One hundred years ago this past spring, a golden spike was driven at Promontory Point, Utah, signaling the beginning of the transcontinental railroad and a close to the short, but colorful career of the Overland Stage. In stage's heyday, a passenger could board the Overland in St. Joseph, Missouri and, for a fare of $155 and lunch, arrive in Sacramento twenty days later.
For banking, 1969 was characterized by steadily tightening monetary policies during a period of strong credit demands. The resulting shortage of loan funds raised the cost of money to banks and to borrowers, caused a flight of funds from savings deposits to higher yielding investments and deposit instruments, and limited the ability of banks to meet all the credit needs of their customers.

This environment of tightened credit has been the objective of monetary policy in an effort to control inflation. There is some evidence that these policies are working. However, it is well to remember that with the adoption of monetary policy as the principal weapon to fight inflation, the banking industry has had the responsibility of implementing these restrictive Federal Reserve policies.

Large money market banks, such as Wells Fargo, which were responding to national as well as regional loan demand at the time the restrictions were imposed, have been confronted with difficult problems in accommodating customer credit needs. Monetary policy continues tight into 1970 and the Federal Reserve is making it progressively more difficult for banks to secure funds. Reserves have been applied against Eurodollar holdings. Ceilings have been applied to loan participation agreements and now rulings are being considered to restrict the issuance of commercial paper by the banking industry.

The problems created in the fight against inflation warrant mention here since this information is essential to an understanding of the year's results. These monetary actions forced us into an increasingly restrictive loan policy. Although we are still meeting the more urgent credit needs of our customers, speculative or non-essential loans are discouraged. We continued to take care of the normal needs of our small business customers. In the real estate area we made $305 million in mortgage loans, largely to take care of customer housing needs.

To meet customer loan commitments and maintain liquidity, we reduced our bond portfolio, purchased Eurodollars and Federal funds and, through the holding company, sold commercial paper. The interest ceiling imposed by regulatory authorities on savings accounts and other time deposits during a period when higher interest rates were available from competitive investment media, limited the Bank's ability to attract new domestic deposits.

Funds purchased at the high market rates to meet loan commitments had an adverse effect on earnings. Interest paid for deposits and other borrowed funds now totals $170 million, a $40 million gain over 1968. Primarily because of these high money costs, earnings did not increase as much as anticipated over the previous year even though loan yield and credit demands were strong. Net earnings for Wells Fargo & Company were $32,027,925, equal to $3.50 per share, compared to $29,506,649 or $3.27 per share a year ago, an increase of seven per cent.

The 1969 Tax Reform Bill, passed late in the year, also had an adverse effect, reducing net earnings approximately ten cents a share. This was due to an adjustment of the income tax rate on security gains and losses retroactive to July 12, 1969.

The year was eventful in other respects. Our newly-formed holding company, Wells Fargo & Company, became operational February 28. The uncertainty of pending government legislation which will determine the areas of business in which one-bank holding companies will be permitted to operate has slowed commitments to new ventures. However, the operating staff has been strengthened by additional personnel including the appointment of Leonard Marks Jr. as a senior vice president. We have also developed a plan to expand our financial services.

Late in the year, the holding company organized a subsidiary, Wells Fargo Securities Clearance Corporation, to handle the Bank's stock and bond securities clearance transactions. Approved by the Comptroller of the Currency, the Corpora-
tion will open in New York’s financial district in February. At the outset, we intend to serve only a very limited number of customers but ultimately we hope to serve a broadened clientele of brokerage houses and banks.

In early 1970, we listed the stock of Wells Fargo & Company on both the New York and Pacific Coast stock exchanges.

A number of major international expansion moves were made during the year including establishment of international representatives in London and Buenos Aires, a branch in Luxembourg and minority interests in banks and financial firms in Mexico, Australia and Hong Kong.

In Southern California, nineteen branches were in operation by year end including three branches acquired through merger with the Channel Islands State Bank in Ventura, giving us entry into this important Southern California County. In August, two offices were opened in San Diego County.

We are hopeful of a merger in early 1970 with the Los Padres National Bank of Santa Maria. Located in the northern part of Santa Barbara County, the bank has two offices and approximately $10 million in deposits. The merger has been approved by stockholders of both banks and if approved by regulatory authorities, will extend Wells Fargo coverage to six of Southern California’s ten counties.

In December, Mr. Richard E. Guggenheim, partner of Heller, Ehrman, White & McAuliffe, San Francisco attorneys, was elected to the board of directors.

For the coming year, we expect money and credit conditions to remain relatively tight and although our loan policy is more selective it is still structured to meet the essential requirements of our customers. We do not expect substantially lower interest rates during 1970. Not only is the present loan demand still strong, but there is a backlog of capital needs by city and state governments, corporations, home builders and home buyers that are awaiting easier credit. In addition, the demand for credit by projects in the fields of anti-pollution, transportation and urban development will increase. The nation—like California—may well be faced with a shortage of loanable funds in the immediate years ahead.

In the Seventies we expect to round out our geographical coverage in Southern California, expand our overseas operations, contemplate a far stronger trend towards fee services for corporate accounts; and foresee a variety of new consumer services and a greater role in financially related fields.

