



Transamerica Corporation



A N N U A L R E P O R T

1948



Transamerica Corporation

[Incorporated under the laws of Delaware]

MONTGOMERY STREET AT COLUMBUS AVENUE

SAN FRANCISCO 11, CALIFORNIA

BOARD OF DIRECTORS

A. P. GIANNINI, *Chairman*

JUDGE RUSS AVERY	GEO. J. DEMARTINI	SAM H. HUSBANDS
P. A. BRICCA	L. M. GIANNINI	A. P. JACOBS
JAS. F. CAVAGNARO	GORDON GRAY	E. D. WOODRUFF
WILLIAM N. LAGOMARSINO		

OFFICERS

A. P. GIANNINI, *Chairman of the Board*

SAM H. HUSBANDS, *Executive Vice President*

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A. FENTON, Vice President	J. FRANCESCHI, Assistant Secretary
G. M. McCLERKIN, Vice President	P. GAULETTE, Assistant Secretary
A. L. ELLIOTT PONSFORD, Secretary and Assistant Treasurer	ALBERT E. HESTON, Assistant Secretary
J. A. SMITH, Assistant Secretary and Assistant Treasurer	MALCOLM P. McLELLAN, Assistant Secretary

EXECUTIVE COMMITTEE

P. A. BRICCA	L. M. GIANNINI	A. P. JACOBS
GEO. J. DEMARTINI		E. D. WOODRUFF

TRANSFER AGENTS

CITY BANK FARMERS TRUST COMPANY
New York

BANK OF AMERICA N. T. & S. A.
San Francisco

REGISTRARS

THE CHASE NATIONAL BANK OF THE CITY
OF NEW YORK

CROCKER FIRST NATIONAL BANK OF
SAN FRANCISCO

Transamerica Corporation

ANNUAL REPORT TO SHAREHOLDERS

1948

San Francisco, California

March 9, 1949

TO THE SHAREHOLDERS:

THE nation's business as a whole fared much better in 1948 than many had expected as that year opened. Instead of the setbacks that had been feared, there was encouraging expansion. Demand for goods and services continued, resulting in a tremendous volume of production, more employment and higher wage scales. As more goods were produced and the gap between demand and supply narrowed, inflationary pressures tended to subside. Toward the close of the year, purchasers turned cautious and prices of many commodities leveled off. Economic conditions in the far western states, in which Transamerica's principal interests are centered, were somewhat better than the national pattern. It is gratifying to me to be able to report that on the whole, the officers of Transamerica Corporation and its subsidiaries were successful in guiding their banks and companies into higher earnings.

Some high lights for the year are:

- Net profits rose to \$18,514,158.45, or \$1.86 a share, a new high for more than a decade.
- Regular and special dividends were continued at the rate of 80 cents a share, reflecting a 6.95 per cent yield on the 1948 average market price of Transamerica stock.
- Loan volume of our subsidiary banks expanded to a record high of \$411,368,386, up \$70,294,219 from the preceding year-end.
- Oil exploration by Capital Company brought in eight wells and located a new oil pool in California.
- Occidental had its best year, with life insurance in force with the company approaching the two billion dollar mark, and new business paid for exceeding that of any previous year.
- Substantially more fire and automobile insurance was written by the Pacific National and Premier insurance companies in 1948 than in 1947.
- Both production and profits of our manufacturing subsidiaries were higher than for the preceding year.

NET PROFIT AND DIVIDENDS

Net profit for 1948 of Transamerica Corporation and all domestic subsidiaries, after provisions for minority interests, was \$18,514,158.45, or \$1.86 a share on the 9,930,000 shares of Transamerica stock outstanding at the year-end. This reflects a 34 per cent betterment over the results for 1947, when the net profit was \$13,768,431.74, or \$1.38 a share. Our shareholders are reminded that these amounts do not include the group's share of the undistributed profits of those banks and companies in which we have substantial, but not controlling, interests.

Of the consolidated net profit of \$18,514,158 for 1948, \$4,475,197 represents our portion of the net income of subsidiary banks in excess of dividends received, which was left with those banks to build up capital funds, and \$5,995,613 represents earnings of other subsidiaries left with them to increase their working capital. The remainder of \$8,043,348 was added to the Earned Surplus of the corporation, from which semi-annual dividends, aggregating 80 cents a share for the year, were paid.

TRANSAMERICA CORPORATION

Transamerica's investment in stocks of majority-owned banks increased during the year. An additional \$1,001,625 was invested in First National Bank of Arizona, when that bank enlarged its capital by \$1,375,000 to enable it to serve more fully the banking needs of Arizona. Three new banking subsidiaries were acquired during the year. Two of these banks, The First National Bank of Lebanon and Monroe State Bank, serve important agricultural and lumbering areas in Oregon. The third, American Commercial & Savings Bank, is at Moorpark, a California farming community. Total resources of these three banks on December 31, 1948, aggregated \$12,701,922. The corporation's investments in non-banking subsidiaries remained virtually unchanged.

Other security investments also increased during the year. As was mentioned in last year's report, Transamerica Corporation, early in 1948, purchased from Pictsweet Foods, Inc., 8,250 shares of new convertible preferred stock, at par, for \$825,000. That food processing company is one of the nation's leaders in the frozen food industry. In addition, the corporation made an investment in stock of Georgia-Pacific Plywood & Lumber Co., a prominent producer of lumber, plywood and related building materials. This stock was issued in connection with the expansion of that company's operations in the Pacific Northwest. Our investment in Georgia-Pacific is carried for \$507,152; the group, as a whole, has an 8 per cent voting interest in the company. Other additions include the corporation's subscription to newly issued stock of Fireman's Fund Insurance Company.

The corporation's investments in domestic subsidiaries are carried in its

balance sheet at \$68,966,351. However, Transamerica's equity in the capital accounts of the subsidiary banks and in the net assets of non-banking subsidiaries (adjusted, in the latter instance, to reflect the market value of any securities that were owned by such companies) was \$54,478,472 more than carrying value. In like manner, the market value on December 31, 1948, of other security investments was \$27,827,393 greater than Transamerica's carrying value. This total enhancement of \$82,305,865 can be regarded, for practical purposes, as an addition to the book net worth of \$100,011,319 shown in the balance sheet on page 15 of this report.

BANKING SUBSIDIARIES

The five far western states, in which Transamerica's majority-owned banks operate, are part of the Twelfth Federal Reserve District. The banking pattern in this district followed the national trend, although the changes for the year were generally more favorable. Total deposits declined slightly, the small gain in savings deposits being more than offset by the falling off of demand deposits. Cash holdings were larger as a result of higher cash reserves required of member banks. Investments in Government securities showed a decline by reason of the shifting of these funds into loans to finance a growing volume of business activity and, in a lesser degree, to obtain the additional cash reserves.

Against this background, Transamerica's 47 majority-owned banks with their 132 banking offices in California, Oregon, Arizona, Washington and Nevada report the following comparisons. Deposits of \$1,203,671,238 on December 31, 1948, were \$33,778,306 lower than at the 1947 year-end, the reduction following the general pattern for the Twelfth District. Over the same period, holdings of Government and other securities receded from \$684,008,863 to \$591,965,552. However, loans outstanding registered a gain of \$70,294,219 and aggregated \$411,368,386 at the year-end.

Earnings of the subsidiary banks showed an improvement for the year. Gross operating income for 1948 was \$34,711,900, an increase of \$3,582,026 over the 1947 total of \$31,129,874. Additional income on the expanded loan volume was a contributing factor to the income rise, as was an upward adjustment in interest rates on short-term Government securities. Expenses of \$22,011,285 were \$2,343,155 greater. The larger expense resulted from the heavier cost of operations, salary adjustments and a higher average interest rate paid on savings accounts. After providing for income taxes and losses and setting aside \$1,299,893 as reserves for any possible future loan losses, the combined net income of the subsidiary banks amounted to \$8,026,511 for the year 1948, a 5.7 per cent advance over the preceding year's total of \$7,593,372.

The First National Bank of Portland reported one of the best annual results in its history, with loans reaching a high figure of \$161,684,213 at December 31, 1948, and net profit totaling \$3,722,277. Both National Bank of

Washington and Central Bank, Oakland, continued to progress and recorded increases in deposits. Expansion of the loan volume of First National Bank of Arizona and its companion bank, Phoenix Savings Bank & Trust Company, coupled with a rise in deposits, evidenced the widening acceptance of their banking services in Arizona. The year 1948 was the most profitable in the history of the two banks. Combined net profit aggregated \$513,655, compared with \$346,756 for 1947. Deposits of First National Bank of Nevada at December 31, 1948, were slightly lower than at the preceding year's close, but loans showed an increase to \$38,921,802 from \$33,635,427 at the end of 1947.

Transamerica's investment in its 47 majority-owned domestic banks totaled \$25,700,105 on December 31, 1948. Its equity in the total capital accounts of those banks amounted to \$53,287,285, indicating additional worth of \$27,587,180, with no allowance for earning power and goodwill.



Banca d'America e d'Italia continues to rank among the foremost banks in Italy. Its progress in the postwar years persisted through 1948, with deposits rising 50 per cent. Its financial help to that country's expanding industrial production is indicated by an increase of 40 per cent in the bank's outstanding loans. The bank with its many branches is in an excellent position to further its aid to, and to benefit from, the gradual rehabilitation of the Italian economy.

OTHER BANKING INTERESTS

Although Transamerica Corporation does not control Bank of America N. T. & S. A., The National City Bank of New York, or Citizens National Trust & Savings Bank of Los Angeles, its substantial investments in those banks warrant brief comment on their results for the year 1948.

Widening its lead as the nation's largest bank, BANK OF AMERICA N. T. & S. A. closed the year with total resources of slightly more than six billion dollars. Deposits, which aggregated \$5,467,199,162 a year ago, increased to \$5,639,523,419, an advance of \$172,324,257. Expanding loan volume was reflected by \$2,807,070,398 of loans outstanding at December 31, 1948, up \$314,090,659 for the year. Net profit for the year, after providing for an increase in the Reserve for Possible Loan Losses, was \$47,052,572, or \$5.51 a share. Dividends amounted to \$21,329,275, or \$2.50 a share.

