MID-CONTINENT BANKER

The Financial Magazine of the Mississippi Valley & Southwest

FEBRUARY, 1975

YEAR-END STATEMENT & BOARDROOM NEWS ISSUE

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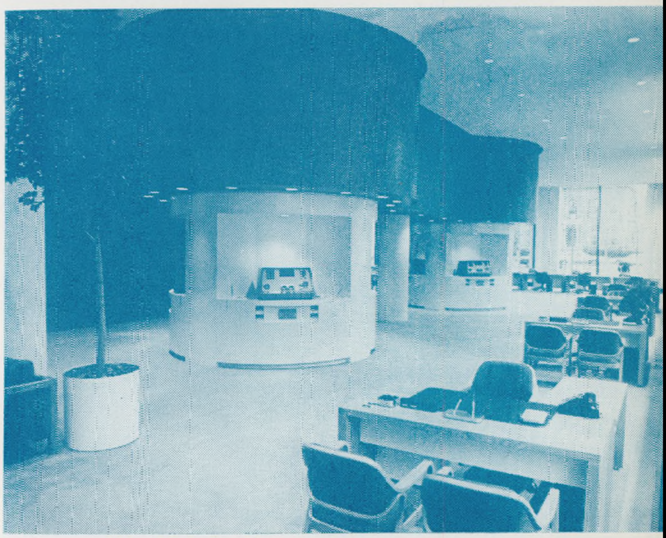

General Store Motif Featured at DGNB Branch
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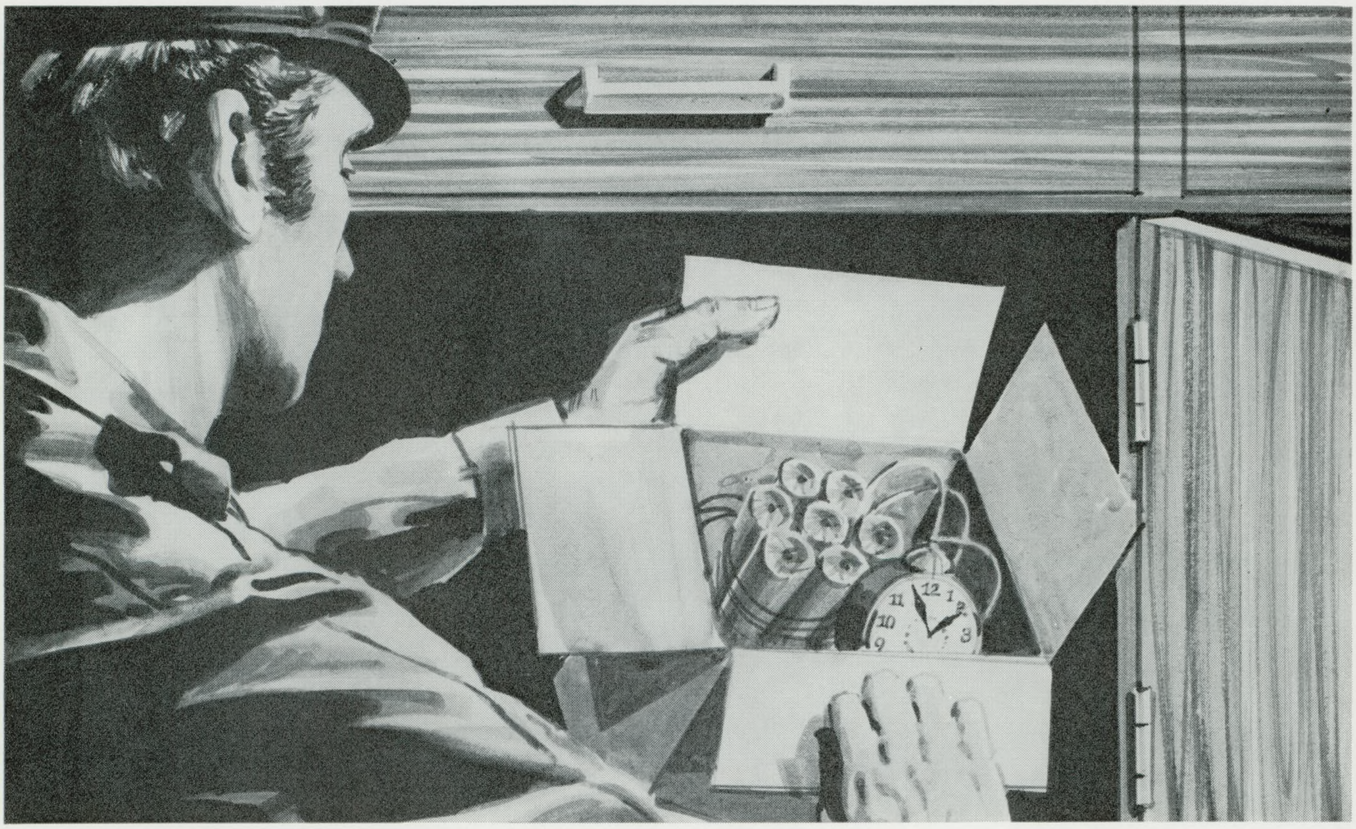
Interdependence...
and bank security



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FIRST COMMERCE CORPORATION AND FIRST NATIONAL BANK OF COMMERCE

AND SUBSIDIARIES, NEW ORLEANS

TWELVE MONTHS ENDED DECEMBER 31,1974

FIRST COMMERCE CORPORATION
COMPARATIVE CONSOLIDATED STATEMENT OF INCOME

	Twelve Months Ended December 31, 1974	December 31, 1973
OPERATING REVENUES		
Interest and Fees on Loans	**$ 67,766,000**	$47,471,000
Interest on Funds Sold	**11,316,000**	5,525,000
Interest and Dividends on Investments	**9,618,000**	7,359,000
Service Charges, Exchange and Underwriting Fees	**4,750,000**	3,945,000
Gain on Sale of Real Estate	**2,468,000**	—0—
Other Operating Revenues	**4,852,000**	4,570,000
Total Operating Revenues	**$100,770,000**	$68,870,000
OPERATING EXPENSES		
Salaries and Employee Benefits	**$ 12,269,000**	$ 9,271,000
Interest on Deposits, Funds Purchased	**63,733,000**	40,624,000
Occupancy Expenses on Bank Premises, Net	**2,496,000**	2,302,000
Equipment Rentals, Depreciation & Maintenance	**2,843,000**	2,182,000
Provision for Possible Loan Losses	**2,018,000**	1,825,000
Other Operating Expenses	**9,133,000**	6,796,000
Total Operating Expenses	**$ 92,492,000**	$63,000,000
Operating Income Before Income Taxes and Securities Gains or Losses	**$ 8,278,000**	$ 5,870,000
Applicable Income Taxes	**1,486,000**	561,000
OPERATING INCOME BEFORE SECURITIES GAINS OR LOSSES	**$ 6,792,000**	$ 5,309,000
NET SECURITIES GAINS OR LOSSES (After Tax Effect)	**(1,047,000)**	356,000
NET INCOME	**$ 5,745,000**	$ 5,665,000

	1974	1973
Earnings Per Share Based on Average Shares Outstanding (2,103,435 and 2,152,516 Shares Respectively)		
Operating Income Before Securities Gains or Losses	**$3.23**	$2.47
Net Income	**$2.73**	$2.63
Earnings Per Share Assuming Full Dilution		
Operating Income Before Securities Gains or Losses	**$2.74**	$2.14
Net Income	**$2.35**	$2.27

FIRST COMMERCE CORPORATION
COMPARATIVE CONSOLIDATED STATEMENT OF CONDITION

	December 31, 1974	1973
ASSETS		
Cash and Due From Banks	**$ 131,944,000**	$ 169,117,000
Due From Banks—Time	**17,390,000**	6,070,000
U.S. Government Securities	**41,132,000**	46,395,000
State and Municipal Obligations	**102,801,000**	100,725,000
Federal Reserve Bank Stock and Other Securities	**5,214,000**	2,168,000
Trading Account Securities	**3,898,000**	11,363,000
Federal Funds Sold	**293,984,000**	220,700,000
Loans	**585,216,000**	615,141,000
Premises and Equipment	**15,077,000**	15,876,000
Customers' Liabilities on Acceptances	**4,671,000**	5,025,000
Accrued Interest Receivable and Other Assets	**21,978,000**	15,520,000
Total	**$1,223,305,000**	$1,208,100,000
LIABILITIES		
Demand Deposits:		
Individual and Business	**$ 257,076,000**	$ 257,797,000
Banks	**98,615,000**	91,920,000
U.S. Government and Other Public Funds	**16,300,000**	18,567,000
Total Demand Deposits	**$ 371,991,000**	$ 368,284,000
Time Deposits:		
Savings	**$ 100,190,000**	$ 91,636,000
Other Time Deposits	**368,903,000**	343,035,000
Total Time Deposits	**$ 469,093,000**	$ 434,671,000
Total Deposits	**$ 841,084,000**	$ 802,955,000
Funds Purchased	**268,424,000**	281,985,000
Notes Payable	**5,068,000**	19,301,000
Acceptances Outstanding	**4,671,000**	5,025,000
Accrued Taxes, Interest and Other Liabilities	**20,313,000**	19,350,000
Total Liabilities	**$1,139,560,000**	$1,128,616,000
RESERVE FOR POSSIBLE LOAN LOSSES	**$ 10,443,000**	$ 8,723,000
4-7/8% CONVERTIBLE SUBORDINATED DEBENTURES DUE 1997	**$ 20,000,000**	$ 20,000,000
CAPITAL ACCOUNTS		
4% Convertible Capital Notes Due 1991	**$ 2,821,000**	$ 2,951,000
Stockholders' Equity		
Preferred Stock, no par value, Authorized and unissued 500,000 shares	**—0—**	—0—
Common Stock, $5.00 par value Authorized 10,000,000 Shares Issued 2,176,244 and 2,171,588 Shares	**$ 10,881,000**	$ 10,858,000
Capital Surplus	**25,265,000**	25,165,000
Retained Earnings	**16,031,000**	13,509,000
	$ 52,177,000	$ 49,532,000
Less: Cost of 71,518 and 72,508 Shares Held In Treasury	**(1,696,000)**	(1,722,000)
Total Stockholders' Equity	**$ 50,481,000**	$ 47,810,000
Total	**$1,223,305,000**	$1,208,100,000

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Convention Calendar

March

March 2-4: ABA National Credit and Commercial Lending Conference, New York City, Americana of New York.

March 2-5: Foundation of Southwestern Graduate School of Banking Conference on Planning and Execution of Bank Policy, White Sulphur Springs, W. Va., the Greenbrier.

March 2-7: Kansas-Missouri-Nebraska School of Basic Banking, Lincoln, Neb., University of Nebraska.

March 9-12: ABA Trust Operations/Automation Workshop, New Orleans, New Orleans Marriott Hotel.

March 9-14: Kansas-Missouri-Nebraska Intermediate School of Banking, Lincoln, Neb., University of Nebraska.

March 13-14: Mississippi Young Bankers Conference, Hattiesburg, Mississippi Southern University.

March 14-15: Mississippi Young Bankers Convention, Biloxi, Pete Fountain's Buena Vista Hotel.

March 16-20: Independent Bankers Association Annual Convention, Las Vegas, Nev., International Hotel.

March 23-25: ABA National Marketing Conference, Chicago, Hyatt Regency.

March 23-28: Kansas-Missouri-Nebraska Commercial Lending School, Lincoln, Neb., University of Nebraska.

March 31-April 10: ABA National Commercial Lending School, Norman, Okla., University of Oklahoma.

April

April 3-5: Louisiana Junior Bankers Study Conference, Baton Rouge.

April 5-8: Association of Reserve City Bankers Annual Meeting, Boca Raton, Fla.

April 7-9: ABA Installment Credit Conference, Chicago, Conrad Hilton Hotel.

April 8-9: Young Bankers of Tennessee Annual Convention, Knoxville, Hyatt Regency Hotel.

April 20-22: Bank Administration Institute Southern Regional Convention, San Antonio, Tex., Palacio del Rio.

April 20-25: Robert Morris Associates Loan Management Seminar, Bloomington, Ind., Indiana University.

April 23-25: Alabama Bankers Association Annual Convention, Birmingham, Kahler Plaza Hotel.

April 27-30: ABA National Conference on Real Estate Finance, Denver, Denver Hilton Hotel.

April 27-30: Bank Marketing Association Research Conference, Philadelphia, Bellevue Stratford Hotel.

April 27-May 2: ABA National Commercial Lending Graduate School, Norman, Okla., University of Oklahoma.

May

May 3-6: Louisiana Bankers Association Annual Convention, Fairmont Hotel, New Orleans.

May 4-6: Arkansas Bankers Association Annual Convention, Hot Springs, Arlington Hotel.

May 4-6: Illinois Bankers Association Annual Convention, Chicago, Palmer House.

May 4-6: Texas Bankers Association Annual Convention, Houston, Hyatt Regency Hotel.

May 7-9: Alabama Young Bankers Convention, Gulf State Park, Gulf Shores.

May 11-13: Association for Modern Banking in Illinois Annual Convention, Chicago, Hyatt Regency Hotel.

May 11-13: Tennessee Bankers Association Annual Convention, Memphis, Holiday Inn-Rivermont.

May 11-13: Missouri Bankers Association Annual Convention, Kansas City, Crown Center.

May 12-14: ABA Operations and Automation Conference, Bal Harbour, Fla., Americana Hotel.

May 13-15: Oklahoma Bankers Association Annual Convention, Tulsa, Fairmont-Mayo Hotel.

May 14-16: Kansas Bankers Association Annual Convention, Topeka, Ramada Inn Downtown.

May 17-21: Mississippi Bankers Association Annual Convention, Biloxi, Pete Fountain's Buena Vista Hotel.

May 18-20: ABA Southern Trust Conference, Williamsburg, Va., Williamsburg Lodge.

MID-CONTINENT BANKER

The Financial Magazine of the Mississippi Valley & Southwest

Volume 71, No. 2 ***February, 1975***

FEATURES

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By Dr. Lewis E. Davids

Hill Professor of Bank Management,
University of Missouri, Columbia

The Gold Clause—Should It Be Repealed?

CHRISTOPHER Columbus, an unusual authority on gold, is quoted as saying, "Gold is a wonderful thing. Whoever possesses it is lord of all he wants. By means of gold, one can even get souls into paradise."

Throughout recorded history, banks either stored gold for customers or maintained it as the ultimate reserve for paper currency they issued. Many early U. S. banks speculated in the metal.

It is 40 years since our banks have dealt in gold, and few bankers are around with the expertise needed to deal with the metal. Much time has passed since the age of the "gold brick" jokes, but swindles involving gold-plated lead bars have been attempted on American banks before public law 93-373, allowing certain parties to deal in gold after last December 31, became effective.

I don't want to influence individual banks' policies concerning entrance of the market, but call attention to what is conceived by some to be a liberalization of citizens' rights by the government.

The liberalization of gold trading is a step in the right direction.

An FDIC policy statement indicates that it's against public policy for obligations to be payable only in gold, or in an amount of money measured by the value of gold, and that such contracts are unenforceable. Needless to say, sound banking practices dictate that insured nonmember banks not enter into legally unenforceable contracts. Conversely, while contracts entered into by a bank treating gold as a commodity, rather than a currency—such as futures contracts—may be valid obligations of the bank, they aren't FDIC insured deposits.

The public, again able to buy gold, is once more scrutinizing the gold clause of Congress. Does the clause have merit, or should Congress do away with it?

The concept of the gold clause, as it pertains to the laws of the United States, was first introduced in 1869, in an attempt to restore the credit of the government after the bad experience involving Civil War "greenbacks" which had depreciated in value. Congress enacted a law which pledged the payment of gold or its equivalent for "greenbacks" or for interest-bearing obligations. On February 4, 1910, this clause was amplified to provide that "any bonds or certificates of indebetedness of the United States hereafter shall be payable, principal and interest, in United States gold coins of the present standard value."

During the first world war, the Liberty Bond Act provided that the "principal and interest hereof shall be payable in U. S. gold of the present standard of value." This was enacted to calm fears that the bonds' value would depreciate, as greenbacks did after the Civil War.

On June 5, 1933, as part of the depression's hundred days of legislation, Congress passed a gold repeal resolution which had a clause stating that payment in gold is contrary to public policy. Congress held that obligations payable in gold or other currencies can be discharged by payment in legal tender.

Norman vs. Baltimore & Ohio Railroad upheld the constitutionality of the gold repeal resolution as a valid exercise of power of the Congress over the monetary system, as delegated by the U. S. Constitution.

The conditions of the thirties were considerably different from those of today. Deflation was one of the major problems then, but today we are confronted with double-digit inflation and interest rate patterns that are double, triple and even four times the interest rates charged in the '30s.

I have no desire to hold gold bullion or coin, yet the desirability of tying monetary contracts to gold or another index might provide a method whereby people could be encouraged to save and form capital. I feel the federal government, through its fiscal and monetary policy, has been derelict. The individual has increasing difficulty in finding a storehouse of value in his money, precipitating problems of higher interest rates and disintermediation. Perpetuation of the gold clause resolution is prolonging the situation, making it difficult for people to safeguard themselves. Bankers interested in the confidence of people should ponder the resolution and the morality behind its philosophy.

The federal government, through its fiscal and monetary policy, has been derelict.

Congress has made it difficult for people to safeguard their savings purchasing power and has hurt the banking structure, probably removing some impetus for steps taken by government to deal with double-digit inflation.

We have heard much of the desirability of variable interest rate mortgages in recent months, coupled with the question of loan "indexing" as a means of living with or fighting inflation. Both of these concepts are related to the concept of the gold clause. They are attempts to react to situations where money's function as a storehouse of value has been deteriorating as a re-

sult of government monetary and fiscal policy.

In Europe, monetary transactions are being expressed in terms of indexing. The exchange rates of a number of currencies determine how the principal is repaid. Thus, gold should be an index by which individuals can make settlements.

In December, it was ruled that a loan, with its principal amount tied to an "escalator" formula based on the consumer price index, is legal. Many bankers with whom I have spoken are contemplating such measures, but such would be unnecessary had more prudent monetary policies been followed.

The liberalization of gold trading is a step in the right direction. The concept which disallows the public from using the gold clause would, in the opinion of some, prohibit indexing on the national scene, although a banking authority in Washington held otherwise in early January. Consideration of the subject would focus public attention on the need for federal discipline in preserving our money's integrity, a factor more important than the liberalization of gold trading. • •

Pine Lawn Bank President Takes Issue With Article

Douglas W. Dodds, president, Pine Lawn Bank, St. Louis, has taken issue with two points made in an article about the bank's efforts to relocate in the Clayton, Mo., area. The article appeared in the January issue of MID-CONTINENT BANKER.

The article stated that the city of Pine Lawn; Clayton Bank; First National, Clayton; and the St. Louis Minority Economic Development Agency had joined Missouri Finance Commissioner William R. Kostman in opposing Pine Lawn Bank's move out of its present area. According to Mr. Dodds, the article gave indication that these organizations had joined the banking commissioner in the latter's appeal made to the Kansas City Branch of the Missouri Appellate Court. According to Mr. Dodds, no such appeals have been taken by anyone other than Commissioner Kostman. Mr. Dodds added that Pine Lawn Bank's attorneys feel that the commissioner has no such right of appeal under current statutes.

The article also stated the Minority Economic Development Agency's reasons for opposing Pine Lawn Bank's move. Mr. Dodd says that no evidence of such opposition has been made known to the bank as, "to the best of our knowledge, no representative of the agency has even placed a telephone call to any officer of the bank."

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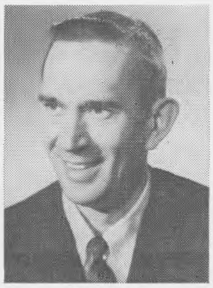

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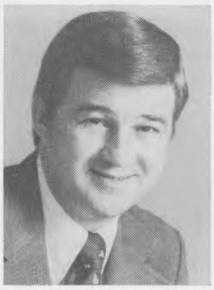

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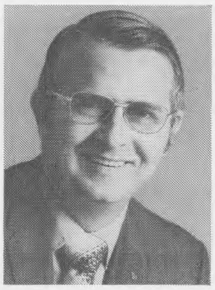

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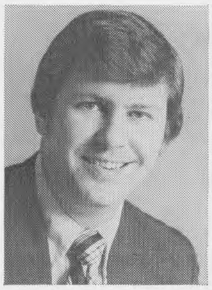

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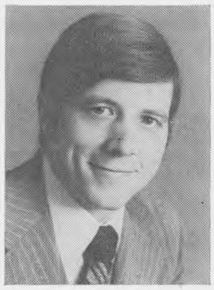

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Agricultural News

Professionalism Is Current Ag Challenge As Needs of Farm Borrowers Intensify

By DERL I. DERR
Director
Agricultural Bankers Division
American Bankers Association

THE CURRENT challenge to bankers as agricultural lenders is professionalism. I'm sure your immediate reaction to such a statement is—"So, what else is new?" True, as a banker it has always been a goal to conduct oneself so as to conform to the high standards of the banking profession. But I contend, and hope to convince you, that achieving an acceptable level of professionalism in agricultural lending today is a new ball game. The dimensions are different, the pace of change is much faster, and there are new outside forces at work.

One important new dimension is the intense inflation we are experiencing today. Recently I had the privilege of representing agricultural banking at the Agricultural and Food Conference on Inflation in Chicago. I'd like to share some of the highlights of that meeting with you.

Achieving an acceptable level of professionalism in agricultural lending today is a new ball game.

Approximately 60 delegates attended this one of a series of pre-summit sessions being held in preparation for the summit meeting on inflation in Washington, D. C. The purpose of each session is to examine the inflation problem as it relates to a major segment of the economy and to reach a consensus as to appropriate anti-inflation actions.

It was a useful meeting from the standpoint of (1) forcing key agricultural leaders to take a serious look at this number one domestic problem; (2) allowing a new, less fragmented format for determining public policy; and (3) producing a general consensus on some of the broad issues.

On the other hand, it was disappointing that a detailed listing of special action recommendations did not emerge. However, many such suggestions were presented in the papers submitted by the delegates prior to the meeting.

The following consensus areas surfaced at the close of the meeting:

- Inflation is not just a food problem. It is a complex, multidimensional issue calling for a solution which will have to be dealt with on many fronts—including internationally.
- Fiscal restraint is a "must," both for economic and psychological reasons. However, we must guard against overkill. Government spending, although a contributing factor, is not the major explanation for the high inflation. In fact, in constant 1975 dollars the $305 billion federal budget is no higher than it was in 1968.
- It would be appropriate to move cautiously in any easing of present monetary policy.
- An adequate supply of food is a primary need. To support such production, there is a need for an adequate supply of farm inputs. Considerable attention was devoted to the current shortage problems of fuel and fertilizers.
- Particularly in the food distribution channels, we should concentrate on correcting inefficiencies. The most frequently mentioned areas included transportation and labor where we have regulations and restrictions that hamper productivity.
- A general favoring of a free market orientation for agriculture. However, it was pointed out, the farmer, in such an environment, needs greater assurance of the shape and scope of the market. Also, we should move to avoid restrictions in exports. Some concern was expressed that we still face the possibility of over-supply in agriculture and there ought to be a game plan for dealing with it.
- No good words for wage-price controls.
- Strong support for the traditional things in agriculture, such as research and development to keep this country's agriculture competitive with other areas of the world and to further improve productivity.
- The inflation issue is complex and we should avoid over-promising as to corrective results.
- And two specific suggestions: (1) Replace direct government disaster payments with a broad, comprehensive crop insurance program; (2) require an economic impact evaluation of all new legislation and regulations.

High cost and concern for an adequate supply of agricultural credit were mentioned by many delegates. Verbal expression came from a representative of the poultry industry who expressed concern over the ability of his industry to obtain adequate credit to even maintain production, let alone expand, and from a farm magazine editor who suggested a need for placing restrictions on consumer credit.

A review of the federal budget showed interest rate subsidy cost for USDA credit programs estimated at approximately $684 million for this fiscal year. My own paper proposed that such subsidies are no longer needed and should be phased out by replacing the FmHA direct loan programs with the guaranteed approach. In addition to reducing the overall cost to the government, this would have the added advantage of placing the responsibility for allocation of resources with the local lender where it could be handled more efficiently and in a manner more productive to the community.

Farmers face uncertainty with a free market for agriculture that is international in scope.

An important thread running through all of the discussions was the increased uncertainty facing farmers now that we have a free market for agriculture which is international in scope. This puts an increased premium on farm management skills and, in turn, calls for much greater sophistication in information and services from suppliers, including lenders. And, in my judgment, this pinpoints precisely the current challenge facing you, as bankers and as agricultural lenders.

Before addressing this point directly, let's focus on four major pressure points being experienced in today's agricultural lending environment.

- *Expanding Dimensions.* Total farm debt is rising at a faster rate than expected. This, in part, is due to the increased cost of major farm inputs. Total farm debt equaled $95 billion at the beginning of 1974, and $22 billion of this was held by banks. At this pace, total farm debt will exceed $150 billion by 1980, instead of the $120 bil-

lion projected at the beginning of this decade.

More important is the increased amount of borrowed funds needed by individual farmers. Recent USDA figures show that a typical commercial corn-soybean operation requires an investment of over $600,000. Lines of credit of $1 million or more are not unusual.

Another dimension is the longer term loans needed to accommodate the purchase of land and machinery, as well as the construction of modern facilities. There is a continuing need to stretch loan terms to accommodate the debt within the cash flow producing capability of the farm business.

Aggressive Expansion of the Cooperative Farm Credit System. This government agency has made a significant step during the past few years in establishing its prominence in agricultural lending. The system now holds over $19 billion in agricultural loans. This represents more than a 250% increase over 10 years earlier. And it is continuing to move aggressively in many ways, such as liberalizing credit arrangements, offering a wider range of financial services and using a massive nation-wide advertising and public relations program.

Increasing loan-to-value ratio on farm land financing to 85% and using variable interest rates, are specific illustrations. A Farmbank, with status comparable to that of the three major lending agencies, is being established this year to enable the system to operate many of its internal services, such as advertising, management development and insurance, on a nationally coordinated basis and to provide financially related services, such as record-keeping, in a unified and efficient way throughout the system. Full-page, color advertising in national farm magazines regularly keeps the system's message before the farming public.

• *Dealing with a Higher Risk Business.* Agriculture is now a completely new ball game, with a free market orientation, global in scope. Farmers are faced with high fixed costs and widely fluctuating prices received. This offers profit opportunities, but it also increases the chance for losses. And this increased uncertainty puts a greater premium on management skills and clearly points to the need for better information and supporting services from farm suppliers and credit agencies.

• *Increased Competition for Loan Funds.* Rural areas are becoming increasingly exposed to the same financial markets as urban centers. The tight money periods of 1966, 1969-70 and today have vividly illustrated that funds from outside sources, such as correspondent banks, insurance companies, and Federal Intermediate Credit Banks, can dry up during such times. The establishment of reliable alternative outside sources of funds, however, requires careful evaluation.

Opportunities exist for banks to stretch their own resources for agriculture by shifting assets to loans, strengthening lending procedures and maximizing interbank activities.

Five legislative and regulatory actions during the past three years have opened new opportunities for banks, but I would like to stress the importance of fully utilizing your own internal resources before turning to the outside. It was apparent to the ABA Agricultural Credit Task Force, in its study a couple of years ago, that there are opportunities for many banks to stretch their own resources for agriculture by shifting assets to loans, strengthening lending procedures and maximizing interbank activities.

Now, then, legislative and regulatory actions that have brought some changes of importance to agricultural banks are:

• *Farm Credit Act of 1971.* Primarily a recodification of all laws governing the Cooperative Farm Credit System, it also included a clarification and broadening of that agency's lending arrangements with banks.

It established rather precise criteria as to a bank's eligibility in establishing an OFI. This option was open only to banks heavily involved in agriculture lending and needing additional funds from outside sources. Historically, few banks (less than 100) have used such an arrangement. There has been some increased interest during the recent tight money period, but the number using this alternative is not expected to grow dramatically.

The act authorized, for the first time, PCAs to participate with local banks on agricultural loans. The Farm Credit System encourages banks to use this alternative before considering the establishment of an OFI. The approach calls for the establishment of a formal arrangement between the bank and PCA which requires approval by the district FICB. It has not been used extensively to date. It offers both disadvantages and advantages to the bank.

Disadvantages: (1) Money generally available in rural banks during 1972 and 1973; (2) many banks already have a strong relationship with a city correspondent; (3) not needed for loan limit purposes in branching and holding company states; (4) the competitive posture between banks and the PCA's; (5) program is not being pushed by PCA's; and (6) a dropoff in the cattle market reduced the need for such lending activity in areas where it otherwise possibly would have been used extensively.

Advantages: (1) Overcomes legal loan limit; (2) a source of liquidity; (3) banks without agricultural expertise can lean on the local PCA; (4) reduces risk exposure on a loan; (5) retention of other bank business, such as deposits; (6) gives bank some flexibility in the use of its funds; (7) bank able to carry less balance with city correspondent banks; (8) less complex than the alternative of establishing an OFI; and (9) reduces competition, since the agreement prevents the PCA from trying to take over the loan.

According to an unpublished report by James A. Petty, a summer intern at the Farm Credit Administration, a survey in May of 1974 found that 41 PCA's were utilizing this participation arrangement with 56 banks. There was a total outstanding loan volume of approximately $20 million, with an average loan size of $183,000. This suggests that the program has not become as well established as anticipated initially.

• *SBA Expanded Agri-Business Loan Program.* In April, 1972, the SBA announced that its program would allow more agricultural and agriculturally related businesses to obtain SBA financial assistance. A number of bankers favored this move, since in many areas of the country the SBA program was working effectively, and this method was preferred over the establishment of a new guaranteed loan program through the Farmers Home Administration. The SBA program has been expanded, yet still avoids overlapping with the Farmers Home Administration.

• *Revision in the Federal Reserve Discount Window Operation.* In April, 1973, the Federal Reserve announced a seasonal borrowing program primari-

(Continued on page 58)

What is your trouble-ratio?

When a large number of check orders is involved, a bank begins to experience what we call a "trouble-ratio." This is the ratio between the number of orders that are completely satisfactory and those that are not....for any one of many reasons. Slow service, poor quality, incorrect printing, wrong account numbers, or sent to wrong customer.

We know all about mistakes, having committed each of them from time to time.

But we do know, and our carefully kept records bear this out, that our accuracy record is quite good. Currently our records show a 99.25% accuracy figure. Just one order in 133 was reported to us as unsatisfactory. This means that your trouble-ratio, had you purchased all orders from DeLuxe, would have been about 8 orders per 1000.

If your trouble-ratio was greater than this, it might be to your advantage to check us out on this claim.

DELUXE
CHECK PRINTERS, INC.
SALES HDQTRS. • 3440 N. KEDZIE, CHICAGO, ILL. 60618
STRATEGICALLY LOCATED PLANTS FROM COAST TO COAST


MAGIC

MGIC announces MAGICUS. Your key to success with FNMA, FHLMC, and GNMA programs.

Leon T. Kendall, President, explains why MGIC, after studying lender needs, created "MAGICUS"—a whole new system to aid institutions and loan processors using government programs.

What is MAGICUS?

"MAGICUS is MGIC's new system to give lenders greater profit and ease when insuring government loans. It includes new coverages to meet specific FNMA, FHLMC, and GNMA minimums; a new conversion privilege on standard plans; one simple application for *all programs;* a guide to steer loan processors through red tape; computerized screening of FHLMC loan applications for errors; and much, much more."

How does MAGICUS help profits?

"It shortens manager and loan processor learning time. Helps avoid errors and paperwork. And most importantly, it can cut costs substantially by reducing loan rejection rates."

How can MAGICUS prevent errors?

"Our Loan Processor Guide points out the danger spots on all forms. It also clarifies regulations and underwriting guidelines. For FHLMC users, we'll electronically flag errors and omissions so you can correct them before submitting your loan packages.

"Our new application will be a big help, too. It's a 'combination' form for both standard and government coverages. Yet it's short and simple, and designed so your typist can answer questions without manual shifting."

What is the conversion privilege and how does it help lenders?

"It's a way of keeping your options open. For instance, if you are not sure a loan will meet government qualifications, or if you haven't arrived at a portfolio decision, you can select any of our standard plans with higher coverage and convert to government minimums later. If you decide not to go government, you'll have greater protection and greater acceptance of the loan in the conventional secondary market."

Why should lenders use MAGICUS and the new government programs?

"In the months ahead, the ability of any originator to adequately serve local homebuyers is likely to depend on use of the FNMA, FHLMC, or GNMA programs. The Emergency Housing Credit Act has authorized billions of dollars in special funds for conventional loans needed in these difficult times. These funds will help lenders serve their builders and realtors as well as their community. And MAGICUS will help both new and experienced users of government programs streamline procedures and cut costs."

How do lenders go about putting MAGICUS to work?

"The best way is to call in your regular MGIC representative. He's one of our 120 field experts and he's specially trained to explain not just MAGICUS, but all of the government programs, to you and your staff. Another convenient way is to order your free MAGICUS kit following the instructions below."

Note: The insurance form and rates for the MAGICUS program have been submitted to the insurance regulatory authorities of all states.

Free MAGICUS Kit

Special kit—containing brochure on MAGICUS, new coverage plans, Loan Processor Guide to all government programs and form use—is yours for the asking. Write or call our home office (toll-free number 800-558-9900—in Wisconsin 800-242-9275) today.

MGIC

Better Homes For More People

Mortgage Guaranty Insurance Corporation
MGIC Plaza, Milwaukee, WI 53201

Community Involvement

In San Antonio:

Bank Civic Center Open; Features 'Meet and Eat'

Frost National, San Antonio, Tex., opened its Bank Civic Center recently, with a ribbon cutting ceremony and a meeting of the city's Optimist Club.

The Center houses offices and meeting facilities for the four local service clubs and occupies what once was part of the Frost Bank lobby.

A large meeting-dining room area is included, with food service for 160 persons provided by a local cafeteria.

In California:

'DEED' Phone Service Reassures the Lonely

Empire Savings, Van Nuys, Calif., is providing a telephone reassurance public service program for the many people in our society who are lonely and require more human contact.

Called DEED (Dial Empire Each Day), participants fill out a registration form available by mail or through an Empire branch, then call a certain number each day.

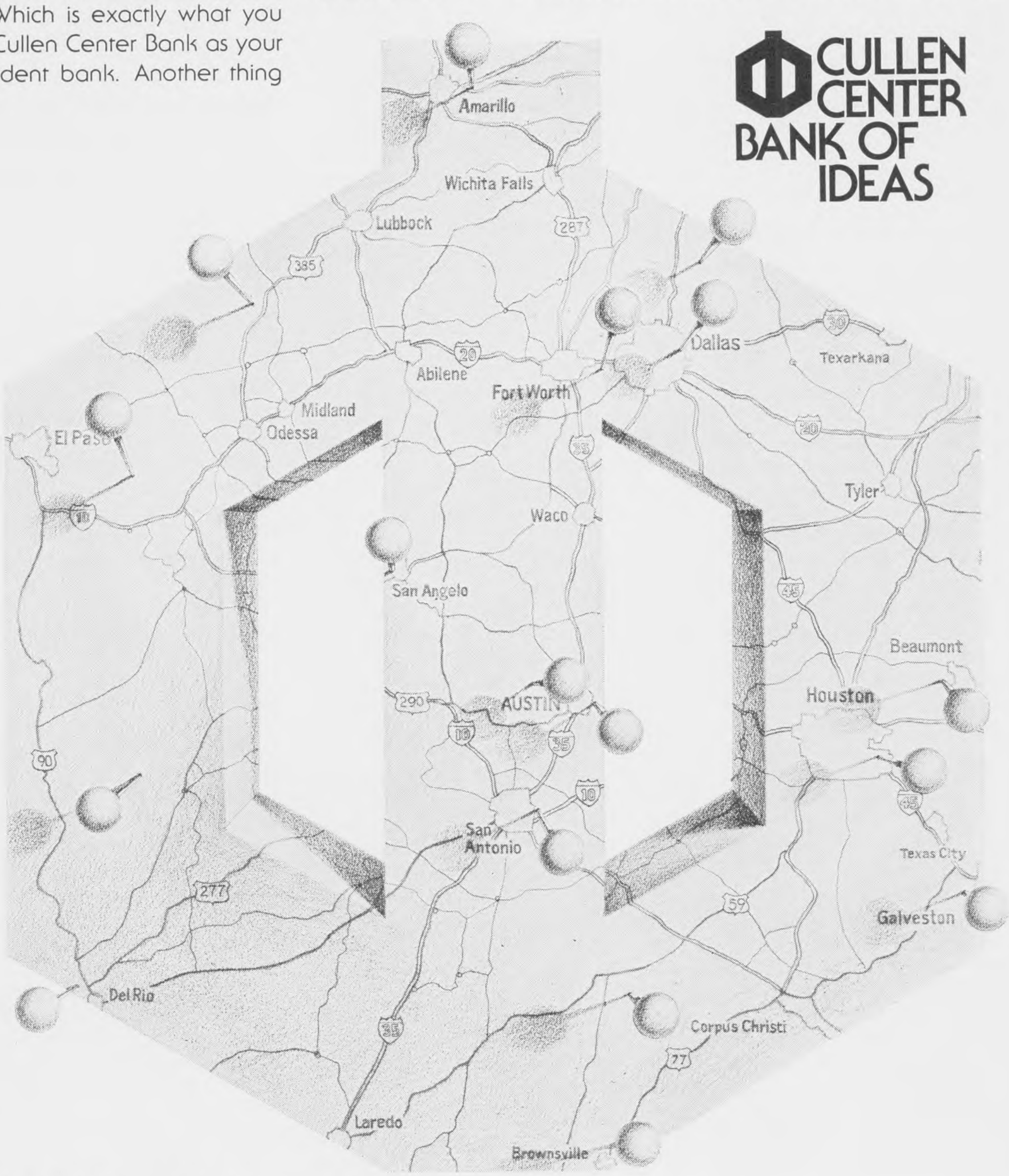
If the participant does not make the daily check-in, the S&L attempts to call the party by telephone. If there is no answer, appropriate action is taken to reach those named in the registration form and have them check on the individual's well-being.

Australian Safety Promotion

Australia & New Zealand Banking Group Ltd., Melbourne, is encouraging road safety throughout the country with its latest coin bank, a replica of a typical Australian traffic light. Since nearly 3,700 people are killed on that country's roads yearly, the bank distributed the coin bank, hoping the public would respond to the safety appeal. The coin bank, made of unbreakable yellow polystyrene wih a black base, is packed in a brightly colored carton with a road safety pamphlet included. Safety messages are visually emphasized, with subjects such as a cheerful cartoon policeman complemented by children at play.

Bank Nurtures Young Art Talent: Exhibits Work

Quigley South High School, Chicago, art students (l. to r.) Jorge Minor, Robert Andorka, Gilbert Jaurez and Wayne Callham show their winning gauze figurines as Reverend John Fahey, school principal, looks on. The most interesting figurines created by the junior and senior art students of the school were recently on display at Heritage/Standard Bank, Evergreen Park, Ill.