Many important achievements and goals were reached in 1969 through the combined efforts of our staff and directors. We want to express our thanks to each of them for helping us to meet the changes and challenges of a difficult year.

Ernest C. Arbuckle, Chairman of the Board
Richard P. Cooley, President

January 19, 1970

Ernest C. Arbuckle (left) and Richard P. Cooley
**EARNINGS:**

Earnings are now reported under new rules prescribed by regulatory authorities: (1) Operating expense includes a reasonable provision for loan losses based on our five-year loss average. (2) The term, Net Operating Earnings, has been replaced by Income Before Security Losses, which includes the loan loss provision. (3) The final item after deducting security losses is labeled Net Income.

We are now required to show additional per share earnings information, i.e., income per share assuming full dilution. To compute this figure, shares committed for future issuance are added to current average outstanding shares. These include shares reserved for the recent acquisition of Sonoma Mortgage Corporation and for conversion of convertible capital notes.

The 1969 Tax Reform Bill will have a significant effect on the taxation of banks. These changes reduced earnings by approximately ten cents per share. One provision in the law was a change in income tax rates on security gains and losses retroactive to July 12, 1969. Earnings for the first three quarters of 1969 have been restated to reflect these adjustments. All references in the comments will be to Net Income.

With a higher loan yield and two major operations entering the profit column—the Bank's credit card and the Southern California expansion program—expectations were high for a good earnings year. First quarter earnings did in fact show a gain of 19 per cent over the same period of a year ago. But the forecasted slowing of the economy did not occur, strong loan demand continued and a money shortage soon developed. The high costs of securing funds to meet the more urgent credit needs of our customers had an adverse effect on earnings gains.

Second quarter gains slowed to an 8.2 per cent increase, and third quarter earnings were only 0.2 per cent above the same period a year ago. Fourth quarter earnings were up 3.6 per cent, largely as a result of security losses incurred in the same quarter a year ago. For the entire year, earnings increased 7.0 per cent to $32 million or $3.50 per share compared to $29.5 million or $3.27 per share in 1968.

**DEPOSITS:**

High interest rates in the money market caused a substantial movement of funds from savings and time deposits into such instruments as treasury bills and commercial paper. Banks were severely restricted in attracting new deposits because of government ceilings on bank interest rates.

While a year ago certificates of deposit increased by $106 million, in 1969 they decreased by $147 million, a $253 million swing. Other time deposits, largely public, were down $212 million from a year ago and the growth of commercial demand deposits slowed considerably.

A drop of $117 million in four per cent passbook savings was almost entirely offset by a similar gain in five per cent consumer time deposits which were found to be attractive to many customers.

Foreign deposits were $206 million. These are primarily Eurodollars purchased through our Luxembourg office at rates ranging from 7% to 11 7/16 per cent.

Total deposits were down two per cent to $4.6 billion, compared to a year ago when deposits increased 16 per cent. Total assets of the parent firm, Wells Fargo & Company, were $5.9 billion, up from $5.4 billion a year ago.

**LOANS:**

The slowing in deposit growth, coupled with heavy loan demands, forced the Bank to make further lending restrictions. Despite a restrictive credit policy, loan commitments and the necessary loan needs of our customers were met. However, more than $500 million in loans, which under normal circumstances would have been granted, were turned down because of the lack of funds.

For the year, total loans (bank and parent company) were up $396 million to $3.7 billion. Commercial loans increased $280 million. From left: James K. Dobey, Ralph J. Crawford, Jr., John R. Breeden, executive vice presidents, and Robert L. Kemper, senior vice president.
The card is gaining rapid acceptance overseas and at present is strong in Japan, Mexico, and a number of countries in Western Europe.

In California, Wells Fargo has 372,000 individual credit accounts with usage passing the halfway mark, moving from 1968's 44 per cent to a current 53 per cent. The Bank's cardholder volume exceeded $60 million this year and the Bank's merchant sales volume topped $40 million.

Recent increases in new cardholder accounts have been concentrated in the Southern California area. But these sources of new accounts may slow as three large Southern California-based banks are expected to offer the card to their customers in early 1970.

In the final quarter of 1969 the credit card began making a modest contribution to profit after considering all expenses, including the cost of funds used in this activity. The operation reached the "break-even" point for 1969.
EXPANSION/SOUTHERN CALIFORNIA:
Wells Fargo now has nineteen offices in Southern California. Since entering the market two years ago, the expansion program has moved at a rapid pace with more than 850 staff members now employed in the Southland.

By year end, deposits exceeded $165 million and loans topped $230 million. In December 1968, ending our first full year in Southern California, there was a net loss of $75,900 in the operation. Final figures for 1969 are not yet available, but we expect that our Southern California operation made a contribution to profit in excess of ten cents a share.

Banking offices were established in two new counties: San Diego and Ventura. On August 22, offices were opened in San Diego and La Jolla. Three offices were added in Ventura County through merger with the $12 million Channel Islands State Bank. A merger is also pending with the Los Padres National Bank, Santa Maria, which, if approved by regulatory authorities, will mark our entry into Santa Barbara County. The Santa Maria bank has two offices and assets in excess of $11 million.

