

Peoples Bancorporation

Annual Report 1984



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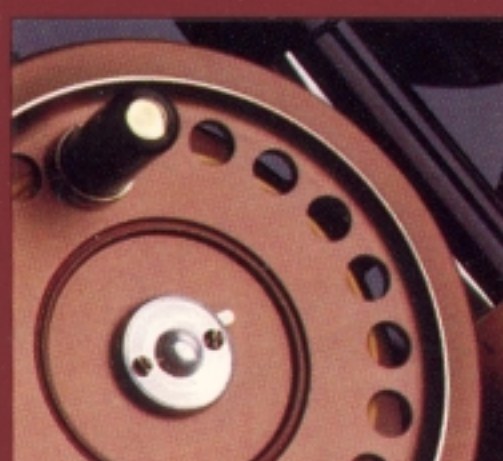
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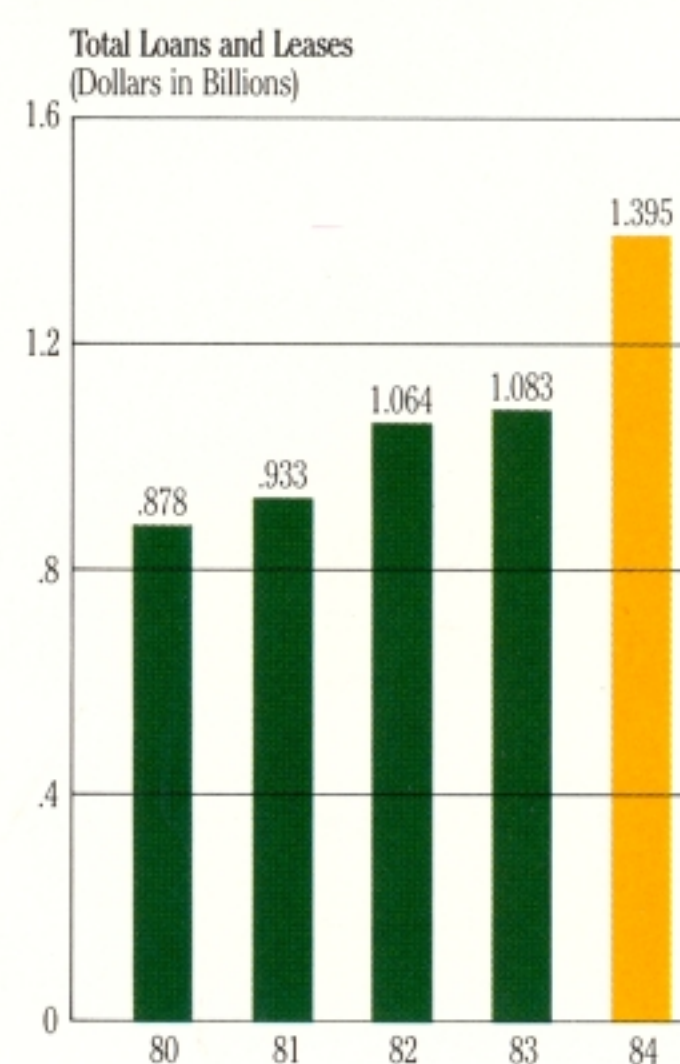
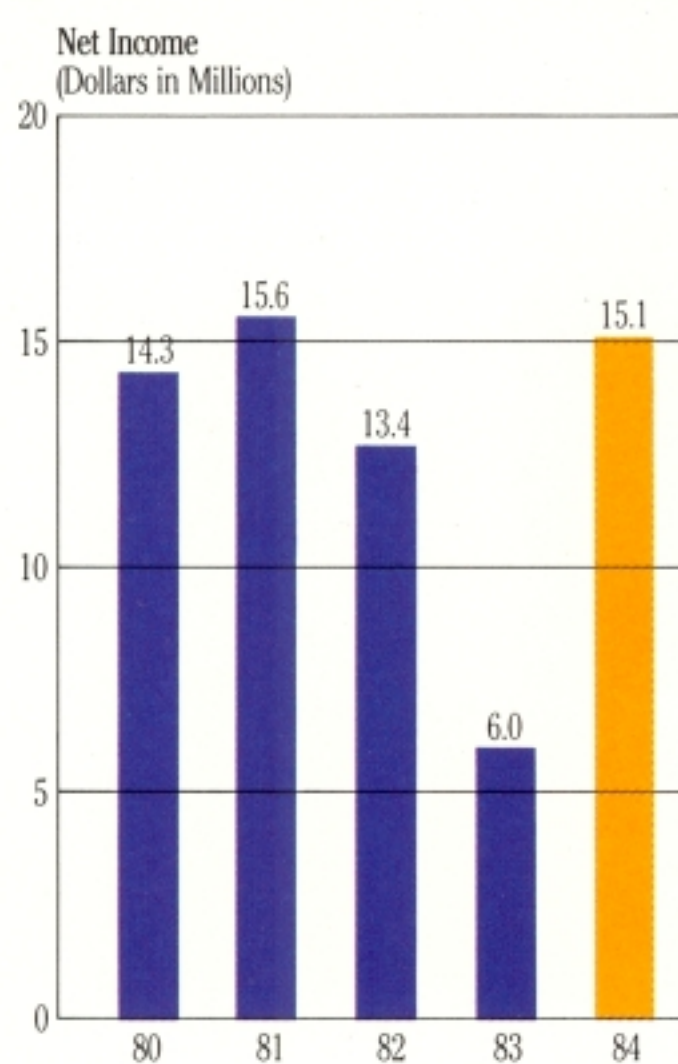


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Consolidated Financial Highlights

(In Thousands, Except Per Share)

	1984	1983	% Change
For the Year			
Net income	\$15,077	\$6,032	150%
Cash dividends declared	3,772	3,780	—
Per Share			
Net income	\$4.00	\$1.59	152%
Cash dividends declared	1.00	1.00	—
Book value	34.19	31.17	10
At Year-End			
Total assets	\$2,173,333	\$1,985,762	9%
Loans and leases	1,395,484	1,082,632	29
Investment securities	292,870	322,374	(9)
Deposits	1,786,551	1,744,049	2
Shareholders' equity	128,889	117,845	9



Letter To Shareholders

Earnings for 1984 were \$15,077,000, a healthy increase from 1983's performance of \$6,032,000. During the year, loans grew a record 28.9 percent with the majority of the growth in the business sector. Net chargeoffs declined from .55 percent of average loans in 1983 to .37 percent in 1984. Non-performing assets declined from 1.6 percent of total assets in 1983 to 1.0 percent

in 1984. Despite record growth in loans, we built our allowance for loan losses from .99 percent of total loans in 1983 to 1.08 percent in 1984. This represents a 40.3 percent or \$4,308,000 increase in our reserves.

During 1984, each quarter's earnings improved. For the second half of the year, the bank earned \$9,160,000. We are optimistic that we will be able to maintain or build the earnings levels established in the second half of 1984, which should result in a record year in 1985.

Our problem loan categories have dropped substantially. Including the sale of one loan in January, our total Latin American loan exposure has declined from \$11,597,000 to \$9,742,000, a very modest total for a regional bank headquartered in a trade sensitive port city.

During 1985, we anticipate further reductions in all categories of non-performing assets, as well as reductions in net charge-offs as a percentage of average loans. While each quarter may not be an improvement over the prior quarter, we anticipate that with projected strong loan growth and reasonable deposit growth, there will be general improvement in all sectors of profitability and loan quality during the year.

1985 will be a year of fine tuning the substantial changes that management has made to the bank in response to deregulation. Emphasis will be on sales training for branch personnel, and we will run several sales incentive campaigns to encourage growth in loans and consumer deposits. During the year we will



Joshua Green III
Chairman of the Board and Chief Executive Officer

encourage use of cash machines and point-of-sale terminals, speeding the trend toward electronic banking. At the moment, construction is underway for a new office in Issaquah and we are studying several additional sites for retail branch offices.

We are very proud of the election of our President, Jim Cairns, as President of the American Bankers Association. Jim has been faced with major decisions in this role, as banking is changing rapidly and the Executive Vice President and Manager of the Association has announced his retirement. Because of the timing of his election, Jim is playing a major role in shaping the management structure of the key association representing banking for the next several years. Jim's appearances on national television and numerous speaking appearances in our trade area are significantly benefiting both the banking industry and Peoples National Bank. Those of us on the home front, however, are looking forward to seeing more of him in 1986.

To capitalize on the many opportunities presented by the evolution occurring in the financial services industry, we have focused our attention over the past several years on six major businesses in which we are engaged. Strategies have been implemented for each which will enable us to achieve our overall market share and profitability objectives in an increasingly challenging environment. On the following pages, we introduce you to our consumer

banking, corporate banking, trust, money management, electronic banking, and mortgage banking businesses by highlighting the strategies we employ, the services we offer and the markets in which we operate. Most importantly, we introduce you to the Peoples people who manage these businesses and those who coordinate the front line sales efforts.

Peoples Salutes



J.G. Cairns, Jr.
President, American Bankers Association 1984-1985

I am very appreciative of our shareholders' support during the declining earnings year of 1983 and very heartened by your encouragement as our earnings recovered last year. During 1985, I am confident that you will be pleased with the earnings performance and improvements in the quality of service of this bank.

Joshua Green III



DIEBOLD TABS

This machine will accept these cards:



TRANSACTION RECORD

INSERT CARD
AS SHOWN
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WITHDRAW ONLY

Consumer Banking

Consumer Banking is the largest business in which Peoples is engaged—the consumer market accounts for over 65 percent of our total deposits. Nearly 250,000 families receive a variety of deposit, loan and general banking services from Peoples.

Our consumer banking efforts are concentrated in Washington State, which has over half of the Pacific Northwest's

... we have kept in mind our customers' fundamental need for quality service; for clear, concise information; and for convenience.



Elmer M. Anderson, Executive Vice President, Consumer Banking

population. For the past two decades, Washington's population growth has consistently exceeded that of the nation as a whole. In the past decade, the state's population grew twice as fast as the U.S.

average. This trend will continue, though to a lesser extent, in the 1980's, creating opportunities for further growth in our consumer banking business.

We are committed to providing a wide range of quality financial services to the consumer market. We recognize, however, that consumer needs vary according to income, age and a variety of other factors. We, therefore, strive to tailor our products to meet the unique needs of differing market segments.

Our goal in all markets is to cross-sell as many financial services as possible to each consumer customer in order to attract, maintain and enhance profitable and total relationships.

In our product design, we have kept in mind our customers' fundamental need for quality service; for clear, concise information; and for convenience.

Recent enhancements to our services reflect this philosophy.

We believe that it is critical to provide our customers with a comprehensive picture of their overall banking relationship. For some years, we have accomplished this through a

single, combined monthly statement. This year, as in years past, we have modified this statement to make it a more complete record of our customers' activity.

A 90 Minute Loan promotion which we introduced early last year has set a new standard for convenience and speed of response in consumer lending. The majority of our statewide offices are directly linked to



Consumer Banking Market Managers: (left to right) Howard W. Hagen, Vice President, North King County; Barry J. Follman, Vice President, Western Washington Outside King County; Lawrence C. Ebner, Vice President, Eastern Washington; Gloria Fulcher, Vice President, South King County; and Roger K. Meline, Vice President, Consumer Credit

centralized consumer credit centers in Western and Eastern Washington using high speed communications equipment, which transmits credit applications to the center and approved loan documents back to customer contact personnel in our branches. This efficient way to approve consumer loan requests, combined with an emphasis on selling all forms of consumer credit, contributed to overall consumer loan growth of \$55.7 million or 26.6 percent in 1984.

Our deposit services also continue to expand and improve. Deregulation has enabled us to offer consumers a wide range of deposit products that pay market rates of interest. Today, nearly 70 percent of our total deposits are in interest bearing accounts, as opposed to 53 percent five years ago. We recently added new investment options to our successful Individual Retirement Account. We now have about \$100 million in these deposits and in 1984 alone they grew by nearly 50 percent.

Enhancements to our products are only one way in which we are addressing the consumer market. We have also made use of advanced technology to deliver our services in new ways.

One example is the increasing use of our PeoplesBanking Card by our customers to access their accounts. We have set a goal of placing these cards in the hands of as many of our consumer customers as possible. These cards give our customers immediate recognition at our 90 offices across the state, as well as 24 hour access to 150 automated teller machines in Washington, 450 machines in the Pacific Northwest, and over 2,000 machines across the United States and Canada. We recently made this card even easier to obtain, enabled our customers to access even more services with the card, and added features that will give our customers more security in its use.

To make our automated teller machines even more accessible, we recently began installing ATMs in Associated Grocers and Safeway stores in a joint venture with Rainier Bank. We are seeking additional retail locations where our customers can make most use of these machines.

We are also increasingly using mail and telephone to deliver our services. We recently began a campaign to expand use of our Bank-by-Mail service and have provided our customers a convenient method to pay bills by phone called Home Banking 1.

