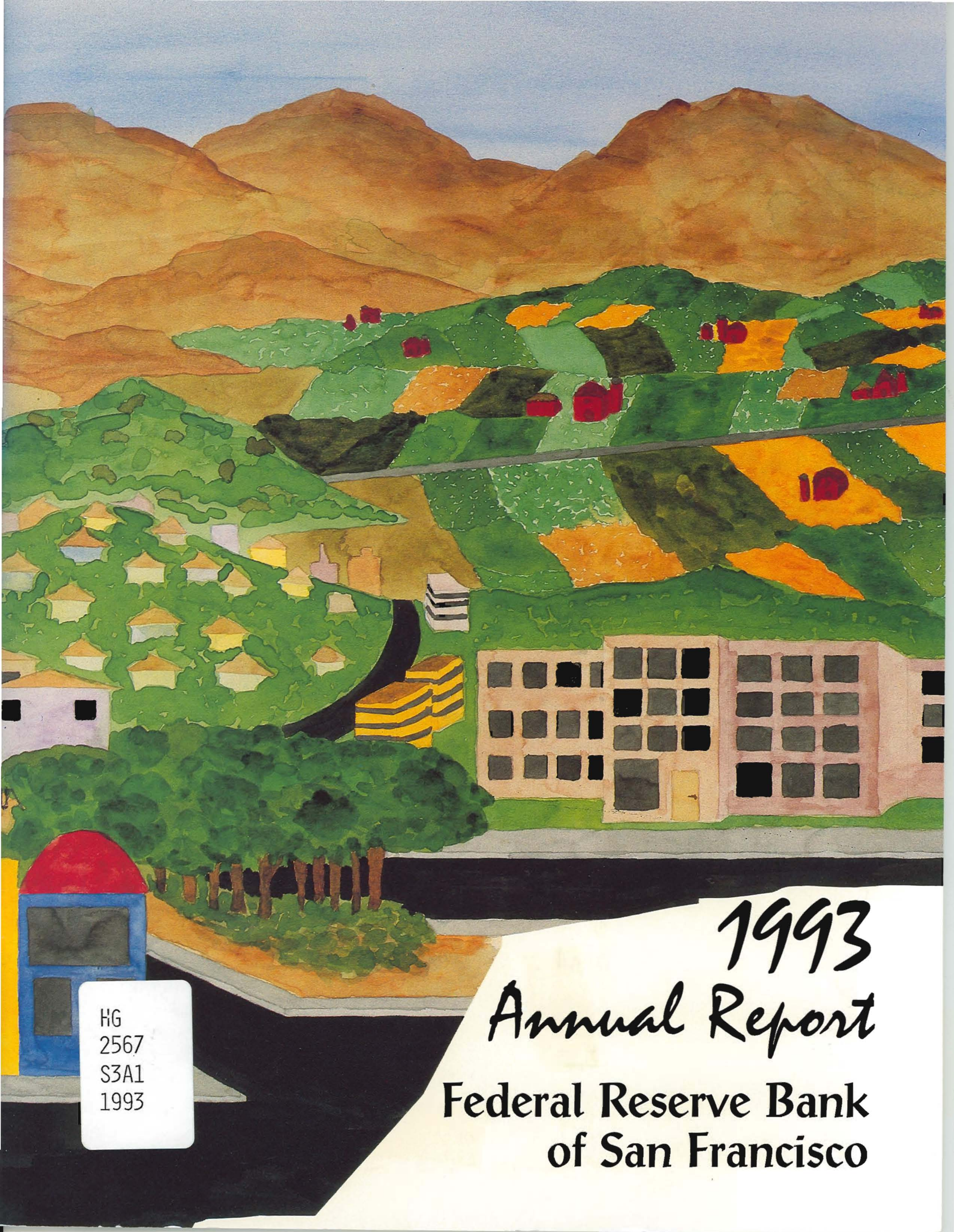

1993 Annual Report

Federal Reserve Bank of San Francisco

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The Federal Reserve Bank of San Francisco is one of twelve regional Reserve Banks which, together with the Board of Governors in Washington, D.C., comprise the nation's central bank.

As the nation's central bank, the Federal Reserve is responsible for making and carrying out our nation's monetary policy. It also is a bank regulatory agency, a provider of wholesale-priced banking services, and the fiscal agent for the United States Treasury.

The Federal Reserve Bank of San Francisco serves the Twelfth Federal Reserve District, which includes the nine western states -- Alaska, Arizona, California, Hawaii, Idaho, Nevada, Oregon, Utah and Washington -- Guam, American Samoa, and the Northern Mariana Islands.

To serve this expansive region, the San Francisco Reserve Bank has five offices: the headquarters in San Francisco, and offices in Los Angeles, Portland, Salt Lake City, and Seattle. Each office provides financial services to the public and banking institutions in its locale.

FROM THE BOARDROOM

Seated, from left, Judith M. Runstad, Deputy Chairman, and James A. Vohs, Chairman. Standing, from left, Patrick K. Barron, First Vice President, and Robert T. Parry, President.

The Community Reinvestment Act (CRA) calls for financial institutions to identify and meet the credit needs of their local communities, including low- and moderate-income neighborhoods. For those of us living in the Twelfth District, community reinvestment has become particularly significant during the 1990s as banks look for new markets in an increasingly competitive environment and the western economy continues to be challenged by broad-based economic problems.

During these difficult economic times, it's easy to lose sight of how the long-term strength and growth of our regional economy depends on the health of our local communities and their ability to create new jobs and increase incomes. Our region's prosperity was founded on small business growth and community development at the local level. Yet, for some of our local communities, particularly low- and moderate-income areas, ready access to credit for housing, small business, and community development needs has been limited for some time. These limitations have been compounded by the fact that many segments of our low- and moderate- income communities are unable to qualify for loans in conventional credit markets.

In passing CRA, Congress reaffirmed the fundamental role banks play in the economic well-being of all segments of the communities they serve. To meet the challenge of providing credit to underserved markets, many Twelfth District banks are working with local community and government organizations to leverage resources and share risk to bridge the lending gap unfilled by conventional credit markets.

In this Report, along with providing an overview of CRA, we profile how banks in our District are contributing to public/private partnerships to meet their CRA obligations and open new markets. We also focus on the important role the Federal Reserve and our Community Affairs staff play as a catalyst for bringing public/private partners together and in providing banks with guidance and information on CRA and fair lending-related issues.

This Report also highlights the Bank's performance in achieving its fundamental objectives during the past year. Regulatory changes and rapidly changing technology are reshaping the wholesale banking arena in which we operate. To meet the challenges presented by this dynamic environment, we continue to enhance the quality, safety, and efficiency of our payments system and to develop innovative financial services and products to assist financial institutions and their customers.

The supervision and regulation of state-chartered member banks and bank holding companies is another critical area of responsibility for our Bank. Our goals in this area continue to be to maintain a safe and sound banking system and to ensure compliance with CRA and other fair lending legislation so that all of our Twelfth District constituencies have equal access to credit.

We would like to extend our thanks and appreciation to our Twelfth District directors for their invaluable counsel during 1993. The Directors' independent assessment of economic and financial conditions throughout our nine western states is critical to the formulation of monetary policy.

We also would like to express our sincere thanks and appreciation to those directors who completed their terms of service during 1993: On the San Francisco Head Office Board, John N. Nordstrom (Co-Chairman, Nordstrom, Inc., Seattle, WA); on the Los Angeles Branch Board, former Chairman, Donald G. Phelps, (Chancellor, Los Angeles Community College District, Los Angeles, CA); on the Portland Branch Board, Stephen G. Kimball (Chairman, President and CEO, Baker Boyer Bancorp, Walla Walla, WA); on the Salt Lake City Branch Board, H. Roger Boyer (Chairman of the Board, The Boyer Company, Salt Lake City, UT), Curtis H. Eaton (Vice President, Manager, Community Banking Area, First Security Bank of Idaho, N.A., Twin Falls, ID), and Virginia P. Kelson (Partner, Ralston Consulting Group, Salt Lake City, UT); and, on the Seattle Branch Board, B.R. Beeksma (Chairman of the Board, InterWest Savings Bank, Oak Harbor, WA).

