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PEOPLES
NATIONAL BANK
OF WASHINGTON

1968 Annual Report



ANNUAL REPORT 1968

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HIGHLIGHTS OF THE YEAR



All 1968 figures represent the consolidation of Peoples National Bank with Peoples Mortgage Company.

FOR THE YEAR

	1968	1967
Gross Operating Income.....	\$ 25,739,583	\$ 21,667,030
Net Operating Earnings Before Federal Income Taxes.....	5,143,909	4,489,859
Net Operating Earnings After Federal Income Taxes.....	3,378,909	3,134,859
Per Share (based on 468,900 shares)	7.21	6.69
Cash Dividends Paid.....	703,350	633,015
Per Share (Par Value \$20)	1.50	1.50

AT YEAR END

Total Resources	\$430,193,865	\$399,800,124
Deposits	388,661,886	365,154,407
Loans	245,289,310	214,231,416
Securities	103,520,096	108,358,858
Capital Funds	28,562,515	26,582,339
Book Value Per Share (Excluding Reserves)	60.91	56.69
Number of Shareholders.....	1,172	1,166
Number of Staff.....	938	865
Number of Banking Offices.....	48	42

TO OUR STOCKHOLDERS



In retrospect each succeeding year provides a page in the history of Peoples National Bank, and 1968 has provided gains in the activities of your Bank which are both encouraging and gratifying. New records in total assets, deposits and net profits were established. These earnings were achieved despite the increased cost of money and higher operating expenses. To pinpoint these gains some highlights of the year are shown on the opposite page.

In March your Bank purchased a mortgage firm and formed Peoples Mortgage Company and later Peoples Escrow Company. These operations are profitable and enable the bank to compete effectively in the mortgage financing area. Further comments on these activities appear elsewhere in this report.

Operating efficiency has been improved through greater utilization of new automated systems augmenting our determination to give the very best in personalized service to our customers.

At the December meeting of the Board of Directors, the payment of a 25% stock dividend was authorized subject to the approval of both the shareholders at their Annual Meeting on January 28, 1969 and the Administrator of

National Banks. At the same time, the Board recommended the continued payment of the annual cash dividend rate of \$1.50 per share on all outstanding shares.

Two new directors were elected to our board in 1968: E. Peter Garrett, President of Garrett and Shafer Company and President of M & R Timber, Inc.; and Robert G. Perry, Senior Vice President and Cashier of the Bank.

During the past two years the growth of bank earnings nationwide has compared very favorably with most other industries and we believe the outlook for Peoples National Bank for the year 1969 appears promising.

It is the aim of your management to maintain your Bank's affairs in a condition to meet any eventuality and we wish to assure you that we will continue our policy of handling our customers' affairs in privacy and with imagination and at all times in accordance with sound banking practices.

We are very much aware of the splendid support we receive from our stockholders and directors and we appreciate their cooperation in helping all of us fulfill our guarantee that we are a better bank.


CHAIRMAN OF THE BOARD


PRESIDENT

THE YEAR IN REVIEW

All 1968 figures represent the consolidation of Peoples National Bank with Peoples Mortgage Company.

EARNINGS

Net operating earnings for 1968 were \$3,378,909 which amount represents an increase of 7.79% or \$244,050 over 1967. On a per share basis, these profits were \$7.21 in 1968 compared with \$6.69 in 1967 for an additional earning of \$0.52 per share.

After adding \$560,000 to the Reserve for Possible Loan Losses and after providing for Federal Income Taxes at the higher surtax rates, the amount of net profits transferred to Undivided Profits was \$3,168,472—the largest in the bank's history and representing an increase of 9.39 per cent or \$272,002.

OPERATING REVENUES

During 1968, the trend of expansion in loan totals at higher rates continued, and this combined with improved rates on investments resulted in an increase in interest income of \$3,635,954 over 1967.

Other revenues derived from fees, service charges and trust commissions were expanded satisfactorily so that total income from all sources was \$25,739,583 for the year.

OPERATING COSTS

The rise in total operating costs of \$3,418,503 in 1968, or 19.90 per cent, was caused by the following factors: (1) Salary costs, employee benefits and all other expenses were up \$1,998,716 or 20.98 per cent; (2) Interest cost on Time Deposits reflected an increase of \$1,171,740 or 17.68 per cent.

The need to attract qualified and desirable personnel, together with inflationary conditions and competitive pressures in this area, contributed greatly to the accelerating rate of increases in staff costs. As we grow in number of offices and as the volume of our customer transactions continues to expand, it is expected that added increases in all costs will occur in 1969.

DEPOSITS

During the year 1968 total deposits continued to grow at a satisfactory rate and at year end

they amounted to \$388,661,886 compared with \$365,154,407 in 1967 for an increase of \$23,507,479 or 6.44 per cent.

The significant part of this growth was in the various types of Time Deposits which had increased by \$15,961,746 on December 31st of this year over last year so that total Time Deposits are \$190,135,630.

Our efforts to attract new depositing customers were successful in that the number of new accounts increased during the year to a total of 216,000 as compared with 202,000 last year.

CAPITAL FUNDS

As of the close of business on December 31, 1968, total capital funds were \$28,562,515 compared with \$26,582,339 in 1967.

This net increase of \$1,980,176 was after crediting the Net Profits for the year of \$3,168,472 and deducting the payment of cash dividends of \$703,350, as well as other transfers amounting to \$484,946.

LOANS AND INTEREST RATES

The continued growth in the economy of our State resulted again in a firm loan demand throughout the year. Greater opportunities for financing the real estate market through the Peoples Mortgage Company and increased requirements of consumers for instalment credit have contributed to a good growth in total loans.

Expansion of credit, especially under our exclusive Ready Reserve program and the Check Guarantee Card, has afforded our customers greater advantages at less cost than the multiplicity of competing credit cards. The growth in this convenient form of lending has been very satisfactory.

National and international monetary policies contributed to the continued high level of interest rates which have generally been stronger since the Federal Government's fiscal position has been one of unusually large deficits. This rate situation may be improved if the new Administration adopts responsible fiscal measures

to control the problems of inflation and to reduce the Treasury deficit.

INVESTMENTS

The investment portfolio showed less net growth this year as strong loan demand continued to absorb the greater share of the increase in deposits. At year-end, total government and government agency securities represented 11.5 per cent of total resources with 84.4 per cent due within one year and with an average life of 4.6 months. The Government and Government agency portfolio yield before taxes is 5.87 per cent.

Our holdings of state, county and municipal obligations stands at 12.5 per cent of total resources. The replacement of maturing issues together with limited purchases has increased the fully-taxable equivalent yield from 6.46 per cent to 6.98 per cent, neither figure reflecting the 10 per cent tax surcharge. The average maturity of the municipal portfolio is nine years and nine months.

As required by law, the par value of securities pledged to secure public and trust funds is \$16,016,000 of United States Government obligations and \$32,397,000 in state and municipal bonds.

TRUST DEPARTMENT

The year 1968 was a progressive one for the Trust Department. Again this year, the volume of business managed for individuals, corporations, unions, and others exceeded all previous years' efforts. This was particularly true in the Corporate and Pension and Profit Sharing area.

The various divisions of the department were enlarged by the employment of well qualified personnel and additional equipment in order to serve our customers and to meet the needs of our growing business more effectively.

A New Business Development Division was formally created in 1968. This has enabled our entire branch system to be more effective in offering trust services to a greater number of our customers.

