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**PEOPLES**  
**NATIONAL BANK**  
**OF WASHINGTON**

1967 Annual Report



# ANNUAL REPORT

## 1967

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## HIGHLIGHTS OF THE YEAR

### FOR THE YEAR

	1967	1966
Gross Operating Income.....	\$ 21,667,030	\$ 18,624,371
Net Operating Earnings Before Federal Income Taxes.....	4,489,859	3,859,559
Net Operating Earnings After Federal Income Taxes.....	3,134,859	2,812,559
Per Share (based on 468,900 shares) *	6.69	6.00
Cash Dividends Paid.....	633,015	562,908
Per Share (Par Value \$20) .....	1.50	1.50

### AT YEAR END

Total Resources .....	\$399,800,124	\$342,653,070
Deposits .....	365,154,407	312,744,191
Loans .....	214,231,416	189,394,862
Securities .....	108,358,858	89,366,741
Capital Funds .....	26,582,339	24,514,640
Book Value Per Share (Excluding Reserves) *	56.69	52.28
Number of Shareholders.....	1,166	1,145
Number of Staff.....	865	780
Number of Banking Offices.....	42	41

\*The 1966 figure has been adjusted to the present 468,900 shares outstanding to give effect to the 25% stock dividend paid on February 17, 1967.



## TO OUR STOCKHOLDERS

It is gratifying to report that 1967 marked further gains in all phases of your bank's activities. The figures on the opposite page furnish to you the highlights of your bank's progress.

It is our feeling that the substantial growth in deposits reflects the strong economic activity in the Pacific Northwest as well as an aggressive policy on the part of the bank to attract new business and better serve our customers.

The increase in demand for loans also reflects strengthening of the economy of our state. Though loan totals have declined somewhat from their high of the last quarter, we are anticipating a strong demand for money, both locally and nationally, during the coming year. The present trend of interest rates is upward and remains strong commensurate with the higher cost of time deposits. It has been our determined policy to maintain a position of relative liquidity in order to be able to take care of the borrowing needs of our customers.

The customers of today demand new and improved banking services and to meet this challenge a number of programs were initiated in 1967 and more are now in the process of being developed. Details are shown in other sections of this report.



Your management continues to stress the importance of providing up-to-date, convenient and inviting physical facilities in all of our locations, thus augmenting our determination to give the best service of any bank in the area.

At the Annual Stockholders' Meeting in January we were pleased to welcome as new directors of our Board, Dale Smith, General Manager of Western Farmers Association, and Harry S. Goodfellow and E. C. Underhill, Senior Vice Presidents of the bank. At the regular Board Meeting which followed, Harold A. Rogers was elected President to succeed E. L. Blaine, Jr. who had attained retirement age in 1966. During the course of the year, six vice presidents were elevated to the title of senior vice president with increased responsibilities and authority.

In accordance with the established retirement policy for directors, the status of Bennett Baldy, George Comstock and Carl Schafer will change from active members of the Board on January 30, 1968 to Advisory Directors so that we may continue to benefit from their wise guidance and counsel.

To our Stockholders and Directors, we express our sincere appreciation for their fine cooperation and support. In the year ahead we pledge the best efforts of management and staff and re-emphasize our desire and determination to continue to make your bank a better bank.

  
CHAIRMAN OF THE BOARD

  
PRESIDENT



## THE YEAR IN REVIEW

### EARNINGS

In 1967, net operating earnings were \$3,134,859. This was \$322,300 or 11.5 per cent higher than 1966 net earnings. Based on the present outstanding shares of 468,900, net operating earnings were \$6.69 per share in 1967 compared with \$6.00 in 1966—an increase of \$0.69 per share.

After provision for Federal income taxes and the addition of \$550,000 to the Reserve for Possible Loan Losses, the amount of net profits transferred to the Undivided Profits account was \$2,896,470 compared to \$2,608,740 in 1966—an increase of \$287,730 or 11.0 per cent.

### OPERATING REVENUES

For the second consecutive year, loan volume expanded at a high rate, and this expansion, together with improved rates, resulted in a substantial increase in loan income of \$2,094,839.

In addition, the average holdings in investment securities increased, and this, together with higher yields, resulted in additional interest income from this source of \$427,700 over 1966.

Increases were experienced in revenue from service charges, trust commissions, and other fees with the total income from all sources amounting to \$21,667,030 for the year.

### OPERATING COSTS

Total operating costs were \$17,177,171 in 1967—an increase of \$2,412,359 over the previous year. The principal factor in this rise was a heavier interest cost on time deposits of \$1,295,583 or 24.3 per cent over last year. This increased cost was attributable to the substantial growth in total time deposits, together with the necessity of paying higher rates.