James A. Vohs

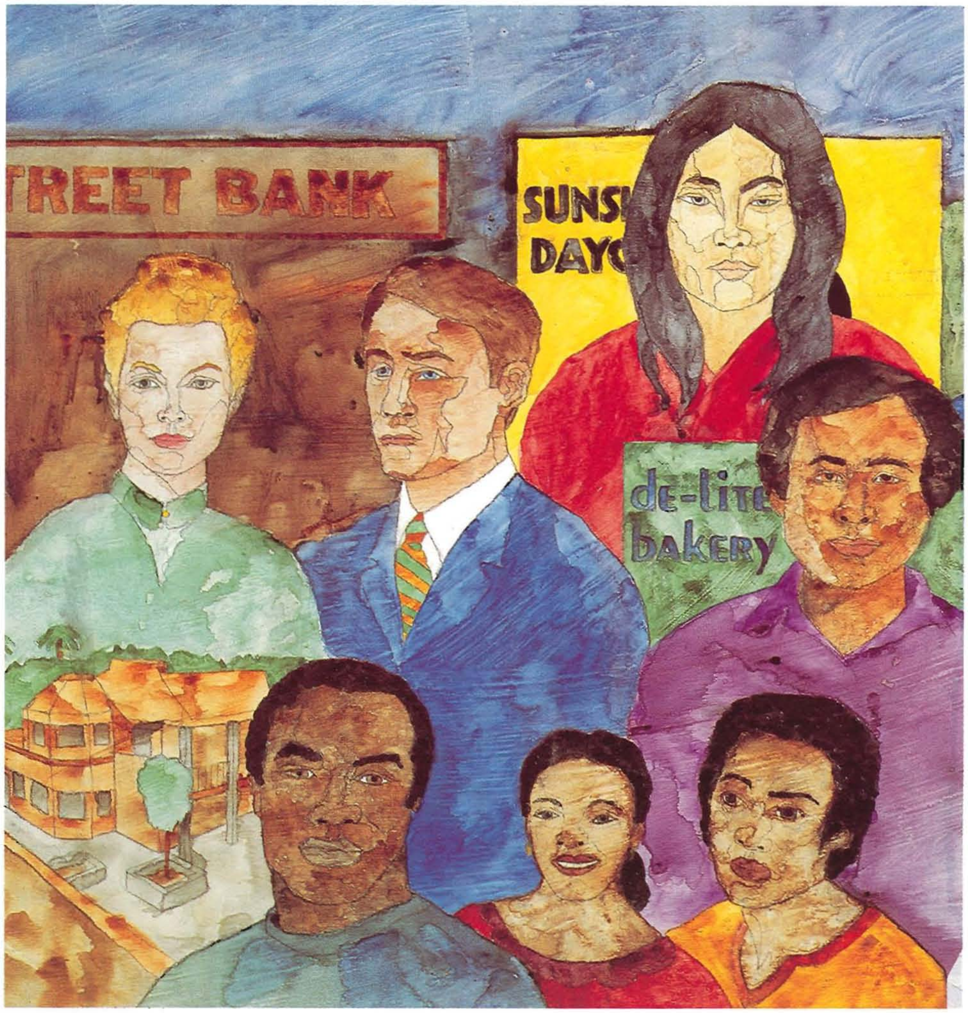
James A. Vohs
Chairman

Robert T. Parry

Robert T. Parry
President

BUILDING BRIDGES

COMMUNITY REINVESTMENT IN THE TWELFTH DISTRICT



"We simply cannot as a nation tolerate unfair and illegal activity that puts some of our citizens at a disadvantage as they try to participate in the credit markets."

-Alan Greenspan
Chairman, Federal Reserve Board of Governors

In 1977 Congress passed the Community Reinvestment Act (CRA) directing banks and thrift institutions to help meet the credit needs of all segments of the communities they serve, including low- and moderate-income neighborhoods. Among Congress' aims in passing the law was stemming the practice of redlining, which was perceived as one of the causes of economic deterioration in our nation's inner cities.

CRA requires each of the four federal banking regulators to encourage financial institutions to help meet the credit needs of all segments of their delineated communities, consistent with safe and sound banking practices. Vagueness in the original legislation has tended to give financial institutions considerable flexibility in creating CRA programs and loan products which best suit their expertise and the credit needs of their communities. CRA does not require institutions to offer specific types or amounts of credit to fulfill their CRA obligations. The financial institutions covered by CRA are federally-insured commercial banks, savings banks, and savings associations. Credit unions are exempt from CRA.

CRA has been amended and strengthened since its passage in 1977. A significant change requiring banks to make their CRA performance evaluations and ratings available to the public was included in the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA). Public disclosure requirements, which took effect on July 1, 1990, were instrumental in paving the way for greater public scrutiny and community involvement in the CRA process.

Since its inception, CRA's overall lack of specificity has stirred dissatisfaction among community groups and bankers alike. This dissension sparked a major reform effort during 1993 that centered around providing examiners with objective standards for measuring a bank's lending to low- and moderate-income areas. Under the proposed plan, the new measures consider the ratio of a lender's market share of loans in low- and moderate-income census tracts to its overall market share of loans made in its entire service area. Less stringent guidelines would be applied to banks with less than $250 million in assets. The proposed regulations, set to be finalized during 1994, do not alter current public disclosure requirements.

BUILDING COMMUNITY PARTNERSHIPS

A growing trend in successful community reinvestment programs is the formation of local economic partnerships that bridge the lending gap in conventional credit markets to finance affordable housing and small businesses in low- and moderate-income areas. These partnerships are comprised of government agencies, community groups, and banks that contribute their business expertise, pool capital, and share risk to make financing community development and affordable housing projects possible. Neither the public nor the private sector can singlehandedly underwrite these projects because of their complexity, higher degree of risk, and failure to conform to conventional underwriting standards. Throughout the Twelfth District, banks are joining with community and government organizations to build local partnerships and develop creative strategies for financing unmet housing, business, and community credit needs. This is a complex task given the divergent needs of our nine state region, the largest in the Federal Reserve System. California, with 32 million people, is the most highly populated, culturally diverse state in the nation.

Twelfth District banks are contributing to local partnerships in a number of ways. Some banks have united to form multi-bank lending consortia which pool funds to provide long-term mortgage financing for affordable housing in low-and moderate-income areas. Some lending consortia also finance construction and renovation loans, depending upon the housing needs of their communities.

Lending consortia provide banks with safe and sound lending opportunities to meet their CRA obligations by allowing them to contribute to projects they can't underwrite on their own. This is especially true for small- to medium-sized banks which may not have the funds or specialized knowledge to directly finance these complex loans. In a lending consortium, each bank's risk is proportional to its share in the loan pool.

ASSESSING CRA PERFORMANCE

Each institution covered by CRA must have:

- Periodic CRA examination by its supervisory agency evaluating such performance factors as whether the institution has identified the credit needs of its delineated community, marketed products to all segments, participated in community development projects, and engaged in discriminatory lending or other illegal credit practices. The examination results in the bank's CRA Performance Evaluation and Rating.
- CRA Statement delineating the geographic community it serves, loan products offered, and its CRA notice.
- Public File containing current CRA Performance Evaluation and Rating, CRA Statement, and any written comments received from the public regarding its CRA performance.

CRA performance is considered by the Federal Reserve or other agency when an institution applies to:

- alter its business through a merger or acquisition, branch expansion, or office relocation;
- obtain federal deposit insurance;
- form a bank or savings association holding company.

A bank's CRA Performance Rating does not, in any way, reflect its financial condition.

Multi-bank lending consortia have helped finance a wide range of affordable rental units across the District including single room occupancy housing in urban areas, senior and "special needs" housing, and housing for low-income farmworkers and other low- and moderate- income families. In many of our District states, consortia also are contributing funds to help make the dream of home ownership a reality for low-income families, single-parent households, the disabled, the elderly, and other underserved groups.

Along with contributing financing to underwrite affordable housing projects, some lending consortia are working with local community and government organizations to finance small business and community development credit needs. Most start-up businesses and community development projects are insufficiently capitalized and lack the necessary collateral to qualify for loans in the conventional credit market.