Greater expansion of trust services and em-

phasis on personalized service to all of our customers will continue to be the primary objective of the Trust Department in 1969.

INTERNATIONAL BANKING

In the year 1968 our International Department experienced a marked increase in its activities.

More and more emphasis is being placed on world-wide activities both for the businessman and for the traveler. By increasing our contacts abroad, we have been able to give our customers the quality of service to which they are entitled in this rapidly expanding field.

COMPUTER CENTER

Although delayed from the hoped-for 1968 availability, the new Computer Center for your Bank will be activated in March, 1969. This specially designed unit is located in the industrial area of the Northgate complex, readily available to transportation and shopping facilities for the approximately 150 employees, with part time help available from students at a nearby junior college, also currently under construction. Reprogramming of existing accounting procedures will continue into 1969, and simultaneously new programming of other portions of the Bank's record-keeping procedures is being pursued.

MARKETING AND BUSINESS DEVELOPMENT

Emphasis continued to be placed during the year on our Customer Call Program with the result that increased attention was paid to our business customers and potential customers by all officers.

The business solicitation efforts of our staff through our Employee Sales Development Program accounted for new deposits of over \$5,000,000 and new highs in the number of accounts opened. This program has been a continuous one for over fifteen years and has contributed materially to the growth of our bank.

This year special attention was devoted to improving and expanding our banking services to our correspondent banks. An experienced senior officer has been assigned to direct our activities in this important area.

BUILDING IMPROVEMENTS AND BRANCH EXPANSION

Construction and remodeling of our physical facilities continued during the year at an active pace. Major interior improvements were completed at the Main Office, Northgate Plaza, Everett, Othello and at Sixth at Pine, Tacoma.

We are proud of the new buildings which were completed for Tukwila-Andover and Kent. A new branch was established during the year in West Renton, opening in a temporary trailer unit and now work is well under way for a new building at a new location for this branch. Also in various stages of construction are new buildings for Redmond, Bellevue-Highlands and our Computer Center. Construction of our First Avenue Branch combined with a parking garage with space for 504 cars is also under way. Completion of this \$3 million project is expected by year end.

Still under study are new sites and structures for Bellevue, North Seattle, Anacortes, First Avenue and Broad Street, and in the University District of Seattle.

We continue to expand our drive-up window facilities in the Greater Seattle area and during the year additional units were installed at Mountlake Terrace and Everett. Two units are on order for both the West Seattle Motor-In Branch and the new First Avenue Building.

As a result of our most satisfactory experience in providing banking services to the Central Washington communities of George, Mattawa, Mesa, Washtucna and Wilson Creek, which began on a part-time basis with a converted diesel bus, we are now in the process of erecting permanent buildings to meet the banking needs of these communities.

PERSONNEL

Forty-one of our staff members were elected to official positions and we are very proud that 13 of these new officers are women. The staff consists of 717 employees and 221 officers.

During the year, 44 management trainees were employed, four of whom were women. Our turnover continues to be low in comparison with other banks. In 1968 the actual rate of turnover was 26%, which is extremely favorable when compared to industry-wide figures. During the summer we offered jobs to a number of young people who formerly would have been considered unemployable and our experience with this group was very good.

Several training programs were inaugurated,



HONORARY CHAIRMAN OF THE BOARD
Joshua Green

or enlarged, during the year. Eighty-six young people attended our tellers' school. Most of our staff, with over six months of employment have now completed the training sessions at the Peoples Community College. In September, the second phase of the College was initiated. A newly developed series of management classes was attended by junior and senior officers. This series is designed to cover specific areas of banking as well as to stress the importance of personnel development and utilization.

Seven staff members retired during the year: M. C. Geddes, Senior Vice President at the Main Office; J. E. Toneri, Vice President and Manager, Rainier and Empire Branch; Cecile Green, Vashon Island; Marvel Hinkey, First Avenue; and at the Main Office, R. C. Hugill, Etta Martin, and Gladys Waters.

We deeply regret to announce the passing of two of our valued associates: George Butterfield and Ida Belle St. Lawrence.

The Bank's 1968 contribution to the Employees' Profit Sharing Retirement program was the largest in its history, totaling \$235,259.60. The fund now totals over \$3 million.

The employees' benefit program is continuously reviewed in keeping with our aim to provide the best possible benefits to staff members.

The success of our bank rests almost entirely upon our staff, and we believe we have the finest group of bank people to be found anywhere.

PEOPLES MORTGAGE COMPANY

In the spring of 1968 we achieved a major objective of broadening our mortgage lending activities through the acquisition of Burwell and Morford, a long established and well known mortgage banking firm. This new corporation is a wholly owned subsidiary of our Bank and now operates under the name of Peoples Mortgage Company.

Since the acquisition of this subsidiary, several important institutional investors have been added to the list of valued clients. As of the year end, the subsidiary was servicing mortgages in excess of \$144,000,000. We are now in a much better position to be of service to the customer who wishes to buy or build a single dwelling and the customer who is developing a whole tract or is constructing apartment houses and commercial buildings.

