FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

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WELLS FARGO & CO

CIK:**105598**| IRS No.: **132553920** | State of Incorp.:**DE** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **001-06214** | Film No.: **94528134**
SIC: **6021** National commercial banks

Mailing Address
343 SANSOME ST 3RD FL
WELLS FARGO BANK
SAN FRANCISCO CA 94163

Business Address
420 MONTGOMERY ST
SAN FRANCISCO CA 94163
4154771000

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1994   Commission file number 1-6214

WELLS FARGO & COMPANY
(Exact name of Registrant as specified in its charter)

Delaware	13-2553920
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

420 Montgomery Street, San Francisco, California 94163
(Address of principal executive offices)   (Zip Code)

Registrant's telephone number, including area code: 415-477-1000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes   X   No _____

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

	Shares Outstanding April 30, 1994
Common stock, $5 par value	55,180,391

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The information furnished in these interim statements reflects all adjustments which are, in the opinion of management, necessary for a fair statement of the results for such periods. Such adjustments are of a normal recurring nature, unless otherwise disclosed in this Form 10-Q. The results of operations in the interim statements are not necessarily indicative of the results that may be expected for the full year. The interim financial information should be read in conjunction with the Company's 1993 Annual Report on Form 10-K.

PART I - FINANCIAL INFORMATION

WELLS FARGO & COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF INCOME

<TABLE>
<CAPTION>

(in millions)	Quarter ended March 31, 1994	1993
<S>	<C>	<C>
INTEREST INCOME		
Loans	$ 705	$ 814
Investment securities	185	152
Federal funds sold and securities purchased under resale agreements	4	4
Other	1	--
Total interest income	895	970
INTEREST EXPENSE		
Deposits	196	232
Federal funds purchased and securities sold under repurchase agreements	8	7
Commercial paper and other short-term borrowings	1	2
Senior and subordinated debt	48	51
Total interest expense	253	292
NET INTEREST INCOME	642	678
Provision for loan losses	60	210
Net interest income after provision for loan losses	582	468
NONINTEREST INCOME		
Service charges on deposit accounts	117	100
Fees and commissions	85	88
Trust and investment services income	50	46
Investment securities gains	4	--
Other	44	25
Total noninterest income	300	259
NONINTEREST EXPENSE		
Salaries	189	183
Employee benefits	57	55
Net occupancy	55	53
Equipment	39	34
Federal deposit insurance	26	32

Other	157	182
Total noninterest expense	523	539
INCOME BEFORE INCOME TAX EXPENSE	359	188
Income tax expense	157	80
NET INCOME	$ 202	$ 108
NET INCOME APPLICABLE TO COMMON STOCK	$ 190	$ 95
PER COMMON SHARE		
Net income	$3.41	$1.72
Dividends declared	$1.00	$ .50
Average common shares outstanding	56	55

</TABLE>

WELLS FARGO & COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

<TABLE>
<CAPTION>

(in millions)	MARCH 31, 1994	December 31, 1993	March 31, 1993
<S>	<C>	<C>	<C>
ASSETS			
Cash and due from banks	$ 2,702	$ 2,644	$ 2,488
Investment securities:			
At cost (estimated fair value $10,606, $9,978 and $10,906)	10,710	9,887	10,685
At fair value	3,056	3,171	--
Total investment securities	13,766	13,058	10,685
Federal funds sold and securities purchased under resale agreements	126	1,668	499
Loans	33,452	33,099	35,152
Allowance for loan losses	2,121	2,122	2,122
Net loans	31,331	30,977	33,030
Due from customers on acceptances	66	70	74
Accrued interest receivable	314	297	337
Premises and equipment, net	888	898	924
Goodwill	468	477	513
Other assets	2,515	2,424	2,605
Total assets	$52,176	$52,513	$51,155
LIABILITIES			
Noninterest-bearing deposits	$ 9,611	$ 9,719	$ 8,568
Interest-bearing deposits	31,993	31,925	32,406
Total deposits	41,604	41,644	40,974
Federal funds purchased and securities sold under repurchase agreements	1,532	1,079	952
Commercial paper and other short-term borrowings	156	188	171
Acceptances outstanding	66	70	74
Accrued interest payable	98	63	120
Other liabilities	1,011	933	862
Senior debt	2,074	2,256	2,224
Subordinated debt	1,446	1,965	1,882
Total liabilities	47,987	48,198	47,259

STOCKHOLDERS' EQUITY			
Preferred stock	489	639	639
Common stock - $5 par value, authorized 150,000,000 shares; issued and outstanding 55,337,248 shares, 55,812,592 shares and 55,475,281 shares	277	279	277
Additional paid-in capital	485	551	525
Retained earnings	2,963	2,829	2,459
Cumulative foreign currency translation adjustments	(4)	(4)	(4)
Investment securities valuation allowance	(21)	21	--
Total stockholders' equity	4,189	4,315	3,896
Total liabilities and stockholders' equity	$52,176	$52,513	$51,155

</TABLE>

WELLS FARGO & COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

<TABLE>
<CAPTION>

	Quarter ended March 31,	
(in millions)	1994	1993
<S>	<C>	<C>
PREFERRED STOCK		
Balance, beginning of quarter	$ 639	$ 639
Preferred stock redeemed	(150)	--
Balance, end of quarter	489	639
COMMON STOCK		
Balance, beginning of quarter	279	276
Common stock issued under employee benefit and dividend reinvestment plans	1	1
Common stock repurchased	(3)	--
Balance, end of quarter	277	277
ADDITIONAL PAID-IN CAPITAL		
Balance, beginning of quarter	551	506
Common stock issued under employee benefit and dividend reinvestment plans	7	19
Common stock repurchased	(73)	--
Balance, end of quarter	485	525
RETAINED EARNINGS		
Balance, beginning of quarter	2,829	2,392
Net income	202	108
Preferred stock dividends	(12)	(13)
Common stock dividends	(56)	(28)
Balance, end of quarter	2,963	2,459
CUMULATIVE FOREIGN CURRENCY TRANSLATION ADJUSTMENTS		
Balance, beginning and end of quarter	(4)	(4)
INVESTMENT SECURITIES VALUATION ALLOWANCE		
Balance, beginning of quarter	21	--
Change in unrealized net gains, after applicable taxes	(42)	--
Balance, end of quarter	(21)	--

Total stockholders' equity	$4,189	$3,896
	======	======

</TABLE>

WELLS FARGO & COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS

<TABLE>
<CAPTION>

(in millions)	Quarter ended March 31, 1994	1993
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 202	$ 108
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	60	210
Depreciation and amortization	61	74
Deferred income tax benefit	(17)	(1)
Net increase (decrease) in net deferred loan fees	3	(10)
Net increase in accrued interest receivable	(17)	(36)
Net increase in accrued interest payable	35	32
Other, net	41	154
Net cash provided by operating activities	368	531
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment securities:		
At cost:		
Proceeds from prepayments and maturities	1,277	181
Purchases	(2,100)	(1,528)
At fair value:		
Proceeds from sales	15	--
Proceeds from prepayments and maturities	279	--
Purchases	(245)	--
Net (increase) decrease in loans resulting from originations and collections	(459)	1,253
Proceeds from sales (including participations) of loans	28	229
Purchases (including participations) of loans	(64)	(16)
Proceeds from sales of foreclosed assets	48	49
Net decrease in federal funds sold and securities purchased under resale agreements	1,542	684
Other, net	--	(41)
Net cash provided by investing activities	321	811
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net decrease in deposits	(40)	(1,270)
Net increase (decrease) in short-term borrowings	421	(390)
Proceeds from issuance of senior debt	--	265
Repayment of senior debt	(166)	(199)
Repayment of subordinated debt	(526)	--
Proceeds from issuance of common stock	8	20
Repurchase of common stock	(76)	--
Redemption of preferred stock	(150)	--
Payment of cash dividends	(68)	(41)
Other, net	(34)	71
Net cash used by financing activities	(631)	(1,544)
NET CHANGE IN CASH AND CASH EQUIVALENTS (DUE FROM BANKS)	58	(202)
Cash and cash equivalents at beginning of quarter	2,644	2,690
CASH AND CASH EQUIVALENTS AT END OF QUARTER	$ 2,702	$ 2,488
	=======	=======

Supplemental disclosures of cash flow information:		
Cash paid during the quarter for:		
Interest	$ 218	$ 260
Income taxes	$ 114	$ 29
Noncash investing activities:		
Transfers from loans to foreclosed assets	$ 62	$ 90

</TABLE>

FINANCIAL REVIEW

<TABLE>
<CAPTION>

SUMMARY FINANCIAL DATA

	Quarter ended			% Change March 31, 1994 from	
(in millions)	MARCH 31, 1994	Dec. 31, 1993	March 31, 1993	Dec. 31, 1993	March 31, 1993
<S>	<C>	<C>	<C>	<C>	<C>
FOR THE QUARTER					
Net income	$ 202	$ 190	$ 108	6 %	87 %
Per common share					
Net income	$ 3.41	$ 3.18	$ 1.72	7	98
Dividends declared	1.00	.75	.50	33	100
Average common shares outstanding	56	56	55	--	2
Profitability ratios (annualized)					
Net income to average total assets (ROA)	1.60%	1.46%	.86%	10	86
Net income applicable to common stock to average common stockholders' equity (ROE)	21.09	19.85	12.10	6	74
Average loans	$ 32,848	$ 33,149	$ 35,836	(1)	(8)
Average assets	51,220	51,597	50,961	(1)	1
Average core deposits	40,385	40,691	40,386	(1)	--
Net interest margin	5.56%	5.69%	5.90%	(2)	(6)
AT QUARTER END					
Investment securities	$ 13,766	$ 13,058	$ 10,685	5	29
Loans	33,452	33,099	35,152	1	(5)
Allowance for loan losses	2,121	2,122	2,122	--	--
Assets	52,176	52,513	51,155	(1)	2
Core deposits	41,145	41,291	40,628	--	1
Common stockholders' equity	3,700	3,676	3,257	1	14
Stockholders' equity	4,189	4,315	3,896	(3)	8
Tier 1 capital (1)	3,722	3,776	3,354	(1)	11
Total capital (Tiers 1 and 2)(1)	5,397	5,446	5,220	(1)	3
Capital ratios					
Common stockholders' equity to assets	7.09%	7.00%	6.37%	1	11
Stockholders' equity to assets	8.03	8.22	7.62	(2)	5
Risk-based capital(1)					
Tier 1 capital	10.23	10.48	8.78	(2)	17
Total capital	14.83	15.12	13.67	(2)	8
Leverage(1)	7.34	7.39	6.65	(1)	10
Book value per common share	$ 66.87	$ 65.87	$ 58.72	2	14
COMMON STOCK PRICE					
High	$147-1/2	$133	$109-1/2	11	35
Low	127-5/8	105-7/8	75-1/2	21	69
Quarter end	139-3/8	129-3/8	108-5/8	8	28

<FN>

(1) See the Capital Adequacy/Ratios section for additional information.