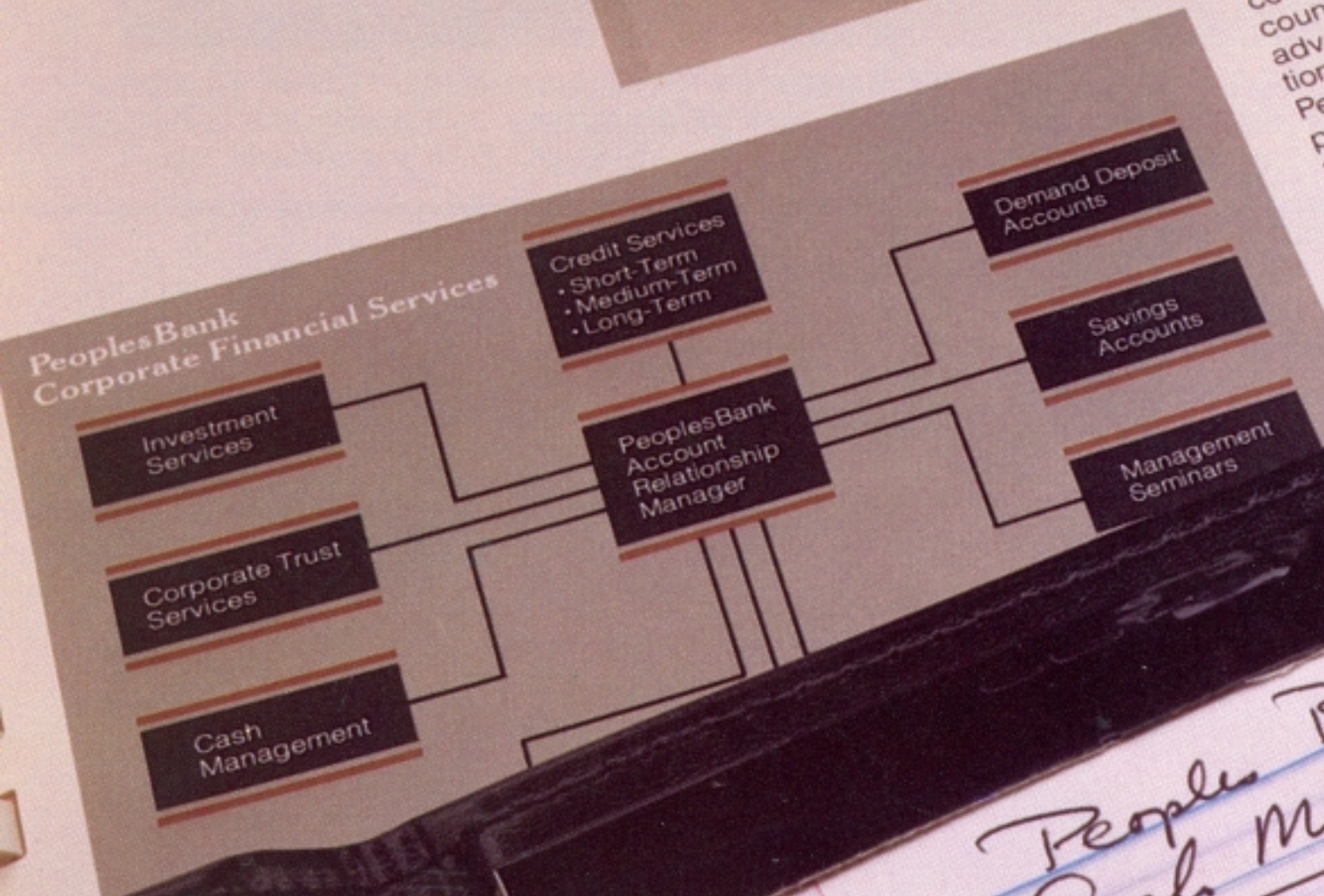
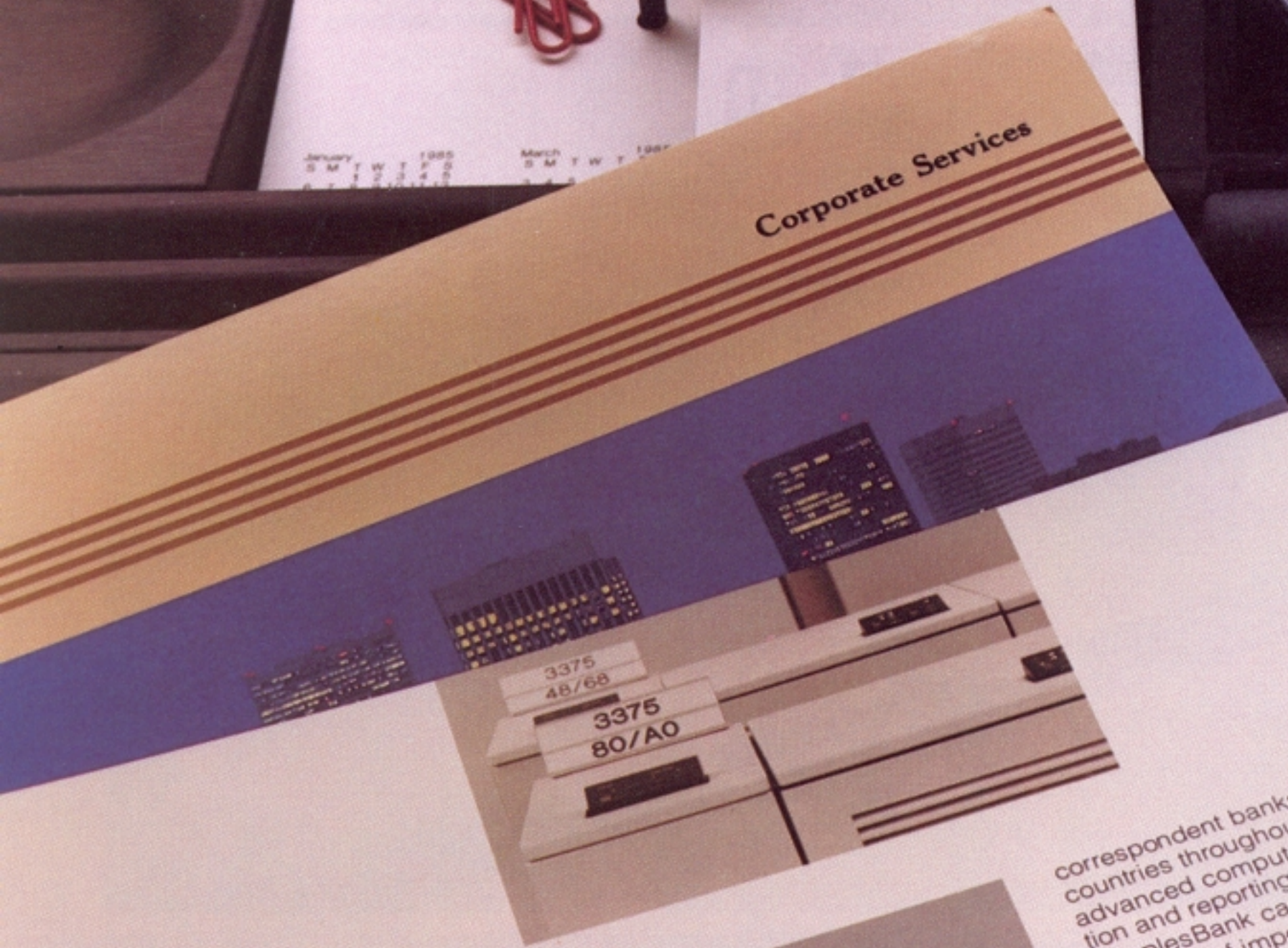
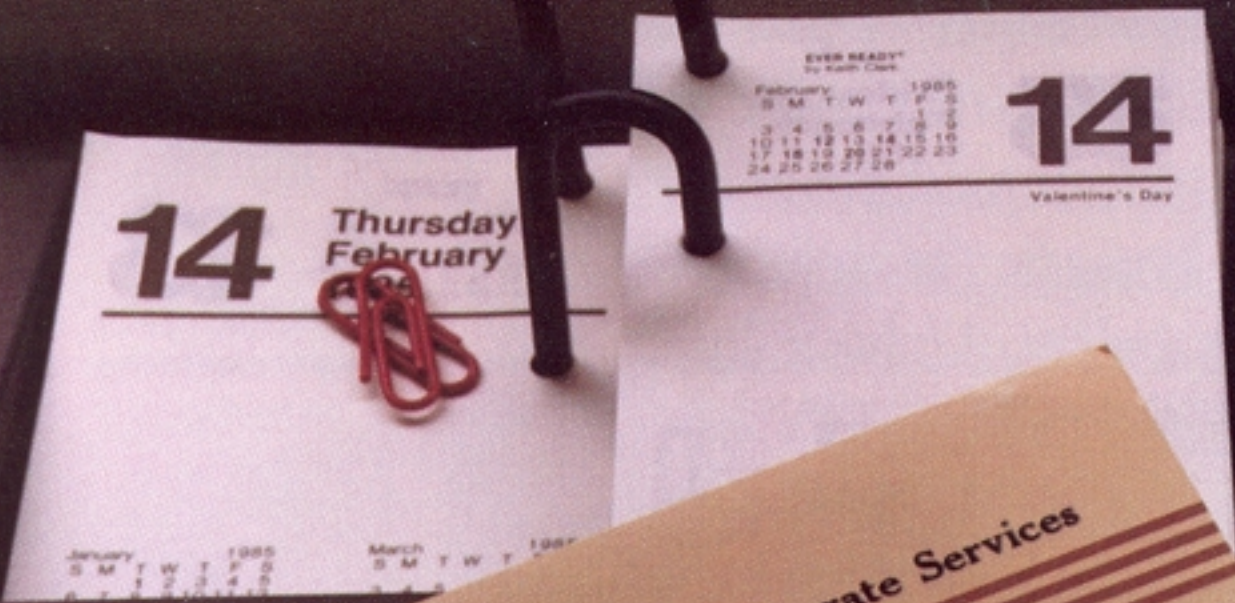
We are continuing to implement and test new delivery alternatives including the automated clearinghouse (ACH) system,

point-of-sale and home banking. In all cases, we choose the delivery system which best enables us to meet our customers' needs as well as our own profit objectives.

Our most important resource in serving our customers is our personnel. To provide our front-line sales staff the tools needed to sell our growing number of products in an environment of increasing competition, we have instituted a variety of sales training programs and have utilized several incentive programs to boost sales of specific services.

Dynamic changes have occurred and will continue to occur in the consumer banking business. Foremost among these are the impacts of deregulation, new competitors and technology. These movements have greatly benefited the consumer in the form of new products, new ways to access services, and higher interest on their deposit accounts.

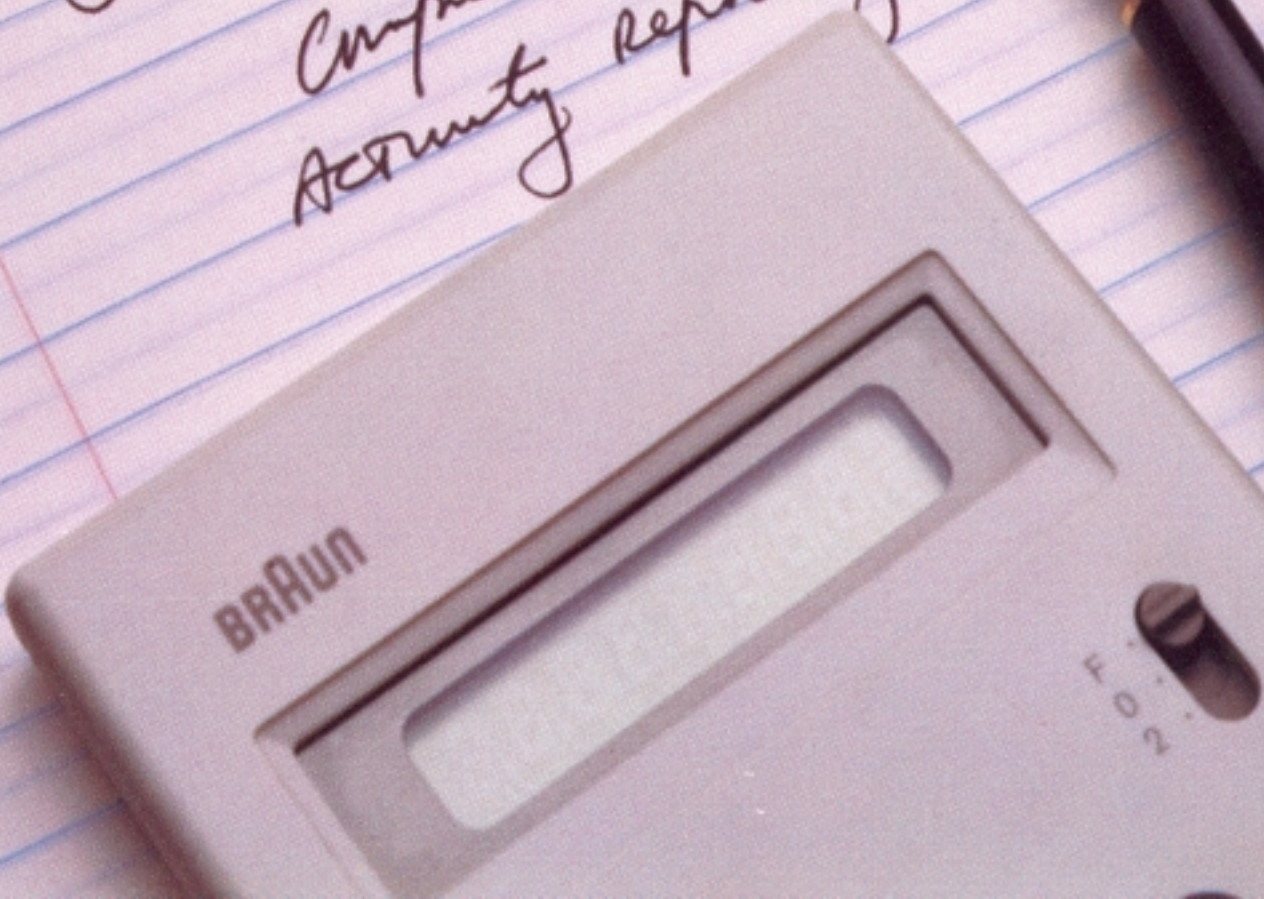
Peoples is committed to keeping pace with the changes in consumer banking and to maintaining our reputation as a leader in this business. We are confident that our professional staff, diversified services and advanced delivery systems position us well to compete in this new financial services environment.



correspondent banks located in countries throughout the world and advanced computerized information and reporting capabilities, PeoplesBank can simplify the complexities of importing and exporting, and open the door to the world marketplace.

Management Seminars are offered by PeoplesBank to businesses throughout the Pacific Northwest. Topics cover all aspects of business cash management, day-to-day cash management, long-term strategy, and more. Seminars also give our Account Managers and senior management the kind of working relationship and its

*Peoples Bank
Cash Management
Computerized balance
Account Reporting*



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Corporate Banking

Corporate Banking has emerged in this decade as one of Peoples' most profitable and important business efforts.

As the number and types of businesses in the Pacific Northwest have grown and diversified, it has been our strategy to develop programs tailored to meet the unique needs of key segments of the corporate market.

It has been our strategy to develop programs tailored to meet the unique needs of key segments of the corporate market.



Charles E. Riley, Executive Vice President, Corporate Banking

By 1984, we felt confident in asserting that PeoplesBank was truly a Business Peoples' Bank.

Our primary thrust has been to target middle market companies, those with annual sales over \$5 million. The following results of these efforts attest to our success.

Commercial loans to middle market companies in 1984 increased \$180 million or 55 percent. Since the beginning of the decade, total commercial loans have grown at an annual compound rate of 16.2 percent, and a large portion of this growth has been in the middle market area.

By concentrating our lending efforts in the Pacific Northwest and by emphasizing high quality assets, our loan losses have consistently remained below those of our competitors despite the tremendous increase in the size of our portfolio. Net charge-offs declined from \$3.4 million, or .65 percent of average loans and leases in 1983, to \$1.9 million, or .28 percent in 1984, a ratio well within industry standards.

Our success in increasing commercial loans is due to a wide range of business development efforts.

To insure that the total financial needs of each company are met, we have assigned an account relationship manager to each corporate customer. This officer is trained to assist the customer in obtaining our full

range of deposit, credit, investment, trust, cash management, wire transfer and other corporate services.

Many of these account relationship managers are equipped with expertise in specific industries such as construction, communications, auto sales, transportation, forest products, tourism, fisheries, utilities and high technology.



Corporate Banking Market Managers: (left to right) Jim Scroggs, Vice President, Financial Institutions; R.D. (Rick) Keating, Vice President, Business Banking; Lynn Ries, Vice President, Executive Banking; Daniel J. Doyle, Senior Vice President, Pacific Northwest Commercial Banking; and H. Ronald Masnik, Senior Vice President, Multinational Banking

In 1983 and 1984, we opened financial centers in key metropolitan areas of the state to position our staff in those locations that

we believe have the greatest potential for corporate business.

We also instituted a variety of other programs which are proving most effective in developing new corporate business.

An Executive Luncheon program provides our senior management an opportunity to meet with corporate customers and prospects. These events have developed new corporate relationships for us and helped us determine how we can improve our services to existing customers.

We are now mailing to our corporate customers and prospects a quarterly magazine called Top Line, which summarizes the best articles available on business management and strategy and provides information about Peoples corporate services.

As part of a continuing effort to assist corporate treasurers in managing their cash, we have significantly expanded our cash management offerings.

Finally, we opened a loan production office in Portland this year to expand our Pacific Northwest business development efforts to that important neighboring market.

We have applied some of the same strategies which have worked so well with middle market companies to the needs of other corporate market segments.

In 1984, we formed a Business Banking area dedicated to meeting the needs of smaller companies, which comprise the vast majority of businesses in Washington. We are now reviewing all aspects of our efforts to serve these customers in an attempt to

define which products and delivery systems will best meet their unique needs.

We have also designed special programs to meet the needs of the some 2,500 businesses in Washington State involved in importing and exporting. Our Trade Finance area has cultivated close contacts with banks and businesses in key market areas, principally Asia, and due to these excellent contacts, our direct trade credits doubled in 1984.

Our Trade Finance personnel also continue to be active in trade and civic associations to raise the awareness of the corporate community regarding our expertise in this field.

Two years ago we created an Executive Banking Department to provide personal banking services to individuals with high net worth and to certified public accounting and legal firms. To serve the growing number of professional firms and individuals in East King County, we recently opened an Executive Banking office in Bellevue.

For many years, Peoples has also provided a wide array of specialized services to other commercial banks, thrift institutions and credit unions in the Pacific Northwest, primarily in Washington, Alaska and Oregon. In the past three years, our growth in the Alaska market has been particularly strong and we are now serving most commercial banks in that state.

The long-term outlook for businesses

operating in the Pacific Northwest is favorable. This region's diversified economy, its strategic location in relationship to the Pacific Rim, Canada and Alaska, and its growing prominence in foreign trade, promise significant growth in the years ahead.

Our Corporate Banking business is structured to take advantage of this growth



King County Financial Center Managers: (left to right) Gerald L. Sorensen, Vice President, Head Office (Special Industries); William P. Hager, Vice President, North King County; Kenneth D. Standish, Vice President, Head Office (Metropolitan); Kenneth M. Kirkpatrick, Vice President, East King County; and Rodney S. Petrenchak, Vice President, South King County

and will continue as a major force in serving the Northwest corporate market.



Personal Trust and Financial Services

PeoplesBank

Full Marriage

Trust

In 1984 Peoples achieved a milestone in its Trust business by surpassing \$1 billion in total assets. Trust assets grew by 13 percent in 1984 and they have more than doubled in the past five years.

Trust service charge and fee income has also increased substantially. Several years ago, Peoples pioneered an innovative pricing policy which enabled customers to select

The record of our Trust business in long-term investment management has been excellent.



Walter T. Bagnall, Senior Vice President, Trust

and pay for only those services they required and that realistically compensated Peoples for work performed. Today that pricing structure has become an industry standard. Not only have our customers benefited from this innovation, but our trust fee income has grown at an annual compound rate of 17.4 percent in the past five years.

While we are seeking to increase all phases of our Trust business, we are emphasizing our role as asset manager. Our record in

long-term investment management has been excellent. Over the past eight years, our stock fund outperformed the Standard and Poors 500 Index by one and one-half percentage points. In 1984, only 20 percent of money managers in the U.S. outperformed the S & P Index, and Peoples was among that group.

In the management of retirement plan assets, we work with the Frank Russell Investment Company, one of the world's leading investment consultants, to provide our employee benefit customers a multi-option investment program. This service makes available to smaller pension funds the same investment expertise generally available only to large corporations.

The sales efforts of our Trust personnel are strengthened by referrals from our branch network and financial centers. We recently instituted a trust referral incentive program to encourage leads from employees throughout our holding company and from our retired employees.

Our professional staff, our proven record as an asset manager and our reputation for quality trust services, position this business well for continued growth.

Money Management

The money management needs of our consumer and corporate customers are becoming increasingly sophisticated. To meet these needs, our Money Management business provides personalized and professional investment choices, and the support services needed to move funds and securities quickly and to account for them fully.

Our Money Management goal is to meet the risk, return and liquidity requirements of our customers.



John H. Mitten, Senior Vice President, Money Management

We offer a large number of both taxable and tax-exempt investment vehicles to meet the risk, return and liquidity requirements of our customers.

Peoples Discount Brokerage, founded in 1983, provides customers an opportunity to buy and sell stocks at substantially lower commissions than those charged by a full-service brokerage firm. While still modest, income from this activity nearly doubled in 1984 and the number of customers using this service has steadily grown.

Our support services—including safekeeping, coupon processing, securities clearance and funds transfer—make use of the latest technology to insure convenience, speed of service and accurate accounting. Peoples was the first bank in the region to use a fully automated on-line trading system.