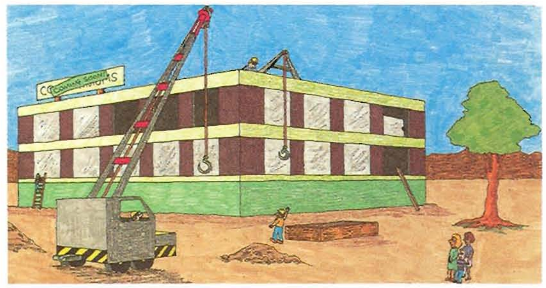
Small business and community development credit programs under CRA are those which directly benefit underserved markets and disenfranchised populations to help stimulate job creation and promote economic self-sufficiency. Working in partnership with community organizations, banks -- independently or as members of consortia -- help meet the credit needs of these "nontraditional" borrowers through financing small businesses, investing in job skills and training programs, or funding community daycare and healthcare programs. Banks also provide real estate financing for the acquisition or renovation of community service facilities such as healthcare clinics, childcare centers, and job training agencies.

Joining a multi-bank lending consortium is not the only way a bank may participate in the community development process. Many banks have established their own specialized community lending programs which work in concert with government and community funding to provide interest rate subsidies, blended rate loans, and loan guarantees which reduce the borrower's cost while providing an acceptable level of risk for the contributing bank.

One Twelfth District institution, BankAmerica Corporation, has taken its specialized lending program a step further to form its own community development bank -- one of only a handful in the nation. Established in 1990, Bank of America Community Development Bank (BACDB) has worked with other public/private partners to finance affordable housing and community and business development projects in almost all of our nine district states. BACDB has helped bridge the lending gap to finance housing with on-site childcare for low-income families in San Diego, provide emergency loans to small business owners in the aftermath of the South Central Los Angeles riots, and contribute construction and long-term financing for a Native American outpatient medical care facility.

To help meet the need for longer-term small business loans in their communities, some banks have become specialists in making Small Business Administration (SBA) guaranteed loans. Guaranteed loans are readily sold in the secondary market replenishing a bank's sources of financing so that it can continue to make loans in its local communities. To contribute as equity investors in small businesses and community service organizations, some banks have

BRIDGING THE LENDING GAP



Public /private partnerships are successfully bridging the lending gap in conventional credit markets. Bridging this gap requires financial contributions from each partner -- whether launching a small business or funding community development or affordable housing. For example, to complete an affordable housing project from the ground up requires an average of six financing partners. Palo Verde Gardens, a new senior citizens rental housing development recently completed in Nevada is a prime example of how the public, private, and community sectors come together to bridge the lending gap. The project targets senior citizens at 55 percent or less of the median income for Clark County, Nevada.

Palo Verde Gardens originated through the efforts of three public/private partners which serve as owners/sponsors of the apartment complex. The Henderson Association for Senior Citizens Housing, a Nevada nonprofit corporation whose mission is to develop affordable housing for senior citizens, was the nonprofit sponsor. Henderson Association also has partial ownership in the development to ensure long-term maintenance and affordability. The for-profit sponsor was COMCAL Investments Ltd., a California limited partnership, which provided the development and construction expertise to formulate the project. Various corporate and private investors served as limited partners to contribute substantial equity dollars to the project in exchange for majority ownership and the tax credit benefits.

The land purchase and building construction were made possible by the contributions of six more public/private partners. The City of Henderson and Clark County each contributed Community Development Block Grants (CDBG) funds toward one-half of the land acquisition. Bank of America Community Development Bank (BACDB) was the construction lender while the Nevada Community Reinvestment Corporation (NCRC), a 19-bank lending consortium, was the long-term permanent mortgage lender. The Housing Authority of Clark County is the Property Manager and Rental Agent and the Nevada State Housing Division administers the Low Income Housing Tax Credit program. This innovative public/private partnership successfully bridged the lending gap to build a 60-unit much-needed, affordable housing complex for Nevada senior citizens.

formed their own community development corporations (CDCs) or have joined multi-bank CDCs.

RESPONDING TO THE NEED

Community organizations are the backbone of successful community reinvestment. They are the grassroot link to identifying the unmet credit needs of our Twelfth District communities. Along with contributing financing, some community organizations provide the specialized knowledge needed to package these complex loans within safe and sound lending guidelines. The Low Income Housing Fund (LIHF) is one such organization working to help at-risk communities in our District. Established in 1984, LIHF is a non-profit, nongovernmental financial institution headquartered in San Francisco with branch offices in Los Angeles and New York.

LIHF's founding belief is that decent and secure housing for all of our citizens is one of the most basic human rights. LIHF's mission is to increase access to capital in low-income communities to provide adequate, affordable housing for all Americans, particularly those who have been greatly ignored in the past -- low-income families, the elderly living on fixed-incomes, the homeless, single mothers, farmworkers, and people with special housing needs.

Through its direct lending program and as a loan packager, LIHF has developed numerous innovative financing strategies which bridge the lending gap to bring nonprofit developers and financial institutions together. LIHF's financing tools include a Revolving Loan Fund (RLF) which provides direct, short-term loans to nonprofit housing developers using flexible underwriting at below market interest rates. RLF funds come from foundations, charitable organizations, financial institutions, and other corporate and individual donors which provide grant monies or loans.

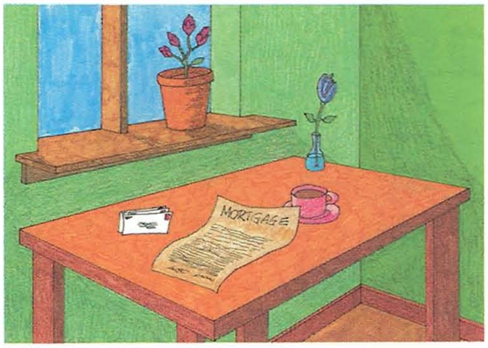
For larger loans, LIHF helps nonprofit developers obtain below market rate permanent and interim loans from conventional lenders by providing technical assistance in packaging loans. To help institutions share risk while financing short- and medium-term loans, LIHF has brought institutions together to form multi-bank mortgage banking pools. Other creative financing strategies include a mortgage guarantee program and an expiring use program to help tenant groups and nonprofits purchase government insured properties.

LIHF has helped form public/private partnerships to tackle inner-city homelessness in San Francisco, provide transitional housing for women recovering from substance abuse in Portland, and fund construction loans for low-income home buyers in California and Arizona. LIHF is one of many nonprofit community organizations in the Twelfth District working to give our communities the opportunity to grow.

LAYING THE FOUNDATION

Small businesses form the economic fabric of our communities, creating new jobs and income to help communities flourish and become self-sufficient. Typically, banks do not finance small business loans under $50,000 and most start-up businesses lack the necessary collateral and investment capital to qualify for financing. Enter

HOME TO OWN



Home ownership is a key ingredient in breaking the poverty cycle and revitalizing depressed areas. Often it lays the foundation for economic self-sufficiency and growth, both for the home owners and the community. Low-income families in Arizona are getting the chance to experience this first-hand through the Home to Own program, a public/private partnership that provides mortgage financing for low-income home buyers. The two-year pilot program, which began accepting applications in September 1993, is funded through an alliance of community and business organizations along with the Federal National Mortgage Association (FANNIE MAE) and First Interstate Bank of Arizona, the long-term mortgage lender in the project. The Arizona Multi-bank Community Development Corporation, another contributing partner, has invested $500,000 in the project to help cover down payment and closing costs for the low-income borrowers.

Home to Own bridges the lending gap by offering low-income working families and special needs populations, who are unable to qualify under conventional underwriting guidelines, a chance to break out of the poverty cycle. Modeled after First Interstate's affordable housing program, Home to Own plans to make the dream of home ownership a reality for 250 Arizona families with its initial loan pool of $10 million. Housing counseling for eligible borrowers covering all aspects of the loan process is an essential element of Home ot Own to reach very low-income families.

Special populations served by the program include minority households, single parent households, the elderly and disabled, along with other low-income families. Once the pilot program is completed, the alliance hopes to launch similar community-business partnerships throughout the Southwest.

microlending, an almost century old, little known practice of lending small, sometimes minuscule, amounts of money to help low-income and other "nontraditional" borrowers launch their entrepreneurial dreams.