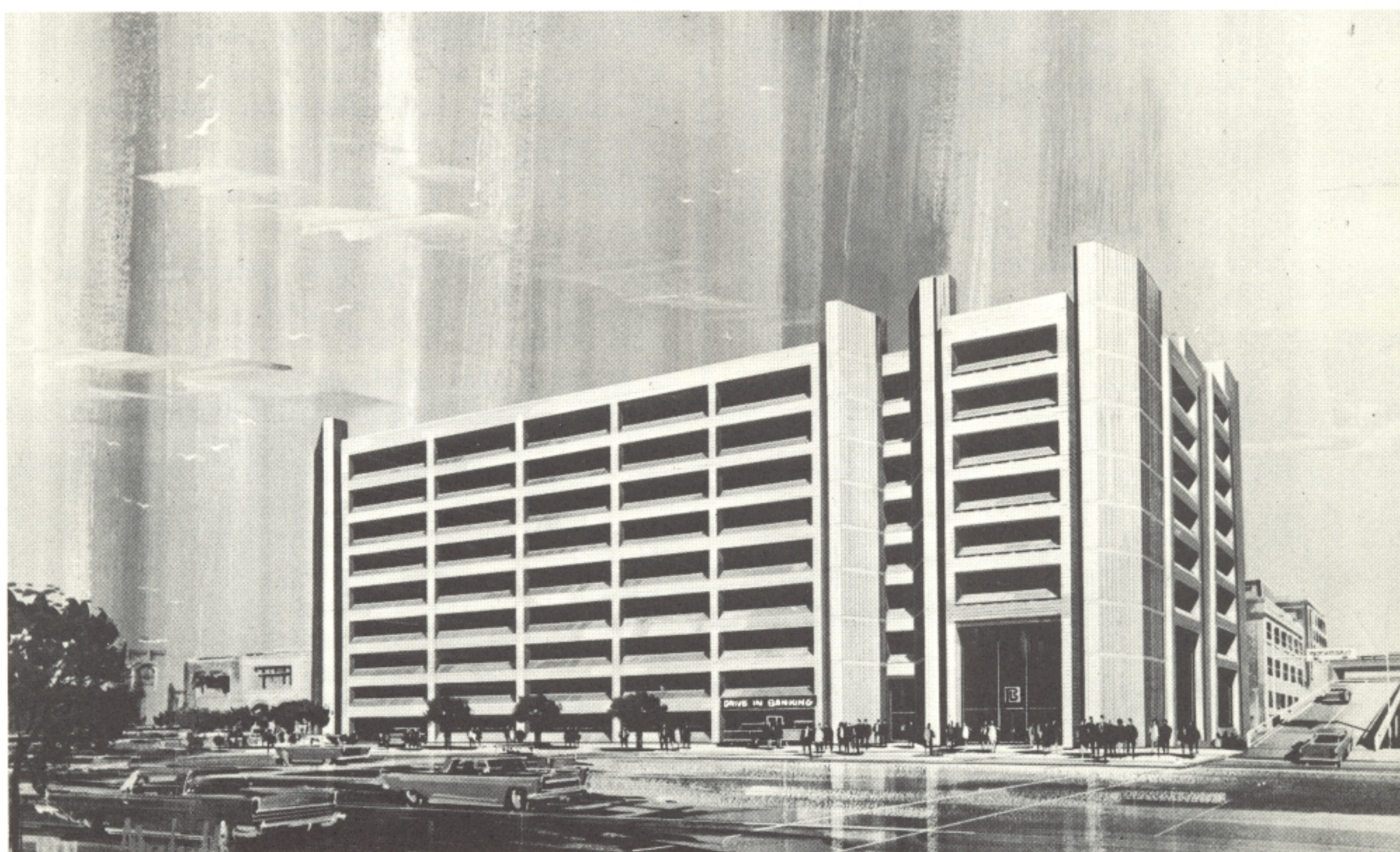
PEOPLES ESCROW COMPANY

Accompanying our activities in the real estate market, Peoples Escrow Company, a wholly owned subsidiary of Peoples National Bank, was organized. With representatives located at each of the branches of Peoples Mortgage Company, we are processing and closing all types of real estate escrows.



ADMINISTRATIVE COMMITTEE

E. C. Underhill, Harold A. Rogers, Joshua Green, Jr., Robert G. Perry



Pictured above is an architect's sketch of our new parking branch at First and Columbia Streets which should be completed by year end. The parking facilities, which will accommodate 504 cars, will be managed by an independent company.

COMPARATIVE CONSOLIDATED STATEMENT OF CONDITION

Year Ended December 31

RESOURCES

	1968	1967
Cash and Due from Banks.....	\$ 69,756,155	\$ 70,424,150
Investments:		
U. S. Government Direct Obligations.....	42,466,224	53,501,308
State, County and Municipal Securities.....	53,657,699	50,253,050
Federal Agencies Obligations.....	6,777,696	3,999,000
Other Securities.....	618,477	605,500
Total Investments	103,520,096	108,358,858
Investment Securities Reserve (Tax Paid).....	(467,764)	(649,565)
Loans and Discounts.....	245,289,310	214,231,416
Reserve for Possible Loan Losses.....	(4,081,731)	(3,585,903)
Customers' Liability Account Acceptances and Letters of Credit.....	4,597,322	1,793,554
Equipment Under Customer Lease.....	345,699	381,836
Bank Premises, Improvements and Equipment, Less Depreci- ation Reserves of \$5,848,928 in 1968 and \$5,185,964 in 1967..	9,203,529	7,902,913
Other Resources	2,031,249	942,865
TOTAL RESOURCES	<u>\$430,193,865</u>	<u>\$399,800,124</u>

LIABILITIES

Demand Deposits	\$198,526,256	\$190,980,523
Time Deposits:		
Regular Savings	129,179,374	122,558,182
Other Time	60,956,256	51,615,702
TOTAL DEPOSITS	\$388,661,886	\$365,154,407
Acceptances and Letters of Credit.....	4,597,322	1,793,554
Dividends Payable	468,900	468,900
Reserve for Federal Income Tax.....	1,400,966	667,462
Accrued Taxes and Expenses.....	1,328,697	982,431
Income Collected but Not Earned.....	1,093,863	1,058,836
Other Liabilities	4,079,716	3,092,195
TOTAL LIABILITIES	\$401,631,350	\$373,217,785
Equity Capital:		
Capital Stock—\$20 Par Value, Authorized and Outstanding —468,900 Shares	9,378,000	9,378,000
Surplus	10,622,000	10,622,000
Undivided Profits	8,562,515	6,582,339
TOTAL CAPITAL FUNDS	\$ 28,562,515	\$ 26,582,339
TOTAL LIABILITIES AND CAPITAL FUNDS.....	<u>\$430,193,865</u>	<u>\$399,800,124</u>

Refer to comments in Year in Review

MEMBER: FEDERAL RESERVE SYSTEM

MEMBER: FEDERAL DEPOSIT INSURANCE CORPORATION

COMPARATIVE CONSOLIDATED STATEMENT OF EARNINGS

	<i>Year Ended December 31</i>	
	<i>1968</i>	<i>1967</i>
OPERATING INCOME		
Interest and Fees on Loans.....	\$ 17,268,107	\$ 14,006,276
Interest and Dividends on:		
U. S. Government Direct Obligations.....	1,854,358	2,106,113
State, County and Municipal Securities.....	1,793,131	1,369,560
Other Securities	322,314	120,007
	<u>\$ 21,237,910</u>	<u>\$ 17,601,956</u>
Service Charges on Deposit Accounts.....	\$ 2,662,754	\$ 2,509,354
Trust Department Income.....	794,315	721,081
Other Operating Income.....	1,044,604	834,639
	<u>\$ 25,739,583</u>	<u>\$ 21,667,030</u>
 OPERATING EXPENSES		
Salaries and Bonuses.....	\$ 6,989,900	\$ 5,719,365
Profit Sharing and Other Employee Benefits.....	831,852	705,357
Interest Paid	7,800,041	6,628,301
Net Occupancy Expenses.....	1,028,740	862,864
Equipment Rentals, Depreciation and Maintenance.....	765,831	756,355
Other Operating Expenses.....	3,179,310	2,504,929
	<u>\$ 20,595,674</u>	<u>\$ 17,177,171</u>
 OPERATING EARNINGS BEFORE FEDERAL INCOME TAXES....	\$ 5,143,909	\$ 4,489,859
Provision for Federal Income Taxes on Operating Earnings....	1,765,000	1,355,000
NET OPERATING EARNINGS (Note A).....	<u>\$ 3,378,909</u>	<u>\$ 3,134,859</u>
PER SHARE	\$ 7.21	\$ 6.69
 Nonoperating Income and (Deductions)		
Net of Income Tax Effect:		
Transfers to Reserve for Possible Loan Losses.....	(264,400)	(286,000)
Profit (Loss) on Sale of Securities.....	(159,016)	(21,654)
Transfers from Investment Securities Reserve	196,366	24,918
Other Recoveries	16,613	44,347
NET NONOPERATING DEDUCTIONS.....	<u>\$ (210,437)</u>	<u>\$ (238,389)</u>
NET PROFIT TRANSFERRED TO UNDIVIDED PROFITS.....	<u>\$ 3,168,472</u>	<u>\$ 2,896,470</u>

Notes:

A. Includes accretion of Bond Discount Net of Income Tax of \$42,712 in 1968 and \$208,270 in 1967.

Refer to comments in Year in Review

CONSOLIDATED STATEMENT OF CHANGES IN CAPITAL ACCOUNTS

	<i>Year Ended December 31</i>	
	<i>1968</i>	<i>1967</i>
Balance at Beginning of Year.....	\$ 26,582,339	\$ 24,514,640
Transferred from Statement of Earnings.....	3,168,472	2,896,470
	<u>\$ 29,750,811</u>	<u>\$ 27,411,110</u>
Deduct:		
Cash Dividends Declared —		
\$1.50 Per Share on Shares Outstanding.....	\$ 703,350	\$ 703,350
25c Per Share on 93,780 Shares Issued as Stock Dividend on February 17, 1967.....	—	23,445
Transfers, Net, to Investment Securities Reserve.....	14,566	101,976
Transfer to “Accrued Expenses and Taxes” and “Deferred Income Tax”*.....	470,380	—
	<u>1,188,296</u>	<u>828,771</u>
BALANCE AT END OF YEAR	<u>\$ 28,562,515</u>	<u>\$ 26,582,339</u>

*Adjustment to provide for the accrual of expenses, other taxes, and for the amortization of deferred income taxes, in accordance with the regulations of the Comptroller of the Currency.

