To the Member Banks of the
Twelfth Federal Reserve District.

DEAR SIRS:

There is presented herewith a condensed comparative statement of condition of the Federal Reserve Bank of San Francisco, including branches, at the close of business December 31, 1966, and December 31, 1965, together with a comparison of earnings and expenses for 1966 and 1965.

Yours very truly,

[Signature]

President.
### COMPARATIVE STATEMENT OF CONDITION

#### ASSETS

<table>
<thead>
<tr>
<th>Description</th>
<th>Dec. 31, 1966</th>
<th>Dec. 31, 1965</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gold certificates</td>
<td>$1,353,160,459.95</td>
<td>$1,255,297,609.81</td>
</tr>
<tr>
<td>Redemption fund for Federal Reserve notes</td>
<td>219,387,960.57</td>
<td>203,931,449.57</td>
</tr>
<tr>
<td>Total gold certificate reserves</td>
<td>$1,572,548,420.52</td>
<td>$1,459,229,059.38</td>
</tr>
<tr>
<td>Federal Reserve notes of other Federal Reserve banks</td>
<td>87,147,454.00</td>
<td>89,906,415.00</td>
</tr>
<tr>
<td>Other cash</td>
<td>32,175,448.80</td>
<td>17,129,183.57</td>
</tr>
</tbody>
</table>

**Discounts and advances:**

- Secured by United States Government obligations | - | - |
- Other discounts and advances                  | 42,518,000.00     | 5,494,000.00     |
- Total discounts and advances                  | $58,000,000.00    | $5,494,000.00    |

**United States Government securities:**

<table>
<thead>
<tr>
<th>Description</th>
<th>Dec. 31, 1966</th>
<th>Dec. 31, 1965</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bills</td>
<td>1,617,739,000.00</td>
<td>1,243,942,000.00</td>
</tr>
<tr>
<td>Certificates</td>
<td>596,324,000.00</td>
<td>-0-</td>
</tr>
<tr>
<td>Notes</td>
<td>2,919,518,000.00</td>
<td>3,393,577,000.00</td>
</tr>
<tr>
<td>Bonds</td>
<td>849,565,000.00</td>
<td>805,259,000.00</td>
</tr>
</tbody>
</table>
- Total United States Government securities        | $5,983,146,000.00 | $5,532,778,000.00 |
- Total loans and securities                       | $6,041,146,000.00 | $5,538,272,000.00 |

**Cash items in process of collection** | - | - |
- Total assets                                     | $8,909,199,790.24 | $8,090,111,613.54 |

#### LIABILITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>Dec. 31, 1966</th>
<th>Dec. 31, 1965</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Reserve notes</td>
<td>$4,681,767,159.00</td>
<td>$4,313,003,266.00</td>
</tr>
</tbody>
</table>

**Deposits:**

<table>
<thead>
<tr>
<th>Description</th>
<th>Dec. 31, 1966</th>
<th>Dec. 31, 1965</th>
</tr>
</thead>
<tbody>
<tr>
<td>Member bank—reserve accounts</td>
<td>3,248,511,244.13</td>
<td>2,864,347,674.57</td>
</tr>
<tr>
<td>United States Treasurer—general account</td>
<td>2,495,341.49</td>
<td>56,166,101.97</td>
</tr>
<tr>
<td>Foreign</td>
<td>20,960,000.00</td>
<td>20,100,000.00</td>
</tr>
<tr>
<td>Other deposits</td>
<td>84,839,362.39</td>
<td>71,361,613.11</td>
</tr>
</tbody>
</table>
- Total deposits                                 | $3,356,805,948.01 | $3,011,975,389.65 |

**Deferred availability cash items** | - | - |
- Total liabilities                             | $8,761,090,590.24 | $7,945,502,013.54 |

#### CAPITAL ACCOUNTS

<table>
<thead>
<tr>
<th>Description</th>
<th>Dec. 31, 1966</th>
<th>Dec. 31, 1965</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital paid in</td>
<td>$74,054,600.00</td>
<td>$72,304,800.00</td>
</tr>
<tr>
<td>Surplus</td>
<td>$74,054,600.00</td>
<td>$72,304,800.00</td>
</tr>
</tbody>
</table>
- Total liabilities and capital accounts         | $8,909,199,790.24 | $8,090,111,613.54 |
- Contingent liability on acceptances purchased for foreign correspondents | - | - |
- Total liabilities and capital accounts         | $8,909,199,790.24 | $8,090,111,613.54 |