</TABLE>

OVERVIEW
- --------

Wells Fargo & Company (Parent) is a bank holding company whose principal subsidiary is Wells Fargo Bank N.A. (Bank). In this Form 10-Q, Wells Fargo & Company and its subsidiaries are referred to as the Company.

Net income in the first quarter of 1994 was $202 million, or $3.41 per share, compared with $108 million, or $1.72 per share, in the first quarter of 1993.

The increase in earnings in the first quarter of 1994 compared with 1993 was substantially due to a $150 million, or 71%, decrease in the loan loss provision to $60 million.

Return on average assets (ROA) was 1.60% and return on average common equity (ROE) was 21.09% in the first quarter of 1994, compared with .86% and 12.10%, respectively, in the first quarter of 1993.

Net interest income on a taxable-equivalent basis decreased to $642 million in the first quarter of 1994 from $679 million a year ago. This decline resulted from both a lower average loan balance and a lower net interest margin.

The Company's net interest margin was 5.56% for the first quarter of 1994, down from 5.90% in the same quarter of 1993. The decrease was largely due to lower yields on earning assets.

Noninterest income increased $41 million, or 16%, to $300 million in the first quarter of 1994, compared with $259 million in the first quarter of 1993. A significant portion of the increase was due to growth in service charges on deposit accounts.

Noninterest expense decreased from $539 million in the first quarter of 1993 to $523 million in the first quarter of 1994, a decrease of 3%. The decrease primarily resulted from a decline in foreclosed assets expense.

The Company's provision for loan losses was $60 million in the first quarter of 1994, compared with $80 million in the fourth quarter of 1993 and $210 million in the first quarter of 1993. During the first quarter of 1994, net charge-offs totaled $61 million, or .74% of average total loans. This compared with $81 million, or .97%, during the fourth quarter of 1993 and $155 million, or 1.75%, during the first quarter of 1993. The allowance for loan losses was 6.34% of total loans at March 31, 1994, compared with 6.41% at December 31, 1993 and 6.04% at March 31, 1993.

Total nonaccrual and restructured loans were $900 million, or 2.7% of total loans, at March 31, 1994, compared with $1,200 million, or 3.6%, at December 31, 1993 and $1,974 million, or 5.6%, at March 31, 1993. Loans new to nonaccrual in the first quarter of 1994 were $52 million, as compared with $113 million in the fourth quarter of 1993 and $249 million in the first quarter of 1993. At March 31, 1994, an estimated $489 million, or 55%, of nonaccrual loans were less than 90 days past due, compared with an estimated $704 million, or 59%, at December 31, 1993. Foreclosed assets amounted to $354 million at March 31, 1994, $348 million at December 31, 1993 and $510 million at March 31, 1993.

Common equity to total assets was 7.09% at March 31, 1994, compared with 7.00% and 6.37% at December 31, 1993 and March 31, 1993, respectively. The Company's total risk-based capital ratio at March 31, 1994 was 14.83% and its Tier 1 risk-based capital ratio was 10.23%, exceeding the minimum guidelines of 8.00% and 4.00%, respectively. At December 31, 1993, these risk-based capital ratios were 15.12% and 10.48%, respectively. The decrease in total and Tier 1 risk-based capital ratios between December 31, 1993 and March 31, 1994 resulted primarily from the redemption of $150 million in Series A preferred stock (at its liquidation preference carrying amount) and secondarily from the repurchase of 555,853 shares of common stock during the quarter. The Company expects to continue to repurchase common stock in relation to shares issued or expected to be issued under employee benefit and dividend reinvestment plans and for other corporate purposes. Total and Tier 1 risk-based capital ratios at March 31, 1993 were 13.67% and 8.78%, respectively. The leverage ratios were 7.34%, 7.39%

and 6.65% at March 31, 1994, December 31, 1993 and March 31, 1993, respectively.

During the first quarter of 1994, the California economy showed some signs of improvement, an indication that the recession is in the process of bottoming out. The improvement is centered on a small increase in jobs, the first quarterly gain since mid-1990. Employment improved in the service, construction and retail industries. In addition, home sales in much of the state remained brisk and consumer spending edged higher from a year ago.

EARNINGS PERFORMANCE

NET INTEREST INCOME

Net interest income on a taxable-equivalent basis was $642 million in the first quarter of 1994, compared with $679 million in the first quarter of 1993. Individual components of net interest income and net interest margin are presented in the rate/yield table on page 10.

The Company's net interest margin was 5.56% for the first quarter of 1994, compared with 5.90% for the first quarter of 1993. The decrease was largely due to lower yields on earning assets, in part reflecting lower hedging income.

Hedging income from derivative contracts decreased approximately $22 million from the first quarter of 1993 due to the maturity of contracts, resulting in a 19 basis point decline in the net interest margin. The interest rate derivative contracts that are maturing, primarily purchased interest rate floor contracts and interest rate swaps in which the Company receives a fixed rate, were entered into during a higher interest rate environment and have benefited from the subsequent decline in rates. These maturing contracts may be replaced by new derivative contracts based on the Company's ongoing assessment of its overall interest rate sensitivity position. However, any new replacement contracts are not expected to result in the same hedging income as the maturing contracts due to the comparatively lower rate environment.

Loans averaged $32.8 billion in the first quarter of 1994, an 8% decrease from $35.8 billion in the first quarter of 1993. The two largest decreases occurred in commercial and other real estate mortgage loans. Most of these decreases indicated in the rate/yield table were due to loan repayments. Loans totaled $33.5 billion at March 31, 1994, up 1% from December 31, 1993. This is the first quarterly increase in loan balances since 1990. The Company expects growth to continue during 1994 in total outstanding loans. Substantially all of this growth will be from 1-4 family first mortgage loans, consumer loans and small business and middle market loans.

Investment securities averaged $12.9 billion during the first quarter of 1994, a 32% increase from $9.8 billion in the first quarter of 1993. This increase was primarily a result of cash provided by loan repayments; such cash was predominantly invested in private collaterized mortgage obligations and U.S. Treasury securities.

Average core deposits were $40.4 billion and funded 79% of the Company's average total assets in the first quarters of 1994 and 1993.

The net interest margin in the second quarter of 1994 is expected to remain about the same as the first quarter, assuming that there is no significant increase in deposit rates. However, net interest income is likely to increase modestly due to expected growth in average earning assets.

AVERAGE BALANCES, YIELDS AND RATES PAID (TAXABLE-EQUIVALENT BASIS) (1)

<TABLE>
<CAPTION>

	Quarter ended March 31,					
	1994			1993		
(in millions)	Average Balance	Yields/ Rates	Interest Income/ Expense	Average balance	Yields/ rates	Interest income/ expense
<S>	<C>	<C>	<C>	<C>	<C>	<C>

EARNING ASSETS						
Investment securities:						
At cost:						
U.S. Treasury securities	$ 2,575	4.88%	$ 31	$ 2,155	5.24%	$ 28
Securities of U.S. government agencies and corporations	6,163	6.13	95	7,448	6.55	122
Obligations of states and political subdivisions	18	--	--	24	--	--
Private collateralized mortgage obligations	950	5.24	12	--	--	--
Other securities	117	5.46	2	147	5.38	2
Total investment securities at cost	9,823	5.71	140	9,774	6.25	152
At fair value (2):						
Securities of U.S. government agencies and corporations	1,681	6.02	25	--	--	--
Private collateralized mortgage obligations	1,289	5.45	18	--	--	--
Other securities	83	14.09	2	--	--	--
Total investment securities at fair value	3,053	5.90	45	--	--	--
Total investment securities	12,876	5.76	185	9,774	6.25	152
Federal funds sold and securities purchased under resale agreements	576	3.16	4	537	3.29	4
Loans:						
Commercial	6,629	8.91	146	7,693	9.69	184
Real estate 1-4 family first mortgage	7,766	6.94	135	6,681	8.52	142
Other real estate mortgage	8,157	8.37	168	10,042	7.87	196
Real estate construction	1,059	8.32	22	1,492	9.00	33
Consumer:						
Real estate 1-4 family junior lien mortgage	3,494	7.27	63	4,103	7.52	77
Credit card	2,540	15.34	97	2,702	15.79	107
Other revolving credit and monthly payment	1,939	9.28	45	1,944	9.60	46
Total consumer	7,973	10.33	205	8,749	10.53	230
Lease financing	1,230	9.36	29	1,178	10.10	30
Foreign	34	--	--	1	--	--
Total loans	32,848	8.65	705	35,836	9.15	815
Other	52	6.00	1	--	--	--
Total earning assets	$46,352	7.77	895	$46,147	8.47	971
FUNDING SOURCES						
Interest-bearing liabilities:						
Deposits:						
Interest-bearing checking	$ 4,712	.98	11	$ 4,624	1.44	16
Savings deposits	2,565	1.99	13	2,913	2.41	17
Market rate savings	17,157	2.22	94	16,035	2.42	97
Savings certificates	7,042	4.14	72	8,716	4.43	95
Certificates of deposit	208	7.76	4	238	8.20	5
Other time deposits	104	6.56	2	122	6.67	2
Deposits in foreign offices	56	--	--	7	--	--
Total interest-bearing deposits	31,844	2.50	196	32,655	2.88	232
Federal funds purchased and securities sold under repurchase agreements	1,077	3.05	8	1,083	2.80	7
Commercial paper and other short-term borrowings	150	3.00	1	222	2.95	2
Senior debt	2,202	4.52	25	2,193	5.03	27
Subordinated debt	1,678	5.59	23	1,878	5.16	24
Total interest-bearing liabilities	36,951	2.78	253	38,031	3.11	292
Portion of noninterest-bearing funding sources	9,401	--	--	8,116	--	--
Total funding sources	$46,352	2.21	253	$46,147	2.57	292
NET INTEREST MARGIN AND NET INTEREST INCOME ON A TAXABLE-EQUIVALENT BASIS (3)		5.56%	$642		5.90%	$679
NONINTEREST-EARNING ASSETS						
Cash and due from banks	$ 2,557			$ 2,416		
Other	2,311			2,398		
Total noninterest-earning assets	$ 4,868			$ 4,814		
NONINTEREST-BEARING FUNDING SOURCES						
Deposits	$ 8,909			$ 8,098		
Other liabilities	1,086			1,008		
Preferred stockholders' equity	620			639		
Common stockholders' equity	3,654			3,185		
Noninterest-bearing funding sources used to fund earning assets	(9,401)			(8,116)		
Net noninterest-bearing funding sources	$ 4,868			$ 4,814		