"Who wants to loan money to a single parent who has no job and is more than 45 years old?" The answer to this question posed by Marjorie Ball, a Utah Microenterprise Loan Fund (UMLF) borrower, is obvious -- no one. This single mother's plight is a common theme among UMLF loan applicants. They're all hardworking, capable individuals, unwilling to be victimized by their circumstances, yet unable to obtain conventional financing.

UMLF is one of a growing number of Twelfth District multi-bank lending consortia organized to fill this gap. Twenty-two financial institutions loaned $500,000 to fund UMLF's initial loan pool. Other public/private partners joined these institutions to help finance a loan loss reserve fund. Fifty percent of each lender's share of a UMLF loan is guaranteed through the loan loss reserve fund to provide an additional risk buffer beyond the lender's participation in the loan pool.

Although UMLF does not require borrowers to have collateral, invest capital or even have a spotless credit history, they must be able to demonstrate their abilities through a well-conceived business plan. UMLF's credit committee, composed primarily of bankers and small business owners, reviews and considers each loan application. Borrowers receive a maximum of $10,000.

A central element of UMLF's program is mandatory attendance by each borrower in a peer-support, business assistance program where loan payments are collected and the new micro-entrepreneurs receive technical assistance. Another important goal of UMLF's program is to assist entrepreneurs in building their capacity to qualify for conventional financing as their businesses expand.

UMLF's willingness to take a chance on Marjorie Ball enabled her to finance some of the basic ingredients -- a copier, laser printer, and marketing catalog -- to successfully launch her craft pattern business. UMLF's loan also increased Marjorie's potential for expanding her six-person business. Whether launching a cottage industry such as Marjorie's or advancing a line of credit for a fast-growing start-up, multi-bank consortia such as UMLF are successfully bridging the lending gap to bring jobs back into our Twelfth District communities.

For most women participating in the Coalition for Womens' Economic Development (CWED) microlending program, the chance to pursue self-employment is a necessity, not an option. CWED is a Twelfth District non-profit community microlending program that targets low-income women. Founded in 1988 in response to the alarming increase in poverty rates among women and children in the Los Angeles region, CWED's program provides business training, technical assistance, and financing to low-income women who want to become self-sufficient through self-employment. CWED is modeled after successful microlending programs which have their roots in Latin America, Bangladesh, and India where self-employment programs have substantially empowered women and increased their incomes. While women are the primary participants in the program, CWED began offering assistance to men in 1992.

CWED's technical assistance programs -- offered in Spanish and English -- include "hands-on" micro-business workshops focusing on fundamental business skills and developing a business plan. Once certified through attending workshops and operating a micro-business for six months, program participants may join a Solidarity Circle to receive a loan from CWED's Revolving Loan Fund.

Solidarity Circles are peer-lending and support groups of five start-up entrepreneurs. Circles help engender success because of the way they are organized. Loans are extended within the group two at a time, with group consensus determining the order of the loan recipients. If someone is late with a payment or defaults on a loan, it is the responsibility of the circle members to cover the late payment and/or the full amount of the loan. Circles also provide the entrepreneurs with much-needed support and sharing of expertise as they nurture their businesses. When a circle loan is paid, many women opt to apply for a second loan either through the circle or through CWED's individual loan program. Some of the business owners move on to become "bankable" in more conventional credit markets to further expand their businesses.

CWED's Revolving Loan Fund is capitalized through grants and loans from various private and public sources. Loans for start-up microenterprises range from $500 to $5,000 while loans for existing microbusinesses range from $5,001 to $25,000. Banks can contribute to CWED in a number of ways -- through direct contributions to the Revolving Loan Fund, by providing technical assistance and training on credit management and small business development to program participants, and through volunteering on CWED's advisory committee.

For CWED borrowers, a small loan can make a big difference -- the prospect for a doubling of income with the purchase of a street vendor's cart approved by the county health department, the opportunity to become a licensed family daycare provider or the chance to expand a catering service based on a sound business plan. CWED and programs like it in the Twelfth District do not pretend to offer an easy solution to revitalizing our urban and rural communities. Although not the answer for all women, self-employment can offer a hand up from poverty for those who have the motivation and drive to try to beat the odds to achieve financial independence.

The Role of the Federal Reserve and Community Affairs

"To exclude segments of our society from fundamental economic opportunities, such as business or home ownership, is to rob our institutions and our economy of growth potential."

-John P. LaWare, member, Federal Reserve Board of Governors

Community Affairs Staff, headed by Assistant Vice President Kelly Walsh. Seated, C. Jane Shock and Kelly Walsh. Standing, from left, John Byrd, H. Fred Mendez and June Yambao.

The Federal Reserve is charged with examining state banks, that are members of the Federal Reserve System, for compliance with CRA. CRA also mandates the Federal Reserve to "encourage" institutions to meet the local credit needs of all segments of their communities.

In 1981, to fulfill this role, the Federal Reserve's Board of Governors established a Community Affairs Department in each of the 12 Reserve Banks to provide financial institutions with guidance and information on CRA-related issues. This advisory role increased dramatically with the heightened public interest in CRA resulting from the public disclosure of CRA evaluations. Demand for guidance also has grown markedly as the scarcity of public funding for community development has put increasing pressure on financial institutions to meet these needs.

The Twelfth District's Community Affairs Department sponsors numerous conferences and regional seminars, including an annual CRA conference, to help educate bankers and community development professionals.

Another workshop targeting bank directors and executive officers provides guidance and training on the top-down approach to managing a CRA program.

CRA is one of four interrelated fair lending laws. To comply with CRA, banks often must also meet the requirements of the other fair lending laws which include: the Home Mortgage Disclosure Act (HMDA), the Equal Credit Opportunity Act (ECOA), and the Fair Housing Act (FHA). To provide technical assistance in this area, our Community Affairs Department sponsors fair lending workshops throughout the District. The workshops cover the ten recommended guidelines for fair lending that are included in the Federal Reserve publication, "Closing the Gap." Seminar attendees also hear from bankers who have established successful fair lending programs.

El Sueño Imposible: The Impossible Dream

The California Community Reinvestment Corporation (CCRC) has helped El Sueño Imposible -- decent, affordable housing -- become a reality for hundreds of very low-income families across California. The driving force behind this monumental effort is the Civic Center Barrio Housing Corporation, a Santa Ana-based nonprofit community housing organization which rose up in response to the displacement of 400 of these families from a Santa Ana barrio. Founded in 1977, the organization has grown from developing a few dozen housing units concentrated in southern California to over 1200 affordable housing locations across the state since its partnership with CCRC in 1989.

CCRC strongly believes in the soundness of Civic Center's grassroots organizing approach which empowers residents, giving them a vested interest in their new homes and communities. This empowerment has a spill-over effect, launching education, employment, childcare, and other revitalization endeavors. Along with contributing permanent, long-term mortgage financing for affordable apartment complexes, CCRC has helped Civic Center form partnerships with housing developers and investors to provide financial backing for economic development projects such as childcare facilities and job training. Civic Center hasn't stopped dreaming. Future plans include forming an economic development corporation to launch small businesses in very low-income communities across the state.

Providing this kind of training is critical in light of recent HMDA amendments that require lenders to report the gender, race, and income level of all home mortgage applicants. Previously, lenders were only required to report the number, dollar amount, and location of mortgage loans they made each year. As reported widely by the news media, HMDA disclosures often have shown disparate lending patterns along racial lines. These disclosures have triggered strong responses from community groups -- and by the banking industry itself -- seeking ways to eliminate disparate lending patterns.

To encourage economic development, the Twelfth District's Community Affairs Department cosponsors workshops with community development groups to target specific communities and populations. One such workshop, "Increasing Lending on Indian Reservations Through the Use of Credit Enhancements," is organized in conjunction with the Institute for American Indian Entrepreneurial Education and the Federal Reserve Bank of Kansas City. This hands-on workshop is designed to help institutions address unmet credit needs on reservations. Historically, even though viable investment opportunities exist, reservations have had limited access to capital due to the scarcity of local financial institutions. Banks also have been reluctant to provide small business and affordable housing financing to reservations because of unfamiliarity with tribal laws and court systems.

