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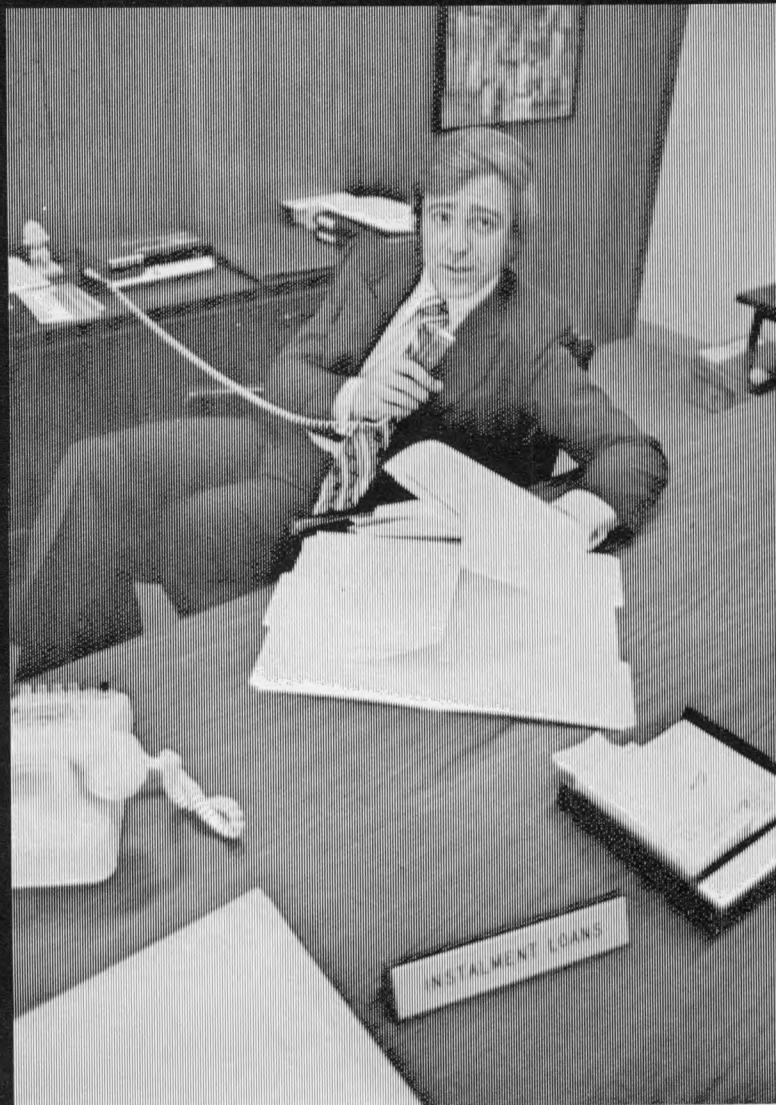
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NORTHWESTERN Banker

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North Dakota Bank Ups BAI Total

Membership in Bank Administration Institute, national banking association, has surpassed 8,000 banks at home and abroad, BAI president, Raymond C. Kolb, announced.

Mr. Kolb, who is senior vice president and cashier at Pittsburgh's Mellon Bank, said that the recent formation of the James River Chapter in Jamestown, N.D., added nineteen new members to the Institute, bringing total BAI membership to 8,012 banks and 244 local chapters.

The First James River National Bank, Jamestown, was number 8,000 Mr. Kolb added.

President of the newly formed chapter is P. Blaise Johnson, cashier, First James River National Bank. Other officers include: John N. Ferguson, cashier, First State Bank, New Rockford, N. D., (vice president); Walter E. Nystuen, vice president, Foster County State Bank, Carrington, N. D., (treasurer); and Robert W. Solien, vice president, Jamestown National Bank, Jamestown, (secretary).

Plan Future Conventions For Bank Marketing Group

Tentative sites and dates for upcoming Bank Marketing Association National Conventions were announced by Association President Buell G. Duncan, Jr., senior vice president of the First National Bank at Orlando, Florida.

In chronological order, the dates run as follows: 1972 — October 28-November 1, the Americana Hotel, Miami, Florida; 1973 — September 23-27, the San Francisco Hilton, San Francisco; 1974 — September 29-October 4, Marriott Motor Hotel/Roosevelt Hotel, New Orleans. The national convention sites were selected from the top choices of the entire membership in a recent research study.

Resigns State Bank Supervisors Position

Dr. Harry P. Guenther, executive vice president of the Conference of State Bank Supervisors since 1969, has resigned to become president of Carter H. Golembe Associates, Inc., Washington, D.C. based banking research and consulting firm.

No. 1303. Northwestern Banker is published monthly by the Northwestern Banker Company, 306 Fifteenth Street, Des Moines, Iowa 50309. Subscription 50¢ per copy, \$6 per year. Second class postage paid at Des Moines and at additional mailing office. Address all mail (subscriptions, change of address, Form 3579, manuscripts, mail items) to above address.

78th Year No. 1303

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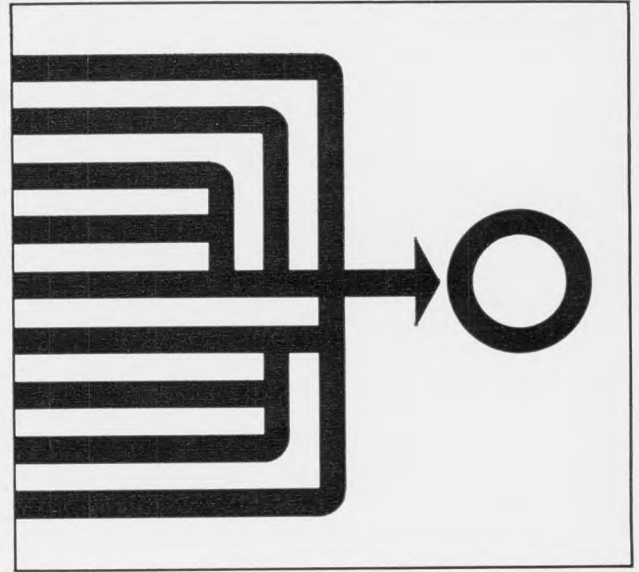
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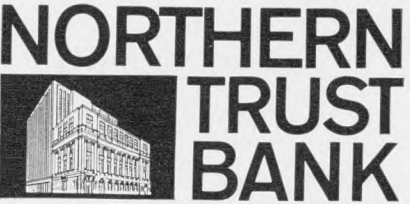


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Bank Promotions and Changes

PROMOTIONS and changes have been announced by the following banks and banking groups:

Bank of New York, New York City:

The bank announced the election of Robert Dannenbaum, Frank L. Peterson, Jr., Arthur M. Pivrotto, Jr., to vice president; John H. Cavanaugh to assistant vice president; Robert C. Kauser, Jr., to investment officer; William C. Hellriegel to planning officer; Don C. McVey to assistant treasurer; Gaetano Russo and Ruben L. Verdes to assistant operations officers, and Peter L. Skiades, assistant personnel officer.

City National Bank and Trust Company, Kansas City:

R. Crosby Kemper, Jr., chairman of the board, announced the promotion of six officers and the election of 14 new officers.

Frank H. Meissner and James J. Reedy were advanced to assistant vice presidents. Carl Ford and David R. Stephens Jr. were promoted to operations officers. James L. Stuart was named trust operations officer. Donald L. Kudart was advanced to systems officer in the bank's electronic data processing division.

The new officers are as follows:

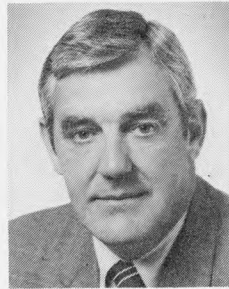
John S. Kreighbaum, assistant cashier, business development department; Mary Jane Sparks, assistant cashier and manager of the collateral department; Glen A. O'Dell, assistant cashier and manager of the discount department; Donald E. Kirkpatrick, assistant cashier, investment department; Bobby F. Harshaw, assistant cashier, Master Charge credit card division. Tom W. Waterhouse, trust investment officer; David A. Junge, assistant trust investment officer; Charles G. Barnes and Myron L. Wheeler, assistant corporate trust officers; David A. Swan,

assistant mutual funds operations officer; Michael T. Hayes, electronic data processing operations officer; Wayne A. Heide and F. W. Stutz, assistant trust operations officers, and Anne T. Angel, assistant cashier in the installment loan division.

Commerce Bank, Kansas City:

Stanford Miller, president and chief executive officer of Employers Reinsurance Corporation, has been elected to the board of directors of Commerce Bank of Kansas City.

Six vice president have been advanced to the senior vice presidents and four vice presidents have been



F. N. COULSON

elevated to general vice presidents. The title of general vice president is new to the bank and carries a senior officer designation.

With one exception, each of the newly-elected senior vice presidents is a group head in the commercial department of the banking division. Fred N. Coulson, Jr., 49, is in charge of Group III serving correspondent banks and agriculture. Coulson is a graduate of Kansas University. He joined the bank in 1970, as vice president in charge of the correspondent banking department. Previously he had been vice president and advisory director for Old Security Life Insurance Company and Old Security Casualty Insurance Company.

John O. Brown, 38, is senior vice president in charge of Group II which serves the industry classifications of utilities, oil and gas, transportation, pa-

per, printing, wood products, photo and apparel.

C. L. William Haw, 33, is senior vice president in charge of Group IV which serves the industry classifications of grain, food, chemicals, professional and scientific.

Charles H. Kopke, 49, is senior vice president in charge of Group V which serves the industry classifications of mortgage firms, finance companies, wholesale and retail, service firms, schools, churches and hospitals.

T. Alan Peschka, 40, is senior vice president, secretary and general counsel, and heads the legal department.

Ernest A. Thompsen, Jr. 48, is senior vice president in charge of Group VI which serves the industry classifications of contractors, leasing and equipment dealers and consulting engineers. Thompsen also is retail banking manager of the bank.

Clark M. Page, 51, is a general vice president in the banking division and manages the commercial business development area.

Don L. Moriarty, 60, is a general vice president in the trust division. He received his law degree in 1934 from the Kansas City School of Law.

Warren W. Weaver, 41, is general vice president in charge of marketing, advertising and also of BankAmericard.

Gerald L. Ward, 37, is general vice president in charge of the bond department.

Conill Corporation, Chicago: Samuel Y. Schuster, III, has been appointed a vice president of Conill, parent holding company of Continental Illinois National Bank and Trust Company of Chicago.

Mr. Schuster joined the bank's trust department in 1963, and was elected an investment officer in 1968, and the following year was transferred to the Conill staff. He was appointed a second vice president in 1970.

Continental Illinois National Bank and Trust Company, Chicago: Eight vice presidents were recently appointed by the board of directors.

The new vice presidents are: Ronald G. Erickson, bond department; Garry J. Scheuring and Jack H. Woods, commercial banking department; H. William Anderson, international banking department; Maurice Jacques and

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BANK PROMOTIONS . . .

(Turn to page 10 please)

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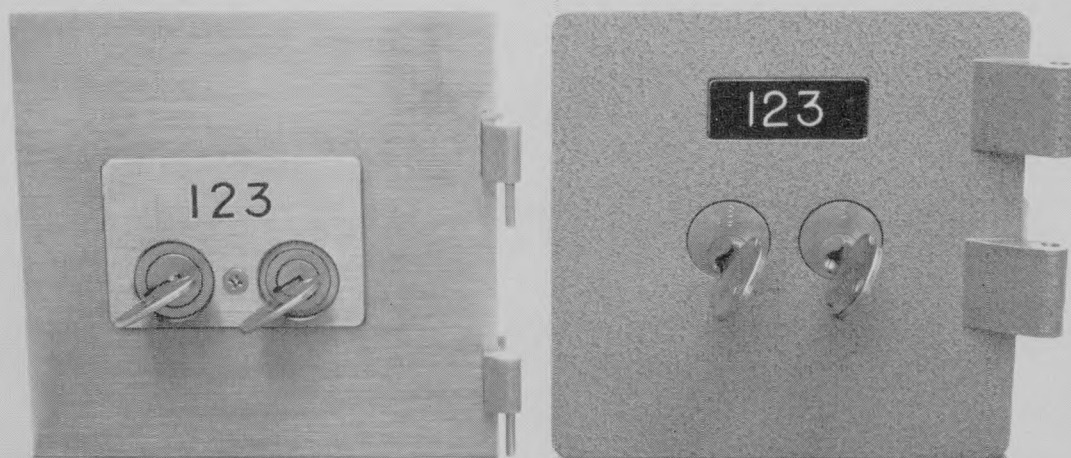
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BANK PROMOTIONS . . .*(Continued from page 8)*

Robert L. Stahl, London (city) branch; Neil A. Franzen, Paris branch, and Fred Remmert, vice president and cashier.

Named second vice presidents were: Donald L. Nelson, bond; Kirk R. Hagan and Thomas A. Shambeau, commercial banking; Richard B. Minnett, London (city) branch; James J. Nemecek, Jr., Gerald J. Sanford and Roy R. Sherman, operating; Donald J. Malinowski, real estate; Robert E. Hendricks, Anthony Pertile, Robert J. Vondrasek and Andrew E. Wolf, Jr., trust.

Exchange National Bank of Chicago, Chicago: Samuel W. Sax, president and chief executive officer announced the election of five officers.

To first vice president and comptroller, Dr. Bernard Wendrow; vice president, Charles R. Evans, commercial banking department; assistant vice president, Barbara A. King, commercial banking department; associate counsel and assistant vice president, Steven R. Strauss, corporate plans and staff department, and assistant comp-

troller, Richard W. Potter, department of the comptroller.

First National Bank, Chicago: Promotion of 16 officers was announced by Gaylord Freeman, chairman.

Assistant vice presidents — Leigh B. Beube, international section, Athens branch; Jon C. Goetzke, loan division J, serving construction and building industries; Owen M. Hewett, trust department, asset management section; Richard H. Sloan, bond department, asset management section; Daniel F. Wegner, trust department, asset management section.

Trust officers — Donald C. Buick, David L. Heald and Thomas H. Hodges, asset management section.

Operations officers — Judith M. Hughes, operations division, general services and Elmer F. Niemann, bond department, operations unit.

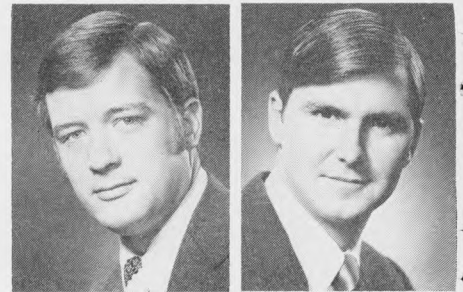
Loan officers — John P. Ahern, loan division O, serving small business, and Douglas E. Woodward, loan division K, serving aerospace, electronics and light metal fabricating industries.

Personal banking officers — Donald D. Wycoff, savings, and Ronald J. Kyritz, BankAmericard.

Real estate — John F. Kamper, loan division E, serving mortgage bankers and real estate companies and investors.

Assistant comptroller — Norman E. Rahn, control division.

First National Bank of Kansas City, Kansas City: The bank has announced the formation of a department of equipment financing and leasing and the election of Roy F. Lee, vice president in charge of the new department.



L. T. PITTS

L. J. ARCHIAS

H. Phillip Mapes has been elected deputy comptroller. A certified public accountant, he will assist Robert A. Heady, comptroller in all of the bank's accounting functions.

First National also announced two additions to its correspondent division staff. L. Joseph Archias, assistant cashier, who has been with First National since March, 1969, has been assigned to the correspondent banking division.

Larry Pitts, special representative, who has been with the bank since 1965, has also been assigned to the division.

First National Bank, St. Louis: William E. Cornelius, executive vice president of Union Electric Company, has been elected a director of First National. He has served the bank as a member of the advisory board since December, 1970.

Richard A. Murray has been named international banking representative. Prior to joining the bank staff, Mr. Murray was manager of the World-Trade Agribusiness Department of the Chamber of Commerce of St. Louis.

First Wisconsin National Bank of Milwaukee, Milwaukee: Promotion of seven officers and appointment of nine new officers were approved recently. The promotions are as follows:

Vice presidents — Wallace C. Ekvall, correspondent banking division C, and Floyd F. Houser, personnel division.

Assistant vice presidents — Dennis R. Fredrickson, Charles P. Hoke, Rob-

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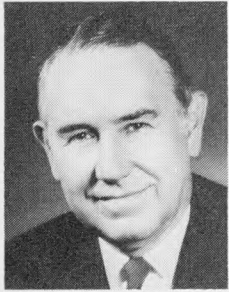


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ert A. Martin, III, Samuel M. Seavitte and Kenneth R. Weiler.

Harris Trust & Savings Bank, Chicago:



J. A. BURNHAM

The bank recently elected Joseph A. Burnham to the board of directors. Mr. Burnham is executive vice president, operations, and a director of Marshall Field & Company. He has been with Harris Trust since 1948.

He succeeds Kenneth V. Zwiener, retired chairman of the board of the Harris Bank, who was not a candidate for re-election.

Mercantile Trust Company, St. Louis:

John S. Poelker was elected comptroller of the bank. Since 1965, he has been associated with Peat, Marwick, Mitchell & Company, most recently as manager of the management consulting department.

The bank also announced the election of two vice presidents, Jesse M. Bristow and Elmer W. Wiltsch, and the following four promotions: Bruce D. Barton, trust officer; Charles W. El-



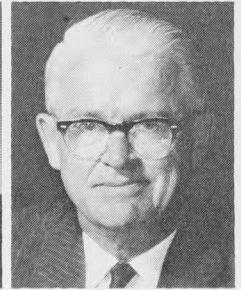
J. M. BRISTOW



E. W. WILTSCH



E. N. STAUB



D. FULLER

lis, banking officer; Virginia A. Kemp-land, assistant personnel officer, and David Wallace, assistant data processing officer.

Nortrust Corporation, Chicago:

Douglas R. Fuller has been elected vice chairman of Nortrust. In this capacity, he will continue to be the second ranking officer of both Nortrust and The Northern Trust. Mr. Fuller is also a director of Security Trust Company of Miami, Florida, a wholly-owned subsidiary of Nortrust Corporation.

He joined the bank in 1946, and was elected vice chairman in 1972. He earned his A. B. and M.B.A. degrees from Stanford University and his Ph.D. in economics from George Washington University.

Prior to joining The Northern Trust, Mr. Fuller was associated with North American Investment Corporation in San Francisco and served as vice president in the management of investments.

E. Norman Staub was elected president and a director to succeed Mr. Fuller. Previously, Mr. Staub was executive vice president and head of the banking department. He joined The Northern Trust Company in 1953.

Mr. Staub received his A. B. degree from Princeton University and his M. B. A. from Harvard Business School. Prior to joining the bank, he was treasurer of National Research Corporation, Cambridge, Massachusetts.

Lynn H. Miller, senior vice president, has been appointed head of the

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DECEMBER, 1971 ISSUE**

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BANK NEWS MAGAZINE
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Arthur J. Frentz, Chairman of the Board
William F. Schumann, President



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banking department. Charles H. Barrow, senior vice president, has been named administrative officer of the banking department and will be acting head of the department in Mr. Miller's absence.

W. James Armstrong, vice president, will assume responsibility for the national group of the banking department upon his return from the bank's London branch, this summer. Jay K. Buck was promoted to senior vice president and will head a new personal banking group.

United California Bank, San Francisco: The bank announced the retirement of E. Herrick Low, vice chairman of the board.

Mr. Low has been active in banking for the past 47 years. He will continue to serve on the board of directors of United California Bank and also be an active consultant.

The bank has named three of its executive vice presidents to the post of vice chairman, it was announced by UCB President Norman Barker, Jr.

John W. Kenney has been named to the position held until now at the San Francisco headquarters by E. Herrick Low, who retired from active service but remains an honorary vice chairman. Victor H. Winfrey and H. Vinson Grice have both been named vice chairmen in new positions at the bank's Los Angeles headquarters.

B of A Opens Houston Edge Act Office

Bank of America has opened a new international banking subsidiary in Houston, Texas.

A. W. Clausen, president of the Bank of America, who presided at the opening, said the Edge Act unit would provide international banking services for corporate clients in Texas, Arizona, New Mexico, Louisiana, and Oklahoma.

Foremost among its goals, said Mr. Clausen, is the encouragement of export expansion among the Southwestern states. "By plugging this new international subsidiary into our global network of branches and affiliates," he said, "we hope to make credit easily accessible for foreign importers of goods from the Southwest, and even to create markets for those goods where they do not now exist."

Official name for the new facility will be Bank of America International of Texas.

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BAI Plans Northern Regional In Cincinnati, April 23-25

A LEADING educator and a steel industry spokesman will set the theme for Bank Administration Institute's 23rd Northern Regional Convention to be held at the Netherland Hilton Hotel in Cincinnati, April 23-25.

Dr. Warren G. Bennis, president of the University of Cincinnati, and C. William Verity, Jr., chairman and chief executive officer, Armco Steel Corp., Middletown, Ohio, will address the opening general session of the 3-day meeting which is expected to draw more than 700 bankers and their wives from a dozen midwestern states.

In announcing program details, convention chairman, William N. Liggett, president, First National Bank of Cincinnati, said that the meeting would be called to order Monday morning, following registration, review of educational exhibits and an evening reception on Sunday, April 23.

In addition to Dr. Bennis, who will keynote the Monday morning general session on "Knowledge is the Key to Progress" and Mr. Verity who will follow with "Business's Responsibility to

its Community," the delegates will hear more than a score of financial experts at concurrent sessions on bank audit, operations and control Monday afternoon and Tuesday morning, April 25, Mr. Liggett said.

BAI executive director, Dr. F. Byers Miller, will discuss "BAI Today," at a second general session on Tuesday afternoon, and Jay D. Spivack, assistant personnel director, at New York's Chemical Bank, will follow with a timely discussion of recent unionization attempts in banking. L. J. U-Ren, personnel director, Valley National Bank, Phoenix, will conclude the meeting with "Wine-Women-Drugs."

The audit session on Monday afternoon will hear: "Case Histories in Bank Fraud" by John J. Slocum, division of liquidation chief, FDIC, Washington, D. C.; "Bonding Company Looks At Your Audit Programs" by Thomas J. Klinedinst, president, Thomas E. Wood, Inc., Cincinnati; and "COMPACT, An Up-To-Date Audit Approach" by John P. Fisher, Chartered Bank Auditor and vice president and auditor, Detroit Bank and Trust Co.

Fred A. Hogg, assistant vice president, National City Bank, Cleveland, will open the operations session with "Float Control — Who Needs It?" George L. Lowther, vice president, Wells Fargo Bank, San Francisco, will speak on "Paperless Entries — Are They Forever?" And Joseph A. Perret, senior vice president, Maryland National Bank, Baltimore, will close the session with "Regional Clearing Centers."

"Planning in Bank Cost Control" will be the title of James P. O'Neill's address before the control session. Mr. O'Neill is vice president, First National Bank of Chicago. He will be followed by John J. Gleason, vice president, Northern Trust Bank, Chicago, who will explore "Bank Financial Reporting Today," and Dr. Douglas Austin, chairman of the Department of Finance at the University of Toledo, Ohio, who will answer the question "Who Needs a Holding Company?"

"More New Developments in Auditing" is the general theme for the audit session on Tuesday morning, April 25. Thomas H. Williams, CBA, Auditor, The Wachovia Corporation, Winston-

Salem, N.C., will describe BAI's Chartered Bank Auditor Program; Daniel A. Bailey, CPA, Haskins & Sells, New York, will discuss unusual audits, and William G. Milburn, vice president, Mellon Bank, Pittsburgh, will follow with "The New Look in Securities — No Certificates."

McCoy Campbell, vice president, American National Bank & Trust Co., Chattanooga, will open the operations session with "Supervisor or Super Clerk?" and Harry Mouer, vice president, The First National Bank of Dayton, Ohio, will close with "Customer or Account Number?"

The third concurrent session — control — will hear "Does Your Insurance Umbrella Leak?" by Norman Clark, president, Scarborough & Co., Insurance Brokers, Chicago; "Potential Problems with Antitrust Laws" by Chicago attorney, Theodore A. Groenke, McDermott, Will & Emery; and "The Hidden Costs of Fringe Benefits" by Herbert Greff, Meeks & Co., Columbus, Ohio.

The Northern Convention is the second of four regional meetings sponsored annually by BAI, national banking association with headquarters in Park Ridge, Illinois. Other 1972 meetings are scheduled for Charleston, S. C. (April 9-11), Tulsa (May 14-16), and Portland, Oregon (June 4-6).

Foundation Enrolls Record Number in 1971

In a year-end membership report, the Foundation for Full Service Banks reported a gain of 518 new member banks during 1971, the highest number in any one year since 1966.

Richard B. Beal, executive vice president of the Foundation, said that the state of Iowa led in new memberships with 61 banks enrolled. Illinois was second with 56 and Minnesota third with 47.

These three states, all in NORTHWESTERN BANKER area, accounted for approximately one-third of the new enrollment and all the states in the same area accounted for 40% of the new enrollment.

The number of new memberships in each of the states in NORTHWESTERN BANKER area for 1971 were as follows:

Colorado 16, Idaho 2, Illinois 56, Iowa 61, Minnesota 47, Montana 5, Nebraska 10, North Dakota 1, Utah 1, Washington 4 and Wyoming 4.

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Northwestern Banker, April, 1972



GREETINGS are extended to **Stanley R. Akers** (left), pres. of Meilink Bank Equipment Co., Cleveland, by **T. M. Sullivan**, pres. of Franklin Bank, Columbus, at the site of Meilink's initial vault door installation in Columbus, O.

New Vault Door Follows Color Decor

Meilink Bank Equipment announced its first vault door installation in Ohio at the Franklin Bank in Columbus. Finished in rich dark green, and attractively framed with stainless steel, the

Model 450 AB door will match the color decor of the bank's newest office.

Featuring automatic relocking devices, a 4½-inch thick door slab and an exclusive inside emergency release, the Model 450 AB vault door resists acid explosives, drilling and oxyacetylene cutting.

Meilink Bank Equipment, with headquarters in Toledo, Ohio, manufactures Sentinel visual drive-up systems, TV drive-up systems, and an expanding line of other banking equipment.

Doane Acquires Co-op Newsletter

Doane Agricultural Service, with headquarters in St. Louis, Missouri, has acquired the Co-op Newsletter from National Features Syndicate, Inc., announces F. L. Goetsch, president.

This newsletter, now in its fourth year of publication, is directed to co-operative managers, executives and members across the nation. Doane will continue the twice-monthly frequency, and the four-page format.

Future editorial emphasis will continue to focus on government policies

and legislation that is of direct interest to co-operative leaders and members. In addition, the newsletter will carry information on such topics as new management techniques, tax law changes, new labor laws, credit, the business economy, and accurate crop and livestock prices forecasts.

B of A Stock Split

Shareowners of BankAmerica Corporation have overwhelmingly approved a 2-for-1 stock split on the corporation's outstanding common stock.

Results announced at the annual shareowners meeting showed a vote of 28,202,580 shares in favor of the split and 228,826 against.

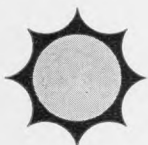
Shareowner approval of the stock split authorizes the number of shares of common stock to be increased to 100,000,000 from the previously authorized 50,000,000. It also authorizes a reduction in the per share par value of the stock from \$6.25 to \$3.125.

President A. W. Clausen said the corporation has no present specific plans for the issuance of the additional authorized common stock.

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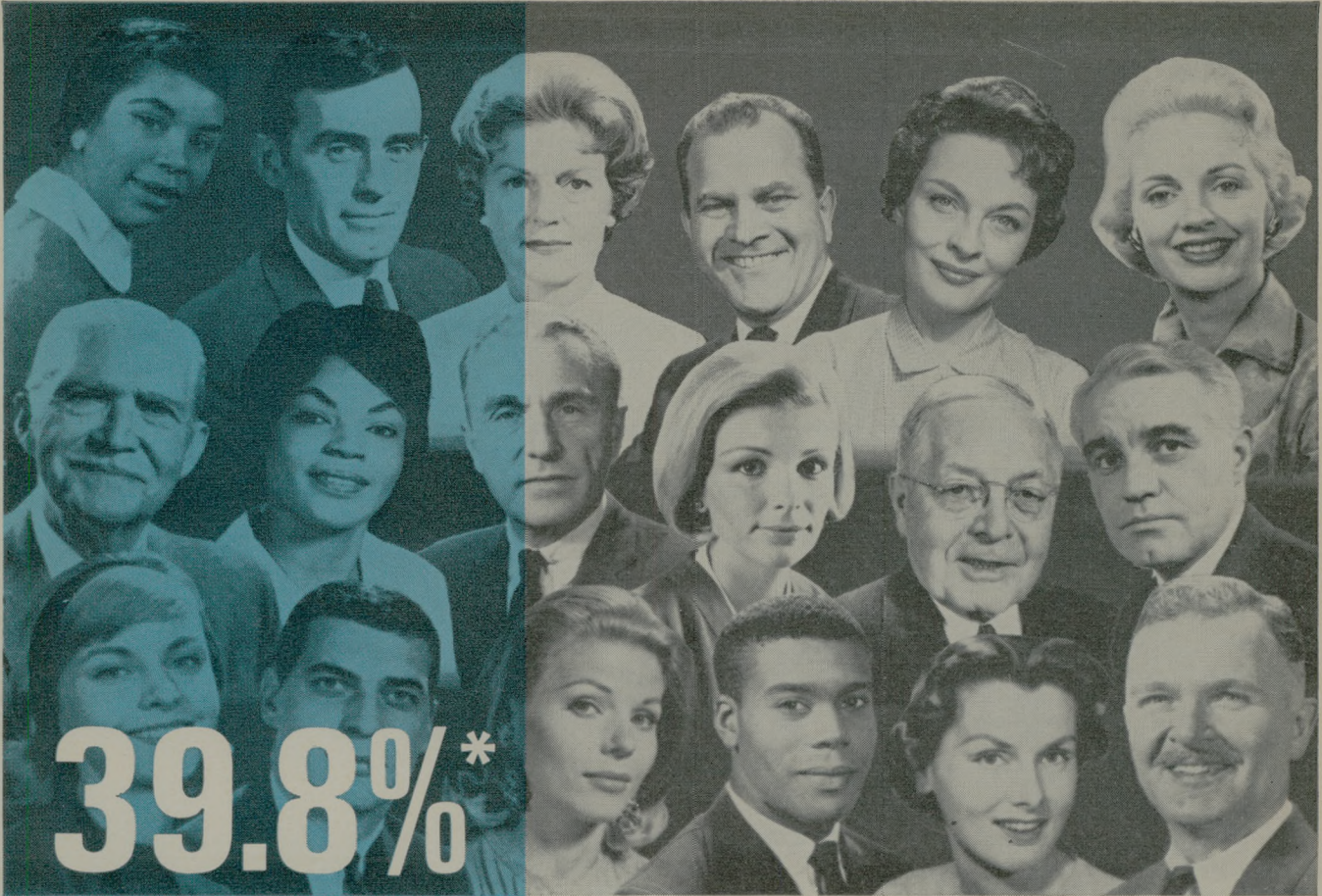
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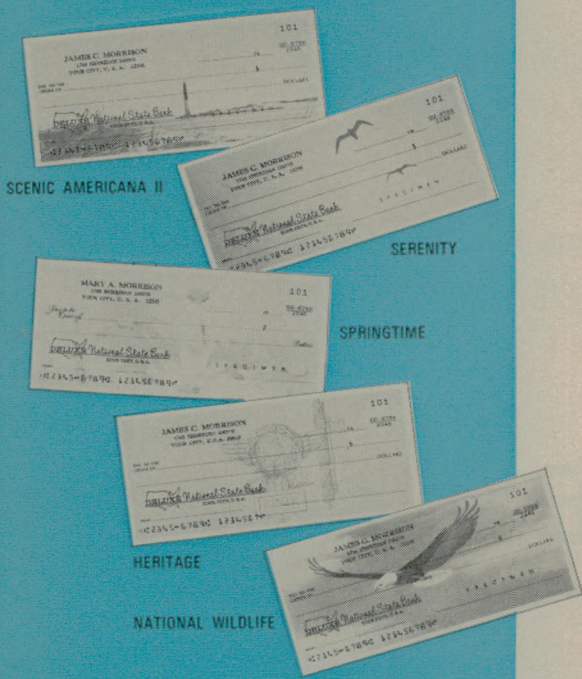
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ANNUAL BOND AND INVESTMENT OUTLOOK

How Community Banks Can Improve Investment Earnings This Year

A NORTHWESTERN BANKER *Survey*

EXPERIENCED investment officers of a number of major banks throughout the nation were asked by the NORTHWESTERN BANKER to express their views on the subject "How Community Banks Can Improve Investment Earnings This Year."

Their timely comments are presented here to share their thinking with our readers so that a broader view of portfolio management will be available as important decisions are made in each bank in the months ahead.

"Facing a Normal Dilemma"



FRANK K. SPINNER
Senior Vice President
First National Bank in
St. Louis, Missouri

INTEREST rates, in my opinion, reached their lows in February. Bankers are presently facing a normal dilemma: excess funds, high savings and C/D rates and low short term money market rates. All of these have put pressures on bank management to find ways to increase earnings.

The simple solution would be to extend maturities in the investment portfolio to help stabilize earnings. Historically, this type of decision has proved to be very costly in terms of bank earnings. I believe history is about to re-

peat itself and, therefore, at this time, I consider any maturity beyond 1974 to be in the long term category. I think interest rates in 1974 will be as high or higher than they were in 1969. The reason? Inflation — as much or more than we had in 1968, 1969 and 1970. Why more inflation? The answer is simple. Many people in public office want to be re-elected. And, demonstratively, the best way to stay in office is to spend more and tax less. I do not believe that people in public office — or those seeking to replace them — will change their attitudes or assume less Keynesian viewpoints.

Inflation will increase late this year or early next year. So what do I recommend a banker do with the investment portfolio?

U.S. Government and Federal Agency Portfolio

Any issues presently owned by the bank maturing in 1975 or longer, and having a coupon lower than 7% should be considered for possible sale. This approach takes courage because proceeds of the sale should be reinvested in shorter term securities, thereby further reducing current earnings. But that's what I believe a bank should be doing at this time. Issues yielding 7% or more should be kept regardless of the market appreciation.

Municipal Portfolio

My approach to the municipal portfolio would differ from that of the Government portfolio. Banks should continue to reinvest maturing issues at or near the long end of their ladder of maturities.

Any increase in the size of the municipal portfolio should be invested in two to three year maturities — and not in the long end of the normal maturity range.

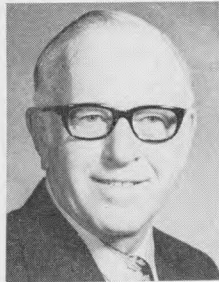
Banks should examine their policy regarding quality and

Annual Bond and Investment Outlook

seriously consider upgrading. Sales of some lower quality holdings at this time might be advisable and practical in today's market.

This is the way I see the market as of the middle of March, 1972.

“‘Uncertainty’ Tells Outlook”



ROBERT J. WISSLER
Vice President
Iowa-Des Moines National Bank
Des Moines, Iowa

IF ONE word could describe the outlook for interest rates and the current trend in monetary policy, it would have to be “uncertainty.” The Federal Reserve appears to be attempting a “twist” operation by selling Treasury bills to back up short-term rates while buying longer-term issues to bring down their rates. Other factors contributing to this atmosphere of uncertainty are a disturbed international currency market, a large Treasury financing in the offing, and an economy which is still not showing any signs of the long awaited brisk recovery.

The bank investment officer finds himself squarely in the center of this muddled picture. It is our feeling that short term rates (90 Day Bills) will move upward to reach 4½% to 5% by the end of the year, although the majority of this change will come late in the year. Any noticeable decline in longer term rates may *not* come to pass despite current actions by the Federal Reserve. This is due to the impact of the heavy Treasury financing for the balance of the year.

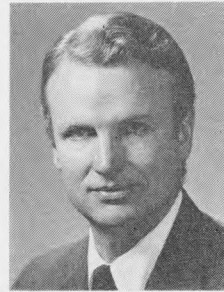
In the near future banks could have the opportunity to take profits on bond accounts with the idea of using these funds to invest in short-term maturities. This would put the investor in a position to reinvest into more normal bank maturities if the projected higher rates materialize. Because there is no clear cut indication of what rates will be for intermediate and long-term securities, we would recommend that banks reinvest runoff into the maturity area normally purchased by their respective bank.

It now appears that the Federal Reserve will probably try to maintain their easy money policy for the time being due to much unused capacity and with inflation hopefully coming under control. Operating within this framework, banks should exercise an aggressive lending policy but not at the expense of sacrificing quality in their loan portfolios. Demand for loans should be on the increase by the time this article is published.

With lending rates falling, an area of concern might be the tendency of banks to attempt to cover the expense of time savings interest by making loans which might be classified or doubtful and/or buying low rated, high yielding bonds for their portfolios. Either policy would be fraught

with dangerous pitfalls and should be practiced only with extreme caution.

“Shorter Terms to Satisfy Loans”

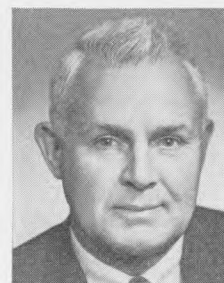


PHILIP W. K. SWEET, JR.
Senior Vice President
The Northern Trust Company
Chicago, Illinois

OVER THE next few months it would appear that portfolio managers should be cautious. Problems in the international area, the large Federal deficit, inflationary tendencies which are still evident and a fairly heavy supply of bonds in the municipal and corporate areas coupled with a large outpouring of government and agency financing will tend to keep bond markets under pressure in the near term. Another major concern of the portfolio manager has to be the recovery in business activity which is becoming more evident with each passing month as the new statistics released portray the improving economic picture. Since these trends in the economy will probably result in increased loan demand, the portfolio manager should retain a reasonable portion of his investment account in the shorter term area to prepare for these additional loans.

