



P.O. BOX 12506 SAN FRANCISCO, CA 94112. (415) 334-0220

Panel 23

JULY 10, 1998

MR. WILLIAM W. WILES
SECRETARY OF THE BOARD
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
20TH STREET AND CONSTITUTION AVE, N.W.
WASHINGTON, D.C. 20551

FAX: 202-452-3819

- RE: OBJECTION TO THE MERGER AND RESOLUTION TO THE PROPOSED MERGER BY NATIONBANK CORPORATION, CHARLOTTE, NORTH, CAROLINA, TO ACQUIRE BANK OF AMERICA CORPORATION OF SAN FRANCISCO, CALIFORNIA, U.S.A.
- RE: CONSIDERATION OF A PROPOSAL SUBMITTED BY THE PASTORS AND MINISTERS CONFERENCE OF SAN FRANCISCO AND ADJACENT CITIES, INC., UNDER THE FEDERAL COMMUNITY REINVESTMENT ACT./HOW THE TWO BANKS CAN ASSIST IN COMMUNITY PROJECTS BY DONATING \$4,000,000 TO THE CONCERNED ORGANIZATIONS FOR COMMUNITY SERVICES.

THE PASTORS AND MINISTERS CONFERENCE OF SAN OF SAN FRANCISCO AND ADJACENT CITIES, INC.,/SOUTH BAY BRANCH OF THE NAACP/NORTHERN CALIFORNIA AFFILIATES OF THE CONGRESS OF NATIONAL BLACK CHURCHES WHICH CONSIST OF MORE THAN 500 HUNDRED CHURCHES AND ACTIVE COMMUNITY BASED ORGANIZATION WHICH HAVE FORMED A COALITION AGAINST THE MERGER HEREBY FILES THEIR CONCERNS NEIGHBORHOODS, ABOUT THE MERGER'S IMPACT ON BANKING SERVICES TO THE LOW-INCOME AND MINORITY NEIGHBORHOODS.

FEDERAL LAW-THE COMMUNITY REINVESTMENT ACT OF 1977 REQUIRES BANKS TO MAKE LOANS IN ALL NEIGHBORHOODS IN WHICH THEY HAVE BRANCHES AND WE ARE CONCERNED ABOUT HOW BANK OF AMERICA IS CLOSING MOST OF THEIR BANK BRANCHES IN PREDOMINANT AFRICAN AMERICANS NEIGHBORHOODS IN THE BAY AREA. WE ARE CONCERNED ABOUT THE POOR COMMUNITY LENDING RECORD TO MINORITY ESPECIALLY AFRICAN AMERICANS IN LOW-INCOME AREAS FEDERAL REGULATORS SHOULD LOOK AT THEIR RECORD VERY CLOSELY.

WE FEEL THAT THESE GIANT INSTITUTIONS SHOULD EXPAND THEIR LOANS COMMITMENTS NATIONWIDE IN COMMUNITY DEVELOPMENT LOANS AND OTHER INVESTMENTS SUCH AS ASSISTING WORTHWHILE COMMUNITY



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SERVICES PROJECTS.

WE FEEL THAT THE BANK SHOULD EXPAND THEIR SMALL BUSINESS LOANS, AFFORDABLE HOUSING LOANS, LOANS TO MINORITIES CONTRACTORS ESPECIALLY AFRICAN AMERICAN CONTRACTORS ECONOMIC DEVELOPMENT LOAN AND CONSUMERS LOANS.

IT IS OUR CONCERNS IF THESE TWO BANKING INSTUTIONS ARE ALLOWED TO MERGE WITHOUT THESE DETAILED GUIDELINES IN PLACE AS PART OF THIS MERGER IT IS OUR VIEW THAT THESE INSTITUTION MAY NEGLECT OR ABANDON IT COMMUNITY INVESTMENTS IN CALIFORNIA.

WE FEEL THAT INVESTMENTS WILL DIMINISH AS BANK OF AMERICA LEAVES CALIFORNIA AND THE LOSERS WILL BE THE (LOW INCOME AND MINORITY BANK CUSTOMERS.

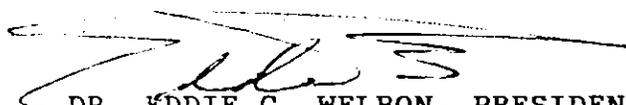
MORE IMPORTANTLY WE A VERY CONCERNED ABOUT THESE TO BANKING INSTITUTIONS LENDING POLICIES TO AFRICAN AMERICANS HIRING POLICIES OF AFRICAN AMERICANS ESPECIALLY AFRICAN AMERICAN MALES AND OTHER MINORITY.

