, President

Redwood Falls
Norwest Bank Redwood Falls, N.A.
Douglas F. Bultman, President

Rochester
Norwest Bank Rochester, N.A.
Edgar M. Morsman, Jr., President

Slayton
Norwest Bank Slayton
Jerald L. Tiggelaar, President

Tracy
Norwest Bank Tracy
Harold Knudson, President

Winona
Norwest Bank Winona, N.A.
Curtis H. Holmquist, President

Worthington
Norwest Bank Worthington
John R. Troth, President

Wisconsin

LaCrosse
Norwest Bank LaCrosse, N.A.
Duane W. Ring, President

REGION IV — TOTAL ASSETS/$1.8 BILLION

Iowa

Bettendorf
Bettendorf Bank, N.A.
George C. Heninger, President

Cedar Falls
Norwest Bank Cedar Falls, N.A.
J. Lanier Little, President

Des Moines
Norwest Bank Des Moines, N.A.
Harry C. Benson, Chairman

Fort Dodge
Norwest Bank Fort Dodge, N.A.
Earl J. Underbrink, President

Keokuk
Norwest Bank Keokuk, N.A.
Robert A. Harris, President

Marion
Norwest Bank Marion, N.A.
Larry H. Hansen, President

Ottumwa
Norwest Bank Ottumwa, N.A.
John S. Zdychnec, President

REGION V — TOTAL ASSETS/$1.8 BILLION

Iowa

Atlantic
Norwest Bank Atlantic, N.A.
William G. Beatty, President

Denison
Norwest Bank Denison, N.A.
Don A. Sommerlot, President

Sioux City
Norwest Bank Sioux City, N.A.
Michael J. Moeller, President

Nebraska

Grand Island
Norwest Bank Grand Island, N.A.
Norman G. Nackerud, President

Hastings
Norwest Bank Hastings, N.A.
Norman G. Nackerud, Chairman
John F. Farrell, President

Norfolk
Norwest Bank Norfolk, N.A.
Thomas F. Finnigan, President

Omaha
Norwest Bank Omaha West
Harold M. Walton, President

Omaha
Norwest Bank Omaha, N.A.
Charles T. Undlin, President

Omaha
Norwest Capital Management & Trust Co., Nebraska
H. David Neely, President

NORWEST BANK MINNEAPOLIS, N.A.

W. James Armstrong *(1)*
Chairman and Chief Executive Officer

James R. Campbell
President

Richard D. Schneider
Vice Chairman

REGION I
Charles A. Russell *(4)*
Regional President

REGION II
Gerald M. Kanne *(2)*
Regional President

REGION III
Ronald D. McLellan *(3)*
Regional President

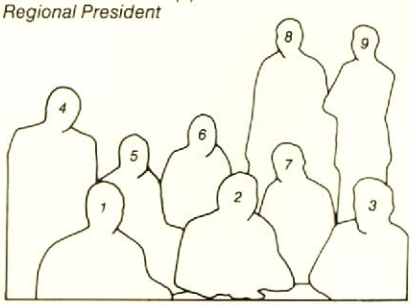
REGION IV
Harry C. Benson *(5)*
Regional President

REGION V
John R. Cochran *(7)*
Regional President

REGION VI
C. P. (Buck) Moore *(6)*
Regional President

REGION VII
Daniel G. Beck *(9)*
Regional President

REGION VIII
Jackson L. Schutte *(8)*
Regional President



REGION VI — TOTAL ASSETS/$1.6 BILLION

Minnesota
Dawson
Norwest Bank Dawson
Everett E. Kelley, President

Luverne
Norwest Bank Luverne
Gerald V. Wethor, President

Ortonville
Norwest Bank Ortonville
Terrence Gere, President

South Dakota
Norwest Bank South Dakota, N.A.
C. P. (Buck) Moore, Chairman
Serving all of South Dakota

Sioux Falls
Norwest Capital Management & Trust Co., South Dakota
Orley Rath, President