Amarillo
Wichita Falls
Lubbock
Dallas
Texarkana
Abilene
Fort Worth
Midland
Odessa
El Paso
Tyler
Waco
San Angelo
Beaumont
Houston
AUSTIN
San Antonio
Texas City
Galveston
Del Rio
Corpus Christi
Laredo
Brownsville

Commercial Lending

On-the-Job Instruction Is Training Tool To Speed Loan Trainees' Productivity

By CHARLES R. HUNTINGTON
Director, Lending Division
Robert Morris Associates
Philadelphia

THERE ARE basic fundamentals and skills which every candidate for the loan platform must acquire before he is ready to start making loans. I acknowledge this fact, but I am also suggesting that you consider moving those candidates out onto the lending line to work as apprentices to the veteran lending officers in the lending staff. In this way the trainees can also benefit from the lessons of the day.

The kind of young person banks require is no longer willing to sit on the sidelines.

It's most important that young men and women coming into the loan officer training program have a thorough familiarity with why you are in business in the first place. Bankers, as we all know, become involved in many civic activities of a charitable nature. And it's important to the young loan officer trainee that distinction be made between this kind of community service and what may often have to be tough-minded business dealings in lending the bank's money. Further, I think it's important that someone high up in the bank translate exactly how the lending of money makes money for the bank and how important it is that loans be priced in such a way as to return a profit. An apprenticeship program can make these points in a telling way.

The most fundamental knowledge needed by a lending officer is familiarity with the Cs of credit—character, capacity, capital, collateral and conditions. These are just as basic to the understanding of what commercial lending is all about today as ever. No loan officer trainee should ever be given lending authority before he thoroughly understands these principles and has them entrenched in his thinking.

The most fundamental skill a lending officer must possess is his ability to analyze financial statements. The time that most of today's lending officers spent in bank credit departments attests to banks' long awareness of this fact.

To this basic kit of tools which loan officer trainees require must be added an awareness of the loan standards, policies and regulations governing commercial lending in the bank.

Most banks have their loan regulations reduced to writing and available in quantity for each lending officer or loan officer candidate to have a personal set. If your bank doesn't happen to operate this way—either doesn't have its loan policies and regulations set forth in writing or doesn't make individual copies available to the lending staff—I would strongly urge you to consider adopting such policies.

While many a new candidate for the loan platform in the past may have welcomed the temporary security of entering into a commercial loan training program for "X" number of months versus having to face whatever it was he was destined to deal with once he was out of the training program, banks simply can no longer afford the luxury of having a stable full of trainees whose principal function is to attend training sessions for their first year or so on a payroll.

At the same time, the kind of young person banks now require to service their customers properly and represent the diverse array of financial services banks offer today is no longer willing to sit on the sidelines. In many cases, qualified candidates are ready to go much earlier than we are ready to let them go. So, in one sense, the situation may already exist for experimentation with this idea—a marriage of necessity on the part of the bank to a predisposition on the part of the candidate being hired for the job.

How do you get the training of lending officers into the real world? Why not pair up the young loan officer trainee with the seasoned loan officer? Let him begin to work directly for him in an apprenticeship capacity. This is not to say he should be sent out to make loans, but rather, have him accompany the seasoned lending officer on calls, and when he's back in the office, work up his analysis, or try to figure out how he's going to get an existing loan paid off.

Let the trainee see at the outset how much importance the loan officer attaches to the Cs of credit; how important it is to know the bank's loan policies; how necessary it is to be able to analyze a set of financial statements, see the trends, determine the sources and uses of funds—the flow of funds which are actually available to service debt—and the alternate source of repayment; the importance of management and how necessary it is to understand some of the basic economic facts of life. In short, let the demands of the job itself begin to motivate the trainee's desire to learn.

Motivation is all important in learning. The earlier we expose new people to those circumstances which require their learning these basics, the earlier and more powerfully motivated they will be to learn them.

Many banks are not doing an adequate job of training.

If trainees are placed on the line with lending officers, there will continue to exist a need for a central monitoring and counseling of these persons in their training as they progress. And this function would continue to remain with the person who has responsibility for training in the bank.

A strong benefit of pairing a trainee off with a seasoned lending officer is that it will provide insight through one of the lending officer's eyes as to the progress and demonstrated potential the candidate shows for the job for which he is being groomed—an early-warning system, if you will, as to whether he has what it takes by way of interest and abilities to do the job.

Many banks are not doing an adequate job of training. It seems as though once into lending, we never have enough time for anything except servicing our existing accounts—until after retirement! I would suggest that just about the time we cease training in our careers, performance begins to level off and—if we don't catch ourselves—it declines.

How high up in a bank's lending staff should formal training be conducted? Perhaps a better way to raise the same point and bring it a little closer to home would be to ask yourself the question in this manner, "At what level in your organization does formal training for lending officers stop?" Vice presidents, with five years' experience? Ten years' experience? Senior vice presidents and department

(Continued on page 50)

Mississippi A Great Place to Play

Mississippi, with its generally mild climate, offers a variety of year-round outdoor activities. Fifteen state parks provide excellent facilities for camping and picnicking and Mississippi's rivers, hundreds of lakes and seven reservoirs are fun spots for fishing and water sports. Historic landmarks in Vicksburg, Natchez, the Delta, Northeast Mississippi and throughout the State combine modern Mississippi with a touch of the past. The Mississippi Gulf Coast, known as "America's Riviera," is a vacation paradise. The Gulf South's most luxurious hotels and motels overlook the 26-mile long beach. Sight-seeing, golfing, boating, fishing and swimming are some of the many Coast attractions.

Mississippi is a great place to play. If you want to find out more about Mississippi, its people and where to relax, First National is the best place to get the story.

First National Bank

Jackson, Mississippi Member FDIC

BRANCHES: Amite County Bank, Gloster/Liberty; Commercial National Bank, Greenville/Leland; First National Bank, McComb; The Bank of Greenwood, Greenwood; Tylertown Bank, Tylertown

Operations

Task Force Seeks Urgent Comment On Routing Number Key Book Revisions

THE ABA's Joint Routing Number Task Force and the Federal Reserve System are urgently seeking comment on the second in a series of revisions to the ABA *Key to Routing Numbers.*

It is expected that these revisions will appear in the 1975 edition of the Key Book, which will be published in the third quarter of this year. The current edition of the Key Book already contains the initial revisions developed by the Task Force, including a statement of the routing number's purpose and a statement of the eligibility requirements for the assignment of the number.

The Task Force has now released the following additional proposed policy statement on how many numbers an eligible institution can have and what criteria should be used in the assignment of such numbers:

"More than one routing number may be assigned to an eligible institution which designates more than one place of presentment; however, a routing number will not be assigned if the effect of such assignment is the identification of classes of items or of items drawn on or by a single customer."

In connection with the foregoing, the Task Force also has modified the past practice on the assignment of 8000 routing numbers as follows:

"Notwithstanding the above, routing numbers in the 8000 series may be assigned to organizations which arrange for presentment of their items to a paying agent located in every Federal Reserve Head Office city."

These statements reflect the basic policy position of the Task Force that the number exists for the benefit of collecting institutions. The statement's net effect will be to reduce the proliferation of numbers by discouraging an institution from using the number to facilitate internal operations at the expense of the payments system as a whole.

If an institution wishes to identify a branch with a separate routing number, it must be prepared to accept payment transactions at that branch. And, if an institution wishes to issue travelers checks with an 8000 routing number, it must be prepared to set up the necessary paying agents.

"The emerging payments system requires a numbering system that identifies financial depository institutions in the simplest and most efficient manner possible, both for the collection of checks as well as for electronic payments," Task Force co-chairmen, H. L. Baynes, senior vice president, United Virginia Bankshares, Inc., and Thomas O. Waage, senior vice president, Federal Reserve Bank of New York, said.

"The Task Force feels that, in dealing with the very difficult problem of multiple number assignments, it has taken full consideration of the legal requirements and the operational necessities that confront both collecting and paying institutions in the payments system," they stated.

"It is essential that public comment on the revisions from any interested party be received no later than April 1, 1975," James T. Booth, assistant director of ABA Standards, said.

"The Task Force recognizes that most institutions will require some time to conform to the new industry position," Mr. Booth added. "Therefore, implementation of the proposed policy is expected to be gradual."

Comments should be directed to Mr. Booth at the ABA, 1120 Connecticut Ave., N.W., Washington, D.C. 20036.

In accordance with the policy of gradual implementation, the Task Force expects to make the new policy effective for all *new* multiple-number requestors not having multiple numbers prior to July, 1975. Subsequently, no new numbers would be assigned after July 1, 1976, for those institutions that have, as of July 1, 1975, current multiple-number assignments, and no nonconforming numbers would be published in the Key Book, beginning with the 1977 edition.

The thrust of the proposed policy that has been devised by the Task Force will impact on banks whose branches are now identified by distinct or unique routing numbers. Such banks should begin to develop alternative means of identifying their branches, such as uniform coding in the on-us field, so that they will be better able to conform to the new industry guidelines.

The Task Force also has agreed that the present fractional representation of the routing number appearing on checks in the uper right corner has limited utility in light of present high-speed check-processing methods. The Task Force feels the present fractional designation of the routing number might be reduced to a one-line representation of that number. That representation could be equivalent to the number as it appears in the encoded MICR format but printed in conventional, arabic-type font.

Many banks already have agreed with their check printers to eliminate the printing of the fractional number. However, the number is still used in low-speed check operations throughout the country and also is used to identify the drawee bank when the MICR information is obliterated. An alternative format could be to represent the fraction as one line with the numerator separated from the denominator by a slash.

Comments on these alternatives are also being invited by the Task Force and should be addressed to Mr. Booth by April 1. The recommended policy would become effective immediately thereafter. • •

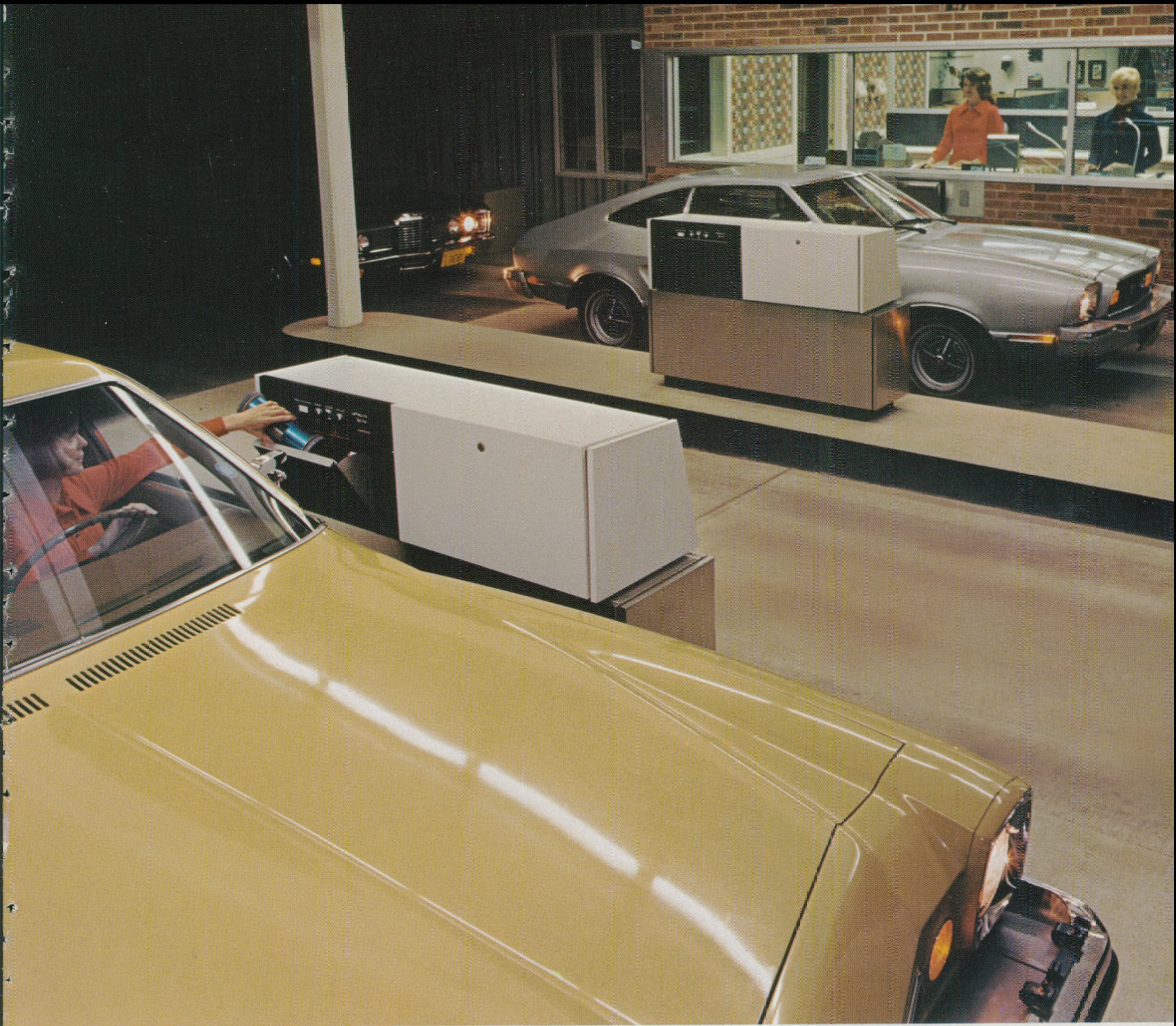
Fire 'No Big Deal'

MUNCIE, IND.—Citizens Bank suffered a major fire one recent Wednesday afternoon. However, it was back in business the following Friday, even though the fire reached the equipment housing its computer and the magnetic tapes that controlled demand and account deposit and other transaction records. Why the fast recovery? The bank gave two reasons:

• By drawing on equipment from various parts of the country, IBM, manufacturers of Citizens Bank's computer equipment, was able to replace the 360 Model 20, which had been destroyed, in record time. IBM installed and tested the system at a temporary location near the bank.

• The tapes emerged from the fire because they had been housed in a Wright Line Data-Bank safe, which was designed and constructed specifically for the protection of magnetic media. The safe is a product of Wright Line, Worcester, Mass.

The bank's senior vice president, Robert Cleveland, pointed out that recovery of the records in immediately usable form was important not only to the regular day-to-day deposit accounting, but also to the bank's standing as a reliable source of processing for many firms and organizations in the community. He cited, among the latter, United Fund records, inventory and payrolls of local firms and label printing.



Holding Companies

First De Novo HC Bank for Alabama Receives Approval of Comptroller

THE FIRST DE NOVO BANK sought by an Alabama multi-bank HC has been approved by the Comptroller of the Currency. The latter has given the go-ahead to a charter for the new Citizens Bank of Tuscaloosa, which would be owned by Central Bancshares of the South, headquartered in Birmingham.

The Fed still must give its approval to formation of the new bank, but those who had strongly fought the bank's organization, including independent bankers and the other banks in Tuscaloosa, have indicated they will discontinue efforts to block it.

Until the Comptroller's Tuscaloosa decision, HCs in Alabama had been expanding by acquiring existing banks.

The question of whether Alabama bank HCs could expand by establishing new banks was the subject of a hearing in Memphis last June 3, conducted by John W. Shaffer, regional administrator of national banks, Eighth District. The hearing was held at the request of four Tuscaloosa banks—City National, which belongs to First Alabama Bancshares, Montgomery; First National; First State and Peoples Bank. The latter bank was chartered a year ago.

The four present banks argued that Tuscaloosa couldn't support another bank. The Birmingham HC contended that the convenience and needs of the city would be better served by the addition of another bank and based its argument on what it said was evidence that Tuscaloosa was a growing market.

In addition, Central Bancshares pointed out that the four Tuscaloosa banks would not be placed at a competitive disadvantage because the proposed Citizens Bank would be located some distance from the existing banks and would be locally managed and operated.

During the day-long hearing, both sides presented evidence to support their positions.

President of the proposed bank would be Walter H. Givhan, now president, Central Bank, Uniontown, another Central Bancshares subsidiary. • •

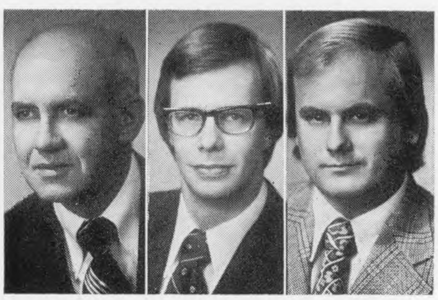
• **Texas American Investment Services Inc.,** wholly owned subsidiary of Texas American Bancshares, Fort Worth, received regulatory approval and has commenced operations. Harold M. Achziger, former head, asset management group and investments section, trust division, Fort Worth National, HC lead bank, is president of the new subsidiary. He is a chartered financial analyst. The new subsidiary provides investment counseling for member banks.

ACHZIGER

• **THE FED** has approved the applications of United Kentucky, Inc., Louisville, to become a bank HC though acquisition of Louisville Trust and to acquire Louisville Mortgage Service Corp. In related action, the Fed allowed Louisville Trust to merge with Louisville Trust Bank Co.

Corporate News Roundup

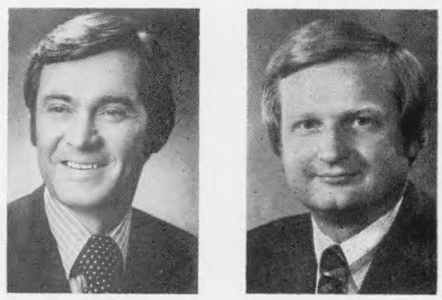
• **Bank Building Corp.** Nile W. Farnsworth has joined Bank Building Corp., St. Louis, as director, financial planning and control. Alan L. Laffoon joined the corporation's BBC Banc-Products Division as manager, administration and finance, while William M. French has joined BBC Real Estate Services as consultant services manager, representing the company in the Central Division. Prior to joining the firm, Mr. Farnsworth was a partner, Touche Ross & Co., New York; Mr. Laffoon was plant administrator, Permaneer Corp., Union, Mo.; and Mr. French was manager-real estate investment, Fruin-Colnon Corp., St. Louis.



FARNSWORTH LAFFOON FRENCH

• **Bank Consultants of America,** Chicago, has named Charles A. Loop director of marketing. He will have responsibilities for marketing and sales of the company's architectural and building program for banks and S&Ls. Mr. Loop went to Bank Consultants from John H. Harland Co.'s Chicago office, where he was a sales representative.

• **CMI Investment Corp.** Keith A. Yelinek has been promoted from executive vice president to president and chief operating officer, Continental Mortgage Insurance, Inc., a subsidiary of CMI Investment Corp., Madison, Wis. He succeeds Bruce Thomas, CMI chairman and president, who remains as chairman of Continental. Mr. Yelinek joined Continental as vice president in 1972, after serving as trust officer, American Exchange Bank, and as vice president and treasurer, Rural Insurance, both in Madison. He was named executive vice president of Continental in 1973.



YELINEK LOOP

• **Sebrite Corp.,** Grand Rapids, Mich., has elected Charles E. Robertson senior vice president, southern zone. He will manage Sebrite southern zone activities in several states, including Alabama, Louisiana, Mississippi and Tennessee. Mr. Robertson has more than 20 years' experience in the finance and insurance business, most recently with Foremost Insurance, Grand Rapids.

Selling/Marketing

In St. Louis:

Topping-Out Ceremony Includes Public's Signing Of 'Golden' I-Beam

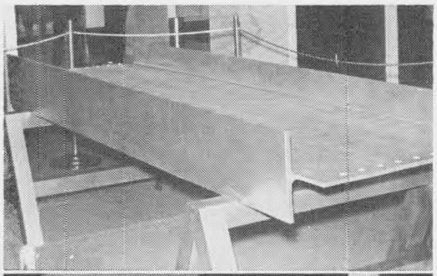
Topping-out ceremonies are not unusual with bank buildings under construction. However, St. Louis' Mercantile Trust gave a different "twist" to the topping out of its 35-story tower last month. The bank painted a 1,425-pound, 10-foot-four-inch I-beam a golden color and then invited the public to write their names on it before it was lifted to the structure's top January 23.

About 5,000 persons put their signatures on the beam before it went up.

The I-beam was displayed in the main lobby of Mercantile Bank's present building. The first person to sign was Miss Downtown St. Louis, Beverly Wilson, followed by Charles N. Welsch Jr., president of the bank's 21 Club (composed of employees with 21 years or more of service). Mr. Welsch is vice president and trust counsel.

Everyone who signed received a certificate attesting to the fact that he or she had taken part in the topping-out ceremony. A young woman employee of Mercantile Bank wrote the names on the certificates after each person also had signed a book that lay open near the I-beam. The signatures were affixed during regular banking hours from January 13 through 20.

The opening ceremony, including Miss Downtown St. Louis' and Mr. Welsch's signing of the I-beam, was covered by local TV stations, whose representatives also interviewed Harrison Coerver, Mercantile's president.



TOP: This "golden" I-beam sits in lobby of Mercantile Trust of St. Louis' present building, waiting for signatures of individuals before being hoisted January 23 to top of bank's future quarters.

CENTER: Miss Downtown St. Louis is first to sign I-beam. Behind her is Charles N. Welsch Jr., pres., bank's 21 Club, and v.p. & trust counsel of Mercantile.

BOTTOM: As Miss Downtown St. Louis and Mr. Welsch chat in background, bank visitor who has signed I-beam waits for special certificate with his name on it. Such certificates were given each signatory.

Double Awards:

Bank Lauded in Alabama: PR Work Rated 'Tops'

First National, Mobile, received dual awards in competition at the 18th annual meeting of the Public Relations Council of Alabama.

The first was an award of merit for the 1973 annual report of First Bancgroup-Alabama, Inc., the bank's parent HC.

The second was an award of exceptional achievement for the bank's success with a recent consumer-oriented advertising/public relations campaign. In its consumer relations program, the bank directed communication efforts toward presenting itself as responding to consumer needs, being open to criticism and taking positive steps to meet those needs; and toward making the declaration in the most believable manner possible, impressing on the public that such responsive, consumer-oriented action is usual among Mobile financial institutions. The bank's campaign also was aimed at generating a fresh awareness of recent bank innovations, establishing services which offer added value over normal financial assistance.

In Delaware:

'Green Thumb' Package Boosts Bank's Growth

Farmers Bank, Wilmington, Del., introduced its Green Thumb program, a free personal banking package of services, two years ago. Since that time, more than 13,000 new accounts—including 5,300 Master Charge accounts—have been opened, according to bank officials, with initial deposits of $7.4 million. More than three-fourths of that amount was said to have been new money.

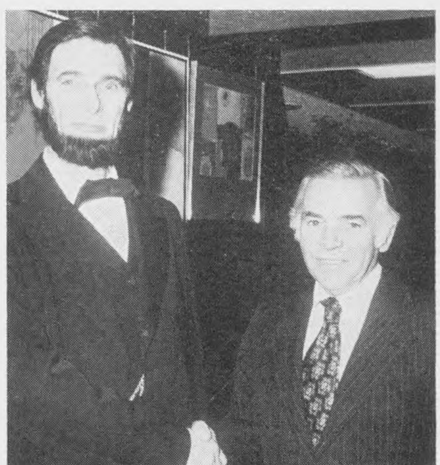
The plan, which includes service charge-free checking, fully personalized checks and "Instant Cash Reserve," covering any overdrafts, requires only a $250 savings and a Master Charge account. The package is now being marketed through a subsidiary to other banks around the country.

In Illinois:

Bank Holds Open House; 'Lincoln' Is Main Speaker

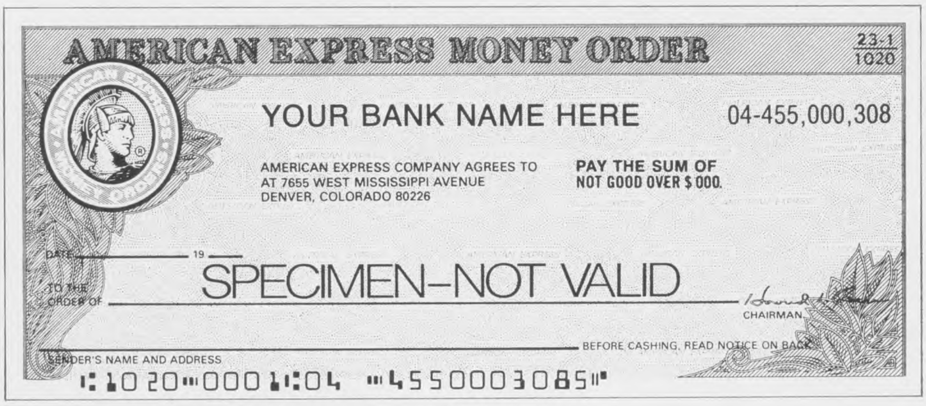
Old Orchard Bank, Skokie, Ill., recently marked the completion of its newly expanded quarters with an open house. "Abraham Lincoln" was the featured guest and was introduced as a new honorary banker.

"Abraham Lincoln" actually participated in the opening, portrayed by actor Richard Blake. A noted scholar on the historical figure, "Mr. Lincoln" Blake commented on the free enterprise system in America and the positive role of banks in serving the public.



"Abraham Lincoln" (Richard Blake) is welcomed as honorary banker by Louis E. Rieger, ch., Old Orchard Bank, Skokie, Ill., during bank's expansion ceremonies.

PUT PROFIT INTO YOUR 5TH-MOST-POPULAR BANKING SERVICE!



According to a recent study, money orders rank as the fifth-most-popular banking service — right after checking accounts, savings accounts, check cashing and drive-up banking. With today's squeeze on bank profits, now is the time to enhance your fifth-most-popular customer service with a new money order program planned for profit — the American Express Financial Institution Money Order Program. More and more banks across the nation are switching to American Express Money Orders. And they're doing it for one good reason — profit. Your fifth-most-popular can become your first-most-valuable.

For detailed information, write or call:
William H. Box, Vice President — Sales
American Express Company, Money Order Division
7655 West Mississippi Avenue, Denver, Colorado 80226
Phone: (303) 986-2211

AMERICAN EXPRESS

American Express Company, Money Order Division

How Long Should the Same Ad Run?

By LOUIS C. FINK

MOST TEXTBOOKS on bank advertising stress the need for advance planning. They urge a budget, of course—so much to be spent each month and so much in each medium: newspapers, magazines, radio, TV, direct mail, billboards and the others.

They also urge advance planning for the subject matter of your advertising to assure its timeliness: New car loans in September, back to-school loans in August, Christmas Clubs in late November and vacation loans and safe deposit boxes in April and May.

The textbooks tell you how to prepare your ads (with professional agency help or without it). And many of them suggest formulas for one of the toughest problems of all: How much should a bank spend on advertising? One popular answer is expressed two ways: Spend 1% to 2% of your gross income (advertising should increase gross income, but other factors affect net income), or $1,000 for every million dollars on deposit. Many times both formulas produce close to the same amount of advertising dollars.

The textbooks often avoid another sticky problem, perhaps because it is so bound up with personal feelings. The question is this: Having produced a good ad which everyone approves, how many times should you run it?

I think many bankers may have learned one of the rules of advertising in the last 30 years or so. The rule is that one advertising medium is not necessarily better than another, and your best bet is to run your ad in every medium you can afford. There are people who do not read newspapers, just as there are people who don't watch television. So, to reach everybody with a message you want everybody to see or hear, you scatter it around all the advertising media. If your budget is thin, you may have to leave out some media, but the optimum is to use them all.

Still the nagging question remains: How many times shall we run that ad?

Because management is deeply interested, officers look for the bank's ads. They watch for the billboards on the way to work; they hunt for the newspaper display; they even turn on their television sets to see an ad that they know is scheduled at precisely 8:13 p.m.

Assuming they like the ad, they relax and sit back. "Good! Everybody in town saw that message. We told them. Now we can move on to something else."

Unfortunately, that's so far from the truth that it's sad. A rating of 20% for a TV show is good—and how many people pay strict attention to the commercials? Make a survey of advertising recall, and only a fraction will remember your newspaper ad or be able to identify it. People daydream during radio commercials. The best billboard in the world may be missed if the prospect hits heavy traffic.

Don't be discouraged; there are two factors working to your advantage. The first is the sheer volume of possibilities. Even a low percentage of the possible viewers of your ad adds up to a lot of people. The second is that your ad's impact increases with repetition. A big display ad makes a minor impression at first, but after a few days of repetition, people begin to think (no matter how subconsciously), "Gee, I keep hearing about that bank's savings plan." They may not even be aware that what they heard was paid advertising.

While the advertising man is struggling to use this principle of repetition, his bosses at the top are telling him to come up with something new. His desire to repeat an ad for effectiveness may even be put down to laziness on his part, or the agency's.

The "boss at the top" can make two mistakes if he is not careful. One, the president of a competing bank will tell him it was a good ad, and from that he draws the conclusion that everybody in town also saw the ad. He forgets that the competition has more than a casual interest in all bank advertising.

Second, the top banker's wife will dislike the ad and suggest that it be replaced.

The point to remember in all this is that bank advertising is designed to attract people *not* close to the bank; the ad is not designed to say anything new to bank presidents and their families.

Years ago, a successful advertising man in Atlanta used to show the next campaign to all the officers at his bank, with this acerbic comment, "I hope most of you don't like these ads. That will be good, because the ads were written for people who are not bank officers."

Whether the comment is from a banker who liked the ad or a wife who disliked it, the harried advertising man may get his instructions to cancel the ad and run something else—pronto. Since he may have spent more for type and artwork than the space which the ad occupied, the advertising man sees his budget in a shambles.

The truth is that he is hard pressed to prove (a) that not everybody has seen the ad, and (b) that it will be more effective if it keeps on running for a couple of weeks.

With expensive surveys of advertising recognition and recall, he may be able to show that repeating the ad is a profitable tactic. Better still, if management will let the ad run—and a careful record is kept of business coming in—he may be able to show a rising curve of reader response the longer the ad runs.

Up to a point, of course.

When an ad runs indefinitely, it naturally loses impact. It becomes part of the scenery, and eyes and ears are closed to it.

Nobody knows exactly when that point of diminishing returns is reached. Perhaps the advertising people and the management people should talk it over and come to a joint decision. For certain, the ad should not be canceled on one man's whim.

I put this question some years ago to the advertising manager for one of the most successful and best-known products in the country (and one of the most expensively advertised). He put his answer like this: "Prepare the best advertisement you can. Do all the opinion research on it you can before you publish it. Then run that ad over and over, in every medium possible, until you are sick of the sight of it. At that point, the public will get your message—and begin to buy your product." • •

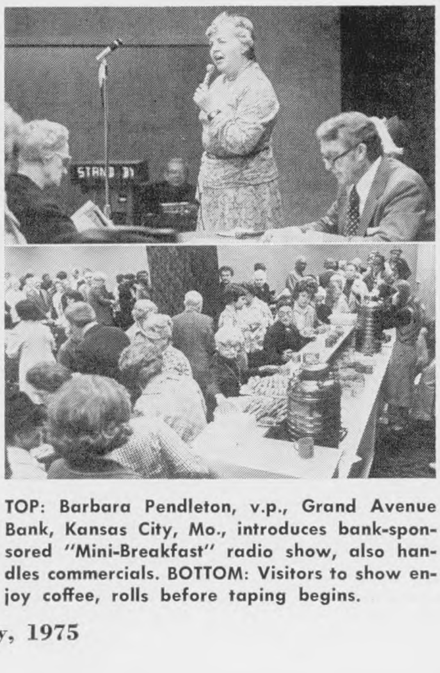
"Mini-Breakfast Show":

'Old Radio' Has Rebirth: Bank Goes 'On-The-Air'

Grand Avenue Bank, Kansas City, Mo., has found a successful way to talk to the masses and, at the same time, answer potential customers' questions on a one-to-one basis. It sponsors a half-hour radio show, entitled "Mini-Breakfast," featuring a master of ceremonies, crowd of 300 and a panel of guests.

The program, which is reminiscent of the old "live radio" days, started last April in the small second-floor lobby of the Crown Center, the bank's locale. As the crowds grew from 75 people to its present size, the show moved to the center's large meeting hall.

In the opinion of Grand Avenue officials, the "Mini-Breakfast" has brought "maxi" results.



TOP: Barbara Pendleton, v.p., Grand Avenue Bank, Kansas City, Mo., introduces bank-sponsored "Mini-Breakfast" radio show, also handles commercials. BOTTOM: Visitors to show enjoy coffee, rolls before taping begins.

Sherlock, Other 'Historical' Figures, Promote Corporate Trust Service

"I DARESAY it would take several lifetimes, at least, before I could ever erase from my mind the memory of that night in August, that began with the shrill ringing of the phone and the anguished voice of my friend Manfredi, the industrialist, who managed to half-gurgle out, 'Watson, come quickly' . . ."

Thus begins the first in a series of "Irving Classics," by Irving Trust, New York, which are mini-novels designed to make reading about corporate trust services entertaining as well as informative.

Irving officials felt that corporate trust services, though vital, lack the glamour of many banking activities. They provided a little glamour with a format based upon classical novels and characters.

The first is "The Case of the Errant Securities, the Whimsical Whorls, the Bloody Dirk and the Irving," featuring Sherlock Holmes and Dr. Watson, who unravel a mystery about bank security transfer services.

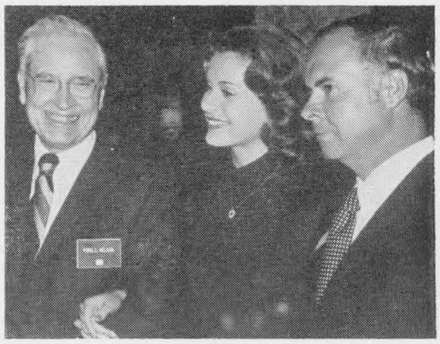
Similar mini-novels will be used to tell about subjects such as indenture trusteeships, bond registration, dividend reinvestment, etc. Although titles and subjects of other Irving "classics" weren't divulged, a clue to an upcoming story was revealed by company officials—would you believe "007" as an escrow agent? • •

Nashville Natality:

Miss America, Officials Christen Bank 'Twins'

Hamilton Bank, Nashville, celebrated the second anniversary of Fed approval for it to open a bank there by announcing the birth of twins (twin branches, that is), with simultaneous ribbon cuttings at the Murfreesboro Road and Nolensville Road offices.

The "twins" theme was carried out by giving free checking accounts to all twins who visited the branches during the grand openings. Other gifts were "It's a Girl" and "It's a Boy" cigars, baby shower refreshments, pink and blue helium-filled balloons for the children and yardsticks, to measure the twins' growth, for everyone.

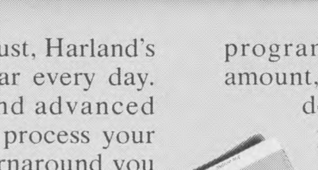


Finis Nelson (l.), ch., and James Denton, pres., Hamilton Bank, Nashville, escort Miss America, Shirley Cothran, to celebration of bank's birth of "twin" branches.

Shirley Cothran, Miss America 1975, attended, accepting the title of Honorary Page of Congress from Representative Richard Fulton and a certificate, designating her as a Colonel in the Governor's Cabinet, presented by Ben Gibbs, state commissioner of labor. Miss Cothran also received the key to the city from Mrs. Dee Briley and a gold record certificate from John Tune, president, Nashville Area Chamber of Commerce.

If you didn't need reliable service on loan coupons, ours would have bombed.

But since reliable service is an absolute must, Harland's loan coupons are becoming more popular every day. ■ A sophisticated computer center and advanced technical experience enable Harland to process your customers' coupon books with the fast turnaround you need. And without many of the snags you may be running into with other coupons. ■ Like accuracy. Harland loan coupons regularly test out at better than 99.5% computer readability... The kind of accuracy you need. ■ You also get the flexibility you need, highlighted by an MICR line adjustable to your *exact* needs. It can be programmed to include the payment number and amount, identification numbers, branch or department designations, and transaction or loan codes. Or you can even have the MICR line blank. The flexibility is there for you. ■ Combine this flexibility, accuracy and reliable service, and you've got yourself a real loan coupon. A Harland loan coupon. ■ Write today, c/o our Marketing Department, for an information-packed kit on how Harland loan coupons can meet your needs. Reliably. Exactly.



Because you need more, we give you more.

JOHN H. HARLAND COMPANY
BANK STATIONERS
P.O. Box 13085, Atlanta, Georgia 30324.

Indoor Skiing in Illinois

A live ski demonstration was featured in the lobby of Millikin Nat'l, Decatur, Ill., to focus attention on ski tours offered by the Millikin World Wide Travel Department. The professional skier used this 24-foot ramp, built for the exhibit, demonstrating various techniques and answering questions about places to ski.

In Detroit:

Bank's $50 'Boo-Boo' Is Unexpectedly Costly

When a $1-billion-deposit bank in Detroit recently announced a decision to close savings accounts of $50 or less—except those held by children, charities or customers using other bank services—Metropolitan Savings, Farmington, Mich., scored with an ad campaign that capitalized on the other's "economy" move.

The bank in Detroit felt the handling costs too high for such small accounts, so Metropolitan Savings publicly welcomed $1 accounts, inviting any who had "received walking papers" from their bank.

According to the S&L's officials, the response to the ad was positive, but the negative response to the bank decision was even more forceful.

The NAACP called on the public to boycott the bank, calling the move ". . . a direct slap in the face of the poor, both black and white; young people who are attempting to learn banking habits; community groups with small treasuries and senior citizens who may be afraid to keep their money in their mattresses."

Ernest Fournier, executive vice president of the S&L, said he received many reports from people who intended to close their accounts at the bank, some amounting to "several thousand dollars." He added that today's $1 account "might eventually grow to become $100,000 savers, mortgage customers or use other association services."

Needless to say, the bank learned its lesson. Feeling as though the public viewed it as an ogre, the bank rescinded the "small account" decision. Metropolitan Savings didn't run the ads past the one time they had appeared in Detroit's dailies, feeling that a firm reminder had been left that they stood for the "little guy."

In Denver:

New Bank Savings Plan Includes Insurance Policy

First National, Denver, has introduced a program for its customers that combines a goal-oriented savings account with a decreasing term life insurance policy.

Called "Guaranteed Savings," it serves as an automated 5½% savings deposit system and as a guarantee that a predetermined goal will be reached, even if the account holder should die before the due date.

Stipulations of the program are that the depositor have both a checking and a savings account at the bank and that a minimum goal of $1,000 be established.

Customers can determine a total savings goal over a given number of years, or establish a monthly savings deposit within their budgets. A computer table shows how much is needed to achieve a specific goal.

Costs for insurance coverage on the account, per thousand, range from 25 cents to $1.60 per month, depending on customers' ages. Central United Life, Sioux City, Ia., serves as agent.

If a Guaranteed Savings customer dies before the savings goal is reached, the insurable amount, under the terms of the reducing term insurance policy, will be deposited to the account, assuring that the goal is reached if all deposits were made in accordance with the program.

