Union Bank
150 Years of History

Honoring all who dedicated their careers to building this bank
Acknowledgments

The 150-year history of Union Bank has been made possible through the dedication of many individuals who spent countless hours searching through historical treasures and assets and assembling them into a highly readable collage of facts, stories, and images.

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In telling the stories of the past, we have drawn extensively on existing records such as annual reports and internal publications, books, documents, and other relevant resources. We also thank the California Historical Society and the U.S. National Archives for allowing us to include materials from their archives.
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### Special features

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Today, history can be made at the speed of a keystroke, through social media that millions around the world can view in an instant. And its significance can also fade just as quickly.

But at Union Bank, our history has been carefully cultivated over 150 years of banking; it bears deep significance, and it continues. The enduring result is a special bank — Union Bank — that our colleagues, our communities, and our customers can be proud of. All Union Bankers share a legacy: financial dreams fulfilled for generations of families and businesses, and economic development where those families and businesses grow.

It’s been that way since our beginning. William Ralston established The Bank of California in San Francisco in 1864 on the notion that a bank begins with close customer relationships. It treats them as sacred. Built on trust and loyalty, these relationships endure the test of time, and these guiding principles carry on today. I see them expressed in our passion for earning and sustaining the trust of those we serve.


In the following pages, you’ll see how each was founded by trailblazers. You’ll see how each was committed to serving distinctly different customer needs like no other bank of its time. And you’ll see how Union Bank eventually emerged from these five financial institutions.

Much has changed over the past 150 years, but the principles that guide our behaviors and the way we do business haven’t. Integrity. Respect. Service. Collaboration. Inclusion. Stewardship. These are Union Bank’s abiding values. They mattered in our earliest days, they matter today, and we understand they must matter always. They’re the foundation of what we’re committed to delivering: sustainable, responsible banking.

With our 150th anniversary imminent, 2013 saw the launch of a new brand campaign for Union Bank, “Doing Right.” I believe it simply and succinctly captures our bank’s cultural essence, our history, and our values. Banking is an honorable profession, and our pledge to do right is a sincere promise we make to everyone who walks through our doors. Ultimately, it’s what sets Union Bank apart. And clearly, the message resonates. We continue to win new customers and...
maintain loyal ties to existing ones — from large corporations to small businesses, and from families planning their financial futures to individuals starting out on their own for the first time. I can think of no better proof than the number-one national ranking for reputation that Union Bank received in 2013 in American Banker Magazine's annual survey of the people who matter most: customers.

I'm confident in our future as we celebrate our 150th anniversary. We’ve built a strong foundation. We’re prepared for growth. Indeed, we’ve never been better positioned to make a positive difference for the customers and communities we serve, and for the colleagues who report to work every day to serve them.

The acquisitions we’ve pursued over the past few years are helping fuel near- and long-term growth. Klik Technologies Corporation, Smartstreet, First Bank Association Bank Services, and PB Capital Corporation’s institutional commercial real estate lending portfolio and platform from Deutsche Bank — all these significantly broaden and deepen our strengths in serving customers. Tamalpais Bank, Frontier Bank, and Santa Barbara Bank & Trust allow us to build lasting relationships with businesses and families along a wider stretch of the West Coast. And new commercial branches in New York City, Dallas, Houston, Chicago, and Atlanta expand our reach nationally. We can now help businesses thrive, and economic development take root, across the country as never before.

As a proud family member of Mitsubishi UFJ Financial Group — a world leader — the next chapter of our history is now being written. It’s exciting and transformative. We combined operations on July 1, 2014 with our sister MUFG institution, BTMU Headquarters for the Americas. As one unified, hemispheric bank — MUFG Union Bank, N.A. — we’ll be stronger, more agile, and more competitive, from coast to coast and from Canada to Chile. We’ll have a global reach, thanks to our family of companies. Together we’ll serve a growing base of corporate, commercial, and retail customers with a greater array of products and services. And the support of a trusted global brand will open a host of new ways to grow throughout the Americas for another 150 years, as we again forge distinct strengths into something new and unique.

History serves as a powerful teacher. If the first 150 years of Union Bank’s history teach us anything, it’s that our future is as bright as we’re committed to illuminating it.

We continue to draw on the wisdom, experience, and inspiration of those who helped guide Union Bank from our early beginnings to what we are today. It’s truly an honor to celebrate their accomplishments in these pages, and every day as I join my colleagues walking through our doors for another proud day of service.

Banking is an honorable profession, and our pledge to do right is a sincere promise we make to everyone who walks through our doors. Ultimately, it’s what sets Union Bank apart.

If the first 150 years of Union Bank's history teach us anything, it’s that our future is as bright as we’re committed to illuminating it.
1864–2014

Union Bank — 150 Years of History
A bank steeped in history

Since the first of Union Bank’s five predecessors opened for business in 1864, the bank’s remarkable history has been steeped in California lore and inextricably tied to the state’s growth in three centuries. It is a story full of outsized personalities whose charismatic influence left lasting legacies and visionary leaders whose foresight and imagination helped shape the state and the banking industry. It is also a history full of world-changing events — extraordinary invention and innovation; soaring prosperity and economic collapse; natural disasters and world wars — and, more than anything, the promise of the Golden State.

A review at this juncture allows a fuller understanding of how today’s Union Bank was influenced by these transformative events and how its predecessors leveraged opportunity and responded to adversity. Looking in the mirror of history, we can reflect with greater clarity and objectivity on our roots and the values and principles that have endured through the years. We are also reminded of the scores of individuals in each era who helped build the current company. While the book’s sweeping historical time frame allowed us only to feature our presidents, we dedicate the book to the legion of remarkable leaders and staff members whose ideas and shared commitment created the opportunities for growth and prosperity. For those privileged to have experienced portions of this story, it will also be an occasion for reminiscence and pride. For our customers and friends, it will be an informative window into the West’s colorful past and the integral role Union Bank, and its five lineages, have played in the development and well-being of our communities.

Presenting the history

Tracing a 150-year history, never before compiled in its entirety, required delving into the bank’s voluminous archives, tapping the memories of those who were part of the journey, reviewing documented accounts, and mining the collections of state and community historical societies. The challenge of condensing an abundance of fascinating information into a small book required us to selectively highlight leaders and events that shaped Union Bank and its impact on banking and the West. If we have missed something important to you, we invite you to share your comments with us.

We left the interpretation of history to those who have thoughtfully chronicled it, relying in large part on published reference materials to tell the story. To assist the reader, we have divided the Union Bank story into chapters defined by significant events and milestones in the bank’s evolution. Chapter introductions set the bank’s achievements in the context of the period. A timeline provides a convenient chronology of milestones, and a diverse collection of excerpts, extracted from published materials, adds color and detail to each era. Special features at the back of the book provide at-a-glance chronologies of the leadership, product and service innovations, and bank identities.

While the story is told from the beginning to the present, the chapter structure allows readers to move through the book as their interests dictate, and to view the bank’s history from a variety of perspectives. To help distinguish the various lineages, many elements in the book are tagged with colored boxes containing bank name identifiers representing the institutions that are part of the Union Bank story.
1864

1883
First National Bank

1918
UNION BANK

1952
THE BANK OF TOKYO OF CALIFORNIA

1958
THE BANK OF CALIFORNIA

1967
FIRST NATIONAL BANK

1972
MBC

1975
FIRST BANK

1988
UNIONBANK

1988
BANKCAL

1996

2014

Acquisitions, national expansion

Acquisition by Mitsubishi Bank

Divestiture of branches to six banks

Organic growth + two acquisitions

Regional Head Office establishments through five acquisitions and de novo

Eight acquisitions in O.C./L.A. and de novo

Organic growth strategy through de novo

Doctrine of Expansion: 11 acquisitions + de novo

Acquisition by Standard Chartered Bank

Family tree
The roots of Union Bank

Today, UnionBanCal Corporation, the holding company of Union Bank, is the 16th largest commercial bank holding company in the United States, with more than $105 billion in assets. It has 422 retail branches in three states, two international facilities, and commercial offices in California, Oregon, Washington, Texas, Illinois, New York, and Georgia. Its foundation is built on five lineages; three originate in California and two in Japan.

In California, the bank’s roots are woven into the fabric of the state’s emerging centers of commerce: in San Francisco, The Bank of California, founded in 1864; in San Diego, First National Bank of San Diego, formed in 1883; and in Los Angeles, Kaspare Cohn Commercial and Savings Bank, opened in 1914. Each institution, in its own way, was a catalyst for the state’s early development, and for decades, they influenced California’s destiny as a center of commerce and industry. Over time, the banks adapted to the evolving markets and, in some cases, even changed their names. Kaspare Cohn’s bank was renamed Union Bank & Trust Co. of Los Angeles after only a few years, and later shortened to Union Bank; First National Bank ultimately adopted the name Southern California First National as it reached beyond San Diego.


While separated by geography and emerging from distinct cultural roots, the lineages on both sides of the Pacific Rim shared much in common. As their histories evolved, the banks’ paths crossed, their markets merged, and their interests intersected. They eventually created partnerships that preserved their core values and operating principles, complemented their strengths, and allowed them to thrive in ever-changing environments.

In 1975, when Southern California First National Bank’s performance suffered as the result of an overly ambitious expansion plan, The Bank of Tokyo of California acquired the bank, recognizing the opportunity to transform itself from a community bank into a statewide force. The merger created California First Bank. In 1979, the second California lineage lost its independence when Standard Chartered Bank, Ltd., an international bank eager to beef up its California subsidiary with a well-performing partner, purchased Union Bancorp, Inc., the parent of Union Bank. The Union Bank name was retained.

In 1984, The Mitsubishi Bank, Limited, acquired The Bank of California, which had experienced uneven performance amid speculation and ill-defined strategies for more than a decade under the influence of a European shareholder. The acquisition supported Mitsubishi’s cautious expansion into American markets, and The Bank of California’s business focus fit perfectly with Mitsubishi’s goal of becoming a multinational institution. Four years later, in 1988, Mitsubishi merged The Bank of California and The Mitsubishi Bank of California to leverage growth opportunities and the advantages of scale of the combined institutions in the increasingly competitive banking market. The Bank of California name was retained, signaling Mitsubishi’s intent to build a truly American bank with iconic roots in California. The same year, California First Bank acquired Union Bank when Standard Chartered suffered substantial overseas financial losses and was forced to sell its premier U.S. holding. The ultimate partnership was formed in 1996 when The Bank of California and Union Bank combined to create Union Bank of California as part of the merger of The Mitsubishi Bank, Limited, and The Bank of Tokyo, Ltd., which created the world’s largest bank, The Bank of Tokyo-Mitsubishi, Ltd.

What emerges from a review of the collective histories is a set of distinguishing characteristics, bred in the predecessor organizations, and operating principles, refined by decades of experience, that have endured through the years to create the Union Bank of today.

The influence of great leaders

Each bank contributed distinct characteristics and personalities that remain at the core of Union Bank — the pioneering spirit and world perspective of The Bank of California; the remarkable innovation and creativity of First National Bank of San Diego; and the commitment to exceptional personal service and industry specialization of Kaspare Cohn Commercial and Savings Bank. The founders of each institution also created environments that fostered generations of great leaders, who exerted a powerful influence on each corporate culture.
Shaped by the expansive vision of William Ralston, The Bank of California was full of bold ambition and a pioneering spirit from its founding. Driven by his abiding belief in the prosperous future of San Francisco and California, the bank fearlessly pushed into new frontiers to achieve those goals — promoting and financing California’s vast, untapped assets, underwriting critical infrastructure projects, and establishing California as a leader in world trade. That embrace of new horizons was carried on by subsequent leaders. President Homer King led a groundbreaking expansion into the Northwest in 1905, ultimately securing the bank’s presence in all of the West Coast’s key ports. The bank’s influence was felt throughout the nation as well as the West. Ralston’s early financing of expeditions into the Alaskan territory ultimately contributed to the State Department’s decision to purchase Alaska, and his success in crafting the first-ever U.S. trade agreement with Japan in 1872 left an indelible imprint on the nation’s history. That national presence, and respect, endured. When the Federal Reserve Bank was conceived, The Bank of California President Frank Anderson joined an elite group to help structure the new system. The bank’s commitment to California’s prosperity, its support of the state’s signature industries, and its pioneering leadership in international trade remain a significant part of Union Bank’s business today.

At First National Bank of San Diego, founder Jacob Gruendike infused the institution with a sense of civic pride and a spirit of innovation that distinguished the bank for nearly a century and defines Union Bank today. In its early years, the bank was the first in Southern California to finance a commercial fishing fleet — the economic heart of San Diego at the time — and the first on the Pacific Coast to finance automobiles. Later, F.J. Belcher, Jr., who led the bank for more than 30 years, carried on the tradition of innovation, adding to the litany of “firsts” when he opened the first bank branch office in San Diego County and made the first loans for private aircraft ownership in the region. Eager to adapt to customer needs and demographic shifts, the bank created industry-first products and delivery systems that earned it distinction as a leader in service and convenience. In later years, under the stewardship of presidents like Anderson Borthwick, the bank continued to revolutionize the industry with emerging technologies that streamlined operations and made banking more accessible for consumers.

An extraordinary commitment to trustworthy personalized service and specialized industry knowledge led Kaspare Cohn to create the Kaspare Cohn Commercial and Savings Bank. It earned him distinction as the first business bank in Los Angeles and ultimately shaped the character of today’s Union Bank. Formalizing the safekeeping services he routinely provided, as a wool merchant, to his shepherder customers, Cohn founded a bank that catered to their special needs and those of allied industries with which he had special familiarity. His successor, and son-in-law, Ben Meyer, continued that tradition, developing additional industry specialties. Meyer institutionalized the bank’s commitment to exceptional personal service by creating a single-office strategy to ensure that customers had access to all bank departments and decision-making under one roof. It was an operating philosophy that endured until the 1960s, when President Harry Volk adapted it to the bank’s rapidly growing and dispersing customer base by replicating the model in a number of strategically located Regional Head Offices. While bucking the trend of branch banking, the strategy was highly successful in delivering the exceptional service and specialized expertise that customers have come to expect from Union Bank.

Shaping the face of banking

Each of the banks, on varying scales, exercised a tremendous influence on the banking industry over the course of Union Bank’s 150-year history. Viewed in aggregate, the impact is transforming. The pages that follow chronicle these remarkable innovations and milestones. (See page 95 for a list of industry firsts.)

Conservative but creative, the banks never hesitated to explore new territory that brought greater service to customers and stronger results to the bottom line. These initiatives often foretold fundamental structural changes yet to come in the industry. In 1905, long before the days of interstate banking, The Bank of California broke new ground when it acquired banks in Washington and Oregon, where it was financing lumber mills, fisheries, and wheat farms. The 1913 Federal Reserve Act made it the first and only national bank permitted to have interstate branches in three states. When regulations prohibited First National Bank of San Diego from providing real estate loans and trust services to its customers, the board of directors opted to create an independent bank for that sole purpose in 1922.
Once federal law allowed, the two banks were merged into First National Trust and Savings Bank of San Diego, in 1927.

Adapting to customer needs and changing demographics, the banks have always been innovation leaders in product development and delivery systems. In 1910, with the traditional payday on Saturdays, First National Bank stayed open Saturday nights to accommodate its customers. And in 1973, it was the first bank in California to offer evening banking hours on Mondays and Fridays. In 1928, Union Bank & Trust was the first in the West to offer “Banking at Home,” a revolutionary service that allowed business customers to conduct their banking by mail. The bank sweetened the deal in 1949, when it was the first in the West to provide free postage for its Bank by Mail customers. At the same time, The Bank of California embraced the car culture, unveiling the first drive-in teller service in San Francisco. And in 1990, Union Bank added even greater convenience, as the first major bank in California to offer seven-day-a-week banking in supermarket banking offices.

In addition to first-ever product innovations, the banks put new twists on existing products. In 1960, Union Bank was the first major bank on the West Coast to calculate savings interest on daily balances, and later to replace the ubiquitous savings passbook with individual receipts and quarter-end statements. The bank was also the first major bank in California to offer free checking accounts and checking accounts that paid interest.

The banks pioneered emerging technologies to streamline operations, enhance customer service, and expedite product delivery. In 1968, Southern California First National was the only bank in the United States with a fully integrated management information system using third-generation computers, and the first in the country to install an online computer display system that streamlined stock transactions. It was also first in the West to install an advanced online teller system that provided each teller with direct access to the bank’s information systems, now a part of every teller station.

The importance of conservative fundamentals
Never hesitant to stretch or to explore new frontiers, the banks have nonetheless been anchored by conservative operating principles. For some, these principles were part of their founding philosophies; others adopted them when the consequences of speculation and excess were fully understood. While much in the history surrounding Union Bank could not be anticipated, the inevitability of economic ups and downs was certain. How well the banks anticipated these cycles and moderated their effects through foresight and restraint is ultimately the true measure of Union Bank’s staying power.

From the earliest days of its history, Union Bank’s predecessors were tested by the vagaries of the economy. The Bank of California met its first challenge in 1875, when over-speculation in Comstock Lode mining operations sent stocks plummeting and nervous customers scurrying to pull cash from the bank. Already overextended by liberal lending practices based on William Ralston’s faith in San Francisco’s endless prosperity, the bank was forced to close its doors. Remarkably, it reopened for business just a month later with substantial new capital and renewed customer confidence. The recovery, considered one of the greatest in the financial history of America, dramatically marked the beginning of a new and enduring era of fiscal restraint at The Bank of California.

Beyond cautious and conservative management, the ability to anticipate and plan for economic cycles has been essential to Union Bank’s survival and success. As the heady days of the Roaring Twenties wound down, The Bank of California President Frank Anderson issued early warnings about the risks of the era’s excesses. At Union Bank & Trust, President Ben Meyer’s insistence on exceptional personal service resulted in a customer base full of exceptionally strong, creditworthy customers. In 1929, in the face of the cataclysmic stock market crash, both banks were largely unscathed by the crisis and reopened after the federally mandated bank holiday with no government assistance. Throughout the Depression, in fact, Union Bank & Trust was able to maintain strong deposit growth and avoided the steep declines in loan balances experienced at many banks.

Cultivating personalized relationships, building diversified loan portfolios, adhering to conservative principles, and sticking with the fundamentals of banking helped the banks ride out recessions and largely insulated them from the most dramatic economic downturns — such as the dot-com bust — while enabling them to prosper in the good times.
The journey has not always been easy, however. Occasional missteps, driven by the pressures of increased competition and deregulation, precipitated some of the mergers that created the Union Bank of today. But in the face of mega-mergers and risky financial engineering, the bank resisted the pressure to grow and diversify rapidly. It did, in fact, experiment with new enterprises, but invariably came back to the basics. And innovations, while often bold and groundbreaking, were driven by customers, not competitive pressure. By sticking to a course of continuity and incremental risk-taking, focusing on the markets and the business lines it understands best, today’s Union Bank continues to craft strategies that sustain its long-term financial viability while adapting to inevitable changes in market conditions.

The value of long-term commitment

The history of Union Bank also illustrates how long-term thinking creates long-term success. Nowhere is that more evident than in the ownership model of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU), and its predecessors, which created and sustains the Union Bank of today. Their long-term commitment to the U.S. market and the clarity of their strategic vision precipitated the most significant, and bold, mergers in the bank’s history. Their preference for banking fundamentals and gradual change, rather than speculative investment and risky experimentation, created a sustainable business strategy. And their majority ownership shielded the bank from speculative suitors in a market characterized, over the past decade, by frenetic matchmaking and dramatic fallout.

Long-term perspective has actually always been part of the Union Bank story. In California, all of the predecessor banks were founded on an abiding faith in and commitment to the prosperity and future of their communities. Fulfilling their missions to champion civic improvements, finance local enterprise, and support community development, they were an integral part of California’s coming of age. Their success enabled the three banks to maintain their independence for a remarkable 92 years on average.

The Mitsubishi Bank, Limited, and The Bank of Tokyo, Ltd., though later entrants to the California market, were equally invested in the long-term prosperity of the state. Their approach was unlike some foreign interests, including other Japanese banks, that occasionally tested, and retreated from, the American markets. Mitsubishi and The Bank of Tokyo had experience in the market, understood its dimensions, and focused on those segments that supported their long-term goals. With that clarity of purpose and an uncommon depth of resources, they were willing to make strategic moves at a scale and pace much bolder than some of Union Bank’s earlier predecessors as they built a true American bank. The acquisitions created secure footholds that established a critical presence and influence for the bank in the increasingly competitive financial services environment.

That confidence and long-range perspective allowed BTMU and its predecessors to take their time in integrating acquisitions and mapping out strategies, to focus on long-term profitability rather than short-term gain, and to ride out the unavoidable economic waves.

The strength of industry specialization

Identifying attractive market niches and developing specialized industry expertise that brings exceptional service and value to customers has been another hallmark of the bank throughout its history. In some cases, these markets have naturally evolved, as epitomized by Kaspare Cohn’s transition from wool merchant to banker. In other instances, the bank and its predecessors targeted specific niches after assessing their potential, then nurtured their growth, and ultimately shared in their success. In the 1860s, The Bank of California, a catalyst for many of California’s emerging industries, stepped up to support the state’s first vintners, extending a loan to build the Buena Vista Winery, the state’s oldest. After nearly a century and a half, Union Bank continues to help fuel the industry’s dynamic growth, through a special Wine Industry Services group created in 1984.

In the 1960s, Harry Volk formalized industry specialization as a priority at Union Bank, substantially expanding the bank’s service offerings. In a move unheard of in the industry at the time, he brought in consulting economist Dr. Robert Dockson to conduct a series of special industry analyses and publish his findings. The reports were a novel way to demonstrate the bank’s unique understanding of industries, such as insurance and electronics, and they attracted widespread attention and significant new business. During the decade, the bank further expanded into many market niches that remain key areas of specialty today,
including petroleum finance and specialized services for financial institutions.

In addition to industry specialization, the bank has also successfully cultivated niche demographic markets, tailoring its products and services to meet their special needs. In 1952, The Bank of Tokyo of California, for instance, formed expressly to serve the needs of the growing Japanese-American community in California. The bank shared in the dynamic growth and increasing prosperity experienced by its substantial client base, rapidly establishing an influential presence throughout the state that culminated in its acquisition of Southern California First National Bank to become the eighth-largest bank in California.

Whether developed through natural evolution or the deliberate acquisition of specialized expertise, commercial niche markets continue to constitute an important part of Union Bank’s business strategy. Seeking out and cultivating attractive industry segments that benefit from specialized knowledge and value-added products, the bank has carved out leadership positions in a number of industries, such as power and utilities. Having served regulated utilities since the 1960s and non-regulated independent power companies since the early 1980s, the bank has substantial expertise that continues to grow, spawning a renewable-energy specialty to embrace environmentally advantageous alternative sources of power. Since the 1960s, the bank has also been a recognized leader in the energy field, working with oil and gas producers, distribution companies, and refineries. It has earned distinction in commercial real estate, providing specialized financial expertise to homebuilders, income and institutional property developers and investors, and providing tax-advantage lending for affordable housing development.

Its specialized product expertise has also translated into a robust residential real estate practice. Focusing on high-end, high-quality mortgages, the bank has built a substantial portfolio that has withstood the pressures of even the dramatic mortgage meltdown first evidenced in 2007. It also continues to leverage its long-standing presence and recognized leadership in cash management and commercial deposit products, creating a stronger funding source for the bank and delivering targeted services to niche markets, such as homeowner associations, property management firms, and government entities. The substantial and diverse industry specialties cultivated over the course of the bank’s history have added strength and stability, and the customized service inherent in this business strategy exemplifies the bank’s historic commitment to outstanding personal service.

The connection to communities

Since their founding, each of the predecessor banks played significant roles in the development of their communities. Kaspare Cohn defined social responsibility when he founded the predecessor of world-renowned Cedars Sinai Medical Center in Los Angeles. In San Francisco, The Bank of California President Homer King provided guidance and inspiration in a time of crisis as the city struggled to heal itself after the devastating 1906 earthquake and fires. And F.J. Belcher, Jr., president of First National Bank of San Diego, helped transform San Diego, raising money for the land donation that brought the Navy base to town in 1921.

Throughout their histories, each bank funded critical infrastructure that brought California’s emerging cities to life, led civic programs that bolstered community pride and fueled economic prosperity, and donated to humanitarian efforts that relieved suffering and enhanced the quality of life. Today, Union Bank continues that commitment through grants and donations, foundation initiatives, and a substantial commitment of assets to support community reinvestment programs each year.

Exceptional bond to employees

At its core, the history of Union Bank is the story of thousands of people who, individually and collectively, have made, and are making, outstanding contributions to the company. Their dedication and commitment to customers have put the “personal” in Union Bank’s trademark personal service. Their knowledge and creativity have inspired the revolutionary ideas that have kept Union Bank an innovation leader. Their vision and insight have formulated business strategies that are resilient, responsive, and sustainable. Throughout Union Bank’s 150-year history, its employees have come from all walks of life, bringing unique life experiences and backgrounds — an extraordinary diversity that has received repeated public acknowledgement. But all share in a single commitment: to meet the unique needs of each and every customer. Our employees are Union Bank.
The Union Bank story begins with a tale of visionary founders who grasp what could be and set about to create institutions that transform their communities and shape their nations.
In America, the story is set against a national backdrop of post-Civil War expansion and industrialization in an era of increasingly uniform and regulated banking. In California, gold strikes and endless frontiers lure thousands to a state full of promise and possibilities — opportunities that capture the imaginations of men of foresight, like those who plant the roots of Union Bank’s California predecessors.

Across the Pacific, social, cultural, and economic changes are reshaping Japan as well. The country experiences a dramatic shift from the conservative, isolationist policies of the shogun-dominated Edo period to the Meiji Restoration’s rapid drive to modernize and cultivate world trade. Amid the sweeping changes, the forerunners emerge of what one day will be Japan’s leading bank and Union Bank’s parent company.

**Connecting across the Pacific**

On both sides of the Pacific Rim, the possibilities of international trade galvanize two charismatic men. Though from strikingly different cultures, they share a common global vision. In San Francisco, William Ralston forms The Bank of California in 1864. A dynamic catalyst for California’s emerging enterprises and infrastructure, Ralston is also an ardent advocate for world trade. His negotiation of the first-ever contract between an American company and the government of Japan is the impetus for future U.S. trade relations and an enduring hallmark of The Bank of California.

Like Ralston, Yataro Iwasaki, a former Samurai, recognizes the immense potential for international business as Japan begins to look beyond its borders. In 1873, he assumes leadership of an established shipping company, which he renames Mitsubishi Shokai, and launches Japan’s first overseas route. In 1880, he gets his start in finance by discounting customers’ bills of exchange, an enterprise that evolves into a true banking business by 1885.