Other new Southern California offices include Encino in the San Fernando Valley; Westchester, near the Los Angeles International Airport; Crescenta Valley, north of Los Angeles; Beverly Hills and Whittier. Approved offices are scheduled to open in Long Beach, Hollywood, Pomona, San Marino, Century City, San Bernardino, Mission Valley (San Diego), West Covina, Santa Monica, Anaheim and two on Wilshire Boulevard, Los Angeles. At year end, applications were pending with regulatory authorities for offices in Rancho Leisure World, Orange County and Canoga Park, Los Angeles County.

Before entering Southern California, the Bank conducted a "benchmark" survey to measure public awareness of Wells Fargo Bank. Two years later, an identical survey was taken to determine our progress in the market. To the question, "What banks are you familiar with?", four times as...
## Consolidated Statement of Condition

<table>
<thead>
<tr>
<th>Assets</th>
<th>December 31, 1969</th>
<th>December 31, 1968</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Due from Banks</td>
<td>$ 828,343,069</td>
<td>$ 691,852,513</td>
<td>$136,490,556</td>
</tr>
<tr>
<td>Investment Securities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. Treasury Securities</td>
<td>471,153,848</td>
<td>518,396,591</td>
<td>(47,242,743)</td>
</tr>
<tr>
<td>Obligations of States and Political Subdivisions</td>
<td>557,971,504</td>
<td>583,272,856</td>
<td>(25,301,352)</td>
</tr>
<tr>
<td>Other Securities</td>
<td>68,794,478</td>
<td>71,403,213</td>
<td>(2,608,735)</td>
</tr>
<tr>
<td>Total Investment Securities (Note 2)</td>
<td>1,097,919,830</td>
<td>1,183,072,660</td>
<td>(85,152,830)</td>
</tr>
<tr>
<td>Trading Account Securities (Note 2)</td>
<td>34,198,876</td>
<td>36,045,179</td>
<td>(1,846,303)</td>
</tr>
<tr>
<td>Funds Sold</td>
<td>30,192,500</td>
<td>37,445,000</td>
<td>(7,252,500)</td>
</tr>
<tr>
<td>Loans</td>
<td>3,672,368,090</td>
<td>3,276,148,194</td>
<td>396,219,896</td>
</tr>
<tr>
<td>Direct Lease Financing</td>
<td>32,708,150</td>
<td>28,722,925</td>
<td>3,985,225</td>
</tr>
<tr>
<td>Bank Premises and Equipment (Notes 2 and 3)</td>
<td>102,132,658</td>
<td>87,662,605</td>
<td>14,470,053</td>
</tr>
<tr>
<td>Customers' Acceptance Liability</td>
<td>25,040,293</td>
<td>10,291,285</td>
<td>14,749,008</td>
</tr>
<tr>
<td>Accrued Interest Receivable</td>
<td>51,881,233</td>
<td>33,475,711</td>
<td>18,385,522</td>
</tr>
<tr>
<td>Other Assets</td>
<td>60,409,727</td>
<td>36,747,635</td>
<td>21,662,092</td>
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<tr>
<td>Total Assets</td>
<td>$5,935,169,426</td>
<td>$5,423,463,807</td>
<td>$511,705,619</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these statements.
Consolidated Statement of Earnings

<table>
<thead>
<tr>
<th>Year Ended December 31, 1969</th>
<th>Year Ended December 31, 1968 (Unaudited)</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>INCOME</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest and Fees on Loans</td>
<td>$271,371,173</td>
<td>$206,388,793</td>
</tr>
<tr>
<td>Interest and Dividends on Investment Securities</td>
<td>24,050,949</td>
<td>22,812,360</td>
</tr>
<tr>
<td>U.S. Treasury Securities</td>
<td></td>
<td>1,238,585</td>
</tr>
<tr>
<td>Obligations of States and Political Subdivisions</td>
<td>21,100,296</td>
<td>21,704,917</td>
</tr>
<tr>
<td>Other Securities</td>
<td>3,982,699</td>
<td>4,348,167</td>
</tr>
<tr>
<td>Trading Account Income</td>
<td>903,209</td>
<td>1,357,694</td>
</tr>
<tr>
<td>Trust Income</td>
<td>10,101,213</td>
<td>8,782,170</td>
</tr>
<tr>
<td>Service Charges on Deposit Accounts</td>
<td>17,919,670</td>
<td>16,803,773</td>
</tr>
<tr>
<td>Other Income</td>
<td>11,004,764</td>
<td>9,714,742</td>
</tr>
<tr>
<td>Total Income</td>
<td>$360,269,733</td>
<td>$291,321,816</td>
</tr>
<tr>
<td>EXPENSES</td>
<td></td>
<td>$68,947,917</td>
</tr>
<tr>
<td>Salaries</td>
<td>66,596,072</td>
<td>57,226,041</td>
</tr>
<tr>
<td>Pension and Other Employee Benefits (Note 6)</td>
<td>12,860,129</td>
<td>10,269,661</td>
</tr>
<tr>
<td>Interest on Deposits</td>
<td>138,166,150</td>
<td>119,412,159</td>
</tr>
<tr>
<td>Interest on Borrowed Money</td>
<td>32,000,507</td>
<td>21,272,078</td>
</tr>
<tr>
<td>Interest on Capital Notes</td>
<td>5,005,230</td>
<td>3,071,899</td>
</tr>
<tr>
<td>Net Occupancy Expense of Bank Premises (Note 2)</td>
<td>12,965,684</td>
<td>11,287,234</td>
</tr>
<tr>
<td>Equipment Expenses</td>
<td>9,113,978</td>
<td>7,069,518</td>
</tr>
<tr>
<td>Provision for Losses on Loans (Note 1 and 4)</td>
<td>5,940,400</td>
<td>3,065,000</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>30,300,695</td>
<td>26,748,536</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>$312,634,610</td>
<td>$251,334,918</td>
</tr>
</tbody>
</table>

