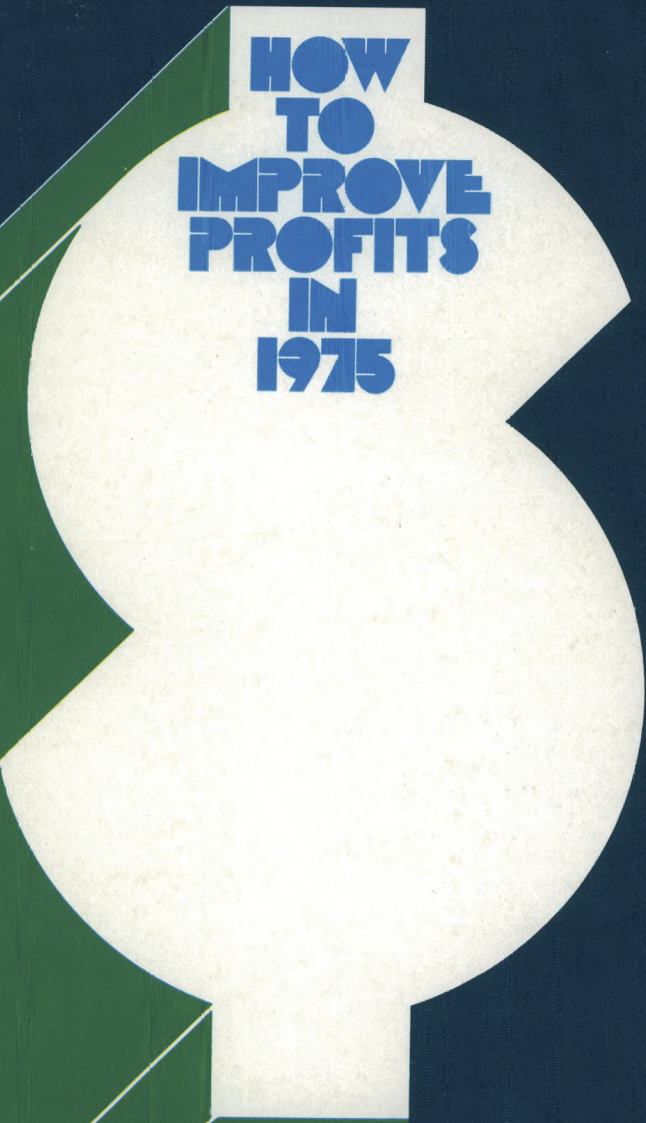


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JANUARY 1975

Banker



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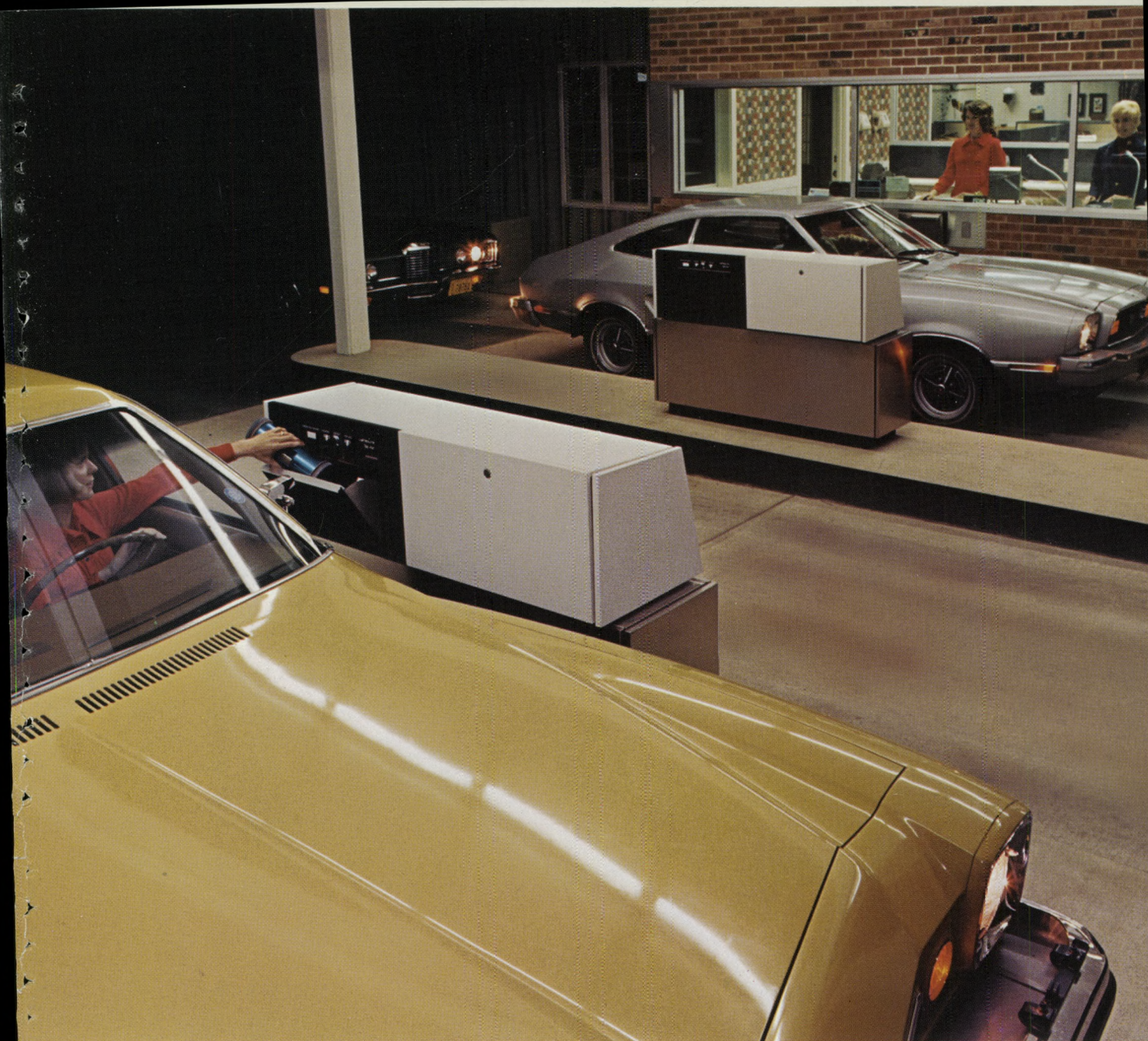
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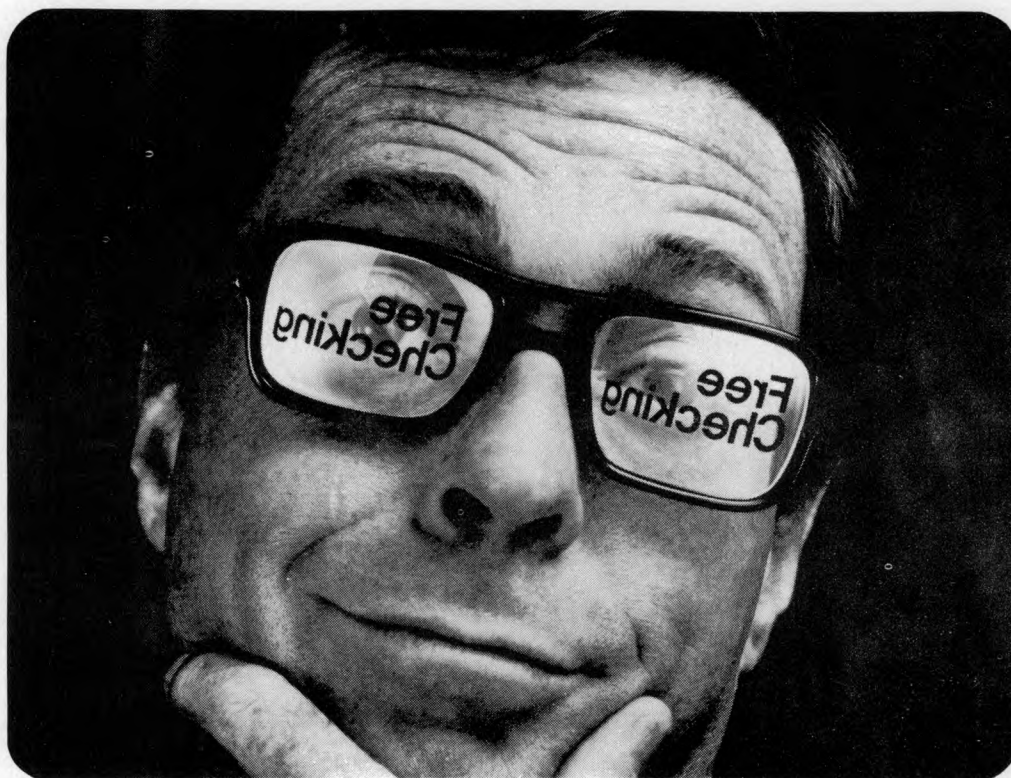
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Gabriel Hauge Will Head Payroll Savings Committee

Gabriel Hauge, chairman of the board, Manufacturers Hanover Trust Co., New York, is to be 1975 chairman of the U.S. Industrial Payroll Savings Committee. Appointed by Secretary of the Treasury William E. Simon, Mr. Hauge is the first representative of the banking industry to serve as chairman.



G. HAUGE

The committee, composed of chief executives of the nation's leading industrial corporations, sparks the sale of U.S. Savings Bonds through the Payroll Savings Plan.

Mr. Hauge, who served on the committee in 1973 and 1974 as banking industry chairman, succeeds John D. De Butts, chairman of the board and chief executive officer, American Telephone and Telegraph Co., as chairman of the national committee.

91 Graduate from ABA Commercial Lending School

Some 91 commercial lending officers graduated from the 1974 fall session of the National Commercial Lending Graduate School in Norman, Okla. The school is sponsored by the commercial lending division of the American Bankers Association.

A total of 113 other persons participated in the split curriculum as entering graduate students.

"Students participating in the school came from the middle-management level of banks of all sizes," A. Robert Abboud, chairman of the ABA's commercial lending division, stated.

"The school is designed not only to provide the students with the latest management methods and analytic tools for their credit-granting task, but also to stimulate continued professional development," Mr. Abboud added.

The graduate school, held at the Oklahoma Center for Continuing Education on the University of Oklahoma campus, is oriented to experienced bank commercial lending officers and offers a managerial perspective of the lending function organized to provide greater depth in the decision-making process, he stated.

NORTHWESTERN Banker

Oldest Financial Journal Serving
The Central and Western States

for your January, 1975 reading

82nd Year

No. 1336

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NORTHWESTERN BANKER

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Federal Reserve Bank of St. Louis

Northwestern Banker, January 1975



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

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

What is MAGICUS?

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

How does MAGICUS help profits?

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

How can MAGICUS prevent errors?

"Our Loan Processor Guide points out the danger spots on all forms. It also clarifies regulations and underwriting guidelines. For FHLMC

users, we'll electronically flag errors and omissions so you can correct them before submitting your loan packages.

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

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

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

Why should lenders use MAGICUS and the new government programs?

"In the months ahead, the ability of any originator to adequately serve local homebuyers is likely to depend on use of the FNMA, FHLMC, or GNMA programs. The Emergency Housing Credit Act has authorized billions of dollars in special funds for conventional loans needed in these difficult times. These funds will help lenders serve

their builders and realtors as well as their community. And MAGICUS will help both new and experienced users of government programs streamline procedures and cut costs."

How do lenders go about putting MAGICUS to work?

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

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

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Special kit—containing brochure on MAGICUS, new coverage plans, Loan Processor Guide to all government programs and form use—is yours for the asking. Write or

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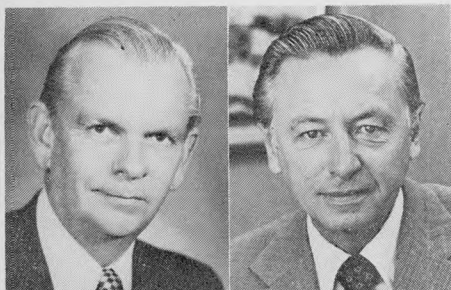
Mortgage Guaranty Insurance Corporation
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Northwestern Banker, January 1975

Bank Promotions and Changes

PROMOTIONS and other news announcements have been announced by the following banks:

Bank of America, San Francisco: The appointment of C. M. Van Vlieden as vice chairman of the board has been announced. Mr. Van Vlieden, 57, is executive vice president of the parent Bank of America and holds responsibilities in the bank's world banking division. He joined the bank in 1951.



T. A. DEANE

A. V. TOUPIN



L. S. PRUSSIA, JR.

Also announced were the new appointments of three executive vice presidents. They are Leland S. Prussia, Jr., who was named cashier, Arthur V. Toupin, who becomes head of the bank investment securities division, and Thomas A. Deane, who will head the trust department.

In heading the cashiers department, Mr. Prussia, 45, assumes duties formerly held by Vice President K. A. Chance, who died on October 20, 1974. Mr. Prussia will retain responsibility for the bank's international money management function and he

also was named vice chairman of the bank's money policy committee.

Mr. Toupin, 53, succeeds Mr. Prussia, and will also become a member of the money policy committee. He had been in charge of the trust department. Mr. Deane, 53, moves up from his senior credit position in Los Angeles. He will become chairman of the trust investment policy committee.

Two other appointments were announced. They are Peter M. Mazonas, 31, as vice president and head of the newly created executive financial counseling department, and Adri G. Boudewyn, as vice president and associate director of public relations.

Bankers Trust Company, New York: Nine senior officers have been elected executive vice presidents, according to William H. Moore, chairman.

They are Carlos M. Canal, Jr., international banking; Raymond J. Dempsey, U. S. banking; Quintin U. Ford, investment; William T. Knowles, metropolitan banking; Frederick J. Leary, Jr., credit policy; Edward A. Lesser, banking operations; Charles S. Sanford, Jr., resources management; Charles C. Smith, administration, and Malcolm A. Stevenson, trust.

In addition, Theodore L. Kesselman, 42, head of corporate development, was elected a senior vice president.

Chemical Bank, New York: James J. Weichel, Thomas W. Lynn, Charles P. Warren, James W. Wolf, and Warren E. Hill have been named vice presidents by Chemical Bank. All were formerly assistant vice presidents.

Messrs. Weichel and Wolf will be given increased responsibility in Chemical's New York metropolitan business,

as will Messrs. Hill, Lynn, and Warren in the bank's international business.

Commerce Bank, Kansas City: The election of seven new officers has been announced by the board of directors.

Frampton T. Rowland, Jr., joins the correspondent bank division as vice president. He joined the bank in 1963 and the past two years has been with an affiliate bank in Columbia, Mo., working in the installment loan department.

Also joining the correspondent bank division is Walter Thomas Falls, Jr., who has been named assistant vice president. Before joining the bank in November, 1974, he was with the Colorado State Bank at Walsh, Colo. He is a graduate of Texas Tech with a B.A. and a M.A. in Agriculture.

Ronald E. Harlow has been elected vice president to head the personal trust department. He joined the bank in May, 1971, and is a graduate of the University of Nebraska at Omaha. Also named a vice president for the trust division is Brice D. Roberson, who went with the bank in July, 1971. He received a B.S. degree in Business and Public Administration as well as his law degree from the University of Missouri.

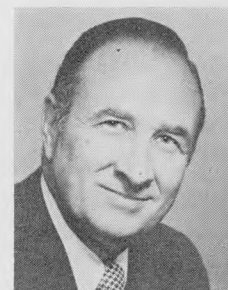
Named assistant vice president in the international department is Philip A. Barth, who most recently was international banking officer for the First National Bank in St. Louis. He also holds B. S. and M. S. degrees in Business Administration from the University of Missouri.

James R. Trigg has been elected a commercial banking officer in the national accounts division. He holds B.A. and M.B.A. degrees from the University of Kansas. Mary Jo Misner has assumed duties as BankAmericard accounting manager.

Continental Illinois Corporation:

Ray F. Myers has been named secretary of the corporation and its principal subsidiary, Continental Bank.

Mr. Myers succeeds Philip H. Cordes who will retire in February, 1975. Mr. Myers will continue to serve as executive vice president and corporate counsel



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Banks Cautioned on Role as Gold Dealers

WHILE the nation's banks were studying the ground rules and determining if they should be dealers in gold, the public was being advised by the chairman of the nation's largest coin and bullion dealer to "buy your gold where you can also sell it." Federal legislation last year made it legal to own gold in the United States effective December 31, 1974.

Since banks would act both as sellers and buyers for the public, the advice of Dr. Henry G. Jarecki, chairman of Mocatta Metals Corporation, New York, was timely. Dr. Mocatta reminded viewers on a nationwide telecast of the Bess Myerson show that the Japanese people had an unfortunate experience when gold was legalized there in April, 1973. After a flurry of gold-buying through department stores at high markups, he said, the Japanese were unable to resell when the price fell.

In legalizing the ownership of gold by private citizens for the first time since 1933, the federal government, through the federal banking authorities, has made it possible for banks who wish to do so to be dealers in gold. Stringent regulations have been issued to banks and cover these general points of interest:

- Banks should buy and sell gold only on a consignment basis or as an agent.
- Gold may be accepted as loan

collateral, but the Fed will not permit a bank itself to use gold as collateral for borrowings from the Fed banks.

- Fed member banks may not count gold coins or bullion as cash to satisfy reserve requirements.

- Banks should carefully evaluate the experience and ability of their staffs to deal in gold for their own accounts.

- Banks are reminded to adjust gold assets periodically to reflect their current market value.

Federal S&L's Barred

The Federal Home Loan Bank Board has prohibited its member S&Ls from purchasing, holding or selling gold, and has applied the same regulation to its 12 district banks.

Dr. Jarecki recommends gold ownership only if there is a two-way market for the investor, guaranteeing the opportunity also to sell the gold investment at a fair price. The Mocatta Corporation has a gold marketing program through major banks, which will allow the consumer to buy and to resell Mocatta-supplied gold coins and bars.

In view of the new interest in gold, and the fact that few people are familiar with the precious metal, the American Bankers Association has issued a small pamphlet, "Facts About Buying Gold." The six-page folder has been designed as a useful handout by banks, regardless of whether the bank will offer gold for sale. The ABA sug-

gests banks consider using copies as statement stuffers and on lobby counters and racks. The folder may be ordered in quantities by contacting the ABA Order Processing Department, 1120 Connecticut Ave., N.W., Washington, D.C. 20036.

Dr. Jarecki's firm, located at 25 Broad Street, New York, N. Y. 10004, has a Fact Sheet on Gold, Gold Investment and the Investor, listing options under the new law and a three page "Gold Investor's Glossary." Among his several business association affiliations, Dr. Jarecki is a member of the board of the International Monetary Market (part of the Chicago Mercantile Exchange) and the Silver Committee of the Chicago Board of Trade and Commodity Exchange.

Robert Suhr, 63, Dies Suddenly

Robert C. Suhr, an executive vice president in the commercial banking department of Continental Bank, died unexpectedly December 12 in his Evanston home. He was 63 years old.

Mr. Suhr joined Continental Bank in 1933 and held several positions in the commercial banking department before being elected senior vice president and head of the national divisions in 1965. He was appointed an executive vice president in 1971.

He also was a director of Continental Bank International in New York, a subsidiary of Continental Bank, Libbey-Owens-Ford Co., and the Maryland Cup Corp. He was a member of the Association of Reserve City Bankers and served on the executive committee of the correspondent banking divisions of the American Bankers Association.

Mr. Suhr received his undergraduate degree from Northwestern University in 1932 and attended the Executive Program at the Graduate School of Business of Columbia University in 1960.

