

WHAT THE BANKS SAY ON SOUTH AFRICA

A Summary of Bank Statements Regarding Lending
Policies to South Africa

by

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INTRODUCTION

This report represents a revised updated version of the 1981 edition of ICCR's "What the Banks Say on South Africa." The listing in this revised edition is a sample of all U.S. banks doing business with South Africa. It includes both large international banks and smaller regional banks. "What Banks Say on South Africa" was recognized as a valuable document when it was produced in 1981. Since that time, efforts on the part of church shareholders to persuade major banks to discontinue lending or underwriting bond sales to South Africa have continued. One significant and noticeable change in bank policy is the decision of BankAmerica Corporation to prohibit new loans to the South African government and parastatal organizations "unless significant concrete steps have been taken to dismantle the apartheid laws."

As this report demonstrates, many of these banks have been involved in lending to South Africa in the past. Although it is difficult to determine the exact loan exposure of individual U.S. banks to South Africa, their combined loan exposure jumped from \$2.2 billion in 1978 to \$3.8 billion in 1983. The recent surge in external loans is the result of policy changes in Pretoria which encouraged the switching of trade financing from the domestic to the foreign lending market. Estimates of U.S. bank exposure to South Africa is included in the Appendix.

The result of the survey can be categorized into three parts. In the first category, nearly all the banks surveyed stated that they do not and will not make loans to the South African government, its agencies and instrumentalities. Among them, however, nearly all of the larger banks holding this position refused to apply a similar stringent policy to either loans to the private sector or trade-related loans. This policy is based on a questionable bank premise that failure to extend loans to the private sector could cause considerable hardships on all South Africans, especially the blacks who will suffer as a result of economic contraction in the country. They choose to disregard evidence that the benefits resulting from such loans are overwhelmingly absorbed by the white minority regime. Furthermore, they ignore the fact that loans extended to parts of the private sector could indirectly be used by the government, particularly to strengthen para-military forces. There are also a third and much smaller group of banks who do not share this policy of "constructive accommodation" with the apartheid system and refuse to make loans to the private sector on the grounds that such loans strengthen the apartheid system. Finally, of all the banks surveyed, only Citibank maintains a fully chartered operation with branches while North Carolina National Bank has a small office.

On the whole, church campaigns against bank loans to South Africa have made significant progress in the past few years. In fact, since the Soweto uprising of 1976, there has been only one publicly announced loan to the South African government in which a U.S. bank participated. This was a \$250 million loan in 1980 by Citibank. Even banks with policies permitting participation in loans earmarked for black community projects refused to join in this loan.

Manufacturers Hanover Trust, J.P. Morgan, Wells Fargo and Continental Illinois have developed exclusionary criteria in their disbursement of loans: e.g., Is the loan going to be used for the development of the bantustans? the military? will it assist apartheid? All loans are supposed to pass these criteria questions before being approved. Generally, these five banks have made no

loans to the government or its agencies in the last five years, but continue private sector loans. Thus their behavior generally reflects the more restrictive policies of banks like Chase Manhattan and Chemical Bank.

While there is reason to celebrate these victories, one cannot be sure of what goes on inside every bank board room. Federal Reserve Board statistics indicate that while loans to the public sector have declined in recent years, there has been an increase in loans from U.S. banks to South African banks. The nine largest U.S. banks had a loan exposure of \$2.5 billion during the second-quarter of 1983. The rise in bank-to-bank lending raises questions about the end use of the funds. This new pattern of lending is a subject of major concern to church investors. ICCR and its church members will continue to monitor the activities of U.S. banks and their lending practices in South Africa.

Timothy Smith
Executive Director

Carol Somplatsky-Jarman
Director, International Justice

James E. Winkler, ICCR Program Associate; B.A. in history, University of Illinois, and author of a book, Losing Control: Towards an Understanding of Transnational Corporations in the Pacific Islands Context, (1981).

Fantu Cheru, ICCR Program Associate; Ph.D. in Urban and Public Affairs (Political Economy) and M.S. in Political Science, Portland State University; B.A. in Political Science, Colorado College, and has been a Visiting Research Associate at the Institute for Development Studies, University of Nairobi, Kenya.

(*) The figures with an asterisk indicate that the bank was a participant in a consortium loan involving other banks for the amount specified thereof.

SOURCE: Beate Klein, Bank Loans to South Africa, 1979-Mid-1982, UN Center Against Apartheid, Department of Political and Security Council Affairs, (December, 1982).

AMERICAN EXPRESS COMPANY

In a November 1, 1983 letter, American Express Company Corporate Secretary Stephen P. Norman pledged that the company's subsidiary, Shearson/American Express, will not advertise or promote sales of the South African gold Coin, the Krugerrand. Though the company will sell foreign gold coins, including Krugerrands, to customers who request them, its current promotional efforts focus on a "Precious Metals Accumulation Account" and emphasize purchase of "U.S. Gold." In January 1982 SHEARSON/AMERICAN EXPRESS committed itself to a policy prohibiting participation "in loans to or in the underwriting distribution of bonds of the Republic of South Africa or any of its agencies or instrumentalities."

BANKAMERICA CORPORATION - San Francisco

Alfred A. Olbrycht
Corporate Secretary

On October 3, 1983, BankAmerica Corporation, the second largest U.S. bank holding company, announced a new policy prohibiting new loans to the South African government and government corporations "unless significant concrete steps have been taken to dismantle the apartheid laws." While prohibiting new loans to the government and its agencies, the bank's new policy continues to advocate commercial ties with South Africa's private sector, stating: "Withdrawal of credit would not help the non-white population, which is likely to be the group most adversely affected by a decline in economic growth."