INCOME BEFORE INCOME TAXES AND SECURITY LOSSES (Note 1) $48,235,114 40,186,898 8,048,216

Less Applicable Income Taxes (Note 9) 16,189,500 9,842,200 6,347,300

INCOME BEFORE SECURITY LOSSES $32,046,614 $30,344,698 $1,701,916

Security Losses Less Related Reduction of Income Taxes of $24,500 and $1,168,700 (10,688) (888,049) 819,360

NET INCOME (Note 1) $32,027,925 $29,556,649 $2,521,276

INCOME PER SHARE (Note 10):
Income Before Security Losses $3.51 $3.36 $0.15
Security Losses, Net of Tax (0.1) (0.0) 0.1
Net Income $3.40 $3.36 $0.04

INCOME PER SHARE ASSUMING FULL DILUTION (Note 10):
Income Before Security Losses $3.38 $3.24 $0.14
Security Losses, Net of Tax (0.0) (0.0) 0.0
Net Income $3.38 $3.24 $0.14

The accompanying notes are an integral part of these statements.
### Consolidated Statement of Condition

<table>
<thead>
<tr>
<th>Assets</th>
<th>December 31, 1969</th>
<th>December 31, 1968</th>
<th>Change</th>
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<td>Cash and Due from Banks</td>
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<td>$136,490,456</td>
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<tr>
<td>Investment Securities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. Treasury Securities</td>
<td>446,153,848</td>
<td>518,396,591</td>
<td>(72,242,743)</td>
</tr>
<tr>
<td>Obligations of States and Political Subdivisions</td>
<td>557,971,504</td>
<td>593,272,666</td>
<td>(35,301,162)</td>
</tr>
<tr>
<td>Other Securities</td>
<td>66,794,478</td>
<td>71,403,213</td>
<td>(4,608,735)</td>
</tr>
<tr>
<td>Total Investment Securities (Note 2)</td>
<td>1,072,919,830</td>
<td>1,163,072,660</td>
<td>(110,152,830)</td>
</tr>
<tr>
<td>Trading Account Securities (Note 3)</td>
<td>34,188,876</td>
<td>38,045,179</td>
<td>(3,856,303)</td>
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<tr>
<td>Funds Sold</td>
<td>30,192,500</td>
<td>37,445,000</td>
<td>(7,252,500)</td>
</tr>
<tr>
<td>Loans</td>
<td>3,461,190,739</td>
<td>3,276,148,104</td>
<td>185,042,545</td>
</tr>
<tr>
<td>Direct Lease Financing</td>
<td>32,708,150</td>
<td>28,722,925</td>
<td>3,985,225</td>
</tr>
<tr>
<td>Bank Premises and Equipment (Notes 2 and 3)</td>
<td>102,130,321</td>
<td>87,682,005</td>
<td>14,448,316</td>
</tr>
<tr>
<td>Customers' Acceptance Liability</td>
<td>25,040,293</td>
<td>10,291,265</td>
<td>14,749,028</td>
</tr>
<tr>
<td>Accrued Interest Receivable</td>
<td>51,857,067</td>
<td>53,475,711</td>
<td>1,618,654</td>
</tr>
<tr>
<td>Other Assets</td>
<td>62,259,831</td>
<td>58,747,635</td>
<td>3,512,196</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$5,700,838,676</td>
<td>$5,423,463,807</td>
<td>$277,374,869</td>
</tr>
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</table>

See accompanying notes to Wells Fargo & Company consolidated financial statements.
1. Principles of Consolidation and Accounting

The consolidated financial statements include the accounts of Wells Fargo & Company and Wells Fargo Bank, N.A. and its principal wholly owned subsidiaries. The financial statements of the Bank have been prepared in accordance with the accounting principles generally accepted in the United States of America. The Company has consolidated all subsidiaries in which it has a controlling interest. The results of the Bank's operations and changes in capital accounts for the years then ended are reflected in the consolidated financial statements. The amounts in these financial statements are expressed in U.S. dollars.

2. Accounts

Investment securities are stated at cost, adjusted for amortization of premiums and discounts. The cost of securities sold is determined on a first-in, first-out basis. The market value of the investment securities on December 31, 1969, was $32,804,000.

3. Mortgages Payable

The mortgages payable are primarily two series of bonds issued by the Bank. The first series of bonds was issued in 1968 and the second in 1969. The bonds are payable in annual installments of $19,000,000 and $11,000,000, respectively, until maturity in 1989 and 1990, respectively. The bonds are secured by mortgages on real estate collateral.