Salary costs, employee benefits and all other operating expenses were higher by \$1,116,776 or 11.8 per cent. All of these increases reflect the very large volume of customer business handled, as well as the continued upward pres-

sure on salary rates. Controls and other measures are being continually applied in order to minimize these expenses.

### DEPOSITS

Demand deposits in all the major classifications increased during the year. At year end these deposits amounted to \$190,980,523 compared with \$169,539,292 in 1966, an increase of \$21,441,231 or 12.7 per cent.

Growth in time deposits represented a very significant source of funds both for loans and investments. On December 31, 1967, these deposits amounted to \$174,173,884, which was \$30,968,985 greater than the 1966 figure. All categories of time deposits showed satisfactory growth, with the principal gain being in Time Certificates of Deposit of both individual and corporate depositors.

Total deposits by year end were \$365,154,407, which establishes a new record for our bank.

### CAPITAL FUNDS

On February 17, 1967, a 25 per cent stock dividend of 93,780 shares was paid. These new shares resulted in there being 468,900 total shares presently outstanding and a capital stock account of \$9,378,000. Through a transfer of \$1,124,400 from Undivided Profits to Surplus, the Present Surplus account amounts to \$10,622,000, thus giving our bank a combined Capital and Surplus account of \$20,000,000.

Net profits for 1967 of \$2,896,470 were transferred to Undivided Profits, and after payment of dividends and other transfers, the total in this account was \$6,582,339 at year end. Thus, total capital funds now stand at \$26,582,339 compared to \$24,514,640 at the end of 1966.

### LOANS AND INTEREST RATES

The expanding economic growth in our trading area continued during 1967 and created the strongest demand for credit that we have yet experienced. The gain of \$24,836,554 or 13.1 per cent was the largest in our history. Com-



mercial, real estate, and consumer loans contributed to this gain.

This year our bank pursued an aggressive course of action in the mortgage lending field. This is reflected in a sizable increase in number and dollar volume of real estate loans.

We entered into a new field by establishing the Mortgage Servicing Division of Peoples National Bank. This service involves originating extended-term conventional, as well as Government-insured and guaranteed, real estate loans of all types, which are then sold to investors throughout the nation with the servicing of these loans being retained by the bank and our customer relationship maintained.

In the area of consumer credit, a new service—Peoples Ready Reserve—was introduced in November. The acceptance of this program of personal revolving lines of credit by our de-

positors has been very encouraging. It is expected that this expanded checking account service will contribute to our growth in the coming months and will attract new customers to our bank.

## INVESTMENTS

With funds from substantially higher deposit totals, we have been able to continue the program, followed for the last several years, of adding to our holdings of state and municipal bonds. This part of our account stands at 12.57 per cent of total resources. The purchases of high quality issues during a year when bond rates climbed to higher levels, have increased the average fully taxable equivalent yield from 6.18 per cent to 6.46 per cent and slightly shortened the average maturity to nine years and nine months.

HONORARY CHAIRMAN OF THE BOARD  
*Joshua Green*



ADMINISTRATIVE COMMITTEE

*Harry S. Goodfellow, Robert G. Perry, Harold A. Rogers, E. C. Underhill, Joshua Green, Jr.*





At year end, the government bond account represented 13.38 per cent of total resources: 75.25 per cent due within one year and 99.48 per cent within five years, with an average maturity of eleven months, and a yield at year-end before taxes of 5.15 per cent.

United States government obligations with a par value of \$16,754,000 and \$26,145,000 in state and municipal bonds are pledged to secure public and trust funds as required by law.

### **TRUST DEPARTMENT**

1967 was a year of record expansion in number of accounts, additional services, and earnings for the Trust Department.

A growing number of leading corporations in Washington have chosen Peoples National Bank as trustee for their corporate retirement programs. Recent tax legislation has enabled the department to establish a common trust fund for pension or profit sharing plans for self-employed individuals.

The emphasis on new business development was increased in 1967 with a separate "New Business" division formed to better meet the needs of our customers.

The growth and success in the field of trust services depends upon our ability to maintain a high standard of performance and to recognize and fulfill the personal needs of our customers.

### **INTERNATIONAL BANKING**

Our International Department, assisting both travelers and businessmen, issues Import and Export Credits, Travelers Letters of Credit, buys and sells foreign currencies, and transfers funds abroad. As our customers find new markets overseas and new supplies of raw materials and finished products, we are prepared to increase substantially our activities during the next year. The continued growth and di-

versification of business in the Northwest will place greater demands on this department to continue its high level of service.

### **COMPUTER CENTER**

During 1967 we continued to streamline the operating procedures of our bank. In anticipation of more advanced computer equipment (1968 delivery), our energy has been directed to new systems for processing the Trust Department records, demand deposit accounting, savings and time account records, real estate loans, instalment loans, commercial loans, and basic management information. The Computer Department has also been performing accounting work for various correspondent banks and commercial customers on a contract basis, always with the profit potential an important consideration.