VIPs Cut Ribbon to Officially Open Bank

Bank officers and public officials all took part in cutting the ribbon at the grand opening of the new United Missouri Bank of Blue Springs. Wielding the scissors at the recent ceremony were (l. to r.): State Representative Glenn Binger; Harry H. Welsh Jr.; Dale Baumgardner, mayor, Blue Springs; I. Wesley Condron, bank pres.; Lester M. Dean; Jack A. Cochran; R. Crosby Kemper, ch., United Mo. Bancshares, Kansas City; John J. Kramer, pres. of HC; and Joe E. Dittmer. Featured at the opening were drawings for $100, $50 and $25 savings accounts and the "jar of penny," which was given free to everyone. Similar to the "ship-in-a-bottle" idea, a penny was in a glass jar with a neck much too small to admit the coin.

S&L Uses Rolling Billboard

This is the "Bundle Bus," a van used by Middlesex Federal Savings & Loan, West Somerville, Mass., to transport over 150 people a week to and from the institution, free of charge. Middlesex Federal spokesmen estimate the cost of the bus to be below that of a billboard campaign and state that customers claim it's a hundred times more effective. The "Bundle Bus" rolls 25,000 miles per year.

In Indiana:

Patriotism Is Still Alive; Declaration 'Re-Signed'

One can reaffirm his patriotism by signing the Declaration of Independence. Where? At St. Joseph Bank, South Bend, Ind.

As part of its celebration of the country's bicentennial, the bank is providing copies of the document, with space for about 100 signatures, so all can take part. When the hoped-for 100,000 "John Hancocks" are collected on July 4, 1976, the declarations will be bound and sent to President Ford.

St. Joseph Bank is using radio, TV and newspaper to make the public aware of its program, and gives a miniature copy of the document to each person signing.

Anti-Crime Clinics By Equipment Maker Instruct Policemen, Bankers in Methods

BANK ORGANIZATIONS, law enforcement agencies and insurance companies have benefited from a series of anti-crime clinics put on by Mosler Safe Co.

Purpose of the clinics is to bring participants up to date on identification and classification of physical and electronic security equipment, demonstrate how holdups and burglaries are accomplished through special films and bring home the techniques of safe-cracking through actual demonstrations by Mosler personnel.

A clinic was presented recently for members of the Greater St. Louis Police Academy in two day-long sessions.

The purpose of various types of safes was explained and films were shown illustrating attempts that had been made to burglarize a number of safes. A records safe was burgled before the eyes of the participants in 87 seconds by a Mosler employee.

Films and an actual demonstration of the burning bar technique were presented. It was explained that the burning bar is an extremely inefficient means of violating a safe or vault because of the great amount of time and equipment needed to do the job. Many criminals have learned, to their dismay, that the use of a burning bar on a safe incinerates the contents of the safe.

A number of alarm systems were explained and demonstrated, along with methods of circumventing the alarms. Instructors emphasized that whatever man can build, man can destroy, providing he has enough time and the right tools. Primary purpose of an alarm system is to delay a burglary to provide enough time for apprehension of the criminal by police.

A film was shown, made of clips taken from surveillance cameras in banks. A number of holdups were recorded on the film, one of which included a sequence where the holdup man approached the camera, pointed his gun at it and fired—knocking out the camera, but not until the machine had taken a full-face shot of the criminal and preserved it. Approximately 80% of criminals photographed are apprehended, according to Mosler officials.

Information about holding anti-crime clinics is available from Robert R. Rosberg, Mosler Safe Co., 1561 Grand Boulevard, Hamilton, O. 45012. • •

Alarm systems are explained by Joe Wolpin (c.) and Robert Roseberg (r.), Mosler instructors.

Burning bar demonstration shows how much equipment is needed to violate a safe. Length of pipe gives indication of great amount of space needed to operate equipment.

Famous photo of fugitive Patty Hearst was taken by Mosler camera during West Coast bank robbery. Approximately 80% of all criminals photographed by surveillance cameras are apprehended.

NEWS ROUNDUP

News From Around the Nation

T&L Accounts May Be Taxed

Senator William Proxmire (D.,Wis.), who probably will be the new chairman of the Senate Committee on Banking, Housing and Urban Affairs, plans to introduce legislation requiring banks to pay interest on tax-and-loan (T&L) accounts. The proposed bill would require banks to pay interest on these accounts at the federal funds rate.

According to the Wisconsin senator, the U. S. Treasury loses $400 million or more a year on T&L accounts. He referred to such deposits as "a blank check that the Treasury hands the banks to cash in at the taxpayers' expense."

Banks have maintained that the benefits of the interest-free deposits are offset by bank services provided the government, including handling U. S. savings bonds and other Treasury securities and cashing Treasury checks.

Loan Losses Break KC Bank

The Comptroller of the Currency declared Kansas City's Swope Parkway National insolvent January 3 and termed the action "especially regrettable due to the fact that this is the only bank in Kansas City which has an ownership identity with the city's substantial black population."

The FDIC took over operation of the bank, renamed Deposit Insurance National, January 4 to avoid any inconvenience or hardship for the insolvent bank's insured depositors. Additionally, according to the Comptroller, the continuation of banking services by the new bank will offer an operating foundation for the organization of a new black-owned bank for Kansas City. However, this must be done within two years since Deposit Insurance National, under FDIC regulations, can operate only that length of time.

The Comptroller attributed Swope Parkway National's failure primarily to substantial loan losses arising from imprudent lending policies of the bank's original management. Despite the determined and good-faith efforts of the bank's board, said the Comptroller, it wasn't possible to abate fully the downward momentum caused by mistakes of original management.

HCs' Insurance Activities Under Fire

The National Association of Insurance Agents (NAIA), by a vote of 3,289 to 11, has reaffirmed the group's position opposing, through appropriate legislative and other governmental activities, the entry of bank holding companies and other lending institutions into the insurance agency business.

The vote was taken at a special meeting in Dallas, called in response to a petition by about 250 members who oppose the NAIA's stand. The association has 33,000 agency members, representing 125,000 independent agents across the country.

The NAIA plans to have legislation introduced in Congress prohibiting bank HC ownership of insurance agencies and other "threatened" small businesses. Various state NAIA affiliates also are working for enactment of such legislation within individual states.

Stamp to Commemorate Banking

One of the highlights of the ABA's centennial convention October 4-8 in New York City will be the presentation of a commemorative stamp honoring the nation's banking industry. The first sets will be presented at the convention by the Postmaster General or his representative to ABA officers and other dignitaries in an appropriate ceremony.

The Citizens' Stamp Advisory Committee, an 11-member group appointed by the Postmaster General, believes, according to W. Liddon McPeters, that the pillars (banking and commerce) of the American economy should be honored during the ABA's centennial year. Mr. McPeters is chairman of the ABA's Centennial Commission and president, Security Bank, Corinth, Miss.

Credit Card 'Raps' Stiffer

With the recession deepening, so-called "credit-card crimes" are on the increase. However, the ABA reminds banks that federal powers to prosecute such crimes have been expanded. Under provisions of a law signed by President Gerald Ford late last year, the minimum total value of interstate and foreign card crimes for which the U. S. can prosecute has been lowered from $5,000 to $1,000.

Penalties also have been stiffened, with the maximum sentence doubled from five to 10 years. The maximum fine remains at $10,000. As before, a convicted credit card criminal can get both a fine and a prison sentence.

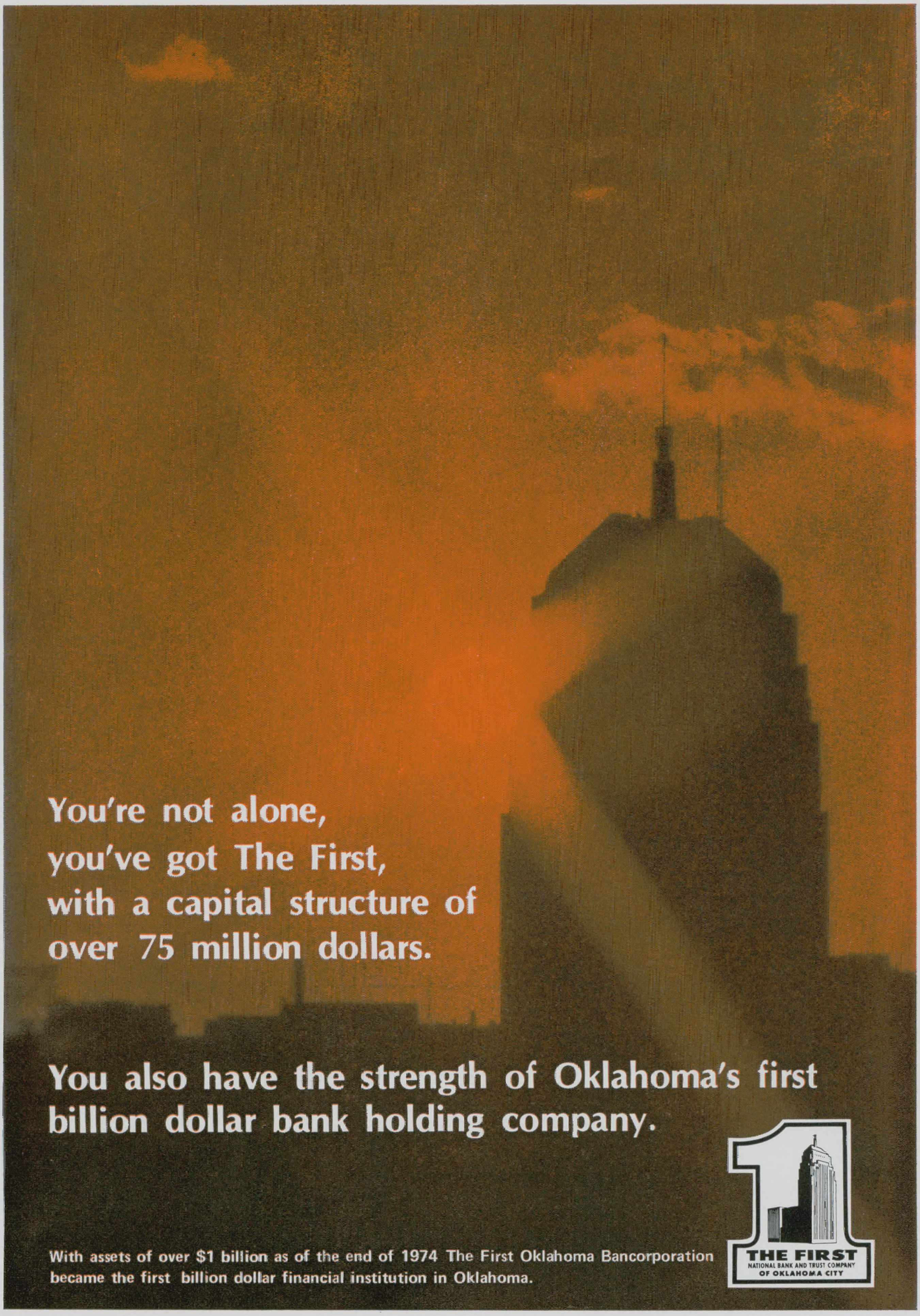
Credit card crimes have been expanded to include: use of any credit cards that are counterfeit, fictitious, altered, forged, lost, stolen or fraudulently obtained; interstate transportation of such cards and receipt, concealment, use or transportation of any goods obtained by credit card fraud.

A Truth-in-Leasing Law?

The Fed has recommended to Congress that it pass a Truth-in-Leasing law. The suggestion came in the Federal Reserve Board's annual report on the Truth-in-Lending Act, which applies only to leases where there is an option to buy the leased product.

The Fed's proposed legislation would require firms leasing cars or other items to make fuller cost disclosures in ads. The law would be aimed specifically at the failure to make adequate cost disclosures in some car-leasing ads.

The Fed would like to see Truth-in-Lending amended to require cost disclosures in all leasing ads and to limit the liability of consumers for depreciation costs to twice or three times their average monthly lease payments.


You're not alone,
you've got The First,
with a capital structure of
over 75 million dollars.
You also have the strength of Oklahoma's first
billion dollar bank holding company.
With assets of over $1 billion as of the end of 1974 The First Oklahoma Bancorporation
became the first billion dollar financial institution in Oklahoma.
THE FIRST
NATIONAL BANK AND TRUST COMPANY
OF OKLAHOMA CITY

NEWS OF THE BANKING WORLD


ROOB


MILLER


VINSON


RATHGEB


KEMPER

• **Edward M. Roob** has been elected senior vice president and head of the bond department at First National, Chicago. Mr. Roob was deputy administrative head of the bond department when he was appointed special assistant to the Secretary of the Treasury in 1973. He was responsible for managing the Treasury's $485 billion debt and was honored with an exceptional service award by Secretary William E. Simon. Mr. Roob resigned his Treasury post last December.

• **Richard M. Rathgeb,** assistant vice president, First National, St. Louis, has been appointed head of the bank's regional banking division area group comprising Illinois, Indiana, Iowa and Kentucky. He succeeds Joseph Orlando, who retired as vice president last December. Mr. Rathgeb joined the bank in 1970 and has been in the regional banking division since 1971.

• **B. Finley Vinson,** chairman, First National, Little Rock, has been elected chairman of the Foundation of the Southwestern Graduate School of Banking at Southern Methodist University, Dallas. Mr. Vinson, a graduate of the school, has served three years as chairman of the freshman program, three years as dean for bankers and has served continuously as a member of the school's board.

• **F. Byers Miller,** executive director, Bank Administration Institute, has announced plans to retire at the end of 1975. He has served as head of the organization since 1956 and plans to remain in an advisory capacity until 1978.

• **R. Crosby Kemper,** chairman, United Missouri Bancshares, Inc., and United Missouri Bank, Kansas City, has been selected "man of the year" for 1974 by the Kansas City Press Association for his business and civic activities in the Kansas City area.

• **David F. Lenz,** international banking officer, Continental Illinois National, Chicago, has been selected as one of 17 U. S. bank officers to attend the ABA's 28th International Banking Summer School in France in June. Worldwide enrollment is limited to 200 bank officers.

• **James E. Faris,** director of the Indiana Department of Financial Institutions, has assumed the titles of president and chairman of the Conference of State Bank Supervisors, succeeding Fred O. Dickinson Jr., comptroller of Florida, who was defeated in that state's primary election.

Apologies to Mr. Loose!

DENVER—An error appeared in the Banking World section of the January issue of MID-CONTINENT BANKER. An item there said that Charles E. Snow had been named head of First National of Denver's correspondent bank department. In reality, Ronald A. Loose, v.p., is head of that department.

Mr. Snow, a.v.p., has moved into the metropolitan division of the correspondent bank department to assume duties formerly performed by E. Hale Adams Jr. Mr. Adams, who was v.p. at First of Denver, has joined East Bank, Colorado Springs, as v.p. Mr. Snow has been with the bank since 1973.

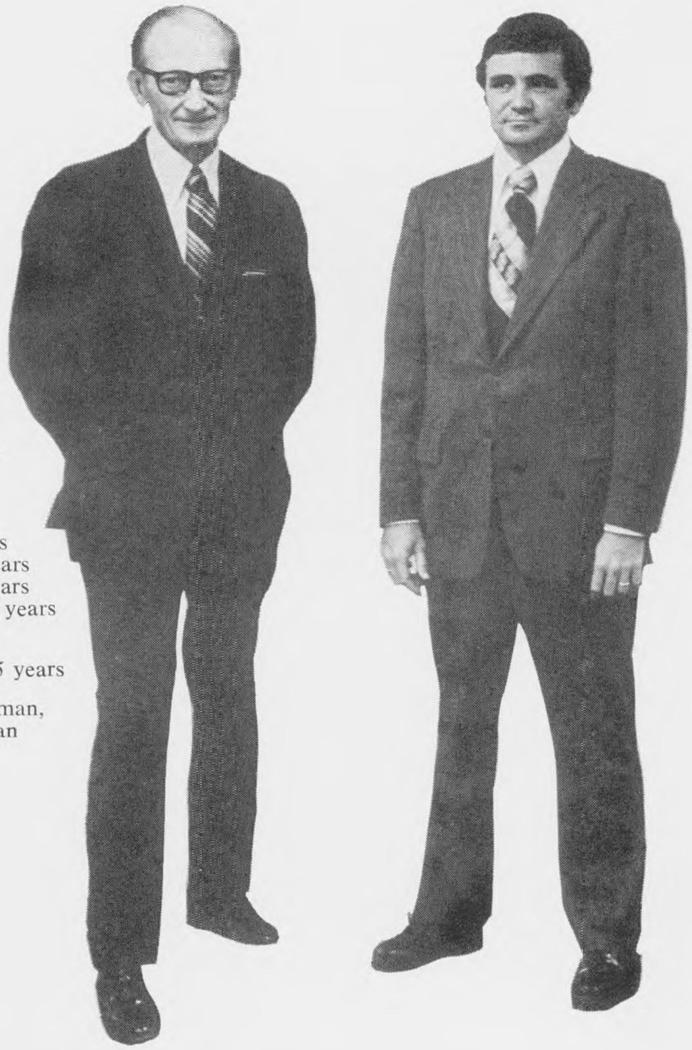
• **The St. Louis Fed** has appointed four branch directors, including Thomas E. Hays Jr., president & CEO, First National, Hope, Ark., reappointed to the Little Rock Branch board; J. David Grissom, president & chief operating officer, Citizens Fidelity Corp., Louisville, to the Louisville Branch board; William W. Mitchell, chairman, First National, Memphis, to the Memphis Branch board; and Charles S. Youngblood, president & CEO, First Columbus (Miss.) National, to the Memphis Branch board. Messrs. Hays and Mitchell are currently presidents of the Arkansas Bankers Association and Tennessee Bankers Association, respectively.

The St. Louis Fed has also re-selected Donald E. Lasater, chairman & CEO, Mercantile Trust, St. Louis, as a member of the Federal Advisory Council, to represent the Eighth Federal Reserve District for 1975.

• **Constantine Giviskos** has joined the ABA as director of the newly formed Professional Services Division. He was formerly vice president, Professional Seminars International, New York. In his new duties, Mr. Giviskos heads the professional services area, with responsibility for the Stonier Graduate School of Banking. He also assists the ABA staff in the administrative aspect of the Banking Professions Group's various banking schools and serves as liaison between that group and the Education Policy and Research Group.

• **The Comptroller of the Currency** has appointed Joseph M. Ream deputy comptroller for FDIC affairs and Robert A. Mullin one of four statutory deputy comptrollers. They succeed Albert J. Faulstich and John D. Gwin, each of whom has retired after having served the Treasury Department more than 40 years.

Which of these correspondent bankers would you choose?



Name: Harold Smith

Transit Operations. . . 2 years
Bookkeeping. . . 3 years
Tellers. . . 6 years
Army Service. . . 3 years
Bond Department. . . 6 months
Business Development. . . 2 years
Metropolitan Division. . . 2 years
Correspondent Division. . . 27 years

Total Banking Experience. . . 45 years

Hobbies. . . Hunter, Outdoorsman, Collector of Indian Artifacts

Name: Ted Smothers

Data Processing. . . 11 years
Banking Division. . . 1 year
Correspondent Division. . . 3 years

Total Banking Experience. . . 14 years

Hobbies. . . Fisherman, Khoury League Baseball and Soccer Coach

Some big differences, right?

Not really. Both have a common denominator called "back-up by Boatmen's." That's right. They can draw on the knowledge of data processing technicians, marketing strategists, bond experts or whatever specialist it takes to assure correct and valid answers and programs to any unique situation you may encounter.

Call Harold Smith or Ted Smothers, whichever you choose, and let them show you what we mean with "back-up by Boatmen's."

THE BOATMEN'S NATIONAL BANK OF ST. LOUIS

Broadway and Olive Streets, St. Louis, Mo. 63102 / 314 421-5200

New Products and Services

• **LeFebure Corp.** A new TV walk-up system and two new bag and envelope depositories have been added to the line.

The remote TV walk-up system is designed to be installed in lobbies, upper floors, vestibules or shopping centers. The self-contained unit provides eye-to-eye TV contact between customers and tellers, a two-way sound system and a telephone for privacy. It features a pneumatic tube system and is designed so that one teller can operate two units.

The bag and envelope depositories (numbers 612 and 300) are said to exceed all requirements of Underwriters' Laboratories' highest rating and feature stainless steel with satin black finish accents.

No key is needed for envelope deposits and envelopes up to 12 inches in width can be accepted. The bag depository features a window giving customers proof of a safe deposit.

Write: Lefebure Corp., Cedar Rapids, IA 52406.

• **International Silver Co.** A "new nation" plate is being offered to tie in with the bicentennial celebration. It measures 9¼″ in diameter, is made of pewter and comes packaged in a bookfold case suitable for display.

The center scene reproduces the signing of the Constitution from a painting by American artist J. B. Stearns. Six roundels along the rim picture other historical events.

Write: International Incentives Division, International Silver Co., Meriden, CN 06450.

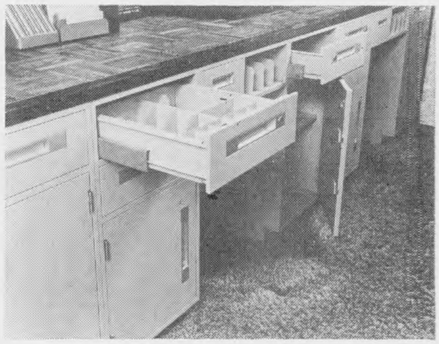
• **Diebold, Inc.** A customer terminal for drive-in use will soon be offered for the TABS (Total Automatic Banking Systems) line. The new unit offers the same operation as the walk-up version, and includes a screen that provides step-by-step instructions and a telephone-type keyboard.

Currency can be dispensed in predetermined amounts and customers can use the device 24 hours a day without getting out of their cars.

Write: Diebold, Inc., Canton, OH 44711.

• **Security Corp.** A new line of modular metal undercounter units is available in either a "highboy" (38½″) or "lowboy" (31¾″) series, both available in 18¼″ and 22½″ depths.

Components are constructed of steel with anodized satin finish aluminum flush pulls. Drawers come with heavy duty support members, permitting extension beyond the cabinet housing. Four-pin tumbler locks accepting paracentric keys are standard on most units. Coin lockers are equipped with three-



wheel, key change, combination locks with relocking devices and key locking, spyproof dials. The units come in 16 standard colors.

Write: Security Corp., 2055 S.E. Main Street, Irvine, CA 92705.

• **John H. Harland Co.** The 1975 personal checkline introduced recently includes a "prestige" check featuring a parchment look with full personalization and a monogram initial in gold on a black background. Optional glove leather covers are available.

America the beautiful and floral scenics checks have a new look; an accent check, with more than 100 symbols to let check users express themselves, is available; and two specially designed feminine checks are in the 1975 line.

Write: John H. Harland Co., P.O. Box 13085, Atlanta, GA 30324.

• **Tension Envelope Corp.** Tips to cut mail costs are covered in a new booklet available from this firm. Efficient mailroom practices, such as envelope and form consolidation; priority mailing and free mail supplies are outlined. "34 Ways to Make Your Postal Dollars Go Further" also contains an insert condensation of postal rates and fees.

Write: "34 Ways," Suite 326, Tension Envelope Corp., 19th & Campbell streets, Kansas City, MO 64108.

The Hard Choices Must Be Made In Improving Banking System

By GEORGE A. LeMAISTRE
Director
Federal Deposit Insurance Corp.
Washington, D. C.

THE PAST 15 years have been by far the most exciting and innovative period in banking history. Responding to competition and the needs of customers, banking has burst out of its stodgy and conservative shell. Geographic barriers to competition fell as the holding company mechanism allowed a multistate presence, branching restrictions were modified and banks developed extensive international operations.

Innovative techniques in structuring and managing assets and liabilities have allowed banks to respond to both the increased demand for consumer services and the sophisticated requirements of business customers. All this has been facilitated by technological breakthroughs in the processing and transmission of information, with further change promised through implementation of EFT systems. In short, banks have been in tune with and responded aggressively to the needs of a complex, prosperous and expanding economy.

Coming on the heels of many years of optimism and growth, 1974 has been a difficult year for the industry with the outlook for 1975 reflecting a level of pessimism not felt since the thirties. Such factors as the protracted ordeal of Franklin National, interest rates unprecedented in the history of modern American banking, the sudden demise of American Bank & Trust in South Carolina, notoriety given recent bank failures in Europe, instability in the foreign currency markets and the situation in the Middle East could hardly help but create an air of uncertainty.

Moreover, it is now clear that our economy is in worse straits than many imagined possible a few months ago. The debate now is not about whether we are in a recession, but whether its shape will be a "V," a "U," or an "L."

Nevertheless, I am confident that the banking system as a whole is capable of sustaining strains significantly more severe than those presently envisioned.

In the context of what seem to be converging currents of change, it is important to note that the level of risk in the banking system has increased significantly as a result of the aggressiveness and innovation that has characterized major segments of the industry in recent years. A review of some of the elements of risk that have grown out of this period of creativity and expansion underscore the need for bankers, the agencies and Congress to respond in disciplined and coordinated ways to the problems and issues at hand.

Recent actions of the Fed with regard to HCs have served to highlight one such area of increased risk. While the total equity of some HC systems is significantly greater than that of their banking subsidiaries, that is not always the case. Equity capital may actually be less when computed on a consolidated basis than for the bank alone. As a result, the amount of equity which once supported the risks of a single banking system now supports the bank plus a variety of enterprises.

The rapidity with which change has occurred is seen in recent Salomon Brothers statistics which showed that the composite ratio of total capital funds to total assets, less cash and due from banks, of the 25 largest bank HCs declined from 8.8% in 1972 to 7.7% in 1973. At the same time, the ratio of equity capital to non-cash assets declined from 7.2% in 1972 to 6.2%.

The great expansion of international banking operations is a second source of increased risk. Foreign assets range between 42.8 and 30.4% of the total assets of our five largest banks, and they are, in many cases, responsible for the dramatic drop which has been seen in the capital ratios of some of our larg-

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This article is a condensation of remarks given by Mr. LeMaistre at the executive seminar of Carter H. Golembe Associates, Scottsdale, Ariz., last December.

Hard Choices (Continued)

er banks. For example, one money center bank has a ratio of equity plus reserves to total assets of 6.6% when computed on domestic basis and 2.9% when international operations are included.

In addition to spreading more thinly the system's capital resources, such operations contain their own peril, especially for the aggressive uninitiate. Franklin National's experience in the foreign exchange market is a case in point, but the losses of Lloyd's Swiss branch in the foreign currency area demonstrate that even the most established and prudent of institutions can be burned. Furthermore, the precarious state of the international payments system, the disruptive effects of the flood of petrodollars and the financial problems of countries which are substantial debtors to American banks have each served to greatly increase the risk of international operations.

Paralleling and, to a significant degree, funding expansion abroad has been an application of the liability management theory of bank liquidity. In essence, liability management meant that banks were no longer substantially limited in their sources of funds. The new view was described by Lehman Brothers economist Leonard Santow when he stated: "The pragmatic view of banks is that you can't look at the old ratios. They don't apply anymore when people can buy all the liquidity they want in the marketplace if they are willing to pay the price."

The benefits of this approach are substantial. Not constrained by the level of deposits growing out of normal customer relationships, money center and regional banks responded to burgeoning credit demands. It also allowed regional banks to achieve or begin to realize their international ambitions. Smaller banks have benefited as well, since many profited handsomely as net lenders of federal funds. The rapidity of change in this area is reflected in the fact that the ratio of purchased funds to assets for larger banks grew from 7.8% in 1965 to 14.3% in 1970, and to 26.5% in June, 1974. For many institutions, growth was far more dramatic.

Notwithstanding its benefits, resort to the money markets as a source of liquidity was not without its perils and served to add another element of risk to the system. These were dramatized by events in 1974, which included the failures of Franklin and American Bank and the stresses caused by the liquidity squeeze engendered by tight money and business borrowing from banks that grew at an annual rate of more than 25% through the summer.

Franklin, of course, is the clearest example of an institution which relied far too heavily on purchased funds as a basis for rapid expansion. Anxious to achieve status as a money-center institution, the bank purchased funds in increasing proportions to support risky assets. More importantly, as the bank penetrated new markets, growth far outstripped management skill. What was once a relatively sound Long Island institution became a multinational enterprise situated in lavishly appointed Manhattan quarters, yet lacking the depth and managerial expertise required to run the suddenly complex operation. Unable to control expenses, management soon faced a serious earnings problem, which was probably the ultimate cause of the bank's downfall. Indeed, one might speculate that Franklin's well-publicized foreign exchange losses were the result of attempts to recoup losses.

The most dramatic element of risk involved in the view of bankers that they "can buy all the liquidity they want in the marketplace if they are willing to pay the price" lies in the fact that access to the money markets can be lost. As the Franklin and American Bank experiences suggest, once the liquidity provided by the access to such markets is lost, it is difficult, if not impossible, to regain.

In each case, a setback which otherwise might not have proved completely disastrous triggered a loss of confidence and the outflow of "hot" funds. There is evidence which suggests that while deposit insurance maintained the confidence of most small depositors in the face of the worst sort of adverse publicity, willingness of the lender of last resort to provide funds and the stabilizing efforts of other agencies did not stimulate the confidence of large individual and institutional depositors.

Bankers should move immediately to apply the lessons of the past year. Certainly neither expansion nor credit commitment can any longer be based on the presumed availability of purchased funds at an acceptable cost. Similarly, volatile and potentially high-priced funds ought not to be used to fund risky or long-range assets to achieve market penetration. Rather, expansion should be a function of the natural level of deposits, addition of capital and retention of income and the commitment of resources based on careful planning, balancing present and future credit demands with anticipated resources.

Banks should also recognize that, in the short-to-medium run, at least, capital necessary to support expansion must be generated from earnings. This flows from the fact that the present prices of bank stocks and the cost and unsuitability of debt financing foreclose the capital markets for a great many banks. Accordingly, banks wishing to expand will have to rely on the basics of sound banking. Greater attention must be paid to costs, the pricing of services and the profitability of lines of services and large customer accounts.

Yet the lesson is not that expansion or aggressive banking is bad. Nor should the fact that some institutions have been overzealous mean that it is now appropriate for all to pull in their horns, adopting an ultrarestrictive attitude toward the provision of credit. It is true that many institutions are stretched to their limit and should be restrained; the data, however, which I review indicate other institutions are more than adequately capitalized and have secure and productive portfolios. In the present recessionary environment, these should move aggressively to respond to the needs of creditworthy borrowers. Indeed, for some institutions, the assumption of a higher level of risk would not be at all inappropriate.

What is required of bankers at the present is not necessarily retrenchment. Instead of uniform reaction to the gloomy picture presented by the economy and the cautionary note struck by supervisory authorities, bankers should simply apply, in disciplined fashion, the tools of modern asset and liability management. The widespread failure of solid institutions to respond in this manner could have the effect of reinforcing the recessionary spiral.

The fact that hard choices must be made in the coming months has also been reflected in the growing debate over the issue of credit allocation. Some members of Congress and respected economists have argued with force that a mandatory system aimed at directing the flow of funds is required to insure the proper allocation of credit. In a recent statement, Congressman Henry Reuss indicated that he

(Continued on page 58)

Fred Meyer, Inc., Portland, Ore., retailer, started savings and loan association and put its branches in firm's one-stop shopping centers. Each S&L branch is located centrally in store. Over first five weeks of S&L branch's operation, Glisan store (shown above) chalked up 818 new accounts and $643,000 in net deposits.

As First Step in EFTS/POS Program:

Retailer Sets Up Own S&L Association, 'Mass Merchandises' Its Services

By ROSEMARY McKELVEY
Managing Editor

HOW A RETAILER started an S&L association, set up its branches in his stores under an EFTS/POS system and then merchandised the program the same way he sells bread should be of interest to commercial bankers. The program may not be available to commercial bankers today. However, it could be a prelude to banking of tomorrow, particularly if Comptroller James E. Smith's recent interpretive ruling that national banks can install off-premises automated teller machines (ATMs) and point-of-sale (POS) terminals is followed by state branching law changes that would allow state-chartered banks to have similar installations.

The retailer, Fred Meyer, Inc., is described as the leading chain of one-stop shopping centers in the Northwest. Included under one roof are groceries, drugs, clothing, home improvement and sporting goods and toys. Now the chain has added financial services by establishing a savings and loan association—Fred Meyer S&L—and setting up branches in three of its one-stop shopping centers.

The $7-million project is being carried out in two stages. The initial one —electronic funds transfer—went into operation in December. The three S&L branches offer services ranging from mortgage, home improvement and educational loans to passbook, club and certificate savings. These services are on line from a teller terminal system provided by the FDS/i division of TRW, Inc., to a central computer at a service bureau in St. Louis, Financial Data Systems (no connection with FDS/i).

The second stage is scheduled to get underway this April, when Fred Meyer S&L plans to give its customers plastic cards for use in a statement savings system as opposed to the current passbook program.

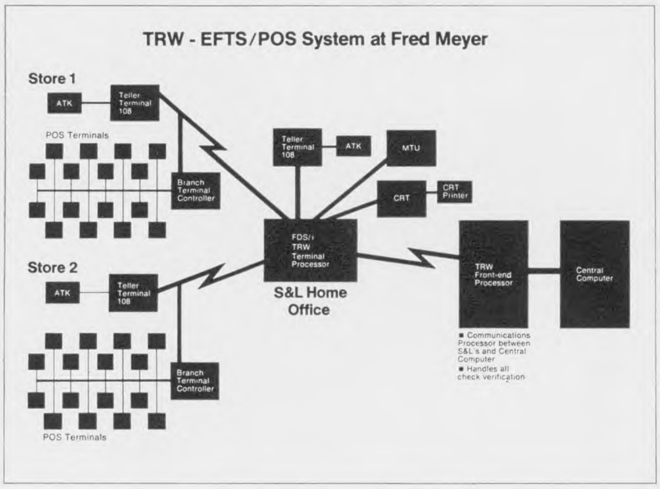
Fred Meyer S&L is being mass merchandised like loaf of bread. For instance, "specialty of week" for $25 S&L deposit ranges from free loaf of bread to bag of sugar to bottle of perfume. Sign advertising bread "special" is pictured here.

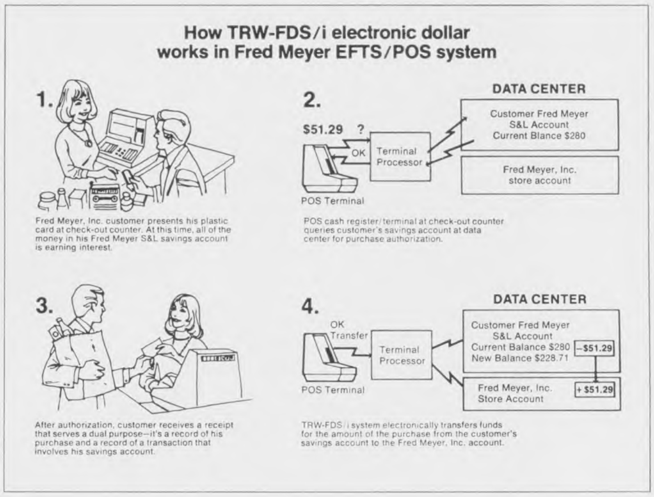
The company will order POS terminals in the spring of 1975 and put the first ones on line in mid-1975.

Then, when the EFTS/POS system is fully implemented, a customer of the Fred Meyer S&L not only will be able to make deposits to and withdrawals and payments from his accounts, he or she also will be able to make retail purchases and pay for them with a transfer of funds from his or her Fred Meyer S&L account. At a Fred Meyer one-stop shopping center checkout location that's equipped with a POS terminal, the customer's account will be *charged* for purchases, and Fred Meyer, Inc., will be *credited* with a similar amount. The customer will not need cash or a check. Transfer of funds will be accomplished electronically.

In addition, the customer will receive daily interest on his S&L account.

Fred Meyer's system includes FDS/i Teller Terminal 108s specifically geared for on-line financial transactions and regional terminal processors, which are mini-computers that connect the





transaction terminals with the central computer in St. Louis. The S&L network also has FDS/i magnetic tape-cassette units that are used to record transactions electronically if the central computer goes down or phone communications between the terminal processors and the central computer are interrupted. Fred Meyer S&L officers said the inherent simplicity of the Teller Terminal 108 has made it possible to train tellers in less than half the time previously required using an electromechanical system.

The philosophy of the EFTS/POS shopping center service, said Fred G. Meyer, head of the chain, is to bring financial services to the convenience level of the weekly shopping list. As an example, he pointed out that his new S&Ls are open six days a week from 9 a.m.-10 p.m.

Mr. Meyer is mass merchandising the financial institutions the same way he does his stores. His "specialty of the week" for a $25 S&L deposit could be a free loaf of bread, a bag of sugar or a bottle of perfume.

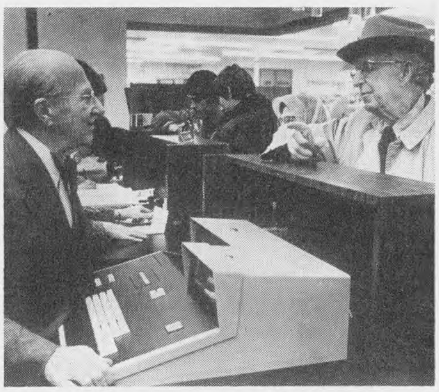
When each S&L branch opened, hundreds of would-be customers formed block-long lines. Some of the customers stayed up all night to be among the first in line. Why? Fred Meyer's S&Ls were giving away from $1 to $500 passbooks to the first 500 customers. As a barrel holding the passbooks turned, the 88-year-old Mr. Meyer stood for hours handing out the passbooks and chatting with customers. As a result, more than 450 new customers were obtained at a cost of $2,000 or $4.44 per customer at each of the three stores where the S&L branches are located.

Mr. Meyer expresses this philosophy for developing new business: "You have to be willing to experiment and experiment and change to the customer's temperament at any specific time. If you give people what they want, they'll come back. If you don't, they won't. It's as simple as that.

Results of Mr. Meyer's merchandising efforts are evident at his first one-stop shopping center branch at the small Glisan store in southeastern Portland. First-day new accounts totaled 455. Over the first five weeks, the Glisan S&L chalked up 818 new accounts and $643,000 in net deposits. Only 26 of the new accounts were in certificate savings, indicating what Fred Meyer employees happily call their "cookie jar savers."

As an indication of the success of the S&L branches, Fred Meyer had planned to establish three S&Ls in 1974 and four this year. Current plans are to proceed as quickly as regulatory authorities permit. Additional S&L branches will be started in regional shopping centers where Fred Meyer stores are not now located.

As part of its emphasis on customer service, the Fred Meyer S&L held a seven-hour teller-training session. Some tellers were sent into the stores before their S&L branches opened to explain to shoppers the value of having savings. Gerry Pratt, president of the Fred Meyer S&L, plans to expand this idea into family financial counseling. Mr. Pratt was business and financial editor of the Portland *Oregonian* for more than 10 years. He still broadcasts business news two days a week over a Portland TV station. As he explained, "About 60% of the people don't know what they should do in a financial institution and are reluctant to admit it."



When new Fred Meyer S&L branches were opened, firm's head, 88-year-old Fred Meyer (l.), was on hand to greet customers in his stores. S&L branches are on line to central computer in St. Louis service bureau and are first step in company's $7-million EFTS/POS cashless-checkless family payment system.