REGION VII — TOTAL ASSETS/$1.2 BILLION

Minnesota
Fergus Falls
Norwest Bank Fergus Falls, N.A.
Charles L. Kretchman, President

Moorhead
Norwest Bank Moorhead, N.A.
Robert D. Phillips, President

Thief River Falls
Norwest Bank Thief River Falls
Roger J. Reuter, President

North Dakota
Bismarck
Norwest Bank Bismarck, N.A.
W. Warren DeKrey, President

Fargo
Norwest Bank Fargo, N.A.
Tim V. Stern, President

Fargo
Norwest Capital Management & Trust Co., North Dakota
Arthur R. Olson, President

Grafton
Norwest Bank Grafton, N.A.
Raymond A. Charlton, President

Hillsboro
Norwest Bank Hillsboro
Harry Eisenbeis, President

Jamestown
Norwest Bank Jamestown, N.A.
Ronald A. Arndt, President

Mandan
Norwest Bank Mandan, N.A.
Gary A. Flaa, President

Minot
Norwest Bank Minot, N.A.
John W. Pierson, President

Valley City
Norwest Bank Valley City, N.A.
Glenard A. Wischmann, President

Wahpeton
Norwest Bank Wahpeton, N.A.
Norman K. Christensen, President

REGION VIII — TOTAL ASSETS/$851 MILLION

Montana
Anaconda-Butte
Norwest Bank Anaconda-Butte, N.A.
William R. Tait, President

Billings
Norwest Bank Billings, N.A.
Thomas H. Farris, President

Billings
Norwest Capital Management & Trust Co., Montana
Robert M. Nelson, President

Dillon
Norwest Bank Dillon, N.A.
O. D. (Dan) Shively, President

Great Falls
Norwest Bank Great Falls, N.A.
Dale W. Anderson, President

Helena
Norwest Bank Helena
Edwin H. Jasmin, President

Kalispell
Norwest Bank Kalispell, N.A.
Stephen P. Olson, President

Lewistown
Norwest Bank Lewistown
Donald H. Davison, President

BANKING SERVICE COMPANIES

Norwest Agricultural Credit, Inc.
Arlan V. Tengwall, President
Offices in:
Spencer, Iowa
Fairmont, Minnesota
Lexington, Nebraska
York, Nebraska
Sioux Falls, South Dakota

Norwest Information Services, Inc.
John G. Geiken, President

Norwest Properties, Inc.
John H. Beal, President

Norwest Capital Markets, Inc.
Robert C. Brown, President

Norwest Corporate Finance
Walter J. Maurer, Managing Director

Norwest Investment Services
W. G. Jurgensen, President

Norwest Brokerage Services
Joann Hunt, President

Peregrine Capital Management, Inc.
Robert B. Mersky, President

NORWEST BANK MINNEAPOLIS BOARD OF DIRECTORS

W. James Armstrong
Chairman and Chief Executive Officer
Norwest Bank Minneapolis, N.A.
Minneapolis
Minnesota

James R. Campbell
President
Norwest Bank Minneapolis, N.A.
Minneapolis
Minnesota

Russell G. Cleary
President and Chairman of the Board
G. Heileman Brewing Company, Inc.
LaCrosse
Wisconsin

Richard A. Coonrod
Executive Vice President
The Pillsbury Company
Minneapolis
Minnesota

Howard J. Curler
President and Chief Executive Officer
Bemis Company, Inc.
Appleton
Wisconsin

E. Peter Gillette, Jr.
Vice Chairman
Norwest Corporation
Minneapolis
Minnesota

N. Bud Grossman
Chairman of the Board and Chief Executive Officer
Gelco Corporation
Eden Prairie
Minnesota

Reatha Clark King, Ph.D.
President
Metropolitan State University
St. Paul
Minnesota

Robert A. Krane
Vice Chairman
Norwest Corporation
Minneapolis
Minnesota

Donald W. McCarthy
Chairman and Chief Executive Officer
Northern States Power Company
Minneapolis
Minnesota