We are all aware of the dramatic changes which can take place in interest rates over very short periods of time, and as interest rates fluctuate, buying and selling opportunities are presented to the portfolio manager. Although the trend would seem to be toward higher rates in both the short, and to a lesser extent the longer term area, as attractive opportunities in the market become available the perceptive portfolio manager will take advantage of them. Current levels are not unattractive when put in historical perspective, but a selective approach to investments in longer bank maturities should be followed.

“Upward Trend in Rates”



THOMAS L. RAY
Senior Vice President
Mercantile Trust Company
Saint Louis, Missouri

A MAJOR factor which produced the present investment (and earning) problem of many smaller banks was the euphoria occasioned by the high Fed Fund rate during 1970 and 1971—it was just too easy to permit

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investable funds to remain in the fund market rather than take lesser yields for the investment account. The result, of course, is that as all yields declined investment earnings were hurt.

As we look ahead it seems almost doubtless that we shall see an upward trend in rates, especially if business indicators continue to show improvement. Washington officials have unequivocally stated that the domestic economy is of paramount concern but with business improvement more attention can be paid to the foreign banker worries about the dollar. Whether or not the Federal Reserve can be successful in simultaneously lowering long rates and raising short ones is very problematical.

Now the 64-dollar question: How high will rates go? To me it is inconceivable that we will come close to the record cost of money incurred in 1970 and the second quarter of 1971. At those periods fiscal and monetary policies were the only weapons used to fight inflation. Now, with price and wage controls having been enacted there is no certainty that they will be eliminated and these can provide a mighty anti-inflation force.

Subject to the tax situation we have seen an increasing number of banks willing to buy taxable corporate, utility or equipment paper in the three-to-five-year range. These securities which yield at least 100 basis points more than governments were used to help cover interest costs on time money.

The tax-exempt market has had an up-and-down year with the market having given enough ground recently for yields to have again become very attractive for bank investment.

“Cautious Look at Maturities”



MARVIN D. McMILLAN
Assistant Vice President
Harris Trust & Savings Bank
Chicago, Illinois

IT NOW appears that short-term interest rates may have passed their lows for this cycle. Even if this is true, a return to yield levels that existed prior to announcement of the New Economic Program in mid-August last year is not likely to occur any time soon. Nevertheless, the general trend should be toward significantly improved short-term yields as the year unfolds. The linkage effect of yield changes should produce in time a reasonably good improvement in intermediate maturity rates as well.

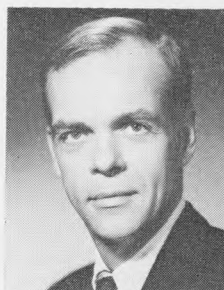
This assessment suggests a cautious approach to maturity extension at this time. Sufficiently attractive yields currently exist in the eight to twelve year tax-exempt area, however, to justify replacement of maturing municipals with good quality issues in this maturity range. Many banks will be able to employ some portion of money inflows in such issues as well.

The bulk of new funds, however, should probably be invested in much shorter maturities, using a combination of U. S. Treasury, Federal Agency, and tax-exempt issues

where appropriate, to maintain balance in the investment account. With the prospects of improving short-term yields over the year ahead, the longer-run earnings and liquidity position of the investment account would be enhanced through emphasis now upon maturities as short as possible consistent with current income needs of the bank. The income benefits derived by excessive maturity extension at this point can be more than offset by income sacrificed on these funds in future years.

The parallel treatment accorded security gains and losses of banks under the Tax Reform Act of 1969 has tended to have a restraining influence in the structuring of bank investment portfolios. In the absence of capital gain treatment of bond discount on issues acquired after July 11, 1969, it is no longer possible to mitigate errors in portfolio judgment through the average of capital gains.

“Classic Portfolio Dilemma”



RALPH W. BERREY
Vice President & Division Exec.
Investment Advisory Division
Institutional Banking Department
The Chase Manhattan Bank
New York, N. Y.

MOST of our customers considering alternative portfolio strategies are weighing maturity extension now, to cover income needs, against the likelihood they can extend later in 1972 and/or 1973 at higher rates. In short, they are caught on the horns of the portfolio manager's classic dilemma — how to make an appropriate contribution to bank earnings, near-term, yet keep funds short to improve total portfolio performance over the long term.

We recommend a strategy which includes a comparatively short over-all portfolio composition for flexibility and the development of the maximum short-term position consistent with a realistic appraisal of what the portfolio can, and should be required to, contribute to earnings. We rely primarily on using the broadest possible range of good quality, marketable instruments and the realization of some existing portfolio profits.

Generally, we fund near-term liquidity needs through the sale of Federal funds. Frequently, we fund longer liquidity needs by purchasing negotiable certificates of deposit and short tax-exempt notes. We also use municipal securities aggressively for income purposes. For example, a three to five year municipal bond may cover an income need better than a five to ten year taxable issue. Both will show losses when rates increase, but we have more opportunity then to extend maturity to build income and capital gains potential with the shorter municipal.

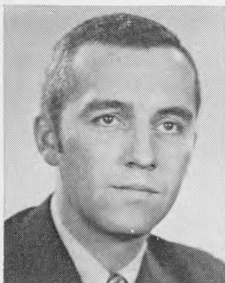
Existing portfolio profits on comparatively low coupon

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issues can be realized and proceeds brought back to a shorter, say one year, maturity range — a logical unwinding of earlier maturity extension. Total earnings for 1972 are increased since the net profit more than offsets the reduction in 1972's current income and reemployment short leaves the funds available for extending when rates are higher.

Any strategy worth considering also requires reconsideration. Until my friend who dabbles in the stock market returns my crystal ball, we will continue reviewing our strategy in the light of developing market conditions and prospects.

“Rates Have Reached Low Point”



ROBERT PEROUTKA
Assistant Vice President
First National Bank of
Saint Paul, Minnesota

AS 1972 BEGAN, most market observers were predicting an upsurge in business activity along with increasing interest rates. Until recently, there has been little concrete evidence of either. However, recent indicators and rate movements tend to bear out the original prediction.

The Federal Reserve's easy money policy has resulted in lower yielding earnings assets in the investment portfolio while giving little or no relief in interest costs for funds. As a result, many smaller banks are experiencing a substantial downward pressure on their earnings.

The challenges presented by the above factors along with increasing operating costs and inflexible interest costs have complicated the portfolio manager's investment considerations within today's markets.

Based on recent developments in the short-term market, it is now beginning to appear as if these rates have reached and passed their low point for this cycle. This is further supported by the fact that many believe the Federal Reserve is attempting a “twist operation” to stiffen short-term rates due primarily to international considerations. The Treasury appears to be accommodating the Federal Reserve by accomplishing its financing in the short-term area as witnessed by the \$3 billion strip auction of March 1.

The trend of long-term rates is not as clear or easily discernible as those of short-term securities. At present there is much talk of stable long-term rates in a climate of rising short-term rates. If this is to occur, it would be a rare exception to past history. Overall, they will probably move upward, but to what degree depends a great deal on how successful the Administration and the Federal Reserve are in combating inflation. The federal Reserve will be burdened with yet another task in that it will be obliged to ac-

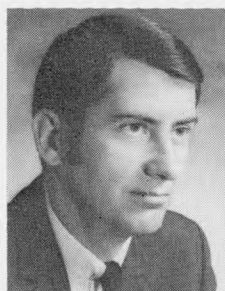
commodate the Treasury's financing needs. In all probability the means of attaining both goals will not always be compatible and should provide for a fluctuating rather than a stable market. In such a market the alert portfolio manager will be able to take advantage of trading opportunities as they appear.

During the past six months most banks have been bewildered as to the disposition of new funds and rollovers in the portfolio. As a consequence, the tendency has been to stay short — adding more downward pressure to earnings.

Keeping the foregoing comments in mind, we feel the coming months will offer the portfolio manager opportunities worthy of serious consideration. At the present time it is our feeling that net new funds as well as maturities should be invested in short-term obligations unless an abnormal amount already exists. (Determining what constitutes an abnormal amount can best be decided by individual banks.) If the latter situation exists, we would then suggest the resumption of a normal reinvestment pattern. A word of caution should be injected here to avoid misunderstanding. We are not recommending 100 per cent hedging by the purchase of short-term securities as we believe the sacrificed earnings would be difficult to recoup in a reasonable time period — barring substantial price decline.

For those banks not in the high tax bracket and who have difficulty in attracting credit worthy loans, we suggest considering investing in Farmers Home Administration Insured Notes which are supported by the full faith and credit of the United States. In addition to being fully guaranteed, the rate differential when compared to Treasury securities has been substantial. Consideration should be given to liquidity requirements before committing funds. During the past year many of our correspondents have turned to this type of investment.

“All Rates Headed Upward”



GERALD L. WARD
Vice President
Commerce Bank
Kansas City, Missouri

INVESTMENT decisions have been made more difficult this year by the inconsistency of many of the markets. The municipal, government and agency bond markets for instance, have shown a remarkable ability to upset the predictions of many a noted economist. It was generally projected that these markets would improve gradually through the first half or two thirds of the year and then experience a rising rate structure as election time neared. In view of the limited success expected from wage-price control, some easing of international monetary problems, the Federal Reserve's admitted desire to support the administration's easier money policy and other bullish pronouncements, this was not an unwarranted projection. However, displaying a mind of its own the yield pattern of the afore-

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mentioned securities has been much like that of a yo-yo—up and down but within a fairly narrow range.

All of the foregoing is to point out the problems involved in portfolio investing — selecting the right instrument and the right maturity at the right time. Our own program this year has been weighted toward municipal bonds. Certainly important considerations here are marketability and quality, but a bank need not unnecessarily sacrifice yield for quality. Our approach has been to purchase bonds mostly in the A or A-1 rated category that offer a good return. Local merchandise that is non-rated or BAA rated should not be excluded if you are familiar with it and satisfied with the quality. Tax-frees along with active participation in the home mortgage market and the consumer lending area appear to offer the best cover for interest expense on time and savings deposits. As a hedge against the uncertainties of the tax-exempt market we suggest buying both short and long maturities. One to three year bonds offer good liquidity and near future roll over while ten to fifteen year bonds take advantage of the historically attractive yields that now prevail. At this point it seems that this would be a good pattern to continue on municipal roll over at least until Fall. As election time nears a new approach may be dictated.

With short term market rates already trending upward, lending rates will probably not be far behind — especially with some prime rates being directly tied to specific short term instruments. At this time it would appear that the direction for nearly all rates is upward.

“Signs Say Economy Advancing”



ALAN D. JOHNSON
Vice President
Continental Illinois National
Bank & Trust Company
Chicago, Illinois

ECONOMISTS agree that business conditions will improve markedly this year. Most forecasts of GNP appear to be in a much narrower range than was true a year ago; although some differences of opinion are emerging as to whether the “standard” \$100 billion gain in GNP made earlier for this year will be achieved. Even so, the gains in total spending in the economy still are likely to be in a range of \$85-100 billion, with the bulk of the increase centered in real growth. Moreover, strong signals from the leading indicators and some strengthening in other selected business reports imply an acceleration of the economic advance as the year moves along.

A second factor of importance in the outlook for interest rates is the course of monetary policy in the period ahead. Late last year the monetary authorities shifted to a substantially more accommodative credit stance, which has continued to the present (early March). At that time concern centered on the sluggish performance of the economy being recorded for 1971, the potential effects of a reflow of foreign-held U. S. securities on U. S. credit markets, and the level to declining position of the domestic

money supply. These factors now no longer appear to be so relevant. An improving economy developed in the first quarter, the reflow problem failed to occur, and growth in the money supply has picked up sharply since the first of this year. Indeed, the question being asked today — particularly in light of the stimulus being provided via a fiscal policy of continuing huge Federal budget deficits — is when monetary policy may shift toward somewhat less accommodation? A continuation of these recent trends could soon lead to a somewhat firmer position.

There is also the prospect that additional upward pressures on interest rates could develop from a reflow of foreign-held securities, chiefly Treasury Bills, at a time when regular domestic issuance of Bills has been increased. Several factors now appear to be developing which could trigger this long-awaited reflow, though the magnitude of its effect is now expected to be less damaging to domestic markets than originally envisioned. First, the spread between U. S. and foreign interest rates is narrowing as domestic rates rise while some foreign rates are lowered. Second, the U. S. dollar has generally been weak abroad since the currency realignments late last year, reducing the potential of future speculative gains. Finally, an unadulterated gold bill now appears to have almost certain passage through Congress.

Thus most factors in the outlook suggest that interest rates have passed their low point and will be under general upward pressure during the remainder of the year. The upward path will not be smooth, however, as markets will fluctuate, at times quite a bit, in response to speeches, news reports, and economic events, as well as displaying the usual characteristic of backing and filling. Also, most of the rate adjustment should occur in the short area where rates have fallen the most. Long rates will probably fluctuate in a much narrower band, with perhaps modest rallies occurring in some markets, notably corporate bonds, along the way.

In this environment, portfolio policy should be geared toward “shortening sail” to guard against running into the earnings trap — extending at the wrong time in the interest of short run earnings. Rather, bankers would do well to consider taking some profits in Governments as well as municipals, considering modest extensions at best in the municipal portfolio while maintaining or enhancing portfolio quality, and building coupon protection.

Currently, for example, profit-taking should be considered on modest yield (5½% - 6¼%) Governments maturing 1974-1978 as a method of enhancing 1972 earnings with little or no damage to future earnings. A similar situation exists with regard to municipals with coupons between 2¾% and 4% maturing in the three to ten year range and having modest profits or losses. Bonds with coupons close to current market yields should be sold before they slip below par.

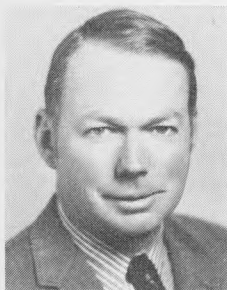
As interest rates continue to rise, wider spreads should also develop between municipal bond quality groups. During such a period the urge to reduce portfolio quality is strong, particularly in those situations where current earnings is a problem. However, the still historically high level

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of interest rates and the uncertainty beyond 1972 might better suggest a slight extension to accomplish the same purpose, thus maintaining quality and marketability. Such a policy will provide the same earnings results but afford better portfolio flexibility. An additional policy with future flexibility in mind involves the purchase of issues with adequate coupon protection to guard against being caught later with a bond trading at a discount in the secondary market.

Even though interest rates, particularly short-term rates, should be under upward pressure this year, it may be wrong to extrapolate this trend into 1973. In part, the upward movement of short rates merely places them more in line with other rates and represents an upward adjustment from their recent unsustainable ten-year low levels. The longer-term outlook for interest rates is more dependent upon success on the inflation front. If inflationary forces are indeed tempered throughout 1972 and the economy continues to show signs of excess labor and capital capacity, there may be little reason to expect the current upward trend of rates to continue. Thus, the key to future interest rate levels is closely tied to inflationary expectations. Should these be reduced over a longer period, then interest rates in 1973 could respond positively.

“Straight Down the Middle”



G. RICHARD SLADE
Vice President
Northwestern National Bank
Minneapolis, Minnesota

WHILE persuasive arguments can be made for either an aggressive or conservative bank portfolio investment policy, at the moment the best path for the next few months might well be straight down the middle, neither buying the very longest bonds offered nor keeping all investment reserves in short term bills and notes. Further, one should resist the urge to commit substantial new funds to tax exempt portfolios at the moment although new issues can provide a good opportunity to upgrade quality, increase yields and extend maturities somewhat.

In short-term holdings, acquired during the last two-three years, many bankers find themselves with a profit problem; these high coupon, high yield governments and agency holdings are selling at premiums of 5-10% above cost and provide yields (at book) well over those available in the market. If the banker sells the bonds to capture the profit, he cannot reinvest in the same maturity range at the same yield. Very simply, he has exchanged future income for a present profit.

It would be appropriate to examine the budget for 1972

and 1973, the expected income from portfolio securities in each year, and the impact that a present sale might have on both years from a gain on the sale as well as income. If a security sale is necessary in a given time period to raise funds, meet loan needs or pay for another security, a banker should probably not wait to sell at the absolute top of the market. Our experience has been first that the “top” is hard to identify and second that the market comes down faster than it goes up; selling securities in a declining market can be surprisingly painful.

The banker who uses Federal Agency issues in his investment portfolio should be aware of several types of new agency issues that come to the market from time to time. These include such things as the U. S. Post Office, local HUD supported development issues, special term issues of existing agencies, etc. These issues may be somewhat long in maturity but carry a favorable interest rate; because they are small issues, they may have less marketability than traditional Federal agency bonds and notes but often have a higher degree of government guarantee. Many new names will be appearing on the scene in the next few years including perhaps a Federal Finance Bank and taxable subsidized municipal bonds. The banker should review each of these opportunities in terms of quality and yield to improve earnings on his investment portfolio.

“More Loans, Lower Bond Prices”



C. RONALD FAIRS
Senior Vice President
LaSalle National Bank
Chicago, Illinois

THE CONSENSUS among forecasters is that the economy will improve in 1972 with GNP at the \$1140-1145 billion level. Interest rates are expected to rise during the coming months, particularly in the short term sector, although opinions differ as to the extent of the increase and the degree to which long term rates will be affected.

The majority is by no means always right, but there seems little reason to disagree with this assessment of the outlook. Therefore, portfolio decisions should be based on the expectation of greater loan demand and somewhat lower bond prices later in the year. This poses the usual dilemma—earnings pressures tempting us to lengthen maturities and reach for income at a time when investment judgment tells us that caution and conservatism are advisable.

The difficulty is compounded by the fact bank savings rates have not declined to correspond with the drop in rates on investments. An attempt to match savings rates (at least at the level they are in Chicago) with new investments would result in unwise decisions leading to future problems. Unless a bank is able to generate the type of loans still paying fairly high rates, it would seem the lesser of evils to endure at least a few months of reduced earnings.

Adequate maturities in 1973 and 1974 should be main-

Annual Bond and Investment Outlook

tained and it would appear wise to minimize future bond losses by confining new investments in Governments and Agencies to issues maturing not later than 1976. Normal investment policies in municipals could be followed if the tax exemption is still needed by the bank.

Of course, every avenue to improve income should be explored provided it does not conflict with prudent investment policies. Some banks may be able to make greater use of U. S. Agency obligations or short term municipals than they have in the past. In a few instances, where additional tax free income is not needed, the possibility of a modest investment in short term corporates or R.R. Equipment Trusts could be explored—possibly for the first time in many years. Such issues naturally should constitute only a minor portion of the portfolio.

In conclusion, those banks will probably fare best over the next couple of years who adhere to a conservative investment policy even if it means a temporary decline in earnings.

“Emphasis on Shorter Terms”

WILLIAM D. SHAW, JR.
Senior Portfolio Manager
Bank of America
San Francisco, California

BANK portfolio managers are once again finding themselves faced with that age-old dilemma. On the one hand, bank earnings are coming under increasing pressure while on the other, money and bond market yields seem to be approaching their cyclical lows. In the current economic environment, large scale maturity extension in the investment portfolio to boost operating income poses substantial risk of untimely security sales in the future that may result in capital losses.

Investment decisions over the next few months will become increasingly more difficult. Stimulative monetary and fiscal policies coupled with improved growth trends in underlying economic activity suggest demands for credit will become more expansive and broadly based, resulting at some point in upward pressure on all segments of the yield curve. Contributing to projections of rapid economic growth in 1972 are expectations of a rise in business spending plans for inventories and capital projects and increased consumer spending. Additionally, continued progress on the international monetary front, however slow it may be, should also assist in stabilizing the dollar overseas, expand trade markets and generally aid in spurring domestic economic growth.

Despite expansionary economic projections it is probable that, over the near term, excessive pressure will not be felt in the money and capital markets. The financial system remains extremely liquid while the nation's resources continue underemployed both in terms of the number of jobless and with respect to excess capacity. When these factors are combined with a generally stimulative Federal Reserve policy, orderly economic progress can be accommodated without immediate alteration of the interest rate structure. Nonetheless, as time passes, and as the economy approaches full employment, credit demands and inflationary expectations should set in motion an upward adjustment in rate levels.

In this type of environment the best course of action for the portfolio manager is to place his emphasis on shorter-term maturities. High coupon issues of longer duration should be retained to maximize operating income; however, rollovers and new purchases should be kept within two to three years. Although the yield curve is very steep by historical standards and the inducement to extend into much longer maturities seemingly very large, it is important to recognize that the apparent attractiveness of longer maturities does not at this time provide sufficient earning power to offset the potential loss of principal

“Economic Controls for Future”



DONALD G. WACHHOLZ
Assistant Vice President
First National Bank of
Minneapolis, Minnesota

AUGUST 14, 1971, may be referred to, historically, as a landmark in American economic history. Due to an economic imbalance caused by rising wages and stable productivity, fiscal and monetary measures had lost their effectiveness in reversing a recessionary trend without creating an inflationary spiral. For the first time in history, it was necessary to institute a program of direct controls over wages and prices during peacetime. The success or failure of these direct controls will directly affect our future economic climate.

During the past quarter, economic indicators have turned upward, some relief in the level of unemployment is evident and, due to the easy money policies of the Federal Reserve System, short-term rates have remained low enough to encourage economic expansion. Continued improvement in the domestic economy, plus the projected fiscal deficit should put upward pressure on interest rate levels, particularly in the short-term sector, unless the monetary authorities were to follow a policy of aggressive ease.

Perhaps the understatement of the year would be that “the outlook is unsettled.” Because of the present uncertainties, the indicated policy for portfolio managers would be to remain basically short term. However, portfolios that currently contain a heavy short position and are under pressure for more portfolio income to cover current time/savings interest expense could consider moderate extension to intermediate maturities for better coupon income.

Municipal rollover should follow a basic predetermined policy of reinvestment on a continuing basis to provide an element of stability to portfolio yield. We suggest the reinvestment of municipal maturities on the long end of the portfolio's maturity scale, usually in the 10 to 15 year range. While permanent investment of additional funds

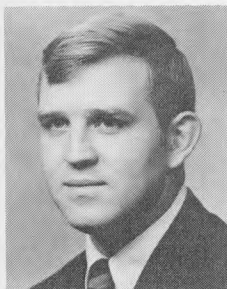
Annual Bond and Investment Outlook

available for municipal securities could be made throughout the maturity range of 3 to 15 years, we would suggest current additions be made in the intermediate maturities of 3 to 5 years.

Funds committed to the U. S. Government and Federal Agency categories should be considered as secondary reserve or liquidity investments and cover the maturity range of 1 to 5 years.

Additional portfolio income could also be obtained by selective use of guaranteed, tax-exempt Project Notes and future Treasury Tax and Loan credit privileges.

“Short Term vs Long Term”



DWAIN C. CARLSON, C.F.A.
Vice President
First National Bank & Trust Co.
Lincoln, Nebraska

THE BASIC tool the banker must utilize is the establishment of a total investment portfolio philosophy within which portfolio decisions can be implemented. Guidelines should be established within this portfolio concept which consider the risk asset exposure each bank can prudently own relative to its local economy, seasonal factors, deposit mix and capital structure. After establishment of these guidelines, the short and intermediate term economic outlook can be considered as to the type of obligations and length of maturity.

It would appear that short and intermediate term interest rates could experience upward pressure due to Federal deficit financing and the increased need for loanable funds. The degree of movement upward in interest rates is dependent upon the timing of the economic recovery. The inflationary factor should not play a significant part in the upward movement in interest rates but could be a factor in the next couple of years. Thus the very positive sloping yield curve we presently have will tend to flatten with the major portion of upward change in interest rates being experienced in short and intermediate rates.

Community banks have experienced a relatively high percentage growth in time deposits. This has created excess funds that are most costly for those banks with no immediate outlet for investment. Thus, the problem—whether to sacrifice current earnings and invest short term, lower savings rates, or invest the money for a longer term to provide a fair profit margin.

The excess funds that are considered liquidity should be invested on a short maturity schedule with the remainder implemented within the guidelines established for the investment portfolio. Intermediate term investments in municipal bonds could be considered with a present taxable equivalent yield advantage of 150-200 basis points over comparable maturity taxable obligations. The dollar averaging method would be the prudent course for inter-

mediate term investments considering the projected economic climate.

Cash flow from the municipal portfolio should be reinvested in the municipal portfolio in those maturities which complement your present portfolio. This assumes the money is not needed for loans or liquidity purposes. This municipal rollover could also be approached from a dollar averaging standpoint.

The decisions made in 1972 could have a definite effect on future portfolio policy. Discuss your portfolio philosophy with a professional before you make any major decisions.

“1972 to Be a Buyer’s Market”



EDWARD M. ROOB
Vice President
The First National Bank of
Chicago, Illinois

THE YEAR 1972 is going to be a very difficult one for portfolio managers. It is my feeling that 1972 is a year in which portfolio managers will earn their salaries.

Briefly stated, I foresee short-term rates rising throughout 1972 and feel that by year-end, 90 day Treasury bills will be in the 5/5½% range and that intermediate Treasury notes will be in the 6½% to 6¾% range. This makes it difficult for a bank to invest money profitably and wisely. I do feel, however, that the portfolio manager should be alert to the possibility that our forecast may be wrong and when the bond market dips significantly, he should add to his holdings and when it appreciates he should sell. I also feel strongly that the yield spread between Federal agencies and U.S. government securities will vary and become both wider and narrower from where it is today and that portfolio managers can wisely shift their holdings from governments to agencies at narrow spreads and go back from agencies to governments when spreads widen.

It is difficult to give anyone guidelines at which point they should make these trades; however, it would seem to me that at a spread of 20 basis points or less, governments should be bought and agencies sold. Whereas, at a spread of 40 basis points or more, agencies should be bought and governments sold. Typically, it is wise to add to agency holdings when large new issues come to market.

As far as municipal securities are concerned, it would seem prudent for the investment manager to add to his portfolio holdings and reinvest his maturities when yields on the 20 Bond Buyer index are 5¾% and higher, and to limit his purchases or withhold purchases at a level lower than 5.20 on the index. As in any market, no matter what the level of the market is, there are from time-to-time unusually good opportunities to buy certain kinds of municipal securities. These should most definitely be taken advantage of.

On balance, I would have to say that whereas 1970 and 1971 were sellers’ markets in securities, I think 1972 is going to be a buyer’s market and that with patience the market will come to the buyer.

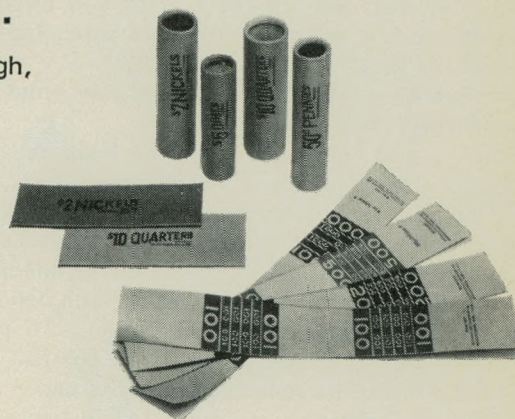
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Northwestern Banker, April, 1972

AREA banks currently have 11 per cent of their total deposits in municipal bonds, according to an exclusive survey conducted by the editors of the **NORTHWESTERN BANKER**.

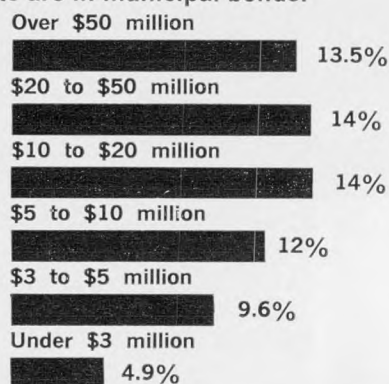
This percentage may increase during the last half of 1972, since a substantial number of banks are anticipating higher yields and delaying further purchases at this time.

The new survey featured a series of eight questions. Results were determined for various deposit groups as follows: under \$3 million; \$3-5 million; \$5-10 million; \$10-20 million; \$20-50 million, and over \$50 million. Here are the questions and the results:

Question 1 — "What percentage of your bank's total deposits are in municipals?"

As indicated, the percentage for all banks came to 11 per cent. Figures for the various deposit categories are shown in Chart One.

Chart 1: What percentage of your bank's total deposits are in municipal bonds?



Question 2 — "What is the per cent of your bank's loans to total deposits?"

This figure was consistent for all deposit groups, averaging 53.5 per cent. Banks over \$50 million showed only 50.81 per cent, and the highest ratio was in the \$2-3 million group at 58.7 per cent.

Question 3 — "What type bonds do you now hold in your bank portfolio?"

General obligation bonds made up 76.4 per cent of the portfolios for all banks. Here again, the average was consistent with few exceptions. In the \$10-20 million group, general obligations made up 86 per cent, and in the under \$2 million group the figure was only 69 per cent. Revenue bonds made up 16.6 per cent of the portfolios of banks over \$50 million; 14.7 per cent for the \$20 to \$50 million banks; 9.42 per cent for the \$10 to \$20 million banks. Banks under \$10 million held higher percentages due the purchase of "local" issues.

Question 4 — "What percentage of your bonds are rated AA or higher? Non-rated?"

As a general rule, the larger the bank the fewer the number of non-rated bonds. Smaller banks are, of course, more inclined to buy local issues, and even though the bonds are not rated the banker is familiar with the respective community. Only 23.8 per cent of the bonds are rated AA or better in the portfolios of banks with deposits under \$3 million. In banks of over \$50 million, 47.7 per cent of the bonds are rated AA or better. In contrast, 72.5 per cent of the bonds are non-rated in banks under \$3 million and only 14.7 per cent are non-rated in banks over \$50 million.

Annual Bond and Investment Outlook

Banks Await Higher Yields On Municipals

A NORTHWESTERN BANKER Survey

Question 5 — "What percentage of your bonds originated in your home state?"

In banks up to \$10 million, more than 50 per cent of the bonds originate in their home state. As the banks become larger, only 30.7 per cent of the bonds in banks of over \$50 million originate in their home state. Chart number two gives a detailed picture.

Question 6 — "What is the tax equivalent yield (at 48%) on your municipals?"

With banks under \$3 million frequently falling in a lesser tax bracket, the municipal yield averages 4.53 per cent. Banks in the \$3-\$5 million bracket usually come under the 48 per cent tax bracket, and their yield comes to 6.45 per cent. Banks over \$5 million report similar yields, ranging as follows: \$5-\$10 million — 7.85 per cent; \$10-\$20 million — 7.94 per cent; \$20-\$50 million — 7.6 per cent, and over \$50 million — 7.79 per cent.

Question 7 — "What percentage of your bank's municipals mature in 10 years?"

In banks under \$50 million, 86 per cent of the municipals mature in 10 years. Banks over \$50 million hold a larger percentage of longer maturity bonds, since only 69 per cent of the bonds held by these larger banks mature in 10 years.

Question 8 — "Will your bank buy more or less municipals compared to the same period last year?"

Banks with deposits of over \$20 million plan to buy more municipals in 1972 compared to 1971. Sixty-eight per cent of the larger banks plan to buy more bonds; 21 per cent plan to buy less, and 11 per cent will buy the same volume. Fifty-one per cent of the banks under \$20 million plan to buy less bonds; 35 per cent of the banks plan to buy more bonds, and 11 per cent plan to buy the same amount. Three per cent reported no decision has been made at this time.

Comments and Opinion

Typical comments on the municipal bond picture, which were taken from a cross-section of questionnaires, are as follows:

Wyoming, \$4.5 million: It appears that a number on

Chart 2: What percentage of your bonds originate in your home state?

Over \$50 million	30.7%
\$20 to \$50 million	41%
\$10 to \$20 million	42%
\$5 to \$10 million	59.5%
\$3 to \$5 million	64.8%
Under \$3 million	52.5%

better and which mature in eight years.

Minnesota, \$13.9 million: With the downward trend in earning pressures as a result of comparatively high costs of savings and certificates of deposits, the tax free income of municipals becomes more and more attractive, particularly here in Minnesota where we have lost the deductibility of federal taxes.

Illinois, \$10 million: We are concerned about the deterioration of rating in municipalities, particularly large, well-known cities, because of financial stress, lack of revenues to maintain balanced budgets and service obligations.

Nebraska, \$221 million: Considering the expected 1972 supply and expected loan demand, the positive 1-10 year municipalities are getting into financial difficulties and buying will have to be more selective.

South Dakota, \$8.6 million: We feel the market should, and probably will, have a short-term interest adjustment upwards.

Iowa, \$9 million: We have an excellent municipal bond account by rating and yield and will not increase the size until yields rise.

Iowa, \$8.7 million: We look for higher yields in the last half of 1972.

Illinois, \$6.5 million: With the prices of municipals high, any purchase in 1972 will be local, non-rated issues which carry a higher yield.

Iowa, \$6.7 million: We will just roll over these we have.

Iowa, \$6 million: Our municipal portfolio is larger than most banks but they are all local communities that I am familiar with, or states and large cities with a AA rating or yield curve should flatten out pushing the short-to-intermediate rate upward.

Iowa, \$90 million: It is our feeling that yields will increase.

Nebraska, \$202 million: Yields should move higher — especially short term.

Iowa, \$100 million: Longer rates should show a further decline and short rates may rise slightly, but no great change should take place until after the elections.

South Dakota, \$3,130,069: I don't like the bond firms (junk dealers) calling by phone from anywhere in the U.S., trying to sell municipal bonds.

Nebraska, \$25.5 million: We are on a 17 year, \$200,000 per year roll-over program. Every year, we replace bonds running off with 17 year maturities.—End

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Predicts Higher Short Term Rates

Due primarily to a massive federal deficit and increased demand for funds by governments at all levels, short term interest rates should be higher by year

end 1972, it was forecast by the chief executive of one of the nation's largest commercial finance companies.

Franklin A. Cole, president of Walter E. Heller International Corporation told the New York Society of Security Analysts that his own company "in-

tends to make 1972 a 10th consecutive year of record profits." He said he believes that the demand for Heller's financial services will intensify over the course of the year.

In his comments on the interest rate outlook, Mr. Cole said that there will be strong pressure on credit markets from municipal, state and federal government bodies and that the federal government will not be able to rely in 1972 upon the European Central Banking community to buy its bills and finance its record 1973 fiscal deficit of \$39 billion. He also expressed concern



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Two Economic Sour Notes

Some economic statistics these days may be as sprightly as the spring, but two sour notes — weak retail sales and rising prices — are keeping the symphony out of tune. That's the view expressed in the March issue of The Morgan Guaranty Survey.

Regional Supervisors for Trust Marketing Firm

James K. Sinclair, Jr., president of Kennedy Sinclair, Inc., has announced the appointment of three regional supervisors to coordinate the efforts of the firm's account executives. The advertising, sales training and market research firm split its accounts into three major areas in order to provide its growing clientele with the additional service and marketing expertise these men bring to their regions.

Heading the Eastern Region is Ralph Miele, Jr., a resident of Roseland, New Jersey. He joined the forty-two-year-old trust advertising company in 1962. Robert H. Franke is in charge of the Central Region. Making his home in Buffalo Grove, Illinois, a suburb of Chicago, Mr. Franke has been with the company since 1966. Frank E. Skinner now handles the 24-state Western Region. He has been with Kennedy Sinclair since 1964 and lives in Lake Havasu City, Arizona. All three are vice presidents of the nationally known company, which is currently supplying trust marketing programs to nearly 1,000 banks and trust companies throughout the nation.

Joins Advisory Group

Edward J. Peguillan, vice president and marketing director of Chemical Bank in New York, has been named to the advisory group of the Foundation for Full Service Banks.

Problems of Portfolio Management

TRADITIONALLY banks have managed assets, including the investment portfolio, within the framework of existing liabilities. The emphasis was on asset management for the purpose of achieving appropriate liquidity and earnings. During most periods banks had ample deposit funds to meet all reasonable loan requests. In today's environment, it is becoming apparent that we are going to have to rely more heavily on "mobilizing funds" from non-deposit sources. This is referred to as "liability management" as opposed to the "asset management" concept used in the past. Sources available for funds mobilization include Federal Funds, loan participations, Euro-dollar borrowings, commercial paper proceeds and capital debentures. The Fed Funds market in particular has become a popular vehicle for funds mobilization by most banks.

Major Factors

Generally, the major factors that will influence the composition of the investment portfolio are:

- (1) liquidity requirements,
- (2) capital adequacy considerations, and
- (3) the income factor.

In determining liquidity and capital adequacy requirements, the portfolio manager should be aware of the total commitments of the bank, and he must be able to perceive the impact that the discontinuing of a particular resource will have upon the bank and its commitments. Only after he has thoroughly considered the liability side of the balance sheet can he approach the market place and intelligently program the portfolio.

The pattern of portfolio adjustment currently differs markedly among commercial banks, depending on their ac-



RONALD E. DAVIS
Vice President
United Bank of Denver
Denver, Colorado

cess to non-deposit sources of funds. The most costly mistakes that many banks have made over the past decade or so seems to have been the occasions when they have underestimated the strength of customer loan demand. A hard lesson was learned in the year 1966, long to be remembered as the year of the "credit crunch", which of course had a rather dramatic influence on bank investment portfolios. Banks were caught with their liquidity down and found themselves in an extremely difficult position. The diminished supply of loanable funds in the face of rapidly expanding demand for credit brought on a veritable scramble for funds, including liquidation of securities. Wholesale dumping of bonds in the market truly brought the market to its knees, and some banks were forced to accept sizable capital losses in the process.