Peoples has also been a leader in assisting public treasurers to manage the funds entrusted to their care. Our Money Management area provides services to state, county and city governments, colleges and universities, ports, public utility districts and other governmental entities. Our innovative and competitive bidding process has gained us primary banking relationships with many cities, including Seattle and Bellevue, as well as with such state agencies as the Washington State Ferries, the Department of Revenue, the Department of Labor and Industries and others.

To further assist public entities, we established a Public Finance Department in 1984 to serve the funding needs of municipalities. This area accounted for more than \$61 million in municipal financings in its first year.

Our blend of many investment vehicles, personal service and advanced technology has made Peoples a leader in the Money Management business.

Electronic Banking

Electronic banking technology has enabled us to both expand and improve the products we offer to our customers and to free our employees from routine activity so they can concentrate on customer sales and service.

The costs of new technology, however, are substantial. In the past, Peoples has often formed alliances with other financial institutions as a means of sharing costs to the benefit of all. These alliances have also enabled us to bring state-of-the-art electronic banking services to Peoples' customers far earlier than if we had acted alone.

For almost two decades, Peoples has been a leading service bureau processor for commercial banks and thrift institutions in the Pacific Northwest. This business has substantially reduced our own processing costs and has made the most advanced software on the market available to both Peoples and our financial institution customers.

Peoples was also the first commercial bank to join The Exchange, a consortium of commercial banks, thrift institutions and credit unions founded in the mid-70's, which owns and operates one of the nation's largest and most successful ATM networks.

In early 1984, Peoples played a prominent role in creating the Northwest Electronic Network (NEN), a cooperative venture formed by Washington's five largest

commercial banks, which will operate a computer switch to route point-of-sale transactions for all financial institutions. Point-of-sale terminals will soon be placed in retail locations throughout Washington to allow consumers to pay for goods and services with banking cards. Funds will be electronically transferred from the customer's account to the retailer's account at the time of purchase.

Through yet another joint venture with Rainier Bank, Peoples has pioneered the placement of ATMs in retail outlets in Washington. We have already installed machines in Associated Grocers and Safeway stores, and many more installations are planned in the year ahead.

Finally, 60 Peoples customers are now testing home banking services through our participation with 15 other U.S. and Canadian banks in the Home Banking Interchange project. Through this shared study we hope to determine future applications for home banking, a service many believe will become increasingly utilized in years to come.

We intend to keep pace with technology to maintain our reputation for quality service, to provide our customers the best products and to continue to reduce our own operating costs.

Alliances with other financial institutions have enabled us to bring state-of-the-art electronic banking services to Peoples' customers far earlier than if we had acted alone.

WELCOME



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Phone Manual Dial
Mode Mode List

Press KEY for
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© AT&T 1983

Correspondent Bank Guide



PeoplesBank

news release

PEOPLES AND RAINIER ANNOUNCE JOINT VENTURE
For release:
Public Relations Department, P.O. Box 12787
Seattle, Washington 98111-4787

SEATTLE -- Two of Washington's largest banks have undertaken a joint venture that has the potential for changing where people bank and the way they pay for goods and services.

PeoplesBank

Peoples Computer Services

Five banks plan electronic network

By Rebecca Case
Journal-American Staff Writer

Washington's five largest banks are working together on an electronic banking network which will revolutionize the way people shop.

The "point-of-sale" network will allow customers to subtract funds from bank accounts to pay for purchases while shopping.

The shared electronic network may be on line by the end of the year, according to David Owens, assistant vice president of Seattle-First National Bank. "That's the goal, but we have a lot of work ahead of us," he said.

Founding members will be: Seafirst, Rainier National Bank, First Interstate Bank of Washington, Old National Bank and PeoplesBank. Once the system is in place, representatives decline to discuss the cost.

The network will work. Stores will be able to use computer terminals tying them into the system. Customers will have plastic cards and secret codes. They will use the machines and typing in the codes.

That's more cash machines than are operated by any one else in the state.

THE FIRM is conspicuous because it helped pioneer the technology. It was the first U.S. company to perform an electronic transfer of funds across the U.S. as well as into a foreign country (Canada).

Thomas Bass, president of The Exchange, said, "I don't think it's going to be a real battle for who wins this thing," he said. "We are struggling to get this contract."

The Exchange has several apparent advantages. It controls the only switch operating in the state right now. And it already is handling electronic transactions for two of the network's founding partners — PeoplesBank and Old National Bank.

Bass has been planning such a system for years. When the company built its headquarters at old Bellevue airfield, it made sure there was a room for expansion.

On the upper level is

The same sale, if conducted electronically, with cents, he said. "I think the credit card is doing to the firing line," before those guys even go out during the next three months.

Bass said, "When you and the next switch you buy a switch. The banks switch. It's a tough switch. They and Owens



The Business Bank
of the Pacific Northwest

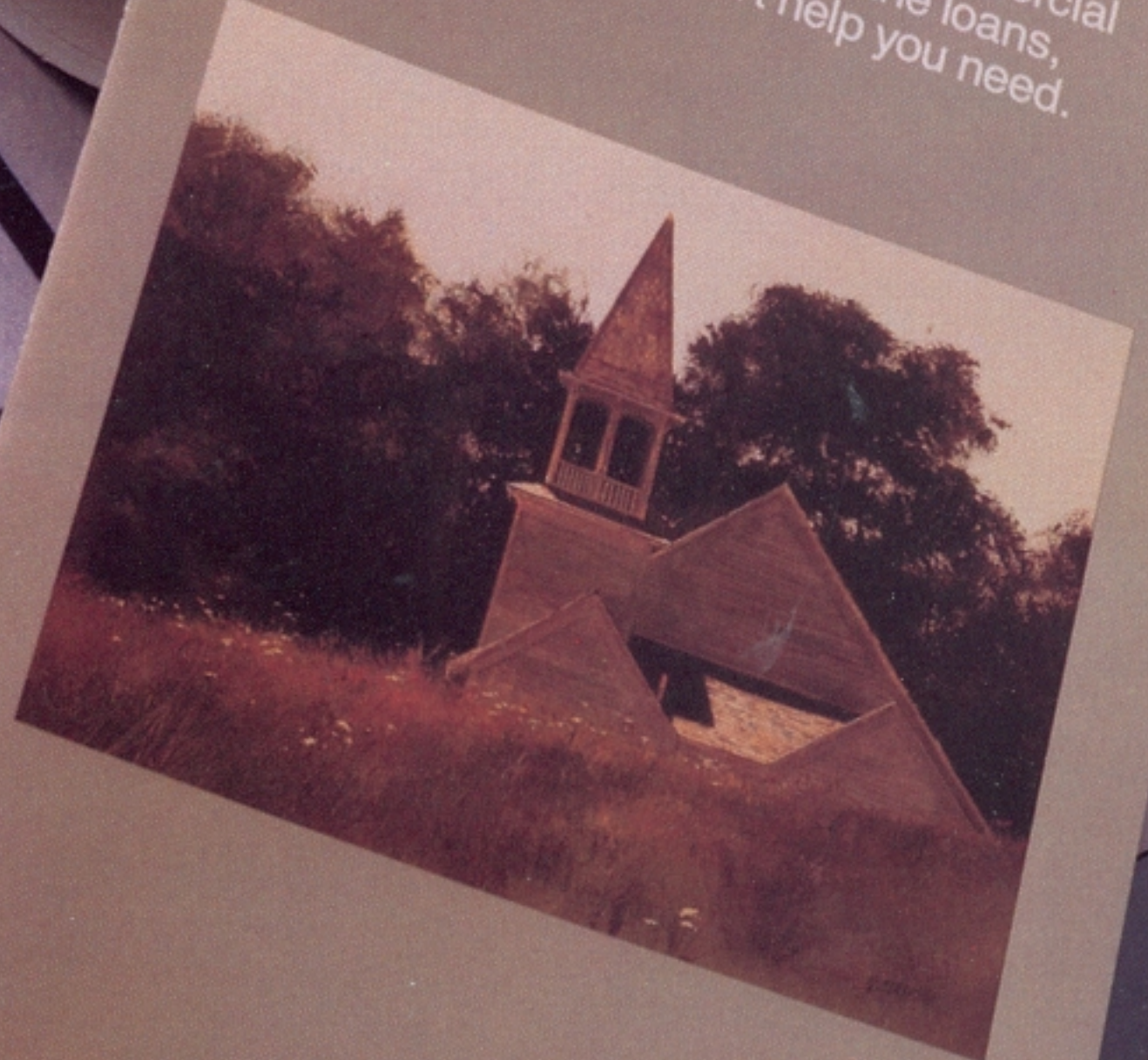


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KEY PLAN

Real Estate

To buy a home or finance commercial real estate, we have all the loans, services and expert help you need.



PeoplesMortgage

SITE AND PAVING

Mortgage Banking

Peoples entered the mortgage banking business in 1968. Today, PeoplesMortgage, our wholly owned subsidiary serving the Western United States with offices in Seattle, Tacoma, Portland and Las Vegas, is ranked in the top 100 mortgage banking firms in the nation.

PeoplesMortgage originates and services all major types of residential and commercial

PeoplesMortgage offers all major forms of residential and commercial financing.



Richard R. Betchley, Chairman of the Board (right)
Dean M. Olson, Vice Chairman

real estate loans and services real estate contracts.

Residential real estate lending has seen a proliferation in types of financing. More flexible rate and payment structures—including fixed, adjustable and graduated payment—have been created to meet the individual requirements of the borrower. PeoplesMortgage offers all major forms of residential financing, including conventional, government insured or guaranteed and construction financing.

In 1984 our spot residential loan production was \$91.6 million, down from 1983's total of \$168.8 million. However, residential loan closings picked up significantly in late 1984 and have continued at a high pace in the first quarter of 1985.

PeoplesMortgage also offers a full range of commercial real estate financing, including conventional, conventional construction and government related multi-family construction. As a result of efforts to increase this aspect of our mortgage business, total commercial loan production reached \$74.6 million in 1984, the highest in the history of PeoplesMortgage. A variety of new commercial projects in a number of Western states accounted for this gain.

Year-end mortgage and real estate contract servicing volume was \$1.7 billion, down slightly from 1983. Long-term, however, servicing volume has consistently grown, up 33 percent over the past five years.

A high volume of non-performing assets contributed to substantially lower earnings for PeoplesMortgage in 1984. Despite this, we believe that the outlook for our mortgage business in the coming year is good and that 1985 earnings will show significant improvement.

Financial Review

1984 was a pivotal year for Peoples Bancorporation. Following two consecutive years of declines in earnings, net income increased \$9.0 million or 150%, to \$15.1 million. On a per share basis, net income was \$4.00 compared to \$1.59 in the previous year.

The major factor contributing to our improved performance was the \$13.7 million or 18.4% increase in net interest income. With a healthier economy and successful business development efforts, average loan volumes increased 16.8%. The shift in the mix of our earning assets, from investment securities and federal funds to higher yielding commercial and consumer loans, resulted in a 72 basis point increase in our net interest margin.

Other factors affecting our performance were as follows:

- Non-interest income increased \$7.1 million or 18.9%, compared to growth of 10.2% in 1983 and 17.8% in 1982.
- Non-interest expense increased only \$3.2 million or 3.1%, following an increase of 10.8% in 1983 and 17.9% in 1982.
- The provision for credit losses increased \$2.8 million or 45.9%, reflecting the addition of \$4.3 million to the allowance for credit losses. Actual net charge-offs declined from \$5.8 million in 1983 and \$4.9 million in 1982, to \$4.6 million in 1984.

The key ratios presented below illustrate the improvement in our financial performance and our return to a more competitive level of profitability. The return on average assets for 1984 was .73%, compared to .29% in 1983. The return on average equity increased from 5.20% to 12.30%. The Corporation's capital position improved as well, as evidenced by the 27 basis point increase in the equity to asset ratio, from 5.67% to 5.94%.



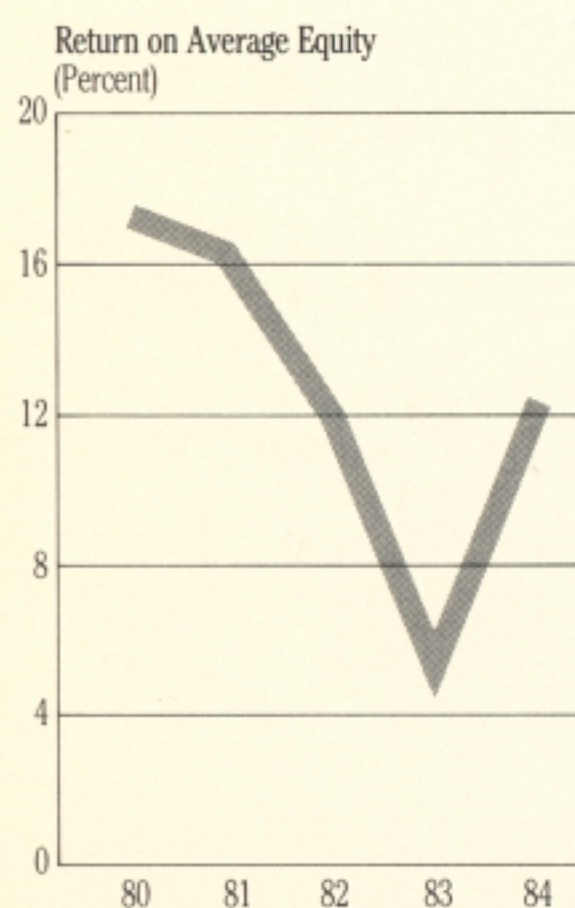
Leo M. Riley, Executive Vice President, Financial Administration

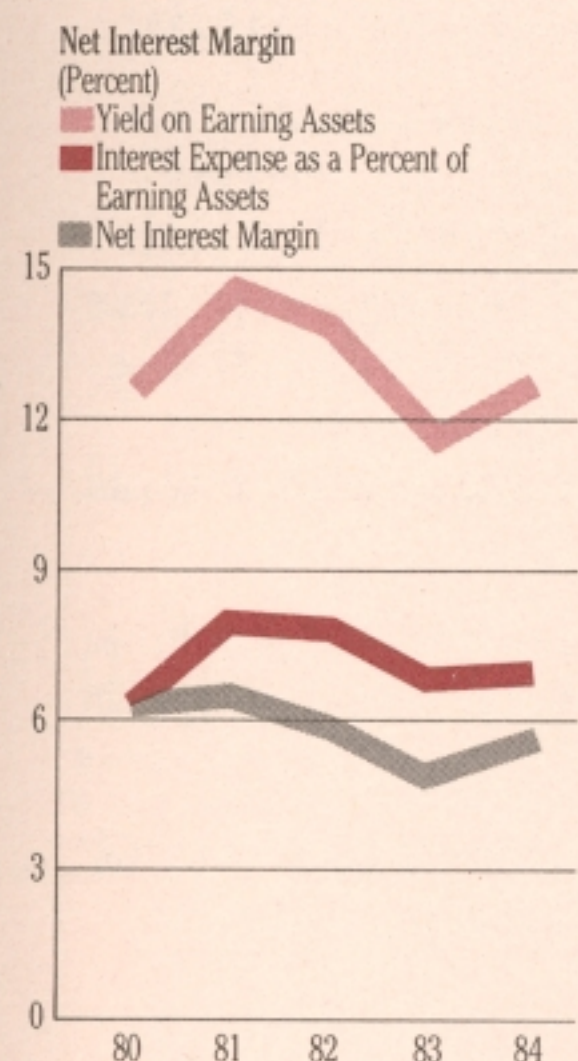
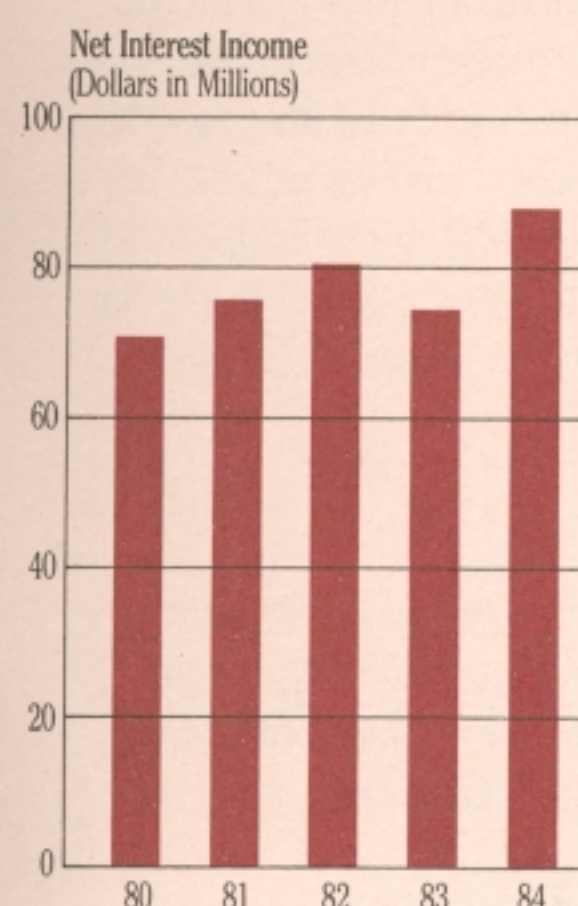
Selected Financial Data

Selected Financial Data						Change 84/83	
(In Thousands, Except Per Share)	1984	1983	1982	1981	1980	\$	%
Earnings Summary							
Net interest income	\$ 88,117	\$ 74,429	\$ 80,177	\$ 75,833	\$ 70,812	\$ 13,688	18.4%
Provision for possible credit losses	8,901	6,099	5,684	3,880	4,238	2,802	45.9
Non-interest income	44,518	37,452	33,986	28,840	24,194	7,066	18.9
Non-interest expense	105,642	102,477	92,465	78,423	69,240	3,165	3.1
Net income	15,077	6,032	13,423	15,613	14,271	9,045	150.0
Per Share							
Net income:							
Primary	\$ 4.00	\$ 1.59	\$ 3.51	\$ 4.09	\$ 3.75	\$ 2.41	151.6%
Fully diluted	3.81	1.56	3.33	3.83	3.47	2.25	144.2
Cash dividends declared	1.00	1.00	1.00	1.00	.91	—	—
Book value	34.19	31.17	30.44	27.88	22.56	3.02	9.7
Balance Sheet Averages							
Total assets	\$2,063,096	\$2,046,031	\$1,841,848	\$1,580,516	\$1,473,827	\$ 17,065	0.8%
Loans and leases	1,245,157	1,066,155	979,971	892,132	855,083	179,002	16.8
Deposits	1,689,086	1,626,013	1,372,593	1,201,687	1,133,594	63,073	3.9
Long-term debt	20,650	21,502	18,906	16,402	17,274	(852)	(4.0)
Shareholders' equity	122,606	116,049	112,286	97,045	82,659	6,557	5.7

Key Ratios

	1984	1983	1982	1981	1980
Return on average assets	.73%	.29%	.73%	.99%	.97%
Return on average equity	12.30	5.20	11.95	16.09	17.27
Average equity to average assets	5.94	5.67	6.10	6.14	5.61
Average loans and leases to average deposits	73.72	65.57	71.40	74.24	75.43
Cash dividends declared divided by net income per share	25.00	62.89	28.49	24.45	24.27





Net Interest Income

Net interest income increased \$13.7 million or 18.4% in 1984, following a decline of \$5.7 million or 7.2% in 1983 and an increase of \$4.3 million or 5.7% in 1982. Net interest income, on a fully taxable equivalent basis, increased \$13.9 million or 17.1%. While the volume of average earning assets increased only 2.1%, the net interest margin increased 72 basis points to 5.65%. This compares to a decline in the margin of 102 basis points and 52 basis points in 1983 and 1982, respectively.