Mr. Pratt described how the Fred Meyer S&L is promoted in the Fred Meyer stores: "As a man cashes his paycheck and sees the loaf-of-bread or pound-of-sugar special, he initiates a new savings account with a question, 'What's the loaf of bread for?' The teller replies, 'It's free with a $25 deposit.' 'Well, give me one of those,' says the customer. The teller opens the account, giving the customer appropriate material explaining how savings appreciate."

Mr. Meyer said the specialty of the week was tested one afternoon, and 11 accounts were opened in a few hours. "It works," he added.

Other promotions include the "EAGER" (earns a good easy return) passbook account, by which two S&L executives are authorized—via phone calls—to transfer deposits from the S&L to customers' commercial bank checking accounts or from banks to the S&L. According to Mr. Meyer, EAGER accounts work particularly well with business firms because they're paid interest on large amounts of money previously maintained in checking accounts.

Mr. Meyer hopes to extend his EFTS/POS system across the Northwest, depending on regulatory approvals in each state in that area. • •

Comptroller Smith Plans April 2nd Hearing On Off-Premises Electronic Terminals

BANKERS for and against the Comptroller of the Currency's interpretive ruling on customer-bank communications terminals (CBCTs) will have an opportunity to voice their opinions. Comptroller James E. Smith will hold a public hearing on the CBCTs April 2 at the L'Enfant Plaza Hotel in Washington, D. C.

Under the Comptroller's December interpretive ruling (see Jan., 1975, issue of MID-CONTINENT BANKER), CBCTs are electronic terminals that may be established off premises by national banks without regard to geographic limitations. They may be in the form of automated teller machines (ATMs) or point-of-sale (POS) terminals. ATMs, said the Comptroller, can be placed by national banks at whatever convenient locations they choose. POS terminals, under his ruling, can be located in business establishments such as supermarkets.

The Comptroller's ruling was followed immediately by announcement by St. Louis' First National that it was installing and beginning to operate two off-premise ATMs—one at Emerson Electric Co. and the other outside a food store, both located in north St. Louis County. However, the bank said that neither machine would accept deposits and, therefore, in the opinion of the bank's lawyers, are not branches.

Missouri law prohibits bank branches, but each bank in the state is allowed two facilities. In issuing his ruling, Mr. Smith asked national banks to wait until July 1 of this year before installing CBCTs to allow legislative branches in nonbranching states time to change their laws so that state-chartered banks also could have CBCTs.

Anyone who wishes to appear and testify at the April 2nd meeting should send a written notice on or before March 26 to the chief counsel, Office of the Comptroller of the Currency, 490 L'Enfant Plaza East, S.W., Washington, D. C. 20219. This notice should state the name of the person or persons to appear, the group such person or persons represent, if any, and the amount of time desired for a presentation. The Comptroller will establish a schedule for the presentation of statements and may limit the amount of time given to any participant.

Ten copies of any prepared statements or other written materials to be submitted to the Comptroller at the hearing should be filed with the special assistant for public affairs, Office of the Comptroller of the Currency, same address as above, on or before 2 p.m. March 28. Persons who want to submit written statements, but don't want to appear at the hearing, may do so by filing 10 copies of their written statements with the special assistant for public affairs also on or before 2 p.m. March 28. All statements will be available for public inspection. • •

CBCTs Under Fire!

Two potential roadblocks have been placed in the way of the Comptroller's CBCT ruling.

One is a suit filed in mid-January by the Independent Bankers Assn. of America asking for a declaratory judgment that would nullify or stay the Comptroller's ruling or result in an injunction against its implementation. The IBAA suit was filed in the Washington, D. C., district court.

The other potential roadblock is legislation introduced by Sen. William Proxmire (D.,Wis.) and Rep. Fernand St. Germain (D.,R.I.) that would forbid operation of remote electronic terminals by financial institutions until Dec. 1, 1976.

First of St. Louis Sees Need for Suit Against Its Off-Premises Machines

THE NECESSITY of having its off-premises BANK24 automated tellers tested in court is recognized by First National, St. Louis, according to the bank's president and CEO, Clarence C. Barksdale. He was commenting on a legal action filed last month by Missouri Finance Commissioner William Kostman against First National.

Acting on the basis of an interpretive ruling by Comptroller of the Currency James E. Smith, the St. Louis bank installed BANK24 machines at an industrial firm and a supermarket in a suburban St. Louis area. The machines are linked electronically to the bank's central computers downtown, and they're programmed to permit First National's customers to transfer funds between accounts and make withdrawals.

Installation of the two machines marked the first time electronic tellers have been placed in operation at sites other than banking facilities in Missouri. Mr. Kostman's action is based on his contention that such use of the machines may violate Missouri prohibitions against branching.

First National previously had installed BANK24 machines at its downtown headquarters and at two other facilities in St. Louis. Mr. Barksdale said his bank doesn't believe that the new off-premises installations violate Missouri branching law. He pointed out that the bank, in accordance with the Comptroller's ruling (issued in December), will not program the off-premises machines to accept deposits until July 1.

The St. Louis banker added that Commissioner Kostman's action could be rendered moot by a bill to be considered by the Missouri General Assembly. This bill—adopted unanimously December 23 by the Missouri Bankers Association's board—would allow state-chartered banks and trust companies in the state to offer the same services that federally chartered institutions can offer. • •

Attractively designed kiosks featuring Docutel automated teller machines are located in new Borden Branch of City Nat'l, Columbus, O. Each kiosk has four ATMs, which are used by customers for routine banking transactions. Live tellers also are available at sit-down desk arrangement at right. Four additional Docutel ATMs are located in Borden Building lobby from 6 a.m. until midnight every day except Sunday.

Automated Tellers' Kiosk Arrangement Helps Speed Up Routine Transactions

A NEW ARRANGEMENT of automated teller machines (ATMs) at a branch of City National, Columbus, O., is helping to speed up routine banking transactions for bank customers and also relieve live tellers of such transactions.

In City National's new Borden Building facility in the city's downtown section, eight Docutel Corp. ATMs have been arranged in two attractive kiosks (four in each kiosk) in the branch's main lobby, while four additional Docutel ATMs are located in the building lobby and are in operation daily except Sunday from 6 a.m. until midnight.

The Bank24 automated tellers are on line to City National's central computer. They permit customers to deposit or withdraw from their accounts and receive current account balance information in a matter of seconds. Cash is dispensed from the machines in multiple denominations.

The Bank24 machines in the kiosks were designed especially for use inside the bank lobby and are unique in the country today, said Chairman John G. McCoy. He added that they are expected to handle virtually all of the customers' routine banking transactions at the new Borden Office. They can be activated by either a Bank24 card or group account card.

Although the office has this automated-banking feature, it also has the usual live tellers, but their section is designed differently from the usual "tellers windows." City National's Borden Branch tellers are seated at desks, and customers who prefer to have personal service are seated across the desks from the tellers. In addition to staff members who are available for opening of new accounts and loan applications and special tellers for the handling of more complicated banking transactions, there is a tellers counter at the rear of the lobby for special services, such as travelers checks and money orders.

"The new bank facility in the Borden, Inc., headquarters building," said Mr. McCoy, "is a prototype of what the banking industry will be doing in the future to expand upon automatic capabilities developed in the early '70s."

He added that the new futuristic office is designed to meet the banking needs of a heavily populated area of downtown Columbus. He said that his bank has plans for additional branches, featuring automatic banking services, this year. • •

Regional Processing Center Is Established for Banks In Small, Medium-Sized Class

SOPHISTICATED on-line computer capability is now available to small and medium-sized banks through establishment of the first of several regional information processing centers by the data processing division of Beverly Bancorp., Inc., Chicago.

The bank holding company's data processing division and Bankers Data Corp., a group of 11 Minnesota banks, opened the center recently after entering an agreement earlier this year establishing the center in Minnesota.

"Our concept," said Beverly Bancorp.'s president, Thomas V. Markle, is to provide the most sophisticated online computer capability for the small and medium-size bank, yet encourage establishment of a corporate structure whereby the independent banks themselves could have a stronger voice in decisions involving their data processing future. The uniqueness is that smaller banks can now keep abreast of competitive developments taking place in automation. Our data processing division in Chicago will be responsible for the physical operation, and we will provide the qualified personnel to manage the Minneapolis center and handle all of the necessary services. The Minnesota banks, in turn, formed the consortium to incorporate and set up the vehicle with which they will profitably compete in the data processing area."

Work from the individual banks is delivered to the Minneapolis center, where it's run through high-speed reader-sorter equipment, which is connected to a small computer. In turn, the latter transmits the data over a telephone line to Beverly Bancorp.'s Chicago facilities. There, computers update the files and transmit required data back to the regional center, where it's printed and distributed to the banks. All data are stored on line, and so they are available instantly, anytime during the day to bank personnel at their work stations through touch-tone telephones with computer-voice response, through typewriters with printed response and through video tubes with visual response.

According to Mr. Markle, Beverly Bancorp.'s data processing division hopes to establish similar centers throughout the country so that the small independent bank can keep itself current with sophisticated automated banking services and compete with electronic capabilities offered by other financial institutions. He pointed out that by being part of such programs,

Buy this expensive car by check, with less than the full purchase price in your checking account.

It's Back-Up Checking!

Picture this.

You walk into the automobile dealership, take a quick glance at an expensive Ferrari Dino and tell the sales manager to fill it with gas—because you're taking it home.

The sales manager looks outside and sees your '56 sedan and starts to think about your credit limits. But, you notice this, and immediately write the man a check on the spot for the full purchase price.

He's impressed, but only you know that the balance in your checking account misses the cost of that sports car by several hundred dollars.

Now, the important part. Are you worried? Of course not, because you bank at Fourth National Bank and use their new Back-Up Checking Account.

Back-Up Checking provides automatic installment loans for purchases you make in excess of your checking account balance.

When you come into the "never come back" bank, just tell us you want to apply for a Back-Up Account, and we will arrange the rest.

The Back-Up, just another reason for you to go backless, to the Fourth.

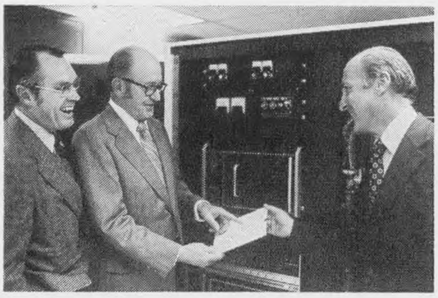
Fourth
National Bank
Tulsa, OK
You'll never come back.
Member F D I C

Ferrari from Automobiles International

small banks can have control of their own data processing centers while, at the same time, they don't have to worry about absorbing automation costs on their own. Because the contracts provide fixed prices with discounts based on new revenue volume, banks in the regional centers are encouraged to get other banks to join with them to keep everyone's cost at a minimum, added Mr. Markle.

These regional data processing centers have been planned to accommodate any EFTS program that may evolve, including those programs now under development by various automated clearing houses (ACHs) and any projects involving transfer of funds between a consumer and merchant's bank account.

Bankers Data is a Minnesota corporation whose president is Donald H. Gregerson, president, First National, Anoka, Minn. Manager of the new regional processing center is Beverly Bancorp.'s assistant vice president, James Hoffman, who now lives in the twin-city area.



Thomas V. Markle (r.), pres., Beverly Bancorp., Chicago, discusses capabilities of audio transmission control with G. M. "Mike" Pieschel (l.), pres., Farmers & Merchants State, Springfield, Minn., and pres., Minnesota Bankers Assn.; and Don H. Gregerson, pres., Bankers Data Corp., and pres., First Nat'l, Anoka, Minn. Transmission process between Springfield and Anoka takes less than one second. It's part of regional information processing center set up by Bankers Data, consisting of 11 Minnesota banks, and data processing div., Beverly Bancorp.

A Beverly Bancorp. spokesman said the firm is a leader in the bank-automation field, having pioneered such concepts as single-number customer accounting, combined customer relationships on one statement and the central information file. The corporation also is said to have been one of the first in the nation to use touch-tone access for audio response. • •

Regionally Oriented Strategy Study Of EFTS Is Given Boost by ABA

THE ABA has started a comprehensive program to permit development of a regionally oriented strategy study of electronic funds transfer systems (EFTS).

The study, directed by the association's Payments System Planning Division, will begin with a national assessment of the EFTS environment aimed at identifying competitive threats and opportunities currently confronting banking. The study's first phase also will focus on identifying and analyzing options available to banks to meet competitive threats and mount their own EFTS programs.

The study will try to answer such questions as:

- Which of the nationally available options are amenable to the market environment of states and regions?
- What present legal and regulatory constraints limit the ability of banks to apply any or all available national options?
- What problems and issues concerning banks' attitudes might limit options bankers may wish to pursue?
- What changes in laws and regulations at the state level would be required to open additional options?

Final priority strategies will be recommended, based on the state and/or regional environment.

In addition to the EFTS study, the Payments System Planning Division is involved in related activities. They include providing organizational and planning support for emerging automated clearing house groups throughout the U. S.; providing administrative and technical support for the National Automated Clearing House Association (NACHA); producing a quarterly newsletter covering NACHA activities; developing an EFTS handbook for top management and aids for presenting EFTS educational programs dealing with ACH, automated teller and point-of-sale activities; and conducting seminars for state banking associations and elected banker executives in current and future automated systems related to banking.

In the legislative and regulatory area, the ABA's Government Relations Group and State Association Division are monitoring legislation and regulations affecting EFTS activities and taking an active role in development of appropriate banking industry responses to legislative and regulatory activities.

The ABA also will be represented on an EFTS Commission established by law last fall. The association has nominated Richard D. Hill as the commercial banking representative on this commission. Mr. Hill is chairman, Payments System Policy Committee, and chairman, First National, Boston. • •

Training Tool

(Continued from page 20)

heads? The officer in charge of all lending in your bank?

The obvious response to these facetious answers is a resounding No! But in thinking about training and learning in this way, we may be forced into the realization that often, as experienced lending officers, we may not think of ourselves as being just as eligible learners as the persons who are just starting out in commercial loan training programs. While we may give lip service to the idea that all of us are continually needing to learn, many of us don't consciously consider ourselves in the learning game! And, accordingly, training efforts for those other than the most junior are frequently neglected and, even when mounted, because of the low level of importance ascribed, fall short of their potential.

There's too much happening in commercial banking and the world of finance today for us to sit back on our oars and be content with yesterday's knowledge!

Every one of us is involved in the learning game throughout our careers. The senior lending officer is responsible for the training of the staff and the setting of a healthy environment, for learning is one of his chief responsibilities. To the extent that we can let the demands of the job itself motivate learning in preparing to become a lending officer, we may be able to shorten the time it takes to bring someone in from the outside and make him productive on the lending line.

The training of lending officers is a continuous task. Even the best of us will make a bad loan, but if, over the long haul, well-planned in-house training programs can help to minimize the bank's losses and maximize its profits, every effort will have been worth it! • •

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Walter E. Knowles

Marketers, CEOs to Be Brought Together At ABA National Marketing Conference

Unique educational experience and idea exchange expected

THE MANAGERIAL and administrative relationship between the marketing professional and his CEO will be the theme of the 1975 National Marketing Conference to be held March 23-25 at the Hyatt Regency in Chicago.

George B. Rockwell, president and CEO, State Street Bank, Boston, has been named chairman of the ABA-sponsored event that is expected to bring the marketing professional and his CEO together for a "unique educational experience and idea exchange."

Chairman of the ABA marketing division is Clarence C. Barksdale, president, First National, St. Louis. Mr. Barksdale has announced that the conference will be a condensed business meeting of a day-and-a-half rather than the traditional two-and-a-half-day affair.

Mr. Rockwell said his committee will "attempt to fill a void in banking administration that has too long been ignored. There are many banking seminars and conferences where the bank marketing professional can learn the tools of his trade and enhance his skills. Likewise, there are numerous occasions for the CEO to improve his overall ability to administer his bank's operations.

"The planning committee for the 1975 National Marketing Conference," he continued, "will emphasize the mutual education and outlook that both the CEO and marketing professional require to better communicate and avoid the frustration that can result from a lack of communication."

Mr. Rockwell said the program will concentrate on the changes now taking place in the banking industry and the importance of the marketing professional's responsibility to assist his CEO in explaining these developments in a credible, realistic and positive light.

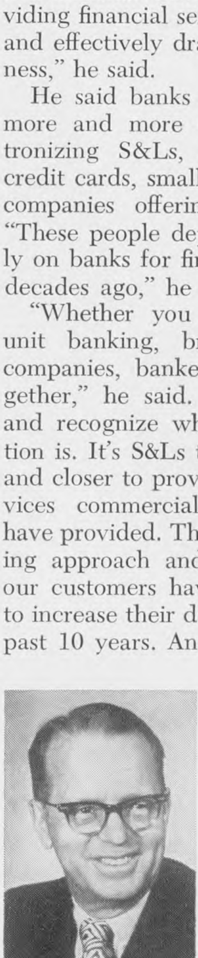
Mr. Barksdale discussed a phase of bank marketing in Houston, where he addressed a group of bankers attending First City National's executive management seminar on the topic of identifying bank competition.

He said the banking community should wake up and realize its main competition is not other bankers but nonbanking institutions.

"Our real competition is not other banks, but, rather, it is other kinds of financial institutions and services and non-financial institutions that are providing financial services that are rapidly and effectively draining away our business," he said.

He said banks are losing ground as more and more of the public is patronizing S&Ls, credit unions, retail credit cards, small loan firms and other companies offering financial services. "These people depended almost entirely on banks for financial services a few decades ago," he stated.

"Whether you are an advocate of unit banking, branching or holding companies, bankers are all in this together," he said. "We must wake up and recognize what our real competition is. It's S&Ls that are edging closer and closer to providing most of the services commercial banks traditionally have provided. Their aggressive marketing approach and willingness to grab our customers have enabled the S&Ls to increase their deposits by 300% in the past 10 years. And, it's the giant retail chains which have more of their own credit cards in active use than Master Charge and BankAmericard combined," he said.



MORTHLAND

BARKSDALE

Mr. Barksdale said banking's competition is also the travel and entertainment credit cards that not only take away business from bank charge cards, but also boldly offer loans to executives. He also singled out credit unions, small loan companies and dozens of other competing financial service organizations, many operating with little regulation from governmental agencies and all operating with less rigid regulation than commercial banking. He said banks must compete with these competitors on their terms, not banking's terms.

"If we expect to compete," he said, "we need to know more about what we are up against. We also need to analyze how we got to where we are today and why we are forced to compete on their terms."

He said bankers need to look at themselves and ask why the American public is so confused about the differences between banks and S&Ls.

"Is it because we weren't concerned —or didn't take seriously—the growth of S&Ls and the expansion of their services?" he asked. "Or is it because we were too busy arguing among ourselves about branching, HCs and big banks to do anything about it?"

He said that if bankers don't utilize their sophisticated equipment, facilities and know-how to provide the services demanded by the public, it is safe to assume that customers will go to other sources.

"I believe," he stated, "that it is high time we as an industry, both on a state and national level, recognize that we have to modernize our banking structure; that branch banking is inevitable and necessary for us to survive and compete; that the funds transfer system,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as it progresses in the next decade, could truly make banking so convenient and so easy that we'd better get prepared for it now before nonbanking institutions take it entirely away from us."

The topic of identifying banking's competition was also the subject of a talk given last May by then-ABA President Rex J. Morthland, chairman, Peoples Bank, Selma, Ala. Mr. Morthland is now chairman, ABA governing council.

Mr. Morthland said that there was a time when the only competition a banker really had to worry about was the bank across the street or perhaps in the next town.

After nonbank competition developed, he said, bankers became so involved with the threat presented that they overlooked new challengers that have entered the financial services field —challengers many bankers still do not consider as competitiors. Mr. Morthland said these new challengers are the larger retailers and manufacturers.

He pointed out that the ABA predicted in 1971 that "major competition between banks and large retailers will not only exist for customer credit but for a more important goal, which is management of the family's finances."

"Today much of that potential has been realized," Mr. Morthland said. "More and more retailers and manufacturers are beginning to offer financial services—and they are offering a wider variety of them than ever before.

"Nor are they content to stick simply to the consumer market—today many of these companies are heavily involved in all kinds of commercial lending," he said.

In short, he said, while banks have been caught up in a series of skirmishes with nonbank thrift institutions and other banks, these nonregulated competitors have taken a sizable bite out of the financial market—and their appetites show no signs of abating.

Mr. Morthland described the extent of the competition large retailers and manufacturers are giving banks, citing the short- and long-term commercial lending activities engaged in by such firms as ITT, Control Data, Gulf & Western, General Electric and Westinghouse.

He said the nation's three largest retail firms had consumer installment receivables outstanding equal to more than 11% of total consumer installment loans held by the nation's banks.

In order for banks to compete effectively in a rapidly changing environment, he said, they must be willing and able to respond quickly and effectively to changing customer preferences and demands. He called for changes in banking regulations to permit them to do so.

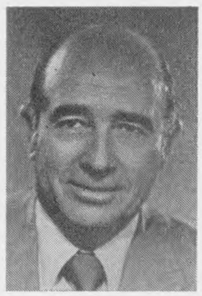
He also called on bankers to offer services that are not yet provided by retailers and manufacturers, such as those made possible through EFT.

He recommended that bankers take a look at their employees and premises, to see how they stack up against those of the competition.

"Indeed," he concluded, "in this competition, we bankers can no longer afford the comfortable assumption that we are the preeminent institutions in the race for delivery of financial services to the public. Figures show it isn't so. An increasingly sophisticated public has learned that banks are not the only source of loans or leases. Now banks must take advantage of that new financial sophistication to persuade the public that we can and do serve their needs better than our competitors." • •

IBAA Convention to Meet In Las Vegas March 16-20 With Heller as Speaker

The 45th annual convention of the Independent Bankers Association of America will meet March 16-20 at the Hilton Hotel, Las Vegas. More than 1,500 independent bankers and spouses are expected. Presiding will be Embree K. Easterly, IBAA president, and president, Capital Bank, Baton Rouge, La.



EASTERLY

General sessions will be held on the mornings of March 18 and 19 and will feature Dr. Walter Heller, economist at the University of Minnesota and former presidential economic adviser; a panel on federal legislative happenings; an address on how to keep bankers healthy; a panel on EFTS; an address by Mr. Easterly; and committee reports.

A trade exhibit of 60 booths will be held throughout the convention.

Registration will begin at 8:30 a.m., Sunday, March 16, and will continue throughout the convention.

Social activities will include a buffet breakfast on Monday, March 17, and a reception and dinner with a floor show and dancing that evening.

Tuesday's events include a women's hospitality reception, three luncheons and a reception and dinner for past presidents.

On Wednesday there will be a women's hospitality reception, and the convention will conclude with a reception and banquet.

In addition to Mr. Easterly, IBAA officers for the current year are Kenneth Benda, president, Hartwick (Ia.) State—first vice president; Charles O. Maddox Jr., president, Peoples Bank, Winder, Ga.—second vice president; and Russell Hanson, chairman, Swift County Bank, Benson, Minn.—treasurer.

Two Big Chicago Banks Begin Separate Ventures In Middle Eastern Area

CHICAGO—The importance of the Mid-East was emphasized again last month with the announcement by two banks here that they were entering into separate banking ventures in that area.

First of Chicago has formed a joint venture with three other international banks to establish a new full-service commercial bank in Egypt.

Continental Illinois National has received Fed approval to start a joint banking venture in Manama, capital of the state of Bahrain, located on the Arabian Gulf.

First National's Egyptian bank, which will open in Cairo in April, is called Misr International Bank. William J. McDonough, senior vice president and head of First National's international department, said that activities of foreign banks in that country previously had been limited to export-import financing in foreign currencies, but Misr International has been authorized to carry on a full range of commercial banking services in Egypt as well.

According to a First National spokesman, the venture will provide the Chicago bank with local representation in the Middle East and knowledge of that area through which its correspondent banks and their customers may develop and service their interests in Egypt.

Participants in Misr International are Banque Misr, Cairo, 51%; First of Chicago, 20%; Banco di Roma, Luxemburg, 19%; and UBAF, Ltd., London, 10%.

Continental Illinois is forming Continental Bank, Ltd., in partnership with local interests headed by Abdul Latif Eshaq. Mr. Eshaq also is managing director, Investment & Trading (Gulf) Enterprises, also headquartered in Manama.

According to Roger E. Anderson, chairman of Continental Bank of Chicago and its parent HC, Continental Illinois Corp., the new bank will concentrate on wholesale banking activities, including project financing, in addition to commercial banking services. He said the new subsidiary will try to finance industrial and agricultural projects in the Arab world and to introduce American technological expertise into the area. Major functions will be the supplying of investment advice and channeling of investment funds through the Chicago bank's worldwide network.

Continental Bank, Ltd., will be managed by David Gillespie, vice president in Continental's international banking deparment.

"We have been aware of the potential of the Gulf area since well before the recent oil price increases made the capital buildup there a major world topic," said Mr. Anderson. "Continental Bank, Ltd., will serve as an effective entry into this important market since Bahrain is becoming a leading financial center."

LEFT: Entrance to Deposit Guaranty's Money Mercantile Branch includes old park bench and lamppost, night deposit drop and automated postal center. RIGHT: Interior of branch features tin ceiling, butcher block check writing desk, broad plank floor and numerous antiques from many parts of Mississippi. Only bit of 1970s is wall-mounted camera (upper right).

General Store Motif Featured at Branch

CUSTOMERS find it difficult to believe that the old time shop they are standing in is a real bank office. If it wasn't for the sign proclaiming that the office is the Money Mercantile Branch of Deposit Guaranty National, Jackson, Miss., the office could be mistaken for a turn-of-the-century general store.

And that's the way it was designed by Deposit Guaranty's architect and advertising agency, whose personnel combed the state for authentic furnishings for the branch. What they found in the small towns of Wesson, Summit, Lexington, Magnolia and Natchez were rare items such as a flower watering can, an old horse collar, a coffee grinder, a spittoon and a dressmaker's model.

Items that could not be found were recreated for the branch decor. The entrance is marked by a replica of an old-time wooden park bench positioned under an authentic lamppost. Hanging above the night deposit box is a red and gold wooden sign with a weathered look created with the help of a sandblasting technique.

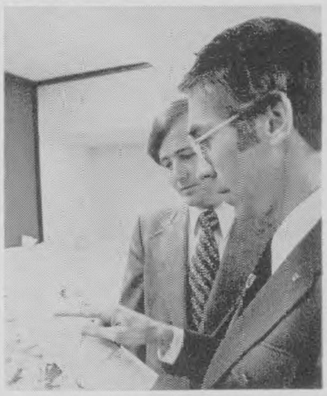
Just about everything about the branch is early 1900s. Even the automated postal facility in the foyer is designed to complement the overall decor.

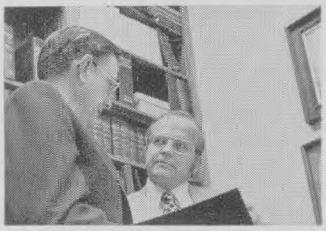
A customer making use of the branch finds himself in a well-appointed general store, complete with a broad-planked floor and a stamped tin ceiling, found in mercantile stores at the turn of the century. A butcher's block serves as the check writing counter and tellers operate behind a tall showcase filled with old time patent medicine bottles. The tellers counter features an authentic marble top and is backgrounded by floor-to-ceiling wooden shelves displaying merchandise that was familiar to the great-grandparents of today.

The Money Mercantile Office is one of 16 business establishments located inside what has been termed the nation's largest supermarket—Food Center Warehouse. The food influence was incorporated in the grand opening ceremonies for the branch, at which time a ribbon consisting of 10 feet of link sausage was cut. Door prizes included 15 gift certificates, one from each of the other shops in the warehouse. Winners' names were drawn from a hand-operated fire pump.

The public has been enthusiastic about the branch decor, according to Joyce Franklin, head teller. "The young people think it's cute," she says, "but the older people like to stand around and reminisce." • •

Marble tellers counter is graced by old coffee grinder and includes display of patent medicines. Shelves at rear feature general merchandise. Bearded customer fits well with decor!





Professionalism

(Continued from page 14)

ly to aid smaller banks in rural areas having unusual seasonal credit requirements. It was estimated at that time that this program could be helpful to approximately 2,000 banks. A bank that has an unusual seasonal need that persists for at least eight weeks can cover 5% of the seasonal fluctuation, with the balance provided at the discount window, for up to 90 days. This period can be extended if needed. There has been limited use of this program, probably in part due to a lack of awareness.

• *Organization of Specialized Agricultural Credit Corporations for Attracting the Funds Directly from Major Money Markets.* A limited number of such organizations have been established by major agricultural banks within the past two years. They are unique in that they obtain funds directly from the central money market instead of going indirectly to the money market by discounting through a Federal Intermediate Credit Bank. One established corporation has better-than-expected experience in securing funds directly for agricultural lending through the sale of commercial paper.

• *Farmers Home Administration Programs.* There have been two important changes in the FmHA programs: The establishment of the bank-FmHA participation arrangement on farm ownership loans and the introduction of guaranteed loan programs authorized by the Rural Development Act of 1972. Both provide a method for reducing government's direct involvement in farm credit, thereby reducing the overall cost to taxpayers. These farm loan programs are subject to the credit-elsewhere requirement and therefore do not infringe on the regular extension of bankable loans. They offer local lenders the opportunity to service young people as well as new ventures. The guarantee provides the special opportunity to work with loan requests exceeding the bank's individual lending limits and to draw on outside sources of funds not normally available to the local bank.

Attention is now being given to legislation and regulatory matters to further improve the Rural Development Guaranteed Loan Programs. The provisions of the guarantee are being examined for the purpose of making the guaranteed loans suitable for use in a secondary market. In addition, ways for establishing a workable secondary market for FmHA guarantee loans are being explored.

In summary, the challenge of meeting the financial needs of your farm people will intensify. It will call for increased professionalism on the part of bankers. This requires you to be better informed on agriculture and banking matters. You will need to maximize the use of your present resources—people and money—and take the extra step to broaden your use of outside alternatives, if needed. • •

Aboriginal Bank Interior

The interior of United Bank of Skyline, Denver, was recently completed. The 6,000 square-foot project reflects the pioneer history of the area, with Indian rugs and tapestries.

Cannell & Chaffin Commercial Interiors, who were responsible for the design, are now working on the layout for the new First National, Boulder, Colo., to be completed sometime in 1976.

Hard Choices

(Continued from page 44)

will press for mandatory credit guidelines. To date, the Fed has rejected the notion that it should implement mandatory credit allocation guidelines, emphasizing instead bank cooperation with voluntary guidelines.

Even within the parameters of the Fed's guidelines, difficult choices are posed. A banker must face hard questions which pertain not merely to an analysis of the yield and credit risk of a given asset, but to what is good and bad in the long run for the communities served by their banks. I do not pretend that the answers will be easy or even that there will be a right answer in each case.

I believe that such questions must be faced and answered—either through the voluntary exercise of responsibility of bankers or through credit allocation policies implemented at the federal level. Moreover, in my judgment, the Fed's guidelines and the Joint Economic Committee's concern must be taken seriously. It is not enough merely to oppose controls, arguing that they constitute an unworkable interference with the operation of the marketplace. They must demonstrate with concrete results that the public interest, and not merely that of banks or their good customers, is best served by a system which relies on individual exercise of responsibility.

Given current economic conditions and the concern that they engender, the failure of bankers to see that funds are available for projects which are productive and necessary for community welfare should and will lead to federal intervention.

In calling for greater discipline and self-restraint in the industry, the supervisory agencies also must take care to undergo their own process of critical self-examination. Bank supervision must adapt to the present economic environment and the greatly increased complexity and importance of banking that have resulted from the innovation and expansion of the past 15 years. It may be true that some bankers were "careless" in their pursuit of growth at any price.

However, it would be unfair not to acknowledge frankly that the philosophy and practices which have characterized banking during the past dozen years did take place under the supervision of the regulatory agencies and were, by and large, not inconsistent with the monetary policies pursued by the Fed.

First, the depression in the housing industry and the substantial disintermediation from the thrifts which occur in times of high interest rates insure that Congress will once again address the recommendations of the Hunt Commission and, in the process, the question of interest rate ceilings. Senator McIntyre's subcommittee already has reported to the full Committee on the Financial Institutions Act. Legislation of this type and its goal of open competition among financial institutions deserve our full support.

Perhaps the most controversial aspect of this package relates to the ultimate removal of Regulation Q ceilings. It has been demonstrated time and time again that Regulation Q ceilings are inefficient and cause severe dysfunctions in our financial markets. Disintermediation is one example. It has also been argued with force that by virtually eliminating competition for deposits. Regulation Q ceilings increased the need for bankers to resort to more volatile money market instruments, thereby increasing the level of risk in the system. Also, by denying small savers access to interest rates which a freely functioning market would set, Regulation Q ceilings may have actually discouraged savings which might otherwise have been put to productive use as investment.

In addition to the fact that interest rate ceilings have been counterproductive in purely economic terms, there is another side of Regulation Q that has received too little attention—even by the most outspoken advocates on the side of consumers. Regulation Q constitutes a subsidy or shelter to the housing and thrift industries which is funded by what constitutes a tax on low and middle-income savers. Totally apart from the fact that the device has demonstrably failed to provide a stable flow of housing, it is wrong that the burden for providing this subsidy should fall on the group which can least afford it. With inflation at present levels, the inequity is especially severe.

I am well aware that abrupt elimination of Regulation Q without significant measures to avoid dislocation would be irresponsible. Yet such measures have been defined. If other or transitional measures are required, they deserve our support. They should not, however, provide an excuse to delay elimination of an unjust and inefficient interference with the operation of the market mechanism.

Second, Congress will undoubtedly examine closely the actions of each of the banking agencies involved in the Franklin matter and the insolvency of American Bank. While these cases were resolved expeditiously and with a minimum of ill effects, they provide informative case studies which reflect the options and procedures presently available in dealing with failing and troubled banks.

Among the issues which Congress might address are division of responsibilities and tasks among the agencies, the rigidity of statutory options available under Section 13(c) and 13(e) of its Act, and the disadvantaged position of state non-member banks with respect to emergency access to short-term liquidity.

Finally, it now seems that Congress will give consideration to the subject of regulatory reform. Unlike the matter of Regulation Q, we are only beginning serious consideration of this subject. The range of solutions is broad, the questions complex and the interests conflicting. The process will require careful thought, compromise and a willingness to forego vested interests.

While no formal proposals have been made to Congress, it has been suggested that all these duties be centralized in the Federal Reserve System. I must admit that I would have grave reservations about a reorganization which vested in one independent federal agency sole authority to regulate both monetary policy and our nation's 14,000 banks.

I say this for two reasons. First, recent months have made obvious the importance of careful and expert execution of monetary policy as well as the costs that could result from its mismanagement. It seems to me that the agent of this delicate and critical function should not be assigned further duties of almost equal magnitude and complexity without a clearcut demonstration of both the need to do so and the fact that the responsibilities would not conflict. Second, while the present system is unsatisfactory in many respects, it does provide certain checks and balances. While others may differ, I would find disturbing the vesting of such pervasive power over the economy in a single agency.

Change is upon us whether we like it or not. The shape of that change will depend on whether those of us in the industry, the agencies and Congress seek to understand and manage the forces at work or merely react in traditional ways to the problems and issues which confront us in the coming months. During periods of abundance and rapid expansion, it is possible and quite natural to avoid or postpone hard choices, to tolerate waste and inefficiency, and to benefit from the operation of forces only dimly understood. We no longer have that luxury. • •

Illinois Bankers Consider Structure Recommendations

AS THIS ISSUE goes to press, the Illinois Bankers Association is completing a series of meetings to present the recommendations of its 16-member structure committee to the membership.

The committee has suggested limited area branching, and establishment of contiguous-county multi-bank holding companies, all under stringent home office protection.

Another purpose of the 10 regional meetings was to gather suggestions and comments from the IBA membership. The structure committee is expected to reconvene this month to consider the input from the meetings, after which a final version will be worked up and submitted to the membership. Shortly thereafter, according to IBA President William O. Kurtz, ballots will be sent to each member bank for a vote. Mr. Kurtz is president, Metropolitan Bank, Chicago.

Following are the main points of the committee's proposal:

- A bank will be permitted to establish one branch per year in the same city as its home office or within five miles of the city limits.
- A bank's annual allotment of one branch per year may be deferred and accumulated with the following year's allotment.
- Operation of limited facilities will continue, but, should such a facility be converted to a full branch, it must be included in the bank's allotment.
- No change is recommended in the establishment of new limited facilities.
- Five categories of home office protection are provided for. In communities of under 5,000 population, no branches can be established closer than one mile from home offices of other banks; in communities of from 5,001 to 15,000 population, out-of-city banks cannot establish branches closer than two miles from home offices of local banks and local banks cannot establish branches closer than one mile from other banks; in cities with more than 15,001 people, a bank cannot establish a branch closer than one mile from another bank's home office; in counties with more than 250,001 residents, the first two restrictions exist plus one that prohibits a bank from establishing a branch closer than three-quarters of a mile from the home office of another bank; and no bank facilities can be established closer than 600 feet from another bank in Chicago's downtown area.
- Home office protection can be waived by board resolution.
- No HC can own more than 25% of the total assets of all banks in its home and contiguous counties.
- One acquisition per year is permitted. In case of merger of two HCs, affiliates count as future acquisitions.
- If two or more HCs merge, the one with the largest assets becomes the home office.
- Any HC with affiliates not in its home or contiguous counties must divest itself of the outlying affiliates within two years. Any branches of acquisitions not in compliance with home office protection must also be divested.
- All proposed branches must meet with the approval of the commissioner of banks and trust companies.
- Banks located in distressed areas can relocate, but must retain the original location as a branch, counted under the bank's branch expansion quota.

In the event the IBA membership approves a structure plan, it will be introduced in the state legislature.

Already introduced are two bills sponsored by the Association for Modern Banking in Illinois (AMBI) that provide for somewhat similar structure provisions.

AMBI's branching bill would grant a bank the right to open two full-service branches in the first year, two more in the second year and four branches in each successive year. All branches would have to be located in the same county as the home office or within 20 miles of the home office.

Home office protection would prevent any bank from establishing an office in a community or less than one mile from the city limits of any community of less than 2,500, if the community has an existing bank. Should the community have two existing banks, no branch can be established closer than one-quarter mile from either home office. In communities larger than 2,500, no facility of an out-of-town bank can be established closer than one mile to an existing bank and a local bank cannot

Comparison of AMBI and IBA Structure Recommendations

Category	AMBI	IBA
Branching	2 new branches 1st year; 2 new branches 2nd year; 4 branches each succeeding year within same county or within 20 miles of home office.	1 new branch per year in same city as head office or within 5 miles of city limits.
	Home office protection based on population.	Home office protection based on population.
	Grandfather clause.	Banks in distressed areas can relocate, retaining former office as branch.
Multi-Bank HCs	Up to 4 acquisitions in 2 years.	1 acquisition per year, limited to home and contiguous counties.
	No outstate HCs can enter state.	Must divest acquisitions in other than home and contiguous counties.
	HCs and affiliates must be in same region.	
	Can control total assets up to 10% in same region.	Can control total assets up to 25% in home and contiguous counties.
	Grandfather clause.	

establish a facility within a quarter mile of the home office of any other local bank.