He had served as a Northwestern trustee and was a life regent. At the time of his death, Mr. Suhr was president of the Northwestern University Settlement Association. He had been chairman of Alumni Regents and was awarded the Alumni Service Award in 1961.



R. C. SUHR



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THE MOCATTA CORPORATION
25 Broad Street, New York, New York 10004
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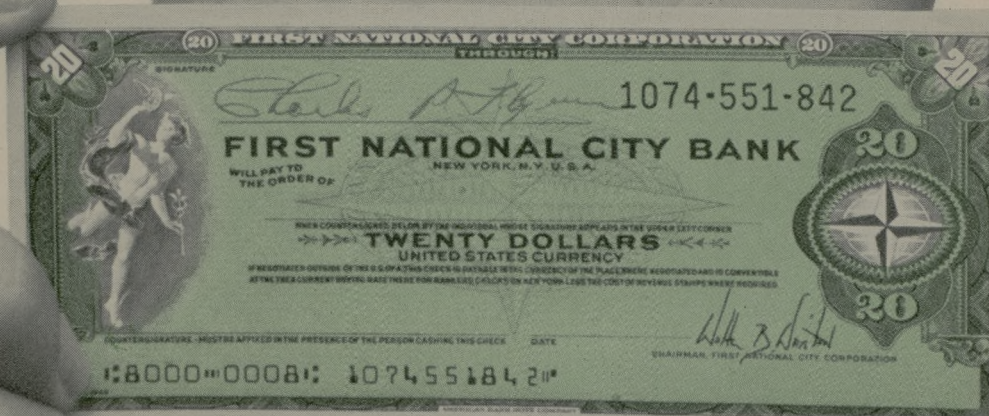
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Actually there are. (Lots)



for CICorp and Continental Bank and as head of the bank's trust department.

Mr. Cordes joined the bank in 1948 and was elected vice president, controller and secretary in 1967. He was elected secretary-treasurer of the corporation upon its formation in 1969. Mr. Cordes was named senior vice president and controller of the bank in 1970, executive vice president in 1972, and executive vice president and secretary of CICorp in 1974.

Mr. Myers, 54, joined the bank in 1948, and was elected an assistant secretary in 1951, second vice president in 1956, vice president in 1959, senior vice president in 1969 and executive vice president in 1971.

Federal Reserve Bank of Kansas City, Kansas City, Mo.: Craig Bachman, president of the First National Bank, Centralia, has been elected a director, and Frank C. Love, Oklahoma City attorney and retired president of Kerr-McGee Corp., has been reelected a director of the bank, according to Robert W. Wagstaff, chairman.

Both men were elected by the small Federal Reserve member banks in the Tenth District — more than 400 banks with capital and surplus under \$600,000. They will serve three-year terms. The district includes Colorado, Kansas, Nebraska, Wyoming, most of Oklahoma and New Mexico, and 43 counties in western Missouri.

First National Bank in St. Louis: The election of Lawrence K. Roos as an executive vice president and director has been announced.

Mr. Roos finished his third consecutive term as St. Louis county supervisor December 31. He is a former banker who served as president of Mound City Trust Company in St. Louis and chairman of the First Security Bank of Kirkwood, Mo.



L. K. ROOS

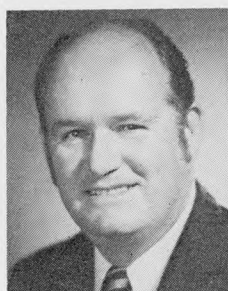
First National City Bank, New York: Six new vice presidents have been named. They are Frederick E. Finkenauer and Richard J. Almeida, national banking group; Alfred J. Sturm, John C. Reinertsen and Truman L. Susman, New York banking group; John T. McGowan, operating

Harris Bank, Chicago: Named to posts as vice presidents are James L. Roberts of the banking department and John M. Alogna of the trust department.

The following were appointed assistant vice presidents: Lillian M. Kluses, banking department; Stacy A. Lyle, staff department; James H. Overholt, investment department; John L. Butler, Richard A. Lemmert and Vincent O'Brien, all of the investment department New York office.

Mercantile Trust Company, St. Louis:

Gerald M. Cashman has been elected a vice president. The following additional promotions have been announced: Terrence J. Boyer and Thomas N. Hammelman, assistant vice presidents and June Carr, operations



G. M. CASHMAN

officer.

Mr. Cashman joined the international department from First National City Bank, New York, in 1973. He is a graduate of Bradley University and the American Graduate School of International Management, Thunderbird campus, Glendale, Ariz.

Northern Trust Company, Chicago:

The following promotions and new appointments have been announced. Promoted to senior vice presidents are Clyde W. Reighard, international department; Lawrence H. Brown, John P. Byram and Robert L. Yoder, bond department. Named vice presidents are Harry B. Wilson, international department (on loan to London Multinational Bank), and J. David Brock, bond department.

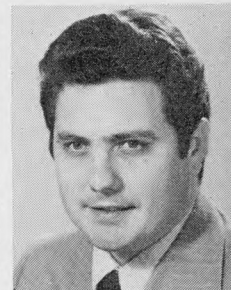
In the trust department Thomas N. Boyden and Jonathan A. Veeder have been promoted to second vice presidents.

United Missouri Bank of Kansas City:

Larry V. Parman has been promoted to assistant vice president from bond investment officer. Lawrence D. Russell and James R. (Ron) Hybarger were elected bond investment officers of the bank. All three are members of the investment department.

Valley National Bank of Arizona,

Phoenix: Robert B. Bulla, a marketing manager of Phoenix Newspapers, Inc., has been named vice president and director of marketing. Mr. Bulla joined the Arizona Republic and Gazette in 1962 as research manager, advancing to marketing and research manager in 1966. The following year he was named promotion manager, and, in 1969, was promoted to marketing manager and assistant public relations and personnel director.



R. B. BULLA

Also announced was the election of two new vice presidents. They are Robert C. Brackney, who has been promoted to metropolitan division credit administrator, and Clifford R. Van Zile, Scottsdale trust department manager.

Fed Economist Joins ABA
Dr. P. Michael Laub, formerly an economist with the Federal Reserve System, has joined the research and planning group of the American Bankers Association, it was announced by Willis W. Alexander, ABA executive vice president.

Fed Economist Joins ABA

Dr. P. Michael Laub, formerly an economist with the Federal Reserve System, has joined the research and planning group of the American Bankers Association, it was announced by Willis W. Alexander, ABA executive vice president.

Dr. Laub is a native of Washington, D.C. He received a BS degree in 1962 from Lehigh University, Bethlehem, Pa., and his MBA and PhD from the University of Chicago in 1966 and 1971, respectively.

Value of C.M.E. Seat Is \$25,000

The value of a seat on the International Monetary Market of the Chicago Mercantile Exchange rose \$3,000 when a membership sale for \$25,000 was transacted December 10. Morris Hirsch, executive vice president of the Republic National Bank of New York, was the purchaser.

The last I.M.M. seat was sold on December 5 for \$22,000. "Today's membership sale was the 81st on the I.M.M. since January 1, 1974," said Everette B. Harris, Market president.

"The prospects for trading gold on the I.M.M. as of December 31, and continued steady growth in our currency futures market are factors partially responsible for our dynamic seat sale activity," Mr. Harris said.

Currently, the bid for an I.M.M. membership is \$19,000. The present asking price is \$27,000.



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Corporate News

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

Aetna Business Credit, Inc., Milwaukee: G. Pat Bacon has joined the firm



G. P. BACON

as senior vice president and head of the central division. He replaces James T. Verfurth, who has moved to the Hartford headquarters as head of the company's expanded eastern region.

Mr. Bacon will handle overall responsibility for the company's business financing activities in 14 midwestern states which are serviced from the Milwaukee, Minneapolis and Detroit offices.

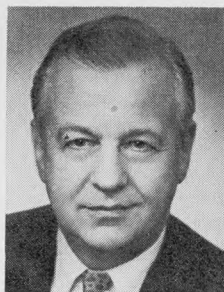
He has been with James Talcott, Inc., where he was senior vice president in that company's business finance division and was manager of the Talcott Chicago district office, the largest in the company. A graduate of the University of Iowa, Mr. Bacon attended the Executive Management Program at the Graduate School of Business at Indiana University, where he serves on the advisory board for that program.

American International Underwriters, New York: Four promotions have been announced by the corporation's board of directors. Joseph P. DeAlessandro, a senior vice president of the American Home Group and National Union Fire Insurance Company, has been named vice president in charge of financial services.

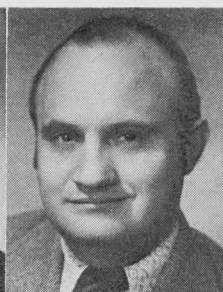
Eugene B. Hlubik, a secretary of AIUC, has been promoted to assistant vice president.

Named secretaries were John T. McLaughlin, Jr., manager of the casualty claim division, and John E. Evers, senior underwriting engineer.

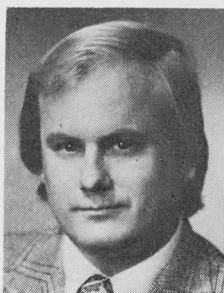
Bank Building Corporation, St. Louis: Andre J. Piot has been named general manager of BBC BancServices, a division of Bank Building Corpora-



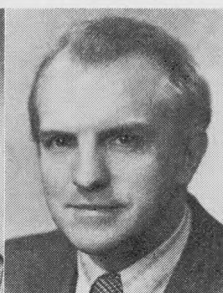
A. J. PIOT



G. P. CARDIS



E. M. FRENCH



H. C. RAPP

tion. Before joining the firm in 1971 he was with Monsanto Company.

William M. French has joined BBC Real Estate Services as a consulting services manager and will represent the company in the central division. David L. Ruecker has been appointed to the same position to represent the company in the western division.

George P. Cardis has joined BBC's northern financial facilities division as consultant service manager and will serve in the Chicago metropolitan area.

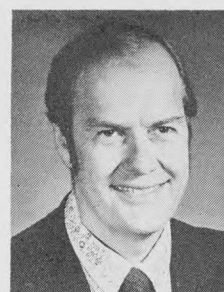
Howard C. Rapp has joined the central financial facilities division as a consultant services engineer and will work in central and northern Illinois.

Data Card Corporation, Minneapolis: Three new regional sales managers have been added as part of a major expansion of the firm's marketing programs.

Lowell Umland is the new sales manager, northwestern region, San Francisco. Tom McClain is the new sales manager, southwestern region, Dallas. Doug Westerland is sales manager, mideastern region, Cleveland.

NYTCO Services, Inc., San Francisco: M. E. Yurdana has been appointed the company's new western division manager, according to Donald J. Ryan, president of the national collateral control company. Mr. Yurdana has been divisional sales manager for four years. In his new post he will be responsible for the 13-state western division with regional offices in seven cities.

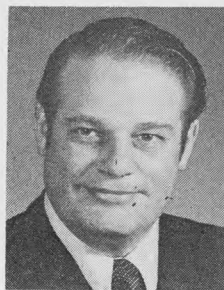
J. T. Miller Company, Minneapolis: This Minneapolis-based family part-



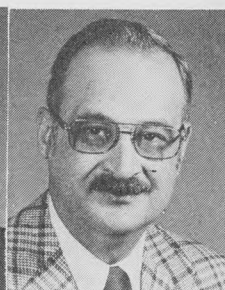
J. T. MILLER

managing general insurance agency business since 1926 has announced a division of the business with the principals each heading their own separate insurance operations.

Jerrold T. Miller has purchased the J. T. Miller Company and will continue to head the credit life and mortgage protection insurance divisions of the company. He will also head Upper Northwest Payment Plans, a mobile home service company. These divisions operate over an eight-state midwestern area.



T. F. MILLER



J. C. BACKMANN

Thomas F. Miller is continuing the original family business established in 1926 serving property and casualty agencies in Minnesota and Iowa. This is one of the last of the old-time managing general insurance agencies of the midwest and will be known as T. F. Miller Company.

John C. Bachmann, a partner of J. T. Miller Company, has purchased all the outstanding stock of Mutual Agency, Inc., a Minneapolis based insurance firm and service agency for Home Federal Savings & Loan Association. This retail insurance agency will serve the entire midwest area.

\$150 Million BofA Notes

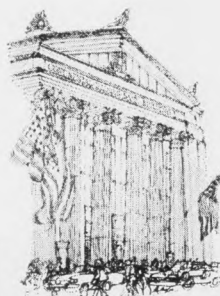
BankAmerica Corporation has filed a registration statement with the Securities and Exchange Commission for a proposed offering of \$150 million of 30-year debentures.

It was expected that the debentures would be offered to the public in January, 1975.

The offering will be managed by a nationwide underwriting group led by Blyth Eastman Dillon J. Co., Inc.; Merrill Lynch, Pierce, Fenner & Smith, Inc.; Salomon Brothers; and Dean Witter & Co., Inc.

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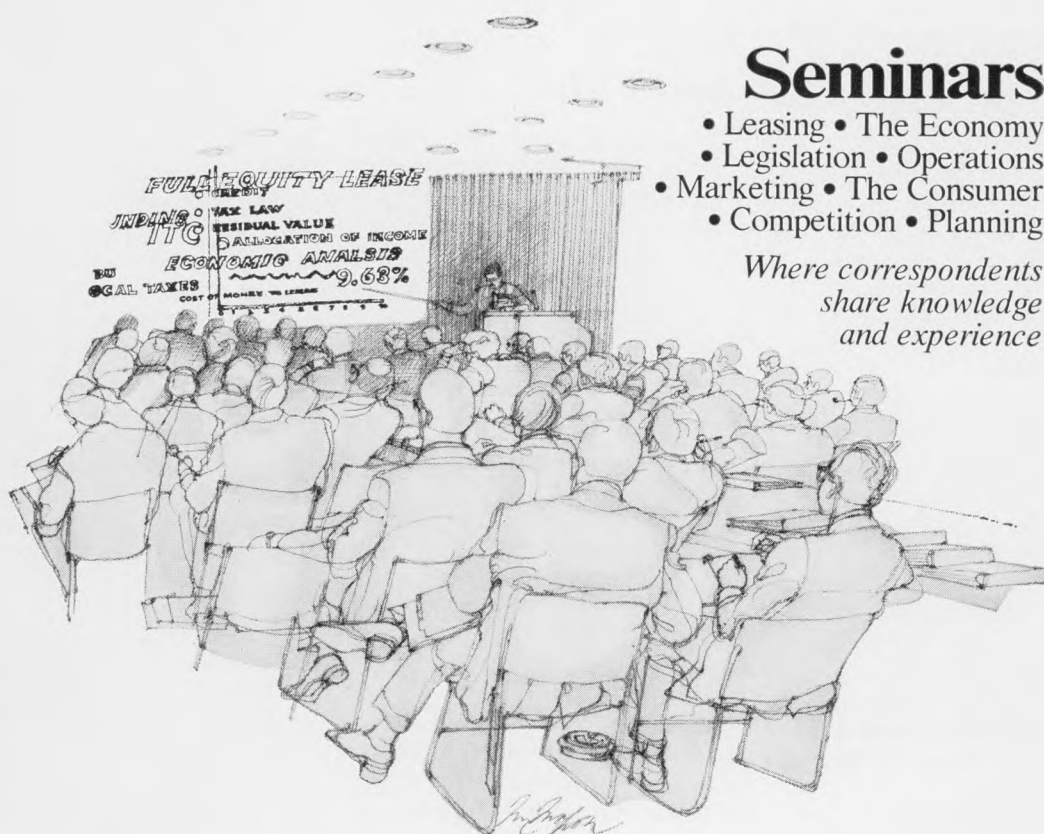
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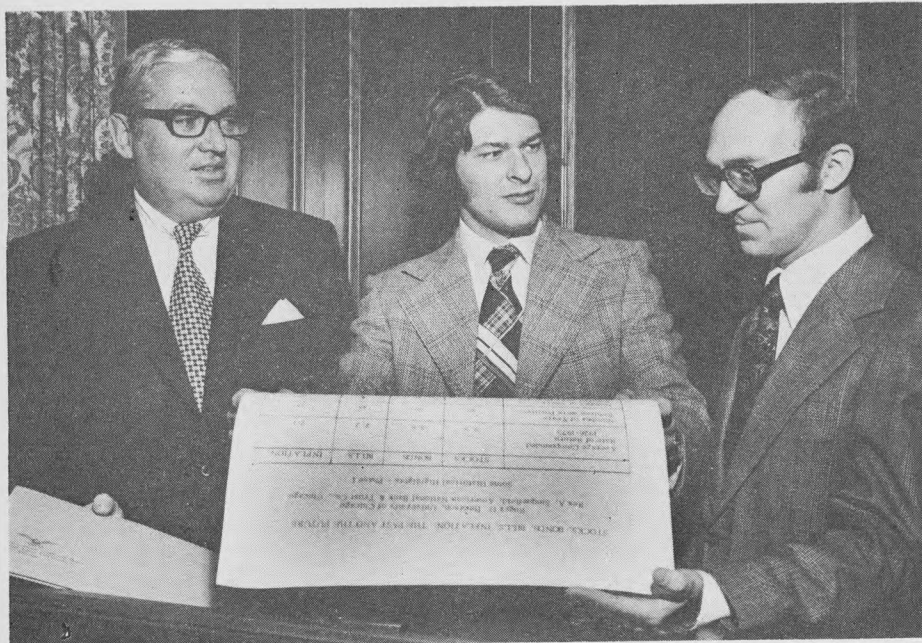
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- Marketing • The Consumer
- Competition • Planning

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A BRIEFING on their study on "Stocks, Bonds, Bills and Inflation: The Past and Future," is given to William G. Ericsson (left), pres., American Natl. B&T, Chicago, by Roger G. Ibbotson (center), professor, University of Chicago's Graduate School of Business, and Rex A. Sinquefeld, trust inv. off., American Natl. B&T.

A Financial Look at Past and Future

THE CURRENT structure of interest rates suggests that the financial community is expecting an annual rate of inflation of about 6.4% over the next 25 years. If that develops, total returns on common stocks should average about 14.1% per year, according to a study released in Chicago by two economic researchers.

Roger G. Ibbotson, professorial lecturer in finance at the University of Chicago's Graduate School of Business, and Rex A. Sinquefeld, trust investment officer, American National Bank and Trust Co., Chicago, revealed findings of their one and one-half year research project entitled "Stocks, Bonds, Bills, and Inflation: The Past and Future" at a Seminar on the Analysis of Security Prices at the U of C's Center for Research in Security Prices and at the American National Bank, Chicago.

Appearing with the research team at the American National was the bank's president, William G. Ericsson. The bank, along with the Center, helped fund the Ibbotson-Sinquefeld project.

The study was approached in two phases: historical and future.

The principal historical findings in phase one of the research, 1926-1973, were:

- The annual rate of return on common stocks was 9.3% per year.
- In 32 of the past 48 years, stock

returns were positive and in 16 years negative. The total annual returns ranged from a high of 54.0% in 1933 to a low of -43.4% in 1931.

- The annual rate of return on long-term U.S. government bonds was 3.6% per year from 1926-1973.

- The annual rate of return on U.S. treasury bills was 2.1% per year from 1926-1973.

- Inflation, as measured by the Consumer Price Index, was 2.1% per year from 1926-1973.

- The annual rate of return by which stocks exceeded treasury bills was 6.9%. The difference between the rates of return on stocks and bills is sometimes called the risk premium, which was positive in 30 of the past 48 years.

- The annual return on bonds in excess of bills, sometimes referred to as the liquidity premium, was 1.3%.

- The returns on bills in excess of inflation, sometimes referred to as the real or true rate of interest, was 0% over the period 1926-1973. This is, of course, far different from the 3% to 4% that is generally suggested as the value of the real rate of interest.