Both in 1983 and 1982, the decline in the net interest margin resulted from changes in the mix of our assets and liabilities. The introduction of deregulated deposit instruments increased our cost of funds, while the sluggish economy suppressed loan demand and reduced the yield on our earning assets.

In 1984, our deposit mix remained comparatively stable. The increase in our cost of funds, from 6.73% of earning assets in 1983 to 7.00% in 1984, was primarily due to the general rise in interest rates during the first three quarters of the year. As can be seen from the net interest margin analysis on page 31, \$4.2 million or 61% of the increase in interest expense was due to higher rates, while \$2.7 million or 39% resulted from growth in volume.

Total interest expense increased \$6.9 million or 6.2%. Interest on deposits increased \$9.8 million, while interest expense related to other interest-bearing liabilities decreased \$2.9 million, reflecting the \$59.5 million decline in these other sources of funds.

On the asset side of the balance sheet, the combination of changes in the mix of funds and higher rates increased interest income (on a fully taxable equivalent basis) \$20.8 million or 10.8% and increased the yield on earning assets 99 basis points. Loans and leases, which had an average yield of 13.41%, increased to 73.6% of average earning assets from 64.3% in the previous year. Concurrently, investment securities and federal funds sold, which had yields of 10.50%

and 10.40%, respectively, decreased from 34.7% to 25.1% of average earning assets. As a result of these changes, interest and fees earned on loans and leases increased \$33.8 million or 25.3%, as interest earned on other earning assets declined \$13.0 million or 21.6%.

Non-Interest Income

Non-interest income increased \$7.1 million or 18.9% in 1984. This compares to growth of \$3.5 million or 10.2% in 1983 and \$5.1 million or 17.8% in 1982.

Commissions and fees from trust services increased \$778,000 or 16.5%, as trust assets increased from \$890 million in 1983 to \$1.011 billion in 1984.

Despite the minimal increase in average deposit volumes, service charges on deposit accounts were up \$1.3 million or 10.8%, as the rates of per item and other charges increased.

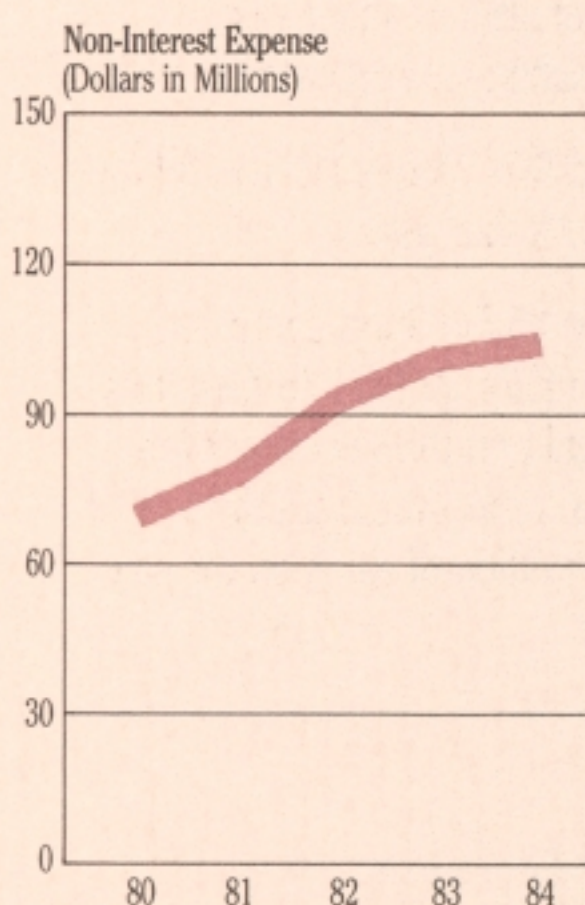
Other service charges and fees increased 3.9% or \$704,000. A decline in income from computer services was offset by increases in other types of income, including service charges on credit cards, insurance commissions, municipal security underwriting fees, discount brokerage fees and service charges on letters of credit and customer acceptances.

Trading account profits increased \$747,000 or 92.3%, following a decrease of \$229,000 or 22.1% last year.

Other non-interest income totaled \$5.5 million compared to \$2.0 million in 1983 and \$1.9 million in 1982. In 1984, this category included a \$1.1 million gain on the sale of our former computer center, \$1.8 million of income from the sale of mortgage loan servicing and \$.4 million of gains on the sale of other buildings and equipment.

Non-Interest Income

Year Ended December 31 (In Thousands)	1984	1983	1982	Change 84/83	
				\$	%
Trust fees and commissions	\$ 5,483	\$ 4,705	\$ 4,077	\$ 778	16.5%
Service charges on deposit accounts	13,041	11,765	9,349	1,276	10.8
Loan servicing fees	5,592	5,404	5,436	188	3.5
Service charges on computer services	4,255	5,292	5,408	(1,037)	(19.6)
Service charges on credit card services	4,323	3,770	2,927	553	14.7
Other service charges and fees	4,764	3,764	3,785	1,000	26.6
Securities gains (losses)	10	(102)	28	112	109.8
Trading account profits	1,556	809	1,038	747	92.3
Other	5,494	2,045	1,938	3,449	168.6
Total	\$44,518	\$37,452	\$33,986	\$ 7,066	18.9%



Non-Interest Expense

Our emphasis on controlling operating costs is evident from the declining rate of increase in non-interest expenses during the past three years. Non-interest expenses rose \$3.2 million or 3.1% in 1984, compared to an increase of \$10.0 million or 10.8% in 1983 and \$14.0 million or 17.9% in 1982.

Salary expense, which accounted for 41.6% of total 1984 non-interest expenses, increased \$601,000 or 1.4% in comparison to the prior year. The number of full-time equivalent employees decreased from 2,210 in 1983 to 2,070 in 1984, as we endeavored to consolidate operations and improve our operating efficiency wherever possible. The increase in benefit expense was greater, at 7.1%, due to higher payroll taxes.

Furniture and equipment expense increased \$292,000 or 2.6% in 1984. This follows increases of 19.2% in 1983 and 31.8% in 1982, during which time we were making substantial investments in new equipment, including the on-line teller system and computer equipment to support new software for our deposit and loan systems.

Occupancy expense increased \$803,000 or 14.2% over 1983, due to higher utility expenses, increased maintenance costs and several major repair projects.

The aggregate of other non-interest expenses, which accounted for 31.8% of total non-interest expense, increased \$810,000 or 2.5%. This follows increases of \$6.1 million or 22.6% in 1983 and \$5.6 million or 26.5% in 1982. Professional and other fees increased 5.3%, compared to increases of 42.6% in 1983 and 29.9% in 1982, and state and local taxes were up only 1.9%, following a jump of 48.4% in 1983 and 16.4% in 1982. Stationery and supplies decreased 6.9%, following a similar decline in 1983. Telephone expense increased 10.0%, due primarily to rate increases following the AT&T divestiture. However, this follows an increase of 12.8% in 1983 and 42.4% in 1982. In 1983, settlement costs related to the Peoples Leasing Company litigation increased expenses by \$2.4 million. In 1984, the largest increase was in other real estate owned expense, which included writedowns and other costs related to foreclosed properties held for resale. These charges totaled \$2.8 million in 1984 compared to \$758,000 in the prior year.

Non-Interest Expense

Year Ended December 31 (In Thousands)	1984	1983	1982	Change 84/83	
				\$	%
Salaries	\$ 43,989	\$ 43,388	\$41,999	\$ 601	1.4%
Employee benefits	9,984	9,325	8,950	659	7.1
Occupancy	6,439	5,636	5,272	803	14.2
Furniture and equipment	11,609	11,317	9,493	292	2.6
Professional and other fees	6,489	6,160	4,319	329	5.3
Stationery and supplies	2,524	2,710	2,908	(186)	(6.9)
State and local taxes	3,961	3,889	2,621	72	1.9
Telephone	2,744	2,495	2,211	249	10.0
Other real estate owned expense	2,812	758	147	2,054	271.0
Litigation settlement	—	2,400	—	(2,400)	(100.0)
Other	15,091	14,399	14,545	692	4.8
Total	\$105,642	\$102,477	\$92,465	\$3,165	3.1%

Income Taxes

Income tax expense was \$3.0 million in 1984, compared to a net tax benefit of \$2.7 million in 1983 and tax expense of \$2.6 million in 1982. Pre-tax income increased from \$3.3 million in 1983 and \$16.0 million in 1982 to \$18.1 million in 1984. The effective federal income tax rate was 16.6% for the year. The difference between the 46.0% statutory federal income tax rate and the 16.6% effective tax rate was primarily due to tax-exempt income and investment tax credits. See Note J in the Notes to the Financial Statements for further discussion of income taxes.

Sources and Uses of Funds

The following discussion of sources and uses of funds is based on year-to-date average balances (unless otherwise indicated) which are generally more meaningful for comparative purposes than December 31 balances.

Uses of Funds

Our aim in 1984 was to increase profitability by changing the mix of our earning assets while controlling overall asset growth. We were successful in reaching this objective. Although average earning assets increased only \$34.7 million or 2.1% compared to the prior year, loans and leases grew \$179.0 million or 16.8%.

We focused primarily on loan growth in the commercial sector, which increased \$155.3 million or 29.8%. Commercial loans accounted for 54.3% of the average loan and lease portfolio in 1984, increasing from 48.8% in 1983. As can be seen from the chart to the right, commercial loans have steadily increased as a percentage of total loans over the past five years.

Consumer loans also contributed to overall loan growth, increasing \$33.8 million or 14.6%. This compares to growth of only 1.7% in 1983.

Average lease volumes rose \$2.1 million or 8.7%, while real estate purpose loans declined \$12.2 million or 4.2%.

Investment Portfolio

Book value at December 31 (In Thousands)	1984	1983	1982
U.S. Treasury and other U.S. Government			
Agencies and corporations	\$223,060	\$233,546	\$186,942
State and political subdivisions	67,477	86,486	102,855
Other taxable securities	2,333	2,342	2,924
Total	\$292,870	\$322,374	\$292,721

Loan and Lease Portfolio

December 31 (In Thousands)	1984	1983	1982	1981	1980
Commercial, financial and agricultural	\$ 717,169	\$ 511,115	\$ 504,889	\$409,878	\$373,457
Secured by real estate:					
Construction	36,509	36,904	22,096	29,326	30,312
Mortgage	347,530	302,238	309,482	274,620	253,396
Consumer	265,470	209,698	202,839	185,409	179,478
Lease financing	37,095	30,656	34,704	46,447	54,813
Less unearned income	(8,289)	(7,979)	(9,820)	(12,309)	(13,282)
Total	\$1,395,484	\$1,082,632	\$1,064,190	\$933,371	\$878,174

As loan demand increased, we reduced both our investment and federal funds sold balances. Average investment securities decreased \$31.5 million or 9.7% from the prior year and average federal funds sold decreased \$118.2 million or 47.4%. Our net federal funds position decreased \$83.0 million, from a sold position of \$62.7 million in 1983 to a purchased position of \$20.3 million in 1984. As of December 31, 1984, investment securities were \$292.9 million compared to \$322.4 million a year ago.

Non-earning assets decreased \$15.6 million in 1984, primarily as a result of our success in reducing the level of items in process of collection. This is reflected in the \$30.4 million decrease in cash and due from banks. Non-earning assets represented 18.6% of total assets in 1984 compared to 19.5% in the previous year.

Total assets increased .8% in 1984, averaging \$2.063 billion. At December 31, 1984, total assets reached \$2.173 billion.

The table above provides a breakdown of loans as of December 31 for the last five years. Total loans at December 31, 1984 were \$1.395 billion, increasing \$312.9 million from the comparable balance a year ago. \$206.1 million of this increase was contributed by commercial, financial and agricultural loans, which totaled \$717.2 million at year-end 1984. Loans collateralized by real estate mortgages increased from \$302.2 million to \$347.5 million. (These were primarily for commercial purposes.) Consumer loans were \$265.5 million at December 31, 1984, compared to \$209.7 million at year-end 1983. Lease financing was up \$6.4 million to \$37.1 million, as our equipment leasing activities increased.

Sources of Funds

With the funding of loan growth through the reduction of other categories of earning assets, total average deposits increased only 3.9% in 1984, to \$1.689 billion. This compares to growth of 18.5% in 1983 and 14.2% in 1982.

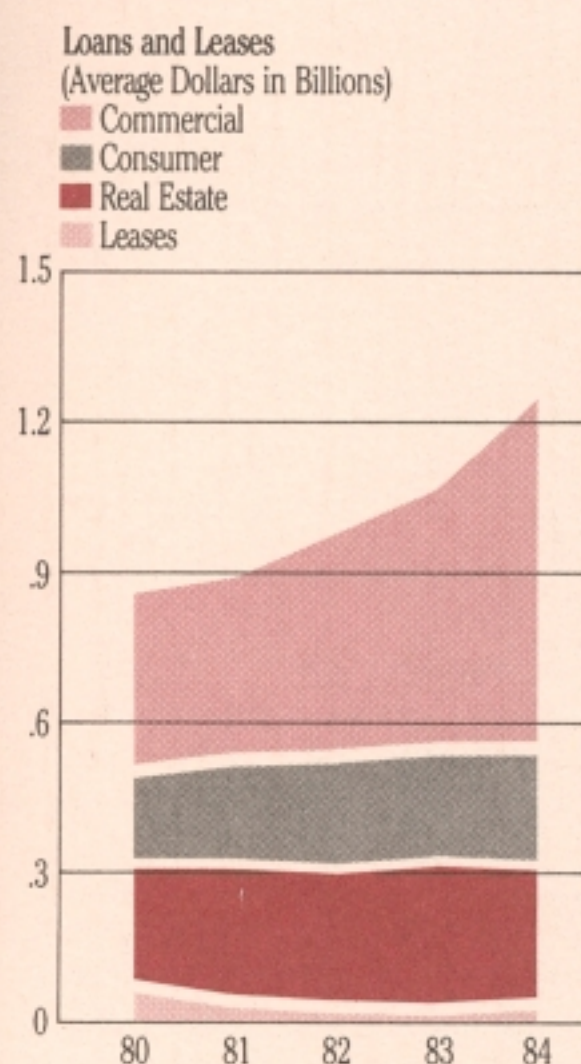
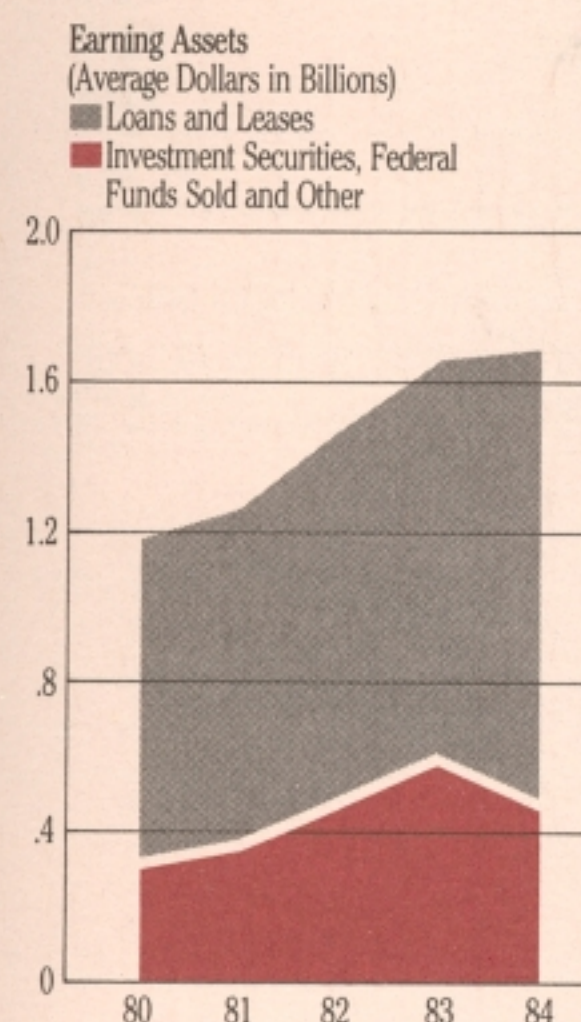
Although the change in mix was much less dramatic than in the prior two years, the composition of our deposits continued to shift away from non-interest bearing and savings deposits towards higher costing market rate instruments. Non-interest bearing deposits declined \$11.7 million or 2.2%, from 32.1% of total deposits in 1983 to 30.2% in 1984. Savings and interest checking accounts decreased \$17.1 million or 4.9%, from 21.6% to 19.7% of total deposits.