Increasing world commerce also precipitates the 1880 formation of Yokohama Specie Bank in Yokohama, the first Japanese port opened to foreigners. Supporting the accelerating trade with California, the bank opens a liaison office in San Francisco in 1886.

**Building the Golden State**

Throughout California, a promise of the “good life” replaces the luster of gold in luring throngs of newcomers to the state’s budding cities by the 1880s. New institutions are needed to support the growth of industry and infrastructure and to finance the development of California’s unique assets. In San Diego, a group of entrepreneurs organizes the First National Bank of San Diego in 1883 to capitalize on the imminent growth of the waterfront town, founded just 33 years before. Led by President Jacob Gruendike, the bank earns an early reputation for innovation and civic leadership. In Los Angeles, an enterprising German immigrant named Kaspare Cohn opens K. Cohn & Co. in 1885 to trade in the region’s abundant wool fleeces. An informal role safekeeping his clients’ assets will eventually lead to his position as one of the city’s most trusted bankers.

**Overcoming challenges**

The new beginnings are not without setbacks that test the vision and sustainability of Union Bank’s forerunners on both sides of the Pacific. A jarring stock market collapse temporarily closes the doors of The Bank of California. A recession in Japan challenges the resilience of both Mitsubishi and Yokohama Specie. Their perseverance and adaptability provide the first hint of a common operating philosophy — conservative, long-term, customer-focused — that will enable each company to weather future economic storms and, ultimately, lead to enduring partnerships.
1864–1874

1864
The Bank of California is the first commercial bank incorporated in the West. It opens for business on July 5. Darius Ogden Mills is the first president, serving until 1873. William C. Ralston, the main organizer of the new bank, is the cashier.

1867
Moves to its new head office at the corner of California and Sansome, the present site of the San Francisco Banking Hall.

1870
Tsukumo Shokai is established under the supervision of Yataro Iwasaki. It is later renamed Mitsubishi Shokai in 1873.

1872
Handles more gold bullion than any other private institution in the United States.

1872
A contract to mint $20 million worth of gold into yen is the first between an American corporation and the government of Japan.

1873
William C. Ralston becomes the second president. He serves until 1875. Driven by his visions of a prosperous San Francisco and California, he extends credit liberally, both through the bank and from personal resources, investing, among many other ventures, in wool mills, a silk factory, carriages and railway cars, a Chinese/Anglo cigar maker, and a steam company.

The founding of The Bank of California

The previous system of private banks, owned individually or in partnerships, had proven inadequate to meet the demands of the expanding 1860s. San Francisco, then as now the financial center of the West, was a youthful, dynamic city of 56,000. The coast had reached the point where it had need of a bank backed by the capital and experience, not of one or two or three financial leaders, but of a large and representative group, whose combined resources and seasoned judgment qualified them to take a leading part in the expanding economy of the area.

On June 15, 1864, The Bank of California filed for incorporation and opened for business on July 5. The new bank was capitalized at $2 million. It was backed by a select list of directors and stockholders representing the major forces of Western business, and managed by two of the most respected financial men in the West, D.O. Mills and William Ralston.

Typical of the press comments is the following from the Mercantile Gazette and Prices Current from June 22, 1864: “Organized for general banking purposes from the outset, its capital contributed by men of wealth, its business relations enlarged and comprehensive. … its adaptability to commercial requirements are fully equal to that of first class banking institutions in any part of the world. We are thus special in our notice of it because it is a new thing — not indeed new elsewhere, but new here.”

Ira B. Cross wrote in his history of Western banking, Financing an Empire, “Almost from the very first day, The Bank of California assumed the leadership in the financial world, not only in California and on the Pacific Coast, but also in all that territory lying in the west of the Rocky Mountains.”

The best of tellers, accountants, exchange experts, and clerks were employed at high salaries. It was an honor to occupy a position in The Bank of California.
The Bank of California and the Comstock Lode

The Comstock Lode was discovered in 1859, sparking excitement reminiscent of the Gold Rush a dozen years earlier. Less than four years later, the cluster of shacks on the slope of Mount Davidson had turned into a city of 10,000 — Virginia City, the center of one of the richest silver mining districts in the world. Only two months after its founding, The Bank of California opened an agency in Virginia City. William Sharon, a close business partner of William C. Ralston, was sent as manager of the new agency, as was Ralston’s brother, James A. Ralston, who became cashier.

Despite his lack of previous banking experience, Sharon was highly successful. Backed by the strength of the parent bank, Sharon provided capital to the local operations, which had been hampered by technical problems, lawsuits, and inadequate financing schemes by often undercapitalized private banking houses. Sharon took over the notes of some of the leading properties from local bankers, and then extended new capital that permitted them to settle boundary disputes, purchase equipment, and meet enlarged payrolls. The most spectacular boom in Western mining history got under way.

During the entire period of Nevada’s productive mining era, The Bank of California continued to play a leading part in its financing. As further discoveries were made and new towns came into prominence, the bank established other agencies at Gold Hill, Treasure City, Hamilton, and White Pine, all of which were discontinued by 1890. The original Virginia City agency remained in business for over half a century, until 1917.

Pure gold — the first Japanese-American business contract

In 1872 The Bank of California founder William Ralston was visited by a delegation representing Japan’s new Meiji government, which was in the throes of remaking its nation after Western models. The delegation’s finance expert, Hirobumi Ito, who later became the first prime minister of Japan, was particularly eager to study a monetary reform bill that Ralston had helped introduce in the United States Senate and to discuss how to convert Japan’s archaic quaternary coinage system into a modern metric system based on a gold coin to be called the yen. In 1870 the Meiji government, after erecting a mint at Osaka, had hired a group from Great Britain to operate it. The English proposed to finance the new coins by melting down and refining the old “niboo” coins then in circulation — estimated to be worth $20 million. Since refining procedures in Japan could not achieve the standards of purity required to reuse the metal profitably, Ralston recommended that The Bank of California handle the program through its subsidiary, San Francisco Assaying and Refining Works. He also advanced the Japanese $500,000 worth of pure gold so the minting of the new coins could begin in Osaka while the refining of the old coins was in progress in San Francisco. The contract covering the arrangements was signed on January 30, 1872. It was the first agreement ever entered into between an American business organization and the government of Japan.
Vision and promise — The early years

1875–1882

1875
A run on the bank, following rumors about its cash position, forces the bank to close on August 26. Ralston is pressured to resign and dies later that day while swimming in the San Francisco Bay. Mills becomes president again, serving until 1878.

1875
The Palace Hotel opens on October 2, the same day that The Bank of California reopens for business, ushering in a new era for San Francisco.

1878
William Alvord becomes the third president. He had arrived in San Francisco in 1853 and had a successful career in business and politics (he was elected mayor of San Francisco in 1871). His tenure of 26 years as president is marked by steady and rapid growth of the bank, as well as the city of San Francisco.

1880
Mitsubishi organizes the Exchange Store and begins to participate in financing activities.

1880
Yokohama Specie Bank is created in Japan. A New York office is opened in the same year.

1881
Opens a London office.

Five tons of gold in the dead of night

In 1869, The Bank of California found itself coping with a serious situation. Having loaned large amounts of money out of state, the bank faced a scarcity of coin so acute that it was hard pressed to meet the ordinary demands of its customers. While the bank had sufficient gold bullion in its vaults, the San Francisco mint had been shut down, so it was not possible to have the bars minted into coin in time. The United States Sub-Treasury contained some $14 million in gold coin, but Treasury officials in Washington, and finally President Grant himself, refused appeals of Western bankers that they be allowed to exchange their gold for coin.

One day, William Ralston confided to a friend and associate, Mr. Harpending, that unless he could get a million dollars of coin in the vaults before the bank opened in the morning a serious situation would result. He instructed his friend to be at the bank at one o’clock the next morning. The following account from Mr. Harpending’s book of reminiscences is impossible to verify, but it is the only one that ever made it to print:

“We walked to the United States Sub-Treasury, then located on Montgomery, between California and Sacramento streets. A dim light was burning within. Mr. Ralston asked us to halt a few paces from the entrance, then to our great surprise he opened the door for the Sub-Treasury, without challenge of any kind, and closed it after him... Presently he emerged with several sacks of coin. “Take that to the bank,” he said. “The gentleman there will give you something to bring back.” The party at the bank received the cash, tallied it, and handed us gold bars for the same value. These we took to the Sub-Treasury, where we found Mr. Ralston smilingly awaiting us with a new pile of sacks on the sidewalk. We turned over the bars and made another journey to the bank. Thus, in the dead of night, passing to and fro, we transferred in actual weight, between the Sub-Treasury and the bank, nearly five tons of gold.”

The next morning, lines of customers formed to withdraw their funds. Ralston ordered more tellers to the windows so customers would not have to wait. Meanwhile other employees brought tray after tray of coin from the vault. The crowd saw this seemingly unlimited supply of cash and recognized that the bank was willing and able to meet all demands. Many thereupon lost their urge to withdraw funds and went about their business reassured. An incipient run was nipped in the bud.
The fluctuations of stock values affected banks directly, as investors, during times of opportunity (to invest the money) and crisis (to protect their interest), had a tendency to withdraw their funds from the banks, who in turn had to call in loans from their customers to meet the demand.

Driven by William Ralston's optimistic nature to see unbounded and continuous prosperity for San Francisco, The Bank of California had extended liberal support to scores of local businesses (as had Ralston from his personal wealth). When the emergency came, a dangerously large part of the bank's resources were tied up in these ventures and, during a time of severe money stringency, no immediate cash return was possible.

On August 26, 1875, as shares for the Comstock Lode were falling amid heavy selling, William Sharon presented what was recognized as an unlimited selling order. This action was interpreted as a sign of a low cash supply at The Bank of California and rumors spread rapidly. By two o'clock a run was in progress. Forty minutes later, unable to stand the pressure in its weakened condition, the bank stopped further payments and ordered the doors closed. The bank announced its temporary suspension.

Only a month later, the bank reopened, an achievement that some called "one of the greatest in the financial history of America." Yet, this one month period was full of incident: On the afternoon of August 27, Ralston's resignation was asked for and received. Later that afternoon, he was drawn half-drowned from the waters of the Bay off North Beach (where he had been in the habit of swimming several times a week); he died without regaining consciousness. One committee of directors began a detailed survey of the bank's affairs. Another group set about to form a separate organization "with the sole objective of supplying a fund for the relief of the bank when needed." Within a very short time, the total amount pledged exceeded $7.8 million, a sum far beyond what was needed. D.O. Mills again assumed the presidency, and on October 2, the bank reopened, on a firmer basis than before and with public confidence stronger than ever.

That evening, the city celebrated another major happening: the opening of the huge Palace Hotel, one of Ralston's many contributions to the building of the city.
1883–1899

1883
First National Bank of San Diego opens for business on October 1, with $50,000 in capital. Jacob Gruendike is the first president. He serves until 1905.

1883
Finances first fishing fleet in Southern California.

1885
Helps finance the first railroad into San Diego.

1885
Mitsubishi enters the banking business.

1885
Kaspare Cohn starts his own business, K. Cohn & Co., Wool and Hide Dealers, with an office at 415 S. Spring Street.

1886
Opens its first California office in San Francisco.

1887
Becomes a specialized foreign exchange bank by government proclamation.

HOW ABOUT THAT?
In 1890, The Bank of California hired the first female employee as a telephone operator. She eventually became the bank stenographer. Unfortunately, her name has not survived.

MONEY FACT
Amounting to only $50,000, the starting capital of the First National Bank of San Diego was dwarfed by the original sum of $2 million that launched The Bank of California.
Chapter One

1864–1899

MIT | Mitsubishi founder Yataro Iwasaki (1835–1885).

YSB | Yokohama Specie Bank, The Bank of Tokyo's predecessor, was established in February 1880, with Michita Nakamura as president. A New York sub-branch opened the same year. A London sub-branch followed in 1881. Yokohama Specie Bank extended its business to the state of California early on. It established a liaison office in San Francisco in June 1886. The bank’s headquarters building (right) in Yokohama was completed in 1904 and still stands on the same location.

MIT | The current three-diamond Mitsubishi trademark was created by arranging the water chestnut leaves of the Iwasaki family’s crest (above left) as three prongs to assimilate the mitsugashiwa (“three oak leaves”) crest (below left) of the Tosa Clan, Yataro Iwasaki’s first employer. This trademark was officially registered in 1914.

Kaspare Cohn’s early business ventures

Long before founding the Kaspare Cohn Commercial & Savings Bank in 1914, Kaspare Cohn had a well-established reputation as a successful wool merchant of the highest integrity. Since his wool suppliers were Basque shepherds who worked and lived far from the banks in downtown Los Angeles, it was natural for them to ask him to retain in safekeeping the proceeds of their wool sales until they had a need for the money. Occasionally, these herders required an advance to help them add to their flock or to tide them over a hard time, which he provided to them as well.

Kaspare Cohn had emigrated in 1857, at age 18, from Germany. He went to work for his uncle, Harris Newmark, who owned a grocery store in Los Angeles and, by 1866, he had become a partner in H. Newmark & Co. In 1885, he founded K. Cohn & Co., Wool and Hide Dealers. In a vote of confidence, his uncle sold his own business and joined him in the new venture.

The emergence of a banking business within Mitsubishi

Only a decade after being founded in 1870, Mitsubishi was active in a broad range of activities centered around the shipping industry. In 1877 Mitsubishi adopted the Western system of double-entry accounting, viewed at the time as a highly sophisticated innovation. Mitsubishi’s accounting records of the 1870s and 1880s were the most detailed and precise of any company of the day. In 1880 it moved to establish the Mitsubishi Exchange Store, an organization with a network of branch offices and warehouses, representing the beginning of Mitsubishi’s financing and warehousing activities. A recession that had begun in 1882 forced closure of the Exchange Store in 1885. In the same year, however, Mitsubishi took over the management of the 119th National Bank and started a banking business.

MONEY FACT

California Currency Long before the Gold Rush, which turned California into the largest gold-producing region in the world, coin was rarely used to purchase goods. Instead, trade was based on “California banknotes,” which were large stiff cowhides, the only thing of real value that the local economy produced at the time. The cowhides — in great demand elsewhere in the United States — were traded for much-needed supplies brought by sailing ships from the East Coast. When gold was discovered in California, it became the trading commodity of choice on the West Coast, reigning supreme for decades until the U.S. government called all gold coins into the vaults at Fort Knox. At the same time, another western custom — the aversion to pennies — disappeared as banks and merchants no longer rounded prices to the nearest nickel.
More than any era, the early 1900s reflect America’s pride in itself and the future. Robust migrations to the nation’s cities continue unabated, and new business opportunities spring to life.
Building the foundation of California

In California, the swelling population precipitates ambitious construction programs, adding critical infrastructure, iconic landmarks, and sweeping housing tracts to the state’s landscape.

This sense of prosperity and well-being persists even in the face of an economic collapse, the devastation of San Francisco’s 1906 earthquake, and the bitter realities of World War I. In fact, these dramatic setbacks only briefly temper the spirit of optimism and ultimately contribute to the momentum, with a rebuilt city, more beautiful than before, and an economy invigorated by wartime capital accumulations.

Financing industry and infrastructure
With 1.5 million residents in California at the turn of the century, the promise of the Golden State is everywhere. Linked to the nation by railroad and to the world by sea, the state becomes a huge incubator for new business and a hub for global trade. The growth requires financing, creating immense opportunity for California’s early banks.

During this period of prosperity, Los Angeles emerges as the center of commerce for Southern California, fueled by oil strikes, plentiful land for development, and engineering genius that brings water to the city. In the midst of this transformation, a remarkable individual creates a lasting legacy that lives on today in Union Bank and in the city itself. Kaspare Cohn, a respected merchant, turns the trust bestowed upon him by his clients into the business of banking. His new enterprise, soon to be called Union Bank & Trust Co. of Los Angeles, stands out among its peers as the city’s first business bank. A true humanitarian, he also founds the Kaspare Cohn Hospital, predecessor of the world-renowned Cedars Sinai Medical Center. This spirit of social responsibility remains an abiding part of Union Bank today.

Across California, the banks finance the aspiring entrepreneurs, industrial giants, and public works that drive the state’s growth. Financing specialized industries, Union Bank & Trust Co. nurtures the city’s budding business community. Investing in community development, First National Bank of San Diego lays the foundation for modern-day San Diego. Facilitating world trade and spearheading significant civic improvements, The Bank of California brings international stature and prestige to San Francisco and the entire state.

Continuing the founders’ vision
During this era, the mantle of leadership begins to pass from the original bank founders to the next generation of leaders. At Union Bank & Trust, Ben Meyer takes the reins in 1916. He establishes Union’s enduring unit-bank policy and affirms its singular focus on personal service in 1920. The same year, F.J. Belcher, Jr. becomes president of First National Bank of San Diego and guides a program of geographic and product expansion in lockstep with the region’s burgeoning growth. Under President Homer King, The Bank of California again demonstrates its pioneering spirit, with an expansion into the Pacific Northwest, and its pivotal role in San Francisco, helping lead the city’s post-earthquake resurrection. Frank Anderson follows in 1909 and elevates The Bank of California’s influence to the national level, as he plays a leading role in the creation of the Federal Reserve Bank. While each new leader creates his own legacy, the founding principles continue to define the enduring character of each bank.
Once the interior of the bank had cooled, officials inspected the damage. The vault is visible against the back wall.

**The Great San Francisco Earthquake of April 18, 1906**

In the early hours of April 18, 1906, shock waves racing along the San Andreas Fault struck San Francisco. Facades fell from homes, buildings collapsed and water mains broke, eliminating all hope of extinguishing the ensuing fires. All told, the earthquake damage and fires destroyed over 80% of San Francisco and killed more than 300 people.

The fires sealed every bank vault in the city, and it was unsafe to open them before the steel and masonry walls had cooled down, as the material within might have burst into flames. The Bank of California vault was opened three weeks after the fire. The city’s banks held $440 million of the community’s money. The bank’s president, Homer S. King, was also president of the San Francisco Clearing House Association. He called a meeting of the Clearing House to devise ways and means to relieve people during the money shortage, resulting in telegraphic transfer of funds from the United States Mint that were issued based on tellers’ knowledge of the customers’ accounts.
Roots in the Pacific Northwest

Pondering expansion into the Pacific Northwest since the turn of the century, The Bank of California took a stronger position in 1905 with the acquisition of the London and San Francisco Bank, Ltd., which had established important offices in Portland in 1882, Tacoma in 1889, and Seattle in 1901. It had responded to the tremendous growth in the area, where steady population increase had accelerated the development of its natural resources. The first office in Portland was established largely to finance the movement of wheat from the Columbia Basin to Europe.

The next significant move of The Bank of California in the Pacific Northwest would be the 1919 acquisition of Tacoma Fidelity Trust, doubling the deposits of the Tacoma branch.

The unique status of multi-state banking

In 1910, The Bank of California became a member of the national banking system. Because its offices had been so long established, its charter granted permission to continue operations in California, Oregon, and Washington. Also in 1910, the bank merged with the San Francisco National Bank and, by purchase and merger, became the direct successor to three prominent banking operations of early San Francisco: Sather and Church (1850); Garrison, Morgan, Fretz & Ralston (1855), and John Parrott & Company (1855).

The successful Mission Bank experiment

In February 1903, The Mission Bank was incorporated to serve the needs of the populous Mission District. Although for more than 20 years The Mission Bank remained a separate entity, it was organized by The Bank of California and, from the beginning, that institution owned a majority of its stock and directed its politics. The bank was an immediate success in the fast-growing area. The earthquake and subsequent fire of 1906 brought a tremendous growth in business, because the major part of the area it served escaped the flames and many industrial and business firms established themselves there. Primary focus of the bank was commercial business. In February 1927, it was purchased outright by The Bank of California and continued to operate under the name of Mission Branch of The Bank of California.

HOW ABOUT THAT?

The first headquarters building of The Bank of California at California and Sansome streets had to be razed prior to the earthquake of 1906 because the Angel Island bluestone from which its exterior had been built began to flake and chip under exposure to the elements, destroying its polished surface.

During the “Panic of 1907,” when the nation’s stock markets tumbled and “hand-to-hand” money largely disappeared from circulation, Homer King, president of The Bank of California, and the S.F. Clearing House created an improvised currency — Clearing House Certificates, of which $12 million worth were issued.

MONEY FACT

By the time of the Great Earthquake of 1906, the capital levels at The Bank of California reached $40 million.
1906–1917

1906  Great San Francisco Earthquake.

1908  Completes construction of the Main Banking Hall, the first major commercial building to rise from the earthquake ashes.

1909  Frank B. Anderson becomes the fifth president. He serves until 1925. He helps create a national central bank, the Federal Reserve Bank.

1910  Acquires S.F. National Bank. It also adopts a national charter, but is able to preserve its multi-state operation.

1913  Sets up a sub-branch of the San Francisco branch in Los Angeles.

1914  Kaspare Cohn Commercial and Savings Bank opens on July 1 in the Garland Building.

1916  Kaspare Cohn dies; Ben R. Meyer (son-in-law) becomes president. He serves until 1950.

1917  Acquires American National Bank of S.D., which only one year prior had merged with Marine National Bank.

1917  John D. Spreckels buys a controlling interest in the bank.

Regulatory intervention creates a business bank

Regulators had pressured Cohn, who was safekeeping assets and making advances to local woolgrowers (the first indication of industry specialization based on understanding and accommodating specific customer needs), to apply for a banking charter or cease his operation.

He opted for the bank charter, and on July 1, 1914, Kaspare Cohn Commercial and Savings Bank opened its doors with a small office on the second floor of the Garland Building, 740 S. Broadway. Kaspare Cohn became the first president; Ben R. Meyer, who later succeeded Cohn, became the vice president.

Other more established banks welcomed the newcomer, secure in the belief that the new bank posed no serious competition. Cohn structured his bank to continue serving his customers’ business needs, even as he introduced a number of personal banking services. In effect, Los Angeles had its first business bank. That orientation would never change. Decades later, many of the original banks were no longer in existence, and those who still were quietly acknowledged that Union Bank & Trust was in a class by itself in its chosen field of business banking expertise.

UB | Kaspare Cohn

UB | In the years before World War I, Kaspare Cohn Commercial and Savings Bank was a bilingual operation with a dedicated German-Austrian-Hungarian department (led by Carl Schloessmann). This German-language advertisement, which targets the German-speaking population of Los Angeles, features the Garland Building on Broadway where the bank maintained its offices from 1914 through 1921. With the onset of World War I, the German heritage became a relic of the past.
Ben R. Meyer was Kaspare Cohn’s son-in-law. He started as an errand boy in a San Francisco department store. By 1900, he was a partner in three millinery stores on Spring Street and Broadway in Los Angeles. Meyer is responsible for the bank’s unit policy – one central office, no branches. After Kaspare Cohn’s death in 1916, Meyer took over as president and continued to serve the bank in this capacity for most of the next four decades. Under Meyer’s leadership, the bank saw an opportunity to manage customer deposits with exceptional customer service. He also had the uncanny ability to provide loans to successful entrepreneurs who were involved in promoting the development of the city of Los Angeles. Known in the garment trade as “Uncle Ben,” he helped bring the bank the bulk of that industry’s financial business.

The name change to Union Bank & Trust Co. of Los Angeles

Quote from the minutes of April 17, 1918 (resolution to change the name): “Whereas proceedings are now being taken to create and establish a ‘trust’ department as one of the departments of this bank, thereby making advisable a change in the name to include the word ‘trust’, and whereas the present name of this bank, by reason of its length, is too cumbersome for general banking and business uses, and whereas by the present name of this bank many persons are led to believe that the same is a private bank or private banking institution, which belief is disadvantageous to the business of this bank, … it is to the best interest of this bank that the name be changed to Union Bank & Trust Co. of Los Angeles.”

On June 10, the original articles of incorporation were amended to include a Trust department, and on June 24, 1918, the bank changed its name to Union Bank & Trust Co. of Los Angeles.

The City of Montebello was developed by Kaspare Cohn, in conjunction with his uncle, Harris Newmark, and pioneer builder William Mulholland, creating one of Los Angeles’ earliest suburbs.

Among the first commercial customers of Kaspare Cohn Commercial & Savings Bank in 1915 were Southern California Gas Co., Capitol Mining, Azusa Ice & Cold Storage Company, and the San Joaquin Light and Power Corporation.

Kaspare Cohn’s charitable activities have a living legacy today in Cedars Sinai Medical Center. The ancestor of that facility, the first Kaspare Cohn Hospital, opened on Carroll Ave. in Los Angeles in 1910.

By the end of 1915 Kaspare Cohn Commercial and Savings Bank surpassed $1 million in deposits.
1918–1920

1918
Name changes to Union Bank & Trust Co. of Los Angeles after creation of the Trust department.

1919
Acquires Tacoma Fidelity Trust company and the Tacoma branch doubles its deposits.

1919
Opens offices in London and New York.

1920
Frank J. Belcher, Jr. becomes the third president. He serves until 1946.

1920
Adopts the motto “The Bank of Personal Service” — a symbol in name as well as in practice.

1920
Starts its Trust business.

HOW ABOUT THAT?

In 1901, the First National Bank of San Diego became the first bank on the Pacific coast to finance an automobile. It followed up on this act in 1936, when it financed the first private airplane ownership in San Diego.

World War I and the postwar era

In 1914, three days prior to the opening of Kaspare Cohn Commercial and Savings Bank, the assassination of Archduke Ferdinand of Austria was the trigger event that would lead to World War I. Little felt in California initially, the entry of the United States into the war in 1917 changed that. Every bank was soon involved in financing local defense industries. With the country on a wartime footing, scarcities of materials brought other forms of commercial and industrial development to a halt.

Victory was achieved by November 1918. The nation, numbed from the heavy losses, turned away from foreign involvement and looked inward to find its inspiration for renewed confidence. That confidence was expressed in a period of growth and expansion financed by wartime capital accumulation.

When World War I came to an end, San Diego’s future as a military installation began to take shape. Work was begun on the Marine Corps training center, and construction was under way on the North Island and Fort Rosecrans facilities.

In 1919, the city was the designated home port of the Pacific Fleet.

The one branch philosophy leads to a new motto

In the years after WWI, Los Angeles developed rapidly and surrounding communities boomed. Local banks financed much of this community development, then followed the new residents into the communities themselves with branch offices to serve their banking needs. Ben Meyer, however, strongly resisted any suggestion of a Union Bank & Trust branch office. His bank, he would argue, was founded on the principle of exceptional personal service. Branch offices could only result in a dilution of that service and Ben Meyer was not willing to compromise. Instead, he held firmly to his oft-stated attitude that Union Bank & Trust was a business bank devoted to serving a few customers to the best of its ability under one roof. To emphasize his point, he introduced “The Bank of Personal Service” as the bank’s slogan in 1920. The concept of a single location would remain in effect until 1957.