P. Gerald Mills
Chairman and Chief Executive Officer
Dayton Hudson Department Store Company
Minneapolis
Minnesota

Dale R. Olseth
President and Chief Executive Officer
Medtronic, Inc.
Minneapolis
Minnesota

John E. Pearson
Chairman and Chief Executive Officer
Northwestern National Life Insurance Company
Minneapolis
Minnesota

James J. Renier, Ph.D.
Vice Chairman
Honeywell Inc.
President
Honeywell Information Systems
Minneapolis
Minnesota

John A. Rollwagen
Chairman, Chief Executive Officer and President
Cray Research, Inc.
Minneapolis
Minnesota

Richard D. Schneider
Vice Chairman
Norwest Bank Minneapolis, N.A.
Minneapolis
Minnesota

James R. Spicola
President and Chief Operating Officer
Cargill, Inc.
Minneapolis
Minnesota

Barbara J. Stuhler
Associate Dean
Continuing Education and Extension
University of Minnesota
Minneapolis
Minnesota

Mark H. Willes
Executive Vice President and Chief Financial Officer
General Mills, Inc.
Minneapolis
Minnesota

C. Angus Wurtele
Chairman and Chief Executive Officer
The Valspar Corporation
Minneapolis
Minnesota

NORWEST BANK MINNEAPOLIS SENIOR OFFICERS

W. James Armstrong
Chairman and Chief Executive Officer

James R. Campbell
President

Richard D. Schneider
Vice Chairman

Gerald M. Kanne
Executive Vice President

Peter A. Heegaard
Executive Vice President
Capital Management and Trust

Darin P. Narayana
Executive Vice President
Multi-National Group

C. Roger Bailey
Senior Vice President
Trust Individual Services

Daniel G. Brian
Senior Vice President
International

Joseph E. Foss
Senior Vice President
Chief Lending Officer

Jerry W. Hayes
Senior Vice President
Trust Operations

Jerry A. Kvam
Senior Vice President
Loan Administration

Michael L. Lucas
Senior Vice President
Trust Institutional Services

John A. Miller
President
Norwest Capital Management & Trust Co., Arizona

David M. Nash
Senior Vice President
Special Industries

John C. Nelson
Senior Vice President
Consumer Banking

Robert J. O'Connor
Senior Vice President and Cashier
Operations

John H. Olson
Senior Vice President
Chief Credit Policy Officer

Peter Poolos
Senior Vice President
Commercial Operations

John C. Sandvig
Senior Vice President
National Department

Charles D. White
Senior Vice President
Treasury

Phillip S. Williams
Senior Vice President
Finance

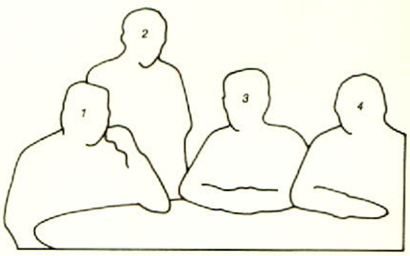
SPECIALIZED FINANCIAL SERVICES COMPANIES

SPECIALIZED FINANCIAL GROUP
Richard S. Levitt *(2)*
Vice Chairman

NORWEST FINANCIAL, INC.
Richard J. Brinkman *(4)*
President and
Chief Executive Officer

NORWEST MORTGAGE, INC.
Robert V. Gorsche *(1)*
President

NORWEST VENTURE CAPITAL MANAGEMENT, INC.
Robert F. Zicarelli *(3)*
Chairman and
Chief Executive Officer