TOTAL ASSETS	$51,220	$50,961
	=======	=======

<FN>

(1) The average prime rate of Wells Fargo Bank was 6.02% and 6.00% for the quarters ended March 31, 1994 and 1993, respectively. The average three-month London Interbank Offered Rate (LIBOR) was 3.57% and 3.26% for the same quarters, respectively.
(2) Yields are based on amortized cost balances.
(3) Includes taxable-equivalent adjustments that primarily relate to income on certain loans and securities that is exempt from federal and applicable state income taxes. The federal statutory tax rate was 35% and 34% for the quarters ended March 31, 1994 and 1993, respectively.

</TABLE>

NONINTEREST INCOME

The table below shows the major components of noninterest income.

<TABLE>
<CAPTION>

(in millions)	Quarter ended March 31, 1994	1993	% Change
<S>	<C>	<C>	<C>
Service charges on deposit accounts	$117	$100	17 %
Fees and commissions:			
Credit card membership and other credit card fees	16	17	(6)
Debit and credit card merchant fees	12	19	(37)
Charges and fees on loans	10	11	(9)
Mutual fund and annuity sales fees	9	11	(18)
Shared ATM network fees	9	9	--
All other	29	21	38
	----	----	
Total fees and commissions	85	88	(3)
Trust and investment services income:			
Asset management and custody fees	31	31	--
Mutual fund management fees	11	8	38
All other	8	7	14
	----	----	
Total trust and investment services income	50	46	9
Investment securities gains	4	--	--
Income from equity investments accounted for by the:			
Equity method	9	8	13
Cost method	8	14	(43)
Check printing charges	10	9	11
Gains from dispositions of operations	10	--	--
Real estate investment gains (losses)	2	(7)	--
Gains on sales of loans	1	3	(67)
All other	4	(2)	--
	----	----	
Total	$300	$259	16 %
	====	====	===

</TABLE>

The growth in service charges on deposit accounts in the first quarter of 1994 compared with the first quarter of 1993 was primarily due to increased fees for overdrafts and higher business checking charges.

The decrease in the total fees and commissions in the first quarter of 1994 compared with the first quarter of 1993 was substantially due to a decline in debit and credit card merchant fees and mutual fund and annuity sales fees.

The decrease in debit and credit card merchant fees was due to an alliance that the Company entered into in November 1993. The agreement with Card Establishment Services (CES) formed an alliance for merchant credit and debit card processing services. Under this agreement, the Company is responsible for marketing and sales, initial merchant credit analysis and customer service; CES provides technology and processing operations. The Company retains an interest

in the net revenues from processing the transactions that are now reported as income from equity investments accounted for by the equity method, rather than reported as income from debit and credit card merchant fees. As a result, income from the alliance contributed approximately $2 million to income from equity investments.

The decrease in mutual fund and annuity sales fees in the first quarter of 1994 compared with the same period of 1993 reflected a shift to other investment products. The change in the mix of products sold compared to the first quarter of 1993 reflected a combination of influences, including the introduction of new non-commission retail products and a shift in investor preferences away from bond-oriented mutual funds due to rising interest rates. Sales of mutual funds and annuities contributed to fees and commissions income through sales fee revenues and to trust and investment services income through mutual fund management fees.

The decrease in debit and credit merchant fees and mutual fund annuity sales fees was substantially offset by an increase in "all other" fees and commissions, which was primarily due to lower amortization expense for purchased mortgage servicing rights. This amortization expense totaled $1 million in the first quarter of 1994, compared with $8 million in the same period of 1993. At March 31, 1994, the balance of purchased mortgage servicing rights was $39 million, compared with $21 million at March 31, 1993. The increase in the balance was due to a $25 million purchase of additional servicing rights on March 31, 1994.

The increase in trust and investment services income in the first quarter of 1994 compared with the first quarter of 1993 was largely due to greater mutual fund investment management fees, reflecting growth in the funds' net assets. The Overland Express family of 13 funds, which had $3.8 billion of assets under management at March 31, 1994, compared with $3.9 billion at March 31, 1993, is sold through brokers around the country. The Stagecoach family of 24 funds had $4.4 billion of assets under management at March 31, 1994, compared with $2.9 billion at March 31, 1993. The family is divided into three segments: Stagecoach Funds, Inc., Stagecoach Inc. and Stagecoach Trust. The Stagecoach Funds, introduced in 1992, are primarily distributed to retail customers through the branch network. These 12 funds had $3.8 billion under management at March 31, 1994, compared with $2.9 billion at March 31, 1993. Stagecoach Inc., introduced in mid-1993 and formerly known as WellsFunds until February 28, 1994, is a group of funds that are offered to selected groups of investors, such as participants in certain employee benefit plans, certain IRA investors and certain corporations, partnerships and other business entities. These 7 institutional funds had $539 million under management at March 31, 1994. Stagecoach Trust, introduced in March 1994, currently consists of a fund series called LifePath Funds. These 5 funds, each consisting of retail and institutional classes, had $29 million of assets under management at March 31, 1994. In addition to managing Overland Express Funds and all the funds in the Stagecoach family, the Company also managed or maintained personal trust, employee benefit trust and agency assets of approximately $46 billion at March 31, 1994, compared with $42 billion at March 31, 1993. Mutual fund management fees are expected to continue to increase in 1994 from 1993 levels.

The investment securities gains reflected the sale of corporate debt securities from the available-for-sale portfolio.

Income from cost method equity investments was largely due to net gains on the sales of and distributions from investments in highly leveraged transactions of $6 million in the first quarter of 1994. In the first quarter of 1993, income from cost method equity investments was substantially due to an $8 million gain on a sale of an investment and net gains on the sales of and distributions from investments in highly leveraged transactions of $4 million.

Gains from disposition of operations included an $8 million payment that was contingent on performance in relation to the alliance formed with CES. Additional payments from the CES agreement are also contingent upon future performance.

Noninterest income is expected to continue to increase in 1994, reflecting growth from fee-based products, such as mutual funds and deposit-related services.

NONINTEREST EXPENSE

The table below shows the major components of noninterest expense.

<TABLE>
<CAPTION>

(in millions)	Quarter ended March 31, 1994	1993	% Change
<S>	<C>	<C>	<C>
Salaries	$189	$183	3 %
Employee benefits	57	55	4
Net occupancy	55	53	4
Equipment	39	34	15
Federal deposit insurance	26	32	(19)
Contract services	19	12	58
Certain identifiable intangibles	16	23	(30)
Advertising and promotion	15	15	--
Operating losses	14	16	(13)
Telecommunications	11	11	--
Postage	11	11	--
Outside professional services	9	10	(10)
Goodwill	9	10	(10)
Check printing	8	9	(11)
Stationery and supplies	7	7	--
Travel and entertainment	7	6	17
Foreclosed assets	6	26	(77)
Escrow and collection agency fees	5	7	(29)
Security	5	5	--
Outside data processing	3	4	(25)
All other	12	10	20
Total	$523	$539	(3)%

</TABLE>

Salaries expense increased 3% in the first quarter of 1994 compared with the same period of 1993 predominantly due to increases in incentive pay, partially offset by a decline in average full-time equivalent (FTE) staff. The Company's FTE staff, including hourly employees, averaged approximately 19,400 in the first quarter of 1994, compared with approximately 21,200 in the first quarter of 1993.

Federal deposit insurance decreased compared with the first quarter of 1993 due to a decline in the federal deposit insurance rate.

The increase in contract services expense in the first quarter of 1994 was predominantly due to the development of new products and services and system upgrades throughout the Company.

The table below shows the major components of foreclosed assets expense.

<TABLE>
<CAPTION>

(in millions)	Quarter ended March 31, 1994	1993
<S>	<C>	<C>
Operating expenses	$13	$13
Operating revenues	(7)	(9)
Net losses from write-downs/sales	--	22
Total	$ 6	$26

---   ---
---   ---

</TABLE>

The 77% decrease in foreclosed assets expense compared with the first quarter of 1993 was largely due to a decrease in write-downs of office and industrial buildings and agricultural properties and increased gains on sales. The Company intends to continue to emphasize disposing of its foreclosed assets.

The Company expects total noninterest expense in 1994 to be lower than 1993 primarily due to expected decreases in foreclosed assets expense, personnel-related expense and FDIC expense.

BALANCE SHEET ANALYSIS

INVESTMENT SECURITIES

The table below provides the major components of investment securities and a comparison of cost and estimated fair value.