FIRST NATIONAL BANK OF SAN DIEGO

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<td>1923</td>
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FNBSD | It took over 20 years for First National Bank of San Diego to reach the $1-million deposit milestone, reaching $2.8 million by 1913. From this point, the growth accelerated exponentially, reaching $17.6 million by 1923 (an annualized 20% growth rate over the 10-year period).
F.J. Belcher, Jr.

Frank Belcher, First National Bank of San Diego’s third president, found his way to San Diego by following his heart. While attending New York University, he met and fell in love with Wellesley student Virginia Garrettson, daughter of First National’s president. Upon graduation from NYU law school, he headed to San Diego to visit Virginia. Fully intending to marry her and bring her back East, Belcher won his bride but stayed put on the West Coast. Good fortune for the bank and for San Diego.

Belcher, who went to work for his father-in-law at First National, was a banker’s banker and a power in the city long before he became president. During his time, he was considered the most influential behind-the-scenes mover of San Diego. He served as president of First National Bank from 1920 until 1946 and again from 1948 until 1950, a time in which the bank, and San Diego, grew significantly. A close friend and advisor of industrial magnate John D. Spreckels, he also ran Spreckels’ San Francisco companies from 1933 to 1946.

His brother Sheldon described Belcher as “the fastest mind I’ve ever seen, he was quiet, reserved and hated the limelight. People thought him austere, but he was actually shy and lonely after his wife died in 1935.” With his leadership position at the bank, close friendship with Spreckels, and inherent sophistication, Belcher fit comfortably among San Diego’s social elite. He was an ardent supporter of civic and cultural endeavors, including the Panama-California Exposition in 1915, of which he was a director. An aficionado of polo, he often brought his saddle, mallet, and gear to the bank when there was a match in Coronado. Since banks closed at noon in those days, he had plenty of opportunity to indulge his passion for the sport.

Impressed by the real estate boom then taking place, he initially invested in the construction of a wharf and coal bunkers. He moved his family to the city in 1906, following the San Francisco earthquake. Spreckels became a millionaire many times over and the wealthiest man in San Diego. At various times he owned all of North Island, the San Diego-Coronado Ferry System, Union-Tribune Publishing Co., San Diego Electric Railway, San Diego & Arizona Railway, and Belmont Park in Mission Beach. He built several downtown buildings, including the Union Building in 1908, the Spreckels Theatre and office building, which opened in 1913, the San Diego Hotel, and the Golden West Hotel.

He employed thousands of people, and at one time paid 10% of all the property taxes in San Diego County. He acquired control of the Coronado Beach Company, the Hotel Del Coronado, and Coronado Tent City, and he bought the San Diego street railway system, changing it from horse power to electricity, in 1892. He invested millions in the San Diego & Arizona Railroad, the “Impossible Railroad,” which finally opened a rail link to the East in 1919, after 13 years under construction.

John D. Spreckels

In 1917, F.J. Belcher, Jr. interested one of his friends, John D. Spreckels, in buying a controlling interest in the First National Bank of San Diego. Spreckels followed the advice and became the only man who literally could say, “First National — That’s my bank” (the marketing slogan that became the trademark of the bank many decades later). He owned the bank until his death in 1926.

A key pioneer in the development of San Diego, Spreckels first visited the city in 1887, when he stopped to stock up his yacht on a trip south from his home in San Francisco. He had wanted to live there ever since the city’s real estate boom had started in 1887. Spreckels found the area filled with Americans who were used to the flow of the East Coast society and were not used to the manners and customs of the West. He bought the Coronado Beach Company, the Hotel Del Coronado, and Coronado Tent City, and he bought the San Diego street railway system, changing it from horse power to electricity, in 1892. He invested millions in the San Diego & Arizona Railroad, the “Impossible Railroad,” which finally opened a rail link to the East in 1919, after 13 years under construction.
As America roars into the 1920s, the nation is enjoying a euphoric high. With the end of World War I, many look inward, away from foreign involvement, to find inspiration for renewed confidence.
Waves of newcomers arrive in California seeking the “land of plenty.” With new industries and abundant jobs, the state’s population soars 67% during the 1920s.

As the country revels in the boom, the Dow Jones increases five-fold. But the high is impossible to sustain. After three successive stock market plunges, 1,000 banks fail. Trade restrictions and the Dustbowl migration to California add to the distress of the Great Depression.

Managing the highs and lows
The dramatic turn of events is not a surprise to all. Over the past half century, The Bank of California has learned the importance of foresight and restraint in tempering the impacts of the inevitable economic highs and lows. In 1927, Chairman Frank Anderson issues a stern warning about the risks of speculation and cheap money. He forecasts that “what are today called old-fashioned methods will have more respect paid to them five years from now.” In sharp contrast to the speculative excesses that led to the bank’s temporary closure during the 1875 recession, The Bank of California manages its affairs so carefully that they lose few deposits during the worst of the Depression.

At Union Bank & Trust Co., President Ben Meyer also takes steps to fortify the bank against the challenges he sees coming. He stubbornly adheres to the bank’s rigorous credit standards and cultivates highly personalized customer relationships. The extraordinary familiarity with each client helps insulate the bank from unexpected impacts, even in times of economic uncertainty.

When the nation emerges from the banking crisis, The Bank of California and Union Bank & Trust Co. have the distinction of being among the leading banks that are able to reopen their doors without the need of any governmental assistance. Their own strength and stability during the crisis allow the banks to turn their full attention to the needs of their customers, extending credit and structuring new programs to help businesses and consumers weather the storm.

Matching opportunity with action
First National Bank of San Diego keeps its balance by staying close to the community it knows so well. With growth accelerating in San Diego, the bank is poised to spring on new opportunities. A suburban migration prompts the opening of the county’s first-ever bank branch. As Charles Lindbergh ignites a fascination with aviation, the bank is first again, financing private aircraft ownership. And when regulations limit its business offerings, the bank creates an independent bank to provide trust services and real estate loans. The two institutions eventually merge into First National Trust and Savings Bank of San Diego when federal law allows in 1927.

Providing for each other
The growing Japanese-American community in California faces its own difficulties during the Great Depression. Despite restrictions on citizenship and land ownership, many find success cultivating the state’s specialty crops. But when the economy collapses, the community is left largely to cope on its own. Community members pool their resources to help those in distress. Seeing the need and acknowledging their common roots, the Yokohama Specie Bank, once solely focused on trade with Japan, begins to extend loans to the Japanese-American community.

Looking ahead
As San Diego celebrates the 1935 California Pacific International Exposition and the Golden Gate Bridge opens amid much fanfare in 1937, few can anticipate the dark days that lie ahead. Then, with the invasion of Poland by Nazi Germany in 1939, the world faces World War II.
1921–1927

1921
First bank in San Diego County to offer branch banking in neighborhood offices.

1922
Organizes First Trust and Savings Bank of San Diego ($500,000 capital), which gets its start by acquiring three local banks: Citizens Savings Bank of S.D., Bank of Coronado, and California State Bank of East San Diego.

1922
Moves to the new headquarters at Eighth and Hill on January 2.

1925
Charles K. McIntosh becomes the sixth president. He serves until 1938.

1925
Sells the National Bank of D.O. Mills & Co. to the California National Bank of Sacramento — the only full bank divestiture in the history of any lineage.

1926
Adopts a new seal reflecting “The Bank of Personal Service.”

1927
A change in regulations allows national banks to handle trust in addition to checking and commercial accounts. First National and First Trust join as the First National Trust and Savings Bank of San Diego. The headquarters are at Fifth and Broadway.

1927
The Mission Bank becomes a branch of The Bank of California.

The “sister” bank clears the path to broader activities

In the 1920s, national banks could handle checking accounts and commercial loans, but not trust business. Meanwhile, trust and savings banks could loan on real estate. To allow participation in all aspects of the banking business, shareholders of First National Bank passed a resolution on October 31, 1922, to organize a state bank named “First Trust and Savings Bank of San Diego” with a capital stock of $500,000. “Purpose and intent of said state bank, when incorporated and organized, is to immediately acquire ... the assets and business of the Citizens Savings Bank of San Diego, the Bank of Coronado, and The California State Bank of East San Diego.” This “three at once” acquisition provided a strong starting base for the new bank.

The “national” and the “state” banks were to be affiliated institutions, operated together and governed by and under the same general policy, in harmony with each other. In 1927, the law, which originally barred First National and First Trust from joining, was changed, allowing their merger into the First National Trust and Savings Bank of San Diego. The bank’s main office was located at Fifth and Broadway. Its four other branches were 30th and University, East San Diego, La Jolla, and Coronado.

From Ox Team to Airplane

Within the span of his adult life, Ezra Meeker, pioneer and railroader, has witnessed the development of transportation from the ox team to the airplane.

It has been permitted him to cross the continent in turn by covered wagon, railway train, motor car and “flying machine”—a gamut of experience embracing practically the entire lifetime of the Pacific Coast.

About the time he turned his cattle westward, some sixty years ago, the Bank of California was founded. It, too, has lived through this great formative period and has a part in “the making of the West.”

Today, it has four offices. Seattle, Tacoma, Portland and San Francisco, a national association with resources of more than $100,000,000. In 60 years experience serves many patrons in the West.

BANC | This advertisement from 1925 was the first time the Pick and Shovel symbol was used.
The ups and downs of the post-war era

The post-war boom of 1919 was short-lived. Worldwide reaction made itself felt in the Depression of 1920–21, followed by a period of recuperation. An era of prosperity got under way and continued through the middle and late 1920s. On the Pacific Coast, the effects of this new boom were visible everywhere: in active trade and humming factories, in increased production of agricultural and other resources, and in building on a scale so extensive that the skylines of a dozen coast cities were changed from year to year.

During this boom period, The Bank of California followed its accustomed conservative approach to banking. Having been through half a dozen depressions and as many periods of too-rapid expansion, it had learned to recognize the pitfalls of each and adhered to a long-range view.

A warning heard by few

The Liberty Loan campaigns of World War I taught a large number of people to invest their savings in government bonds. From bonds they turned to the stock market. The industries of the country were going more and more into the hands of the people of small wealth. From investment to reckless speculation proved but a step.

Looking back on 1927, Chairman Frank B. Anderson advised The Bank of California stockholders at their annual meeting: “Speculation, aided by cheap money, has run riot throughout the country… a very large percentage of our population has been tempted to buy stocks on margin… These lessons of the past are shown but scant respect and we are told that we must adjust ourselves to modern methods and conditions, but it is our opinion that what are today called old-fashioned methods, will have more respect paid to them five years from now than they have today.”

Black Tuesday, the stock market crash of October 29, 1929

An executive at Union Bank & Trust at that time recalled, “A guy came into the bank that morning. I knew him; he had a net worth of about $4 million on paper and was a big margin buyer. He returned to the bank just before closing, his fortune totally wiped out. He was penniless.” Similar stories of financial ruin were told across the country. It was still too early for the crash to affect the vast majority of the population, but bankers were aware of its implications. Paper losses would soon become real losses in purchasing power, a sure sign of recessional economies… or maybe worse.

Anticipating and preparing for tough times

A bank’s stability rests largely upon the confidence of its customers. Ben Meyer prepared his bank to survive the tests of confidence that he knew were coming. For most banks, by the time they called in their customers’ credit obligations, many of the customers themselves were insolvent. As customers saw increasing credit losses on their statements, they started to draw their money out of banks, preferring the “safety” of storing their cash in a mattress or a tin can buried in the backyard.

Union Bank & Trust, however, was in good shape. All the time the bank had spent working closely with customers paid off in sound credit relationships. For the most part, the customers were sound businesses, capable of riding out the storm. Credit extensions had to be limited, but the loans that were made, were good ones.

In 1928, Congress passed the McFadden Act, preventing a national bank from multi-state banking. This regulation, however, did not apply to The Bank of California, whose multi-state presence was “grandfathered,” allowing it to keep its Oregon and Washington franchises.

Government intervention — the bank holiday

Faced with bank failures at an alarming rate, President Roosevelt declared a bank holiday, during which time all banks would be closed for business (only withdrawals under $15 were permitted). The idea was to give bankers a breather to take stock of their assets and plan measures to deal with the situation. In Los Angeles, bankers met in Ben Meyer’s office to list assets and formulate strategies. Each bank would list its financial assets for delivery to the clearing house. The plan was for the government to issue script against the assets when the holiday was over. On Monday, March 13, 1933, the banks opened for business again. Roosevelt had created the Reconstruction Finance Corporation, which bought stock in troubled banks, thereby providing them with additional capital to help ailing companies. Union Bank & Trust was one of the few banks in California to resume business without government assistance of any kind.
1928–1939

1928
Promotes its “Banking at Home Department,” allowing customers to conduct business banking by mail as an alternative to the emerging community based branches of other banks.

1929
Offers an active loan program enabling farmers to keep their properties and other Californians to refinance their homes during the Great Depression.

1930
Provides large amounts of loans to Japanese-American businessmen during the Great Depression, shifting from its original sole focus on trade with Japan.

1934
Acquires The Bank of Southern California, which becomes the La Mesa branch.

1936
First bank in San Diego to finance private airplane ownership.

1938
James J. Hunter becomes the seventh president. He serves until 1950.

The aircraft connection
San Diego survived the panic of 1929, but the effects of the Great Depression were soon felt. The economy got a significant boost in 1935 with the opening of the California Pacific International Exposition.

That same year, Consolidated Aircraft moved to San Diego to build long-range flying boats for the Navy. The 1930s saw a dramatic increase in the popularity of light aircraft, too, and First National Bank again pioneered in lending by financing the first loans for private airplanes in San Diego.

To the rescue
In the midst of the Great Depression, federal officials declared that more than $300,000 of First National Bank’s corporate and real estate loans must be charged off as bad debt. While the loan amount seems modest by today’s standards, it was a fortune in Depression-era San Diego.

Convinced that the loans were good, a group of stockholders, fiercely loyal to the bank, formed a corporation to take over the troubled loans. Members included merchant Guilford Whitney and local real estate investor Percy Goodwin, both First National board members. The substantial funds they poured into the bank helped First National hold on during the prolonged economic crisis. Eventually, every one of the loans was paid back, with interest.

REGULATION
Responding to the severity of the economic crisis, the Federal government enacted a number of key laws to restore faith in the financial system: The Federal Bank Act of 1933, the formation of the Federal Deposit Insurance Fund, and the Federal Housing Acts.

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Ben Meyer’s circle of friends  To the Los Angeles business community — and, indeed, to much of the financial world — Ben Meyer was Union Bank
& Trust. The nation’s most prominent families were his friends and business associates. His circle of friends extended far beyond the nation’s boundaries.
Two of Meyer’s most treasured photographs show him with Winston Churchill (after a fishing trip to Catalina Island, where Churchill caught a 188-pound
marlin) and Albert Einstein at the Meyers’ beloved ranch in Santa Barbara.

HOW ABOUT THAT?

Banks in the United States were experiencing significant losses in the context of the Great Depression. In 1933, Union
Bank & Trust Co. had to alter its capital structure and move $3 million from surplus into additional reserves, but avoided
the issuance of preferred shares. Throughout the difficult times, the bank maintained its ability to grow deposits at strong levels.
At the end of 1936, deposits reached nearly $40 million, with $17 million in loans, but failed
to grow thereafter as the nation lingered in economic distress. To prevent speculative influences on the bank’s stock, in line with
other banks, Union Bank & Trust delisted its stock from the Los Angeles stock exchange in 1937.

Throughout the difficult times after the Great Depression, which started in 1929, Union Bank & Trust was able to maintain strong deposit growth (average growth rate for deposits in 1929–36 was 7.6%, compared to 11.6% for the previous seven years). As a benefit of relationship-based lending, the bank avoided the steep decline in loan balances that plagued
many other banks during this time.
In 1941, World War II mobilizes the United States into a fight for survival.
The impact of the war years

In California, the threat of war reaching its shores is especially real. San Francisco, at the gateway to the Pacific theater, sees 1.6 million service members ship out from local ports and thousands arrive to help in the war effort.

The war drains manpower from the nation and materials shortages result in rationing. But it also creates opportunity. Women move into the American workforce in unprecedented numbers, and production demands begin to pull the world out of the lingering economic depression. Nearly one-third of the $400 billion spent on the war is expended in California for ships and aircraft. San Diego bustles as home port of the Pacific Fleet. The new industry fueled by the war creates a population explosion on the West Coast that is history-making.

Financing the war
Every American and every business contributes to the war effort. The California banks do their part, financing the national defense program and promoting the sale of war bonds. Union Bank & Trust Co. boosts lending to businesses engaged in airplane manufacturing, munitions, and war materials production. They make government-sponsored “V for Victory Loans” to the legions of small manufacturers and garage mechanics that spring up everywhere to produce component parts for defense plants. By war’s end, the state’s economy is reshaped forever, as the manufacturing sector nearly triples in size.

Chilling relations abroad and at home
The war chills long-standing, mutually beneficial business relationships American firms have enjoyed with Japan. Foretelling the eventual renewal of these partnerships, Koyata Iwasaki, president of Mitsubishi, reminds employees at the outbreak of hostilities that these British and American firms are their friends. “Should peace come again, they should again become our partners.” That reconciliation, however, would take time. Shortly after the outbreak of hostilities, in fact, the U.S. government seizes the Yokohama Specie branches in San Francisco and Los Angeles and sends their officers to internment camps.

Japanese non-citizens are not the only ones to be forcibly removed to internment camps during the war. With the entire West Coast declared a theater of war, nearly 120,000 people of Japanese descent are forced to “evacuate” the coastal regions by 1942 and placed in ten relocation camps throughout the West — two in California — for the duration of the war.

Rebuilding relationships
In 1945, with the internment camps dismantled and Japanese Americans beginning to resettle, their campaign for desegregation gains traction. Discriminatory measures initiated early in the century are repealed. The ban on land ownership is lifted and Japanese Americans begin to re-establish prominence in the agricultural industry. Opportunities open in small business and corporations as well. The growing size and influence of the Japanese-American community will soon lead to a new presence and role for Japanese banks in California.

Launching post-war business strategies
By the end of the war, the landscape of mid-century California is dramatically changing. With nearly four million new residents added in the 1940s alone, suburbs multiply to accommodate the newcomers. Homebuying is fueled by rising personal income and veteran loan programs. First National Trust and Savings Bank of San Diego jumps on the opportunity to serve people in their new neighborhoods and launches a large-scale office expansion. While many banks finance the mass-produced housing, Union Bank & Trust Co. focuses on developing the commercial and industrial businesses that will create employment and sustain the swelling population. Even the Korean War cannot dampen the spirit of optimism, as California enters one of its most prosperous decades.
The impact of the war years

1940–1949

1943
First bank to introduce “automated tellers.”

1946
George H. Schmidt is elected the fourth president. He serves until his death in 1947.

1946
Acquires Cuyamaca State Bank.

1947
The Bank of Tokyo opens for business, succeeding Yokohama Specie Bank.

1948
Frank J. Belcher, Jr. returns to replace George Schmidt as president until 1950.

1949
First bank in San Francisco to introduce drive-in teller service.

1949
First bank in the West to offer free postage for Bank by Mail.

UB | The flower seller in front of Union Bank & Trust’s Eighth and Hill office became an institution while conducting business there for over three decades. Vic Candioty emigrated from Turkey in 1914, the same year that Union Bank & Trust was founded, and started selling flowers in 1923 after having received an exclusive letter of permission from Ben Meyer (who was impressed with his entrepreneurial spirit). This image was featured on the bank’s Christmas cards for several years during the era of this chapter.

Progressive yet conservative

In the year 1940, Union Bank & Trust stated its four principal banking purposes:

- Keep customers’ funds safe and readily accessible.
- Protect and make a return on stockholders’ investments.
- Provide a means of livelihood and advancement opportunities for employees and officers.
- Serve the credit needs of the community by funding industry and commerce at a reasonable rate.

In his annual report in 1940, Ben Meyer addressed the uncertainties in the economy under the influence of World War II and closed with the following words, characterizing Union Bank & Trust: “Progressive yet conservative, we seek to operate along those paths which will give the greatest service to our customers and at the same time provide the maximum protection to depositors and stockholders.”
Union Bank & Trust's contribution to the war effort

In his “Message to Employees,” dated December 30, 1944, Ben Meyer spoke to the bank’s contribution to the war effort: “Our main purpose during the year has been to keep the organization in good running order, so that we may make the maximum contribution to the war effort. Situated as we are, in the heart of an area producing some of the most critical war materials, it is essential that we aid in sustaining the flow of trade. Since the war began, we have made 55 Regulation V and VT Loan commitments for war production, aggregating $7.7 million, and two T-Loan commitments in the sum of $40,000 under the Contract Settlement Act. Categorically speaking, our loans to the United States Government, being the United States Bonds in our investment portfolio, increased about 40% to $65.3 million at the end of the year… In the sale of United States War Bonds, for the Government to the public, we had a banner year: Excluding purchases for our own portfolio during 1944, we sold, as agent for the United States Government, $34.1 million in bonds. There were 47,085 separate transactions.”

Connecting with the servicemen and one servicewoman

As a way of reaching out to their colleagues in the Armed Forces, Union Bank & Trust’s staff created a lighthearted magazine called About Faces, including hand-drawn illustrations, a vast collection of office jokes, poems written by the staff, and letters from servicemen. It connected those in the military with the bank they had left behind to serve their country, bringing them a few laughs, some interesting news from the action on the home front (i.e., the bank), and many happy memories of reminiscing. In the Christmas 1944 edition, Union Bank & Trust honored 39 young men and one woman, who were all enlisted in the Armed Forces at the time.

World War II as a catalyst of economic growth on the coast

Social and economic changes launched by the Depression had been profound, marked by reliance upon government aid, increasing taxes, a rising national debt, and a host of problems brought about by inflation. With national defense production and World War II came expansion into industries the West Coast had not known before. In Southern California, shipbuilding and plane building challenged or exceeded all records being established anywhere. Around San Francisco Bay, industrial cities sprang up overnight in marshlands and hayfields. Tacoma found itself the hub of three major military installations. Between 1941 and 1945, a large oceangoing vessel of some type went down the launching ways in Portland’s vicinity at an average of one each 24 hours. Seattle’s Boeing works became one of the nation’s greatest war arsenals. The incredible output of the country lifted the gross national product to new heights year by year and actually resulted in the amazing spectacle of a nation having more food than it could use. Farmers were being paid to produce less of several basic crops. In the Pacific states, population growth was augmented by migration from other parts of the country at an accelerated pace. Beyond the war effort, infrastructure was being built on the coast, including upwards of 30 dams on the Columbia River and a multi-billion-dollar water project for California.

Los Angeles, the city of unstoppable growth and energy, advanced to third in size in the nation, and California was soon to be the most populous state. With this growth, however, came housing shortages and traffic problems. Housing developments pushed out into fields and orchards and over rolling hills. Express highways were rushed from the older urban centers. Bumper-to-bumper traffic moved where lately only a country lane had wandered.

HOW ABOUT THAT?

The coming of World War II brought women workers to First National Bank. Male tellers went off to war, and the bank introduced its First National “bankerettes” to the public.

HOW ABOUT THAT?

In the war years, Union Bank & Trust handled the ration banking accounts, in connection with the Office of Price Administration, in sugar, processed foods, meats, fats, shoes, and gasoline.
Japanese internment  When President Roosevelt signed Executive Order 9066 in February 1942 allowing the War Department to remove suspicious or possibly dangerous people from military areas, most Japanese Americans in California had no reason to believe they would be affected. But only a month later, with anti-Japanese sentiment growing, a Wartime Civil Control Administration, headquartered in San Francisco, was placing Japanese residents temporarily in various assembly centers. The same month, the War Relocation Authority was created to carry out the massive evacuation of all persons of Japanese ancestry. Between March 24, 1942, and November 3, 1942, some 120,000 Japanese aliens and Japanese Americans were deprived of their liberty and moved to relocation camps, where they would remain for the next three years or more. The only exceptions were made for those young American-born Japanese who volunteered for the military draft in 1943. They were assigned to various segregated units, including the 100th Infantry Battalion and the 442nd Regimental Combat Team — the most decorated combat units of the war — the 1399th Engineer Construction Battalion, which was awarded the Meritorious Service Award, and the Military Intelligence Service, credited by General MacArthur’s Chief of Intelligence for saving countless American lives and shortening the war by several years. In all, 21 Japanese Americans received the Medal of Honor, the nation’s highest honor for bravery, for their service in World War II. (U.S. National Archives and Records Administration. Photo by Dorothea Lange.)

The Bank of Tokyo succeeds Yokohama Specie Bank

In 1946, after the war was over, the office of the Supreme Commander of the Allied Powers (GHQ), which occupied Japan temporarily, ordered Yokohama Specie Bank to dissolve and a new bank to assume its domestic assets and employees. Since Yokohama Specie’s overseas operations in Asia had close ties with military activities, those were not to be included in the new bank, nor was its trade finance business. However, in its establishment prospectus, the new bank declared that its unique focus would be on supporting businesses engaged in trade and providing trade finance once Japan regained ties to the world economy. This set the tone for the future global orientation of the bank. Since GHQ prohibited the use of the Yokohama Specie name, the bank collected ideas for a new name from its employees. “Bank of Tokyo” turned out to be the most popular. There was some criticism that the port city of Yokohama had more recognition in the world than Tokyo, which was actually true at the time. But GHQ nonetheless welcomed the name, stating that Tokyo would be one of the major cities in the world in the future.

The Bank of Tokyo opened for business in January 1947. It was the first bank established in Japan after the war, and the slogan used at that time was “The new-born bank in new-born Japan.” Japan would eventually return to the international community following the San Francisco Peace Treaty signed in 1951, and by then, The Bank of Tokyo was ready to establish overseas operations.

How about that?

In 1944, Union Bank & Trust already had a suggestion system for internal improvements. Throughout the year, 167 suggestions were received, of which 50% addressed time savings in operations. 63 awards were made to employees for their suggestions.
Employment ceilings

During the war, the War Manpower Commission fixed a ceiling on the number of full-time employees a business might have. For Union Bank & Trust, this ceiling was set at 199 in 1944, excluding officers and building employees. As a result, the staff had an extended 44-hour workweek. Honorably discharged veterans could be employed without affecting the ceiling.

Bank by mail is a growing success

Union Bank & Trust’s “Banking at Home Department” was originally founded in 1928, allowing customers to conduct banking business by mail. It was a response to the efforts of other banks that were opening branches in the emerging communities far from downtown. By 1938, the program grew to about 145 deposits by mail per day. In 1949, the Banking by Mail service was so successful that it was extended to include savings account depositors and named Save by Mail. By 1954, approximately 50% of total deposits were received by mail.