Offsetting these declines were increases in Money Market Accounts and time deposits. Money Market Accounts, which accounted for \$286.6 million of total deposit growth in 1983, grew \$30.7 million or 10.6% in 1984, increasing from 17.8% to 18.9% of total deposits. IRAs and other consumer time deposits grew \$52.7 million or 12.1% and increased from 26.7% of total deposits in 1983 to 28.8% in 1984.

Time deposits over \$100,000 remained a comparatively insignificant source of funds, averaging \$39.9 million or only 2.4% of total deposits.

Other sources of funds, primarily long-term debt, federal funds purchased and other short-term borrowings, declined a total of \$59.5 million compared to the prior year, averaging \$192.5 million.

At December 31, 1984, deposits totaled \$1.786 billion, compared to a balance of \$1.744 billion at December 31, 1983.



Liquidity

Liquidity is defined as the ability to provide sufficient cash to fund operations and meet obligations and commitments on a timely basis. Maintaining adequate liquidity is an essential part of asset/liability management.

Marketable investments and federal funds sold are sources of liquidity. Investment securities represented 17.4% of earning assets in 1984, averaging \$294.0 million. Federal funds sold of \$131.4 million accounted for 7.8% of average earning assets. As of December 31, 1984, \$266.3 million or 90.9% of the investment portfolio had remaining maturities of five years or less, and \$108.2 million or 36.9% will mature within one year.

Liquidity is also provided by maturing loans. As of December 31, 1984, 91.1% of the commercial and real estate loan portfolio (excluding 1-4 family residential loans) had remaining maturities of five years or less.

Core deposits strengthen our liquidity position by providing a relatively stable source of funds. Core deposits were \$1.649 billion in 1984, accounting for 97.6% of total average deposits. Time deposits of \$100,000 or more averaged \$39.9 million during the year, or only 2.4% of total deposits. At year-end, the balance was \$56.1 million, with \$42.3 million due to mature within three months.

Time Deposits of \$100,000 or More

Remaining maturities at December 31, 1984 (In Thousands)

Maturities within 3 months	\$42,347
After 3 months but within 6 months	9,270
After 6 months but within 12 months	2,367
After 12 months	2,085
Total	\$56,069

Other funding sources include U.S. Treasury demand notes and short-term commercial paper. These borrowings totaled \$24.2 million at December 31, 1984 and averaged \$20.1 million during the year.

Investment Portfolio

Remaining maturities at December 31, 1984

(In Thousands)	U.S. Treasury and Other U.S. Government Agencies and Corporations		State and Political Subdivisions		Other Bonds, Notes and Debentures	
	Amount	Yield	Amount	Yield*	Amount	Yield
Maturities within 1 year	\$ 90,137	10.58%	\$18,050	12.32%	\$ —	— %
After 1 year but within 5	122,974	10.72	34,981	8.97	190	11.50
After 5 years but within 10	642	7.37	13,243	11.26	15	5.50
After 10 years	9,307	7.85	1,203	13.08	—	—
Total	\$223,060	10.53%	\$67,477	10.40%	\$205	11.22%

* Weighted average yields on tax-exempt obligations were computed on a fully taxable equivalent basis assuming a tax rate of 46%.

Remaining Maturity and Interest Rate Sensitivity of Selected Loans

December 31, 1984 (In Thousands)	Maturing			Total
	Within 1 Year	1—5 Years	Over 5 Years	
Commercial, financial and agricultural	\$535,721	\$157,708	\$23,740	\$717,169
Real estate construction	33,631	2,878	—	36,509
Other loans secured by real estate*	38,411	64,874	57,301	160,586
Total	\$607,763	\$225,460	\$81,041	\$914,264
Loans with predetermined rates	\$128,356	\$120,042	\$53,384	\$301,782
Loans with floating rates	479,407	105,418	27,657	612,482
Total	\$607,763	\$225,460	\$81,041	\$914,264

* Does not include 1—4 family residential loans.

Short-Term Borrowings

(In Thousands)	U.S. Treasury Demand Notes		Commercial Paper		Total	
	1984	1983	1984	1983	1984	1983
Balance at December 31	\$22,934	\$16,904	\$1,252	\$ 4,196	\$24,186	\$21,100
Average interest rate at December 31	8.49%	8.71%	10.35%	8.79%	8.59%	8.73%
Maximum outstanding at any month-end	\$30,945	\$30,865	\$2,849	\$40,466	\$33,794	\$71,331
Average daily balance	18,136	20,543	2,009	23,109	20,145	43,652
Weighted average interest rate	10.50%	9.43%	10.73%	8.74%	10.52%	9.06%

Transactions involving federal funds purchased and securities sold under agreements to repurchase were engaged in primarily as a service for correspondent banks and customers. The weighted average interest rate on short-term borrowings was computed by dividing the respective interest expense by the average daily balance.

Interest Rate Sensitivity

The analysis of interest rate sensitivity is closely tied to the management of liquidity. With increased rate volatility and the growth of interest sensitive liabilities, the analysis of interest sensitivity has become an increasingly important part of asset/liability management.

In analyzing interest rate sensitivity, assets and liabilities are categorized based on the time periods in which they reprice. Repricing occurs either due to maturity or because rates are tied to market rates of interest. The difference between the amount of assets and liabilities repricing within a specified time period is known as the "Interest Rate Sensitivity Gap."

A positive gap indicates interest sensitive assets are greater than interest sensitive liabilities, and a negative gap arises

when interest sensitive liabilities exceed interest sensitive assets. Although profits can be realized from mismatches, minimizing the gap limits the risks associated with fluctuating rates and helps produce stable growth in net interest income.

As indicated in the table below, the Corporation had a positive interest sensitivity gap of \$209.5 million for the period 0-30 days; a negative gap of \$81.5 million for 31-90 days; a negative gap of \$115.0 million for 91-180 days; and a positive gap of \$33.4 million for 181-365 days. For the total period of one year or less, interest sensitive assets exceeded interest sensitive liabilities by \$46.3 million.

Interest Rate Sensitivity Analysis

December 31, 1984 (In Thousands)	0-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year	Total
Total earning assets	\$856,909	\$ 70,346	\$ 27,129	\$101,651	\$754,897	\$1,810,932
Total interest bearing liabilities	647,437	151,875	142,147	68,271	435,906	1,445,636
Non-interest bearing sources of funds	—	—	—	—	365,296	365,296
Total sources of funds for earning assets	647,437	151,875	142,147	68,271	801,202	1,810,932
Interest sensitivity gap	\$209,472	\$(81,529)	\$(115,018)	\$ 33,380	\$(46,305)	\$ —
Cumulative gap	\$209,472	\$127,943	\$ 12,925	\$ 46,305	\$ —	\$ —

Capital Adequacy

Peoples Bancorporation's capital position strengthened in 1984, as shareholders' equity increased \$11.1 million, from \$117.8 million at year-end 1983 to \$128.9 million at December 31, 1984.

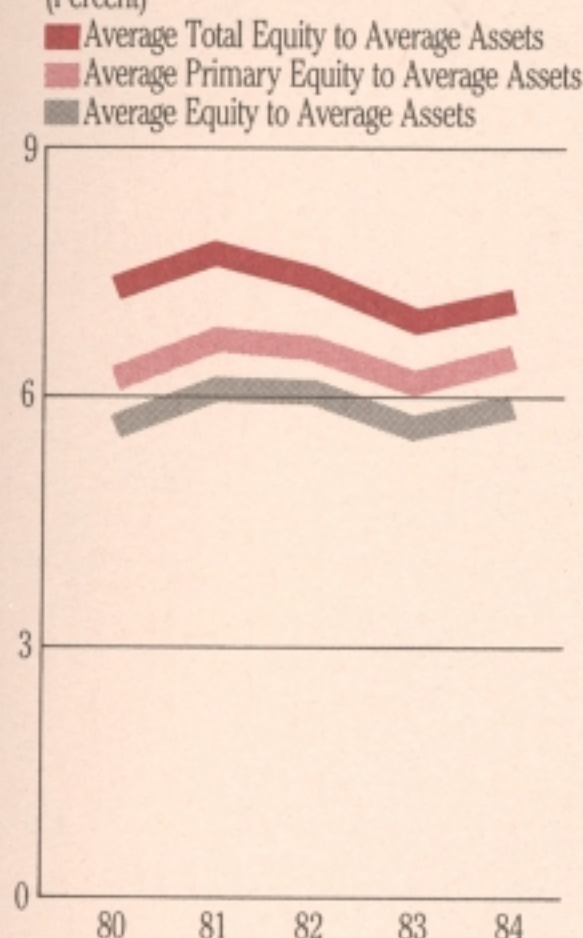
All three of the capital adequacy ratios presented to the right increased in comparison to the prior year. The ratio of average equity to average assets was 5.94% for 1984, compared to 5.67% for 1983; average primary equity (equity plus the reserve for credit losses) to average assets was 6.54%, up from 6.18% in 1983; and total equity to average assets (total equity is defined as primary equity plus subordinated notes and debentures) was 7.20%, compared to 6.92% in 1983.

Book value per share at December 31, 1984 was \$34.19, increasing from \$31.17 at year-end 1983.

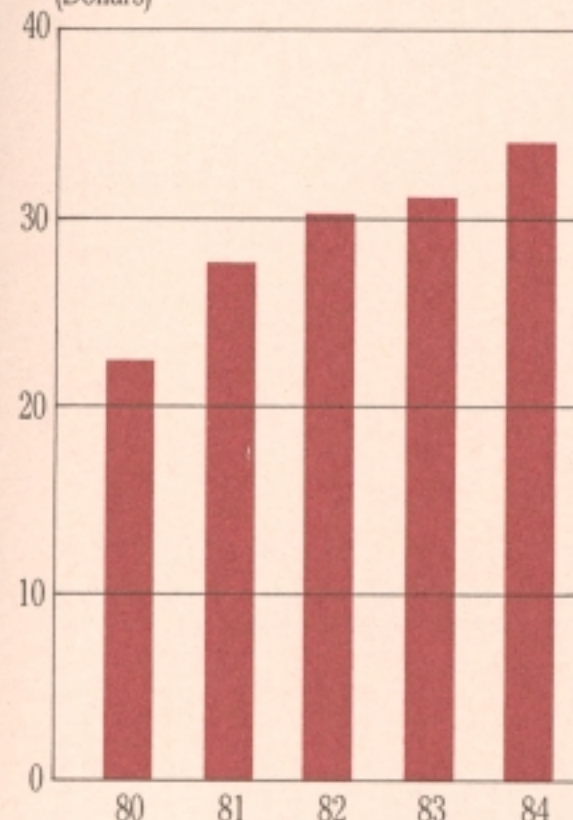
Capital Adequacy Ratios

	1984	1983	1982
Average equity to average assets	5.94%	5.67%	6.10%
Average primary equity to average assets	6.54	6.18	6.64
Average total equity to average assets	7.20	6.92	7.47

Capital Adequacy Ratios
(Percent)



Book Value Per Share
(Dollars)



Credit Risk Management

Peoples Bancorporation maintains a system of credit quality control, which includes careful screening and analysis of all potential credits, monitoring of the loan and lease portfolio for the continuing soundness of credits, and close review and evaluation of problem credits in order to minimize losses.

To further insure the quality of our loans and leases, it is our policy to limit foreign exposure and to maintain a diversified portfolio. Despite these measures, the economic environment caused the level of problem credits and charge-offs to increase substantially in both 1982 and 1983. With the upturn in the economy in 1984, however, we were able to reduce both our net credit losses and the level of our non-performing assets.

Credit Losses

The allowance for possible credit losses is maintained at a level which management considers to be adequate to cover future loan and lease losses. Management's assessment of future losses is based on several factors, including historical loss experience, the current economic environment, the outlook for future economic conditions, and the risk charac-

teristics and size of the portfolio. In 1984, the allowance for credit losses was increased by \$4.3 million, in order to keep pace with the \$312.9 million increase in outstanding loans and to provide for future loan growth. The balance of the allowance at December 31 was \$15.0 million or 1.08% of outstanding loans and leases.

The table below presents an allocation of the allowance for credit losses to the major categories of loans and leases for the past five years. This allocation was developed using historical charge-off information. It should be noted, however, that as indicated above, historical loss rates are only one of several factors considered in determining the proper level for the allowance. In addition, the allowance for credit losses is a composite reserve available for all types of loans and leases and it should not be construed that the indicated amount for each category is the maximum amount of the allowance available for loans and leases in that category.

Allocation of Allowance for Possible Credit Losses to Loan and Lease Categories

December 31 (In Millions)	1984		1983		1982		1981		1980	
	\$	%	\$	%	\$	%	\$	%	\$	%
Allowance for possible credit losses:										
Commercial, financial and agricultural	\$ 4.3	28.7%	\$ 4.5	42.1%	\$ 4.7	45.2%	\$3.8	39.2%	\$3.6	41.4%
Secured by real estate:										
Construction	1.1	7.3	—	—	—	—	—	—	—	—
Mortgage	1.9	12.7	2.0	18.7	2.0	19.2	1.7	17.5	1.1	12.7
Consumer	3.4	22.7	3.2	29.9	2.9	27.9	3.2	33.0	2.9	33.3
Lease financing	0.3	2.0	0.6	5.6	0.5	4.8	0.6	6.2	0.6	6.9
Unallocated	4.0	26.6	0.4	3.7	0.3	2.9	0.4	4.1	0.5	5.7
Total	\$15.0	100.0%	\$10.7	100.0%	\$10.4	100.0%	\$9.7	100.0%	\$8.7	100.0%
Loan and lease categories as a percentage of total loans and leases:										
Commercial, financial and agricultural		51.4%		47.2%		47.4%		43.9%		42.5%
Secured by real estate:										
Construction		2.6		3.4		2.1		3.1		3.5
Mortgage		24.9		27.9		29.1		29.4		28.9
Consumer		19.0		19.4		19.1		19.9		20.4
Lease financing		2.7		2.8		3.2		5.0		6.2
Less unearned income		(0.6)		(0.7)		(0.9)		(1.3)		(1.5)
Total		100.0%		100.0%		100.0%		100.0%		100.0%

Summary of Loan Loss Experience

(In Thousands)	1984	1983	1982	1981	1980
Allowance for possible credit losses:					
Balance at beginning of year	\$10,697	\$10,432	\$ 9,682	\$8,655	\$7,705
Charge-offs:					
Commercial, financial and agricultural	3,115	4,387	3,272	1,885	1,608
Secured by real estate:					
Construction	1,121	—	—	—	—
Mortgage	646	678	371	287	212
Consumer	1,908	2,554	1,903	1,449	1,369
Lease financing	25	777	921	807	1,040
Total	6,815	8,396	6,467	4,428	4,229
Recoveries:					
Commercial, financial and agricultural	1,209	995	628	930	551
Secured by real estate:					
Construction	—	—	—	—	—
Mortgage	10	127	26	35	6
Consumer	761	1,135	634	454	293
Lease financing	242	305	245	156	91
Total	2,222	2,562	1,533	1,575	941
Net charge-offs	4,593	5,834	4,934	2,853	3,288
Provision charged against earnings	8,901	6,099	5,684	3,880	4,238
Balance at end of year	\$15,005	\$10,697	\$10,432	\$9,682	\$8,655
Loans and leases outstanding at December 31 (net of unearned income)	\$1,395,484	\$1,082,632	\$1,064,190	\$933,371	\$878,174
Average loans and leases outstanding (net of unearned income)	1,245,157	1,066,155	979,971	892,132	855,083
Ratio of net charge-offs to average loans and leases	.37%	.55%	.50%	.32%	.38%
Ratio of allowance for possible credit losses to loans and leases outstanding at December 31	1.08	.99	.98	1.04	.99

The provision charged against earnings increased 45.9% in 1984, to \$8.9 million, resulting in an increase to the allowance for credit losses of \$4.3 million. Net charge-offs, however, decreased from both 1983 and 1982 levels. Net charge-offs were \$4.6 million or .37% of average loans and leases in 1984, compared to \$5.8 million or .55% of loans and leases in 1983 and \$4.9 million or .50% of loans and leases in 1982.

We reduced both our commercial and consumer net loan charge-offs. Commercial loan charge-offs totaled \$3.1 million, compared to \$4.4 million in 1983 and \$3.3 million in 1982. Commercial loan charge-offs, net of recoveries, were .28% of average commercial loans in 1984, decreasing from .65% in 1983 and .59% in 1982. Consumer loan charge-offs were \$1.9 million in 1984, compared to \$2.5 million in 1983 and \$1.9 million in 1982. Net consumer charge-offs represented .43% of average consumer loans, compared to .61% and .56% in 1983 and 1982, respectively.