<TABLE>
<CAPTION>

(in millions)	MARCH 31, 1994 COST	MARCH 31, 1994 ESTIMATED FAIR VALUE	December 31, 1993 Cost	December 31, 1993 Estimated fair value	March 31, 1993 Cost	March 31, 1993 Estimated fair value
<S>	<C>	<C>	<C>	<C>	<C>	<C>
HELD-TO-MATURITY SECURITIES AT COST:						
U.S. Treasury securities	$ 2,787	$ 2,769	$ 2,365	$ 2,383	$ 2,253	$ 2,287
Securities of U.S. government agencies and corporations (1)	6,539	6,492	6,570	6,644	8,133	8,320
Obligations of states and political subdivisions	18	18	18	18	24	24
Securities issued by foreign governments	89	89	90	91	92	92
Private collateralized mortgage obligations	1,250	1,212	815	813	--	--
Corporate debt securities	27	26	29	29	131	131
Total debt securities	10,710	10,606	9,887	9,978	10,633	10,854
Corporate and Federal Reserve Bank stock	--	--	--	--	52	52
Total	$10,710	$10,606	$ 9,887	$ 9,978	$10,685	$10,906
AVAILABLE-FOR-SALE SECURITIES AT FAIR VALUE:						
Securities of U.S. government agencies and corporations (1)	$ 1,751	$ 1,718	$ 1,747	$ 1,749		
Private collateralized mortgage obligations	1,300	1,261	1,340	1,334		
Corporate debt securities	24	39	31	48		
Total debt securities	3,075	3,018	3,118	3,131		
Marketable equity securities	17	38	17	40		
Total	$ 3,092	$ 3,056	$ 3,135	$ 3,171		

<FN>

(1) All securities of U.S. government agencies and corporations are mortgage-backed securities.

</TABLE>

Investment securities were $13.8 billion at March 31, 1994, a 29% increase from $10.7 billion at March 31, 1993. The investment securities portfolio at March 31, 1994 was comprised of $10.7 billion of held-to-maturity at cost securities and $3.1 billion of available-for-sale at fair value securities. There were no trading securities at March 31, 1994. The Company's classification of available-for-sale securities was influenced by accounting and regulatory requirements related to certain mortgage-backed securities. The increase was due to the cash provided by loan repayments used to purchase securities. The relatively high levels of investment securities are likely to continue until loan demand recovers.

At March 31, 1994, the held-to-maturity securities portfolio had an estimated unrealized net loss of $104 million (which reflected estimated unrealized gross gains of $36 million), or 1% of the cost of the portfolio. At December 31, 1993, the held-to-maturity portfolio had an estimated unrealized net gain of $91 million (which reflected estimated gross unrealized losses of $23 million), or .9% of the cost of the portfolio.

At March 31, 1994, the available-for-sale securities portfolio had an unrealized net loss of $21 million, net of tax, reported as a separate component of stockholders' equity, compared with an unrealized net gain of $21 million at December 31, 1993. The unrealized net loss at March 31, 1994 was comprised of unrealized gross pretax gains of $23 million and unrealized gross pretax losses of $80 million on debt securities and unrealized gross pretax gains of $23 million and unrealized gross pretax losses of $2 million on marketable equity securities. The change from an unrealized net gain at December 31, 1993 to an unrealized net loss at March 31, 1994 reflected an increasing interest rate environment.

Realized gross gains and losses from the available-for-sale securities portfolio were $5 million and $1 million, respectively, in the first quarter of 1994. The realized gross gain resulted from the sale of corporate debt securities and the realized gross loss resulted from a write-down due to other-than-temporary impairment in the fair value of certain securities.

The following table provides the expected remaining maturities and yields (taxable-equivalent basis) of debt securities within the investment portfolio.

<TABLE>
<CAPTION>

	March 31, 1994										
				Expected remaining principal maturity							
			Weighted average expected remaining	One year or less		After one year through five years		After five years through ten years		After ten years	
(in millions)	Total amount	Weighted average yield	maturity (in yrs. - mos.)	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
HELD-TO-MATURITY SECURITIES:											
U.S. Treasury securities	$ 2,787	4.85%	1-4	$1,335	5.14%	$1,452	4.59%	$ --	--%	$ --	--%
Securities of U.S. government agencies and corporations	6,539	6.04	3-3	1,729	5.72	3,657	5.83	895	7.10	258	7.31
Obligations of states and political subdivisions	18	6.49	4-3	3	6.42	11	6.53	2	6.44	2	6.39
Securities issued by foreign governments	89	5.17	1-8	26	4.52	63	5.43	--	--	--	--
Private collateralized mortgage obligations	1,250	6.17	2-8	313	6.40	854	6.00	83	7.04	--	--
Corporate debt securities	27	6.18	2-4	5	6.27	22	6.16	--	--	--	--
Total cost	$10,710	5.74%	2-8	$3,411	5.55%	$6,059	5.56%	$ 980	7.09%	$260	7.30%
ESTIMATED FAIR VALUE	$10,606			$3,404		$5,976		$ 969		$257	
AVAILABLE-FOR-SALE SECURITIES (1):											
Securities of U.S. government agencies and corporations	$ 1,751	5.57%	2-8	$ 494	6.51%	$1,157	5.19%	$ 100	5.26%	$ --	--%
Private collateralized mortgage obligations	1,300	6.35	3-2	343	6.32	680	6.45	277	6.15	--	--

Corporate debt securities	24	11.00	6-8	--	--	--	--	24	11.00	--	--
Total cost	$ 3,075	5.94%	2-11	$ 837	6.43%	$1,837	5.66%	$ 401	6.21%	$ --	--%
ESTIMATED FAIR VALUE	$ 3,018			$ 830		$1,787		$ 401		$ --	
TOTAL COST OF DEBT SECURITIES	$13,785	5.78%	2-9	$4,248	5.72%	$7,896	5.58%	$1,381	6.84%	$260	7.30%

<FN>

(1) The weighted average yield is computed using the amortized cost of available-for-sale investment securities carried at fair value.

</TABLE>

The weighted average expected remaining maturity of the debt securities portfolio was 2 years and 9 months at March 31, 1994 and 2 years and 7 months at December 31, 1993. The lengthening of the expected remaining maturity reflected an increasing interest rate environment, in which prepayments are likely to slow down. The Company has purchased short-term debt securities to maintain asset liquidity and to fund potential loan growth.

LOAN PORTFOLIO

The table below presents comparative period-end loans.

<TABLE>
<CAPTION>

(in millions)	MARCH 31, 1994	Dec. 31, 1993	March 31, 1993	% Change March 31, 1994 from Dec. 31, 1993	% Change March 31, 1994 from March 31, 1993
<S>	<C>	<C>	<C>	<C>	<C>
Commercial (1)(2)	$ 6,934	$ 6,912	$ 7,505	-- %	(8)%
Real estate 1-4 family first mortgage	8,180	7,458	6,567	10	25
Other real estate mortgage (3)	8,160	8,286	9,925	(2)	(18)
Real estate construction	923	1,110	1,367	(17)	(32)
Consumer:					
Real estate 1-4 family junior lien mortgage	3,412	3,583	4,053	(5)	(16)
Credit card	2,556	2,600	2,640	(2)	(3)
Other revolving credit and monthly payment	1,988	1,920	1,914	4	4
Total consumer	7,956	8,103	8,607	(2)	(8)
Lease financing	1,253	1,212	1,180	3	6
Foreign	46	18	1	156	--
Total loans (net of unearned income, including net deferred loan fees, of $333, $336 and $344)	$33,452	$33,099	$35,152	1 %	(5)%

<FN>

(1) Includes loans to real estate developers of $491 million, $505 million and $657 million at March 31, 1994, December 31, 1993 and March 31, 1993, respectively.
(2) Includes agricultural loans (loans to finance agricultural production and other loans to farmers) of $576 million, $643 million and $552 million at March 31, 1994, December 31, 1993 and March 31, 1993, respectively.
(3) Includes agricultural loans secured by real estate of $223 million, $225 million and $276 million at March 31, 1994, December 31, 1993 and March 31, 1993, respectively.

</TABLE>

The real estate 1-4 family first mortgage portfolio grew by 10% in the first quarter of 1994. The majority of the growth was due to the shift in originations from 30-year fixed rate loans to adjustable rate loans, which are generally held for portfolio purposes.

The table below presents comparative period-end commercial real estate loans.

<TABLE>
<CAPTION>

(in millions)	MARCH 31, 1994	Dec. 31, 1993	March 31, 1993	% Change March 31, 1994 from Dec. 31, 1993	% Change March 31, 1994 from March 31, 1993
<S>	<C>	<C>	<C>	<C>	<C>
Commercial loans to real estate developers (1)	$ 491	$ 505	$ 657	(3)%	(25)%
Other real estate mortgage	8,160	8,286	9,925	(2)	(18)
Real estate construction	923	1,110	1,367	(17)	(32)
Total	$9,574	$9,901	$11,949	(3)%	(20)%

<FN>

(1) Included in commercial loans.

</TABLE>

The Company's commercial real estate loan portfolio was $9.6 billion at March 31, 1994, compared with $9.9 billion at December 31, 1993 and $11.9 billion at March 31, 1993, a 3% and 20% decrease, respectively. These decreases were primarily due to reduced lending and payments received.

Over the years, the Company has prospered as an active commercial real estate lender. However, as a result of the recession and overbuilt real estate markets, the Company's earnings during the past three years were significantly affected by its relatively high levels of commercial real estate loans. The Company's real estate borrowers with properties located in Southern California have been particularly affected. At March 31, 1994, $3,305 million, or 36%, of the Company's combined other real estate mortgage and real estate construction loans were in Southern California and $284 million, or 9%, of that amount were on nonaccrual. The Company has responded to the recession and the commercial real estate slump by strengthening its lending practices and working to limit the degree of the portfolio concentration in any product type or location, or to any individual borrower.

The U.S. (particularly California) is still suffering from an oversupply of certain types of commercial real estate which could last for a number of years. However, there are signs that a substantial amount of liquidity is returning to the real estate markets, mostly in shopping centers and apartments. An increasing number of developers are successfully financing acquisition or development programs through the capital markets and some banks are showing interest in financing certain product types. This liquidity contributed significantly to the Company's progress in reducing both nonaccrual loans and its overall concentration level in commercial real estate.

The following table summarizes the other real estate mortgage loans by state and property type at March 31, 1994.