### **PERSONNEL**

Our staff as of the year end consists of 198 officers and 667 employees. The policy of promoting from within has resulted in twenty-four new official titles being approved. Six of these titles were granted to women employees.

We are now actively recruiting in Washington State colleges and universities and during the year thirty-one management trainees were added to the staff. Turnover for the entire staff decreased by approximately twelve per cent in 1967 and this stabilizing effect has improved the service to our customers. Basic medical plans and other benefits are continually being improved. We are extremely proud of the fact that we continue to employ capable people of all races.

On June 13th our bank inaugurated a new and unusual program—Peoples' Community College. While schools for employees in banks are not unusual, a program like Peoples' Community College is unique in its approach to the staff member as an individual. The classes cover the broad range of banking plus personal



#### DIRECTORS

*F. S. Foster, Carl A. Schafer,  
John M. Fluke, R. G. Bourgaize,  
Thomas H. Youell, M. L. Bean, Walter L. Wyckoff,  
Dale Smith, J. A. Green*

communication and self-improvement, and are conducted by outside professionals as well as senior administrative bank officers.

### MARKETING AND BUSINESS DEVELOPMENT

1967 was the best year to date in the results obtained through our Employee Sales Development Program. Dollar volume of new accounts brought in by our employees was in excess of 5 million dollars and represented over 4,500 new accounts for our bank. This program, a consistently growing source of new customers for all types of banking services, will be accelerated even further in 1968.

Correspondent activity continued to expand this year as several banks established valued relationships with us. A major effort is constantly directed toward making the services of all our departments available to banks in Washington and neighboring states.

### BUILDING IMPROVEMENTS AND BRANCH EXPANSION

This year has been an active one with respect to construction and remodeling at a number of branch locations. Completed were fine new buildings for our Renton and Mountlake Terrace offices, a major remodeling of our West Seattle Branch, and substantial expansion of the quarters at Federal Way.

Major construction to be completed in 1968 includes a new building for our Kent Branch, our new Tukwila Branch in Andover Industrial Park, and a new Computer Center. Several proposals for the development of the First Avenue and Columbia Street property are being studied and every effort will be made in 1968 to finalize this program.

Renovations in 1968 will include Main Office, Northgate Plaza, Othello and Sixth Avenue at Pine in Tacoma. Property development studies are being made for the relocation of our Bellevue, North Seattle and Anacortes branches.





## ECONOMIC OUTLOOK

It is impossible not to feel extremely optimistic about the economic prospects in this area during 1968.

Despite national and international problems resulting from devaluation of the British pound, uncertain prospects of increases in personal and corporate taxes, and the fear of higher interest rates, a number of strong positive factors are contributing to a sound economy for our state.

A measure of the relative position of the Seattle-Everett-Tacoma metropolitan areas to that of other West Coast centers may be found in the projected estimates of 1967 and 1968 housing starts published by the National Association of Home Builders. In these three counties the 1967 starts were 27,800 compared to 17,040 in 1966 and 12,248 in 1965. This projection compares to the following areas in 1967—an estimated 18,000 in the Los Angeles area, 16,000 in the San Francisco-Oakland area, and only 7,500 in the Portland area which includes Vancouver, Washington. Housing starts were projected by the Association to be approximately 28,000 during 1968.

Expected higher interest rates, stimulated by the possibility of additional Federal credit restraints, may reduce the projected housing starts here; but even so, this reduced figure would represent a very active housing industry.

New industry should continue to come to Puget Sound, encouraged by rising population, above average income and a highly skilled labor pool. It is almost axiomatic that industrial and commercial expansion seek out major centers of population growth and our area is beginning to be recognized nationally for its continuing growth potential. Our bank recognizes the importance of these companies to our local economy. We visit their executive headquarters in order to encourage their activity in this area and use of our banking facilities. In numerous cases we have granted lines of credit to these national firms.

Compared to norms of employment in the past several years, the annual rate of growth should be very satisfactory in 1968. Our economy reflects a 30 per cent increase in employment over that of three years ago, in addition to a nearly 20 per cent larger population.



There are some negative influences that will affect next year. While prospects for lumber and plywood may be somewhat better for 1968 than they were during most of 1967, the industry next year will continue to operate well below maximum volume.

The importance of foreign trade to the Washington economy cannot be over emphasized. While exports represent only seven per cent of the national economy, in this state they equal more than twenty per cent of the total. They are led, of course, by exports of jet aircraft followed by wheat, pulp and paper products. To the extent that they move into countries with devalued currencies, they will now have a higher cost figure and thus be subject to stronger competition.

In view of the significance of our export trade to the State of Washington, it seems particularly important that we encourage those measures which will bring new industries to our state.