\$1.1 million of charge-offs were recorded on real estate construction loans in 1984. This amount primarily represents the write-down of approximately 20% of a construction loan on the books of our mortgage subsidiary.

Lease recoveries exceeded charge-offs by \$217,000 in 1984. This compares to net losses of \$472,000 and \$676,000 in 1983 and 1982, respectively.

Non-Performing Assets

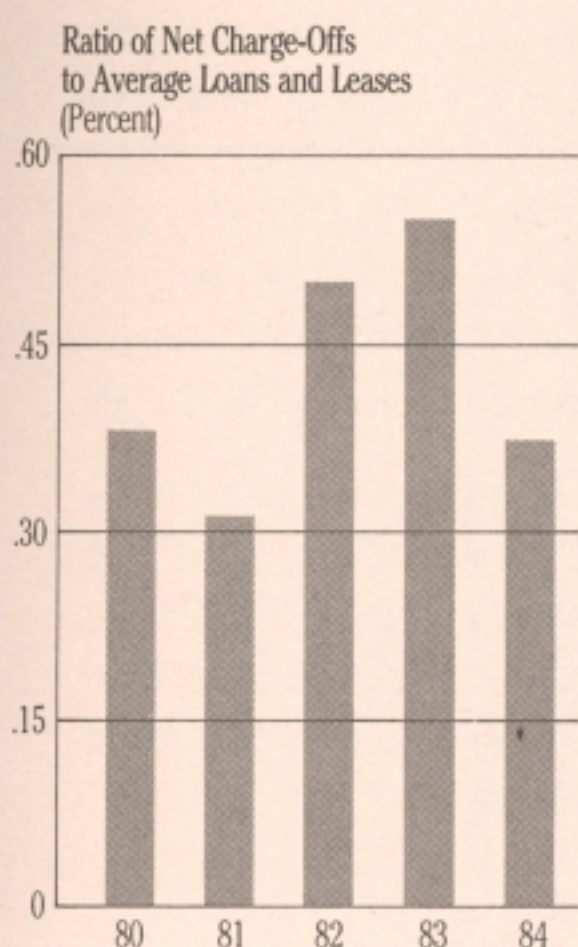
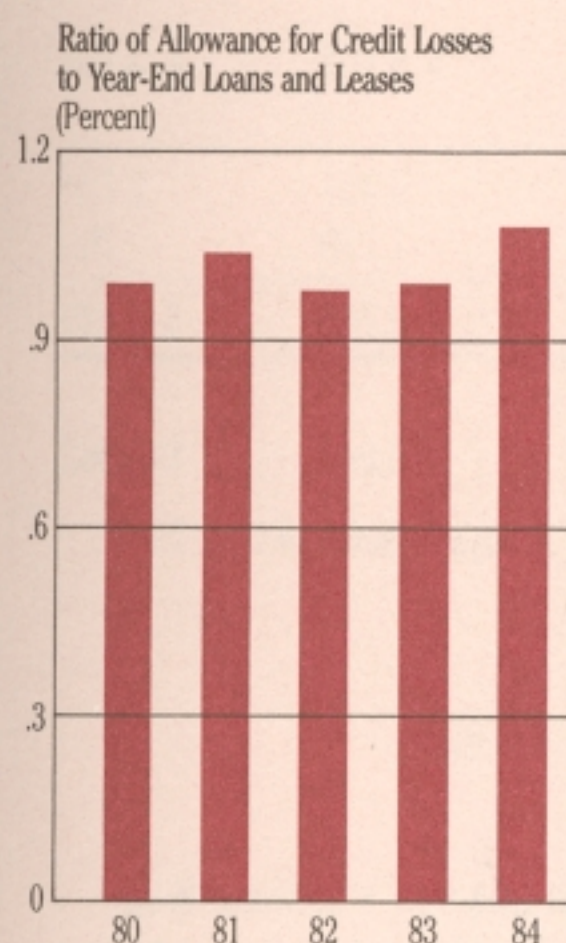
We were able to reduce the level of our non-performing assets to \$22.8 million or 1.0% of total assets in 1984. This represents a decrease of \$8.9 million from December 31, 1983.

Non-performing loans and leases totaled \$16.6 million at year-end 1984 or 1.2% of total loans and leases, decreasing from 1.9% in 1983. Loans on non-accrual status decreased from \$17.6 million to \$14.7 million. Non-performing loans and leases were \$11.9 million or 1.1% of the total portfolio in 1982.

The point at which a credit is placed on non-accrual status depends on several factors, but generally it is management's policy to discontinue the accrual of interest for income statement purposes whenever circumstances indicate that collection is questionable. At the time an asset is placed on non-accrual status, any interest income previously accrued but uncollected is reversed against earnings.

It should be noted that non-performing status does not necessarily indicate an anticipated loss or ultimate loss of interest, as assets in this category are generally well-secured by collateral or guaranties.

As of December 31, 1984, there were \$1.9 million of loans which were not included in any category under non-performing assets, but about which management has concerns regarding the continuing ability of the borrower to comply with present loan repayment terms. These loans are being monitored very closely by management, and their classification is reviewed on a regular basis. There are currently no commitments to lend additional funds to customers whose loans were classified as non-performing at December 31, 1984.



Non-Performing Assets and Past Due Loans and Leases

December 31 (In Thousands)	1984	1983	1982	1981	1980
Non-performing loans and leases:					
Non-accrual	\$14,665	\$17,642	\$ 7,212	\$ 6,401	\$ 2,724
Real estate in process of foreclosure	1,957	3,489	4,724	—	—
Total	16,622	21,131	11,936	6,401	2,724
Other real estate owned	6,152	10,556	4,566	1,759	765
Total non-performing assets	\$22,774	\$31,687	\$16,502	\$ 8,160	\$ 3,489
Past due loans and leases*	\$ 4,735	\$ 6,700	\$10,855	\$12,040	\$44,362

*Past-due loans and leases are here defined as contractually past-due 90 days or more for 1984, 1983, 1982 and 1981 and 30 days or more for 1980, for which 90 day past-due information was unavailable.

Other real estate owned decreased \$4.4 million or 41.7% from 1983, reflecting the disposition of several properties received in foreclosure proceedings in prior years.

Past due loans and leases, which are not included in our non-performing asset total, decreased from \$6.7 million in 1983 to \$4.7 million in 1984.

As of December 31, 1984, Peoples Bancorporation had \$11.0 million of foreign loans, of which \$2.0 million was outstanding to Brazil and \$9.0 million to Mexico. Total foreign credits represented less than 1% of the Bancorporation's total loan and lease portfolio.

Other information with respect to non-accrual loans and leases at December 31, 1984 is as follows:

Year Ended December 31, 1984 (In Thousands)	
Interest income which would have been recorded under original terms	\$2,377
Interest income recorded	199

Supplemental Information on the Effects of Changing Prices

Basis of Presentation

As required by Financial Accounting Standards Board (FASB) Statement No. 33, "Financial Reporting and Changing Prices," the following information is presented concerning the effects of changing prices on the financial statements.

Statement No. 33 requires the adjustment of key historical data for the effects of specific price changes (current cost), or for the effects of general inflation (constant dollar), in cases where current cost information is unavailable. The financial data below is presented on a constant dollar basis, and there were no material differences between the effects of general inflation and the effects of specific price changes.

As specified by Statement No. 33, no adjustments to or allocation of the amount of income tax expense in the primary financial statements were made in the computation of the supplemental information.

Impact of Changing Prices on Historical Financial Data

The FASB does not require each financial statement item to be restated for the impact of changing prices. Instead, the FASB has focused disclosures on those items which are most affected by changing prices—premises and equipment and monetary assets and liabilities.

In periods of general inflation, non-monetary assets such as premises and equipment purchased in prior years normally have a constant dollar value higher than their nominal dollar value. Depreciation expense based on these constant dollar values would accordingly be higher. For 1984, the effect of restating non-monetary assets on a constant dollar basis using the 1984 average Consumer Price Index (CPI) would have been an increase to depreciation expense of \$1,775,000.

Inflation will also impact the purchasing power of net monetary assets. In 1984, the Corporation experienced a loss in the purchasing power of its net monetary assets of \$2,175,000. This was computed by determining the difference between the monetary assets at the beginning and end of 1984, after conversion into average dollars using the average CPI for 1984.

It should be noted that a bank's asset and liability structure is substantially different from that of an industrial company, in that virtually all assets and liabilities of a bank are monetary in nature. Accordingly, changes in interest rates may have a significant impact on a bank's performance. Interest rates do not necessarily move in the same direction, or in the same magnitude, as the prices of other goods and services.

Statement of Income Adjusted for Changing Prices

Year Ended December 31, 1984 (In Thousands)	
Net income, as reported in the consolidated statement of income	\$15,077
Less:	
Increase in depreciation expense to reflect the effect of changing prices	(1,775)
Net income adjusted for changing prices	\$13,302

The table below presents comparative historical information which has been adjusted for the effect of general inflation by applying the average CPI for 1984 to the amount as originally reported.

Five-Year Comparison of Selected Supplemental Financial Data Adjusted for the Effects of Changing Prices

Year Ended December 31 (In Thousands, Except Per Share)	1984	1983	1982	1981	1980
Net interest income	\$ 88,117	\$ 77,672	\$ 86,362	\$ 86,690	\$ 89,347
Net income	13,302	4,547	12,529	15,929	13,218
Net assets at year-end	161,433	155,068	158,056	155,432	129,789
Purchasing power loss from holding net monetary assets during the year	2,175	1,728	1,843	4,934	6,292
Per common share:					
Net income	3.53	1.20	3.27	4.17	3.47
Cash dividends declared	1.00	1.04	1.08	1.14	1.15
Market bid price (at year-end)	26.75	24.78	16.96	22.01	20.82
Average consumer price index for all urban consumers	311.4	298.5	289.2	272.5	246.8

Quarterly Financial Information

Net income increased in each quarter of 1984, from \$1.5 million in the fourth quarter of 1983 to \$4.6 million in the fourth quarter of 1984. Fourth quarter 1984 non-interest income included two non-recurring gains: \$1.1 million on the sale of our former computer center and \$1.0 million on the sale of mortgage loan servicing (income for the year from the sale of loan servicing was \$1.8 million). These gains were offset, however, by a higher credit loss provision, resulting from additions to the allowance for credit losses.

During the first quarter of 1983, \$5 million was reserved for the settlement of the Rouse vs. Peoples Leasing Company litigation. This charge, which was included in non-interest expenses, reduced consolidated earnings for the first quarter by \$2.7 million or \$.71 per share, net of taxes. During the third quarter of 1983, the settlement was implemented and

payments were made totaling \$2.4 million. Consequently, the original provision was reduced by \$2.6 million, increasing third quarter 1983 consolidated earnings by \$1.4 million or \$.37 per share, net of taxes.

Peoples Bancorporation's common stock is traded in the over-the-counter market under the NASDAQ symbol PEOP and quoted daily in leading financial publications. There were approximately 1,814 shareholders of record as of December 31, 1984. The payment of dividends on common stock is subject to the restrictions described in Note H to the consolidated financial statements.

The above bid quotations were compiled by the National Quotation Bureau, Inc.

Quarterly Statements of Income

(In Thousands, Except Per Share)	1984				1983			
	1st	2nd	3rd	4th	1st	2nd	3rd	4th
Interest income	\$47,599	\$50,542	\$54,563	\$53,885	\$44,856	\$46,418	\$47,692	\$47,026
Interest expense	28,581	28,342	30,883	30,666	26,783	27,522	28,929	28,329
Net interest income	19,018	22,200	23,680	23,219	18,073	18,896	18,763	18,697
Provision for possible credit losses	1,233	2,124	1,917	3,627	1,917	1,230	1,051	1,901
Non-interest income	10,037	10,520	11,113	12,848	8,798	9,559	9,248	9,847
Non-interest expense	25,504	26,161	26,770	27,207	29,302	25,100	22,379	25,696
Income (loss) before taxes	2,318	4,435	6,106	5,233	(4,348)	2,125	4,581	947
Income tax expense (benefit)	(96)	932	1,556	623	(3,070)	(24)	949	(582)
Net income (loss)	\$ 2,414	\$ 3,503	\$ 4,550	\$ 4,610	\$(1,278)	\$ 2,149	\$ 3,632	\$ 1,529
Net income (loss) per share:								
Primary	\$.64	\$.93	\$1.20	\$1.23	\$(.34)	\$.57	\$.96	\$.40
Fully diluted	.61	.89	1.15	1.17	(.29)	.55	.91	.39

Quarterly Common Stock Data

Market bid price:								
High	\$24 1/2	\$25 1/2	\$24 1/2	\$26 3/4	\$21	\$24	\$23 1/2	\$23 1/4
Low	21 1/2	20 1/4	20	24 1/4	15 3/4	18 3/4	18 3/4	20
Dividends declared per share	.25	.25	.25	.25	.25	.25	.25	.25

Average Balances/Interest Income and Expense/Rates									
(In Thousands)	1984			1983			1982		
	Average Balance	Interest Income/Expense	Avg. Rates Earned/Paid	Average Balance	Interest Income/Expense	Avg. Rates Earned/Paid	Average Balance	Interest Income/Expense	Avg. Rates Earned/Paid
Assets									
Investment securities:									
Taxable	\$ 215,415	\$ 22,273	10.34 %	\$ 232,398	\$ 25,133	10.81 %	\$ 148,303	\$ 18,842	12.70 %
Non-taxable	78,541	8,593	10.94	93,112	10,196	10.95	104,471	12,410	11.88
Total investment securities	293,956	30,866	10.50	325,510	35,329	10.85	252,774	31,252	12.36
Interest bearing deposits with banks	246	27	11.18	247	28	11.15	8,585	1,275	14.85
Trading account assets	21,152	2,463	11.64	15,746	1,767	11.22	7,055	881	12.49
Federal funds sold and securities purchased under agreements to resell	131,401	13,661	10.40	249,598	22,828	9.15	214,290	25,886	12.08
Loans and leases:									
Commercial	675,799	89,876	13.30	520,538	62,772	12.06	448,391	69,801	15.57
Consumer	264,815	35,846	13.54	231,013	30,198	13.07	227,197	31,884	14.03
Real estate	278,045	29,648	10.66	290,230	30,404	10.48	273,285	29,625	10.84
Lease financing	26,498	3,001	11.33	24,374	3,180	13.05	31,098	4,541	14.60
Total loans and leases	1,245,157	158,371	12.72	1,066,155	126,554	11.87	979,971	135,851	13.86
Loan fees	—	8,614	.69	—	6,671	.63	—	6,750	.69
Total—including loan fees	1,245,157	166,985	13.41	1,066,155	133,225	12.50	979,971	142,601	14.55
Total earning assets	1,691,912	\$214,002	12.65 %	1,657,256	\$193,177	11.66 %	1,462,675	\$201,895	13.80 %
Less allowance for possible credit losses	(12,365)			(10,390)			(9,936)		
Cash and due from banks	234,581			264,964			238,259		
Other non-earning assets	148,968			134,201			150,850		
Total Assets	\$2,063,096			\$2,046,031			\$1,841,848		
Liabilities and Shareholders' Equity									
Interest bearing deposits:									
Savings and interest checking	\$ 333,495	\$ 17,849	5.35 %	\$ 350,626	\$ 18,383	5.24 %	\$ 375,122	\$ 19,604	5.23 %
Money Market Accounts	319,792	27,598	8.63	289,075	23,369	8.08	2,529	247	9.77
Time deposits over \$100,000	39,892	4,271	10.71	31,403	2,654	8.45	83,051	10,368	12.48
Other time deposits	486,410	50,063	10.29	433,707	45,582	10.51	428,531	53,364	12.45
Total interest bearing deposits	1,179,589	99,781	8.46	1,104,811	89,988	8.15	889,233	83,583	9.40
Federal funds purchased and securities sold under agreements to repurchase	151,677	14,383	9.48	186,865	15,675	8.39	207,324	22,520	10.86
Other short-term borrowings	20,145	2,120	10.52	43,652	3,956	9.06	54,229	6,939	12.80
Long-term debt	20,650	2,188	10.59	21,502	1,944	9.04	18,906	1,721	9.10
Total interest bearing liabilities	1,372,061	\$118,472	8.63 %	1,356,830	\$111,563	8.22 %	1,169,692	\$114,763	9.81 %
Non-interest bearing deposits	509,497			521,202			483,360		
Other liabilities	58,932			51,950			76,510		
Shareholders' equity	122,606			116,049			112,286		
Total Liabilities and Shareholders' Equity	\$2,063,096			\$2,046,031			\$1,841,848		
Yield on earning assets		\$214,002	12.65 %		\$193,177	11.66 %		\$201,895	13.80 %
Interest expense related to earning assets		118,472	7.00		111,563	6.73		114,763	7.85
Net Interest Margin		\$ 95,530	5.65 %		\$ 81,614	4.93 %		\$ 87,132	5.95 %

The above table is presented on a fully taxable equivalent basis assuming a 46% income tax rate. Non-accrual loans are included in average loan balances. Changes in net interest margin not due solely to changes in volume or rate have been allocated to rate.