BankAmerica's Policy

BankAmerica has strongly condemned apartheid on numerous occasions. Apartheid has no place in the life of a civilized nation.

BankAmerica has no offices, employees or investments in South Africa. It acts there only as a commercial lender, financing primarily short-term trade transactions and projects it believes contribute to the economic well-being of the country as a whole. Lending priorities for private commercial businesses include providing financial resources for businesses that expand trade, investment, economic growth, and preserve or create job opportunities.

For several years, BankAmerica has pursued a policy of loan restraint to the public sector in South Africa. For example, under present conditions, no loans will be made directly to the government of South Africa, and no such loans are outstanding. As shown in the following table, this loan restraint program has reduced loans to the South African Government from 24 percent of the South African loan portfolio to 0 percent. A few loans to government corporations have been made under highly restrictive conditions. In real terms, adjusting for inflation, loans outstanding to South Africa have actually declined by 45 percent in contrast to a growth of 14 percent in real terms for our total foreign portfolio.

The loans still outstanding to government corporations will mature over a few years. New loans to such entities or to the South African Government will not be made unless significant concrete steps have been taken to dismantle the apartheid laws.

BankAmerica has chosen this method to oppose apartheid. South Africa and its apartheid legal system present United States business and financial institutions with vexing and complex problems concerning appropriate business activity. Arguments can be mounted on both sides of questions relating to disinvestment or limitation of financial institutions loans.

BANK OF NEW YORK

Robert J. Goebert
Vice President and Secretary
December 5, 1983

"We have made no loans in South Africa since 1974 except as described below, and we do not expect under present circumstances to make any additional loans in South Africa. This decision is based upon our evaluation of the social and political conditions which prevail in that country. We are sympathetic to the concerns which have been expressed about South Africa, and we oppose the policy of apartheid."

The Bank of New York has made loans in the past to finance projects in South Africa, such as an electric utility or a railroad, which have benefited all of that country's citizens. However, we have made no loans in South Africa since 1974 other than occasional short-term transactions to accommodate correspondent banks which have maintained relationships with us for many years. On September 30, 1983 outstanding loans to South Africa amounted to \$1.100 million.

BANKERS TRUST COMPANY

Charles G. Salmans
Vice President
December 6, 1983

Bankers Trust Company's policy with regard to the provision of loans to the government or agencies of the Republic of South Africa has been a consistent one for the past seven years. Neither Bankers Trust Company nor any of our subsidiaries has engaged in any loans to the Government of South Africa or its agencies since 1976, nor do we contemplate any such loans. We maintain neither a branch nor representative office in South Africa, and continue to believe that the existence of apartheid has a destabilizing influence on the socio-political environment in South Africa. Our existing business in South Africa is directed entirely toward the private sector from which we believe the necessary social changes and economic advancement for all people in South Africa must come.

With regard specifically to lending activities to the South Africa private bank sector, we provide only trade finance and thus are not involved in transactions that may have as their end result a loan to the government. We have not been involved in bond transactions with South African issuers.

The management of Bankers Trust Company is unified in the condemnation of apartheid and we have not been reluctant to make these views known to South African businessmen and government officials. We have a genuine concern for the basic human rights of all people in South Africa and will continue to exercise our responsibilities as a major bank in a thoughtful and responsible manner.

THE CHASE MANHATTAN BANK, N.A.

Fraser P. Seitel
Vice President and Director-Public Affairs
November 23, 1983

Chase has had a policy in which we don't make loans to the government of South Africa, its parastatal entities, Namibia or the Homelands. Chase was one of the first banks to adopt such a policy and, as you may know, was universally recognized by church groups for this position. The policy has not changed over the years, although we have increased our philanthropic contributions in South Africa, particularly those aimed at improving the situation of South African blacks. For example, we've been a substantial contributor to Pace College in Soweto.

April 18, 1978

Chase's Policy on South Africa

In the Chase Code of Ethics, adopted in 1977, we state:

"Strict attention should be given to the legal, moral and social implications of all loan and investment decisions on a global basis. We should seek to avoid business with identifiably harmful results and assure that we always carefully evaluate the long-term, as well as the short-term, meaning of our decisions."

In South Africa, this approach has resulted in a current lending policy which specifically excludes loans that, in our judgement, tend to support the apartheid policies of the South African Government or reinforce discriminatory business practices.

We recognize that our policy requires a high degree of subjective judgment when applied to specific instances. Our lending criteria are reviewed continually and are subject to change as circumstances may, in our judgment, warrant.

Currently, no new credit commitments are being extended to the Government of South Africa or its parastatal institutions. We continue our prohibition on loans to Namibia, the homelands and border industries. We continue to be willing to consider the financing of private sector needs of a productive nature and which we believe will result in social and economic benefits for all South Africans.

We believe that our involvement with the private sector is a constructive force for stimulating positive changes in that country.

*Chase Manhattan Corp.

1982/89 South African Breweries	\$100 million
Chase Manhattan Capital Markets	
1981/88 African Explosive and Chemical Industry	\$100 million
1981/88 Volkskas	\$50 million
Chase Manhattan Ltd. (UK)	
1982/97 MINORCO	\$60 million

CHEMICAL BANK

John B. Wynne
Senior Vice President
December 14, 1983

Chemical Bank has been and remains strongly opposed to apartheid. The bank has a policy against making loans or other credit accommodations whatsoever to the Government of South Africa or any of its instrumentalities or political subdivisions. As we have stated publicly, the Bank has no intention of making loans to the Government of South Africa or its agencies until apartheid is ended. Moreover, we do not underwrite bond sales to South Africa. In the private sector, we do have short term trade-related transactions involving non-strategic goods.