THANK YOU VERY MUCH FOR ALLOWING US TO PRESENT OUR CONCERNS AND VIEWS.

SINCERELY,


CLARENCE R. STERN, ADMINISTRATIVE ASSISTANT

REV. JESSE JAMES, VICE PRESIDENT


DR. EDDIE C. WELBON, PRESIDENT

CC: CONGRESS OF NATIONAL BLACK CHURCHES, WASH, D.C.
NATIONAL OFFICE OF THE NAACP
THE CONGRESSIONAL BLACK CAUCAS, WASH, D.C.



P.O. BOX 12506 SAN FRANCISCO . CA 94112. (415) 334-0220

JUNE 27, 1998

JOY HOFFMAN-MOLLOY
COMMUNITY AFFAIRS OFFICER,
FEDERAL RESERVE BANK OF
SAN FRANCISCO, DIVISION
OF BANKING SUPERVISION AND
REGULATION, MAIL STOP 620
101 MARKET STREET
SAN FRANCISCO, CA. 94105

FAX: 415-393-1920)

- RE: OBJECTION TO THE MERGER AND RESOLUTION TO THE
PROPOSAL BY NATIONBANK CORPORATION, CHARLOTTE,
NORTH CAROLINA, TO ACQUIRE BANK OF AMERICA
CORPORATION, S AN FRANCISCO, CALIFORNIA
- RE: CONSIDERATION OF A PROPOSAL SUBMITTED BY THE
PASTORS AND MINISTERS CONFERENCE OF SAN FRANCISCO
AND ADJACENT CITIES, INC. UNDER THE COMMUNITY
REINVESTMENT ACT.

BRIEF STATEMENT

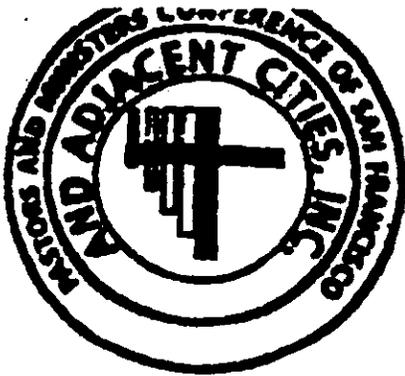
WE ARE CONCERNED IN BANK OF AMERICA'S LENDING POLICIES
TO AFRICAN AMERICANS AND OTHER MINORITIES GROUPS, PARTI-
CIPATING IN COMMUNITY OUT-REACH PROGRAM IN THE AFRICAN
AMERICANS COMMUNITIES AND SEE IF THESE BANKING INSTITUTIONS
WOULD BE SUPPORTED IN ASSISTING OUR NONPROFITS IN COMMUNITY
PROJECTS TO BENEFIT OUR INNER-CITIES YOUTHS.

ESTIMATED TIME TO SUBMIT OUR CONCERNS AND PROPOSAL SHALL
BE APPROXIMATELY THIRTY MINUTES (30) MINUTES.

WE ALSO HAVE A JOINT RELATIONSHIP WITH THE NORTHERN
CALIFORNIA BRANCHES OF THE NAACP AND THE NORTHERN CALIFORNIA
AFFILIATE OF THE CONGRESS OF NATIONAL BLACK CHURCHES.

AND MINISTERS AND PASTORS THROUGH OUT THE NORTHERN
CALIFORNIA
AREA.

1. DR. EDDIE C. WELBON, PRESIDENT OF THE SOUTH BAY BRANCH



P.O. BOX 12506 SAN FRANCISCO . CA 94112. (415) 234-8228

PRESIDENT OF THE NORTHERN CALIFORNIA AFFILIATE OF THE
CONGRESS OF NATIONAL BLACK CHURCHES.

ADDRESS: 918 AVALON AVENUE, SAN FRANCISCO, CA. 94112

TEL: 1-415-334-0220

DR. BENJAMIN CRISWELL, 1058 CAPITOL AVENUE, SAN FRANCISCO,
CALIFORNIA TEL: 1-415-584-4710 HEALTH DIRECTOR OF THE
NORTHERN CALIFORNIA CONGRESS OF NATIONAL BLACK CHURCHES,
NORTHERN CALIFORNIA AFFILIATE. VICE PRESSIDENT OF THE SOUTH
BAY BRANCH OF THE NAACP.