Protection for banks in the downtown area of Chicago is the same as in the IBA recommendation. A grandfather clause would protect existing banks and facilities.

The bill dealing with multi-bank HCs provides for the establishment or acquisition of up to four banks within a two-year period. No outstate HCs would be permitted to operate in Illinois and all acquisitions by Illinois-domiciled HCs would have to be located within the region in which the home office is located. Five regions would be established in the state.

No HC can control more than 10% of the total deposits in the district in which the HC and its affiliates are located.

Both AMBI-sponsored bills were introduced in the last two general assemblies but were not acted upon. AMBI leadership has vowed to re-introduce the bills annually until they are enacted. • •

IBA Gets Mixed Reaction

What chance do the restructuring proposals of the Illinois Bankers Association have for passage by the IBA memership? According to William O. Kurtz, IBA president, and president, Metropolitan Bank, Chicago, the branching proposal might receive majority approval when it is voted on by IBA members next month, but the holding company proposal appears doomed.

Mr. Kurtz's assessment was made at the Group Nine meeting in Belleville, January 28, with only two group meetings still to be held.

A strong attack on the proposals was made at each group meeting by representatives of the Independent Community Banks of Illinois, an IBA splinter group that strongly supports unit banking.

Usury Rate Hiked to 10% in Missouri; Ala.BA Supports Interest-Setting Board

THE MISSOURI LEGISLATURE passed a usury ceiling bill that has raised the contract interest rate from 8% to 10%, including a 10% rate for installment loans above $500; removed interest ceilings on corporations, business loans of $5,000 or more (except agricultural loans), real estate loans (other than residential) and loans of $5,000 or more secured by stocks, bonds and other securities.

The bill was voted out during the last hours of a special legislative session called primarily to raise the usury limit. It became law immediately upon signing by Governor Christopher Bond on January 9.

Missouri's special session also passed bills giving contract rights to persons 18 years of age.

Legislation has been introduced in the Missouri legislature to permit state banks desiring EFT systems to compete on equal footing with national banks and legalizing POS terminals by considering them not to be branches. The bill was prepared by the operations committee of the Missouri Bankers Association.

A surprise move was made in the Missouri legislature last month when two representatives, Fred Williams and John E. Scott, introduced a bill that would limit the growth of Missouri multi-bank HCs by ending the deduction of certain classes of deposits.

The compromise HC bill passed last year limits the size of any HC in the state to 13% of total bank deposits in the state, but it exempts foreign deposits, CDs in excess of $100,000 and deposits of out-of-state correspondent banks. Missouri Finance Commissioner William R. Kostman has been critical of the exemptions, which, he said, make the 13% restriction meaningless. Mr. Kostman issued a report in December that showed that Mercantile Bancorp., St. Louis, the state's largest, had deposits that equaled almost 11% of the state's total. But after deductions of exempt deposits, the total dropped to 6.6%.

Donald E. Thompson, president, Missouri Independent Bankers and executive vice president, Peoples Bank, Hawk Point, Mo., said his organization will support the bill but will not engage in a public campaign for passage. He said the independent bankers knew nothing of the bill until it was introduced.

The Alabama Bankers Association, in cooperation with other state associations, is preparing to endorse an economic stability bill that is expected to create a state commission on economic stability which would have the power to set interest ceilings based on economic conditions.

More Branching for Mass.?

The Massachusetts State Department of Banking has filed a bill for consideration in the current state legislative session that would provide for statewide branching on a gradual basis by 1982. The proposal would affect most financial institutions in the state.

Branching in Massachusetts is now restricted to the home-office county.

The Savings Banks Association of Massachusetts has filed two separate measures that would permit savings banks and coop banks (S&Ls) to branch statewide after 1980 and to establish satellite offices in retail outlets. The association also filed a bill that would define point-of-sale terminals as "electronic mail boxes" and not subject to branching law.

The Alabama legislature meets in May—the last of the legislatures in the Mid-Continent area to meet (Kentucky does not meet at all in 1975).

A new banking code has been introduced in the Kansas Legislature and is in the hands of the house committee on commercial and financial institutions.

A public funds bill also has been introduced that is an attempt to "gather up" various investments made by state bodies and place investment authority with the new Pooled Money Investment Board which replaced the old Treasury Board of Examiners last month. Authority to place the investments in time deposits in Kansas banks has been included in the bill. Passage would bring a substantial amount of money into Kansas banks from out-of-state investments. • •

MGIC Mortgage Investments End

MGIC Investment Corp., Milwaukee, recently announced that its wholly-owned subsidiary, MGIC Mortgage Corp., will no longer issue commitments to purchase residential mortgages and intends to dispose of its portfolio of mortgages in an orderly manner.

While the company has not been active in issuing commitments since last May, it now plans to permanently terminate the subsidiary's role as a future secondary mortgage market investor.

According to MGIC officials, this action will have no financial effect upon any of its other subsidiaries.

THE FORT WORTH NATIONAL BANK

Member FDIC Fort Worth, Texas

Statement of Condition

Assets

	December 31 1974	December 31 1973
Cash and due from banks	$190,261,426	$218,750,134
Investment securities:		
United States Government	71,249,571	70,393,947
State, county and municipal	106,677,317	117,918,939
Other investment securities	1,400,000	3,329,975
Trading account securities	4,839,906	4,013,553
Federal funds sold	45,700,000	5,400,000
Loans and discounts	442,858,961	439,321,046
Land, buildings and equipment — undepreciated balance	36,073,452	31,340,684
Customers' liability under acceptances and letters of credit	16,145,855	9,450,277
Income receivable and other assets	11,029,801	8,806,777
	$926,236,289	$908,725,332

Liabilities and Capital Funds

	1974	1973
Demand deposits	$306,811,744	$302,067,503
Time deposits	377,408,038	369,701,567
TOTAL DEPOSITS	684,219,782	671,769,070
Federal funds purchased and securities sold under repurchase agreement	114,410,000	128,760,000
Acceptances and letters of credit	16,145,855	9,450,277
Unearned income and other liabilities	41,763,669	37,279,190
TOTAL LIABILITIES	856,539,306	847,258,537
Reserve for loan losses	7,675,938	7,613,685
Capital funds:		
5⅝% Capital Notes due 1992	8,875,000	9,250,000
Stockholder's equity:		
Common Stock, par value $10 a share, shares authorized and outstanding 1974 — 1,800,000, 1973 — 1,267,112	18,000,000	12,671,120
Capital surplus	20,000,000	17,568,880
Retained earnings	15,146,045	14,363,110
TOTAL STOCKHOLDER'S EQUITY	53,146,045	44,603,110
TOTAL CAPITAL FUNDS	62,021,045	53,853,110
	$926,236,289	$908,725,332

MEMBER TEXAS AMERICAN BANCSHARES INC.

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SID R. BASS
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Bass Brothers Enterprises, Inc.

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Chief Executive Officer

I. JON BRUMLEY
President and Chief Executive Officer,
Southland Royalty Company

LESTER CLARK
Chairman of the Board,
Petroleum Corporation of Texas

WILLIAM C. CONNER
Chairman of the Board,
Alcon Laboratories, Inc.

CULLEN DAVIS
President, Stratoflex, Inc.

BAYARD H. FRIEDMAN
President

W. M. FULLER
Oil and Ranching

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Shenandoah Oil Corporation

PAUL LEONARD
Investments

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Surgeon

JACK W. MELCHER
Vice President, Corporate Long Range Planning,
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President,
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GEORGE M. YOUNG
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WEBB MADDOX
President, Maddox Properties

GUY PRICE
Ranching

GLEN TURBEVILLE
Chairman of the Board, Morrison Supply Company

Bankers Tell Public, Customers Why They Won't Sell Gold

LESS THAN 50 banks in the U. S. are selling gold, according to the ABA. Most of the other 13,950 banks have managements that are no doubt happy about their decision to stay out of the gold market.

Business in the precious metal has not been good—except in isolated instances.

Many bank managements saw fit not to sell gold and to warn their customers and the public about the perils of buying, owning and selling gold. Some took a "wait and see" attitude. Still others took the plunge, but made every effort to fully inform customers of the peculiarities of the gold market.

In the first category is Commercial National, Little Rock, which announced its position not to handle gold on December 30, the day before ownership of gold was legalized in the U. S.

According to William H. Bowen, president, bank management felt that the risk to the small investor is too great and the management costs too high to recommend the bank's entry into the commodity gold market. The bank said it would act as an agent or intermediary between customers and reputable brokers as a customer service.

The bank established a "gold desk" that provides free brochures on gold to anyone requesting them. The brochure explains regulations and the pros and cons of investing in gold.

The bank's policy statement advised on gold as an investment, told about the costs associated with buying gold, indicated where gold could be purchased and quoted opinions of well-known banks on the topic.

Commercial National's statement stressed the fact that customers should become fully familiar with the situation before taking any action to purchase gold. It recommended use of its "gold desk" and the securing of the free brochure about purchasing gold.

The statement explained that the bank adopted its position on gold because profit on gold is not a motive for the bank and it wanted to offer professional and impartial advice.

"No one can provide assurance that gold is or is not a wise investment, but we can assure you that a solid awareness of the risks and rewards is a must before any purchase is made," the statement said.

Other banks have made statements concerning the reasons they have not gone into the gold business.

Bank of America, San Francisco, has stated that the fluctuations of the metal are too risky for the average investor. A spokesman stated that the bank would not buy or sell gold or otherwise act as a gold dealer for the public and warned that the price can go down just as quickly as it went up.

According to Walter Wriston, president, First National City Bank, New York, gold is "not an appropriate investment for the ordinary fellow."

A spokesman for Central Penn National, Philadelphia, is reported to have stated that the bank felt a responsibility to its customers and community not to participate in what it regards for the present as an undesirable market.

Continental Illinois National, Chicago, issued a statement warning that an aggressive promotional posture could result in financial injury to the unsophisticated.

First National, St. Louis, one of the banks that is selling and buying gold, has been candid about its viewpoint. According to Frank Spinner, senior vice president and head of the bank's bond department, the future of gold will depend on what inflation will do. If it continues high, gold is a good buy. If it subsides to a 3% to 4% level, gold isn't a good buy. He predicts inflation will subside.

Mr. Spinner recommends that gold investors put their funds in gold stocks, the futures market or in mutual funds that invest in gold stocks.

First of St. Louis issues two brochures on gold—one prepared by a gold dealer that explains the mechanics of buying and selling gold, the other by the bank, designed to answer customers' questions about buying gold.

Mr. Spinner makes the following points about gold as an investment:

- The cost of purchasing gold is expensive, with fees ranging from ½% to 5% on sales and purchases, not including state sales tax.
- There is an annual charge for safekeeping at the bank.
- Customers taking possession of gold will be charged for an assay when they decide to sell it.
- Most gold will not be pure, which could cause disappointment to those not realizing this fact.
- Gold bullion can be counterfeited.
- Small purchases will require a 15% to 25% rally in the price before an investor will be able to come out even.

Apparently the combination of banks warning customers about the possible pitfalls of buying gold and the adverse economic situation have been powerful factors in discouraging individuals from purchasing the precious metal. Gold sources have been accusing banks of scaring customers away.

Big city banks that had set up special gold teller windows have cut back on the number of windows and put tellers manning those windows back to handling other types of business.

Yet, the situation regarding the sale of gold coins is vastly different. Some banks and private mints report complete sell-outs in coins. This has been attributed to the fact that the coins retain both a monetary and numismatic value, as well as gold value. • •

Bankers Shun Gold Sales

Bankers in the upper Midwest were among those predicting that there would not be a gold rush in 1975. A survey by MID-CONTINENT BANKER's sister publication, *Mid-Western Banker,* showed that 52% of the responding 71 banks (out of 100 banks queried) had no plans to handle gold. An additional 13% replied that they would sell gold only on request. More than three-quarters of the bankers considered the sale of gold to be a bad idea. Also, 93% said they did not see the sale of gold as being profitable for banks.

Of the banks that would sell gold, 86% said they would contract for the metal through their correspondent banks and would sell it at a price established by the correspondent.

No gold investment counseling was planned by 67% of the bankers questioned and 66% feared that their deposits would be disturbed by gold buying on the part of their customers.

Correspondent Banking Service Since 1883

Whitney

NATIONAL BANK OF NEW ORLEANS

CONDENSED STATEMENT OF CONDITION

AS OF DECEMBER 31, 1974

RESOURCES

Cash and Due from Banks	$ 197,967,590.67
U. S. Treasury Securities	202,570,588.27
U. S. Government Guaranteed Securities	69,901,042.90
Obligations of States and Political Subdivisions	69,604,207.09
Stock in Federal Reserve Bank	1,500,000.00
Federal Funds Sold and Securities Purchased Under Agreements to Resell	92,950,000.00
Loans	625,433,964.06
Bank Premises and Equipment	9,380,557.11
Other Real Estate	6,241.00
Customers' Acceptance Liability	400,482.63
Accrued Income Receivable	8,986,197.26
Other Assets	7,634,405.59
TOTAL RESOURCES	$ 1,286,335,276.58

LIABILITIES

Deposits	$ 1,019,637,211.62
Federal Funds Purchased and Securities Sold Under Agreements to Repurchase	150,015,000.00
Acceptances Outstanding	406,344.93
Dividend Payable January 2, 1975	1,085,702.00
Special Dividends Payable	3,725,731.24
Accrued Taxes, Interest and Expenses	13,532,568.05
TOTAL LIABILITIES	$ 1,188,402,557.84

RESERVES

Reserve for Possible Loan Losses	$ 11,007,160.79
Reserve on Securities	810,984.38
TOTAL RESERVES	$ 11,818,145.17

CAPITAL ACCOUNTS

Capital Stock	$ 2,800,000.00
Surplus	47,200,000.00
Undivided Profits	36,114,573.57
TOTAL CAPITAL ACCOUNTS	$ 86,114,573.57
TOTAL	$ 1,286,335,276.58

Farm Policy, Real Estate Outlook Among Topics Discussed at Deposit Guaranty's Symposium

A NEW AGRICULTURAL POLICY described as good for the country and an optimistic outlook for the real estate and housing industry were spotlighted at the 1975 economic symposium held January 15 by Deposit Guaranty National, Jackson, Miss. The agricultural topic was handled by Agriculture Secretary Earl L. Butz; the one on real estate and housing by J. W. Underwood, president, J. W. Underwood & Co., a real estate development and home building firm.

Secretary Butz contrasted the '60s—a time of plenty—with the '70s—a time of shortages. Mr. Butz pointed to the '60s as a time of meager exports, low incomes for farmers, a policy of scarcity for the marketplace and plenty for government warehouses. He added that there was nowhere near the present international consumption of food, nor were there any energy or fertilizer shortages.

Today, he said, the world needs all the abundance it can get, and farm supplies are in high demand by societies improving their diets or expanding their populations. The real challenge to this country, according to Secretary Butz, is how to produce plenty.

Mr. Butz said that the last two years are a period in which, he believes, the direction of farm policy in the U.S. has been completely turned around. Briefly, he summarized this change in farm policy: 1. From high internal price supports to a system of market-price orientation. 2. From curtailed production to full output. 3. From production allotments and quotas to freedom from producer allotments. 4. From heavy dependence on government to primary dependence on the marketplace. 5. From broad governmental controls to minimal or no controls. 6. From heavy government stocks to vanishing government-held stocks. 7. From a moderate level of agricultural exports in world trade to a major contribution of such exports.

Secretary Butz said this country's farm-program philosophy was turned around institutionally in the Agricultural Act of 1973, and he hopes we can keep it turned around.

Mr. Butz cited the former price-support program, under which the U. S. government paid about $4 billion annually to farmers for, in the main, *not* producing, and the cost to taxpayers ($1 million a day) just to store agricultural commodities that the government had acquired under the price-support program. He added that these storage costs now have been reduced to a minimum.

It's right to get the government out of the commodity business, continued the Agriculture Secretary, because the American taxpayer carried most of the world's food reserve—not as a planned reserve, but as a surplus accumulated from poorly conceived price-support programs, which didn't work, didn't raise farm incomes and didn't produce plenty. In fact, said Mr. Butz, these programs raised taxpayers' costs, clogged marketing channels, disrupted pricing systems and caused problems for our sister food-surplus-producing nations.

In Mr. Butz's opinion, reserves should be handled by the private sector, rather than by the government. Nevertheless, he continued, there is considerable pressure to accumulate government-held grain reserves. He then asked his audience to consider this: We came out of the wheat-marketing year last June 30 with a carryout of some 250 million bushels of wheat, and the government owned less than 8% of it. Nonetheless, he said, the other 92% was just as surely a reserve held in private hands as it would have been if it had been owned by the government. He said this was even better because having this wheat under private ownership took it beyond any possible public pressure to liquidate it.

Secretary Butz defended the Ford Administration against the accusation that it has no food policy. He said there is a firm policy based on full production, based on plenty. He warned that if there's going to be any food security in the world, it must be based on rising food production.

Housing Outlook. Although he was extremely pessimistic about his (housing) industry six months ago, Mr. Underwood told his listeners that he's now optimistic for his industry and the economy as a whole. He said he wasn't just apprehensive about a 12% inflation-rate problem, but the general attitude that prevailed—the lack of concern among national leaders and the "let's do it today regardless of costs or need" philosophy. As individuals, business and government, he continued, Americans were on a binge, but he believes they are now turning together in the direction of basics once again.

According to Mr. Underwood, housing starts nationally totaled about 1,350,000 units in 1974—off about 32% from the 2 million in 1973 and off 55% from 1972. As of the time of his talk, he said these starts are off well over 50% from a year ago—less than a million units on an annual basis.

Mr. Underwood predicted that total production during this year will equal 1974's production; starts will be extremely slow during the first few months, with some momentum picking up during the summer; and the pace will accelerate during the last three or four months of the year. Next year, continued Mr. Underwood, should see a 40% increase over 1975, and starts in 1977 should be approximately 2½ million units. He added that 2½ million are short of what the country should be averaging to meet the projected housing needs or goals for this decade.

Nonresidential construction starts, as a whole, according to Mr. Underwood, will be off slightly during 1975, compared to 1974.

Mr. Underwood predicted that interest rates will be coming down during the months ahead and that government programs to stimulate housing will be forthcoming. Savings in thrift institutions, such as S&Ls and savings banks—a vital key to increased housing activity—should increase substantially during 1975 and 1976, and, he added, this wasn't true for last year, thus the dramatic reduction in starts near year-end.

During previous recessions, said Mr. Underwood, housing has shown improvement before the economic slowdown reached bottom. While the housing industry, which typically leads the economy, can be expected to lead the recovery this year, he said, the increase in housing activity will not be as strong as during previous recovery periods. This will be so primarily because of high levels of consumer uncertainty coupled with increasing unemployment. Also, thrift institutions will tend to use newly acquired savings to pay down their borrowings and rebuild liquidity before making new loans, he forecast. There will be a dramatic increase in government programs to get the housing industry rolling again, because it serves a basic need and has such tremendous influence on so many other businesses, he added.

According to Mr. Underwood, remodeling of existing housing will be active in 1975, and it also will be a good year to buy a house because prices will be as low the next few months as they'll ever be. However, he warned, mortgage rates aren't likely to drop enough to offset price increases, and construction-cost increases have moderated, but are still rising and likely will continue to rise during 1975, a year which he believes will be competitive, with a little stabilization in prices.

In summary, Mr. Underwood foresees an austerity market for most of 1975, receding from a peak of anxiety and indecision now, to cautious optimism by spring, then growing confidence and hope as money flows again and action picks up in the "used" and new housing sectors. He told his listeners he believes real estate and housing will fare better in Mississippi this year than in most states. • •

McCracken Gives Bankers '75 Economic Outlook At St. Louis Meeting

ST. LOUIS—Dr. Paul W. McCracken, senior economic consultant for the Ford Administration and chairman of the Council of Economic Advisers during the Nixon Administration, was guest speaker at a recent meeting of the Associated Bankers of St. Louis and St. Louis County.

Dr. McCracken predicted an 8% unemployment rate by summer, said wage and price controls will not be reinstated, that the buyer will be in the driver's seat instead of the seller for the next two years and that food will continue to be a serious problem.

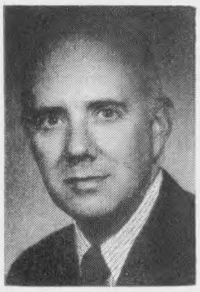
He called on Americans to stop complaining about high gasoline prices and concentrate on conserving resources and making the nation more self-sufficient.

He said the only disagreement he had with President Ford's recommended tax cuts is that Mr. Ford hasn't sought to make them permanent.

Dr. Paul McCracken (c.) is flanked by Wilson Bell, pres., Big Bend Bank, Webster Groves, Mo., and v.p., Associated Bankers of St. Louis and St. Louis County; John Obermann, pres., Mercantile Commerce, St. Louis, and pres., Associated Bankers; Richard Johannesman, v.p., Mercantile Trust, St. Louis, and pres., St. Louis AIB Chapter; and Joseph G. Steel, exec. dir., St. Louis AIB.

Wille, Nadler, Volcker to Be on Program At ABA's Bank Investments Conference

SAN FRANCISCO will be the site of the 1975 ABA Bank Investments Conference, set to open February 19 and continue through noon on the 21st at the Hotel St. Francis.



KAYLOR

Conference Chairman D. Dean Kaylor, senior vice president, National Bank of Detroit, has stated that more than 700 bankers are expected to attend the meeting, which is under the sponsorship of the ABA's Bank Investments Division. Karl M. Shelton is chairman of the division. He is senior vice president, Seattle-First National.

An address by Frank Wille, FDIC chairman, will highlight the central session of the conference and nationally known industry economists will be featured on "The Outlook for Interest Rates" panel. They are Roy E. Moor, Peter F. Nagan and Robert G. Dederick. Mr. Dederick is senior vice president, Northern Trust, Chicago. Moderator will be George W. McKinney Jr., senior vice president, Irving Trust, New York.

Addresses by Dr. Paul Nadler, Rutgers University, and Paul A. Volcker, Princeton University, will spark the opening sessions of the conference and four concurrent workshops geared to bank size will discuss portfolio management and the investment challenges facing banks in today's rapidly changing economy.

Also, three concurrent workshops will discuss "Dynamics of Change in Municipal Credits," "New Dimensions of Liability Management" and "Formulation and Implementation of Investment Policy for the Smaller Bank."

A general session on capital adequacy and a panel discussion entitled "What Senior Management Expects From the Portfolio" are also set for the program.

Mid-Continent-area bankers listed on the advance program include William T. Springer, senior vice president, Boatmen's National, St. Louis; Robert C. Brown, vice president, First National, Chicago; and James A. Brickley, senior vice president, First National, Dallas. • •

National Boulevard Raises 10

CHICAGO—National Boulevard Bank has promoted 10 officers, including Bruce M. Bulmer to vice president and Louis E. Avery to assistant vice president.

Also promoted were Lee W. Heidersbach, personnel officer; Leona A. Gleason, operations officer; G. John Sonnenberg, assistant cashier; and Joanne M. Lack, Ellen L. Swenson, Ralph A. Verrecchia, Virginia B. Burnell and Susan M. Ruwitch, personal banking officers.

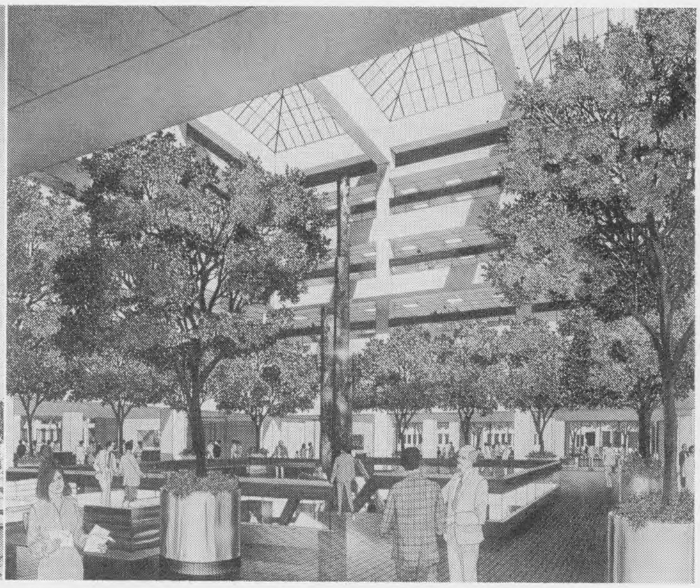
LENTELL

BULMER

Lentell Promoted to President At Kansas State Bank, Wichita

WICHITA, KAN.—J. V. Lentell was promoted from executive vice president to president at Kansas State last month. He succeeds Kenneth E. Johnson, who was formerly president and chairman. Mr. Johnson remains as chairman and CEO.

Mr. Lentell joined Kansas State as vice president in 1966, was elected a director in 1967 and senior vice president and cashier in the same year. He is also a director of University State Bank, Wichita.



New two-block building (l.) will house First Nat'l, Amarillo, in 1977. It will be fifth location since bank organized in 1889. Customers enter garden-like atrium (r.) in center of building from tunnel linking main buildng, parking lot.

First Nat'l of Amarillo Plans Building; Completion Expected by Early '77

AMARILLO, TEX.—First National plans to construct a two-block-square, $13 million banking house and parking complex in the downtown district.

The project, subject to final approval by regulatory authorities, will include a six-level main bank building covering almost a city block, with a parking garage and surface parking on the adjoining block. A tunnel will connect the two.

Construction is set to begin in the spring, with occupation planned for early 1977.

The main building will be in the shape of a hollow square. A 90-foot-square atrium will extend up through the center of the building, from the lower level to a glass roof, creating a garden-like area which all floors will overlook.

The atrium's focal point will be a modernistic sculpture rising from a pool on the lower level, reaching up several levels above the main lobby. Live trees and plants will beautify the lobby space. A reception area will be located around the base of the sculpture.

The lower level also will house the vaults, snack bar, bank services department and other offices.

Bank facilities will occupy about three-fourths of the 200,000-plus square feet of floor space, with the remainder available for lease to tenants.

The structure's exterior will be a natural earth-tone brick, trimmed with aluminum and bronze-hued glass. Its heating, air-conditioning and other mechanical systems will be designed to make the most efficient use of energy, according to bank spokesmen.

An off-street motor court will be incorporated into the main building for commercial depositors and armored cars.

The parking garage and landscaped surface parking will be capable of accommodating about 300 vehicles. Space will be provided for possible future relocation and expansion of First National's nearby motor bank facilities.

H. M. Qualls Named Sr. Vice Pres. At Union National, Little Rock

LITTLE ROCK—Howard M. Qualls has left his position as senior vice president, National Bank of Commerce, San Antonio, Tex. He has joined the staff of Union National as senior vice president, corporate division, which includes national accounts, correspondent banking and international banking departments.

Previous to his affiliation with NBC and its HC, Mr. Qualls was with First National, Shreveport, La., and was a director, First National, Eagle Pass, Tex., and Churchill National, San Antonio.

Kearney Wornall Dies

KANSAS CITY—Kearney Wornall, 83, died January 17. He headed the Missouri Bankers Association in 1943 and was vice president, City National (now United Missouri Bank) in 1959, when he retired.

Jarvis Promoted in Chattanooga

CHATTANOOGA—Donald E. Jarvis has been promoted to assistant vice president at American National. He has been with the bank since 1966 and most recently served as manager, central information file and key entry department.

Benedict Receives Award

Andrew Benedict, ch., First American Nat'l, Nashville, receives the Historical Achievement Award from Margaret Lindsley Warden, ch., Historical Commission of Metropolitan Nashville and Davidson County. The award was given to the bank in recognition of its contributions in preserving and promoting Nashville's historical heritage.

BOOKS FOR THE BANK DIRECTOR

Responsibilities of Bank Directors $4.50

Too little has been written about the duties and responsibilities of bank directors, particularly in view of the economic influence many banks wield in their respective communities. Furthermore, the rapid growth of holding companies and the impact of "consumerism" dictate that directors not only know what is expected of them but also what is expected of the bank they serve in terms of responsibilities to depositors, shareholders and to the public-at-large.

In this new book, the author has done an excellent job of compiling in one short volume information on the traditional, functional and legal responsibilities of the bank director. In evaluating the director's legal liability, it would be impossible, of course, to set forth all federal and state statutes governing such liability. However, the author has examined recent court decisions to determine whether significant trends have developed and whether changes in social awareness have eroded pre-existing notions as to the director's responsibilities.

The author examines the director's responsibilities to shareholders in terms of investment return, continuity of management, long-range planning, the effects of structural changes on competition, e.g., bank holding companies, branching and merger trends. One chapter also is devoted to potential reactions to the various social responsibilities being thrust today upon banking and other businesses.

It is a book worthy of retention in any bank library, with copies being made available to new directors as they are elected.

THE AUTHOR, Raymond Van Houtte, is currently president of the $100-million Tompkins County Trust Company, Ithaca, N.Y., where his service as a director and the interest of fellow directors made him personally aware of this subject. Thus, it was "natural" for him to write his thesis for The Stonier Graduate School of Banking on this topic. His education and experience as a lawyer, C.P.A. and banker lend themselves ideally to give the author additional insights into the problems faced by the director. In his book, Mr. Van Houtte blends with his knowledge extensive hours of research, correspondence and interviews to bring to the banking field a timely reference on "Responsibilities of Bank Directors."

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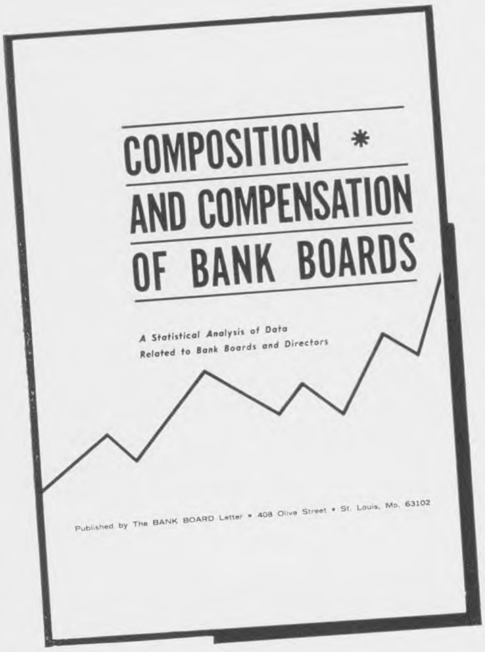

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This statistical analysis of bank boards provides the banker with a wealth of information on the "Composition and Compensation of Bank Boards" . . . the title of the book.

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Signature-Clad Gold Beam Hoisted Aloft At Mercantile Topping-Out Ceremonies

MORE THAN 200 hard-hatted St. Louis civic and business leaders witnessed the hoisting of a 1,400-pound golden I-beam bearing the signatures of more than 5,000 St. Louisans as the 35-story Mercantile Tower was topped out last month.

Most of the signatures on the beam had been affixed the previous week when the gold-painted column of steel was on display in the lobby of Mercantile Trust (see item on page 26). Just before the beam was hoisted, the signatures of Donald E. Lasater, chairman, Mercantile Trust; St. Louis Mayor John H. Poelker; St. Louis County Supervisor Gene McNary; and Missouri Lieutenant Governor William Phelps were added to the beam.

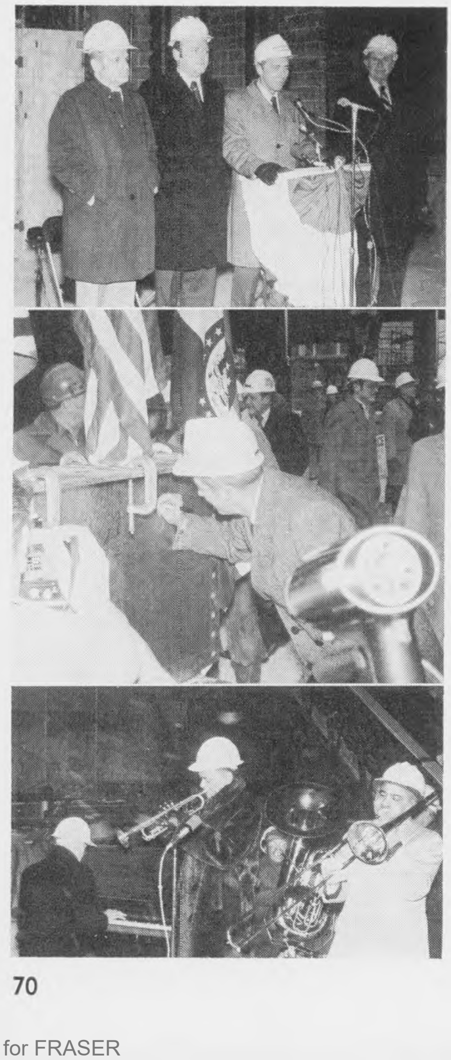
During brief topping-out ceremonies, the four men commented on the impact the new Mercantile Tower represented for St. Louis. Mr. Lasater called on civic and business leaders to see that a spirit of cooperation was restored on the part of organized labor so that the tower, as well as other construction projects in the area, could be completed on time and at estimated costs.

Up, up and away goes flag-and-tree-decked gold beam to top of 35-story Mercantile Tower.

Mercantile Tower represents the first phase of the $150-million Mercantile Center, which eventually will cover a six-square-block area of downtown St. Louis. Construction on the tower was begun in late 1973, and completion is scheduled for September.

By that time, the second phase of the center—construction of an 800-room hotel—is expected to begin at the eastern boundary of the 10-acre complex. When construction is complete within eight years, three more tower buildings and a covered garden mall will have been added to the complex.

The lower 17 floors of Mercantile Tower will house bank offices, with the remaining area to be leased to commercial tenants. Banking operations will remain at Mercantile's present location at Eighth and Locust. • •



TOP: Taking part in brief ceremonies in lobby area of Mercantile Tower were (from l.) Gene McNary, St. Louis County supervisor; William Phelps, Missouri Lt. Gov.; Donald E. Lasater, ch., Mercantile Trust; and John H. Poelker, St. Louis mayor.

MIDDLE: Prior to hoisting of beam, Mercantile Trust Ch. Donald E. Lasater affixed his name as final signatory.

BOTTOM: Braving 20-degree chill were members of Singleton Palmer's Band, who "warmed up" the premises with St. Louis jazz tunes.

Bank Becomes Grammar School

This is part of a live second grade class demonstration in the lobby of Millikin National, Decatur, Ill., following bank policy of community involvement and emphasizing this year's American Education Week's theme, "Stay Involved." All normal classroom activities took place, including a satellite lunch program used to serve students in the lobby. All classroom functions were visible to pedestrians through bank windows while a loud speaker kept them informed of class progress. A complete schedule of the week's itinerary was provided to onlookers.

Earnings Dips Result After Banks Beef Up Loan Loss Accounts

A DOUBLE dose of prudence appears to be the trend this year when it comes to accounting for loan losses. The unsettled state of the economy and larger than usual loan losses have prompted many banks to make one-time substantial infusions of funds into their loan loss accounts—a practice that reduces earnings.

For the past five years, most banks have accounted for their loan loss reserves under regulatory agency regulations. These regulations call for banks to charge loss experience against earnings. Thus, banks had created comfortable reserves against possible loan losses.

As long as loan losses were moderate, this system was adequate, but the increase in losses in 1974 and the economic outlook for 1975 have indicated to many bankers that past practices have proved insufficient to meet present conditions.

Under legislation signed by President Ford late last year, the accounting regulations of all bank regulatory agencies will have to conform to regulations of the Securities & Exchange Commission (SEC), unless the agencies determine that such action is not necessary or appropriate in the public interest or for the protection of investors.

However, the SEC has not developed regulations yet, which has made it impossible for regulatory agencies to conform. This has placed bankers in the position of coming up with their own formulas.

Little change is expected to appear in 1974 bank statements other than the fact that more banks will be placing more funds in loan loss funds than called for by regulatory agencies.

Third National, Nashville, has announced that it voluntarily added $2 million to the valuation portion of its loan loss reserve in addition to the amount prescribed under the five-year moving average formula of regulatory agencies.

The action was termed "prudent" by bank management since it restored the valuation account balance to an amount equal to what it was at the beginning of 1974. Third National's reserve now approximates 1% of total average loans, which is considered by bank management and regulatory authorities to be ample. Total charge-offs for 1974 amounted to seventy-three hundredths of 1% of average loans outstanding, according to the bank.

Citizens & Southern National, Atlanta, reported a one-time extra charge of $23 million against income over the period from 1969 through the end of 1974. Management emphasized that this charge did not affect the bank's capital, liquidity or shareholder dividends.

The one-time charge was made in an attempt to conform existing statements to SEC guidelines, according to the bank, even though the guidelines are not mandatory at this time.

According to C&S, the view of the SEC is that the bank would have to account for its loan loss reserve in a way that charges a much greater portion of the reserve against income than had been done under regulations from the Comptroller of the Currency.

Since the contingency portion and the deferred tax portion of the loan loss reserve are not expensed through the income statement, they are not considered available under financial reporting guidelines of the SEC to absorb future loan losses, the bank said.

The bank said it would make these charges through normal accruals in the years ahead, but to conform existing statements to SEC guidelines, the one-time charge was made.

C&S President Richard L. Kattel said the bank had been planning to make the change because management wanted the bank to be in a position to obtain additional capital funds in the future when market conditions make such a move attractive. "And in order to do this," he said, "we would have to conform our loan loss accounting procedures with SEC policies for registration purposes." • •

Five From Area Named To IBAA Exec Council

The Independent Bankers Association of America members in 15 states recently elected five Mid-Continent-area directors to represent them for three-year terms on the executive council. They are as follows:

Alabama: L. Y. Dean III, president, Eufaula Bank; *Illinois:* Thomas F. Bolger, president, McHenry State; *Kansas:* Noel R. Estep, executive vice president, Southwest National, Wichita; *Kentucky:* Marshall Barnes, president, Beaver Dam Deposit Bank; *Mississippi:* Theodore Borodofsky, president, Planters Bank, Ruleville.

Messrs. Dean, Bolger, Estep and Barnes were reelected.

El Dorado Building Open; Three-Day Dedication, Future Plans on Agenda

TOP: Approximately 10,000 square feet in area, new bank lobby at First Nat'l, El Dorado, Ark., is easily accessible by pedestrians. Customer seating, check stands are provided throughout area.

CENTER: Main lobby is traditionally styled, with rust and brown colors. Commercial loan officers, paying, receiving, collection tellers, chairman, president's offices are there.

BOTTOM: Lounge area, "getaway" for all bank employees, is on lower level of former bank building. Kitchen provides daily lunches.

EL DORADO, ARK.—Following a three-day dedication program, First National moved into its new 30,000 square-foot building. Meanwhile, the bank is modernizing its old five-story home for use in conjunction with the recently-completed three-story edifice.

The new building's ribbed, five-inch-thick limestone walls are anchored to concrete which, along with 16-foot-high bronze solar plate glass, highlight the exterior. The heat- and glare-reducing glass is mounted in bronze-aluminum mullions.