The principal predictions of simulations for the years 1974-2000 include the following:

- The expected compounded rate of return on common stocks through the year 2000 is 14.1% per year.
- The forecast inflation rate

through the year 2000 is 6.4% per year and this rate is reflected in stock returns. There is a 5% chance that inflation for the period 1974-2000 will be as low as 3.8% per year, and a 5% chance that it will be as high as 8.5% per year.

- The expected compounded rates of return on U.S. government bonds and U.S. treasury bills through the year 2000 are 8.4% and 7.1%, respectively.

- For any given year, conditional upon the forecasted 6.4% inflation rate, there is a 5% chance that returns on stocks will be below -25.5% and a 5% chance that they will be above 56.0%.

- Through the year 2000, there is a 5% chance that annual returns on stocks will be below 7.0% and a 5% chance that annual returns will be above 23.1%.

- For the period 1974-1980, there is a 20% chance that stock returns will not be sufficient to offset inflation. Even for the period 1974-2000, there is a 3% chance that stock returns will not offset inflation.

- There is also a 3% chance that the stock market will produce returns of almost 24% per year, or that \$100 invested at the end of 1973 would be worth about \$32,000 by the year 2000.

- For the period 1974-1980, there is a 96% chance that stock returns will be positive and only a 4% chance that returns will be negative.

Both Ibbotson and Sinquefeld believe that their way of organizing and interpreting the data may be useful to the entire investment community.

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Proven tips to cut mail costs are covered in a new booklet from Tension Envelope Corporation. Efficient mail-room practices, such as envelope and form consolidation; priority mailing and free mail supplies are outlined. "34 Ways To Make Your Postal Dollars Go Further" also contains a special interest condensation of postal rates and fees. It includes many ideas that are often overlooked, but which can save money and provide better service to large and small volume mailers alike. It is available, without charge, by writing: "34 Ways," Suite 327, Tension Envelope Corporation, 19th & Campbell Streets, Kansas City, MO 64108, on your business letterhead.

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John Moorhead Retires from Northwestern

THE WORD retirement is a matter of semantics for John A. Moorhead who is leaving his post as senior chairman of the Northwestern National Bank of Minneapolis when he turns 65 on January 15. He will transfer the same indefatigable energy he exhibited during his 44 years with the bank to the position of president of the Downtown Council of Minneapolis, a post he assumed last July.

Mr. Moorhead's zest for the job is readily understood since Minneapolis is the home town where he was born in 1910. After graduating from Central High School there in 1926, he enrolled at the University of Minnesota where he gave early indications of his lifelong penchant for work and involvement. At the University he was business manager of the Gopher, president of the junior class, and a member of Silver Spur and Gray Friars, the junior and senior honorary societies.

Following graduation he joined the Minnesota Loan and Trust Company as an analyst. The firm merged with the Northwestern National Bank of Minneapolis in 1934. Mr. Moorhead was assigned to the bank's bond de-



A SMILING John Moorhead hears events in his 44-year career at Northwestern Bank of Minneapolis recalled at his recent retirement party.

partment and given responsibility for the bank's investment portfolio. He was named assistant secretary in 1940.

After the outbreak of World War II, Mr. Moorhead served in the United States Navy from 1942 to 1945. He was personnel officer on the staff of Admiral Murray, at that time Com-

mander of the Pacific Fleet Air Force.

Leaving the Navy in 1945 as a Lieutenant Commander, he returned to Northwestern Bank, joining the commercial department as a lending officer. While on that assignment his fellow division members had a favorite pastime. When he had a loan applicant at his desk, the others would watch unobtrusively to see if they could tell whether the customer got his loan. Nine times out of 10 the transaction between the customer and John Moorhead lost none of its smiling effervescence from beginning to end and the outcome was still a pure guess for the observers when the customer left.

Mr. Moorhead was elected assistant vice president in 1946, vice president in 1949, then headed one of the bank's loaning divisions from 1950 to 1955, when he was elected executive vice president. In 1957 he became the eleventh president and chief executive of Northwestern National Bank. He was named chairman in January, 1968, and senior chairman last January.

Mr. Moorhead holds directorships on the boards of Northwest Bancorporation, Northwestern National Life Insurance Company and Minnesota Title Financial Corp. In 1967 he completed a six-year term as a member and a four-year term as president of the Federal Advisory Council.

Involved in many civic, religious and philanthropic undertakings in the city and state, Mr. Moorhead is a former treasurer and later vice president and treasurer of the Downtown Council of Minneapolis. He moved up to the presidency of the civic group in July, 1974. He has figured prominently in every major downtown improvement of the past 20 years — the Skyway system, the Nicollet Mall and many others.

One of Mr. Moorhead's trademarks over the years has been his smile and sense of humor, both of which are well recognized by associates in civic work as well as among his colleagues at Northwestern National Bank.

Deputy Comptroller Retires

Retirement of John D. Gwin, Deputy Comptroller of the Currency, after more than 40 years of service with the agency, was announced by Comptroller James E. Smith, effective December 31, 1974.

Mr. Smith paid tribute to Mr. Gwin's "diligent devotion to duty." He was recipient of the Treasury Department Meritorious Service Award in 1969.



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Convention Calendar

Jan. 26-29—ABA 56th National Trust Conference, Hotel Fontainebleau, Miami Beach.
 Jan. 29-31—Western Agricultural Lenders Institute, University of Wyoming, Laramie.
 Feb. 9-11—BAI Bank Security Conference, Dallas.
 Feb. 23-26—ABA Bank Investments Conference, Atlanta Marriott, Atlanta.
 March 2-4—ABA National Credit Conference, American Hotel, New York.
 March 16-20—Independent Bankers of America Annual Convention, Las Vegas Hilton.
 March 23-26—ABA National Marketing Conference, Hyatt Regency, Chicago.
 March 31-Apr. 4—ABA Trust Operations-Automation Workshop, Palmer House, Chicago.
 Apr. 6-9—BAI Western Regional Convention, San Diego.
 Apr. 7-9—ABA National Instalment Credit Conference, Conrad Hilton Hotel, Chicago.
 May 4-6—Illinois Bankers Association Annual Convention, Palmer House, Chicago.
 May 4-6—Nebraska Bankers Association Annual Convention, Omaha Hilton, Omaha.
 May 7-9—North Dakota Bankers Association Annual Convention, Grand Forks.
 May 11-14—ABA National Operations & Automation Conference, Americana Hotel, Bal Harbour.

May 15-16—South Dakota Bankers Association Annual Convention, Holiday Inn, Aberdeen.

May 15-17—NABW Northwestern Regional Conference, Washington Plaza Hotel, Seattle.

May 23-25—NABW Western and Rocky Mountain Regional Conference, St. Francis Hotel, San Francisco.

May 25-30—BMA Essentia's of Bank Marketing Course, University of Colorado, Boulder.

May 25-June 6—BMA School of Bank Marketing, University of Colorado, Boulder.

June 4-6—NABW Lake, Midwest and Central Regional Conference, Holiday Inn, Bismarck, N. D.

June 4-8—Colorado Bankers Association Annual Convention, The Broadmoor, Colorado Springs.

June 8-10—Nevada Bankers Association Annual Convention, Sahara Tahoe Hotel, Lake Tahoe.

June 9-11—Minnesota Bankers Association Annual Convention, Arena-Auditorium, Duluth.

June 11-13—Wyoming Bankers Association Annual Convention, Jackson Lake Lodge, Moran.

June 15-18—Idaho Bankers Association Annual Convention, Sun Valley Lodge, Sun Valley.

June 18-21—Utah Bankers Association Annual Convention, Main Lodge, Sun Valley.

June 19-20—Oregon Bankers Association Annual Convention, Sunriver Lodge, Sunriver.

June 19-21—Washington Bankers Association Annual Convention, Tyee Motor Inn, Olympia.

June 19-21—Montana Bankers Association Annual Convention, Jackson Lake Lodge, Moran.

August—IBAA Senior Bank Officer Seminar, Harvard University.

Sep. 29-Oct. 2—BMA Annual Convention, Marriott Hotel, New Orleans.

October—IBAA Junior Bank Officer Seminar, Ball State University, Muncie, Ind.

Oct. 4-8—ABA 101st Annual Convention, New York.

Oct. 17-18—Association of Registered Bank Holding Companies Fall Meeting, Kahala Hilton Hotel, Honolulu.

Oct. 26-29—Iowa Bankers Association 89th Annual Convention, Hotel Fort Des Moines, Des Moines.

Oct. 26-29—BAI 51st Annual Convention, Atlanta.

Nov. 10-13—Robert Morris Associates 60th Fall Conference, Hyatt Regency, Atlanta.

Opens Gold Window to Public

Continental Illinois National Bank and Trust Company of Chicago began selling gold coins December 6, and began retail sales of gold bullion December 31, when it became legal for U.S. citizens to buy and own gold bullion.

Continental's gold windows are located in the second-floor teller area of the bank at 231 S. LaSalle.

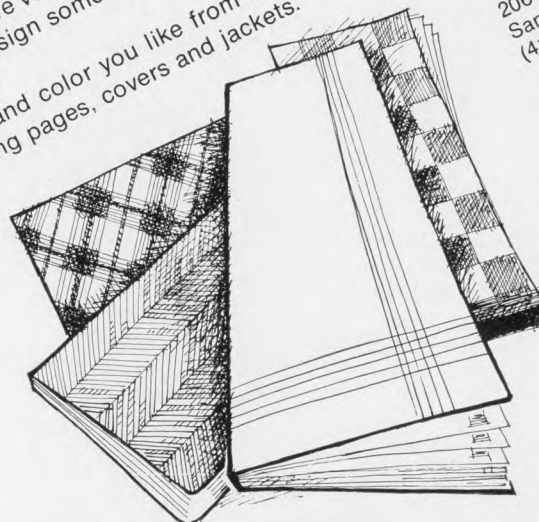
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ENTERING a New Year is always a step taken with some concern about the next 12 months, and moving into 1975 is no exception. The United States has the unique and unfortunate experience at this time of going through a recession, while faced with continuing high inflation at the same time. Similar conditions prevail elsewhere in the world, some to a lesser degree, most more severe than experienced here in this nation.

As principal keepers of the nation's finances, bankers face the severe responsibility of guarding the depositors and stockholders money by close attention to liquidity,

with emphasis more on conservatism than on aggressive growth efforts. These are some of the comments contained in analyses presented in this special report by chief executives of several leading banks on the topic "How Community Banks Can Improve Profits in 1975," conducted by the NORTHWESTERN BANKER.

Most of the respondents caution that the high level of 1974 profits probably cannot be maintained in the coming year due to lower interest rates on loans and lower volume and rates on Fed Funds. All offer various ways of controlling costs. Their responses follow:



HOW TO IMPROVE PROFITS IN 1975



JOHN A. McHUGH
President
Northwestern National Bank
Minneapolis, Minn.

IN MANY respects the year just past has proved to be a barn burner in terms of profitability for banks, especially those considered "community" sized. However, economic developments in the second half of the year may pose a potential problem for many banks when trying to match last year's profit levels in '75.

Higher Yields

First of all, many banks enjoyed a surprising good year in 1974. It was neither planned for, nor expected. It was due in many instances to the unprecedented level of earnings available through investing in Fed Funds. Those community banks which continued to rely heavily upon this source of profitability ignored the fact that rates were softening in the second half of the year (albeit still very high).

We urged our respondents to consider looking into longer term earnings capabilities even if they had to shave off some of their high earnings in '74 to prepare for '75. We recommended a shift into some of the higher yield agencies and other governments as a hedge against '75's not shaping up so well. It proved difficult, however, to argue with the success being experienced month-to-month as '74 progressed.

For those banks who remained very liquid and short in Fed Funds, and did not project their earnings alternatives into '75 with a longer profitability plan, the opportunities to secure relatively high long term yields is evaporating rapidly. For example, at the time of this writing, a new government agency issue is due out. A few months before the rate would have been close to 9%. It is expected that this new issue will be in the area of 7½%, or lower.

Quality of Loan Portfolio

A second economic development which may depress profits in 1975 is both the size and quality of a bank's loan portfolio. Prolonged recession coupled with severe inflation has strained the liquidity and ability to pay of both firm and consumer. Rising unemployment (while cushioned and more moderate in the Upper Midwest), may increase delinquency ratios and actually see a decline in the consumer's propensity to borrow with a subsequent decline in both loans and earnings.

That bank which has taken the initiative to plan ahead with its investment portfolio is now hedged two ways for '75. First, the reallocation of funds to longer term investments has put a high floor under part of his earnings should rates continue to decline. He has also firmed up a large area of his earnings should his loan portfolio prove troublesome and disappointing in '75 (whether from delinquencies, increasing costs, or volume declines reducing gross income).

Two Basic Steps

For that bank which has really not analyzed either portfolio, there are two basic steps which it should consider:

- A thorough analysis of its present investment portfolio against money market trends, maturities and loan demand throughout '75. Some 38% of the banks in the Ninth Federal Reserve are not presently using any form of Bond Portfolio Service. This is readily available through correspondents, and in some cases a limited portfolio service is offered free when purchases and sales are handled by the correspondent for the community bank. Working closely with a bond analyst and money market specialist can substantially improve your profit plan.
- A loan-by-loan analysis of the bank's current rates to insure that all their customers are paying a realistic rate. Long standing relationships and customer proximity often make it difficult to approach this profit improvement tool, but it is essential, especially for those banks which have not adequately hedged their investment portfolio discussed above. This analysis of loans can also help community banks prepare for the regulatory agencies. It is only realistic to expect that their review of our loans in the coming months will be increasingly critical and discerning as they attempt to assess the quality of our loan portfolios in light of economic conditions.

Regulatory Concern

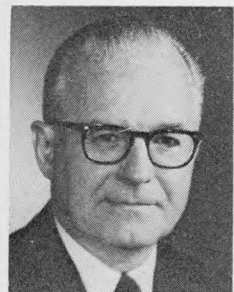
Along these same lines we can expect the regulatory agencies to be concerned about our loan-to-deposit and loan-to-capital ratios as part of their overall growing interest in a bank's general capital adequacy position. As part of a community bank's profit plan, including this subject can pay off handsomely in the future if addressed now. Whether suburban or rural in nature, community banks are basically in the growth areas of the Upper Midwest, with population growth in the suburbs, and with our area being re-identified as the bread basket or granary of the world, the pressure to finance these two markets will fall increasingly upon community banks. This pressure is likely to be as much political as consumerist or market oriented.

The importance of the investment and loan portfolios in profit planning in '75 becomes even more pronounced when a community bank considers that its other opportunity to improve its spread (operating costs) will be even harder to control. In one area the community bank is the distributor of its correspondent's EDP-based products and doesn't control them. In the other area (personnel costs) every bank management must recognize the cruel effect of inflation on salaries and the fact that banking dares not abandon its drive for the best possible people (If we do, our competition in the form of S & Ls and credit unions will not, as they move into full service banking and require our people's skills).

If the above suggestions and opportunities do not make the case for better and longer range profit planning for community banks in the future, a study conducted by the ABA and reported in the October 1974 issue of Banking Magazine does. That study indicated that in the Ninth Federal Reserve District the banks in five out of the seven of our states are performing below the national average for banks (when rated as a percentage of those among

high performers). Minnesota with the largest number of banks and most varied size, ranked lowest.

The need for better and longer profit planning is clearly there.



WILLIAM F. MURRAY
Chairman
Harris Trust and Savings Bank
Chicago, Ill.

NINETEEN seventy four appears to have been a fine year for community banks. Most of them are reporting very satisfactory, if not record earnings. Current economic conditions, however, indicate that 1975 will bring lower loan and investment rates and a continuation of the upward spiral of personnel costs, with the result that maintaining or improving earnings could be difficult.

The good news is that deposit growth should resume, and interest costs should drop significantly for those banks using borrowed funds and corporate CDs. Moreover, loan volume in community banks tends to be rather stable and should remain satisfactory, especially in view of the restraint exercised over the past two years. Additionally, loan yields are also more stable because of a higher percentage of fixed rate loans; and investment portfolios usually have a maturity distribution that reduces vulnerability in any one year.

Although each bank faces its own set of conditions, I believe that the best way to maintain earnings in 1975 or any other year is to start with the planning process. After getting the first indication of next year's results, attention might be given to the following areas:

1. Loan Rates — As rates have risen, many customers have become prime borrowers. The time might be right to restore normal spreads.

2. Investment Portfolio — In some cases, banks have relied successfully on the volatile federal funds market for a large portion of their investment earnings. If this is the case, some moderate extension of maturities might reduce the vulnerability of getting caught short by a sharp drop in money market rates without risking heavy depreciation or future market loss.

3. Account Analysis — All price schedules should be examined, but special attention should be given to business accounts to insure that services are not being given away. Earnings can be increased by eliminating business which, when viewed as a total relationship, is considered unprofitable.

4. Manpower — Personnel costs can be held down only by controlling the number of employees. Salaries must increase, and good people must be well compensated; but any increase in the number of employees should be carefully scrutinized. If possible, total employment should be reduced by not replacing all who leave.

Maintaining earnings in 1975 is of obvious importance to community bankers and their shareholders. I would rather settle for lower earnings, however, than jeopardize the future by sacrificing quality. Higher investment yields can be achieved by downgrading quality and extending

maturities, but the penalties for being wrong are severe. Stretching loan policies to build volume has always been hazardous, but never more hazardous than now with financial statements very difficult to interpret because of the impact of inflation.

In summary, community banks face a stiff challenge to show another record performance in 1975. But, if after thorough planning, hard work, and concentration on quality, earnings fall a little short, no apologies should be necessary.



GEORGE H. DIXON
Chairman and President
First National Bank of
Minneapolis
Minneapolis, Minn.

LOOKING ahead to 1975, it's a fair guess that the challenge will be to achieve **some** increase in earnings over 1974, rather than to achieve a *big* increase.

How come? Consider that in any business profits are a function of *volume* — that is, size of earning assets; of *price* — interest rates and fees; and of *costs* — interest and non-interest expense.

Then consider that earning asset growth in 1975 will be at a slower pace than in recent years. There are several reasons. **First**, capital growth hasn't kept pace with earnings asset growth. So many managements will want to slow the latter to allow the former to catch up. **Second**, the regulators are encouraging this idea. **Third**, the nation is in a recession. Loan growth will be harder to come by. There's even a possibility of a decline in earning assets — the consequence of a decline in loans. **Fourth**, some banks have used purchased funds as much or more than is desirable for the time being.

Consider, too, that inflation is going to have a big impact on non-interest operating expenses. Salaries and wages, employee benefits, postage, office supplies, property taxes, telephone, utilities, loan loss reserves, travel and many others — all up a lot. If your bank is already a "tight ship," sizable increases are probably unavoidable.

Faced with the prospect of a substantial increase in operating expense and relatively little or no growth in earning assets, what are your options? Here are *some* of them. You decide which are the most critical for your bank.

1. Keep dividends as low as possible; to help equity capital grow as rapidly as possible; to restore better capital to earning asset ratios; to permit a resumption of earning asset growth.

2. Get more efficient. There is *always* a better way — in fact, there are a thousand of them.

3. Widen your net interest margin. Mostly that means reviewing your pricing and your mix of earning assets. Increasing interest prices relative to interest costs may not be easy if competition for loans increases, but if volume has to stay steady and expenses are going up, it's the only way to go, baby — except to improve spreads by altering the mix of earning assets — which is, as you know, just another way of improving average prices.

4. Review existing and potential fees and service

changes — including free and waived services and charges.

5. Know your costs. You cannot price properly until you know what it costs to produce the product.

6. Concentrate on improving the quality of your loans and investment portfolios. Poor quality means increased potential for losses and obviously none of us need large charge-offs when better earnings will be hard enough to come by in any event.