NORWEST FINANCIAL — TOTAL ASSETS $2.1 BILLION

Des Moines, Iowa

Robert H. Cox
Senior Vice President

Donald C. Carano
Senior Vice President

H. Ray Evans
Senior Vice President

Alfred Z. Winick
President of Information Services Group

David C. Wood
Senior Vice President and Secretary

James R. Berens
Vice President and General Counsel

Dennis E. Young
Senior Vice President and Treasurer

Robert W. Bettle
Controller

NORWEST MORTGAGE — SERVICING VOLUME $11 BILLION

Minneapolis, Minnesota

Charles J. Drees
Executive Vice President

Patrick J. Kenneally
Executive Vice President

George M. Wessel
Executive Vice President

Edmond R. Browne
Senior Vice President

William J. Brechtel
Senior Vice President

Carrie J. Champeau
Vice President

Maurice H. Collison
Senior Vice President

Roger J. Hile
Senior Vice President

NORWEST VENTURE CAPITAL MANAGEMENT — ASSETS MANAGED/ESTIMATED VALUE $117 MILLION

Minneapolis, Minnesota

Daniel J. Haggerty
President and
Chief Operating Officer

NORWEST CORPORATION EXECUTIVES

Robert C. Brown *(5)*
President
Norwest Capital Markets, Inc.

John G. Geiken *(4)*
President
Norwest Information Services, Inc.

David Jarvis *(3)*
Executive Vice President
Chief Financial Officer

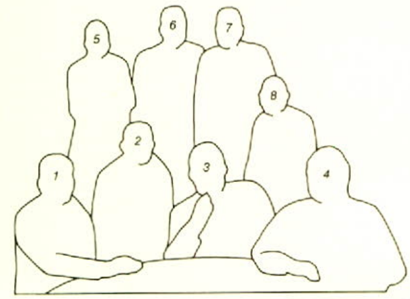
Colin T. Kagel *(7)*
Senior Vice President
Chief Administrative Officer

Walter R. Miller, Jr. *(1)*
Executive Vice President
Retail Banking

Kenneth R. Murray *(2)*
Executive Vice President
Commercial Banking

Darin P. Narayana *(8)*
Senior Vice President
Financial Institutions

Arlan V. Tengwall *(6)*
Senior Vice President
Agriculture Group



ADMINISTRATION

Corporate Administration
Peter R. Spokes
Vice President

Government Relations
Diane P. Lilly
Vice President

Human Resources
Colin T. Kagel
Senior Vice President and Chief Administrative Officer

Law
Stanley S. Stroup
Senior Vice President, General Counsel and Secretary

Marketing Services Division
Stephen L. Byrnes
Vice President

FINANCE

Audit
Roger N. Carolus
Chief Auditor

Controllers Division
John T. Thornton
Senior Vice President and Controller

Corporate Development
John P. Sampson
Vice President

Investments
LeRoy F. Piche
Senior Vice President

Strategic Planning
Thomas E. Dolan
Vice President

Tax
J. Daniel Vandermark
Vice President

Treasury
Pierce R. Smith
Senior Vice President and Treasurer

NORWEST CORPORATION BOARD OF DIRECTORS

H. Brewster Atwater, Jr.
Chairman/CEO
General Mills, Inc.
Minneapolis
Minnesota

David A. Christensen
President/CEO
Raven Industries, Inc.
Sioux Falls
South Dakota

E. Peter Gillette, Jr.
Vice Chairman
Norwest Corporation
Minneapolis
Minnesota

N. Bud Grossman
Chairman/CEO
Gelco Corporation
Eden Prairie
Minnesota

William A. Hodder
Chairman/President/CEO
Donaldson Company, Inc.
Minneapolis
Minnesota

George C. Howe, Jr.
President
Managing Partner
Howe Seed Farms
Casselton
North Dakota

Robert A. Krane
Vice Chairman
Norwest Corporation
Minneapolis
Minnesota

Richard S. Levitt
Vice Chairman
Norwest Corporation
Minneapolis
Minnesota

Donald W. McCarthy
Chairman/CEO
Northern States Power Company
Minneapolis
Minnesota

Richard D. McCormick
President/CEO
Northwestern Bell Telephone Company
Omaha
Nebraska