Combined net current operating earnings, together with net profits from sales of securities, of THE NATIONAL CITY BANK OF NEW YORK and City Bank Farmers Trust Company, were \$21,531,971 for 1948, compared with \$22,493,382 for 1947. Neither total includes recoveries which were relatively small and were credited direct to reserves. After making the annual provision to Reserve for Bad Debts and transferring certain unrequired reserves, and

after paying dividends amounting to \$9,920,000, the combined Capital, Surplus and Undivided Profits of the two banks increased from \$298,731,541 to \$320,795,190. Early in 1949, the bank's stockholders approved the transfer of \$46,500,000 from the Surplus to the Capital Account of The National City Bank and the restoration of the par value of the bank's shares to \$20.00 a share.

CITIZENS NATIONAL TRUST & SAVINGS BANK OF LOS ANGELES in 1948 adopted the reserve method of providing for bad debts and at December 31, 1948, had established a reserve amounting to \$663,979.78. Largely because of this change in accounting, reported profit for 1948 of \$1,123,545 was slightly lower than the profit for the preceding year when the bank reported \$1,142,552.

REAL ESTATE, OIL INTERESTS AND PROPERTY FINANCING

The oil and gas division of CAPITAL COMPANY continued its program of exploration and development. A new oil pool was discovered in Kern County, California, and eight wells were brought into production during the year, even though a shortage of well casing and drill pipe hampered activity. Production from wells owned and operated by the company and those under joint operations with other oil companies amounted to 513,510 barrels of crude oil in 1948; sales of natural gas ran to 901 million cubic feet. In addition to its own production, Capital Company received royalties from wells operated by others. Gross income from oil, gas and mineral operations in 1948 was \$895,421, compared with \$712,262 in 1947. A more liberal supply of steel products promises further expansion in the 1949 drilling program.

Sales of 23 city and farm real estate properties produced a net profit of \$860,116, as against 1947's profit of \$441,819 from 30 sales. Net income from operating the diminishing number of properties tapered off slightly, the 1948 results of \$354,971 comparing with \$424,183 for 1947. Net profit for 1948 was \$1,432,904.

ALLIED BUILDING CREDITS, INC., is engaged in purchasing mortgages to finance new construction, for the most part residential property, and installment notes originating from home improvements. These mortgages and notes are in turn sold to insurance companies, banks and other investors. A slowing down of the real estate market as a result of buyers' resistance to high construction costs was apparent in the second half of 1948. Nevertheless, the company purchased \$44,452,250 of such notes and mortgages during the year, about one-fourth less than purchases of \$59,189,184 in 1947. On December 31, 1948, the company owned, or was servicing for others, \$106,359,725 of notes and mortgages. Reduced mortgage income in 1948 was offset to some extent by more earnings from note business and by a 9 per cent reduction in operating expenses. Net profit for the year was \$456,045.

INSURANCE COMPANIES

All three insurance companies in the Transamerica group have shown exceptional expansion and growth during the year.

The 15,000 sales representatives of OCCIDENTAL LIFE INSURANCE COMPANY OF CALIFORNIA produced another record year of business. New life insurance paid for during 1948 was more than \$408 million, a new high for production. Ordinary life sales accounted for three-quarters of that volume, and group sales the remainder. As a result, life insurance in force at the end of the year totaled more than one billion nine hundred million dollars, or double the amount in force five years ago. Accident and sickness insurance writing showed a noteworthy expansion, with premiums from this business increasing 45 per cent over 1947's receipts. This was due in part to the large amount of unemployment compensation disability coverage written in California. Notwithstanding the fact that the cost of writing new life insurance is more than the first year's premiums on such business, Occidental's net profit was \$4,434,851 for the year. The company finished the year with total assets of \$211,424,302 and capital funds of \$16,161,236, both showing increases.

Writings of fire, automobile, inland marine and ocean marine insurance by PACIFIC NATIONAL FIRE INSURANCE COMPANY for 1948 reached a new peak. Net premium income of \$9,932,821 was \$2,139,425 higher than the volume for 1947, an increase of 27 per cent. Although the expense of writing this new business has been absorbed, part of the corresponding income is deferred and is carried in the unearned premium reserve, which increased by \$1,836,874 during the year. Pacific National's loss ratio was 49.9 per cent for 1948, compared with 50.4 per cent for the preceding year, even though for the nation as a whole, fire losses caused more destruction than in any previous year. After receiving a dividend of \$100,000 from its subsidiary, the net statutory loss of Pacific National for the year was \$227,186. However, if the potential profit in the premium reserve increase is taken into consideration, the company's operations resulted in an actual profit of over \$500,000.

Our stockholders are invited to refer their life and fire insurance requirements to the local agents of Occidental Life Insurance Company and Pacific National Fire Insurance Company. The Home Offices of Occidental at 1151 South Broadway, Los Angeles, and of Pacific National at 460 Montgomery Street, San Francisco, will gladly provide inquiring stockholders with the names of their nearest representatives.

PREMIER INSURANCE COMPANY enjoyed the most successful year in its history. It is now qualified to write automobile insurance in seven states, and contemplates entering into other states as its business develops. Premium income in 1948 was \$7,595,409, or \$2,040,858 more than the preceding year's

income of \$5,554,551. The 36 per cent increase is encouraging, inasmuch as the reimposition of installment credit restrictions tended to retard automobile financing in the latter part of the year. Profit from underwriting increased four-fold in 1948, while investment profit almost doubled. The company finished the year with net profit of \$468,435 and an increase in its unearned premium reserve of \$1,401,662. As mentioned in previous reports, part of this reserve represents deferred profit that will benefit earnings in the future.

Combined statutory profits of the three companies for 1948 aggregated \$4,576,100, a marked increase over 1947's total of \$1,368,711. Although Transamerica Corporation carries its investments in subsidiary insurance companies at \$9,526,399, the book value of those companies at December 31, 1948, with appropriate adjustments to reflect the appraised value of their security investments, was \$26,276,327, indicating appreciation of \$16,749,928. In addition to this appreciation, a conservative valuation of insurance in force with Occidental Life Insurance Company and the deferred profit portion of the unearned premium reserves of the other two companies would give a further \$24,000,000 of value to our investments.

MANUFACTURING COMPANIES

Although some of our manufacturing companies were adversely affected by the West Coast maritime strike that virtually shut down all deliveries for more than three months, total sales of \$35,884,128 for 1948 were higher than the volume of \$33,220,714 for 1947. Combined operating profit was also ahead with \$3,287,993 for 1948 against \$2,115,242 for 1947. After provisions for taxes and miscellaneous income adjustments, net profits of the four companies for 1948 aggregated \$1,796,193. For 1947, after write-offs not directly related to that year's manufacturing operations, combined net profits were \$145,143.

Even though production by GENERAL METALS CORPORATION was limited by shortages of major raw materials such as pig iron, it produced 25,533 tons of high quality castings and forgings, a 10 per cent increase over 1947's output. The Texas forge plant showed marked expansion resulting from the activity of the oil well drilling industry in that state. A new malleable foundry is being erected in Los Angeles and should be ready for production in October 1949.

Total net sales of ADEL PRECISION PRODUCTS CORP. for 1948 were \$6,289,338, a 43 per cent increase for the year, with each of its three divisions showing gains. Tractor production and sales by the Earthmaster division kept up their momentum during the first half of the year, but diminished sales during the latter half created a loss year for this division. Steps are being taken to gear production at this plant to seasonal fluctuations. Line support and contract work at the West Virginia plant expanded profitably. At its Burbank plant, Adel continued to manufacture improved hydraulic equipment

for aircraft, in which field it is a recognized leader. In addition, it is placing particular emphasis on the development and production of precision parts for jet propulsion machinery and other equipment required for the nation's enlarged defense program.

Aided by the satisfactory catch of tuna from its pioneering expeditions to the fishing grounds off Central America, COLUMBIA RIVER PACKERS ASSOCIATION, INC., reports purchases of almost 41 million pounds of fish for 1948. Its canneries in Oregon, Washington and Alaska packed 686,253 cases of sea food products, slightly more than the 661,901 cases packed during the 1947 season. The salmon pack was not so heavy as in the preceding year due to a smaller than average run of fish in Puget Sound, but this decline was more than offset by the heavier pack of tuna and crabmeat. The company's sales for 1948 of \$12,119,897 were higher than in any previous year. The various canned products of Columbia River Packers Association, such as salmon, tuna, crabmeat, shad roe, kippered sturgeon and other sea foods, are marketed under the BUMBLE BEE, CLOVER LEAF, SWIFTWATER, BEACON and other brands.

ENTERPRISE ENGINE & FOUNDRY COMPANY virtually duplicated its 1947 net profit notwithstanding a two-months shutdown during the general machinists strike. Sales averaged higher during the 10 operating months, but fell short of the preceding year's 12-month total. The diesel division, which accounts for the bulk of the company's sales, profited from a strong foreign demand that took almost half the shipments. Sales of processing machinery held up well in the face of continued poor sardine seasons that have curtailed operations of the fish reduction industry. Oil burner sales were depressed by reluctance of owners to invest more capital at this time in heating plants for large buildings.

Transamerica's combined carrying value of its stock investments in the four manufacturing companies at December 31, 1948, was \$8,075,361, representing 5 per cent of Transamerica's total assets. Its corresponding equity in the book values of these companies at the end of that year was \$11,502,208, registering appreciation of \$3,426,847.

RESERVE BOARD ISSUE

Our stockholders have been advised of the complaint by the Federal Reserve Board against Transamerica Corporation, charging a violation of anti-trust provisions of the Clayton Act. It will be remembered that this vague complaint states that Transamerica Corporation "may be, has been, and is" lessening competition and tending to create a monopoly in the commercial banking business in five western states. Hearings opened in Washington, D. C., when the Board rejected our contention that it had no authority to proceed under the Clayton Act. At the hearings, Marriner Eccles, the former Chair-

man of the Federal Reserve Board, who instigated the action, admitted that he did not in fact know and had not considered whether competition had actually been lessened in any community or state referred to in the complaint. The hearings also brought out that Mr. Eccles has important indirect interests in a western bank holding company, controlling banks located in territory adjacent to that in which Transamerica banks are operating.

A basic fallacy of the Board's complaint is the charge that Transamerica Corporation controls Bank of America N. T. & S. A. Our counsel endeavored to have that question settled in the early stages of the hearings, but the presiding member has thus far denied us the opportunity to meet this important issue head-on.