REAL ESTATE MORTGAGE LOANS BY STATE AND TYPE
(excluding 1-4 family first mortgage loans)

<TABLE>
<CAPTION>

	March 31, 1994						
	California		Arizona		Minnesota	Texas	
(in millions)	Total loans	Non-accrual	Total loans	Non-accrual	Total loans(2)	Total loans	Non-accrual

<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Office buildings	$2,049	$116	$ 20	$--	$47	$37	$20
Industrial	1,214	36	6	--	26	2	--
Shopping centers	662	56	31	--	5	34	15
Apartments	881	22	28	3	9	1	--
Hotels/motels	334	24	31	--	--	8	--
Retail buildings (other than shopping centers)	420	22	1	--	4	--	--
Institutional	320	15	1	--	1	--	--
Land	161	6	3	--	--	--	--
Agricultural	223	4	1	--	--	--	--
1-4 family (1):							
Structures	46	--	1	--	--	--	--
Land	39	--	--	--	--	--	--
Other	158	7	--	--	--	--	--
Total by state	$6,507	$308	$123	$3	$92	$82	$35
% of total loans	80%		2%		1%	1%	
Nonaccruals as a % of total by state		5%		2%			43%

<CAPTION>

	March 31, 1994					
	Other States(3)					
	Total loans	Non-accrual	Total by type	% of total loans	Non-accrua loans by type	Non-accruals as a % of total by type
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Office buildings	$ 230	$ 8	$2,383	30%	$144	6%
Industrial	38	3	1,286	16	39	3
Shopping centers	505	16	1,237	15	87	7
Apartments	86	--	1,005	12	25	2
Hotels/motels	134	39	507	6	63	12
Retail buildings (other than shopping centers)	5	--	430	5	22	5
Institutional	8	--	330	4	15	5
Land	61	--	225	3	6	3
Agricultural	--	--	224	3	4	2
1-4 family (1):						
Structures	--	--	47	1	--	--
Land	--	--	39	--	--	--
Other	289(4)	--	447	5	7	2
Total by state	$1,356	$ 66(5)	$8,160	100%	$412	5%
% of total loans	16%		100%			
Nonaccruals as a % of total by state		5%				

<FN>

(1) Represents loans to real estate developers secured by 1-4 family residential developments.
(2) There were no loans on nonaccrual status at March 31, 1994.
(3) Consists of 29 states; no state had loans in excess of $78 million at March 31, 1994.
(4) Includes loans secured by collateral pools of approximately $179 million (where the pool is a mixture of various real estate property types located in various states, non real estate-related assets and other guarantees).
(5) Includes $17 million, $12 million and $2 million in Ohio, Illinois and Georgia, respectively. Total loans in these three states were $42 million, $32 million and $31 million, respectively.

</TABLE>

At March 31, 1994, 80% of other real estate mortgage loans were in California, compared with 78% at December 31, 1993. No other state comprised more than 2% of the portfolio at March 31, 1994. The largest property type was office buildings, representing 30% of the portfolio at March 31, 1994, compared with 28% at December 31, 1993.

At March 31, 1994, $3,007 million, or 37%, of the Company's other real estate mortgage loans were in Southern California, compared with $2,991 million, or 36%, at December 31, 1993. Of these amounts, $228 million, or 8%, were on nonaccrual at March 31, 1994, compared with $300 million, or 10%, at December 31, 1993. The largest property type in Southern California was office buildings, representing 30% and 28% of the Southern California portfolio at March 31, 1994 and December 31, 1993, respectively.

The following table summarizes the real estate construction loans by state and project type at March 31, 1994.

REAL ESTATE CONSTRUCTION LOANS BY STATE AND TYPE

<TABLE>
<CAPTION>

	March 31, 1994										
	California		Nevada	Virginia		Other States (2)					
(in millions)	Total loans	Non-accrual	Total loans(1)	Total loans	Non-accrual	Total loans	Non-accrual	Total by type	% of total loans	Non-accrual loans by type	Non-accruals as a % of total by type
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
1-4 family:											
Land	$373	$116	$55	$--	$--	$31	$--	$459	49%	$116	25%
Structures	166	16	5	--	--	--	--	171	19	16	9
Land (excluding 1-4 family)	92	--	6	47	47	28	15	173	19	62	36
Office buildings	38	1	--	--	--	--	--	38	4	1	3
Apartments	30	5	--	1	1	--	--	31	3	6	19
Shopping centers	14	1	--	--	--	--	--	14	2	1	7
Industrial	12	--	2	--	--	--	--	14	2	--	--
Hotels/motels	8	--	--	--	--	--	--	8	1	--	--
Institutional	6	--	--	--	--	--	--	6	1	--	--
Agricultural	4	--	--	--	--	--	--	4	--	--	--
Retail buildings (other than shopping centers)	3	--	--	1	--	--	--	4	--	--	--
Other	1	--	--	--	--	--	--	1	--	--	--
Total by state	$747	$139	$68	$49	$48	$59	$15	$923	100%	$202	22%
% of total loans	82%		7%	5%		6%		100%			
Nonaccruals as a % of total by state		19%			98%		25%				

<FN>

(1) There were no loans on nonaccrual status at March 31, 1994.
(2) Consists of 7 states; no state had loans in excess of $29 million at March 31, 1994.

</TABLE>

At March 31, 1994 and December 31, 1993, 82% of real estate construction loans were in California. No other state comprised more than 7% of the portfolio at March 31, 1994. The largest project type was 1-4 family land, representing 49% of the portfolio at March 31, 1994, compared with 43% at December 31, 1993.

At March 31, 1994, $298 million, or 32%, of the Company's real estate construction loans were in Southern California, compared with $365 million, or 33%, at December 31, 1993. Of these amounts, $56 million, or 19%, were on nonaccrual at March 31, 1994, compared with $86 million, or 23%, at December 31, 1993. The largest project type in Southern California was 1-4 family land, representing 46% and 40% of the Southern California portfolio at March 31, 1994 and December 31, 1993, respectively.

NONACCRUAL AND RESTRUCTURED LOANS AND OTHER ASSETS

The table below presents comparative period-end nonaccrual and restructured loans and other assets.

<TABLE>
<CAPTION>

(in millions)	MARCH 31, 1994	Dec. 31, 1993	March 31, 1993
Nonaccrual loans:			
Commercial (1)(2)	$ 165	$ 252	$ 558
Real estate 1-4 family first mortgage	90	99	97
Other real estate mortgage (3)	413	578	1,071
Real estate construction	202	235	204
Consumer:			
Real estate 1-4 family junior lien mortgage	22	27	30
Other revolving credit and monthly payment	3	3	6
Total nonaccrual loans	895	1,194	1,966
Restructured loans	5	6	8
Nonaccrual and restructured loans	900	1,200	1,974
As a percentage of total loans	2.7%	3.6%	5.6%
Foreclosed assets (4)(5)	354	348	510
Real estate investments (6)	11	15	26
Total nonaccrual and restructured loans and other assets	$1,265	$1,563	$2,510

<FN>

(1) Includes loans to real estate developers of $47 million, $91 million and $64 million at March 31, 1994, December 31, 1993 and March 31, 1993, respectively.
(2) Includes agricultural loans of $2 million, $9 million and $26 million at March 31, 1994, December 31, 1993 and March 31, 1993, respectively.
(3) Includes agricultural loans secured by real estate of $4 million, $24 million and $28 million at March 31, 1994, December 31, 1993 and March 31, 1993, respectively.
(4) Includes agricultural properties of $25 million, $26 million and $44 million at March 31, 1994, December 31, 1993 and March 31, 1993, respectively.
(5) Excludes in-substance foreclosures (ISFs) of $99 million reclassified to nonaccrual loans at June 30, 1993 due to clarification of criteria used in determining when a loan is in-substance foreclosed. Complete information is not available for prior periods; however, any ISFs that would be reclassified in prior periods would not be materially higher than $99 million.
(6) Represents the amount of real estate investments (contingent interest loans accounted for as investments) that would be classified as nonaccrual if such assets were loans. Real estate investments totaled $29 million, $34 million and $56 million at March 31, 1994, December 31, 1993 and March 31, 1993, respectively.

</TABLE>

Nonaccrual loans at March 31, 1994 declined for the sixth consecutive quarter following nine quarters of increases. The general decline of nonaccrual loans over the last six quarters largely resulted from loan payments and loans returned to accrual, together with a reduction in new loans placed on nonaccrual. This decline is expected to continue throughout 1994. The placement of commercial and real estate loans on nonaccrual, as well as transfers to foreclosed assets, are likely to continue to occur, although at a declining rate, until, and for a period after, the current economic environment improves and the oversupply of properties is reduced with resulting increases in occupancy and rental rates. It may take years to absorb the surplus office capacity in certain geographic markets (particularly in Southern California) where the Company has commercial real estate outstandings.

The table below summarizes the quarterly trend of the changes in total nonaccrual loans.

<TABLE>
<CAPTION>

(in millions)	MARCH 31, 1994	Dec. 31, 1993	Sept. 30, 1993	June 30, 1993	March 31, 1993
BALANCE, BEGINNING OF QUARTER	$1,194	$1,696	$1,898	$1,966	$2,134

New loans placed on nonaccrual	52	113	195	264	249
Charge-offs	(35)	(55)	(90)	(71)	(109)
Payments	(121)	(309)	(188)	(144)	(156)
Transfers to foreclosed assets	(37)	(64)	(32)	(104)	(41)
Transfers from foreclosed assets (1)	--	--	--	99	--
Loans returned to accrual	(157)	(188)	(81)	(107)	(82)
Loans sold	(3)	--	(2)	(5)	(26)
Other additions (deductions)	2	1	(4)	--	(3)
BALANCE, END OF QUARTER	$ 895	$1,194	$1,696	$1,898	$1,966

<FN>

(1) Reclassification due to clarification of criteria used in determining when a loan is in-substance foreclosed. Complete information is not available for prior periods; however, any ISFs that would be reclassified in prior periods would not be materially higher than $99 million.

</TABLE>

The table below summarizes the changes in nonaccrual loans by loan category for the quarters ended March 31, 1994 and December 31, 1993.