Creativity leads to innovation

The first “Automated Teller” was introduced at Union Bank & Trust in the middle of 1943, more than a decade before Automated Teller Machines were even invented. Ben Meyer reports, “When employers’ withholding of Federal Income Tax became effective, we studied the handling of these items in an effort to develop a system which would not add to the congested condition already prevailing in our lobby; so, in the Hill Street vestibule, we cut a slot in the wall, connected it with a chute to a safe in the Savings Department, and labeled it ‘Automated Teller.’ As a result, our customers do not wait in line for tax receipts and we prepare official receipts for mailing to our customers after rush hours. Some of our depositors, now, use the ‘Automated Teller’ for the purpose of making regular deposits. This device, in our opinion, will be successful to the degree that our employees, particularly tellers and guards, know its advantages and encourage its proper use.”

In 1950, The Bank Wire, a telegraphic system to connect Union Bank & Trust by private wire with other banks in 54 cities of the United States, was created. It was placed into operation by Western Union Telegraph Company.
The post-World War II era is one of the most prosperous periods in U.S. history. National confidence is high. International tensions ease. And the nation is captivated by amazing advances in space flight and computing.
Expansion and innovation

In California, the country’s most populous state by 1962, new freeway systems link the suburbs and cities. Foreign trade accelerates as the economy becomes more global, and new science and technology industries take root in the state.

As the era closes, however, social and political turmoil dampens the optimism. America faces a troubling Cold War. An unpopular conflict in Vietnam generates widespread social unrest. And rising inflation begins to slow the economy.

Models of expansion
Like the state, the California banks experience remarkable growth during this era. Still committed to the principles of its long-standing single-office philosophy, Union Bank opts to capture L.A.’s increasingly dispersed commerce and industry by replicating its highly successful Head Office model. The bank opens new Regional Head Offices in high-growth markets throughout the state, each delivering the bank’s full capabilities under one roof.

Several unsolicited acquisition overtures inspire The Bank of California to launch a “Doctrine of Expansion” in 1954. Determined to remain independent, the bank implements a strategy that ultimately adds 70 offices during the next two decades.

This is an era of dramatic growth for First National Trust and Savings Bank as well, with the number of branches tripling between 1956 and 1971. With a commanding presence in San Diego County, the bank looks north for opportunity. It moves aggressively into Orange and Los Angeles counties and adopts a new name, Southern California First National Bank, to reflect its new regional status.

The Bank of California and Union Bank enhance their global connections, setting up branches and representative offices outside the United States.

Founding of The Bank of Tokyo of California
As relations are restored with Japan after World War II, The Bank of Tokyo, Ltd., looks at new opportunities in California with its large and increasingly prosperous Japanese-American community. Encouraged by the growing interest in a locally based Japanese financial institution, The Bank of Tokyo creates a joint venture bank. The Bank of Tokyo of California, partially funded by a who’s-who in the Japanese-American community, opens an office in San Francisco in 1953 and a Los Angeles branch in 1954. The bank grows rapidly during the 1960s, serving the Japanese-American community and major Japanese manufacturers that are entering the California market in great numbers.

Driving innovation
To compete in the increasingly congested and competitive banking landscape, the California banks innovate with new product concepts, modern banking principles, and emerging technologies. Union Bank coins the term “Money Engineering” to formally define its trademark customer service model and industry-leading business product innovations. Southern California First National pioneers new banking technologies and time- and money-saving products. And The Bank of California demonstrates its industry leadership once again, collaborating with a select group of California banks to launch the Master Charge retail credit card program.

Changing regulations
All three California banks take advantage of new opportunities for diversification and growth enabled by changing bank regulations. When authorized, each bank creates its own one-bank holding company to engage in services complementary to its banking business. The new powers, along with increased non-bank competition, will substantially reshape the banking landscape in the midst of the economic uncertainties that mark the 1970s.
1952–1959

1952
Opens its first overseas branch in London, followed by a New York agency. It also creates a joint venture bank in California, The Bank of Tokyo of California.

1953
San Francisco Head Office opens, as well as the Los Angeles branch. Matsujiro Takeshita becomes president. He serves until 1955.

1954
Articulates the “Doctrine of Expansion” to avoid becoming a target for acquisition.

1955
Tatsuichi Shibata becomes the second president and serves until 1963.

1956
Edwin E. Adams is appointed the ninth president. He serves until 1962.

1957
First National Bank drops the “Savings and Trust” portion of its name.

1957
Ben Meyer retires from the presidency in January, just two months before his death. At this time, Union Bank & Trust ranks among the nation’s largest banks. Harry J. Volk transitions from the board of directors to president. He serves until 1969.

1958
Union Bank drops the “and Trust” portion of its name.

The Bank of Tokyo enters the California market

The enthusiastic campaign for desegregation carried on by Japanese Americans finally produced successful outcomes after World War II. The ban on land ownership was lifted, leading to the emergence of several large farms owned by Japanese Americans. In addition to agriculture, Japanese Americans who succeeded in other economic fields emerged one right after the other. Those days coincided with the period during which the Japanese-American community was emerging from bread-and-butter jobs and moving toward the stage of corporate businesses, partly stimulated by the peace conference held in San Francisco.

The Bank of Tokyo (BOT) opened its New York branch (agency) in 1952, at which time a desire to resume a locally based Japanese bank was growing among the leaders of the Japanese-American community in California. The general manager of BOT’s New York branch, who was visiting both Hawaii and California on a business trip at that time, also reported to the Headquarters that the state of California showed more promising signs than Hawaii did for establishing an affiliated company.

In July 1952, an employee of BOT with experience working in the San Francisco branch of the Yokohama Specie Bank before World War II, happened to visit California on private business and learned that some Japanese banks were already making moves aimed at establishing an affiliated company. This information was immediately reported to the Headquarters of BOT and to the New York branch. A quick decision was made to establish a local affiliated company in the form of a joint venture bank, The Bank of Tokyo of California, using $1 million as the capital and $250,000 as surplus funds.

In late 1952, the bank received regulatory approval and opened its San Francisco Head Office in February 1953. The first temporary office opened in two rooms above a cigar store on Pine and Kearny (where today the Bank of America building is located). The actual Head Office opened on the corner of Sansome and Clay.

Its core operations centered on the Japanese-American community from the very beginning (only a few Japanese companies had a presence in California at that time), and the bank grew by targeting this community as its main customer base. At the end of 1954, the year following the inauguration, the amount of deposits was about $9 million.

MONEY FACT

By the beginning of 1957, BOTC’s total deposits reached $20 million, more than doubling the 1954 total of $9 million.
The doctrine of expansion

In 1954, The Bank of California made a decision to embark on a strategy of expansion. With its mere five offices in three states, the bank was an attractive acquisition target. Several overtures were made. In the summer of 1954, the bank debated the possibility of a three-way merger with another Northern California bank plus a major bank based in L.A., to form the only coastwide bank. The Board of Directors pondered the option and decided: “We are convinced that with our fine old name and the loyalty we enjoy from clients and shareholders alike, we should do everything possible to develop and strengthen the bank as an independent institution, substantially unchanged in character. It is our plan to add additional branches, both through the acquisition of existing banks and the starting of new offices in areas determined to be favorable for our operation.”

By 1958, having absorbed five banks and expanded from five to 17 offices, the bank shifted its focus internally on integrating the growing system, developing new departmental structures, establishing policies, and carefully selecting and training officers to facilitate further expansion as well as preserve its brand. In 1960, with expansion under way and business volume rapidly increasing, the bank needed speedier processing methods. It adopted computerization and installed a first-generation computer for check processing and fast inter-office communication.

In 1962, a review of expansion progress was published, which made the growth agenda clear. The two goals were to concentrate on California while maintaining the offices in the Northwest and to establish a presence in the populous southern portion of the state. The bank announced that it had applied to the Comptroller of the Currency to establish a Southern California headquarters location in downtown Los Angeles. In February 1963, the bank bought the 12-story Superior Oil Company Building in Los Angeles at Sixth and Flower streets. The building was renamed The Bank of California building and opened for business in August.

With its rapid growth and reorganization, the bank had changed somewhat in character. While it was still regarded as a bank steeped in tradition, it acquired a new look, one of youth and vigor tempered by respect for the past. A robust personality, which typified its early days, was evident again, except that the bank was now a more stately institution, its adventurous spirit mellowed and matured.

Modes and manners had changed in the century since the bank’s founding, but one familiar characteristic continued to dominate its course — the timeless doctrine of willingness to explore, revise, and innovate.

A new pioneering spirit at The Bank of California

Adding to its rate of rapid growth, the bank embarked on numerous projects, often of a pioneering nature, identifying itself as an industry leader in developing new services and improving existing ones.

A Money Market Center — the first of its kind on the Pacific Coast — was formed by the Investment Division in 1965 to provide a central point in which corporate clients could receive information, counsel, and service regarding the range of investments available for the short-term investments of surplus funds.

With credit cards becoming increasingly popular, the bank, together with three of its largest California competitors, launched in 1967 a statewide retail credit card program called Master Charge. More than 100 banks joined the program over the next year.

The bank was the first on the West Coast to have its books of account and financial statements audited and certified by a firm of certified public accountants.

HOW ABOUT THAT?

In 1967, The Bank of California adopted a new advertising slogan, “The Bank”. It was not really a new label but dated back to the days of Ralston and Mills. In 1910, the New York Daily Tribune stated in its eulogy to Mills, “It was an institution in which the community took pride and when men spoke familiarly of ‘The Bank’, everybody knew that The Bank of California was meant.”
1960–1964

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
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<tbody>
<tr>
<td>1960</td>
<td>First major bank on the West Coast to introduce the “Daily Interest Savings Plan,” calculating interest on a daily basis.</td>
</tr>
<tr>
<td>1960</td>
<td>Adopts computerization and installs the first general computer for check processing.</td>
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<tr>
<td>1962</td>
<td>Names its first non-bank president, Charles de Bretteville. He had been a director for ten years and was president of the Spreckels Sugar Company. He serves as the tenth president until 1969.</td>
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<tr>
<td>1962</td>
<td>Opens an agency in Los Angeles, initially focusing on trade finance and foreign exchange.</td>
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<tr>
<td>1962</td>
<td>Breakthrough in branch expansion with new offices in Japan Center (S.F.), San Jose, and Fresno.</td>
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<tr>
<td>1963</td>
<td>Acquires assets of Cooley Mortgage Company and becomes the mortgage loan correspondent for a major life insurance company.</td>
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<tr>
<td>1963</td>
<td>Tokinaka Takahashi becomes the third president. He serves until 1965.</td>
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<tr>
<td>1964</td>
<td>Celebrates its centennial. It is the only bank in the West to operate under the same name for 100 years and becomes a billion-dollar institution in both assets and deposits.</td>
</tr>
<tr>
<td>1964</td>
<td>Claude Blakemore replaces Anderson Borthwick as president. He serves until 1970.</td>
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**Money engineering starts to develop at Union Bank**

A Union Bank executive was on an eastern business trip, calling on many national accounts. In the course of his visits, he was impressed with the growing influence of research and engineering in the operations of many important firms. He concluded, "Other companies engineer products, applying their accumulated body of technical experience and knowledge. We engineer money, applying the same principles, only our technical experience is in the field of speeding the flow of money and credit."

One day he came to work with a large cardboard box full of billed cloth caps similar in style to the caps railroad engineers wore. After distributing a hat to each employee, he said, "We’re engineers. Just like the train engineers move things around, we move money around for our customers. That makes us money engineers." After discussions with several executives back in Los Angeles, the bank soon undertook steps to copyright the term “Money Engineering” and developed a campaign around the theme.

Money Engineering described individualized assistance to customers. It meant originating new services, understanding customer problems, meeting specific requirements and exploring every reasonable avenue to provide financial assistance.

Over the years, many groundbreaking services were developed as an outgrowth from this philosophy. Money Engineering proved to be the forerunner of modern Cash Management services. Among them:

- Accounts Receivables Financing
- “On-line” accounting service for Savings and Loan Associations, which allowed a teller in any office to directly link to the electronic data processing equipment in the Computer and Service Center.
- A simplified plan for handling the financing of property or casualty insurance premiums, with a completely integrated package that relieved agents and brokers of costly and time-consuming bookkeeping details.
- A system for airlines and travel agents that streamlined ticketing and accounting.

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**Expansion and innovation**

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**The picture resulted from “… seminars to acquaint every member of the staff with the term and how it applied to each department. To enable those attending to visualize what was meant by the phrase, the following symbols were set up on a table at the front of the room: time, telephone, brief case, journal sheets, money, IBM punch cards, and a clean topped desk stripped for action.”**
Remittance Banking (started in 1969, today known as Lockbox): A post office box is leased in a corporation's name and customers mail checks in payment of invoices to the box. When mail arrives, a photostat is made of the checks, endorsed, and deposited the day it is received.

Regional banking — the one-bank concept under many roofs

For 43 years, Union Bank had been a one-location institution in downtown Los Angeles. Its reputation for quality business banking rested upon its concept of being the bank of personal service, with everything under one roof. Under Harry Volk’s leadership, a plan was created to continue that philosophy — under many roofs.

In the mid-1950s, as distances and traffic increased, downtown Los Angeles became more and more remote for those in outlying areas. Regional Banking eliminates all unnecessary delays in doing business by bringing complete banking services, including the point of final decision, into the outlying areas where they are most urgently needed. Regional Head Offices (RHO) are operated by executives who devote their entire business lives to the region they serve. They have intimate knowledge of their own region and know the background of its people and its business concerns.

Harry Volk described the concept: “By placing a high degree of responsibility and authority in our Regional Head Offices and by permitting responsible officers in these offices to make decisions on their own, we have in fact developed a new concept of a banking organization. Our local service program is unlike that of a usual ‘branch bank’ system. We believe our organization plan which provides superior banking services at the local level may well be followed by other institutions as and when it is possible for them to do so.”

Regional Head Offices would be created, with locations chosen based on their proximity to business customers. Each office would be fully staffed with business bankers with demonstrated expertise and a high level of professionalism. The operational structure would closely parallel the Eighth and Hill office, and the officers of each RHO would have decision-making authority under the supervision of a regional vice president. Each regional banking office has a lot of autonomy and can approve loans up to six figures. The average limit is $500,000. The regional banks are mostly leased rather than owned and typically break even within five months.

International interests revitalized at The Bank of California

In 1964, the year of its centennial celebration, The Bank of California opened a representative office in Manila. It was one of the first U.S. banks to open an office in the Philippines. One year later, the bank joined a select group of large U.S. banks operating Edge Act corporations, with the authority to make foreign loans and investments. The bank named this wholly owned subsidiary Bank of California International Corporation (BOCI), and it became a founding investor in the China Trade and Development Corporation, Taipei, Taiwan, an enterprise formed by leading Chinese businessmen to promote the development of Taiwan’s exports. Eventually, the bank entered into partnership with the Banco de Comercio e Industria de Guatemala, enabling effective participation in the Central American Common Market. This also increased trade between Guatemala and the Pacific Coast.

In 1967, BOCI invested in the Pacific Investment Corporation for Asia, S.A., which aimed to make capital investments for financing new enterprises and expanding existing ones in Asia’s developing countries. A representative office was established in Tokyo in 1968.

UB | Creating industry leaders  During his tenure as CEO of Union Bank, Harry Volk created an environment that attracted and inspired future leaders of the banking industry. He believed in hiring the most talented individuals, training them well, and instilling a sense of purpose, drive, and initiative. In all, Union Bank produced 17 future bank CEOs, including industry leaders Carl Reichardt, CEO of Wells Fargo Bank, and Jack and Jerry Grundhofer, who served successively as CEO of US Bancorp.

UB | Along with the simplification of the name to Union Bank, a new seal was adopted in 1958. The five stars had three meanings. They were a reminder of the five words in the bank’s slogan, “The bank of personal service”; they represented the five letters in the word “money”; and they symbolized the five locations in which the bank was doing business.

MONEY FACT

One billion dollars in assets: Within only two years of each other, Union Bank (1962) and The Bank of California (1964) passed this remarkable milestone.
1965–1967

**BOTC**

1965

Naoji Harada becomes the fourth president and serves until 1968.

1965

Becomes one of few U.S. banks to create an Edge Act corporation, allowed to perform foreign lending through government-chartered subsidiaries. BOC International Corporation invests in China Trade and Development Corporation and partners with Banco de Comercio e Industria de Guatemala.

1965

New headquarters building at 400 California is celebrated as an architectural achievement, blending old and new.

**BOC**

1965

Moves into new headquarters at 530 B Street, replacing the Fifth & Broadway office.

1966

Robert O. Petersen and Richard T. Silberman acquire First National Bank and change the name to Southern California First National Bank.

1967

First major bank in the United States to establish a one-bank holding company, Union Bancorp.

1967

Union Bancorp buys Western Mortgage Company, the largest of its kind in the United States.

1967

Opens its new headquarters office at 445 S. Figueroa Street.

**FNBSD**

1966

**SCFNB**

1967

**UB**

1967

**UB**

1967

**UB**

1967

**HOW ABOUT THAT?**

On January 1, 1960, Union Bank introduced — as another first among banks — the Daily Interest Savings Plan, calculating interest on daily balances rather than the lowest balance of a given period. The heavily advertised program fueled the ongoing growth in deposit balances. The string of innovations in banking continued in 1963 with Statement Savings, replacing the old format of individual entries into a savings book with individual receipts for each transaction and a quarter-end statement showing all activity.

**The Bank of Tokyo of California gains momentum in building a very targeted footprint**

On October 3, 1955, the first branch opened in Gardena, where the Los Angeles-based Japanese-American community had emerged. Due to its focus on local communities, an expansion beyond the two major cities — San Francisco and Los Angeles — was soon viewed as necessary. This intention met resistance by the State Banking Bureau, whose intention at that time was to limit the business activities of any foreign bank to these two locations. After long and intense negotiations, The Bank of Tokyo of California was finally able to open its San Jose branch in 1962, followed by Fresno (1962), Crenshaw (1963), and Santa Ana and Culver City/Western LA (1964). Other additions were Mid-Peninsula (1969), Panorama City (1970), and North Fresno and Downtown Los Angeles (1971), closely tracking the growth of Japanese-American communities across the state.

**Mitsubishi’s attempts to establish a California bank**

The Mitsubishi Bank had opened its Los Angeles agency in December 1962 to participate in banking activities in California. However, agencies were prohibited from engaging in general banking operations under the California State Banking Law. Therefore, the Los Angeles agency had to concentrate its business on foreign exchange transactions and trade financing. Japanese firms had established their subsidiaries one after another in the late 1960s, particularly in California. The agency business activities had become insufficient to meet the subsidiaries’ diversified needs. It had become essential for The Mitsubishi Bank to establish a local bank that was able to handle all kinds of banking transactions, including deposits, loans, and foreign exchange transactions. To this end, The Mitsubishi Bank filed an application with the Ministry of Finance (MOF) in Japan for a permit to establish a subsidiary bank in California, and obtained approval in January 1971.

The California State Banking Department, however, did not give immediate permission for The Mitsubishi Bank’s entry for reasons of reciprocity, in that the number of entries by U.S. banks in California into Japan was far less than that of Japanese banks into California. In fact, it took almost one year to achieve entry into California by establishing a state-chartered subsidiary bank after it obtained permission from the MOF.
Impressive new homes are physical evidence of the banks’ growth

The three main centers of business operation that are used by employees in the present day, 445 S. Figueroa Street in Los Angeles, 400 California Street in San Francisco, and 530 B Street in San Diego, all trace their roots back to the same period.

In 1965, The Bank of California opened its new headquarters building at 400 California Street, incorporating the old and the new. President de Bretteville commented: “The endeavor of the bank was to uphold the architectural traditions that have helped San Francisco earn a worldwide reputation for beauty. As a bank with roots in earliest San Francisco and the West, we felt an obligation to ourselves and the city to preserve our historic building, the first major structure built after the 1906 earthquake.” To achieve an integrated design between the old and the new, architects Anshen and Allen of San Francisco incorporated features of the banking hall into the tower, arriving at a design concept with few historical precedents in the United States. The most striking effect resulting from the architectural marriage of past and present was the fluting on the outside of the tower, matching the fluting of the Corinthian columns and making the tower appear to be one gigantic column itself. To maintain a sense of proportion, the height of the tower was limited to four times that of the old building, requiring a three-level basement for needed space.

In 1966, First National moved from its old office at Fifth and Broadway into a newly constructed headquarters building at 530 B Street. Soaring 25 stories into the San Diego skyline, the dramatic tower was the tallest in the city’s downtown. Featuring distinctive art and richly appointed public spaces and offices, the building’s engineering also garnered attention. The steel support columns were the largest ever fabricated at Bethlehem Steel’s Los Angeles plant, and the foundation contained 10,000 tons of concrete and one thousand tons of steel. A huge counting room and 22-ton main vault sat below street level and featured state-of-the-art, “fool-proof” safeguards.

In 1967, Union Bank moved into a new, 40-story headquarters building at 445 S. Figueroa Street. It was the first office building erected under the Bunker Hill Redevelopment program and sat at the edge of the downtown business district, towering over the older buildings that would soon be demolished to make way for the gleaming steel-and-glass structures that make up today’s Los Angeles skyline. The huge block letters high atop the building that spell out the bank’s name could be seen for miles in every direction at night.

HOW ABOUT THAT?

The board table in The Bank of California’s 400 California Street circular board room was one of the world’s largest. It was featured in the movie Dr. Strangelove.
1968–1971

**International forays at Union Bank**

Union Bank entered the international scene with its first foreign representative office in Mexico City in 1967, followed a year later by the first foreign branch office in Nassau, Bahamas.

In 1969, the bank’s International Division developed a network of Resident Advisors. These were highly experienced individuals who lived in foreign countries and offered their special skills and services to the bank. These advisors followed up on foreign loan requests, developed new trade leads, and provided first-hand guidance, information, and support. They worked in Australia, Indonesia, Israel, Italy, Japan, Kenya, Korea, New York, Panama, Peru, Philippines, Singapore, Spain, Sweden, Taiwan, Venezuela, Washington, and Zambia.

Finally, in 1970, Union International Bank was formed. This allowed the bank to take equity positions in foreign ventures and supplement international lending power. As first forays, Union Bank acquired minority investments in De Occidentale Bank, N.V., a Dutch merchant bank, Amsterdam, and a similar interest in Banque Occidentale pour l’Industrie et le Commerce, Paris. In 1971, Union Bank entered the London market for the first time by acquiring an equity interest in Anglo Continental Investment and Finance Company via Union International Bank.

**A string of product expansion and innovation**

In parallel with the ambitious geographic expansion program at Southern California First National Bank, the bank invested heavily in innovative products and technology-driven servicing solutions.

In 1968, the bank began to offer an expanded program of short-term investment services that attracted many corporations and government organizations. Meanwhile, the Commercial Banking Department developed new customer-oriented services and product lines. “Un-chargeable Checking Accounts” carried no service charge so long as the account always had at least $100. “Unbeatable Auto Loans” carried the lowest available new car rates. “Double Check” was a new check service in which computers captured information from checks and deposits and printed a monthly report of income and expense for business accounts.

In 1969, “Open-Line” became the banking industry’s first automatic line of credit for commercial customers with relatively modest borrowing requirements.

In 1970, SCFNB was the first bank west of the Mississippi with a common trust fund; established one of the nation’s first convertible securities common trust funds; became one of the first in the country to install a remote, online-computer display system to streamline stock transactions; and implemented a new lobby traffic system to eliminate lines at teller windows.

In 1971, Dataminder (a company acquired only a few years earlier) helped complete the development and effected the first installations of BOLTS, the Bank On-Line Terminal System. BOLTS was one of the most advanced teller-computer systems in the country, operational in 16 SCFNB offices.

**The one-bank holding company model opens an entirely new horizon of growth**

In 1967, Union Bank became the first major bank in the United States to establish a one-bank holding company. Union Bancorp was formed as a general business corporation.

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*At the beginning of 1956, First National installed “a new IBM automatic data processing machine — first of its kind in any financial institution in the San Diego area.”*
that could take advantage of merger and acquisition opportunities Union Bank could not, due to state and federal banking regulations.

One day after the holding company formation, Union Bank bought the largest mortgage company in the U.S. — Western Mortgage Corporation, founded in 1933 and acting as a mortgage loan correspondent for Metropolitan Life Insurance Company. It continued to operate as an independent unit and was not merged with the bank’s mortgage banking division, which serviced loans for various institutional investors. In 1968, Union Bank introduced the Unionamerica Capital Corporation as a wholly owned subsidiary. They became the first bank in California to own their own small business investment company. Their first investment went to Western Video Industries, Inc., of Hollywood. In addition, Unionamerica Computer Corporation was formed as a new subsidiary. It served the data processing and software needs of Union Bancorp and its subsidiaries and was headquartered at 1000 South Hope Street.

In the following year, Swett & Crawford, a leading surplus broker also representing many insurance companies, and Harbor Insurance Company, a locally based property and casualty company, were acquired by Union Bancorp. Unionamerica Computer Corporation acquired a controlling interest in Computer Input Corporation (CIC). CIC provided contract keypunching and programming to U.S. customers using facilities in Bangkok and Taipei. Union Bancorp changed its name to Unionamerica, Inc., listed on the New York Stock Exchange under the ticker UNI. The stock had been previously traded over the counter. Unionamerica acquired the Bryant-Johnson-Chamerlain Company, a mortgage banking firm headquartered in San Francisco, and announced the formation of a new international leasing firm called Globalease.

California First National Corporation, to acquire assets and take advantage of additional investment opportunities. Factoring, mortgage banking, and equipment leasing were among the enterprises being considered at the time. On February 28, 1969, Southern California First National Corporation exchanged two shares of its stock for each outstanding share of Southern California First National Bank, creating a one-bank holding company. Three firms were brought into the holding company in 1969. Dataminder Corporation was engaged in electronic data processing. Mansfield Mills Inc., was an investment management firm that supervised securities portfolios for private investors throughout the United States and abroad, and Bankers Commercial Corporation offered commercial finance and leasing services.

Union Bank’s efforts to grow and formalize its niche-driven business model

Since its inception, Union Bank had been a specialty bank. Kaspare Cohn’s understanding of the wool growers’ business and Ben Meyer’s connection to the garment business laid the foundation for the garment business laid the foundation for a distinguished reputation in certain industries.

In the late 1950s, Union Bank hired Dr. Robert Dockson (University of Southern California) as consulting economist to Union Bank. Based on his in-depth research of specific business issues, he published studies that raised the profile of Union Bank and often served as door openers in conversations with new clients. In 1959, he published Growth Pattern — The Insurance Industry in the California Market, which was distributed nationwide to insurance companies and created significant additional business as Union Bank leveraged it to demonstrate a unique understanding of the industry. In 1964, after covering world trade in the prior year, he addressed the growth of the electronics industry in the Los Angeles area and analyzed its potential and problems for the future, attracting widespread attention among industry leaders across the nation.

