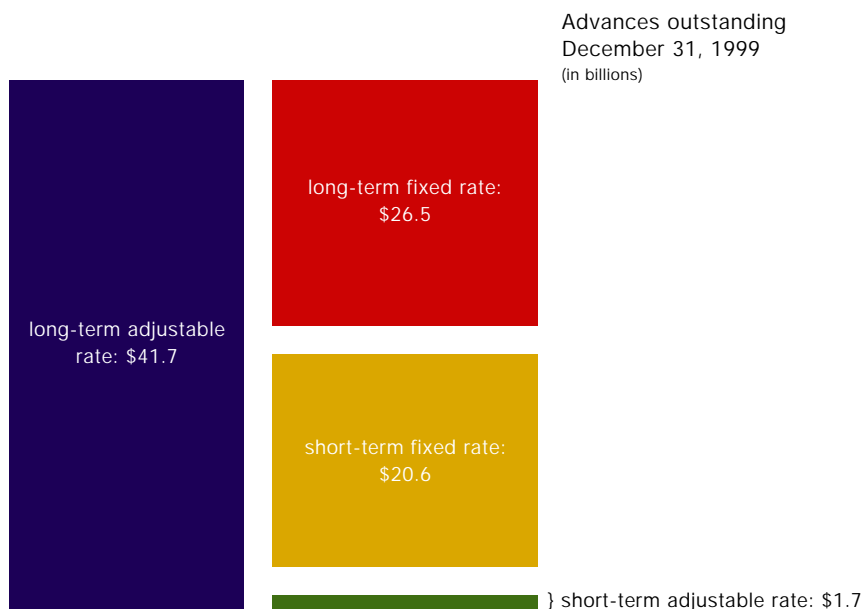


home

“ We bring credit home.”




As credit demand continues to outpace deposit growth at many financial institutions, members turn to the Bank as an invaluable source of competitively priced wholesale funds to help them manage liquidity, finance asset growth, reduce interest rate risk, and meet community credit needs.



Headquartered in Whittier, California, Quaker City Bank has \$1.1 billion in assets and offers a full range of deposit and credit products through 14 branches in northern Orange County and eastern Los Angeles County, including 3 slated to open in Wal-Mart stores early in 2000. "Most of our lending is urban lending," says Rick McGill, President of Quaker City. "In addition to single-family loans, we originate a significant amount of multifamily loans, mostly for small apartment complexes with 10 to 25 units. Low-cost, term advances from the Bank provide the critical liquidity we need to fund our operations."

Quaker City uses fixed, adjustable, and putable advances, and has used the Bank's standby letter of credit to support the issuance of tax-exempt bonds for earthquake rehabilitation loans. In 1999, Quaker City was one of 111 members that signed up for the Y2K Liquidity Commitment. "We trusted the Bank to meet our needs if there were a credit shortage," says Mr. McGill. "In prior periods of tight credit, we have seen other funding sources disappear, but the Bank has always been there for us."



" No other funding source has proven to be as reliable, competitive, and flexible as the Bank. Access to Bank advances is crucial to our ability to serve the low- and moderate-income areas where we do over 40% of our lending."

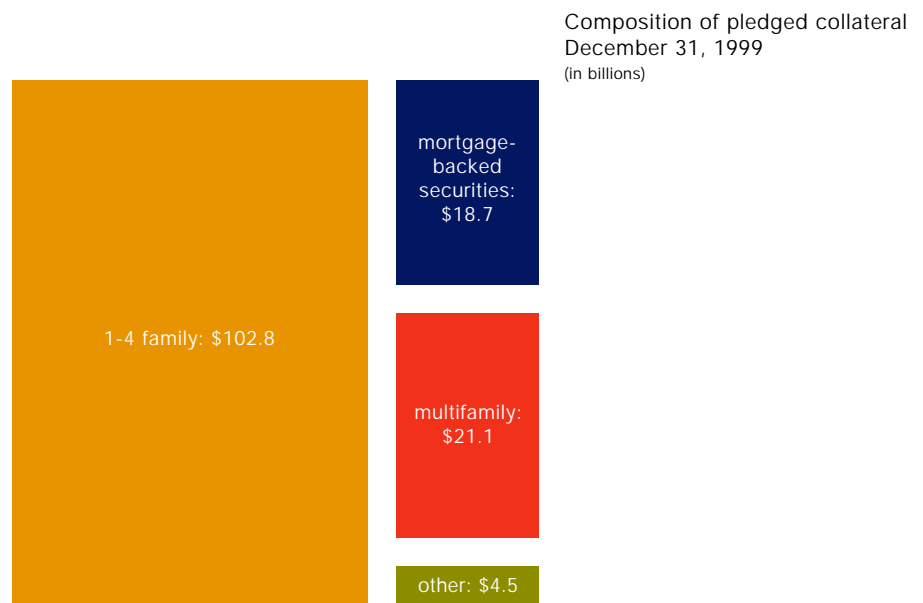
Rick McGill, President, Quaker City Bank