At the Washington hearing, it was shown that in the process of arranging, pursuant to the solicitation of the Board, for the original admission of Bank of Italy (now Bank of America) into the Federal Reserve System, I gave the Board a complete written statement of my plans for the development, operation, and expansion of branch banking. The Board then officially agreed, in writing, that it approved my plans, and that it would not object to expansion of the character which is under attack in the Board's present proceeding. That agreement is being broken.

Another matter disclosed at the Washington hearing was that Transamerica Corporation was willing to cooperate with an effort proposed by the Federal Reserve Board a few years ago to obtain agreements from all bank holding companies. The proposed agreements would have obligated all the companies to obtain the approval of the Board before expanding their banking interests, even though such a requirement was beyond the legal powers of the Board. However, shortly thereafter, the Board altered its proposal vitally by suggesting that Transamerica Corporation should not make bank acquisitions except upon the recommendation and approval of the Board, but that it would not be necessary for other bank holding companies to consent to any restriction at all. Your corporation, naturally, refused to submit to such unjustifiable discrimination.

When the Board finishes its presentation, we expect to prove, at hearings in California and other western states, how fallacious the charges are. Since the prosecutor is also the complaining witness, judge and jury, it may be necessary to resort finally to the courts of justice.

CALIFORNIA'S CENTENNIAL

Californians are celebrating the 100th anniversary of the spectacular developments that began with Marshall's chance discovery of gold. The migration of the '49ers that followed was only the first of many. Each brought a new era of progress. That progress has placed California third among the states in population, second in bank deposits, farm income and petroleum

production, and first in volume of construction, commercial fishing and automobile ownership. It is appropriate in this centennial year to touch briefly on some of the contributions that Transamerica Corporation and its subsidiaries have made, in the last two decades, to the progress of California and the far western states. Transamerica has always been the proponent of branch banking and of providing full banking services to all customers, particularly the small businessman. The banks Transamerica owns or has owned have loaned billions of dollars to help the farmer, the manufacturer and the individual in their various activities. In 1948, as an instance, its majority-owned banks made 403,000 loan transactions involving \$521,000,000 of credit; 60 per cent of the number of transactions involved \$1,000 or less, evidencing the banks' help to the client of small means. These banks have 814,088 deposit accounts, 380,713 being checking accounts and 433,375 savings accounts.

Still another contribution has been the building up of life, fire and automobile insurance companies to provide protection from most hazards. Occidental Life Insurance Company, to cite one example, last year paid claims aggregating \$11,600,000 to residents of the five western states. Transamerica and its subsidiaries, in 1948, paid more than \$28,000,000 in salaries and wages to their many thousands of employees in California and the four other western states. Since Transamerica's organization in 1928, the companies it owned have created personal buying power in these states by the distribution of more than seven hundred million dollars in salaries, dividends, interest and like payments.

Since the turn of the century, the industrial growth of the far west has been outstanding, with every year bringing new manufacturing activities to the area. We envision further growth in California and its neighboring states and still more opportunity for Transamerica Corporation and its interests to participate in this progress. Transamerica is dedicated to the development of the far west.

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The success of any corporation is due, in no small measure, to the efforts of its employees. Their enthusiasm, ability and team work is an asset not shown on any balance sheet. To the many thousands whose endeavors have helped in the achievement of another successful year, your Board of Directors and management express their unstinted thanks. Appreciation is also expressed to our large family of stockholders, whose support and cooperation has been another contributing factor in the favorable results of the year.

By Order of the Board of Directors,


Chairman of the Board.

ACCOUNTANTS' CERTIFICATE

BOARD OF DIRECTORS AND SHAREHOLDERS,
TRANSAMERICA CORPORATION:

We have examined the balance sheet of TRANSAMERICA CORPORATION as of December 31, 1948, and its related statements of income and surplus for the year then ended. Also, we have examined the balance sheets at the same date and the related statements of income and surplus of its domestic subsidiaries, except banks, and except one subsidiary in liquidation reported on by other public accountants. 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, accepting the determination of the Board of Directors as to the adequacy of the reserve for investment in Banca d'America e d'Italia and other foreign securities, which determination was made in 1942 and reaffirmed on January 4, 1949, the accompanying balance sheet and statements of income and surplus of TRANSAMERICA CORPORATION present fairly the financial position of that Corporation at December 31, 1948 and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Further, accepting the policy reserves of Occidental Life Insurance Company of California as reported by that company's actuary, it is our opinion that the accompanying balance sheets of Capital Company, Allied Building Credits, Inc., Columbia River Packers Association, Inc., Adel Precision Products Corp., General Metals Corporation, Occidental Life Insurance Company of California, Pacific National Fire Insurance Company and Premier Insurance Company and the consolidated balance sheet of Enterprise Engine & Foundry Company and subsidiary, present fairly the financial position or consolidated financial position of each company at December 31, 1948 and the statements of income and surplus of Capital Company, Allied Building Credits, Inc., Columbia River Packers Association, Inc., Adel Precision Products Corp., and General Metals Corporation, and the consolidated statements of income and surplus of Enterprise Engine & Foundry Company and its subsidiary, present fairly the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



Certified Public Accountants.

San Francisco, California
March 8, 1949.

TRANSAMERICA CORPORATION

BALANCE SHEET December 31, 1948

ASSETS

INVESTMENTS IN SECURITIES:

In capital stocks of domestic subsidiaries—A-D:	Per cent control	
The First National Bank of Portland	54.55 . . .	\$ 3,607,495.16
Central Bank, Oakland	92.15 . . .	3,601,897.33
The First National Bank of Eugene	98.20 . . .	2,254,887.00
First Trust and Savings Bank of Pasadena	97.78 . . .	2,215,859.85
First National Bank of Arizona	57.82 . . .	1,708,591.95
National Bank of Washington	52.25 . . .	1,481,608.41
First National Bank in Santa Ana	98.50 . . .	1,464,850.66
First National Trust and Savings Bank of Santa Barbara	96.18 . . .	1,082,611.70
First National Bank of Nevada	99.10 . . .	792,666.68
Thirty-eight other banks—see page 19	Various . . .	7,489,636.95
Capital Company	100.00 . . .	14,369,637.36
Allied Building Credits, Inc.	100.00 . . .	10,750,000.00
Pacific National Fire Insurance Company	100.00 . . .	6,518,798.72
Occidental Life Insurance Company of California	100.00 . . .	3,007,600.28
Columbia River Packers Association, Inc.	55.27 . . .	1,946,469.79
Adel Precision Products Corp.	99.80 . . .	3,744,344.73
General Metals Corporation	86.00 . . .	2,005,283.20
Enterprise Engine & Foundry Company	100.00 . . .	379,264.14
Seven other companies—see page 19	Various . . .	544,847.99
(Adjusted book net asset value at December 31, 1948— banks \$53,287,285.88; other companies \$66,436,366.51; total \$119,723,652.39)—B		\$ 68,966,351.96
Banca d'America e d'Italia (92.59% controlled)	\$ 9,110,617.42	
Foreign securities—net of specific reserve	622,882.95	
	\$ 9,733,500.37	
Less reserve	5,862,267.99	3,871,232.38
Other security investments—see page 18—D:		
Bank of America N. T. & S. A.—1,656,281 shares	\$42,682,395.32	
The National City Bank of New York—414,203 shares	15,768,757.58	
Miscellaneous	5,402,744.57	
(Aggregate market value at quoted prices December 31, 1948—\$91,681,291.45)		63,853,897.47
		\$136,691,481.75
Cash on hand and on deposit		6,583,284.71
Notes and other receivables (less allowance of \$367,872.24)—C		828,848.00
Officers' and employees' notes receivable (less allowance of \$9,615.00)—C		243,140.11
Owing from subsidiaries		8,433,968.24
Other assets		5.00
Goodwill, going concern and control value		1.00
		\$152,780,728.81

A—The amount for investments in capital stocks of subsidiaries is net asset values as of December 31, 1931, for securities then owned and still held, with subsequent additions at cost or less, as carried on the books of this Corporation or subsidiaries since liquidated, less liquidating dividends received and certain write-downs. See page 18 for schedule of additional holdings by subsidiaries.

B—"Adjusted book net asset value," as used above, is Transamerica Corporation's proportion of net book values of subsidiary banks and companies, adjusted to include \$1,408,752.14 excess of cost of marketable securities, held by subsidiaries other than banks, over quoted market price. The aggregate increase over Transamerica Corporation's investment is \$54,478,472.25, when deferred income of \$3,721,171.76 is taken into consideration.

C—Notes and accounts receivable are in part secured by collateral which includes 31,275½ shares of capital stock of Transamerica Corporation.

Continued on next page

TRANSAMERICA CORPORATION

BALANCE SHEET December 31, 1948

LIABILITIES

Notes payable:

To banks—Secured—D	\$ 44,000,000.00
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Accounts payable:

Federal taxes on consolidated income—estimated	\$ 3,170,571.90	
Taxes, other than federal taxes on income	216,086.57	
Miscellaneous	587,499.65	3,974,158.12

Owing to subsidiaries	354,900.54
---------------------------------	------------

Reserves for contingencies	719,178.80
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Securities profits on sales to subsidiaries deferred	3,721,171.76
--	--------------

Capital stock and surplus:

Capital stock (\$2.00 par value):

Authorized	25,000,000 shares	
Issued	11,200,000	"
Less: In treasury	1,270,000	"
Outstanding	9,930,000	" \$19,860,000.00

Surplus—E-F:

Paid-in surplus	\$61,661,976.13	
Earned surplus (since January 1, 1932)	18,489,343.46	80,151,319.59
		100,011,319.59
		<u>\$152,780,728.81</u>

Continued from preceding page

D—Notes payable to banks were secured at December 31, 1948 by pledge of capital stocks of subsidiaries having an average carrying value of \$5,558,368.30, and other security investments having a market value at quoted prices of \$66,843,235.00.

E—At December 31, 1948, surplus was restricted in the amount of \$2,540,000.00 represented by 1,270,000 shares of capital stock held in treasury.

F—In January 1949, the Corporation declared and paid cash dividends aggregating \$3,972,000.00, or \$0.40 a share.