Analysis of Changes in Net Interest Margin					
Volume	Year Ended 1984 over 1983		Volume	Year Ended 1983 over 1982	
	Rate	Total		Rate	Total
\$ (1,837)	\$ (1,023)	\$ (2,860)	\$ 10,684	\$ (4,393)	\$ 6,291
(1,596)	(7)	(1,603)	(1,349)	(865)	(2,214)
(3,433)	(1,030)	(4,463)	9,335	(5,258)	4,077
(1)	—	(1)	(1,238)	(9)	(1,247)
608	88	696	1,085	(199)	886
(10,810)	1,643	(9,167)	4,265	(7,323)	(3,058)
18,723	8,381	27,104	11,233	(18,262)	(7,029)
4,419	1,229	5,648	535	(2,221)	(1,686)
(1,276)	520	(756)	1,837	(1,058)	779
277	(456)	(179)	(982)	(379)	(1,361)
22,143	9,674	31,817	12,623	(21,920)	(9,297)
1,120	823	1,943	595	(674)	(79)
23,263	10,497	33,760	13,218	(22,594)	(9,376)
\$ 9,627	\$ 11,198	\$ 20,825	\$ 26,665	\$(35,383)	\$ (8,718)
\$ (898)	\$ 364	\$ (534)	\$ (1,281)	\$ 60	\$ (1,221)
2,483	1,746	4,229	28,087	(4,965)	23,122
717	900	1,617	(6,448)	(1,266)	(7,714)
5,540	(1,059)	4,481	644	(8,426)	(7,782)
7,842	1,951	9,793	21,002	(14,597)	6,405
(2,952)	1,660	(1,292)	(2,222)	(4,623)	(6,845)
(2,130)	294	(1,836)	(1,354)	(1,629)	(2,983)
(77)	321	244	236	(13)	223
\$ 2,683	\$ 4,226	\$ 6,909	\$ 17,662	\$(20,862)	\$ (3,200)
\$ 6,944	\$ 6,972	\$ 13,916	\$ 9,003	\$(14,521)	\$(5,518)

Consolidated Balance Sheets

December 31 (In Thousands)	1984	1983
Assets		
Cash and due from banks	\$ 223,050	\$ 284,606
Interest bearing deposits with banks	—	45,000
Investment securities (market value—\$289,050 in 1984 and \$317,219 in 1983)—Note B	292,870	322,374
Trading account assets	39,068	17,501
Federal funds sold and securities purchased under agreements to resell	83,510	105,574
Loans and leases (net of unearned income—\$8,289 in 1984 and \$7,979 in 1983)—Note C	1,395,484	1,082,632
Less allowance for possible credit losses—Note D	(15,005)	(10,697)
Net loans and leases	1,380,479	1,071,935
Premises and equipment—Note E	54,356	53,119
Due from customers on acceptances	40,014	22,128
Other assets	59,986	63,525
Total Assets	\$2,173,333	\$1,985,762
Liabilities and Shareholders' Equity		
Deposits:		
Non-interest bearing	\$ 534,990	\$ 583,137
Interest bearing	1,251,561	1,160,912
Total deposits	1,786,551	1,744,049
Federal funds purchased and securities sold under agreements to repurchase	159,438	35,721
Other short-term borrowings	24,186	21,100
Acceptances outstanding	40,014	22,128
Other liabilities	23,804	22,428
Long-term debt—Note F	10,451	22,491
Total Liabilities	2,044,444	1,867,917
Shareholders' Equity		
Common stock, par value \$5.00 a share—authorized 10,000,000 shares, issued 3,830,108 shares in 1984 and 3,827,818 shares in 1983—Note G	19,151	19,139
Surplus	23,220	23,164
Retained earnings	87,575	76,270
	129,946	118,573
Less common stock in treasury, at cost—60,000 shares in 1984 and 47,000 shares in 1983	(1,057)	(728)
Total Shareholders' Equity	128,889	117,845
Total Liabilities and Shareholders' Equity	\$2,173,333	\$1,985,762

See notes to consolidated financial statements.

Consolidated Statements of Income

Year Ended December 31 (In Thousands, Except Per Share)	1984	1983	1982
Interest Income			
Interest and fees on loans and leases	\$164,130	\$131,196	\$141,444
Interest on deposits with banks	27	28	1,275
Interest on federal funds sold	13,661	22,828	25,886
Interest on investment securities:			
Taxable	22,273	25,133	18,842
Exempt from federal income taxes	4,640	5,506	6,701
Interest on trading account assets	1,858	1,301	792
Total Interest Income	206,589	185,992	194,940
Interest Expense			
Interest on deposits	99,781	89,988	83,583
Interest on federal funds purchased	14,383	15,675	22,520
Interest on short-term borrowings	2,120	3,956	6,939
Interest on long-term debt	2,188	1,944	1,721
Total Interest Expense	118,472	111,563	114,763
Net Interest Income	88,117	74,429	80,177
Provision for possible credit losses—Note D	8,901	6,099	5,684
Net Interest Income After Provision for Possible Credit Losses	79,216	68,330	74,493
Non-Interest Income			
Trust fees and commissions	5,483	4,705	4,077
Service charges on deposit accounts	13,041	11,765	9,349
Other service charges, commissions and fees	18,934	18,230	17,556
Securities gains (losses)	10	(102)	28
Other	7,050	2,854	2,976
Total Non-Interest Income	44,518	37,452	33,986
	123,734	105,782	108,479
Non-Interest Expense			
Salaries	43,989	43,388	41,999
Employee benefits—Note I	9,984	9,325	8,950
Occupancy expense—Note E	6,439	5,636	5,272
Furniture and equipment expense—Note E	11,609	11,317	9,493
Other	33,621	32,811	26,751
Total Non-Interest Expense	105,642	102,477	92,465
Income before income taxes	18,092	3,305	16,014
Income tax expense (benefit)—Note J	3,015	(2,727)	2,591
Net Income	\$ 15,077	\$ 6,032	\$ 13,423
Net Income Per Share:			
Primary	\$ 4.00	\$ 1.59	\$ 3.51
Fully diluted	\$ 3.81	\$ 1.56	\$ 3.33

See notes to consolidated financial statements.

Consolidated Statements of Changes in Financial Position

Year Ended December 31 (In Thousands)	1984	1983	1982
Financial resources were provided by (applied to):			
Operations—			
Net income	\$ 15,077	\$ 6,032	\$ 13,423
Non-cash charges (credits):			
Depreciation and amortization	8,942	9,375	7,623
Provision for possible credit losses	8,901	6,099	5,684
Deferred tax expense (benefit)	(1,066)	2,779	1,145
Financial resources provided by operations	31,854	24,285	27,875
Cash dividends paid	(3,775)	(3,789)	(3,823)
Deposits and other financing activities:			
Deposits—			
Non-interest bearing	(48,147)	60,034	2,558
Interest bearing	90,649	189,852	189,147
Total	42,502	249,886	191,705
Federal funds purchased and securities sold under agreements to repurchase	123,717	(209,808)	42,953
Other short-term borrowings	3,086	(33,536)	1,202
Long-term debt	(11,972)	1,998	3,070
Treasury stock	(329)	(555)	(173)
Total financing activities	157,004	7,985	238,757
Other activities—(increase) decrease in non-earning assets and liabilities:			
Cash and due from banks	61,556	(35,545)	15,133
Premises and equipment	(6,825)	(5,784)	(13,348)
Other, net	4,434	(31,486)	(1,130)
Total other activities	59,165	(72,815)	655
Increase (decrease) in financial resources invested in earning assets	\$244,248	\$ (44,334)	\$263,464
Increase (decrease) in earning assets:			
Interest bearing deposits with banks	\$ (45,000)	\$ 45,000	\$ (7,900)
Investment securities	(27,432)	32,314	82,715
Trading account assets	21,567	(15,131)	28,431
Federal funds sold and securities purchased under agreements to resell	(22,064)	(130,332)	24,470
Loans and leases	317,177	23,815	135,748
Increase (decrease) in earning assets	\$244,248	\$ (44,334)	\$263,464

See notes to consolidated financial statements.

Consolidated Statements of Changes in Shareholders' Equity

(In Thousands)	Common Stock	Surplus	Retained Earnings	Treasury Stock	Total
Balance at December 31, 1981	\$19,125	\$23,106	\$64,418	\$ —	\$106,649
Net income	—	—	13,423	—	13,423
Cash dividends declared (\$1.00 per share)	—	—	(3,823)	—	(3,823)
Treasury stock acquired	—	—	—	(173)	(173)
Conversion of convertible debentures to common stock	10	42	—	—	52
Balance at December 31, 1982	19,135	23,148	74,018	(173)	116,128
Net income	—	—	6,032	—	6,032
Cash dividends declared (\$1.00 per share)	—	—	(3,780)	—	(3,780)
Treasury stock acquired	—	—	—	(555)	(555)
Conversion of convertible debentures to common stock	4	16	—	—	20
Balance at December 31, 1983	19,139	23,164	76,270	(728)	117,845
Net income	—	—	15,077	—	15,077
Cash dividends declared (\$1.00 per share)	—	—	(3,772)	—	(3,772)
Treasury stock acquired	—	—	—	(329)	(329)
Conversion of convertible debentures to common stock	12	56	—	—	68
Balance at December 31, 1984	\$19,151	\$23,220	\$87,575	\$(1,057)	\$128,889

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Note A—Summary of Significant Accounting Policies

The accounting and reporting policies of Peoples Bancorporation (the "Corporation") and its subsidiaries conform to generally accepted accounting principles and to predominant practice within the banking industry. The following is a description of significant accounting policies:

Consolidation: The consolidated financial statements of Peoples Bancorporation include the accounts of the Corporation and its wholly-owned subsidiaries, including Peoples National Bank of Washington (the "Bank"), the Corporation's principal subsidiary. Significant intercompany transactions and balances are eliminated. Certain amounts in the 1982 and 1983 financial statements have been reclassified to conform with the 1984 presentation.

Investment Securities: Investment securities are carried at cost, adjusted for amortization of premiums and accretion of discounts. Gains and losses on the sale of securities are computed principally by the specific identification method.

Loans and Leases: Interest on commercial, real estate and certain types of consumer loans is accrued and credited to income based upon the principal amount outstanding. Interest on other consumer loans is accrued and credited to income on the sum-of-the-month's-digits method.

It is the policy of management to discontinue the accrual of interest on loans and leases when circumstances indicate that collection is questionable. At the time an asset is placed on non-accrual status, the accrued and unpaid interest is reversed against current income.

Material loan fees in excess of estimated costs are deferred and amortized to income over the estimated terms of the loans, except certain construction loan fees which are deferred and recognized as income based on the percentage of loan disbursements made.

The financing method of accounting is used for direct lease contract receivables. Under this method, income is recognized during the term of the lease in proportion to the unrecovered investment.

Real estate held for resale, acquired principally through foreclosure, is carried at the lower of cost or market value and is included in other assets.

Allowance for Possible Credit Losses: The allowance for possible credit losses is increased by provisions charged to expenses and reduced by loans and leases charged off, net of recoveries. The allowance is based on management's evaluation of potential losses in the loan and lease portfolio after consideration of historical loss experience, current problem credits, economic conditions, and other risks inherent in the portfolio.

Premises and Equipment: Premises and equipment are stated at cost less accumulated depreciation and amortization,

which are computed on the straight-line and accelerated methods over the estimated useful lives of the assets. Leasehold improvements are amortized over the terms of the respective leases or the estimated useful lives of the improvements, whichever is less. Gains or losses on dispositions are reflected in earnings.

Intangibles: Deposit intangibles recorded in purchase transactions are amortized on a straight-line basis over lives ranging from 6 months to 4 years; safe deposit box intangibles are amortized on a straight-line basis over 20 years; and goodwill is amortized over periods ranging from 15 years to 40 years on a straight-line basis.

Net intangibles were \$9,093,000 and \$10,295,000 at December 31, 1984 and 1983, respectively, including accumulated amortization of \$5,863,000 and \$4,661,000 at December 31, 1984 and 1983, respectively.

Mortgage Commitments: Gains or losses on mortgage standby contracts and mortgage forward contracts are recognized when the transactions are consummated. Standby contract fees are recognized as an expense when loans are delivered, the standby period expires, or when a determination has been made that the standby contract will not be used.

Trust Income: Income from trust services is recognized on the cash basis in accordance with predominant industry practice. The results of trust operations would not be materially different if reported on the accrual method.

Income Taxes: The provision for income taxes is based on income and expense reported for financial statement purposes after adjustment for permanent differences (principally tax-exempt income) and tax credits. Deferred income taxes are provided on timing differences when income and expenses are recognized in different periods for financial and income tax reporting purposes. Investment tax credits related to assets acquired for use by the Corporation and subsidiaries are accounted for under the "flow through" method which recognizes the benefit in the year in which the asset is placed in service. Investment tax credits relating to certain equipment leases are amortized over the terms of the respective leases.

Earnings Per Share: Primary earnings per share is computed based on the weighted average number of shares outstanding during the year (1984—3,773,374; 1983—3,784,694; and 1982—3,822,554). Per share amounts on a fully diluted basis assume conversion of all outstanding convertible debentures and elimination of related interest expense net of the applicable income tax effect. The computations exclude shares issuable under stock grants and stock options because their effect would not be material.

Note B—Investment Securities

The following table reflects the book and market values of investment securities at December 31:

(In Thousands)	1984		1983	
	Book	Market	Book	Market
U.S. Treasury and other U.S. Government				
Agencies and corporations	\$223,060	\$223,668	\$233,546	\$234,324
State and political subdivisions	67,477	63,073	86,486	80,373
Other taxable securities	2,333	2,309	2,342	2,522
Total investment securities	\$292,870	\$289,050	\$322,374	\$317,219

Securities carried at approximately \$44,566,000 and \$45,882,000 at December 31, 1984 and 1983, respectively, were pledged to secure public deposits and trust funds as required by law.

Note C—Loans and Leases

Loans and leases at December 31 consisted of the following:

(In Thousands)	1984	1983
Commercial, financial and agricultural	\$ 717,169	\$ 511,115
Secured by real estate:		
Construction	36,509	36,904
Mortgage	347,530	302,238
Consumer	265,470	209,698
Lease financing	37,095	30,656
Less unearned income	(8,289)	(7,979)
Total loans and leases	\$1,395,484	\$1,082,632

Certain related parties of Peoples Bancorporation, principally directors of the Corporation and their associates, were loan customers of the Corporation and its subsidiaries in the ordinary course of business during 1984 and 1983. Activity related to these loans during 1984 was as follows:

(In Thousands)	
Balance at December 31, 1983	\$ 14,766
New loans	408,159
Repayments	405,780
Balance at December 31, 1984	\$ 17,145

Note D—Allowance for Possible Credit Losses

Changes in the allowance for possible credit losses for the years ended December 31, 1984, 1983 and 1982 were as follows:

(In Thousands)	1984	1983	1982
Balance at beginning of year	\$10,697	\$10,432	\$ 9,682
Provision charged against earnings	8,901	6,099	5,684
Charge-offs	(6,815)	(8,396)	(6,467)
Recoveries	2,222	2,562	1,533
Net charge-offs	(4,593)	(5,834)	(4,934)
Balance at December 31	\$15,005	\$10,697	\$10,432

Note E—Premises and Equipment

The components of premises and equipment at December 31 were as follows:

(In Thousands)	1984	1983
Land	\$ 8,557	\$ 7,969
Buildings	40,462	39,078
Leasehold improvements	8,552	9,028
Furniture and fixtures	33,700	29,777
	91,271	85,852
Less accumulated depreciation and amortization	(36,915)	(32,733)
Total premises and equipment	\$54,356	\$53,119

Depreciation expense on premises and equipment totaled \$5,588,000, \$5,420,000 and \$4,924,000 for the years ended December 31, 1984, 1983 and 1982, respectively. Occupancy expense has been reduced by rental income received. Such income amounted to \$2,189,000, \$2,122,000 and \$2,013,000 for the years ended December 31, 1984, 1983 and 1982, respectively.

Rental expense of leased premises and equipment was \$7,840,000, \$7,624,000 and \$7,580,000 for the years ended December 31, 1984, 1983 and 1982, respectively. The Corporation principally leases equipment and premises under operating leases.

Minimum net rental commitments under noncancellable leases having an original or remaining term of more than one year were as follows as of December 31, 1984:

(In Thousands)	
1985	\$ 4,017
1986	2,931
1987	1,769
1988	1,070
1989	872
1990 and subsequent	4,398
Total minimum payments required	\$15,057

Certain leases contain renewal options from 2 to 20 years and escalation clauses based upon increases in property taxes and other costs. These commitments have been reduced by rentals to be received from existing noncancellable subleases (the total amount of which is not significant).

Note F—Long-Term Debt

Long-term debt at December 31 consisted of the following:

(In Thousands)	1984	1983
8¾ % Subordinated Capital Note	\$ 4,500	\$ 5,500
8½ % Series A Subordinated Convertible Debentures	—	7,531
8¾ % Series B Subordinated Convertible Debentures	1,159	1,185
13¼ % Mortgage Note Payable	—	2,700
Other long-term debt	4,792	5,575
Total long-term debt	\$10,451	\$22,491

Subordinated Capital Note: The first principal payment of \$1,000,000 was made on December 31, 1983 and semi-annual principal payments of \$500,000 are being made over the succeeding two and one-half years. The remaining principal balance of \$3,000,000 is due on December 31, 1986. This note is unsecured and subordinated to the rights of depositors and other creditors, except the holders of subordinated convertible debentures as discussed below.