We have no offices or investment in South Africa and we believe that our position is well known to be one of the most progressive of the American international banks.

South Africa Policy Statement

(September 25, 1981)

As a matter of firm Chemical Bank policy, we make no loans or other credit accommodations whatsoever to the government of South Africa or any of its instrumentalities or political subdivisions. Chemical Bank has no intention of doing so until the question of apartheid is resolved. This has been our standing policy since 1974.

In the private sector, we do have short-term trade related transactions involving non-strategic goods.

*1982/97 MINORCO

\$60 million Publicly Issued Bond.

CIGNA CORPORATION

Robert L. Robinson
Senior Vice President
January 6, 1984

INVESTMENTS IN SOUTH AFRICA

Neither CIGNA nor any of its subsidiaries not based in South Africa makes loans to or invests in securities of the South African Government, its agencies or instrumentalities.

CIGNA's wholly owned subsidiary based in South Africa, INA Insurance Co., Ltd., had gross revenues of approximately 17,000,000 Rand (U.S. \$14,700,000) in 1982, and investments totalling approximately 6,500,00 Rand (U.S. \$5,600,000) at the end of 1982. Assets are invested conservatively reflecting company policy and statutory and regulatory requirements. The company is required by South African law to invest a specified portion of its assets in fixed income securities issued or guaranteed by the Republic of South Africa.

Except for a 210,000 Rand loan to the Soweto Electric project to provide electricity to the township of Soweto, the company, in satisfaction of the legal

requirement, invests only in the highest quality securities providing maximum marketability and liquidity. Generally these securities are treasuries and electric utilities and are not defense or military oriented. At the end of November, 1983, the company's investments in South African government and governmental agency issues consisted of treasuries and electric utilities only.

The company will continue to participate in the holding of longer-term, less liquid securities which are acquired to support specific social betterment programs and, in connection with loans to South African agencies and instrumentalities to satisfy legal requirements, will consider giving priority to those which benefit non-whites in that country.

CITIBANK

Wilfred D. Koplowitz
Director, International Public Affairs
January 19, 1984

Citibank's policies with respect to South Africa are as follows:

1. Citibank's lending policies with respect to South Africa are spelled out in the enclosed "Note Concerning Citibank Policies and Practices in South Africa." The document does not mention bond underwriting explicitly, but we have not underwritten bond sales, and you may be assured that Citibank would not underwrite public sector bond sales for the South African Government unless such an issue somehow qualified under our criteria for making loans to the public sector. You will again note that these criteria require "unusual and direct benefit to the Black South African population" as a precondition for our consideration of any proposal.
2. Between 1979 and 1983 the only public sector loan made was the October 1980 syndicated for Black housing, schools and hospital modernization. You are familiar with this loan and we have made clear repeatedly our reasons for participation. We remain persuaded that the project contributed to Black South African welfare in critical areas.

We initially took a \$50 million share in the syndication, then sold off more than half of that amount. The remainder on our books is dwindling as payments are made. There are small additional amounts remaining from two pre-1976 loans to state-owned companies. These loans were made prior to the Soweto riots and the changes in our policies (and those of the banking community generally) which followed in the wake of Soweto. No loans to the state-owned companies have been made since 1976.

3. There has been no involvement in bond transactions.
4. Loans to private banks are made on the basis of our preception of credit risk. The loans finance private sector trade transactions benefiting the population as a whole. We determine the purpose of the loan in pre-loan discussions and reach a firm understanding about end use. We cannot contractually obligate the borrower and, as you know, money is fungible.
5. We do not track the lending transactions of South African private banks. We can only concentrate on our own lending activities on private sector trade as noted above.

*CITICORP

CITIBANK NA

1979/84 Medial University of Southern Africa (RSA) \$30 Million

Citicorp International Bank Ltd (UK)

1980/85 Standard Bank Import and Export Finance Co. Ltd \$50 Million
(Standard Bank of SA Ltd)

Citicorp International Group

1980/87 RSA \$250 Million

1981/88 African Explosives and Chemical Industry \$100 Million

1981/88 Volkskas \$50 Million

1982/97 MINORCO \$60 Million

Citicorp Ltd. (Ca)

1980/84 Standard Bank Import and Export Finance Co. Ltd. \$5.8 Million
(Standard Bank of SA Ltd)

Citibank Policies and Practices in South Africa

The management of Citibank considers apartheid abhorrent and morally unacceptable. We do not believe that our current business interests in South Africa can be construed as providing support to that system. We do not believe that approval of any particular social, political or economic system is implied by our banking transactions in or with more than 100 countries around the world.

The concerns expressed by religious groups and other constituencies in this country about the apartheid system in South Africa are fully shared by the management of Citibank and by other corporations doing business in or with South Africa. The issue is not one of understanding the problem, or of appreciating its importance, or of accepting some responsibility for addressing it. The issue revolves around the question of what can and should be done, and what actions by U.S. companies will have concrete constructive impact.

With respect to our lending policy: Citibank makes no balance of payments loans to the South African Government. No loans have been or would be made to the military or security elements of the government. No loans to the public sector would be considered except for specific and identifiable purposes; and those purposes would have to be of unusual and direct benefit to the Black South African population. Any loan made for such purposes would be monitored during the period of expenditures to confirm that the project being financed was actually implemented. Since 1976 and the Soweto riots, we have made two loans to the government (one was actually a guarantee by the government):

- . In 1978 we extended credit (guaranteed by the government) to the Medical University of South Africa to train Black doctors; anyone familiar with the paucity of Black medical doctors in South Africa and the compelling need to train as many as possible as quickly as possible will, hopefully, agree that this project had merit well beyond the simple matter of credit worthiness.

