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1990

# 1990 Annual Report

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**Federal Reserve Bank  
of San Francisco**  
APR 18 1991  
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The Federal Reserve Bank of San Francisco is one of twelve regional Reserve Banks which, together with the Board of Governors in Washington, D.C., comprise the nation's central bank.

As the nation's central bank, the Federal Reserve is responsible for making and carrying out our nation's monetary policy. It also is a bank regulatory agency, a provider of wholesale priced banking services, and the fiscal agent for the United States Treasury.

The Federal Reserve Bank of San Francisco serves the Twelfth Federal Reserve District, which includes the nine western states—Alaska, Arizona, California, Hawaii, Idaho, Nevada, Oregon, Utah and Washington—Guam, American Samoa, and the Northern Mariana Islands.

To serve this expansive region, the San Francisco Reserve Bank has five offices: the headquarters in San Francisco, and offices in Los Angeles, Portland, Salt Lake City, and Seattle. Each office provides financial services to the public and banking institutions in its locale.





# From the Boardroom

The basic mission of our Bank is to promote the safety and soundness of the financial system, to insure a safe and efficient payments system, and to act as fiscal agent for the U.S. government. These important roles were clearly defined when our nation's central banking system was founded in 1913, and they remain a very high priority today.

However, as we enter the final decade of the 20th Century, our basic responsibilities have taken on an added dimension. The management and staff of our Bank, with the support of our Board of Directors, are reaching out to our various publics in a variety of ways which assist in achieving our basic goals.

In this report we have chosen to highlight some of these outreach efforts. They range from helping to develop programs leading to community betterment and more affordable housing, to providing educational resources to help de-mystify the economy for students and prepare them for the workplace, to providing bank examiner training programs in the People's Republic of China.

The District's position on the Pacific Rim provides our Bank with important opportunities to foster understanding and awareness of the growing interdependence of the economies of the U.S. and Pacific Basin nations. We report on economic research and education programs to achieve these ends, as well as actions we are taking to maintain strong relationships with central banks throughout the region.

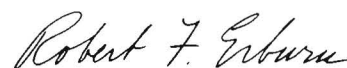
This report also reviews the Bank's performance in achieving its basic objectives in an increasingly dynamic environment that is shaped by technological advances and major regulatory and economic changes.

Our goal in the supervision and regulation of bank holding companies and state-chartered member banks continues to be the maintenance of a sound banking system and compliance with the Community Reinvestment Act (CRA). Proposed banking and regulatory changes and new capital guidelines for financial institutions make this a very active area.

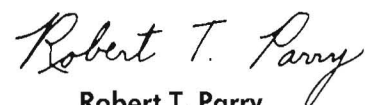
In the wholesale banking area, we continue to improve our payments system to benefit financial institutions in all market segments and ultimately the general public. Innovations in electronic technology constantly provide new opportunities for improvements in this vital function.

We would like to express our thanks and appreciation to all of the Twelfth District's directors for their valuable counsel and assistance throughout 1990. We also thank them for keeping us in tune with the larger community we serve throughout the nine western states.

Our deep appreciation to several directors who completed their terms of service in 1990: on the San Francisco Head Office Board, R. Blair Hawkes (President and CEO, Ireland Bank, Malad City, ID) and Cordell W. Hull (Executive Vice President and Director, Bechtel Group, Inc. San Francisco, CA); on the Los Angeles Branch Board, Ross M. Blakely (Chairman of the Executive Committee of the Board, Coast Savings and Loan, Los Angeles, CA) and Richard C. Seaver (Chairman, Hydril Company, Los Angeles, CA); on the Portland Branch Board, Sandra A. Suran (President, The Suran Group, Portland, OR) and G. Dale Weight (Dean, George H. Atkinson Graduate School of Management, Willamette University, Salem, OR); and on the Salt Lake City Branch Board, Don M. Wheeler (President, Wheeler Machinery Company, Salt Lake City, UT).



**Robert F. Erburu**  
Chairman



**Robert T. Parry**  
President



From left, Robert T. Parry, President, Robert F. Erburu, Chairman, Carolyn S. Chambers, Deputy Chairman, and Carl E. Powell, First Vice President.