G—At December 31, 1948, the Corporation was contingently liable (1) in the amounts of \$700,000.00 as guarantor of a bank loan to a subsidiary, and \$57,928.92 as guarantor of certain mortgage loans; (2) as defendant in pending litigation brought by certain former stockholders of The Axton-Fisher Tobacco Co., as to which counsel for the Corporation has expressed belief that its defense will be successful. The Corporation had an outstanding commitment to take up, if requested, certain evidences of indebtedness in the amount of \$4,081,841.88, adequately secured.

TRANSAMERICA CORPORATION

INCOME ACCOUNT

Year ended December 31, 1948

Income:

Dividends:

From subsidiaries	\$3,960,681.14	
From other companies	<u>5,057,876.52</u>	\$9,018,557.66
Interest		254,485.01
Security transactions—net loss based on book values—B		102,814.41
Miscellaneous		<u>159,672.47</u>
		\$9,329,900.73

Expense—Corporate:

Interest	\$ 868,340.15	
Transfer and registrar fees, revenue stamps, etc.	87,468.48	
Taxes, other than federal taxes on income	<u>207,377.61</u>	\$1,163,186.24

Administrative expense:

Salaries	\$ 198,305.01	
Other office and general expenses	<u>300,926.41</u>	<u>499,231.42</u>
		1,662,417.66
		<u>\$7,667,483.07</u>

Other income—C:

Amount charged to subsidiaries in lieu of federal taxes on income calculated on a separate return basis	\$2,360,000.00	
Less: Provision for 1948 federal taxes on income on a consolidated return basis, including \$437,000.00 for Transamerica Corporation on a separate return basis	<u>1,990,000.00</u>	
	\$ 370,000.00	
Add: Net adjustments with respect to prior years	<u>5,865.80</u>	<u>375,865.80</u>

NET PROFIT OF TRANSAMERICA CORPORATION

CARRIED TO EARNED SURPLUS—A	<u>\$8,043,348.87</u>
---------------------------------------	-----------------------

A—The Corporation's proportion of net profit or loss of domestic subsidiaries, in excess of dividends received from such subsidiaries taken up in the income account, is included in the statement set forth below:

NET PROFIT OF TRANSAMERICA CORPORATION AND ALL DOMESTIC SUBSIDIARIES

Net profit of Transamerica Corporation as shown above	\$ 8,043,348.87
Transamerica Corporation's proportion of net profit of domestic subsidiaries in excess of dividends received from such subsidiaries taken up in the Income Account—D	<u>10,470,809.58</u>
NET PROFIT FOR THE YEAR 1948 OF TRANSAMERICA CORPORATION AND ALL DOMESTIC SUBSIDIARIES	<u>\$18,514,158.45</u>

Continued on next page

TRANSAMERICA CORPORATION

EARNED SURPLUS ACCOUNT

Year ended December 31, 1948

Balance of Earned Surplus at January 1, 1948 \$18,392,992.99

Add:

Net profit for the year ended December 31, 1948, as shown

by Income Account 8,043,348.87
\$26,436,341.86

Deduct:

Dividend No. 39 of \$0.25 a share and a special dividend of

\$0.15 a share paid January 31, 1948 \$3,973,499.20

Dividend No. 40 of \$0.25 a share and a special dividend of

\$0.15 a share paid July 31, 1948 3,973,499.20 7,946,998.40

BALANCE OF EARNED SURPLUS AT DECEMBER 31, 1948,
AS SHOWN ON BALANCE SHEET \$18,489,343.46

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PAID-IN SURPLUS ACCOUNT

Year ended December 31, 1948

Balance of Paid-in Surplus at January 1, 1948 \$61,692,441.06

Deduct:

Charge resulting from reduction to par value of 3748 shares of capital stock

of Transamerica Corporation acquired and held in treasury 30,464.93

BALANCE OF PAID-IN SURPLUS AT DECEMBER 31, 1948,
AS SHOWN ON BALANCE SHEET \$61,661,976.13

Continued from preceding page

B—Net loss on securities was determined on the basis of cost or written-down values of additions subsequent to December 31, 1931, the date of general restatement of carrying values, and is after deducting a net loss of \$117,790.91 on transactions in capital stocks of subsidiaries.

C—The Corporation intends to collect from or refund to subsidiaries eligible for consolidation for federal income tax purposes the amount of federal taxes on income applicable to such subsidiaries had they filed on a separate return basis and the Corporation intends to pay the tax liability determined to be due on a consolidated basis.

D—Includes Transamerica Corporation's proportion of the net profit of domestic subsidiaries as follows: banks \$4,475,196.90, other companies \$5,995,612.68. The Corporation's proportion of the net profit of Banca d'America e d'Italia is not included owing to controls imposed in Italy preventing the free exchange of lire into other currencies. No amount is included for the Corporation's equity in the undistributed earnings of companies less than 50% owned, including Bank of America N. T. & S. A. and The National City Bank of New York.

TRANSAMERICA CORPORATION

OTHER SECURITY INVESTMENTS

December 31, 1948

	Number of Shares	Quoted Price Per Share
Bank of America N. T. & S. A.	1,656,281	\$ 41.50
Bellingham Plywood Corporation	704	118.52*
Citizens National Trust & Savings Bank of Los Angeles	38,937	44.50
Fireman's Fund Insurance Company	34,897	84.00
The First National Bank of the City of New York	628	1,150.00
Georgia-Pacific Plywood & Lumber Co.	56,900	12.00
The National City Bank of New York	414,203	38.25
Peoples Bank, Lakewood Village, California	540	32.50*
Pictsweet Foods, Inc.—preferred	8,250	100.00*
World Commerce Corporation, S. A.—5% preferred	800	100.00*
World Commerce Corporation, S. A.—common	49,180	.10*
Foreign securities (market value at quoted prices— \$4,328.00)		
Miscellaneous domestic stocks at nominal carrying value of \$1.00 each (market value at quoted prices— \$13,036.25)		
Domestic bond at nominal carrying value of \$1.00 (market value at quoted price—\$5,000.00)		
TOTAL QUOTED MARKET VALUE		\$91,681,291.45
TOTAL CARRYING VALUE		\$63,853,897.47

*Carrying value used, market quotations not available.

NOTE—The above securities, other than shares of Bank of America N. T. & S. A., are carried at their quoted market value as at December 31, 1931, for securities then owned and still held, or at cost or less if subsequently acquired. Shares of Bank of America N. T. & S. A. owned at December 31, 1931 and still held are carried at their book net asset value at that date, with subsequent acquisitions at cost or less. In arriving at total quoted market value of securities, quotations were used without regard to the number of shares owned of each security.

Shares of capital stock of the foregoing banks and corporations, held by subsidiaries at December 31, 1948, were as follows:

Bank of America N. T. & S. A.	295,962
Citizens National Trust & Savings Bank of Los Angeles	20,000
Fireman's Fund Insurance Company	15,350
The First National Bank of the City of New York	255
Georgia-Pacific Plywood & Lumber Co.	4,000
The National City Bank of New York	34,000
Pictsweet Foods, Inc.—common	1,600

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ADDITIONAL INVESTMENTS IN CAPITAL STOCKS OF SUBSIDIARIES

December 31, 1948

	Transamerica Corporation	Additional holdings by subsidiaries	Total
First National Bank of Portland, The	54.55%	14.05%	68.60%
Central Bank, Oakland	92.15	7.50	99.65
First National Bank of Arizona	57.82	23.01	80.83
National Bank of Washington	52.25	10.05	62.30
Phoenix Savings Bank & Trust Company, The	42.80	36.19	78.99
Columbia River Packers Association, Inc.	55.27	22.44	77.71
General Metals Corporation	86.00	3.78	89.78

TRANSAMERICA CORPORATION

OTHER BANKS December 31, 1948

	Per cent control	Carrying value
ARIZONA		
Phoenix Savings Bank & Trust Company, The	42.80	\$ 188,809.00
CALIFORNIA		
American Commercial & Savings Bank, Moorpark	90.00	54,054.51
Bank of Beaumont	93.00	127,519.70
Bank of Newman	87.83	172,822.00
Bank of Pinole	92.31*	253,934.69
Bank of Tehachapi	92.50	75,108.89
Central Bank of Calaveras	92.50	164,868.00
Farmers and Merchants Bank of Watts	97.50	239,978.82
First National Bank in Corcoran	92.00	180,072.50
First National Bank in Delano	90.27	573,557.50
First National Bank in Turlock	89.87	490,400.00
First National Bank of Bellflower, The	95.00	309,030.30
First National Bank of Crows Landing, The	89.60	136,640.00
First National Bank of Fairfield, The	89.60	110,320.57
First National Bank of Garden Grove, The	90.00	107,331.00
First National Bank of Los Altos, The	87.20	78,364.16
First National Bank of Mountain View, The	75.63	135,400.00
First National Bank of Oakdale, The	93.00	797,502.20
First National Bank of San Jacinto, The	66.90	55,535.24
First National Bank of Weed, The	90.00	115,191.82
First Savings Bank of San Jacinto	66.90	37,023.50
Stanislaus County Bank	97.08	568,812.89
Temple City National Bank of Temple City, The	86.67	142,975.70
NEVADA		
Bank of Nevada	70.00	184,000.00
Farmers' Bank of Carson Valley, Inc.	88.00	148,095.96
OREGON		
Bank of Sweet Home	97.50	43,700.98
Benton County State Bank	97.33	606,722.34
Carlton State & Savings Bank	90.00	72,313.20
Clatsop County Bank	97.00	71,523.66
Coolidge and McClaine	98.13	86,431.37
First National Bank of Cottage Grove, The	90.00	127,687.47
First National Bank of Forest Grove, The	90.00	80,929.32
First National Bank of Lebanon, The	86.00	559,000.00
First National Bank of Prineville, The	90.00	112,500.00
Monroe State Bank	91.67	58,298.35
Moreland-Sellwood Bank	97.00	74,808.46
Scio State Bank	95.00	27,325.16
Yamhill State Bank	90.00	121,047.69
		<u>\$7,489,636.95</u>

* Per cent of common stock only.