The new building is joined to the former First National Building by an open plaza which was, at one time, the main lobby of the bank. The three-story structure is also linked to El Dorado's downtown pedestrian mall. An extensive landscaping program has been planned for the plaza and surrounding areas of the new facility.

First National's new building, constructed and engineered by the Austin Co., Cleveland, O., has been designed to support additional floors. This capability will, according to bank officials, be utilized within 10 or 15 years in the next phase of the master plan, the addition of four floors to the structure. The resulting seven-story edifice will house all banking facilities and commercial tenants at the site.

The main bank lobby in the new building, which is traditionally furnished, houses commercial loan offices, paying and receiving tellers, collection tellers, statements office and offices of the chairman and the president.

The ground floor of the new facility contains the timepay, data processing and general operations departments, while the lower level houses the board room, storage and mechanical areas and the safe-deposit area, complete with 2,000 boxes inside the vault.

The trust department shares the second floor of the former bank building with the auditor's office and accrual department.

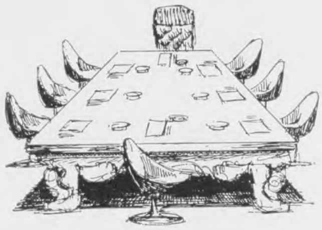
The lounge is on the lower level of the former bank building, decorated in warm red and orange colors. It features a kitchen that provides a daily hot lunch menu.

Visitors during the opening celebration received free Christmas ornaments, were given guided tours and had a chance to win American and Mexican gold coins by trying to open the "First National Gold Mine," located in the safe deposit area. Keys to the "mine" were available at any bank office.

Holiday decorations were in place throughout the bank, including a display with 30 Christmas trees along the main floor prepared by students from El Dorado schools. The white pines were donated to the classes after the opening for replanting on school grounds throughout the area.

One special day during the dedication was "Ladies Day," where the first 3,000 customers received free potted plants. A special drawing was held that afternoon for a gold coin.

"Razorback Day" was held the next day, featuring University of Arkansas Head Football Coach Frank Broyles and the sports director of a Little Rock TV station appearing in the main bank lobby, handing out autographed photos. The special drawing that day had three autographed Razorback footballs as prizes.



BOARD ROOM NEWS

Promotions • Staff Changes

Freeman to Retire in '75; Abboud Will Be Successor At First National, Chicago

CHICAGO—Gaylord Freeman, chairman, First Chicago Corp. and First National, has announced his decision to retire at the end of 1975. He will be succeeded at that time by A. Robert Abboud, who is presently deputy chairman.

Gaylord Freeman (l.) and A. Robert Abboud.

Mr. Abboud joined the bank in 1958, became an officer in 1960, vice president in 1964 and senior vice president in 1969. He was placed in charge of the international section in 1968, was named to head domestic and international commercial banking activities in 1971 and was promoted to executive vice president in 1972. He was named vice chairman in 1973 and assumed his present post last year.

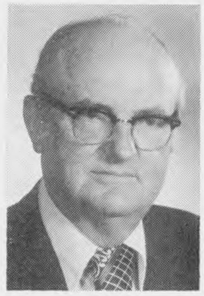
Mr. Freeman joined First National in 1934, advanced to president in 1960, vice chairman in 1962 and chairman and CEO in 1969. He also was named chairman and CEO of First Chicago Corp. in 1969.

In other action, Neil McKay, executive vice president and cashier of the bank and secretary of the HC, has been elected to the boards of the two firms. He joined the bank in 1963.

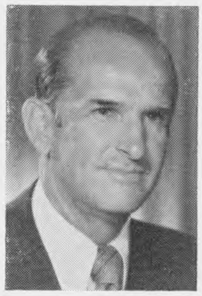
JOHNSON

HINES

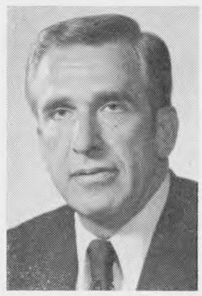
CLARK



ARRINGTON



McCULLEN



GARRAWAY

Resignation, Retirement, Top Changes Announced At Deposit Guaranty

JACKSON, MISS.—Changes at Deposit Guaranty National Bank and Deposit Guaranty Corp. at year-end included new titles for five top-management officers, retirement of Russ M. Johnson, resignation of W. P. McMullan Jr. and election of four new executive vice presidents.

Mr. Johnson, who was chairman and CEO of the holding company and the bank, had been with the bank almost 42 years. J. H. Hines, who was president and chief operating officer of the bank and vice chairman of the HC, has succeeded Mr. Johnson as chairman and CEO of the bank and HC. Julian L. Clark, formerly chairman of the bank's executive committee, has succeeded Mr. Hines as president and chief operating officer of the bank. Charles R. Arrington has moved up from general vice president of the bank to chairman, executive committee. Robert C. Garraway, also formerly general vice president, now is vice chairman-financial. Ray R. McCullen, another general vice president, has been made vice chairman-administration. Messrs. Garraway and McCullen are advisory directors of the bank.

Mr. McMullan relinquished his posts of vice chairman of the bank and president and chief operating officer of Deposit Guaranty Corp. However, he continues on the boards and executive committees of the HC and bank and now is a consultant and adviser to both institutions.

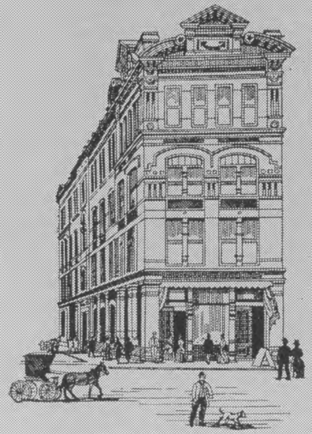
The new executive vice presidents, all formerly senior vice presidents, are: William R. Boone, J. D. Cox, Rodney A. Little and B. R. Sigrest. In addition, Mr. Boone was made head of the bank's operations/finance division; Mr. Cox, administration division; Mr. Little, retail division; and Mr. Sigrest, corporate division. Mr. Boone is treasurer of the HC.

Three Executive Vice Presidents Named at First National City

NEW YORK—First National City Bank has named John W. Heilshorn, George Vojta and Robert B. White executive vice presidents.

Mr. Heilshorn is head of the investment management group, Mr. Vojta is head of the international banking group and Mr. White is in charge of the operating group.

They joined the bank in 1960, 1961 and 1970, respectively.



Most of our first 87 years were spent on this Wichita corner. Our 1903 bank was a full 4 stories.

By 1917, we needed this 'towering skyscraper' ... and it served us well over a quarter-century.

Following our plan to keep The Fourth 'far ahead of its time' we gave it a face-lift shortly after WWII.

But 7 years later, we'd outgrown it. We added a whole bank's worth, and made such major renovations we had a 'new' building inside and out. Within the decade, we'd added more proof of our dedication to customer service: inside parking, and over-the-street crossing.

Today--

well, you've seen our new Fourth Financial Center in pictures or in person. Here, a block beyond 'our' corner, we have room to serve. Unlimited room for tomorrow. And our management philosophy reflects the same unyielding attitude as during the years just past: planned succession for planned success. A Kansas bank serving Kansas banks. So Kansas bankers can serve Kansans better.

STATEMENT OF CONDITION

	DECEMBER 31 1974	1973
ASSETS:		
Cash and due from banks	$ 96,790,532.14	$ 91,070,737.34
Investment securities:		
U.S. Government obligations	22,181,387.74	20,735,265.16
Obligations of states and political subdivisions	42,615,558.05	38,546,049.74
Trading account and other securities	9,355,440.52	19,488,459.63
Federal funds sold	35,800,000.00	28,000,000.00
Securities purchased under agreements to resell	33,000,000.00	37,000,000.00
Loans, less unearned income of $4,021,990.06 - 1974; $4,301,724.62 - 1973	200,588,734.92	205,640,955.09
Bank premises and equipment	29,321,281.36	19,170,255.09
Other assets	5,352,769.54	3,092,815.84
	$475,005,704.27	$462,744,537.89
LIABILITIES AND CAPITAL FUNDS:		
Deposits:		
Demand	$222,436,110.66	$217,094,725.14
Time	143,610,049.17	129,345,491.48
Total deposits	366,046,159.83	346,440,216.62
Federal funds purchased	23,150,000.00	22,675,000.00
Securities sold under agreements to repurchase	34,688,123.32	44,408,844.47
Other liabilities	2,183,771.34	2,693,215.78
Total liabilities	426,068,054.49	416,217,276.87
Reserve for loan losses	3,487,072.61	3,385,978.83
Capital funds:		
Capital note, due 1981	10,000,000.00	10,000,000.00
Stockholders' equity	35,450,577.17	33,141,282.19
Total capital funds	45,450,577.17	43,141,282.19
	$475,005,704.27	$462,744,537.89

FOURTH NATIONAL BANK & TRUST CO. / WICHITA, KANSAS 67202 / MEMBER FDIC

TheFourth

IV

Officer promotions and new four-part organizational structure were recently announced at Commercial Nat'l, Little Rock. Pictured (l. to r.): Jim Cobb, v.p., operations head; Edwin P. Henry, new sr. v.p.; Wallace P. Cunningham, named exec. committee ch. and sr. loan off.; R. Norman Farris, exec. v.p. and head, customer service; George Pitts Jr., exec. v.p., loan administration; and Barnett Grace, v.p., professional services.

Six Officers Advanced, Divisional Policy Revealed At Commercial National

LITTLE ROCK—Commercial National has announced new managerial promotions and adoption of a new organizational structure, dividing the bank into four major policy and operating divisions.

Wallace B. Cunningham has been named executive committee chairman and senior loan officer, while Edwin P. Henry, newly elected senior vice president, is committee vice chairman.

George Pitts Jr., immediate past president, Commercial National Mortgage Co., a bank subsidiary, has rejoined the bank as executive vice president for one of the four new divisions, loan administration.

Customer service, the second major segment, will be headed by R. Norman Farris, who was promoted to executive vice president. He has been vice president, correspondent banking, which he continues to head.

Two additional divisions will be headed by recently elected vice presidents, Jim Cobb and Barnett Grace. Mr. Cobb will be in charge of operations, and professional services will be overseen by Mr. Grace.

Two Directors, Four Officers Elected at American National

MOBILE—Clifton C. Inge and Albert F. Shorkey have been elected directors, American National, while A. H. Tenhundfeld was named senior vice president and John F. Cook, Harold L. Hester and Bryant W. Sheehy were promoted to vice presidents.

Mr. Inge is president, W. K. P. Wilson & Son, Inc., and Mr. Shorkey is general manager, Dow Badische's Tombigee Plant, being constructed at Calvert, Ala. Mr. Tenhundfeld joined the bank in 1948, serving in various departments, including commercial loans and trust.

Exec., Sr. Vice Pres. Named At Continental Bank, Chicago

CHICAGO—Continental Illinois National and Continental Illinois Corp. have elected James D. Harper Jr. executive vice president of real estate services. He continues as president, Continental Illinois Realty Advisors, Inc., and Continental Illinois Properties Advisors, Inc., both in Los Angeles.

Richard S. Peterson was named senior vice president and economist at Continental Illinois National. He was previously vice president and economist.

Named bank vice presidents were Kermit L. Lee and Ferdinand E. Maine. New second vice presidents include William O. Leszinske, David J. Winter, Hendrik Altink, Edward K. Dey, David F. Lenz Jr., George W. McCormick, Paul M. O'Hara, Robert K. Q. Stoughton, Karl T. Barthelmess Jr., George W. Hill III, Thomas A. Hannagan, John C. Dell, Ronald V. Greer, Robert B. Holland, George P. Novac and Richard W. Shealey.

Barr Named Chairman, Miles Pres. and CEO Of Louisville HC

BARR

MILES

LOUISVILLE—John W. Barr III has been elected chairman and A. Stevens Miles, president and CEO, First Kentucky National Corp.

Mr. Barr succeeds Hugh M. Shwab, who retires after 41 years with the HC and its subsidiaries. He will continue as a board member. Currently president of three of the HC's subsidiaries, First National Bank, First Kentucky Trust and First Kentucky Co., Mr. Miles moves up from bank vice chairman to chairman of the three subsidiaries.

In other HC promotions, George B. Wombwell became vice president and treasurer, Sylvester I. Dries was elected vice president and secretary, William M. Isaac was named vice president and assistant secretary and Roger M. Dalton was elevated to vice president and controller.

Rismiller Elected Bank EVP, Blackwell, HC Director in KC

KANSAS CITY—David A. Rismiller, who was senior vice president, Commerce Bank, has been elected executive vice president. Named to the Board of the HC, Commerce Bancshares, was Menefee D. Blackwell of Blackwell, Sanders, Matheny, Weary & Lombardi law firm.

While Mr. Rismiller will have responsibility for the bank's metropolitan Kansas City business, commercial and retail divisions, he also will oversee the institution's business with the grain and milling industries.

Mr. Rismiller joined the bank in February, 1974. Prior to that, he was employed by a Columbus, O., bank as a vice president and department head.

FLEETWOOD

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In addition to being one of the nation's leading manufacturers of housing and recreational vehicles, Fleetwood is also a leader in attitude. When you talk to a lender about Fleetwood, you'll find that he's POSITIVE. . .about our economics, about the product and about his portfolio. There's something special in this for all lenders. The Fleetwood attitude is based upon some very hard facts:

PRODUCT POPULARITY; Fleetwood recreational vehicles are the most popular in the U.S.A. As of NOW, Fleetwood is the world's largest RV manufacturer. **REPURCHASE AGREEMENTS HONORED;** Fleetwood's financial stability assures the lending community that our repurchase agreements WILL be honored. **PRODUCT VALUE;** Fleetwood's mobile homes and recreational vehicles are produced with VALUE as the criteria. People generally don't default if they like the product. **HONEST INVOICING;** Fleetwood's invoicing practices are honest. Our invoices represent product value with no gimmicks or hidden deals. **SUCCESSFUL DEALERS;** Fleetwood dealers are throughly investigated with regard to financial strength and reputation. Today, nearly 4,000 successful dealers are selling Fleetwood products. **FINANCIAL STRENGTH;** Fleetwood's net worth is over $80 million. We have substantial cash reserves and no long or short term debt. **PRODUCT WARRANTY;** Fleetwood has a strong product warranty and a Consumer Affairs Department with the clout to assure customer satisfaction. **NATIONAL OPERATION;** Fleetwood has more than 60 plants on the North American continent dedicated to building shelter and leisure products. These plants are chartered to do three things: provide value, make a fair profit and be a good place to work.

People everywhere are continuing their commitment to see America in a recreational vehicle. And, today's generation and those to come WILL be living in housing produced by Fleetwood. Add to this, a special confidence in Fleetwood, it's products and dealers. These are the ingredients for a profitable loan portfolio.

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LEDBETTER MOFFATT WORRELL SELMAN RIDDEL LEWIS

First of Ft. Worth Ups 14; Worrell Named Senior V.P.

FORT WORTH—First National has elected five new officers and promoted nine others.

Heading the promotions is Charles L. Worrell, who went from vice president and comptroller to senior vice president and comptroller.

Raised to vice presidents were Hubert H. (Sandy) Ledbetter (who is also auditor), Edward H. Moffatt, B. E. Selman and Roy L. Riddel. Promoted to assistant vice presidents were James M. Cullen, Michael S. Hyatt, Carl McLaughlin and Ronald J. Shettlesworth.

Named to officer status were Julia J. Brazil, Frances E. Burnside, Walter J. Cadenhead, Bruce W. Smith and John W. Wessler.

A. V. (Jack) Lewis, senior vice president, retired December 31. He was a 48-year veteran at the bank. He joined the bank in 1926 and had been senior vice president since 1963.

Two New V.P.s Elected At First of St. Louis

ST. LOUIS—First National has elected Clark M. Driemeyer and Randolph Whitelaw vice presidents. Mr. Driemeyer came from A. G. Edwards & Sons and has assumed responsibility for a new corporate finance department. Mr. Whitelaw has been with the bank since 1968 and is assigned to the bank's Los Angeles office.

Also promoted were James M. Oates to assistant vice president, G. Mary Polson and David C. Ryan to assistant cashiers, Howard E. Canada and Patrick J. Morrison to data processing officers and Kenneth R. Cella to operations officer.

William H. Harrison, executive vice president, has retired from the bank and has opened a real estate office in Clayton. He specializes in commercial and industrial properties and real estate counseling. He joined the bank in 1960 and managed the real estate lending operation.

Milby Is Chief Financial Officer At Fidelity Bank, Okla. City

OKLAHOMA CITY—Fidelity Bank has named Ernest D. Milby a division head of the bank with the title of vice president and chief financial officer. He is also treasurer of Fidelity Corp. He has been with the bank since 1971.

Other promotions include Walter Dick, Wesley Moore and Margo Pritchett, all named assistant vice presidents.

4th of Wichita Promotes 7

WICHITA, KAN.—Fourth National has promoted Richard M. Hall Jr., James J. Holt, Martha Miller, Bernard E. Nichols, Richard L. Ramsey, Marvin H. Robinson and Patrick C. Woodward to assistant vice presidents.

Foster, Baker Promoted, Coale Begins Retirement At Bank Holding Company

MOBILE—T. Redmond Foster has been promoted to vice president and comptroller, First Bancgroup-Alabama, Inc. He is senior vice president and senior comptroller, First National, a subsidiary. Joseph H. Baker Jr. was named head, trust department, First National, succeeding H. E. Coale, who retired December 31.

After joining the bank in 1935, Mr. Foster served in various capacities, including vice president and comptroller and senior vice president of operations. He was promoted to his present bank position in 1974.

Mr. Baker has been with First National since 1955. He rose through the ranks and, in early 1974, received the title of senior vice president and senior trust officer.

After 45 years' service to the institution, Mr. Coale, trust department head, has retired. He joined First National in 1929, was promoted to trust officer in 1939, held various titles through the years and was elected executive vice president in 1973. Mr. Coale will no longer be connected with the bank, but will be available for trust department consultation.

Named to Louisville Post

LOUISVILLE—Oscar L. Davenport has joined Louisville Trust as vice president in charge of the installment loan department. He was formerly vice president in charge of bank services and marketing, Atlantic States Bankcard Association, Raleigh, N. C.

Cecilia M. Deavers has been promoted from assistant corporate secretary to corporate secretary and Patricia Ann Nowacki, from assistant trust officer to trust officer.

Kane Named HC Director, Three Bankers Promoted

NASHVILLE—Charles J. Kane, recently elected president, Third National, has been named a director, Third National Corp., bank HC.

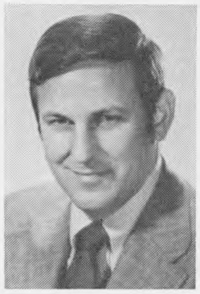
In other bank news, William R. Dickerson was elevated to trust officer from assistant trust officer, while William B. Dunlop and William R. Norman were promoted to assistant vice presidents from commercial officers.

Wilmouth Leaves Chicago For Top-Management Post At Crocker Nat'l Bank

SAN FRANCISCO—Robert K. Wilmouth has been elected president, chief administrative officer and a director of Crocker National Bank and its parent HC, Crocker National Corp. He was executive vice president in charge of corporate banking and a director, First National, Chicago.

In his new post, Mr. Wilmouth succeeds Thomas R. Wilcox, who continues as chairman and CEO of both institutions.

Mr. Wilmouth joined First of Chicago in 1950, was responsible for planning and constructing the bank's new building that was opened a few years ago and managed several overseas branches. He became head of international banking in 1971 and, in 1972, was promoted to executive vice president. In January, 1974, he was given charge of the corporate banking department. Mr. Wilmouth also was a director of First of Chicago's parent HC, First Chicago Corp.



GREGORY

WILMOUTH

Gregory Named Sr. V.P. At Liberty National

OKLAHOMA CITY—Robert A. Gregory has been named senior vice president, commercial loan department, Liberty National.

Beginning his banking career with Liberty National in 1960 as an executive trainee, Mr. Gregory progressed through the commercial loan department to the position of vice president and senior loan committee member. In 1968, he became executive vice president, City National, Fort Smith, Ark., and was a director of that bank. He joined First National, Dallas, in 1972, as a vice president, general banking group, and in 1973, became president and CEO, First National, Garland, Tex.

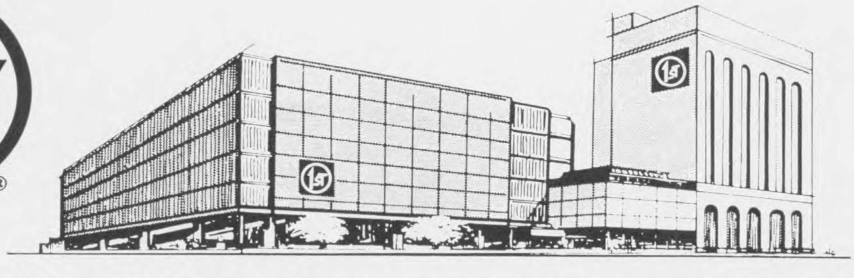
FIRST NATIONAL BANK IN WICHITA
CONDENSED STATEMENT OF CONDITION
DECEMBER 31, 1974

RESOURCES

Loans and Discounts	$ 97,919,461.82
Federal Funds Sold and Securities Purchased Under Ageement to Resell	36,918,000.00
Direct Lease Financing	151,936.09
Bank Premises	5,383,666.38
Stock in Federal Reserve Bank	360,000.00
State and Municipal Securities	14,923,834.20
U.S. Government Securities	17,298,336.49
Securities of Government Agencies	20,150,059.48
Cash and Sight Exchange	48,367,623.65
	$241,472,918.11

LIABILITIES

Capital	$ 6,000,000.00
Surplus	6,000,000.00
Undivided Profits and Contingency Reserve	9,802,790.32
Securities Sold Under Agreements to Repurchase	14,650,000.00
Other Liabilities	568,251.50
Reserves	2,165,210.99
Federal Funds Purchased	18,675,000.00
Deposits	183,611,665.30
	$241,472,918.11



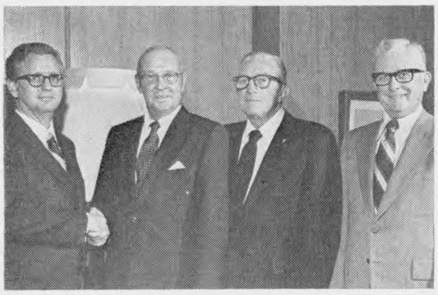
FIRST NATIONAL BANK IN WICHITA
CORRESPONDENT BANKING SPECIALISTS SINCE 1876
MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Mercantile Nat'l Elects Gene Bishop as Pres.; Makes 3 Board Changes

DALLAS—Gene H. Bishop, president, Lomas & Nettleton Financial Corp. since 1969, has been elected president and CEO, Mercantile National, effective March 1. He will occupy the same position with the bank's proposed parent HC, Mercantile National Corp., and will serve on the two boards.

Lewis F. Lyne was named bank chairman and HC vice chairman, while Frank V. Wolfe became bank vice chairman. R. L. Thornton Jr. moves up to the HC as its chairman. Mr. Lyne has been president and CEO of the bank; Mr. Wolfe, senior executive vice president; and Mr. Thornton, chairman.

In other officer promotions, John A. Taylor was advanced to senior vice president. Mr. Taylor, vice president and bond department head since 1972, joined the bank in 1962.



Named in top-management changes at Mercantile Nat'l, Dallas, were (l. to r.): Gene H. Bishop, pres., CEO, bank and HC (Mercantile Nat'l Corp.); Lewis F. Lyne, bank ch., HC v.ch.; R. L. Thornton Jr., HC ch.; Frank V. Wolfe, bank v.ch.

WHISLER

FOLKS

Whisler, Folks Are Sr. V.P.s At American Nat'l, St. Joe

ST. JOSEPH, MO.—Eight officers were promoted and two elected at American National last month. Topping the list were Vernon E. Whisler and Donald D. Folks, who were promoted to senior vice presidents. Both were previously vice presidents.

Newly elected vice presidents are Reid B. Ordnung, Thad C. Carver, William P. Mytton and Ardyce B. Russell. Charles R. Stafford was elected cashier, replacing Tom J. Butler, who has retired after 46 years with the bank.

Edwin B. McWilliams was elevated to assistant vice president from assistant cashier and Claudia J. Witt and Geraldine C. Allison were elected assistant cashiers. Mrs. Allison is also assistant secretary.

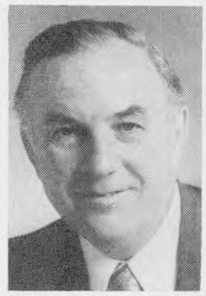
New board members are Richard C. Larson, J. Douglas Esson and Henry H. Bradley. They replace retiring directors W. Conger Beasley, James E. Esson Jr. and Benton M. Calkins Jr. Mr. Calkins, retired bank president, will remain as an advisory director.

Two Named Senior V.P.s At United Missouri, KC

KANSAS CITY—United Missouri Bank has promoted Alan B. Collins and Robert W. Sears to senior vice presidents. E. Frank Ware was named vice president and trust accounting officer.

Mr. Collins heads the bank's Master Charge division and has been with United Missouri since 1968. Mr. Sears joined the bank in 1941 and has become head of the installment loan department, succeeding Ralph E. Gray, who has retired. Mr. Ware joined the bank in 1969.

COLLINS



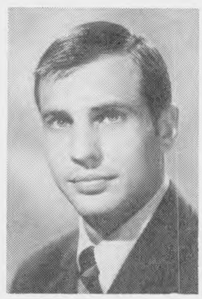
SEARS

Dunbar, Hildebrand Named V.P.s At Fort Worth National

FORT WORTH—Fort Worth National has promoted Gene L. Dunbar and Boren S. Hildebrand to vice presidents and Harry L. Bartay and Robert D. Wilson Jr. to assistant vice presidents. Messrs. Dunbar and Bartay are also trust officers.

Mr. Dunbar joined the bank in 1968, Mr. Hildebrand in 1967, and Messrs. Bartay and Wilson in 1969.

DUNBAR



HILDEBRAND

Fourteen Receive Promotions At First National, Chicago

CHICAGO—First National has promoted Steven C. Grant from Assistant vice president to vice president in the Houston regional office.

Named assistant vice presidents were Leslie S. Bortz, Richard B. Collins, Judith A. Griffin, E. Patric Jones, Thomas M. Anderson, Harold Berger, Marie N. Berggren, Rudolf A. DeMonchy, Alanson J. Donald Jr., Lynn E. Kuckuck, Gerard F. Milano, Napoleon Nobay and Eduardo Saravia.

ST. LOUIS COUNTY NATIONAL BANK

CLAYTON, MISSOURI

Statement of Condition

DECEMBER 31, 1974

RESOURCES

Cash and Due from Banks	$ 36,148,237
Federal Funds Sold and Securities Purchased Under Agreement to Resell	5,000,000
United States Government Securities	27,415,000
Municipal and Other Securities	54,768,938
Federal Reserve Bank Stock	450,000
Loans	129,694,697
Equipment Acquired for Lease	1,731,174
Bank Premises and Equipment	1,552,356
Accrued Income Receivable	2,524,136
Other Resources	3,258,372
	$262,542,910

LIABILITIES

Demand Deposits	$115,575,788	
Time Deposits	115,718,911	
Total Deposits		$231,294,699
Federal Funds Purchased and Securities Sold Under Agreement to Repurchase		8,500,036
Reserve for Losses on Loans		2,055,391
Reserve for Interest, Taxes, Etc.		1,727,933
Income Collected, Not Earned		880,216
Other Liabilities		30,000
Capital Accounts		
Common Stock	$ 5,000,000	
Capital Surplus	10,000,000	
Retained Earnings	3,054,635	18,054,635
		$262,542,910

OFFICERS

EDWARD H. SCHMIDT
Chairman of the Board and Chief Executive Officer
MERLE M. SANGUINET
President
ROBERT C. WOLFORD
Executive Vice President

COMMERCIAL BANKING

RODNEY F. HILL
Senior Vice President
C. U. IMBODEN
Assistant Vice President
LESTER O. WAGNER
Assistant Vice President
DONALD A. WIBBENMEYER
Assistant Vice President

INSTALLMENT CREDIT

ROY J. PANCHOT
Assistant Vice President
THERESA S. KRONER
Installment Credit Officer

MORTGAGE LOANS

THOMAS M. NOONAN
Vice President
PATRICK H. STEVENSON
Mortgage Loan Officer

OPERATIONS

RAYMOND N. GRELLNER
Senior Vice President
WALTER E. BECKER
Assistant Vice President
GILBERT E. FARRELL
Assistant Vice President
PAUL L. GIBBONS
Cashier
RICHARD A. MATT
Assistant Cashier
GERALD P. FAGIN
Data Processing Officer
MARGIE M. KING
Personnel Officer

CUSTOMERS SERVICES

JERRY E. STAMM
Vice President

WILLIAM E. CARROLL
Assistant Cashier
RAYMOND F. ERKER, JR.
Assistant Cashier
NORINNE HOBBS
Assistant Cashier
RICHARD H. THOMAS
Assistant Cashier
HARRIS E. WILLIAMS
Assistant Cashier

MARKETING

CURTIS L. GILES
Assistant Vice President
KENNETH W. BEAN
Marketing Officer
JOSEPH M. WILSON
Marketing Officer

COMPTROLLER

LAWRENCE D. ABELN
Comptroller

AUDITING

MATTHEW S. TOCZYLOWSKI
Auditor
RUSSELL E. ALBRECHT
Assistant Auditor

TRUST DEPARTMENT

GEORGE REICHMAN
Vice President and Trust Officer
RICHARD J. KEMPLAND
Vice President and Trust Officer
JAC E. GRISWOLD
Trust Officer
WILLIAM L. HOEMAN
Trust Officer
WILSON F. HUNT
Trust Officer
CARL ENLOE
Trust Investment Officer
JAMES R. ALBACH
Assistant Trust Investment Officer
GERALD L. WEDEMEIER
Assistant Trust Officer

BOARD OF DIRECTORS

DONALD L. BARNES, JR.
Chairman of the Board
American Investment Company
DAVID D. CHOMEAU,
President
Reliable Life Insurance Company
J. GORDON FORSYTH
President
Forsyth Energy Coal Company, Inc.
JACK R. HENNESSEY
President
Hennessey-Forrestal Machinery Company
JAMES C. LAFLIN
Vice President
Southern Comfort Corp.
JOHN K. LILLY
International Sales Manager of Plasticizers Monsanto Company

BEN PECK
President
Wohl Shoe Company
DOYLE E. ROGERS
Vice President
Revenues and Public Affairs Southwestern Bell Telephone Company
MERLE M. SANGUINET
President
EDWARD H. SCHMIDT
Chairman of the Board
L. EDWARD SMART
President
Imperial Refineries Corp.
JULES Q. STRONG
Attorney
MAHLON B. WALLACE III
President
Wallace Pencil Company

Thoughtful Banking

ST. LOUIS **COUNTY NATIONAL** BANK

CLAYTON, MO.

MAIN BANK: 8000 FORSYTH
MINI-BANK: 7520 FORSYTH
Phone 726-2255 • Member F.D.I.C.

Mosley Is Elected Pres. First Ala. Bancshares

MONTGOMERY, ALA.—Lynn H. Mosley has been elected president, First Alabama Bancshares, Inc. Frank A. Plummer, former president, continues as chairman and CEO.

Before his election, Mr. Mosley served as president, City National, Tuscaloosa, an HC affiliate. He presently serves on the First Alabama Bancshares board and the board of City National. Mr. Mosley's banking career began in 1953, when he began serving as vice president, Bank for Savings, and then as president, City National, both of Birmingham.

ZOPP

MOSLEY

Zopp, Martin Among Promotions At Citizens Fidelity Bank

LOUISVILLE—E. Frederick Zopp, vice president and bank counsel, Citizens Fidelity, has been elected secretary of the bank's board and as secretary to the board of the HC, Citizens Fidelity Corp. J. Norman Martin, trust operations officer, has been promoted to vice president and trust operations officer at the bank.

Mr. Zopp joined the bank in 1973, leaving the Louisville law firm of Tarrant, Combs, Blackwell & Bullitt, while Mr. Martin joined the bank staff in 1959.

Other promotions included: Robert C. Berry Jr. and John R. Sommer, from assistant trust officers to trust officers; and William Kruetzman Jr., from administrative assistant, discount department, to assistant cashier.

Correspondent Man Elected

CHICAGO—Gary F. Spahn recently joined the correspondent banking division at Central National as assistant cashier. Prior experience has been with Draper & Kramer, Inc., and Northern Trust, Chicago.

Mercantile of KC Names Directors

KANSAS CITY—Mercantile Bank has elected William E. Clarkson and John W. Belger Sr. to its board. Mr. Clarkson is in the construction business and Mr. Belger is president of a cartage service.

Morgan Guaranty Trust Company

OF NEW YORK

Consolidated statement of condition December 31, 1974

Assets

Cash and due from banks	$ 3,276,891,075
Interest-bearing deposits at banks	3,540,100,095
U. S. Treasury securities	844,701,105
Obligations of U. S. government agencies	122,131,073
Obligations of states and political subdivisions	802,436,485
Other investment securities	423,868,128
Trading account securities – net	559,384,918
Federal funds sold and securities purchased under agreements to resell	167,707,500
Loans	13,867,598,813
Premises and equipment	122,242,521
Customers' acceptance liability	1,001,283,098
Other assets	912,266,916
Total assets	$25,640,611,727

Liabilities

Demand deposits	$ 6,311,340,448
Time deposits	4,683,737,820
Deposits in foreign offices	8,797,145,464
Total deposits	19,792,223,732
Federal funds purchased and securities sold under agreements to repurchase	1,610,470,155
Commercial paper of a subsidiary	58,455,085
Other liabilities for borrowed money	642,596,342
Accrued taxes and expenses	381,696,811
Liability on acceptances	1,003,909,264
Dividend payable	23,750,000
Convertible debentures of a subsidiary (4¼%, due 1987)	50,000,000
Mortgage payable	15,651,728
Other liabilities	556,278,027
Total liabilities	$24,135,031,144

Reserve for possible loan losses	$ 224,301,873

Capital accounts

Capital notes (6⅜%, due 1978)	$ 100,000,000
Capital notes (5%, due 1992)	88,000,000
Stockholder's equity:	
Capital stock, $25 par value (9,500,000 shares)	237,500,000
Surplus	427,085,000
Undivided profits	428,693,710
Total stockholder's equity	1,093,278,710
Total liabilities, reserve, and capital accounts	$25,640,611,727

Assets carried at $1,541,510,783 in the above statement were pledged as collateral for borrowings, to qualify for fiduciary powers, to secure public monies as required by law, and for other purposes.

Member, Federal Reserve System, Federal Deposit Insurance Corporation

New York *23 Wall Street, 522 Fifth Avenue at 44th Street, 616 Madison Avenue at 58th Street, 40 Rockefeller Plaza at 50th Street, 299 Park Avenue at 48th Street*

West Coast *Morgan Guaranty International Bank of San Francisco, 400 Montgomery Street, San Francisco, Ca. 94104*

Southwest *Morgan Guaranty International Bank of Houston, 1100 Milam Street, Houston, Texas 77002*

Canada *J. P. Morgan of Canada Limited Suite 2100, Commerce Court North, Toronto, Ontario*

Abroad *London, Paris, Brussels, Antwerp, Frankfurt, Düsseldorf, Munich, Zurich, Milan and Rome (Banca Morgan Vonwiller), Tokyo, Nassau; Representative offices in Madrid, Beirut, Sydney, Hong Kong, São Paulo, Caracas*

Directors

ELLMORE C. PATTERSON
Chairman of the Board

WALTER H. PAGE
President

J. PAUL AUSTIN
Chairman of the Board
The Coca-Cola Company

R. MANNING BROWN JR.
Chairman of the Board
New York Life Insurance Company

CARTER L. BURGESS
Chairman, Foreign Policy Association

FRANK T. CARY
Chairman of the Board
International Business Machines Corporation

W. GRAHAM CLAYTOR JR.
President, Southern Railway System

EMILIO G. COLLADO
Executive Vice President
Exxon Corporation

CHARLES D. DICKEY JR.
Chairman and President
Scott Paper Company

JOHN T. DORRANCE JR.
Chairman of the Board
Campbell Soup Company

LEWIS W. FOY
Chairman, Bethlehem Steel Corporation

THOMAS S. GATES

HOWARD W. JOHNSON
Chairman of the Corporation
Massachusetts Institute of Technology

DONALD P. KIRCHER
President, The Singer Company

RALPH F. LEACH
Chairman of the Executive Committee

JOHN M. MEYER JR.

HOWARD J. MORGENS
Chairman of the Executive Committee
The Procter & Gamble Company

DeWITT PETERKIN JR.
Vice Chairman of the Board

DONALD E. PROCKNOW
President
Western Electric Company, Incorporated

THOMAS RODD
Vice Chairman of the Board

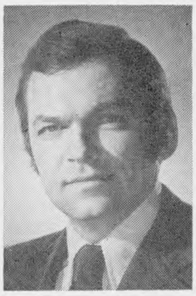
WARREN M. SHAPLEIGH
President, Ralston Purina Company

GEORGE P. SHULTZ
Executive Vice President
Bechtel Corporation

OLCOTT D. SMITH
Chairman, Executive Committee
Aetna Life and Casualty Company

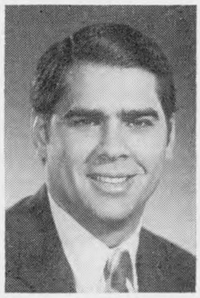
HENRY S. WINGATE
Director and Chairman Advisory Committee
The International Nickel Company
of Canada, Limited

SHERTZER



FRY

EGGER



BIDDINGER

Seven Officers Are Promoted At American Fletcher Nat'l

INDIANAPOLIS—American Fletcher National has promoted William R. Fry from vice president and investment officer to vice president and senior investment officer, David L. Biddinger to vice president and John G. Egger Jr. and Martha M. Shertzer to vice presidents and trust officers.

David B. Cleveland was elected assistant vice president and trust officer and David P. Kowinski and Jack L. Stout were named assistant vice presidents.

Mr. Fry joined the bank in 1962, Mr. Biddinger in 1970, Mr. Egger in 1955, Miss Shertzer in 1965, Mr. Cleveland in 1974, Mr. Kowinski in 1971 and Mr. Stout in 1952.

BRITTAIN

HANNON

Top-Management Posts in NYC Go to Brittain, Hannon

NEW YORK CITY—Top-management changes announced last June for Bankers Trust New York Corp. and its principal subsidiary, Bankers Trust Co., became effective January 1. Alfred Brittain III became chairman of both institutions and John W. Hannon Jr., president.

William H. Moore, who was chairman and CEO of the bank and HC, took early retirement December 31.

Mr. Brittain was president of the bank and HC, and Mr. Hannon was chairman of the bank's executive committee.

Montgomery Dorsey Retires

DENVER—Montgomery Dorsey, senior chairman, First National and First National Bancorp., retired January 3. He will continue as senior partner in Hughes & Dorsey law firm, the bank's legal counsel.

Mr. Dorsey joined the bank board in 1945 and was named chairman in 1956. He was named senior chairman in 1973.