- . In June 1980, Barclays, Dresdner Bank, Credit Commercial de France and the Union Bank of Switzerland asked Citibank to join them in a syndicated loan of \$250 million to finance construction of housing, educational facilities and hospitals primarily for Black South Africans.

After careful review of the project and negotiations then underway, we concluded that the undertaking was worthwhile and agreed to participate. The proceeds were used to construct the following:

- . Housing and related infrastructure at Mitchells Plain and New Cross Roads, both near Cape Town.
- . A technical college, Mabopane East Technikon, in the Transvaale; expansion of the University of the North in the Transvaale; 35 new primary schools and 26 new secondary schools throughout the country.
- . Modernization and expansion of the Baragwanath Hospital near Soweto and the General Hospital at Johannesburg.

CITIZENS AND SOUTHERN INVESTMENT COUNSELING, INC.

Ben Jones, Vice President
January, 6, 1978

"I cannot speak for the Bank, however, I have talked to the International Division of the Bank as to their lending policies to the government of South Africa. The Bank does not issue formal statements of policy pertaining to any lending relationship but I have been told that the Bank has not extended any credits to the government of South Africa for the past two years. There is, however, a remaining balance on a long-standing term loan which will mature during the calendar year 1978, and I have been told that this would not be renewed."

Camillo Bozzolo, Customer Service
December 12, 1983

"This is to report that we have a modest amount of business with South Africa, mostly to accommodate our customers' requirements. The business we transact is basically trade related and includes confirmation of L/Cs opened by South African banks in favour of U.S. exporters. We do not presently have any loans outstanding on our books to the South African Government."

CONTINENTAL ILLINOIS CORPORATION

Richard S. Brennan
Executive Vice President and General Counsel
December 13, 1983

1. Our present policy on credits to South Africa is set forth (in the attached policy statements) rephrased below.
2. From 1979 through 1982, our exposure to South Africa declined each year as a percentage of our total loan portfolio. That decline has not continued

this year, because of a major overall reduction in our asset base. As indicated in our policy statement, however, we have not negotiated a loan to, nor have we underwritten any bond issue of, the government of South Africa during this time. Furthermore, we do not currently have outstanding any public-sector loans.

3. We have not been involved in any bond transactions with South Africa during the period between 1979 and 1983.
4. The criteria governing the making of any loans in South Africa is described in the enclosed policy statement.

Our lending to private sector banks in South Africa is primarily in the nature of trade finance so the purposes of the credits are visible to us and we consider the purpose of any such credits.

Continental Illinois Corporation
Policy on Credits to South Africa
Excerpts from 1982 Annual Meeting Transcript

Recognizing that credits to the South African government and its agencies have sometimes been used to support apartheid proposals for such credits to rigorous consideration, and to further review by senior management, to ascertain that the proposed credit would not support apartheid, and that the project to be financed would be broadly beneficial to the people of South Africa, including blacks and other non-whites. This policy has been fully reviewed by our Board of Directors and will not be changed without approval at the highest level.

Operating within this policy, the corporation has no loans outstanding in the so-called homelands area and believes that the homelands policy as presently constituted is at odds with the non-white population. The corporation has not negotiated a loan to the government of South Africa during the past five years and very few to government parastatls. In December 31, 1981, the corporation had no such loans outstanding. Credit finance international trade, continues to decline as a percentage of the corporation's total loan portfolio and these credits are governed by these same criteria and other credit considerations. As things now stand in South Africa, we expect to continue along this line as being the most constructive course we can follow for our own country, for peaceful change, and for all of the people of South Africa.

The corporation is continually concerned with the economic strength and political stability of every country in which it does business, and in this respect, is gravely concerned about the economic, political, and human implications of a continuation of the South African government's apartheid policies. Thus, the corporation considers every progressive step away from those policies a positive development, including a gradual movement toward political enfranchisement for blacks and other non-whites and more equal opportunity in employment, compensation, education, housing, health care, and other human needs, rights, and endeavors.

CROCKER NATIONAL BANK
Excerpt from 1983 Proxy Statement

"Any loan commitments made to borrowers in South Africa are made in those instances where we believe the purpose of the loan will benefit the black population as well as the white."

CROCKER NATIONAL CORP.
Crocker National Bank
1979/84 Medical University of Southern Africa (RSA) \$30 million

KRUGERRANDS

FIRST CHICAGO CORPORATION

From 1980 Proxy Statement

As of March 10, 1980 the Bank has suspended over the counter retail sale of the Krugerrand.

The business of the Corporation is banking; buying and selling coins and bullion is an integral part of that business. To satisfy the needs of gold dealers, management and the Board of Directors feel obligated to continue wholesale contribution of the widest possible array of gold products, including the Krugerrand."

1983 Proxy Statement

Management and the Board of Directors recommend a vote AGAINST Proposal No.3.

Management and the Board of Directors agree that South Africa's system of apartheid is morally repugnant. Indeed, the Corporation has continued its policy of making no new loans to the South African government and its related agencies, a policy initiated in 1976. However, the Corporation believes that the report requested by the proponents would neither eliminate nor have any significant effect on the apartheid system and would represent an inefficient use of the resources of the Corporation and its stockholders. Based upon stockholder rejection of similar proposals in 1978, 1979 and 1982 by at least 95% of the votes cast at such meetings, we believe the vast majority of our stockholders share this belief.

The corporation has already advised stockholders of its rationale for the distribution of Krugerrands. In its 1980 and 1982 proxy statements, it was pointed out that the sale of gold coins and other gold products is an integral part of the banking business and is responsive to customer demand for a wide array of gold products. In addition, the Corporation routinely discloses upon request the number of Krugerrands sold in the preceding year.