The creation of liabilities has become more and more a source of liquidity. In the past, bank liquidity was primarily concentrated in short-term liquid assets. Today, a bank confronted with a large demand for loans or sudden deposit withdrawal need not upset its portfolio operations if it has the capacity to pay competitive rates for short or long-term funds.

Know Customer's Needs

The banker today needs to know

more about his customer's future credit requirements, preparing his loan forecasts more carefully and updating them more frequently. Only in this way can he promptly detect the development of unexpected loan demand and make timely adjustments in his liquidity policies, altering his investment portfolio buying patterns accordingly to maximize income while limiting exposure.

Turning to the income factor, the primary responsibility of the investment portfolio manager is to employ funds in the most profitable manner consistent with the need for safety and liquidity. Policies established should be sufficiently flexible to adapt to varying conditions. Opportunities to capture capital gains by successfully playing interest rate cycles or by arbitrage are frequently available and can contribute substantially to bank earnings. One prerequisite is a feel for the primary factors that affect the opportunities for profitable employment of funds and how these factors are interrelated. The relationship of the supply-demand factors of the money market and bond markets to monetary and fiscal policies of the Federal Government is particularly important to the portfolio manager. Those who possess the ability to

PROBLEMS . . .

(Turn to page 39, please)

Annual Bond and Investment Outlook

Determining Stock Market Trends By Federal Reserve Statistics

MONEY is factual. And it talks. It can tell us whether business is really getting better or worse. It can tell us whether inventories are being worked off or being accumulated. It can tell us whether consumer spending is expanding or contracting. It can tell us whether stock market prices will tend to rise or fall.

Money is a great social mechanism. And our banking system today is so completely unified and closely integrated that monetary statistics are readily available. Our Federal Reserve System compiles and releases weekly, monthly, and annually, monetary and banking data which disclose our changing trends. Indexes compiled from this data and compared over a period of time reflect major changes in the economic conditions determin-

By **ROBERT V. JONES, Editor**
Economic Trend Line Studies
Chicago, Illinois

ing our industrial and commercial activity.

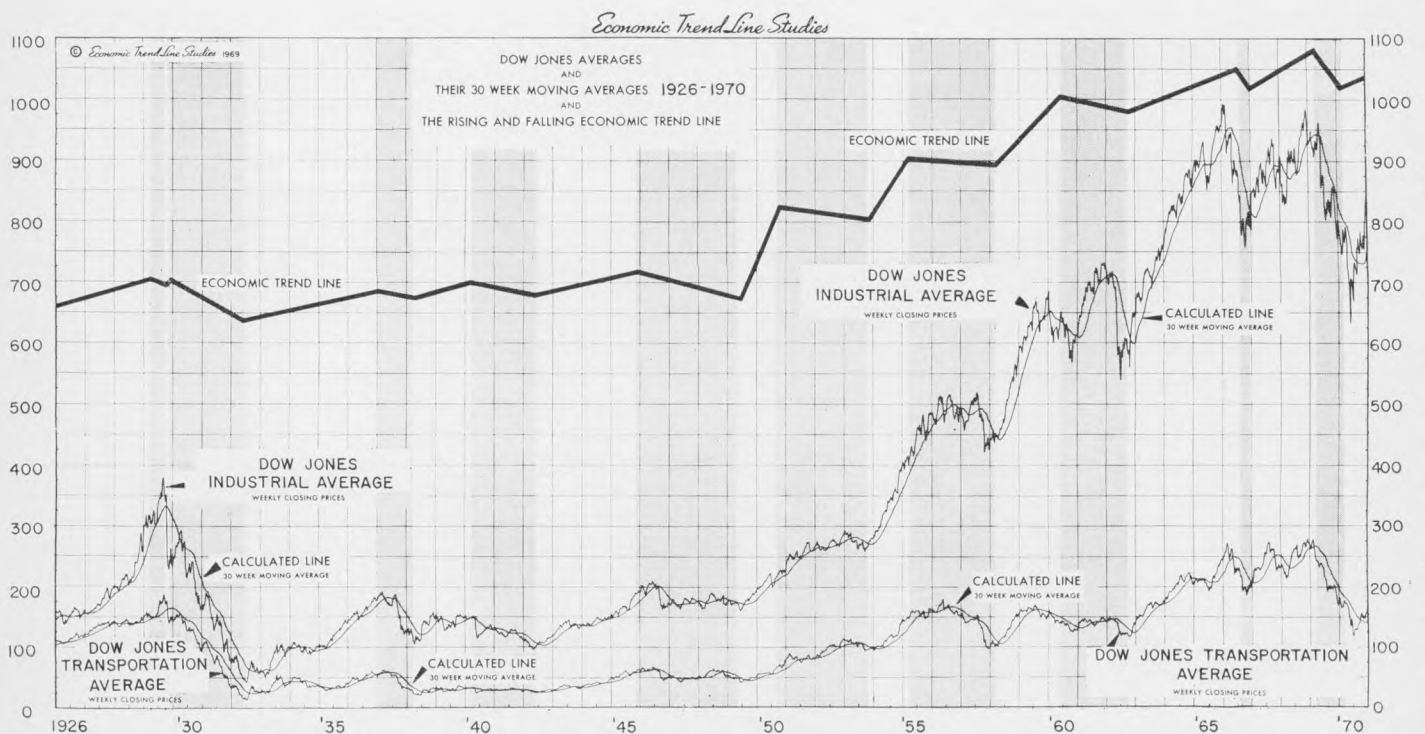
There are three important monetary ratios.

First, the rate of change in our money stock. Do people have more or less money to spend? If less, demand for goods and services will be less if the velocity of money does not increase. If there is more money to spend, total demand will increase, provided money velocity does not decrease. For our present purposes money stock is defined as the total of currency in circulation, demand deposits and time deposits.

Secondly, we need to know the relationship between the spending of this money stock and the level of production. If over a period of time we consume more than we produce, the production of goods and services will increase to meet this demand. To measure variations in spending, debits to demand deposits provide a useful guide. And, since marginal production is often financed by bank loans, variations in the volume of bank business loans provide an indication of changes in production. If spending increases relative to business loans, this rising ratio indicates that current production is being consumed, not inventoried, and that additional productive capacity

MARKET TRENDS . . .

(Turn to page 40, please)



BEGINNING in 1926, an investor with a capital fund of \$10,000 invested in the Dow Jones industrial average and who followed this system mechanically, without deviation, would have increased his fund 70.7 times to \$707,000 by the end of 1970. (This does not account for dividends and interest received, brokerage commissions or capital gains taxes payable.) During the same time, an investor placing his funds in the Dow Jones industrial average and who did not follow this system would have increased his capital funds to \$52,500, or less than 5½ times. (A detailed report of this performance is available upon request addressed to 208 South LaSalle, Chicago, Illinois 60604.)

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Bank Holding of Municipal Bonds — Some Observations

By LEWIS E. DAVIDS
*Hill Professor of Bank Management
University of Missouri
Columbia, Missouri*

WAY BACK in 1941, total holdings of securities by all commercial banks comprised less than \$28,000,000,000. Of this amount, \$7,250,000,000 were in other securities, a good bit were municipals, though there was a sizeable portion in rails and utilities, \$21,808,000,000 were in U.S. Treasury obligations. With the tremendous expansion of Federal debt as a result of World War II, we find that the numbers and relationships of bank-held securities materially were altered.

In December of 1945, banks held somewhat more than \$90,000,000,000 of U.S. securities and about the same amount of municipals that they held in 1941, that is \$7,331,000,000 which does include, as previously mentioned, some corporate rails and utilities. However, since that high point in 1945, there has been a rather substantial proportionate decline in holdings by banks of U.S. Treasury securities.

To put it in retrospect, in 1941 the total security holdings of banks exceeded the loan volume. By 1947 securities were more than double the loan volume. Today, we find loans and investments of approximately half a trillion dollars, and of that, loans comprise over \$333 billion, U.S. Treasury securities dropped to \$61 billion plus, but a phenomenal jump in other securities was to over \$101 billion. Specifically, of this amount approximately \$78 billion are the obligations of state and local governments and \$9 billion are of other securities which include such guaranteed items as CCC notes, Export-Import Bank, and the like.

Question on Municipals

There is no question that U.S. securities provide the highest level of investment in terms of liquidity and in terms of certainty of being paid upon maturity. The question arises; are the municipal holdings by banks really as quality oriented as the U.S. Treasuries and are they likely to be in the best interests of banks as we view the future? Specifically, all bankers recognize that the tax-exempt feature of the municipal issues has made them a net higher yielding security than is found in comparable U.S. Treasury maturity.

There are a number of northern banks especially that will not purchase any municipal securities that are not rated BAA or better by leading investment reporting firms. However, there are many banks, especially in the south, southwest, and midwest, that have a sizeable portion of their securities in issues of small political un-rated units; school districts, sewer districts, towns, counties, and the like.

While some bankers contend that there is a good and valuable market for such issues, there are a considerable number of authoritative individuals who believe that the small municipal issues cannot be marketed to the same extent or degree as treasury bills. They can only be marketed upon a sizeable drop in the normal valuation of the securities in times of tight money conditions.

A number of country bankers have been reassured that the institution which has sold them the securities will, in effect, make a market and repur-

chase them. Much of this is done on the basis of a gentleman's understanding agreement. More than one country banker who has bought such an issue has found, to his chagrin, that when he has called up to sell such an issue that the salesman of the bond house who originated or sponsored the issue no longer is with that firm and that such an understanding is not acceptable to the management of the bond house. In effect, they hold that the salesman had no authority to make such a verbal commitment. It is, therefore, unenforceable.

Are Portfolios Liquid?

The question, then, arises in many of these small country banks with sizeable portions of their total assets in the form of small issues of municipals whether such portfolios could, under adverse conditions, provide the secondary reserve liquidity which bankers historically have felt was desirable. But more than that there are some very interesting features which raise some provocative questions.

In the first place, it is the impression of many bankers that the practice of the bank regulatory authority in examining country banks is to obtain from the examined bank a list of the holdings and the name of the city bank in which these are being held for safe keeping. Frequently, this is the correspondent bank and the bank incidentally, which sold at least some of the issues to the country banker. The bank regulatory agency in the field then asks the city bank to verify that

the securities are in safekeeping and of the number and amount so indicated in their examination.

But more than that, the examiners in turn ask for an indication of the current market value of those small (non-BAA or better) rated issues. Several points of concern are important here: First, is the frank recognition that the FDIC or the other regulatory bodies are taking a third party's estimate as being indicative of the value of the mortgage portfolio. It should be recognized that there is, unfortunately, a natural tendency for such appraisals for a client to be at least modestly higher than the prevailing market would provide. Thus, in the event of forced liquidation, the portfolio probably would not raise the amount indicated by the bond house or the bank.

Method of Valuation

On the other hand, there is, I think, an even more philosophical question and that is the fact that the regulatory bodies are asking the large city banks to do, in effect, a considerable amount of work in valuing the bond portfolios of the country banks that they are examining. In most of the large city banks in a state, and typically these will only comprise a handful or two of the banks in the state, probably one or more individuals are now spending a major portion of their time in providing information for the bank examiners in terms of the appraisal of a market for the examined bank's municipals. A market, which is assumed to exist, but really, in terms of small issues, is a matter of conjecture that there would be a buyer ready and willing to buy.

There are some bankers who are conversant with the problem of valuation and who believe that the bond house or the bond department of the bank may be tempted, to in effect, even bump the responsibility one step further. Thus, rather than reviewing the complete issue as to the quality of the security, of the tax revenue, of its relationship to the tax burden, and items which are an important part of the valuation process, rather the tendency is to look mostly to the legal firm that has been on the issue; to accept, in effect the legal counsel's opinion as to the quality and thus, a small number of legal counsels are acceptable in terms of their track record.

Conversely, there are a number of other attorney's opinions which have not the stature desired by the bond

THE MONEY MARKET



A monthly report from the Money Market Center of The First National Bank of Saint Paul. A service for all investors. For personal help call direct, 612-221-9461.

By JOHN MULLEN

Vice President, Securities Underwriting and Investment Services Division

As a reader of this column, you will have a chance to hear from my associates at The First National Bank of Saint Paul. The people who, I honestly believe, have the best information, the most up-to-date facts about the money market.



John Mullen

Two years ago we opened our new Money Market Center, which consolidates all underwriting and trading operations, at The Bank. The center handles U.S. government, federal agency, municipal bonds and notes as well as commercial paper, repurchase agreements, and all other short-term money market instruments.

I wish you could see it. And I cordially invite you to stop by at The Bank when you are in St. Paul. In the meantime, I welcome your questions about any part of the money market. Address them to me, or to any of our people. Your particular interest might make an interesting column for a future issue of this publication. We promise you a straight and accurate answer.

In recent months interest rates have fallen significantly. The result of this decline will undoubtedly reduce the interest income you receive on your investment portfolio.

There is very little portfolio managers can do to stop such interest trends, whether the size of the portfolio is \$100 thousand or \$100 million.

The best anyone can do is to make certain all the securities in any portfolio provide the maximum income over a period of time.

As portfolio managers, we carry, or have discretionary responsibility for securities in excess of \$500 million. So we face the same decisions and questions you face, every day. Because our investment responsibility is so great, we must know the answers . . . and make the right decisions.

To achieve maximum income on securities over time, one must carefully select both the maturity of one's investment and the category of security. To assist you, our customers, and ourselves, in buying and selling securities, we have set up, in depth, the Money Market Center.

This gives us a greater number of quotations, and the ability to buy and sell for you from this wider range of quotes. Of course, we have all the customary money market securities available too. But, we also have many new ones that you probably haven't heard about. Some of these, such as repurchase agreements, secondary certificates of deposit, Farmers Home Administration Guaranteed Loans and others, will be covered in full detail in future articles.

You need not wait, if you are interested in other investment options, a quick phone call to my office will get full details to you immediately.

We, at the Money Market Center, are always ready to assist you in your quest for investment knowledge or in the buying and selling of securities at the best available market.

In addition to securities, we have computer programs available to help you in the handling of your portfolio. These systems are, by far, the most efficient way of profitably dealing with investment portfolios.

They are actually complete computer programs covering accounting records, management reports and bond-switching programs.

We'll go into computer analysis of investment programs in future articles — in depth. But again, if you have questions about electronic data processing of your portfolios, please contact me by phone.

You'll get the facts on the Money Market Center right here, every month. It's part of our dedication to you and all investors to help you to do well with investments. Because when you do well, we do well. And at The First National Bank of Saint Paul, we want you to do well.

We have one of the largest and most active money market centers in the area. We have the people and the experience to add to your profitability as an investor.

Watch for the next column, next month. In the meantime, if you have a question, please call me, direct. My direct-dial number is Area 612-221-9643.

See you next month.

houses or the bank bond department. Another facet which is of increasing concern is the pledging requirement of a number of our states. In such circumstances, very low yielding and thus, less valuable municipal securities, may be permitted to be used for pledging requirements in terms of the face value on the instrument. It goes without saying that a rate of interest on the face which is considerably below the prevailing rate would, inevitably, in the marketplace result in that security being liquidated only at a substantial discount from the face. Nonetheless, these securities in some areas may be pledged at face value.

Pledging Is Archaic

In a pragmatic sense, the pledging requirement probably today is archaic and another system of handling public funds in a more reasonable way is appropriate. Nonetheless, the fact that we do still have the pledging requirement does result in a market being maintained which gives an illusion which provides a premium for low interest rate bonds which thus can be used to secure the public funds.

It is known that the U.S. Treasury has been concerned for a number of years with the tax exempt status of municipal securities. Specifically the point is that because they are tax exempt there is a very definite fact that more income is lost to both the federal government mostly but also to the state government on some of these issues, than would be needed to equate or to make the municipal issues marketable with the current taxable terms. Perhaps an explanation along these lines might help. For example: If we have a muni-

icipal bond being marketed at a 5% rate and the holder, either a wealthy individual or a bank does not pay federal income tax on that, it is conceivable that that same type of bond could be marketable without the tax exempt feature with a smaller amount foregone in income taxes. Thus, U.S. Treasury, in considering tax reform, certainly considers this. For the existing municipal securities, no doubt, there is the belief that a grandfather clause of tax exemption would still hold for those securities that are outstanding. Only the newer issues which probably would be subsidized by the U.S. Treasury for the municipalities would have their interest payments taxed to the holder which would include the banks.

Conclusion

In the last several months a number of bankers and bank regulators have been expressing some form of concern on the status of the municipal bond portfolios. Just a few years ago in one of our south central states the municipal bond traders of a few houses undoubtedly did unload on many country bankers throughout the nation, municipal securities which are definitely inferior to what the purchasing country banker assumed. Often these were misrepresented, of long maturity and involved some questionable practices of swapping low interest rate good quality municipal issues for issues bearing a higher face interest but were municipals of lesser quality and substantially longer maturities.

Country bankers still have millions of dollars of these low quality municipals in their portfolios. However, it is not only the small country banks that

have the question of the quality of their bank portfolios. The current experience in Detroit with one of the very large banks indicates that this bank's bond portfolio component made up of municipals has extremely long maturities and of questionable quality.

At bank management conferences there has even been discussion of banks having preclipped the coupons on some of their municipal issues and, in effect, obtaining a cash flow through discounting the coupons prior to their regular maturity date. Certainly, such bonds if retained in a bank's portfolio should be substantially written down.

The foregoing remarks should not be considered as an indictment of all or even the majority of municipal bonds held in bank portfolios. However, there does appear to be sufficient irregularities in the transactions in municipalities to raise the issue as to whether many of the banks and bank regulators really are conversant with the true current market value of the bond portfolio. In addition, whether their liquidity is as acceptable to existing bank management in view of the possibility of the need to use them as secondary reserves.—End

Preferred Rate Loans

A new personal banking service called Harris Banking Unlimited has been introduced by the Harris Trust and Savings Bank, Chicago.

The new program offers installment loans at below the going interest rate for customers having a savings, checking and Master Charge account at the bank.

Customers presently holding only one or two of the required three accounts can easily complete the package and become eligible for an installment loan at the preferred rate.

Each customer subscribing to Harris Banking Unlimited will be assigned his own Personal Banker, a representative trained to handle all of an individual's personal banking needs.

Manufacturers Hanover Acquires Bank in Paris

Manufacturers Hanover Trust Company, New York, announced it has reached agreement with owners of Banque Nordique de Commerce, Paris, France, to acquire a 60 per cent stock ownership in that bank, subject to approval of regulatory authorities in France and the United States and the final approval of directors.



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Problems of Portfolio Management

(Continued from page 33)

gauge fairly accurately impending changes in these demand and supply influences may be confident of their ability to make timely adjustments in their investment portfolios.

Tax-Exempts

During the last few years many banks have drastically altered the composition of their investments by increasing their holding of tax-exempt municipal bonds in order to raise their after-tax yield and by lengthening maturities. It should be borne in mind that large banks are in a position to pursue more aggressive portfolio operations than regional or local banks mainly because the money market banks have greater debt-creating capacity. At year-end 1971, the Federal Reserve Bulletin revealed the assets of all commercial banks to have been approximately as follows:

Cash	15.14%
Loans	54.29%
Investments	26.57%
Miscellaneous	4.00%
TOTAL	100.00

Investments consisted very roughly of 38.4 per cent United States Government obligations and 61.6 per cent other securities, mostly tax-exempts. During 1971, commercial banks purchased \$13.8 billion in tax-exempt municipal bonds. This represents approximately 68.3% of the net increase in municipals for 1971; and banks owned approximately 47.2% of all municipals outstanding as of December 31, 1971. This reveals the extent of involvement of commercial banks in this segment of the bond market.

Prior to 1970, the prevailing tax laws encouraged commercial banks to take bond gains and losses in different tax years. To maximize income, portfolio managers found it necessary to project bond market trends and then occasionally lock in their portfolio operations to a predetermined tax course. This favored treatment was changed in the Tax Reform Act of 1969. For tax years beginning after July 11, 1969, both gains and losses are treated as ordinary, not capital. Once discount bonds purchased before the cut-off date are off the books, the fact that banks need not be concerned with gain year/loss year techniques should lead

to a significant increase in portfolio trading flexibility.

Investment vs Tax

In portfolio management, attention can be focused more on investment than on tax considerations. Losses may be realized to the degree that the bank's income statement will allow it, thus providing the opportunity to restructure maturity distribution and upgrade the portfolio to current market yield levels. Realized losses may still be used to offset other income, and the tax savings reinvested: the higher yields earned on bonds purchased should recoup the net loss and provide worthwhile additional income by maturity. The underlying advantage of tax-swapping is that it provides the bank with the opportunity to manage overall bank earnings. For example, if losses are taken on securities during periods of high interest rates and relatively high bank earnings, reinvesting in higher yields will have the effect of deferring income to a later period when there is pressure on bank earnings.

There is little doubt that recent years have brought about some basic changes in the pattern of commercial banking, including management of the investment portfolio. Today, as never before, the investment portfolio should be considered an integral part of bank management and should be given constant attention. Nevertheless, "bottom line" reporting of securities profits and losses is advantageous in that it puts a well-managed portfolio in its proper perspective. In the final analysis, the function of investment portfolio management in today's environment is essentially to equate internal banking requirements with external market conditions and to stay abreast of new developments and procedures with the goal of maximizing the portfolio's contribution to bank earnings.—End

North Central Life Premiums Increase

The North Central Company, St. Paul, announced substantial gains in both combined premium income and equity investments for the year ending December 31.

Theodore Sanborn, president of The North Central Company, reported that 1971 total premium and other income increased over \$3,400,000 from \$15,366,000 in 1970 to \$18,766,000 in 1971. This was by far, the largest dollar gain the Company ever achieved in one year, a percentage increase of over 22%. Additionally, new ordinary life premiums showed a 70% increase overall during the year.

Equity investments (stocks and convertible bonds) appreciated \$1,757,000 during the year.

Earnings for 1971 were \$210,000 or 24¢ per share, compared with \$339,000, or 39¢ per share in 1970. Profits in 1971 were slightly less than the previous year, principally the result of a major extraordinary item of \$534,000 in 1970. Mr. Sanborn reported excellent progress at controlling expenses during 1971, and that even with a substantial increase in sales, general expenses, as a percent of total income, dropped from 19.4% to 16.6%.

The North Central Company, through its insurance subsidiaries, North Central Life Insurance Company and Maine Fidelity Life Insurance Company, offers a broad range of credit, disability, life and health insurance products, sold principally through lending institutions.

MoAmCo Reports Record First Quarter Earnings

MoAmCo Corp. (OTC), Minneapolis, Minn., has reported record revenues and earnings for the first quarter ended January 31, 1972.

Gross revenues for the first quarter rose to \$1,054,000, compared to the \$740,000 reported for the same period a year ago. Net income increased by 128 percent to \$71,800 equal to \$.10 per share. This compares with \$31,600 or \$.05 per share reported in 1971.

Ranks High in Ag Loans

American National Bank of St. Joseph, Mo., ranks number one in agricultural loans in Missouri, Vice Presidents Ron Loudon and Vern Whisler of American National's Agriculture Department, announced.

As of February 2, 1972, American National's agricultural loans were \$18,618,155. This represents an increase of 34 percent over the November figure.

Determining Stock Market Trends

(Continued from page 34)

may soon be utilized. But if business loans expand faster than debits and this ratio is decreasing, inventories are probably building up, or soon will, and production schedules will be cut back.

Thirdly, if production is being consumed and not inventoried, is there enough credit available within our banking system to finance additional production? The businessman must be able to borrow funds easily from the banking system and at rates which allow him a profit, or neither the level of production nor corporate profits will expand. The loanable resources of our banking system are determined by deducting outstanding loans from total demand deposits. We then relate these loanable resources to total bank loans. When this ratio increases, it indicates that relative to business needs credit is becoming more available. A declining ratio indicates the opposite, that less credit is available, that businessmen will find it increasingly difficult to obtain the funds needed for increasing their operations.

When these three ratios are combined into one index, they indicate whether the monetary environment is favorable or unfavorable for business expansion. Random fluctuations in these ratios can be eliminated by the construction of moving averages. A moving average of seven months has proven to be the most useful.

But such a monetary index does not of itself tell us when to buy and sell common stocks for conservative trust investment purposes. Using this index, or what we call the Economic Trend Line, as a background, it is necessary to construct a 30 week moving average of the common stock price data, a weekly closing price of the particular common stock. When the monetary index turns down after a rise, the crossing of the price data from above to beneath its own moving average indicates liquidation of holdings in that particular common stock is prudent. In the same manner, if the Economic Trend Line turns up after a decline, when the price data crosses from

beneath to above its own moving average, the purchase of that particular common stock is justified.

As simple as this system may seem, it works, produces profit. For the importance of this method is that it eliminates subjective and personal emotions and prejudices from the decision making process. It is automatic. When the price line crosses its moving average, the decision is registered.

A vice-president responsible for the investment decisions of a large Chicago trust operation told me two years ago, "Our 'buy' decisions have been excellent, our 'sell' decisions have been excellent, but our 'hold' decisions have killed us." That trust department was not then using the monetary and banking releases of our Federal Reserve System. Today it is.

The accompanying graph depicts the Economic Trend Line in its advances and declines since 1926, when its publication first began, to the end of 1970. Against the expansion and contraction of the monetary factors are charted the Dow Jones industrial and transportation averages and their moving averages.



79th ANNUAL FINANCIAL STATEMENT

December 31, 1971

ADMITTED ASSETS

Bonds: (Amortized)			
Government	\$ 5,204,181.28		
State, County and Municipal	15,579,931.34		
All Other	5,280,091.19	\$26,064,203.81	
Stocks: (Market—N.A.I.C.)			
Preferred	\$ 101,872.00		
Common	536,895.50	638,767.50	
Real Estate—Including Home Office Building ..		664,684.63	
Cash and Bank Deposits		483,611.66	
Agents Balances and Reinsurance Receivable ..		2,220,643.32	
Interest Due and Accrued		313,250.01	
All Other		170,225.97	
TOTAL	\$30,555,386.90		

LIABILITIES AND SURPLUS

Reserves for:	
Losses and Loss Expense	\$ 4,801,755.58
Contingent Commissions	1,540,214.45
Taxes (Other Than Federal Income)	306,903.99
Unearned Premiums	4,562,739.81
Funds Held Under Reinsurance Treaties ...	280,873.57
Reinsurance Loss Balances in Course of Payment	688,179.03
All Other	204,632.62
TOTAL LIABILITIES	\$12,385,299.05
Surplus as Regards Policyholders	18,170,087.85
TOTAL	\$30,555,386.90

MAX D. RUTLEDGE, President

DALE DEN HARTOG, Treasurer

ALBERT RUTLEDGE, Vice President & Secretary
Home Office 2323 Grand Avenue, Des Moines, Iowa 50312

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The offering is made only by the Prospectus.*

NEW ISSUE

March 10, 1972

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OFFICERS of the Independent Bankers Association of America for 1971-72 are pictured at left. Front row: Retiring President—**Donald M. Carlson**, pres., Elmhurst Natl., Elmhurst, Ill.; President—**H. L. Gerhart, Jr.**, pres., 1st Natl., Newman Grove, Nebr.; 1st Vice President—**Fred T. Brooks**, pres., Merchants State, Dallas, Tex., and 2nd Vice President—**Embree K. Easterly**, pres., Capital B&T, Baton Rouge, La. Back row: Executive Director—**Howard Bell**, Sauk Centre, Minn.; Secretary—**Gene Moore**, Sauk Centre, and Treasurer (reelected)—**Robert L. Ferril**, v.p., Wyoming B&T, Buffalo. **RIGHT**—The new IBAA president is pictured with his family. Seated are **Mr. and Mrs. H. L. Gerhart, Sr.** He is chmn. of 1st Natl. of Newman Grove. Standing are **Mr. and Mrs. H. L. Gerhart, Jr.**, and their two daughters, who accompanied them to the convention.

Independent Bankers Elect H. L. Gerhart, Jr., as New President

By **BEN HALLER, JR.**
Editor

A N URGENT call for greater control over expansionary policies of multi-bank holding companies was the central theme of the 42nd annual convention of the Independent Bankers Association of America as a record-breaking crowd of more than 2,300 persons attended the three-day convention at the Americana Hotel in Bal Harbour, Fla.

Donald M. Carlson, retiring IBAA president, who delivered the keynote address at the opening general session, set the stage for ensuing talks and convention resolutions. He recalled the statement made by President Nixon on March 24, 1970, when the President said: "Left unchecked, the trend toward the combining of banking and business could lead to the formation of a relatively small number of power centers dominating the American economy. This must not be permitted to happen; it would be bad for banking, bad for business, and bad for borrowers and consumers. The strength of our economic system is rooted in diversity and free competition: the strength of our banking system depends largely on its independence. Banking must not dominate commerce or be

dominated by it."

Mr. Carlson also recalled that then Secretary of the Treasury David Kennedy stated: "H. R. 9385 is preventive legislation. It would reasonably, but effectively, stop a trend toward the merging of banking and commerce."

Then, Mr. Carlson continued, "despite Congressional intentions, control legislation has become licensing legislation. Regulation Y—to regulate holding companies—is the product of the Board of Governors of the Federal Reserve System. Regulation Y makes it much simpler for giants—the international banks, the regional banks—through the device of the bank holding company, to intersperse commerce with banking.

"These giants, through their affiliates, can now make further inroads into our communities to solicit our customers, our people. Geographic limitations, a basic element in the original Bank Holding Company Act, and vitally important to us, are completely overlooked by the Fed."

Mr. Carlson said it is obvious the Comptroller of the Currency "is on the side of the 'big's.'" As for the FDIC, he continued, that agency bemoans the

fact that "the majority of losses are in smaller, independent unit banks," but he feels there is a change of attitude in the FDIC. He noted also, that among the many reasons why majority of losses are in smaller banks is the fact that they cannot afford audit departments.

"Yet," he continued, "ten small bank failures do not equal in total one larger bank failure or one large bank bailout. Our banks, the smaller banks, were not engaged in loans secured by fictitious salad oil warehouse receipts, nor were the smaller banks involved in loans to Penn Central, nor did Congress have to help them by providing guarantees of the Lockheed loans.

"Is it coincidental," he asked, "that the FDIC was not the agency which examined these banks involved? Neither the FDIC nor depositors lose anything in these cases, but loan chargeoffs which affect stockholders were many millions of dollars more than the FDIC made good to depositors in the past few years."

Mr. Carlson also called upon IBAA members and all independent bankers to "clean up" their banks if they have questionable practices. He said the FDIC had 129 banks at the end of



LEFT—Donald H. Johnson, v.p., and Robert E. Sipple, sr. v.p., both with American Natl. B&T, St. Paul, Minn.; Mrs. Johnson; John A. Malmberg, pres., 1st State Bank, Graceville, Minn., and Mrs. Malmberg. RIGHT—Pictured at National Boulevard Bank of Chicago dinner are (left to right) front row: Mrs. Brenton Emerick, Mrs. Peter DeRosier, Mrs. Dan Priske and Brenton Emerick, pres., Bank of Niles, Niles, Ill. Back row: Charles Walsh, pres., Farmers & Merchants B&T, Burlington, Ia.; Mrs. Walsh, and Dan Priske, v.p., and Peter DeRosier, a.v.p., both with National Boulevard Bank.



LEFT—Mrs. Bauder and Frank Bauder, chmn., Central Natl. Bank, Chicago; Ronald Sablick, pres., State Bank of Speer, Ill., and Mrs. Sablick. RIGHT—Robert E. Hamilton, vice chmn., Central Natl. Bank, Chicago; Mrs. Hamilton; Ernie Hayes, chmn., New London State Bank, New London, Ia., and dir., Henry County Savings, Mt. Pleasant, Ia., and Mrs. Hayes.



LEFT—One of the many family groups attending the IBAA convention was the Don F. Kirchner family, pictured above. Mr. Kirchner is pres., Peoples T&S, Riverside, Ia. RIGHT—In the reception line at the South Dakota Bankers Association hospitality suite were: Morris G. Winter, 1st v.p. of the SDBA and pres., Andes State Bank, Lake Andes; A. Neil Milner, exec. secy.-treas., SDBA, Huron, and Orville L. Bonacker, pres. of SDBA and v.p. & cash., 1st Natl., Sioux Falls.



LEFT—Albert S. Lund, pres., Security State Bank, Albert Lea, Minn., visiting with one of the program speakers, Clinton S. McGill, M.D., Portland, Ore., who is an internist and an authority on executive health. CENTER—Don Carlson, who presided at the 42nd annual convention as pres. of IBAA, got an assist during the drawing for door prizes from Jay Harris, seven-year old son of Joel S. Harris, v.p. of Yellowstone Bank, Columbus, Mont. Jay's grandfather is well-known B. Meyer Harris, pres. of the bank and a past pres. of IBAA. RIGHT—During National Boulevard Bank's dinner, the combo was augmented at the drums by Charles Weeks, v.p. & head of the bank's bond dept., who is also a talented professional musician.

1971 on its "Watch or Problem" list. These 129 banks, he stated, have deposits of \$1,742,000,000.

Of the 129, he said, 112 had deposits of less than \$20,000,000 each and 17 had deposits over that amount. The FDIC's total "problem" list, he said, embraces 239 banks with deposits totaling \$4,948,000,000. Of these, 54% are independent banks having 36% of total problem bank deposits. He noted that "one bank closing represents only a small fraction of the nation's total deposits but does more harm to us and our cause than the \$60,000,000 the FDIC agreed to put into one major bank a few weeks ago."

More pictures from the Independent Bankers convention appear on page 109.

Retiring President Carlson also called attention to banks that are "too clean" by being under-loaned, and urged these bank managers to put public interest first and serve their communities.

Later in the convention, one of the resolutions adopted calls for an amendment to the Bank Holding Company Act which would permit multibank holding company activity in each state only to the extent permitted by the legislature. This would, in effect, subject multibank holding companies to state branching laws. The resolution also noted the distinction between multibank holding companies and those for small, one-bank holding companies, and urged the Federal Reserve Board to adopt less restrictive debt requirements for the small, one-bank firm,

otherwise, the present requirements "will have a devastating effect on the future of the small, independent banking industry."

Other resolutions called upon Congress to adopt a federal farm loan insurance program, supplemented by a federal national mortgage association to provide a secondary market; called for an amendment to Truth-in-Lending to exempt ag production loans from disclosure requirements; encouraged more savings dollars in banks be channeled into housing loans; urged more political activity by bankers, and called upon the government to operate a fiscally sound policy.

The 43rd annual convention of the IBAA will be held at the San Francisco Hilton Hotel in San Francisco, March 19-22, 1973.—End

Pictured at the breakfast hosted by Drovers National Bank of Chicago are: Michael J. Whelan, pres., and Edward L. Rietz, Jr., a.v.p., both with the host bank; Ronald Sablick, pres., State Bank of Speer, Ill.; Mrs. Sablick; Bernard D. Miller, v.p., and Larry Makoben, a.v.p., Drovers Natl.; George D. Crockett, pres., State Bank of Rush City, Minn.; Donald M. Norris, sr. v.p., Drovers Natl.; Mrs. Norris; Mrs. Lough and Robert J. Lough, chmn., Drovers.



Northwestern Banker, April, 1972



LEFT—Nebraskans pictured at the Monday night banquet are, from left: **John W. Cattle**, pres. of the Nebraska Bankers Association and pres., Cattle Natl., Seward; **Mrs. Cattle**; **Don Ostrand**, v.p., 1st Natl., Omaha; **Mrs. Ostrand**, and **James R. Kenner, Jr.**, exec. v.p., Thayer County Bank, Hebron. RIGHT—A group of Iowans pictured at the Monday night banquet—At left side of table, starting in foreground: **Robert Marget**, pres., Keokuk County State Bank, Sigourney; **Mrs. Marget**, and **J. Brad Young**, pres., Iowa T&S, Centerville. At right side of table, starting in foreground: **Jack Marget**, exec. v.p., Iowa T&S, Centerville; **Mrs. Marget**; **Donald E. Noller**, pres., 1st Natl., Evansdale; **Mrs. Noller**; **Robert D. Dixon**, pres., Rolfe State Bank and IBAA state dir. for Iowa, and **Mrs. Dixon**.



LEFT—South Dakotans at their state reception—**M. W. Wise**, v.p., Dakota State, Milbank; **Bruce Meyer**, DeSmet; **T. A. Peterson**, pres., 1st Natl., Beresford; **D. Wayne Meyer**, v.p., Peoples State, DeSmet; **Mrs. Diefendorf** and **John Diefendorf**, exec. off., 1st Natl., Beresford, and **Mrs. Peterson**. RIGHT—In the front row listening intently to a speaker was this trio of Minnesotans, from left: **Pat DuBois**, past pres. of the IBAA and pres., First State Bank, Sauk Centre; **Avery Fick**, v.p., and **Gary B. Wollan, sr.** v.p., both with Marquette Natl., Minneapolis.

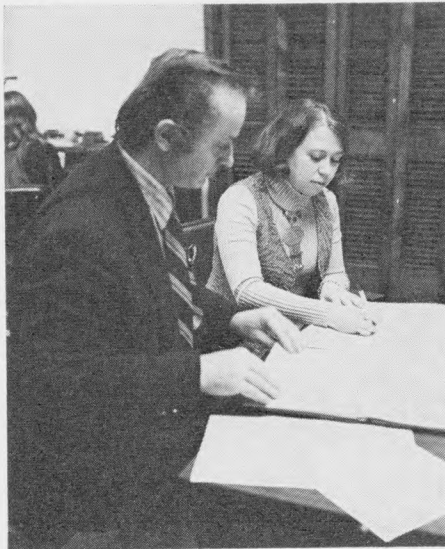


Among the many excellent exhibits at the IBAA convention were the two staffed by these Miami area companies. LEFT—**Bill Clark**, Royalty Designs, Hialeah; **Thomas F. Bolger**, Illinois dir. for the IBAA and v.p. & cash., McHenry State Bank, McHenry, Ill.; **Stanley R. Barber**, past pres. of the IBAA and pres., Wellman Savings Bank, Wellman, Ia., and **Edward L. Johnson**, Royalty Designs, Hialeah. RIGHT—**Blanche Roblin**, Executive Ideas, Miami, and **Emsley Chittenden**, pres., Exchange State Bank, Collins.