**Contingent liability on acceptances purchased for foreign correspondents** | - | - |
### EARNINGS AND EXPENSES

#### CURRENT EARNINGS

<table>
<thead>
<tr>
<th></th>
<th>1966</th>
<th>1965</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discounts and advances</td>
<td>$ 1,620,206.36</td>
<td>$ 1,820,577.55</td>
</tr>
<tr>
<td>United States Government securities</td>
<td>2,554,215,627.74</td>
<td>2,097,435,657.01</td>
</tr>
<tr>
<td>Foreign currencies</td>
<td>2,881,908.25</td>
<td>1,872,472.68</td>
</tr>
<tr>
<td>All other</td>
<td>61,452.17</td>
<td>43,188.29</td>
</tr>
<tr>
<td><strong>Total current earnings</strong></td>
<td><strong>$259,985,129.52</strong></td>
<td><strong>$213,479,895.53</strong></td>
</tr>
</tbody>
</table>

#### CURRENT EXPENSES

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total current expenses</td>
<td>$ 23,731,971.25</td>
<td>$ 23,637,407.67</td>
</tr>
<tr>
<td><em>Less</em> Reimbursement for certain fiscal agency and other expenses</td>
<td>2,031,515.59</td>
<td>2,017,533.50</td>
</tr>
<tr>
<td><strong>Net expenses</strong></td>
<td><strong>$ 21,700,455.66</strong></td>
<td><strong>$ 21,619,874.17</strong></td>
</tr>
</tbody>
</table>

#### PROFIT AND LOSS

<table>
<thead>
<tr>
<th></th>
<th>1966</th>
<th>1965</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current net earnings</td>
<td>$238,284,673.86</td>
<td>$191,860,021.36</td>
</tr>
<tr>
<td>Additions to current net earnings</td>
<td>$ 183,361.12</td>
<td>$ 144,304.68</td>
</tr>
<tr>
<td>Deductions from current net earnings:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss on sales of United States Government securities</td>
<td>$ 344,379.08</td>
<td>$ 1,846.43</td>
</tr>
<tr>
<td>All other</td>
<td>7,189.01</td>
<td>5,604.16</td>
</tr>
<tr>
<td><strong>Total deductions</strong></td>
<td><strong>$ 351,568.09</strong></td>
<td><strong>$ 7,450.59</strong></td>
</tr>
<tr>
<td>Net additions (+) or deductions (—)</td>
<td>$ —168,206.97</td>
<td>$ +136,854.09</td>
</tr>
<tr>
<td><strong>Net earnings before payments to United States Treasury</strong></td>
<td><strong>$238,116,466.89</strong></td>
<td><strong>$191,996,875.45</strong></td>
</tr>
<tr>
<td>Dividends paid</td>
<td>4,391,237.90</td>
<td>4,285,861.63</td>
</tr>
<tr>
<td>Payments to United States Treasury (interest on Federal Reserve notes)</td>
<td>231,975,428.99</td>
<td>185,551,963.82</td>
</tr>
<tr>
<td>Transferred to Surplus</td>
<td>$ 1,749,800.00</td>
<td>$ 2,159,050.00</td>
</tr>
<tr>
<td>Surplus January 1</td>
<td>72,304,800.00</td>
<td>70,145,750.00</td>
</tr>
<tr>
<td><strong>Surplus December 31</strong></td>
<td><strong>$ 74,054,600.00</strong></td>
<td><strong>$ 72,304,800.00</strong></td>
</tr>
</tbody>
</table>
DIRECTORS AND OFFICERS
December 31, 1966

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MARRON KENDICK, San Francisco, California

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R. E. MCKENDRY, Assistant General Auditor

R. A. KARLSSON, Chief Examiner

G. D. PARR, Assistant Manager

A. G. HOLMAN, Assistant Manager

H. J. VOLK, Assistant Cashier

G. D. PARKER, Assistant Manager

E. J. KOLAR, Assistant Manager

H. E. LIVINGSTON, Assistant Cashier

D. V. MASTEN, Assistant Cashier

GAULT W. LYNN, Director of Research

WILLIAM BURKE, Senior Economist

WILLIAM L. COOPER, Assistant General Counsel

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R. P. GLASCOCK, Assistant Manager

A. C. LATTI, Assistant Manager