For these reasons, management and the Board of Directors recommend a vote AGAINST Proposal 3.

FIRST CITY BANK CORPORATION OF TEXAS, INC.

Nat S. Rogers
Chairman of the Board
November 18, 1983

We have not adopted a formal policy with regard to activities in South Africa or in any other country. We maintain no offices or facilities in South Africa and have no plans for banking activities there. Our international operations consist primarily of serving the banking needs of our domestic customers when they require overseas services. For this purpose we maintain branch offices

in London, Singapore and Nassau, with representative offices in Bahrain and Tokyo. While we have adopted no specific policy to prohibit our serving a customer who might be engaged in a trade relationship in South Africa, it is very infrequent, if ever, that we have been called on for any service whatsoever.

While your inquiry does not appear relevant to First City operations, we are publicly on record in our opposition to racism and discrimination.

FIRST INTERSTATE

Norman Baker, Jr
Chairman of the Board
March 1, 1983

In 1977 First Interstate Bank of California established a policy regarding loans in the Republic of South Africa and as a result, a directive was issued by me, which said, in part:

"As Chairman of the Board, I have instructed our Senior Loan Committee to be responsible for insuring that no loan be made in South Africa which, in the best judgment of the Committee members, tends to support the government's apartheid policy, and that we should continue to only consider loan proposals that will contribute to social and economic benefits for all South Africans."

In the fall of 1980, the bank's senior management reassessed and reaffirmed First Interstate Bank's loan policy pertaining to South Africa. The bank has conscientiously followed this directive. No loans have been made to the South African government or its agencies for more than three years.

The bank has no facilities or capital investments in South Africa nor does it have any intention of placing any there; and the bank's outstanding loan balance, relative to that country, now constitutes but a minute portion of our international exposure.

FIRST NATIONAL BOSTON CORPORATION 1979 Proxy Statement

The Corporation has made no new loans to the government of South Africa, its agencies, or its instrumentalities and any such loans on our books continue to run off. As of December 31, 1978 our exposure amounted to \$4.6 million. We have further stated we have no plans to alter that policy.

1983 Shareholder Resolution

Management has stated that "First National Boston Corporation does not support the policy of apartheid in South Africa, and we have consistently and publicly declared our abhorrence of this repressive political system."

* First National Bank of Boston
1981/88 Volkskas \$50 Million

IRVING TRUST COMPANY

Helen L. Cunneen, Vice President
February 27, 1984

We condemn apartheid as a form of racism that goes against our American tradition. Our current policy is to refrain from granting any new loans to the government of South Africa or its agencies. Presently we make loans to private companies, primarily local banks and usually in the form of trade financing which we believe assists the entire economy and population of South Africa. Our lending is progressive in its intent and does not support any interest, private or public, which to our knowledge will further the policy of apartheid.

The size of our South African portfolio varies from quarter to quarter. In the fourth quarter of 1983, it was less than .75% and no disclosure was required.

J.P. MORGAN & CO. (THE MORGAN BANK)

G. Denham E. Chaloner
Senior Vice President
December 13, 1983

The senior vice president reaffirmed the bank's 1979 policy stated below. He stated that "we do not maintain any banking offices or other facilities in South Africa, but our officers visit the country from time to time and try to keep current on economic, political and social developments."

James D. Goodpasture
Secretary
January 24, 1984

The following statement will be given at the 1984 annual meeting of stockholders and reported as such in the post-meeting report.

"Our policy in deciding whether to extend credit to a prospective borrower, either governmental or private in South Africa is both to consider the credit worthiness of that borrower and to ascertain that the credit sought is not inconsistent with the improvement of conditions for blacks and non-whites. We are particularly sensitive to the extension of credit to the South African government and its agencies. In considering loans to the South African government and its agencies, we make every effort to assure ourselves that any loans will have a demonstrable positive effect on the improvement of conditions for blacks and other non-whites. In our discussions within the public and private sectors in South Africa, we have continued to express our disapproval of the apartheid policy and our concern over the rate of progress toward a more just social system."

MANUFACTURERS HANOVER TRUST

At a meeting with ICCR on April 7, 1983, CEO Harry Taylor declared MHT will stay the course for at least the next 12 months and continue its policy of not lending to the South African government or its instrumentalities. Loans will be considered for trade-related purposes.

1980 Proxy Statement

It is our continued belief that the solution to South Africa's racial problems does not lie in action that would impede overall economic development in that land. Indeed, sound economic progress in South Africa will benefit all elements of that society.

Doing business with or in South Africa does not constitute a general endorsement of the law or social or economic policy of that country. The Bank's policy permits consideration of applications for credit worthy projects which would, in the judgement of management, generate improved circumstances for the whole population of the nation. Loans which do not meet these standards are rejected. In this context, the Chairman advised stockholders at the 1979 annual meeting that "we have not made a loan to the South African government or its agencies for three years." That time period can now be extended to four years.

MANUFACTURERS HANOVER CORP.

Manufacturers Hanover Ltd.	
1981/88 African Explosives and Chemicals Industry	\$100 Million
1981/88 Volkskas	\$50 Million
1982/97 MINORCO	\$60 Million
1982/89 South African Breweries	\$100 Million

MELLON BANK

Martin G. McGuinn
Senior Vice President and General Counsel
November 28, 1983

"The basic lending policy of Mellon Bank is not to make loans or other extensions of credit to entities that discriminate with respect to race, creed, religion or color; nor does Mellon Bank knowingly make loans where the proceeds would be used to foster such discrimination. Because we are an international bank, we are called upon from time to time by customers to provide normal banking services, generally related to U.S. trade. Such requests are handled in accordance with the basic policy outlined above. As a consequence of this policy, we have no loans to the South African government or its agencies.