4. Reserve for Loan Losses

The reserve for loan losses is an amount equal to the charge and recoveries equal to the charge for loan losses. The reserve for loan losses charged to expense is based on the ratio of the existing mortgage to the loan outstanding for the most recent five years of actual net chargeoffs to average outstanding loans. The reserve is to be applied to the average loans outstanding in each year.

5. Capital Notes

The 4½% capital notes of Wells Fargo Bank, N.A. will mature on September 15, 1989. The notes may be redeemed at the option of the Company at any time at a premium of 101 ½%.

6. Common Stock

At December 31, 1969, 471,053 shares of unissued common stock were reserved for the option to purchase conversion of the 7½% convertible notes and 23,000 shares for issuance in connection with the acquisition of the assets of Sonoma Mortgage Corporation.

7. Dividends

Wells Fargo Bank, N.A., as a national bank, may not, without prior approval of the Comptroller of the Currency, pay dividends in any year in excess of the aggregate of the net profits (as defined) for the year and undistributed net profits for the preceding two years. In addition, the Bank may not declare dividends in excess of undivided profits.

8. Retirement and Incentive and Savings Plans

The retirement plan is non-contributory and covers substantially all full-time employees. There is also an incentive and savings plan for all employees. The total expenses for these plans were as follows:


The income tax returns are prepared using the cash basis of accounting as permitted by taxing authorities. Deferred income taxes have been provided primarily in recognition of the differences between the accrual method used in preparation of financial statements and the cash basis used for tax returns.

The Board of Directors and Stockholders of Wells Fargo & Company:

We have examined the consolidated statements of income and retained earnings of Wells Fargo & Company and subsidiaries for the year ended December 31, 1969, and for the period from September 30, 1968, to December 31, 1969. These statements and the accompanying notes are presented in accordance with generally accepted accounting principles.

The accompanying notes are an integral part of these statements.

The Board of Directors and Stockholders

San Francisco, California

January 15, 1970

Accountants' Report

FEAT, NASHWICK, MITCHELL & CO.
CERTIFIED PUBLIC ACCOUNTANTS
10 CALIFORNIA STREET
SAN FRANCISCO, CALIFORNIA 94108

The Board of Directors and Stockholders of Wells Fargo & Company:

We have examined the consolidated statements of income and retained earnings of Wells Fargo & Company and subsidiaries for the year ended December 31, 1969, and for the period from September 30, 1968, to December 31, 1969. These statements and the accompanying notes are presented in accordance with generally accepted accounting principles. The examination was made in accordance with generally accepted auditing standards.

In our opinion, the financial statements and the accompanying notes present fairly the financial position of Wells Fargo & Company and subsidiaries at December 31, 1969, and the results of their operations and changes in capital accounts for the year then ended and the financial position of Wells Fargo Bank, N.A., and subsidiaries at December 31, 1969, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year, as restated (see Note 1).

San Francisco, California

January 15, 1970

Certified Public Accountants
### Comparison of Significant Items: 1964-1969 (in millions of dollars)

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Assets</th>
<th>Loans and Discounts</th>
<th>Capital Accounts</th>
<th>Net Income</th>
<th>Dividends</th>
</tr>
</thead>
<tbody>
<tr>
<td>1964</td>
<td>$3,755</td>
<td>$9,267</td>
<td>$3,200</td>
<td>$334.1</td>
<td>$8.9</td>
</tr>
<tr>
<td>1965</td>
<td>$4,091</td>
<td>$7,815</td>
<td>$3,564</td>
<td>$340.2</td>
<td>$20.0</td>
</tr>
<tr>
<td>1966</td>
<td>$4,214</td>
<td>$7,873</td>
<td>$3,682</td>
<td>$345.2</td>
<td>$16.2</td>
</tr>
<tr>
<td>1967</td>
<td>$4,747</td>
<td>$8,081</td>
<td>$3,907</td>
<td>$356.0</td>
<td>$23.9</td>
</tr>
<tr>
<td>1968</td>
<td>$5,423</td>
<td>$8,734</td>
<td>$4,274</td>
<td>$378.6</td>
<td>$28.5</td>
</tr>
<tr>
<td>1969</td>
<td>$5,935</td>
<td>$8,672</td>
<td>$4,640</td>
<td>$383.4</td>
<td>$32.0</td>
</tr>
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</table>