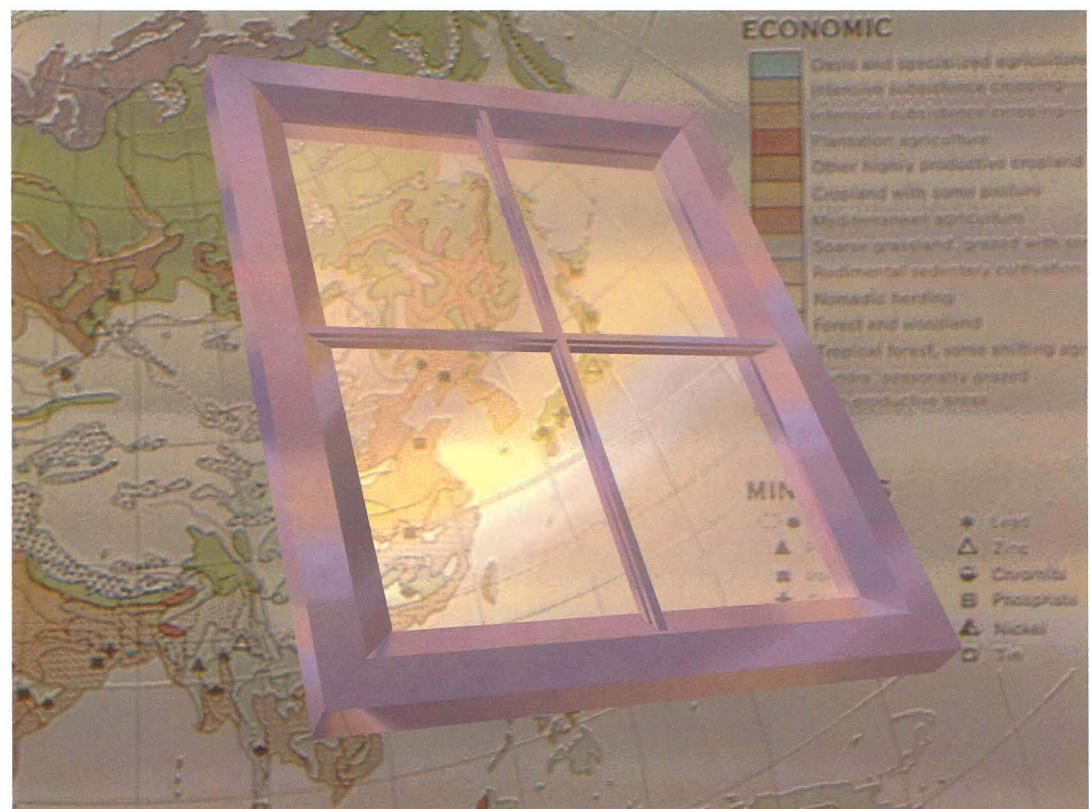
# Community Outreach in the 1990s

The Federal Reserve System has a very direct and dramatic influence on the economy of the United States, and consequently the international economy as well. And yet, despite a long-term on-going program of providing information and educational materials to member banks and others who request them, its complex role is not clearly understood by the American public.

In 1990, the Federal Reserve Bank of San Francisco stepped up its programs of community outreach to heighten an understanding of the Federal Reserve System, its impact on the economy, its relevance to the society in which it operates, and the responsibilities of member banks in serving their communities.

This is an awesome challenge given the Twelfth District's geographic scope. The District encompasses nine western states and three U.S. territories. The land area this District covers is 1.3 million square miles, roughly the size of the Indian subcontinent. Its jurisdiction over Alaska, Hawaii and American territories in the Pacific means it spans eight time zones and crosses the International Date Line.

Because it is the Federal Reserve's window on the rich and dynamic Pacific Basin, the District's community outreach programs have extended far beyond its immediate jurisdiction to develop links with other nations that touch the Pacific Ocean.



Management Committee  
(from left)

Thomas D. Thomson  
Executive Vice President

Michael J. Murray  
Senior Vice President

Robert T. Parry  
President

Thomas C. Warren  
Executive Vice President  
Los Angeles

Carl E. Powell  
First Vice President



Outreach efforts of the Bank have been implemented at all levels of the organization. Employees have tapped into a variety of community needs, from helping to gather and analyze information for regional economic development planning, to organizing conferences and seminars, to grassroots support for local United Way campaigns.

As an example of the pervasive spirit of community support, in 1990 Zoltan (Nick) Kraynik, a protection services corporal from the San Francisco Office, ran 496 miles from that office to the Los Angeles Branch to encourage pledges to the United Way drives of both cities. His 14-day run raised more than \$5,000 from his fellow employees for the two United Way campaigns.



### Top-Down Participation

Federal Reserve Banks are prohibited from making donations or grants to community organizations. Consequently, the San Francisco Fed implements its community service role by helping to organize, direct, or facilitate activities that will benefit consumers, businesses, job-seekers, and the economies in the District.

The impetus for our outreach programs emanates from the Bank president's office, which has set the pace for community activism.

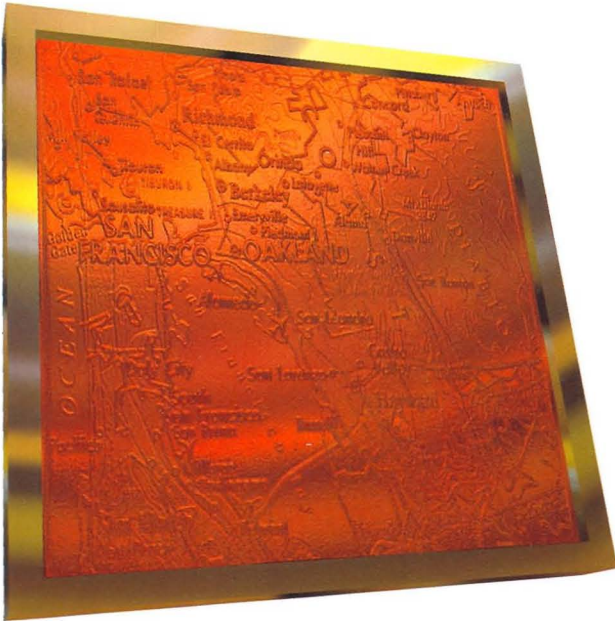
Senior officers maintain an energetic schedule of public appearances throughout the District to speak to civic and service organizations, industry groups, and academic audiences on the economic outlook and on the activities of the Federal Reserve. They also regularly make Bank facilities available to a wide range of community-based organizations for meetings and seminars on financial and economic issues.

In addition, senior management has played a pivotal role in establishing organizations to meet community needs.

In 1989, the San Francisco Reserve Bank helped bring about a meeting of business organizations and public officials in the San Francisco Bay Area to create the Bay Area Economic Forum. This organization is designed to research and propose regional solutions to economic and infrastructure problems of nine contiguous Bay Area counties. The president of the San Francisco Federal Reserve Bank is chairman of the Forum.

Virtually every poll and study of problems in the area has listed transportation and impending gridlock as a number one priority for regional attention. In response, one of the Economic Forum's first major studies, published in May 1990, focused on "Market-Based Solutions to the Transportation Crisis."