MERRILL LYNCH
1981 Proxy Statement

ML and CO.'s investment decisions in the past have been, and in the future will continue to be, guided by sound business principles. Whether a particular financial venture is in ML & CO.'s best interests is primarily a business decision. However, economic factors are not examined in a vacuum. Because of their grave impact on financial matters, social and political elements must be, and are, taken into consideration.

ML & CO.'s involvement in South African government financing in the recent past has been extremely limited...neither ML & CO. nor any of its subsidiaries

or affiliates any longer has outstanding loans to the government of South Africa or its agencies or instrumentalities, and a subsidiary's limited participation as one of many underwriters of a bond issue during 1980 was disposed of shortly after commencement of the offering.

In his letter dated November 4, 1983, John Fitzgerald, Vice President of ML & Co. stated,

"Our practice has been not to underwrite loans to the government of South Africa, its agencies, or instrumentalities. We have no intention of changing our practice of not lending to South African public sector borrowers as long as current conditions continue in that country.

"In 1980 Merrill Lynch International did underwrite 500 bonds out of an issue of DM 120 million of the Republic of South Africa. Our decision to participate was inadvertent and was made by an executive who was new to Merrill Lynch International and was unfamiliar with our policies.

"As for MINORCO, in 1982 we were co-manager of a \$60 million issue. MINORCO is a Bermudian company indirectly controlled by the Anglo-American Group of South Africa. The latter, of course, is part of the private sector. Our criteria for underwriting private companies is the same as we apply elsewhere--namely, the soundness of the issuer."

*MERRILL LYNCH & CO. INC.

Merrill Lynch International & Co. (Netherlands Antilles)		
1980/87 RSA	DM 120	\$67.9 Million
1982/97 MINORCO	\$60	60.0 Million

NATIONAL BANK OF DETROIT
Rodney C. Linton
Senior Vice President
November 25, 1983

"We do have a rather modest relationship with one or two private South African banks confined to confirming letters of credit related to the import into South Africa of United States products manufactured in our area."

Policy Statement on South Africa
(March 17, 1978)

National Bank of Detroit opposes discrimination in all forms, whether based on race, color, religion, national origin, sex or age. Accordingly, we believe the practice of apartheid in South Africa is immoral and deserves public condemnation.

National Bank of Detroit does not solicit loan or deposit business in South Africa. However, we feel we must consider requests by U.S. customer companies for assistance in financing the sale of goods manufactured in the U.S. by U.S. workers to purchasers in South Africa should such requests occur. Consideration of such corporate requests are to be confined to companies that have affirmed the Sullivan Principles which are:

1. Non-segregational of the races in all eating, comfort and work facilities.

2. Equal and fair employment practices for all employees.
3. Equal pay for all employees doing equal work for the same period of time.
4. Initiation of and development of training programs that will prepare, in substantial numbers, blacks and other non-whites for supervisory, administrative, clerical and technical jobs.
5. Increasing the number of blacks and other non-whites in management and supervisory positions.
6. Improving the quality of employees' lives outside the work environment in such areas as housing, transportation, schooling, recreation and health facilities.

Consideration of the credit-worthiness of such requests will of necessity be heavily influenced by the volatile situation that presently exists in the country.

NORTH CAROLINA NATIONAL BANK

Joseph B. Martin, Director of Public Policy
August 25, 1977

"You asked whether we have any loans currently outstanding in South Africa. We do. You asked about the nature, extent and purposes of such loans. Information pertaining to customer accounts is not disclosed to third parties. To do so would be an unwarranted invasion of the privacy of our customers."

1983 Proxy Statement

"Current lending policy at NCNB precludes loans to governments only if such loans are prohibited by applicable law. The Board of Directors believes that this policy is in the best interest of the Corporation's shareholders.

"The Board believes that policies and lending practices of the Corporation do not operate in support of apartheid and, further, believes that adoption of the proposed shareholder resolution would serve neither the interest of the people of South Africa nor the interest of shareholders of NCNB Corporation."

REPUBLIC BANK CORPORATION - DALLAS

William E. Gibson
Senior Vice President and Chief Economist
December 20, 1983

I am pleased that your group share Republic Bank's unconditional opposition to the concept and practice of apartheid. I trust that you spoke up last summer in support--as we did--of the House of Representatives' Bill on the International Monetary Fund, as this bill provided constraints on IMF lending to governments practicing apartheid.

Attached is our lending policy for South Africa. I am not aware of any bond underwriting activity we have done for this country, but it would apply for that as well if we were to do so.

As you can imagine, our involvement in South Africa lending, to the extent that we have done any of it over the years, stemmed from requests from our Texas customers who wished to sell products there or participate in the economy there. Because of our moral concern about apartheid, we have thought long and hard about our activities there. We have discussed this with other American banks, British banks, South African banks and some of our multinational customers who do business there and other places. We have the strong impression that the presence and activities of foreign companies and businessmen and women have had a moderating effect on South African racial policies and will continue to do so. The exchange of goods services, people and ideas with other countries seems to be the best way of accomplishing social change. We do not make general purpose, military or balance of payments loans to South Africa. At risk of putting us in the wrong category on your list, if the South African government sought a loan for a project which would clearly and unmistakably benefit the non-white population--say, housing or hospitals--speaking personally, I would have difficulty recommending denial.

Policy on Loans in South Africa

May 6, 1981

Republic National Bank of Dallas extends loans to the public and private sector economies of South Africa where the result is the enhancement of economic growth, job creation, and the social welfare of all its people, regardless of race. Permissible loans include financings which foster export sales by the Banks United States customers. The Bank does not make general purpose, military, or balance of payments loans to the South African government.