Dr. Wilbur C. Miller
President
Drake University
Des Moines
Iowa

John W. Morrison
Chairman/CEO
Norwest Corporation
Minneapolis
Minnesota

Dale R. Olseth
President/CEO
Medtronic, Inc.
Minneapolis
Minnesota

Gerald Rauenhorst
Chairman/CEO
Opus Corporation
Minneapolis
Minnesota

William G. Roth
Chairman/CEO
The Trane Company
LaCrosse
Wisconsin

Edson W. Spencer
Chairman/CEO
Honeywell Inc.
Minneapolis
Minnesota

Frederick T. Weyerhaeuser
President/CEO
Conwed Corporation
St. Paul
Minnesota

David M. Winton
Chairman/CEO
The Pas Lumber Co. Ltd.
Minneapolis
Minnesota

NORWEST CORPORATION BOARD COMMITTEES

EFFECTIVE JANUARY 1, 1985

Audit and Examination

David A. Christensen
Chairman

William A. Hodder
George C. Howe, Jr.
Richard D. McCormick
Wilbur C. Miller
Dale R. Olseth
Frederick T. Weyerhaeuser

Nominating

Edson W. Spencer
Chairman

H. Brewster Atwater, Jr.
Donald W. McCarthy
Wilbur C. Miller
John W. Morrison
Gerald Rauenhorst
William G. Roth

Finance

Gerald Rauenhorst
Chairman

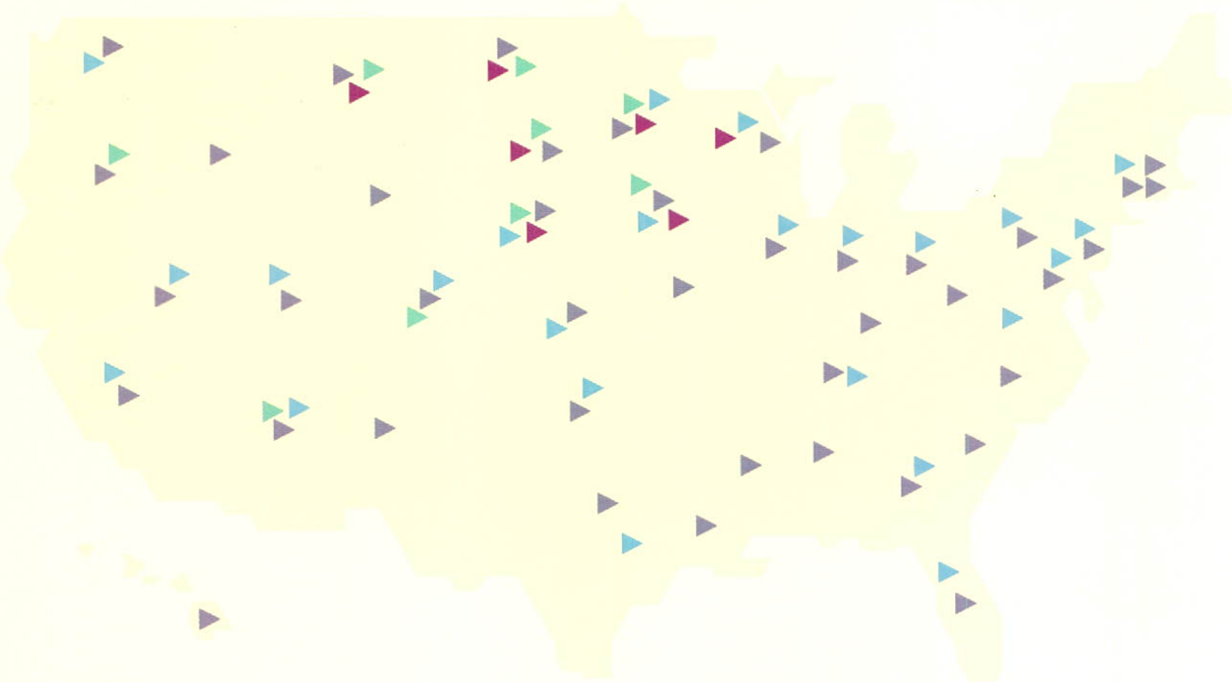
E. Peter Gillette, Jr.
N. Bud Grossman
William A. Hodder
George C. Howe, Jr.
Robert A. Krane
Richard S. Levitt
Richard D. McCormick
John W. Morrison
David M. Winton