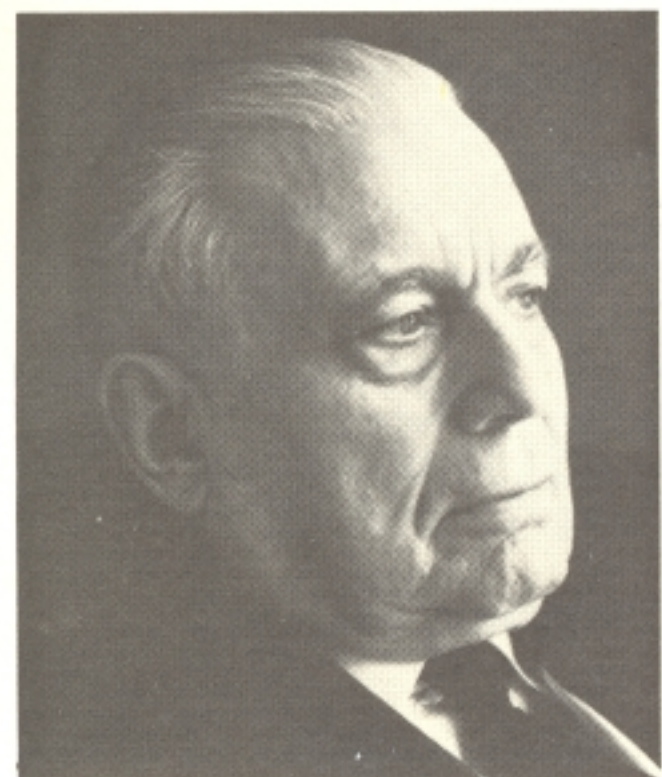
The volume of corporate bond offerings should continue to remain high with yields fluctuating not far from their current peaks.

The demand for funds is expected to become very strong in 1968 as corporations look to the commercial banks for more credit than they have in the past several months.

Acknowledging these problems, the economy of Washington State should continue to be very good during the coming year and reflect an increasing pattern of outstanding growth.

#### DIRECTORS

*Garrett Eddy; Louis K. Bye, Ben E. Bowling*



#### DIRECTORS

*Bennett Baldy; Sidney Campbell, Alan B. Ferguson; George K. Comstock*



# COMPARATIVE STATEMENT OF CONDITION

Year Ended December 31

## RESOURCES

	1967	1966
Cash and Due from Banks.....	\$ 70,424,150	\$ 56,741,800
Investments:		
U. S. Government Direct Obligations.....	53,501,308	50,082,880
State, County and Municipal Securities.....	50,253,050	38,652,952
Federal Agencies Obligations.....	3,999,000	—
Other Securities.....	605,500	630,909
Investment Securities Reserve (Tax Paid).....	(649,565)	(572,507)
	107,709,293	88,794,234
Loans and Discounts.....	214,231,416	189,394,862
Reserve for Possible Loan Losses.....	(3,585,903)	(3,109,255)
Customers' Liability Account Acceptances and Letters of Credit.....	1,793,554	2,895,625
Equipment Under Customer Lease.....	381,836	417,972
Bank Premises, Improvements and Equipment, Less Depreci- ation Reserves of \$5,185,964 in 1967 and \$4,595,264 in 1966...	7,902,913	6,562,568
Other Resources .....	942,865	955,264
TOTAL RESOURCES .....	<u>\$399,800,124</u>	<u>\$342,653,070</u>

## LIABILITIES

Demand Deposits .....	\$190,980,523	\$169,539,292
Time Deposits:		
Regular Savings .....	122,558,182	118,349,957
Other Time .....	51,615,702	24,854,942
TOTAL DEPOSITS .....	\$365,154,407	\$312,744,191
Acceptances and Letters of Credit.....	1,793,554	2,895,625
Dividends Payable .....	468,900	375,120
Accrued Taxes and Expenses.....	1,649,893	1,468,872
Income Collected but Not Earned.....	1,058,836	654,622
Other Liabilities .....	3,092,195	—
TOTAL LIABILITIES .....	<u>\$373,217,785</u>	<u>\$318,138,430</u>
Equity Capital:		
Capital Stock—\$20 Par Value, Authorized and Outstanding —468,900 Shares in 1967 and 375,120 Shares in 1966.....	9,378,000	7,502,400
Surplus .....	10,622,000	9,497,600
Undivided Profits .....	6,582,339	7,514,640
TOTAL CAPITAL FUNDS .....	<u>\$ 26,582,339</u>	<u>\$ 24,514,640</u>
TOTAL LIABILITIES AND CAPITAL FUNDS.....	<u>\$399,800,124</u>	<u>\$342,653,070</u>