### Daily Average Balances (in millions of dollars)

<table>
<thead>
<tr>
<th>1969</th>
<th>1968</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Treasury Securities</td>
<td>$468</td>
<td>$479</td>
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<tr>
<td>Obligations of States and Political Subdivisions</td>
<td>573</td>
<td>611</td>
</tr>
<tr>
<td>Other Securities</td>
<td>71</td>
<td>77</td>
</tr>
<tr>
<td>Total Investment Securities</td>
<td>$1,112</td>
<td>$1,167</td>
</tr>
<tr>
<td>Trading Account Securities</td>
<td>$25</td>
<td>$26</td>
</tr>
<tr>
<td>Funds Sold</td>
<td>$42</td>
<td>$105</td>
</tr>
<tr>
<td>Commercial Loans</td>
<td>$1,690</td>
<td>$1,398</td>
</tr>
<tr>
<td>Real Estate Loans</td>
<td>1,264</td>
<td>1,089</td>
</tr>
<tr>
<td>Consumer Loans</td>
<td>432</td>
<td>380</td>
</tr>
<tr>
<td>Total Loans</td>
<td>$3,366</td>
<td>$2,867</td>
</tr>
<tr>
<td>Demand Deposits</td>
<td>$1,731</td>
<td>$1,569</td>
</tr>
<tr>
<td>Savings Deposits</td>
<td>1,532</td>
<td>1,555</td>
</tr>
<tr>
<td>Savings Certificates</td>
<td>537</td>
<td>437</td>
</tr>
<tr>
<td>Corporate Certificates of Deposit</td>
<td>250</td>
<td>278</td>
</tr>
<tr>
<td>Public Time Deposits</td>
<td>234</td>
<td>207</td>
</tr>
<tr>
<td>Other Time Deposits</td>
<td>60</td>
<td>60</td>
</tr>
<tr>
<td>Foreign Deposits</td>
<td>101</td>
<td>101</td>
</tr>
<tr>
<td>Total Deposits</td>
<td>$4,542</td>
<td>$4,229</td>
</tr>
</tbody>
</table>

### Comparison of Loans (End of Year)

<table>
<thead>
<tr>
<th>Year</th>
<th>Loans Unsecured</th>
<th>Loans on Collateral</th>
<th>Loans purchased from Wells Fargo Bank N.A. by parent company</th>
<th>Bills of Exchange and Acceptances Discounted</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1969</td>
<td>$1,356,554,000</td>
<td>$1,253,742,000</td>
<td>-</td>
<td>$333,550,000</td>
<td>$10,282,000</td>
</tr>
<tr>
<td>1968</td>
<td>$1,300,000</td>
<td>$1,253,742,000</td>
<td>-</td>
<td>$365,550,000</td>
<td>$(27,006,000)</td>
</tr>
</tbody>
</table>

### Average Annual Yields on Earning Assets

<table>
<thead>
<tr>
<th>1969</th>
<th>1968</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>SECURITIES</td>
<td>U.S. Governments</td>
<td>5.54%</td>
</tr>
<tr>
<td></td>
<td>State, Municipal and Other</td>
<td>8.01</td>
</tr>
<tr>
<td></td>
<td>Total Securities</td>
<td>6.97</td>
</tr>
<tr>
<td>LOANS AND DISCOUNTS</td>
<td>Commercial Loans</td>
<td>7.63%</td>
</tr>
<tr>
<td></td>
<td>Real Estate Loans</td>
<td>6.39</td>
</tr>
<tr>
<td></td>
<td>Consumer Loans</td>
<td>9.86</td>
</tr>
<tr>
<td></td>
<td>Total Loans and Discounts</td>
<td>7.53</td>
</tr>
<tr>
<td></td>
<td>All Earning Assets</td>
<td>7.39%</td>
</tr>
</tbody>
</table>

*(1) Does not include Master Charge loans. (2) Before Deducting Reserve for Loan Losses.*
Comparison of Investments

<table>
<thead>
<tr>
<th>1969 Book Value</th>
<th>Per Cent</th>
<th>1968 Book Value</th>
<th>Per Cent</th>
<th>Change Book Value</th>
<th>Per Cent</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Treasury Securities</td>
<td>$471,154,000</td>
<td>42.92%</td>
<td>$418,287,000</td>
<td>43.82%</td>
<td>($52,867,000)</td>
</tr>
<tr>
<td>State, County and Municipal Bonds</td>
<td>555,972,000</td>
<td>50.82%</td>
<td>593,273,000</td>
<td>51.15%</td>
<td>($37,299,000)</td>
</tr>
<tr>
<td>Stock in Federal Reserve Bank</td>
<td>7,567,000</td>
<td>0.69%</td>
<td>7,514,000</td>
<td>0.64%</td>
<td>($53,000)</td>
</tr>
<tr>
<td>Equity Investments of Wells Fargo Bank International Corporation</td>
<td>8,488,000</td>
<td>0.77%</td>
<td>5,543,000</td>
<td>0.47%</td>
<td>2,945,000</td>
</tr>
<tr>
<td>Other Securities</td>
<td>52,749,000</td>
<td>4.60%</td>
<td>58,346,000</td>
<td>4.92%</td>
<td>(5,597,000)</td>
</tr>
<tr>
<td>Total</td>
<td>$1,097,920,000</td>
<td>100.00%</td>
<td>$1,183,073,000</td>
<td>100.00%</td>
<td>($85,153,000)</td>
</tr>
</tbody>
</table>

Maturity Schedule of Investment Securities

<table>
<thead>
<tr>
<th>1969</th>
<th>1968</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Par Value</td>
<td>Per Cent</td>
<td>Par Value</td>
</tr>
<tr>
<td>Maturing within two years</td>
<td>$371,688,000</td>
<td>34.49%</td>
</tr>
<tr>
<td>Maturing within five years</td>
<td>555,972,000</td>
<td>50.82%</td>
</tr>
<tr>
<td>Maturing within ten years</td>
<td>684,245,000</td>
<td>63.49%</td>
</tr>
<tr>
<td>Maturing after ten years</td>
<td>393,448,000</td>
<td>36.51%</td>
</tr>
</tbody>
</table>

many respondents mentioned Wells Fargo today as did two years ago. And by an added recall question, three out of four persons in Los Angeles were aware of Wells Fargo Bank as compared to one out of two in the previous survey.