OTHER COMPANIES December 31, 1948

	Per cent control	Carrying value
American Brokerage, Inc. (inactive)	100.00	\$ 29,285.83
Axton-Fisher Tobacco Company, The (in liquidation)	84.84	2,883.76
Coast Service Company	100.00	2,438.75
Corporation of America	99.92	102,307.48
Inter-America Corporation (California)	100.00	57,932.17
Occidental Corporation	100.00	250,000.00
Timeplan Incorporated (inactive)	100.00	100,000.00
		<u>\$ 544,847.99</u>

THE FIRST NATIONAL BANK OF PORTLAND • FIRST NATIONAL BANK OF NEVADA
CENTRAL BANK, OAKLAND • NATIONAL BANK OF WASHINGTON
FIRST NATIONAL BANK OF ARIZONA

CONDENSED STATEMENTS OF CONDITION

December 31, 1948

ASSETS	The First National Bank of Portland	Central Bank, Oakland	First National Bank of Nevada	National Bank of Washington	First National Bank of Arizona
Loans and discounts, including overdrafts	\$161,684,213.57 . . .	\$ 63,761,664.67 . . .	\$ 38,921,802.07 . . .	\$ 41,972,118.13 . . .	\$24,975,107.02
United States Government securities owned	192,565,265.74 . . .	26,482,284.31 . . .	50,950,305.02 . . .	34,523,507.87 . . .	26,905,594.35
Other bonds, stocks, and securities owned	45,372,998.00 . . .	14,164,106.85 . . .	6,989,350.36 . . .	3,931,145.38 . . .	4,653,732.55
Bank premises, furniture and fixtures	4,734,216.74 . . .	2,110,104.28 . . .	837,906.30 . . .	765,493.21 . . .	609,732.76
Real estate owned other than bank premises	1.00 . . .	3.00 . . .	— . . .	33,844.00 . . .	—
Cash, cash items, balances with other banks, including reserve balance	117,433,502.00 . . .	19,451,338.17 . . .	23,049,922.08 . . .	21,875,596.10 . . .	21,491,845.91
Other assets	2,000,524.66 . . .	619,268.21 . . .	589,621.38 . . .	446,672.94 . . .	276,017.09
	<u>\$523,790,796.83</u>	<u>\$126,588,769.49</u>	<u>\$121,338,907.21</u>	<u>\$103,548,377.63</u>	<u>\$78,912,029.68</u>
LIABILITIES					
Capital stock—common	\$ 4,500,000.00 . . .	\$ 2,000,000.00 . . .	\$ 1,500,000.00 . . .	\$ 1,125,000.00 . . .	\$ 1,100,000.00
Surplus	10,500,000.00 . . .	4,000,000.00 . . .	1,600,000.00 . . .	2,375,000.00 . . .	1,625,000.00
Undivided profits	12,020,735.86 . . .	2,179,896.51 . . .	3,252,228.35 . . .	1,057,323.33 . . .	510,286.40
Reserves for contingencies	3,500,000.00 . . .	137,064.62 . . .	— . . .	400,000.00 . . .	200,832.18
Deposits	490,523,422.78 . . .	117,772,391.66 . . .	114,061,712.63 . . .	98,057,945.45 . . .	75,085,462.80
Other liabilities	2,746,638.19 . . .	499,416.70 . . .	924,966.23 . . .	533,108.85 . . .	390,448.30
	<u>\$523,790,796.83</u>	<u>\$126,588,769.49</u>	<u>\$121,338,907.21</u>	<u>\$103,548,377.63</u>	<u>\$78,912,029.68</u>

FIRST TRUST AND SAVINGS BANK OF PASADENA
THE FIRST NATIONAL BANK OF EUGENE
FIRST NATIONAL BANK IN SANTA ANA
FIRST NATIONAL TRUST AND SAVINGS BANK
OF SANTA BARBARA

CONDENSED STATEMENTS OF CONDITION

December 31, 1948

FIRST TRUST AND SAVINGS BANK OF PASADENA
THE FIRST NATIONAL BANK OF EUGENE
FIRST NATIONAL BANK IN SANTA ANA
FIRST NATIONAL TRUST AND SAVINGS BANK
OF SANTA BARBARA

CONDENSED STATEMENTS OF CONDITION

December 31, 1948

ASSETS	First Trust and Savings Bank of Pasadena	The First National Bank of Eugene	First National Bank in Santa Ana	First National Trust and Savings Bank of Santa Barbara
Loans and discounts, including overdrafts	\$10,866,004.33 . . .	\$ 9,137,102.57 . . .	\$ 6,900,633.00 . . .	\$ 2,932,401.30
United States Government securities owned	23,806,923.34 . . .	26,414,626.24 . . .	16,212,647.87 . . .	7,720,039.24
Other bonds, stocks, and securities owned	5,280,062.03 . . .	2,893,619.95 . . .	1,021,951.88 . . .	1,141,283.26
Bank premises, furniture and fixtures	881,884.39 . . .	429,743.31 . . .	476,997.60 . . .	226,456.37
Real estate owned other than bank premises	15,278.03 . . .	— . . .	— . . .	—
Cash, cash items, balances with other banks, including reserve balance	9,389,511.47 . . .	8,886,065.29 . . .	4,393,971.35 . . .	2,640,880.97
Other assets	174,617.34 . . .	168,016.80 . . .	106,158.94 . . .	58,708.35
	<u>\$50,414,280.93</u>	<u>\$47,929,174.16</u>	<u>\$29,112,360.64</u>	<u>\$14,719,769.49</u>

LIABILITIES	First Trust and Savings Bank of Pasadena	The First National Bank of Eugene	First National Bank in Santa Ana	First National Trust and Savings Bank of Santa Barbara
Capital stock—common	\$ 1,000,000.00 . . .	\$ 500,000.00 . . .	\$ 600,000.00 . . .	\$ 300,000.00
Surplus	1,500,000.00 . . .	600,000.00 . . .	600,000.00 . . .	450,000.00
Undivided profits	761,485.82 . . .	973,131.95 . . .	814,766.75 . . .	322,564.75
Reserves for contingencies	63,786.60 . . .	— . . .	— . . .	—
Deposits	46,776,511.35 . . .	45,642,588.22 . . .	26,911,395.57 . . .	13,594,897.15
Other liabilities	312,497.16 . . .	213,453.99 . . .	186,198.32 . . .	52,307.59
	<u>\$50,414,280.93</u>	<u>\$47,929,174.16</u>	<u>\$29,112,360.64</u>	<u>\$14,719,769.49</u>

CAPITAL COMPANY

BALANCE SHEET

December 31, 1948

ASSETS

Cash on hand and on deposit		\$ 539,563.47	
Security investments—capital stocks—at cost:			
Bank of America N. T. & S. A.—192,000 shares (market value at quoted price December 31, 1948 \$7,968,000.00)—A . . .	\$ 7,455,750.00		
Pictsweet Foods, Inc.—common—1,600 shares—(at net carrying value of assets exchanged therefor)	831,553.67		
Western Merchandise Mart, a subsidiary—8,750 shares (71.43%) (book net asset value \$1,003,721.92)	801,378.40		
Olympic Frozen Foods, Inc., a subsidiary—2,000 shares (100.00%) (book net asset value \$78,411.09)	200,000.00		
Affiliated company (book net asset value \$225,008.41)	153,850.00	9,442,532.07	
Notes receivable:			
Installment real estate notes—secured by first deeds of trust—A . . .	\$ 5,764,323.91		
Officers and employees of company and affiliates—secured	121,360.01		
Miscellaneous (less allowance of \$11,244.41)	104,496.02	5,990,179.94	
Accounts receivable (less allowance of \$2,872.10)		682,976.18	
Owing from affiliates		1,306,580.95	
Real estate and equipment—B-C:			
Land	\$ 4,430,844.25		
Buildings and improvements	\$2,838,935.32		
Less allowance for depreciation	1,119,308.82	1,719,626.50	
Equipment	\$ 801,938.37		
Less allowance for depreciation	392,152.07	409,786.30	6,560,257.05
Other assets (less allowance of \$3,197.74)—B		420,000.15	
Deferred charges		120,795.26	
		<u>\$25,062,885.07</u>	

LIABILITIES

Notes payable to banks (including \$1,000,000.00 to affiliated bank)—A	\$ 3,000,000.00		
Accounts payable	285,472.49		
Accrued liabilities, including \$514,630.50 owing to Transamerica Corporation in lieu of federal taxes on income	731,263.08		
Deposits on leases and uncompleted real estate sales	84,533.21		
Mortgages on real estate, etc.—B	2,415,252.72		
Owing to affiliate	78,411.09		
Reserves for self insurance	158,522.91		
Deferred income—profit on sales of real estate to affiliates	194,008.70		
Capital stock and surplus:			
Capital stock (\$10.00 par value):			
Authorized 200,000 shares; outstanding 85,731 shares	\$ 857,310.00		
Surplus:			
Paid-in surplus (no change during year)	\$13,444,446.80		
Earned surplus	3,813,664.07	17,258,110.87	18,115,420.87
		<u>\$25,062,885.07</u>	

A—Installment real estate notes in the aggregate amount of \$3,940,070.18 and 45,000 shares of Bank of America N. T. & S. A. stock are pledged against notes payable to banks.

B—Mortgages on real estate, etc. (of which \$93,000 was past due) are secured by first liens on the subject properties having an aggregate carrying value of \$3,113,324.67 and by a deposit in escrow of securities and cash carried at \$88,314.09 in other assets.

C—At December 31, 1948, the company was contingently liable in the amount of \$816,666.66 as guarantor of a portion of a bank loan. The company had outstanding commitments to purchase, if requested, certain secured evidences of indebtedness in the amount of \$1,637,300.41 from affiliated banks.

CAPITAL COMPANY
PROFIT AND LOSS STATEMENT
Year ended December 31, 1948

Income:

Real estate division:

Rentals, crop sales, etc.	\$880,687.22	
Less operating expenses	<u>525,715.76</u>	\$354,971.46
Property management fees		<u>830,821.74</u>
		\$1,185,793.20

Oil, gas and mineral division:

Rentals, royalties, sales of oil, etc.	\$895,421.56	
Less operating expenses	<u>249,727.74</u>	645,693.82
		<u>\$1,831,487.02</u>

General and administrative expenses:

Salaries	\$591,734.93	
Other office and general expenses	<u>300,442.70</u>	892,177.63
		<u>\$ 939,309.39</u>

Other income:

Net profit on real estate sales	\$860,116.63	
Dividends	510,666.88	
Interest	445,448.05	
Miscellaneous	<u>32,492.03</u>	1,848,723.59
		<u>\$2,788,032.98</u>

Other deductions:

Oil well development and intangible drilling costs	\$582,976.85	
Interest	193,050.49	
Expenses of processing plants not operated during the year	54,462.87	
Miscellaneous	<u>11,512.40</u>	842,002.61
		<u>\$1,946,030.37</u>

Amount payable to Transamerica Corporation in lieu of federal taxes on income for the year 1948, less adjustment (\$1,504.97) for preceding year—A		513,125.53
NET PROFIT		<u><u>\$1,432,904.84</u></u>

Provision for 1948 depreciation of real estate and equipment charged to expenses amounted to \$170,587.38.