7. Be innovative. Constantly keep alert to new profitable ideas and examine them carefully to make sure that they fit the particular economic environment in which you operate, then move forward aggressively.

Profits will be important in 1975. They always are. But at a time when confidence in the commercial banking industry has suffered, a strong, solid balance sheet will be particularly desirable. In the continuous process of weighing trade-offs between profit, which often means risk, and balance sheet strength, which means avoidance of risk, in 1975, when in doubt, opt for the latter.



P. V. MILLER, JR.
President
Commerce Bank of Kansas City
Kansas City, Mo.

BANK earnings are made up of three major factors; interest margin, other income and other expense, so let us look at interest margin first.

Regardless of size, most commercial banks derive from 65 to 70% of total income from loans (including federal funds sold). It is obvious that $\frac{1}{4}$ or $\frac{1}{2}$ % improvement in the spread between cost of funds — interest income makes a substantial difference in operating earnings. For the first time in many months, banks using money market funds have the opportunity to improve this spread and still remain competitive. So perhaps a good way to improve earnings in 1975 will be to give lending rates very close attention.

The enactment of Public Law 95-501 is very timely. This new federal legislation overrides state usury laws on loans to individuals and partnerships in the amount of \$25,000 or more for business and agricultural purposes. This law should produce additional interest income for many banks in states where large borrowers have, heretofore, been favored by usury laws. But the best method to improve or maintain earnings in the months ahead is to strive for quality in the note case as charged off loans are a charge to income either now or later, depending on how one accounts for those losses.

This is also a good time to review all fees for various banking services. We all know that some of our fees do not really relate to the true cost of those services. Suffice to say, price controls could appear at a later date.

Controllable expenses need special attention because of the inflationary effect of salaries, supplies, postage and other expenses. 1975 will be a year for tough, realistic budgeting. In prior years, there has been a tendency to put

together a budget, but not make effective use of it throughout the year. In our bank, we will be comparing actual figures very carefully with budgeted figures and managers will be expected to live within their budget or have sound reasons for not doing so. Those banks expecting to improve earnings in the coming year will be giving greater attention to improving productivity and more attention will be given to the quality of talent in our organizations. Inefficiency will be weeded out more than in previous years.



B. C. GRANGAARD
Chairman of the Board
Central National Bank &
Trust Company
Des Moines, Ia.

IWOULD suspect that control of expenses will be the best way that community banks' earnings can improve in 1975 over 1974. Many banks had exceptional revenues from the sale of fed funds during the past 18 months, but the rate on fed funds has dropped over one-third from its peak and these record revenues probably can not be repeated.

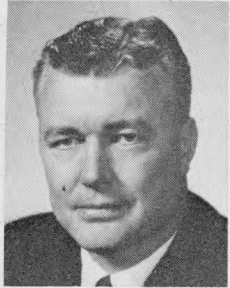
Interest rates in the community banks have continued to be relatively stable, not going up with the prime rate nor in the past did they go down to the prime rate's lowest level and this is a stabilizing factor. Many banks lost deposits to the higher-rated money market instruments but with their rates reducing it is possible that the money may find its way back into the banking system. If a spread between the rate the bank must pay to attract this money and the rate it can get on short term investments is great enough, earnings should be increased.

I sincerely hope that Regulation Q will not be eliminated. The metropolitan banks are apparently so badly in need of money that they will pay high prices to get it and could easily afford to pay a rate on savings accounts which community banks could not meet and the result, in my opinion would be that a significant amount of dollars would be drained away from the community banks into the metropolitan centers. The rationale used by the big banks in supporting the elimination of Regulation Q is that the small saver is as entitled to a high rate of interest as are the large corporations which can get a high rate on CDs in excess of \$100,000. In my opinion this argument is as phony as a \$3 bill and I hope the authorities will not heed it.

Another hazard would be the possibility that the Federal Reserve System may be successful in its efforts to require all banks, whether members or non-members, to carry their reserves with the Federal Reserve System. The Federal Reserve cannot handle overlines under present law and if the correspondent banks would not have the non-member bank reserve accounts, they would not have funds with which to carry overlines unless they were to go out in the money markets and buy money and that could not be done with the present usury laws limiting the rates that can be charged.

All projections are dependent to such a large degree

on what happens in the Middle East where we don't have the options which are in the hands of the Arabs. The high cost of petroleum products reflects itself in the high cost of fertilizer and other items used in agriculture and this will tend to increase farmers' costs and thereby reduce their bank deposits.



JOHN F. NASH
Chairman and President
American National Bank and
Trust Company
St. Paul, Minn.

ECONOMIC forecasts for 1975 generally reflect a continuation during the first half or three-quarters of the year, the soft and sluggish pace, which has characterized the latter part of 1974. As a result, banks, like most industries, will be faced with a challenge greater than that which we have been faced in the recent past.

Community bankers must realize what the marketplace is today in comparison to the position of a year ago. During the past few years, the average community bank has greatly improved its earnings, as the result of a combination of three factors: (1) a substantially higher deposit level, (2) a growing loan demand, and (3) abnormally high interest rates on Fed Funds, U.S. Treasury securities, and federal agency obligations. This period has been marked also by substantially increased costs to banks, but generally they have been more than offset by the higher income received.

My observation is that despoits, particularly time deposits, will increase in 1975 for more community banks. It is conceivable that there may be some reverse disintermediation due to the increase in FDIC insurance coverage to \$40,000, plus lower rates on alternatives available to depositors, primarily individuals. Loan demand could very well slacken, and these banks will have to look forward towards the bond market for outlets to place those funds. This could indeed pose a problem, but it can be reasonably expected that bond yields, as well as the rate on Fed Funds, will be lower in 1975 than what they were in 1974. It would appear that some rate relief may be attained on loans due to the new regulations recently issued pertaining to business and agricultural loans in amounts of \$25,000 and higher. Competition will, however, determine what, if any, increased rates will be affected.

Consequently, to maintain net earnings at what they were in 1974 or to show an improvement in those earnings, will depend not so much on asset management by the bank, but more importantly its ability and determination to increase the operating efficiencies and, wherever possible, to lower expenses. It is conceivable, because earnings have been so good in the recent past, that bankers have not given as much attention as they should have — nor have they scrutinized carefully enough the many expense items, which in some cases have soared beyond a reasonable degree.

It is in this particular sector that a bank has the best opportunity to maintain a reasonable earnings position dur-

ing the coming year. The control of operating expenses is frequently a difficult area to manage; however, the benefits of a closely administered cost program can lead to significant savings and, therefore, an increase in earnings. Expense control should extend to every type of operating expense. Staffing should be reviewed to insure that no department is carrying excess personnel. If turnover is a problem, every effort should be made to determine and, if possible, eliminate the cause, since personnel turnover is extremely expensive.

Placing the accent on more attentive management may seem like stating the obvious; however, the relatively easy money policy of the recent past, coupled with a strong loan demand, fostered the belief in a number of institutions that the generation of incremental gross income was a never-ending opportunity to improve earnings, and expense control was a difficult, unpleasant process of secondary importance. A continuation of this philosophy may seriously hamper the improved earnings objectives — at least in the near future.

Many banks will find that a cost analysis of internal operating policies will provide the opportunity to maintain or improve earnings in 1975.



JOHN R. FITZGIBBON
Chairman & Chief Executive
Officer
Iowa-Des Moines National Bank
Des Moines, Ia.

MOST community banks will recognize 1974 as one of the best earning years in their history. This has been largely due to a strong excess funds position and high national money market rates. It will not be easy to duplicate such a year.

Gross income will be difficult to maintain at the 1974 levels. The rate structure for 1975 is admittedly unpredictable, but will most likely be lower than during the past year. Now is the time for banks to review their invested position and consider moving from heavy short term investments to medium maturities, thereby capturing rate spreads which will carry into the latter part of 1975. As adjustments to the invested position are considered, management should anticipate community loan demand and review their objectives for liquidity and the related ratios between loans, deposits, and capital.

Expense control has been an area of concentrated effort for the large banks during 1974. This will continue and will also extend to smaller banks as the pressures on gross income accumulate. Fixed expenses should be analyzed and in total held at or below 1974 levels.

Capital expenditures which absorb investable funds and create fixed expense might be deferred. It is extremely important to project the total effect of capital expenditures on the year of acquisition plus future years. Adequate consideration should be given to leasing versus purchase. Supplies will continue to be one of the most volatile expense items for banks as prices continue to rise. Once again, a careful analysis of item expenditures and the

standardization of size, use, etc. will help to control these costs. Operating procedures should be reviewed, with emphasis on computer capabilities as a means to gain efficiency and improve productivity.

Pressures to perform in 1975 will impact all banks, regardless of size, and may cause us to lose sight of an equally important objective. That is creditability. Activities within the financial system, particularly commercial banks during the past two years have created a question of confidence among the public that all banks must recognize. Now is the time for all banks, large and small, to make the necessary adjustments in the management of their funds as well as their banking activities so that they will be in a sound financial position with sufficient flexibility to respond to community conditions, both now in a period of economic uncertainty, as well as in future periods of expansion. In some cases, these adjustments may come at the immediate expense of earnings, but will, nevertheless, prove right for the individual banks and the banking community.



CARL R. POHLAD
President
The Marquette National Bank
of Minneapolis
Minneapolis, Minn.

THIS past year the community banks have been much more aggressive in selling Federal Funds at record rates of interest. It is doubtful that during 1975 the rates will reach the high levels as during 1974. Gross earnings will not increase during 1975 over the prior year as they did during 1974.

For this reason it is important that you review each job function in your bank. Whenever possible, jobs should be analyzed as to ongoing production. Most often I am certain you will be able to reduce staff through this process.

Other areas of expenses that have to be reviewed carefully towards reducing are supplies and postage. Within both of these areas we continue to see increases too often.

If you can control and reduce expenses, this more than any other area will have the biggest effect on your overall profitability during 1975.

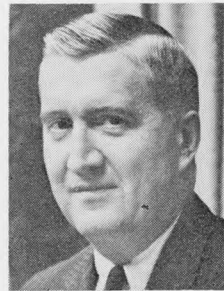
I might also indicate the importance of business development and cross selling of your present customers to other services. This area is often times taken for granted. However, a much greater emphasis should be placed in this area. With growing competition from outside the banking industry, it is necessary that you look towards developing new services with the consumer in mind.

With continuing problems in our economic conditions, it is important that you maintain your investment portfolio in a liquid situation. This will enable you to hedge against deposit runoff as well as increased loan demand by mid-year 1975.

It is important you continue to watch the interest rate spread on savings deposits and funds purchased to funds employed. This spread can reduce on you if you do not react quick enough on increasing loan rates.

Most economic forecasts for 1975 look quite bleak. In

general most economists predict that conditions will continue to get worse until late 1975. It is important that all loan areas are carefully reviewed as we will no doubt see a much greater increase in bankruptcies both for the consumer as well as the corporation.



JOHN H. PERKINS
President
Continental Bank
Chicago, Ill.

EARNINGS improvement for community banks in 1975 will be a difficult objective to achieve, given the continued decline in Fed funds rates, reduced levels of consumer loan demand, and continuing strong upward pressures on operating expenses. The challenge facing community banks might be restated more realistically to read "How to *maintain* earnings in 1975." These considerations suggest three "watch words" for community bank management in looking ahead to 1975; Planning, Pricing and Professionalism.

Planning

While a great deal has been written about planning, gearing a community bank to the future is not an easy assignment. However, management of a bank (large or small) must spend increasingly *more* time thinking about, analyzing and *planning* for the future. Planning, by definition, concerns the future. The principal purpose of the planning process is to enable bank management to grasp the initiative, rather than merely responding to the unexpected.

The effective bank manager must do more than simply project last year's results into the future. Rather, he must take a rational and disciplined view of his environment, develop positive objectives and specific plans of action to achieve pre-set goals. Inherent in this concept is the need for flexible alternatives to be called into play if basic conditions change. Planning is no small task — in fact, it's too important to be left simply to the chief executive officers. It must involve the whole management structure from the board of directors to departmental supervisors.

Pricing

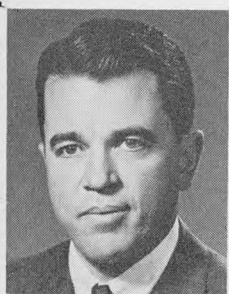
Pricing is the second key word. The interest rate fluctuations of the last five years have required unusual sensitivity on the part of bank managers to the costs of the funds they employ. This same sensitivity must be extended by the community banker into the whole area of pricing services to insure that adequate gross profit margins for services performed are being maintained. This should be done on a service-by-service and customer-by-customer basis so that the more profitable services can be expanded and the unprofitable services cut back or eliminated.

Professionalism

Since World War II, many non-bank competitors have been attracted to the financial service market. Industrial

and commercially based companies with virtually unlimited regulatory flexibility have been developing and offering new financial services at a great rate. For commercial banks to compete successfully in this economic environment, the professionalism of the bank manager and his staff must be improved. In its simplest form, this means proper staff selection, training and development to produce new professional bankers. Our associates must be given every opportunity to exercise their talents. We must provide an environment where responsible innovation and initiative are rewarded. Recognition of the human resources as the important non-balance sheet asset it really is will pay substantial dividends over the years ahead.

Profit improvement is a totally worthy goal. It is socially and economically beneficial, for it relates directly to our ability to maintain the viability of our institutions in a frequently hostile environment. Within this context, 1975 promises some real challenges!



R. CROSBY KEMPER
Chairman of the Board
United Missouri Bank of
Kansas City
Kansas City, Mo.

PERHAPS one of the greatest questions that should be considered in banking today is whether or not the great competition for growth and deposits hasn't been a boom-crash. In the last year it has been proven rather clearly that we have over-expanded as an industry, and in the search for growth, performance and profit we have given our reason and good judgment over to foolishness.

First, let's tackle the growth: It is my understanding that one bank borrowed \$400-million in Europe and loaned the same money out in Mexico (to credits they weren't entirely sure of) for a very slim profit. The big incentive for doing this, I was told, was to show up \$400-million bigger on both sides of the balance sheet. I am afraid our industry got caught up in the kind of reasoning in the last few years that size was everything. Our own reasoning in our organization ran counter to this as we took a more practical viewpoint oriented toward profit, and happily I noticed we are comfortable out-earning banks or holding companies that are twice or perhaps three times our size. Some bankers who head major money center banks have told me that they consider their banks simply money brokers where they, in the name of liability management, make loans about the world and then go into the market to buy the money to cover these loans. I do not think this, when done in a major dimension, is sound for the banking business. Banks cannot act in the same way as major finance and factoring companies do because banks have a public trust that the other kinds of companies do not share. A failure of a finance company can mean a loss to the stockholders and creditors, but a failure of a major bank can mean a potential loss to many depositors; they may have their life savings involved.

Risks Affect Profits

When major risks are taken for the reason of growth

and size (such as the Franklin Bank took) then in varying degrees profits eventually are going to suffer, even the entire viability of the institution. Holding companies, too, show they have gone into many extraneous areas, most of which have proved quite unsuccessful. Bank holding companies made the same mistakes that conglomerates did just before them; they expanded too fast, paying way too much money for companies in areas that they did not have expertise in and could not justify the premiums paid in any way.

Holding companies, even in our own banking arena, have paid far too excessive amounts for banks they have acquired. Here in Missouri as much as three times book has been paid for banks that show little or no growth. This is robbing the original shareholders and cannot help but hurt earnings per share in the long run even if the premium is amortized as good will over a long period of years.

In our holding company our average premium has been around 36%, and even that sort of a premium is rather difficult to justify. Profit-wise we would have been better off remaining a unit bank, but our 17 banks do give us diversification in the territory and some other benefits which we did not have prior to the holding company. The head of one growth-minded holding company, which has been very well regarded, recently told me that his assets had growth 40% in the last year but his profits had gone down considerably and he wondered if the passion for growth hadn't been erroneous.

Free Service To "Tomfoolery"

This same philosophy goes toward the idea of giving away free checking accounts to everybody. The state of Missouri has gone "whole hog" in this direction. Never before has anyone been able to give away primary services and not end up the big loser by doing it. I am confounded by our industry in doing such a thing here in this state. No other business can afford to give away its prime principal service for nothing. This shows where competition has gotten out of hand and verges on tomfoolery.

We have not joined in this move because we do not think it is sound nor will we go to 48 months on automobile paper. I understand that GMAC and Ford credit are considering this move in order to sell automobiles. Some of the banks in our area have already done it. Always before when banks moved out this far, whether through the Yagen Plan or some other plan, they have been horribly burned. This coming year will be no exception. If a buyer doesn't build up an equity in his car as it gets older, he simply turns it back to the one who loaned him the money.

Must Assess Our Costs

During 1975 the banking community must address itself to the basic problems confronting it and set out to solve them — not just react to symptoms as they occur. To know where we are going, we must know who we are and where we have been. Unfortunately, we (the general banking community) have not kept records of sufficient detail to specifically state where we have been. By this I mean that we do not know the costs of the services we have given or charged for. We have charged based on the industry "going rate" and have ignored the cost to us. This can be exemplified by the free checking account movement.

When our competitor moves, we follow, not taking time to evaluate what it means to our net profit picture (most of the time because we don't have sufficient records to make a proper evaluation).

Priority 1: Keep records in sufficient detail to know the exact costs of each component of the various product lines. (We expect this of our loan customers — why not us?) Once assured our costs are prorated to the correct product lines and our production of that product is at the lowest cost, management of the bank is in the position to make management decisions based on fact and not on what the competition is doing. At that point, management can maximize its profits based on its own decisions, perhaps giving "loss leaders" but doing so with full awareness of the impact on net profit.

In another area of profit potential I think we should look very clearly at our trust department. Too often banks don't charge fees which will result in a reasonable profit to the bank. If we are going into the trust business, we must give quality service and we must get paid for it.

Other Contributing Factors

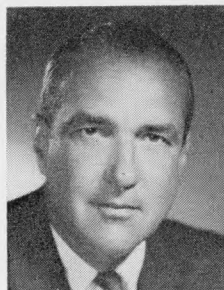
Other contributing factors which should be considered toward making 1975, or for that matter any other year, profitable are these:

- a. Customer profitability is a desirable tool in determining total bank profitability.
- b. Timely tax equivalent internal reporting gives management the ability to detect possible problem areas and to take immediate corrective action.
- c. Additional facilities and/or branches should be planned and placed in growth areas. The design should be such as to maximize utilization of space and to minimize maintenance and energy requirements.
- d. Advertising: The monies expended should be channeled toward the fulfillment of the objectives set by bank management.
- e. Banks need to plan according to their particular geographical location; i.e. whatever is acceptable in New York might not be the case in the Midwest, Northwest, etc.
- f. One should not overlook the importance of the various bank services mentioned above, since they represent an ideal method to keep a customer with his bank. This has to be a mutually beneficial relationship for both.

Must Counsel Customers

Lastly, I think banks should be more responsible in the counseling of their customers — not to get in over their heads, whether corporately or as individuals. We are in the midst of an ever-increasing recession and banks will have to watch things very closely, particularly where they have marginal commercial loans or in their credit card area. Undoubtedly, the banking industry will face some charge-offs this year due to unemployment and also due to people getting over their heads in debt and just not being able to handle it any more. A bank's profits could also be hurt by getting in over its own head into building projects which haven't been properly thought out as to whether the bank's earnings could carry the program realistically or not.

I am happy to share some of my thoughts with my fellow bankers and, although, I sound a bit conservative, I think this is the time for our industry to return to very sound and responsible ways.



IRVING SEAMAN, JR.
Chief Executive Officer
National Boulevard Bank
Chicago, Ill.