Republic National Bank of Dallas conforms to the established foreign policy of the United States Government. The Bank does not condone or morally accept the apartheid system. However Republic believes that social change and progress for South Africa's black population can be encouraged most effectively through the Bank's support of the country's economic vitality and expansion.

REPUBLIC NATIONAL BANK OF NY
1983 Proxy Statement

"Republic Corporation and Republic Bank adhere to strict professionalism in the conduct of their businesses, employing criteria of credit worthiness and other financial and economic indicators in determining what business to undertake and with whom such business should be conducted. Deciding to do business with a particular foreign country or any governmental institution or enterprise in that country because of its moral, political and social values would make Republic Corporation an instrument of governmental political policy...

"Although opposed to the above stockholders' proposal, the Board of Directors and management of Republic Corporation do not condone the policy of apartheid, and Republic Corporation's dealings in South Africa do not connote approval of that country's policies with respect to human rights."

REPUBLIC NATIONAL BANK OF NY (Krugerrands)
1982 Proxy Statement

"Republic Bank is not an agent of the South African Chamber of Mines. Republic Bank is only one of a number of distributors in the United States through which any one may purchase Krugerrands, whether for their own account or for the resale to others."

SEATTLE-FIRST NATIONAL BANK

Randy C. James
Senior Vice President and Manager
December 2, 1983

Seafirst Bank abhors the repressive and racist South African policy of apartheid. Our policy, established in April 1982, after several years of meetings with the Church Council of Greater Seattle, is based on the belief that a total cut-off of investment would harm the ability for positive influence by Western countries for South Africa to end its apartheid practices. Seafirst's current policy is to not lend to South Africa. A rare exception can be made only when there is benefit to the Pacific Northwest economy and when the loan does not sustain apartheid. We do not underwrite international bond sales and, thus, do not underwrite any for South Africa.

The opportunity to lend to South Africa is infrequent, as our marketing strategy does not focus on that geographic area. Seafirst's loan exposure has decreased since 1979. We made an effort to dispose of several loans made in the early 1970's. In 1979, the bank did make a loan to South African Transport System to finance the purchase of 12 Boeing 737 airplanes. As you know, Boeing is a major employer and part of the Pacific Northwest economy. This loan expires in 1988, and its outstanding balance is being regularly reduced.

Seafirst has made no bond transactions, and we do not lend to private banks in South Africa.

SECURITY PACIFIC NATIONAL BANK (Los Angeles)

Richard A. Warner
Senior Vice President
November 21, 1983

We have only a very modest exposure in that country, particularly as compared with our exposure in other countries. We do continue to deal with some of Africa's major banks and private corporations, primarily in the field of foreign trade financing.

This restricted and selective financial activity improves the country's balance of payments, creates employment, increases the gross national productivity which in turn assists to better the standard of living for all citizens of South Africa. Obviously, this is a sensitive political and economic situation which requires close monitoring and constant review, which is precisely what we do on an ongoing basis. We are signatories to the Sullivan Principles.

Banks essentially are apolitical, and have a primary obligation to protect the investments of shareholders and the financial interests of customers; however, we do remain sensitive to a variety of issues and retain an open mind when evaluating our corporate lending policies.

WELLS FARGO BANK

Betty S. Lattie
Vice President and Manager
December 5, 1983

..For your information, Wells Fargo has no loans outstanding in South Africa in either the public or private sectors. Moreover, we have no offices, investments or facilities in that country.

1981 Proxy Statement

As with all international lending activities our risk exposure in South Africa is continually analyzed. South Africa which has a strong and well managed economy with a large and growing presence of U.S. and other multinational corporations, offers Wells Fargo potentially attractive business opportunities which should be carefully assessed. Wells Fargo deplors the practice of apartheid and does not condone the position taken by the South African government in support of it. Moreover, we detect a growing and broadly based awareness in that country of the need for social change which will accommodate the aspirations of all its people.

We believe that progress through creating jobs and generally improving the living conditions of all people in South Africa can be positively influenced by the external contacts with other countries which accompany the conduct of international business...the Company currently is reviewing the possibilities of selectively participating in the financing of South Africa's business, trade and economic development. At the same time, we continue to review and evaluate information regarding human rights issues, as well as the basic integrity and creditworthiness of that country and prospective customers with whom we may engage in business."

CANADA

THE ROYAL BANK OF CANADA

From the Taskforce on the Churches and Corporation Responsibility 1982-83
Annual Report

The Royal Bank will not "announce a complete embargo upon all loans to the South African Government and its agencies" but this does not mean that it will necessarily make such loans only that it will consider loan requests on an individual basis." The Royal declared that under current circumstances it will make no general purpose or balance of payment loans. The Bank further states that it will not make loans to any borrower in South Africa where the Bank judges that the funds would support or facilitate the application of the apartheid policy or of that country's pass-law system."

BANK OF NOVA SCOTIA

1983 Proxy Statement

..The Bank has maintained the stance that adopting a policy which establishes a boycott of any specific customers is both counterproductive and inappropriate. In a democratic country, such as Canada, only the elected representatives of all the people have a clear mandate to impose economic sanctions on other nations."

Management said that the request to enunciate a no-further-loans policy could not be accommodated without violating the Bank's client/banker confidentiality principle.

Denominational representatives met with senior management of the Bank in December 1982. ...Management said that the request to enunciate a no-further-loan policy could not be accommodated without violating the Bank's client/banker confidentiality principle.

At the annual meeting in January 1983, the Chair declined to provide evidence for his thesis that international loans had led to liberalization in South Africa.