See also comments in Year in Review



## COMPARATIVE STATEMENT OF EARNINGS

Year Ended December 31

### OPERATING INCOME

	1967	1966
Interest and Fees on Loans.....	\$ 14,006,276	\$ 11,911,437
Interest and Dividends on:		
U. S. Government Direct Obligations.....	2,106,113	1,714,153
State, County and Municipal Securities.....	1,369,560	1,184,116
Other Securities .....	120,007	269,711
	<u>\$ 17,601,956</u>	<u>\$ 15,079,417</u>
Service Charges on Deposit Accounts.....	\$ 2,509,354	\$ 2,254,917
Trust Department Income.....	721,081	595,910
Other Operating Income.....	834,639	694,127
	<u>\$ 21,667,030</u>	<u>\$ 18,624,371</u>

### OPERATING EXPENSES

Salaries and Bonuses.....	\$ 5,719,365	\$ 5,038,675
Profit Sharing and Other Employee Benefits.....	705,357	629,162
Interest Paid .....	6,628,301	5,332,718
Net Occupancy Expenses.....	862,864	782,480
Equipment Rentals, Depreciation and Maintenance.....	756,355	871,145
Other Operating Expenses.....	2,504,929	2,110,632
	<u>\$ 17,177,171</u>	<u>\$ 14,764,812</u>

OPERATING EARNINGS BEFORE FEDERAL INCOME TAXES....	\$ 4,489,859	\$ 3,859,559
Provision for Federal Income Taxes on Operating Earnings....	1,355,000	1,047,000
NET OPERATING EARNINGS (Note A).....	<u>\$ 3,134,859</u>	<u>\$ 2,812,559</u>
PER SHARE (Note B) .....	\$ 6.69	\$ 6.00
Nonoperating Income and (Deductions)		
Net of Income Tax Effect:		
Transfers to Reserve for Possible Loan Losses.....	(286,000)	(284,000)
Profit (Loss) on Sale of Securities.....	( 21,654)	4,477
Accretion of Discount on U. S. Government Securities Prior Years.....	—	75,704
Transfers from Investment Securities Reserve .....	24,918	—
Other Recoveries .....	44,347	—
NET NONOPERATING DEDUCTIONS.....	<u>\$ (238,389)</u>	<u>\$ (203,819)</u>
NET PROFIT TRANSFERRED TO UNDIVIDED PROFITS.....	<u>\$ 2,896,470</u>	<u>\$ 2,608,740</u>

#### Notes:

A. Includes accretion of Bond Discount Net of Income Tax of \$208,270 in 1967 and \$226,765 in 1966.

B. The 1966 figure has been adjusted to the present 468,900 shares outstanding to give effect to the 25% stock dividend paid on February 17, 1967.

See also comments in Year in Review



## STATEMENT OF CHANGES IN CAPITAL ACCOUNTS

	Year Ended December 31	
	1967	1966
Balance at Beginning of Year.....	\$ 24,514,640	\$ 22,742,474
Transferred from Statement of Earnings.....	2,896,470	2,608,740
Refund of Over-Payment Made on Estimated 1965 Federal Income Tax.....	—	26,334
	<u>27,411,110</u>	<u>25,377,548</u>
Deduct:		
Cash Dividends Declared —		
\$1.50 Per Share on Shares Outstanding in Each Year.....	703,350	562,680
25c Per Share on 93,780 Shares Issued as Stock Dividend on February 17, 1967.....	23,445	—
Transfers, Net, to Investment Securities Reserve.....	101,976	300,228
	<u>828,771</u>	<u>862,908</u>
BALANCE AT END OF YEAR .....	<u>\$ 26,582,339</u>	<u>\$ 24,514,640</u>

## STATEMENT OF CHANGES IN RESERVE FOR POSSIBLE LOAN LOSSES

Balance at Beginning of Year.....	\$ 3,109,255	\$ 2,594,674
Loan Losses, Net of Recoveries, Charged to Reserve.....	(73,352)	(31,419)
Additional Provision During Year.....	550,000	546,000
BALANCE AT END OF YEAR .....	<u>\$ 3,585,903</u>	<u>\$ 3,109,255</u>

## STATEMENT OF CHANGES IN INVESTMENT SECURITIES RESERVE

Balance at Beginning of Year.....	\$ 572,507	\$ 272,279
Decrease Per Statement of Earnings.....	( 24,918)	—
Transfers to Undivided Profits.....	(106,294)	(2,241)
Transfers from Undivided Profits of Discount Accreted on U. S. Government Securities (Less Provision for Deferred Taxes)		
Prior Years .....	—	75,704
Current Year .....	208,270	226,765
BALANCE AT END OF YEAR .....	<u>\$ 649,565</u>	<u>\$ 572,507</u>

See also comments in Year in Review



## 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
*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
HARRY S. GOODFELLOW	Senior Vice-President
J. A. GREEN	Senior Vice-President
*HOWARD H. HANSEN	Seattle
*CECIL E. JENKS	Seattle
THOMAS H. MACBRIDE	Attorney at Law
*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