Chicago Bond Firm Expands

Under the presidency of Edward F. Dee, Jr., Dee & Naab Securities Company, Chicago, has established itself as a major factor in the municipal bond business in a relatively short time. In March, 1971, the firm became associated with Financial Incorporated of Fort Wayne, Indiana, whose parent organization is the Peoples Trust Bank in that city.

Building on a base of some fifteen years in the bond business, with the Continental Illinois National Bank & Trust Co. and other Chicago based



Ed Dee reviews Guidance System.

major investment banking firms, and another 10 years in the insurance field, Ed Dee brought a strong following of customers who, in a field where only a few genuine experts control an enormous volume of transactions, had learned to depend on his judgment. And he also brought a set of ethical standards which have positioned D&N as a firm a bank or insurance company can trust.

Essentially, the tax-free bond field has two primary areas of operation: trading and sales. D&N has added a third: Bond Purchase Guidance System, designed, according to Dee, to "make experts out of all our customers."

The main thrust of the Guidance service is a computerized portfolio analysis service. Provided free to any customer, the finished analysis presents a detailed, highly comprehensive and beautifully organized survey of any bank or insurance company bond program. Ten basic units of data are provided, derived from a computer program written to D&N's own specifications, and received on a computer terminal in D&N's office.

As a continuing service to all of its customers, D&N mails a weekly Quotation Sheet; actually a pocket-size folder providing, in condensed form, a complete set of current prices and related information on the municipal bond market at large. Aside from its value as a part of the Guidance Service, the weekly report publishes facts, to provide D&N customers with a degree of protection against some of the unethical practices which have cropped up in some poorly-regulated areas.

Trading — an area bounded on one side by prices carried out to the fourth decimal place, and by sales figures running into nine digits on the other — is the province of Stanford K. Stukey, D&N's trader. Formerly in charge of Continental Illinois Bank & Trust's municipal bond trading operations and branch manager for New York Stock Exchange firms, Stan Stukey is responsible for all of D&N's buying, selling and underwriting pricing operations.

Sales are under the direction of Leonard G. Ellison, a dynamic salesman in his own right, with twenty-five years of successful sales management experience in the wholesale and retail hardgoods field. For nine years, Len Ellison served as Director of Sales Development, managing all sales and sales-related functions, for Polk Brothers, a \$100-million-volume, sixteen-store Chicago retailing giant.

The four other Dee and Naab account executives — Ray Mueller, Frank Lanford, Les Frey and John Backlund — have all come to the firm with excellent credentials earned in banking and securities. All are graduates of the Chicago Municipal Bond School.



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The program provides a unique combination of savings, insurance, and inflation and deflation protection

A sound dollar. That's what every depositor wants back. And that's exactly what this program has been set up to provide—a sound dollar, regardless of the ups or downs in the economy.

In our 52 years, we have never seen a savings or investment medium, mutual fund, or insurance plan that, in our judgment, offers such positive protection against inflation and deflation. And does it so simply

and sensibly.

Or a program that offers such favorable returns to the bank with such assured continuance.

As evidence of the strong and timely need for this program, a remarkable 67% of all depositors to whom it is offered, accept it.

The Scarborough man will be pleased to outline the program—called *Save and Prosper*—on his next visit. If you would like the details immediately, call Mr. John Willis, at Area Code 312: 346-6060, collect... Scarborough & Company, 33 N. Dearborn St., Chicago 60602.

Scarborough
the bank insurance people

Corporate News

PROMOTIONS and other news announcements have been made by the following firms:

Bank Building Corporation, St. Louis: Kelso J. Ballantyne has been appointed manager of sales for the Central Division, headquartered in St. Louis, Missouri. The Central Division covers a 14 state area.



K. J. BALLANTYNE

Prior to joining Bank Building, Mr. Ballantyne was vice president of sales and architectural promotions for Metal Air Corporation. Previous to that he was manager of sales for George S. Grimmet and Company.

DeLuxe Check Printers, Incorporated, St. Paul: The firm announced it intends to file a registration statement with the Securities and Exchange Commission for the public sale of 300,000 to 400,000 of its common shares.

The underwritten offering will be made by the Estate of Lillian H. Austin, daughter of the founder of the company, and by the DeLuxe Employees' Profit Sharing Trust, in approximately equal amounts.

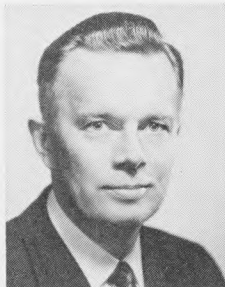
The Estate and the Profit Sharing Trust own nearly 309,000 shares and

550,000 shares, respectively. The offering will be made only by means of a prospectus.

International Bank, Washington, D.C.: Josef S. Tressler has been elected executive vice president and to the board of directors.

Mr. Tressler has been with International Bank since 1946, most recently as vice president, insurance and finance, which he will continue to head. Prior to 1969, he was president of Hawkeye-Security Insurance Company and United Security Insurance Company in Des Moines, Iowa, two of the organizations in the insurance group of International Bank.

James Talcott, Inc., Chicago: Russell B. Donahue, president of the business finance division, has been elected a director of this nationwide finance and factoring organization.



R. B. DONAHUE

Mr. Donahue is also executive vice president of James Talcott, Inc. He assumed the presidency of the business finance division in June 1971, upon its establishment as a separate division, with headquarters in Chicago.

LeFebure Corporation, Minneapolis: Jack R. Erickson has been appointed sales engineer for the firm's Minneapolis branch office.

Mr. Erickson will sell LeFebure banking equipment and security sys-

tems in LeFebure's sales territory.

Minnesota Protective Life Insurance Company, Minneapolis: J. A. Cochrane, president, announced the formation of a new special marketing division under the supervision of agency vice president, Pat Turner.

The division will be responsible for promoting and servicing the company's portfolio among its commercial accounts. In addition to Mr. Turner, the division also includes vice presidents, C. D. Norris, D. G. Mendele, William McMullen, Calvin Opsahl and Richard Stengel.

MoAmCo Corporation, Minneapolis: Daniel I. Anderman has been promoted from office manager to controller of MoAmCo, it was announced by John E. Easton, vice president, finance and treasurer.

Prior to joining MoAmCo, two years ago, Mr. Anderman was a staff accountant with Larson, Allen, Weishair and Company, CPA's, and M. J. Long Company, public accountants.

Scarborough and Company, Chicago: Arnold A. Knebel has been elected executive vice president of the company. The appointment was announced by Norman Clark, president.



A. A. KNEBEL



R. C. ROSS

Mr. Knebel, who is secretary of the company, has been with Scarborough since 1964, and has been vice president of administration and a director of the company since 1969.

Richard C. Ross, vice chairman of Scarborough and president from 1965 to 1971, died recently in St. Francis Hospital, Miami Beach, Florida. He began his business career as a banker in New Jersey, before joining Scarborough and Company.

St. Paul Title Insurance Corporation, St. Paul: Fred H. Benson, Jr., has been elected president of St. Paul Title and Burton Abstract and Title Company effective May 1, 1972. William B. Conn, now president, has been named vice chairman of the board.

Growing with the growing midwest

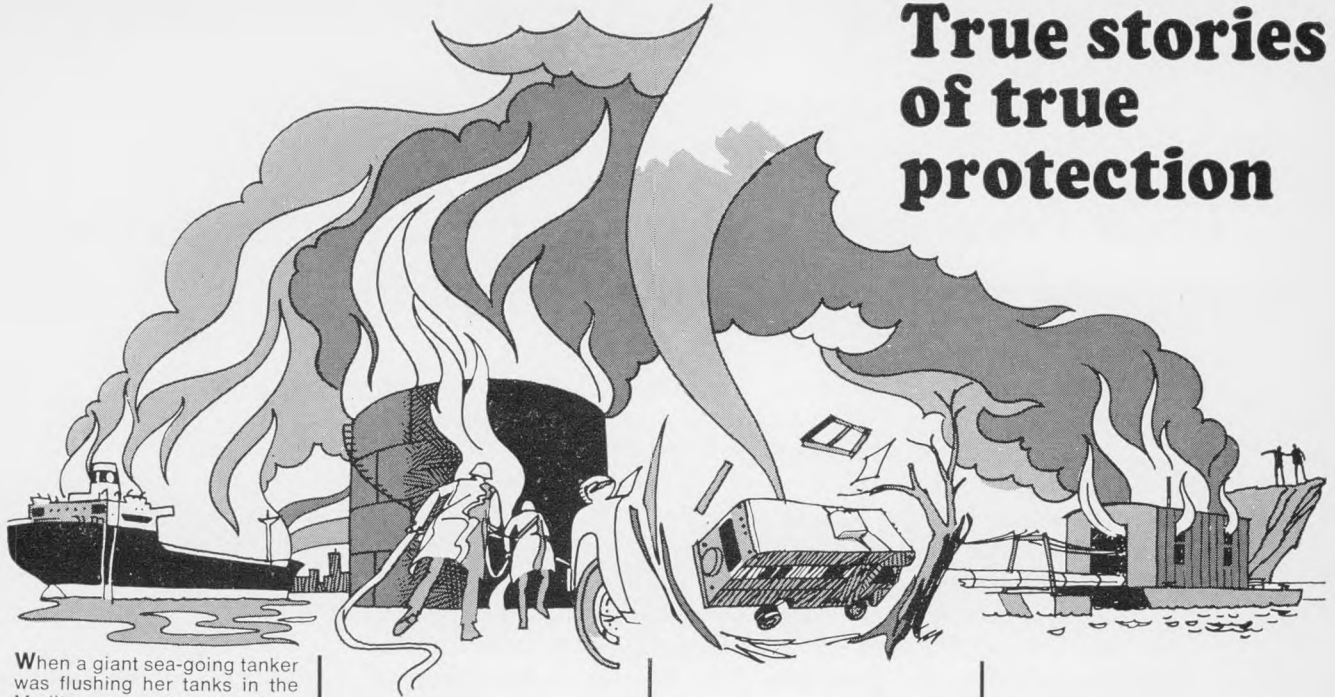
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True stories of true protection



When a giant sea-going tanker was flushing her tanks in the Mediterranean after unloading crude oil in France, an explosion ripped her hull and fires gutted her. With other major insurers of sea-going vessels and cargoes, the Mutual Marine Office of Employers Mutual is paying about a \$750,000 share toward a multimillion dollar repair bill.

The wide coverage of Workmen's Compensation with Employers Mutual was a blessing to the family of a volunteer fireman in a Pennsylvania oil town. While fighting a refinery fire, he was killed when an oil tank exploded. The family received full death benefits.

Tornadoes are pretty infrequent in Arizona, but one came along in 1971 to damage the motor-home of a vacationing couple from out of state. But the motor-home was insured by Employers Mutual, whose claim man got it fixed and sent the couple on their way.

A barge dredging plant, used at a gravel pit, was badly damaged by fire when an employee tried to start a propane engine, and some excessive propane ignited. But the owner's Inland Marine coverage with Employers Mutual paid the damage—more than \$38,000.

An 11-year-old girl was awarded \$22,000 for loss of an arm in an accident, and a judge appointed her father as guardian to administer the money. But the father squandered about half the money on a fancy car, a long family vacation, and purchase of a tavern. Thanks to a Guardianship Bond with Employers Mutual, the little girl got back the money—and a new guardian for it.

A boy in a borrowed speedboat ran into a scuba diver, severely injuring him. Fortunately, the boy's parents had liability coverage under their Homeowners Policy with Employers Mutual, who paid more than \$35,000 to care for the injured diver.

Two hold-up men captured a service station attendant one night, took him to a remote spot and ran over him with their car. Fortunately, the attendant's employer had Workmen's Compensation with Employers Mutual, so the injured attendant got full medical payments.

It appeared to be a real professional job when burglars hit a big warehouse. They broke in, then hauled away 26 air conditioners. The warehouse owner collected full payment because of burglary coverage with Employers Mutual.



Employers Mutual Companies **EMC**

Employers Mutual Casualty Company Employers Modern Life Company
 Emcasco Insurance Company
 Des Moines
 Union Mutual Insurance Company
 Providence

Lease financing. Another way our expertise can help correspondent banks improve their profits.

Most banks ignore lease financing. They simply don't want to bother with it. After all, it always has been a very complicated business.

However, we at Exchange National Bank realized the importance of this highly profitable type of lending a long time ago. In fact, our expertise has been so highly regarded that during the past five years we've helped finance the growth of about half of the nation's top independent equipment leasing companies.

We'd like to show you how to use lease financing, as a means of getting more business from existing customers and also as a means of attracting additional business. Just give Ed Delaney or Lou Hansen of our Correspondent Banking Division a collect call.



XExchange National Bank

Exchange National Bank of Chicago.
LaSalle and Adams, Chicago, Illinois 60690
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Illinois NEWS

LEWIS H. CLAUSEN President Champaign

ROBERT C. SCHRIMPLE Exec. V. P. Chicago



Chicago-Area Banks Announce Topline 365

THE EXPRESSION, "Bankers' Hours," acquired a new meaning recently when four Chicago area banks announced the inauguration of 24-hour, 7-day-per-week banking service. Making this announcement were: Pullman Bank and Trust Company, Chicago; Standard Bank and Trust Company, Evergreen Park; County Bank and Trust Company, Blue Island, and the First National Bank of Lockport.

This new service enables customers to conduct a broad variety of banking transactions at any hour of the day or night, on any day of the week, including Sundays and holidays. Customers may cash checks, deposit to checking, savings or golden savings accounts and receive "instant cash advances" at any time — all at no extra charge.

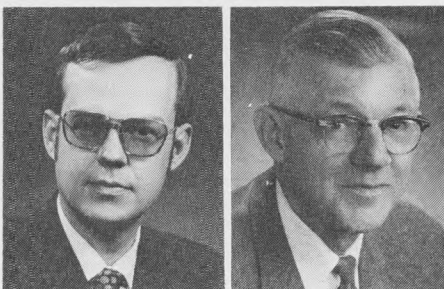
The principal component which makes this service possible is the Topline 365 Club Teller, a completely automated banking system which can accomplish almost 90% of familiar teller transactions without the presence of a human teller. In addition to deposit and withdrawal functions, the Topline 365 Club Teller will eventually offer customers the ability to transfer funds between accounts, make loan payments and transact other banking business 24 hours each day.

Customers are eligible for Topline 365 service upon completing application forms and opening a Topline checking with maxi-checking (overdraft) provisions and a Topline/Master Charge card.

W. Gouwens Is New President

A third generation member of the Waterman family will help direct the operation of the South Holland Trust and Savings Bank, South Holland, it was announced by Carl Waterman, chairman.

Named to fill a vacancy on the board of directors, created by the recent death of Milton H. Waterman,



C. E. WATERMAN

C. WATERMAN

was Charles E. Waterman, son of Carl.

Simultaneously, it was announced that Carl had relinquished his post as president of the bank and that he has



W. S. GOUWENS

been succeeded by Willis S. Gouwens, formerly executive vice president. Carl will, however, retain the chairmanship of the board but will be less active in the operation of the bank.

The South Holland Trust was founded in 1911, by Charles E. Waterman who served as its president for several decades. He was assisted in the operation of the bank by his son, Milton H., who eventually succeeded his father as president.

The election of Mr. Gouwens marks the first time in the bank's 61-year history that the position has been held by other than a member of the founding family.

Ford City Promotes Three

Bruce Beede has been named assistant vice president, commercial loans of the Ford City Bank in Chicago.

Ardel Graff, former personal banking officer, has transferred to the commercial loan department as assistant loan officer. She will assume responsibility for internal operations of the department.

Thomas R. Shattuck has been named assistant vice president.

Peter Eiler Honored

Peter N. Eiler, vice president of Merchandise National Bank of Chicago, was honored for completing 50 years in banking by the bank's board of directors at a meeting held in Chicago's Merchandise Mart.

Mr. Eiler began his banking career in 1922 with First National Bank of Chicago. He joined Merchandise National Bank of Chicago in 1933, three years after it was founded. He was elected vice president of the bank in 1967.

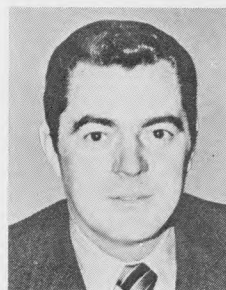
Announce New Officers

Gary-Wheaton Bank, Wheaton, has announced organizational changes among its official staff. The announcement was made by Arthur A. Baer, chairman of the board of directors.

Marion G. Hocker, president of the bank, is vice-chairman of the board of directors. Jerry C. Bradshaw, executive vice president and a director of Beverly Bank, Chicago, was elected president and director of Gary-Wheaton Bank.

New President of Association

Gavin Weir, president and chief executive officer of the Chicago City Bank and Trust Company, has been elected president of the South Side Bankers Association, an organization representing more than forty banks in the Chicago area.



G. WEIR

Joseph S. Pinkert and Ralph H. Steinbarth have been elected to

the board of directors of the Chicago City Bank.

Mr. Pinkert is a senior partner in Consolidated Mill Supply Company and president of Peoples Iron & Metal Company. Mr. Steinbarth is founder and president of LaPreferida, Inc.

Donald O. Cassaday and Edward W. Hannon have been appointed vice presidents.

Three Elections Announced

Larry Beck, vice president of Waste Management, Inc., has been elected a director of the First National Bank of Chicago.

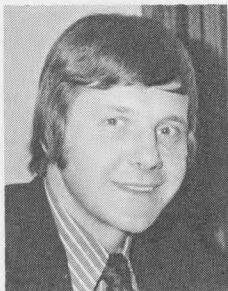
Ronald Mrozek was named data processing manager and Ronald Cockrell was named assistant cashier.



SHOWN in the photo are the presidents of the four south suburban banks and Donald O'Toole, chairman of the board of directors, initiating the new 24 hour banking service. From left to right are: William J. Sabo, First National Bank of Lockport; Richard T. Wojcik, County Bank and Trust Company; Robert H. Costello, Pullman Bank and Trust Company; Justin O'Toole, Standard Bank and Trust Company, and Mr. O'Toole.

J. W. Strzelczyk Promoted

Richard L. Curtis, president of the Michigan Avenue National Bank, Chicago, announced the election of Joseph W. Strzelczyk to vice president, commercial loan division.



J. STRZELCZYK

Mr. Strzelczyk has been employed at the Michigan Avenue National Bank for eight years where he started as a teller and worked his way up through the various departments.

Maurice Norman, registered pharmacist and restaurateur, was honored recently at Michigan Avenue's annual shareholders' meeting.

Mr. Norman, a member of the bank's board, was elected to serve on the executive and loan committees. He was commended by his fellow directors on the volume of new business he brought into the bank during the year.

Alan Rossell Promoted

Urban F. Myers, president of Lawndale Trust and Savings Bank, Chicago, recently announced the appointment of Alan J. Rossell as the bank's new business development officer.

Mr. Rossell is a graduate of Northwestern University.

Prior to joining Lawndale Trust and

Savings, Mr. Rossell was employed by Chicago Title and Trust Company as a Sales Consultant.

Irmgard Kaak Is V.P.

Irmgard Kaak has been appointed vice president of the Chicago Bank of Commerce, a new institution formed by the merger of the Civic Center Bank & Trust Co. and the South East National Bank.



I. KAAK

Miss Kaak, who had been with the South East National since 1952, vice president of the new institution after having served in the installment loan department of the South East National, then later as assistant vice president and secretary of the board of directors.

Lakeside Promotes Two

Alan Mendelsohn has been promoted to commercial services officer and William Brooks has been named assistant cashier of the Lakeside Bank, Chicago, it was announced recently by bank president, John R. Montgomery, III.

A former Chicago school teacher who holds both bachelor and master degrees in education, Mr. Mendelsohn left the educational field in 1968, taking a position as account executive

with a computer management consulting firm.

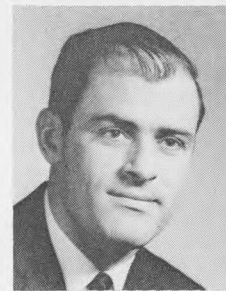
He joined the Lakeside Bank in 1970 as a business services consultant, the post he held until this recent advancement.

Mr. Brooks joined the \$28 million south side bank in 1969 as a teller trainee, was advanced to teller supervisor in 1970, and to pro-cashier in 1971 the post he held until this recent promotion.

He attended both Crane Junior College and the Loop College, and he is currently active in the American Institute of Banking, the educational arm of the American Bankers Association.

Richard Maltase Elected

Richard J. Maltase was elected vice president loans-operations of the Glenwood Bank it was announced by William J. Gordon, president.



R. J. MALTASE

Mr. Maltase, who has been with Glenwood Bank since April, 1971, has a background of 14 years in banking. Most recently he was a loan review officer with Financial Management Associates. Prior to that, Mr. Maltase was a mortgage loan officer with Standard Bank and Trust Company and held various positions at Pullman Bank and Trust Company.

S. D. Leventman Promoted

The First Security Bank of Oak Brook has announced the appointment of Stanley D. Leventman as vice president and cashier.

Mr. Leventman joins First Security from a position as bank examiner for the Chicago Clearing House Association.

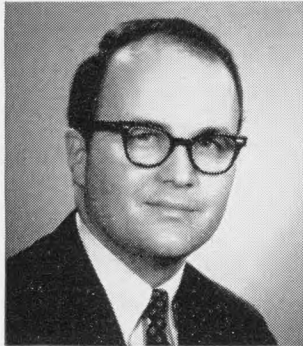


S. D. LEVENTMAN

The new First Security Bank of Oak Brook opened for business for the first time recently in new quarters in the Oak Brook Shopping Center.

The charter for the new bank was presented by the State of Illinois Commissioner of Banks and Trust Companies H. Robert Bartell, Jr. in ceremonies in Chicago.

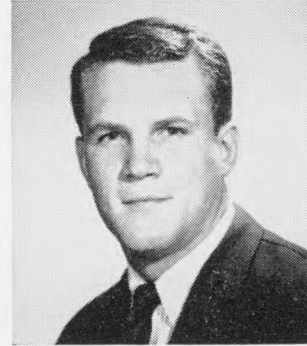
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TOM ROTH



JACK RAMEY



RICK ANDERSON

Roth, Ramey, and Anderson don't just sit at the home bank in Chicago. One week out of every month, they join our outside men who call on you regularly. They get a first-hand knowledge of your needs and problems: Like over-line loans, loan counseling, collections and

clearings, as well as operational counseling.

Roth, Ramey, and Anderson have the responsibility to work with the outside men to quickly and personally handle just about any of the problems or questions our correspondents have. And they do.

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as well as our knowledgeable Outside Men.*



CY KIRK



MAX ROY

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Announces Paycheck Planning Program

The Bank of Naperville has recently instituted a new service, called the Paycheck Planning Program. The new program is a counseling service to assist any area resident who is having trouble making ends meet or who is not saving the money that they would like to.

Bank of Naperville assistant vice president Wally E. Zook is in charge of the program.

The new service, which is completely free of charge to any Naperville area resident, begins with a confidential conference with the bank's "Paycheck Planners", who help arrange the income and the spending to get the most out of the paycheck.

Mr. Zook explained that the bank will not pay the person's bills, that they will continue to be paid directly, without the bank's involvement.

Mini-Seminar Held

The First National Bank & Trust Company of Rockford held a mini-seminar for businesses interested or already engaged in foreign trade.

The purpose of this meeting was to acquaint area companies in the Do-

mestic International Sales Corporation, or DISC as this new concept is commonly known. This is an outgrowth from the Revenue Act of 1971. By forming a DISC within a company presently engaged in export sales, the company can receive favorable Federal Tax treatment on these sales. Also, this plan is not limited to large corporations.

Two outstanding speakers explained the DISC concept, Graham G. Lacy, Jr. from the special tax division of Lybrand, Ross Bros., & Montgomery, certified public accountants in Washington, D. C., and Dan Burt, staff attorney with the Office of Internal Tax Counsel of the U. S. Treasury Department.

International Department

Beverly Bank announced the formation of an international banking department to provide import-export financing and other international services. The new department is headed by Gary K. Peterson, assistant vice president.

Financing of a multi-million dollar construction project at Maiquetia International Airport in Venezuela is one of the initial projects of the interna-

tional banking department, in participation with 24 banks throughout the world.

Elect Three Directors

At its annual meeting, the Bank of Winfield in Winfield elected three new directors and promoted two officers.

Added to the board of directors were Robert W. Schnack, president of the Wheaton National Bank; Frederick G. Acker, a partner in Winston & Strawn, one of Chicago's largest law firms, and Phil Salerno, president of Frank's Finer Foods, a major Winfield supermarket.

In separate action, the bank advanced Mallam R. Frye from executive vice president to president, and promoted Pat Delmore, formerly assistant cashier, to cashier.

Two V.P.'s Announced

Eugene P. Heytow, president of Amalgamated Trust and Savings Bank, Chicago, recently announced the promotion to vice president of Richard M. Rieser, Jr. and Robert C. Meredith.

Mr. Rieser joined the bank in 1970. He serves in the commercial loan department and is assistant trust officer. He is a graduate of the University of Chicago Law School, and prior to joining the Amalgamated Bank, was with the law firm of D'Ancona, Pflaum, Wyatt & Riskind. He also served as a Vista lawyer with the Office of Economic Opportunity in Oklahoma and New Orleans.

Mr. Meredith joined the bank after five years as director of personnel services with the Midwest Stock Exchange. Prior to that he was personnel officer and assistant cashier of a Rockford bank. He received his bachelor's degree in education from De Pauw University and his master's degree from Northwestern University.

Leasing Gains for Banks

Direct lease financing operations of the national banks in the country rose to a volume of \$870.6 million as of December 31, 1971, compared with a total of \$789.8 million at the close of 1970, Comptroller of the Currency William B. Camp said last month.

California, with \$329.6 million in leasing contracts outstanding, reported the largest volume of such financing for any state. National banks in New York accounted for \$164.8 million in leasing volume.

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New Presidential Assistant

The appointment of Mark H. Allen as assistant to the president of Seaway National Bank of Chicago was announced by Harold R. Algar, president and chief executive officer of the bank.



M. H. ALLEN

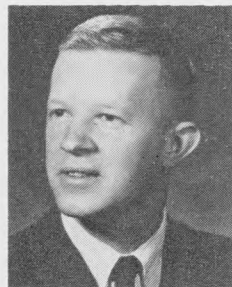
Mr. Allen served as an international vice president of the Amalgamated Meat Cutters and Butcher Workmen of America since 1960. He spent 31 years as secretary-treasurer of Local 547 of the union.

Rapid growth of the bank, and an accompanying increase in demand for services, made the new position necessary, Mr. Algar said. Seaway grew more than 40 per cent in 1971.

New Directors and Cashier

Stockholders of the Bank of Wood Dale recently elected three new directors and appointed a new cashier.

George J. Franks, John A. Perkinson and W. W. Kiehn were elected to the board. Mr. Franks is president of BZ Screw, Inc., in Franklin Park, manufacturers of industrial wire and cable.



K. D. WOLF

Mr. Perkinson is a practicing optometrist in Wood Dale and is president of the West Suburban Optometric Society.

Mr. Kiehn, executive vice president of the Bank of Wood Dale, has been with the bank since its opening.

Kenneth D. Wolf has been named cashier and succeeds Mr. Kiehn. Mr. Wolf joins the bank from a position as cashier of the Monroe County Bank in Dundee, Michigan.

Elect New Director

The election of Philip E. McDonald as a director of the Illinois National Bank & Trust Co., Rockford, was announced by Robert P. Kline, president.

Mr. McDonald is chairman and chief executive officer of The Brearley Company, Rockford-based manufacturer of bathroom scales and accessories.

Bank Aids Redevelopment

National Republic Bank of Chicago has announced plans to play a leading role in redevelopment of an urban renewal area 12 blocks west of the Loop.

Richard Parrillo, president of the \$30-million institution, announced the bank will develop an \$8-million shopping center in the area. The five-acre cleared tract was purchased by the bank with approval of the Department of Urban Renewal in the fall of 1970.

When construction is completed, an estimated 12 months after ground-



FACADE of three-story office building faces east on Racine Avenue (lower right) in scale model of Circle Court Shopping Center. The 145-foot-wide building, whose main floor will be occupied by **National Republic Bank**, is flanked on the 310-foot-wide property by landscaped entrance courts leading to the shopping center, adjoining the office building.

breaking in early April, National Republic Bank will move to the new center.

Location of the multi-million-dollar facility, to be called Circle Court Shopping Center, will be the northwest corner of Racine Avenue and Harrison Street.

Assistant Comptroller

Lee C. Bortles has been named assistant comptroller of The Elmhurst National Bank, Elmhurst, it was announced recently by Donald M. Carlson, president.

Mr. Bortles was employed at the bank in 1965 as manager of the tellers' department. He became manager of the data processing department in 1968, the post he held until this recent promotion.

Mr. Bortles received his AIB Standard Degree and also holds a diploma from the Illinois Bankers School, Southern Illinois University.

Bank Elects New Director

Ray W. MacDonald, county clerk,

DuPage County, has been elected to the board of directors, Wheaton National Bank, Wheaton, it was announced recently by Robert W. Schnack, president.

Mr. MacDonald has served DuPage County in his present post since 1962. He is also a director of the Bank of Winfield.

Two Officers Elected

Samuel W. Sax, president and chief executive officer of the Exchange National Bank of Chicago recently announced the election of two officers.

Andris J. Ruments was named assistant vice president and John W. Teuscher was appointed assistant cashier.

Bank officer Robert L. Oseland has been appointed chairman of the Small Business Administration's Illinois Advisory Council.

Mr. Oseland, an assistant vice president in the Loop bank's customer service division, received confirmation of his appointment from Thomas S. Kleppe, administrator of the Small Business Administration, who came in from Washington, D.C., for the ceremony, and midwest regional director Robert A. Dwyer.

Momence Promotions

The board of directors of the Eastern Illinois Trust & Savings Bank announced that Donald C. Starks has been advanced from cashier to executive vice president.



D. C. STARKS

Succeeding Mr. Starks as cashier is Rosemarie Leone, and Joan M. Hibbs has been named assistant cashier.

The bank completed its first full year of operation with total footings of \$5,000,000.

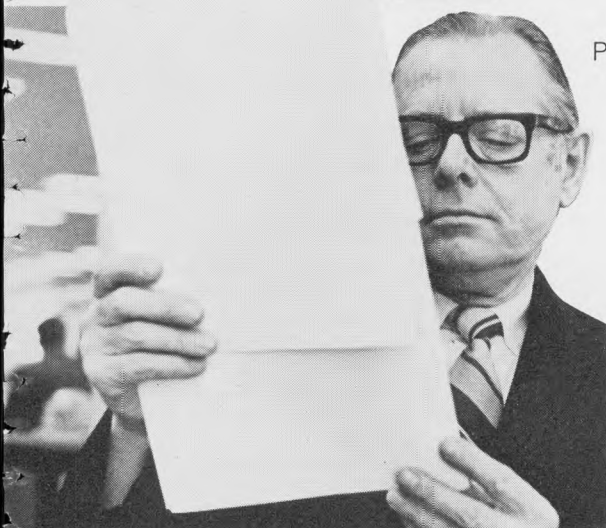
Celebrate 15th Anniversary

An anniversary celebration was held by the Evergreen Plaza Bank, Evergreen Park, to mark the bank's fifteenth year of service to the community, it was announced by Hugh A. Davis, president.

The open house also marked the formal opening of Evergreen Plaza Bank's newly-remodeled quarters. Guided tours of the entire bank were conducted during the two-day event.

How does a banker choose a correspondent?





Doesn't it really come down to people and ideas?
You'll choose the bank with the best of both.
First Minneapolis doesn't have a monopoly on either people or ideas.
But we think we have a significant edge. On the people side,
our Correspondent Division offers:

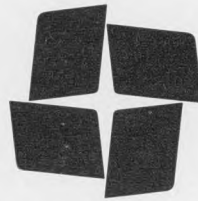
The leadership of Ken Wales, a man who's been involved with
grass-roots banking throughout his career.
The extraordinary experience of George Henry, Bud Omlie, Dick Weyrauch
and Ray Johnson. They average 40 years in banking.
The agribusiness expertise of Bob Gruman, who's equally at home in
board room or feed lot.

A corps of young bankers — Brian Gilchrist, Al Highum and Bill Hamilton —
who've packed a lot of experience into relatively few years.
The special talent of Juanita White who's made an art, almost a science,
of coming up with hard-to-get tickets and reservations.

And when you're working with any member of our Correspondent
Division, you're also working — directly or indirectly — with some of the top
banking specialists in Mid-America. This talent pool includes specialists
in commercial loans, banking automation, international banking, leasing,
trusts, investments and all other areas of banking expertise.

Ideas? Our Quarterly Portfolio Report and Student Loan Servicing
Program are two of the recent First Minneapolis innovations. But the
most important idea is the one you'll be needing next.

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Northwestern Banker, April, 1972

Expect Higher Bank Earnings

AT A recent bank management symposium given by The Northern Trust Company, Chicago, a survey of 72 bankers from ten states showed that 64% expect to see their bank's earnings increase in 1972, compared to 75% of those surveyed in November, 1971. Thirty percent predict lower earnings in 1972, while 6% foresee no change during the coming year.

The outlook for loan demand in 1972 is extremely bright for the majority of the bankers. Three-fourths of the respondents are looking for increased demand in the commercial loan area, with 90% expecting increases in the installment loan business and 76% predicting an upswing in their real estate loan demand.

On the question of deposits, 92% of the bankers expect savings deposits to increase, while 69% of those sur-

veyed are looking for an increase in their demand deposits.

In predicting where several of the major economic indicators would move during 1972, bankers at the symposium felt that the prime rate would average 4.78%, and that the Dow-Jones Industrial Average would range between 825 and 985. And on the question of the President's New Economic Policy, 83% indicated that they looked favorably on the new measures.

BAI Seminar for Bank Tax Planning

Various aspects of bank income tax planning will be stressed at a seminar sponsored by Bank Administration Institute May 3 to 5 at BAI headquarters in Park Ridge, Ill.

The 3-day meeting will be geared

to the needs of bankers who are unfamiliar with tax planning and return preparation, particularly in the light of recent tax legislation.

One phase will examine bank holding companies and acquisitions; foreign tax credits; tax aspects of bank assisted international customers; domestic international sales companies; and portfolio management. The principal speaker will be Howard M. Haug, vice president, Chase Manhattan Bank, New York City.

The seminar is geared to the needs of banks with resources in excess of \$10 million. Cost including materials, luncheons and a dinner is \$120 per person. (\$150 for nonmembers.) For further information on "Federal Income Tax Planning for Banks" contact: The Registrar, Education Division, Bank Administration Institute, P.O. Box 500, Park Ridge, Illinois 60068.

CONVENTIONS

ABA—American Bankers Association
AIB—American Institute of Banking
ARBHC — Association of Registered Bank Holding Companies
BAI—Bank Administration Institute
BMA—Bank Marketing Association
CSBS—Conference of State Bank Supervisors
IBAA—Independent Bankers Association of America
NABW—National Association of Bank Women
RMA—Robert Morris Associates

Apr. 17-22—ABA Spring Meeting, The Greenbrier, White Sulphur Springs, W. Va.

May 1-3—ABA National Automation Conference, Americana Hotel, Bal Harbour, Fla.

May 3-5—ABA 12th National Mortgage Conference, Chase-Park Plaza Hotel, St. Louis.

May 7-9—Nebraska Bankers Association, 75th Annual Convention, Cornhusker Hotel, Lincoln.

May 7-12—RMA Loan Management Seminar, Indiana University, Bloomington.

May 10-12—North Dakota Bankers Association, 87th Annual Convention, Bismarck Civic Auditorium.

May 11-13—ARBHC 14th Annual Meeting, Flagship Hotel, Rochester, N. Y.

May 17-19—South Dakota Bankers Association, 80th Annual Convention, Holiday Inn, Mitchell.

May 21-23—Illinois Bankers Association, 81st Annual Convention, Sheraton-Jefferson Hotel, St. Louis.

May 24-26—Nevada Bankers Association, 53rd Annual Convention, Caesars Palace, Las Vegas.

May 29-31—AIB 70th Annual Convention, San Francisco Hilton Hotel, San Francisco.

June 1-3—Colorado Bankers Association, 71st Annual Convention, Broadmoor Hotel, Colorado Springs.

June 4-6—BAI 26th Western Regional Convention, Portland Hilton, Portland, Ore.

June 7-9—NABW Lake, Midwest and North Central Regional Conference, Pioneer Inn, Oshkosh, Wis.

June 7-10—American Safe Deposit Association, 41st National Convention, Olympic Hotel, Seattle.

June 8-10—Wyoming Bankers Association, 64th Annual Convention, Jackson Lake Lodge, Jackson.

June 11-14—Idaho Bankers Association, 65th Annual Convention, The Lodge, Sun Valley.

June 11-23—Stonier Graduate School of Banking, 38th annual Session, Rutgers—the State University, Brunswick, N.J.