A—Charge in lieu of income tax has been computed as though a separate return would be filed; however, taxable income will be consolidated with that of Transamerica Corporation and certain subsidiaries and this charge does not purport to represent a proportionate share of consolidated tax.

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EARNED SURPLUS ACCOUNT

Balance at January 1, 1948	\$3,380,759.23
Add: Net profit for the year ended December 31, 1948	<u>1,432,904.84</u>
	\$4,813,664.07
Deduct: Cash dividends paid	<u>1,000,000.00</u>
BALANCE AT DECEMBER 31, 1948	<u><u>\$3,813,664.07</u></u>

ALLIED BUILDING CREDITS, INC.

BALANCE SHEET

December 31, 1948

ASSETS

Cash		\$ 2,514,070.51
Accounts receivable		1,696,742.42
Amounts withheld by banks under note sales agreements—A		4,988,339.29
Mortgages and advances secured by real estate and chattels:		
Mortgage loans—B	\$6,686,994.58	
Advances during construction	<u>2,606,460.27</u>	9,293,454.85
Installment notes, including \$119,174.04 insured under National Housing Act, and advances of \$15,794.73		<u>279,285.84</u>
TOTAL CASH AND RECEIVABLES		<u>\$18,771,892.91</u>
Other assets—B-C:		
Advances	\$3,780,392.14	
Real estate contracts of sale	352,801.55	
Mortgages in process of foreclosure	120,299.38	
Real estate (\$406,891.92) and other assets	<u>453,601.34</u>	4,707,094.41
Notes receivable, less allowance of \$18,328.48 for losses		18,071.73
Cash on deposit for trust funds (contra)		863,987.33
Furniture, etc. and leasehold improvements		303,101.47
Prepaid expenses		<u>53,868.11</u>
		<u>\$24,718,015.96</u>

LIABILITIES

Current liabilities:		
Notes payable to bank—unsecured	\$1,300,000.00	
Note payable to Transamerica Corporation:		
Short-term note	\$1,340,827.89	
Payment on long-term note due in 1949	<u>500,000.00</u>	1,840,827.89
Accounts payable and accrued expenses		704,650.17
Owing to Transamerica Corporation in lieu of federal taxes on income		<u>269,839.88</u>
TOTAL CURRENT LIABILITIES		<u>\$ 4,115,317.94</u>
Long-term note payable to Transamerica Corporation (payable \$500,000.00 per annum)—B	\$3,600,000.00	
Less: Payment due in 1949	<u>500,000.00</u>	3,100,000.00
Trust funds (deposited in special account per contra)		863,987.33
Unearned discount and fees on notes and mortgages		4,232,821.72
Provision for losses, including \$303,653.73 appropriated from unearned discount		<u>566,426.44</u>
Capital stock and surplus:		
Preferred stock—4 per cent, cumulative (\$25.00 par value):		
Authorized and outstanding—		
160,000 shares	\$4,000,000.00	
Common stock (\$10.00 par value):		
Authorized 1,000,000 shares; issued and outstanding—660,000 shares	<u>6,600,000.00</u>	\$10,600,000.00
Earned surplus—D	<u>1,239,462.53</u>	<u>11,839,462.53</u>
		<u>\$24,718,015.96</u>

A—The company has agreements to sell installment notes to four banks, without recourse other than to the extent of reserves withheld by the banks. At December 31, 1948 the principal amounts held by the banks and the reserves in connection therewith were as follows:

	Principal Amounts	Reserves
Notes insured under National Housing Act	\$31,764,764.74	\$2,298,371.73
Uninsured	<u>15,018,289.72</u>	<u>2,689,967.56</u>
	<u>\$46,783,054.46</u>	<u>\$4,988,339.29</u>

continued on next page

ALLIED BUILDING CREDITS, INC.

INCOME AND EXPENSE STATEMENT

Year ended December 31, 1948

Income:

From installment notes:

Discount earned	\$3,371,416.28	
Interest, penalties and extension charges	<u>82,414.46</u>	\$3,453,830.74

From mortgages:

Interest earned	\$1,155,248.68	
Sales premiums	102,744.78	
Service charges	320,200.42	
Insurance commissions	<u>45,091.20</u>	1,623,285.08

Other income		<u>53,297.20</u>
		<u>\$5,130,413.02</u>

Expense:

General and district office expenses	\$2,542,047.01	
Interest expense	1,654,568.32	
Provision for losses	<u>207,912.33</u>	4,404,527.66
		<u>\$ 725,885.36</u>

Amount payable to Transamerica Corporation in lieu of federal taxes on income for the year—A		<u>269,839.88</u>
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NET PROFIT		<u><u>\$ 456,045.48</u></u>
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A—Charge in lieu of income tax has been computed as though a separate return would be filed; however, taxable income will be consolidated with that of Transamerica Corporation and certain subsidiaries and this charge does not purport to represent a proportionate share of consolidated tax.

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EARNED SURPLUS ACCOUNT

Balance at January 1, 1948	\$ 943,417.05
Add: Net profit for the year ended December 31, 1948	<u>456,045.48</u>
	<u>\$1,399,462.53</u>

Deduct: Cash dividend paid—\$1.00 a share on 4 per cent cumulative preferred stock	<u>160,000.00</u>
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BALANCE AT DECEMBER 31, 1948	<u><u>\$1,239,462.53</u></u>
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Continued from preceding page

B—The company has an agreement with Transamerica Corporation that all cash proceeds received from \$2,476,059.08 of mortgage loans (except for the first \$1,300,000.00 collected) and other assets amounting to \$4,707,094.41 shall be applied toward liquidation of its long-term indebtedness of \$3,600,000.00.

C—With respect to real estate acquired on foreclosure of loans the company follows the practice of entering such property in its accounts at an amount equal to the unpaid notes plus interest accrued to date of foreclosure. During the year two foreclosed properties were bid in by or transferred to an affiliate at prices which included \$1,188,361.47 principal of notes foreclosed plus \$65,835.09 of interest accrued to date of foreclosure.

D—Undeclared dividends accrued on the four per cent cumulative preferred stock at December 31, 1948 amounted to \$166,666.67.

COLUMBIA RIVER PACKERS ASSOCIATION, INC.

BALANCE SHEET

December 31, 1948

ASSETS

Current assets:

Cash on hand and on deposit		\$ 751,100.74
Accounts receivable—trade	\$ 899,666.64	
Less: Drafts discounted with affiliated bank—A	<u>452,673.40</u>	446,993.24
Inventories—at lower of cost (generally first-in, first-out basis) or market:		
Finished goods	\$3,874,924.27	
Raw fish	381,520.06	
Materials and supplies	901,777.43	
Work in process	<u>8,078.18</u>	5,166,299.94
TOTAL CURRENT ASSETS		<u>\$ 6,364,393.92</u>

Other assets:

Accounts receivable—fishermen	\$ 795,815.58	
Less allowance for doubtful	<u>172,428.52</u>	\$ 623,387.06
Advances, deposits, etc.	<u>138,673.98</u>	762,061.04

Property, plant and equipment—based on appraisals made in 1924, plus subsequent additions at cost:

Land	\$ 703,381.06	
Buildings and equipment	\$5,720,265.44	
Less allowance for depreciation	<u>2,915,048.39</u>	2,805,217.05
Work in process	<u>6,607.72</u>	3,515,205.83

Deferred charges		205,381.10
		<u>\$10,847,041.89</u>

LIABILITIES

Current liabilities:

Notes payable to banks—unsecured	\$ 3,610,000.00
Accounts payable—trade	552,283.55
Accounts payable—fishermen	145,370.96
Dividends payable	334,909.00
Advance by joint operator against 1949 operations	250,000.00
Accrued payroll, taxes, commissions, etc.	438,569.92
Federal income and Oregon excise taxes—estimated	<u>627,078.20</u>
TOTAL CURRENT LIABILITIES	<u>\$ 5,958,211.63</u>

Capital stock and surplus:

Common stock (no par value):		
Authorized 400,000 shares; outstanding 334,275 shares	\$2,361,592.73	
Earned surplus	<u>2,527,237.53</u>	4,888,830.26
		<u>\$10,847,041.89</u>

A—At December 31, 1948, the company was contingently liable in the amount of \$452,673.40 for drafts discounted.

COLUMBIA RIVER PACKERS ASSOCIATION, INC.

PROFIT AND LOSS STATEMENT

Year ended December 31, 1948

Net sales		\$12,119,897.63
Cost of products sold		<u>9,684,153.91</u>
		\$ 2,435,743.72
Selling and administrative expenses		<u>884,760.08</u>
OPERATING PROFIT		\$ 1,550,983.64
Other income:		
Discounts received	\$25,436.61	
Commissions	24,366.89	
Sundry	<u>17,580.83</u>	67,384.33
		\$ 1,618,367.97
Other deductions:		
Interest paid	\$86,361.32	
Net loss on shipyard and related operations	45,892.32	
Sundry	<u>22,115.35</u>	154,368.99
PROFIT BEFORE FEDERAL AND STATE TAXES ON INCOME		\$ 1,463,998.98
Taxes on income—estimated:		
Federal income tax (\$541,961.90), Oregon excise tax (\$75,116.30) and taxes applicable to prior year (\$3,588.20)		<u>620,666.40</u>
NET PROFIT		<u>\$ 843,332.58</u>

Provision for 1948 depreciation of property, plant and equipment charged to costs and expenses amounted to \$318,476.22.

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EARNED SURPLUS ACCOUNT

Balance at January 1, 1948	\$ 2,168,012.29
Add: Net profit for year ended December 31, 1948	<u>843,332.58</u>
	\$ 3,011,344.87
Less:	
Dividend declared—\$1.00 a share	\$334,275.00
Prior years' taxes on income of dissolved subsidiary and interest thereon	<u>149,832.34</u>
	484,107.34
BALANCE AT DECEMBER 31, 1948	<u>\$ 2,527,237.53</u>

ADEL PRECISION PRODUCTS CORP.