Personnel and Compensation

H. Brewster Atwater, Jr.
Chairman

David A. Christensen
William G. Roth
Edson W. Spencer
Frederick T. Weyerhaeuser
David M. Winton

NORWEST CORPORATION AND SUBSIDIARIES



NORWEST BANKS

Iowa	11	Montana	6	North Dakota	9	Wisconsin	1
Minnesota	48	Nebraska	5	South Dakota	1		

NORWEST FINANCIAL OFFICES

Alabama	18	Iowa	20	Nebraska	9	Rhode Island	4
Arizona	11	Kansas	7	Nevada	11	South Carolina	12
California	82	Kentucky	7	New Jersey	10	South Dakota	23
Colorado	9	Louisiana	12	New Mexico	10	Tennessee	6
Connecticut	1	Maryland	23	North Carolina	15	Texas	47
Florida	33	Massachusetts	12	North Dakota	10	Utah	8
Georgia	13	Minnesota	36	Ohio	23	Washington	16
Hawaii	15	Mississippi	4	Oklahoma	10	West Virginia	8
Idaho	8	Missouri	16	Oregon	10	Wisconsin	2
Illinois	13	Montana	5	Pennsylvania	25	Wyoming	2
Indiana	11						

NORWEST MORTGAGE OFFICES

Arizona	1	Indiana	1	Nebraska	1	Tennessee	1
California	5	Iowa	7	Nevada	1	Texas	7
Colorado	4	Kansas	2	New Jersey	1	Utah	1
Florida	1	Maryland	4	Ohio	1	Virginia	1
Georgia	1	Massachusetts	1	Oklahoma	2	Washington	1
Illinois	4	Minnesota	7	Pennsylvania	1	Wisconsin	2

OTHER NORWEST LOCATIONS

Arizona	2	Minnesota	24	Nebraska	8	Oregon	1
Colorado	1	Montana	4	North Dakota	5	South Dakota	9
Iowa	4						

CORPORATE DATA

Corporate Office
1200 Peavey Building
Minneapolis,
Minnesota 55479

Common Stock Transfer Agents
Norwest Bank Minneapolis, N.A.
Norwest Trust Company
New York

Common Stock Registrar
Bradford Trust Company
Minneapolis
New York

Stock Exchange Listings
New York Stock Exchange
Midwest Stock Exchange

Symbol/NOB

Debenture and Note Trustees
Morgan Guaranty Trust Company of New York
Manufacturers Hanover Trust Company New York

Annual Meeting
The annual shareholders' meeting will be held on Monday, April 22, at 3:00 p.m., in the Ballroom of the

Amfac Hotel
30 South Seventh Street
Minneapolis

A proxy statement and form of proxy will be mailed on or about March 20, 1985.

At February 20, 1985, Norwest Corporation had approximately 11,385 shareholders of record. Additionally, there are 69 holders of 6¾% Convertible Subordinated Debentures due 2003.

Additional copies of this annual report and Form 10-K may be obtained by writing to Norwest Corporation, 1200 Peavey Building, Minneapolis, Minnesota 55479.

Investor Relations Director
Kerry K. Noyes
Vice President
(612) 372-8275

Corporate Communications Division
Harold S. Webster
Vice President
(612) 372-7043

Dividend Reinvestment Plan
Norwest's dividend reinvestment plan offers shareholders an opportunity to purchase additional shares of common stock without payment of brokerage commissions, fees or service charges by reinvesting cash dividends and making optional cash payments. The plan provides a 5% discount on shares purchased with reinvested dividends. Optional cash payments of up to $3,000 per quarter with a minimum payment of $25 may also be made without charge.

Equal Employment Opportunity
It is Norwest Corporation's policy to provide equal employment opportunity.

Norwest Corporation
1200 Peavey Building
Minneapolis, Minnesota 55479
(612) 372-8268

NORWEST CORPORATION