Parallel to these efforts, Union Bank expanded its program of specialization by strengthening its team of industry consultants (including executives trained for many years in respective industries). The oil and natural gas business was consolidated into a new department headed by a nationally known expert in petroleum financing. The new Insurance department worked with national headquarters of Life and Casualty companies and the Financial Institutions department expanded its relationships to banks, savings and loans institutions, and public treasurers.
**Models of expansion**

The 1950s and 1960s was a period of substantial growth for the California banks. Fueled by acquisitions as well as new office openings, the geographic reach of each bank increased dramatically. The Bank of California grew rapidly and added a significant presence in the southern portion of California. Union Bank began to populate Southern California with new Regional Head Offices, then reached south into San Diego and also entered the rich Northern California markets. And First National Bank of San Diego pushed north into Orange and Los Angeles counties.

In 1954, The Bank of California unveiled a “Doctrine of Expansion.” While maintaining its three offices in the Pacific Northwest, the bank’s growth strategies focused on California. By 1958, the bank had acquired five banks and increased its California branch network from two offices to 17. In 1962, it turned its attention to Southern California, adding 20 offices in that region by 1968, while continuing to build its Northern California presence.

After years of organic growth and de novo branch expansion, First National Bank of San Diego embarked on an ambitious acquisition program that would expand its reach north toward the large Los Angeles and Orange county markets. After the first acquisition in 1967, the bank’s name was changed to Southern California First National Bank. Seven more acquisitions followed over the next four years.

In 1957, Union Bank introduced the concept of Regional Banking when Occidental Savings and Commercial Bank was merged into the bank, creating the first Regional Head Office (RHO). By 1972, Union Bank had 12 RHOs, including one in San Diego. The bank also moved into Northern California starting in 1970, creating a Northern California headquarters and four other RHOs by 1972.
Southern California First National Bank footprint and acquisitions (1961–1971)

1967
- A: Heritage — Wilshire National Bank
- B: Saddleback National Bank
- C: Huntington Valley National Bank
1968
- D: Bellflower National Bank
- E: Bank of La Jolla
1969
- F: Orange County Bank
1970
- G: Gateway National Bank
1971
- H: Newport National Bank

Regional office expansion of Union Bank (1957–1972)

Regional Head Offices (RHOs) in the Los Angeles Area

1957
- A: Beverly Hills
- B: San Fernando Valley
1961
- C: Orange County
- D: Santa Monica — Bay Cities
1963
- E: San Gabriel Valley
- F: Wilshire Center
1966
- G: South Bay
1967
- H: Los Angeles Downtown
1971
- I: Long Beach

RHOs in Other Areas

1965
- San Diego
1970
- Oakland, San Jose
1971
- Mid-Peninsula, Sacramento
1972
- NorCal Headquarters (San Francisco)
The social unrest of the 1960s gives way to economic uncertainties in the 1970s. Skyrocketing oil prices, raging inflation, and soaring interest rates fuel a growing recession.
Foreign banks — The emerging force

Deregulation gains traction, lifting government-imposed controls and regulations in many industries, including banking. Foreign banks begin to stake claims in the diverse and wealthy California economy, which, despite recessionary pressures, continues to outperform the U.S. economy.

Even in turbulent times, culture flourishes. The notions of the 1960s counter-culture are gradually mainstreamed, influencing literature, music, art, and fashion. New technologies transform lifestyles and work styles. And the world gets ever smaller, as jumbo jets ferry more people longer distances at greater speeds.

The end of independence
It is a time of significant change — driven by strength and weakness — for the California banks as well. Each charts a different course, seeking out the right niche in order to prevail amid increasing competition and a tumultuous economy. As the industry evolves from traditional banking into ever-broadening financial services, even the most astute strategies are tested. Some succeed, some do not. But by the end of the era all three banks share a common experience — a loss of independence to foreign interests, either through acquisition or the influence of dominant investors.

Failed foreign alliances
Some of the foreign-ownership models are less enduring than others. The European influence, at its peak in the 1970s, is relatively fleeting. Frenchman Baron Edmond de Rothschild makes a major investment in The Bank of California, infusing much-needed capital and providing the prospect of an appealing international alliance. Standard Chartered Bank Limited, a London-based international financial institution, acquires Union Bancorp, Inc., offering a new worldwide presence and enhanced service capabilities. But for both institutions, the fit is imperfect and the promise unfulfilled, leading eventually to a change in ownership.

The successful Japanese model
The successful foreign banks are those that understand the local markets and take a long-term, strategic view of their investments. The Japanese banks pursue cautious but deliberate expansion strategies in California, cultivating the markets they understand best and pursuing acquisitions that support their long-term goals. As a result, they secure firm footholds in the state during the 1970s.

The Bank of Tokyo of California, the state's 12th-largest bank by the early 1970s, transforms itself from a community bank into a major statewide banking force when it acquires the faltering Southern California First National Bank in 1975. The merger creates California First Bank. The new leadership uses its 22 years of experience in the California market to leverage the assets of Southern California First National and restore focus and profitability.

The Mitsubishi Bank, Limited, meanwhile, eager to meet the diverse banking needs of U.S.-based Japanese companies, establishes The Mitsubishi Bank of California in 1972. By 1981, the bank catapults to the state's 21st-largest. Understanding the advantages of size and diversity in the competitive banking market, Mitsubishi moves decisively to expand its statewide presence, striking an agreement in 1983 to buy The Bank of California when it becomes a candidate for acquisition. A logical fit with Mitsubishi’s long-range plans, the merger promises to align two organizations that share a fundamental business philosophy and multinational perspectives. It also brings renewed vitality to a bank with a proud 119-year heritage.

Leveraging their intimate familiarity with the California market, substantial financial resources, and sweeping worldwide presence, the Japanese banks are poised to take an ever-larger, and increasingly influential, role in California in the 1980s.
1972–1973

1972
Lloyd Schunemann becomes the eighth president and serves until 1973.

1972
The Mitsubishi Bank, Limited, obtains approval to establish a subsidiary bank in California.

1972
M. Brock Weir becomes the 12th president, serving for one year.

1972
Opens new Northern California headquarters at 50 California Street.

1972
The Mitsubishi Bank of California is established in Los Angeles. Yasuhiko Ishizaka becomes the first president and serves until 1977.

1972
Masao Tsuyama becomes the sixth president and serves until 1975.

1973
W.S. Pfeifle is the 13th president, serving until 1976.

1973
90-year anniversary brings the ninth president, 36-year-old E.G. “Ed” Cunningham. He serves until 1975.

1973
U.S. National Bank fails and SCFNB becomes the largest local bank in San Diego.
Until 1974, the five lineages of Union Bank had developed as independent entities, each with its own business model, successes, and struggles. The maps on these pages show the footprint of the five lineages in four major California markets from north to south. While the geographic presence is only one of many characteristics of these banks, the maps provide a unique illustration that the “growing together” of the five lineages, which would unfold over the next two decades, had at least one strong rationale — geographic synergy.

The Bank of California — prior to selling off significant portions of its branch network — still had an attractive Bay Area footprint. The Bank of Tokyo of California had a selective Northern California presence in centers of Japanese-American activity. Union Bank and The Mitsubishi Bank of California were largely confined to offices in the large metropolitan centers. The sparsity of the combined Northern California footprint relative to the extensive network of the banks’ competitors is a fact that has persisted to the present, despite subsequent de novo and acquisition activity.

The larger Los Angeles and Orange county areas provided the most “colorful” view of the banks’ activities. Union Bank’s regional headquarters were centered in this geography, and, while small in number, they had a material influence on the banking business in the region. Southern California First National Bank and The Bank of California had both just recently entered the region through respective strings of acquisitions and were struggling to find their footing in this very competitive market. The Bank of Tokyo of California was operating several flagship branches in the Los Angeles/Orange County area, serving primarily the Japanese-American communities, but increasingly expanding its appeal to a broader clientele. Los Angeles was also the home market of The Mitsubishi Bank of California, which had just one year earlier opened its first branch in Gardena.

The San Diego market was the home turf of Southern California First National Bank, and, with the exception of downtown offices of Union Bank, The Bank of California, and The Bank of Tokyo of California, it was the only lineage to operate widely in this market.
1973–1977

The final chapter of independent operation

1973 marked the 90th anniversary of Southern California First National. Over the past years, the bank had grown markedly in its footprint, had transformed into a holding company with a diverse array of companies and products, and had leveraged technology at the cutting edge of the banking industry. With the failure of billion-dollar U.S. National Bank, SCFNB had become the largest local bank in San Diego.

Adding to the flurry of expansion activities, SCFNB launched a new operating philosophy to increase deposits through the retail sector, stating they are “a consumer-oriented bank that serves the public through a growing number of offices located in communities of generally above-average income and growth.”

To support this growth strategy, the bank decentralized management by region, consolidated job functions, and automated clerical work.

The bank adopted a five-year profit plan that called for average annual increases of 15% in earnings from 1974 to 1978 and an eventual return on shareholder equity of 15%. But in the deteriorating economic environment of the time, the decentralization of credit authority proved to be detrimental. Loan quality became a major concern.

In rapid succession, changes were made to the leadership of the bank. E.G. “Ed” Cunningham became president in 1973, only to be replaced by Richard T. Silberman in 1975. A separate board of directors for the bank was established in 1973 to increase oversight. But the days of the proud and independent San Diego bank were numbered, and soon new owners would chart the course for the bank.

A Silberman retrospective

The 1975 SCFNB annual report included an eight-page interview with Richard T. Silberman, who provided his perspective about the challenges of the San Diego economy, the bank’s strategy and outlook, and an insightful retrospective on the events of years past.

“One factor, maybe the key factor underlying many of our organizational and loan difficulties, was the impact of the move out of San Diego eight or nine years ago. What seemed like a simple decision to move away from our home base really wasn’t fully measured and we just weren’t prepared for it. We didn’t have the depth of staff. We didn’t have the organization. The whole psychological effect of that just wasn’t appreciated.”

Addressing the loan problems of the organization and the high turnover in management, he explained: “Some of these changes were necessitated because of our mandatory retirement age or because the individual agreed to serve only for a limited period at the time that he was appointed. In a few instances, situations arose that the Board didn’t anticipate and couldn’t anticipate. Five years ago the corporation was faced with sizeable losses in a few major loans. After studying the problem, the Board concluded that those senior officers who had been directly involved or were responsible for overall management should be relieved. Similarly, in 1973, we reported one large loan loss and our subsequent review of that situation suggested that the senior officer involved should be relieved. … While our loan losses were higher than management anticipated in 1974, the losses were primarily in small loans and not because of a single major loan.”

HOW ABOUT THAT?

Southern California First National Bank’s Bank On-Line Terminal System (BOLTS), which worked much like an airline’s reservation system, saved tellers 35,000 hours per year in 1973.

In 1973, 27 of Southern California First National Bank branches began staying open until 7:30 p.m. on Monday and Friday evenings, the first California, and only major, bank with evening hours.
A new chapter in an amazing growth story

With its clearly defined focus on the Japanese-American community, The Bank of Tokyo of California established a very successful and fast-growing business. In 1974, only 22 years after being founded and based on a purely organic approach to growth, the bank's assets surpassed the $1 billion mark for the first time. Its branch network grew to 23 domestic offices and a branch in Guam. The bank was on the leading edge of innovation with the installation of Promptel 365 machines (24-hour automated teller machines) and product packages to drive cross-selling.

During the difficult economic times of the mid-1970s, this strength paid off in the ability to make bold strategic moves. In 1975, The Bank of Tokyo of California reached an agreement to acquire the 72-branch Southern California First National Bank for $68 million. It named the resulting combination California First Bank to reflect its emergence as a true statewide banking force.

CalFirst operated 104 offices in California plus three overseas, making it the 8th-largest bank in California and the 50th-largest in the nation. The employee count of the new bank exceeded 3,000. The first CEO was Masao Tsuyama, while Alden W. Johnson, former president of SCFNB, was named vice chairman.

California First — the making of a successful bank

Born from the merger in 1975, California First was only in business for 13 years before acquiring Union Bank in 1988 and retaining that name. However, the track record the bank was able to establish in this short time frame was very impressive. A few examples:

- **Business expansion:** De novos and the acquisition of 18 branches from The Bank of California contributed to a growing footprint to which eventually over 350 ATMs would be added, many in Safeway supermarkets. A new International Trust Division began operation, and an international office in Tokyo helped cement the dominant position in the Japanese corporate market, where CalFirst was doing business with 75% of the over 700 Japanese corporations in California.

- **Commercial market alignment:** In 1980 the California Corporate Department was established, which marketed to corporations with at least $50 million in sales. By 1982, two new Corporate Banking Departments were established, in Los Angeles and San Francisco. Los Angeles featured an Energy Lending Specialty department, and both offices had a Metropolitan Department to focus on the middle market. Statewide real estate activities including lending, loan services, and escrow were consolidated into a single group.

- **Channel innovation:** Bank by Phone was launched in 1980 for San Diego County. The bank took a lead role in the creation of the STAR system, which was expected to be the largest network of shared ATMs in the West. It also became one of the first banks in the United States to offer electronic corporate trade payments.

- **Social leadership:** California First was the first bank in the state to commit funds to a new low-interest lending program for the rehabilitation of homes in the San Francisco Western Addition and the first bank to offer direct deposit of Social Security Checks (both 1975).

- **Internal process optimization:** A task force transformed the bank into a sales-oriented financial institution. A Product Management Department was established to ensure continued development of innovative and convenient retail services.

**HOW ABOUT THAT?**

In 1982, California First Bank launched a one-year pilot home banking project in San Diego. The service permitted customers to shop and get news reports as well as perform banking transactions using their television sets.
1977–1980

1977
Opens San Francisco headquarters building at 350 California Street.

1978
Sells 11 more branches.

1978
Masao Tsuyama becomes chairman. Toshio Nagamura is named the second president, serving until 1980.

1978
Priority Banking is implemented to expand personal banking.

1978
The Employee Assistance Program is created.

1979
Union Bancorp, Inc. is acquired by Standard Chartered. Merger brings 35 new offices and access to Standard Chartered’s 1,500 offices in 60 countries.

1980
Yasushi Suniya becomes the third president. He serves until 1985.

1980
Satoru Tateishi becomes the third president. He serves until 1984.

1980
Harry Volk retires. John Harrigan becomes chairman and CEO.

The Mitsubishi Bank of California — a new player enters the market

The Mitsubishi Bank of California was established in Los Angeles with initial capital of $3 million and a capital surplus of $1.25 million (all paid by Mitsubishi Bank). Based on its policy to primarily engage in retail banking operations fitting well with the local economy, it planned to proactively open branches. Yasuhiko Ishizaka was appointed the first president of MBC, and the first branch opened in Gardena in 1973.

In subsequent years, MBC combined de novo branching with acquisitions. The first small acquisition, Hacienda Bank in 1976, brought four branches to the network (La Habra, La Mirada, West Covina, and Garden Grove). Management of the bank was largely retained, which resulted in high retention of the customer base. Later, additional offices were opened in Placentia, Puente Hills, Irvine, and Mission Viejo. Newport Beach and San Diego followed.

The Mitsubishi Bank of California saw two more changes in its leadership, as Seiichi Mitani became president in 1977, and Satoru Tateishi in 1980, before the bank engaged in its next and most significant acquisition.

In 1981, the target was First National Bank of San Diego County (not to be confused with the former First National Bank of San Diego).

It had a well-balanced branch network in the region, and its asset quality was also excellent. MBC had intended to make inroads into the fast-growing San Diego market. With this merger, the number of branches of The Mitsubishi Bank of California increased instantly from 12 to 23, and its total assets rose from $350 million to about $500 million. As a result, the bank became the 21st-largest bank in California.

Baron de Rothschild and The Bank of California

When The Bank of California was sold in 1984, it brought an end to years of speculation. Throughout that time, many suitors had learned that the bank was not for sale, largely because the largest shareholder, Baron Edmond de Rothschild, was not willing to sell. He had acquired a 22% stake in the bank in the early 1970s, introduced to the opportunity by CEO Charles de Bretteville himself, who was looking for investors into the bank’s stock. Originally believing that a number of the Rothschild cousins would split the stock, de Bretteville soon learned that the baron had kept all shares to himself. In 1975, the baron joined the board of directors to assert more control over the bank and soon replaced de Bretteville as CEO with Chauncey Schmidt. Faced with deteriorating financial results in the mid-1970s and
recognizing that the mid-sized bank was not fit to compete with much larger competitors, Schmidt and Rothschild wanted to remake the bank in the image of a European private bank and began to sell off branches in multiple trenches. Critics accused management of simply preparing the bank for sale rather than building a sustainable enterprise.

The first offer to buy the bank came in 1977 from Standard Chartered and was promptly rejected. Over the next six years, others would have the same experience. As Wall Street began to lose faith in the bank and shares fell, European investors began to buy up shares. Speculation about deals led to large swings in the stock price. In 1981, the resignation of Hubie Clark, one of the most diligent directors at BanCal, parent of The Bank of California, sent shockwaves through the bank. In parting, he suggested the bank should be sold immediately. Schmidt and Rothschild, however, reiterated at the 1982 shareholders’ meeting that the bank was not for sale, triggering a sell-off of shares. Once again, European investors emerged as buyers of the stock. While BanCal shares hit bottom at $16 a share, discussions with The Mitsubishi Bank started, eventually resulting in the sale of the bank for $50 a share.

### 1983: THE ROLE OF FOREIGN BANKS IN CALIFORNIA

<table>
<thead>
<tr>
<th>BANK</th>
<th>DEPOSITS</th>
<th>FOREIGN OWNERSHIP</th>
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<tr>
<td>1.  Bank of America</td>
<td>$94.8</td>
<td>57% owned by Britain’s Midland Bank, Ltd.</td>
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<tr>
<td>2.  Security Pacific</td>
<td>$26.2</td>
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<td>3.  Wells Fargo</td>
<td>$19.3</td>
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<tr>
<td>4.  Crocker Bank</td>
<td>$18.7</td>
<td>76% owned by Japan’s The Bank of Tokyo, Ltd.</td>
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<td>5.  First Interstate</td>
<td>$15.1</td>
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<tr>
<td>6.  Union Bank</td>
<td>$5.1</td>
<td>Owned by Britain’s Standard Chartered Bank Group</td>
</tr>
<tr>
<td>7.  California First</td>
<td>$3.6</td>
<td>Proposed sale to Japan’s The Mitsubishi Bank, Limited, Tokyo</td>
</tr>
<tr>
<td>8.  The Bank of California</td>
<td>$2.5</td>
<td>Owned by Japan’s Sumitomo Bank, Ltd.</td>
</tr>
<tr>
<td>9.  Sumitomo</td>
<td>$2.1</td>
<td>Owned by Britain’s Lloyds Bank PLC, London</td>
</tr>
<tr>
<td>10. Lloyds California</td>
<td>$2.1</td>
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**A shift in Mitsubishi’s international strategy leads to the acquisition of The Bank of California**

In the early 1980s, the international business strategy of Japanese banks reached a turning point. International banking services provided by Japanese banks at the time were centered on loans to national governments or government agencies. From 1982 on, however, the financial collapse of developing nations, including Central and South American nations, resulted in widespread deferment of the payment of loan interest and principal. Under these circumstances, Japanese banks attempted to shift their focus towards private company loans in advanced nations with fewer country risks or in the geographically closer and fast-growing markets of China and South East Asia. The acquisition of BanCal, with branches not only on the U.S. West Coast, but also in Taiwan and Manila, exactly fit this new international business strategy.

At the end of 1982, BanCal ranked 63rd in the United States and 8th in California, with total assets of $3.8 billion and deposits of $2.5 billion. The information that BanCal was for sale was provided to The Mitsubishi Bank in July 1982 by Goldman Sachs. Negotiation meetings were held with BanCal three times: in October and December 1982 and in February 1983.

At the managing directors’ meeting held in April 1983, a resolution to buy out the shares of BanCal was approved. A small team scrutinized BanCal’s financial condition and asset quality during a period of three months. Based on the results of the study, the managing directors decided in July 1983 to start full-fledged negotiations with BanCal. After a few weeks, the agreement to acquire The Bank of California was signed on September 12, 1983.

Wells Fargo made a last-minute bid of $52 a share, but BanCal went for Mitsubishi’s $50-a-share offer because it had negotiated longer with the Japanese bank and believed it more likely that U.S. regulators would approve the transaction. BanCal’s decision left the investment community puzzled and opened the door for shareholder lawsuits. Carl Reichard, chairman of Wells Fargo, responded that, “The Bank of California has turned its back on history” by turning down his company’s offer, expressing his disappointment and shock at the decision. A few days later, Wells Fargo dropped its objection. Commenting on this transaction, The Bank of California Chairman Chauncey Schmidt said, “One of the things that impressed me most about the principals of Mitsubishi, who have worked with us over the months on this transaction, was how much planning and homework they’d done — even before we reached the negotiating table. They had looked at the very specific ways we’ve developed and refined our markets in the private and corporate sectors and found us to be the kinds of bankers they wanted to work with in expanding their presence in the United States.”
Riding on a wave of success into the 1970s, Union Bank continued to thrive. After passing the $2-billion deposit mark in 1970, only two years later, in 1972, Union Bank passed the $3-billion mark in total deposits and the $2-billion mark in total loans. By 1973, the bank ranked as the 19th-largest commercial bank in the United States, having climbed 19 places since 1966 (ranked 38th).

Union Bank opened its new Northern California headquarters in San Francisco at 50 California Street. Employees from three Montgomery Street locations moved into the new headquarters building.

The holding company model was modified in anticipation of regulatory changes. Unionamerica was reorganized due to restrictive legislation. Union Bank and other bank-related activities were transferred to a newly formed holding company, Union Bancorp, Inc.

The Personal Banking Program was introduced in four Southern California offices. It began by contacting customers with $2,000 checking accounts and assigning them personal bankers. There was no charge for a personal banker, with the exception of a $100 tax-planning charge.

A growing international focus leads to a fundamental change

In 1973, Union Bank's Mexico City Representative Office celebrated its fifth anniversary. Representative offices opened in Tokyo, London, and Rio de Janeiro. One year later, the bank was represented in Hong Kong through a joint venture with the Saitama Bank, Ltd., the 11th-largest bank in Japan. The new financing company was called Saitama-Union International (Hong Kong), Ltd., and the common stock of Union Bancorp was listed on the London Stock Exchange. In 1977, a representative office opened in Caracas, Venezuela, followed by Seoul, Korea in 1978.

Anticipating the need for a stronger international foundation, Union Bank began discussions with Standard Chartered, which would bring an end to the bank’s independence after 65 years.

Training future leaders

To provide qualified candidates for the large number of future promotions, Union Bank had one of the best management training programs in banking. In 1972, more than 90 trainees were preparing for various management positions. This was a ratio of one for every seven officers, probably the highest of any major bank. More than half of these trainees had M.B.A.s, and about 75% of the remainder were studying to obtain an advanced degree.
The Standard Chartered era

On April 17, 1979, Standard Chartered Bank Limited acquired the entire business and assets of Union Bancorp for $376 million. The acquirer was an international bank with 1,500 offices in 60 countries and more than 42,000 employees. Its history dated back to the time when Queen Victoria chartered two new banking enterprises to serve the business needs of merchants. The Chartered Bank of India, Australia, and China was incorporated in 1853 and began its rise to eminence in the Far East with offices in Calcutta, Bombay, Hong Kong, and Singapore. In 1962, The Standard Bank of British South Africa Limited was founded, and established its first branch in Port Elizabeth to promote trade and development in Africa. In 1969, these two banks merged to form a worldwide financial institution known as the Standard Chartered Bank Limited.

Standard Chartered Bank’s existing subsidiary in California, The Chartered Bank of London, was headquartered in London and operated 37 branches in California. At year end 1979, it was merged with Union Bank, adding 35 new offices (for a total of 60), including two Regional Head Offices. Union Bank’s service areas within California were broadened to include the growing market areas in San Diego, Ventura, Santa Barbara, and Contra Costa counties.

New momentum along proven strategic lines

Harry Volk retired as chairman in 1980, having been the face and driving force of a remarkable era. Under John Harrigan, Union Bank moved into a new era marked initially by:

Organizational changes and realignment
- An internal reorganization of departments, offices, and specialized activities divided the bank into six major divisions, each headed by a senior executive. The divisions were: Corporate Banking, Business Banking, Branch Banking, Finance, Trust/Investment, and Support. This realigned the focus of the bank on functional areas rather than geography.
- Loan production offices opened in Chicago and San Francisco. These offices were designed and staffed to emphasize contact with Fortune 500 companies and foreign multinational companies with U.S. operations.

Renewed geographic expansion
- The Commerce Regional Office in 1981 was the first new Union Bank office to open in 10 years. The Mid-Valley Regional Office and the California Mart were relocated to new, larger facilities.
- Business production offices were opened in the San Joaquin Valley and in Oxnard.

The San Joaquin Valley Business Production Office was the first office in the San Joaquin Valley. It was staffed by commercial lenders and business development personnel who solicited new business for the bank in Fresno, Madera, Merced, Kings, Tulare, and Kern counties.

Bank offices changed their names to better reflect their locations and make them more readily identifiable. A full-service regional office opened in Woodland Hills.

Product expansion
- Foreign exchange capabilities greatly improved as Union Bank took advantage of Standard Chartered’s 24-hour global dealing system.
- Union Bank began offering negotiable order of withdrawal (NOW) accounts, a type of checking account that paid interest on balances, and the Tax-Free Savings Plan account, which offered savers the opportunity to earn interest, up to $1,000 for individuals and $2,000 for couples, free from federal tax.
- The bank introduced Individual Retirement Accounts (IRA) and the Seven-Day Ready Investment Account, a savings account requiring a minimum balance of $20,000 that was pegged to the 91-Day Treasury Bill, less 0.25%.
The Reagan era begins to restore national confidence and a sense of economic prosperity. California’s burgeoning high-tech industry mints a new breed of millionaire in the aptly named Silicon Valley.
Coming together

Status-seeking and spending mark the emergence of the so-called “Me Generation.” Optimism is further inspired by improving world relations, with the fall of the Berlin Wall and the end of the Cold War.

The full realization of bank deregulation in the United States and the increasingly global financial markets fuel accelerated change in the banking landscape. In the face of interstate banking, major banks seek merger partners to create super-regional powerhouses, and a new era of financial innovation dawns as banks scramble to define new product sets to keep their competitive edge.

Pathway to consolidation

Against this dramatic backdrop, the bank’s predecessors experience the ultimate coming together, forging partnerships that will, by the era’s end, combine their strengths to create Union Bank of California. In rapid succession, the four remaining lineages merge, prompted by circumstances of both opportunity and necessity. In 1988, two significant mergers cement the presence of the Japanese banks in California, and the ultimate consolidation of their resources and influence occurs in 1996, when the five historic lineages are finally blended into one bank.