BALANCE SHEET

December 31, 1948

ASSETS

Current assets:

Cash on hand and on deposit	\$ 351,706.81	
Accounts receivable—trade (less allowance for doubtful \$15,000.00)	397,207.52	
Inventories—at lower of average cost or market:		
Finished goods	\$ 350,932.26	
Work in process	1,134,635.22	
Raw materials, manufacturing supplies, etc.	<u>487,018.49</u>	1,972,585.97
TOTAL CURRENT ASSETS		<u>\$2,721,500.30</u>

Other assets:

Estimated recoverable federal taxes and renegotiation rebates	\$ 315,619.78	
Deposits and miscellaneous receivables	<u>6,054.98</u>	321,674.76

Property, plant and equipment—at cost:

Land	\$ 21,625.00	
Buildings and equipment	\$1,056,381.14	
Less allowance for depreciation	<u>405,745.90</u>	650,635.24
Emergency facilities	\$2,134,494.22	
Less allowance for amortization	<u>2,134,494.22</u>	<u>— o —</u>
		672,260.24

Deferred charges:

Tools and dies, less amortization	\$ 128,759.05	
Prepaid insurance, taxes and other expenses	<u>71,800.22</u>	200,559.27
		<u><u>\$3,915,994.57</u></u>

LIABILITIES

Current liabilities:

Notes payable to bank—unsecured—A	\$1,075,000.00	
Accounts payable	234,355.45	
Accrued interest, royalties and taxes	80,472.44	
Owing to Transamerica Corporation—A	<u>608,258.53</u>	
TOTAL CURRENT LIABILITIES		<u>\$1,998,086.42</u>

Capital stock and surplus:

Capital stock (\$0.20 par value):		
Authorized 2,000,000 shares; outstanding 1,040,826 shares	\$ 208,165.20	
Surplus:		
Paid-in surplus	\$1,900,195.18	
Earned surplus— <i>deficit</i> , since January 1, 1948	<u>190,452.23</u>	<u>1,709,742.95</u>
		<u><u>1,917,908.15</u></u>
		<u><u>\$3,915,994.57</u></u>

A—The agreement with the loaning bank provides for unsecured loans not exceeding \$1,430,000.00, with the provision that (1) no dividends will be paid; (2) the company shall have net current assets of at least \$700,000.00, and the ratio of current assets to current liabilities shall be at least 1.25 to 1. Transamerica Corporation has agreed to a subordination of its notes to the extent necessary for the company to meet the minimum working capital required by the agreement.

B—There are outstanding purchase commitments aggregating \$1,100,000.00, production under which is being delayed.

ADEL PRECISION PRODUCTS CORP.

PROFIT AND LOSS STATEMENT

Year ended December 31, 1948

Net sales	\$6,289,338.85
Cost of products sold	<u>5,852,005.75</u>
	\$ 437,333.10
Selling and administrative expenses	<u>617,921.15</u>
OPERATING LOSS	\$ 180,588.05

Other deductions:

Interest paid	\$48,961.26
Royalty expense	7,330.23
Prior years' sales tax	22,254.97
Sundry	<u>4,052.08</u>
	\$82,598.54

Less: Other income:

Recovery on bad accounts previously charged off	\$21,724.28
Interest	5,368.66
Gain on sale of depreciable assets	28,893.55
Sundry	<u>16,747.87</u>
	72,734.36
	<u>9,864.18</u>
NET LOSS	<u>\$ 190,452.23</u>

Provision for 1948 depreciation of property, plant and equipment charged to costs and expenses amounted to \$91,159.97.

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PAID-IN SURPLUS ACCOUNT

Balance at January 1, 1948	\$ 556,150.32
Add: Proceeds from sale of 520,413 shares of capital stock in excess of the par value thereof	<u>1,977,569.40</u>
	\$2,533,719.72
Deduct: Deficit in earned surplus at December 31, 1947	<u>633,524.54</u>
BALANCE AT DECEMBER 31, 1948	<u>\$1,900,195.18</u>

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EARNED SURPLUS ACCOUNT

Deficit at January 1, 1948	\$ 633,524.54
Add: Net loss for the year ended December 31, 1948	<u>190,452.23</u>
	\$ 823,976.77
Deduct: Deficit at December 31, 1947 transferred to paid-in surplus	<u>633,524.54</u>
DEFICIT AT DECEMBER 31, 1948	<u>\$ 190,452.23</u>

ENTERPRISE ENGINE & FOUNDRY COMPANY AND SUBSIDIARY

CONSOLIDATED BALANCE SHEET

December 31, 1948

ASSETS

Current assets:

Cash on hand and on deposit		\$ 139,067.15	
United States Savings bonds		1,200.00	
Notes (\$65,543.26) and accounts receivable, trade (less allowance for bad debts \$92,700.38)		1,288,208.03	
Inventories—at lower of cost (generally first-in, first-out basis) or market:			
Finished products and work in process	\$2,471,214.34		
Raw materials	87,951.58		
Manufacturing supplies	24,586.92	2,583,752.84	
TOTAL CURRENT ASSETS			\$4,012,228.02

Claims and deposits		53,821.62	
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Property, plant and equipment—at cost:

Land	\$ 96,119.50		
Buildings and equipment	\$1,754,418.53		
Less allowance for depreciation	873,777.96	880,640.57	
Emergency facilities	\$ 581,114.99		
Less allowance for amortization	581,114.99	— 0 —	976,760.07
Patents—at cost, less amortization			2,275.08
Deferred charges			49,298.66
			<u><u>\$5,094,383.45</u></u>

LIABILITIES

Current liabilities:

Note payable to bank—unsecured	\$ 100,000.00	
Accounts payable	872,435.82	
Accrued taxes and insurance	63,562.10	
Customers' advance payments	119,228.44	
Owing to Transamerica Corporation in lieu of federal taxes on income (including \$74,535.12 for prior years)	312,065.04	
TOTAL CURRENT LIABILITIES		\$1,467,291.40
Reserve for field service and product guarantee	132,388.37	

Capital stock and surplus:

Capital stock (\$100.00 par value):

Authorized 10,000 shares; outstanding 6,000 shares	\$ 600,000.00	
Earned surplus	2,894,703.68	3,494,703.68
		<u><u>\$5,094,383.45</u></u>

A—Certain claims and counter-claims relating to process machinery are in litigation. It is believed that any amounts involved in final settlement will not be material.

ENTERPRISE ENGINE & FOUNDRY COMPANY AND SUBSIDIARY

CONSOLIDATED PROFIT AND LOSS STATEMENT

Year ended December 31, 1948

Net sales	\$8,161,294.92
Cost of products sold	<u>6,526,192.96</u>
	\$1,635,101.96
Selling and administrative expenses	<u>994,247.80</u>
OPERATING PROFIT	\$ 640,854.16

Other income:

Insurance premium refund for prior years	\$ 8,053.74	
Miscellaneous	<u>15,538.45</u>	23,592.19
		<u>\$ 664,446.35</u>

Other deductions:

Interest paid	\$12,429.04	
Provision for bad debts, less recoveries	12,914.31	
Miscellaneous	<u>8,279.05</u>	33,622.40
		<u>\$ 630,823.95</u>

Amount payable to Transamerica Corporation in lieu of federal taxes on income for the year 1948, less adjustment (\$73.49) for prior year—A	<u>237,456.43</u>
NET PROFIT	<u><u>\$ 393,367.52</u></u>

Provision for 1948 depreciation of property, plant and equipment charged to costs and expenses
amounted to \$132,981.89.

A—Charge in lieu of income tax has been computed as though a separate return would be filed; however, taxable income will be consolidated with that of Transamerica Corporation and certain subsidiaries and this charge does not purport to represent a proportionate share of consolidated tax.

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CONSOLIDATED EARNED SURPLUS ACCOUNT

Balance at January 1, 1948	\$2,501,336.16
Add: Net profit for the year ended December 31, 1948	<u>393,367.52</u>
BALANCE AT DECEMBER 31, 1948	<u><u>\$2,894,703.68</u></u>

GENERAL METALS CORPORATION

BALANCE SHEET

December 31, 1948

ASSETS

Current assets:

Cash:

Cash on hand and demand deposits	\$ 325,641.52	
Time certificate of deposit and accrued interest	<u>501,250.00</u>	\$ 826,891.52
Accounts receivable—trade (less allowance for doubtful \$50,000.00)		<u>1,039,738.33</u>

Inventories—A:

Finished products	\$ 390,242.32	
Metals and alloys	602,986.05	
Foundry supplies	<u>162,770.70</u>	<u>1,155,999.07</u>

TOTAL CURRENT ASSETS \$3,022,628.92

Other assets:

Claims and sundry receivables	\$ 58,819.62	
Insurance and other deposits	<u>6,425.00</u>	<u>65,244.62</u>

Property, plant and equipment (at cost, except land which is stated at amounts determined by appraisals)—B:

Land	\$ 482,773.95	
Buildings and equipment	<u>\$4,075,559.39</u>	
Less allowance for depreciation	<u>2,081,907.71</u>	<u>1,993,651.68</u>
Emergency facilities	\$ 507,794.65	
Less allowance for amortization	<u>507,794.65</u>	<u>— o —</u>
		<u>2,476,425.63</u>

Deferred charges 68,212.61
\$5,632,511.78

LIABILITIES

Current liabilities:

Initial payment on liability for plant purchase—B	\$ 110,000.00	
Accounts payable		401,101.26
Federal taxes on income (including prior years' taxes and interest amounting to \$151,193.73)—estimated		615,193.73
Taxes, other than federal taxes on income		<u>122,532.15</u>
TOTAL CURRENT LIABILITIES		<u>\$1,248,827.14</u>

Long-term liability:

Plant purchase contract—B	\$ 550,000.00	
Less initial payment shown as current liability	<u>110,000.00</u>	<u>440,000.00</u>

Capital stock and surplus:

Capital stock (\$2.50 par value):

Authorized 400,000 shares; outstanding 264,460 shares . . . \$ 661,150.00

Surplus:

Unearned surplus—representing appreciation of land based upon appraisals (no change during year)	\$ 314,007.13	
Paid-in, surplus (no change during year)	419,940.37	
Earned surplus (since April 1, 1933)	<u>2,548,587.14</u>	<u>3,282,534.64</u>
		<u>3,943,684.64</u>
		<u>\$5,632,511.78</u>

A—Inventory of finished products is included at selling prices less a percentage to reduce to approximate factory
Continued on next page

GENERAL METALS CORPORATION

PROFIT AND LOSS STATEMENT

Year ended December 31, 1948

Net sales	\$9,313,597.59
Cost of products sold	<u>7,716,307.03</u>
	\$1,597,290.56
Selling and administrative expenses	<u>320,546.35</u>
OPERATING PROFIT	\$1,276,744.21
Other income	<u>38,600.02</u>
	\$1,315,344.23
Other deductions	<u>103,151.66</u>
PROFIT BEFORE FEDERAL TAXES ON INCOME	\$1,212,192.57
Federal taxes on income for the year—estimated, less adjustment (\$1,752.85) for prior year	<u>462,247.15</u>
NET PROFIT	<u><u>\$ 749,945.42</u></u>

Provision for 1948 depreciation of property, plant and equipment charged to costs and expenses amounted to \$138,967.94.