SINCE 1974 has been an exceptionally good year for community banks, it is hard to say what they can do "for an encore." However, it would seem that there is a good possibility community banks in the surge of 1974 have overlooked some fundamentals that they will want to come back to.

With the loss of high income from Fed Funds, top management will want to get back to heavy involvement in all phases of their banks at the grass roots level — roll up their sleeves and get into operations, spending time observing, looking for inefficiencies and lack of productivity. Top management will also want to spend more time out making calls on existing customers, commenting relationships, cross-selling and then, of course, beating the bushes for new business. Not just in their own communities, but calling on national offices in Chicago, New York, etc. that have branches in the community. The correspondent bank can often be helpful with this type of solicitation. In addition, management should spend time visiting in the lobby with customers (those that do not always seek out the top people) to find out what these customers think about the bank's services or lack of service. This can often be a big eye-opener as to service deficiencies.

Top management should make a point of sitting in on staff and junior officer meetings periodically, also, to get a feel as to what the staff is thinking about and doing or not doing.

We all know the two biggest expenses are interest on time deposits and salaries. So, the continued drive for demand money with a careful review of the call program and its effectiveness, plus not replacing people as they leave (when possible), will prove to be helpful.

It would be wise to review all building and leasing plans in light of the rapid strides that are being made with electronic funds transfer. EFT requires careful examination for 1975 as to what direction the community bank will take and how it will change profitability.



MAX G. BROOKS
Chairman
Central Bank & Trust Co.
Denver, Colo.

GENERALLY speaking, we think that most small banks may have a difficult time just equalling their 1974 earning results in 1975. This past year the smaller

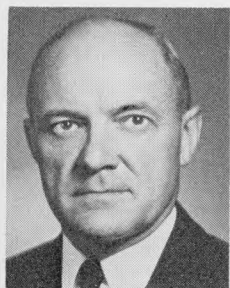
banks have had record operating income, due, of course, to high loan rates; and those with any kind of liquidity have taken advantage of a very lucrative Fed fund market. At the same time, these banks did not experience the effect of higher cost of money as did their big city cousins.

This coming year operating income will tend to be lower, but expenses won't decrease proportionally. Higher percentages in time money deposits, minimum wage and hour increases, and increases in expenses in general could dictate lower profits.

The entire picture is not all gloom, however. We have talked to some community bankers who are projecting better operating results next year and there is still a possibility for this. If there is one word that would keynote the chance for better earnings in 1975, it would be professionalism. Community banks should look more and more at account profitability. Marginal business should be scrutinized and eliminated or made profitable by assessing higher rates, fees, etc., and we shouldn't be too anxious to drop our lending rates.

Close examination of each and every expense item is a must. All banks have some "holy cows" in their expense classifications, and this is a good time to take stock of where and how we spend our money. Most importantly, the quality and quantity of bank personnel should be honestly reappraised, as we feel that this is where many banks are either good or poor earners.

Lastly, the community banks should be aware of new business opportunities. Much is being said about the move "back to the country" and alert and aggressive bankers can do much to help their community and their bank in aiding this movement. In summary, we feel that 1975 could be a difficult year, but a sound, professional approach to management might prove the difference.



CLARENCE G. FRAME
President
The First National Bank
of St. Paul
St. Paul, Minn.

THERE is a growing public awareness of the consequences of inflation. However, until that awareness becomes powerful enough to change governmental policies and affect private action, too, we will have the kind of stop-go economy which will suffer from periodic attacks of rapid price increases and rapidly escalating interest rates.

Since we are just beginning to recover from one of those attacks, 1975 is a year for community banks to try to repair the damage of inflation, consolidate, and build for the future rather than try to improve their earnings. Increased costs for time money, for personnel, for fuel, housekeeping and real estate taxes have become imbedded, probably permanently, in their cost structures. Inflation does not hurt certain borrowers; however, many borrowers have had to increase their debt-to-worth ratio at a time when their earnings have been declining so it is possible that loan loss will be a larger expense than it is in stable times.

On the income side the rate of return on federal funds,

short-term Governments and other marketable paper, as well as on commercial loans, will probably be significantly lower than it was in 1974. Unless it has an unusually favorable geographical location (or a mediocre earnings performance in the past) a community bank will do well to keep earnings close to 1974 levels.

What can a community bank do to prepare for a future in which inflation may be endemic, in which interest rates will fluctuate widely, and in which most loans will be more risky than they have been in recent years? It is a truism to say that it should control overhead and hold back as much of its earnings as it can and sell additional capital stock whenever there is a receptive market. If the normal economy is an inflating rather than a stable one, a bank's balance sheet and its customers' demand for credit will constantly outpace its capital. If inflation is to be the rule, rather than the exception, loans and investments should be of very short maturity. While a particular bank may be lucky enough to make all of its investments in long paper at the peak of an interest rate curve, the average bank will fare better if it is short and able to refund its loans and investments at each maturity at current rates.

That, of course, is what the money center and regional banks accomplish with their floating rate loans. The twenty-year fixed rate mortgage may become obsolete for community banks; perhaps they should loan on two, three, or four year notes (but with twenty-year amortization schedules) and at each maturity renegotiate the interest rate and monthly payment for another two, three, or four years. A bank that wants to stay short in 1975 might find it worthwhile to purchase a participation in a city correspondent's loans for at least as long as the prime stays on the high side of other short rates.

Another subject which will deserve much care and study during 1975 is the role the community bank will have to play in years ahead to get the consumer's banking business. New regulations with respect to automatic withdrawals from savings accounts to cover overdrafts in checking accounts, EFTS, Hinky Dinky, are all omens of an imminent revolution in the way consumer banking business is handled. Regional and money center banks have important wholesale business to sustain them but the average community bank does nothing but consumer business and cannot afford to lose any more of it to competing institutions if it aspires to grow and progress.



JOHN D. HERSHNER
President and Chairman
United Bank of Denver
Denver, Colo.

MANY economic indicators point to 1975 being another tough year. With recession bringing high unemployment, and inflation continuing to produce higher costs, the outlook in banking could be especially poor, if it were not for one thing . . . good management.

There are six key areas of bank management that I believe are particularly important to maintaining and im-

proving earnings, not just during these times of economic austerity, but anytime. Through sound management of each of these areas the community bank, whether it be large or small, should be able to maintain and possibly improve its earnings in 1975.

Spread Management: The cost of bank funds and the yield on earning assets are key factors in determining a bank's profit. It is understood that the wider the spread between cost and yield the greater the bank's profit. But many times, because of competitive position or tax structure, the widest spread is not desirable. It depends on the bank, its customers' needs and the goals the bank has as far as its earnings are concerned.

There are three steps which are important no matter what spread is desired. First of all the bank must know what its funds cost and what yields are available from earning assets. Next, given the opportunities available for funds at various prices and yields at various rates, the bank must determine what spread is best and develop a plan that will maintain that spread. Finally, the bank must implement the plan and evaluate both it and its performance, making adjustments as needed.

Tax Management: There are some who would argue that the best tax bill is no tax bill. But a bank is a citizen of its respective political communities, and as a citizen has a responsibility, I feel, to make its contribution to the tax rolls. A reasonable balance between tax free and taxable income should be determined according to what a bank feels its responsibility to be. The bank should maintain that balance through proper management of its tax bill. Such incentives as municipal bonds, ITC and leverage leasing are possible ways in which the tax bill may be properly managed in an effort to increase earnings.

Human Resource Management: The complaint of business management today is that too many people are being paid too much to do too little. Salaries are typically a bank's second largest expense, and the community bank, while recognizing its responsibility to assist in the maintenance of a healthy economy, must also protect its earnings. Insist that your employees are properly skilled to earn the salaries they request and that their efforts are commensurate.

Fee Income Management: Today, many banks feel they must give their services away in order to attract and maintain customers. This attitude is neither healthy nor reasonable. A bank is a business just as the drug store on the corner or the grain elevator on the highway. The commodity banks sell is money and the service banks sell is money management. Fee income can and should be improved in most banks.

Credit Management: Funds used to make loans cost money. Naturally, a bank wants to get the highest return on its funds, but at the same time it cannot afford to sacrifice security for earnings; particularly in a year when risk will be high. If funds are being lent on the basis of earnings potential alone, the bank may be in for some hard days. Additionally, in order to protect their earnings in 1975, banks should develop a reserve which will protect against losses due to bad credit.

Expense Management: Travel, entertainment and supply expenses are looked upon by many administrators as the first expenses to cut when the budget is pressured. This activity often costs more than the savings accrued. Customers and employees may think of the bank's

management as being superficial rather than wise. The bottom line effect of such expense control is small, but the morale effect is dramatic. Nonetheless, I feel this area should be reviewed regularly in order to establish and maintain a posture of prudent management throughout the bank.

These are six key areas where the need for good management and sound planning can result in maintained earnings and even increased earnings in a difficult economic environment. Proper planning and complete awareness of the opportunities and alternatives available cannot be underlined too many times. Caution and exactness in management of your funds and the proper allocation of your expenditures will mean the difference in 1975.



N. HALL LAYMAN
Vice President
The Northern Trust Co.
Chicago, Ill.

THE YEAR 1974 has been one of very mixed earnings results among community banks, with the advantage going to those banks with significant amounts of short term earning assets. For those banks the year's record high, short-term interest rates provided a welcome cushion against increased savings account and C.D. rates and inflationary expense increases. Less liquid banks have had to face these cost increases without correspondingly large increases in the average rate earned on their longer term assets.

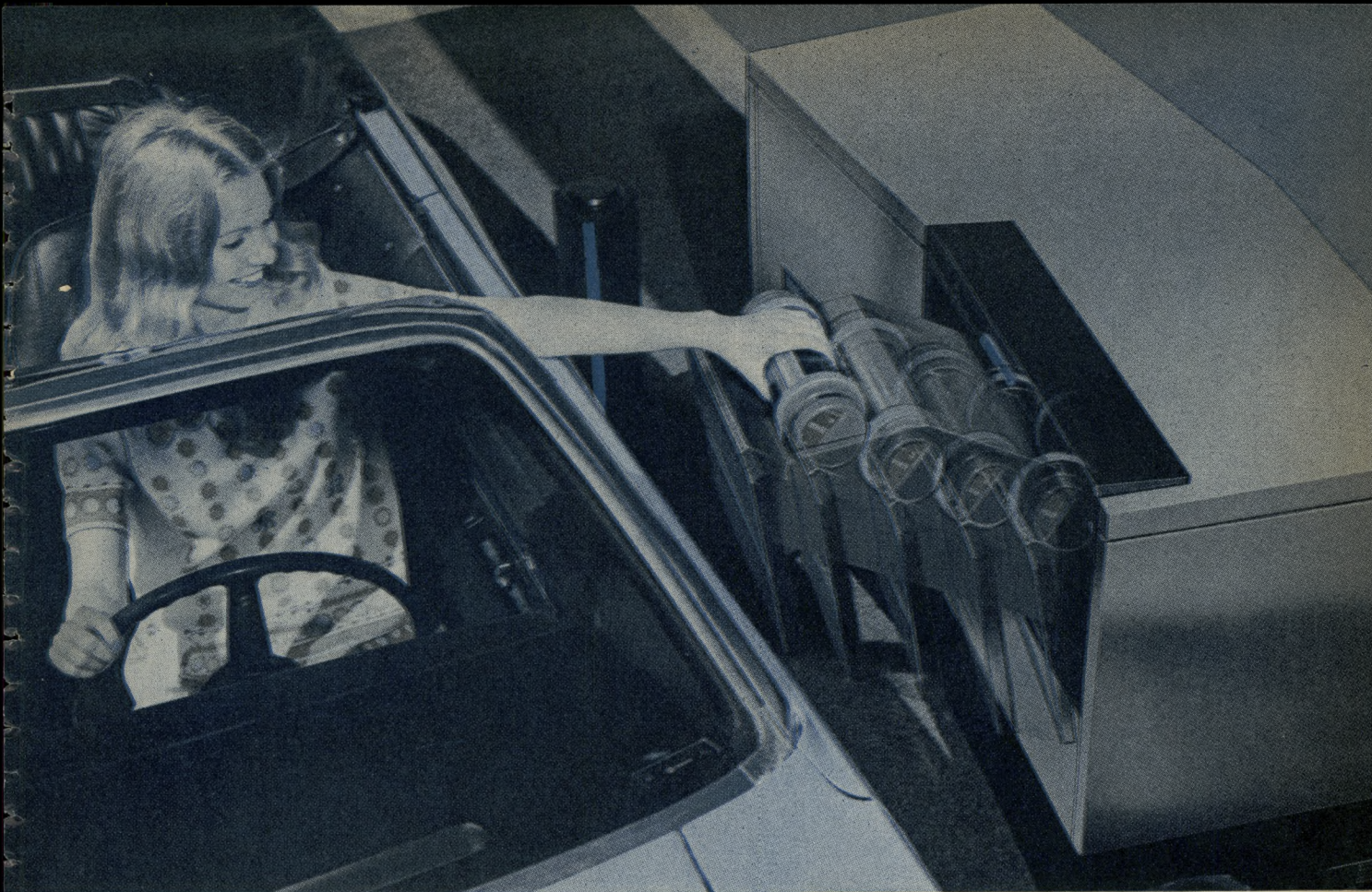
For the coming year, declining short term interest rates are forecast along with a continuing inflationary rise in operating costs. Increasing operating costs translate into a higher cost of funds on savings and demand deposits and lower net yields on real estate and installment loans. Lower short term interest rates, meanwhile, will make liquidity less of an advantage in 1975. Maintaining and improving earnings in 1975 will require the concentrated effort of management.

One likely problem in the coming year, rising operating costs, is directly under management's control. For the entire banking industry 1975 should be a year of strict cost control. A primary factor in an effective cost control program should be the restriction of staff growth, ideally holding the staff level steady, or even reducing staff, during the year. This requires the setting of priorities in staff utilization so that profitable activities may still be expanded and given preference over less profitable activities.

On the income side, existing loan portfolios should be reviewed to determine any possibilities for increasing loan rates. In some cases, low rate loans to individuals may be converted to higher rate installment loans. Also, as new loans are added to the portfolio, care should be taken to

PLANNING PROFITS . . .

(Turn to page 42, please)



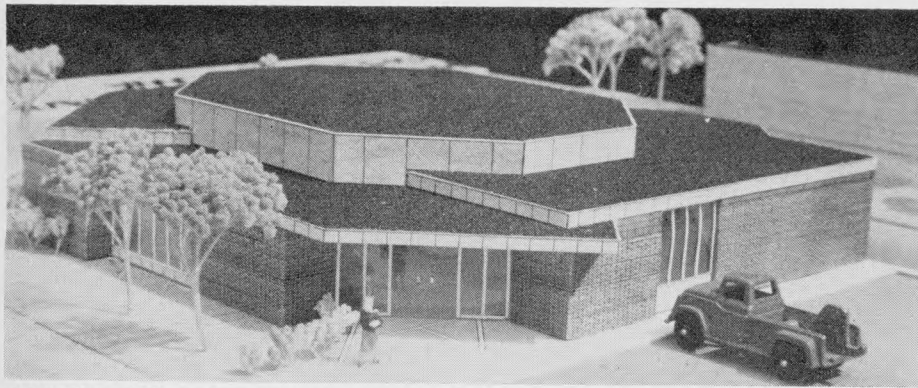
the extra margin of service
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THIS MODERN design building is adaptable to many community corner sites. It offers interior flexibility, drive-up and walk-up potential, parking facility, and is compact.

Changing Trends in Bank Construction

By **GERALD L. GROSS**
Vice President
Kirk Gross Co.
Waterloo, Iowa

THE TREND in banking philosophy has been the prime motivation in changing trends of bank construction. Banks, like the airlines, realize that *service* is what keeps old customers, gains new ones, and increases profits.

Thus, we have seen the trend to provide more customer services in the form of private offices, drive-up and walk-up facilities, waiting areas, community rooms, additional parking, etc.

The banker realizes that he is a pacesetter in his community and while a new building would always be nice, many have felt that remodeling would cause other businesses to do likewise, thus improving the entire downtown area. Some have felt that by leaving their main street location and moving to a new site they would, in effect, be abandoning the business district and it would have a negative effect rather than a positive effect. When the banker remodels he is telling the community he has faith in the continuing growth of

his town, and experience has shown it's contagious.

We recently remodeled the Titonka Savings Bank, which included new sidewalks, and before we finished the entire business district did likewise.

The Citizens State Bank in Wyoming has undertaken a major remodeling program in an effort to beautify the business district and while still under construction, other merchants have started facelifting their buildings as well. While the majority of our projects have been renovations, sometimes, to provide services to its customers, a new facility is the only answer.

The Gibson Savings Bank (population 71) recently built a new facility, primarily because the town had no meeting hall. Quite often the only way a bank can provide drive-up services is to build a new facility.

The trend for new facilities as well as remodeled ones has, due to the bankers' good foresight, been leaning away from creating castles or Taj Ma-

hals, as they can be overdone, especially in the smaller community. The banker's customer has to feel comfortable when he walks in the door and if the building is too elaborate it can be very demoralizing and uncomfortable to many. Thus, much concern should be given to how far one goes in creating his new environment.

Styles of architecture vary with the tastes of the client and the surrounding property. All of our projects have been in good taste and are colorful. Gone are the days when a bank must show strength and stability with high teller cages, dark paneling throughout, hard cold floors, etc. Here is an area where the banker should be somewhat selfish. As in any business, the banker's major annual expenditure is his payroll and if he can increase the productivity and attitudes of his employees by bright and cheerful surroundings, it is to his benefit to do so. It's amazing how some carpeting in the bookkeeping room, functional and attractive officer work stations, and even paintings on the wall can change an employee's outlook about his or her job.

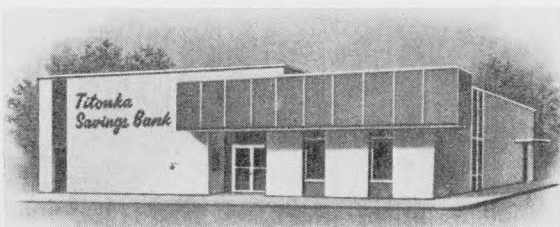
Finally, the largest trend we have observed has been the banker acknowledging that his construction program, be it a renovation or a new building program, can best be completed by a service-oriented company that offers banking expertise through a **TURN KEY** program suited to the banker's budget, his customers who are qualified subcontractors, and his desire for a quality facility inside and out.

Having provided services in the areas of architecture, construction, and interior design to 57 financial institutions in the last 48 months, we have noticed that reliability and honesty have played an important part in the banker's selection of a **TURN KEY** company to provide services required. Bankers have realized that a specialist in bank construction and design should guard his reputation religiously and thus is assured of a first class installation. He has also found that through a **TURN KEY** program all the headaches and problems normally associated with a construction program are eliminated.

One word of caution with this trend is important to mention here. While obviously, many firms can claim they offer a **TURN KEY** program, it is to the banker's benefit to check out their track record and experience in this area. Talk is cheap and no banker wants to be a guinea pig. — **End**



BEFORE (left) and **AFTER** (below)



DESPITE the current depressed condition of the economy, there is a building boom in the banking business.

As banks continue to grow and change, bank managements continue to encounter the need for additional space and the questions of where, when and what.

We find, however, that the question of how to meet this need both in terms of economics and convenience is foremost in the mind of many bankers.

Unfortunately, we've seen too many bankers rush into a building program without giving enough thought to future planning. As a result, they've invested vast sums of money, management time and worry only to find they must repeat the entire process because of inadequate preliminary planning for growth.

One bank we worked with found itself bursting at the seams just four years after a major building program. In this community, the average income increased 10 per cent during three of the four years. The bank played a major role in sponsoring the growth and change experienced in its trade area so it, too, grew with the local economy.