Secretary to the Board, ROBERT G. PERRY . . . . Senior Vice-President and Cashier



**DIRECTORS:** *Thomas H. Macbride, P. A. Strack, E. L. Blaine, Jr.*



10-YEAR SUMMARY 1958-1967

AVERAGE EARNING RATES

(Fully Taxable Basis)

	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958
Total Loans .....	6.84%	6.56%	6.15%	6.16%	6.13%	6.22%	6.30%	6.23%	5.95%	5.71%
U.S. Government Securities .....	4.59	4.47	3.92	3.72	3.55	3.35	3.06	3.02	2.87	2.58
State, County and Municipal Securities .....	6.46	6.18	6.10	6.24	6.38	6.25	5.79	5.71	5.33	5.04
Gross Rate on Earning Assets .....	5.88	5.70	5.33	5.29	5.28	4.88	4.87	4.92	4.66	4.31

EARNINGS AND DIVIDEND STATISTICS

Operating Income .....	\$ 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	\$ 8,971,102
Operating Expenses .....	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	6,541,017
Net Operating Earnings										
After Income Taxes .....	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	1,334,085
Dividends Declared .....	726,795	562,680	562,680	562,680	562,680	468,900	472,675	380,500	387,500	300,000

PER SHARE STATISTICS\*

Operating Income .....	\$46.21	\$39.72	\$34.52	\$31.63	\$30.02	\$27.86	\$25.33	\$24.42	\$22.70	\$19.94
Operating Expenses .....	36.63	31.49	28.41	24.80	24.06	21.61	19.14	17.75	16.68	14.54
Net Operating Earnings										
After Taxes .....	6.69	6.00	4.27	4.32	3.84	3.67	3.60	3.70	3.56	2.96
Book Value .....	56.69	52.28	48.50	46.93	44.05	41.68	38.58	36.74	32.89	31.37

KEY RATIOS

(Based on Year End Figures)

Net Operating Earnings to Total Resources .....	.78%	.82%	.62%	.68%	.64%	.62%	.66%	.72%	.72%	.62%
Net Operating Earnings to Capital Funds .....	12.79	12.37	9.10	9.80	9.27	9.64	10.01	11.26	11.34	10.20
Capital Funds to Deposits .....	7.28	7.84	7.65	8.10	8.08	7.71	7.65	7.87	7.23	7.05
Capital Funds to Loans .....	12.41	12.94	13.21	14.53	14.52	15.03	16.26	15.65	14.45	15.54
Loans to Deposits .....	58.67	60.56	57.88	55.77	55.63	51.35	47.07	50.29	50.06	45.40

DEPOSITS AT YEAR END

Demand Deposits .....	\$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	\$133,154,566
Time Deposits .....	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	66,963,629
Total Deposits .....	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	200,118,195

LOANS AT YEAR END

Commercial Loans .....	\$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	\$ 45,865,781
Real Estate Loans .....	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	28,654,411
Consumer Credit Loans .....	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	17,518,458
Total Loans .....	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	92,038,650

SECURITIES AT YEAR END

U.S. Government Obligations .....	\$ 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	\$ 63,624,317
State, County and Municipal Bonds .....	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	15,441,348
Other Securities .....	4,604,500	630,909	589,841	548,772	495,000	3,450,000	369,000	300,000	1,756,501	1,702,760
Total Securities .....	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	80,768,425

\*Adjusted for stock dividends



## ADVISORY DIRECTORS TO THE BOARD



C. L. YOST



WARREN H. BEAN



STEPHEN C. PHIPPS



CECIL E. JENKS



C. H. CARLANDER



KENNETH B. COLMAN



HOWARD HANSEN



## OFFICES AND PERSONNEL

### HEAD OFFICE

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  
\*HARRY S. GOODFELLOW.....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  
WILLIAM HARISBERGER.....Vice-President  
ROBERT A. HARRIS.....Vice-President  
JOSHUA GREEN, III.....Assistant Vice-President  
ROCKWELL R. WILLSON.....Assistant Vice-President  
JOHN D. McMASTERS.....Assistant Cashier

\*Administrative Committee Member

### CASHIERS DEPARTMENT

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

### COMPUTER CENTER

Z. T. SZATROWSKI.....Vice-President  
GENE R. FRANCISCO.....Assistant Cashier  
PAUL E. IRISH.....Assistant Cashier  
RICHARD W. KRIEGER.....Assistant Cashier  
MURIEL H. NELSON.....Assistant Cashier