<TABLE>
<CAPTION>

(in millions)	Commercial	Real estate 1-4 family first mortgage	Other real estate mortgage	Real estate construction	Consumer	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>
QUARTER ENDED MARCH 31, 1994						
Balance, beginning of quarter	$252	$99	$578	$235	$30	$1,194
New loans placed on nonaccrual	15	9	25	2	1	52
Charge-offs	(22)	--	(12)	(1)	--	(35)
Payments:						
Principal	(32)	(6)	(45)	(18)	(3)	(104)
Interest applied to principal	(5)	--	(8)	(4)	--	(17)
Transfers to foreclosed assets	--	(6)	(16)	(12)	(3)	(37)
Loans returned to accrual	(43)	(3)	(111)	--	--	(157)
Loans sold	--	(3)	--	--	--	(3)
Other additions (deductions)	--	--	2	--	--	2
Balance, end of quarter	$165	$90	$413	$202	$25	$ 895
QUARTER ENDED DECEMBER 31, 1993						
Balance, beginning of quarter	$441	$96	$850	$278	$31	$1,696
New loans placed on nonaccrual (1)	22	14	69	5	3	113
Charge-offs	(25)	(1)	(16)	(12)	(1)	(55)
Payments:						
Principal	(117)	(6)	(134)	(22)	(2)	(281)
Interest applied to principal	(12)	(1)	(12)	(3)	--	(28)
Transfers to foreclosed assets	(1)	(4)	(48)	(11)	--	(64)
Loans returned to accrual	(50)	--	(137)	(1)	--	(188)
Other additions (deductions)	(6)	1	6	1	(1)	1
Balance, end of quarter	$252	$99	$578	$235	$30	$1,194

<FN>

(1) Additions to other real estate mortgage loans include $23 million for commercial buildings and $22 million for shopping centers.

</TABLE>

The table below summarizes foreclosed assets by state and type at March 31, 1994.

<TABLE>
<CAPTION>

(in millions)	California	Washington D.C.	Arizona	Texas	Other states(1)	Total by type	% of total foreclosed assets
	March 31, 1994						
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Land (excluding 1-4 family)	$73	$12	$15	$5	$22	127	37%
1-4 family	63	--	2	1	3	69	19
Office buildings	50	--	--	--	1	51	14
Industrial buildings	33	--	--	--	--	33	9
Agricultural	25	--	--	--	--	25	7
Shopping centers	9	7	--	8	--	24	7
Apartments	14	--	1	--	--	15	4
Hotels/motels	--	--	--	--	3	3	1
Other	6	--	--	--	1	7	2
Total by state	$273	$19	$18	$14	$30	$354	100%
% of total foreclosed assets	78%	5%	5%	4%	8%	100%	

<FN>

(1) Consists of 13 states; foreclosed assets in each of these states were less than $10 million at March 31, 1994.
</TABLE>

At March 31, 1994, $197 million, or 56%, of the Company's foreclosed assets were in Southern California, compared with $177 million, or 51%, at December 31, 1993. The largest property type in Southern California was land, representing 32% and 30% of the Southern California portfolio at March 31, 1994 and December 31, 1993, respectively.

The table below summarizes the quarterly trend of the changes in foreclosed assets.

<TABLE>
<CAPTION>

(in millions)	MARCH 31, 1994	Dec. 31, 1993	Sept. 30, 1993	June 30, 1993	March 31, 1993
<S>	<C>	<C>	<C>	<C>	<C>
BALANCE, BEGINNING OF QUARTER	$348	$357	$391	$510	$510
Additions	62	100	65	150	90
Sales	(42)	(89)	(76)	(117)	(46)
Charge-offs	(8)	(10)	(8)	(23)	(8)
Write-downs	(6)	(7)	(10)	(18)	(26)
Transfers to nonaccrual loans (1)	--	--	--	(99)	--
Other deductions	--	(3)	(5)	(12)	(10)
BALANCE, END OF QUARTER	$354	$348	$357	$391	$510

<FN>

(1) Reclassification due to clarification of criteria used in determining when a loan is in-substance foreclosed. Complete information is not available for prior periods; however, any ISFs that would be reclassified in prior periods would not be materially higher than $99 million.

</TABLE>

The table below summarizes the changes in foreclosed assets by property type for the quarters ended March 31, 1994 and December 31, 1993.

<TABLE>

<CAPTION>

(in millions)	Beginning Balance	Additions	Sales	Charge-offs(1)	Write-downs	Other	Ending Balance
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
QUARTER ENDED MARCH 31, 1994							
Land (excluding 1-4 family)	$119	$ 14	$ --	$ (4)	$ (2)	$ --	$127
1-4 family	69	31	(25)	(3)	(3)	--	69
Office buildings	51	3	(3)	(1)	--	1	51
Industrial buildings	27	6	--	--	--	--	33
Agricultural	26	1	(2)	--	--	--	25
Shopping centers	27	2	(4)	--	(1)	--	24
Apartments	15	5	(5)	--	--	--	15
Hotels/motels	6	--	(3)	--	--	--	3
Other	8	--	--	--	--	(1)	7
Total	$348	$ 62	$(42)	$ (8)	$ (6)	$ --	$354
QUARTER ENDED DECEMBER 31, 1993							
Land (excluding 1-4 family)	$ 98	$ 47	$ (2)	$ (1)	$ (1)	$(22)	$119
1-4 family	79	23	(43)	(5)	(5)	20	69
Office buildings	53	4	(4)	(1)	--	(1)	51
Industrial buildings	37	1	(10)	(1)	--	--	27
Agricultural	23	5	(2)	--	--	--	26
Shopping centers	41	14	(27)	--	(1)	--	27
Apartments	11	5	(1)	(2)	--	2	15
Hotels/motels	6	--	--	--	--	--	6
Other	9	1	--	--	--	(2)	8
Total	$357	$100	$(89)	$(10)	$ (7)	$ (3)	$348

<FN>

(1) Charge-offs to the allowance for loan losses may occur up to 90 days after foreclosed assets have been transferred from loans.

</TABLE>

Approximately 62% of the foreclosed assets at March 31, 1994 have been in the Company's portfolio less than one year. Land and agricultural properties represented a majority of the foreclosed assets greater than one year old at March 31, 1994.

NONACCRUAL LOANS BY PERFORMANCE CATEGORY

The table on the following page presents the amount of nonaccrual loans that were contractually past due and those that were contractually current at the end of March 31, 1994 and December 31, 1993 as well as the amount of cash interest payments received while the loans were on nonaccrual. Both book and contractual principal balances are presented in the table, the difference reflecting charge-offs and interest applied to principal.

At March 31, 1994, an estimated $489 million, or 55%, of nonaccrual loans were less than 90 days past due, including an estimated $363 million, or 41%, that were current (less than 30 days past due) as to payment of principal and interest. This compares with an estimated $704 million,

or 59%, of nonaccrual loans that were less than 90 days past due at December 31, 1993, including an estimated $595 million, or 50%, that were current.

The ratio of book to contractual principal balance was 68% at March 31, 1994, compared with 66% at December 31, 1993.

For all loans on nonaccrual during the first quarter of 1994 and the fourth quarter of 1993 (including loans no longer on nonaccrual at March 31, 1994 and December 31, 1993), cash interest payments of $23 million and $34 million, respectively, were received while the loans were on nonaccrual status. Of the $23 million received in the first quarter, $6 million was recognized as interest income and $17 million was applied to principal. Of the $34 million received in the fourth quarter, $8 million was recognized as interest income and $26 million was applied to principal. The average nonaccrual book principal loan balances (net of charge-offs and interest applied to principal) were $1,094 million and $1,498 million for the quarters ended March 31, 1994 and December 31, 1993, respectively.

LOANS 90 DAYS OR MORE PAST DUE AND STILL ACCRUING

The following table shows loans contractually past due 90 days or more as to interest or principal, but not included in the nonaccrual or restructured categories. All loans in this category are both well-secured and in the process of collection or are consumer loans or real estate 1-4 family first mortgage loans that are exempt under regulatory rules from being classified as nonaccrual.

<TABLE>
<CAPTION>

(in millions)	MARCH 31, 1994	Dec. 31, 1993	March 31, 1993
Commercial	$ 6	$ 4	$ 9
Real estate 1-4 family first mortgage	19	19	25
Other real estate mortgage	68	14	21
Real estate construction	11	8	7
Consumer:			
Real estate 1-4 family junior lien mortgage	6	6	6
Credit card	40	43	53
Other revolving credit and monthly payment	1	1	2
Total consumer	47	50	61
Lease financing	1	--	--
Total	$152	$95	$123

</TABLE>

<TABLE>
<CAPTION>

NONACCRUAL LOANS BY PERFORMANCE CATEGORY (ESTIMATED)(1)

(in millions)	Book principal balance	Cumulative charge-offs(6)	Cumulative cash interest applied to principal(6)	Contractual principal balance	Cash interest payments applied as: Interest Income(7)	Reduction of principal(7)
	MARCH 31, 1994				FIRST QUARTER 1994	
Contractually past due (2):						
Payments not made (3):						
90 days or more past due	$ 136	$ 4	$ --	$ 140	$ --	$ --
Less than 90 days past due	4	6	--	10	--	--
	140	10	--	150	--	--
Payments made (4):						
90 days or more past due	270	127	38	435	--	4
Less than 90 days past due	122	61	36	219	1	1
	392	188	74	654	1	5
Total past due	532	198	74	804	1	5
Contractually current (5)	363	102	55	520	2	7
Total nonaccrual loans	$ 895	$300	$ 129	$1,324	$ 3	$ 12

				December 31, 1993	Fourth quarter 1993	
Contractually past due (2):						
Payments not made (3):						
90 days or more past due	$ 161	$ 22	$ --	$ 183	$ --	$ --
Less than 90 days past due	23	--	--	23	--	--
	184	22	--	206	--	--
Payments made (4):						
90 days or more past due	329	171	41	541	--	6
Less than 90 days past due	86	29	16	131	--	2
	415	200	57	672	--	8
Total past due	599	222	57	878	--	8
Contractually current (5)	595	214	120	929	1	14
Total nonaccrual loans	$1,194	$436	$ 177	$1,807	$ 1	$ 22

<FN>

(1) There can be no assurance that individual borrowers will continue to perform at the level indicated or that the performance characteristics will not change significantly.
(2) Contractually past due is defined as a borrower whose loan principal or interest payment is 30 days or more past due.
(3) Borrower has made no payments since being placed on nonaccrual.
(4) Borrower has made some payments since being placed on nonaccrual. Approximately $283 million and $314 million of these loans had some payments made on them during the first quarter of 1994 and the fourth quarter of 1993, respectively.
(5) Contractually current is defined as a loan for which principal and interest are being paid in accordance with the terms of the loan. Approximately $52 million and $113 million of loans, both current and past due, were placed on nonaccrual in the first quarter of 1994 and the fourth quarter of 1993, respectively, of which approximately $2 million and $15 million were contractually current at March 31, 1994 and December 31, 1993, respectively. All of the contractually current loans were placed on nonaccrual due to uncertainty of receiving full timely collection of interest or principal.
(6) Cumulative amounts recorded since inception of the loan.
(7) Includes only those interest payments received subsequent to a borrower being placed on nonaccrual. Therefore, these amounts do not include interest received before these loans were placed on nonaccrual. There were no interest payments received that were recorded as recoveries on partially charged-off loans because payments on such loans were applied as a reduction of loan principal or recognized as interest income.