The Forum also has created a Bay Area Bioscience Center to take advantage of the San Francisco Bay Area's reputation as world leader in the field of bioscience research and innovation. It has established an Economic Information Clearinghouse to advise investors about the region's economy, business climate, business facilities, and other useful data designed to promote economic development at the regional level.



In another type of community development undertaking, the Federal Reserve Bank of San Francisco in 1988 assisted the non-profit Development Fund in the creation of a statewide lender consortium called the California Community Reinvestment Corporation (CCRC). The group has raised a revolving loan pool of \$100 million from participating institutions to finance affordable housing throughout California. In 1990, its first full year of operation, CCRC made 10 loans totaling nearly \$10 million for construction of 296 affordable housing units in California.

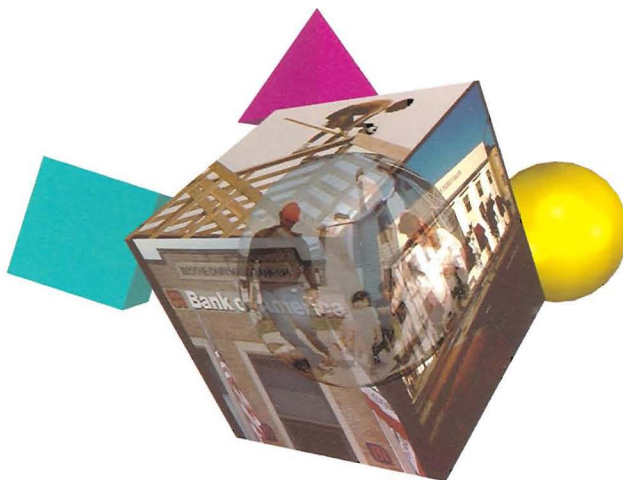
Interest in this concept prompted District officers in 1990 to make presentations to bankers in Nevada, Washington and Hawaii on formation of similar statewide community reinvestment corporations. In Oregon, a statewide nonprofit corporation called the Network of Oregon Affordable Housing (NOAH), is being formed using the same model for its operations.

The Bank's Community Affairs staff also provides information to banks and bank holding companies about development needs and small business lending opportunities in their communities. In 1990, the staff worked with bankers in Arizona in their efforts to create a multibank statewide community development corporation to finance affordable housing and small business.

### **Community Reinvestment Support**

The Community Reinvestment Act (CRA) was passed by the Congress in 1977 to require federal agencies that regulate financial institutions to encourage lenders to help meet the credit needs of their communities. It has been amended and strengthened since its original passage, and the latest change, which took effect in July 1990, required public disclosures of the regulator's evaluation of each bank's CRA performance.

The Bank's Community Affairs department evaluates the CRA record of performance for banks when they submit applications to merge with or acquire another entity. As a long-term objective, it is dedicated to advising financial institutions on opportunities for investment in their communities. The demand for its services has increased dramatically in recent years.





The Community Affairs department carries out its advisory role in five ways:

1. It sets up conferences and workshops throughout the District that bring together lenders, government agencies at all levels, and community organizations to identify viable community projects for potential investment. It provides an ongoing linkage among these various players, and serves as an advisor and sounding board for community groups.
2. The Community Affairs office distributes a quarterly newsletter called "Community Investments," which provides advice and suggestions on how to evaluate and implement undertakings worthy of investment. It is currently distributed to some 4,000 interested readers throughout the Twelfth District and beyond.
3. Community Affairs officers and staff often involve senior officers of the Bank in making speeches and hosting meetings with bankers, public officials and community representatives seeking information on economic and community development opportunities, and on compliance with recent CRA amendments. One of several presentations made to the California Bankers Association regional meetings in autumn 1990 was filmed for wider distribution to the Association's members in 1991.
4. Community credit needs assessments are prepared for selected metropolitan areas in the District. These assessments pinpoint developmental needs and name local organizations interested in participating in development with financial institutions. The latest such profile of the Sacramento area was completed in 1990.
5. The Community Affairs staff has compiled CRA information packets which give guidelines and information on compliance to banks, their directors, and other interested parties. They were updated in December 1990 to include a "Guide to Business Credit for Women, Minorities and Small Businesses," a report recently issued by the District's Board of Governors. The staff fills phone orders for about 20 packets a week.

Two major conferences with the theme "Communities Are Your Best Investment" were co-sponsored by the Community Affairs department in 1990. A September conference in Bellevue, Washington, was jointly hosted with the Federal Home Loan Bank of Seattle, and an October conference in San Francisco was co-hosted by the Federal Home Loan Bank of San Francisco. The two events were attended by nearly 600 bankers, community leaders, government agency officials, and others interested in community development.



### Economic Education

For many years, the Federal Reserve has provided educational materials on economics, money, and banking for use by educators, bankers, economists, students, and the general public. The innovative lobby exhibits in the Bank's San Francisco and Los Angeles offices depicting how the economy works have drawn thousands of visitors annually who are able to work with interactive displays to enhance their understanding of our economy. In addition, the Bank and its branches provide tours of their cash vaults, check processing facilities, and other operational activities. A great many schools and colleges in the District annually take advantage of the tour opportunities.