CONSOLIDATED STATEMENT OF CHANGES IN RESERVE FOR POSSIBLE LOAN LOSSES

Balance at Beginning of Year.....	\$ 3,585,903	\$ 3,109,255
Loan Losses, Net of Recoveries, Charged to Reserve.....	(64,172)	(73,352)
Additional Provision During Year.....	560,000	550,000
BALANCE AT END OF YEAR	<u>\$ 4,081,731</u>	<u>\$ 3,585,903</u>

STATEMENT OF CHANGES IN INVESTMENT SECURITIES RESERVE

Balance at Beginning of Year.....	\$ 649,565	\$ 572,507
Decrease Per Statement of Earnings.....	(196,366)	(24,918)
Transfers to Undivided Profits.....	(28,147)	(106,294)
Transfers from Undivided Profits of Discount Accreted on U. S. Government Securities (Less Provision for Deferred Income Taxes)	42,712	208,270
BALANCE AT END OF YEAR	<u>\$ 467,764</u>	<u>\$ 649,565</u>

Refer to comments in Year in Review

TEN-YEAR SUMMARY 1959-1968

(Fully Taxable Basis Including 10% Surcharge for 1968)

AVERAGE EARNING RATES

(Fully Taxable Basis)

	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959
Total Loans	7.08%	6.84%	6.56%	6.15%	6.16%	6.13%	6.22%	6.30%	6.23%	5.95%
U.S. Government Securities	5.40	4.59	4.47	3.92	3.72	3.55	3.35	3.06	3.02	2.87
State, County and Municipal Securities	7.19	6.46	6.18	6.10	6.24	6.38	6.25	5.79	5.71	5.33
Gross Rate on Earning Assets	6.36	5.88	5.70	5.33	5.29	5.28	4.88	4.87	4.92	4.66

EARNINGS AND DIVIDEND STATISTICS

Operating Income	\$ 25,739,583	\$ 21,667,030	\$ 18,624,371	\$ 16,186,678	\$ 14,830,800	\$ 14,077,925	\$ 12,990,772	\$ 11,649,617	\$ 10,996,102	\$ 10,213,520
Operating Expenses	20,595,674	17,177,171	14,764,812	13,322,009	11,626,376	11,279,854	10,079,822	8,803,762	7,991,262	7,508,163
Net Operating Earnings										
After Income Taxes	3,378,909	3,134,859	2,812,559	2,002,669	2,024,424	1,802,071	1,709,930	1,656,855	1,665,840	1,601,357
Dividends Declared	703,350	726,795	562,680	562,680	562,680	562,680	468,900	472,675	380,500	387,500

PER SHARE STATISTICS*

Operating Income	\$54.89	\$46.21	\$39.72	\$34.52	\$31.63	\$30.02	\$27.86	\$25.33	\$24.42	\$22.70
Operating Expenses	43.92	36.63	31.49	28.41	24.80	24.06	21.61	19.14	17.75	16.68
Net Operating Earnings										
After Taxes	7.21	6.69	6.00	4.27	4.32	3.84	3.67	3.60	3.70	3.56
Book Value	60.91	56.69	52.28	48.50	46.93	44.05	41.68	38.58	36.74	32.89

KEY RATIOS

(Based on Year End Figures)

Net Operating Earnings to Total Resources79%	.78%	.82%	.62%	.68%	.64%	.62%	.66%	.72%	.72%
Net Operating Earnings to Capital Funds	11.83	12.79	12.37	9.10	9.80	9.27	9.64	10.01	11.26	11.34
Capital Funds to Deposits	7.35	7.28	7.84	7.65	8.10	8.08	7.71	7.65	7.87	7.23
Capital Funds to Loans	11.64	12.41	12.94	13.21	14.53	14.52	15.03	16.26	15.65	14.45
Loans to Deposits	63.11	58.67	60.56	57.88	55.77	55.63	51.35	47.07	50.29	50.06

DEPOSITS AT YEAR END

Demand Deposits	\$198,526,256	\$190,980,523	\$169,539,292	\$164,688,472	\$159,341,846	\$156,572,654	\$158,725,616	\$149,844,895	\$136,030,944	\$134,758,734
Time Deposits	190,135,630	174,173,884	143,204,899	132,669,535	112,219,801	98,972,287	93,068,990	81,975,383	74,261,343	69,886,302
Total Deposits	388,661,886	365,154,407	312,744,191	297,358,007	271,561,647	255,544,941	251,794,606	231,820,278	210,292,287	204,645,036

LOANS AT YEAR END

Commercial Loans	\$137,852,040	\$125,787,524	\$110,204,071	\$ 98,408,669	\$ 84,998,066	\$ 78,041,970	\$ 73,631,462	\$ 63,968,317	\$ 62,447,772	\$ 53,688,321
Real Estate Loans	70,306,811	56,794,822	52,837,611	50,552,444	45,604,520	43,867,210	39,366,166	30,801,014	28,136,327	30,480,543
Consumer Credit Loans	37,130,459	31,649,070	26,353,180	23,146,644	20,844,753	20,249,983	18,104,622	15,952,838	16,613,558	19,679,224
Total Loans	245,289,310	214,231,416	189,394,862	172,107,757	151,447,339	142,159,163	131,102,250	110,722,169	107,197,657	103,848,088

SECURITIES AT YEAR END

U.S. Government Obligations	\$ 42,466,224	\$ 53,501,308	\$ 50,082,880	\$ 48,708,926	\$ 54,674,304	\$ 58,721,632	\$ 61,742,839	\$ 68,074,552	\$ 57,998,181	\$ 52,534,267
State, County and Municipal Bonds	53,657,699	50,253,050	38,652,952	34,406,023	29,124,658	25,583,293	23,976,457	19,388,623	18,221,571	16,171,863
Other Securities	7,396,173	4,604,500	630,909	589,841	548,772	495,000	3,450,000	369,000	300,000	1,756,501
Total Securities	103,520,096	108,358,858	89,366,741	83,704,790	84,347,734	84,799,925	89,169,296	87,832,175	76,519,752	70,462,631