HC Elects 2 Directors

ST. LOUIS—Boatmen's Bancshares has elected Paul F. Cornelsen and Ilus W. Davis to its board. Mr. Cornelsen is with Ralston Purina Co. and is a director of Boatmen's National Bank. Mr. Davis is a Kansas City attorney and chairman of Baltimore Bank and North Hills Bank, both in Kansas City and both affiliates of Boatmen's Bancshares.

Statement of Condition

DECEMBER 31, 1974

Assets

Mortgage loans, purchase money mortgages, and contracts (unmatured balance)	$1,325,013,622.57	
Unmatured extensions, delinquent installments, etc.	2,500,527.12	
Accrued interest receivable on the mortgage loans, purchase money mortgages, and contracts	44,741,568.57	
Total	$1,372,255,718.26	
Less reserve for losses	10,595,356.00	$1,361,660,362.26
Cash		2,017,028.27
Loans in process of closing		3,968,006.19
Accounts receivable		34,851.45
Notes receivable		33,310.00
U. S. Government securities, at amortized cost (par $10,843,000)		10,778,539.36
Real estate owned	$ .00	
Loans called for foreclosure, judgments, etc.	950,581.70	
Total	$ 950,581.70	
Less reserve	.00	950,581.70
Banking house (cost)	$ 2,037,518.36	
Less accumulated depreciation	93,520.02	1,943,998.34
Furniture, fixtures and equipment	282,197.20	
Less accumulated depreciation	102,221.39	179,975.81
Other assets		2,068,118.44
TOTAL ASSETS		$1,383,634,771.82

Liabilities

Unmatured consolidated Land Bank bonds outstanding	$1,215,052,000.00	
Less bonds owned	20,000,000.00	$1,195,052,000.00
Notes payable:		
Federal Land Bank Associations	$ 7,621,846.83	
Other Farm Credit Banks	12,950,000.00	20,571,846.83
Accrued interest payable		27,435,646.03
Future payment funds from borrowers and others		11,174,135.47
Trust accounts		8,079,564.75
Payments received on unmatured indebtedness		972,606.97
Other liabilities and deferred income		1,961,189.58
Capital stock owned by Federal Land Bank Associations		73,710,650.00
Participation certificates owned by Federal Land Bank Associations		611,995.00
Legal reserve		25,468,800.00
Surplus reserve		13,590,000.00
Earned surplus		5,006,337.19
TOTAL LIABILITIES		$1,383,634,771.82

NOTES:
A. Of the mortgage loans $1,318,555,460.42 are assigned as collateral for unmatured consolidated Land Bank bonds; also, $20,999.36 are assigned as collateral for individual farm loan bonds called (face amount) of this Land Bank.
B. The twelve Land Banks are jointly and severally liable for consolidated Land Bank bonds outstanding in the amount of $12,653,125,000.

Statement of Purpose

Today, just as when first organized 58 years ago, our purpose is to improve the economic well-being of farmers and ranchers by providing them the best possible long-term credit service at the lowest possible cost consistent with sound operations. As reflected in the accompanying Statement of Condition figures, The Federal Land Bank of Wichita has maintained a high level of loan activity during its most recent reporting period. Providing capital of this quality and quantity means that the Federal Land Bank is helping not only the farmers and ranchers who own it, but all sectors of the economy throughout Kansas, Oklahoma, Colorado and New Mexico.

Directors

JAMES R. ISLEIB, Chairman
Shawnee Mission, Kansas
LEO PAULSEN, Vice Chairman
Concordia, Kansas
WILLIAM D. LAKEY
Sayre, Oklahoma
SHERWOOD CULBERSON
Lordsburg, New Mexico
E. L. HATCHER
Lamar, Colorado
VIRGIL A. PREWETT
Cherokee, Oklahoma
H. C. HITCH, JR.
Guymon, Oklahoma

Officers

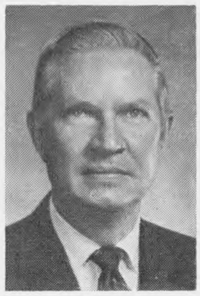
G. A. WILES, President
WM. S. MAY, Vice President and Secretary
J. K. PERRY, Treasurer
HAROLD B. WOLFE, Vice President - Credit
MAX H. FOSSEY, Vice President - Field Services
H. MICHAEL BONE, Assistant Treasurer and Director of Data Processing
JAMES D. CANNON, Assistant Vice President - Appraisals
FRED D. HARVEY, Assistant Treasurer and Chief Accountant
DONALD I. MITCHELL, Principal Attorney
ROBERT F. RANDLE, Assistant Vice President

Federal
LAND BANK

THE FEDERAL LAND BANK OF WICHITA
900 Farm Credit Banks Building
151 North Main
Wichita, Kansas 67202

Citizens Fidelity Bank Names Riley, Malone First Vice Presidents

LOUISVILLE—Donald Riley, manager, commercial banking division, and William J. Malone, branch administration department manager, have been named first vice presidents at Citizens Fidelity, advancing from senior vice presidents.



RILEY

MALONE

Named senior vice presidents were Jon G. Hazelton and John A. Brenzel, while John R. McClure, coordinator, branch office operations, southern sector, Jefferson County, has been promoted to vice president.

New manager, time credit department, is Vice President Stanley R. Jones. William J. Browne, senior vice president, who had previously served in that capacity, is now manager, consumer lending division, which encompasses the time credit and BankAmericard departments.

Citizens Fidelity has promoted the following to assistant vice presidents: David G. Anderson and Michael B. Vairin, commercial banking; Charles R. Rapier, manager, Chenoweth Plaza Office; and Robert L. Callander, business analysis department.

BRENZEL

Liberty Nat'l Names Sr. V.P.

OKLAHOMA CITY—Louis F. Trost has been promoted to senior vice president in the commercial loan department at Liberty National. He joined the bank in 1963, coming from Southwestern Bell. He was named assistant vice president in 1964 and vice president in 1966.

THIRD NATIONAL CORPORATION

Consolidated Balance Sheet

Assets

	December 31 1974	December 31 1973
Cash and due from banks	$ 177,841,454	$ 146,701,130
Investment securities:		
U.S. Treasury securities	61,544,066	60,896,662
Securities of Federal agencies	27,412,543	21,343,947
Securities of states and political subdivisions	139,739,477	139,895,581
Other securities	7,485,169	9,615,418
Total Investment Securities	236,181,255	231,751,608
Federal funds sold and securities purchased under agreements to resell	95,975,000	39,500,000
Loans	826,195,171	708,071,104
Premises and equipment — net	24,512,280	20,684,754
Income earned — not collected	11,420,926	8,843,921
Other assets	13,054,051	7,270,683
	$1,385,180,137	$1,162,823,200

Liabilities and Stockholders' Equity

	1974	1973
Deposits:		
Demand	$ 407,846,071	$ 388,631,017
Time	660,109,865	518,235,128
Foreign	27,895,000	22,100,000
Total Deposits	1,095,850,936	928,966,145
Federal funds purchased and securities sold under agreements to repurchase	55,230,000	60,545,000
Income collected — not earned	28,922,916	26,395,067
Dividends declared — unpaid	596,773	596,567
Accrued interest and other liabilities	16,798,519	15,352,170
Federal and state income taxes	2,421,026	4,388,936
Commercial paper and other short-term debt	56,065,779	13,026,269
Long-term debt:		
Debentures — 7½% due 2002	25,000,000	25,000,000
Notes — subordinated — 4¾% due 1991	7,500,000	7,500,000
Other long-term debt	11,757,528	2,030,119
Reserve for possible loan losses	10,311,630	9,705,761
Minority interests in subsidiaries	63,740	
Stockholders' Equity:		
Common Stock	27,484,810	27,484,810
Capital surplus	25,374,090	25,374,090
Undivided profits	36,490,376	31,146,252
Less cost of treasury shares	(14,687,986)	(14,687,986)
Total Stockholders' Equity	74,661,290	69,317,166
	$1,385,180,137	$1,162,823,200

Directors

D. Roscoe Buttrey
President
*Chairman, Third National Bank**

John W. Clay
Chairman
*Senior Chairman, Third National Bank**

Thad S. Cox
President, Bank of Knoxville

Warren P. Gray
Vice Chairman
Vice Chairman, Third National Bank

John A. Hill
Chairman, Hospital Corporation of America

Owen Howell, Jr.
Consultant

Charles J. Kane
*President, Third National Bank**

Robert C. Smith
President, The Union Bank, Pulaski

George R. Taylor
Chairman and President
Merchants Bank, Cleveland

William C. Weaver, Jr.
Chairman of the Board of NLT Corporation, The National Life and Accident Insurance Company, and WSM, Incorporated

B.A. Wright
Chairman, The First National Bank of Lawrenceburg

*Effective January 1, 1975

Executive Officers

John W. Clay
Chairman

Warren P. Gray
Vice Chairman

D. Roscoe Buttrey
President

Gene C. Hooper
Vice President

Charles G. Moore
Secretary and Treasurer

Affiliates

Third National Bank in Nashville
Nashville, Tennessee

Bank of Knoxville
Knoxville, Tennessee

Merchants Bank
Cleveland, Tennessee

The First National Bank of Lawrenceburg
Lawrenceburg, Tennessee

The Union Bank
Pulaski, Tennessee

Bank of Sevierville
Sevierville, Tennessee

Bank of Elbridge
Elbridge, Tennessee

Citizens Bank
Savannah, Tennessee

Friendly Finance, Incorporated
Paducah, Kentucky

Mobilehome Guaranty
Miami, Florida

John W. Murphree Company
Mortgage Bankers
Nashville, Tennessee

Security Third Leasing Corporation
Nashville, Tennessee

The Third's Small Business Investment Company
Nashville, Tennessee

THIRD NATIONAL CORPORATION

THIRD NATIONAL CORPORATION
THE CENTRAL SOUTH FINANCIAL SYSTEM
Third National Bank Building, Nashville, Tennessee 37244 · (615) 748-4000


HALDEMAN


KARN


RESER


STINSON


McNEECE


WALKER

First Midwest Bancorp. Promotes Three Officers

ST. JOSEPH, MO.—First Midwest Bancorp, Inc., has announced promotions in its three St. Joseph banks.

John E. Karn was elected executive vice president, First Stock Yards Bank. He has worked in various capacities during his 15 years there and is active in correspondent banking.

At First Trust, Jerry Reser was promoted to executive vice president and cashier. Beginning his career in 1959 at First National, affiliate bank, Mr. Reser was transferred to First Trust as auditor in 1962. He was advanced to vice president and cashier in 1973.

Earl N. Haldeman III has been promoted to assistant vice president, agriculture-correspondent banking, First National. Mr. Haldeman joined that bank in 1970 as an agriculture-correspondent representative and was elected assistant trust officer at the affiliate, First Trust, in 1972.

Stinson Is Named President, United Mo. Bank, St. Louis

ST. LOUIS—Wade R. Stinson, formerly president, United Missouri Bank of Jefferson County, Arnold, has been elected president and a director, United Missouri Bank, St. Louis. He succeeds John R. Kirk Jr., who will remain as chairman.

James M. Boyd, executive vice president and chief operations officer, United Missouri of Jefferson County, has replaced Mr. Stinson as president.

Mr. Stinson joined United Missouri Bank, Kansas City, lead bank, United Missouri Bancshares, Inc., Kansas City, in 1973. He had been director of athletics, University of Kansas, for nine years. Mr. Boyd joined United Missouri of Jefferson County in 1958, when it was known as Arnold Savings Bank.

Five Named Vice Presidents At Liberty Nat'l, Louisville

LOUISVILLE—Five were promoted to vice presidents at Liberty National, Louisville. They are: Robert F. Baker, Kenneth R. Dobrick, Robert W. Henderson, Harold R. Garrett and Ronald L. Shartzer.

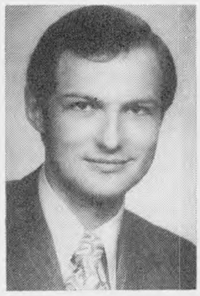
Mr. Baker, personnel division, has been with the bank since 1968; Mr. Dobrick, operations, since 1958; Mr. Henderson, operations, since 1969; Mr. Garrett, operations, since 1962; and Mr. Shartzer, operations, since 1960.

McNeece Named Sr. V.P. At Hibernia National

NEW ORLEANS—Hibernia National has promoted Richard A. McNeece to senior vice president and administrative group executive and appointed William H. Walker vice president and manager in charge of trust business development.

Mr. McNeece remains financial vice president and treasurer of Hibernia Corp. Mr. Walker was an institutional representative at Smith, Barney & Co., Dallas, before joining Hibernia.


CORLEY


GRAHAM

10 Receive Officer Promotions At Cullen Center Bank, Houston

HOUSTON—Ten promotions have been announced by Cullen Center Bank, including two to vice presidents, Mrs. Vern Corley and Bill Graham. Mrs. Corley joined the bank when it opened in 1969 and Mr. Graham has been with the bank since 1970.

Barbara Broz and Sully Woodland were named assistant vice presidents and new assistant cashiers include Joyce Campbell, Alice Jordan, Charlie Kopycinski, Joan Pigg, Tana Ramby and Lanny Woodruff.

Firestone Joins Topeka State

TOPEKA—Sims V. Firestone Jr. has joined Topeka State as a vice president. He had formerly been with Merchants National and Guaranty State, both in Topeka.

He is a former president of the Topeka AIB Chapter.

Bank of America Consolidated Statement of Condition

RESOURCES	December 31, 1974	December 31, 1973
Cash and due from banks	$14,883,352,000	$12,264,413,000
Investment Securities:		
United States Government and federal agency	$ 4,211,562,000	$ 2,982,207,000
State, county and municipal	1,956,366,000	2,650,990,000
Other	944,835,000	815,184,000
Trading account securities	442,190,000	438,970,000
Total Securities	$ 7,554,953,000	$ 6,887,351,000
Loans	30,609,739,000	24,835,244,000
Funds sold	1,970,845,000	2,552,845,000
Customers' liability for acceptances	1,675,784,000	625,028,000
Bank premises and equipment	578,933,000	526,546,000
Other resources	2,095,661,000	1,342,679,000
Total Resources	$59,369,267,000	$49,034,106,000

LIABILITIES	December 31, 1974	December 31, 1973
Demand deposits	$13,457,630,000	$12,887,930,000
Savings and time deposits	37,734,488,000	28,956,450,000
Total Deposits	$51,192,118,000	$41,844,380,000
Funds borrowed	2,244,118,000	2,863,916,000
Liability on acceptances	1,680,707,000	632,060,000
Other liabilities	1,885,324,000	1,521,623,000
Total Liabilities	$57,002,267,000	$46,861,979,000
Reserve for possible loan losses	$ 453,428,000	$ 348,010,000
Capital Funds		
Capital Notes	$ 225,845,000	$ 225,845,000
Common Stock	$ 214,618,000	$ 214,618,000
Surplus	787,207,000	787,207,000
Undivided profits	575,013,000	491,495,000
Reserve for contingencies	110,889,000	104,952,000
Total Equity Capital	$ 1,687,727,000	$ 1,598,272,000
Total Capital Funds	$ 1,913,572,000	$ 1,824,117,000
Total Liabilities, Reserve and Capital Funds	$59,369,267,000	$49,034,106,000

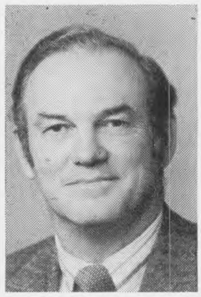
BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION • MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION
MEMBER FEDERAL RESERVE SYSTEM

James Gaskell Named CEO At First of Montgomery

MONTGOMERY, ALA.—James S. Gaskell Jr., president, First National, has assumed the additional duties of CEO from Frank A. Plummer, former chairman and CEO. Mr. Plummer will continue as chairman.

Mr. Gaskell has been president of First National since 1971. Mr. Plummer is also chairman and CEO of First Alabama Bancshares.

BOYER



GASKELL

Boyer, Seven Others Promoted At Bank of New Orleans

NEW ORLEANS—Paul C. Boyer has been named a vice president, commercial loan department, Bank of New Orleans. He joined the bank in 1966.

Seven were promoted to assistant vice presidents: Michael D. Charbonnet and Stanley J. LeBlanc Jr., controllers department; George Fruchnicht Jr., commercial loan department; Hector J. LeBlanc Jr., installment loan department; Betty J. Senat, bookkeeping; Patricia Vintrella, proof department; and John Hampden Lewis, credit administration, who joined the bank January 1.

Denton Joins First City HC; Namd Ch. & CEO, Texas Bank

The boards of First City Bancorp of Texas, Houston, and Texas Bank, Dallas, have announced the appointment of James T. Denton Jr. to the executive committee of the HC and to chairman and CEO of Texas Bank.

Oscar Lindemann, who was chairman, Texas Bank, continues on its board and as chairman of its executive committee. He is a former president, Texas Bankers Association.

Mr. Denton was most recently chairman and CEO, Corpus Christi Bank, and will continue as chairman. C. Ivan Wilson, president, Corpus Christi Bank, has become CEO.

NATIONAL DETROIT CORPORATION

Parent Company of
NATIONAL BANK OF DETROIT

CONSOLIDATED BALANCE SHEET—December 31, 1974

ASSETS

Cash and Due from Banks (including Foreign Office Time Deposits of $808,560,168)	$2,278,106,019
Money Market Investments:	
Federal Funds Sold	36,225,000
Other Investments	41,439,352
	77,664,352
Trading Account Securities	10,735,841
Investment Securities—At Amortized Cost:	
U.S. Treasury	427,818,830
States and Political Subdivisions	710,021,123
Federal Agencies and Other	53,494,811
	1,191,334,764
Loans:	
Commercial	2,210,811,217
Real Estate Mortgage	891,330,592
Consumer	295,263,041
Foreign Office	405,387,627
	3,802,792,477
Bank Premises and Equipment (at cost less accumulated depreciation of $32,127,605)	55,574,897
Other Assets	170,073,326
Total Assets	$7,586,281,676

LIABILITIES, RESERVE AND SHAREHOLDERS' EQUITY

Deposits:		
Demand		$1,788,215,173
Certified and Other Official Checks		664,040,150
Individual Savings		993,302,236
Individual Time		672,841,590
Certificates of Deposits		871,740,641
Other Savings and Time		37,688,707
Foreign Office		1,155,513,266
		6,183,341,763
Other Liabilities:		
Federal Funds Purchased and Securities Sold Under Agreements to Repurchase	$661,006,833	
Capital Notes	100,000,000	
Unearned Income and Sundry Liabilities	188,003,111	949,009,944
Total Liabilities		7,132,351,707
Reserve for Possible Loan Losses		66,295,546
Shareholders' Equity:		
Preferred Stock—No Par Value	—	
No. of Shares: Authorized 1,000,000; Issued —		
Common Stock—Par Value $12.50	75,000,000	
No. of Shares: Authorized 10,000,000; Issued 6,000,000		
Capital Surplus	175,000,000	
Retained Earnings	139,951,766	
Less: Treasury Stock—51,404 Common Shares, at cost	(2,317,343)	387,634,423
Total Liabilities, Reserve and Shareholders' Equity		$7,586,281,676

Assets carried at approximately $487,000,000 (including U.S. Treasury Securities carried at $9,000,000) were pledged at December 31, 1974, to secure public deposits (including deposits of $92,055,275 of the Treasurer, State of Michigan) and for other purposes required by law.

Outstanding standby letters of credit at December 31, 1974, totaled approximately $13,000,000.

BOARD OF DIRECTORS

A. H. Aymond
Chairman and President—Consumers Power Company

Henry T. Bodman
Former Chairman—National Bank of Detroit

Harry B. Cunningham
Honorary Chairman and Member of the Executive and Finance Committees—S. S. Kresge Company

David K. Easlick
President—The Michigan Bell Telephone Company

Charles T. Fisher, III
President

A. P. Fontaine
Director and Former Chairman—The Bendix Corporation

Richard C. Gerstenberg
Director—General Motors Corporation

Robert W. Hartwell
Senior Executive Vice President—Finance and Corporate Affairs—The Detroit Edison Company

Joseph L. Hudson, Jr.
Chairman of the Board—The J. L. Hudson Company

Walton A. Lewis
President—Lewis and Thompson Agency, Inc.

Don T. McKone
Executive Vice President—Libbey-Owens-Ford Company

Ellis B. Merry
Former Chairman—National Bank of Detroit

Peter J. Monaghan
Monaghan, Campbell, LoPrete & McDonald

George Russell
Former Vice Chairman—General Motors Corporation

Arthur R. Seder, Jr.
President, Chief Administrative Officer and General Counsel—American Natural Gas Company

Robert B. Semple
Chairman—BASF Wyandotte Corporation

Nate S. Shapero
Honorary Chairman and Director and Chairman of Executive Committee—Cunningham Drug Stores, Inc.

George A. Stinson
Chairman and President—National Steel Corporation

Peter W. Stroh
President—The Stroh Brewery Company

John C. Suerth
Chairman—Gerber Products Company

Robert M. Surdam
Chairman of the Board

Norman B. Weston
Vice Chairman of the Board

ADVISORY MEMBERS

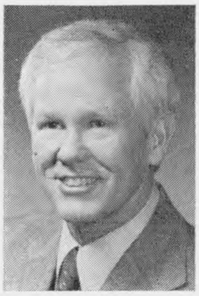
Ivor Bryn
Former Chairman—McLouth Steel Corporation

William M. Day
Former Chairman—The Michigan Bell Telephone Company

Ralph T. McElvenny
Former Chairman—American Natural Gas Company

Austin Smith, M.D.
Former Chairman—Parke, Davis & Company

KNIGHT



CONNER

Conner New E.V.P., Knight, V.P. At Lubbock National Bank

LUBBOCK, TEX.—Coffee Conner has been promoted from senior vice president to executive president, Lubbock National.

Harry Knight, trust officer in charge of investments and employee benefit plans, has been elevated to vice president.

Assistant cashiers promoted to assistant vice presidents include Andy Bilbrey, Joyce Cozzen, Delores Maner, Alan White and Dan Wilbanks.

Mr. Conner has been with the bank 18 years. Formerly in charge of real estate lending, he was moved into the commercial lending division six years ago and has been a senior management committee member for the past two years.

DeBardeleben, Hurst Raised At Alabama Bancorporation

BIRMINGHAM—Alabama Bancorp. has elected Newton H. DeBardeleben vice chairman. He was formerly executive vice president and treasurer and is vice chairman of First National, Birmingham, lead bank of the HC.

Also promoted was Gordon C. Hurst, who is now senior vice president and officer in charge of the national accounts division. He continues as a vice president of First National, Birmingham.

Mr. DeBardeleben joined First National in 1962. Mr. Hurst has been with the bank since 1959.

Barrow Is Exec. Vice President At Chicago's Northern Trust

CHICAGO—Northern Trust has named Charles H. Barrow executive vice president. Bernard M. Cygan, Milton F. Rohlf and Charles F. Mikuta were named vice presidents. Mr. Mikuta is manager, advertising and public relations.

New second vice presidents are James W. Carver, Stephen W. Lind, William A. Osborn, Joanne C. Stringer, Marshall P. Frank, Francis R. Driscoll and Constance C. Houran.

DODGE

LOGAN

Dodge Named to Succeed Logan At St. Louis Union Trust

ST. LOUIS—Richard J. Dodge has assumed responsibility for marketing functions at St. Louis Union Trust. He succeeds Hugh A. Logan, senior vice president, who took early retirement.

Mr. Dodge was formerly vice president in charge of the probate division and has been an officer of the firm since 1957. Mr. Logan joined the firm in 1955 and has been a senior vice president since 1970.

Birmingham Trust Elects Director

BIRMINGHAM—Harris Saunders Jr. has been elected to the board of Birmingham Trust National. He is president and treasurer, Saunders Leasing System, Inc.

PERSONAL SERVICE AND FULL BANKING SERVICE = GROWTH

STATEMENT OF CONDITION as of December 31, 1974

RESOURCES

Cash and Due from Banks	$ 42,509,590.47
U.S. Government Obligations	18,351,347.43
State and Municipal Bonds	22,652,214.66
U.S. Government Agencies: Bonds	2,345,003.85
Other High Grade Bonds and Securities	699,412.09
Loans and Discounts	76,772,578.42
Federal Funds Sold	8,178,000.00
Stock in Federal Reserve Bank	360,000.00
Bank Building, Leasehold Improvements, Furniture and Fixtures	703,886.41
Customers Liability L/C	519,552.38
Overdrafts	78,233.20
Other Resources	2,407,002.46
	$175,576,821.37
Federal Funds Sold and Securities Purchased under Agreements to Resell	15,000,000.00
TOTAL RESOURCES	$190,576,821.37

LIABILITIES

Capital	$5,771,000.00	
Surplus	6,229,000.00	
Undivided Profits	9,752,962.60	
Capital Reserve	1,057,656.24	$ 22,810,618.84
Reserve for Interest, Taxes, etc.		429,227.01
Unearned Discount		1,553,241.17
Banks Liability L/C		519,552.38
Deposits		145,344,181.97
Federal Funds Purchased		4,920,000.00
		$175,576,821.37
Federal Funds Purchased and Securities Sold under Agreements to Repurchase		15,000,000.00
TOTAL LIABILITIES		$190,576,821.37

CAPITAL ACCOUNT GROWTH

1971 — $16,540,017
1972 — $17,889,468
1973 — $20,505,989
1974 — $22,810,618

Correspondent customers of Security National of Kansas City are assured the service and planning that will contribute to their continued growth—and their increasing profits.

THE BANK SECURITY NATIONAL BANK

Seventh and Minn.—Kansas City, Kansas 66117
Dial Direct-913-281-3165 Member F.D.I.C.

GREATHOUSE

RUBIN

STRAUSS

HARRELL

Greathouse, Rubin Promoted At American Nat'l, Chicago

CHICAGO—American National has named John A. Greathouse and David A. Rubin vice presidents.

Promoted to second vice presidents were Donald L. Ehrhardt, James A. Markese, Edward J. Mrowiec, Peter D. Richardson and James P. Shea.

Mr. Greathouse is in commercial lending and joined the bank in 1963. Mr. Rubin is in the trust development division and has been with the bank since 1967.

Exchange of Chicago Ups Two

CHICAGO—Exchange National has elected Steven R. Strauss vice president and associate counsel in the executive department and Timothy A. Baker, commercial banking officer.

Four Promotions Announced At Morgan Guaranty Trust

NEW YORK—Morgan Guaranty Trust has elected Frank Sandstrom assistant to the chairman; William E. Pike chairman of the credit policy committee to succeed Mr. Sandstrom; William D. Chabay vice president and head of the personal accounts unit in the international banking division; and Arthur B. Scully assistant vice president in the international banking division.

Mr. Sandstrom joined the bank in 1955 and Mr. Pike has been with the bank since 1960.

Reorganization, Promotions At First of Tulsa and HC

TULSA—Robert R. Gilbert, senior vice president, First of Tulsa, has been elected to an executive position in First Tulsa Bancorp. and an operational move has been made to transfer the bank's planning division to the HC. David L. York will serve as planning officer in the HC's new division, assisted by Tom Shank.

James E. Hara, president, Skelly Oil Co., has been named to the HC board.

Gerard J. Rothlein Jr. and J. H. Torbert have been named vice presidents in the bank's trust department.

Harrell Named Senior V.P.

FORT WORTH—William E. Harrell has been elected a senior vice president by Texas American Bancshares. His responsibilities will be primarily in the areas of corporate expansion.

Mr. Harrell has seen service with Texas Commerce Shareholders Co., Texas Commerce Bancshares, Texas Commerce Bank and Medical Center National Bank, all in Houston. He began his banking career in 1955 with Groos National, San Antonio.

BNO
THE BANK OF NEW ORLEANS

Comparative Statement of Condition

ASSETS	Dec. 31, 1974	Dec. 31, 1973
Cash and Due from Banks	$ 55,535,985	$ 57,164,938
U. S. Treasury Securities	15,017,441	19,084,163
Securities of Other U. S. Government Agencies	20,647,496	13,038,858
Obligations of States and Political Subdivisions	44,740,353	49,460,558
Other Securities	780,000	453,750
Loans Outstanding	217,032,172	213,542,315
Federal Funds Sold	30,700,000	8,000,000
Securities Purchased under Agreements to Resell	22,748,000	8,500,000
Bank Premises and Equipment	3,064,776	2,853,049
Interest Earned but Not Collected	4,039,179	3,332,275
Customers' Liability on Acceptances	163,200	341,987
Other Assets	2,293,741	900,612
TOTAL ASSETS	$416,762,343	$376,672,505
LIABILITIES		
Demand Deposits	$139,455,766	$120,072,212
Savings Deposits	37,495,497	33,901,830
Time Deposits	138,262,808	141,614,215
TOTAL DEPOSITS	$315,214,071	$295,588,257
Federal Funds Purchased	36,835,000	22,555,000
Securities Sold under Agreements to Repurchase	25,433,652	22,250,000
Accrued Taxes and Interest	5,083,879	3,824,782
Unearned Interest and Income Collected	5,309,447	5,038,442
Quarterly Dividend Payable	141,430	141,329
Liability on Acceptances	163,200	341,987
Other Liabilities	716,737	686,225
TOTAL LIABILITIES	$388,897,416	$350,426,022
RESERVES		
Reserve for Possible Loan Losses	$ 3,475,000	$ 3,475,000
CAPITAL		
Capital Notes	$ 4,250,000	$ 4,250,000
Common Stock, $12.50 Par Value, 400,000 Shares Authorized, 250,000 Shares Issued and Outstanding	3,125,000	3,125,000
Surplus	12,875,000	12,875,000
Undivided Profits	4,139,927	2,521,483
TOTAL CAPITAL	$ 24,389,927	$ 22,771,483
TOTAL LIABILITIES, RESERVES AND CAPITAL	$416,762,343	$376,672,505

Contingent Liability on Letters of Credit Issued but Not Drawn Against — 12/31/74 — $10,745,644
12/31/73 — $15,539,589

BNO **Bankers with Ideas.**

THE BANK OF NEW ORLEANS
AND TRUST COMPANY

HEAD OFFICE: BNO Building, Common & O'Keefe Member FDIC

Prepare NOW for Annual Meetings

Booklets That Aid (1) Bank Management (2) Bank Directors (3) Bank Stockholders

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• **So Your Husband Is a Bank Director.** 2 pages. Outlines for the bank director's wife the "sensitive" nature of her husband's directorship. Stresses the confidential nature of the banking business; discourages bridge-table gossip! **No. 115, 3 copies for $1.**

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• **Capital Adequacy.** 4 pages. When does a bank have enough capital? Should a bank resist supervisory pressure to increase capital? Should a select committee of board members keep abreast of capital requirements for their bank? These and other questions discussed in this study. **No. 117, 3 copies for $1.**

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• **Specialist Directors.** This four-page study highlights the need for bank boards to consider adding "specialists" to the board. Example: CPA's, educators, environmentalists, minority group representatives, even labor leaders. What should your bank do about this? This study offers suggestions. **No. 119, 3 copies for $1.**

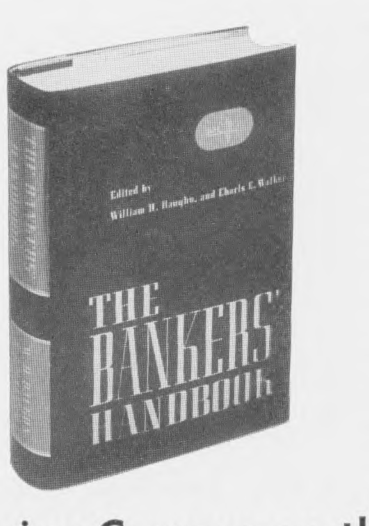
• **The Bankers' Handbook.** Considered the most complete and definitive reference source covering current practices. It places the money knowledge of 90 of the country's leading bankers at the fingertips of the banker or businessman, in a concise, analytical style. In it are the answers to most of your questions about banking—easy to use. 11 major sections—in 87 chapters. 1230 pages. **No. 120, $30.00.**

• **Bank Stock Prices.** How the price range of a bank's stock should be determined is discussed in this four-page study. The pros and cons of high and low stock prices are examined so directors can determine where to set the price of their bank's stock. No. 000, 3 copies for $1.

• **Bank Audits and Examinations.** This study, written in non-technical language, is designed to be helpful (1) to an independent accountant engaged to conduct an opinion audit, (2) to an internal bank auditor who wishes to make his work more effective and (3) to a *bank director* who wishes to compare procedures followed by his bank with the modern methods outlined. **No. 121, $32.**

• **Organizing Jobs in Banking.** A practical manual designed for bank officers and department managers to use as a guide in defining the duties and responsibilities of every position in the bank. It establishes position qualifications and job specifications and contains suggestions for training new personnel and employees transferring from one position to another. **No. 122, $28.**

• **Techniques of Opening a Branch Bank.** A practical manual containing all the essential components for the successful opening and development of a branch bank. It explains how to do research regarding branch site location, potential business volume, calling program, publicity and grand opening. **No. 127. $12.**



• **The Effective Branch Manager.** This book was written to show ways in which bank branch managers can develop management skills which are indispensable for the effective functioning of any branch. It is recognized that management involves several clearly definable functions: planning, organizing, motivating, controlling and communicating. Each of these skills is examined and then applied to the specific problems of branch management. Examples are used to demonstrate the effects of each approach. **No. 128, $14.**

• **What Every Bank Director Should Know About Bank Counsel.** A pithy discussion of the advantages and disadvantages of a bank maintaining full-time counsel, and whether that counsel should be an elected director. The counsel-director relationship is also covered—a vital relationship in these days of complicated legal maneuvering. **No. 129, 3 copies for $1.**

• **So Your Wife Is a Bank Director.** With an increase in the number of women directors, there is a need for the husbands of these directors to "learn the ropes." This study provides basic information for the spouse that is designed to enable him to assist his wife in the complicated business of running a bank. **No. 130, 3 copies for $1.**

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• **Bank Board Policy and the Prerogatives of Operating Management.** Special study focuses on utilization of skills and knowledge of "outside" directors; should the board do more than merely set policy?; who should operate the bank—the board or management? **No. 106, 3 copies for $1.**

• **The Board of Directors and Effective Management.** Harold Koontz, 256 pages. Critical look at directors' role: functions and responsibilities, decision areas, control, relationship of success to more productive management. **No. 107, $13.00 per copy.**

• **Deferred Compensation Plan for Directors.** Explanation of an important IRS Ruling that will allow your directors to collect directors fees after retirement, thus offering substantial tax savings. **No. 108, 3 copies for $1.**

• **A Business Development Policy.** A plan for the small bank in setting up objectives and establishing responsibilities in the officer staff for getting new business, holding present business. **No. 109, 3 copies for $1.**

• **SALES: How Bank Directors Can Help.** Detailed outline of a program that has developed more than $40 million in new business for a holding company chain in the Southeast. **No. 110, 3 copies for $1.**

• **Policy Statement for Equal Employment Opportunity.** 4-page study, contains suggested Equal Opportunity Program aimed at preserving a bank's eligibility to serve as federal depository. **No. 112, 3 copies for $1.**

• **The Bank Board and Loan Policy.** This 28-page booklet discusses the reasons for a bank having a *written* loan policy. The booklet presents loan policies in use by two well-managed banks that will aid your bank in establishing broad guidelines for your lending officers (particularly junior staff officers) so they will not be in the dark concerning bank loan policy. **No. 113, $2.75 per copy.**

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NEWS
From the Mid-Continent Area

Alabama

■ FIRST NATIONAL, Birmingham, has promoted the following to trust officers: Thomas R. Gamble, personal trust administration; Virginia C. Ramsey, estate planning, probate department; and David L. Thomas, estate planning, trust department. T. Waymon Paul was promoted to trust officer and forester, real estate department. The following were promoted to assistant trust officers: Barbara Phillips and Dorothy S. Farmer, tax department; Richard D. Childress, employee benefit department; Douglas L. McWhorter, estate administration, probate department; Forrest L. Treanor Jr., trust marketing; and Donald A. Ferguson, real estate.

■ OPELIKA NATIONAL recently celebrated the grand opening of its new building. Designed in the Williamsburg style, it combines period furnishings with pieces from the institution's first banking house. The expansion increased Opelika National's floor space from 10,000 to over 23,000 square feet. In other bank news, Mrs. Troy G. Smith has been promoted to assistant branch manager in charge of operations, Auburn Branch. She has been with the bank since 1966.

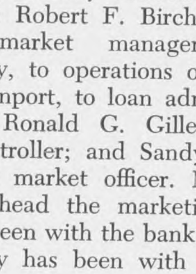
■ EDWARD L. NEASE has joined Henderson National, Huntsville, as vice president in charge of operations, while Richard Collinsworth and Jimmy Parker have been elected assistant vice presidents. Mr. Nease went to the bank from Citizens & Southern National, Atlanta. Mr. Collinsworth, with the bank since 1971, is currently in the commercial loan area and Mr. Parker is manager, Madison Office.

■ FIRST NATIONAL, Huntsville, has named W. Eugene Morgan chairman and CEO. Joe M. Hinds Jr. has been elected president, while H. E. Monroe Sr. will be chairman emeritus and chairman, executive committee. Mr. Morgan, who is also vice chairman, First Alabama Bancshares, Inc., Birmingham, was president, Bank of Monterey, Tenn., before joining First National. He has served First National as vice president, executive vice president and president. Mr. Hinds, a former Mississippi banker, was associated with Deposit Guaranty, Jackson, then was a director and assistant vice president, First Mississippi National, Hattiesburg, and director, Lamar County Bank, Purvis. In other bank action, Bob G. Hughes was elevated from senior vice president to executive vice president and Robert F. Clark, from vice president and trust officer to senior vice president and trust officer. Mr. Hughes has been with the bank since 1959, while Mr. Clark has worked in the trust area for several years.

Arkansas

■ TWIN CITY BANK, North Little Rock, recently announced five promotions: Robert F. Birch, to senior officer—market management; Tommy Bailey, to operations officer; Margaret Davenport, to loan administration officer; Ronald G. Gillert, to assistant comptroller; and Sandy Greenfield, to retail market officer. Mr. Birch, who will head the marketing department, has been with the bank since 1970. Mr. Bailey has been with the bank three years.