</TABLE>

ALLOWANCE FOR LOAN LOSSES

The table below presents net charge-offs by loan category.

NET CHARGE-OFFS (RECOVERIES) BY LOAN CATEGORY

<TABLE>
<CAPTION>

	Quarter ended					
	MARCH 31, 1994		December 31, 1993		March 31, 1993	
(in millions)	AMOUNT	% OF AVERAGE LOANS(1)	Amount	% of average loans(1)	Amount	% of average loans(1)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Commercial	$17	1.01 %	$ 7	.41%	$ 7	.39%
Real estate 1-4 family first mortgage	2	.10	8	.42	5	.31
Other real estate mortgage	3	.18	5	.21	58	2.34
Real estate construction	(1)	(.31)	10	3.20	24	6.50
Consumer:						
Real estate 1-4 family junior lien mortgage	7	.78	8	.80	7	.69
Credit card	35	5.39	34	5.53	42	6.25
Other revolving credit and monthly payment	5	1.18	6	1.49	10	2.17

	----		----		----	
Total consumer	47	2.35	48	2.43	59	2.68
Lease financing	(7)	(2.36)	3	1.08	2	.57
	----		----		----	
Total net loan charge-offs	$61	.74 %	$81	.97%	$155	1.75%
	===	====	===	====	====	====

<FN>

(1) Calculated on an annualized basis.

</TABLE>

Total net charge-offs for the first quarter of 1994 were .74% of average total loans on an annualized basis. Net charge-offs were predominantly due to credit card loans and commercial loans. The high level of credit card charge-offs was mostly due to bankruptcies and the current economic environment (particularly in Southern California). The commercial net charge-offs were mostly due to loans related to an office building and the manufacturing industry. Substantially all of these loans were located in Southern California.

Although net charge-offs during 1991 and 1992 have been higher than historical norms, they steadily declined during 1993 and are expected to continue declining in 1994 due to the improvement in the credit quality of the Company's loan portfolio.

The table below presents changes in the allowance for loan losses.

CHANGES IN THE ALLOWANCE FOR LOAN LOSSES

<TABLE>
<CAPTION>

	Quarter ended		
(in millions)	MARCH 31, 1994	December 31, 1993	March 31, 1993
<S>	<C>	<C>	<C>
BALANCE, BEGINNING OF QUARTER	$2,122	$2,123	$2,067
Provision for loan losses	60	80	210
Loan charge-offs:			
Commercial (1)	(25)	(29)	(29)
Real estate 1-4 family first mortgage	(5)	(8)	(5)
Other real estate mortgage	(13)	(21)	(66)
Real estate construction	(4)	(13)	(24)
Consumer:			
Real estate 1-4 family junior lien mortgage	(8)	(9)	(8)
Credit card	(40)	(40)	(47)
Other revolving credit and monthly payment	(8)	(9)	(13)
	------	------	------
Total consumer	(56)	(58)	(68)
Lease financing	(4)	(5)	(5)
	------	------	------
Total loan charge-offs	(107)	(134)	(197)
	------	------	------
Loan recoveries:			
Commercial (2)	8	22	22
Real estate 1-4 family first mortgage	3	--	--
Other real estate mortgage	10	16	8
Real estate construction	5	3	--
Consumer:			
Real estate 1-4 family junior lien mortgage	1	1	1
Credit card	5	6	5
Other revolving credit and monthly payment	3	3	3
	------	------	------
Total consumer	9	10	9
Lease financing	11	2	3
	------	------	------
Total loan recoveries	46	53	42
	------	------	------
Total net loan charge-offs	(61)	(81)	(155)
	------	------	------

BALANCE, END OF QUARTER	$2,121	$2,122	$2,122
Total net loan charge-offs as a percentage of average total loans (annualized)	.74%	.97%	1.75%
Allowance as a percentage of total loans	6.34%	6.41%	6.04%

<FN>

(1) Includes charge-offs of loans to real estate developers of $10 million, $15 million and $4 million in the quarters ended March 31, 1994, December 31, 1993 and March 31, 1993, respectively.
(2) Includes recoveries from loans to real estate developers of none, $1 million and $1 million in the quarters ended March 31, 1994, December 31, 1993 and March 31, 1993, respectively.

</TABLE>

The Company considers the allowance for loan losses of $2,121 million adequate to cover losses inherent in loans, loan commitments and standby letters of credit at March 31, 1994. The Company's determination of the level of the allowance and, correspondingly, the provision for loan losses rests upon various judgments and assumptions, including general (particularly California) economic conditions, loan portfolio composition, prior loan loss experience and the Company's ongoing examination process and that of its regulators.

Statement of Financial Accounting Standards No. 114 (FAS 114), Accounting by Creditors for Impairment of a Loan, addresses the accounting treatment of certain impaired loans and amends FASB Statements No. 5 and 15; however, it does not address the overall adequacy of the allowance for loan losses. The Statement is effective January 1, 1995, and can only be applied prospectively. The Company does not currently intend to implement the Statement before its effective date. Based on the information available at March 31, 1994 and the Company's current interpretations of FAS 114, the allowance will not increase as a result of adopting this Statement.

OTHER ASSETS

The table below presents comparative period-end detail of other assets.

<TABLE>
<CAPTION>

(in millions)	MARCH 31, 1994	December 31, 1993	March 31, 1993
<S>	<C>	<C>	<C>
Net deferred tax asset (1)	$ 932	$ 884	$ 760
Nonmarketable equity investments	399	396	349
Certain identifiable intangible assets	379	373	437
Foreclosed assets	354	348	510
Other	451	423	549
Total other assets	$2,515	$2,424	$2,605

<FN>

(1) Net of a valuation allowance of $2 million, $2 million and $5 million at March 31, 1994, December 31, 1993 and March 31, 1993, respectively.

</TABLE>

The Company estimates that approximately $810 million of the $932 million net deferred tax asset at March 31, 1994 could be realized by the recovery of previously paid federal taxes; however, the Company expects to actually realize the federal net deferred tax asset by claiming deductions against future taxable income. The balance of approximately $122 million relates to approximately $1.6 billion of net deductions that are expected to reduce future California taxable income (California tax law does not permit recovery of previously paid taxes). The Company believes that it is more likely than not that it will have sufficient future California taxable income to fully utilize these deductions.

The identifiable intangible assets are generally amortized using an accelerated method, which is based on estimated useful lives ranging from 5 to 15 years. Amortization expense was $19 million, $20 million and $32 million for the quarters ended March 31, 1994, December 31, 1993 and March 31, 1993, respectively.

DEPOSITS

The table below presents comparative period-end detail of total deposits.

<TABLE>
<CAPTION>

(in millions)	MARCH 31, 1994	December 31, 1993	March 31, 1993
<S>	<C>	<C>	<C>
Noninterest-bearing	$ 9,611	$ 9,719	$ 8,568
Interest-bearing checking	4,737	4,789	4,592
Savings	2,595	2,544	2,867
Market rate savings	17,288	17,084	16,203
Savings certificates	6,914	7,155	8,398
Core deposits	41,145	41,291	40,628
Other	459	353	346
Total deposits	$41,604	$41,644	$40,974

</TABLE>

CAPITAL ADEQUACY/RATIOS

Risk-based capital (RBC) guidelines issued by the Federal Reserve Board (FRB) establish a risk-adjusted ratio relating capital to different categories of assets and off-balance sheet exposures. The table on the following page presents the Company's Tier 1 and Tier 2 capital components. The guidelines require a minimum total RBC ratio of 8%, with at least half of the total capital in the form of Tier 1 capital.

The decrease in the Company's Tier 1 and total RBC ratios at March 31, 1994 compared with December 31, 1993 resulted primarily from the redemption of $150 million in Series A preferred stock (at its liquidation preference carrying amount) on March 21, 1994 and secondarily from the repurchase of 555,853 shares of common stock during the quarter.

To supplement the RBC guidelines, the FRB established a minimum leverage ratio guideline of 3%. The leverage ratio consists of Tier 1 capital divided by quarterly average total assets (excluding goodwill and other items which were deducted to arrive at Tier 1 capital). The Company's leverage ratio was 7.34% at March 31, 1994, compared with 7.39% and 6.65% at December 31, 1993 and March 31, 1993, respectively.

Under the Federal Deposit Insurance Corporation Improvement Act of 1991, a "well capitalized" bank must have a Tier 1 RBC ratio of at least 6%, a combined Tier 1 and Tier 2 ratio of at least 10% and a leverage ratio of at least 5% (and not be subject to a capital directive order). At March 31, 1994, the Bank had a Tier 1 RBC ratio of 10.85%, a combined Tier 1 and Tier 2 ratio of 14.07% and a leverage ratio of 7.75%.