*Adjusted for stock dividends

SENIOR VICE-PRESIDENTS



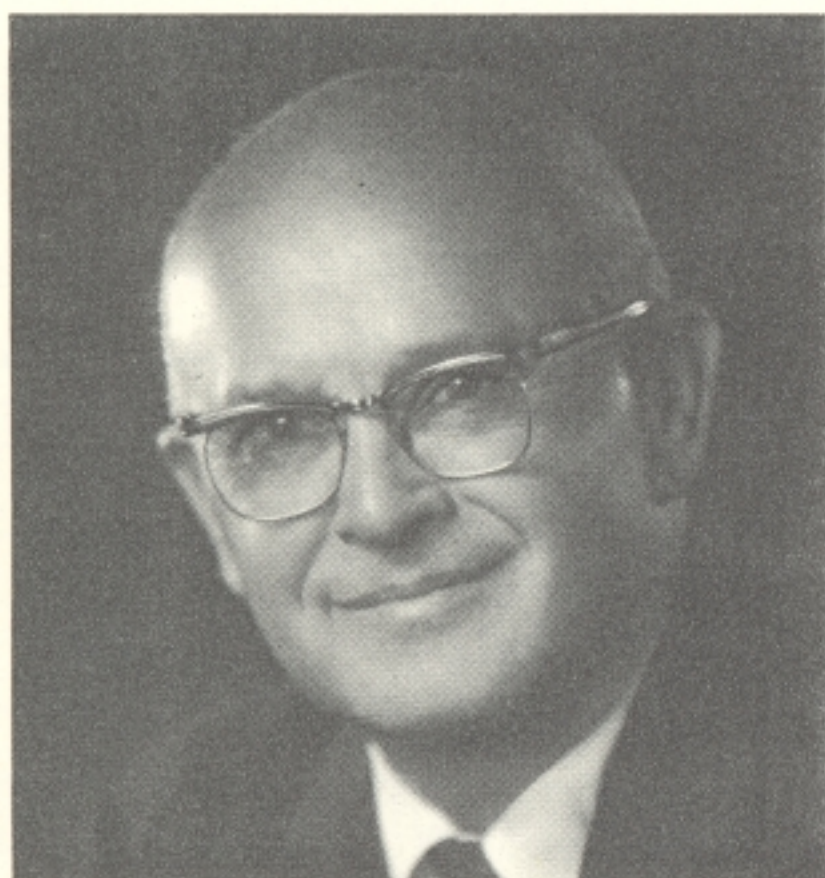
WOOLSEY BINGAY
Branch Administration



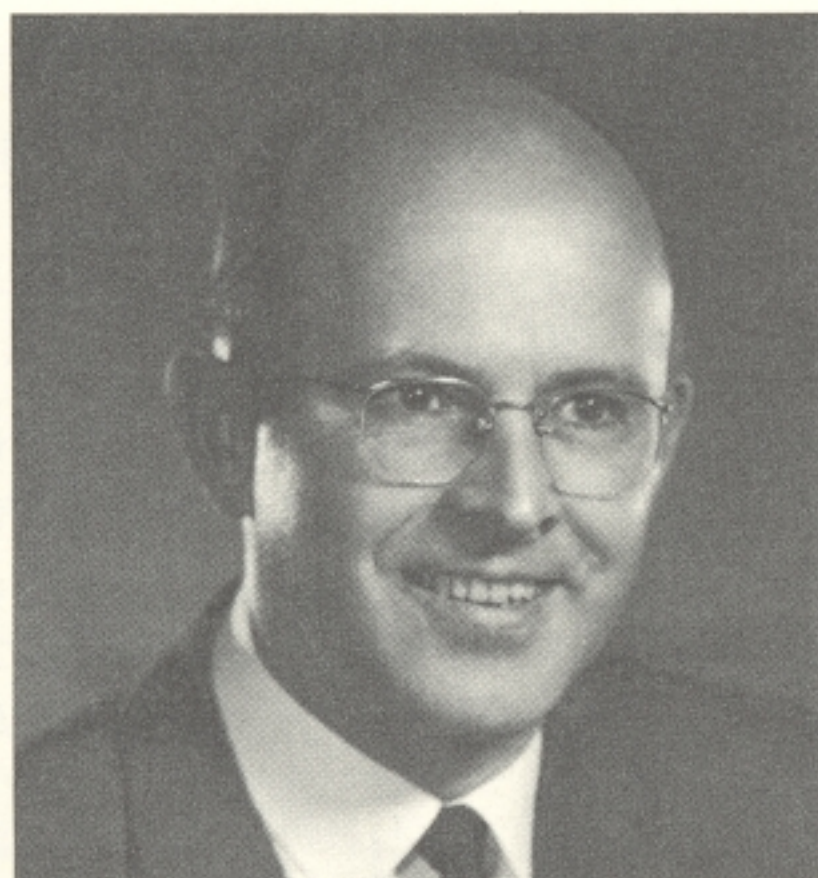
ROBERT G. BOURGAIZE
Board of Directors



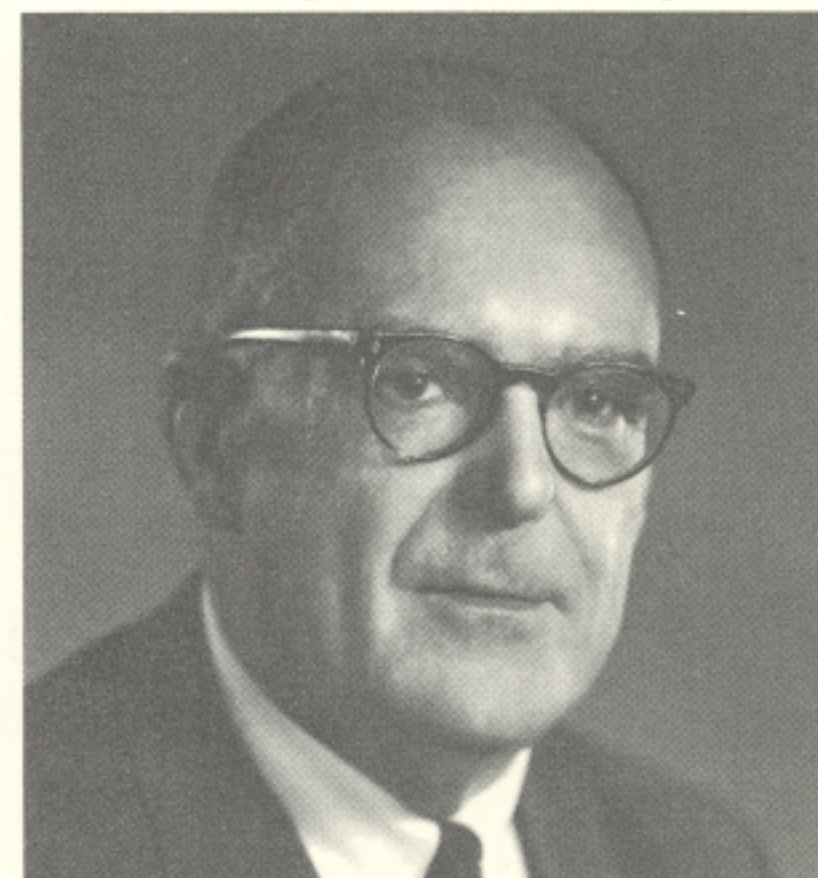
PAUL L. DANFORTH
*Marketing & Business Development
National Accounts
Correspondent Banking*