One of our Community Affairs Department's most important roles is serving as a catalyst in the formation of partnerships. While Community Affairs conferences provide many opportunities for bankers to meet with community organizations and government agencies, the Twelfth District also publishes a newsletter to fulfill this important role. Distributed quarterly, "Community Investments" serves as an information network for showcasing premier community reinvestment projects that have been implemented through local public/private partnerships. Bankers and community groups often use these premier projects as models for their own CRA partnership efforts. "Community Investments" also provides updated information and training on CRA and fair lending-related issues.

To help banks identify prospective community investment opportunities and local community groups to work with, Community Affairs publishes Community Needs Assessment profiles of cities and communities within the Twelfth District. The profiles provide a review and analysis of the economic conditions and demographic characteristics of the profiled community. They also contain a detailed description of affordable housing and economic development organizations and public sector agencies that are available for lender participation in meeting CRA obligations and community credit needs. To date, Community Needs Assessment profiles have been produced for ten major cities within the Twelfth District. The profile for the South Central Los Angeles region was compiled in direct response to the civil disturbances that occurred in the area in 1992.

BANKING ON OUR COMMUNITIES

The concept of public/private participation at the local level is an inherent element of the regional structure of the Federal Reserve

WHAT IS THE DEVELOPMENT FUND?

The Development Fund is a San Francisco-based national leader in the development of innovative model financing programs to support affordable housing and community economic development for low- and moderate- income communities. Founded in 1963, the Development Fund is one of the oldest nonprofit affordable housing and community development support organizations in the nation.

The Development Fund's pioneering model programs include the concept of the community reinvestment corporation (CRC), a large-scale financing program for affordable housing development, and the Reverse Annuity Mortgage Program (RAM), which is designed to help low- and moderate- income older adults borrow against the equity in their homes. The Development Fund works with various public/private partners and financial institutions to design and create the model programs and to demonstrate their effectiveness. Once established, the programs are then transferred to other nonprofit organizations for long-term management.

The Development Fund's RAM model program has been extensively replicated in many states. This home equity conversion program allows older adults -- who often struggle to meet expenses while living on fixed incomes -- to increase their monthly income by borrowing against the equity in their homes.

John Trauth, Executive Director of the Development Fund, originally conceived the CRC concept as a practical strategy to address both the critical need for affordable housing and the limitations banks face in financing these types of complex projects. A CRC is a nonprofit multi-bank lending consortium specifically formulated to provide long-term mortgage financing for multi-family affordable housing developments. Joining a CRC allows banks to pool funds and share risk so they can safely participate in financing affordable housing projects and meet their Community Reinvestment Act (CRA) obligations at the same time. Many banks are unable to independently underwrite long-term mortgage loans due to their higher degree of interest rate risk.

Beginning in 1989, the Development Fund worked in partnership with the Federal Reserve Bank of San Francisco to create the California Community Reinvestment Corporation (CCRC) which has served as a model to establish CRCs in four other Twelfth District states -- Hawaii (1990), Washington (1991), Nevada (1992), and Idaho (1993). Two CRCs have been created in Florida based on the CCRC prototype.

To meet the critical need for financing community and small business development, the Development Fund and 52 California banks are creating the Community Economic Development Lending Initiative (CEDLI) which is being launched in partnership with the Federal Reserve Bank of San Francisco. CEDLI also may serve as a model for other states striving to expand the role of private capital in community development activities.

System and the unique role played by each Federal Reserve Banks' boards of directors. As with all Federal Reserve Banks, the composition of the Twelfth District Bank's five boards of directors -- at its San Francisco head office and four branches -- extends beyond banking to include representation from the business, agricultural, and community sectors. Directors play a key role in the formulation of monetary policy by providing an assessment of the current economic and financial conditions shaping our region. Board member representives from community economic development organizations also help keep our Bank's executive and community affairs staff apprised of community development issues.

Currently, there are three Twelfth District board members representing community economic development corporations. Anita E. Landecker, Regional Vice President, Local Initiatives Support Corporation (LISC), chairs our Los Angeles Branch Board. LISC is a national nonprofit community development support corporation -- the largest in the nation -- that provides financing, training, and technical assistance to community-based developers undertaking affordable housing and economic development projects to revitalize their neighborhoods. Cynthia A. Parker, a member of our San Francisco Head Office Board, is the Executive Director of Anchorage Neighborhood Housing Services Inc. (NHS). Constance G. Hogland, Executive Director of Boise NHS, sits on our Salt Lake City Branch Board. The Anchorage and Boise NHSs are locally-based community development corporations (CDCs) that are affiliates of the NeighborWorks national network. These two CDCs form partnerships with financial institutions and are involved in the production of affordable housing for low- and moderate- income families.

The Twelfth District's Community Affairs Department plays a role in building local CRA partnerships through its active participation in the formation of statewide multi-bank lending consortia. In 1989, our Community Affairs Department joined forces with The Development Fund to form the California Community Reinvestment Corporation (CCRC). CCRC, a nonprofit mortgage banking corporation, is a consortium of 58 California banks which pool funds to provide permanent, fixed rate, long-term loans for affordable, low-income, multi-family rental housing projects throughout the state of California. To date, CCRC's revolving loan pool of over $200 million has enabled community developers to finance 44 housing projects throughout California. Thirty-two of the 44 CCRC loans have either been sold or are in the process of being sold on the secondary mortgage market to allow CCRC to replenish its pool and provide a revolving source of funding for new projects.

During 1993, our Community Affairs Department worked with The Development Fund to plan the Community Economic Development Lending Initiative (CEDLI). Still in its formative stages, CEDLI is targeted to be a multi-bank lending consortium which will provide loans to small businesses, minority-owned firms, and microbusiness enterprises in California communities that are unable to obtain credit in the traditional credit market. CEDLI also will provide technical assistance to help borrowers successfully manage their businesses and meet their debt obligations. CEDLI's task force, which consists of California bankers and community leaders, plans to work over the next year to create and implement the lending program.

Management Committee
(From left)
Patrick K. Barron, First Vice President and Chief Operating Officer
Michael J. Murray, Senior Vice President, Administration
Robert T. Parry, President and Chief Executive Officer
Thomas D. Thomson, Executive Vice President, Central Bank Functions

Highlights of 1993

OPERATIONS AND FINANCIAL SERVICES

Bank consolidation and regulatory change are altering the face of the financial services industry in the Twelfth Federal Reserve District and along with it, the kinds of payments services financial institutions need. In 1993 the Twelfth District met the challenge to provide innovative and highly automated services by upgrading the automation infrastructure of our operations, introducing several new services, and continuing to improve service quality, reliability and efficiency.

CHECK SERVICES

The changing needs of financial institutions have had a tremendous impact on check clearing services. Increasingly, institutions are demanding electronic services that speed the flow of payment information and minimize the number of times a check must be processed.

To promote the electronic collection of checks and to meet this growing demand for electronic services, the District added several new products to its line of electronic "Payor Bank" services, including *MICR-Link Plus.* This electronic presentment service enables the paying financial institution to post cleared checks to its customers' accounts directly from transmitted files containing the payment information from the checks' "MICR" line. It decreases the amount of processing the institution must do and speeds the flow of information to permit quick identification of checks that must be returned unpaid. This reduces the risk of loss to the depositing bank and its customers. The District also introduced a new check "truncation" service, whereby our five offices will retain a paying institution's checks and provide photocopies of any of its items on request. This service eliminates check transportation and reduces check processing requirements considerably.

To extend the benefits of electronic presentment to checks that paying institutions receive directly from collecting institutions, our District developed a group of "presentment point" services. With the implementation of the Same-Day Settlement provisions of Regulation CC in January 1994, paying banks are likely to see a significant increase in the number of direct presentments because "same-day settlement" gives collecting banks the right to present checks directly and receive payment the same day. Our new "presentment point" services are designed to help paying institutions manage this increase in direct presentments and continue to take advantage of our payor bank services by designating one of our Federal Reserve offices as an alternative presentment point.

The Twelfth District also introduced an electronic adjustment service in 1993. This service accelerates the resolution of errors by enabling institutions to initiate and track adjustment cases electronically. The new service is available via direct computer interface or *Fedline* -- an integrated, personal computer-based software package that provides access to a variety of Federal Reserve services.