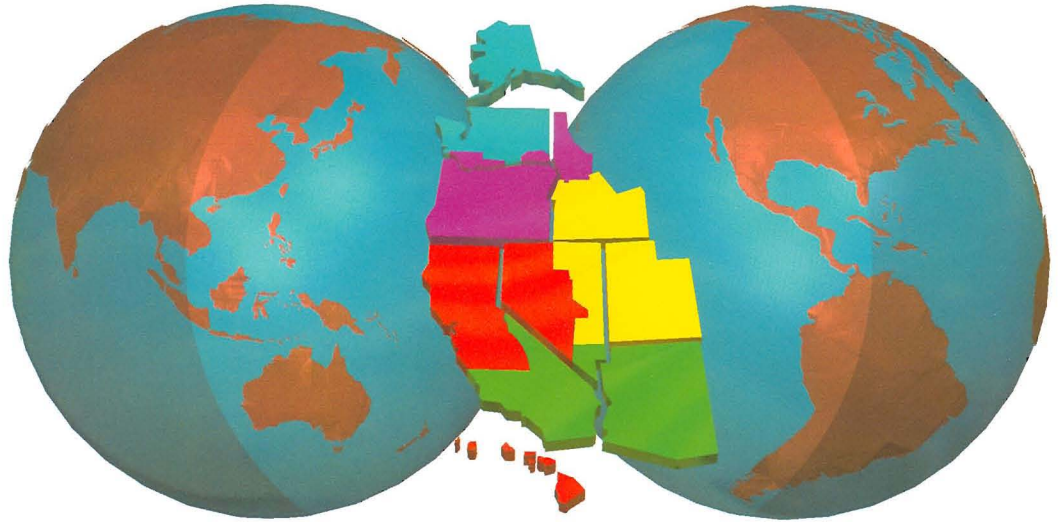
Today, nearly half of the states in the Twelfth District mandate economic education in public schools. The needs of teachers in these states have provided an excellent opportunity for the Reserve Bank to expand its outreach programs on economic education.

The Public Information department works with affiliates of the Joint Council on Economic Education and other education groups to provide workshops and summer courses for high school teachers. Courses are offered in conjunction with universities and colleges or by the Reserve Bank itself.

As public schools are squeezed by budget constraints, they are able to buy fewer textbooks. To help fill this void, the Bank produces creative and easily understood curriculum materials. Its educational videotape series, entitled "The World of Economics," covers a wide array of topics: the workings of the Federal Reserve System; its role in the economy; how money works for individuals and businesses in the economy; how foreign trade works; basic schools of economic thought; who are the key players in the national economy; and what various economic indicators mean.

The Bank also provides support to the Academy of Finance, an accelerated training and internship program for high school students who are interested in careers in finance.





### **Center for Pacific Basin Studies**

From its vantage on the edge of the Pacific Basin, the Bank has come to view the region as of crucial importance to the Twelfth District economy. The Bank believes that research and analysis on the economic growth and dynamics of the Pacific Basin is of utmost importance to the economy of the West Coast. These studies will also have broad application to other nations in the world seeking to improve or develop new economic and financial systems.

For 16 years, the Reserve Bank has conducted an active Pacific Basin program to promote cooperation among central banks in the region and to enhance public understanding of major Pacific Basin monetary and economic policy issues. The Bank decided to take this program a step further by providing it with a permanent structure and opening it to the direct participation of institutions and individuals who share its wish to promote greater understanding of major Pacific Basin economies. The result was the establishment, in July 1990, of the Center for Pacific Basin Monetary and Economic Studies at the Bank's headquarters.

The Center is an integral part of the Bank's Economic Research department, and its director is the Vice President for International Studies. The Center plans to invite three Visiting Scholars every six months to conduct research at the Center on monetary, financial, and economic policy issues of interest to the United States and other nations in the region. It is anticipated that of the six annual Visiting Scholars, two will be from the United States, two from developed nations, and two from developing countries. In its first six months of operation, the Center hosted five scholars. In 1991, it is expected to host Visiting Scholars from The Philippines, Korea, New Zealand, and Japan.

Visiting Scholars work on their own specific research, but spend considerable time interacting with each other and with the four resident international economists on the Center's staff. The Center also conducts seminars and workshops as well as conferences of researchers and senior officials from Pacific Basin central banks, international organizations, universities, banks, and corporations. The Center plans to publish working papers produced by its own staff, visiting scholars, and research associates. Its long-term goal is to increase the breadth of knowledge in academic and economic communities of the forces shaping the spectacular growth and development in the Pacific Basin.

### **Traditional Activities Augmented**

One of the Federal Reserve's basic functions is to support the health of U.S. communities by ensuring that their financial institutions are well-managed and have adequate capital. It fulfills this task by examining state member banks, bank holding companies, foreign branches and agencies, and Edge Act corporations for safety and soundness. Since the mid-1970s, it has added examinations for Community Reinvestment Act compliance, and for compliance with all state and federal regulations relating to truth in lending and equal credit opportunity.

Accompanying the spate of applications in the mid-1980s by financial institutions for permission to merge, expand, or make acquisitions, have come demands by consumer and community groups for information about these institutions' record of compliance. The Bank has worked to bring these parties together to negotiate and, where necessary, to help its banks develop new programs to meet consumer and community needs. Its Consumer Affairs department adjudicates all inquiries and complaints about member-bank performance.

In the mid-1980s, the Bank began to share its expertise in examining banks for basic safety and soundness with the People's Bank of China (PBC), which is working to reform its banking structure and monetary system. The PBC has hundreds of offices and thousands of employees engaged in commercial lending and foreign exchange transactions. Its leadership has a particular interest in improving its system of banking supervision and regulation.

A Reserve Bank team of three traveled to China in 1986 and again in 1990 to provide two-week seminars for the People's Bank staff. In 1988-89, two PBC staff members were invited to the Twelfth Federal Reserve District for intensive on-the-job training in bank examinations over a 12-month period. A similar training session is planned for 1991. The Bank believes that providing this type of technical assistance adds to the spirit of cooperation among central banks and enhances the Bank's Pacific Basin program.



### **Affirmative Action and Community Support**

The Twelfth District has an active and responsive affirmative action program for its staff of more than 2,500 workers. Opportunities for upward movement for minorities are made available through in-house recruitment, training and development.