Subordinated Convertible Debentures: The subordinated convertible debentures were issued by the Bank in 1977, with both series convertible into common stock, at the option of the holders. Series A matured on December 15, 1984, while Series B is due on December 15, 1989. The conversion rate is the higher of \$13.375 per share, or 95% of the consolidated book value per share at the end of the most recent calendar quarter, net of the unamortized excess of purchase price over net assets acquired reestablished on the books of the Parent Company at the time of its formation. At December 31, 1984, the conversion rate was \$30.96 per share. During 1984 and 1983, debentures with a face value of \$68,000 and \$20,000 were converted into 2,290 shares and 749 shares of common stock, respectively. The convertible debentures are unsecured and are subordinate to the rights of depositors and other creditors. In addition, the debentures rank on a parity with the subordinated capital note presently outstanding, except as to the portion of the subordinated note which will be repaid before the maturity of the convertible debentures.

Mortgage Note Payable: The 13¼ % mortgage note, payable by a subsidiary of the Parent Company was paid-off in full on September 11, 1984.

Other Long-Term Debt: Other long-term debt consists primarily of mortgages and other contractual indebtedness at interest rates ranging from 8% to 14½ %.

The aggregate maturities for long-term debt for the next five years are as follows:

(In Thousands)	
1985	\$ 1,791
1986	3,894
1987	316
1988	238
1989	1,399
1990 and subsequent	2,813
Total	\$10,451

Note G—Common Stock and Employee Stock Plans

Peoples Bancorporation has an incentive stock option plan and a non-qualified stock grant plan, which provide for stock-based awards to key employees. A maximum of 100,000 shares are authorized to be awarded under these plans. These shares must be stock reacquired by the Corporation and held in the treasury.

Incentive stock options may be exercised during a ten year period beginning one year after the date of grant at a price not less than 100% of the fair market value of the stock at the time of grant. On December 21, 1982, options to purchase

20,000 shares were awarded at an option price of \$16.00. On March 27, 1984, options to purchase an additional 13,000 shares were awarded at an option price of \$24.50. As of December 31, 1984, options to purchase 33,000 shares were outstanding, of which 20,000 were exercisable. As of December 31, 1984, no stock options had been exercised.

The non-qualified stock grant plan provides for the granting of rights to receive shares of the Corporation's common stock as consideration for the employees' continued employment with and efforts on behalf of the Corporation. The stock is to be presented in equal amounts on each of the sixth through tenth anniversaries of the date of award. Grants in the amount of 17,000 shares were awarded in 1982. No additional grants were awarded during 1983 or 1984.

At the 1984 annual meeting, the shareholders adopted the Peoples Bancorporation Long-Term Incentive Plan, which provides for the granting of stock appreciation rights to key employees. These stock appreciation rights (SARs) are cash awards which vest according to certain prescribed schedules. The actual value of the SAR is the difference between the base value and the fair market value of the Corporation's common stock on the date the SAR is exercised, plus dividends paid on the stock during the period the award was held. The base value is tied to the fair market value of the stock during the quarter preceding that in which the award is made. A total of 75,000 SARs are authorized to be awarded under the program. As of December 31, 1984, 20,000 SARs were awarded with a base value of \$20.625 each. These SARs vest in equal amounts over a four year period beginning on April 19, 1985.

At December 31, 1984, 718,852 shares of common stock were reserved for the conversion of convertible debentures discussed in Note F. As a result of debenture conversions, the Corporation issued shares of common stock as follows: 2,290 in 1984, 749 in 1983 and 2,109 in 1982.

Note H—Restricted Assets

Certain restrictions exist regarding the ability of the Bank to transfer funds to its affiliates, including the Parent Company. The provisions of the Bank's 8¾ % Subordinated Note restrict the Bank's dividends declared or paid to not more than 50 % of the annual net income of the prior three years, other than dividends payable in common stock of the Bank. In addition, the approval of the Comptroller of the Currency is required to pay dividends which exceed the Bank's net profits for that year plus its retained net profits for the preceding two years. Under the most restrictive of these conditions, the Bank could have paid additional dividends of \$13.4 million to the Parent Company as of December 31, 1984.

Section 23A of the Federal Reserve Act limits the extent to which the Bank may make loans or advances to, purchase assets from, or invest in the securities of its affiliates. Transactions with any single affiliate cannot exceed 10 % of the Bank's capital, surplus and retained earnings (net assets). The total of such transactions with all affiliates may not exceed 20 % of the Bank's net assets.

As a result of these restrictions, approximately \$25.0 million of the \$108.5 million of net assets of the Bank which were included in consolidated net assets of the Corporation were available to be transferred to the Parent Company at December 31, 1984.

Federal Reserve Board regulations require that the Bank maintain certain minimum reserve balances on deposit with the Federal Reserve Bank. The average amounts of such balances for the years ended December 31, 1984 and 1983 were approximately \$22,541,000 and \$26,995,000, respectively.

Note I—Employee Benefits

The Corporation has a non-contributory pension plan covering substantially all employees of Peoples Bancorporation and its subsidiaries. Total annual pension expense was \$1,800,000 in both 1983 and 1984, and \$1,865,000 in 1982. The Corporation makes annual contributions to the plan equal to the amount accrued for pension expense, including amortization of past service cost over 30 years. The actuarially determined value of benefits and pension fund net assets as of the most recent valuation date of January 1, 1983 was as follows:

(In Thousands)

Actuarial present value of accumulated plan benefits:	
Vested	\$11,778
Non-vested	828
Total	\$12,606
Net assets available for benefits	\$16,945

The actuarial assumption of investment earnings rate used in determining pension expense was 7 % and the actuarial assumption of salary escalation was 6 %.

In addition to providing pension benefits, the Corporation provides certain health care and life insurance benefits for retired employees. Substantially all of the Corporation's employees may become eligible for these benefits if they reach normal retirement age while working for the Corporation. The cost of health care benefits for both retirees and active employees is recognized as expense as claims are paid. For 1984, this expense totaled \$1,605,000. Life insurance benefits for both retirees and active employees are provided through an insurance company whose premiums are based on the benefits paid during the year. The Corporation recognizes the cost of providing such benefits by expensing the annual insurance premiums, which were \$192,000 for 1984. The cost of providing health care and life insurance benefits for 270 retirees is not separable from the costs for the 2,352 active employees.

The Corporation also offers its employees an incentive savings plan. Eligible employees may elect to have from 2 % to 6 % of their base pay deferred and contributed to the plan. The amount deferred is not subject to federal income tax at the time of deferral. The Corporation matches 50 % of the employees' contribution. The Corporation's expense related to the plan was \$577,000, \$494,000 and \$336,000 in 1984, 1983 and 1982, respectively.

Note J—Income Taxes

The components of income tax expense (benefit) for the years ended December 31 were as follows:

(In Thousands)	1984	1983	1982
Federal:			
Currently payable (receivable)	\$ 4,074	\$(5,618)	\$1,446
Deferred taxes resulting from—			
Accrual method for reporting purposes and cash method for tax purposes	(666)	1,929	667
Leasing income recognized on financing method for reporting purposes and on operating method for tax purposes	847	649	628
Provision for credit losses for reporting purposes in excess of that recognized for tax purposes	(2,275)	(139)	(299)
Differences in method of recognizing installment loan interest income for reporting purposes and for tax purposes	(339)	(440)	(338)
Pension plan costs recognized for tax purposes and deferred for reporting purposes	621	—	48
Depreciation recognized for tax purposes and deferred for reporting purposes	552	258	247
Amortization of intangibles recognized for reporting purposes and deferred for tax purposes	—	—	(94)
Investment tax credits recognized for tax purposes and deferred for reporting purposes	208	480	366
Other deferred items	(14)	42	(80)
Deferred federal income tax expense (benefit)	(1,066)	2,779	1,145
Total federal income tax expense (benefit)	3,008	(2,839)	2,591
Foreign tax expense	7	112	—
Total income tax expense (benefit)	\$ 3,015	\$(2,727)	\$2,591
Tax expense (benefit) included above related to security transactions	\$ 5	\$ (49)	\$ 13

The following is a reconciliation between the statutory federal income tax rate and the effective income tax rate for the years ended December 31:

	1984		1983		1982	
(In Thousands)	Amount	% of Pre-tax Income	Amount	% of Pre-tax Income	Amount	% of Pre-tax Income
Income tax at statutory rates	\$ 8,322	46.0%	\$ 1,520	46.0%	\$7,366	46.0%
Increase (decrease) resulting from:						
Tax-exempt income	(4,134)	(22.9)	(3,857)	(116.7)	(3,709)	(23.2)
Non-deductible amortization	183	1.0	282	8.5	79	0.5
Investment tax credits	(1,081)	(6.0)	(711)	(21.5)	(1,018)	(6.3)
Capital gains tax rate differential	(232)	(1.2)	—	—	—	—
Other	(50)	(0.3)	(73)	(2.2)	(127)	(0.8)
Federal income tax expense (benefit)	\$ 3,008	16.6%	\$(2,839)	(85.9)%	\$2,591	16.2%

Note K—Commitments and Contingent Liabilities

In the normal course of business there are various commitments outstanding and contingent liabilities such as guaranties and commitments to extend credit which are not reflected in the consolidated financial statements. Management does not anticipate any material losses as a result of these transactions. Included with the various commitments and contingent liabilities are standby letters of credit which at

December 31, 1984 and 1983 amounted to \$25,890,000 and \$21,508,000, respectively.

Because of the nature of their activities, the Corporation and its subsidiaries are subject to various pending and threatened legal actions which arise in the ordinary course of business. In the opinion of management, liabilities arising from these claims, if any, will not have a material effect on the consolidated financial position of the Corporation.

Note L—Peoples Bancorporation (Parent Company Only) Financial Information**Balance Sheets**

December 31 (In Thousands)	1984	1983
Assets		
Cash	\$ 914	\$ 1,180
Equity in net assets of subsidiaries:		
Peoples National Bank of Washington	115,450	103,974
Other subsidiaries	8,740	8,158
Total	124,190	112,132
Loans	1,252	4,196
Other assets	9,685	10,608
Total Assets	\$136,041	\$128,116
Liabilities and Shareholders' Equity		
Short-term commercial paper	\$ 1,252	\$ 4,196
Note payable to Peoples National Bank of Washington	4,504	4,621
Other liabilities	1,396	1,454
Total Liabilities	7,152	10,271
Shareholders' equity	128,889	117,845
Total Liabilities and Shareholders' Equity	\$136,041	\$128,116

Statements of Income

Year ended December 31 (In Thousands)	1984	1983	1982
Income			
Dividends from subsidiaries:			
Peoples National Bank of Washington	\$ 3,152	\$ 4,641	\$ 3,871
Other subsidiaries	810	1,100	721
Interest on loans	223	1,905	4,085
Total Income	4,185	7,646	8,677
Expenses			
Interest (\$453, \$464 and \$488 paid to subsidiary in 1984, 1983 and 1982, respectively)	670	2,483	4,795
Amortization	806	1,132	853
Other expenses	31	80	41
Total Expenses	1,507	3,695	5,689
Income before income tax benefit and equity in undistributed net income of subsidiaries	2,678	3,951	2,988
Income tax benefit	407	542	659
Income before equity in undistributed net income of subsidiaries	3,085	4,493	3,647
Equity in undistributed net income of subsidiaries:			
Peoples National Bank of Washington	11,409	744	8,814
Other subsidiaries	583	795	962
Total	11,992	1,539	9,776
Net Income	\$15,077	\$ 6,032	\$ 13,423

Statements of Changes in Financial Position

Year ended December 31 (In Thousands)	1984	1983	1982
Financial resources were provided by (applied to):			
Operations—			
Net income	\$ 15,077	\$ 6,032	\$ 13,423
Non-cash charges (credits):			
Amortization	806	1,132	853
Undistributed net income of subsidiaries	(11,992)	(1,539)	(9,776)
Financial resources provided by operations	3,891	5,625	4,500
Cash dividends paid	(3,775)	(3,789)	(3,823)
Financing activities:			
Short-term commercial paper	(2,944)	(19,975)	(9,444)
Note payable to Peoples National Bank of Washington	(117)	(200)	(179)
Treasury stock	(329)	(555)	(173)
Total financing activities	(3,390)	(20,730)	(9,796)
Other activities—(increase) decrease in non-earning assets and liabilities:			
Cash	266	(993)	(176)
Other, net	84	(88)	(101)
Total other activities	350	(1,081)	(277)
Decrease in financial resources invested in earning assets	\$ (2,924)	\$(19,975)	\$ (9,396)
Increase (decrease) in earning assets:			
Loans	\$ (2,944)	\$(19,975)	\$ 24,171
Advances to subsidiaries	—	—	(33,615)
Investment in subsidiaries	—	—	48
Other investments	20	—	—
Decrease in earning assets	\$ (2,924)	\$(19,975)	\$ (9,396)

Guarantee of Debt of Subsidiaries: Peoples Bancorporation has guaranteed the 8 $\frac{3}{8}$ % subordinated convertible debentures issued by Peoples National Bank of Washington. Significant provisions of the debentures are disclosed in Note F.

Dividends from Subsidiaries: Cash dividends of \$3,962,000, \$5,741,000 and \$4,592,000 were declared payable from consolidated subsidiaries to Peoples Bancorporation for the years ended December 31, 1984, 1983 and 1982, respectively. Approximately \$3,019,000, \$4,796,000 and \$3,638,000 of such dividends were received by Peoples Bancorporation as of December 31, 1984, 1983 and 1982, respectively, with the remainder recorded as an accrued receivable.

Note Payable to Peoples National Bank of Washington: This note bears interest at 10% per annum. Interest and principal payments totaling \$579,000 are due on February 1 of each year through the year 2000. Principal due is as follows:

(In Thousands)	
1985	\$ 129
1986	142
1987	156
1988	171
1989	186
1990 and subsequent	3,720
Total	\$4,505

**Report of
Ernst & Whinney,
Independent Auditors**

Board of Directors
Peoples Bancorporation
Seattle, Washington

We have examined the consolidated balance sheets of Peoples Bancorporation and subsidiaries as of December 31, 1984 and 1983, and the related consolidated statements of income, changes in shareholders' equity, and changes in financial position for each of the three years in the period ended December 31, 1984. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the consolidated financial position of Peoples Bancorporation and subsidiaries at December 31, 1984 and 1983, and the consolidated results of their operations and changes in their financial position for each of the three years in the period ended December 31, 1984, in conformity with generally accepted accounting principles applied on a consistent basis.

Ernst & Whinney

Seattle, Washington
January 15, 1985

Board of Directors

Joshua Green, Jr.
Honorary Chairman of the Board
Joshua Green III
Chairman of the Board and Chief Executive Officer
M. Lamont Bean
Chairman of the Board and Chief Executive Officer,
Pan 'n Save Corporation
John M. Bloxom, Jr.
President and Chief Executive Officer,
Mt. Adams Orchards Corporation
Charles P. Burnett III
Investor
J.G. Cairns, Jr.
President
Sidney D. Campbell
Retired Chairman of the Board,
Foss Launch and Tug Company,
An Affiliate of Dillingham Corporation
Garrett Eddy
Chairman and Chief Executive Officer,
The Port Blakely Mill Company

John Fluke, Jr.
Chairman of the Board and Chief Executive Officer,
John Fluke Mfg. Co., Inc.
E.P. Garrett
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Chairman of the Board,
Merrill and Ring, Inc.
William Golding
Private Investments
Isabelle S. Lamb
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Enterprises International, Inc.
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Robert G. Perry*
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Ward L. Sax
Attorney at Law,
Sax and MacIver

James B. Scroggs
Retired
John E. Steiner
Aerospace Consultant
Retired Vice President,
Corporate Product Development,
The Boeing Company
E.C. Underhill*
Retired
Corydon Wagner, Jr.
Chairman,
R.D. Merrill Company
Thomas P. Youell
President,
The Northwest Company
Chairman,
Canadian Auto Carriers, Ltd.
*Advisory Directors to the Board

Senior Management

Joshua Green III
Chairman of the Board and
Chief Executive Officer
J. G. Cairns, Jr.
President
Elmer M. Anderson
Executive Vice President

Charles E. Riley
Executive Vice President
Leo M. Riley
Executive Vice President and
Secretary-Treasurer

General Information

Peoples Bancorporation is a bank holding company organized in Washington State in 1981. Its principal subsidiary is Peoples National Bank of Washington, founded in 1889, which is engaged in a general banking business through its head office in Seattle and 88 other banking offices throughout the State of Washington. Other subsidiaries are engaged in mortgage banking, escrow services and credit life insurance.

Annual Meeting

The annual meeting of shareholders will be held in the Metropolitan Ballroom, the Sheraton Hotel, Sixth and Pike, Seattle, Washington, on March 26, 1985 at 3:00 p.m.

Transfer Agent
Corporate Trust Department
Peoples National Bank of Washington
1414 Fourth Avenue
Seattle, Washington 98111

Stock Listing

Peoples Bancorporation common stock is traded Over-the-Counter.
NASDAQ symbol: PEOP

Form 10-K

Copies of Peoples Bancorporation's annual report to the Securities and Exchange Commission, Form 10-K, will be mailed to shareholders upon written request to:

Leo M. Riley
Executive Vice President and
Secretary-Treasurer
1414 Fourth Avenue
Seattle, Washington 98111

For additional information write or call:
Peoples Bancorporation
P.O. Box 720
1414 Fourth Avenue
Seattle, Washington 98111
From Seattle:
(206) 344-2300
From Washington State
outside of Seattle:
1-800-552-7138
From outside of Washington
State in the continental
United States:
1-800-426-0648

Peoples Bancorporation

1414 Fourth Avenue, Seattle, Washington 98111
Member FDIC