RISK-BASED CAPITAL/RATIOS

<TABLE>
<CAPTION>

(in billions)	MARCH 31, 1994	Dec. 31, 1993	March 31, 1993

<S> <C> <C> <C>

Tier 1:			
Common stockholders' equity	$ 3.7	$ 3.7	$ 3.3
Preferred stock (1)	.5	.6	.6
Less goodwill and other deductions (2)	(.5)	(.5)	(.5)
Total Tier 1 capital	3.7	3.8	3.4
Tier 2:			
Mandatory convertible debt (3)	.1	.1	.1
Subordinated debt and unsecured senior debt (4)	1.1	1.1	1.2
Allowance for loan losses allowable in Tier 2	.5	.4	.5
Total Tier 2 capital	1.7	1.6	1.8
Total risk-based capital	$ 5.4	$ 5.4	$ 5.2
Risk-weighted balance sheet assets	$ 36.3	$ 36.1	$ 37.7
Risk-weighted off-balance sheet items:			
Commitments to make or purchase loans	1.4	1.3	1.7
Standby letters of credit	.6	.6	.7
Other	.2	.2	.3
Total risk-weighted off-balance sheet items	2.2	2.1	2.7
Goodwill and other deductions (2)	(.5)	(.5)	(.6)
Allowance for loan losses not included in Tier 2	(1.6)	(1.7)	(1.6)
Total risk-weighted assets	$ 36.4	$ 36.0	$ 38.2
Risk-based capital ratios:			
Tier 1 capital (4.00% minimum requirement)	10.23%	10.48%	8.78%
Total capital (8.00% minimum requirement)	14.83	15.12	13.67

<FN>

(1) During the first quarter of 1994, $150 million of Series A preferred stock was redeemed at its liquidation preference carrying amount.
(2) Other deductions include the unrealized net gain (loss) on available-for-sale investment securities carried at fair value, as currently required by federal regulatory agencies.
(3) Net of note fund and designated stockholders' equity.
(4) Discounted based on remaining maturity.

</TABLE>

ASSET/LIABILITY MANAGEMENT

As is typical in the banking industry, most of the Company's assets and liabilities are sensitive to fluctuations in interest rates. Accordingly, an essential objective of asset/liability management is to control interest rate risk.

The Company manages portfolio assets by matching them with funding sources that have similar repricing characteristics. The Company uses various asset/liability strategies to manage the repricing characteristics of its assets, liabilities and off-balance sheet financial instruments to ensure that exposure to interest rate fluctuations is limited within Company guidelines of acceptable levels of risk-taking. Hedging strategies, including the use of interest rate contracts, are used to reduce mismatches in interest rate maturities of portfolio assets and their funding sources.

One way to measure the impact that future changes in interest rates will have on net interest income is through a cumulative gap measure. The gap represents the net position of assets and liabilities subject to repricing in specified time periods. Generally, a liability sensitivity gap indicates that there would be a net positive impact on the net interest margin of the Company over the next year in a declining interest rate environment since the Company's liabilities would reprice to lower market interest rates before its assets would. A net negative impact would result from an increasing interest rate environment. At March 31, 1994, the under-one-year cumulative gap was a $236 million (.5% of total assets) net liability position, compared with a net asset position of $1,402 million (2.7% of total assets) at December 31, 1993. The shift to a net liability position at March 31, 1994 from a net asset position at December 31, 1993 was significantly due to a decrease in federal funds sold and securities purchased under resale agreements, primarily offset by a decrease in the under-one-year balance of senior and subordinated debt.

Two adjustments to the cumulative gap provide comparability with banks that present interest rate sensitivity in an alternative manner. However, management does not believe that these adjustments necessarily depict its interest rate risk. The first adjustment excludes noninterest earning assets, noninterest-bearing liabilities and stockholders' equity from the cumulative gap calculation so only earning assets, interest-bearing liabilities and interest rate financial contracts are reported. The second adjustment moves interest-bearing checking and savings deposits from the nonmarket, over-one-year liability category to the shortest rate maturity category. The second adjustment reflects the availability of the deposits for immediate withdrawal. The resulting adjusted under-one-year cumulative gap (net liability position) was $7.5 billion and $5.9 billion at March 31, 1994 and December 31, 1993, respectively.

Since interest rate changes do not affect all categories of assets and liabilities equally or simultaneously, a cumulative gap analysis alone cannot be used to evaluate the Company's interest rate sensitivity position. To supplement traditional gap analysis, the Company performs simulation modeling to estimate the potential effects of changing interest rates. The process allows the Company to fully explore the complex relationships within the gap over time and various interest rate environments.

PART II - OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security Holders

(a) The Annual Meeting of Shareholders was held on April 19, 1994.

(b) Each of the persons named in the Proxy Statement as a nominee for director was elected; the adoption of the new Long-Term Incentive Plan and the new Senior Executive Performance Plan was approved; and the selection of KPMG Peat Marwick as the Company's independent auditors for 1994 was ratified. The following are the voting results on each of these matters:

<TABLE>
<CAPTION>

<S>	For <C>	Against or Withheld <C>	Abstentions <C>	Broker Non-votes <C>
(1) ELECTION OF DIRECTORS:				
H. Jesse Arnelle	46,864,490	101,001	--	--
William R. Bruener	46,873,410	92,081	--	--
William S. Davila	46,858,443	107,048	--	--
Rayburn S. Dezember	46,870,487	95,004	--	--
Paul Hazen	46,877,824	87,667	--	--
Robert J. Jaedicke	46,865,992	99,499	--	--
Paul A. Miller	46,869,129	96,362	--	--
Ellen M. Newman	46,877,452	88,039	--	--
Carl E. Reichardt	46,877,662	87,829	--	--
Donald B. Rice	46,875,628	89,863	--	--
Chang-Lin Tien	46,857,387	108,104	--	--
John A. Young	46,870,902	94,589	--	--
(2) Adoption of a new Long-Term Incentive Plan.	43,505,294	3,244,104	216,093	--
(3) Adoption of a new Senior Executive Performance Plan.	42,458,892	4,234,035	272,564	--
(4) Ratification of the selection of KPMG Peat Marwick as the Company's indepen-dent auditors for 1994.	46,706,286	82,376	176,829	--

</TABLE>

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

4 The Company hereby agrees to furnish upon request to the Commission a copy of each instrument defining the rights of holders of securities of the Company.

10 (a) Long-Term Incentive Plan, incorporated by reference to Exhibit A of the Proxy Statement filed March 14, 1994*

(b) Senior Executive Performance Plan, incorporated by reference to Exhibit B of the Proxy Statement filed March 14, 1994*

* Compensatory Plan or Arrangement.

11 Computation of Earnings Per Common Share

99 Computation of Ratios of Earnings to Fixed Charges -- the ratios of earnings to fixed charges, including interest on deposits, were 2.34 and 1.62 for the quarters ended March 31, 1994 and 1993, respectively. The ratios of earnings to fixed charges, excluding interest on deposits, were 6.06 and 3.58 for the quarters ended March 31, 1994 and 1993, respectively.

(b) The Company filed the following reports on Form 8-K during the first quarter of 1994 and through the date hereof:

(1) January 20, 1994 under Item 5, containing the Press Releases that announced the Company's financial results for the quarter and year ended December 31, 1993 and the increase in the Company's common stock dividend

(2) April 19, 1994 under Item 5, containing the Press Release that announced the Company's financial results for the quarter ended March 31, 1994

SIGNATURE

Pursuant to the requirements 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 May 13, 1994.

WELLS FARGO & COMPANY

By: FRANK A. MOESLEIN

Frank A. Moeslein
Executive Vice President and Controller
(Principal Accounting Officer)

EXHIBIT 11
WELLS FARGO & COMPANY AND SUBSIDIARIES
COMPUTATION OF EARNINGS PER COMMON SHARE

<TABLE>
<CAPTION>

(in millions)	Quarter ended March 31, 1994	1993
<S>	<C>	<C>
PRIMARY EARNINGS PER COMMON SHARE		
Net income	$ 202	$ 108
Less preferred dividends	12	13
Net income for calculating primary earnings per common share	$ 190	$ 95
Average common shares outstanding	56	55
PRIMARY EARNINGS PER COMMON SHARE	$3.41	$1.72
FULLY DILUTED EARNINGS PER COMMON SHARE (1)		
Net income	$ 202	$ 108
Less preferred dividends	12	13
Net income for calculating fully diluted earnings per common share	$ 190	$ 95
Average common shares outstanding	56	55
Add exercise of options, warrants and share rights, reduced by the number of shares that could have been purchased with the proceeds from such exercise	1	2
Average common shares outstanding as adjusted	57	57

FULLY DILUTED EARNINGS PER COMMON SHARE	$3.33	$1.68
	=====	=====

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<FN>

(1) This presentation is submitted in accordance with Item 601(b)(11) of Regulation S-K. This is not required by APB Opinion No. 15, because it results in dilution of less than 3%.

</TABLE>

EXHIBIT 99

WELLS FARGO & COMPANY AND SUBSIDIARIES

COMPUTATION OF RATIOS OF EARNINGS TO FIXED CHARGES

<TABLE>
<CAPTION>

(in millions)	Quarter ended March 31, 1994	1993
<S>	<C>	<C>
EARNINGS, INCLUDING INTEREST ON DEPOSITS (1):		
Income before income tax expense	$ 359	$ 188
Fixed charges	267	305
	$ 626	$ 493
Fixed charges (1):		
Interest expense	$ 253	$ 292
Estimated interest component of net rental expense	14	13
	$ 267	$ 305
Ratio of earnings to fixed charges (2)	2.34	1.62
EARNINGS, EXCLUDING INTEREST ON DEPOSITS:		
Income before income tax expense	$ 359	$ 188
Fixed charges	71	73
	$ 430	$ 261
Fixed charges:		
Interest expense	$ 253	$ 292
Less interest on deposits	(196)	(232)
Estimated interest component of net rental expense	14	13
	$ 71	$ 73
Ratio of earnings to fixed charges	6.06	3.58

=====   =====

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<FN>

(1) As defined in Item 503(d) of Regulation S-K.

(2) These computations are included herein in compliance with Securities and Exchange Commission regulations. However, management believes that fixed charge ratios are not meaningful measures for the business of the Company because of two factors. First, even if there were no change in net income, the ratios would decline with an increase in the proportion of income which is tax-exempt or, conversely, they would increase with a decrease in the proportion of income which is tax-exempt. Second, even if there were no change in net income, the ratios would decline if interest income and interest expense increase by the same amount due to an increase in the level of interest rates or, conversely, they would increase if interest income and interest expense decrease by the same amount due to a decrease in the level of interest rates.

</TABLE>