To enhance external recruitment efforts, the Employment/Employee Relations staff increased and strengthened ties with professional women's and minority organizations, and intensified its efforts to help motivate inner-city youth to develop an interest in careers in finance.

The San Francisco office has a minority internship program known as INROADS for college level students selected as potential employees of the Bank. Members of the staff are involved with the Mayor's Committee for the Employment of Disabled Persons, and work with the Personnel Management Association of Aztlan, an organization to promote and develop Hispanics in the field of personnel. The staff also met with a variety of ethnic community groups to develop recruiting sources, and conducted interviewing workshops at a local high school.

The Los Angeles Branch staff made presentations on interviewing skills and employment opportunities at the Federal Reserve Bank at five inner-city organizations and participated in job fairs sponsored by three. A personnel representative of the Los Angeles office appeared on local television to encourage employment of disabled persons.

In Seattle, summer interns were recruited from an inner-city high school and through the Academy of Finance, an organization that targets inner-city high school junior and seniors for careers in finance.

The Portland Branch focused its attention on recruitment and job training of disadvantaged youth at both the high school and college level, and on participation in the Financial Services Academy. The staff participates in the Portland Chamber of Commerce's Scholar Recognition and Tracking Program.

The Salt Lake City Branch participates in local job fairs and actively recruits employees through organizations representing women, minorities, disabled persons, and protected-age individuals. The Branch has received state and local awards for the employment of disabled persons and older workers.

Throughout the District, Federal Reserve employees have won awards for outstanding participation in local United Way campaigns and have actively supported other community-sponsored programs, such as ride sharing.



Branch Operations  
 (From left)  
 Gerald R. Kelly, Senior Vice President in Charge, Seattle  
 Carl E. Powell, First Vice President and Chief Operating Officer  
 Thomas C. Warren, Executive Vice President in Charge, Los Angeles  
 Angelo S. Carella, Senior Vice President in Charge, Portland  
 E. Ronald Liggett, Senior Vice President in Charge, Salt Lake City



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and  
Chief Executive Officer

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General Auditor

Peter K.C. Hsieh  
Assistant Vice President  
Auditing

Bruce H. Thompson  
Assistant  
General Auditor

Charles O. Bowden  
Audit Officer  
Southern Region

Gary G. Hoeth  
Audit Officer  
Northern Region

Carl E. Powell  
First Vice President  
and  
Chief Operating Officer

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Senior Vice President  
and General Counsel

Robert D. Mulford  
Vice President  
and Counsel

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and Counsel

Kenneth M. Kinoshita  
Associate General Counsel

Jane M. Waterman  
Ombudsman

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Supervision, Regulation and Credit

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Bank Examinations

W. Starr Seigmiller  
Assistant Vice President  
Trust

Harold H. Blum  
Director  
Bank Examinations

James M. Barnes  
Assistant Vice President  
Bank Examinations, S.F.

Thomas P. McGrath  
Assistant Vice President  
Bank Examinations, S.L.C.

Robert C. Johnson  
Assistant Vice President  
Bank Examinations, L.A.

Rodney E. Reid  
Vice President  
BHC and International Supervision

Philip M. Ryan  
Assistant Vice President  
International Examinations

Richard S. Campos  
Assistant Vice President  
BHC Inspections

Terry S. Schwakopf  
Assistant Vice President  
BHC Inspections

Robert C. Oemler  
Examining Officer  
BHC Inspections, S.F.

Thomas J. Backer  
Examining Officer  
BHC Inspections

W. Gordon Smith  
Vice President  
Credit and Consumer Affairs

Donald R. Lieb  
Assistant Vice President  
District Credit

Wayne L. Rickards  
Director  
Bank and Consumer Regulation

David M. Vandre  
District Compliance Officer

Kelly K. Walsh  
Community Affairs Officer

Kenneth R. Binning  
Director  
BHC and International Regulation

Robert A. Johnston  
Director  
Reports and Analysis

George Westerman  
Applications Officer

Rick Fukushima  
Managing Officer  
Supervision, Regulation and Credit

## Computer Services

Laurence Washtien  
Senior Vice President  
Computer Services

Patrick Tong  
Vice President  
Computer Operations

John Y.C. Lin  
Director  
Systems and Communications

Nancy E. Perkins  
Director  
Applications Systems

Joan L. Moghadam  
Assistant Vice President  
Applications Systems

Paige B. Scott  
Assistant Vice President  
Data Security,  
Contingency Planning  
and Support Services

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Vice President  
and Secretary of the Board

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Senior Vice President  
Administration

C. Kenneth Arnold  
Vice President  
District Security

William K. Ginter  
Vice President  
Budgets and Property Management

Sylvia A. Cunningham  
Assistant Vice President  
Building and Property Management

Elizabeth K. Christensen  
Assistant Vice President  
Financial Planning and Control

Sallie H. Weissinger  
Vice President  
Corporate Personnel

Susan G. Porterfield  
Director  
Compensation and Benefits

Deborah S. Jackson-Duke  
Personnel Officer

James J. Tenge  
Assistant Vice President  
Administrative Services

## Finance and Product Management

Sara K. Garrison  
Senior Vice President  
Finance and Product Management

Gail A. Taylor  
Vice President  
Statistics and Accounting Services

Barbara J. Contini  
Vice President  
Electronic Access

Gail G. Quarles  
Assistant Vice President  
Electronic Access

## Los Angeles Branch

Thomas C. Warren  
Executive Vice President  
In Charge

Gordon R.G. Werkema  
Senior Vice President  
Operations and  
Assistant Branch Manager