From four lineages to two — the mergers of 1988


As competition heats up in the California market, the merger creates critical opportunities for growth and advantages of scale. Unlike many mergers of the period — as banks combined and shrank their operations for profitability — the new bank uses its resources to expand its market. Choosing to retain The Bank of California name, Mitsubishi signals its commitment to operate an American bank in the truest sense.

The same year, California First Bank strikes an agreement to acquire Union Bank, when Standard Chartered suffers serious international business losses and is forced to sell its best-performing asset. The circumstance creates the ideal opportunity for California First to acquire an enviable corporate banking component and significantly increase its statewide presence. Union Bank benefits from the substantial global capabilities accessible through the affiliation with The Bank of Tokyo, Ltd.

Coming together — the creation of Union Bank of California

The final step in the consolidation of the bank’s five lineages takes place in 1996 when The Mitsubishi Bank, Limited, owner of The Bank of California, and The Bank of Tokyo, Ltd., majority holder of Union Bank, merge. The combination of their California banks marks the culmination of a remarkable history spanning more than 130 years, and creates Union Bank of California, a $25-billion-asset regional bank.

An enduring strategy

Remaining true to the core banking values shared by its predecessors, the new bank charts a cautious middle course. An anomaly in the feverishly paced banking environment of the 1990s, the bank is seemingly left behind in the race for size and innovation leadership, opting instead to stick with the fundamental business lines and loyal customer base it knows best. The chasm will be widened further by the mega-mergers and exotic product engineering still to come in the decade ahead. Not until the economic meltdown first evidenced in 2008 will the prudence and sustainability of the bank’s conservative business strategy and aversion to risky excess be fully understood and valued.
1984


1984

Osamu “Sam” Yamada is the 16th president. He serves until 1990. He is also chairman and CEO from 1985 to 1990.

1984

Becomes one of the first banks in the United States to offer electronic corporate trade payments.

1984

Celebrates the 70th anniversary with 100 birthday cakes and a pyramid of core values — people, quality, integrity.

1984

Tsuneioshi Kajiwara becomes the fourth president. He serves until 1986.

1985

Seishichi Itoh becomes the fourth president. He serves until 1988.

1986

Harry J. Volk Center opens in Monterey Park.

1986

Yutaka Hasegawa becomes the fifth president, serving until 1987.

A birthday sets the tone

1984 was the best year in Union Bank’s 70-year history, with record earnings, a 15% increase in net income, and strong performances in nearly every other category. The bank celebrated with over 100 birthday cakes. Chairman John Harrigan stated that much of Union Bank’s success over the past 70 years could be attributed to a commitment to Union Bank’s core values:

- At Union Bank, we believe that people make the difference and our actions will reflect the worth of the individual.
- Quality will be the hallmark of all products, services, and individual efforts.
- In our dealings with all of our publics, our actions will reflect the highest level of integrity.

Union Bank emerged as the crown jewel in Standard Chartered’s portfolio, but when the parent bank fell on hard times in its international business, it was forced to part with its greatest performer. A new chapter in the Union Bank history began in 1988.

The “Right Size Bank” philosophy

In an era when some major banks were concentrating on affluent customers or cutting back branch networks, California First continued to be committed to a strong, broad-based retail banking program. Although the bank served affluent customers, it chose to focus on the widest possible market.

An officer described the philosophy as follows in 1984: “We’re very much in the middle. We keep company with some of the giants in the banking world, but we will never be another BofA. On the other hand, we’re far stronger, more versatile, and more competitive than most of the independent neighborhood banks. We think that makes us just the right size.”
Record earnings at CalFirst

Only one year after celebrating its 100th birthday, California First posted record earnings in 1984 with net income of $21.4 million and assets topping $5 billion for the first time. This 1984 performance was in marked contrast to earlier years of the decade when soaring interest rates, high inflation, a sluggish economy, deregulation, and intensified competition posed difficulties for the bank and depressed earnings. The bank’s upswing was achieved by focusing on lower-cost deposits (aided by the acquisition of 18 branches from The Bank of California in late 1983) and strong consumer and domestic commercial loan growth.

The bank’s strong focus on leveraging new channels to enhance customer service was evident in its pioneering role of expanded ATM networks and capabilities and the introduction of the CALL1ST program, which enabled checking account customers to obtain information on their account at no cost (the only toll-free program of this kind among major banks).

CFB | CalFirst took a lead role in establishing the STAR system, the largest network of shared ATMs in the West, connecting over 1,700 units (including California First’s own 120) and providing access for over three million cardholders. It was described as part of a transition toward value-added products and services, transforming the ATM card from a machine-oriented card to an all-purpose debit card. The launch of the Ultimate Banking card and the STAR network in 1985 marked the accomplishment of that vision.

The Mitsubishi Bank acquires The Bank of California but chooses not to integrate its operations

In January 1984, the agreement to sell to Mitsubishi was approved by the general meeting of shareholders of BanCal Tri-State Corporation and was subsequently approved by the U.S. Board of Governors of the Federal Reserve System in May 1984, and the Ministry of Finance in June of the same year. The $280-million deal was the biggest acquisition of a U.S. commercial bank by a Japanese bank up to that point.

Demonstrating a careful approach toward integration, Mitsubishi did not immediately integrate its two subsidiaries, The Bank of California and The Mitsubishi Bank of California, but instead chose to operate them separately.

Phase one of a two-phase strategic initiative focused primarily on asset growth, highlighted by the expansion of Corporate Banking, Business Banking, and the Real Estate Industries Group. In addition, significant investments were made in the bank’s network and infrastructure.

HOW ABOUT THAT?

In 1986, California First Bank introduced a vision of “The Bank of the Future.” Future branches would be just 800 square feet and open six days a week. The branch would have just three staff members and would be able to issue PINs and Ultimate Banking cards on the premises. There would be inside and outside ATMs and no cash in the branches other than in the ATMs.
1987–1991

1987
HighMark group of funds is founded.

1987
Donne Moen becomes the seventh president. He serves until 1988.

1987
Junji Hatano becomes the sixth president, serving until 1988.

1988
Merges with The Mitsubishi Bank of California, a wholly owned subsidiary of The Mitsubishi Bank, Limited. Becomes sixth-largest bank in the state.

1988
Standard Chartered PLC of London sells Union Bancorp, Inc. to California First on November 1. The decision is made to retain the Union Bank name. The combined institutions have assets of $15 billion. President is Seishichi Itoh, who serves until 1990. Global capabilities are fortified by the affiliation with The Bank of Tokyo, Ltd.

1990
Yasumasa Gomi becomes the 17th president and CEO. He serves until 1993.

1990
Taisuke Shimizu becomes the ninth president. He serves until 1993.

The Mitsubishi Bank of California and The Bank of California merge with the goal of operating as a U.S. bank

Originally, The Mitsubishi Bank, Limited, planned to keep The Bank of California and The Mitsubishi Bank of California (MBC) separate. But early in 1987, conflict began to arise. It was positive conflict relating to growth, but conflict nevertheless. At that time, both banks were looking at acquisition opportunities in the burgeoning Southern California market, and increased prospecting in the important middle market. Even during preliminary discussions about a possible union, the competitive advantages were obvious: greater presence in the marketplace, more resources for both banks, expanded opportunities both externally and internally. By using each bank’s expertise and facilities, the combined bank could be more efficient and profitable.

In contrast to other mergers at the time (Wells-Crocker, Wells-Barclays, Security Pacific-Hibernia) that attempted to shrink the new combined entity to make it more profitable, this merger had a different goal: to expand the “new” bank’s marketplace by combining two successful organizations — each with significant vital growth plans for business and profitability.

The merger made BanCal the surviving company, and one share of BanCal was allocated per 3.9 shares of The Mitsubishi Bank of California. It was decided to use the name The Bank of California, N.A., for the new bank to demonstrate the commitment to operate BanCal as a U.S. bank in the true sense. Through the merger, the new bank became the sixth-largest bank in California and the largest Japanese subsidiary bank, with total assets of $6.4 billion. BanCal’s Northern California focus was very complementary to The Mitsubishi Bank of California, which had been operating mainly in Southern California.

The first priority target for BanCal was to secure a firm position as a leading regional bank in California and to achieve total assets of $10 billion by 1990.
Another merger milestone

The 1988 acquisition of Union Bank by The Bank of Tokyo and merger with the smaller California First Bank marked a key milestone in the emergence of Union Bank as we know it today. As part of the transaction, Union Bank common stock went public once again. Approximately 3.1 million shares — or one-quarter — were offered for public sale; the remainder was sold in private placement to The Bank of Tokyo, Ltd.

Many outsiders expected a culture clash between the Japanese-run California First and the entrepreneurial Union Bank, describing the two banks as "oil and water." From a California First perspective, however, Union Bank — the prototypical business bank — was a strong complement to the 135-branch retail franchise of CalFirst, also adding a high profile in the Los Angeles market.

In what was to become a trademark of Japanese integration models, the two banks were merged gradually, a stark contrast to experiences such as the acquisition of Crocker Bank by Wells Fargo, which emphasized early staff reductions and branch closures to take out cost.

The new president of the combined bank, Seishichi Itoh, addressed employees in the first edition of the new employee publication, Unity. "In many ways, the shape of our new bank is already coming into focus. Today, based on more than $12 billion in deposits, Union Bank ranks as the 20th-largest commercial bank in the nation. With $15 billion in assets and 167 offices, we are a significant force in California banking and a competitor to be recognized. Our new bank is well balanced, with a comprehensive mix of retail, business, real estate, international, and trust services to offer. In addition, we draw on the strong and successful heritage of our predecessor banks. While they may have differed in business focus, they have been identical in their commitment to providing highly personal service to valued customers. I believe that commitment will unite us as we move forward as the new Union Bank."

The new bank was initially run as two divisions, each operating under a vice chairman. The goal was to fully integrate the two within 12–18 months, combining functions along the way as it made sense.

Cooperation and cross-sell — timeless topics

In his 1990 speech at the annual management meeting, President Itoh emphasized the need for collaboration within the bank to understand and meet customer needs: "To better penetrate markets and customers, we need to cooperate among ourselves, among branches, regional offices, departments, divisions, and groups. It is incumbent upon you to know the bank’s full range of services. It is not necessary that you be an expert on every subject, but you must become an expert in recognizing customer needs. We must constantly exchange information with one another, refer customers to one another, and be alert to every cross-selling opportunity."

This notion of serving customers comprehensively was also reflected in the 1990 advertising campaign, "We bring it all together," which took Union Bank back to TV ads with multiple 30-second spots targeting key markets: individual customers (ages 25–64), affluent customers (ages 35–64), and business executives in companies with 55–125 million in annual sales.

HOW ABOUT THAT?

Union Bank was the first major bank in California to introduce In-Store Banking in 1990, initially partnering with Ralphs Grocery Company. The program grew from five initial San Diego locations to 54 across California by 1999.
1992–1996

**Community banking and commercial financial services**

The foundation of Union Bank’s identity and direction over the next decade was laid out in the early 1990s.

Community Banking aimed to put “branch banking back into the community.” Based on the belief that customers will return again and again to their community bank if the hometown branch could respond to any request that came through the door, the vision was to create a sense of local branch autonomy and turn every branch manager into a “bank president.” Each community was regarded as unique, and the branch manager was thought to be best equipped to determine how to respond to loan requests or investment opportunities. Initial results were impressive, with double-digit increases across many product categories, reversing a slide in retail performance in prior years. The strategy was complemented by investment in advertising to increase Union Bank’s name recognition.

During more than a decade of growth, Community Banking expanded into a 300+ branch operation serving over a million households. While San Diego, the original “heart” of the California First franchise, remained the cornerstone of Union Bank’s retail franchise, over time a more balanced presence in California took shape.

Commercial Financial Services formalized an organizational focus on industry specialties, both on lending and deposit markets, and centralized operations support and customer service, and became the fundamental driver of the commercial franchise’s strategy. A no-frills management approach marked the era, blended with a philosophy of frequent organizational change. The commercial market was viewed as a combination of specialty markets, and the bank believed it could excel if it built strong relationships within those markets. In short, the bank believed in the principle of quality over scale. An illustration of that notion was the commercial business’s Specialized Lending division, which was dedicated to serving industries with complex banking needs, such as energy, communications/media, financial services, and retailing. Within the specialized units, market focus was sharpened to truly understand and serve the needs of the customers within the segment.

**HOW ABOUT THAT?**

In 1994, Union Bank became the first California bank to achieve the status of an “A-level Delegated Authority Bank” of the Export-Import Bank. This gave the bank full authority to grant an Ex-Im Bank guaranteed line of credit directly to a small or medium-sized exporter without having to seek prior approval from Ex-Im Bank. The process for customers was streamlined by up to six weeks.
The formation of Union Bank of California

In 1996, The Bank of Tokyo, Ltd., and The Mitsubishi Bank, Limited, combined to form what at the time was the largest bank in the world, with assets of over $750 billion. Concurrently, they merged their California subsidiaries, The Bank of California and Union Bank, creating the 25th-largest bank in the United States and third-largest in California—Union Bank of California. The combined bank had 238 full-service branches in California, three in Washington, and one in Oregon, plus 31 limited-service facilities in California, facilities in Texas and New York, and 17 overseas branches and business offices.

The new bank was led by President and CEO Kanetaka Yoshida, who had the same role at Union Bank since 1993. In his address to employees, Yoshida emphasized the substantial effort that had been made to bring the two banks together. “We officially became Union Bank of California on April 1, 1996, our Legal Day One. As we approach one of our most significant milestones — Signage Day One — I want to extend my sincere appreciation for our employees’ strong and dedicated efforts.” He acknowledged some of the integration difficulties along the way, but said the bank was well positioned to compete in California and on the West Coast, emphasizing the shared corporate belief in relationship banking as well as understanding and fulfilling the diverse needs of the customers.

Another key management role was that of COO, filled by Hiroo Nozawa, previously the chairman, president, and CEO of The Bank of California. Nozawa described his role as having three main functions: first, to assist Yoshida in all aspects of the management of UBOC; and second, to directly manage the line units, Systems Technology and Item Processing, and Operations and Services. A key component of that function was to promote the synergies that potentially exist between UBOC’s business units and between UBOC and The Bank of Tokyo-Mitsubishi, Ltd. Finally, the role included getting out into the market to meet the bank’s clients in support of marketing efforts and to develop a better understanding of the various businesses.

On Signage Day One, the new face of UBOC was unveiled: the red square with the name of the bank. The integration process was handled in the cautious and gradual format that had been observed in prior acquisitions by both Japanese banks. Public concerns about layoffs were largely unfounded, as the two banks were given time to grow together. Eventually, a call for increased efficiency would lead to a program to capture some of the cost synergies related to the merger.
The new millennium ushers in one of the longest periods of economic prosperity in U.S. history. But it is an era of drama and profound change, as well.
Rising above turbulent times

The approach of the new century heightens anxiety about Y2K, resulting in massive technology investments, and the spectacular dot-com bubble, ignited in 1995, fizzles by 2001. Both events are eclipsed, however, by the horror of September 11, 2001, and the events that change forever the political and financial landscape of America and the entire world. Then, in 2008, after a period of heady abundance, the United States faces an economic meltdown of unimagined proportion, as the stock market plummets and financial giants teeter — and fall — sending shock waves around the world.

New banking realities
Some of these “too big to fail” institutions are created in the earlier halcyon days of the late 1990s, a period that witnesses the emergence of the first true national banks. Consolidations breed ever-larger institutions — often across state boundaries — that benefit from economies of scale and secure geographic dominance. But the behemoths’ fortunes are made or lost on the wisdom of their acquisitions and investments, often riskier and less predictable than traditional banking models. Increasingly, as the decade unfolds, the sustainable performances are achieved by those who stick closer to the fundamentals.

Merger integration
Resisting the pressure of the period to grow and diversify rapidly, the new Union Bank of California takes its time integrating Union Bank and The Bank of California. Avoiding abrupt wholesale changes, the two organizations gradually grow together. Three years after their merger, Mission Excel eliminates remaining redundancies and drives the bank toward more efficient operations. But it is not until 2005 that a process of true cultural integration takes hold. Under the banner of Project UB, residual business silos are dismantled and differing operating principles — legacies of the bank’s original lineages — are successfully unified.

A unique operating model
UnionBanCal, the bank’s holding company, is one of the few regional banks that are publicly traded under majority foreign ownership. This configuration protects the bank from takeover speculation while preserving a high degree of independence in decision-making and operations. A unique management approach, fusing Japanese and American leadership, sets the bank on a course of continuity and incremental risk-taking. Shareholders are rewarded with one of the industry’s highest total returns over the decade from 1998 to 2008. And while other Japanese banks retreat from the U.S. market and sell their subsidiaries in the midst of the Japanese banking crisis, majority shareholder The Bank of Tokyo-Mitsubishi, Ltd., holds onto its prized U.S. asset and gains a long-term advantage over its competitors.

Strategic experimentation and refocus
While avoiding bold moves and big bets in the increasingly competitive banking environment, the bank begins to test new business strategies in 2001, ushering in a period of diversification and investment. It expands its retail banking operation through select acquisitions and begins to build what is widely considered the most crisis-resistant residential real estate portfolio in the nation. It also engages in new business enterprises, such as insurance brokerage, deemed complementary to its core banking strengths. That experimentation, however, proves lackluster, and after a few years, the bank exits these peripheral businesses, returning its focus to its traditional strengths. By 2008, a fit, streamlined, and unified bank has built a well-performing portfolio of core banking businesses and secured its large and loyal client base by delivering its trademark personalized customer service.
1997–2000

1997
Takahiro Moriguchi becomes the second president and CEO, succeeding Kanetaka Yoshida. He serves until 2001.

1998
Sells its credit card business.

1999
Implements Project Westside to optimize the bank’s capital structure.

1999
Launches Mission Excel to improve the efficiency of banking operations.

1999
Fortune magazine recognizes the bank for diversity leadership with a cover story.

2000
Board approves 2001–03 strategic plan with increased emphasis on retail banking, fee income, and lower volatility lending.

2000
Large losses on national syndicated credits lead to a collapse of the stock price.

2000
Acquisition of Copper Mountain Trust expands the asset base and the presence of the Corporate Trust unit in the Pacific Northwest.

2000
Receives U.S. Department of Labor Opportunity 2000 Award for diversity employment leadership.

Moriguchi succeeds Yoshida
In 1997, Takahiro Moriguchi succeeded Kanetaka Yoshida as president and CEO of Union Bank of California. During his tenure, the old Union Bank and The Bank of California were brought together. The new bank became a true public company through the successful recapitalization of the bank and the listing of the company’s common stock on the New York Stock Exchange (Project Westside). A cost reduction and profit improvement initiative (Mission Excel) and a comprehensive strategic planning effort in 2000 were other major milestones. UBOC also exited from the credit card business.

Project Westside — a new financial framework for UBOC
In 1999, under the code name “Project Westside,” the bank accomplished a significant strategic and financial repositioning through a carefully orchestrated series of moves. Early in the year, the bank launched a $350-million trust preferred offering, followed by an $862-million secondary equity offering, which was one of the largest bank equity deals in history at that time.

In June, the move from NASDAQ to the New York Stock Exchange was made, and in November, an open market stock repurchase program was launched. These activities were embedded in a broader program, including a 3:1 stock split; a 36% dividend increase; the publication of financial targets for the first time; the reconfiguration of executive compensation to link to ROE targets; and the launch of a bankwide cost-reduction program (Mission Excel). As a result, investor interest in UBOC increased significantly.

UBOC | President and CEO Takahiro Moriguchi, along with bank executives, pounded the gavel to end trading for the day when the UnionBanCal stock was listed on the New York Stock Exchange on June 16, 1999.
very aggressive bankwide effort dubbed Mission Excel with the goal of cutting the efficiency ratio (the ratio of all operating expenses divided by revenue) from the above-competitor level of 62% to a very competitive 55%. Achieving this level required shedding nearly 15% of the cost base and as many as 1,400 positions. While the goal was aggressive, it seemed achievable given that the 1996 merger had brought with it substantial redundancies and inefficiencies, which had not been fully removed. Other banks had already executed similar downsizing programs in the 1990s, but the bank’s majority shareholder, BTM, had previously vetoed such efforts out of concern for employee and customer morale. Mission Excel eventually exceeded its original aspirations and reduced the efficiency ratio to 52% for the full-year 2000 while improving core earnings by $250 million.

The 2001–03 strategic plan

Following Project Westside and Mission Excel, the bank needed to ensure sustained earnings growth and an optimization of its risk profile. Substantial credit losses in 2000 had dampened an otherwise outstanding financial performance. The three-year plan for 2001–03 provided the framework for key initiatives over the coming years:

- Investment in retail and fee-oriented businesses to drive earnings diversification: Starting in 2001, UBOC embarked on a community bank acquisition program, complemented by de novo branch building. Additional acquisitions focused on Insurance Brokerage, Corporate Trust, and Retirement Plan Services. The bank also started to invest in and grow its residential real estate portfolio, a strategy that would prove to be an unmatched success.

- Leveraging core competencies in the commercial business: In addition to its core lending business, UBOC had a strong presence in Cash Management and Commercial Deposits, having built effective cross-sell mechanisms to commercial customers. Through niche-focused strategies, this position was further strengthened.

- Exit from non-core businesses: Following the exit from Credit Cards, the bank also exited Indirect Auto Lending (financing vehicles through dealer alliances), Auto Leasing, and Merchant Acquiring. It also divested its branches in Guam and Saipan.

- Leveraging the Web: The e-Business division of UBOC was born in this era and substantial investment was made to catch up with competitors, in particular in commercial cash management services on the Web.

kanari becomes third president

Norimichi Kanari succeeded Takahiro Moriguchi as president and CEO in 2001. Kanari had spent a year at UBOC before taking over, ensuring a smooth transition and execution of the 2001–2003 strategic plan. Kanari managed the bank during the turbulence of the post-9/11 era, dealing not only with the rebuilding of New York operations, but also with the significant swings in market and customer behavior. During his nearly four-year term as president, UBOC generated strong growth in profitability, as well as a substantial increase in shareholder value. The value of the bank’s shares nearly doubled, significantly outperforming industry averages, and the dividend rate increased 64%. Strategic highlights of Kanari’s tenure included expansion of the bank’s retail footprint through the acquisition of several community banks. An executive management reorganization also took place in 2005, reinstating the function of chief operating officer to the bank’s management team.
2001–2006

2001
Norimichi Kanari succeeds Takahiro Moriguchi as the third president and CEO. He serves until 2005.

2001
Enters insurance brokerage business with the acquisition of Armstrong/Robitaille Business and Insurance Services.

2002
Acquires Valencia Bank and Trust and First Western Bank.

2003
Acquires Monterey Bay Bank.

2004

2004
Sells Merchant Acquiring business to Nova/U.S. Bancorp.

2004
Acquires CNA Trust Company and creates TruSource — Trust Outsourcing Partners.

2005
Takashi Morimura becomes the fourth president and CEO, serving until 2007.

2005
Sells the International Banking Group to Wachovia Corporation.

2005
Mitsubishi Tokyo Financial Group merges with UFJ Holdings, forming one of the world’s leading financial institutions.

2006
Ranked seventh highest in the U.S. in Ernst & Young survey of cash management revenue.

September 11
The events of September 11, 2001 had a direct and immediate impact on the employees of UBOC’s International Division in New York and tested the bank’s contingency processes. At the bank’s International Operations in New York, 106 employees occupied offices on the 14th floor of 2 World Trade Center. All of the division’s employees were evacuated safely, and the disaster-recovery plan was implemented within the hour. The bank was able to resume operations from the West Coast processing centers and, with the support of The Bank of Tokyo-Mitsubishi, International Operations obtained temporary office space in New Jersey. By year’s end, the bank secured new offices on Wall Street for the New York operations, and it relocated to those offices the year after.

Community bank acquisitions from 2002 through 2004

One of the major themes of the 2001–03 strategic plan was investment into Retail-related businesses, including the acquisition of California community banks to fill in UBOC’s footprint and develop a more competitive branch network. From 2002 through 2004, the bank acquired five small banks.

- Valencia Bank and Trust and First Western Bank were the first two, both located in the northern part of the larger Los Angeles area, extending the bank’s presence into markets such as Simi Valley, Santa Clarita, Palmdale and Lancaster.

- Monterey Bay Bank followed in 2003. While UBOC had a core of branches in Salinas, the rest of the Monterey area had long been a white space on the network map, and the acquisition was a unique opportunity to fill it out. In 2004, Business Bank of California followed. It had a hybrid nature, with small branch networks in both Northern California and the Inland Empire.

- The final acquisition was Jackson Federal Bank in 2004, which added not only branches throughout the Los Angeles market but also a very profitable Apartment Finance niche business.

UBOC had not been meaningfully active in the bank acquisition business since the late 1970s (with the exception of some small deals), but the integration experience of the merger of 1996 provided a blueprint for a successful integration of all banks.

The program was, however, halted when it became increasingly evident that UBOC was not able to hold on to the loan portfolios of the acquired banks (except Jackson Federal), which had a very different profile from UBOC’s target market, in particular in Commercial Real Estate. The lessons learned from these acquisitions provided an important template for future growth considerations.

Morimura succeeds Kanari

Takashi Morimura, vice chairman since 2004, succeeded Norimichi Kanari as president and CEO in 2005. He had to maneuver the bank through regulatory challenges and significant changes to the organizational structure and business portfolio, including the sale of the international division, without abandoning the successful core strategy. Project UB set the tone to change the bank to be a truly unified company and yielded several key initiatives that helped shape subsequent core strategies.
The exit from the international stage

In 2005, UBOC sold its International Banking Group (IBG) to Wachovia Corporation. The Bank of California had established an international operation in 1965, and eventually expanded to countries all along the Pacific Rim, as well as various Asian, Latin American, European, and Middle Eastern markets. IBG facilitated trade finance and provided other products through a network of correspondent banks. Within this arena, UBOC had achieved a competitive position in its primary markets, in particular in Asia. Throughout its 40-year history, IBG experienced floods, tsunamis, typhoons, electrical blackouts, and two terrorist attacks at the IBG’s operations center in the World Trade Center (1993 and 2001).

While all of these events could not harm the business, a confluence of events made the sale necessary. First, the outlook of the business itself was increasingly uncertain. Partner banks in many countries were subject to consolidation, and the resulting banks often looked to larger international banks as their primary correspondents, since these larger banks could provide more reciprocal business. Second, staying competitive required significant technology investment, and again, UBOC was at a disadvantage vis-à-vis the larger players. Finally, regulatory issues, which had arisen in transactions with various international markets, had cast a shadow on the operation. IBG International, the international banking subsidiary of UBOC, and the Federal Reserve Bank of New York signed a Written Agreement in October 2004; this ultimately started the bank’s initiative to enhance anti-money laundering compliance. When negotiations with Wachovia led to a very attractive offer, UBOC’s international presence came to an end.