When growth is mandated, several alternatives present themselves:

- Should the present structure be remodeled?
- Should a new building with larger, more ample quarters be constructed?
- Should the bank expand onto adjacent property?
- Should the bank relocate?
- Should facilities for the bank's use alone be built or do we invest in a major office building development project?
- Should the bank lease more space nearby?

Making the correct choice can come only from careful analysis of the market; a projection of personnel and equipment to meet market needs for the next two, five or even 10 years; translation of the projections into square footage of functional space, but most importantly, an estimate of the cost to create the added space. The remodel/build/develop/lease alternatives can best be evaluated by comparing the financial impact of each on your bank's capital structure. Financial analysis is the essence of successful planning for growth.

The economics of expansion, construction cost and mode for meeting

Planning for Growth



By THOMAS R. ANDERSON
Manager — Bank Facilities Division
Citicorp Realty Consultants, Inc.
New York, N.Y.

cost provide the sound criteria for a decision as far-reaching and complex as the bank-building decision. Analyzing the economics of expansion, however, can be treacherous.

While real estate and construction costs are rising, however, labor and equipment costs are climbing even faster. Material shortages and delivery delays threaten the typical construction time-schedule, yet the growth-minded banker cannot afford to make a decision until he can realistically budget costs and time involved in an expansion project. Budgeting means being aware of all direct and indirect costs, including alternative investment opportunity costs, occupancy expenses and the effect of cash-outlays on the profit and loss statement. Economics are the heart of the project.

It is important that project costs be cast in local terms. Adding 10,000 square feet in New York can cost \$421,000, while 10,000 square feet in Madison, Wisconsin, may cost \$373,000. Equally important is estimating the cost for every available option.

Often taking an equity position in an office building development provides a solution to your growth needs as well as a major contribution to the community. It also gives you a competitive edge. The growth-minded banker should have many options open to him.

Even then the decision isn't easy.

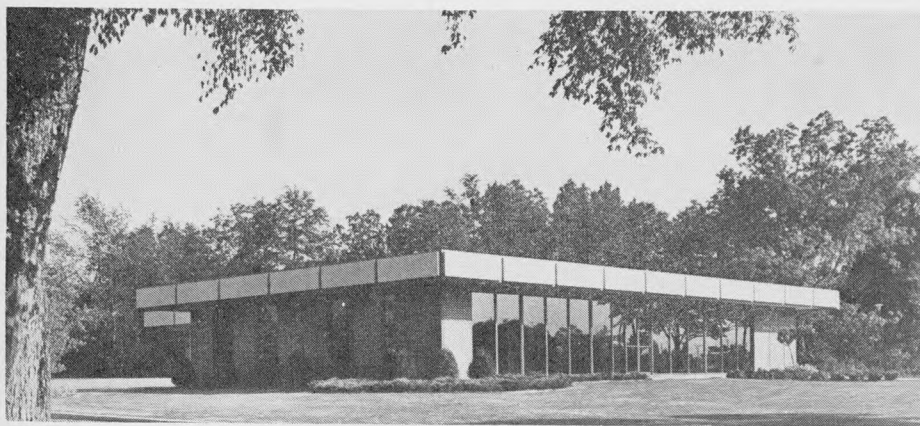
There will be pros and cons in a number of approaches. For example, we recently completed a space study for a bank which took in the following alternatives:

- To expand and renovate the existing structure
- To build a new facility
- To lease space

The bank's board opted for the first choice, but the president wanted to build a new facility. The difference of opinion took in many considerations, including alternative investment opportunities, capital policy, marketing objectives and personality.

The decision will always be a tough one. But by undertaking a complete analysis of all your alternatives, and by making yourself fully aware of the costs involved and their far-ranging implications, the ultimate decision will wear well over the course of time.

Plan to house the growth you've experienced in the past, and to meet the growth you will experience in the future. Analyze your market. Project personnel and equipment needs. Know the square footage of space your bank will need to function competitively. Most importantly, carefully consider all the alternatives for meeting that space requirement. Make your building decision a financial decision. Your others all are. — **End**



“Just Plug in — Add People”

LIQUIDITY has traditionally been a key word in the management of banks and thrift institutions. Fluidity, on the other hand, as interpreted in the flexibility and responsiveness of financial marketing programs,

is a relatively new concept. But it is one being given more and more attention, as befits its steadily increasing importance.

The need for flexibility and responsiveness is one of the reasons for the

swelling tide of acceptance of Diebold Financial Buildings. These structures, for all their inherent solidity and stability, are adaptable to changing marketing conditions, whether the change be good or bad. For example, if a market in which a Diebold Financial Building is installed exceeds expectations, the building can accommodate quick, convenient, economical expansion. If that market should deteriorate, however, a Diebold Financial Building can readily be moved to a different location, enabling the bank or thrift institution to preserve a major share of its original investment.

Complete Entities

Diebold describes the on-site delivery of its Financial Buildings in terms of “just plug them in and add people.” It’s almost that simple. Individual building sections (and a Diebold Financial Building can consist of as few as one and as many as eight or more sections) are virtually complete entities when they arrive at the point of installation. Wiring, plumbing, lobby equipment, teller undercounter equipment, vault, employee facilities, air conditioning and heating are in place. So are provisions for telephone service and alarm hook-ups. Even the fluorescent lamps are in position.

Depending on the original order, the building will include complete interior decorating, from draperies to desks and carpeting to desk sets. It will also feature one of the many available exterior designs.

Sells Part of New Building

Purchase agreements were signed recently which will result in a joint ownership of Valley Bank Center, Phoenix, between The Valley National Bank of Arizona and The Prudential Insurance Company of America. The announcement was made by James B. Mayer, chairman and chief executive officer of the bank.

Under the arrangement, Prudential will purchase, for \$32 million, the land on which the downtown office complex stands, the parking garage and portions of the 40-story tower.

“We strongly feel,” Mr. Mayer stated, “that the \$32 million of bank capital to be received from the sale can be put to better use for the benefit of the bank than to have it tied up in non-bank office space. At the same time we will still own and control that portion of the building which comprises our new corporate headquarters.”

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Modular Stations

A new modular teller station that is economical and easy to install is available from BBC Banc Products, a division of Bank Building Corporation, St. Louis, Mo.

Named Mod 7, the new unit is an economical solution to meeting the customer service needs of small banks, savings and loans, and credit unions. The Mod 7 can be at the jobsite three weeks after the order is placed. It is designed to adapt to most "on line" bookkeeping systems, and under-counter cabinets can be arranged through the modular components in any number of stations with various characteristics.

Available in three color/wood grain combinations, this unique component tellers' system provides for fast, economical jobsite installation. The shop preassembly that goes into the packaged concept insures that a minimum of expensive onsite labor is used. And, the Mod 7 is designed to simplify electrical service and alarm installation. Die front panels lift off easily for access to wiring.

For more information about the Mod 7, write to Sales Manager, BBC BancProducts Division, Bank Building Corporation, 2121 Walton Road, St. Louis, Mo. 63114.

Stumme's Time Calculator Provides Accurate Answers

With the need for computing interest and discount on a full 365 day year basis, bankers are finding quick, accurate calculators more valuable. One of the simplest, and totally accurate available is Stumme's Time Calculator.

Geared to saving valuable time, this plastic-comb bound book has a page

Stumme's

365 DAY

TIME CALCULATOR

FAST—
EASY—
ACCURATE

FOR ANY NUMBER OF DAYS
TESTED AND APPROVED
BY HUNDREDS OF BANKS
—IN USE SINCE 1921

It gives you at a glance the exact number of days between any date, past or future, and also the future date after a determined number of days, without adding, subtracting or turning pages. The explanation below will convince you that you cannot afford to be without this amazing aid to your interest and time saving.

HOW TO USE
STUMME'S TIME CALCULATOR

1. Assuming that today is August 1st, take the year with August 1st in the day.
2. Assume a time to give. March 1st and add 180 days, then you will find August 1st in the future.
3. Now find the date of a certain date before for 180 days back in the third column. "Future Number of Days" will be the answer, 180 days.
4. Now find the date of a certain date before for 180 days back in the third column. "Future Number of Days" will be the answer, 180 days.
5. Use 180 days as a partial payment of interest, then you will get the number of days of interest and find the date of the date of interest or "Future Number of Days" column.

August 1st												
Year	January	February	March	April	May	June	July	August	September	October	November	December
1971	1	1	1	1	1	1	1	1	1	1	1	1
1972	1	1	1	1	1	1	1	1	1	1	1	1
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2081	1	1	1	1	1	1	1	1	1	1	1	1
2082	1	1	1	1	1	1	1	1	1	1	1	1



“I finally met a big-city banker who knows what’s happening on Main Street. He’s with American National!”

“His name is Roy West.
And he really knows something
about small-town banking.

He was telling me about something
called the Bond Portfolio Service. It’s a
fully computerized investment management
system, for even the smallest portfolios.

It can give us a really sophisticated
portfolio analysis, and complete bond
accounting.

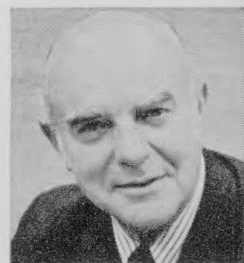
And it actually reduces clerical
costs, too.

You know, I think he’s right:

We’ve got more than a third of our
assets in our investment portfolio, and
we should let the computer give us a hand.

Next time Roy’s here, I’d like you
to meet him.

He’s one big-city banker who
understands our situation, too.”



AMERICAN NATIONAL
THE IDEA BANK

BANK AND TRUST COMPANY
OF CHICAGO



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Federal Reserve Bank of St. Louis

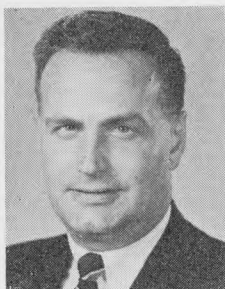
Illinois NEWS

WILLIAM O. KURTZ President Chicago

ROBERT C. SCHRIMPLE Exec. V. P. Chicago

Priske Elected Group Executive Vice President

Daniel Priske, a banker with over 26 years experience, has been elected group executive vice president of four affiliated banks in Illinois, according to Robert A. Sharpe, president of the group banks.



D. G. PRISKE

Mr. Priske will assist Mr. Sharpe in the overall planning and administration for First National Bank of Mundelein, Golf Mill State Bank, Grayslake National Bank, and Libertyville National Bank.

Mr. Priske, formerly executive vice president of the West Suburban Bank in Lombard, will be located in the Libertyville National Bank executive offices. He will continue to serve as advisor to the West Suburban Bank Group.

He started his career with First Wisconsin National Bank, Milwaukee and later joined the staff of the Regional Comptroller of Currency in Chicago as an assistant national bank examiner.

Then he worked with several Chicago suburban banks before joining the LaSalle National Bank, Chicago. Mr. Priske then moved to the National Boulevard Bank and later advanced to vice president of the bank correspondent division, during his nine years of service with that bank.

Mr. Priske graduated from Loyola University with a bachelor of science degree as an economics major. He is also a graduate of American Institute of Banking, Bank Administration Institute Graduate School, the Stonier Graduate School of Banking at Rutgers University and the Institute for Financial Management at Harvard's Graduate School of Business.

Des Plaines Promotions

Frederick F. Webster, chairman of the board of the First National Bank of Des Plaines, has announced the



election of seven officers to new positions of responsibility in the bank.

John W. Heddens, Jr., moves up from senior vice president and secretary to executive vice president and secretary, reporting to Arthur R. Weiss, president.



J. W. HEDDENS

J. E. LAVOLD

Jack E. Lavold has been promoted from vice president and cashier to senior vice president and cashier responsible for bank operations.

Vice President and Trust Officer James S. Sheldon has been elected senior vice president and trust officer in charge of the trust department.

William E. Staat has moved up from vice president of mortgage loans department to senior vice president in charge of the new property development department.

Bruce I. McPhee, vice president, will be in charge of the commercial lending and mortgage loan departments.

In addition, Bruce E. Johnston has been elected assistant cashier in the operations department. Dennis J. Zuchowski has joined the bank as assistant trust officer.

IMPORTANT NOTICE!

We want to publish news of any officer or director changes, increases in capital structure, other important action taken at your annual meeting, or any other current news from your bank. Send this news at once to **NORTH-WESTERN BANKER, 306 Fifteenth Street, Des Moines, Iowa 50309.**

1975 Bankers School Elects Board

The 1975 Illinois Bankers School to be held June 1-13 At Southern Illinois University, Carbondale, has announced its new board of trustees.

The board includes Chairman J. Gordon Bicket, president, Watseka First National Bank; Charles F. Arbuthnot, executive vice president, First National Bank, Wood River; Anthony C. Duvall, vice chairman of the board, Marquette National Bank, Chicago; John H. Thode, executive vice president, Evergreen Plaza Bank, Evergreen Park; Richard T. Reid, vice president, State Bank of Prairie du Rocher; Richard K. Pettenger, assistant cashier, City National Bank & Trust Company, Dixon, and Richard E. Colbert vice president, American Bank, Cerro Gordo.

IBA Calendar

Feb. 26-27—Consumer Credit Conference, Peoria Hilton Hotel.

April 17-18—Trust Conference, St. Louis, Mo.

May 4-6—84th Annual Convention, Palmer House, Chicago.

June 11-12—Marketing and Public Relations Conference, Peoria Hilton Hotel.

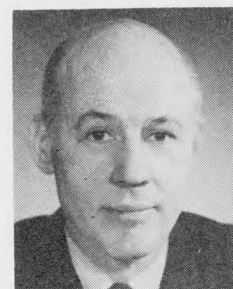
June 1-13—Illinois Bankers School, Southern Illinois University, Carbondale.

Sept. 17-18—Agricultural Credit Conference, Ramada Inn, Champaign.

Nov. 5-6—Bank Management Conference, Ramada, Inn, Champaign.

Elected at Elgin

Russell Paul Hughes has been elected vice chairman of the Elgin Banking Group's Elgin State Bank, according to Robert P. Abate, chairman. Mr. Hughes will also serve as vice chairman of the Plum Grove Bank in Rolling Meadows.



R. P. HUGHES

In his career which spans some 30 years, Mr. Hughes has served in many executive capacities with public accounting and financial management firms. A certified public accountant, he received his bachelor degree in commerce from the University of Denver, Colo.

Construction Begins on Drovers Nat'l Facility

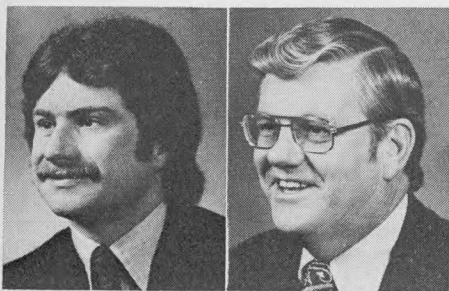


CONSTRUCTION is underway for a new addition to the drive-up, walk-in facility opened three years ago by The Drovers National Bank of Chicago. The expansion will add 7,000 square feet to the present two-story annex located a quarter block east of the main bank building. With the lobby enlarged, the number of teller stations will be increased from three to 10, expanding walk-up facilities by almost 80%.

Soy Capital Bank Announces Promotions

E. J. Arseneault, president of Soy Capital Bank and Trust Company, Decatur, has announced the promotion of Roy A. Benjamin to vice president and Andrew C. Kazan to assistant cashier.

Mr. Benjamin joined the bank in 1968 as assistant vice president in charge of the instalment loan department.



A. C. KAZAN

R. A. BENJAMIN

Worth Bank Names Officers

Worth Bank and Trust has named Marc J. Holland, Jr., vice president, and James H. Olis, second vice president, according to Russell D. Boyer, executive vice president.

Mr. Holland entered banking as a teller with Mid-City National Bank of Chicago after graduation from Lewis



M. HOLLAND

J. H. OLIS

University in Lockport. Later he was associated with Motorola Inc., and in 1968 he resumed his banking career with Mid-City where he attained the

title of term loan officer, a position he held until joining Worth Bank.

Mr. Olis gained banking experience serving as a loan officer with two Chicago financial institutions, Devon Bank, and later, Lakeside Bank.

Four Join AMBI

Four additional banks have joined AMBI, the Association for Modern Banking in Illinois, bringing total membership to more than 270 banks.

The new members are: First Bank of Loves Park, North Towne National Bank of Rockford, Hyde Park Bank & Trust Co., 1525 E. 53d St., Chicago, and Marina City Bank, 300 N. State St., Chicago.



PAUL D. Olson recently joined Central National Bank as second vice president in the correspondent banking division, according to **Frank E. Bauder**, chairman. Mr. Olson comes to the bank from First Wisconsin Investment Corporation, subsidiary of First Wisconsin Corporation, where he was vice president and chief operation officer.

Mr. Bauder also has announced several other staff promotions. Named assistant cashiers in the commercial banking division are **Arnold T. Grish-**

am, Thomas A. Cullinan and **Mary Jo Campbell**. **Jackson I. Jones** recently joined the bank as trust officer.

* * *

Samuel Wm. Sax, chairman and chief executive officer of Exchange National Bank of Chicago, has announced the election of the following four bank officers: **Thomas P. Marrazzo**, vice president, department of the comptroller; **Michael J. Mascheri**, assistant vice president, loan review department, **John J. Farrell**, assistant cashier, department of the cashier, and **John D. Hill**, assistant cashier, executive department.



T. P. MARRAZZO

PLANNING PROFITS . . .

(Continued from page 34)

set the interest rates at adequate margins over the bank's effective cost of funds (interest and operating costs after reserves). The use of an effective cost rate in evaluating margins is especially important in the use of large certificates of deposit. For example, a 9.50% \$100,000 certificate of deposit due in less than four months has an effective cost to the bank of 10.10% plus operating costs. The margin earned on these funds must be considered relative to this higher effective cost in order to give a true picture of the earnings impact of their utilization.

Historically, retail banks often had relatively low cost savings and demand funds as the major source of their funds. The costs of these funds is increasing significantly and bankers should monitor these costs carefully. When necessary, retail loan yields should be increased to cover the higher cost of savings and demand deposits.

All banks should also carefully review their investment account with an objective of increasing yields to current market rates. Many municipal bond portfolios currently have significant security losses. These losses could be taken and the portfolio yield increased significantly to improve operating earnings.

The banking industry is faced with unprecedented challenges but with management foresight and attention to sound financial management, we should meet these challenges with continued success.



Thomas V. Markle (right), pres., Beverly Bancorporation, discusses the capabilities of an audio transmission control unit with **G. M. "Mike" Pieschel** (left), pres., Farmers and Merchants State Bank, Springfield, Mn., and pres., Minnesota Bankers Association, and **Don H. Gregerson**, pres., Bankers Data Corporation and pres., First National, Anoka.

11 Minnesota Banks Form EDP Center With Beverly Bancorporation

THE FIRST of several regional information processing centers was unveiled recently by the data processing division of Beverly Bancorporation, Inc., Chicago, at an open house in Minneapolis, Minn.

According to Thomas V. Markle, president of Beverly Bancorporation, its data processing division and Bankers Data Corporation, a group of 11 Minnesota banks, entered an agreement earlier this year establishing the center in Minnesota. "Our concept is to provide the most sophisticated on-line computer capability for the small and medium size bank, yet encourage establishment of a corporate structure whereby the independent banks themselves could have a stronger voice in decisions involving their data processing future," Mr. Markle said.

"The uniqueness," he added, "is that smaller banks now can keep abreast of competitive developments taking place in automation. Our data processing division in Chicago will be responsible for the physical operation and we will provide the qualified personnel to manage the Minneapolis center and handle all of the necessary services. The Minnesota banks, in turn, formed the consortium to incorporate and set up the vehicle with which they will profitably compete in the data processing area."