G. Bradley Snodgrass  
Assistant Vice President  
Financial Services

Charles L. Huffstetter  
Vice President  
Custody Services

G. Kerry Webb  
Director  
Payments

Mary Ellen Zaske  
Director  
Administration and  
Secretary of the Board

Mark W. Fishback  
Director  
Cash and Securities  
Operations

Frank A. Bentley  
Assistant Vice President  
Return Items

Pamela J. Robertson  
Assistant Vice President  
Human Resources

Theodore A. Schroeder  
Assistant Vice President  
Securities Services

Janice M. Hardina  
Assistant Vice President  
Adjustments

Brent M. Duxbury  
Assistant Vice President  
Administrative Services

Darcy J. Coulter  
Electronic Payments Officer

Vicapt  
Assistant Vice President  
Check Processing

## Portland Branch

Angelo S. Carella  
Senior Vice President  
In Charge

Susan L. Robertson  
Assistant Vice President  
Payments Services

Denn C. Gonzerman  
Assistant Vice President  
Financial Services  
and Public Information

Leslie R. Watters  
Assistant Vice President  
Custody Services

Robert D. Long  
Assistant Vice President  
Administrative Services

E. J. ...  
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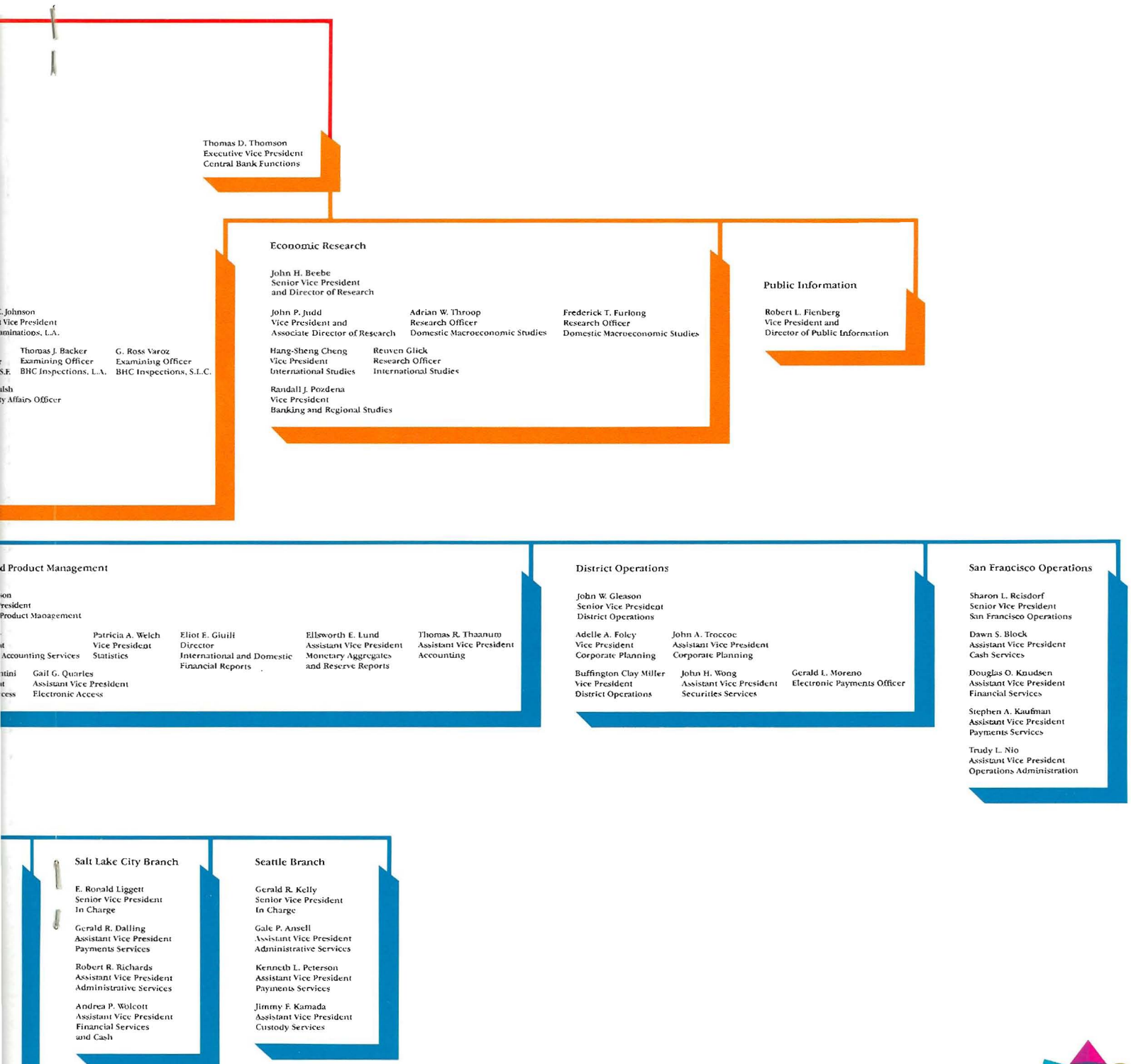
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# Organization Chart

February 1, 1991





# Highlights of 1990

## Economic Research

Domestic macroeconomic research focused on several issues of interest to the Federal Reserve in the conduct of monetary policy in 1990 and the years ahead. For example, studies examined the effects of oil shocks on inflation and economic output, the reliability of the unemployment rate as an indicator of inflationary pressures, and the roles of aggregate-demand and -supply factors in determining business cycle fluctuations.

International research examined international implications of monetary-fiscal policy mix, factors determining demand for U.S. exports, Japan's capital outflow, interactions between the exchange rate and financial markets in Taiwan, and economic reform in China.

Banking and financial markets research included pricing retail deposits in California, interstate banking, informational effects of the Community Reinvestment Act, ATM regulations, agricultural lending, deposit insurance reform, and reform of bank securities powers.

