

The Bank of California

National Association
400 CALIFORNIA STREET

San Francisco, California

January 16, 1939

To the Shareholders:

Following is the Chairman's address to Shareholders of The Bank of California, N. A., as delivered at the annual meeting held January 10, 1939.

"I hand you herewith the report of the President of the Bank, covering its operation for the past year and its statement of present condition.

These figures display a state of liquidity far beyond the wishes of the Directors and Officers of the institution.

Total excess reserves of all of the banks of the Nation stand at higher figures than ever known in American Banking history—despite a substantial increase in the reserve requirements.

Excess reserves mean idle money for which no proper or conservative banking demand exists.

This oversupply of funds seeking investment has resulted in abnormally low interest rates for all such funds for which proper investments may be secured.

Uncertainty and apprehension as to legislation and regulation affecting business conduct, seem to have resulted in a curtailment of industrial expansion and enterprise, and a consequent shrinkage of the commercial borrowings, normal for such purposes.

Sound short term securities yield but a negligible return, and long term obligations at present rates carry the definite hazard of inconvertibility without material loss—if and when interest rates rise and the sales prices of the bonds decline to meet the new interest levels.

For many years the stockholders of the Bank have received in dividends an amount representing in excess of five and six tenths percent on the Bank's capital, surplus and undivided profits.

They only want to see some things!

Future earnings depend chiefly upon the demand for money and the rates obtainable for its sound use.

The Bank is—as it always has been—ready and willing to serve all the commercial and industrial needs of its clients, consistent with sound banking practice, and has never been in a stronger position to render such service.”

Respectfully submitted,



Chairman.

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The enclosed check represents regular Dividend No. 344 of \$2.50 per share payable January 16, to Shareholders of record on January 7.

Yours very truly,

THE BANK OF CALIFORNIA
NATIONAL ASSOCIATION

HEAD OFFICE
400 California Street

MISSION BRANCH
16th & Julian Ave.

SAN FRANCISCO

PORTLAND

Branches in
TACOMA

SEATTLE

Member F. D. I. C.