Work from the individual banks is delivered to the data center in Minneapolis, where it is run through

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

"We hope to establish centers throughout the country so that the smaller independent bank can keep



Darrell F. Wood (left), vice president, data processing division of Beverly Bancorporation, Inc., Chicago, discusses regional information processing system with **B. Peter Allen, Jr.** (center), president, First National Bank of Milaca, Mn., and **Douglas Brink** (right), assistant cashier, First National Bank of Milaca.

current with sophisticated automated banking services and compete with the electronic capabilities offered by other financial institutions. The uniqueness to the banks involved is that they now have control of their own data processing center while at the same time not having to worry about absorbing the costs of automation on their own. Since the contracts provide fixed prices with discounts based on new revenue volume, the banks in the regional centers are encouraged to get other banks to join with them to keep everyone's cost at a minimum," Mr. Markle said.

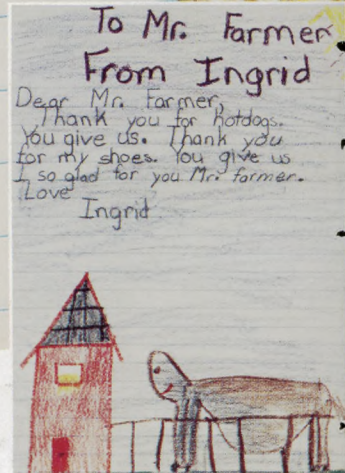
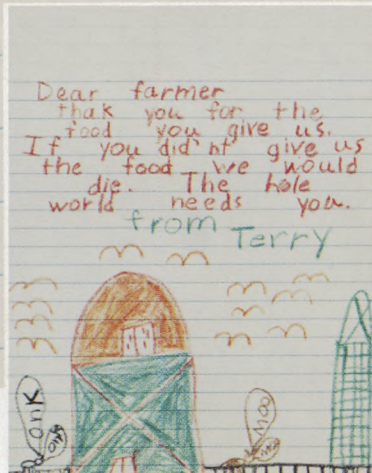
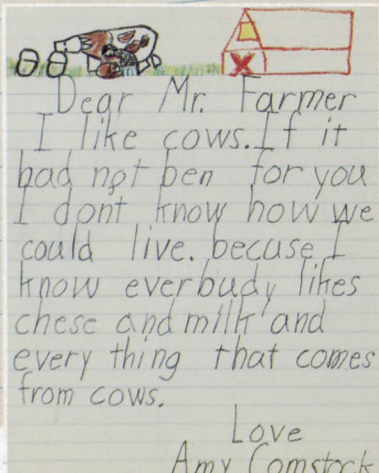
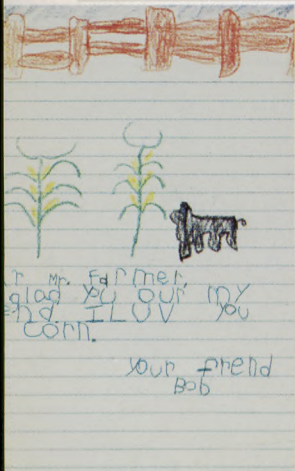


James Hoffman, manager of Beverly Bancorporation, Inc., of Chicago regional processing center in Minneapolis, points out the interworkings of the computer printer to Minnesota bankers during recent unveilings of first regional on-line computer center.

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

The initial 11 affiliated banks of Bankers Data include: First Mid-America State Bank of Coon Rapids, Mid-America National Bank of Cottage Grove, Mid-America National Bank of Eagan, Mid-America State Bank of Highland Park in St. Paul, Hillcrest Mid-America State Bank of Maplewood in St. Paul, First National Bank of Hutchinson, Mid-America State Bank of Mendota Heights, Mid-America National Bank of Roseville, St. Anthony Park State Bank in St. Paul, Goodhue County National Bank in Red Wing, and First National Bank in Anoka.

Dear Mr. Banker,
 The hole world needs
 farmers And you too. Cuz
 where wud farmers be
 without frends to lend them
 money?
 your frend,
 GTA Feeds



We're working together with your customers to make their day!

Farmers...financial people...feed men...all of us know of those special moments that sort of "make your day." In the feed business, we aim to deliver products and services that help a farmer's livestock and poultry do extra well—the programs, supplements and complete feeds that give "make your day" results. GTA's performance is tops. That's why we've always been able to make this statement about GTA Feed: *We know it's good...it may be the best.*

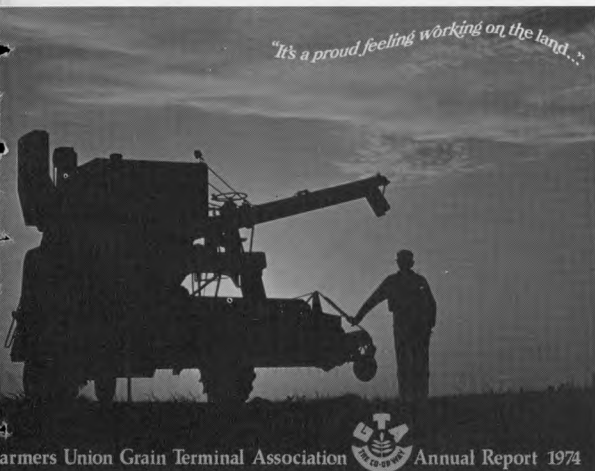
Then, we thought, let's give our advertising a "make your day" flavor, too. We asked a bunch of kids what they thought about farmers. The replies were all beautiful, and we've made dozens of these letters the focal point of our current advertising in farm magazines. We

know it's making people's days...for we've had lots of heartwarming feedback from farmers, farmers' wives, and friends in agri-business.

The part we like best about this advertising campaign is the way it expresses genuine appreciation to farmers and ranchers for the job they're doing. At GTA, we think these men of the land are the most important people in the world. *But they need you.* Without dedicated bankers and PCA and FLBA reps, these independent businessmen couldn't operate. They know—and we do, too—there's simply no substitute for credit in farming and ranching.

So we salute you, too, for the outstanding job you're doing for our customers. Let's keep *working together to make their day!*

"It's a proud feeling working on the land..."



Farmers Union Grain Terminal Association Annual Report 1974

Write for our annual report...

GTA Feeds is one of eight operating divisions of the Farmers Union Grain Terminal Association, one of the nation's foremost cooperative grain marketing/processing/farm supply organizations. The latest GTA annual report, released November 1974, is yours for the asking.

And free "kid's letter" posters...

Maybe you'd like to help us salute farmers by displaying poster-size reprints of some of our "kid's letters" in your lobby. We'll be happy to send you a set of four posters at no charge.



GTA Feed Division
P. O. Box 1447
Sioux Falls, S. D. 57101



Don, Edge and Dick will shake the cobwebs out of your bank's portfolio.

They'll apply our Limited Portfolio Accounting service. It keeps you up-to-date with a neat quarterly report that allows you to look at and judge the quality of your investment.

You receive a regular securities inventory, maturity distribution, maturity analysis and portfolio analysis. And during the normal course of business, our bond specialists' advice on current market conditions.

Run a tight portfolio with Limited Portfolio Accounting. Call Bond Analyst Don Darnell, Correspondent Banker Edge Jackson or Correspondent Banker Dick Storlie. Now. At (612) 372-8123.

We take your business personally.

Helping you change things for the better.

**NORTHWESTERN
NATIONAL BANK**
Of Minneapolis Member FDIC

Minnesota NEWS

G. M. PIESCHEL President Springfield

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



MBA Schedules Variety of Conferences

MEMBERS of the Minnesota Bankers Association will have an opportunity almost every month throughout 1975 to attend MBA-sponsored sessions geared to improvement of staff and managerial skills. These range from informal workshops at scattered locations to the more formal schedule of classes for two college campus schools.

Leading off for the year are the MBA Executive Officers Workshops, which will center on timely issues pertinent to management.

Also scheduled for January will be the concluding meetings on Bank Staff Security Seminars. The association has sponsored 12 of these important security training sessions to date, and will conclude them with 10 others the last week in January and the first week in February. Details on dates and locations will be mailed to all members.

Throughout the year, lending personnel of Minnesota banks may participate in one conference and six workshops for ag lending, as well as one conference and six workshops on other types of lending.

The 1975 schedule for MBA conferences appear below:

MINNESOTA CALENDAR

Jan. 27-Feb. 7—Bank Staff Security Seminars, 10 locations.

Feb. 12-13—Bank Management Conference, Leamington Hotel.

March—6 Ag Workshops, co-sponsored with Farmers Home Administration; locations to be announced.

Apr. 14-15—Community Banker Conference, co-sponsored by MBA and BMA; Radisson South, Minneapolis.

Apr. 23-24—Lending Conference, Radisson Downtown, Minneapolis.

May 4-7—Washington Legislative Conference Trip.

May 26-28—AIB 75th Anniversary

National Convention, Minneapolis.

June 9-11—State Convention, Arena Auditorium, Duluth.

June 22-27—10th School of Banking, St. Olaf College, Northfield.

July 20-25—9th Midwest Banking Institute, University of Minnesota, Morris Campus.

Sep.—District Meetings; dates and locations to be announced.

Oct.—Bank Officer & Staff Conference; Ag Conference; dates and locations to be announced.

Nov.—Lending Workshops; dates and locations to be announced.

Open House at Prinsburg

The Prinsburg State Bank recently held an open house to celebrate the completion of its exterior remodeling project. A stuccoed over-hang on two sides, a rebuilt entry way and new windows are among the improvements made. The remodeling project began about two years ago.

Rejoins Eagar Bank

Michael E. Larkin has rejoined Mid America National Bank of Eagan as vice president, Richard E. Stevenson, president, announced recently.

Mr. Larkin had served for seven years on the bank's staff and was named president of the First National Bank of Lakeville in 1971

when the latter bank was purchased by W. G. Andrews, then board chairman of Mid America Bancorporation, Inc. The bank recently was sold by Mr. Andrews and management was assumed by its new owners.

First National, Kiester, Holds Anniversary Open House

The First National Bank of Kiester

recently held a week-long celebration in honor of its seventy-fifth anniversary.

The bank staff wore 1900 era costumes appropriate to the time the bank was chartered, December 7, 1899. Included in the special events were: a senior citizens day, various demonstrations, door prizes, and a luncheon.

Joins Mazeppa Bank

James (Jim) Kinsey has been named vice president of Peoples State Bank of Mazeppa and Mazeppa Agency, Inc. He also assists with farm loans.

Robbinsdale State Elects Director

Robert F. McMaster has been elected to the board of directors of the First Robbinsdale State Bank, according to Kenneth C. Sheehan, president.

Hutchinson Bank Adds Monzel to Staff

Carl A. Monzel, Jr., has joined First National Bank of Hutchinson as assistant cashier in charge of installment loans, according to W. T. Richards, bank president. Mr. Monzel previously was installment loan and security officer for Mid America National Bank of Eagan.

2 Retire at Marshall

Two officers of the First Northwestern National Bank of Marshall retired at the end of 1974. They are Carl D. Peterson, vice president, and Robert Kidder, assistant cashier.

Mr. Peterson began his banking career in December, 1929, and has been with the bank since that date. Mr. Kidder joined the bank in December of 1950.



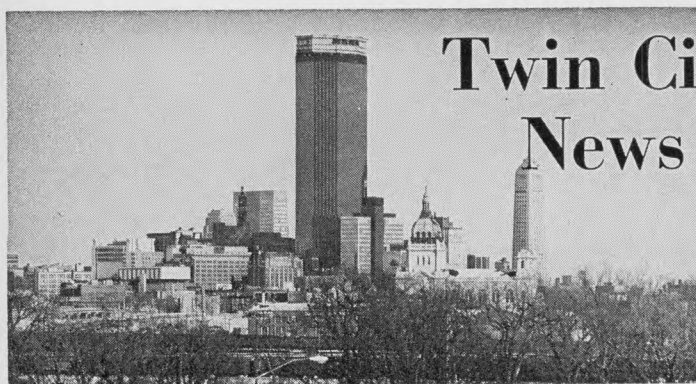
M. E. LARKIN



R. KIDDER

C. PETERSON

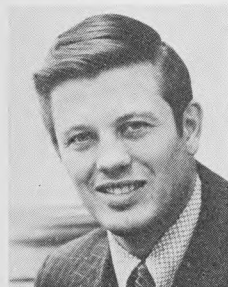
The bank sponsored a special community recognition day for the two men last month.



Twin City News



NATIONAL City Bank of Minneapolis recently announced the appointment of **Floyd J. Stewart** to vice president, metropolitan division of the commercial banking department, according to **C. Bernard Jacobs**, chairman and chief executive officer. Mr. Stewart



F. J. STEWART

formerly was associated with Northwestern National Bank in Minneapolis and most recently served as vice president of marketing with State Bank and Mortgage Co., New Ulm.

Other promotions announced include: **Thomas J. Freed**, vice president and comptroller, control and planning department; **Dennis W. Konarski**, marketing department; **Jeffrey R. Arnold**, assistant vice president, national and correspondent banking division; **D. Dean Fordyce**, assistant vice president, investment department, and **Frank R. Elshaug**, personal banking officer.

* * *

Roger D. Johnson has been appointed manager of the Saint Paul office of Dain, Kalman & Quail, according to **Richard D. McFarland**, president of the regional investment banking firm.

Mr. Johnson has joined DKQ after serving as manager of the Minneapolis branch office of Dominick & Dominick Incorporated. Before that he was associated with Eastman, Dillon Union Securities and with the 3M Company. He received his B.A. in mathematics and business administration from Manhattan State College.

* * *

Northwestern National Bank of Minneapolis has announced the expansion of its personal banking ser-

vices to the second floor of the Cargill Building.

John A. McHugh, president, said the expansion was based upon the exceptionally high traffic volume of the skyway system. This will enable the bank to staff the area with four personal banking desks, seven teller windows, and a new area for a Customer Service Center to expedite the opening of new accounts.

A Docutel Total Teller machine will be available for multiple banking transactions during any hours that the skyway system itself is open.

Renovation has begun and opening is anticipated by March 15, 1975. Naugle-Leck is the general contractor and Baker Associates is the architect.

* * *

The Northwestern National Bank of Saint Paul has announced the election of **Paul R. Norrie** to assistant vice president, trust administration, according to **G. Richard Slade**, president.

Mr. Norrie, a graduate of Winona State College, joined the trust department of Northwestern/Saint Paul in 1971. He had previously been a trust administrator for Midland National Bank of Minneapolis, also a Northwestern Bank corporation affiliate, since 1967. Prior to this, he was with Metropolitan Life Insurance Company in Rochester, Minn.

* * *

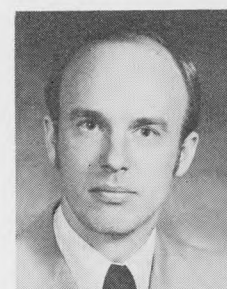
First Bank System, Inc., Minneapolis, has announced the following officer elections:

William H. Frost has been elected instalment banking officer. He formerly was senior credit analysis in the system's credit department.

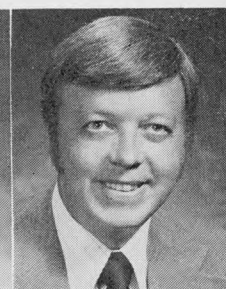
Michael J. McShane has been elected personnel officer. Mr. McShane joined First Bank in 1973.

* * *

Minnesota State Bank of Saint Paul, in the Riverview Industrial Park, has announced the election of **Edward P. Rosenberger** as vice president and cashier and **Eugene R. Baker** as vice president.



E. R. ROSENBERGER



E. R. BAKER

Mr. Rosenberger has been associated with the bank since 1963. Mr. Baker joined the bank this fall after many years with First Bank System, most recently as an officer with the First Minnehaha National Bank of Minneapolis.

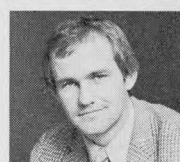
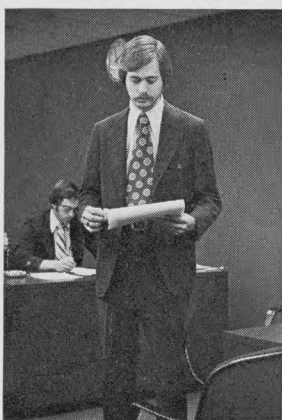
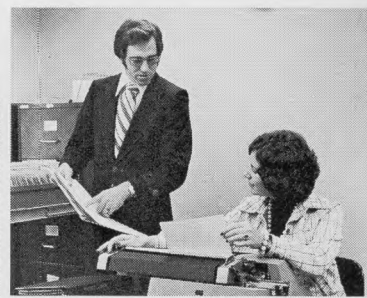
* * *

First National Bank of Minneapolis has promoted **Ralph C. Haugen** to trust operations officer in the trust operations and planning department. A native of Milan, he joined the bank in 1970.

IMPORTANT NOTICE!

We want to publish news of any officer or director changes, increases in capital structure, other important action taken at your annual meeting, or any other current news from your bank. Send this news at once to **NORTHWESTERN BANKER, 306 Fifteenth Street, Des Moines, Iowa 50309.**

What we offer is a group of knowledgeable, insightful and very helpful bankers.



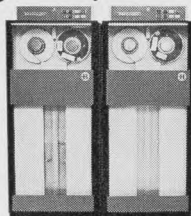
And, oh yes, a computer.

The computer is a tool, a handy device that helps you provide better customer service.

But the people come first. We're talking about the people of our Financial Computer Services Division. And your people, too.

Working together, we can determine your needs and whether—or not—additional automation can profitably improve your customer service capability. If so, we can help you set up the system.

Remember, our people are not computer software salesmen. They're bankers who specialize in automation applications. So what-



First Minneapolis

ever we come up with will be consistent with sound banking practices.

The areas in which we may be able to help you include electronic funds transfer, one-statement banking, demand deposits, installment loans, real estate loans, payroll, savings and savings certificates, audit systems and micro-filming.

To work with you in these areas, we employ some knowledgeable, insightful and very helpful bankers. The computer comes in handy, too. Call Pat Lavin or any of the other professionals in our Financial Computer Services Division, 612/370-4141.

Financial Computer Services Division • First National Bank of Minneapolis, 120 South Sixth Street • Member FDIC



COIN PLAQUE — John Moorhead, sr. chmn., Northwestern National Bank, was honored and presented a coin plaque by Paul Lindholm, sr. v.p., and Phil Harris, chmn. Mr. Moorhead retires this month.

Honor John A. Moorhead At 10th Annual Management Conference

WITH the banking industry facing new and unique challenges, a record crowd of over 500 area bankers attended the 10th annual Northwestern National Bank's Management Conference last month. The Conference theme, "Helping You Manage in 1975," led to a discussion of many timely topics including the livestock outlook, interest rates, the mortgage market, and legislation.

Guests were once again treated to a duck dinner and a visit from some of the Minnesota Viking stars, following the formal business session. Paul Lindholm, senior vice president in charge of the correspondent department, presided.

John A. Moorhead, senior chairman of the host bank, made his last official appearance as an officer of Northwestern National Bank. Effective January 23, he will retire after 44 years service. (Note special article on Mr. Moorhead on page 20 of this issue.)

Discussion Topics

Philip B. Harris, chairman, reflected on the many challenges faced by the banking industry and expressed confidence that banks are in a strong position to continue to serve the American economy. Despite the failure of two of the larger banks in the nation, Mr. Harris feels that reserves in the vast

majority of banks are adequate to cover any problems.