M. CLARE GEDDES
Main Office—Retired



DONALD GREENFIELD
*Chairman, Senior Lending
Committee*



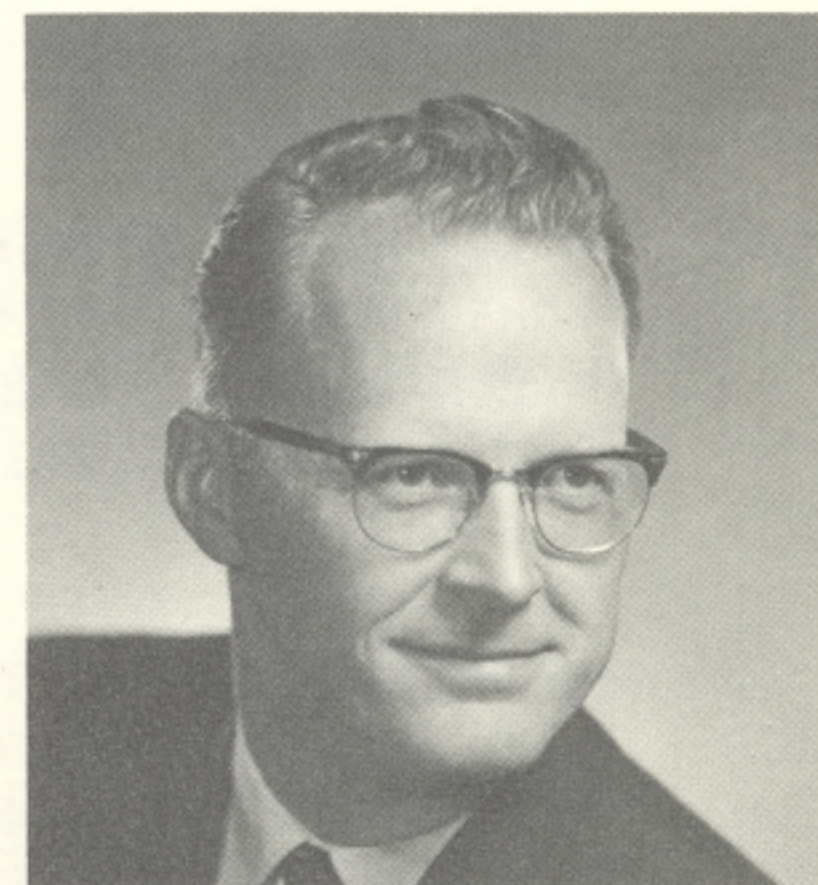
ROBERT W. JACKSON
Investment Portfolio



JOHN C. LAUGHLIN
*National Accounts, Advertising Director
Personnel Director*



JAMES H. RECKERS
Manager, Main Office



E. C. UNDERHILL
Senior Operations Officer

BOARD OF DIRECTORS

JOSHUA GREEN Honorary Chairman of the Board
 JOSHUA GREEN, JR. Chairman of the Board
 *BENNETT BALDY Seattle
 M. L. BEAN Chairman of the Board,
 Pay'n Save Corporation
 M. LAMONT BEAN President, Pay'n Save Corporation
 *WARREN H. BEAN Seattle
 E. L. BLAINE, JR. Seattle
 R. G. BOURGAIZE Senior Vice-President
 BEN E. BOWLING Vice-President, Pacific N.W. Bell
 Telephone Co.
 LOUIS K. BYE Investments
 SIDNEY D. CAMPBELL President, Foss Launch & Tug Co.
 *C. H. CARLANDER Chairman of the Board,
 Puget Sound Freight Lines
 *KENNETH B. COLMAN Chairman of the Board,
 Smith-Gandy Corp.
 *GEORGE K. COMSTOCK Chairman, The Epcon Co.
 GARRETT EDDY President, Eddy Investment Co.,
 President, Port Blakely Mill Co.
 ALAN B. FERGUSON President,
 Sicks' Rainier Brewing Co.

JOHN M. FLUKE President,
 John Fluke Manufacturing Co., Inc.
 F. S. FOSTER Hoquiam
 E. PETER GARRETT President, Garrett and Shafer Corp.,
 President, M & R Timber, Inc.
 J. A. GREEN Everett
 *HOWARD H. HANSEN Seattle
 *CECIL E. JENKS Seattle
 THOMAS H. MACBRIDE Attorney at Law
 ROBERT G. PERRY Senior Vice-President and Cashier
 Secretary to the Board
 *STEPHEN C. PHIPPS Seattle
 HAROLD A. ROGERS President
 *CARL A. SCHAFER Montesano
 DALE SMITH General Manager,
 Western Farmers Association
 P. A. STRACK Vice-Chairman of the Board
 E. C. UNDERHILL Senior Vice-President
 WALTER L. WYCKOFF Chairman, Wyckoff Company
 *C. L. YOST Seattle
 THOMAS H. YUELL President, Youell, Inc.

*Advisory Directors to the Board

TWO NEW DIRECTORS



E. Peter Garrett



Robert G. Perry

OFFICES AND PERSONNEL

HEAD OFFICE AREA CODE 206

1414 Fourth Avenue, Seattle 98111 ■ MA 4-1010

ADMINISTRATION AND SUPERVISION

JOSHUA GREEN.....Honorary Chairman of Board
 *JOSHUA GREEN, JR.....Chairman of Board
 P. A. STRACK.....Vice-Chairman of Board
 *HAROLD A. ROGERS.....President
 *ROBERT G. PERRY..Senior Vice-President and Cashier
 WOOLSEY BINGAY.....Senior Vice-President
 ROBERT G. BOURGAIZE.....Senior Vice-President
 DONALD GREENFIELD.....Senior Vice-President
 JOHN C. LAUGHLIN.....Senior Vice-President
 *E. C. UNDERHILL.....Senior Vice-President
 ROBERT D. GASTON.....Vice-President
 JOSHUA GREEN, III.....Vice-President
 WILLIAM HARISBERGER.....Vice-President
 ROBERT A. HARRIS.....Vice-President
 ROCKWELL R. WILLSON.....Assistant Vice-President

*Administrative Committee Member

ADJUSTMENT DEPARTMENT

RICHARD C. STRAND.....Vice-President
 MADELEINE R. PETTITT.....Assistant Vice-President

AUDITING DEPARTMENT

DONALD L. McMILLAN.....Vice-President and Auditor
 RAYMOND E. BARCLAY.....Assistant Vice-President
 *PAUL E. IRISH.....Assistant Vice-President
 RODERICK V. ANDERSON.....Assistant Auditor
 PAUL J. KOEHNEN.....Assistant Auditor
 EMIL E. MARTINSON.....Assistant Auditor
 FERNE VAN DEVENTER.....Assistant Auditor

*Computer Auditor

CASHIERS DEPARTMENT

FRANK G. BOURQUE.....Vice-President
 WILLIAM E. McMILLEN.....Vice-President
 STANLEY M. JENNINGS.....Assistant Vice-President
 STEPHEN DAWSON.....Assistant Cashier
 DAVID G. SATHER.....Assistant Cashier
 EVELYN WILLEMS.....Assistant Cashier

CREDIT DEPARTMENT

JOHN D. McMASTERS.....Assistant Vice-President
 DOROTHY FOTI.....Assistant Cashier

COMPUTER CENTER

Z. T. SZATROWSKI.....Vice-President
 MURIEL H. NELSON.....Assistant Vice-President
 GENE R. FRANCISCO.....Assistant Cashier
 STANLEY M. HOLIFIELD.....Assistant Cashier
 RICHARD W. KREIGER.....Assistant Cashier
 ROBERT LEMM.....Assistant Cashier
 GAYLORD WESTBY.....Assistant Cashier