Regional research studied the effects of imperfect information on investment, the determinants of the geographic dispersion of high-technology industries, real estate markets in the West, venture capital, and the sensitivity of homebuilding activity to interest rates.

The Center for Pacific Basin Monetary and Economic Studies was inaugurated with a conference at the Bank in July.

## Public Information

Media relations efforts were expanded to increase public awareness and understanding of the Federal Reserve System and its policies. These programs included conducting media training workshops at Salt Lake City and Portland branches, meeting with print and broadcast editors and editorial staffs, news releases, news briefings and recorded audio interviews of Bank staff for broadcast use.

An informational Media Day at the Los Angeles Branch attracted 20 media representatives who toured the Branch and listened to briefings from top Bank management.

The economic education program was strengthened through meetings with the Joint Council on Economic Education and directors of state Councils on Economic Education in all nine District states. As an outgrowth of this collaboration the Federal Reserve is producing a semi-annual newsletter with the Arizona Council for distribution to 3,500 educators and civic and business leaders.

## Supervision, Regulation and Credit

Overall, the financial condition of state member banks was good. During the year, Reserve Bank examiners conducted a total of 60 examinations of commercial banks. At year-end a total of 25 state member banks were subject to special supervisory attention because of unfavorable financial condition, four more than at year-end 1989.

The Reserve Bank held \$25.3 billion in collateral accounts at year end, reflecting a sharp increase from \$20.1 billion at the end of 1989. The increase was due primarily to a desire by large banks to increase their collateral balances for contingency borrowing purposes should the need arise in the future.

An extensive training course on banking supervision was conducted by three members of the department for a large number of officers and staff at the People's Bank of China.

Large bank holding companies continued to expand their operations through acquisitions during the year requiring examiners to broaden their scope of inspections to evaluate much larger asset bases and operational complexities. Nevertheless, only seven corrective action programs were issued to bank holding companies in 1990, a sharp contrast to 23 actions in 1989. Most of those removed from the roster were as a result of sustained improvement in financial conditions rather than failures.

The number of applications by bank holding companies to acquire additional banks, and also to acquire nonbank companies declined slightly, while the volume of other major applications such as change of control and bank holding company formations held relatively steady.

Consumer compliance examiners faced a particular challenge growing out of the requirements of FIRREA. In conjunction with their normal examinations, the Act called for the generation of a separate document containing the examiner's assessment of the banks CRA performance. This document is subject to public disclosure for all examinations conducted after mid-year 1990 and must be made available for public review by the examined bank.

The Community Affairs staff held two community development conferences in conjunction with the Federal Home Loan Banks of Seattle and San Francisco attracting more than 500 attendees.

## Funds Transfer

Service availability and reliability continue to be a major focus. Critical hours service availability has been at 100 percent consistently for more than two years and full-day availability averaging 99.84 percent is well ahead of the System target of 99.5 percent.

Volume growth for Fedwire transactions in the Twelfth District was surprisingly strong in 1990, fully double the average of the Federal Reserve System. Basic transaction volume in 1990 grew 11.5 percent in the Twelfth District versus 5.7 percent for the System.



### Automated Clearinghouse

Consolidation and automation programs along with contingency planning were major efforts in 1990. A major data processing consolidation program transferred all Automated Clearinghouse (ACH) activity from the northern branch data centers to the San Francisco data center. In addition to enhancing the Bank's contingency capabilities and increasing its efficiency, this move best positions the Bank to move into the future All-Electronic ACH environment.

Growth in ACH transaction volume continues to be very strong in the Twelfth District, outpacing the growth in most other Reserve Districts.

### Electronic Access

This Bank continues to serve as the Electronic Access Office with responsibility for developing and implementing System-wide strategic plans for electronic access to Federal Reserve services and introduction of new electronic access mechanisms.

During 1990 the District neared completion of its program to standardize electronic access options. FLASH-Light, a new connection option to FEDLINE II, was introduced. It is designed for the small ACH receiver as a simple-to-use, receive-only personal computer-based electronic connection to Federal Reserve Bank information services.

### Check Services

A key milestone in long-term automation of the check processing area was achieved with conversion of all offices to a processing system which provides increased balancing capability and greater capacity for future business needs. As part of this project, channel extenders were installed to run northern branch check equipment from the San Francisco data center. New software for logging and tracing check adjustments was implemented in San Francisco, Portland, Salt Lake City and Seattle. Los Angeles Branch will implement the system in 1991.

### Securities and Fiscal Services

A program to streamline the processing of the applications and issuance of Savings Bonds is underway. It is a major step in the smooth implementation of the Treasury's Regional Delivery System for Savings Bonds scheduled for completion at the end of 1992.

During 1990, this Bank converted from use of its own Treasury Tax and Loan system to an application system shared by all Federal Reserve Banks which enabled Securities Services to further automate a number of Treasury Tax and Loan functions and to consolidate a number of activities in the San Francisco office.

Managing currency volume growth and increasing automation were key emphases during 1990. Currency volume growth slowed somewhat in California during 1990 but increased in the Northwest compared to the latter half of the 1980s. Sharing capacity among the five branch offices and adding staff and equipment expanded the capacity of the high-speed currency processing resources and led to reduced backlogs of unprocessed currency.

Cash automation efforts have centered around designing an integrated computer system to minimize paper records of valuables transfers and improve accountability and efficiency throughout the operation.