To support our product and service enhancements and provide for more effective cost control, we upgraded our check processing automation infrastructure. Also, our District piloted a prototype medium-speed check imaging system to explore ways to speed collection and meet future check processing requirements through the capture, storage and retrieval of digitized images of checks.

ELECTRONIC PAYMENTS

A major initiative in electronic payments was the successful transfer of computer processing for the *Fedwire* large-dollar funds transfer system and the *Book-Entry* securities transfer system to a consolidated processing site in Richmond, VA. The move was the culmination of months of testing -- to ensure that controls and performance would be acceptable in the new environment and that disaster recovery capabilities were adequate.

This effort was part of the first phase of a Federal Reserve System plan to consolidate all mainframe computer processing at three sites -- East Rutherford, New Jersey; Richmond, Virginia; and Dallas, Texas. Consolidation will centralize the computer processing operations of the Federal Reserve System's key electronic payments services (including, eventually, the ACH service), thereby improving reliability, expanding customer service capabilities and promoting greater efficiency.

AUTOMATED CLEARING HOUSE

During the year, we implemented *Fed ACH '93*, a new processing system that offers financial institutions and their customers greater flexibility and expanded hours for depositing and receiving work. This new system sets the stage for the eventual System-wide consolidation and centralization of ACH processing.

During the year, all ACH support and processing functions were consolidated at our San Francisco head office to increase productivity and cost control. At the same time, the District maintained very high levels of customer service, including an on-time delivery rate of 100 percent for both the number and dollar value of ACH items.

1993 also marked the conversion to the all-electronic commercial ACH, which provides for faster and more reliable delivery of items. To speed the return of unpaid items, moreover, our District instituted a new automated voice response system which enables smaller institutions to send information via touch-tone telephone. This voice response system significantly reduces costs and potential errors for the institutions that had been using the paper-based return service.

FUNDS TRANSFER

For the seventh straight year, both full-day and critical hours availability for the Fedwire service -- at 99.99 percent and 100 percent, respectively -- exceeded service quality standards established for the Federal Reserve System.

During the year our District continued to work closely with financial institutions to improve their disaster recovery capabilities, including the security aspects of their contingency arrangements. To assist financial institutions during crises, we developed a database containing each institution's recovery plans and worked with them to test their capabilities.

SECURITIES AND FISCAL SERVICES

A major milestone for Securities Services in 1993 was the successful implementation of *TAAPS*, the new Treasury securities automated auction processing system for primary government securities dealers. By combining on-line, automated access to the auction process with back-end processing of orders, this new system speeds the auction process while reducing errors and improving monitoring capabilities.

1993 also marked the beginning phases of the transfer of the Twelfth District's Savings Bond operations to the Federal Reserve Bank of Kansas City, one of five new regional Savings Bond processing sites. The eventual transfer of all Federal Reserve Savings Bond operations to one of these sites will reduce costs and enhance operating efficiencies in the System's fiscal agency services.

Providing high-quality customer service continued to be a priority in 1993. To expedite our response to requests and questions from depository institutions and the public, we established a special customer service unit in our San Francisco office. Equipped with computerized databases and automated processing systems, this new unit is capable of quickly handling and tracking any aspect of financial institutions' and the public's fiscal agency transactions.

CASH SERVICES

As part of a multi-year plan to upgrade Cash Services automation, our District undertook three major initiatives in 1993. Successful implementation of the *Cash Automation System*, an advanced system to integrate cash ordering, operating and accounting functions, was a key part of this plan. This system automates all aspects of cash operations, including balancing and reporting, to provide for more effective control and more efficient operations.

Along with the implementation of the Cash Automation System, we also enhanced the cash services module of *Fedline* to include deposit notification and updated cash ordering functions. For institutions that do not have *Fedline* access, the District introduced *FedFone*, an automated voice response system that enables them to order cash and send information quickly and efficiently.

The Material Handling System, an automated storage and retrieval system for containerized valuables, that will be installed in our two largest offices -- Los Angeles and San Francisco -- in 1994, also was completed during the year. This system will improve operating efficiency by interfacing with the Cash Automation System and providing state-of-the-art inventory management, automated vault operations, and expanded vault capacity.

Finally, as part of a System-wide, multi-year plan to upgrade currency processing equipment, the District began installing new, second-generation machines during 1993. These machines will increase currency throughput, enhance counterfeit detection capabilities, and, because they will be linked to the Cash Automation System, provide for more effective monitoring of deposit quality.

PUBLIC INFORMATION

Media outreach efforts focused on expanding awareness and understanding of the Federal Reserve System and banking and economic developments in our region. A comprehensive media visitation program -- including newspapers, business journals, wire services, and television and radio stations -- was conducted in Idaho, Oregon and western Washington. Bank senior management held news briefings with editors and reporters from various newspapers. The Bank president held briefings and provided economic analyses following speeches in Boise, San Diego, Portland and Salt Lake City.

Community reinvestment was spotlighted in the Los Angeles region through the branch's role in organizing press and media coverage for the newly formed Southern California Business Development Corporation -- the first multibank community development corporation established in L.A. Coverage also heightened overall awareness of Community Reinvestment Act (CRA) programs and requirements.

In December 1993, *Fed-in-Print*, the index to Federal Reserve System economic publications became available on the Internet. This is the result of efforts by the Research Library working together with other Reserve Bank libraries to enhance public access to Federal Reserve economic research.

The Audiovisual staff produced several major System, District and other agency projects this year, including programs on the functions of the National Information Center banking database, new Daylight Overdraft requirements, and an educational program about money for grade school audiences.

A record number of eight Money and Banking workshops were held for teachers, including the first ever held in Alaska and Hawaii. Educational programs and products were strengthened through the introduction of a newsletter for teachers produced in cooperation with state councils on economics education in our District. "What is Money?" a computer-animated video and high school curriculum unit, was completed for free distribution to schools nationwide. New Monetary and Fiscal Policy computer simulations and teacher materials also were completed during 1993 for free distribution.

ECONOMIC RESEARCH

Economic Research focused on important topics relevant to Federal Reserve monetary, regulatory, and regional policy analyses during 1993 and in the years ahead. For example, macroeconomic studies examined issues such as the effectiveness of various Monetary Policy indicators, business cycle behavior in the U.S., and output losses associated with the Fed's efforts to reduce inflation. Banking studies looked at deposit insurance reform, bank capital regulatory issues, fair lending laws, problem real estate loans, and the role of banks in short-term lending. Regional analyses focused on water policies and income dispersion in the U.S. while research on our District economy took a look at western mining, the defense and aerospace industries, and the spill-over effects of the California economy on other western states.

Our Center for Pacific Basin Monetary and Economic Studies continued its role in promoting central bank cooperation across the Pacific Basin and enhancing public awareness of the region's monetary and economic policy issues through its network of international researchers, international conferences, staff research, and publications. 1993 Pacific Basin research included studies which examined monetary and exchange rate policies in Japan, Korea, Taiwan, and Australia. The Center's research is published in the Pacific Basin Research Abstracts and the Center Working Paper Series. Other international research focused on international capital mobility and current account imbalances.

Public awareness of relevant policy issues and economic developments was heightened through the dissemination of current Research publications including the *Weekly Letter* which analyzes topical economic issues and is widely distributed among the general public as well as business and academic readers. Regional data and information covering economic developments in the Twelfth District states was conveyed through *Western Economic Developments*, published twice quarterly. *Fedviews*, a monthly video program, updated current issues and the economic outlook using an interview format.

Public outreach efforts also included 68 speeches to community and business groups within the District. Additionally, staff economists contributed their expertise at Money and Banking Workshops held for educators throughout the District.

SUPERVISION, REGULATION, AND CREDIT

During the year, Reserve Bank examiners conducted a total of 63 examinations of commercial banks. Weakening financial conditions prompted formal supervisory actions against four banks, informal actions against six banks, and the assessment of civil money penalties against one bank. Supervisory actions established against two banks in previous years were lifted while another action was upgraded from a formal to an informal action because of significantly improved conditions.