Project UB (Unified Bank) aims to break down silos in the bank

The marquee initiative of 2005 was Project UB, a project to unify the bank’s culture and bring an end to what many referred to as the bank’s “silos,” various areas of business that operated under different management philosophies, often dating back to previous lineages of the bank. It was the process of knitting together the organization and creating a structure that fostered an open approach to the business. In a remarkable process of self-discovery and coming together, a growing number of employees from all ranks became involved, openly discussed issues, and ultimately enabled the implementation of a wide range of organizational changes, new strategic programs in Retail and Small Business, and process enhancements to strengthen customer focus, talent management, and project execution.

Global and Wealth Markets

UBOC’s historical strength had always been in core banking. The ratio of fee income to net interest income was among the lowest in the industry, and while the bank was active in a broad range of fee businesses, such as Retail Brokerage, Asset Management, Corporate Trust, Custody, Retirement Plan Services, and FX/Derivatives, few of these businesses achieved the status of a core business, and growth was modest. In a gradual process over several years, this situation changed.

The fee businesses were bundled into Global Markets, giving them a stronger voice in the organization, and a disciplined portfolio assessment reallocated resources to businesses with a strong growth and profitability outlook while driving the exit from others, such as Insurance Brokerage and Retirement Plan Services. In 2008, a strategic review of the bank’s presence in the Wealth Market led to the creation of the Global and Wealth Markets division. With this change, a nearly ten-year-long journey of optimizing the bank’s business portfolio through acquisitions and divestitures came to a preliminary conclusion, resulting in a high degree of confidence about the businesses that remain and their synergies with each other.

HOW ABOUT THAT?

In 1997, the Palm Desert branch opened an account that pushed the bank’s customer count above one million for the first time.
2007–2008

2007
Masaaki Tanaka becomes president and chief executive officer.

2007
Office of the Comptroller of the Currency (OCC) issues a Cease and Desist order to the bank for failure to establish and maintain an adequate anti-money laundering program and failure to file timely suspicious activity reports.

2007
Sells retirement record-keeping business to Prudential Financial.

2008
OCC order is lifted in 2008, the fastest time since 2000 for a major bank to accomplish the removal of a C&D. DPA with DOJ is also terminated.

2008
Celebrates the centennial of its Main Banking Hall in San Francisco.

2008
BTMU buys the outstanding shares and the bank becomes a private, wholly owned subsidiary of BTMU.

2008
Union Bank of California changes its name to Union Bank.

Rising above turbulent times

UBOC has enjoyed exceptional credit quality due to its strong credit culture. Among the 30 banks in the United States with more than $20 billion in assets and $5 billion in residential mortgages, UBOC had the lowest NCL (non-current loan) ratio at the end of 2008.

UnionBanCal (Ranked No. 1) 0.4%
No. 2-ranked bank 0.5%
Average of top 10 banks 1.1%
Average of all 30 banks 4.0%
Bank of America 5.9%
Wells Fargo 7.6%

UBOC | UBOC has enjoyed exceptional credit quality due to its strong credit culture. Among the 30 banks in the United States with more than $20 billion in assets and $5 billion in residential mortgages, UBOC had the lowest NCL (non-current loan) ratio at the end of 2008.

CEO Masaaki Tanaka

In May 2007, Takashi Morimura was succeeded as president and CEO of UBOC by Masaaki Tanaka. When Tanaka arrived from Tokyo, he was already confronted with severe challenges. Regulatory issues related to anti-money laundering efforts that had started in 2004 were heightening resulting in a global settlement with the authorities. Moreover, rising short-term interest rates prompted customers to shift their balances away from non-interest-bearing deposits, hitting the bank’s net interest margin and revenues. After overcoming these challenges, a new era began for the bank when the privatization of UBOC was completed and the bank’s name was changed to Union Bank.

Tanaka referred to his style as “management by walking around.” The bank’s unification process continued, and Tanaka made “The power of teamwork” a key motto.

Regulatory challenges and a new risk management framework

UBOC faced a significant regulatory challenge in 2007. The Office of the Comptroller of the Currency (OCC) issued a Cease and Desist Order for failure to establish and maintain an adequate anti-money laundering program and failure to file timely suspicious activity reports. The bank also entered into a Deferred Prosecution Agreement with the Department of Justice (DOJ) and made a significant penalty payment to the overseeing authorities.

UBOC dealt with these setbacks in its efforts to adjust to new regulatory realities, and, in late 2008, the OCC lifted the Cease and Desist order, recognizing that the bank had created a sustainable risk management framework. Shortly afterward, the Deferred Prosecution Agreement from the DOJ was also terminated and the criminal case to which it related was dismissed.

Ultimately, the bank’s new risk vision was implemented successfully. It assigns the
UBOC | Over the decade from 1998 to 2008, UBOC has been one of the best-performing bank stocks, even without considering the benefits of the buy-out premium. During that period, UBOC ranked first in Total Return to Shareholders (TRS) among the nation’s large commercial banks (more than $25 billion in domestic deposits). TRS combines the increase in share price over a certain period of time with the dividends paid to shareholders during that time. It shows the total return for every dollar invested. A 1.52% TRS means that a shareholder started with $1 and ended up with $2.52.

<table>
<thead>
<tr>
<th>Bank</th>
<th>10-year total return to shareholders as of August 11, 2008</th>
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</thead>
<tbody>
<tr>
<td>UnionBanCal (Ranked No. 1)</td>
<td>152%</td>
</tr>
<tr>
<td>Wells Fargo (Ranked No. 2)</td>
<td>150%</td>
</tr>
<tr>
<td>Average of top 10 banks</td>
<td>68%</td>
</tr>
<tr>
<td>Bank of America</td>
<td>36%</td>
</tr>
<tr>
<td>Average of all 20 banks</td>
<td>15%</td>
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</tbody>
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*Previous close to MUFG announcement of privatization of UBOC. It, therefore, excludes the additional “boost” the stock price received at that time.

Ownership of risk to the first line of defense, the businesses themselves, while providing second and third lines of defense through risk management professionals and independent risk monitoring resources. As a result, a significant culture change process has elevated risk considerations to the same status as concerns about growth, service quality, and cost efficiency.

An amazing tale of foresight

When UBOC embarked on a growth strategy in residential real estate, a team of seasoned professionals in Consumer Asset Management (CAM) developed a concept that would allow the bank to grow through all rate cycles while embracing very disciplined product and underwriting standards. In the meltdown of the mortgage industry starting in 2007, UBOC’s portfolio has stood out among competitors and peers as the nation’s most pristine mortgage book, validating the long-term vision and conservative fundamentals of the CAM leadership team.

Privatization of UBOC

On August 29, 2008, The Bank of Tokyo-Mitsubishi UFJ, Ltd., initiated a cash tender offer for all of the outstanding shares of common stock of UnionBanCal Corporation (UNBC) at a price of $73.50 per share in cash. This tender offer eventually led to the privatization of UNBC into a wholly owned subsidiary of BTMU. The bank’s holding company had operated as a majority-owned, yet publicly traded entity since the merger of 1996. Partial public ownership had always been an important mechanism to instill the financial management rigor that comes with market scrutiny. At this juncture, however, BTMU made the strategic decision to privatize UNBC, illustrating its commitment to and growing aspirations for the U.S. market, while preserving its independent corporate governance structure.

Banking hall marks 100-year history

On September 8, 2008, San Francisco Mayor Gavin Newsom joined President and CEO Masa Tanaka in officially rededicating UBOC’s Main Banking Hall in San Francisco on the occasion of its centennial. Known as “The Grand Old Lady of California Street,” the banking hall is the city’s Historic Landmark No.3 and one of its most enduring symbols of resilience and integrity (see page 23 for the related image). Tanaka said on that occasion, “This centennial underscores Union Bank of California’s enduring solidity and strength. One hundred years is an exciting benchmark by any standard. It has been a privilege to contribute to a century of progress and growth in California and the West. By investing its effort, time, and resources, the bank has become woven into the fabric of the community.”

The name change to Union Bank

In December 2008, the Board of Directors approved the name change to Union Bank, dropping the “of California” portion of the name. “Union Bank” had long been the name used by many employees and customers, and selected buildings and branches had for some time sported the shortened name to enhance visibility. The change was not driven only by such practical concerns. In years past, the bank had found increasing success beyond the California state lines, and the 2008 strategic plan explicitly addressed the desire to take the bank’s successful business model into additional markets. The simplified name was viewed as an enabler of that expansion strategy. The management also made it clear that this was a “new Union Bank,” born from five lineages, but forged into something more than any individual lineage had represented.
While the rapid onset of the 2008 recession was stunning to many, the depth and duration of the economic malaise that followed was even more startling.
Navigating change

The lingering effects of what had been described as the most severe downturn in the U.S. economy in seven decades are disheartening. Unemployment rates hovered at near-record highs. Household incomes declined, and real estate markets were slow to recover. The antagonism and frustration bred by Wall Street scandals and government bailouts fueled public criticism of banks.

Even as modest signs of recovery started to show, the pace was halting. The unsteady rebound was compounded for banks by regulatory hurdles, a low interest-rate environment, and persistent public skepticism.

Building the solid foundation for future growth

Throughout the tumult, Union Bank reveals its resolve and resourcefulness. With a conservative management philosophy that enabled it to survive several boom and bust cycles in its 150-year history, the bank skillfully navigates the turbulence and absorbs the impacts that overpower many of its competitors. As banks face an unprecedented period of portfolio deterioration, Union Bank’s prudent credit culture, which emphasizes soundness first, enables the bank to meet the ongoing needs of its customers and fund the opportunities that a recovery will bring.

Expanding the footprint

Amid the heightened regulatory expectations, Union Bank positions itself for opportunities created by the eventual economic rebound by enhancing its risk management systems, enabling it to better manage complicated business portfolios. Union Bank will next embark on a merger and acquisition strategy to expand its national footprint with new commercial branch offices in major U.S. cities. It continues to fill in, and fill out, its retail banking franchise with strategic acquisitions, and by unveiling product innovations.

Fostering the corporate culture

While the banking industry remains deeply unpopular, five years after the beginning of the financial crisis Union Bank receives important validation from its customers. In July 2013, American Banker Magazine and the Reputation Institute ranks Union Bank number one with customers among the top 30 U.S. banks. Trust and reputation are understood by all employees to be the foundation of responsible banking, a core value codified in 2011 in Union Bank’s “Five Tenets of Responsible Banking.”

Core pillar for further growth in the U.S. market

To meet the growing and diverse needs of Union Bank’s customers, the bank ramps up its collaboration with its parent company The Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU) and other MUFG group companies in the U.S. to put its global resources to work. The fit is a natural, and the growing partnership reveals even greater synergies.

Union Bank and BTMU Headquarters for the Americas joined together in July 2014 to become MUFG Union Bank, N.A., one unified institution that combines its complementary strengths with the power of the parent company to serve all of its customers. The Union Bank name, with its iconic place in California history, will continue to brand the bank’s branches on the West Coast.

MUFG Union Bank is a starting point for the future, not the finish line — the next step in a colorful history that spans centuries and continents. Economic and regulatory challenges will, no doubt, reshape the bank in years to come, as they have in years past. But keeping faith with its customers and communities, and upholding its core values, will remain at the heart of the Union Bank lineage.
Navigating change

2009–2010

2009
Union Bank introduces a new logo.

2009
Inducted into the California Housing Hall of Fame for helping to create affordable housing in California.

2009
Opens its first commercial branch in Texas.

2009
Receives $2-billion capital contribution from parent company The Bank of Tokyo-Mitsubishi UFJ, Ltd.

2009
Earns an “Outstanding” rating for its Community Reinvestment Act (CRA) efforts.

2010
Acquires Tamalpais Bank and Frontier Bank, adding 57 offices in California, Oregon, and Washington.

2010
President and CEO Masaaki Tanaka becomes chief executive of the Headquarters of the Americas for The Bank of Tokyo-Mitsubishi UFJ, Ltd.

2010
Masashi Oka becomes sixth president and CEO.

New Executive Committee

To institutionalize a more American style of decision-making, in 2009 the bank established a 15-member Executive Committee (EC), chaired by the CEO. The EC was the bank’s highest management decision-making body and provided more transparency and shared accountability among officers. Previously, decisions were made by the four-member CEO Forum, composed of the CEO and vice chairmen.

Vote of confidence

The most severe downturn in the U.S. economy in more than seven decades had a strong and measurable effect on Union Bank’s bottom-line results for 2009. Yet despite the challenging environment the bank was still able to achieve progress in other financial areas, gain market share, and introduce innovative new products to keep pace in a competitive banking environment. The bank continued its focus on maintaining a strong culture of risk management that led to a doubling of credit loss provisions in 2009.

At the same time, Union Bank’s percentage of nonperforming loans and loan charge-offs fell well below its peer bank averages. In the midst of this challenging economic environment, Union Bank received a voluntary capital injection of $2 billion from its parent company, BTMU. This sizable contribution immediately increased capital ratios significantly beyond its peer group averages and served as a clear signal of BTMU’s confidence in the potential of Union Bank and the U.S. market. Assuming continued improvement in the economy, the excess capital will be reserved for future deployment.

UB | Daniel S. Mariashchin, executive vice president of B’nai B’rith International, and CEO Masaaki Tanaka with the friendship gifts they exchanged after Tanaka and the bank received the organization’s Distinguished Achievement Award in June 2009. The award recognized the bank “for outstanding commitment to industry innovation, philanthropic leadership and diversity education.”
North American Management Committee

In 2009, with Union Bank now a full member of MUFG through privatization, BTMU formed the North American Management Committee (NAMCO) as a forum to foster strategic collaboration between Union Bank and BTMU HQA. The two units shared a defined goal to grow into a top-ten U.S. bank, and drew up initiatives — including product cross-selling and the sharing of management best practices — to support that growth.

Expanding the footprint

In 2009, Union Bank opened its first Texas commercial branch in Dallas. Since 1985, the bank has provided commercial loans and project financing to corporations and specialized industries in the state, such as oil and gas, and power and utilities. The new branch enabled the bank to transition these long-standing relationships to full banking partnerships and to cultivate new customers by providing local depository and treasury management services.

In April 2010, the bank completed two FDIC-assisted acquisitions, adding new retail branch offices in Washington, Oregon, and northern California. The acquisition of San Rafael, California-based Tamalpais Bank added about $400 million in deposits and seven full-service branches to Union Bank’s branch network in the San Francisco Bay Area. Everett, Washington-based Frontier Bank added $2.5 billion in deposits to the balance sheet and substantially expanded Union Bank’s presence in the Pacific Northwest. The acquisition included 47 branches in Washington and three in Oregon.

New president, Masashi Oka

Masashi Oka was named president and CEO of Union Bank in May 2010, succeeding Masaaki “Masa” Tanaka. His experience in the United States dates back to 1986 at The Bank of California, a Union Bank predecessor, in Los Angeles. After assignments in New York and Tokyo, Oka returned to Union Bank in June 2005, where he served as vice chairman, a member of the Board of Directors, and was the bank’s first chief risk officer.

Oka took the helm of the bank when the financial industry was staggering to recover from the economic downturn affecting the U.S. and markets abroad, and from the significant loss of public trust in the industry. He outlined his vision for Union Bank, seeking to inspire employees by passionately stating he was “proud to be a banker” and they should share that pride in their profession. Oka said, “Our work is noble. Any thoughtful person can see that responsible banks — banks like ours — make society stronger, safer, and better able to thrive.” His leadership vision was built on three pillars: drive creative growth, manage expenses, and build a strong foundation — all three of which prepared the bank for an upcoming integration with other MUFG entities in the Americas.

Small business lending multiplies

When the Small Business Jobs and Credit Act passed in 2010, the bank moved to expand its small-business lending program. A new manager was hired to oversee an expanded team of SBA business development officers in California, Oregon, and Washington. The team was dedicated to increasing lending to small businesses through SBA and other government loan programs, supporting the bank’s objectives to become one of the top three SBA lenders in California and top 50 in the nation.

Embracing sustainability

The bank’s San Diego headquarters earned a LEED gold certification from the Green Building Certification Institute in 2010, one of only two awarded to buildings in California and six in the entire nation. LEED is the nation’s preeminent program for the design, construction, and operation of high-performance green buildings.

Thirty-four Union Bank branches in California were also recognized in 2010 with the Environmental Protection Agency’s (EPA) ENERGY STAR award.

Superior asset quality

Union Bank’s asset quality within its loan portfolio improved significantly amidst the nation’s difficult operating environment, and continued to be superior to peer banks on a wide variety of metrics. These included net charge-offs per average total loans, nonperforming loans, and reserve ratios.

HOW ABOUT THAT?

Union Bank never originated sub-prime mortgage loans, and in 2010, in the midst of a particularly weak housing market, delinquencies in the bank’s residential mortgage loan portfolio were only 2.5% compared with 11.4% for California prime residential mortgages.
Growth through acquisitions

- In 2012, the bank completed its $1.5-billion merger of Pacific Capital Bancorp and its primary banking subsidiary, Santa Barbara Bank & Trust, which represented the largest acquisition in Union Bank’s history and added 38 branches along California’s Central Coast. Shared core values, similar corporate cultures, and a common community orientation made the merger an especially good fit. The merger extended Union Bank’s community-focused banking into this vitally important region, where the concentration of small- and medium-sized businesses created exciting new growth opportunities. At the same time, Santa Barbara Bank & Trust’s customers gained access to a statewide retail network, deeper lending capacity, and more extensive product offerings. Local communities benefited from support of economic development programs and nonprofit organizations.

- In 2011 and 2012, Union Bank expanded its presence in key financial centers and industry hubs across the U.S. New commercial branches were opened in New York City, Chicago, and Houston, enabling the bank to be in close proximity to its existing customers and to cultivate new relationships. Results quickly surpassed expectations with strong deposit growth and treasury management sales.

- The acquisitions of Klik Technologies Corporation in 2011 and Smartstreet in 2012, market leaders in serving homeowner association (HOA) management companies, supported the bank’s national strategy to provide product specialists with years of industry experience to niche industries and added new sources of fee income for the bank.

Positioning for future growth

In an effort to create and sustain a business model that is both efficient and effective in dealing with a rapidly changing economic, regulatory, and competitive environment, the bank launched Operational Excellence, an enterprise-wide initiative to create a holistic view of what Union Bank can achieve as a team by optimizing its capabilities and performance. While the bank compared favorably to its peers in many financial metrics, its efficiency ratio — the cost of producing one dollar of revenue — lagged behind. And as the bank positioned itself for the level of growth to push it into the top ranks of U.S. financial institutions, it needed an efficient operating model that
can be replicated and extended. Operational Excellence was implemented to embed a culture of continuous improvement built on efficient and effective operations.

Collaborations with BTMU increase market penetration

In 2011, Union Bank and its parent, BTMU, unveiled a joint North American initiative to bring global deposit and treasury services to multinational companies. The collaboration was led by a single leadership team tasked with leveraging the shared capabilities and expertise of each company in order to increase market share for both. The initiative included integrated sales, customer service, and product strategies, and supported the goal of unifying and strengthening BTMU’s global market presence.

In 2011, the bank and its subsidiary, UnionBanc Investment Services, LLC, joined with Mitsubishi UFJ Securities (U.S.A.), Inc. to offer municipal securities underwriting to state and local governments across the U.S. The collaboration gave Union Bank significant new capabilities in serving its government customers.

Codifying core values

Starting in 2012, the bank undertook an enterprise-wide effort to define, clarify, and communicate core values of the bank that serve as its fundamental operating ethic. The values were codified as “Integrity, Respect, Service, Collaboration, Inclusion, and Stewardship.” This effort reinforced the bank’s underlying culture of integrating our abiding values into our daily interaction with customers, communities, and colleagues.

UB collaborates with MUFG in relief efforts

Following the devastating 2011 earthquake and tsunami in eastern Japan, a public-private partnership led by the U.S. government and the U.S.-Japan Council was launched. TOMODACHI, which means “friends” in Japanese, supports Japan’s recovery and invests in the next generation of Japanese and Americans to strengthen cultural and economic ties and deepen the friendship between the United States and Japan. MUFG announced its contributions to the initiative in April 2012, to help fund the TOMODACHI MUFG International Program, which is a summer exchange program for Japanese students from the devastated areas and American high school students. Union Bank works closely with MUFG to implement the program.

Business with emerging countries

The bank introduced offshore Chinese Renminbi capabilities in 2011 to assist U.S. customers in managing the foreign currency risk associated with trade-related transactions they conduct with businesses in mainland China. Union Bank’s parent company was the first international bank in China when it opened its office in Beijing in 1980 and currently has 14 offices in mainland China.

DID YOU KNOW?

Union Bank doubled its SBA-guaranteed lending in 2011 to $105.9 million.

BTMU U.S. Holdings

To position BTMU for growth into a top-ten bank in the U.S., a new organization, BTMU U.S. Holdings, was formed in 2011 as the first step in integrating the governance structures of Union Bank and BTMU Headquarters for the Americas. Former Union Bank CEO Masaaki Tanaka was appointed its first head as CEO for the Americas. A U.S. Advisory Board and a U.S. Management Committee were created. The resulting unified framework strengthened governance and risk management, in line with regulators’ growing expectations.

HOW ABOUT THAT?

Union Bank continued its rapid growth in residential loans, celebrating the $20-billion mark in 2012, making it the 11th-largest mortgage portfolio lender in the U.S.
The value of reputation

The business impact of Union Bank’s longstanding corporate culture – built on core values and high standards of ethical and responsible behavior – manifested itself prominently in 2013.

Commercial real estate

Union Bank expanded its commercial real estate capabilities and East Coast presence with the strategic acquisition of New York-based PB Capital Corporation’s institutional commercial real estate lending portfolio and platform from Deutsche Bank. The lending division of PB Capital had approximately $3.7 billion in loans outstanding on properties in major metropolitan areas across the U.S.

Management integration

In 2013, an integrated Executive Committee for the Americas was established to oversee all operations in the region, including New York-based BTMU Headquarters for America and Union Bank. Bringing key leaders from each entity into one combined management team more closely aligned the business units and extended their capabilities across geographies and markets. The result was that all customers served by these units experienced enhanced service and a more comprehensive set of financial solutions.

Collaboration — leveraging global resources

As part of a global financial services group, Union Bank continues to tap its worldwide resources to assist its clients. San Francisco-based Wilbur-Ellis, a family-owned leading marketer of agricultural products, animal feed, and specialty chemicals and ingredients, has been a Union Bank client for more than 87 years. During that time the company has grown from a small business to an international concern. Over the last several years Union Bank has assisted the company in expanding its relationship with BTMU throughout many countries in Asia. Now the company receives the same care they’ve enjoyed for nearly a century at Union Bank from BTMU’s bankers in Asia.

Expanded eCommerce offerings

Union Bank responded to the shift of its customers toward online and electronic banking by offering enhanced mobile alternatives. These included exclusive apps for iPhone, iPad, and Android users that...
allowed check deposits and mobile text banking directly from their smart phones. The bank also launched a new mobile children’s app for smart phones called Yuby to help teach young people about responsible spending, saving, budgeting, and charitable giving.

**Growth continues in niche industry**

In 2013, Union Bank acquired First Bank Association Bank Services, which provided a full range of banking services to homeowner associations (HOA) and community management companies. This strengthened Union Bank’s leadership role as a national provider of lockbox, electronic receivables products, and other financial services to support the unique needs of specialized management companies following the earlier acquisitions of Klik and Smartstreet.

**Social responsibility**

Union Bank makes a firm commitment to support its communities through the bank’s Community Service Action Plan (CSAP). Under the current ten-year CSAP, Union Bank has agreed to invest at least 5.2% of its total annual assets in loans and activities related to the Community Reinvestment Act (CRA) through June 2015, with an aspirational target of 6.5%. These community-related activities include everything from small business and farm loans to low-income consumer loans, affordable housing investments, and charitable contributions.

The bank annually donates 2% of net after-tax earnings — one of the highest percentages among California corporations—to nonprofit organizations. It has provided $110 million in grants and donations since 1995, including $58 million over the last five years. In addition, the long-standing practice of employee volunteerism continues, most of it sponsored by the bank’s volunteer program, “Union Bank Giving Back.” In 2013, volunteerism reached an all-time high with more than 78,000 hours donated to support nonprofit organizations, an increase of 14% over 2012.

**Financial literacy**

In 2014, Union Bank opened two student-run branches on campuses in the city of Los Angeles — at Crenshaw and Abraham Lincoln high schools — as part of an innovative program designed to provide students with real-world financial education and work experience. The full-service branches are staffed by student bankers, who have an opportunity to acquire skills in finance as well as teamwork and leadership, and the hands-on experience of working in a bank.

Union Bank opened its first student-run branch in 2011 in Fresno, California, at McLane High School. Thirty student bankers have graduated from the program and four are currently employed by Union Bank in Central California.
Creating a new union

For 150 years, Union Bank and its predecessor companies have demonstrated the ability to adapt to cultural, demographic, and economic changes by forging partnerships that create a progressively stronger and more enduring institution. The process has not been without challenges, but it has underscored the bank’s strength and resilience, and it has defined and deeply embedded the core values and principles that remain at the heart of Union Bank. This is the foundation upon which the bank continues to grow.

Leveraging our global strengths
On the cusp of its 150th anniversary, Union Bank is now poised to take the next step in its evolution. As business becomes more global, there is an unprecedented opportunity to leverage the power and reach of the Mitsubishi UFJ Financial Group (MUFG). One of the world’s leading financial groups, MUFG includes The Bank of Tokyo-Mitsubishi UFJ (BTMU), Japan’s largest bank, whose global network encompasses offices in more than 40 countries. In the Americas, these include Union Bank and BTMU Headquarters for the Americas (BTMU HQA), which will combine in 2014 to create a new bank, MUFG Union Bank, N.A. It will be bigger, better, and stronger than either of its predecessors, while preserving the Union Bank brand for many of its West Coast operations. Even in the context of Union Bank’s long history, this is a transformational event. It will create significant value for the bank’s customers, communities, and employees, and open new opportunities for growth.

MUFG Union Bank will build on the unique competitive advantages of being part of MUFG with its global network and success in pioneering new markets and building synergies within its diverse business units. With assets exceeding $2.45 trillion, MUFG has the ability and commitment to invest in the future of the new bank.

Benefiting our constituencies
Union Bank’s core commitment to responsible banking and doing right for its constituents will endure in the new bank. For customers that will mean more power to address their financial needs as MUFG Union Bank becomes a competitive force in the U.S. banking market, as well as access to MUFG’s full global resources. For Union Bank employees, the new bank will expand career opportunities across business units, product lines, and geographies. Union Bank has always believed that communities and banks grow stronger together, so the larger MUFG Union Bank promises to deliver an enhanced ability to support and invest in nonprofits and community economic development projects. In an increasingly complex financial services environment, the new organization will also enable better global oversight, management, and regulatory compliance as well as the consistent application of best practices across the organization.