3. CLARENCE R. STERN CHAIRMAN OF THE FUNDRAISING COMMITTEE
SOUTH BAY BRANCH OF THE NAACP. SAME AS ABOVE.

4. REV. JESSE JAMES, MEMBER OF THE BAORD OF DIRECTORS OF
THE PASTORS AND MINISTERS CONFERENCE OF S.F. AND ADJACENT
CITIES, AND THE CONGRESS OF NATIONAL BLACK CHURCHES,
NORTEHR CALIFORNIA AFFILIATE.

2535 24TH STREET, SAN FRANCISCO, CALIFORNIA 94110 415-586-
7149.

JAMES WRIGHT, CHAIRMAN OF THE LABOR AND INDUSTRY COMMITTEE
SOUTH BAY BRANCH OF THE NAACP. 918 AVALON AVENUE,
SAN FRANCISCO, C ALIFORNIA 94112. 1-510-427-0516.

HUMBLY SUBMITTED:

DR. EDDIE C. WELBON, PRESIDENT
C.E.O.



TESTIMONY

John R. Burgis

1700 Montgomery Street
Suite 300
San Francisco, CA 94111-1024
(415) 438-5500 Telephone
(415) 438-5724 Facsimile

Catholic Healthcare West

RE: NATIONSBANK/BANKAMERICA MERGER

Federal Reserve Bank of San Francisco

July ¹⁰~~8~~, 1998

My name is John Burgis and I serve as Senior Vice President Financial Services/Chief Financial Officer for Catholic Healthcare West. Today I represent the concerns and hopes of Catholic Healthcare West and a number of institutional investors including the General Board of Pensions of the United Methodist Church, The Presbyterian Church USA, Christian Brothers Investment Services, the Congregation of the Sisters of Charity of the Incarnate Word and Sisters of Charity Health System. These institutions alone hold over 650,000 shares of NationsBank stock and over 400,000 shares of BankAmerica stock. Catholic Healthcare West uses Bank of America for its cash transactions and credit needs; both the Sisters of Charity and the Sisters of Charity Health Care System use NationsBank for their cash transactions.

Let me begin with some background on Catholic Healthcare West's relationship with BankAmerica. Catholic Healthcare West is a \$3.5 billion health services delivery system with facilities and affiliated physician groups in California, Arizona and Nevada. As a religiously sponsored organization, CHW seeks business partners that demonstrate corporate social responsibility. In 1991 CHW began a significant lending and depository relationship with BankAmerica, due in large part to the bank's commitment to expanded community reinvestment. During the ensuing years, we have noted and admired BankAmerica's efforts to differentiate itself as a leader in corporate social responsibility. Particular accomplishments include:

- Focused attention to developing, and promoting access to, affordable financial services and products driven by a formal goal to achieve outstanding ratings in every CRA examination
- Substantial financial commitment to BankAmerica Community Development Bank
- Dedicated and expert leadership devoted to community reinvestment and development
- Inclusion of environmental and social considerations in criteria for lending to developing economies
- Development of a strong environmental program including endorsement of the CERES Principles for corporate environmental responsibility and accountability
- Sustained commitment to diversity in the workplace demonstrated by effective equal employment opportunity and promotion programs, minority purchasing programs and expanded family benefits programs

Relative to the proposed merger of BankAmerica and NationsBank, we urge the new corporation to embrace a comparable, if not enhanced, stance toward corporate social responsibility. In our view the merger presents a singular opportunity to develop an exemplary enterprise that succeeds in the marketplace by becoming the national leader in meeting community needs.

In particular, we are concerned that the new corporation commit formally and publicly to meeting the credit needs of every community where it does business with special attention to low-moderate income clients and persons of color. To that end we have asked Dr. Lind of CANICCOR to prepare reports assessing both NationsBank and BankAmerica's performance in addressing the credit needs of these historically underserved populations. Based on Dr. Lind's assessment, we ask the new corporation to commit to both mortgage lending and small business goals.