The San Francisco Reserve Bank continued to actively counter the impact of the weakened California economy on the Twelfth District banking industry as a whole. All bank holding companies (BHCs) in the District were monitored regularly and any deteriorating trends were promptly reviewed with supervisory action taken, if necessary. Eighty-eight corrective action plans, of varying degrees of severity, were issued to holding companies in 1993 -- an increase of 30 since year-end 1992. The substantial increase in this area largely reflects the difficulties faced by some California holding companies, particularly in the southern portion of the state where economic conditions have been more adverse and prolonged.

At year-end, domestic application filings totaled 211 -- an increase of almost 50 percent from the 143 filings during 1992. Applications to form bank holding companies and for membership in the Federal Reserve System accounted for a major portion of the increase. As a result of applications approved, we extended our supervisory purview over 20 new banks and three nonbanking companies.

There were 148 agencies and branches of foreign banks, 23 Edge corporation offices, and 45 representative offices in our District by year-end 1993. Of these, the International Unit examined 94 agencies and branches, 16 Edge Act offices and all 45 representative offices. Supervisory actions were levied against 8 institutions which included one written agreement and one cease and desist order. International applications totaled eight in 1993 compared to 19 filings during 1992. The substantial difference resulted from the passage of the Foreign Bank Supervision Enhancement Act of 1991 which prompted a large number of filings immediately following its passage.

Our Compliance examiners continue to operate in an expanding, dynamic regulatory environment. Significant accomplishments included the development of a new training guide designed to assist examiners in monitoring banks for compliance with REG DD, the new regulation which implements the Truth in Savings Act. Fair lending practices, especially related to the Home Mortgage Disclosure Act (HMDA) and the Community Reinvestment Act (CRA), remain a major focus of compliance efforts. To actively address these areas, compliance examiners participated in numerous fair lending training programs and developed enhanced examination tools to determine whether or not banks are meeting their fair lending obligations. Of particular note was the San Francisco Compliance Unit's role in spearheading a three-day Interagency Lending Discrimination Seminar for examiners from all four federal regulatory agencies. This seminar will be used as a model for developing discrimination analysis training for compliance examiners throughout the Federal Reserve System.

During 1993, 62 depository institutions borrowed from the discount window compared to 78 institutions during 1992. A total of 470 loans were extended during the year compared to 910 in 1992, with most institutions borrowing on an overnight basis for temporary adjustment needs. Our Bank held $27.9 billion in collateral accounts at year-end. Credit staff continue to be extensively involved in a wide range of risk managment programs designed to quickly identify and alleviate our Bank's exposure to excessive risk and potential loss.

Branch Operations

Seated, E. Ronald Liggett, Senior Vice President, Northern Region
Standing, from left, Gordon R.G. Werkema, Senior Vice President, Seattle, and Andrea P. Wolcott, Vice President, Salt Lake City.
John F. Moore, Senior Vice President, Los Angeles, was not available for the photograph.

Summary of Operations

	Volume (in thousands)		
	1991	1992	1993
Custody Services			
Cash Services			
Currency notes paid into circulation	3,599,575	3,758,533	4,069,935
Food stamp coupons processed	436,226	604,544	651,348
Securities Services			
Savings Bonds original issues	2,902	3,024	3,026
Other Treasury original issues	216	150	113
Book-Entry securities processed	686	766	702
Payments Services			
Check Services			
Commercial checks collected	3,027,685	2,978,582	2,994,572
Government checks processed	78,013	76,781	73,648
Return items processed	33,221	33,496	32,709
Electronic payments services			
Wire transfers processed	18,245	19,416	19,962
Automated clearinghouse transactions processed	345,458	380,448	406,220
Discounts and Advances			
Total discounts and advances*	866	910	483
Number of financial institutions accommodated*	97	78	64

* Whole number (not in thousands)

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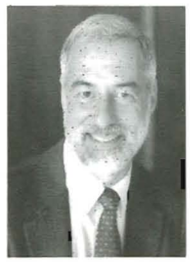

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Emilie A. Adams
President and CEO
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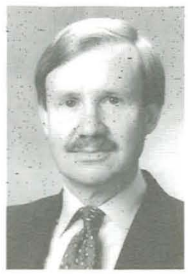

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Secretary
California Department of
Food and Agriculture
Sacramento, California

Comparative Statement of Account

(Thousands of Dollars)

Assets	December 31, 1993	1992
Gold certificate account	1,392,000	1,299,000
Special drawing rights certficate account	904,000	904,000
Other cash	60,625	97,768
Loans to depository institutions	0	69,000
Federal Agency obligations	541,512	616,150
United States Government securities:		
Bills	18,722,081	16,141,240
Notes	15,419,200	13,452,997
Bonds	4,619,775	3,988,478
Total United States Government securities	38,761,056	33,582,715
Total loans and securities	39,302,568	34,267,865
Items in process of collection	1,554,904	1,349,226
Bank premises	150,876	146,243
Operating equipment	31,746	30,845
Other assets:		
Denominated in foreign currencies	3,295,072	2,723,618
All other	862,844	636,325
Interdistrict settlement account	(12,121,651)	2,133,707
Total assets	35,432,984	43,588,597
Liabilities		
Federal Reserve Notes	26,322,759	35,878,384
Deposits:		
Total depository institutions-reserve accounts	6,790,730	5,466,392
Foreign	20,503	17,597
Other deposits	21,320	5,866
Total deposits	6,832,553	5,489,855
Deferred credit items	1,016,233	1,107,531
Other liabilities	271,689	212,237
Total liabilities	34,443,234	42,688,007
Capital Accounts		
Capital paid in	494,875	450,295
Surplus	494,875	450,295
Total liabilities and capital accounts	35,432,984	43,588,597

Earnings and Expenses
(Thousands of Dollars)

	December 31, 1993	December 31, 1992
Current Earnings		
Discounts and advances	834	682
United States Government securities	1,943,930	1,916,003
Foreign currencies	182,225	269,109
Income from services	86,370	91,162
All other	622	1,126
Total current earnings	2,213,981	2,278,082
Current Expenses		
Total current expenses	190,474	182,321
Less: reimbursement for certain fiscal agency and other expenses	15,584	15,121
Net expenses	174,890	167,200
Cost of earnings credits	19,800	21,243
Current net earnings	2,019,291	2,089,639
Profit and Loss		
Additions to current net earnings		
Profit on prior period adjustments	-	-
Profit on sales of United States Government securities (net)	4,503	13,348
Profit on foreign exchange transactions (net)	39,161	-
All other	8,198	5
Total additions	51,862	13,353
Deductions from current net earnings		
Loss on sales of United States Government securities (net)	-	-
Loss on foreign exchange transactions (net)	0	136,565
All other	61,817	283
Total deductions	61,817	136,848
Net additions (+) or deductions (-)	(9,955)	(123,495)
Cost of unreimbursed Treasury services	(4,260)	(4,099)
Assessments by Board of Governors		
Board expenditures	(20,692)	(16,423)
Federal Reserve currency costs	(44,506)	(36,604)
Net earnings before payments to the United States Treasury	1,939,878	1,909,018
Dividends paid	28,758	23,042
Payments to the United States Treasury (interest on Federal Reserve Notes)	1,866,540	1,771,329
Transferred to surplus	44,580	114,647
Surplus, January 1	450,295	335,648
Surplus, December 31	494,875	450,295

Bank Officers

Robert T. Parry
President and
Chief Executive Officer

Patrick K. Barron
First Vice President
and
Chief Operating Officer

Central Bank Functions

Thomas D. Thomson
Executive Vice President
Central Bank Functions

Economic Research

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Senior Vice President
and Director of Research

John P. Judd
Vice President and
Associate Director of
Research

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Vice President
Banking and Regional
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Research Officer
Domestic Macroeconomic
Studies

Bharat Trehan
Research Officer
Domestic Macroeconomic
Studies

Mark Levonian
Research Officer
Banking and Regional
Studies

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Eugene A. Thomas
Senior Vice President
Supervision, Regulation and
Credit

Merle S. Borchert
Vice President
Bank Examinations

Terry S. Schwakopf
Vice President
Banking Supervision

W. Gordon Smith
Vice President
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Kenneth R. Binning
Director
BHC and International
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Harold H. Blum
Director
Banking and Trust
Supervision

Donald R. Lieb
Director
Credit and Risk
Management

Wayne L. Rickards
Director
Banking and Consumer
Regulation

James M. Barnes
Assistant Vice President
Multinational, Regional
and Community Bank
Supervision, S.F.