June 12-14—Minnesota Bankers Association, 82nd Annual Convention, Duluth.

June 12-14—Utah Bankers Association, 64th Annual Convention, Jackson Lake Lodge, Jackson, Wyo.

June 15-16—Oregon Bankers Association, 67th Annual Convention, Sunriver Lodge, Bend, Ore.

June 17-19—Montana Bankers Association, 69th Annual Convention, Jackson Lake Lodge, Jackson, Wyo.

June 19-21—Wisconsin Bankers Association, 76th Annual Convention, Pfister Hotel & Tower, Milwaukee.

June 22-24—Upper Midwest Agricultural Credit Council, 18th Annual Conference, Rapid City, S.D.

June 25-27—Washington Bankers Association, 76th Annual Convention, Bayshore Inn, Vancouver, B.C.

July 16-20—Charge Account Bankers Association, 19th Annual Convention, Diplomat Hotel, Hollywood, Fla.

July 23-Aug. 4—BAI School for Bank Administration, 20th Annual Session, University of Wisconsin, Madison.

Aug. 6-19—Graduate School of Banking, University of Wisconsin, Madison.

Aug. 13-18—ABA National Mortgage School, Ohio State University, Columbus.

Aug. 14-25—ABA National Trust School, 11th Annual Session, Northwestern University, Evanston, Ill.

Aug. 20-Sep. 1—Pacific Coast School of Banking, University of Washington, Seattle.

Sep. 6-9—ABA 46th Annual Western Trust Conference, Del Monte Hyatt House, Monterey, Calif.

Sep. 10-13—ABA National Credit Card Conference, Brown Palace, Denver.

Sep. 17-20—ABA National Personnel Conference, Sheraton-Dallas Hotel, Dallas.

Sep. 17-21—NABW 50th Annual Convention, Palmer House, Chicago.

Sep. 24-27—BAI 48th Annual Convention, Muehlbach Hotel, Kansas City.

Oct. 6-7—ARBHC Fall Meeting, Fairmont Hotel, Dallas.

Oct. 7-11—ABA 98th Annual Convention, Dallas.

Oct. 15-18—RMA 58th Annual Fall Conference, Americana Hotel, Bal Harbour, Fla.

Oct. 22-25—Iowa Bankers Association 86th Annual Convention, Hotel Fort Des Moines, Des Moines.

Oct. 29-Nov. 2—BMA Annual Convention, Americana Hotel, Bal Harbour, Fla.

Nov. 12-15—ABA 21st National Ag Conference, Denver Hilton Hotel, Denver.

Nov. 16-17—ABA 41st Annual Mid-Continent Trust Conference, Drake Hotel, Chicago.

Congress Acts On Rural Development Bill

The Senate Agriculture and Forestry Committee has approved a bill setting up a Federally capitalized banking system and a variety of other programs for financing rural development.

It gives the Farmers Home Administration authority to make rural development loans and guarantee such loans by commercial banks and other private lenders, sets up a rural development revenue sharing program, and establishes several new Federal grant programs.

The bill is much broader than one passed by the House in February, which gives the FHA authority to finance rural development but does not include the banking system or revenue sharing.

The measure approved by the Agriculture Committee now goes before the full Senate. Then it will go to a House-Senate conference committee which will be named to resolve the differences between it and the one passed by the House.

While there is no timetable yet for these steps, the action by the Senate committee made it appear certain that Congress will pass some sort of rural development financing bill this year.

The form the legislation finally will take is less certain. Congressional sources expect the Nixon Administration, which opposes the banking system proposal, to try to delete it on the floor of the Senate or in conference.

Ozark Profits Increase

Ozark Air Lines earned a profit of \$50,967 after taxes in January 1972, compared to a net loss of \$132,410 in the same month last year, according to Edward J. Crane, president.

Ozark's total operating revenues for January 1972 were \$6,784,253.

Seminar for Bank Presidents

Bank-attorney relationships, the Bank Occupational Safety and Health Act of 1970, and banking of the future will be discussed at Bank Administration Institute's Forum for Presidents of Smaller Banks, April 16 to 19, at Hot Springs, Va.

The semi-annual event is the thirteenth such meeting arranged by the national banking association for presidents of banks with resources under \$25 million.

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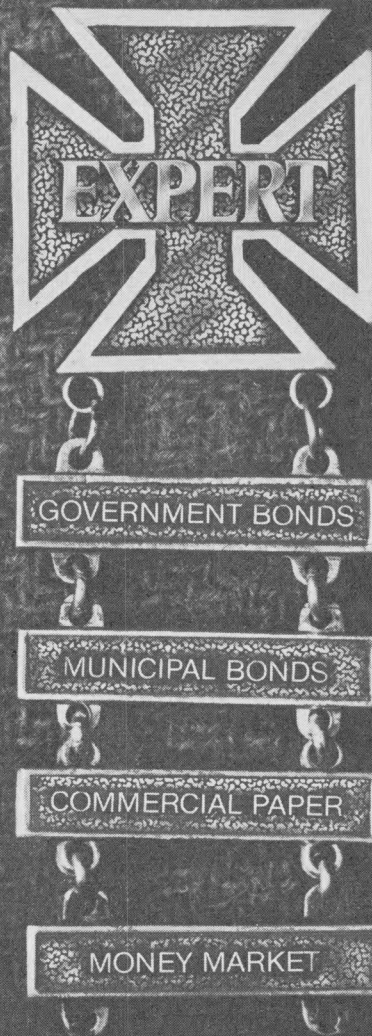
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AROUND MONEY THE FINEST IS "STEEL-STRONG"

Northwestern Banker, April, 1972

How to zero in on your yield target.



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Jack Van Valkenburg 612-372-8971 (So. Dakota /Montana)

Correspondent Banking Department
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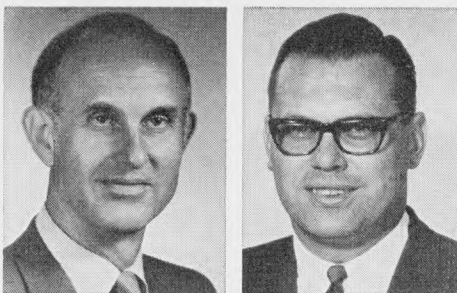
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Minnesota NEWS

WILLIAM G. KIRCHNER President Richfield

T. L. JEFFERS Exec. V. P. Minneapolis



Staff Training-P.R. Meetings Scheduled

THE Minnesota Bankers Association (MBA) has announced the schedule for additional sessions during April in its statewide series of Regional Staff Training-Public Relations Meetings.

The meetings open at 5:00 p.m. with a discussion on the bankers' service to the public, employee attitudes, customer relations, selling bank services and banking education followed by a 6:30 p.m. dinner and speaker.

A number of Minnesota bankers are participating in the series as members of the program teams.

"Your Attitude Makes A Difference" is the topic for Rodger Bense, assistant cashier, First National Bank, Long Prairie (April 10, 11, 12 and 13 meetings), and F. C. "Fritz" Edmunds, cashier, Richfield Bank and Trust Company (April 4, 5, 6, 18, 19 and 20 meetings).

Two members of the MBA Council of Administration will be discussing "Selling Your Bank and Its Services". They are G. A. Beito, president, Northern State Bank, Thief River Falls, (April 10, 11, 12 and 13 meetings) and B. P. "Pete" Allen, president, First National Bank, Milaca (April 4, 5, 6, 18, 19 and 20 meetings).

Wayne F. Berthiaume, MBA administrative assistant, will be discussing "The MBA and Banking Education" at all the meetings.

The featured after-dinner speakers for the series are Charlie Herrman, vice president of corporate sales development, Josten's, Inc., Owatonna (April 4, 5, 6, 18, 19 and 20 meetings); Marvin R. Campbell, president, Citizens State Bank, Brainerd (April 10 and 11 meetings), and Bert Jones, vice president, Walker Employment Service, Minneapolis (April 12 and 13 meetings).

Named Assistant Cashier

Eva Drometer was appointed assistant cashier, it was announced by offi-

cial of the First National Bank, Cannon Falls. Mrs. Drometer has been with the bank for 10 years.

Joins Murdock Bank

Donald R. Peterson, president of the First State Bank of Murdock, has announced that Bill Bailey, 39, has joined the bank as executive vice president. Before coming to the First State Bank, Mr. Bailey served as cashier at First National Bank of Wayzata.

Uses Computer System

The State Bank of Bird Island is making preparations to place the processing of customers' checks and deposits on a computer system.

New Loan Officer

The appointment of Preston Henley as loan administration officer for the Voyageur Bank Group, was announced recently by Robert Hadland, chief executive officer of the group. Mr. Henley will supervise loan activities of the four member banks, and will also serve as an officer and member of the board of each bank.

Formerly vice president, commercial loan officer and manager of the central credit department of the U.S. National Bank of Oregon, he began his banking career in 1940.

Minnesota Banker Dies

John D. Bleecker, 75, retired vice president of the Northwestern National Bank of Osseo, and member of the board of directors, North American branch of the Northwestern National Bank of Minneapolis, died recently at a nursing home.

Board Chairman Dies

It has been announced that Harry Dorweiler, 89, chairman of the board of Farmers State Bank of Hamel, died recently. He began his banking career in Hamel in 1919.

Midwest Banking Institute Will be Held in July

The sixth session of the Midwest Banking Institute will be held from July 23 through July 28 on the Morris campus of the University of Minnesota. It is sponsored by the bankers associations of Minnesota, South Dakota, North Dakota and Wisconsin to fill a need for a course of study designed for management level bankers from rural areas and others concerned about the future of the rural community in transition.

The faculty and seminar leaders include nationally prominent bankers, ag specialists and faculty members from universities in several states.

Tuition of \$200 includes room, meals, instruction and all other costs pertaining to the Institute. Further information may be obtained from Minnesota Bankers Association, 332 Baker Bldg., Minneapolis, Minn. 55402, or offices of the other three state associations.

Lakeland State Bank Celebrates Open House

Lakeland State Bank of Pequot Lakes celebrated the completion of its new drive-up window and interior and exterior renovations with an open house. Several hundred people were registered during the celebration.

Elected Director

Clarence O. (Sparky) Moe has been elected a director of the First National Bank of Emmons. He is the owner of Moe Ford Sales of Emmons.

2 New Board Members

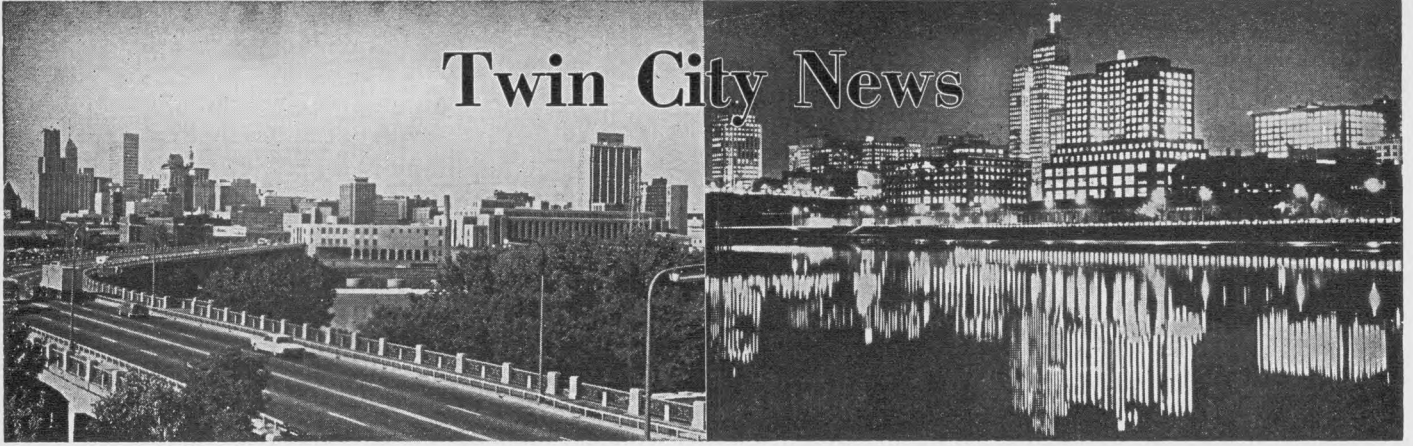
Stuart Applebaum, vice president of Applebaum Food Markets, and Henry E. Pabst, owner of Pabst Meat Supply, Inc., have been elected to the board of directors of Valley National Bank of Eagan Township.

Promoted At Worthington Bank

Gerald K. Fauglid has been elected assistant vice president and consumer loan officer at State Bank of Worthington. He replaces Paul Lindbloom who resigned to accept a position with another firm.

Mr. Fauglid, who joined the bank earlier this year, was previously with Freeborn National Bank for three years. He served as installment loan officer.

Twin City News



FIRST Bank System, Inc. announced that it has filed a statement with the Securities and Exchange Commission relating to the proposed public offering of \$70-million of notes due September 15, 1979. The First Boston Corporation and Blyth & Co., Inc., have been named managers of the underwriting group.

Proceeds from the sale of notes will be invested in subordinated debt of affiliated banks and, over the next three years, in the recently acquired FBS Financial, Inc.

* * *

Mid America Bancorporation reported net income of \$413,081, or 73 cents a share including a gain of \$64,864, or 11 cents a share for 1971.

This compares with net income of \$125,805 or 31 cents a share, on a smaller number of shares the previous year.

* * *

Russell E. Train, chairman of the President's Council on Environmental Quality, and **George W. Mitchell**, a member of the Federal Reserve Board, Washington, D.C., were among the scheduled speakers at the 26th annual Farm Forum in Minneapolis. The one-day forum, "Agriculture in a Con-

trolled Economy," was sponsored by the Greater Minneapolis Chamber of Commerce.

* * *

Everett M. Christensen, 37, vice president for administration at Farmers & Mechanics Savings Bank, is the author of "Dynamic Supervision," a book which deals in examining some "well-entrenched" hiring practices.

* * *

Dennis L. Temple was named manager of the South St. Paul office of Thorp Commercial Loan division of Thorp Finance Corp., a subsidiary of ITT Thorp Corp.

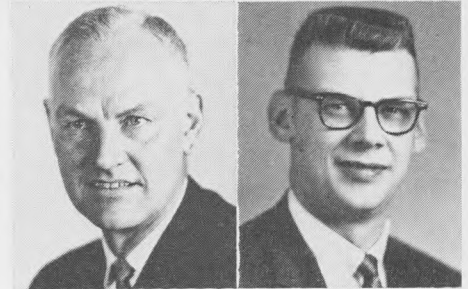
* * *

Donald W. Judkins, president of First Southdale National Bank of Edina, was elected a director of Con-tech, Inc., Edina.

* * *

The board of directors of First System Agencies, Inc., announced the election of **Henry Nosek** as president of the insurance subsidiary of First Bank System, Inc. Since June 1, 1970, he has been executive vice president and director.

Prior to 1970, Mr. Nosek has been president of the First National Bank of Hibbing, Minn., and previously as-



H. NOSEK

M. R. FLAATA

sociated with the First National Insurance Agency of Blue Earth, Minn.

Philip R. Hunt, Fargo, N.D., has been appointed manager, credit review department, First Bank System, Inc. Since January, 1970, Mr. Hunt has been assistant vice president, Merchants National Bank and Trust Co., Fargo, a First Bank System member bank. He began his banking career with First National Bank of Minneapolis.

Officials also announced the promotion of **Merlyn R. Flaata** to assistant vice president, personnel-manpower planning division. Mr. Flaata currently serves on the board of governors, Minneapolis Chapter, American Institute of Banking.


* * *

Clarence R. Chaney, 84, who began working at the Northwestern National Bank in 1907 and retired as vice chairman of the bank's board of directors 45 years later, died recently in a Minneapolis hospital. Mr. Chaney was also a noted artist and had painted water-color drawings for Northwestern National's Christmas cards for many years.

* * *

David F. Koenig has joined the corporate services department of Dain, Kalman & Quail, Incorporated, Minneapolis-based investment banking firm.

Mr. Koenig received his B.S. degree in 1963, from Indiana University at



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For information talk to Laurence R. Kennedy, Vice President Phone (612) 221-9524

We want you to do well.



Bloomington and his M.B.A. degree in 1965, from Harvard Business School, Cambridge, Massachusetts.

Prior to joining Dain, Kalman & Quail, Mr. Koenig was manager of business planning for the food store chain of Kroger Co. located in Cincinnati, Ohio.

* * *

W. T. Richards, president of the First National Bank of Hutchinson, Hutchinson, Minn., has been elected to the board of directors of Mid America Bancorporation, Inc., Twin Cities based registered bank holding company.



W. T. RICHARDS

Walter G. Andrews, chairman of the board of Mid America, said that Mr.

Richards will fill the unexpired term of **Blake Shepard**, who died Jan. 8, 1972.

First National Bank of Hutchinson, with deposits of \$12,900,000 at December 31, 1971, became an affiliate of Mid America Bancorporation last November. Mr. Richards has been president and chairman of the board of the bank since 1959.

Birthday At Wells Bank

More than 1,000 persons attended the 12th birthday of the Peoples State Bank of Wells, recently. As the bank was founded during a Leap Year. February 29, 1924, it has an official birthday only once every four years.

Walk-Thru Report



LIFE SIZE—Looking at what is believed to be the first walk-through annual report are **Sheila Hull**, queen of the 100th anniversary celebration of Northwestern National Bank of Minneapolis, and **Samuel B. Morison**, vice president and manager of the bank's Lake Street office. The display is composed of blow-ups of each of the 32 pages in the report, which carries a specially designed "Century 2" logo and includes 10 pieces of commissioned art personifying the theme of how the vitality of nine industries has contributed to the growth of Minnesota. Miss Hull is a training coordinator for the bank, which reported total year-end resources of \$1,389,770,000.

American Express Company's card division has announced that the **First National Bank of Minneapolis** has joined its Executive Credit Card Plan.

Under an agreement signed recently, the Bank and American Express are offering a Travel and Entertain-

ment Card carrying a minimum \$2,000 line of credit, plus all privileges of the existing American Express Money Card.

The line of credit feature of the new card enables a member to obtain funds at the First National Bank of Minneapolis in cash or Travelers Cheques, or credit to his checking account.

Similarly, the card member can obtain funds while away from home: anywhere in the world, at American Express Company, its subsidiaries and its representative offices. He can purchase up to \$500 in Travelers Cheques in the U. S. and \$1,000 overseas, at any of its offices.

* * *

A significant new contribution to Minneapolis culture was unveiled recently when a series of watercolors of Minneapolis, commissioned by **National City Bank of Minneapolis**, went on display at the Minneapolis Institute of Arts.

National City Bank plans to make full-color reproductions of the paintings available to customers following two months of public display.

Glencoe Banker Dies

Henry A. Thoeny, president and son of one of the founders of the First National Bank of Glencoe, died recently.

Bank Open House

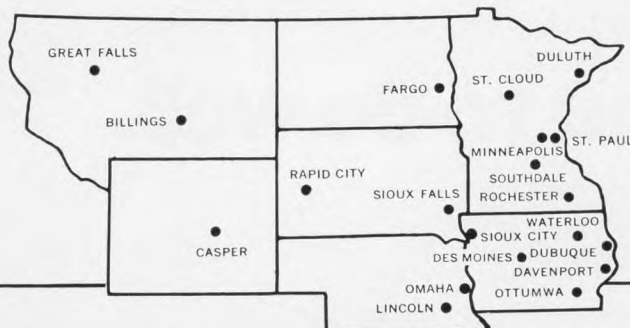
The State Bank of Tower observed its 30th anniversary, recently, with an open house.

Discuss Jointly-Owned Credit Card Center

Bankers Trust and Chase Manhattan announced in New York that they have been discussing the possibility of forming a jointly-owned company to handle the credit authorization and data processing operations of their credit card activities.

Chase Manhattan disclosed in January its plan to convert its Uni-Card to the BankAmericard program. Bankers Trust has been issuing the BankAmericard in the New York metropolitan area since 1969.

The new company would have responsibility for card-holder and merchant accounting, data processing, credit authorization and other related accounting and processing operations. Each of the banks will maintain its individual credit, collection, marketing and customer relations activities.



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NEW HOME for Mid America State Bank of Mendota Heights.

Mid America Plans New Building

THE Village Council of Mendota Heights has approved construction of a new 16,120-square-foot building to house Mid America State Bank of Mendota Heights. The new two-story bank and office building will be located on a 2.6-acre site adjacent to the Mendota Plaza shopping center near the intersection of State Highways 110 and 49.

David A. Shern, president of Mid America Bancorporation, parent corporation of the bank, said that the structure is scheduled for completion this fall. He said that Mid America Bancorporation will have corporate offices in the building as its headquarters.

Mid America became Minnesota's third publicly held registered bank holding company in September, 1969. In addition to Mid America State Bank of Mendota Heights, Mid America has five other Minnesota banks in operation. With total deposits in excess of \$60,000,000, they include First National Bank of Hutchinson; Highland

Park State Bank, St. Paul; Valley National Bank of Eagan Township; Park-Grove National Bank, Cottage Grove, and Suburban National Bank of Roseville.

New Profitability Study On Automatic Systems

In a major effort aimed at helping the banking community continue to keep abreast of the new trend toward Automatic Banking Systems, Diebold, Incorporated has just published an in-depth, marketing and justification study of its new Futura Automatic Banking System, which provides bank customers with 24-hour-a-day, seven-days-a-week checking or credit card account cash withdrawal services.

Copies of the new marketing and profitability study of Diebold's new Futura Automatic Banking Systems are available from Diebold, Incorporated, 818 Mulberry Road, Canton, Ohio 44711.

Offers Wildlife Checks

National Boulevard Bank of Chicago is offering a new series of National Wildlife checks in full four-color lithography, featuring five of the endangered wildlife species.

In addition, National Boulevard will make a donation to the Illinois Branch of the National Wildlife Federation for these checks when cancelled. A formula has been devised which would bring a substantial yearly contribution of at least \$600 to the Federation, according to Irving Seaman, Jr., chief executive officer of the bank. Feature just five animals and birds including the American Bison, the Key Deer, the Whooping Crane, the Mountain Lion and the Bald Eagle.

Record Gains for Farmers Mutual Hail

Max Rutledge, president, Farmers Mutual Hail Insurance Company, Des Moines, reported that the company set an all-time record of over \$526 million of crop hail insurance in force during 1971 to lead the industry in this type of coverage.

Mr. Rutledge reported that total assets increased to over \$30.5 million and that surplus to policyholders increased to a high of \$18.1 million, a one year growth of more than \$2.26 million.

The company writes crop hail insurance in nine midwestern states, and also writes turkey insurance. Reinsurance coverage is provided nationally.

Interest Rate Hearing

THE Administration's failure to impose interest rate controls while maintaining wage and price controls is expected to be spotlighted at hearings on the progress of the Economic Stabilization Act, now scheduled for April 24-26 by the Joint Economic Committee.

Other hearings on this oversight may also be scheduled by the House Banking Committee. The House committee is a legislative committee, the joint one is not.

The chairman of the House Banking Committee, Rep. Wright Patman (D., Tex.) recently wrote President Nixon that "dramatic improvements" would have to be made in the controls program. He pinpointed interest rates as a specific area where this improvement is needed, and threatened to hold Committee hearings if no improvements are made.

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Loren Herbst, John Ordos

Northwestern Banker, April, 1972

North Dakota NEWS

T. A. SOLHEIM President Minot
W. J. DANER Secretary Bismarck

New Officers

The North Dakota State Industrial Commission recently named Carl Arndt, I. Jeannine Christy and LeRoy Gilbertson assistant vice presidents of Bank of North Dakota, Bismarck.

Mr. Arndt joined the bank in 1966. He has been assistant manager of the operations department. Prior to joining the bank, he was employed by Mandan Security Bank as branch bank manager.

Mrs. Christy joined the bank in 1968, and has been associated with the student loan department. She has been assistant manager of this department since 1971.

Mr. Gilbertson is manager of the mortgage loan department. He joined the bank in 1969. Prior to moving to Bismarck, he was employed by the State of Wisconsin and Minot Federal Savings and Loan Association.

Increase Capital Stock

It has been announced that the application of Farmers & Merchants



Bank, Sheyenne, to increase its capital stock from \$50,000 to \$100,000 by stock dividend has been approved.

Women's Banking Group Features Tour, Speaker

The Women's Committee of the Missouri Valley Chapter of the American Institute of Banking sponsored a tour of the new facilities of the YMCA in Bismarck recently. Over 40 banking women from Bismarck and Mandan participated.

The program featured a discussion of "Opportunities for Women in Banking" by Janet G. Pender, auditor and assistant cashier of The First National Bank and Trust Co. of Dickinson. Mrs. Pender emphasized enthusiasm, interest in your job, determination and hard work for women interested in banking careers. She emphasized showing a willingness to learn new things. Mrs. Pender is also president of North Dakota Bank Women.

In another announcement, Mr. Vucurevich said that Vernell Johnson of Lyons, S.D., has been elected to the board of directors of the United National Bank.

Bank Women to Meet

The South Dakota Group of the National Association of Bank Women will meet April 22 and 23 at The New Sheraton Inn, Aberdeen, for their spring meeting and workshop.

Officers of the South Dakota Group are: Chairman — Betty J. Bzowski, assistant vice president, Farmers and Merchants Bank, Aberdeen; Vice Chairman — Carol Crawford, assistant cashier, Farmers State Bank, Canton; Secy.-Treasurer — Margaret E. Gibbs, operations, Northwestern National Bank, Huron.

Marjorie A. Terhaar, North Central Regional vice president, will be a special guest at the meeting.

Makes Year-End Report

The South Dakota department of banking and finance has released its abstract of the condition of South Dakota state banks at 1971 year-end, compared with 1970 year-end. There were 127 state banks in South Dakota at 1971 year-end, compared to 128 for 1970.

Total assets in 1971 were \$826,720,148 for the state banks, compared to \$756,311,672 for a year earlier, a gain of \$70,408,475 in assets. The most sizable gain was in loans and discounts with \$394,222,162 for 1971 and \$366,376,776, for an increase of \$27,845,385. South Dakota state banks also showed \$9,370,000 in federal funds sold at year-end, compared to \$3,605,000 in 1970.

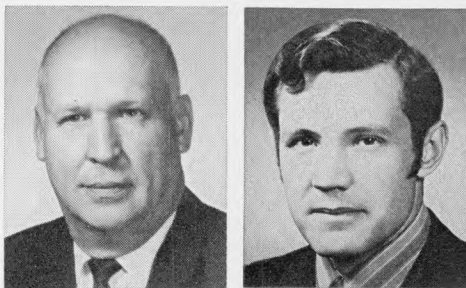
Total deposits in the 127 banks at 1971 year-end was \$743,575,160, of which \$253,757,349 was in demand and \$392,703,093 was in time money. Deposits for the 1970 call date were \$679,065,772. Of this amount, \$241,334,825 was in demand and \$346,976,978 in time. The deposit gain was \$64,509,387, with \$12,422,524 of this in demand and \$45,726,115 of the gain in time money.

Capital accounts totaled \$66,324,963 at 1971 year-end, compared to \$62,014,895, for a gain of \$4,310,068 in capital.

The ratio of total loans to total deposits was 53.02%. Total capital funds to total assets (less cash and U. S. Government obligations) was 9.36%.

South Dakota NEWS

O. L. BONACKER President Sioux Falls
NEIL MILNER Secretary Huron



Tellers Don Hard Hats During Bank Remodeling

HARD hats and white working jackets are the uniforms for the teller staff at Northwestern National Bank of Sioux Falls.

The early stages of a remodeling and redecorating program are underway, with construction activity centering behind the tellers. In order to make light of a bad situation, white working jackets and hard hats were supplied to all tellers. The jackets are functional in keeping dust from the tellers' clothing,

but the hard hats are conversation pieces.

The main lobby of the bank is being remodeled and redecorated.

Plans for New United National Bank

Rapid City banker John T. Vucurevich has announced plans for the construction of a new building to house facilities of United National Bank.

Montana NEWS

R. G. JOHNSON President Harlowton

R. C. WALLACE Secretary Helena



First National Bank of Great Falls Opens New Building With Gala Celebration

MORE than 27,000 people, an average of more than two thousand per hour, visited the new building of the First National Bank, Great Falls, during its grand opening, recently.

Ten grand prizes were offered, one in each of the bank's ten major departments. Ten coupons published in the paper, or available at the bank, each one good only in the designated department, encouraged visitors to make a complete grand tour of the new facility.

All prizes were family oriented and included a console and a portable TV, a 16-foot freezer, power tools, photographic equipment, backpack camping paraphernalia, bicycles for a family, trailcycle, sewing machine and a home music entertainment system.

Souvenir coffee mugs, suitably inscribed with a line drawing of the bank, were offered to each adult, while balloons and comic pencils were given to the children.

The final two days of the grand opening climaxed a series of events

which began slightly more than a week in advance, when the local financial community as well as the media were invited to tour the new building.

Out-of-town and correspondent bankers were invited to see the new building as well as to participate in a banquet held at the Rainbow Hotel. As a memento, each visitor was presented with a limited edition, exclusively designed whiskey bottle depicting an old-time banker with his coat-tails caught in a safe labelled with the name of the First National Bank.

An employee's party was also held with each person receiving a numbered, limited edition lithograph by Great Falls artist, Branson Stevenson, in appreciation for the co-operation during the two-and-a-half years involved in the construction program.

Community reaction to the new building and to the grand opening was considered to be outstanding. Comments were heard to the effect that it was the finest and best event of its kind ever held in Great Falls, and Adrian McLellan, the First National's presi-

dent, remarked that the number of people turning out for the grand opening was "simply fantastic."

The Grand Opening culminated a 2-1/2 year construction program for First National. Ground was broken for this 7-story structure on August 25, 1969, for Phase I of construction and Phase II started in March, 1971. With over 19,000 square feet on the first floor, this bank stands as possibly the largest single floor of banking in the Pacific Northwest. Along with the building's landscaped mall fronting Central Avenue, the new white and bronze structure adds immeasurably to the downtown Great Falls business district.

Stuart Ellison Joins 1st National Bank

Stuart Ellison has joined the staff of the First National Bank and Trust Company of Helena as assistant vice president, according to Robert F. Burke, president.

1972 Montana Group Meetings

Date	Group	City
May 4	5	Lewistown
May 5	6	Boulder
May 6	7	Bozeman
May 8	2	Glendive
May 9	4	Scobey
May 11	1	Chinook
May 13	3	Kalispell

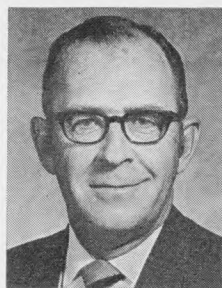


THE NEW First National Bank building in downtown Great Falls is shown in the photograph above. The formal dedication ceremony of the building was held recently and more than 27,000 people toured the bank during the two-day event. **Robert G. Henry**, (left), bank vice president and chairman of the grand opening is pictured with **Mrs. Jered Kuno** and her daughter **Kari Marie**, who was born the day ground was broken for the new building, August 25, 1969. **Mamie Brazz** was born on July 1, 1886, the day First National received its charter. **Tom Quilling** is real estate loan officer for the bank.



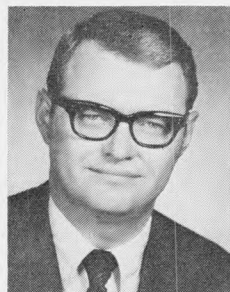
Wyoming NEWS

ROBERT W. FINKBINER
Lander
President
Wyoming Bankers Assn.



Joins Wyoming National

Paul A. Christensen has joined the Wyoming National Bank, Casper, as a vice president in the commercial loan department according to R. W. Miracle, president.



P. CHRISTENSEN

Mr. Christensen was formerly with the Valley National Bank in Phoenix, Arizona. He began his banking career in 1964 as a management trainee with the United Bank of Denver. Subsequently, he rose to the position of vice president in the correspondent banking department of that institution prior to accepting a similar position with the Valley National Bank in 1971.

Mr. Christensen is a native of Des Moines where he was graduated from Roosevelt High School. After graduation from Iowa State University at Ames, he joined United Bank of Denver.

Art Show By Lander Bank

The First National Bank of Lander has recently announced its plans for the second Annual Easter Art Show to be held in the bank's lobby. George Ostermeyer, assistant cashier of the bank, has been named chairman of the event.

900 Tour New Bank Facilities

More than 900 persons toured the new facilities at the First National Bank of Buffalo recently to celebrate the open house. The event also marked the 87th anniversary for the bank and the 90th birthday of Wilbur Holt, bank president and chairman of the board.

Cheyenne National's Easter Art Show

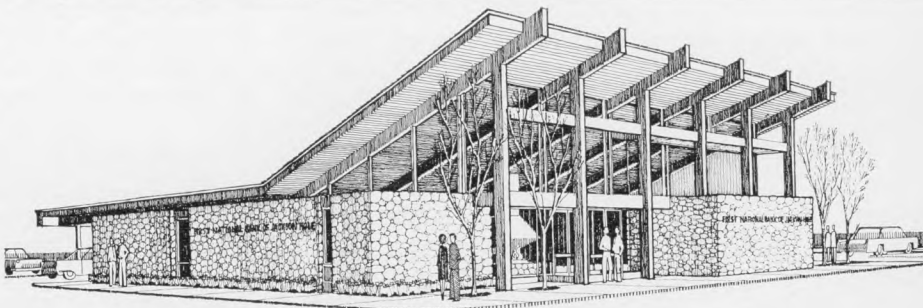
Officials of the Cheyenne National Bank have announced that the bank's

annual Easter Art Show will again be held this year. Jack Crews, vice president of the bank's agriculture department, is this year's chairman of the event.

"Big Sky" Reflected In Buffalo Bank

Completion of remodeling and expansion of the First National Bank of Buffalo was announced jointly by Robert Holt, vice president, and Robert McBride, both vice presidents of the bank.

According to the architect, the bank will reflect the rugged scale of Wyoming's 'Big Sky' country.



ARCHITECT'S sketch of First National Bank building in Jackson.

Building Plans OK'd for Jackson Hole Bank

Initial plans for a permanent building to house The First National Bank of Jackson Hole have been approved by the bank's board of directors, it was announced by Chadwick H. Carpenter, chairman of the board. Opened for business in October, 1971, the bank has been operating in temporary modular quarters. Its total assets currently stand at approximately \$1-1/2 million.

The new building is designed to accommodate the latest developments in customer service and banking equipment while providing the community with a structure of "rugged western character" compatible with its environment.

Dominant feature of the building is a sloped roof rising to the north. Large glass areas expose a textured wood ceiling and the massive wood beams

Is Guest Speaker

Orin Geesey, president of the First National Bank of Kemmerer, was special guest speaker to nearly 100 members of the annual stockholders meeting of the Federal Land Bank Association of Kemmerer at Big Piney.

Scholarships By 2 Banks

The American National Bank of Riverton has announced it will award three \$200 scholarships to students attending Central Wyoming College next year.

The Dubois National Bank has also announced it will award a \$200 scholarship to a local high school student who plans to attend Central Wyoming College next year.

Cheyenne Promotions

Directors of the American National Bank, Cheyenne, have announced these promotions: N. B. Fletcher, from assistant cashier at the base facility, to assistant vice president; Richard L. Fleck, to assistant cashier, and Gary L. Wickman, from assistant auditor to auditor.

and columns supporting the roof. The main bank lobby's central element is a large wood and stone fireplace around which comfortable chairs will be arranged for customer relaxation. Interior finishes will emphasize stone and resawn wood paneling.

Native rock walls will be utilized throughout the structure to enclose teller and officer areas, the bookkeeping department, vault and night depository and will extend to shelter a four-station drive-up banking facility.

Bank president Robert T. Noel outlined additional customer service features to be incorporated in the 4200 square foot structure. Among these are sit-down check writing stands, a sit-down teller station for those with lengthy transactions, a 28-car customer parking area, and a community room for up to 130 persons located in the basement.

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News of the Northwest Washington News

Pacific National Promotes Seven

Don L. Draper has been elected vice president and trust officer of the Pacific National Bank of Washington at Tacoma. Richard Auerbach, vice president, has been appointed corporate secretary.

Named assistant vice presidents are: Donald F. Thodus and Dean O. Maher, personnel division; Joseph H. Johnston and John O. Simonson, commercial loan administration and David Kiethley, Ellensburg banking center.

Branch Manager

W. Murray Campbell, vice president of Seattle-First National Bank, has been elected manager of the metropolitan branch, succeeding John A. Lane, vice president. Mr. Lane has been promoted to branch banking division administration.

Glenn H. Cooper has been advanced to vice president at the head office branch.

Oregon News

Form Business Trust

Formation of U. S. Bancorp Realty and Mortgage Trust, a business trust organized under a law passed by the 1971 Oregon Legislature, has been announced by U. S. Bancorp. The trust plans to file a registration statement with the Securities and Exchange Commission in mid-March covering a proposed public offering of approximately \$25,000,000.

The trust intends to use the proceeds of the offering to acquire a diversified portfolio of equity interests in real estate and short-term construction and development first mortgage loans. The trust is also authorized to make other types of real estate investments, according to James F. Kavanagh, chairman of the board of trustees. The trust intends to qualify as a real estate investment trust under the Internal Revenue Code.

Mr. Kavanagh also serves as president of Commerce Mortgage Company. The other officers and trustees of the trust include Garnett E. Cannon, former president of Standard Insurance Company; Dan Davis, president of Dan Davis corporation; Earl D. McCarthy, Spokane real estate developer, and Franklin W. White, president of Securities-Intermountain, Inc. headquartered in Portland.

Portland Promotion

Leland Marshall has been promoted from commercial loan officer to assistant vice president at the East Portland branch of First National Bank of Oregon, Portland.