## Cash Services

## Summary of Operations

	Volume (in thousands)		
	1988	1989	1990
<b>Custody Services</b>			
Cash Services			
Currency notes paid into circulation	3,207,649	3,405,037	3,516,705
Food stamp coupons processed	295,264	309,852	364,702
Securities Services			
Savings Bonds original issues	3,534	3,437	3,456
Savings Bonds redemptions processed	283	278	249
Other Treasury original issues	142	396	583
Book-Entry Securities processed	303	685	656
<b>Payments Services</b>			
Check Services			
Commercial checks collected	3,022,928	3,082,631	3,128,340
Government checks processed	83,867	82,827	82,274
Return items processed	35,714	37,676	34,085
Electronic Payments Services			
Wire transfers processed	14,224	15,431	17,196
Automated clearinghouse transactions processed	210,867	245,740	300,865
<b>Discounts and Advances</b>			
Total discounts and advances*	1,013	1,329	1,088
Number of financial institutions accommodated*	104	129	101

\* Whole number (not in thousands)



# Federal Reserve Bank of San Francisco Board of Directors



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Robert F. Erburu  
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The Times Mirror Company  
Los Angeles, California



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Salt Lake City, Utah



Gerald R. Christensen  
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Salt Lake City, Utah



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Chairman and CEO  
Albertson's, Inc.  
Boise, Idaho



Curtis H. Eaton  
Vice President; Manager,  
Community Banking Area and  
Member of Board of Directors  
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Twin Falls, Idaho



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Ralston & Associates  
Salt Lake City, Utah



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Salt Lake City, Utah



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Chairman  
Alaska Air Group  
Seattle, Washington



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InterWest Savings Bank  
Oak Harbor, Washington



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Frank Russell Company  
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California Department of  
Food and Agriculture  
Sacramento, California





# Comparative Statement of Account

(Thousands of Dollars)

	December 31,	
	1990	1989
<b>Assets</b>		
Gold certificate account .....	1,329,000	1,402,000
Special Drawing Rights certificate account .....	1,072,000	922,000
Other cash .....	89,178	77,206
Loans to depository institutions .....	25,030	220
Federal Agency obligations .....	706,352	795,571
United States Government securities:		
Bills .....	12,532,995	12,751,915
Notes .....	10,181,288	11,142,450
Bonds .....	3,471,101	3,757,221
<b>Total United States Government securities</b> .....	26,185,384	27,651,586
<b>Total loans and securities</b> .....	26,916,766	28,447,377
Items in process of collection .....	684,544	1,409,038
Bank premises .....	148,493	149,708
Operating equipment .....	33,075	32,015
Other assets:		
Denominated in foreign currencies .....	4,405,320	4,323,816
All other .....	526,052	1,000,609
Interdistrict Settlement Account .....	(1,482,186)	(2,007,957)
<b>Total assets</b> .....	33,722,242	35,755,812
<b>Liabilities</b>		
Federal Reserve Notes .....	24,562,533	25,863,292
Deposits:		
Total depository institutions-reserve accounts .....	7,740,779	7,546,848
Foreign .....	20,250	20,700
Other deposits .....	6,799	128,965
<b>Total deposits</b> .....	7,767,828	7,696,513
Deferred credit items .....	448,150	1,234,897
Other liabilities .....	312,977	357,290
<b>Total liabilities</b> .....	33,091,488	35,151,992
<b>Capital Accounts</b>		
Capital paid in .....	315,377	301,910
Surplus .....	315,377	301,910
<b>Total liabilities and capital accounts</b> .....	33,722,242	35,755,812

# Earnings and Expenses

(Thousands of Dollars)

	December 31,	
	1990	1989
<b>Current Earnings</b>		
Discounts and advances .....	2,023	5,748
United States Government securities .....	2,272,869	2,469,140
Foreign currencies .....	352,012	143,352
Income from services .....	83,453	78,683
All other .....	1,735	2,197
<b>Total current earnings</b> .....	2,712,092	2,699,120
<b>Current Expenses</b>		
Total current expenses .....	164,950	170,670
Less: reimbursement for certain fiscal agency and other expenses .....	14,031	13,249
<b>Net expenses</b> .....	150,919	157,421
Cost of earnings credits .....	15,043	15,585
<b>Current net earnings</b> .....	2,546,130	2,526,114
<b>Profit and Loss</b>		
Additions to current net earnings		
Profit on prior period adjustments .....	—	—
Profit on sales of United States Government securities (net) .....	6,999	1,281
Profit on foreign exchange transactions (net) .....	288,818	174,406
All other .....	—	1,357
Total additions .....	295,817	177,044
Deductions from current net earnings		
Loss on foreign exchange transactions (net) .....	—	—
All other .....	356	—
Total deductions .....	356	0
<b>Net additions (+) or deductions (–)</b> .....	295,461	177,044
Cost of Unreimbursed Treasury Services .....	(11,178)	(6,691)
Assessments by Board of Governors		
Board expenditures .....	(14,097)	(12,316)
Federal Reserve currency costs .....	(20,650)	(18,860)
Net earnings before payments to the United States Treasury .....	2,795,666	2,665,291
Dividends paid .....	18,929	17,714
Payments to the United States Treasury (interest on Federal Reserve Notes) .....	2,763,270	2,636,822
Transferred to surplus .....	13,467	10,755
Surplus, January 1 .....	301,910	291,155
Surplus, December 31 .....	315,377	301,910





San Francisco Office  
P.O. Box 7702, San Francisco, California 94120


Los Angeles Branch  
P.O. Box 2077, Terminal Annex,  
Los Angeles, California 90051

Portland Branch  
P.O. Box 3436, Portland, Oregon 97208

Salt Lake City Branch  
P.O. Box 30780, Salt Lake City, Utah 84125

Seattle Branch  
P.O. Box 3567, Terminal Annex,  
Seattle, Washington 98124

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Federal Reserve Bank of San Francisco  
P.O. Box 7702  
San Francisco, California 94120

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