EXPANSION / NORTHERN CALIFORNIA:
Since we now have good geographical representation throughout Northern California, branch expansion is being concentrated in fast-growing areas.

In the San Joaquin Valley, offices were added in Visalia, our first in Tulare County, and a fourth in the city of Fresno.

Two offices were added in the Oakland area: Clayton Valley, Concord; and Paseo Padre, Fremont. An office was also opened in Saratoga, our first in that community and the 29th in Santa Clara County.

In 1970, new offices will be opened in San Francisco, San Jose, San Mateo, Milpitas, Daly City, Oakland, Montclair, Henford, Yreka, Tulare and Sacramento.

A number of offices will be relocated in larger quarters including branches in Greenfield, Santa Cruz, Capitola, Oakland, Moraga, Visalia, Yuba City, North Sacramento, San Jose and Castro Valley. Fifteen offices will be remodeled.

The largest structure completed in 1969 was the $14.5 million, 20-story, 475 Sansome Street Building in San Francisco. The new building includes five floors of auto parking, a cafeteria, and eleven floors for head office departments. The balance of the space, for future expansion, is presently leased to outside firms.

By year end there were 257 offices operating statewide.

EXPANSION / INTERNATIONAL:
International operations were expanded in Europe, Latin America and the Pacific.

In June, a representative office was opened in London and a branch in Luxembourg. Both offices are working closely with our London affiliate, Western American Bank (Europa) Ltd.
The Luxembourg activities are also closely coordinated with our foreign exchange trading operations in San Francisco, Los Angeles and with our New York subsidiary. The branch offers a full range of commercial banking services including short- and medium-term credit sources, and placement of Euro-currency deposits at medium- and short-term maturities. Late in the year, a resident representative was established in Buenos Aires, our first in South America. Wells Fargo also has representatives in Tokyo, Mexico City, Nicaragua and London.

In February, our international subsidiary, Wells Fargo Bank International Corporation, became a founding stockholder in the Private Investment Company for Asia S.A. (PICA) headquartered in Tokyo. PICA is a multi-national corporation organized to make and facilitate private capital investments in the developing countries of Asia. It is similar to the ADELA Investment Company, a private firm providing financial services throughout Latin America in which Wells Fargo has been a long-time participant. Through the international subsidiary, Wells Fargo also acquired substantial minority interests in banks in Australia and Hong Kong and in two financial firms in Mexico. Wells Fargo is the only U.S. shareholder in Martin Corporation Ltd., an Australian merchant bank formed by some of Britain's and Australia's largest and oldest financial institutions. Headquartered in Sydney, the merchant bank also has offices in Melbourne and Perth.

The minority interest in the Shanghai Commercial Bank Ltd., Hong Kong, enables Wells Fargo to expand its services in this important Asian financial center. The Hong Kong bank, which has had close ties with Wells Fargo for several decades, has nine offices in the Crown Colony. In Mexico City, an interest was acquired in a recently established firm specializing in accounts receivable financing.

SPECIALIZED LOAN PROGRAMS:

Even with the increased loan restrictions, the regular business needs of our smaller borrowers were being met. In addition, Wells Fargo increased its loan efforts in two other fields: student loans and minority loans. The student loan programs were liberalized and more than $15 million in loans were made to 8,100 students by the end of 1969. Credit restrictions were eased for many types of minority businesses so as to encourage minority entrepreneurship.

Wells Fargo was one of the initiators of Opportunity through Ownership, a pooled fund operation which at present includes seven San Francisco banks and one corporation. The fund provides loans for minority enterprises. To date, the infant organization has supplied loans to 26 Bay Area businesses.

WELLS FARGO INVESTMENT COMPANY:

The small business investment company, forty-five per cent Bank-owned, began operation in January. By year end, investment commitments totaling $4.3 million were made to 12 corporations.

The investment company was capitalized at $2.5 million. Additional sources of capital were secured through commercial bank credit lines.

SONOMA MORTGAGE:

A substantial increase in mortgage loan sales, expansion in Southern California and reorganization of commercial and residential loan departments highlighted the division's operations in 1969.

Despite an adverse mortgage rate year, $70 million in single family and commercial loans were sold, up from $60 million a year ago. The division paralleled the Bank's expansion into Southern California with the opening of offices in Santa Ana, Encino and San Diego.

Wells Fargo loans restored these two 19th Century San Francisco structures: a classic Victorian home in famed Pacific Heights; and an old brick warehouse converted to elegant offices and shops in the Fisherman's Wharf area.
These students are attending college through Wells Fargo educational loans. Program was expanded in 1969 and student loans now exceed $1.6 billion.

offers the customer a choice of investments through the Wells Fargo pooled funds.

The Bank now has ten pooled funds with a market value of some $120 million. Assets serviced by the Trust Division increased substantially and gross income was up 14.9 per cent over a year ago.

Trust facilities opened in Beverly Hills, Encino, San Diego, La Jolla and Palo Alto. The Investment Management Service, originally conceived for individual investment programs, was later expanded to serve all types of investors—corporations, fiduciaries, schools and other institutions. In 1969, IMS initiated a successful new program for trust departments of smaller banks offering specially-tailored security research and portfolio management services.