■ E. THOMAS BRIDGERS has been elected president, Commercial National Financial Services Corp. (CNFSC), a wholly owned subsidiary of Commercial National, Little Rock. He succeeds Frank D. White, who was chosen by Governor-Elect David Pryor to serve as director, Arkansas Industrial Development Commission. Mr. Bridgers also will serve as a vice president of the bank. Prior to his CNFSC election, he



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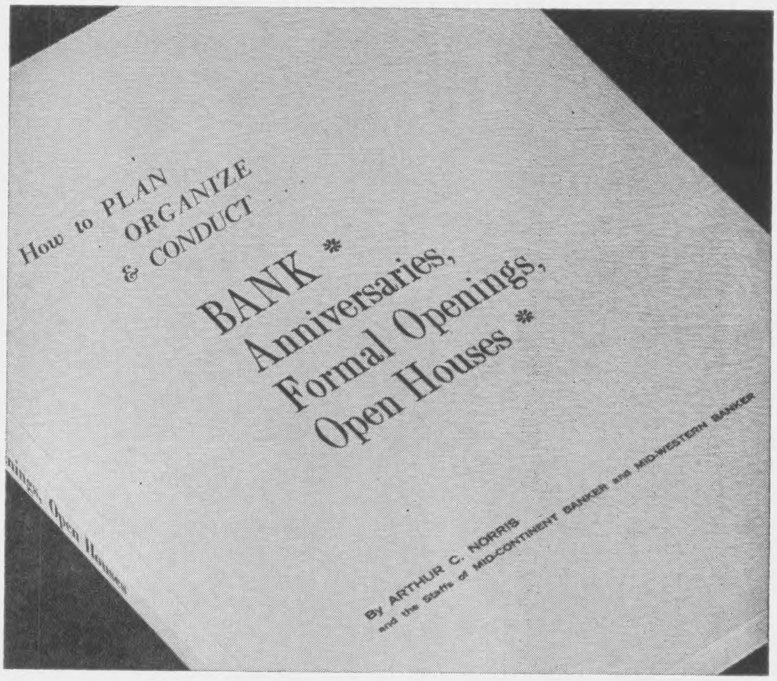

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was vice president and director, automated services, for another Little Rock bank. CNFSC, formed in 1973, provides specialized financial services to Arkansas banks and other financial institutions through the correspondent system.

Illinois

■ BANK MARKETERS in the Chicago area formed the 14th local chapter of the Bank Marketing Association, electing Alan Eirenberg, first vice president, Exchange National, as their first chapter president. Other officers elected were: Lawrence "Biff" Motley, marketing officer, Continental Illinois National, first vice president; Edward F. Mrkvicka Jr., cashier, First State, Hanover Park, second vice president; Richard T. Kessler, vice president, Corporate Planning Group, Inc., secretary; and William R. Beckmann, advertising and public relations director, National Boulevard Bank, treasurer.

■ ROBERT HILDEBRAND, trust officer, was promoted to vice president and trust officer, Granite City Trust, while Anthony J. Zedolek, assistant vice president, became a vice president. Clara Parker, Jacklyn Willaredt and E. A. Karandjeff Jr. were named assistant cashiers.

■ DAVID L. HUSMAN has been elected vice president, Western National, Cicero, while Terrence Superczynski has been promoted from assistant cashier to assistant vice president. Dennis Motyka and Emily Barkauskas were made assistant cashiers.

■ FORMER SENATOR E. B. GROEN has been elected chairman, First National, Pekin. He received his Juris Doctor degree from the University of Illinois College of Law, 1940, and has served as legal counsel for the bank since 1946. Senator Groen was elected to the board in 1947 and began his senatorial career in 1952.

■ MYRNA K. MANDORCA and Edward M. Corbett have been appointed assistant cashiers, First National, Alton. Miss Mandorca joined the bank in 1957 and Mr. Corbett in 1963.

■ PAUL D. OLSON has been named second vice president, correspondent banking, Central National, Chicago. He went to the bank from First Wisconsin Investment Corp., subsidiary of First Wisconsin Corp., where he was vice president and chief operating officer. Prior to that, he was branch banking officer, First Wisconsin National, Milwaukee.

C. A. Heiligenstein Dies

Christian A. Heiligenstein, 74, died of heart disease January 5 at a Belleville hospital. He was chairman and former president, First National, Belleville. Mr. Heiligenstein joined the bank in 1925 and became president in 1939. He retired from that position in 1967. Mr. Heiligenstein also served as treasurer, Illinois Bankers Association, 1956-57.

■ FIRST NATIONAL, Belleville, has elected C. E. Heiligenstein to its board to succeed his father, the late C. A. Heiligenstein. The younger Mr. Heiligenstein, who has been the bank's attorney since 1965, holds three degrees from the University of Illinois—bachelor of science in law, bachelor of law and juris doctor.

HANCE

FITZPATRICK

■ ROBERT E. HANCE has been elected vice president in charge of the farm department, Millikin National, Decatur, replacing Carroll Cassity, former head of that department, who retired. In other bank news, Stephen S. Haury has joined as staff assistant, investment department. Doug K. Stallard, assistant trust officer, was awarded the title of Accredited Rural Appraiser and Michael J. McClure, farm manager, the title of Accredited Farm Manager, from the American Society of Farm Managers and Rural Appraisers. Mr. Hance has 28 years' farm management experience and joined the bank in 1970 as assistant manager, farm department. Mr. Haury previously worked in portfolio analysis and management, Merrill Lynch, Pierce, Fenner & Smith, Chicago.

AMBI Conferences

The Association for Modern Banking in Illinois (AMBI) will hold an agriculture conference in Urbana, April 8, 9 and 10, and a consumer credit conference, May 20, 21 and 22 in Champaign.

■ HELEN BAFFORD has been promoted to auditor, First National, Decatur. Mrs. Bafford has been with the bank 31 years. She became its first woman officer in 1971.

Indiana

■ RAY G. INGRAM was promoted from assistant vice president to administrative vice president, Terre Haute First National. Mr. Ingram has been with the bank three years.

Columbus Bank Opens

Columbus Bank, a new, full-service institution, opened its doors January 2. The recently opened bank's officers are: chairman, Harry Kinney; president and CEO, Robert C. Shockney; executive committee chairman, Daniel A. Pieper; and vice president and cashier, James D. Strietelmeier.

Mr. Kinney is president, Kinney & Co., while Mr. Shockney has 18 years' banking experience, having served as executive vice president, Southern National, Houston, 1962-70, then becoming president, Corpus Christi State National. In 1973, Mr. Shockney gained additional responsibilities as president and CEO, Federal Texas Bancorp., the bank HC, leaving them in 1974, when the HC became Federated Capital Corp. Mr. Pieper is owner, Pieper Farm Service. Mr. Strietelmeier has many years in banking, having been associated with institutions in Suitland, Md., 1963-64, joining First Bank, Indianapolis, 1964, working as security officer, branch administrator, installment loan manager and, in 1972, becoming vice president. He left that institution in 1974.

Kansas

■ W. ROBERT FITZPATRICK has been appointed vice president, correspondent division, Security National, Kansas City. He went there from Traders National, Kansas City, Mo., where he had served in the correspondent division for 10 years.

■ COMMERCIAL NATIONAL, Kansas City, plans to issue a 12½% stock dividend, to be effected by boosting capital from $4 million to $4.5 million through transfer of $500,000 from undivided profits.

■ THE FED has approved applications by Oskaloosa Bancshares, Inc., to form an HC through acquisition of

National Boulevard Bank of Chicago and Subsidiary Consolidated Statement of Condition December 31, 1974.

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Resources

Cash and Due from Banks	$ 56,690,095
Securities:	
United States Treasury Securities	40,670,757
State and Municipal Securities	34,111,764
Other Securities	8,923,918
Total Securities	83,706,439
Loans:	
Commercial Loans	104,614,938
Consumer Credit Loans	44,595,874
Real Estate Loans	73,965,595
Total Loans	223,176,407
Federal Funds Sold	40,500,000
Bank Premises and Equipment	1,056,019
Customers' Acceptance Liability	866,547
Other Resources	5,183,630
Total Resources	$411,179,137

Liabilities

Demand Deposits	$184,143,334
Time and Savings Deposits	171,759,601
Total Deposits	355,902,935
Federal Funds Purchased and Other Borrowed Funds	16,739,606
Acceptances Outstanding	866,547
Other Liabilities	8,430,646
Total Liabilities	381,939,734
Valuation Reserve	
Reserve for Possible Loan Losses	4,045,300
Capital Accounts	
8¼% Capital Notes (Subordinated)	7,500,000
Shareholders' Equity:	
Capital Stock (200,000 shares, par value $20.00)	4,000,000
Surplus	8,500,000
Undivided Profits	5,194,103
Total Shareholders' Equity	17,694,103
Total Capital Accounts	25,194,103
Total Liabilities, Valuation Reserves and Capital Accounts	$411,179,137

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Board of Directors

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IRVING SEAMAN, JR.
Chairman Executive Committee, Chief Executive Officer

HENRY K. GARDNER
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ROBERT C. BARTLETT
President, Commerce Clearing House

ROBERT H. BURNSIDE
Group Vice President and Director—Retired, International Harvester Company

JAMES E. FLETCHER
President, Field Enterprises Educational Corporation

JOHN E. GUTH, JR.
Vice President, Field Operations, International Business Machines Corporation

ROBERT L. GROVER
Chairman, Snap-on Tools Corporation

CARL A. KROCH
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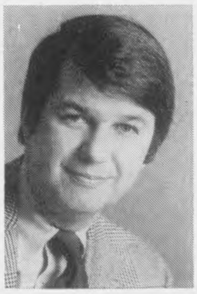
State Bank of Oskaloosa and Curtis Patrick Agency, Oskaloosa, a general insurance agency.

■ JOHN J. HILLIARD has joined Farmers & Merchants State, Colby, as president, CEO and director, coming from Commerce Bank of Kansas City, Mo., where he was a vice president in the correspondent department. As F&M's president, he succeeds C. M. "Mose" Miller, who retired December 31, but remains chairman. Mr. Miller was honored with a "Mose" Miller Day December 27. Orville E. Miller (no relation to C. M. Miller), who was vice president of the Colby bank, has been named vice chairman. In other action, Lawrence Bruggeman was promoted to executive vice president, Robert Urbom became vice president, cashier and assistant trust officer, while Dick Epard, who recently joined F&M, became a vice president.

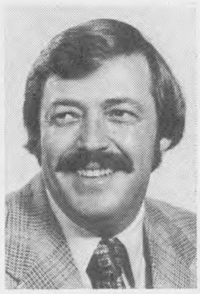
■ TOPEKA STATE has opened its new permanent facility in southwest Topeka's Brookwood Shopping Center. Designed in "contemporary rustic," the bank has 2,750 square feet of space. A temporary facility, used during its construction, has been closed. The permanent bank facility, managed by Kathy Martin, features three drive-up stations, drive-up night depository and a modular steel vault with deposit boxes. One wall inside the bank has been set aside for art displays.

Kentucky

■ CITIZENS FIDELITY, Louisville, has followed its annual custom of mailing U. S. Master Tax Guides to its correspondent banks. The 1975 guide is designed primarily to help taxpayers in preparing their 1974 tax returns. The guide is geared to answer any questions that might arise in preparing these returns and gives ample information on tax consequences resulting from decisions and transactions that taxpayers may face this year.



HILLIARD



MAILLET

■ RALPH BUCHANAN has been named president, Bowling Green Bank. He succeeds Charles Reynolds, who has returned to private law practice and will continue as a board member and as legal adviser. Mr. Buchanan went there from American National, Bowling Green, where he was senior vice president and trust officer.

Louisiana

New Baton Rouge Building

American Bank, Baton Rouge, is now headquartered in this new 24-story building, just minutes from the state capitol (background). The bank will use the new building's service and plaza levels, as well as the sixth, seventh, eighth, ninth and 24th floors. Coffee and conference rooms are located throughout.

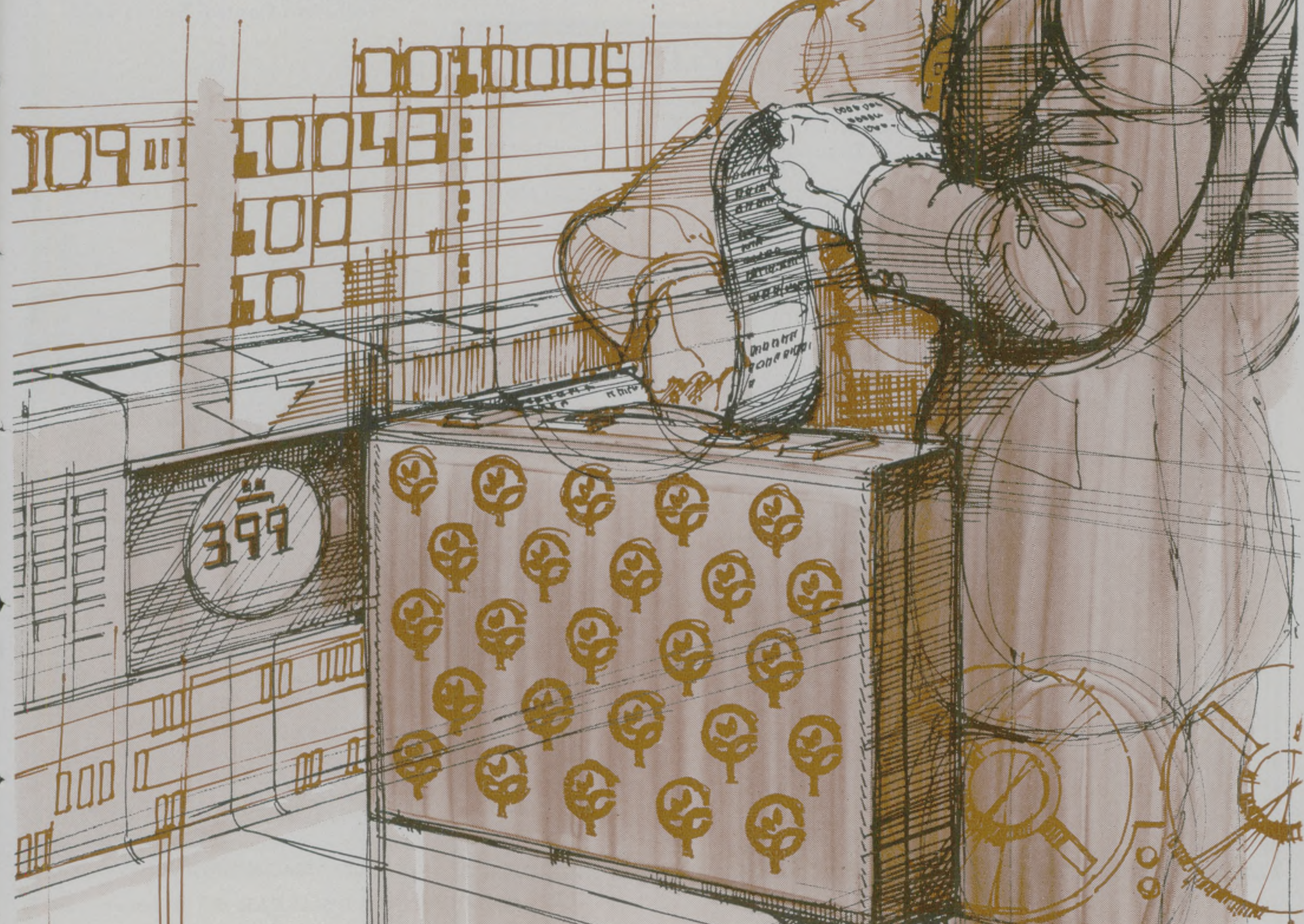
TV Commercials Cited

Lawrence A. Merrigan (c.), pres., Bank of New Orleans, accepts the plaque naming a series of the bank's TV commercials as first-place winner in the 1974 competition of the U. S. Television Commercials Festival. Presenting the award are Frederic R. Swigart (r.), pres., Swigart Co., Inc., the bank's advertising agency, and Russell Cantelli, the agency's TV copywriter. The commercials featured case histories of situations in which the bank helps individual, institutional and corporate customers.

■ JOHN G. MAILLET has been promoted to vice president, Guaranty Bank, Alexandria. Mr. Maillet joined the bank staff in 1971 and was promoted to correspondent banking officer the following year. He will continue his duties in that department.

PR Society Honors Banker

James H. Jones, ch. and CEO, First National, New Orleans, displays the Hornblower Award he received from the New Orleans Chapter, Public Relations Society of America. The award honored Mr. Jones as the individual who had done the most work to enhance the image of the New Orleans area by using the tools of public relations.



Mississippi

■ FIRST NATIONAL, Meridian, has promoted the following: John J. Pollman Jr., from assistant trust officer to assistant vice president and trust officer; E. G. Richardson, from assistant cashier to assistant vice president; William F. Reid, manager, North Branch, to assistant cashier; and Neil Rosenbaum and Lee R. Meyer Jr., to assistant cashiers.

■ HASCHAL A. (HACK) SMITH has been elected president, Bank of Commerce, Poplarville, division of Hancock Bank, Gulfport, while Frank S. Street was promoted from assistant cashier to assistant vice president. Mr. Smith has been with Bank of Commerce since 1948, was elected cashier in 1963 and vice president in 1973. Mr. Street joined the bank staff in 1971 and was elected cashier the following year.

■ THE FED has approved application of First Mississippi National Corp., Hattiesburg, to become an HC through acquisition of First Mississippi National, Hattiesburg.

Missouri

■ LEE SMITH, cashier, First National, Lebanon, has been promoted to vice president and chief operations officer. Curtis Wills, assistant cashier and loan officer, was promoted to vice president, loans, to work with livestock and farming customers, while Burl Snook, head teller and assistant cashier, became cashier. Assisting Mr. Snook as assistant cashier in charge of general bookkeeping and records is Brent Smith. Three new women officers have been appointed at the bank. Margie A. Brown, loan officer and secretary, is now assistant vice president and secretary to the board; Pauline Clark, now assistant cashier, continues as teller in charge of time deposits and interest payments to savings investors; and Louise M. Randolph, a new assistant cashier, will work in public relations, as well as continuing as teller and general bookkeeper.

CRECELIUS

KELLER

■ EDGAR P. CRECELIUS has retired as president, Lemay Bank, but continues as chairman. Mr. Crecelius has been with the bank 52 years, beginning as a messenger at the former Lemay Ferry Bank in 1922, becoming president in 1951 and chairman in 1967. Quinton Keller, executive vice president since 1964, has been elected president and CEO. He joined the bank as a teller in 1952 and served as assistant cashier, auditor, and comptroller before attaining his last position. Mr. Keller was named to the bank's board in 1969.

Pollution Control Bonds Sold

Edwin S. Jones (l.), ch., First Union, Inc., St. Louis, presents a check for the sale of $15 million in bonds to State Treasurer James I. Spainhower. Standing is John W. Rowe, v.p., bond dept., First National, St. Louis, HC affiliate. Money from the sale is for water pollution control in the state.

■ ELIZABETH WARD, vice president and executive officer, Bank of Crane, retired January 1. Mrs. Ward joined the bank in 1937 and left in 1945 to care for her family and property. She returned in 1956, serving until her retirement.

■ ST. LOUIS COUNTY NATIONAL, Clayton, has named Kenneth W. Bean assistant vice president, David Evan-

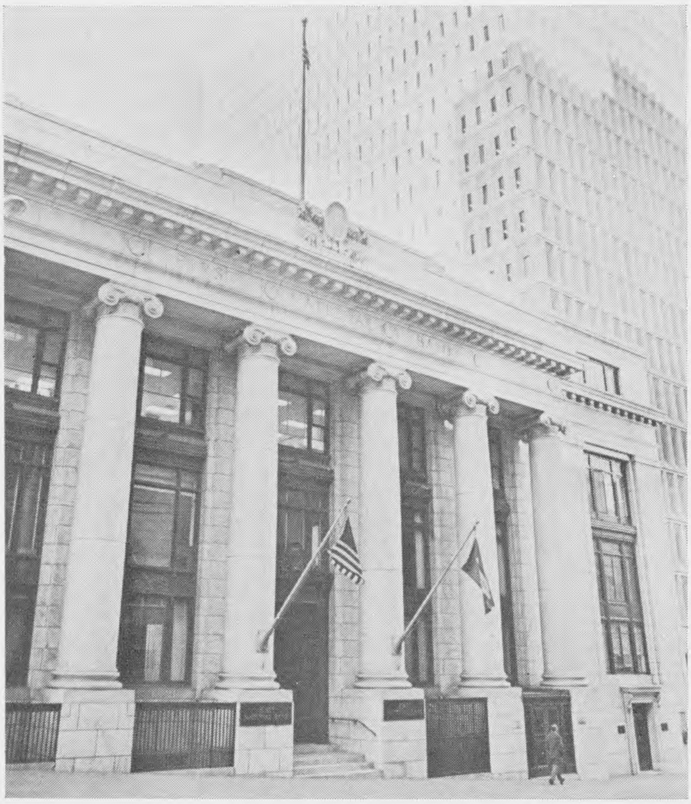
Marvin E. Holderness Dies

Marvin Early Holderness, 97, died Jan. 20, at a convalescent home in Columbia, Tenn.

He joined Third National, St. Louis, in 1914 as a vice president, continuing to serve in that capacity when the bank merged with two others, becoming First National in 1919. He retired in 1946.

During his career, Mr. Holderness was an ABA executive committee member and president, Missouri Bankers Association, 1933.

LET'S TALK ABOUT OUR STRENGTH AND YOUR SECURITY.



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Razzle dazzle has never been a part of our approach. And there have been times when that has worked to our disadvantage. But in today's economy, our strength and conservatism are looked upon as something of a financial fortress.

Our policies and people, of course, are what make the difference. We've always placed strong emphasis upon financial security and service for our correspondent banks.

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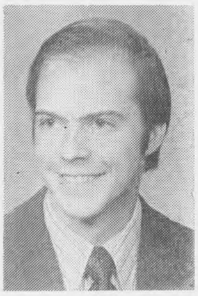
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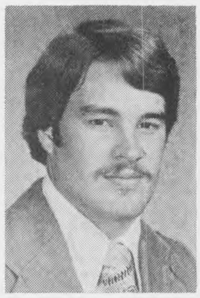
CURTIS

geloff assistant comptroller and Otway Rash IV assistant trust officer. Mr. Bean, who joined the bank last year, has 16 years' installment credit experience and will direct that department's activities. Mr. Evangeloff has worked in the accounting and auditing departments since joining the bank in 1969, while Mr. Rash, who went to the bank in 1972, has responsibility in the pension and profit sharing division, trust department.

■ DAVID T. FAIRCHILD, assistant vice president, has been named vice president and Stanley R. Levandoski, assistant loan manager, has become assistant cashier, Bank of St. Ann.

■ EARL J. BRENNAN JR. has been elected president, CEO and director, Missouri State, St. Louis, succeeding William C. Dowd, former president, who has become executive committee chairman. Mr. Dowd will continue to serve the bank as a consultant. Mr. Brennan has been a loan officer, Mark Twain State, Bridgeton, and vice president and corporate secretary, Commerce Bank, University City.

■ ROBERT L. TOBUREN has been elected assistant treasurer, Chippewa Trust, St. Louis, and appointed manager of its new facility in the Bevo shopping district. Mr. Toburen formerly was assistant vice president, correspondent banking, Boatmen's National, St. Louis, and served in a similar capacity at Mercantile Trust, St. Louis, before that. He had an earlier position as vice president, First Granite City (Ill.) National.

■ WILLIAM J. BERKLEY has been named president at the new Central Bank-Clayton, going from Bank of St. Louis, principal affiliate of General Bancshares Corp., St. Louis, which also owns Central Bank. Mr. Berkley replaces Leo A. Fisher, now executive committee chairman at Bank of St. Louis, who is now responsible for commercial loan activities at that bank. Other officers transferring to the new bank are Kenneth Poslosky, senior vice president; Rumsey Ewing, vice president; and Raymond J. Ott, cashier and operations officer. Mr. Poslosky will be responsible for all lending functions, and Mr. Ewing will head the business development and customer service departments.

■ W. DALE MAUDLIN was recently promoted to senior vice president, First National, St. Joseph. He will coordinate lending and business development activities in the commercial/industrial area. Since joining the bank in 1957, Mr. Maudlin has served in a number of capacities.

■ GARY W. CURTIS has joined American National of St. Joseph's agricultural/correspondent division. He is a 1974 graduate in agriculture, University of Missouri-Columbia. In other news, final Fed OK was received, allowing completion of affiliation of Ameribanc, Inc., the bank's HC, and First National, Tarkio. Completion took place January 13. Ameribanc's bid to merge with First American Bancshares, also of St. Joseph, was disapproved by the Fed, but no decision concerning HC acquisition of Bank of Higginsville had been reached at press time.

New Mexico

■ FIRST NATIONAL of Lea County, Hobbs, will open two new drive-in facilities sometime in late April.

■ GREG COOK and Raymond Loch were promoted to operations officers, First National, Albuquerque. James C. Rose was elevated from assistant comptroller to assistant vice president and comptroller; Kenneth B. Wille, to assistant vice president; and Jack Ning, to purchasing officer.

■ CHARLES R. MYNARD, manager, Los Alamos Office, First National, Santa Fe, has been named a senior vice president. Before joining the bank a year ago, he was assistant manager, LASL Employees Credit Union and had been a practicing CPA in Corpus Christi, Tex., for 12 years.

■ BILL GRAYE recently resigned as senior vice president, Citizens Bank, Farmington, to become president of the new Valley Bank, Farmington. He replaced George Clark, who went to an Albuquerque bank. Mr. Graye had been with Citizens Bank 16 years and is chairman, New Mexico Chapter, Robert Morris Associates.

■ WILLIAM H. VERNON, chairman

VERNON

HARRISON

and CEO, Santa Fe National, has been appointed a director of the Kansas City Fed's Denver Branch, succeeding the late Robert L. Tripp, former chairman and CEO, Albuquerque National. Mr. Vernon, who will serve an initial two-year term, is also a member, National Advisory Committee on Banking Policy and Practices for the Comptroller of the Currency.

Oklahoma

■ THE FED sanctioned the application by Gracemont Bankcorp., Inc., to become an HC by acquiring First National, Gracemont.

■ CANTON BANCORP., INC., has received Fed approval to become an HC through acquisition of Bank of Canton.

■ E. LYNN CASWELL and Ronald E. Swigart have been promoted to assistant vice presidents, First National, Bartlesville. Mr. Caswell joined the bank in 1970 and Mr. Swigart, in 1969.

■ JOHN V. HARDING, head, regional loan division, First National, Tulsa, has received the bank's annual Chairman's Award, "For his outstanding success in the reorganization of the correspondent bank department into the expanded regional loan division." After joining First National's staff in 1969, Mr. Harding was named manager, loan review, 1970, elected assistant vice president, 1971, and elevated to vice president the following year.

Tennessee

■ THE FED has approved the application of Tennessee Valley Bancorp, Inc., Nashville, to acquire Mountain Empire Bank, Johnson City, a proposed new bank.

■ THOMAS G. ARMOUR has been elected assistant vice president, Farmers Bank, Lynchburg. Mr. Armour previously was with First National Bank of Sullivan County, Kingsport.

■ C. BENNETT (BEN) HARRISON has been named chairman, Volunteer-State, Knoxville. Aston Kennedy became chairman emeritus. Mr. Harrison began his banking career in 1946 with Chemical Bank, New York. In 1948, he joined First National, Miami, and later became head, commercial loan department. In 1965, he joined Union Planters National, Memphis, as vice president, loan administration, and was chairman and president of the bank and its HC, Union Planters Corp., until last fall.

Texas

T. E. Graham Dies

GRAHAM

T. E. Graham, 81, advisory director and former sr. v.p., First Nat'l, Ft. Worth, died December 28 in a Ft. Worth hospital. Mr. Graham joined the bank in 1923, advancing through the ranks from sec., First Nat'l Co., bank HC (forerunner of First United Bancorp), to bank sr. v.p. & cash., 1955. He retired from the bank in 1963, continuing as advisory director.

■ GEORGE T. COOK has been elected president, Great Southwest National, Arlington, replacing Fuston McCarty, who resigned December 1. Mr. Cook joined the bank last September as senior vice president. He joined First National, Fort Worth, in 1955, as a clerk, bookkeeping, was promoted to assistant cashier in 1959, assistant vice president in 1967 and to vice president in 1971. Earlier, he worked in the customer service and the correspondent banking departments.

COOK

■ SEBRITE CORP., Grand Rapids, Mich., has consolidated Texas into one region, with headquarters in Houston. Jack Beeman, formerly region manager, southwest Texas, is region manager for the newly formed Texas region, which began consolidated operations January 1. Sebrite Corp., which provides financial services to mobile home and recreational vehicle dealers, also has offices in Lubbock and Dallas.

ROOK

SEWELL

■ BOB ROOK and Bill Sewell, vice presidents, marketing, were advanced to senior vice presidents at First National, Amarillo. Jay T. Godwin was named vice president and H. Joe Horn, vice president and trust officer, while Sally Kimbrough and Dwain Knight were elected assistant vice presidents and Craig Evetts and Gary Turner, assistant vice presidents and trust officers. Rosemartha Tyson, Robert Montgomery and Steve Hipes became assistant cashiers. Mr. Rook has been with the bank since 1948 and is assigned to the correspondent banking section, marketing division. Mr. Sewell joined First National in 1953 and Mr. Godwin, in 1959.

■ FIRST NATIONAL, Canyon, celebrated its 75th anniversary January 31, with an open house. Guests received cake and coffee and were able to register for a prize drawing of a portable color TV, 75 silver dollars and a $25 savings account. A photographic display documenting the bank's history was featured.

HC Changes Banks' Names

Allied Bancshares, Inc., Houston, has changed the names of its member banks to include "Allied" as the first word of each name.

The HC's nine member banks are: Conroe Bank; First National, Crockett; Deer Park Bank; Continental-Bank of Texas, Fairbanks Bank, Memorial Bank, all of Houston; Citizens Bank, Kilgore; Merchants Bank, Port Arthur; and Clear Creek Bank, Seabrook.

American Bank, Houston; Kirbyville State; and Security Bank, Spring, have received regulatory approval to merge with Allied, while stockholders of Union State, Beaumont, have approved acquisition, pending Fed approval, of the bank by Allied.

Free-Enterprise System Gains Ground With Oklahoma College-Bound Students

OKLAHOMA CITY—Liberty National recently conducted a survey among college-eligible high school seniors across the state. The survey showed a significant improvement in attitudes toward business, as measured by a similar survey conducted two years earlier.

According to the study, a part of the bank's "Let's Talk Business" campaign, 65% of those surveyed believe that production of more goods per man-hour will raise the standard of living. Only 24% of those surveyed in 1972 expressed that belief.

Only 5% now believe there is no need for business profits, while 61% held that view in the earlier survey.

The percentage of students advocating government ownership of banks, railroads and steel companies was unchanged, at 63%. Nearly half interviewed in both years felt the nation's largest companies should be broken up.

Liberty National's "Let's Talk Business" campaign, launched in 1972 and cosponsored by 44 banks and 238 businesses, featured a graphic presentation designed to educate the public about the built-in benefits of the free market system for the individual. During 1973-74, the presentation was made to 263 different groups, comprising a total audience of over 25,000 Oklahomans.

Phase two of the campaign utilized newspaper ads, television and radio. It consisted of illustrating 12 popular misconceptions about the economic system.

The program's awards for teachers and students, in behalf of better economic education, is said to be having a positive effect. Furthermore, it was termed as having "a significant influence" on passage of the state's Economic Education Act of 1974, requiring every state school district to conduct a program in economic education.

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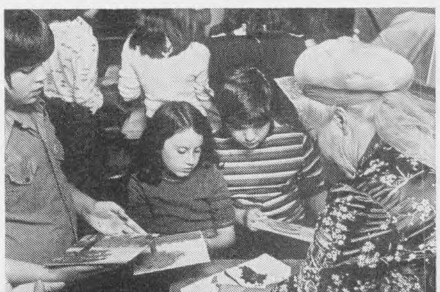
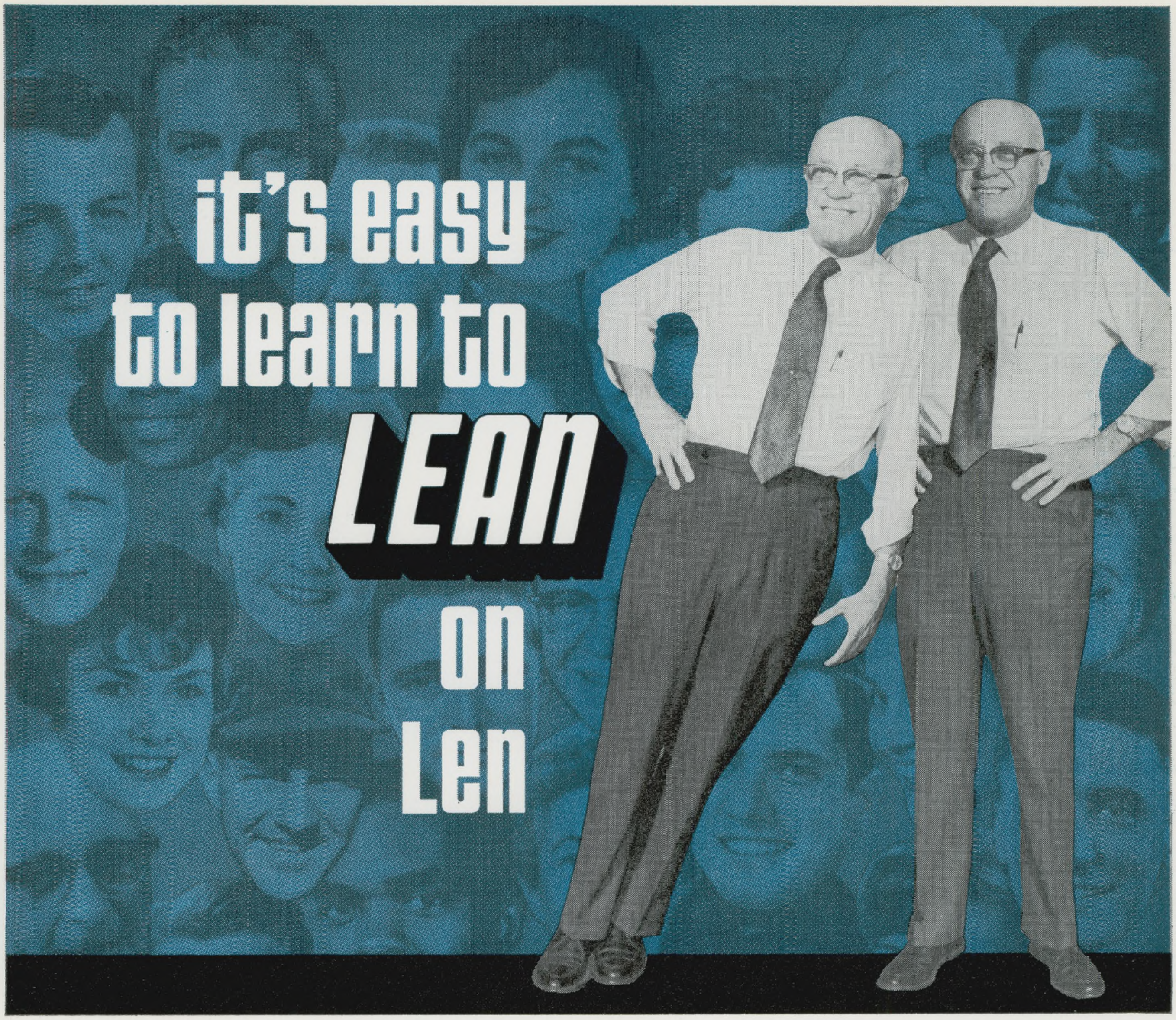
Bank Holds Painting Classes

Chemical Bank, New York, sponsored "learn-how-to-paint" parties at two branches last October, as a special community event and because October is hobby month. Hosting the paint parties was Conni Gordon, originator of a special painting technique whereby people learn to paint with oils in an hour or less. Miss Gordon, author of several books on the subject, has taught such celebrities as Johnny Carson, Mike Douglas and "007"—Roger Moore. According to a bank spokesman, attendance was heavy and customer reaction was favorable—everyone walked away with a painting!





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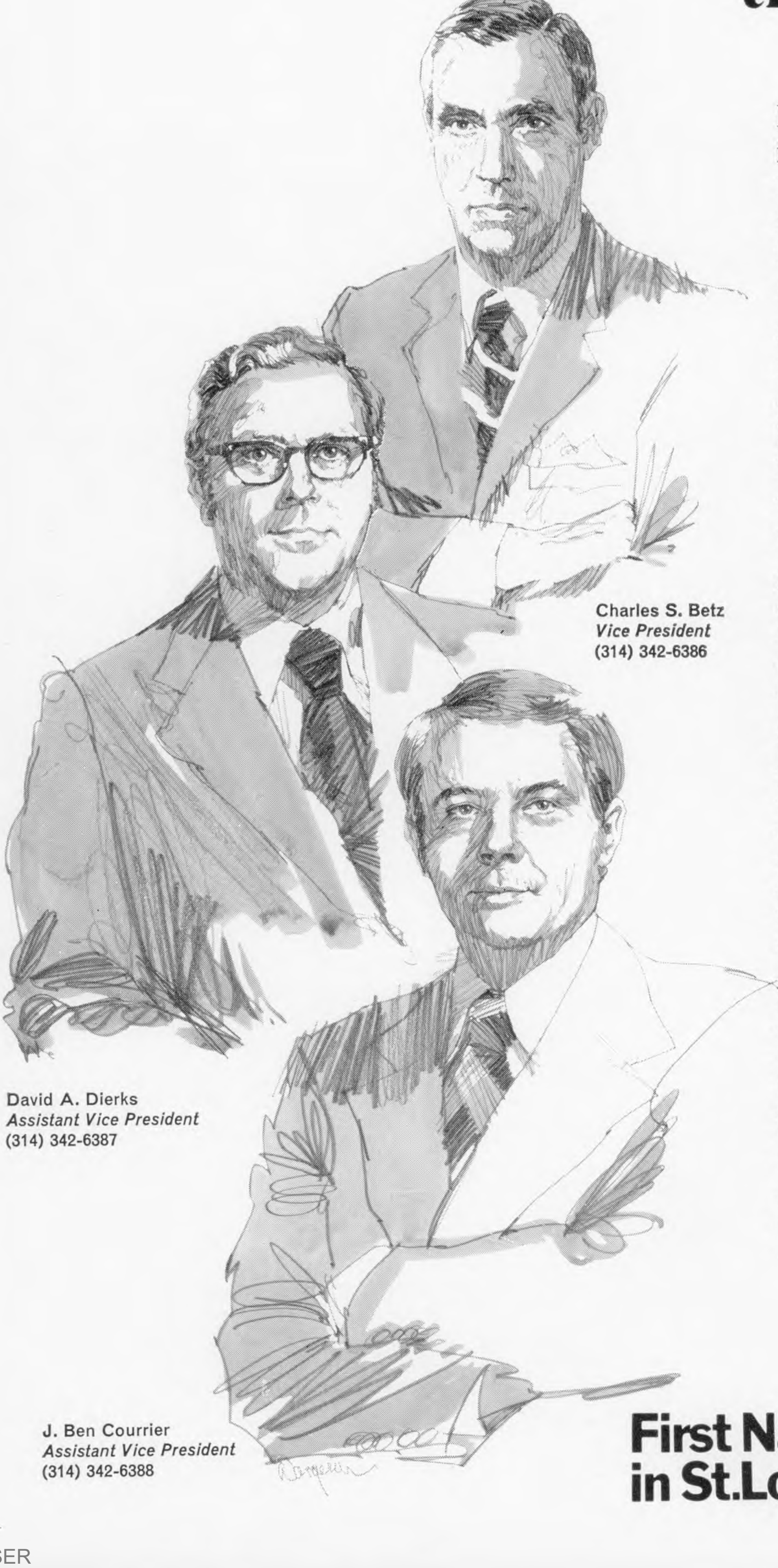

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