Branch Application

The U. S. National Bank of Oregon, Portland, has filed an application with the Regional Comptroller of the

Currency to establish a branch in the vicinity of Newmark Avenue and Broady, North Bend.

Association Meetings

The Oregon Bankers Association will conduct a safe deposit educational dinner program on "Security Precautions in Safe Deposit Areas" at the Country Squire Motel in Eugene on April 12. This is the second meeting on the topic. The first was held in March in Portland and drew 135 members.

The OBA Forest Products Conference is scheduled for the Country Squire Motel in Eugene on May 4-5.

The OBA Agricultural Conference will be in Albany May 17-18.

Idaho News

Pocatello Promotions

The First Security Bank of Idaho, Boise, has announced the appointments in the Pocatello office of the following: Virgil D. Tinker to mortgage loan officer; Donald L. Collins to time-way loan officer, and Lee Wilks to assistant to the manager of the timepay department.

D. M. Kelley Elected V.P.

Douglas M. Kelly has been elected vice president and manager of the



ARCHITECT'S SKETCH of Bank of Idaho branch in Hailey.

Bank of Idaho Branch Office to be Built at Hailey

BANK of Idaho will start construction as soon as weather permits on a new branch office building in Hailey, it was announced by Joseph Bianco, president. The building design will feature informal, rustic characteristics, compatible with the Sawtooth mountain area. Hand split shakes, used brick interior and exterior walls, massive, exposed wood beams and exten-

sive use of glass will combine to enhance the building's rustic character.

Complete, metropolitan banking service will be provided by the new bank including customer parking, drive-up teller service and a satellite pneumatic tube teller unit for in-car service. The building was designed by Cline, Smull, Hamill, Shaw and Associates, AIA, Boise architects.

Idaho Falls branch of Bank of Idaho, it was announced recently by Joseph Bianco, president. He will succeed Ray F. Archibald, who will remain as vice president, public relations, until his retirement early next year.



D. KELLY

Mr. Kelly is a graduate of the University of Southern California with a bachelor of science degree in finance. He was graduated from Southwestern Graduate School of Banking with a masters degree in commercial banking.

He began his banking career with Bank of America in California.

Nevada News

53rd Annual Convention

The Nevada Bankers Association will hold its 53rd Annual Convention May 24-26, at the Caesar's Palace Hotel in Las Vegas, Nevada.

According to C. H. Siefert, general chairman of the NBA, "an excellent program is being planned which includes golf, shows, cocktail parties, a ladies surprise luncheon, excellent speakers and time for just plain relaxation." Thursday evening the Nevada Bankers Association will host a Caesar's Palace dinner show featuring Steve Lawrence and Edie Gorme.

Speakers at the convention will include: Vern F. Loetterle, special agent in charge of F.B.I. office, Las Vegas; Dr. James Carothers, assistant director of the Lawrence Livermore Lab; Eugene H. Adams, president-elect of the American Bankers Association and Cavett Robert, a Phoenix attorney.

New Manager Named

William C. Leonesio, loan officer at First National Bank's South Virginia office, has been named manager of the Peckham Lane office, which will open later this spring.

Mr. Leonesio has been with the bank since 1961.

William G. Barton, manager of bank properties at First National since March, 1971, has been appointed assistant vice president. He came to the bank after a 23-year career in the U.S. Air Force, from which he retired with the rank of full colonel.

Colorado Seminar on Minimum Risk Banking

Minimum Risk Banking held a two day school in Denver (last month) under sponsorship of the Colorado Bankers Association. The school, conducted by Execudec, Inc., Wausau, Wisconsin, in cooperation with Scarborough & Company, Chicago, was presented to more than 100 Colorado and Wyoming bank executives, security officers and personnel directors, together with law enforcement officials.

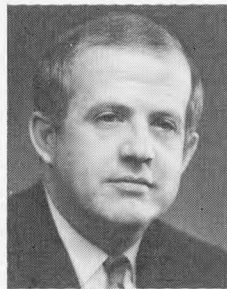
The MRB school, an original concept in security education and administration, presented an intensive, complete course in the "how to" techniques of establishing and implementing bank security. Subjects discussed covered a wide range, including personnel training, fair credit reporting and personnel hiring procedures, internal controls in relation to insurance, police liaison, and security equipment, with particular emphasis being directed to kidnap and extortion — executive personal, family, and home security.

Instructors for MRB were men skilled in the world of security and insurance; they included former special agents of the F.B.I., graduate attorneys, and security consultants to governmental and private organizations.

United Bank of Denver Promotes Wm. Funk

The board of directors of the United Bank of Denver has approved the appointment of William L. Funk to vice president, public affairs.

Mr. Funk joined the Denver U. S. National Bank, a predecessor of the United Bank of Denver, in 1959 as a corporate trust administrator. In 1967 he took charge of the trust marketing effort, and in 1968 he became the bank's first public affairs



W. L. FUNK

Colorado NEWS

MAX G. BROOKS
Denver
President
Colorado Bankers Assn.



officer, the first such officer in any Denver bank. As vice president, he will continue to lead the bank's public affairs activities.

Possible Merger of Two Holding Companies

Two Colorado bank holding companies — Affiliated Bankshares of Colorado, Inc., and First Colorado Bankshares, Inc. — announced recently they have tentatively agreed to merge, with Affiliated Bankshares as the surviving company.

Promotion Announced At Lafayette Bank

Ralph Musfeldt has been named assistant vice president of the First National Bank at Lafayette. Mr. Musfeldt has been with the bank since 1966.

Director at Northglenn

The First National Bank of Northglenn has named Ronald C. Harris to the board of directors.

Mr. Harris is a vice president in the bank administration and operations department of The First National Bank of Denver. Both First of Northglenn and First of Denver are member banks of First National Bancorporation, Inc.

Mr. Harris, attended the University of Denver and the University of Colorado. He has also completed courses at the Colorado School of Banking.

Elect New Director

Thomas C. Smiley, president and general manager of Wolfberg Theatres, Denver, has been elected a director of Central Bank and Trust Company, Denver. He entered the motion picture industry 40 years ago. He started the advertising sales offices of MGM in Cincinnati.

Colorado Calendar

June 1-3—71st Annual Convention,
Broadmoor Hotel, Colorado
Springs



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75th Annual Convention

Nebraska Bankers Association

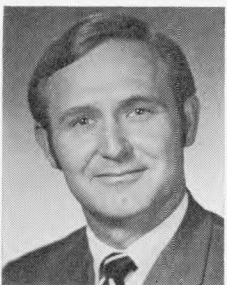
Radisson-Cornhusker Hotel
May 7-9, 1972



J. W. CATTLE
President



R. E. EMMETT
Vice President



D. R. JOHNSON
Treasurer



W. H. OSTERBERG
Exec.-Mgr.

THE 75th annual convention of the Nebraska Bankers Association will be held May 7-9 at the Radisson-Cornhusker Hotel in Lincoln. Featured on the program are two nationally prominent banking figures, a dozen Nebraskans from the fields of government, business and education, plus a former Olympic champion.

Schedule of Official Meetings

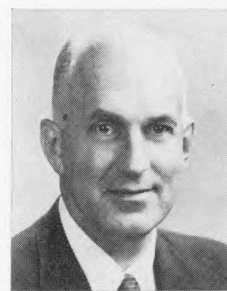
Sunday, May 7

- P.M.
- 2:00 Executive Council Meeting—Ballroom West.
Committee on Nominations—Governor's Suite.
 - 4:00 Past Presidents' Meeting—Ballroom West.
 - 5:30 Social Hour—Ballroom East. Executive Council, Past Presidents and wives.
 - 6:30 Executive Council, Past Presidents and Wives Dinner—Ballroom East.
 - 12:00-9:00 Registration—Mezzanine.

Monday, May 8

- A.M.
- 7:30 Breakfast—NBA County Representatives—Ballroom East.
 - 7:30 Breakfast—The Graduate School of Banking, University of Wisconsin—Ballroom East.
 - 8:00 Registration—Mezzanine.
 - 9:00 Business session—Ballroom West.
Presiding, John W. Cattle, president, Nebraska Bankers Association, Inc.; president and chairman, The Cattle National Bank, Seward.
Change in Articles of Incorporation.
Foundation for Full Service Banks—Kermit Hansen, Nebraska state chairman and trustee-at-large; executive vice president, The United States National Bank, Omaha.
Special Guest—Henry E. Ley, director of banking, Lincoln.
"Your Nebraska Council on Economic Education"—William Gillies, executive director, Nebraska Council on Economic Education, Lincoln.
"BANKPAC"—William A. Glassford, executive director, The Banking Profession Political Action Committee, Arlington, Virginia.
"Address"—Frank Wille, chairman, Federal Deposit Insurance Corporation, Washington, D.C.
"Phase Two"—Dr. Paul S. Nadler, Professor of Business Administration, Rutgers University, New Brunswick, New Jersey.
Business Session—Report of Committee on Nominations.
Election of Officers.

- P.M.
- 12:00 Luncheon—Delegates—Ballroom East.



H. V. OSTERBERG
Secretary



K. HANSEN



H. E. LEY

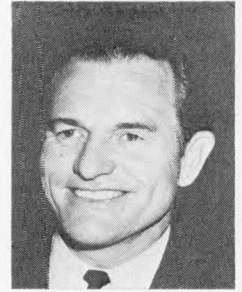


W. GILLIES



W. A. GLASSFORD

- 1:30 Business Session—Ballroom West.
Presiding, John W. Cattle, president, Nebraska Bankers Association.
“President’s Address”—John W. Cattle.
“Address”—The Honorable John J. Sparkman, United States Senate, Alabama. (Chairman, Committee on Banking, Housing and Urban Affairs.)
“The Report of The President’s Commission of Financial Structure and Regulation”—Dr. Donald P. Jacobs, Professor of Finance, Head Banking Research Center, Northwestern University, Evanston, Illinois.
- 6:30 Convention Banquet—Grand Ballroom.
Installation of Officers.
“Power of the Mind”—Bob Richards, former Olympic champion, Minneapolis, Minnesota.



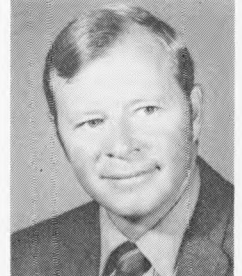
B. RICHARDS



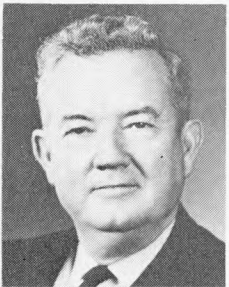
P. S. NADLER

A.M.

- 8:30 Breakfast Session—Delegates—Ballroom West.
Presiding—John W. Cattle, president, Nebraska Bankers Association, Inc.
N.B.A. Treasurer’s Report—David R. Johnson, senior vice president, The Omaha National Bank, Omaha.
Election—The American Bankers Association.
Presiding, Clark Caley, A.B.A. state vice president; president and cashier, Bank of Clarks, Clarks.
Report—“M. R. Morgan Grants-in-Aid Fund”—Tom S. Cummings, chairman of committee; president, First National Bank, Cozad.
“Liquidity for Your Farm Loans—Can Crop Insurance Help?”—Richard H. Aslakson, manager, Federal Crop Insurance Corp., U. S. Department of Agriculture, Washington, D. C.
“Tool Up for Today”—Thomas R. Smith, chairman, agricultural and rural affairs division, American Bankers Association; president, First National Bank, Perry.



L. C. CALEY



J. J. SPARKMAN

Tuesday, May 9

Ladies Program

Monday, May 8

P.M.

- 12:30 Ladies’ Luncheon—Legionnaire Club, 5730 “O” Street.
(Buses will leave the Radisson-Cornhusker Hotel beginning at 11:30 a.m., to the Legionnaire Club. Return buses will be provided at the conclusion of the afternoon program.)
- 6:30 Convention Banquet—Grand Ballroom, Radisson-Cornhusker Hotel.



R. H. ASLAKSON

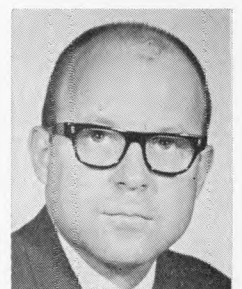


D. P. JACOBS

Tuesday, May 9

A.M.

- 8:30-
9:30 Continental Breakfast—Ballroom East. No ticket required.
Hostess—Mrs. John W. Cattle.



T. R. SMITH

Committee Meetings Scheduled

THE committees on nominations and resolutions will meet Sunday, May 7, during the 75th annual convention of the Nebraska Bankers Association in the rooms and at the times designated below:

Committee on Nominations

Governor’s Suite at 2:00 p.m.

Group 1 — Ronald D. Schneider, vice president, Plattsmouth State Bank, Plattsmouth.

Group 2 — H. Dean C. Henricksen, cashier, First National Bank, Osceola.

Group 3 — Dennis G. Brewster, president, Butte State Bank, Butte.

Group 4 — Don A. Brockmeier, vice president, Farmers State Bank, Eustis.

Group 5 — C. A. “Bud” Gaghagen, president, Central Bank, Central City.

Group 6 — Joel H. Wiens, president, First State Bank, Kimball.

Committee on Resolutions Ballroom West at 2:00 p.m.

The N.B.A. Executive Council serves as a Committee on Resolutions.

Convention Hosts

GENERAL convention hosts of the 75th annual Nebraska Bankers Convention to be held at the Radisson-

CONVENTION HOSTS . . .

(Turn to page 91, please)

A margin of difference

You'll find it in the Georgian Room Radisson Cornhusker

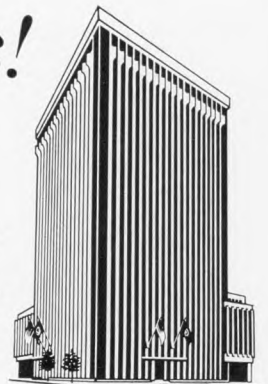
75th Annual Nebraska State Bankers Convention

May 7, 8 and 9.

(Doors open at 4:00 p.m., May 7)

Come join us!

**FIRST
NATIONAL
BANK
LINCOLN**



Northwestern Banker, April, 1972

You Will See Them at the 75th Nebraska Bankers Convention

THE following metropolitan bankers, investment men and service equipment dealers have indicated they will be attending the 75th annual Nebraska Bankers Association Convention in Lincoln, May 7-9:

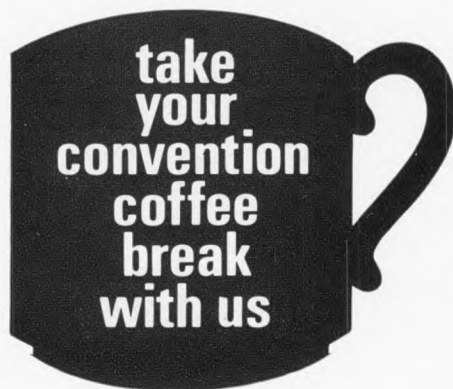
American National Bank & Trust Company: William B. Aldrich, second vice president; Thomas L. Robinson, correspondent bank officer, and George H. Spence, agricultural officer.

Continental Illinois National Bank

& Trust Co.: Hollis W. Rademacher, vice president, and George L. Schuep-pert, second vice president.

First National Bank: Nevin G. Bowser, vice president; Raymond V. Dieball, assistant vice president, and Clarence E. Cross, correspondent banking officer.

Northern Trust Co.: F. C. Pullman, vice president; T. W. Walvoord, second vice president, and H. R. Olsen, divisional assistant.



... at First Mid America Inc., near the Nebraska Bankers' Convention Headquarters. We would like to show you our new Lincoln headquarters and renew friendships. Our staff will be happy to visit with you during your Lincoln stay and to discuss stocks, corporate and municipal bonds, mutual funds and commodities.

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Kansas City

Denver

Central Bank & Trust Co.: Don Echtermeyer and John Edmiston, vice presidents.

Colorado National Bank: William J. Fleming, Leon A. Winters, vice presidents.

The First National Bank: Jerome B. Woods, Jr., vice president, and James E. Friesen, assistant vice president.

United Bank of Denver: Warner A. Knobe, commercial banking officer.

Kansas City

City National Bank & Trust Company: William J. Bolt, Jr., Chairman of executive committee; Roy A. Thompson and Don V. Thomason, senior vice presidents; and Jack E. Beets, vice president.

Commerce Bank: Charles W. Batty, president; Tom C. Cannon, vice president, and Richard H. Muir, assistant vice president.

First National Bank: William O. Weis and George C. Dudley.

New York

Chase Manhattan Bank: Charles Coronella, vice president, and Guy Hunter, assistant treasurer.

Chemical Bank: S. Snowden Hoff, assistant secretary.

First National City Bank: Howard Morgan, vice president, and Robert Stokes, assistant vice president.

Manufacturers Hanover Trust Company: Earl H. Lundin, Jr., assistant secretary.

Omaha

First National Bank: F. P. Giltner, president; D. R. Ostrand, M. F. Aegerter, G. R. Brown and R. E. Peterson, vice presidents, and H. L. Jacobs, marketing officer.

Northwestern National Bank: Donald J. Murphy, president; Frank J. Sibert, vice president; Daniel J. Rishel, assistant vice president.

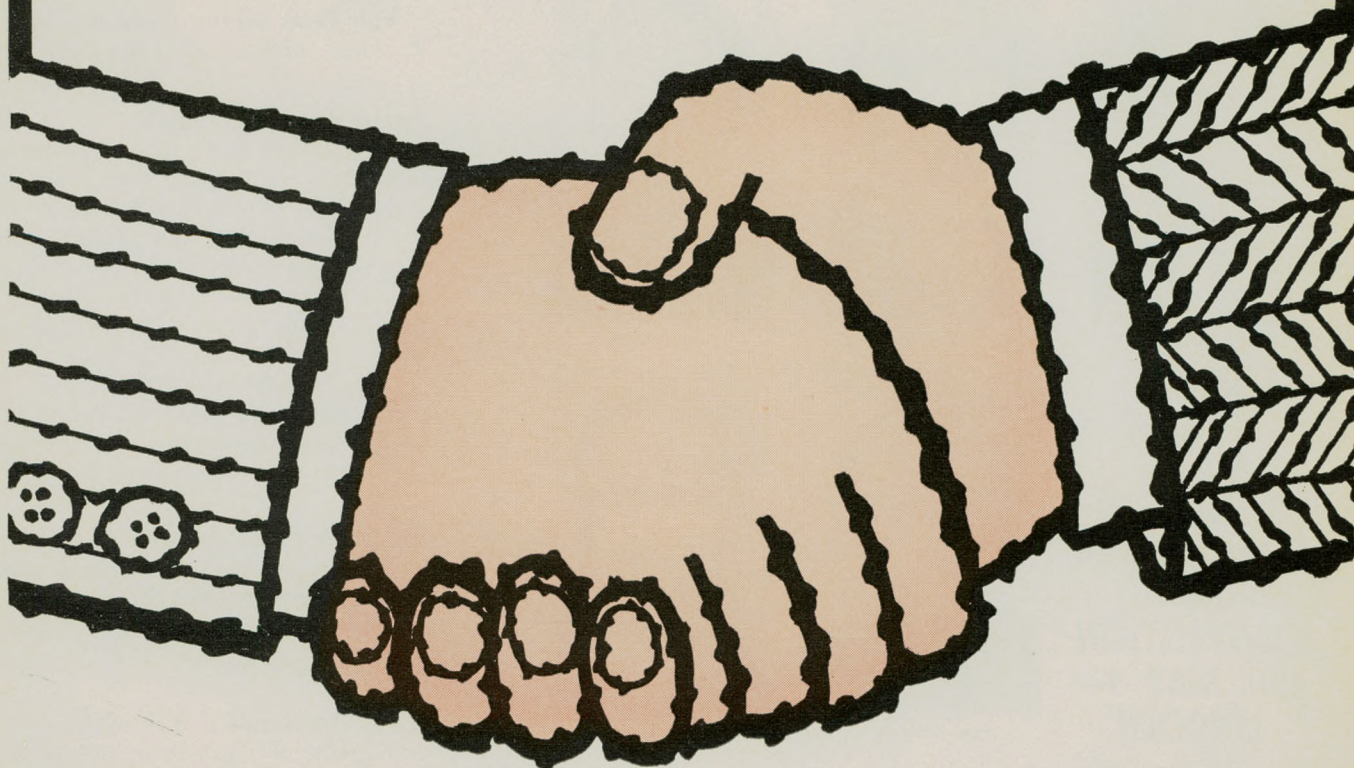
The Omaha National Bank: David R. Johnson, senior vice president; Jack H. Babcock, Andy Harris, Delmar J. Olson and Marvin G. Rohn, second vice presidents; Keith O. Lytle, ag loan officer; Thomas L. Matthaiddess, correspondent bank officer; Conway O. Norman, ag inspection officer; Kenneth A. Strother and Dennis R. Wood, assistant correspondent bank officer, and John Nigh.

Packers National Bank: John E. Knight, president, and Wes Bowen, vice president.

United States National Bank: Ed Lyman, president; Kermit Hansen, ex-

"Hey, good to see you again!"

Your friends at the National Bank of Commerce are glad to have you back in town. While attending the 75th annual Nebraska State Bankers Convention, stop by anytime (almost) at our hospitality headquarters...the Lincoln room, Radisson-Cornhusker. While visiting, be sure to notice the Past President Honor Roll plaque. Welcome! It's good to see you again!



National Bank of Commerce

13th & O Street Lincoln, Nebraska

ecutive vice president; Bob Hasebrook, senior vice president; Jay Bordewick and Howard Nielsen, vice presidents; Everett Brown, and John Lewis, assistant vice presidents, and Larry Hansen, assistant cashier.

St. Joseph

American National Bank: Benton M. Calkins, Jr., president; Gilbert Tootle, senior vice president, and Ronald R. Loudon, vice president.

First National Bank: Benton O'Neal, senior vice president, and John F. Gach, assistant vice president.

First Stock Yards Bank: John E. Karn, vice president and cashier.

St. Paul

First National Bank: Mowry E. Stilp, correspondent bank representative.

Sioux City

First National Bank: Richard C. Taylor and Charles H. Walcott, senior vice presidents, and B. M. Broderick,

Jr., and Gary W. Stevenson, assistant vice presidents.

Northwestern National Bank: Stanley W. Evans, president, and James J. McGill, vice president.

Security National Bank: Tom Horn, executive vice president; Gene Hagen, vice president; Ed Leahy, assistant vice president, and Jim Hongslo, assistant cashier.

Toy National Bank: Richard Breyfogle, vice president, and Stan Fredericks, assistant vice president.

* * *

Bank Equipment and Other Firms

Charles E. Walters Company: J. Mason Henry, president.

Chiles, Heider & Company: Charles F. Heider, president; Bill B. Beavers, vice president; James Kineen and Hal F. Childs, vice presidents; James P. Foley, assistant vice president, and Charles "Bud" Kelly and Fred H. Douglas.

Foundation for Full Service Banks: Oliver C. Daggert, senior vice president, Sterling, Ill.

Kirchner, Moore Company: Dick Young and Terry Ward.

Omaha Printing Company: Harvey Hayes, president; Robert A. Best, vice president; "Blimp" Johnson and Charlie King, sales representatives.

Scarborough & Company: Horace Smith, vice president-sales.

Robert E. Schweser Company, Inc.: L. L. Lawrence, president; Frank E. Williams, executive vice president; Patrick H. Rensch, Robert E. Roh, William March and Henry E. Coe, vice presidents; and C. W. Poore, Jr., secretary-treasurer.

United States Check Book Company: Fred E. Pfaff, vice president and sales manager, Omaha; Chuck Peterson, Sioux City; Kent Miller, North Platte; Richard Dick, Council Bluffs; Ron Ford, Lincoln; Howard and Dick Hansen, Omaha.

Van Horne Investments, Inc.: John Van Horne, J. E. Van Horne, Larry Morse, Bob Roberts, Don Bland, Helene Nelson and Dorothy Tanner.

Yale Bank Service Division: Charles R. Allen, product sales manager.

Joins Gering Bank

Officials of the Gering National Bank have announced that Henry J. Rahmig is now associated with the bank as an assistant vice president. Before coming to the bank, Mr. Rahmig was branch manager of the El Monte branch of the Security Pacific National Bank in California.

Joe Huckfeldt, president of the bank, also announced the completion of the new motor bank facilities with the celebration of an open house.

Banker Gets Award

Dean Sack, York banker and industrialist, was presented the Chamber of Commerce Outstanding Service Award.

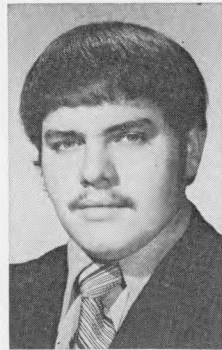
Gets Nebraska Territory

Norville R. Gish, vice president of the First National Bank of Kansas City, has announced that William Weis, vice president, will be the new representative to the Nebraska territory in the correspondent bank department. He is replacing Paul Peterson who has been transferred to the Missouri territory.

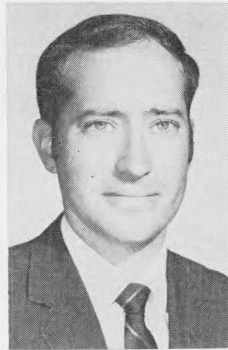
We can help you . . .



John Van Horne

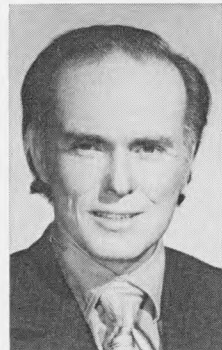


J. E. Van Horne

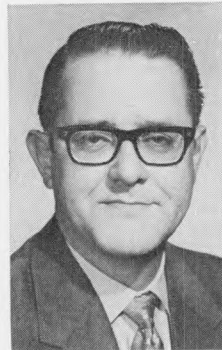


Larry Morse

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SUNDAY
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CORNHUSKER
NBA
CONVENTION
thru MAY 9—
LINCOLN**



Bob Roberts



Don Bland

Van Horne

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Frank E. Williams
Executive V.P.



L. L. Lawrence
President



William March
Vice President



Patrick H. Rensch
Vice President
and Counsel



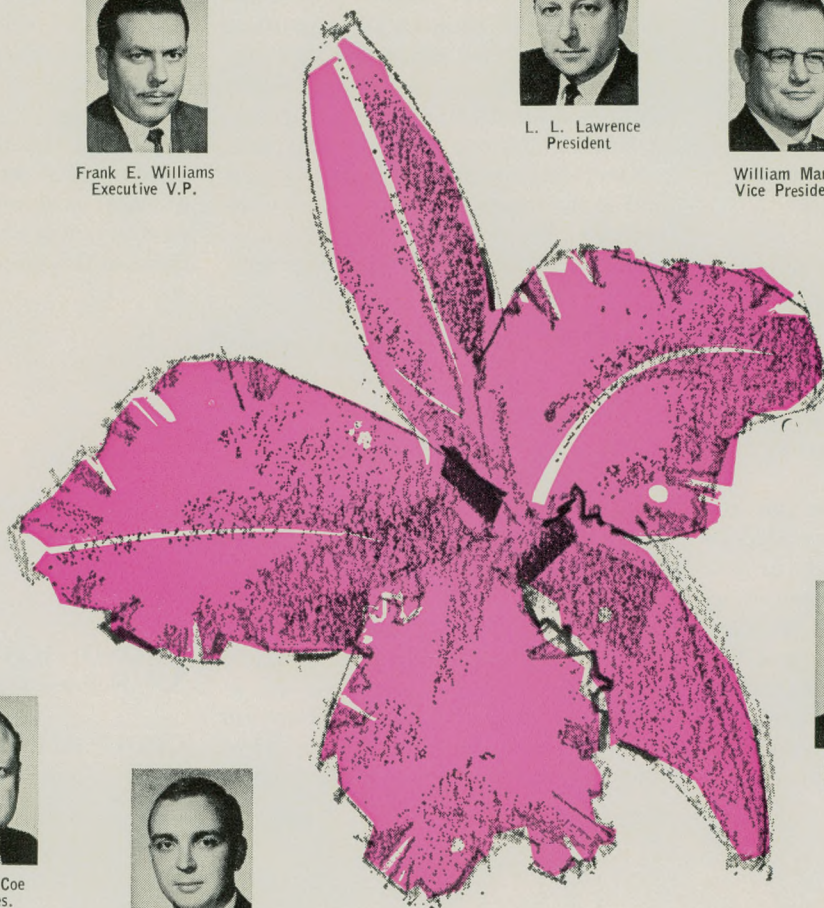
Robert E. Roh
Vice President



Harry E. Coe
Vice Pres.



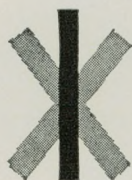
Charles W. Poore
Sec.-Treas.



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Group Presidents Report Farm and Financial Conditions



R. E. BURKLEY
Chairman
First National
Bank
Fairbury
President
Group 1

THE AGRICULTURAL economic outlook for our area appears to be more stable at this time than it has for the past several months. The long time trend should be to increase livestock production and feeding in order to utilize the grain production and roughage supply.

The increase of irrigation has stabilized grain and forage production thus enabling livestock feeders to have grain available for the expansion of operations. Low market prices for farm products seems to be the largest limiting factor holding back the expansion of agricultural production. Livestock prices are higher than some years, but so are the prices of machinery and

goods that the farmer must purchase.

Hog, and beef cattle production hold the most promise of expansion. Dairy farmers are expanding their operations in order to get a greater return on their investment. Dairying is a rather stable enterprise at the present time.

Generally, overall business — rural and in the towns — seems to be on the increase. We feel that there is a very optimistic view in our immediate area.



L. McMASTER
Exec. V.P.
Cash.
1st National
Bank
West Point
President
Group 3

THE ECONOMIC picture in this area is relatively bright. Cattle prices for the past year have maintained an unprecedented stability at stronger prices than ever before. How long can we expect this good thing to

survive is a question we hear asked often by many. Whatever the answer to the question, maybe the fact remains that because of the favorable price conditions, the year 1971 was encouraging for area feeders.

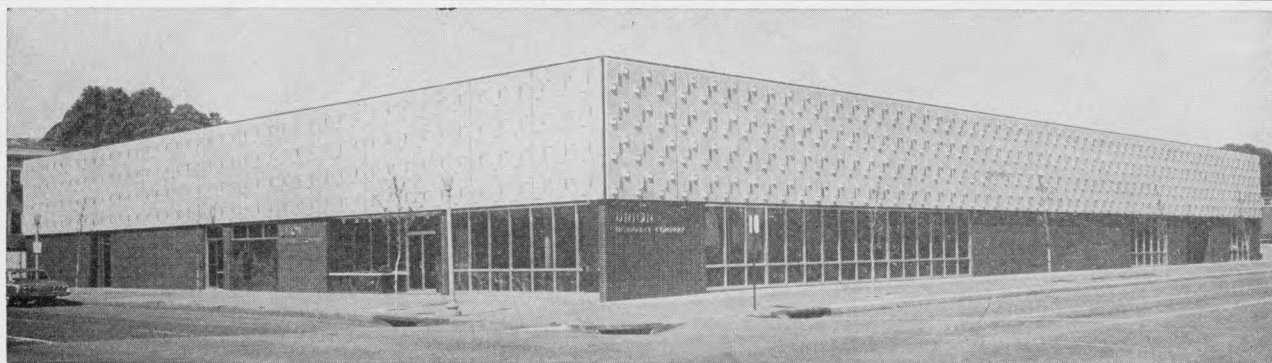
For those who are engaged in crop farming operations, although the year was not one of record high yields, it was average or somewhat above. Consequently, because of favorable price conditions at the cattle market and an average yield on crop operations, the past year was relatively a good one for those in this area.

GEORGE CEMPER
Cashier
First National
Bank
Shelby,
Nebraska
President
Group 2

CONDITIONS in Group Two of the Nebraska Bankers Association

GROUP PRESIDENTS . . .

(Turn to page 88, please)



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We are proud that . . .

- . . . **more than 140 Nebraska bankers represent the Union Insurance Company**
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- . . . **assets are 13 million dollars and policy holders' surplus over 7 million dollars**
- . . . **we offer sound insurance protection at low cost with prompt claim settlement**

UNION INSURANCE COMPANY

Maurice R. Gerleman, President
Robert G. Walters, Secretary

John V. Head, Senior Vice President
and General Counsel

Northwestern Banker, April, 1972

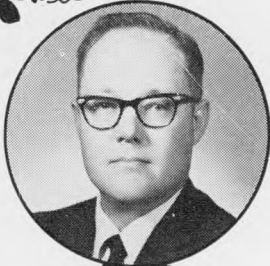
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Federal Reserve Bank of St. Louis



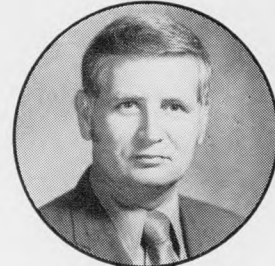
Putt on in...to Room 201



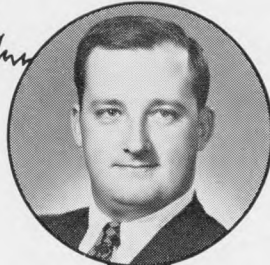
FRANK SIBERT
Vice President



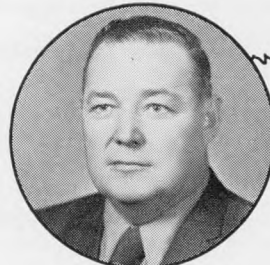
DON J. MURPHY
President



BILL GRAVES
Vice President



DAN RISHEL
Asst. Vice President



PAUL MAUER
Asst. Vice President

at the Radisson Cornhusker in Lincoln during
the Nebraska State Bankers' Convention — May 7-8-9

Have a "chip" and a "shot!" And see if you qualify for the final round in our big Golf Tournament. You're eligible—even if you don't know a trap from an iron! See you there! And good luck!

 **Northwestern
National
Bank**
Omaha, Nebraska



WINNERS in the contest to judge correctly the weight of bulls shown in the ring were these men, from left to right: 1st Place—**Kenneth Grindle**, cattle feeder, Stanton, Ia.; 2nd Place—**Robert J. Miller**, cattle feeder, Hamburg, Ia.; 3rd Place—**Robert E. Hord**, livestock agent, Union Pacific R.R., Omaha, and 3rd Place (tie)—**Dale Rees**, v.p., Commercial Bank, Bassett, Nebr. In background is **Merv Aegerter**, v.p., 1st Natl. of Omaha.

More Than 1,000 See K-40 Demonstrated At 1st National's 'Chuck Wagon' Roundup

By **BEN HALLER, JR.**
Editor

A RECORD crowd of more than 1,000 bankers, farmer-feeders and ranchers attended First National Bank of Omaha's Seventh Annual "Chuck Wagon Roundup" last month at Ak-Sar-Ben Sale Pavilion in Omaha.

The featured attraction this year was the K-40 Evaluation Service, which was described by Dr. J. C. Hillier, head of the Institute of Animal Sciences and Industry at Oklahoma State University in Stillwater, and operated by Don Campbell, director of the K-40 Evaluation Service, headquartered at Okmulgee, Okla.

Don R. Ostrand, vice president and head of First National's correspondent bank department, welcomed the big crowd, then introduced Merv Aegerter,

vice president in the same department, who is master of ceremonies at the "Chuck Wagon" each year. President Phil Giltner and other members of the department also were introduced to the crowd.

Dr. Hillier explained the concept of K-40 by relating that potassium is present in all muscle, human or animal, at a fixed level and gives off gamma rays at a known rate. The K-40 counter isolates the animal, receives the rays and converts them into electrical impulses for counting on a complicated electrical "scoreboard." The isolation chamber was mounted in a regular enclosed truck. The chamber is made of heavy sheet steel similar to bank vault lining. After the animal is driven into

the chamber, steel doors completely seal the back end of the chamber and heavy steel doors are closed and barred at the front, leaving only the animal's head sticking out.

This is not because of any danger, Dr. Hillier and Mr. Campbell explained, but is strictly a containment process. By isolating the animal, the equipment can read only the gamma rays emanating from the animal and thus is not confused by rays from humans or other nearby animals. Actually, they stated, the equipment emits no rays and reads only those from the animal in the chamber. It is no more harmful than a doctor's stethoscope.

A demonstration was given of the K-40 process with four young bulls. These were herded into the show ring, where the audience had an opportunity to guess the weight of the animal, its total pounds of lean meat, per cent of live weight and lean per day of age. Prizes were awarded for the best guesses (see photo).

The K-40 counter measures the actual pounds of lean meat in the live animal. Lean/Day of Age—L/DA—can be used as a guide for selecting muscle-producing ability.

The average L/DA for most breeds, it was reported, is approximately three-fourths of a pound of lean per day (.75 L/DA) up to about 12 months of age. The probable optimum L/DA for a breeding bull is 1.00 L/DA, or above. Some bulls have indicated over 1.25 L/DA, and some have been as low as .55 L/DA.

Heifers tend to count lower than bulls. Optimum L/DA for yearling heifers would be about .75 L/DA. Heifers have been measured up to .95 L/DA, and as low as .45 L/DA.