### INTERNATIONAL DEPARTMENT

WILLIAM F. BREITEN.....Vice President

### INVESTMENT DEPARTMENT

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

### MARKETING AND BUSINESS DEVELOPMENT DEPARTMENT

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

### METHODS AND SYSTEMS DEPARTMENT

VICTOR D. COUPEZ.....Assistant Vice-President  
RONALD R. GEORGE.....Assistant Cashier

### MORTGAGE SERVICING DIVISION

JAMES G. CAIRNS, JR.....Assistant Vice-President  
WILLIAM H. NYBERG.....Assistant Cashier  
CHARLES W. MOORE.....Senior Appraiser

### PERSONNEL DEPARTMENT

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

### TRUST DEPARTMENT

WALTER T. BAGNALL.....Vice-President and  
Senior Trust Officer  
EDWIN R. MACKAY....Vice President and Trust Officer  
O. RAY COWIN.....Trust Officer  
\*ROBERT L. HILDRETH.....Trust Officer  
DEXTER H. PINKMAN.....Trust Officer  
E. GENE TRENEER.....Trust Officer  
WILLIAM L. WILTON.....Trust Officer  
ELDON C. SCHMAD.....Trust Auditor  
STEPHEN M. DAVIS.....Assistant Trust Officer  
JOHN P. GLASE.....Assistant Trust Officer  
JOHN T. GORMAN.....Assistant Trust Officer  
DAVID L. HENWOOD.....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

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

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

### AUDITING DEPARTMENT

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

### LOAN EXAMINING DEPARTMENT

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

### ADJUSTMENT DEPARTMENT

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

### GENERAL ASSIGNMENT

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



## MAIN OFFICE

1414 Fourth Avenue, Seattle 98111 ■ MA 4-1010

JAMES H. RECKERS...Senior Vice-President and Manager  
M. CLARE GEDDES.....Senior Vice-President  
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  
ADA L. HEADLEY.....Assistant Cashier  
TERRY M. MAHER.....Assistant Cashier

## SEATTLE OFFICES

### AURORA MIDWAY

15555 Aurora Avenue No. 98133 ■ EM 4-5504

WALLACE G. MAY.....Manager  
WILLIAM M. ANDERSON, JR.....Assistant Manager

### BALLARD

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

HARRY MEANS.....Vice-President and Manager  
RICHARD G. MONSON.....Assistant Manager  
ASBJORN O. NORDHEIM.....Assistant Manager

### BROADWAY

133 Broadway E. 98102 ■ MA 4-1010

ALBERT A. GREEN, JR.....Vice President and Manager  
DEAN GULLIKSON.....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 Manager  
CARMELA M. FACCONI.....Assistant Manager  
ROBERT D. GASTON, JR.....Assistant Manager  
GARY A. POD.....Pro Manager

### FIRST AVENUE

801 First Avenue 98104 ■ MA 4-1010

ELMER M. ANDERSON.....Vice-President and Manager  
MARVIN R. VERNON.....Vice-President  
C. DEAN CASE.....Assistant Manager  
RICHARD W. MAIDER.....Assistant Manager  
ROLF K. RIEGER.....Assistant Manager

### FIRST HILL

1122 Madison Street 98104 ■ MA 4-1010

M. S. DUNN.....Vice-President and Manager  
DONALD A. HEGGIE.....Assistant Manager  
WILLIAM J. ARMBRUSTER.....Pro Manager  
TOM R. BLAIR.....Pro Manager

## MAGNOLIA

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

HARRY A. TROUT.....Manager  
JAMES G. FULTON.....Assistant Manager

## NORTH SEATTLE

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

GEORGE C. TROTTER.....Vice-President and Manager  
DONALD E. BROWN.....Assistant Manager  
GLENN W. MATZ.....Assistant Manager  
JAMES R. OTEY.....Assistant Manager  
KENT SUTTON.....Assistant 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

JOSEPH E. TONERI.....Vice-President and Manager  
ANSEL W. McCULLOUGH.....Assistant Manager

## SOUTH SEATTLE

6520 Fourth Avenue So. 98108 ■ MA 4-1010

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

## THIRD AVENUE

1903 Third Avenue 98101 ■ MA 4-1010

MICHAEL R. MASTRO.....Vice-President and Manager  
WAYNE A. WAKEFIELD.....Assistant Manager  
GLADYS J. MILLER.....Pro Manager

## WEST SEATTLE

4213 Southwest Alaska Street 98116 ■ MA 4-1010

FRITZ T. LINDE.....Vice-President and Manager  
DONALD T. DAVIES.....Assistant Manager  
ELLIS K. HAMER.....Assistant Manager  
OTTO E. KRUEGER.....Assistant Manager  
JAMES P. STARK.....Assistant Manager  
DONALD F. WALIN.....Assistant Manager  
ELISE A. TELLVIK.....Pro Manager