GENERAL ASSIGNMENT

NORMAN R. SPEAR.....Assistant Cashier
 MYRTLE C. VALLAGER.....Assistant Cashier

INTERNATIONAL DEPARTMENT

WILLIAM F. BREITEN.....Vice-President

INVESTMENT DEPARTMENT

ROBERT W. JACKSON.....Senior Vice-President
 MARIE F. GASPARACH.....Assistant Cashier

LOAN EXAMINING DEPARTMENT

FRED W. MILES.....Vice-President
 ROBERT F. STEWART.....Assistant Cashier

MARKETING AND BUSINESS DEVELOPMENT DEPARTMENT

PAUL L. DANFORTH.....Senior Vice-President
 WILLIAM S. MILLS, III.....Vice-President
 JAMES R. TOPPER.....Vice-President
 MARVIN R. VERNON.....Vice-President
 FRANK P. VIRANT.....Vice-President
 WILLIAM G. BURNETT.....Assistant Vice-President

METHODS AND SYSTEMS DEPARTMENT

VICTOR D. COUPEZ.....Assistant Vice-President
 JAMES R. OTEY.....Assistant Cashier

PERSONNEL DEPARTMENT

JOSEPH T. BEMBEN.....Vice-President
 MARY WILLIAMS.....Assistant Vice-President
 JAMES R. WEEKS.....Assistant Cashier

TRUST DEPARTMENT

WALTER T. BAGNALL.....Vice-President and
 Senior Trust Officer
 EDWIN R. MACKAY...Vice President and Trust Officer
 WILLIAM L. WILTON...Vice-President and Trust Officer
 O. RAY COWIN.....Trust Officer
 DAVID L. HENWOOD.....Trust Officer
 *ROBERT L. HILDRETH.....Trust Officer
 DEXTER H. PINKMAN.....Trust Officer
 E. GENE TRENEER.....Trust Officer
 ELDON C. SCHMAD.....Trust Auditor
 HENRY A. ALKEMA.....Assistant Trust Officer
 STEPHEN M. DAVIS.....Assistant Trust Officer
 DAVID ELIE.....Assistant Trust Officer
 JOHN P. GLASE.....Assistant Trust Officer
 EDWARD T. HUGHES.....Assistant Trust Officer
 **ROBERT L. MORTENSEN.....Assistant Trust Officer
 ROBERT L. STEPHENSON.....Assistant Trust Officer
 FRED N. WADE.....Assistant Trust Officer
 KAY M. WALTER.....Assistant Trust Officer

*Columbia Basin Area (c/o Moses Lake Branch)

**Tacoma Area (c/o Pacific Avenue Branch)

MAIN OFFICE AREA CODE 206

1414 Fourth Avenue, Seattle 98111 ■ MA 4-1010

JAMES H. RECKERS...Senior Vice-President and Manager
QUENTIN H. ELLIS...Vice-President
HAROLD SELVIDGE...Vice-President
KENNETH D. STANDISH...Vice-President
CARROLL H. AITKEN...Assistant Vice-President
GORDON H. FISHER...Assistant Vice-President
CHARLES E. RILEY...Assistant Vice-President
EMILY DETTENMAYER...Assistant Cashier
MELEDATH GOPINATH...Assistant Cashier
ELLIS K. HAMER...Assistant Cashier
ADA L. HEADLEY...Assistant Cashier
TERRY M. MAHER...Assistant Cashier
THOMAS STEPHENS...Assistant Cashier

BRANCH OFFICES

ANACORTES

502 Commercial Avenue, Anacortes 98221 ■ CY 3-3151

FRED G. CARTWRIGHT...Vice-President and Manager
ROBERT J. BARCLAY...Assistant Manager
FLOYD C. WALLER...Assistant Manager

BELLEVUE

12014 Northeast Eighth, Bellevue 98004 ■ GL 5-0240

JON B. BRADFORD...Manager
REYNOLDS JEROME...Assistant Manager

BELLEVUE-HIGHLANDS

1815-140th Avenue N.E., Bellevue 98004 ■ SH 6-7200

ROBERT B. SMOCK...Assistant Vice-President and Manager
ROBERT C. MOHRBACHER...Assistant Manager

BREMERTON

190 Pacific Avenue, Bremerton 98310 ■ ES 7-7641

LINCOLN L. MCCOY...Assistant Vice-President
and Manager
ROBERT R. WILSON...Assistant Manager
ROLAND D. FUNK...Pro Manager

BURIEN

14641 First Avenue So. 98168 ■ CH 4-3876

DANIEL L. CARLO...Manager
DEAN E. McBRIDE...Assistant Manager

EPHRATA

121 Basin Street N.W., Ephrata 98823 ■ SK 4-2431

THOMAS O. SELLSTED...Manager
CARL D. NIES...Assistant Manager
CLINTON D. SMITH...Assistant Manager

EVERETT

1702 Hewitt Avenue, Everett 98201 ■ AL 2-5151

ROLAND P. DIDDAMS...Vice-President and Manager
DAVID R. HARDESTY...Assistant Manager
O. A. OBERGOTTSBERGER...Assistant Manager
ROBERT RYGG...Assistant Manager
EDWARD L. ZINDORF...Assistant Manager

FEDERAL WAY

1436 South 312th Street, Federal Way 98003 ■ VE 9-1010

RICHARD G. MONSON...Manager
REX WALLACE...Assistant Manager
KENNETH R. WEIDERSTROM...Assistant Manager
CARLTON J. NAGEL...Pro Manager

HOQUIAM

727 Simpson Avenue, Hoquiam 98550 ■ GE 8-3480

JACK R. SIPILA...Vice-President and Manager
H. F. MESERVEY...Assistant Manager
EMMA D. EDINGER...Pro Manager
H. F. NELSON, JR...Pro Manager

KENT

505 West Meeker Street, Kent 98031 ■ UL 2-1234

ANDREW GIGLI...Vice-President and Manager
RICHARD T. ALLEN...Assistant Manager
PHILIP L. DAVIS...Assistant Manager
FLOYD O. CAVANAUGH...Pro Manager

KIRKLAND

177 Central Way, Kirkland 98033 ■ VA 2-6021

SIDNEY P. GREGORY...Manager
RONALD R. GEORGE...Assistant Manager
HARRY RAATZ...Pro Manager

MOSES LAKE

203 East Third Avenue, Moses Lake 98837 ■ RO 5-3407

R. ALEX HOOD...Manager
J. TED WALTERS...Assistant Manager
GERALD M. HECKER...Assistant Manager
CONRAD TOBIN...Pro Manager

AGRICULTURAL REPRESENTATIVES

SERVING COLUMBIA BASIN AREA

(c/o Moses Lake Branch)

BRADLEY N. BISHOP
HOWARD V. COPENHAVER

MOUNTLAKE TERRACE

5703-232nd S.W., Mountlake Terrace 98043 ■ PR 6-9101

ROBERT SOURS...Manager
RODNEY S. PETRECHAK...Assistant Manager

OTHELLO

101 East Main Street, Othello 99344 ■ HU 8-2645

BRUCE E. BROUGHTON . . . Vice-President and Manager
ROBERT T. BONJOURNI . . . Assistant Manager
JAMES H. TAYLOR . . . Assistant Manager
EDWARD H. WILLBORN . . . Assistant Manager
MELBA B. GUNTER . . . Pro Manager