THE CANADIAN IMPERIAL BANK OF COMMERCE

From the Taskforce on the Churches and Corporate Responsibility
1982-83 Annual Report

The Chairman replied to questions at the annual meeting in January 1983 that the Bank's loans to South Africa are small, representing a fraction of one per cent of the Bank's business. He rejected the request for a public policy position on no further loans. "Going to a bank", he said, "is like going to a confessional in the financial world." The Bank's confidentiality principle would not permit him to say whether or not such loans are made, but the conclusion should not be drawn that the Bank is lending to South Africa.

*1982 Loan of \$60 Million to MINORCO

BANK OF MONTREAL

From the Taskforce on the Churches and Corporate Responsibility
February 1984 Report

At the annual meeting on January 16, 1984, the Chairman, Mr. William Mulholland, said the Bank of Montreal "conducts itself in a morally defensible manner; it abhorred all violations of human rights and racism in South Africa. The Bank does not make loans to support such violations of human rights. The Bank has, however, reservations about total disengagement."

The Chairman told the shareholders that the Bank is not doing much business in South Africa. By 1983, total credits to South Africa had amounted to \$59.7 million of which \$40 million had been short-term loans, the balance of \$19 million constituted an aggregate of other loans. These credits constituted one tenth of one per cent of the assets of the Bank.

At the annual Meeting in January 1983 the Chairman said the Bank of Montreal would "possibly never" give such assurance (of no further loans to South Africa). Activity in South Africa, he said, was not very great at the present time but he could not foretell the future.

TORONTO-DOMINION BANK

From the Taskforce on the Churches and Corporation Responsibility
1982-83 Annual Report

Church representatives met with senior management in December 1982. During this meeting the management confirmed that the Bank adheres to its 1980 South African policy position. This means that a 1979 loan will not be renewed (due date unknown) and that the Bank will not grant loans to the South African Government or its agencies under present conditions.

INVESTMENT BANKS

While we have no policy statements from investment banks, we are aware that a number of them have been actively involved in lending to South Africa. Those that we are aware of are:

* MORGAN STANLEY & CO. INC.		
1980/87 ESCOM (RSA)	DM 100	\$54.3 Million
MORGAN STANLEY INTERNATIONAL (UK)		
1980/87 RSA	DM 120	\$67.9 Million
1982/90 ESCOM (RSA)	DM 100	\$43.1 Million
* SMITH BARNEY, HARRIS UPHAM & CO INC.		
1982/90 ESCOM (RSA)	DM 100	\$43.1 Million
* DEAN WITTER REYNOLDS ORGANIZATIONS INC.		
Dean Witter Reynolds International		
1980/87 ESCOM (RSA)	DM 100	\$54.3 Million
1980/87 RSA	DM 120	\$67.9 Million
Dean Witter Reynolds Overseas Ltd. (UK)		
1982/90 RSCOM (RSA)	DM 100	\$43.1 Million
* GOLDMAN SACHS & CO		
Goldman Sachks Internatíonal corp. (UK)		
1980/87 ESCOM (RSA)	DM 100	\$54.3 Million
1980/87 RSA	DM 120	\$67.9 Million
1982/90 ESCOM (RSA)	DM 100	\$43.1 Million
* INA CORP.		
Blyth Eastman Paine Webber International Ltd.		
1982/90 ESCOM (RSA)	DM 100	\$43.1 Million
* KIDDER, PEABODY & CO. INC.		
Kidder Peabody International Ltd. (UK)		
1980/87 ESCOM (RSA)	DM 100	\$54.3 Million
1980/87 RSA	DM 120	\$67.9 Million
1982/90 ESCOM (RSA)	DM 120	\$43.1 Million
* LAZARD FRERES & CO.		
1980/87 ESCOM (RSA)	DM 100	\$54.3 Millions
1982/97 MINORCO	DM 60	\$60.0 Millions

APPENDIX

ESTIMATES OF U.S. PRIVATE BANK LOANS TO SOUTH AFRICA
December 31, 1982

RANK	NAME OF BANK	AMOUNT \$ (Millions)
1.	BankAmerica	214
2.	Citicorp	626
3.	Chase Manhattan	426
4.	Manufacturers Hanover	280
5.	J.P. Morgan	250
6.	Chemical N.Y.	168
7.	Continental Illinois	146
8.	Bankers Trust	125
9.	First Chicago	103
Country Exposure Lending Survey 9 Largest U.S. Banks		2,374**
10.	Security Pacific	87
11.	Crocker National	88
12.	Wells Fargo	52
13.	First Interstate	54
14.	Mellon National	50
15.	Marine Midland	75
16.	Irving Trust	75*
17.	First National Boston	69
18.	Bank of New York	25
19.	Interfirst of Texas	17
20.	Republic Bank of Texas	28
21.	National Bank of Detroit	13
22.	Texas Commerce	11
23.	First City Bancorp (TX)	7
24.	SeaFirst Corporation (WA)	20
Country Exposure Lending Survey Next 15 Banks		693**

SOURCE: John E. Lind, The Debt Crisis and Credit Risk in Countries with Human Rights Abuses, Northern California Interfaith Committee on Corporate Responsibility, (1983).

Note: Estimate of bank exposure is calculated by distributing the total exposure of the top nine and the top fifteen banks from the Country Exposure Lending Survey among those banks proportional to each bank's total foreign lending.

*According to the bank's president, Irving's South African portfolio in the fourth quarter of 1983 was about .75% of the total \$10 billion loan portfolio. The South African exposure is, therefore, estimated to be \$75 million.

**U.S. Federal Reserve Board, Country Exposure Lending Survey, (December, 1982)