## WEST SEATTLE MOTOR-IN

4200 Southwest Edmunds Street 98116 ■ MA 4-1010



## WESTERN WASHINGTON OFFICES

### ANACORTES

502 Commercial Avenue, Anacortes 98221 ■ CY 3-3151

FRED G. CARTWRIGHT.....Vice-President and Manager

FLOYD C. WALLER.....Assistant Manager

ROBERT J. BARCLAY.....Pro Manager

### BELLEVUE

12014 Northeast Eighth, Bellevue 98004 ■ GL 5-0240

JON B. BRADFORD.....Manager

RICHARD P. O'DONNELL.....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

RONALD L. PATTEN.....Manager

DEAN BROTT.....Assistant Manager

ROBERT R. WILSON.....Assistant Manager

### BURIEN

14641 First Avenue So. 98168 ■ CH 4-3876

DANIEL L. CARLO.....Manager

GERALD M. HECKER.....Assistant Manager

### EVERETT

1702 Hewitt Avenue, Everett 98201 ■ AL 2-5151

J. A. GREEN.....Senior Vice-President

ROLAND P. DIDDAMS.....Vice-President and Manager

DAVID R. HARDESTY.....Assistant Manager

O. A. OBERGOTTSBERGER.....Assistant Manager

EDWARD L. ZINDORF.....Assistant Manager

### FEDERAL WAY

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

LINCOLN L. McCOY.....Assistant Vice-President and Manager

RODNEY S. PETRECHAK.....Assistant Manager

KENNETH R. WEIDERSTROM.....Assistant 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

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

505 West Meeker Street (Effective approximately 3-1-68)

ANDREW GIGLI.....Vice-President and Manager

RICHARD T. ALLEN.....Assistant Manager

ROBERT D. CORBIN.....Assistant Manager

PHILIP L. DAVIS.....Assistant Manager

FLOYD O. CAVANAUGH.....Pro Manager

### KIRKLAND

177 Central Way, Kirkland 98003 ■ VA 2-6021

JAMES A. HENWOOD.....Manager

WILLIAM G. BURNETT.....Assistant Manager

SIDNEY P. GREGORY.....Assistant Manager

### MOUNTLAKE TERRACE

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

ROBERT SOURS.....Manager

HUBERT G. BEILFUS.....Assistant Manager

### REDMOND

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

WESLEY STOREY.....Manager

ROBERT J. HANNAFORD.....Pro 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 R. FARQUHAR.....Assistant Manager

WILLIAM R. FAVRO.....Assistant Manager

JOHN L. KOLODZIE.....Assistant Manager

JOHN P. MAZZA.....Pro Manager

### SKYWAY PARK

12610 Seventy-Sixth Avenue So. 98178 ■ PA 2-0573

VERNON R. WIK.....Manager

DALE A. LYSKI.....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

#### SIXTH AVENUE AT PINE

2816 Sixth Avenue, 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

#### TRUST REPRESENTATIVE

(c/o Pacific Avenue Branch)

ROBERT L. MORTENSEN....Assistant Trust Officer

### TUKWILA

151 Andover Park E., Seattle 98168 ■ CH 6-1626

LYLE M. SANDELIUS.....Assistant Vice-President

and Manager

MELEDATH GOPINATH .....Pro Manager

### VASHON ISLAND

Vashon 98070 ■ HO 3-9161

C. HARRY NORSTROM.....Manager

JAMES R. McCOLLEY.....Assistant Manager



## CENTRAL WASHINGTON OFFICES

### MOSES LAKE

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

R. ALEX HOOD.....Manager  
G. HOWARD ANDERSON.....Assistant Manager  
J. TED WALTERS.....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

### PASCO

203 North Fourth Avenue, Pasco 98301 ■ LI 7-3358

VIRGIL A. GAMLEM.....Manager  
C. ROBERT WILLIAMSON.....Assistant Manager  
H. JOHN PRICE.....Pro Manager

### OTHELLO

101 East Main Street, Othello 98344 ■ HU 8-2645

BRUCE E. BROUGHTON...Vice-President and Manager  
LAWRENCE C. EBNER.....Assistant Manager  
JAMES H. TAYLOR.....Assistant Manager  
MELBA B. GUNTER.....Pro Manager

### ROYAL CITY

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

DUANE B. RAGSDALE.....Manager  
C. DOUGLAS LONGFELLOW.....Assistant Manager

### SOAP LAKE

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

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

### WARDEN

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

VINCENT J. JOLLO.....Manager  
EDWARD H. WILLBORN.....Assistant Manager  
BLANCHE STRANG.....Pro Manager

### AGRICULTURAL REPRESENTATIVES

(c/o Moses Lake Branch)

BRADLEY N. BISHOP  
HOWARD V. COPENHAVER

### TRUST REPRESENTATIVE

(c/o Moses Lake Branch)

ROBERT L. HILDRETH.....Trust Officer

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