Selection of heifers producing at least three-fourths pound of lean per day of age (.75 L/DA), and breeding to bulls producing 1.00 L/DA should produce a uniform set of lean animals,

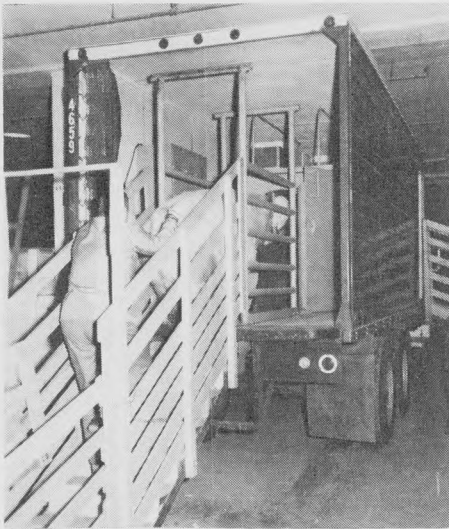


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GETTING the bulls to move up the loading ramp and into the narrow, forbidding looking chamber took manpower and muscle—and a few slaps on the hind quarters.

LOCKED in the chamber so gamma rays can be read by the counter made this young bull unhappy and his roars let the audience know his feelings.

it was stated by the demonstrators.

Following the "Chuck Wagon" luncheon of barbecued beef and baked beans, the audience was treated to a session with Ace Reid, cowboy humorist/cartoonist from Kerrville, Tex. His "Cowpokes" cartoons are syndicated to hundreds of newspapers and magazines.

The concluding speaker was Dr. Leo Lucas, director of research and extension, North Platte Station, for the University of Nebraska Animal Science staff. For the past year and a half he has been a member of the University of Nebraska mission in Colombia, and was appointed to his present post upon returning from that country in February, 1972. Just prior to coming to the "Chuck Wagon Roundup," Dr. Lucas was in Kansas City to receive the 1972 Award for Outstanding Service from the American Pork Congress.

Dr. Lucas said a review of the past 5-10 years shows these signs for the



AFTER three minutes in the chamber, the young bull was glad to have his freedom once again.

future:
1. Optimism presently plays a major role in the future of the American pork industry.
CHUCK WAGON . . .
(Turn to page 108, please)

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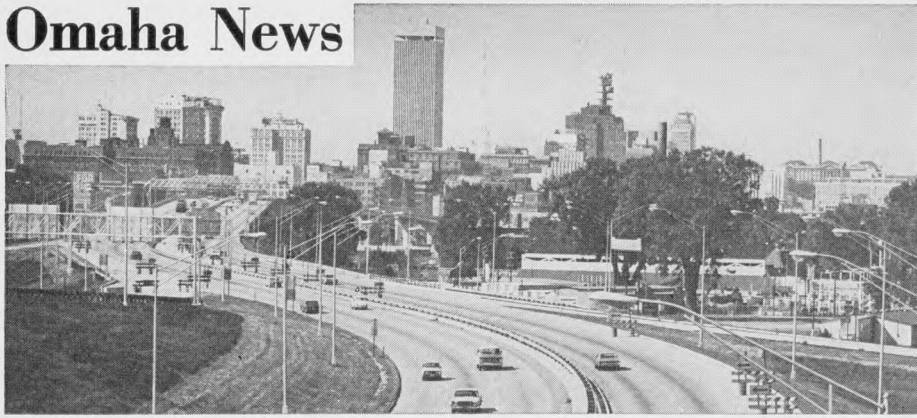
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EATON Security Products & Systems

Omaha News



JOHN F. DAVIS, 61, chairman of the board of the First National Bank of Omaha, died of a heart attack March 23 on board a ship en route from San Francisco to Acapulco, Mexico. Mr. and Mrs. Davis were on the last leg of a three-month cruise.



J. F. DAVIS

Mr. Davis had been in the banking business 40 years, starting in 1932 when he graduated from Yale University to go to work in the Kennard State Bank at Kennard, Nebr. The bank was moved in 1933 to Blair and renamed the Washington County Bank. Mr. Davis became a director of the First National Bank of Omaha in 1935 at the age of 24, and was elected assistant cashier in 1936.

He served with the Navy in World

War II as a gunnery officer on an armed transport and hospital ship, which was in the first convoy to land at Le Havre, France, in 1944.

Returning to the First National of Omaha in 1946, he became president in 1953 and became chairman in 1966.

Mr. Davis' great-grandfather, **Thomas F. Davis**, came to the United States from England in the early 1850's to establish a sawmill and build houses. He loaned money to pioneer traders and settlers to start the city of Omaha. Prior to that time it had been only a trading post. Thus, Thomas Davis became one of the official founders of Omaha and each generation has successively been associated with the First National Bank, which was formally established in 1863 with national charter 209, the oldest from Omaha west. John Davis' grandfather, **F. H. Davis**, and his father, the late **T. L. Davis**, both served as president of First National.

John Davis was the fourth genera-

tion of his family to be associated with the First National and his son, **Thomas L. Davis**, is a director of the bank and recently was elected second vice president-marketing.

At the time of his death last month, Mr. Davis was King of Ak-Sar-Ben. He and his family had long been active supporters of the state's nationally known civic organization. His mother, the late Mrs. Thomas L. Davis, was Queen in 1903; an aunt, Elizabeth Davis, was Queen in 1911; his grandfather, F. H. Davis, was King in 1939, and his sister, Mrs. John Lauritzen, was Queen in 1937. Mr. Lauritzen is chairman of the executive committee of First National.

Mr. Davis had been active in numerous business, civic and social organizations throughout his business career. He was a current member of the Strategic Air Command Consultation Committee, and the boards of Clarkson Hospital, Creighton University, Star Stations and Foster-Smetana Co.

He was active also in the incorporation of First West Side Bank and First Westroads Bank, both in Omaha.

* * *

Three officer promotions in the trust department of the U.S. National Bank of Omaha were announced recently by bank **President Edward W. Lyman**.

Promoted to trust operations officer was **Donald L. Jorgensen**. Elected assistant trust operations officer was **Larry D. Loncke** and elected assistant trust officer was **Gary R. Oloff**.



JORGENSEN

LONCKE

OLOFF

Mr. Jorgensen, manager of the trust operations department since 1966, began work at U.S. National in 1952.

Mr. Loncke is assistant manager of the trust operations department. He joined the bank as a commercial teller in 1963, and has been a member of the trust department since 1964.


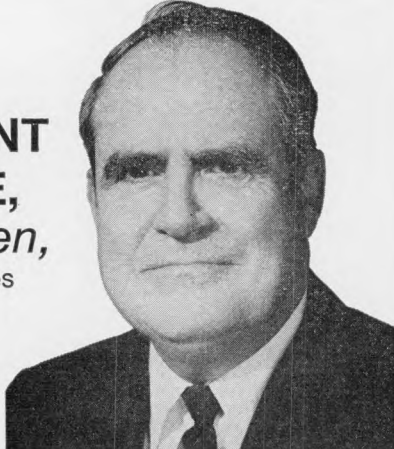
Mr. Oloff has been with U.S. National since 1960. He is a former manager of the trust stock transfer section and currently works in the trust administration department.

* * *

North Side Bank has installed its

for alert

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BANK SERVICE,
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Find yourself the richest soil in the country. Find the tallest corn in the world, and the most bountiful fields of oats. Find the nation's most valuable livestock in cattle, sheep and hogs. And you'll find yourself in First National Territory.

That's because our correspondent services reach all across the richness of Iowa, America's agricultural leader.

No matter where you're located in the Hawkeye State, you can depend on First National's correspondent bank team for specialized financial services.



first national bank
of omaha

your territorial bank

own small computer to aid in customers' banking services. Included in a recent remodeling program was a computer room for the recently installed IMB System/3 Model 10 with high-speed magnetic disk storage and the IBM 1255, a fast magnetic character reader/sorter.

* * *

Officials of **The Omaha National**

Bank have announced plans to offer \$15 million in capital notes. The bank expects to make an offering of 7½-year capital notes. Proceeds from the offering will be added to capital funds of the bank and will be used for general banking purposes in connection with recent and anticipated growth and expansion.

For Nebraska Bankers... a diamond anniversary calls for a gift of diamonds!

Free!



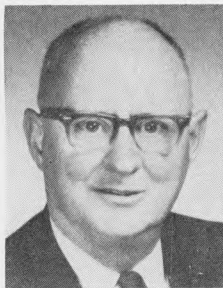
At your 75th Annual Nebraska Bankers Convention, The Lincoln Benefit Life Company will hold a drawing for a FREE Ladies' Diamond Dinner Ring which has been appraised at \$550. The 18 kt white gold ring holds sixteen full-cut round brilliant diamonds with a total weight of .80 carat. Be sure to register for this fabulous free gift! See you in Lincoln!

Your entry card will be enclosed with your packet of Convention Registration materials.

THE LINCOLN *Benefit Life* COMPANY
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To Our Many Banker Friends

... Thank you for your business during our first year



C. William Daly



Mike Van Horne



Phil Lorenzen



Robert Kirkendall

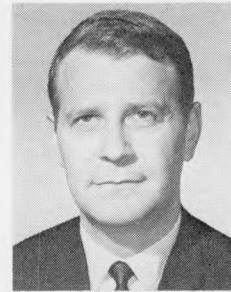
We'll be at the May Convention in Lincoln to thank you personally . . .



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John M. Shonsey, chairman of the board of West Omaha National Bank, announces the appointment of **Robert L. Zabawa** as a vice president.



R. L. ZABAWA

Joining the staff of West Omaha National Bank after nearly 24 years in the banking field in Omaha, Mr. Zabawa brings wide operations and experience to his

new post.

GROUP PRESIDENTS . . .

(Continued from page 82)

are generally good. Livestock prices have been excellent, with winter conditions above average. Gains on our livestock have reflected these conditions, and profits have been excellent. We have seen no indication of feeders holding cattle past their grade, and our lots are very current.

We may now be moving into a time when profits are reduced by the downturn in the fat cattle market and may see some losses in what could be considered a very good fat market, as feeder replacements have been quite high, and it would appear that they will stay high.

Some of our people are cutting back a few head but are continuing to feed cattle.

We currently have sufficient funds to service our loans but would expect a tight situation in two or three months as we get into the new crop expenses.

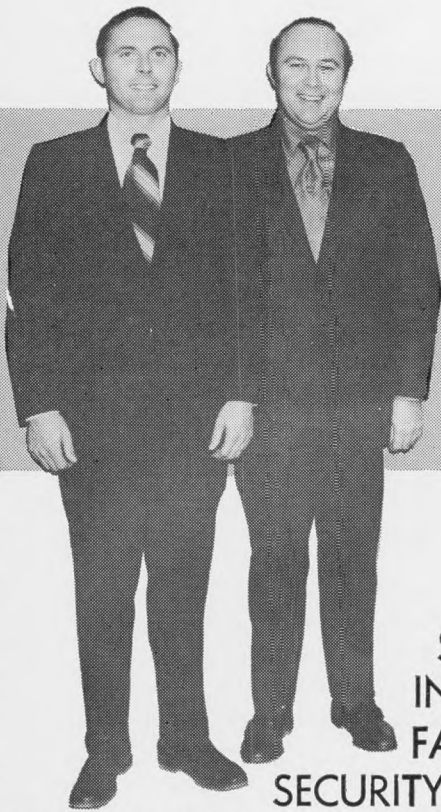


LEE U. F. GALLATIN
President
State Bank
Benkelman,
Nebraska
President
Group 4

IT'S SPRING!!! or at least it appears that way, to look outside. And, glad as we are to see it, we really haven't had much bad weather in the Group 4 area to complain about this past winter. Although some snow and cold weather was in evidence, we've experienced little if any wheat or rye winter kill and it's been a real dandy for livestock.

As you
tell your
customers...

it does make a difference where you bank!



So, bank
with the bank
that helps you
get things
done



OVERLINES
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FASTER COMPUTER SERVICES
SECURITY PURCHASES AND SAFEKEEPING

MIKE BRODERICK
Assistant Vice President

DICK TAYLOR
Vice President

GARY STEVENSON
Assistant Vice President

CHARLES WALCOTT
Senior Vice President

*We'll be seeing you at the Nebraska Bankers'
Association Convention, May 7-9 in Lincoln!*



First National Bank

DEPOSITS INSURED TO \$20,000 BY F.D.I.C. in *Sioux City*

Some localities in our group did show some concern about hay and forage supplies for wintering of livestock, but for the most part the mild weather eliminated most problems. As a matter of fact, a good many cattle in this area have been on irrigated corn stalks continuously since last fall. The past few years have shown a trend toward earlier calving in many areas and this one is no exception, the goal being to wean a 500-550 lb. calf.

Livestock prices in general are at a good profitable level for operators and have helped in taking up slack in the ever increasing cost spiral. Feeders in the area are taking advantage of the prices and are marketing as soon as the cattle and hogs are ready.

Cash prices for corn and milo have stayed a good bit below levels a year ago and many operators have put up storage facilities to hold grain. With the tremendous development of irrigation in the southwest counties of our group, a stable supply of good quality corn is available and even though local usage is rising, more backgrounding and feeding of cattle and finishing of swine will be in evidence in years to come.

Moisture, or perhaps the *lack* of it is one item that casts a small shadow. Although subsurface moisture seems to be adequate, it is quite dry on top and a couple of inches of rain to kick off the wheat and pastures would be welcomed by all the frost is out of the ground and runoff would be nil.

All things considered, if moisture supplies are sufficient and livestock prices remain at or close to current levels, 1972 looks very promising for agriculture in Group 4.



ALLEN E. MASTERS
President
Arcadia State Bank
Arcadia, Nebraska
President
Group 5

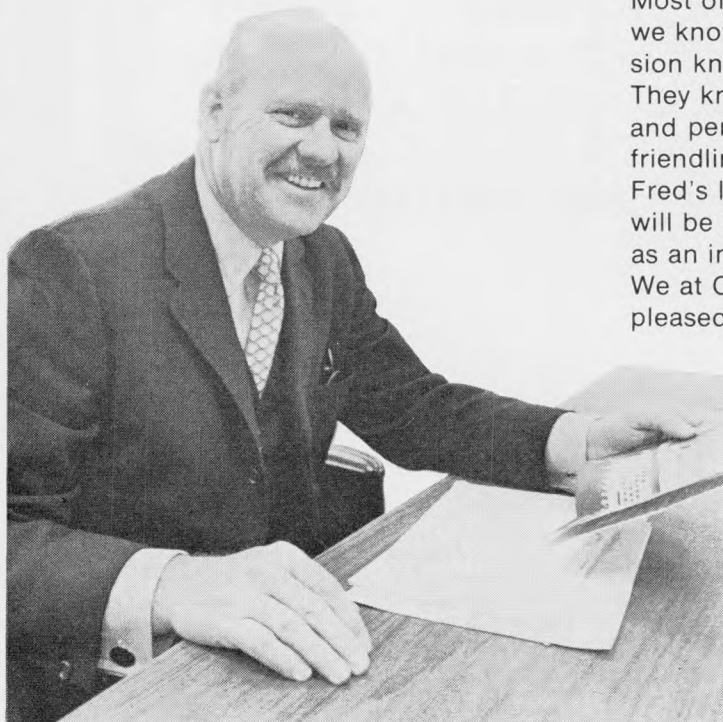
AS WE continue to develop 'Our Industry', i.e., 'Meat for the Consumer,' in-state competition for the feed grains and the feeder cattle as opposed to prior practices of exporting our grain and feeder calves from our famous Sandhill cow herds to neigh-

boring states, we have created a very healthy financial climate. With the advent of the nearby small packing plant, the development of the large feed lots, excellent demand for feeder cattle and the consequent need for the feed grain from the irrigated lands being rapidly developed, one can feel the tempo increasing around him.

"Increasing the storage facilities, both for dry corn and for wet corn storage, by the feeders has caused the commercial elevator operators to find the feeder bidding against them at harvest time. The strictly grain farmer has profited from this. The cow man is more than ever in the action because better feeding methods are causing faster turnover in cattle on feed and he must produce more and better calves."

"Agri-business firms are profiting from this activity because farmers and ranchers are also consumers as well as producers. Loans are becoming necessarily larger as inventories of cattle and machinery become larger. It seems to me that we must feel some of the excitement and the urgency, to produce that other industries must have felt at the close of World War II."

a familiar face.



Most of us enjoy doing business with people we know. Many people in the banking profession know Fred Douglas—and he knows them. They know his qualifications, his performance and personal attention for clients, and his friendliness.

Fred's long years of experience in banking will be invaluable to him in his new role as an investment banker.

We at Chiles, Heider & Co., Inc. are pleased to have Fred Douglas repre-

sent us in the services we provide for bankers and, also, have him along at banking meetings with the rest of our people.

It's always good to see a familiar face. That's true in the world of banking, too.



CHILES, HEIDER & CO., INC.

MEMBER NEW YORK STOCK EXCHANGE, INC.

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JOHN T. SELZER
Executive Vice President
Scottsbluff National Bank
Scottsbluff
President
Group 6

Brockmeier, Wilbur H. Baack, A. C. Holmquist.—End

Joins First Mid America

Roger D. Friesen has joined First Mid America, Inc., a Nebraska-based investment banking firm. He will be an account executive in the firm's Grand Island office.

The announcement was made in Lincoln by Dale C. Tinstman, president of First Mid America.

Named Assistant Cashier

Eldon L. Adams has been appointed

assistant cashier at Sherman County Bank in Loup City.

Red Cloud Officer

F. Keith Albers has been elected executive vice president of the Peoples-Webster County Bank at Red Cloud.

Joins Valley Bank

Leroy Heideman, formerly vice president of Peoples-Webster County Bank in Red Cloud, has joined the Bank of Valley as vice president and cashier.

AS A whole, farmers and ranchers in the Group VI area have just experienced a very good year. Prices received for cattle, sugar beets, and beans were excellent as were the crop yields. There are fewer farm machinery sales this year than there have been for some time. Farm units are larger and being run more economically. Wheat farmers had a good crop, but they would like to see prices improve. All in all, we would like to see another year just like last year.

With the farmers faring better, business conditions are also good. Inquiries from new industrial prospects have become more numerous, with some of them becoming a reality. Local industries are expanding. Work on the interstate highway and missile improvements in the southern area should help spur the economy there.

The blue skies, clean air and happy people in our area make the outlook for the future one of continued optimism.

CONVENTION HOSTS . . .

(Continued from page 76)

Cornhusker Hotel, Lincoln, May 7-9 are as follows:

Burnham Yates, chairman, First National Bank and Trust Company.

Charles R. Leffler, vice president, First National Bank and Trust Company.

Paul J. Amen, president, National Bank of Commerce.

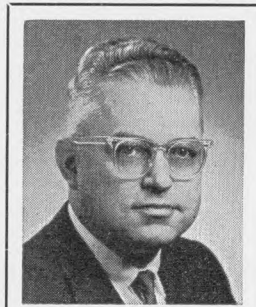
A. C. "Jack" Holmquist, vice president, National Bank of Commerce.

Hostess Committee

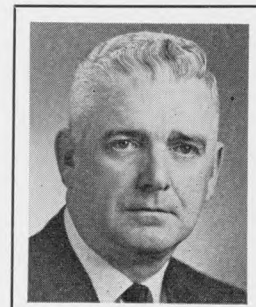
Mrs. Lyle F. Stoneman, whose husband is vice president, First National Bank and Trust, is chairman of the hostess committee. Serving with her and the banks with which they are affiliated are:

First National Bank and Trust — Mesdames William C. Smith, Burnham Yates, Charles Leffler.

National Bank of Commerce — Mesdames Paul J. Amen, Herman A.



S. W. EVANS



JIM MCGILL

Looking Forward To Seeing
 Our Nebraska Banker Friends

At The

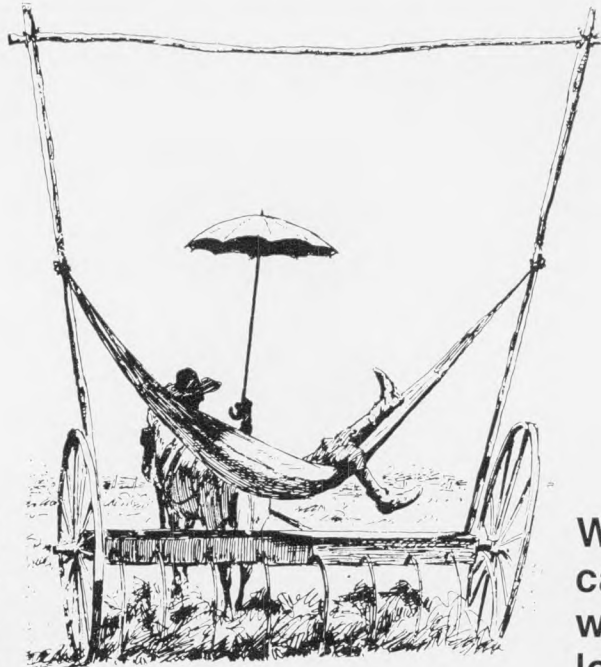
75th Annual Nebraska Convention

in

Lincoln — May 7-9

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... resourceful enough to provide for all your correspondent banking needs. Get to know any one of our correspondent banking specialists so they can help you with any problem no matter how large or small.

Whenever the occasion arises, for whatever purpose, let us put the full resources of Des Moines' largest independently owned bank behind you. A mere phone call will help you get the ball rolling in the right direction.

**DES MOINES'
RESOURCEFUL
BANK**

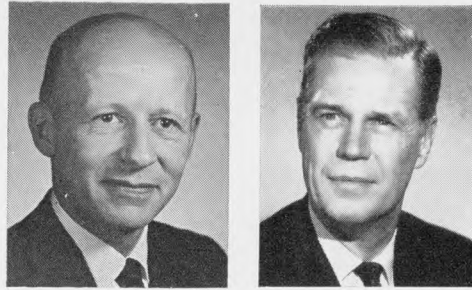


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Iowa NEWS

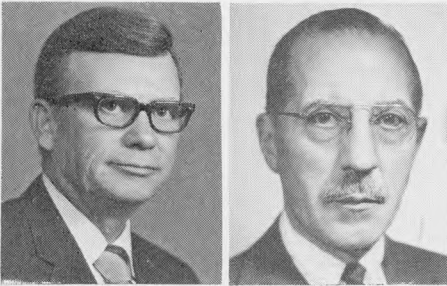
T. H. HUSTON Pres., Columbus Junction
 A. E. LINDQUIST, JR. Ex. V.P. Des Moines



Two Bankers Announce V. P. Candidacy

TWO PROMINENT Iowa Bankers have announced their candidacy for vice president of the Iowa Bankers Association. Election will take place at the annual convention this fall.

The Delaware County Bankers Association has endorsed and highly recommended Richard E. "Dick" Tool, president, Farmers & Merchants Savings Bank, Manchester, for the office. Mr. Tool is currently chairman of Group 4 of the Iowa Bankers Association.



T. C. HORN R. E. TOOL

As announced in the February magazine issue of the NORTHWESTERN BANKER, Thomas C. Horn, executive vice president, Security National Bank, Sioux City, has announced his candidacy and has received the endorsement of Group One of the Iowa Bankers Association.

Mr. Tool became president of the bank in Manchester in 1951. Previously, he served with the Bank of Murdock (Nebraska) where his father was president. He also served as an assistant cashier at the Farmers National Bank, Kingsley, and as a staff member of the loan department of the Regional Ag Credit Corporation in Omaha. From this position he went to that of special agent for the Comptroller of the Currency, serving in LeMars, Iowa. As special agent, he reorganized the First National Bank of LeMars and then became the executive vice president of that bank.

Mr. Tool is past president of the Delaware County Bankers Association and was formerly chairman of the Iowa Bankers Association Agricultural Committee. He was elected Secretary

of Group IV of the Iowa Bankers Association in 1969 and 1970. He has served as Chairman of Group IV during 1971 and 1972, also serving on the Council of Administration of the Iowa Bankers Association while serving as Chairman of Group IV.

Mr. Tool resides on his farm at the edge of Manchester. He raises purebred Suffolk Sheep which have been shown very successfully in various shows throughout the Midwest. Mr. Tool has been active in various livestock organizations and is presently serving as Secretary-Treasurer of the Iowa Ram Testing Association.

T. C. Horn Background

Mr. Horn came to Security National Bank in Sioux City in 1960 as a vice president and was elected senior vice president and a member of the bank's board of directors in 1964. He was appointed to serve on the executive committee of the bank that same year.

Before joining the Security National Bank, Mr. Horn was executive vice president of the First National Bank, Hay Springs, Nebraska, from 1948 to 1956. He had previously worked as a bank specialist for several years with the Burroughs Corporation.

Mr. Horn is active in many financial, cultural and charitable endeavors in the state, county and city. Some of his responsibilities include: president, Sioux City Bankers Association; member, legislative committee for the Iowa Bankers Association; member, Central City Committee in Sioux City; member

of the board of Iowa Development Credit Corporation; member of the board of Rivercade; member of the board, First Presbyterian Church; associate board member, Briar Cliff College; treasurer, Siouxland Community Blood Bank; treasurer, Woodbury County Tax Research Conference; treasurer, Sioux City Auto Club, and treasurer, Siouxland United Way.

Additional Candidates

John F. Spies, president, Iowa Trust & Savings Bank, Emmetsburg, has announced his candidacy for treasurer of the Iowa Bankers Association. The office of president will be filled by John Chrystal, president, Iowa Savings Bank, Coon Rapids, who is currently serving as IBA vice president.

Albert L. Morse

Funeral services were held last month for Albert L. Morse, executive vice president, Home Trust and Savings Bank, Osage. Mr. Morse, 52, died of a heart attack.

Mr. Morse began work as a trainee with the Home Trust and Savings bank March 18, 1947. He was promoted to assistant cashier and became a cashier in the bank in August, 1953; was promoted to executive vice president in 1964, a position he held until the present. He would have been honored March 17 by the bank officers and personnel for a quarter of a century of service to the bank.

Mr. Morse had just completed his term of office as Group Three chairman of the Iowa Bankers' Association; served on the city council and was a past president of the Osage Jaycees.

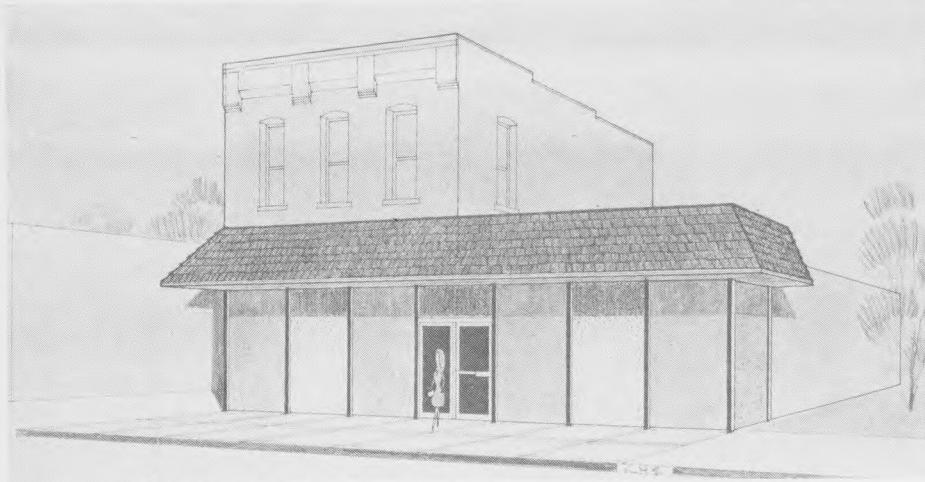
Surviving are his widow, Ruth and three children.

Osage Director Change

Charles A. Young, vice president and cashier of the Home Trust and Savings Bank, Osage, has been elected as a director of the bank. He succeeds the late Albert L. Morse.

1972 Iowa Group Meetings

Group	Date	Place
5	May 8	Council Bluffs
10	May 9	Ottumwa
8	May 10	Davenport
7	May 11	Cedar Rapids
6	May 22	Des Moines
3	May 23	Fort Dodge
2	May 24	Clear Lake
4	May 25	Fayette



SKETCH shows how expanded First National of Fontanelle will look.

Major Remodeling At Fontanelle

H. J. STUHLMILLER, chairman of the board of the First National Bank in Fontanelle, announced a major remodeling of the bank facility. According to Mr. Stuhlmiller, the program calls for the complete renovation of the present building including the post office next door to provide greater service to their customers.

New private offices will be installed and a general expansion of customer services will be made possible. The project is expected to take about three months and will include additional teller windows, a separate bookkeeping area complete with statement window, private coupon areas, and enlarged officer area. The person-to-person philosophy of the bank's operation will be maintained throughout. Expressing faith in the future of Fontanelle, Mr.

R. E. Wollenhaupt, President, indicated that the exterior work includes removing the existing second story of the bank which will greatly add to the appearance of the town square.

Kirk Gross Company of Waterloo, Iowa, has the single source responsibility for the entire remodeling program.

Up Indianola Surplus

The surplus account in the Peoples Trust & Savings Bank has been increased from \$1,000,000 to \$1,250,000, according to an announcement by Dick Buxton, president.

The board of directors authorized a transfer of \$250,000 from undivided profits March 6. This brings the total of the capital and surplus account to \$2,000,000.

ROBERT J. KIRKE, Pres.

JAMES C. SHAW, V. Pres.

THOMAS L. WORMLEY, Exec. V. Pres.

OWEN P. McDERMOTT, V. Pres.

Shaw, McDermott & Co.

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County, City, School and Revenue Bonds

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DES MOINES, IOWA 50309

Solon Anniversary

More than 600 friends and patrons of the Solon State Bank visited the bank at the 40th Anniversary celebration and birthday party held last month at the bank.

A number of local merchants and area banks sent flowers for the occasion. In addition to serving coffee and doughnuts, a number of door prizes were given.

The bank was established here in 1932. Of the original stockholders, five still reside in the area. They are: R. K. Adams, John S. Kasper, Leo Marshak, Frank Steinbrech and Edward Vislisel.

Clinton Promotion

Myron Weil, president of First National Bank, Clinton, announced the election of LaVonne Terry Bock as assistant cashier and director of public relations at a recent meeting of the board of directors.

Mrs. Bock is a graduate of St. Mary's High School, Mt. St. Clare College and attended the University of Denver. She joined the bank in 1966.

Heads Ankeny Bank

Dean E. Minor has been advanced to executive vice president of the Ankeny State Bank. He succeeds the late Noel Liechty as managing officer of the bank.

Mr. Minor joined the Ankeny State Bank March 1, 1963, as cashier. He was elected vice president in January 1967 and to the board of directors in January 1968. Prior to coming to Ankeny State Bank, Mr. Minor was associated with Capital City State Bank, Des Moines, for nine years.

To Sponsor Art Contest

Max A. Smith, president of The Poweshiek County National Bank, Grinnell, announced that a "Holiday for Art" will be held in Grinnell Saturday and Sunday, May 6 and 7.

Professional and amateur artists from a wide area surrounding Grinnell will be invited to take part in the fine arts event. Sponsor of the weekend will be the Poweshiek County National Bank which has been recently recognized nationally for its activity in the promotion of the arts.

Competition will be open to all artists in one of four categories: high school students (age 16 and older), college students, adult amateurs and professionals.



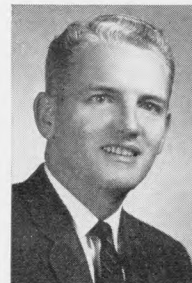
Our thanks, we send. Our promise, we keep.



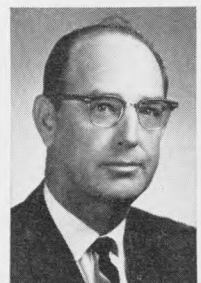
WE THANK YOU FOR BANKING WITH US. AND WE PROMISE TO MAKE BANKING AT AMERICAN TRUST AN EVEN MORE PLEASANT EXPERIENCE. YOU DESERVE THE THANKS; WE'LL KEEP THE PROMISE.



CHRISTY F. ARMSTRONG
Executive
Vice President



LEO F. KANE
Senior
Vice President



ROBERT G. SCOTT
Senior
Vice President

American Trust and Savings Bank
DUBUQUE, IOWA Member FDIC, Federal Reserve System



Northwestern Banker, April, 1972

Kimballton Bank Option

Bruce R. Lauritzen, second vice president and director of the First National Bank of Omaha, has obtained an 18-month option to buy control of the Landmands National Bank of Kimballton.

The bank would be purchased from Max Towne of Kimballton, who has resigned. Mr. Lauritzen has been elected president and a director.

Mr. Lauritzen, 28, also is president of the Farmers Savings Bank of Shelby, Ia., and a director of several Iowa banks.

Mr. Lauritzen's partners in the ownership and supervision of the Kimballton bank are Omahans Darrel D. Green and Joseph J. Latoza and Ralph Holstine of Fremont, Nebraska. Last fall the same group acquired control of the Sibley State Bank of Sibley, Iowa.

Mr. Green is chairman of First Westroads Bank and executive vice president of Financial Service Co. Mr. Latoza, is certified public accountant, is controller of Financial Service Co., and Mr. Holstine is agricultural credit representative for Farmers and Ranchers Service Co. Both service companies are owned by John R. Lauritzen,

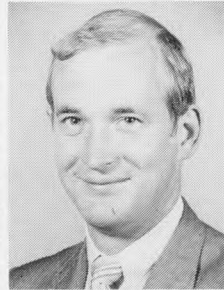
chairman of the executive committee of the First National Bank of Omaha and father of Bruce Lauritzen.

Leonard Steen of Kimballton, vice president and cashier of the Kimballton bank, has become the bank's managing officer.

Joins Ft. Dodge Bank

Gary D. Peterson has joined Union Trust and Savings Bank, Fort Dodge, as a loan officer, it was announced last month by Peter Garatoni, president.

Mr. Peterson has been credit manager at Bankers Trust Company of Des Moines since September, 1970. He was graduated from Augustana College in Rock Island, Ill., in 1966 and started at that time with the Federal Reserve Bank of Chicago. He worked as an examiner for four years before joining Bankers Trust. During that time he attended training schools for assistant examiners and examiners



G. PETERSON

conducted by federal examining authorities.

Mr. Peterson is a native of Fort Dodge.

Plan Drive In Facility

Officials of the Farmers Trust & Savings Bank in Spencer have announced plans to construct a new double drive-in facility for the bank.

Seeks Cedar Rapids Office

First Trust and Savings Bank of Cedar Rapids has asked the city council for rezoning to allow establishment of a banking office at 1820 First Avenue NE.

In a petition filed with the city council, the bank states it is intending to purchase the former American Re-Insurance building at that address, vacant since Jan. 1.

The bank is proposing to leave the building's present facade unchanged, rebuilding its garage as a drive-in facility. All parking would be in the rear.

The bank currently operates a main office at 1201 Third Street SE, a remote facility at Second street and Twelfth avenue SE, and a branch in Ely.

Mr. Banker: During 1971 over 100 midwest bankers have chosen our Credit Insurance Program for their use. Here are some of the reasons why—

- We offer the fastest and finest service for you and your customers.
- Our fully computerized program is easy to administer, saving you time and money.
- The economies of our credit insurance operation are passed on to you.
- We offer peace of mind for you, as the community banker, by allowing you to offer your customers the finest and most complete credit insurance program.

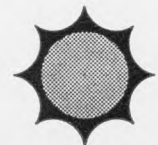
If you'd like to investigate our fine program further, please call collect (515-278-3311) to:

PAUL T. WOLD
Vice President

DON BROWN
Eastern Representative

MEL ZOERB
Western Representative

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CONTINENTAL WESTERN LIFE INSURANCE COMPANY

Urbandale, Iowa

Here to help you.

In 1971 we helped more people with their correspondent banking needs than ever before in our history.

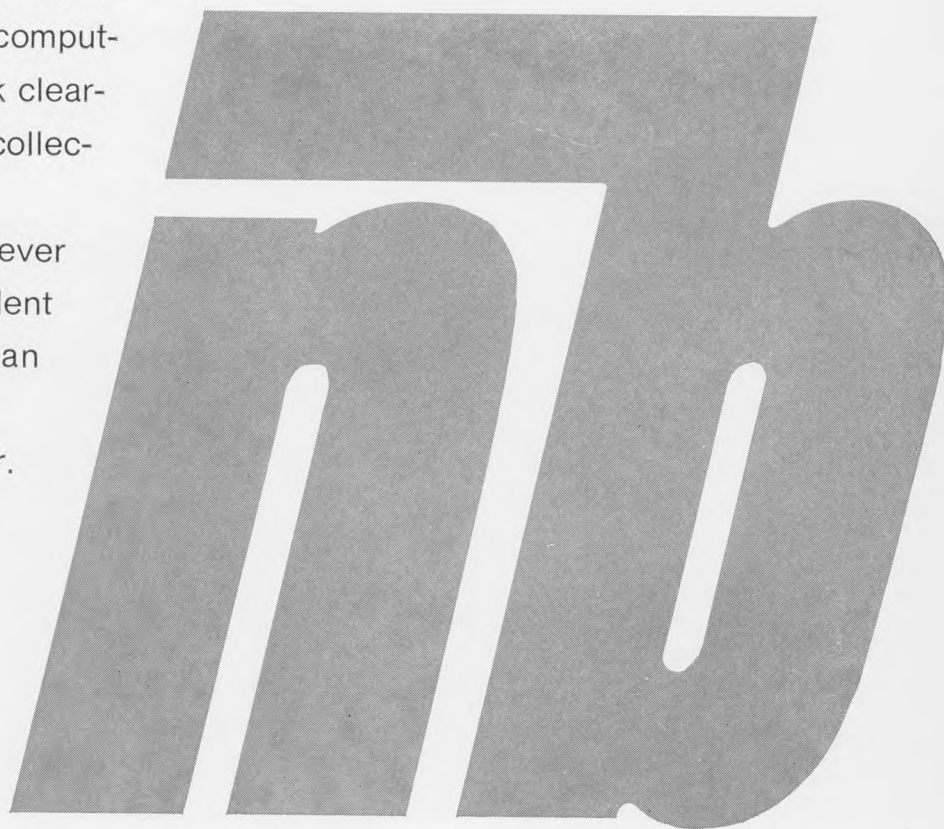
If you weren't one of them, why not let us help you in 1972?