NEW SERVICES:

Late in December, a favorable ruling was received from the Internal Revenue Service on our innovative Deferred Income Certificates. The instruments, paying five per cent, can be purchased in a minimum amount of $5,000 and additional amounts of $1,000 or more with maturities of one to ten years. Taxes on interest can be deferred as long as ten years. The certificates are ideal for people nearing retirement and a lower tax bracket.

Five per cent passbook savings, one of a package of time deposit services, was introduced early in the year. The program includes a five per cent interest guarantee for up to five years and requires a minimum $500 opening balance. These passbook accounts totaled $168 million at year end.

Escrow departments are being established in all major offices throughout the State. The service is a natural extension of our real estate lending activities. A fifth stagecoach check was introduced in April and 35,000 have been sold to customers to date. More than half our customers are now purchasing the colorful stagecoach checks and sales through December totaled 370,000.

PERSONNEL AND TRAINING:

Reflecting the rapid expansion of banking services and new offices, the staff increased by more than a thousand with a year end total of 10,300. A number of employees work a part-time day. On a full time equivalent basis the staff totaled 9,700.

To meet expansion activities and staff replacements, nearly three thousand people were trained in banking operations. A variety of training programs are underway including teller schools, intensive classroom and on-the-job programs for the unskilled, and specialized management training programs for college graduates.

The new training facilities now in operation in the 475 Sansome Street building include the latest in learning techniques, taking full advantage of audio-visual facilities and closed circuit television. Training schools are also being decentralized to key geographical areas of the State.

To help retired employees meet the increased costs of inflation, a one-time adjustment in the pension program for 535 retirees became effective September 1.

COMPUTERS:

Conversion of consumer account information to third generation computers, including new programming, has now been completed. The computer can provide any branch with instant information on 735,000 checking accounts, 800,000 savings accounts and 300,000 installment loans, real estate loans and revolving credit accounts. A recent survey by an outside firm shows that Wells Fargo is one of the country's leading banks in advanced computer applications.

TRUST:

A new program was introduced which offers pension and profit sharing programs to smaller corporations and newly-formed professional corporations. The Master Retirement Plan for Corporations (MASCOR) meets guidelines set forth by the Internal Revenue Service and...
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John Sterling Company

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Attorney at Law

Peter Cook, Jr.
General Famiily,
Sacramento Valley of California

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Central American Representative
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Assistant Vice President-
Representative, Managua, Nicaragua

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Representative, London

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Adolph Muller II

Vice President and Treasurer
Robert L. Kemper

Vice President and Secretary
Harold D. Bastock

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Robert M. Ridley, Jr.
Samuel P. Stevens
Wood W. Wilkinson

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Senior Vice President

Vice Presidents:
Glenno G. Adams
W. Gary Allford, Jr.
Sigmund E. Bellinghoff
Dean Chiak

28
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Alameda (4)
Alturas
Anderson
Antioch (2)
Aptos
Arcata
Auburn
Azusa
Bakersfield
Belleville
Belmont
Berkeley (6)
Beverly Hills
Burlingame (3)
Campbell
Carroll
Carson
Carmichael
Carmel Valley
Carpinteria
Danville
Davie
Dublin
El Centro
Emeryville
Encino
Eureka
Fremont (2)
Fremont (4)
Gilroy
Gonzales
Grass Valley
Greenfield
Greenfield
Hayward
Hayward (3)
Hollister
Horsham
Jackson
King City
Kingsburg
La Mirada
La Jolla
Larkspur
Livermore
Los Altos
Los Angeles (5)
Los Banos
Los Gatos
Madera
Malibu
Martinez
Menlo Park (2)
Merced
Middletown
Millbrae
Mill Valley
Miltonas
Monrovia
Mountain View (2)
Napa
Novato
Oakdale
Oakland (3)
Oak View
Orinda
Pacifica
Pacific Grove
Palo Alto (4)
Palo Alto (5)
Panorama City
Paterson
Petaluma
Pleasant Hill
Pleasanton
Plymouth
Quincy
Red Bluff
Redwood City (2)
Redwood City (3)
Richmond (2)
Roseville
Sacramento (13)
San Helena
San Jose (4)
San Bruno
San Bruno
San Carlos
San Diego
San Francisco (26)
San Jose (9)
San Leandro
San Lorenzo
San Mateo (3)
San Rafael (2)
Santa Ana
Santa Clara (4)
Santa Cruz (3)
Santa Rosa (4)
Seattle
Sausalito
Seaside
Seaside
Sonoma
South Lake Tahoe
South Pasadena
South San Francisco (2)
Stockton (4)
Sunnyvale (2)
Sutter Creek
Tahoe City
Torrance
Tracy
Ukiah
Vacaville
Vallejo
Ventura (2)
Vista
tWest Sacramento
Whittier
Williamsburg
Woodlands
Woodside
Yuba City (2)

Sonoma Mortgage
Company Division
Santa Rosa (Head Office)
Encino
Los Angeles
Napa
Novato
Sacramento
San Diego
San Francisco
San Jose
Santa Ana
Windsor

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New York, New York

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