Making the transformation
There are challenges ahead but we are up to the task. Change is our new norm, and we have had plenty of practice over the past 150 years. As documented throughout Union Bank’s history, the success of any transformation begins and succeeds with its people. Union Bank employees, throughout the organization, are shaping this next chapter. The process has been collaborative as teams from both organizations build the new bank together. We already share the same vision and values with BTMU HQA. Creating a shared culture will be the real heartbeat of our success.

Envisioning the future
MUFG’s vision is to be the most trusted financial group in the world. In lockstep with that objective, Union Bank has aspired to be the most responsible bank in America. Our message is that principles matter. That belief will continue to inform our decisions as we shape this next chapter in our history. The Union Bank brand is an invaluable asset, and we are proud that it will endure. Even as we transform into an exciting new bank, we will remain true to our legacy and our iconic history, which exemplifies stability, trust, and keeping faith with our communities.
Union Bank’s Five Tenets of Responsible Banking

Since our founding in 1864, we’ve prospered on a firm foundation of prudent lending, sound financial management, committed social responsibility, and strong community partnerships. In short, we’ve built a responsible business designed to thrive far into the future. Our approach to responsible banking is built around five core tenets. These principles are fundamental to the way we conduct business every day throughout our bank.

1. **Responsible Lending**
   - High lending standards
   - No subprime loans
   - History of lending to small businesses
   - Business Diversity Lending

2. **Responsible Financial Management**
   - Strong balance sheet and credit ratings
   - A stable business
   - A culture of transparency

3. **Responsible Support of Communities**
   - A helping hand for homeowners
   - Dedicated to affordable housing
   - Charitable giving
   - Employee volunteerism

4. **Responsible Employer**
   - Commitment to inclusion
   - Diverse from top to bottom
   - Supplier Diversity

5. **Responsible Products and Practices**
   - Transparent pricing with full disclosure
   - Migrating individuals into mainstream banking
   - Embracing environmental sustainability
Gallery of presidents

D.O. Mills
1864–1873, 1875–1878

William C. Ralston
1873–1875

William Alvord
1878–1905

Homer S. King
1905–1909

Frank B. Anderson
1909–1925

Charles K. McIntosh
1925–1938

James J. Hunter
1938–1950

Elliott McAllister
1950–1956

Edwin E. Adams
1956–1962

Charles de Bretteville
1962–1969

John M. Schutt
1969–1972

M. Brock Weir
1972

W.S. Pfeiffe
1973–1976

Chauncey E. Schmidt
1976–1982

Ross P. Williams
1982–1984

Osamu Yamada
1984–1990

Yasumasa Gomi
1990–1993

Hiroo Nozawa
1993–1996

The Bank of California
Union Bank

Kaspare Cohn 1914–1916
Herman Hahn 1950–1954
Harry J. Volk 1957–1969
George A. Thatcher 1969–1974

John Heidt 1975–1986
Donne Moen 1987–1988
Seishichi Itoh 1988–1993
Taisuke Shimizu 1990–1993
Kanetaka Yoshida 1993–1996

The Bank of Tokyo of California

Matsuijiro Takeshita 1953–1955
Tatsuichi Shibata 1955–1963
Tokinaka Takahashi 1963–1965
Naoji Harada 1965–1968

Susumu Onoda 1968–1972
Masao Tsuyama 1972–1975
The Mitsubishi Bank of California

Yasuhiko Ishizaka 1972–1977
Seiichi Mitani 1977–1980
Satoru Tateishi 1980–1984
Tsuneyoshi Kajiwara 1984–1986

Yutaka Hasegawa 1986–1987
Junji Hatano 1987–1988

Masaaki Tanaka 2007–2010
Masashi Oka 2010–2014

*Bank name changed to Union Bank in 2008.

Union Bank of California, Union Bank*

Kanetaka Yoshida 1996–1997
Takahiro Moriguchi 1997–2001
Norimichi Kanari 2001–2005
Takashi Morimura 2005–2007

Masaki Tanaka 2007–2010
Masashi Oka 2010–2014
Gallery of logos

The Bank of California

1864

1949–1958

1959–1963

1958–1959

1965–1965

1963–1965

1979–1993

1958–1959

1965–1979

1979–1993

1959–1963

1968–1975

1965–1968

1975–1988

First National Bank of San Diego, Southern California

First National Bank, California First Bank
## History of mottos

<table>
<thead>
<tr>
<th>Year</th>
<th>Major campaigns</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>The Bank of California</strong></td>
<td></td>
</tr>
<tr>
<td>1949</td>
<td>For business with or on the Pacific Coast</td>
</tr>
<tr>
<td>1958</td>
<td>A Good Bank to Start With … A Good Bank to Grow With</td>
</tr>
<tr>
<td>1959</td>
<td>Banking service frankly tailored for today’s leaders … and tomorrow’s</td>
</tr>
<tr>
<td>1961</td>
<td>The only bank with direct offices in all three West Coast states</td>
</tr>
<tr>
<td>1962</td>
<td>A good bank to grow with</td>
</tr>
<tr>
<td>1964</td>
<td>The bank for action</td>
</tr>
<tr>
<td>1967</td>
<td>The Bank</td>
</tr>
<tr>
<td>1972</td>
<td>We make banking easy</td>
</tr>
<tr>
<td>1975</td>
<td>When you’re not the biggest, you’d better be good</td>
</tr>
<tr>
<td>1983</td>
<td>In the business of banking very few, very well Unique banking for unique individuals (Private Bank)</td>
</tr>
<tr>
<td><strong>First National Bank of San Diego</strong></td>
<td></td>
</tr>
<tr>
<td>1952</td>
<td>Convenience in Banking</td>
</tr>
<tr>
<td>1953</td>
<td>That’s my bank</td>
</tr>
<tr>
<td>1956</td>
<td>The Convenient Bank</td>
</tr>
<tr>
<td>1963</td>
<td>The Bank with a Heart</td>
</tr>
<tr>
<td><strong>Southern California First National Bank</strong></td>
<td></td>
</tr>
<tr>
<td>1968</td>
<td>That’s my bank (adopted from First National Bank of San Diego)</td>
</tr>
<tr>
<td><strong>California First Bank</strong></td>
<td></td>
</tr>
<tr>
<td>1977</td>
<td>Come meet the people at California First</td>
</tr>
<tr>
<td>1979</td>
<td>Things that are problems at other banks are no problem at California First</td>
</tr>
<tr>
<td>1981</td>
<td>After all, what’s life without dreams</td>
</tr>
<tr>
<td><strong>Union Bank</strong></td>
<td></td>
</tr>
<tr>
<td>1920</td>
<td>The Bank of Personal Service</td>
</tr>
<tr>
<td>1923</td>
<td>The Bank of Personal Service — We have no branches</td>
</tr>
<tr>
<td>1960</td>
<td>A Most Unusual Bank</td>
</tr>
<tr>
<td>1963</td>
<td>Where business banks, The businessman’s bank, The money engineering bank</td>
</tr>
<tr>
<td>1972</td>
<td>Growing is Our Business</td>
</tr>
<tr>
<td>1978</td>
<td>The Business Bank</td>
</tr>
<tr>
<td>1979</td>
<td>The personal touch in banking</td>
</tr>
<tr>
<td>1981</td>
<td>There is no better bank — there are no better bankers</td>
</tr>
<tr>
<td>1983</td>
<td>We are raising the standard of banking</td>
</tr>
<tr>
<td>1985</td>
<td>The responsiveness of a local bank backed by the financial resources of a major bank</td>
</tr>
<tr>
<td>1990</td>
<td>We bring it all together</td>
</tr>
<tr>
<td><strong>Union Bank of California</strong></td>
<td></td>
</tr>
<tr>
<td>1996</td>
<td>A different kind of bank for a different kind of place</td>
</tr>
<tr>
<td>1999</td>
<td>It’s different here</td>
</tr>
<tr>
<td>2003</td>
<td>Invest in You</td>
</tr>
<tr>
<td><strong>Union Bank</strong></td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>Doing Right</td>
</tr>
</tbody>
</table>
# History of firsts

<table>
<thead>
<tr>
<th>Year</th>
<th>Bank</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1864</td>
<td>BOC</td>
<td>First commercial bank incorporated in the West.</td>
</tr>
<tr>
<td>1868</td>
<td>BOC</td>
<td>Financed the first and largest ship repair facility on the Pacific Coast – Hunters Point Dry Dock.</td>
</tr>
<tr>
<td>1872</td>
<td>BOC</td>
<td>Bank handles more gold bullion than any other private institution in the United States. The bank advances the Japanese government $500,000 for minting of gold yen. This becomes the first contract between a U.S. corporation and the Japanese government.</td>
</tr>
<tr>
<td>1883</td>
<td>FNBSD</td>
<td>Financed the first fishing fleet in Southern California.</td>
</tr>
<tr>
<td>1902</td>
<td>FNBSD</td>
<td>First bank on the Pacific Coast to finance an automobile.</td>
</tr>
<tr>
<td>1913</td>
<td>BOC</td>
<td>The Federal Reserve Act made it the first and only national bank to have interstate branches in three states, California, Oregon, and Washington.</td>
</tr>
<tr>
<td>1921</td>
<td>FNBSD</td>
<td>First bank in San Diego County to offer branch banking in neighborhood offices.</td>
</tr>
<tr>
<td>1928</td>
<td>UB</td>
<td>First bank in the West to offer “Banking at Home Department,” allowing customers to conduct business banking by mail, an alternative to emerging community-based branches of other banks.</td>
</tr>
<tr>
<td>1936</td>
<td>FNBSD</td>
<td>First bank in San Diego to finance private airplane ownership.</td>
</tr>
<tr>
<td>1949</td>
<td>UB</td>
<td>First bank in the West to offer free postage for Bank by Mail.</td>
</tr>
<tr>
<td>1949</td>
<td>BOC</td>
<td>First bank in San Francisco to introduce drive-in teller service.</td>
</tr>
<tr>
<td>1959</td>
<td>UB</td>
<td>First bank in Los Angeles to offer a Group Credit Life Insurance program.</td>
</tr>
<tr>
<td>1960</td>
<td>UB</td>
<td>First major bank on the West Coast to introduce the Daily Interest Savings Plan, calculating interest on daily balances.</td>
</tr>
<tr>
<td>1961</td>
<td>UB</td>
<td>Direct personal dialing (every employee has his or her own line) is introduced, the first of its kind in Southern California.</td>
</tr>
<tr>
<td>1963</td>
<td>UB</td>
<td>First major bank on the West Coast to introduce Statement Savings, replacing savings passbooks with individual receipts for each transaction and issuing quarter-end statements showing all activity.</td>
</tr>
<tr>
<td>1964</td>
<td>BOC</td>
<td>The only bank in the West to operate under the same name for 100 years.</td>
</tr>
<tr>
<td>1965</td>
<td>BOC</td>
<td>A Money Market Center, the first of its kind on the Pacific Coast, is formed by the Investment Division to assist its corporate clients.</td>
</tr>
<tr>
<td>1965</td>
<td>BOC</td>
<td>First West Coast bank to be large enough to have its books audited by a firm of CPAs.</td>
</tr>
<tr>
<td>1967</td>
<td>UB</td>
<td>First major bank in the United States to establish a one-bank holding company, Union Bancorp.</td>
</tr>
<tr>
<td>1967</td>
<td>UB</td>
<td>First major Southern California-based bank to offer free checking accounts.</td>
</tr>
<tr>
<td>1968</td>
<td>UB</td>
<td>First bank in California to own its own small business investment company, Unionamerica Capital Corporation.</td>
</tr>
<tr>
<td>1968</td>
<td>SCFNB</td>
<td>Only bank in the United States with fully integrated management information system with third-generation computers.</td>
</tr>
<tr>
<td>1969</td>
<td>SCFNB</td>
<td>Begins Open-Line, the banking industry’s first automatic line of credit for commercial customers with relatively modest borrowing requirements.</td>
</tr>
<tr>
<td>1969</td>
<td>UB</td>
<td>First bank in the West to develop Remittance Banking or Lock Box Banking for business depositors and establish special banking services for the savings and loan industry.</td>
</tr>
<tr>
<td>1970</td>
<td>SCFNB</td>
<td>First bank west of the Mississippi with a common trust fund.</td>
</tr>
<tr>
<td>1970</td>
<td>SCFNB</td>
<td>First bank in the country to install an online-computer display system to streamline stock transactions.</td>
</tr>
<tr>
<td>1971</td>
<td>SCFNB</td>
<td>First bank in the West to install an advanced online teller system (BOLTS), which provides direct access to relevant bank systems for each teller station.</td>
</tr>
<tr>
<td>1973</td>
<td>SCFNB</td>
<td>First major California bank to offer evening banking hours until 7:30 p.m. Monday and Friday.</td>
</tr>
<tr>
<td>1973</td>
<td>BOTC</td>
<td>Installs one of the first ATM machines in California, called Promptel 365.</td>
</tr>
<tr>
<td>1976</td>
<td>CFB</td>
<td>First bank in California to offer direct deposit of Social Security checks.</td>
</tr>
<tr>
<td>1980</td>
<td>UB</td>
<td>First bank in California to offer NOW accounts, checking accounts that pay interest on balances.</td>
</tr>
<tr>
<td>1983</td>
<td>UB</td>
<td>First bank in California to offer Nassau Certificates of Deposits.</td>
</tr>
<tr>
<td>1984</td>
<td>CFB</td>
<td>First bank in the United States to offer electronic corporate trade payments.</td>
</tr>
<tr>
<td>1990</td>
<td>UB</td>
<td>First major commercial bank in California to open offices in supermarkets accompanied by seven-day-a-week banking.</td>
</tr>
<tr>
<td>1993</td>
<td>UB</td>
<td>Union Bank launched its Business Diversity Lending Program to increase access of business financing to women- and minority-owned businesses in California, Washington, and Oregon.</td>
</tr>
<tr>
<td>2006</td>
<td>UB</td>
<td>The Business Diversity Lending Program was expanded to include service-disabled veterans and, in 2009, all disabled veterans.</td>
</tr>
<tr>
<td>2008</td>
<td>UB</td>
<td>Union Bank developed its unique Community-based Financing (CBF) Referral program to help provide loan opportunities to business owners who fall outside of the bank’s lending criteria. Union Bank partners with community-based financing organizations to provide non-traditional financing.</td>
</tr>
<tr>
<td>2011</td>
<td>UB</td>
<td>Opens branch at McLane High School in Fresno. Union Bank is the only national bank in California to have a student-run branch in operation in the state.</td>
</tr>
<tr>
<td>2012</td>
<td>UB</td>
<td>Launches Banking by Design, a unique checking account product consumers can customize according to their unique needs.</td>
</tr>
<tr>
<td>2013</td>
<td>UB</td>
<td>Publishes What a Bank Can Do, a children’s book that explores the fun and importance of saving money.</td>
</tr>
</tbody>
</table>
History of bank acquisitions*

The Bank of California (1864–1996)

1905  London & San Francisco Bank

1910  San Francisco National Bank
1919  Fidelity Trust Company of Tacoma

1925  National Gold Bank of D.O. Mills and Company
1927  The Mission Bank
1954  Bank of Martinez

1955  Bank of Berkeley
1955  First National Bank in San Leandro
1957  Modesto Bank and Trust Company
1957  Placer County Bank
1963  Security State Bank (Stanislaus County)
1964  American National Bank of San Bernardino
1965  First National Bank of Long Beach
1965  Hollister National Bank
1967  Metropolitan Bank of Hollywood
1967  Sequoia National Bank of San Mateo County
1971  Inland Bank
1971  Bank of Redding
1987  Bank of Palm Springs

Branches in WA/OR to complete “Western Seaport Coverage”
Bank that was founded in 1850 as Sather & Church
Acquired deposit businesses, doubling the size of Tacoma branch
Bank of D.O. Mills established in Sacramento. It was later sold.
Mission Branch
First acquisition under “Doctrine of Expansion.” One branch in Martinez.
Branch in Berkeley
Three offices in Central Valley around Modesto area
One office in Central Valley in Auburn
Two offices in Turlock and one in Ceres, all in Central Valley
Nine offices around San Bernardino area
Offices in the Long Beach area
One branch in San Benito County
Four offices in West Los Angeles area
One office in Redwood City
Expansion into the Pomona area
Expansion into the Redding area
Palm Springs and Rancho Mirage offices

First National Bank of San Diego (1883–1967)

1917  American National Bank of San Diego
1927  First Trust and Savings Bank of San Diego

1934  Bank of Southern California
1946  Cuyamaca State Bank
1967  Saddleback National Bank

Bank that merged with Marine National Bank a year before
Regulation change enabled purchase of trust bank. Name change followed. Four offices.
One office in La Mesa
One office in El Cajon Valley
Start of the expansion into L.A. and Orange counties. One branch in O.C. in Tustin.


1967  Huntington Valley National Bank
1967  Heritage-Wilshire National Bank
1968  Bellflower National Bank
1968  Bank of La Jolla
1969  Orange County Bank
1970  Gateway National Bank
1971  Newport National Bank

Two branches in Orange County around Huntington Beach area
Three branches in West Los Angeles area
Two branches in L.A. County in Bellflower and Lakewood
One office in Rancho Santa Fe
Three branches in Orange County
Six branches primarily around Los Angeles International Airport
Ten branches in O.C. and introduced “sit down banking” for affluent clients
### Union Bank (1918–1996)

<table>
<thead>
<tr>
<th>Year</th>
<th>Bank Name</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>1957</td>
<td>Occidental Savings and Commercial Bank</td>
<td>Three offices in San Fernando Valley</td>
</tr>
<tr>
<td>1969</td>
<td>Oakland Bank of Commerce</td>
<td>First expansion into Northern California. One office in Oakland</td>
</tr>
<tr>
<td>1970</td>
<td>Commonwealth National Bank</td>
<td>San Francisco-based Northern California headquarters</td>
</tr>
<tr>
<td>1971</td>
<td>Bank of Long Beach</td>
<td>Long Beach Regional Head Office</td>
</tr>
<tr>
<td>1971</td>
<td>Stanford Bank</td>
<td>Mid-Peninsula Regional Head Office in Palo Alto</td>
</tr>
<tr>
<td>1980</td>
<td>Chartered Bank of London</td>
<td>35 branches primarily in San Diego, Ventura, and Santa Barbara</td>
</tr>
<tr>
<td>1991</td>
<td>Heartland Savings and Loan</td>
<td>Expansion in East County</td>
</tr>
<tr>
<td>1994</td>
<td>Bank of Newport</td>
<td>One branch in Laguna Niguel</td>
</tr>
</tbody>
</table>

### The Mitsubishi Bank of California (1972–1988)

<table>
<thead>
<tr>
<th>Year</th>
<th>Bank Name</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>1976</td>
<td>Hacienda Bank</td>
<td>Four branches, mainly in Orange County</td>
</tr>
<tr>
<td>1981</td>
<td>First National Bank of San Diego County</td>
<td>11 branches in the San Diego area</td>
</tr>
</tbody>
</table>

### Union Bank of California (1996–2008)

<table>
<thead>
<tr>
<th>Year</th>
<th>Bank Name</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>First Western Bank</td>
<td>Seven offices in Simi Valley area</td>
</tr>
<tr>
<td>2002</td>
<td>Valencia Bank and Trust</td>
<td>Five offices in Santa Clarita/Valencia area</td>
</tr>
<tr>
<td>2003</td>
<td>Monterey Bay Bank</td>
<td>Eight offices in Monterey area and densification of Central Coast network</td>
</tr>
<tr>
<td>2004</td>
<td>Business Bank of California</td>
<td>15 branches in Northern California and the L.A. area</td>
</tr>
<tr>
<td>2004</td>
<td>Jackson Federal Bank</td>
<td>Specialty apartment financing unit and 15 branches in Southern California</td>
</tr>
</tbody>
</table>

### Union Bank (2009–2014)

<table>
<thead>
<tr>
<th>Year</th>
<th>Bank Name</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>Tamalpais Bank</td>
<td>Seven branches in desirable Marin County</td>
</tr>
<tr>
<td>2010</td>
<td>Frontier Bank</td>
<td>50 offices in Washington and Oregon</td>
</tr>
<tr>
<td>2012</td>
<td>Santa Barbara Bank &amp; Trust</td>
<td>38 branches along California’s Central Coast</td>
</tr>
</tbody>
</table>

*Excluding the M&A between the five lineage banks.*
A profile of deposit growth (1960–2013)

Throughout its history, Union Bank has grown in size through mergers and acquisitions as well as organic growth. The chart below shows the deposits for each lineage bank for the years after 1960, and it illustrates how growth at each of the banks helped form what Union Bank is today.

In 1960, the three oldest lineages had combined deposits of slightly more than $1.5 billion. Catapulted by the fast growth at Union Bank and California First Bank, the total for all lineages reached $10 billion for the first time in 1979. The growth trend continued in the 1980s, and the total reached $17 billion in 1986. After about a decade of stagnation, the formation of Union Bank of California brought a new and unprecedented growth dynamic. Looking back, the bank has grown deposits more than 30 times compared to 1960, at an annual growth rate of 7.5%.

There are some significant eras of deposit growth:

- The Bank of Tokyo of California had double-digit deposit growth throughout the period shown here. During the seven years prior to the merger with Southern California First National Bank in 1975, it increased its deposits from more than $150 million to more than $900 million, an annual growth rate of 27%.

- Deposits growth increased from $46 billion in 2008 to $80 billion in 2013, by a compounded annual rate of about 13%.

- Since 2008, retail deposits in particular have surged. Union Bank ranked number one in 5-year deposit growth percentage in California compared to its top-ten competitors, and was number one in the nation in year-over-year deposit growth from 2012 to 2013.

The two largest year-over-year increases in the bank’s history occurred when deposits grew by $4.5 billion in 2002, which was nearly equivalent to the size of all the lineage banks combined in 1970, and in 2009, when Union Bank grew deposits by nearly $23 billion.

- As its Regional Head Office network expanded, Union Bank increased its deposits at an annual rate of 22% during the six-year period ending in 1972, increasing from $1 billion to $3.5 billion.
The original banks

After its stock price increased in the 1920s, The Bank of California experienced a steep drop in its price during the Great Depression. During the “Doctrine of Expansion” era, its stock price went up, peaking in the early 1960s. Sharp declines followed in the late 1960s to early 1970s. The stock price did not return to its peak level until the acquisition announcement by The Mitsubishi Bank, Limited.

Union Bank’s stock remained fairly stable following a large drop during the Depression. Earlier in the Harry Volk era, Union Bank experienced a dramatic increase in its stock price, followed by a period of volatility during the 1960s. Its stock price again increased sharply following the acquisition announcement by Standard Chartered Bank.

Limited data is available for First National Bank’s historical stock price. Its price followed an upward trend until the early 1960s, but overly aggressive expansion coupled with mounting loan losses caused its price to plummet until it merged with The Bank of Tokyo of California.

History of stock performance (1914–2008)

THE BANK OF CALIFORNIA (1905–1984)

FIRST NATIONAL BANK (1946–1974)

UNION BANK (1924–1979)
The banks under Japanese ownership

The Bank of Tokyo of California experienced a stock price increase in the early 1970s, followed by a steep drop in the stock price due to the economic downturn.

California First Bank’s stock price closely followed the movement of the market.

After the new Union Bank was formed in 1988, its stock price remained relatively stable. Its stock price jumped after the merger announcement with The Bank of California.

Union Bank of California suffered a significant drop in its stock price in 2000 due to large loan losses in the national corporate segment. Since then, its stock price has outperformed the market, even when excluding the spike in 2008 related to the privatization announcement.
As Union Bank’s five lineage banks merged into one over the years, they shared the belief that diversity and inclusion are fundamental for success. It became a major tenet of the company’s corporate culture and an essential strength that enabled it to better serve its communities, as both a business and a corporate citizen. The bank recognized that its customers and employees embodied and exemplified the demographics of California and the West, and in so doing reflected the rich scope of the region’s public character. The majority of Union Bank employees were women, and dozens of languages were spoken on bank premises, from Spanish and Tagalog to Russian and Khmer (Cambodian). The bank honored diversity as part of its heritage and embraced the view that diversity prepared it for a more prominent role in the increasingly multicultural, multilingual society of California and beyond.

Fortune magazine’s 1999 rating of Union Bank of California as the number-one company in the United States for minorities was based on several criteria, including representation on the board of directors and among the work force, and hires made in the previous year. The evaluation also measured what percentage of charitable contributions was given to programs that primarily benefited minorities and what percentage of dollars spent with outside suppliers went to minority-owned firms. In this latter category, the bank was well served by its Supplier Diversity Office, established in 1996 to ensure that a significant percentage of the bank’s discretionary expenditure went to suppliers whose businesses were majority-owned by women, veterans, and individuals representing diverse populations. That figure was 5% in 1995; by 2012, it had grown to almost 17% and more than $120 million. The bank was well on its way toward achieving its goal of 20% discretionary expenditure with diverse business enterprises by 2015.

The bank’s progress regarding diversity was also reflected in a 2000 Opportunity Award given by the U.S. Department of Labor; three consecutive years in the Top 10 in Hispanic Business Magazine’s list of Best Companies for Diversity Practices; a perfect score of 100% on the Human Rights Campaign’s 2014 Corporate Equality Index for its corporate policies and practices related to lesbian, gay, bisexual, and transgender (LGBT) employees; and the recognition of our senior women for business and community leadership in professional publications.

A deep-rooted commitment to diversity and inclusion is evident throughout Union Bank, beginning at the top, where more than 50% of its executives and Board of Directors are women and people of color. Within the total workforce, 60% are women and 54% are people of color. In 2012, the bank appointed a Chief Diversity Executive, a senior leadership position reporting directly to the CEO, with the goal of broadening the diversity of the bank’s senior management and executive ranks. In addition, the bank’s Corporate Diversity & Inclusion office helps ensure its commitment to diversity not only remains on track, but also continues to grow in the breadth and depth of its scope and understanding. In part, this takes the form of a recognition that diversity goes beyond race and gender.

Throughout Union Bank’s long history, the company has been strengthened by the many-faceted corporate cultures in its lineage, from the Japanese approach to business solutions, to the specific contributions of acquired banks and companies, to the individual needs of customers based on the nature of their business, the geography of their operations, or their diversity. As the bank celebrates the 150th anniversary of its founding, it integrates the many threads of this rich history with the dual perspective afforded by its Asian connections and its American expertise. Union Bank faces the challenges and opportunities that lie ahead with confidence.
Employees toast 150 years of Union Bank history in the landmark Banking Hall at 400 California Street in San Francisco. "Union Bank exists to provide the lifeblood of society, to put capital to work where it can be most productive, and to bring strength and stability to families, communities, small business and industry," said CEO Masashi Oka. "Here's to the next 150 years."