# Communities

" Rural communities are often hard-pressed to find the credit resources they need, and so are we. The Bank is our only source for long-term, fixed rate funds. We use Bank advances to finance loans that we just couldn't make without them."

Robert Lowery, President and Chief Executive Officer,  
Kings River State Bank

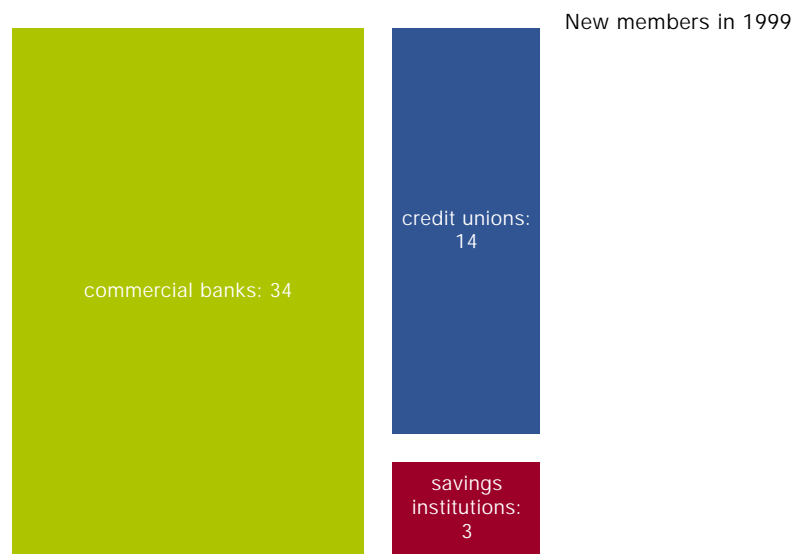
Flexibility is essential in extending credit to diverse communities throughout the 11th District. Because Bank members can use loans held in portfolio as collateral for Bank advances, they can make loans that could not be readily sold into the secondary market but meet the needs of traditionally underserved **communities**.



While the nation enjoys an ongoing economic boom and the lowest unemployment rates in decades, many rural areas continue to experience double-digit unemployment and a lower median income than the national averages might imply. Access to credit is especially critical to rural communities like those served by Kings River State Bank in the central California counties of Fresno, Kings, and Tulare. With \$108 million in assets and four branches, Kings River provides single-family, multifamily, and commercial real estate loans, small business and agricultural loans, and a complete range of consumer lending products. Kings River also makes relatively small, but indispensable, loans to small farmers to enable them to improve their fields, install irrigation systems, or purchase much-needed agricultural equipment.