In mortgage lending, especially on purchase mortgages and home improvement loans, we ask that the new holding corporation seek to achieve:

1. Performance levels above the industry level in the assessment areas of the banking subsidiaries in lending to Black, Hispanic and low-income borrowers *and* in lending in low-moderate income tracts *and*
2. Performance levels at parity with the industry in all other geographic areas in which the mortgage lending subsidiaries operate in lending to Black and Hispanic borrowers

With regard to business lending, we request that the corporation achieve above the industry levels in small business loans, especially:

1. Loans of \$100,000 and under in low-moderate income tracts, *and*
2. Loans to small businesses in low-moderate income tracts

We believe that these goals would not impair the financial viability of the corporation, but would increase the corporation's market. Such goals would provide a firm basis for further development of these communities *and* help insure the corporation against violations of the Equal Credit Opportunity Act.

In recent negotiations with a number of corporations, we have been gratified by their readiness to adopt similar goals and are confident that the merged corporation will demonstrate a comparable willingness to implement such goals.

We were pleased with the announcement of a Community Lending Commitment of \$350 billion over the next 10 years for the merged corporation. It is indeed the largest commitment announced in any merger so far. We welcome the new corporation's willingness to detailed annual reporting of performance at national, regional and local levels. We view such reporting as a means to maintain public accountability and as a platform for dialogue.

However, we believe that the goals, which I outlined above, serve a different function from these commitments. Commitments are what can be counted on, while goals detail the benchmarks towards which the corporation aims. Thus goals are usually higher than

commitments and are more specific. We are particularly concerned that goals be developed to apply to local markets and market sectors. As Dr. Lind points out in his analysis of our desired goals and their comparison to the announced commitment:

"The need for separate goals for each racial/ethnic group is clearly shown by the fact that the 10-year industry projection for white borrowers is nearly \$50 billion while that for Black borrowers is under \$15 billion. Thus the aggregate commitment for Blacks and Whites could be achieved through an excess of lending to White borrowers of \$5 billion (a 10% increase) and under-lending to Black borrowers by \$5 billion for a loss of over 33% to the Black community."

In closing, let me reiterate my advocacy that the new corporation embrace a vigorous stance toward corporate social responsibility and seize the opportunity to develop an exemplary enterprise that succeeds in the marketplace by becoming the national leader in meeting community needs.

CANICCOR RESEARCH

Panel 23

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Offices at 220 Golden Gate Avenue, 9th floor, San Francisco, CA 94102

TESTIMONY

of

John E. Lind, Executive Director, CANICCOR

before the

HEARING on the Acquisition of BANKAMERICA by NATIONSBANK

on 9 - 10 July 1998 at the

FEDERAL RESERVE BANK OF SAN FRANCISCO

I am John Lind, Executive Director of CANICCOR, an agency of a non-profit corporation. CANICCOR serves as a consultant to institutional investors on the social responsibility of financial institutions. It provides services in two fashions.

1. CANICCOR provides information to funds which have social screens. These include Kinder, Lynderberg & Domini Inc., Calvert, and U.S. Trust.
2. CANICCOR provides analysis for and coordination between institutional investors which take an active shareholder role with the corporations in which they invest.

It is out of this second role, that I speak with you today.

As you have heard from Catholic Healthcare West, church related shareholders have sought agreements with a number of major lenders to have goals of lending at or above the industry level to each under-served group and area in which the corporation operates. The industry level is defined as all reporters under the Home Mortgage Disclosure Act.

Let me give a few numbers to illustrate the problem.

- In 1996 NationsBank originated 1492 loans to Black borrowers (the most difficult to serve group) in its home territory of North Carolina, South Carolina and Virginia, 657 below the industry level of all HMDA reporters. If NationsBank were to have achieved industry parity, lending to Black borrowers in these states would have increased 45%.
- In 1996 Bank of America issued 396 loans to Black borrowers in California, 186 loans below the industry average. To have achieved industry parity its lending to this sector, lending to Black borrowers should have increased by 47%.
- Overall, in 1996 the two corporations performed at 24 to 27% below the industry in lending to Black borrowers, 12 to 15% below in lending to Hispanic borrowers, 14% below in lending to low-moderate income borrowers and 7 to 22% below in lending in low-moderate tracts. (When Boatmen's and Barnett banks are added the overall performances improve slightly to -19%, -14%, -11% and -10%, respectively.)

I refer you to my filing for details on home improvement lending and small business lending.

Let me summarize by saying that we have had a recent phone conversation with NationsBank and believe that the goals we propose are not foreign to the corporation. However, even if these goals were adopted, the merged corporation faces considerable challenge in developing the necessary structures to attain these goals in the near future:

1. NationsBank and BankAmerica have very different corporate cultures, which need to cooperate and coordinate,