Richard S. Campos
Assistant Vice President
BHC Supervision

Robert C. Johnson
Assistant Vice President
Regional and Community
Bank Supervision, L.A.

Thomas P. McGrath
Assistant Vice President
Regional and Community
Bank Supervision, S.L.C.

Philip M. Ryan
Assistant Vice President
International Supervision

W. Starr Seegmiller
Assistant Vice President
Trust

Kelly K. Walsh
Assistant Vice President
Community Affairs

David M. Vandre
Assistant Vice President
District Compliance and
Special Examinations

Thomas J. Backer
Examining Officer
BHC Inspections, L.A.

Rack Fukuhara
Managing Officer
Supervision, Regulation and
Credit

Lelia M. Jones
Examining Officer
Consumer Compliance

Gary P. Palmer
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G. Ross Varoz
Examining Officer
BHC Inspections, S.L.C.

Dale L. Vaughn
Examining Officer
International Examinations,
L.A.

David W. Walker
Examining Officer
International Examinations,
S.F.

George T. Westerman
Applications Officer

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Vice President
and General Counsel

Douglas R. Shaw
Vice President
and Counsel

Kenneth M. Kinoshita
Associate General Counsel

Public Information

Robert L. Fienberg
Vice President and
Director of
Public Information

Ombudsman

Jane M. Waterman
Ombudsman

Administration

Michael J. Murray
Senior Vice President
Administration

C. Kenneth Arnold
Vice President
District Security

Elizabeth K. Christensen
Vice President
Corporate Planning and
Financial Control

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Vice President
Building and Property
Management

Sallie H. Weissinger
Vice President
Corporate Personnel

Susan G. Porterfield
Director
Compensation and Benefits

Sylvia A. Cunningham
Assistant Vice President
Financial Planning and
Control

Deborah S. Jackson-Duke
Assistant Vice President
Automation and Payroll

James J. Tenge
Assistant Vice President
Administrative Services

Thomas R. Thaanum
Assistant Vice President
Accounting

Bank and Treasury Services

John W. Gleason
Senior Vice President
Bank and Treasury Services

Dawn S. Block
Assistant Vice President
Cash Services

Susan A. Sutherland
Assistant Vice President
Securities Services

Computer Services and Electronic Payments

Laurence Washtien
Senior Vice President
Computer Services and Electronic Payments

Patrick Tong
Vice President
Computer Operations, Network Support Services, Data Security, and Contingency Planning

Nancy Emerson
Director
Applications Systems

John Y. C. Lin
Director
Systems and Communications/Financial Administration

Paige Birdsall
Assistant Vice President
Electronic Payments

John S. Hsaio
Assistant Vice President
Applications Systems, Mainframe Consolidation

Payments and Support Services

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Senior Vice President
Payments and Support Services

Barbara J. Contini
Vice President
Electronic Access

Patricia A. Welch
Vice President
Statistics

Eliot E. Giuili
Director
Statistical Reports and Reserves Administration

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Adjustment and Support Services

Douglas O. Knudsen
Assistant Vice President
Business Development

Ellsworth E. Lund
Assistant Vice President
Technical Resources and CALL/BHC Reports

Gail G. Quarles
Assistant Vice President
Electronic Access

Beverly-Ann Hawkins
Automation Resources Officer

Elizabeth M. O'Shea
Payments Services Officer

Secretary's Office

Elizabeth R. Masten
Vice President and Secretary of the Board

Audit

Vacant
General Auditor

Bruce H. Thompson
Director/Assistant General Auditor

Charles O. Bowden
Assistant Vice President
Southern Region

S. Jean Hinrichs
Assistant Vice President
Audit

Gary G. Hoeth
Assistant Vice President
Northern Region

Peter K. C. Hsieh
Assistant Vice President
Audit

Branch Operations

Los Angeles Branch

John F. Moore
Senior Vice President in Charge and District Product Coordinator for Cash

Sean J. Rodriguez
Vice President
Administration

D. Kerry Webb
Vice President and Assistant Branch Manager

Mark W. Fishback
Director
Materials Handling System Project

David C. Albo
Assistant Vice President
Cash Operations (CVCS) and Shipping and Receiving

Darcy J. Coulter
Assistant Vice President
Cash Administration, Securities Services, End User Computing

Brent M. Duxbury
Assistant Vice President
Administrative Services

Robin A. Rockwood
Assistant Vice President
Business Development and Electronic Product Support

Rachel A. Romero
Assistant Vice President
Payments Services

Mary T. Rector
Administrative Officer
Personnel/FP&C

Northern Region Branch

E. Ronald Liggett
Senior Vice President
Northern Region and District Quality Control Coordinator

Portland Branch

Dean C. Gonnerman
Assistant Vice President
Business Development and Public Information

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Assistant Vice President
Branch and Custody Services

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Assistant Vice President
Payments Services

Salt Lake City Branch

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Vice President in Charge and District Business Development Coordinator

Gerald R. Dalling
Assistant Vice President
Administrative, Cash and Securities Services

A. Kenneth Ridd
Assistant Vice President
Business Development, Technical Services and Public Information, District Business Development Product Manager

Jed W. Bodily
Payments Services Officer

Seattle Branch

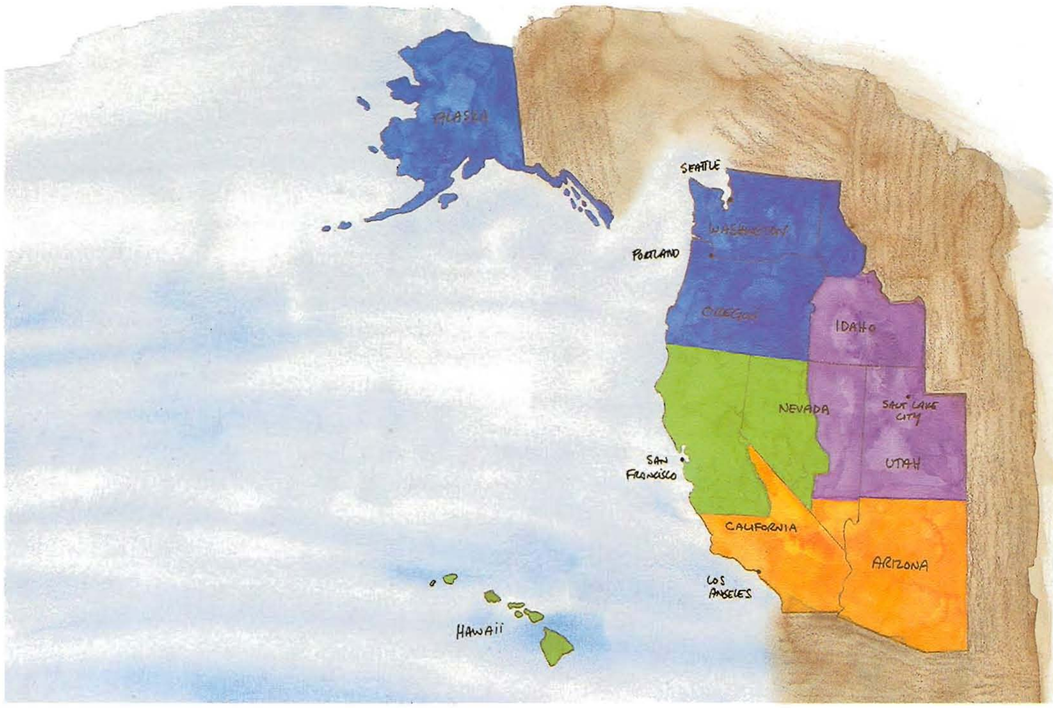
Gordon Werkema
Senior Vice President in Charge and District Product Coordinator for Checks

Gale P. Ansell
Assistant Vice President
Branch Services

Jimmy F. Kamada
Assistant Vice President
Custody Services

Kenneth L. Peterson
Assistant Vice President
Payments Services and Chairman, Check Officers Group

Twelfth Federal Reserve District



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