Our services in the correspondent area are complete—computer and transit work, check clearing, proof of deposit and collection of checks.

So you see, in whatever way you need correspondent banking services, we can help you.

That's what we're here for.

110 E. Park
Waterloo, Iowa
Call (319) 235-0331



National Bank of Waterloo

Plan Ag Credit School at ISU

THE Department of Economics of the College of Agriculture, Iowa State University, with the cooperation of the Iowa Bankers Association, will conduct the Twenty-seventh Annual Agricultural Credit School on the Iowa State campus June 5 through 16, 1972. The purpose of the school is to give those attending a better understanding of the job of extending and administering agricultural credit. Discussions are conducted by members of the University staff in the fields of the principles and needs of agricultural credit, farm appraisal, farm management, the economic position of agriculture and the essentials necessary for successful crop and livestock production. Discussions of problems in the administration of agricultural credit are presented by bankers and others active in the credit field.

The program of the school is based on a first- and a second-year curriculum, each 2 weeks in length, given concurrently each year. Enrollees completing the two curricula will receive certificates of completion.

Hawkeye Ban Moves To Des Moines

Hawkeye Bancorporation, a bank holding company based here, will move its corporate headquarters to Des Moines Wednesday, Paul Dunlap, president of the company, announced.

Headquarters will be on the sixth floor of the Stephens Building at Seventh and Locust streets.

The corporation will occupy the entire floor with its subsidiaries, Hawkeye Bancorporation Investment Management, Hawkeye Bancorporation Insurance Services and Hawkeye Mortgage Co.

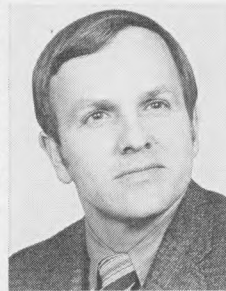
The Hawkeye Bancorporation Computer Services, located at Newton, will also transfer to Des Moines.

Founded in 1966, Hawkeye Ban has grown from one bank to a firm owning six banks, four operating subsidiaries and application pending to acquire seven additional banks.

Joins Davenport Bank As Officer Trainee

Officials of the First National Bank of Davenport have announced that Roger Burt has joined the staff of the bank as an officer trainee.

Mr. Burt will be moving from Osceola, Iowa, where he is territorial manager for American Oil Company.



R. BURT

Robert L. Krzmarzick

Robert L. Krzmarzick, 38, president of the Spencer National Bank, died last month of a heart ailment. He was recognized as one of Iowa's best qualified young bankers and a leader in the Spencer area business activities.

Mr. Krzmarzick came to Spencer in 1964 from Springfield, Minnesota. He

is survived by his wife, Marilyn, and four children.

J. P. Rigler

Funeral services were held last month for J. P. Rigler, 80, founder of the Security State Bank, New Hampton. His two sons are Iowa bankers.

Robert R. Rigler succeeded his father in the bank, and is now president. John B. Rigler is president of the Central State Bank, Muscatine, and a member of the Iowa State Banking Board.

Dorothy Houghton

Funeral services were held last month for Mrs. Dorothy Houghton, 82, in Red Oak last month. Mrs. Houghton was a prominent government and women's organization leader.

Mrs. Houghton was the widow of Hiram C. Houghton, former owner and president of the Houghton State Bank in Red Oak. Included in the survivors are three sons and one daughter. Particularly well-known to Iowa bankers is her son, H. Clark Houghton, president, First National Bank, Iowa City, and treasurer of the Iowa Bankers Association.

A member of the Board of Regents from 1939 to 1951, Mrs. Houghton also served as the deputy director of the International Cooperation Administration's Refugee and Migration program from 1953 to 1956.

From 1957 to 1960 Mrs. Houghton was associated with the Intergovernmental Committee on European Migration and traveled widely overseas. She also served as a member of the national commission for UNESCO and was a board member of the United Nations Children's Fund.

She was the national president of the General Federation of Women's Clubs from 1950 to 1952, and president of the Iowa Federation of Women's Clubs from 1935 to 1937.

Mrs. Houghton was long active in Republican politics, and in 1956 served as national cochairman of the National Citizens for Eisenhower. She was a delegate to the national GOP convention that same year.

In 1948 Mrs. Houghton was named Iowa Mother of the Year.

During her long and active career, she served in executive capacities with the Iowa Safety Council, Iowa Historical Society, Iowa Library Association, the National Association of Parliamentarians, Daughters of the American Revolution and PEO.

—Our 52nd Year—
THE CROP HAIL PROTECTION
FARMERS PREFER

STATEMENT of CONDITION At Close of Business December 31, 1971

ASSETS	
U. S. Government Bonds	\$2,149,976.55
Other Bonds	2,703,808.94
Stocks	168,484.00
Accrued Interest, etc.	25,758.02
Cash in Bank & Home Office	79,956.64
TOTAL ADMITTED ASSETS	\$5,127,984.15
LIABILITIES	
Reserve for Federal & State Taxes	\$ 98,884.43
Other Liabilities	336,254.96
TOTAL LIABILITIES	\$ 435,139.39
Surplus to Policyholders	4,692,844.76
	\$5,127,984.15 \$5,127,984.15

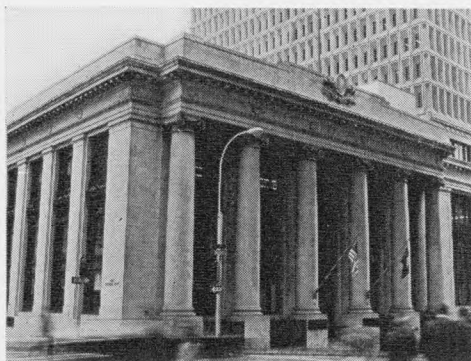
Securities carried at \$390,000.00 in above statement are deposited with public authorities as required by law.

SQUARE DEAL INSURANCE COMPANY
 DES MOINES, IOWA 50308

Mutual

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concerned.**

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correspondent
needs.**



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of Kansas City** 10th & Baltimore, Kansas City, Mo.

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Des Moines News

THE Central National Bank & Trust Company has opened its remodeled and enlarged drive-in facility at Fifth and Grand in downtown Des Moines. The new drive-in features three new remote stations and an additional walk-up facility. The entire drive-in complex now provides seven lanes for auto use and two walk-up locations.

The remote stations operate through the use of pneumatic tubes connected to the teller stations inside the building.

When Iowa law first permitted establishment of a remote drive-up facility detached from the bank premises, Central National Bank and Trust Company was among the first Iowa banks to construct such a facility.

The Central National now has become the first bank, so far as is known, to formally seek authorization for a branch office in an adjoining suburban community under the new Iowa law

just enacted by the legislature and signed into law, effective July 1, 1972, by Governor Ray. This permits any bank in an urban complex of 200,000 population or more to establish four branch offices within that complex.

Central National Bank & Trust Company filed an application on Thursday, March 23, with the regional administrator of National Banks in Kansas City to establish a facility within a one-half mile radius of the intersection of 35th Street and Interstate 235 in West Des Moines. This is a suburban city of approximately 17,000 population immediately adjacent to the west of Des Moines.

Central National Chairman and Chief Executive Officer **B. C. Grangaard**, and other officers of Central National, had filed an application for a state chartered bank to be known as Central State Bank, for construction at this site. The application was filed in October, 1971, with total proposed

capital set at \$750,000. In the meantime, the new law makes it unnecessary to establish a separately chartered bank, and the application for the facility has been filed with national banking authorities.

* * *

Jerry Jones, assistant vice president and manager of Banker Trust's data processing center, has just completed a five day computer management school conducted by the Systems Science Division of International Business Machines in Minneapolis.

* * *

Lola K. Gerstenberger, advertising representative of Iowa-Des Moines National Bank, has been presented the outstanding editor's award at the board of directors meeting of Greater Des Moines United Way.

The award is given annually by the United Way to the firm making the most outstanding campaign representation in its company publication.

* * *

An exhibition of 32 paintings by Sioux artists is now on display at the **First Federal State Bank**, through March 24th. Works of 20 artists are represented in the collection which has been organized by the Indian Arts and Crafts Board of the U.S. Department of the Interior and is being circulated by the Touring Programs of the South Dakota Arts Council.

Promoted at Eldora

Jerry Higgason has been named vice president and cashier at First National Bank of Eldora, according to bank president Roger Jensen.

Mr. Higgason fills a vacancy left by Wayne Norris who left in February for a vice presidency at the First National Bank in Hampton.

His main responsibility is in management of the consumer loan department.

Chariton Bank Marks 100 Years

The National Bank & Trust Company of Chariton will observe its one hundredth anniversary this year, it was announced by bank officials. The firm was organized in 1872.

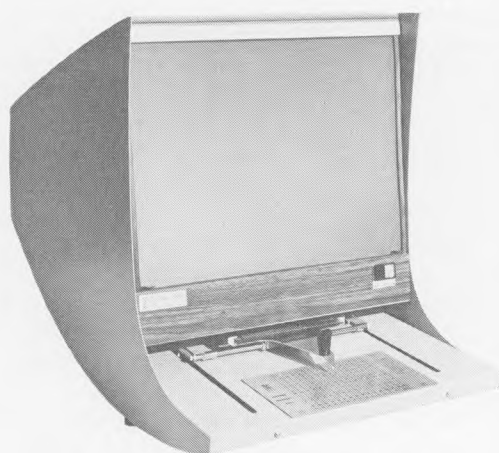
Waverly Banker Retires

A. E. Fettkether, assistant cashier and office manager of the Janesville office of the State Bank of Waverly, has retired, it was announced recently. Mr. Fettkether has been with the bank since 1961.



THREE PRETTY RECEPTIONISTS were on hand to assist drive-up banking customers of Central National Bank & Trust Company last month when the bank opened its enlarged drive-in facility at Fifth and Grand in downtown Des Moines. During the first few days of the opening the girls helped customers learn how to operate the remote control TV-pneumatic tube system.

You can review 207 computer pages at one time with Microfiche Reader.



Central National now has available to its correspondent banks a new type of microfilm reporting system called Microfiche. There are many advantages to this new reporting medium for you. 1. more frequent reports resulting in more complete information. 2. more information within easier reach. 207 computer sheets on one fiche. 3. easier to use reports resulting in faster response to inquiries. 4. virtually eliminates storage problems. Instead of a daily printout, records will be sent to you on film which means no refilming problems. 5. reduces payroll costs and training time. You can review 207 computer pages at one time. There are more reasons why Microfiche can help you. We'd like to show you. Contact our Correspondent Bank Department and they will introduce you to our newest employee. Call us free on our Wats Line number 800-362-1615.



Central National Bank & Trust Company

LOCUST AT SIXTH AVENUE, DOWNTOWN DES MOINES, PHONE 243-8181. MEMBER FDIC.

Sponsor Loss Prevention Clinic



OVER 100 BANKERS attended the recent loss prevention clinic sponsored by the Iowa chapter of the Bank Administration Institute in Fort Dodge. Shown here, from left, are: **Donald J. Brush**, auditor, Iowa-Des Moines National Bank, Des Moines; **Rigoberto Arces** of the international banking division, Merchants National Bank, Cedar Rapids; **John Walther**, president, Renwick Savings Bank, and president of the Iowa Lakes Chapter of BAI, and **William Duma**, vice president, First National Bank, St. Paul. Messrs. Brush, Arces, and Duma were speakers.

Plan Iowa Trust Meeting

James R. Bullard, vice president and senior trust officer of the Burlington Bank and Trust Company, has announced that the annual meeting of the Iowa Trust Association will be held in Burlington, May 9 and 10. Registration material may be obtained from Mr. Bullard.

Data Processing Officer

Junior Schippers has been elected data processing officer of the Iowa State Bank and Trust Company in Iowa City.

Scholarship Applications

Citizens First National Bank, Storm Lake, has opened applications for scholarships under the Citizens First National Bank Education Fund.

Since the program's start, four years ago, 38 scholarships have been awarded totaling \$12,575. The scholarship has been in the amount of \$3,000 for any field of study beyond the

12th grade including technical, academic and graduate study.

Application forms are available at the bank.

Fire Damages Drive-In

Firemen were called to the Hawkeye State Bank drive-in in Iowa City recently. Firemen said a cigarette ignited paper in a cardboard box, in a basement rest room of the bank.

The fire caused moderate damage to the wall paneling and the entire building received minor smoke damage.

Agricultural Scholarships

David A. Rouse, president of the Eagle Grove State Bank has announced that the bank is sponsoring two scholarships for students preparing for careers in agriculture or agri-business.

Each of the two scholarships will cover the tuition for the fall semester

at the Eagle Grove Center of Iowa Central Community College. Tuition at Iowa Central is currently \$190 per semester.

Requests for application forms or further information should be directed to David A. Rouse at the Eagle Grove State Bank.

Returns to Keokuk

R. N. Hoerner, Sr., president of the Security State Bank, announced that J. Agnew Rovane will become a member of the staff of the bank, as vice president and a director effective May 1.

Rovane is presently regional manager of the Midwest Supply Division of CODESCO, with headquarters in Springfield, Illinois.

He is a native of Keokuk and has been active in many civic affairs.

Open West Des Moines Facility

The First National Bank of West Des Moines began doing business in its new building in the Westtown Shopping Center, at 1630 22nd St. this week. Date of the grand opening ceremonies will be announced later.

With the opening of the new facility the bank is offering several new services to customers including a free checking account if a balance of \$200 is maintained and free checking accounts to persons over sixty years old. Another big feature is the three drive-up windows.

Hours at the new bank are: Drive-in — 8 a.m. to 6 p.m. Mon. through Fri. and 8 a.m. to noon on Saturday. Office hours at the new location are 9 a.m. to 3 p.m. Mon. through Fri. and 9 a.m. until noon on Sat.

The bank will continue to operate at its downtown location.

Smart Buying and Planning Meeting Held At Durant

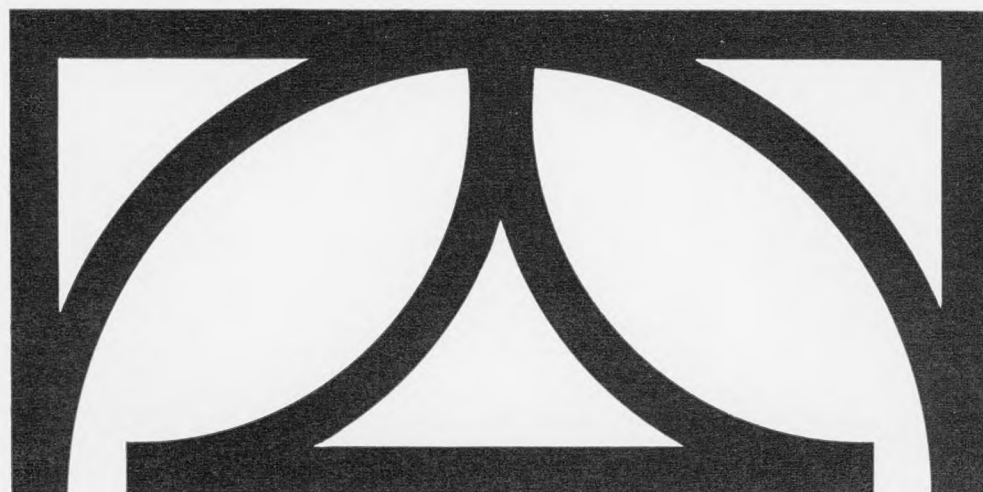
A unique meeting for ladies on "Smart Buying and Planning" was held recently by the Liberty Trust & Savings Bank, Durant.

Charlotte Young, consumer and management specialist, discussed buying food, getting the most nutrition for your money, new products and packaging. Sherri Gahring, home economist, had a presentation on buying and caring for today's fabrics. "What a wife should know about estate planning and insurance" was the topic of discussion for Ken Muller, extension director.

Becker & Cownie, Inc.

Municipal Bonds

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TOY NATIONAL BANK □ SIOUX CITY, IOWA 51102

Text of Ommibus Banking Bill

FOLLOWING is the complete text of the new Iowa law, effective July 1, 1972, governing bank holding companies and other bank activities:

SENATE FILE 1008 AN ACT

RELATING TO BANK HOLDING COMPANIES, BANK OFFICES, CERTAIN REAL ESTATE LOANS BY STATE BANKS, AND FEES PAID BY STATE BANKS FOR MANAGEMENT, FINANCIAL ADVICE, CONSULTATION OR SERVICES, AND PRESCRIBING PENALTIES FOR VIOLATIONS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section five hundred twenty-four point nine hundred five (524.905), Code 1971, is amended as follows:

1. By inserting after existing subsection three (3) a new subsection to read as follows:

"A state bank may make loans secured by liens on real property repayable in one or more payments provided that the entire principal of any such loan shall mature in not more than five years from the date of the loan, but no such loan shall exceed fifty percent of the appraised value of the real property offered as security."

2. By amending subsection four (4), paragraph "a", to read as follows:

a. The terms of any such loan, except loans made pursuant to subsection 3 of this section, or section one (1), subsection one (1), of this Act, shall require substantially equal payments of principal or principal and interest at successive intervals of not more than one year. In the case of any such loan which shall constitute a combined construction and permanent loan to finance farm buildings or single family and two family residences, the initial payment on the loan may be deferred for a period not to exceed one year from the date of the loan and, in the case of a combined construction and permanent loan to finance buildings or other improvements on industrial, manufacturing or commercial properties or residential properties housing more than two families, the initial payment on the loan may be deferred for a period not to exceed two years from the date of the loan.

3. By renumbering the succeeding subsections accordingly.

Sec. 2. Section five hundred twenty-four point eleven hundred six (524.1106), Code 1971, is amended to read as follows:

524.1106 FEES PAID TO AN AFFILIATE. Any contract or arrangement for management, or financial services which involves payment for these services by a state bank to a person who owns shares in that bank, or to any other affiliate, must be approved by the superintendent prior to such contract or arrangement becoming binding upon the state bank, and may also be reviewed at any time after original approval. Any contract or arrangement for consultation or other services which involve payment of those services by a state bank to any person who individually or whose spouse or immediate family or any combination thereof owns fifteen percent or more of the outstanding shares of that bank or is an officer or director thereof, or to an affiliate may be reviewed by the superintendent. The

superintendent shall have authority to determine whether or not such fees are reasonable in relation to the services to be performed and, if he determines they are unreasonable, to require that they be reduced to a reasonable amount or eliminated and the excess refunded, or that such contract or arrangement not be entered into by the state bank.

Sec. 3. Section five hundred twenty-four point twelve hundred one (524.1201), Code 1971, is amended by striking the section and inserting in lieu thereof the following:

524.1201 POWERS OF OFFICES. No bank shall open or maintain a branch bank. A state bank may establish and operate bank offices subject to approval and regulation of the superintendent and to the restrictions upon location and number imposed by section 524.1202. A bank office may furnish all banking services ordinarily furnished to customers and depositors at the principal place of business of the state bank which operates the office. The central executive and official business and principal record-keeping functions of a state bank shall be exercised only at its principal place of business, except that data processing services referred to in section 524.804 may be performed for the state bank at some other point. All transactions of a bank office shall be immediately transmitted to the principal place of business of the state bank which operates the office, and no current record-keeping functions shall be maintained at a bank office except to the extent the state bank which operates the office deems it desirable to keep there duplicates of the records kept at the principal place of business of the state bank.

Sec. 4. Section five hundred twenty-four point twelve hundred two (524.1202), Code 1971, is amended by striking the section and inserting in lieu thereof the following:

524.1202 LOCATION OF OFFICES. The location of any new bank office, or any change of location of a previously established bank office, shall be subject to the approval of the superintendent. No state bank shall establish a bank office outside the boundaries of the counties contiguous to or cornering upon the county in which the principal place of business of the state bank is located.

1. Except as otherwise provided in subsection two (2) of this section, no state bank shall establish a bank office in a municipal corporation or unincorporated area in which there is already an established state or national bank or office, however the subsequent chartering and establishment of any state or national bank, through the opening of its principal place of business within the municipal corporation where the bank office is located, shall not affect the right of the bank office to continue in operation in that municipal corporation.

2. A state bank located in a municipal corporation may establish not more than two bank offices within the boundaries of the municipal corporation, each of which shall have adequate off-street parking as determined by the superintendent, and may also have facilities to serve pedestrian customers. A state bank located in a municipal corporation, or in an urban complex composed of two or more Iowa municipal corporations each of which is contiguous to or corners upon at least one of the other municipal corporations within the complex, having a population of over 50,000 accord-

ing to the most recent federal census may establish two such offices within the boundaries of the municipal corporation or urban complex; if the municipal corporation or urban complex has a population of over 100,000 but not over 200,000, the state bank may establish three such offices within the boundaries of the municipal corporation or urban complex; if the municipal corporation or urban complex has a population of over 200,000, the state bank may establish four such offices within the boundaries of the municipal corporation or urban complex. Such a facility located in the proximity of a state bank's principal place of business may be found by the superintendent to be an integral part of the principal place of business, and not a bank office within the meaning of this section.

Sec. 5. Section five hundred twenty-four point twelve hundred three (524.1203), Code 1971, is amended to read as follows:

524.1203 CANCELLATION OF APPROVAL OF OFFICES. Whenever an examination by the superintendent or other supervisory agencies discloses that the operation of a bank office is being conducted in violation of section 524.1201, the superintendent may forthwith revoke the approval of the bank office.

Sec. 6. Chapter five hundred twenty-four (524), Code 1971, is amended by adding to Division twelve (XII) the following new section:

"The privileges extended to state banks by sections five hundred twenty-four point twelve hundred one (524.1201) and five hundred twenty-four point twelve hundred two (524.1202) of the Code shall be available on the same conditions to national banks to the extent they are so authorized by federal law."

Sec. 7. As used in sections seven (7) through thirteen (13) of this Act, "Bank Holding Company" means any corporation, business trust, voting trust, association, partnership, joint venture, or similar organization, other than an individual, which directly or indirectly owns or controls twenty-five percent or more of the voting shares of each of two or more banks or of a company which is a bank holding company by virtue of this section, or which controls in any manner the election of a majority of the directors of each of two or more banks, or for the benefit of whose shareholders or members twenty-five percent or more of the voting shares of each of two or more banks or of a company which is a bank holding company by virtue of this section is held by trustees. However, no company shall be a bank holding company solely by virtue of its ownership or control of shares:

1. In a fiduciary capacity arising in the ordinary course of business.

2. Acquired by it in connection with its underwriting of bank shares and held only for such period of time as will permit sale of the shares upon a reasonable basis.

3. Acquired and held in the ordinary course of securing or collecting a debt previously contracted in good faith.

Sec. 8. No bank holding company shall directly or indirectly acquire ownership or control of more than twenty-five percent of the voting shares of any bank, or the power to control in any manner the election of a majority of the directors of any bank, if upon such acquisition the banks so owned or controlled by the bank holding company would have, in the aggregate, more than eight percent of the total deposits, both time and demand, of all banks in this state, as determined by the superintendent on the basis of the most recent reports of the banks in the state to their supervisory authorities

As a correspondent bank,

you

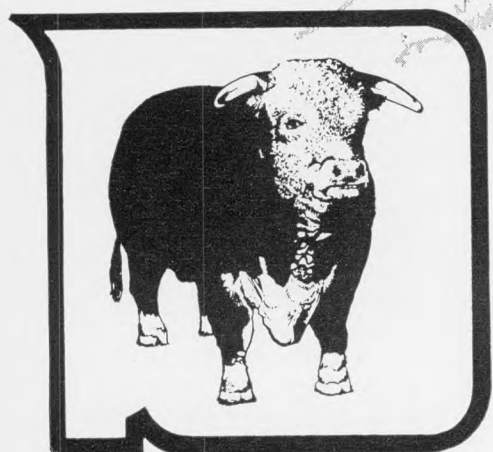
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which are available at the time of the acquisition.

Sec. 9. No bank holding company shall make any offer to purchase or acquire, directly or indirectly, the voting shares of any state or national bank without extending the same offer to the owners of all outstanding shares of the bank not owned or controlled by the holding company. The refusal of any shareholder to accept the offer shall not be a bar to purchase or acquisition of the shares of any other shareholder if all other pertinent requirements of this Act have been met by the bank holding company.

Sec. 10. Any bank holding company, or firm which would thereby become a bank holding company, which proposes to directly or indirectly acquire ownership or control of the voting shares of any bank, and which upon such acquisition would own or control more than twenty-five percent of the voting shares of the bank, shall provide to the superintendent a copy of any original application to the board of governors of the federal reserve system for permission to take such action, and a copy of any subsequent amendment thereto, at the same time the application or amendment is transmitted to the federal reserve system. The superintendent may conduct such investigation into an evaluation of the proposed action as he deems necessary and appropriate, and may submit to the federal reserve board any information so obtained together with his own comments or recommendations regarding the proposed acquisition.

Sec. 11. Nothing in this division shall be construed to authorize a bank holding company which is with respect to the state of Iowa an "out-of-state bank holding company", as defined or referred to in 12 U.S.C. 1842(d), as amended to January 1, 1971, to acquire any of the voting shares of, any interest in, all or substantially all of the assets of, or power to control in any manner the election of any of the directors of any bank in this state, unless such bank holding company was on January 1, 1971 registered with the federal reserve board as a bank holding company, and on that date owned at least two banks in this state.

Sec. 12. If any individual is a director or an officer, or both, of a bank holding company, or of a bank which is owned or controlled by a bank holding company in any manner, and to the extent, specified by section seven (7) of this Act, such individual shall also be deemed to be a director or an officer, or both, as the case may be, of each bank so owned or controlled by that bank holding company, for the purposes of sections five hundred twenty-four point six hundred twelve (524.612), five hundred twenty-four point six hundred thirteen (524.613) and five hundred twenty-four point seven hundred six (524.706) of the Code.

Sec. 13. Any bank holding company which willfully violates any provision of sections seven (7) through twelve (12) of this Act shall, upon conviction, be fined not less than one hundred dollars nor more than one thousand dollars for each day during which the violation continues. Any individual who willfully participates in a violation of any provisions of sections seven (7) through twelve (12) of this Act shall be guilty of a misdemeanor and, upon conviction thereof, shall be subject to imprisonment in the county jail for a period not exceeding one year or a fine not exceeding one thousand dollars, or both.

Sec. 14. Sections seven (7) through thirteen (13) of this Act shall constitute a new division of chapter five hundred twenty-four (524) of the Code, which division shall be entitled "bank holding companies".

Sec. 15. Section five hundred twenty-four point five hundred nineteen (524.519), subsection one (1), Code 1971, is amended to read as follows:

524.519 CHANGE OF CONTROL — SHARES AS SECURITY — REPORTS.

1. Whenever any person proposes to purchase or otherwise acquire directly or indirectly any of the outstanding shares of a state bank and the proposed purchase or acquisition would result in control or in a change in control of the bank, the person proposing to purchase or acquire the shares shall first apply in writing to the superintendent for a certificate of approval for the proposed change of control. The superintendent shall grant the certificate if he is satisfied that the person who proposes to obtain control of the bank is qualified by character, experience and financial responsibility to control and operate the bank in a sound and legal manner, and that the interests of the depositors, creditors and shareholders of the bank, and of the public generally, will not be jeopardized by the proposed change of control. If the proposed purchaser or acquirer is a bank holding company as defined by section seven (7) of this Act, it shall comply with section ten (10) of this Act in lieu of seeking a certificate of approval under this subsection. In any situation where he has reason to believe any of the foregoing requirements have not been complied with, it shall be the duty of the president or cashier of a bank to promptly report in writing such facts to the superintendent upon obtaining knowledge thereof. As used in this section, the term control means the power, directly or indirectly, to elect the board of directors. If there is any doubt as to whether a change in the ownership of the outstanding shares is sufficient to result in control thereof, or to effect a change in the control thereof, such doubt shall be resolved in favor of reporting the facts to the superintendent.

ROGER W. JEPSEN
President of the Senate

WILLIAM H. HARBOR
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 1008, Sixty-fourth General Assembly.

CARROLL A. LANE
Secretary of the Senate

Approved _____, 1972

ROBERT D. RAY
Governor

Construction Plans For New Drive-In

Plans have been announced by officials of the Security Trust & Savings Bank in Shenandoah for the construction of a new drive-in facility for the bank.

Marshalltown Bank Celebrates 80 Years

Neil T. Chadderdon, president of the Fidelity Savings Bank of Marshalltown, announced the 80th anniversary of the bank recently. The bank was founded in 1892, with George F. Kisby as its president.

Boone Banker Promoted

George E. Taylor, president of the Citizens National Bank of Boone, has announced the promotion of Merico Aquilani to vice president and trust officer of the bank. Mr. Aquilani was previously employed at the City State Bank of Ogden for 16 years before joining Citizens National.

New Director

Eldon Hoppenworth, president of the Paskersburg State Bank, has announced that John Akkerman has been elected to the board of directors of the bank. Mr. Akkerman is a resident of Parkersburg.

Assistant Cashier Promotion

Larry Larson has been promoted to assistant cashier of the Manufacturers Bank & Trust Co. of Forest City. He joined the bank in January, 1970 at the Crystal Lake branch.

Oelwein Banker Dies

Charles B. Chambers, 88, retired president of the First National Bank of Oelwein, died recently in a nursing home.

B of A Major Promotions

In a pair of major promotions at Bank of America, R. Gene Conatser has been named vice president and director of economic research and Russell L. Fenwick succeeds him as vice president-planning.

In announcing the promotions, President A. W. Clausen noted that Mr. Conatser is returning to the economics department after a year in the planning post.

Mr. Conatser, who will work with Executive Vice President and Chief Economist Walter E. Hoadley, will be responsible for the administration of the economics department.

In assuming his new duties, Mr. Fenwick will be responsible for developing long range goals for the bank and coordinating plans of the major operating and staff departments.

Mr. Clausen also announced the appointment of Ernest J. Young as president of BankAmerica Service Corporation, a wholly-owned subsidiary of B of A responsible for the overseas development of BankAmericard. Mr. Young succeeds the late Donald R. McBride. He has been vice president in charge of B of A's worldwide travelers cheque operation since 1966.

What is MorAmerica?

MorAmerica Financial Corporation is the new name of our holding company—formerly, The Morris Plan Company of Iowa. The significance of the broadly-based name developed from the diversification program which projected the company into almost all facets of financing. Our company expansion includes Business Investment, Leasing, Consumer Credit, Banking, Real Estate Development and Nursing Home Facilities. In addition, the operating areas of these diverse activities grew beyond the boundaries of Iowa into adjacent states, and, in some cases, throughout the midwest.



'Chuck Wagon' Roundup . . .

(Continued from page 85)

major role, especially what some state associations have done through their organization by the checkoff system that has channelled funds into research and promotion.

2. A change in the kind of product being put on the market today, i.e., a lean meat animal.

3. The fact that the pork industry remains closely tied to states with high grade production. This will continue so long as 65% of the cost lies in feed.

4. We have passed the mental block and now feel we can eliminate cholera, etc.

5. Change from pasture to confinement. This has been a matter of finances and hired help, replacing labor needs with equipment and facilities. Seems there is a great opportunity here to develop production of feeder pigs,



THE TWO HOSTESSES from First National of Omaha's BankAmericard division who welcomed "Chuck Wagon Roundup" visitors are **Connie Bruner** (left) and **Connie Bates**. (P.S. The guy at the left is **Merv Aegerter**, v.p. in the correspondent bank dept.)

for there are many who just want to buy feeder pigs and feed them out on grain.

Looking to the future, Dr. Lucas made these points:

1. If we continue to consume pork at the present rate of 72# per capita, we will need 15%-20% more pork. He predicts that by 1980 we will be closer to 80# consumption per capita of pork annually and at this level he sees a need for 30%-40% more pork to meet population needs.

2. In this regard, he foresees 60% expansion for the states of Nebraska, Kansas, Colorado and Texas. Iowa and Minnesota will expand further, but are already at a very high level as leaders.

3. The pork industry will continue to improve its product. Some of the problems of lean animal production will have to be ironed out but this can be done. Many of the problems are social oriented, i.e., size of farm, costs, controls, etc.

Dr. Lucas discussed briefly the problem of obtaining enough and proper credit for young men who are trying to enter the livestock business. In line

with this, he said a 5-10 year review of farm management shows that there are not too many times when the pork enterprise has not come out on top or in second place in livestock income.

"It seems to me," Dr. Lucas concluded, "that with the opportunities for increased production and consumption that the western Corn Belt will have greater opportunities in the years ahead."—End

Iowa Tellers Mark 25 Years With Watches

Mrs. Darlene Felgar and Mrs. Vernie Metz, tellers at the Iowa State Bank & Trust Co., in Fairfield, were recently awarded wrist watches in recognition of 25 years of service.

MoAmCo Reveals Its Mobile Home Park Plans

MoAmCo Corp. (OTC), Minneapolis, Minn., has announced an agreement in principle to sell its Ridgcrest Mobile Home Park in Ft. Pierce, Fla., for an undisclosed amount of cash and notes to a private investment group. The agreement is subject to normal real estate contingencies.

According to F. Paul Hargarten, MoAmCo president, the sale of the Ft. Pierce property will result in an extraordinary net gain of approximately \$100,000. Mr. Hargarten said the sale will produce additional working capital and reduce debt.

Ft. Pierce is currently the smallest mobile home park owned by MoAmCo. MoAmCo will now own three mobile home parks in Florida.

Mr. Hargarten reported the company is also negotiating for the possible sale of one of its larger mobile park properties which, if consummated, would produce a major long-term gain. Mr. Hargarten pointed out the company is currently examining several large acquisition opportunities in Florida. He said, "We are continuing to seek large park investment situations which will enhance our long-term growth in the park development field."

MoAmCo, formerly Mobile Americana Corporation, markets mortgage guarantee finance plans to banks and savings and loan associations making loans on mobile homes and recreational vehicles in a 16-state area. The company also owns and operates mobile home parks and sales lots in Florida and the Americana State Bank of Edina in suburban Minneapolis.

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Iowans Pictured at Independent Bankers Convention



Pictured at the breakfast hosted by Bankers Trust Company of Des Moines are: **Mrs. Sterling** and **Robert J. Sterling**, pres. of Bankers Trust; **John Keeline**, pres. Central T&S, Cherokee; **Mrs. Talen** and **William C. Talen**, exec. v.p., Bankers Trust; **Mrs. Keeline**; **Robert Reed**, v.p., Bankers Trust; **Mrs. Reed**; **John Ruan**, chmn. of Bankers Trust, and **Mark Arneson**, pres., Clear Lake B&T.



Pictured at dinner party hosted by Central National B&T, Des Moines, are: **Mrs. Kerndt** and **Tom Kerndt**, pres., Kerndt Bros. Savings Bank, Lansing, Ia.; **Mrs. Smith** and **Dale C. Smith**, exec. v.p., Central Natl.; **Dr. Robert Nachtwey**, dir., Kerndt Bros. Sav., Lansing, and **Mrs. Nachtwey**; **Frank Kos**, pres., Washington State Bank, Washington, Ia., and **Mrs. Kos**; **Mrs. Wolf** and **Eddie Wolf**, v.p., Central Natl.



The beautiful terrace garden of the Americana Hotel overlooking the ocean was the setting for the reception hosted by American T&S of Dubuque, Ia. Pictured are these Iowans; **Gordon Mennen**, pres., LeMars Savings, LeMars, and **Mrs. Mennen**; **Christy Armstrong**, exec. v.p. of the host bank, and **Mrs. Armstrong**; **Carroll Grimes**, pres., 1st Natl., West Union, and **Mrs. Grimes**; **Joe Knock**, pres., Iowa State Savings, Creston, and **Mrs. Knock**.



In the DIRECTORS' ROOM



Parting Shot!

I'm sorry we won't be able to use you any longer," said the boss to one of his employees, "but it should give you a great deal of satisfaction to know it's costing us \$350,000 to replace you with a computer."

Last Resort

The owner of a financially tottering business had approached the president of his local bank for a \$100,000 loan. "That's a lot of money," said the president. "Can you give me a statement?"

"Yes," answered the businessman. "I'm optimistic."

Thoughtful

Some people use language to express thought, some to conceal thought, and still others use it instead of thought.

Tailor Made

A new recruit was sent to the quartermaster to pick up his uniform. He took the uniform, tried it on and it fit perfectly. The quartermaster said that he had never seen that happen before. "You know, Private, you must be deformed."



"It just now dawned on me why the boss was always harping on safety."

To the Point

A man was buying a fountain pen and as he tested the various ones that were shown him, he kept writing repeatedly on a pad of paper, the words E Pluribus Unum.

The young girl behind the counter opened still another pen and said to him, "Maybe you'll like the point on this one, Mr. Unum."

Chow Time

The clock in a restaurant window had stopped a few minutes past noon.

One day a friend asked the owner if he knew the clock was not running.

"Yes," replied the restaurant man, "but you would be surprised to know how many people look at that clock, think they are hungry, and come in to eat."

Twin Tail Pintail

First duck: "That was a new twin-engined jet that just went by. Don't you wish you could fly that fast?"

Second duck: "Listen, if I had two tails and they were both on fire, you wouldn't even see me!"

Coffee Break

He was loafing at the breakfast table and acted as if it were Sunday. "Pour me another cup of coffee," he mumbled.

"Another cup?" exclaimed his wife. "Won't you be late to the office?"

"Office!" he shouted. "I thought I was there."

New Twist

The little boy ran to his father and exclaimed: "Wow! You should see the new lawn mower the people next door got — it does not need gas or anything! All you have to do is push it!"

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