PASCO

203 North Fourth Avenue, Pasco 99301 ■ LI 7-3358

VIRGIL A. GAMLEM . . . Manager
C. ROBERT WILLIAMSON . . . Assistant Manager
DARREL GOODWIN . . . Assistant Manager

REDMOND

7541 Leary Way N.E., Redmond 98052 ■ TU 5-4153

WESLEY STOREY . . . Manager
ROBERT J. HANNAFORD . . . Assistant Manager

RENTON

858 South Second Street, Renton 98055 ■ BA 6-3020

B. G. MORRISON . . . Vice-President and Manager
FERRIS N. ANDERSON . . . Assistant Vice-President
ROBERT D. CORBIN . . . Assistant Manager
WILLIAM R. FAVRO . . . Assistant Manager
JOHN L. KOLODZIE . . . Assistant Manager
HAZELLE L. DuBOIS . . . Pro Manager

ROYAL CITY

100 South Evergreen, Royal City 99357 ■ DI 6-2233

LAWRENCE C. EBNER . . . Manager
C. DOUGLAS LONGFELLOW . . . Assistant Manager

SEATTLE AREA OFFICES

AURORA-MIDWAY

15555 Aurora Avenue No. 98133 ■ EM 4-5504

WALLACE G. MAY . . . Manager
C. DEAN CASE . . . Assistant Manager

BALLARD

5602 Fifteenth Avenue N.W. 98107 ■ MA 4-1010

HARRY MEANS . . . Vice-President and Manager
ASBJORN O. NORDHEIM . . . Assistant Manager
C. HARRY NORSTROM . . . Assistant Manager

BROADWAY

133 Broadway E. 98102 ■ MA 4-1010

ALBERT A. GREEN, JR. . . Vice President and Manager
KENT SUTTON . . . Assistant Manager

DEXTER AND BROAD STREET

530 Dexter Avenue North 98109 ■ MA 4-1010

ARCH N. CURRIER . . . Vice-President and Manager
EARL A. CRANDALL . . . Assistant Vice-President
CARMELA M. FACCONI . . . Assistant Manager
GARY A. POD . . . Assistant Manager

FIRST AVENUE

801 First Avenue 98104 ■ MA 4-1010

ELMER M. ANDERSON . . . Vice-President and Manager
JAMES A. HENWOOD . . . Assistant Vice-President
LINDA COOPERSTEIN . . . Assistant Manager
BARRY FOLLMAN . . . Assistant Manager
RICHARD W. MAIDER . . . Assistant Manager
JOHN MUNROE . . . Pro Manager

FIRST HILL

1122 Madison Street 98104 ■ MA 4-1010

M. S. DUNN . . . Vice-President and Manager
DONALD A. HEGGIE . . . Assistant Manager
TOM R. BLAIR . . . Assistant Manager
DOREEN WRIGHT . . . Pro Manager

MAGNOLIA

2426 Thirty-Second Avenue W. 98199 ■ MA 4-1010

HARRY A. TROUT . . . Manager
JAMES G. FULTON . . . Assistant Manager
KAYE B. JORDAN . . . Pro Manager

NORTH SEATTLE

6300 Roosevelt Way N.E. 98115 ■ MA 4-1010

GEORGE C. TROTTER . . . Vice-President and Manager
GLENN W. MATZ . . . Assistant Manager
ROLF K. RIEGER . . . Assistant Manager
EDNA KRANAK . . . Pro Manager

NORTH SEATTLE MOTOR-IN

1023 Northeast Sixty-Third Street 98115 ■ MA 4-1010

NORTHGATE PLAZA

10548 Fifth Avenue N.E. 98125 ■ EM 4-2880

THEODORE FROULA . . . Manager
JAMES W. CHRISTENSEN . . . Assistant Manager

RAINIER AND EMPIRE

2910 Rainier Avenue So. 98144 ■ PA 5-2850

ANSEL W. McCULLOUGH . . . Manager
ROBERT D. GASTON, JR. . . Assistant Manager

SOUTH SEATTLE

6520 Fourth Avenue So. 98108 ■ MA 4-1010

JOHN KING . . . Vice-President and Manager
W. L. BOATMAN . . . Assistant Vice-President
MERCIE D. YEAROUT . . . Pro Manager

THIRD AVENUE

1903 Third Avenue 98101 ■ MA 4-1010

MICHAEL R. MASTRO.....Vice-President and Manager
J. THOMAS KOHOUTEK.....Assistant Manager
GLADYS J. MILLER.....Pro Manager

WEST SEATTLE

4213 Southwest Alaska Street 98116 ■ MA 4-1010

FRITZ T. LINDE.....Vice-President and Manager
OTTO E. KRUEGER.....Assistant Manager
JAMES P. STARK.....Assistant Manager
PHILLIP H. SUCKERMAN.....Assistant Manager
DONALD F. WALIN.....Assistant Manager
EUNICE CARDER.....Pro Manager
ELISE A. TELLVIK.....Pro Manager

WEST SEATTLE MOTOR-IN

4200 Southwest Edmunds Street 98116 ■ MA 4-1010

SOAP LAKE

421 Main Avenue E., Soap Lake 98851 ■ CH 6-2300

JEAN T. FORTUN.....Manager
C. RODNEY POWELL.....Assistant Manager

SKYWAY PARK

12610 Seventy-Sixth Avenue So. 98178 ■ SP 2-4573

VERNON R. WIK.....Manager
JERRY S. BALL.....Assistant Manager

TACOMA AREA OFFICES

DAVID O. BECK.....Vice-President

PACIFIC AVENUE

2317 Pacific Avenue, Tacoma 98402 ■ BR 2-3178

N. S. PENROSE, JR.Manager
J. T. LEWIS.....Assistant Manager
JOAN COLGATE.....Pro Manager

SIXTH AVENUE AT PINE

607 South Pine Street, Tacoma 98444 ■ MA 7-8191

JAMES F. STEPP.....Assistant Vice-President
and Manager
DAVID W. LANGLEY.....Assistant Manager

12TH & "K" STREET

1123 South "K" Street, Tacoma 98405 ■ FU 3-2555

DAVID S. COOMBER.....Manager
DENNIS C. TESCH.....Assistant Manager

TUKWILA-ANDOVER PARK

151 Andover Park E., Seattle 98188 ■ CH 6-1626

LYLE M. SANDELIUS.....Assistant Vice-President
and Manager
DONALD T. DAVIES.....Assistant Manager

VASHON ISLAND

Vashon 98070 ■ HO 3-9161

DEAN GULLIKSON.....Manager
FORREST JOHNSON.....Assistant Manager
DONNA SINGER.....Pro Manager

WARDEN

116 South Main Street, Warden 98857 ■ FI 9-2351

VINCENT J. JOLLO.....Manager
HELEN AARSTAD.....Pro Manager
BLANCHE STRANG.....Pro Manager

WEST RENTON

707 Rainier Avenue South, Renton 98055 ■ SP 2-4550

DONALD E. BROWN.....Manager
JOSEPH REES.....Pro Manager

LIMITED HOURS BRANCHES

These Branches are presently served by a
Mobile Banking Unit

DUANE B. RAGSDALE.....Manager
MICHAEL A. AHMANN.....Pro Manager

GEORGE

P.O. Box 5, George 98824

MATTAWA

P.O. Box 875, Mattawa 99344

MESA

P.O. Box 124, Mesa 99343

WASHTUCNA

P.O. Box 664, Washtucna 99371

WILSON CREEK

P.O. Box 26, Wilson Creek 98860



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