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EARNED SURPLUS ACCOUNT

Balance at January 1, 1948	\$2,036,655.72
Add: Net profit for the year ended December 31, 1948	<u>749,945.42</u>
	\$2,786,601.14
Deduct: Dividends paid—\$0.90 a share	<u>238,014.00</u>
BALANCE AT DECEMBER 31, 1948	<u><u>\$2,548,587.14</u></u>

Continued from preceding page

cost. Metals and alloys and foundry supplies are included at the lower of cost (generally first-in, first-out basis) or market.

B—Included in buildings and equipment is an amount of \$550,000.00 representing cost of plant facilities in process of acquisition. The initial payment is to be \$110,000.00, the balance to be paid in quarter-annual installments commencing 90 days after the closing agreements are completed.

OCCIDENTAL LIFE INSURANCE COMPANY OF CALIFORNIA

BALANCE SHEET

December 31, 1948

ASSETS

Cash on hand and on deposit, including trust funds	\$1,423,970.18		\$	3,945,722.85
Notes, loans, liens, contracts and premiums receivable:				
Mortgage loans—first liens		\$104,879,773.46		
Loans to policyholders—secured by policy reserves		7,184,700.26		
Premiums deferred and in course of collection		8,527,854.61		
Guaranteed loans (\$670,789.07), sales contracts (\$495,100.33), and corporate promissory notes (\$1,189,450.00)		2,355,339.40	122,947,667.73	
Owing from affiliated company on real estate mortgage				438,003.49
Security investments:				
Bonds at amortized cost		\$ 39,394,471.60		
Capital stocks of affiliated banks and affiliated company—A		\$ 1,661,721.00		
Other capital stocks—A		27,403,062.00	29,064,783.00	68,459,254.60
Real estate—land and buildings at cost, less allowances (\$171,498.38) for depreciation:				
Home Office Buildings		\$ 2,690,887.95		
Investment properties (\$4,419,894.21), other (\$189,227.82)		4,609,122.03	7,300,009.98	
Other assets, including interest due and accrued, etc.				1,778,695.19
				\$204,869,353.84
Cash, securities and other assets administered on a fee basis				8,083,606.16
				\$212,952,960.00
Deduct assets not admitted—A				1,528,658.00
				<u>\$211,424,302.00</u>

LIABILITIES

Policy reserves for future benefits as required by law			\$163,712,234.65
Dividends, coupons and other benefits due and accrued			6,599,681.12
Reported and unreported claims			3,991,134.85
Undistributed premium payments, etc.			1,219,946.05
Other liabilities			3,121,558.09
Prepayments and unearned income—premiums and interest			7,110,934.41
Trust funds—(contra)			1,423,970.18
Capital stock and surplus:			
Capital stock (\$300.00 par value):			
Authorized and outstanding—10,000 shares		\$ 3,000,000.00	
Surplus:			
Paid-in surplus		\$ 1,102,835.08	
Earned surplus		12,058,401.41	13,161,236.49
			<u>16,161,236.49</u>
			\$203,340,695.84
Management funds:			
Policy reserves and other liabilities		\$ 7,927,480.64	
Unassigned surplus		156,125.52	8,083,606.16
			<u>\$211,424,302.00</u>

A—Investments in capital stocks are stated at cost. The market value of stocks of affiliates exceeds cost by \$1,697,029.00. Cost of other stocks exceeds market value by \$2,307,609.81. The difference of \$610,580.81 is deducted as part of "Assets not admitted." Market values used are those furnished by the National Association of Insurance Commissioners.

B—Assets of the company valued at \$26,680,925.71 were deposited with public officials of states and foreign countries in which the company is authorized to do business, as required by law, or for the protection of policyholders.

PACIFIC NATIONAL FIRE INSURANCE COMPANY

BALANCE SHEET

December 31, 1948

ASSETS

Cash on hand and on deposit			\$ 2,088,300.41
Security investments:			
Bonds—at amortized cost—A	\$7,880,503.90		
Capital stocks—at cost—B	\$5,392,066.87		
Excess of market value over cost	299,930.13	5,691,997.00	
Premier Insurance Company (100% owned)—B	\$1,500,000.00		
Excess of adjusted book net asset value over donor's cost	1,641,026.99	3,141,026.99	16,713,527.89
Agents' and premium balances receivable in course of collection	\$2,053,087.60		
Deduct: Ceded reinsurance balances payable	670,433.49		1,382,654.11
Reinsurance recoverable on paid losses			86,134.87
Interest due and accrued on bonds not in default			28,373.10
Real estate—Home Office Building—at depreciated value			233,000.00
			<u>\$20,531,990.38</u>

LIABILITIES

Reserve for unearned premiums			\$11,028,921.99
Estimated losses and claims, including estimated applicable expenses			1,246,182.00
Funds held under reinsurance treaties			833,525.21
Other liabilities:			
Taxes, other than federal taxes on income	\$ 339,746.66		
Contingent commissions	50,158.52		
Other expenses	12,000.00		401,905.18
Reserves:			
For contingencies—B	\$1,940,957.12		
Deferred profit on sale of securities later repurchased	409,286.42		2,350,243.54
Capital stock and surplus:			
Capital stock (\$25.00 par value):			
Authorized and outstanding—50,000 shares	\$1,250,000.00		
Surplus:			
Paid-in surplus	\$5,036,338.95		
Earned surplus— <i>deficit</i>	1,615,126.49	3,421,212.46	4,671,212.46
			<u>\$20,531,990.38</u>

A—United States Treasury and other bonds, carried at \$308,196.15, were deposited with public officials for purposes required by law.

B—Investments in capital stocks are stated at cost with adjustments to reflect market value based on prices furnished by the National Association of Insurance Commissioners, except that investment in capital stock of Premier Insurance Company is stated at Transamerica Corporation's (donor) cost with adjustment to reflect adjusted book net asset value. The adjustments to the bases indicated are offset by the reserve for contingencies.

PREMIER INSURANCE COMPANY

BALANCE SHEET

December 31, 1948

ASSETS

Cash on hand and on deposit	\$	726,956.52
Security investments:		
Bonds—at amortized cost—A	\$	812,201.51
Capital stocks of affiliates (banks and other companies)—at cost—B	\$	1,514,048.77
Excess of market value over cost		<u>944,401.23</u> 2,458,450.00
Capital stocks of other corporations— at cost—B	\$	3,467,411.24
Excess of market value over cost		<u>214,413.01</u> 3,681,824.25 6,952,475.76
Mortgage loans on real estate—first liens		280,294.82
Gross premiums, less return premiums and reinsurance, in course of collection, of which \$597,015.47 is owing from affiliates		684,341.69
Interest due and accrued		3,597.46
Account receivable from affiliated company		8,227.62
Real estate—Home Office Building—at depreciated value		<u>454,843.71</u>
		<u><u>\$9,110,737.58</u></u>

LIABILITIES

Reserve for unearned premiums	\$4,550,234.53
Estimated losses and claims, including estimated applicable expenses	849,346.01
Other liabilities:	
Taxes, including \$246,328.25 for federal taxes on income	\$ 417,269.44
Commissions, brokerage and other expenses, of which \$111,321.95 is owing to affiliates	<u>152,860.61</u> 570,130.05
Reserve for contingencies—B	1,158,814.24
Capital stock and surplus:	
Capital stock (\$100.00 par value):	
Authorized and outstanding—2,000 shares	\$ 200,000.00
Surplus:	
Paid-in surplus	\$1,300,000.00
Earned surplus	<u>482,212.75</u> 1,782,212.75 1,982,212.75
	<u><u>\$9,110,737.58</u></u>

A—United States Treasury bonds, carried at \$203,043.17 were deposited with the Treasurer of the State of California for the protection of policyholders.

B—Investments in capital stocks are stated at cost with adjustments to reflect market value based on prices furnished by the National Association of Insurance Commissioners, except that investment in one affiliate is stated and valued at cost, which is below book net asset value. The adjustment to the basis indicated is offset by the reserve for contingencies.

BANCA D'AMERICA E D'ITALIA (ITALY)

CONDENSED STATEMENT OF CONDITION

December 31, 1948

ASSETS

Cash on hand and due from banks	Lit. 17,089,360,168
Government bonds and Treasury notes	781,715,251
Bonds and cash securing outstanding checks and excess deposits	8,223,114,867
Other securities	26,570,895
Loans on bonds and other securities	4,051,283,056
Bills discounted	5,056,043,790
Advances to customers	7,863,811,450
Customers' liability under acceptances and guarantees, etc.	5,521,927,149
Bank premises, furniture and fixtures	246,686,727
Other assets	270,494,845
Staff liquidation fund	507,132,687
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	Lit. 49,638,140,885
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LIABILITIES

Capital	Lit. 250,000,000
Undivided profits	84,368,730
Legal reserve	150,000,000
Deposits	41,720,521,384
Acceptances and guarantees, etc.	5,521,927,149
Discount collected but not earned	115,323,978
Other liabilities and reserves	885,999,644
Staff liquidation reserve	910,000,000
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	Lit. 49,638,140,885
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