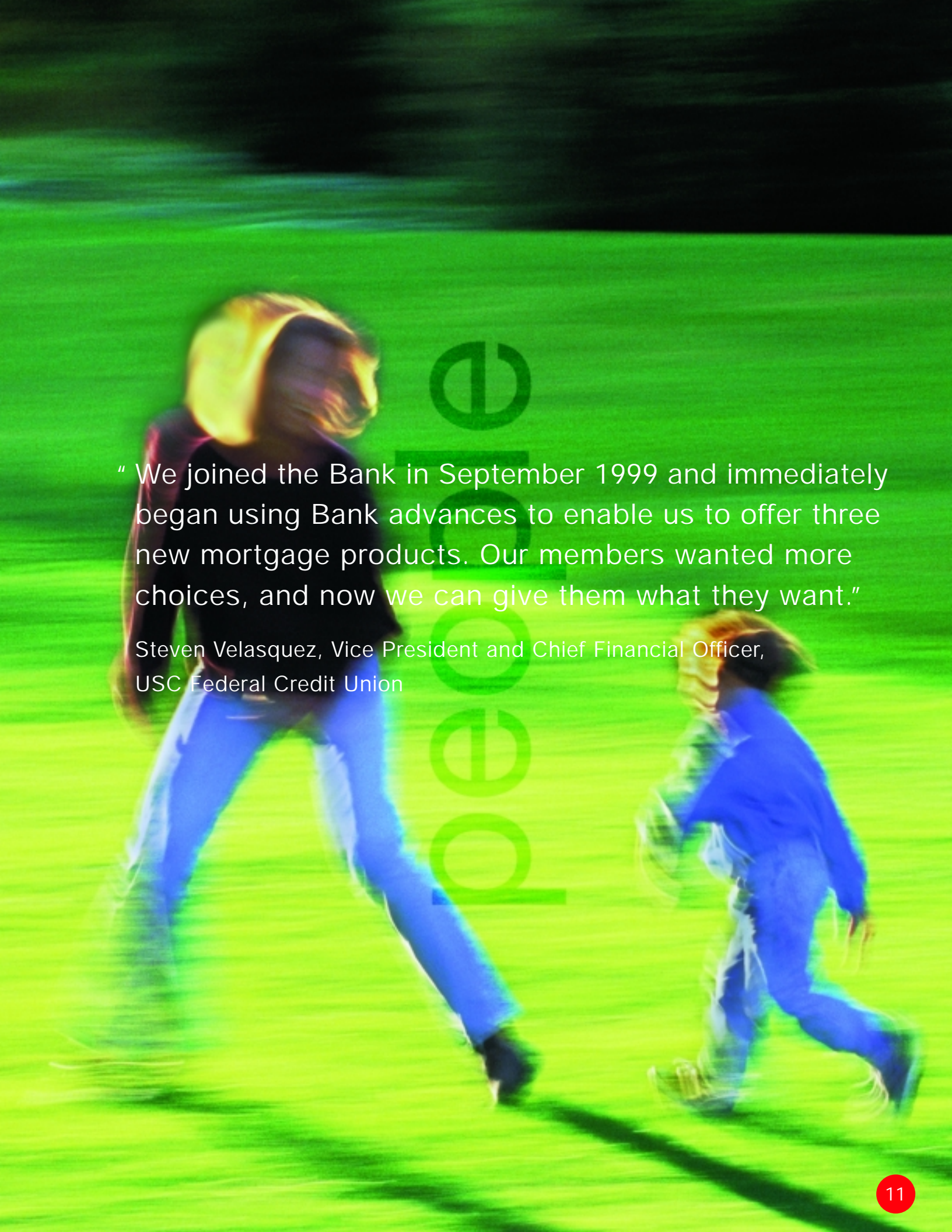
“There’s no easy credit out here for multifamily lending or agricultural equipment lending,” says Robert Lowery, President and Chief Executive Officer of Kings River. “Thanks to the Bank, we can offer a full range of credit products, at reasonable rates, including options that no one else in our region is offering.”

Each new member that joins the Bank represents a new opportunity to serve people in Arizona, California, and Nevada. These **people** — families and individuals of all income levels and all walks of life — are the ultimate beneficiaries of the Bank’s public policy mission.



With assets of \$83 million, USC Federal Credit Union provides a full range of deposit and credit services to the faculty, staff, and students of the University of Southern California. “Our members want very different things from us because they are at different stages in their lives or in different income brackets,” says Steven Velasquez, Vice President and Chief Financial Officer at USC FCU. “One of the ways we are using Bank advances is to finance mortgages that convert from a fixed to an adjustable rate, a product in which our members had expressed strong interest.”

USC FCU is also using Bank advances to manage the liquidity fluctuations associated with funding student loans. In addition, since joining the Bank, USC FCU has started retaining more mortgages in portfolio and retaining student loans longer, both of which are contributing to the institution’s profitability. Because of the institution’s cooperative nature, these improvements in financial management directly benefit its members. “We are very pleased that we joined the Bank,” says Mr. Velasquez, “because access to the Bank’s products and services is helping us do a better job of serving our members.”



" We joined the Bank in September 1999 and immediately began using Bank advances to enable us to offer three new mortgage products. Our members wanted more choices, and now we can give them what they want."

Steven Velasquez, Vice President and Chief Financial Officer,  
USC Federal Credit Union