With a total of 274 kidnap hostage cases reported from June, 1973, to June, 1974, guests were particularly interested in a report given by William F. Malchow, director of security for the host bank. A former member of the FBI, Mr. Malchow suggested that small community bankers are particularly vulnerable. He recommended that bankers maintain a low profile, refuse to give out information over a telephone, and check provisions in the bank's blanket bond.

Livestock Outlook

"It will take another 18 months to

straighten out the cattle picture."

This was the prediction made by Dale W. Anderson, president, Northwest Ag Credit Company. He indicated that corn and bean prices would stay firm, even though feeders will use a greater percentage of roughage than feed grain in finishing cattle. Looking at the hog market, he sees rising pork prices that might surpass beef prices. He indicated that bankers should continue to assist the borrowers who have been successful in the past.

Robert P. Kleinschmidt, assistant vice president, Banco Mortgage Company, explained how community banks might originate mortgages and send them to Banco for handling and processing. He indicated that the mortgage business can offer a great opportunity to sell insurance and other banking services.

James A. Halls, attorney for the host bank, explained the new rates that can be applied to agricultural and business loans under Senate Bill 3838. Applying to loans of over \$25,000, the

CONFERENCE . . .

(Turn to page 52, please)



VIKINGS attending the duck dinner, sponsored by Northwestern National Bank, included **Chuck Foreman** and **Bill Brown**.



CONFERENCE panel members included from left: **William F. Malchow**, dir. of security; **Dale W. Anderson**, pres., Northwest Ag Credit Co., and **Robert P. Kleinschmidt**, a.v.p., Banco Mortgage Co.

The Bank Poll[®]

Banks and Savings & Loans

Among the 1376 bankers responding to the second round of questions of The Bank Poll, 9 out of 10 felt that banks should be allowed to pay the same rate of interest on savings as savings and loan associations. As a trade-off to obtain such right, it would be acceptable to them to have savings and loan associations accept demand deposits and make installment loans.

In regard to the differences in tax structures between banks and savings and loan associations, 92% of all the bankers feel that such differences should be eliminated.

1. Should banks be allowed to pay identical rates on savings if savings and loans were allowed to accept demand deposits and make installment loans?

<u>Response</u>	<u>Percent</u>
Yes	88%
No	10%
No answer	2%
Total	100%

2. Do you think that differences in the tax structure between commercial banks and savings and loans should eventually be eliminated?

<u>Response</u>	<u>Percent</u>
Yes	92%
No	7%
No answer	1%
Total	100%

**Correspondent
Bank Division**

Your bottom line is our top priority.



MEMBER F.D.I.C.

Northwestern Banker, January 1975

CONFERENCE . . .

(Continued from page 50)

rate can be up to 5% more than the Federal Reserve Discount rate. (See article in November 18 *Newsletter*). Mr. Halls suggested that borrowers sign a declaration of purpose so loans will not be construed as being for personal or family purposes.

Charles R. Gesem, vice president, suggested that inflation and the international scene will keep a floor under interest rates. He sees a decline in rates during the first six months of this year with a slight upward trend in the last half. He believes that now might be a good time to sell some higher yielding Fed Funds and pick up some Federal agencies.

Speaking on P.O.S. (Point of Sale Terminals), Virgil M. Dissmeyer, senior vice president, described a new research project conducted by Northwest Bancorporation. Pilot plans are now installed in two Iowa banks and one Minnesota bank, involving terminals keyed to a Banco computer. Further details on the project are anticipated within the next several months. Looking at the progress made by the Automated Clearinghouse, he said that about 800 banks have now signed up in the Upper Midwest out of 1,300.

Concluding the business session, William Frenzel, Congressman from the Third District in Minnesota, declared that the 8% usury rate is the greatest single deterrent to home building in Minnesota. Under the rate, Minnesota is an exporter of capital when it should be an importer." — **End**

AIB Names 1975 Convention Committees

The structure of the 1975 National Convention of the American Institute of Banking (AIB) to be held in Minneapolis May 25-28 has been announced by Arthur A. Erpelding, AIB national committee chairman and vice president, Farmers & Merchants Savings Bank, Minneapolis.

Convention secretary will be Barbara Allivato, First National Bank of Minneapolis, and convention treasurer will be Don Moen, Bank Shares, Inc.

Serving as general vice chairmen will be Stan M. Jorgens, St. Anthony Falls office, First National Bank; Fritz C. Edmunds, Richfield Bank & Trust Company; Len W. Fernelius, Federal Reserve Bank; Jim Buckles, Lake Street office, Northwestern National Bank, and Nick R. Wolf, Jr., Northwestern National.

The following have been named chairmen of the functions indicated: personnel — Vic Sanvig, Northwestern National; meeting services — Linda Sinkfield, First National; utility — Rich K. Engstrom, First National, entertainment — Carol Drolsum, Midland National; 75th anniversary — Rod Larson, Farmers & Merchants Savings Bank; public speaking — Dick B. Thomas, Federal Reserve Bank; registration — Willie Bender, Federal Reserve Bank; housing — Jim H. Treanor, Northwest Bancorporation; transportation — Bob Torvik, First Bloomington-Lake National Bank; publicity — Dick A. Erickson, Midland National; hospitality — Ken C. Sheehan, First Robbinsdale State

Bank; information — Ken A. Alango, Marquette National Bank.

The following also are members of the convention committee staff: Minneapolis chapter president — Dick A. Sorenson, Fourth Northwestern National Bank; Minneapolis chapter, first vice president — Dottie Litvany, Federal Reserve Bank; Baltimore presentation — Chuck Charlson, Farmers & Merchants Savings Bank; Baltimore open house — Dick Sorenson, Fourth Northwestern National Bank.

The convention will commemorate the seventy-fifth anniversary of the founding of the American Institute of Banking in Minneapolis.

Independents Schedule Meetings

Dates for the Annual Keyman Seminar as well as the annual convention of the Independent Bankers of Minnesota have been announced by Noel H. Busch, executive secretary, Minneapolis.

The 7th Annual Keyman Seminar is scheduled for April 30-May 1 at the new Registry Hotel in Bloomington.

The 14th Annual Convention of the IBM is slated for August 13-16 at Arrowwood Lodge in Alexandria.

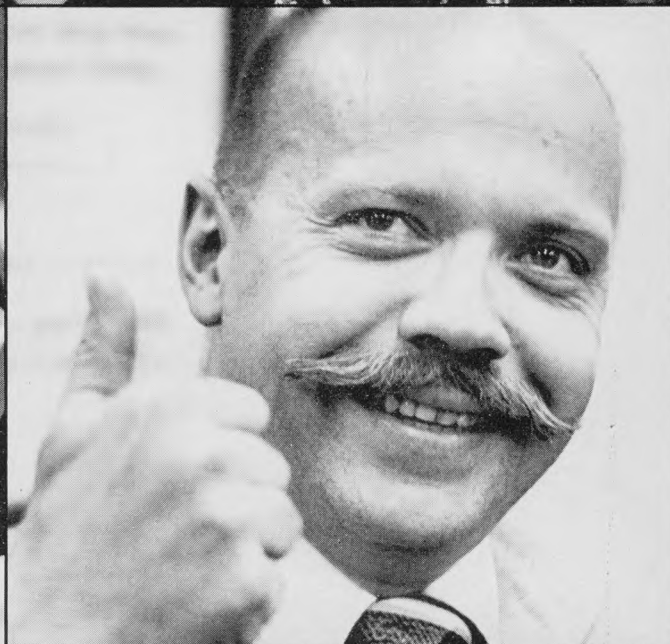
Named to State Post

Paul W. Gandrud, president of the Swift County Bank of Benson, has been named as new state representative in Minnesota for the Conference of Bank Supervisors,

Minnesota Bankers Attend RMA Conference



PICTURED during the recent 60th Anniversary Fall Conference at the Robert Morris Associates at the Hyatt Regency in Atlanta, Ga., were these representatives from the Minnesota chapter of RMA. Left to right are: Chapter President & Mrs. J. Leonard Erickson, Marquette Natl., Minneapolis; Vice President Laurence R. Kennedy, 1st Natl., St. Paul, and one of RMA's newly-elected directors, Willis F. Rich, Northwestern Natl., Minneapolis. RIGHT—Charles T. McGarraugh, sr. v.p., Northwest Bancorporation, Minneapolis, was one of four RMA members who received Distinguished Service Awards at the convention.



We're in!

We made it! We're in the beautiful new American Bank Building . . . and the big move has lifted that "good ole American Spirit" even higher. Seems you just can't walk through our new bank without getting a smile from somebody. The Bankers of American invite you to try it, with a personal tour of our building. We'll show you how our friendly people and modern new bank can work for you. Drop by any time you're in town!



**The Bankers
of American**

The American National Bank and Trust Company • 5th and Minnesota • 298-6000 • St. Paul, Minnesota 55101 • Member F.D.I.C.



South Dakota NEWS

HENRY B. SCHELLE President Chamberlain

J. I. MILTON SCHWARTZ Secretary Huron

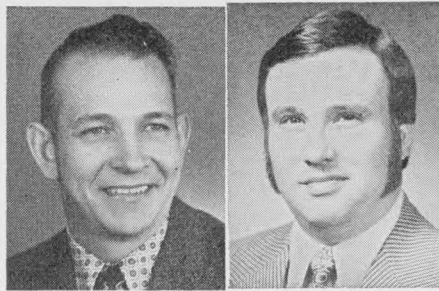
2 Join Mitchell Bank as Officer Trainees

Boyd Knox, chairman and president of The Commercial Trust and Savings Bank, Mitchell, has announced the appointment of two officer trainees. They are Gary L. Slade and Robert E. Young.

Mr. Slade, formerly of Fulton, is a 1972 graduate of the University of South Dakota School of Business. He most recently has been a second lieutenant in the U. S. Army. Mr. Young, also a graduate of the University of South Dakota, is a native of Mitchell.

Union Bank Promotions

Union Bank & Trust, Sioux Falls, has announced the promotion of Clarence B. Erickson, vice president, to a



new position as manager of the 41st Street office. Mr. Erickson has been with the bank for 28 years.

Also announced was the advancement of Jerry Feldhaus, vice president, to expanded management duties at the main office. Mr. Feldhaus managed the Union Bank instalment loan department for several years and has been manager of the 41st Street office. He now will supervise all lending activities.

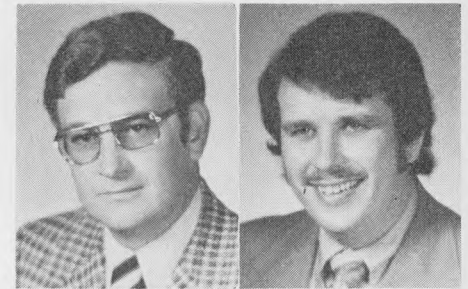
First National Opens Northwest Branch

First National Bank, Aberdeen, will open its Northwest Aberdeen Branch in mid-January, according to C. P. (Buck) Moore, bank president.

J. Richard Kornder is manager and Arlene M. Weinreis is assistant manager of the new banking facility. Mr. Kornder joined the bank five years ago and was elected an officer a year later. After heading the instalment loan department of the Milbank Branch, he was selected as assistant manager of the East Aberdeen Branch. Mrs. Weinreis has been with the bank for 15 years.

Western Bank Name 2 Senior Vice Presidents

Western Bank in Sioux Falls has announced the promotion of two officers to senior vice presidents. They are



D. R. ALBERS

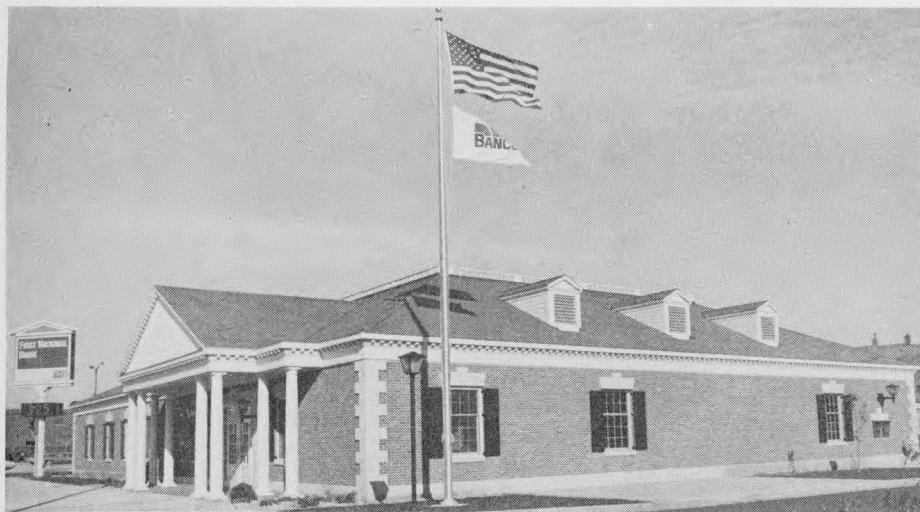
R. E. BUEHLER

Duane R. Albers, vice president and cashier, and Richard E. Buehler, vice president and marketing director.

Mr. Albers has been with the bank since 1961. Mr. Buehler joined the bank 10 years ago.

Floyd E. Dufloth

Funeral services were held recently for Floyd E. Dufloth, 60, director and vice president of the Bank of Hoven. Mr. Dufloth had been associated with the bank for the past 20 years.



SHOWN is the new First National Bank of Watertown.

Watertown Bank Holds Grand Opening

NINETY-FOUR \$1 bills, signifying 94 years of service to the community, were used recently in a ribbon-cutting ceremony which marked the formal opening of the First National Bank's new building at 1st Avenue NE and N. Maple Street in Watertown. The recipient of the ribbon was the ninety-fourth customer served at the downtown drive-up windows.

The event touched off a three-day

public open house during which the bank introduced its new facilities which it occupied in mid-October.

Prizes were given for registration totaling \$1,000. First prize was a \$500 savings account or certificate; second prize was a \$250 savings account or certificate, and there were five merchandise prizes of \$50 each.

R. H. Walrath is president of the bank.

SDBA Calendar

April 8-9 — Annual Agricultural Conference, Marvin Hughitt Hotel, Huron.

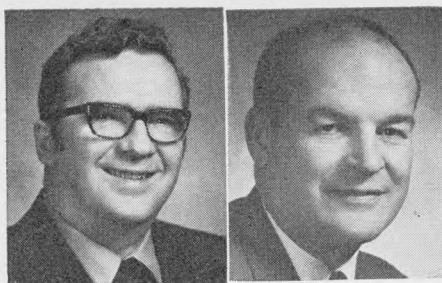
May 15-16 — Annual Convention, Holiday Inn, Aberdeen.

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North Dakota NEWS

E. E. KAUTZMANN President Mandan
W. J. DANER Secretary Bismarck



Bank Women's Conference Set for Bismarck

UNDER the direction of Betty Banker, vice president of the Citizens State Bank, Mohall, N.D., plans are now being made for the Lake, Midwest and North Central Tri-Regional Conference of the National Association of Bank Women, Inc.

The conference, which will be held at the Holiday Inn in Bismarck, N.D., June 4-6, will bring several hundred women bank officers from 12 mid-western states for a concentrated program of management-oriented educational, business and social events.

Joining with Mrs. Banker, who is a past regional vice president of NABW, in the conference planning is Janet G. Pender, cashier of the First National Bank & Trust Company, Dickinson. Ms. Pender is serving as both conference co-chairman and head of the arrangements and entertainment committee. Mrs. Banker is also chairing the program committee.

Other prominent North Dakota

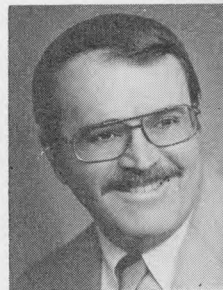
bank women have also been appointed to chair the various conference committees. They are: Gail L. Vetter, assistant cashier, Bank of North Dakota, Bismarck — publicity and printing; Barbara M. Pogue, assistant vice president, First National Bank, Jamestown — registration and hospitality; and Ruth Davidson, assistant cashier, American State Bank, Williston — conference treasurer and also chairwoman of the finance committee.

Also playing major roles in the Tri-Regional Conference programming are the vice presidents of the NABW Lake, Midwest and North Central regions. They are respectively: Marjorie Crennell, vice president, Warren Bank, Warren, Mich.; June Darby Ellison, public relations officer, Mercantile Trust Company, N.A., St. Louis, Mo.; and Zona Peterson, assistant vice president, American National Bank & Trust Company, Eau Claire, Wis.

band who had headed the bank for many years.

Joins Casper Bank

R. W. Miracle, president of the Wyoming National Bank of Casper, has announced the addition of Clifford J. Neilson to the bank as a vice president in charge of the commercial loan department. Mr. Neilson replaces Hale Kreycik who left Casper last fall to become president of the Wyoming National Bank at Gillette.



C. J. NEILSON

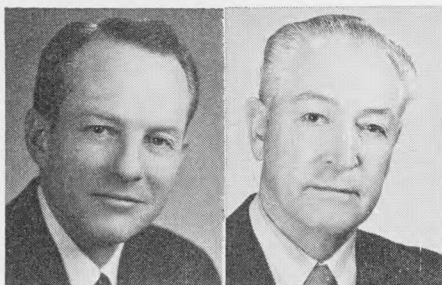
Mr. Neilson comes to Casper from Los Angeles, Calif., where he has been active in commercial lending at Manufacturers Bank. His banking career began in 1955 when he was employed by Bank of America in Los Angeles as a management trainee.

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Wyoming NEWS

R. W. MIRACLE President Casper
M. C. MUNDELL Secretary Laramie



Green River Bank Elects Chairman

William T. Rogers, a native of Green River and now resident at Casper, has been elected chairman of the board of the State Bank of Green River, according to Barton NeVille, bank president.

Mr. NeVille also announced the election of Albert M. Carollo, Jr., vice president and general manager of Sweetwater Television Corporation, as a director.

Mr. Rogers is the son of the late

Thomas E. and Clara Rogers, and he succeeds his mother as chairman of the board, she having succeeded her hus-

WBA Calendar

Jan. 29-31—Western Agricultural Lenders Institute, Conference Center, Knight Hall, University of Wyoming, Laramie.

Feb. 6-7—Credit Conference, Ramada Inn, Casper.

June 11-13—Annual Convention, Jackson Lake Lodge, Moran.

G. M. Rafferty

Funeral services were held recently for G. M. (Rex) Rafferty, chairman of the Wyoming National Bank of Casper.



G. M. RAFFERTY

Mr. Rafferty, who began working at Wyoming National as a bank messenger in September of 1921, was active in the bank until his death. His banking career spanned 53 years. He was president of the bank between August, 1965, and February, 1968.

Montana NEWS

T. A. VASHUS **President** **Glendive**

J. T. CADBY **Secretary** **Helena**

To Head Helena Bank

Fred J. Flanders has been elected president of Bank of Montana, Helena (formerly Commerce Bank), according to Richard D. Rubie, chairman of the board.

Mr. Flanders was with the B.M. Behrends Bank of Juneau, Alas., where he has served as executive vice president and managing officer. Prior to joining the Behrends bank, he managed several branches of the National Bank of Alaska. He began his banking career with the United Bank of Denver as management trainee.

Mr. Flanders was serving as president of the Alaska Bankers Association to which he was elected in May of this year, and which position he resigned when he accepted the position with Bank of Montana. He has graduated from Pacific Coast Banking School at the University of Washington and is a graduate of North Dakota State University.

First National, Great Falls, Elects Blewett Director

Election of Alex Blewett, Jr., a senior member in the law firm of Jardine, Stephenson, Blewett and Weaver, as a member of the board of directors of the First National Bank, Great Falls, has been announced by Adrian O. McLellan, president.

A native of Butte, Mr. Blewett received his B. A. degree from the University of Montana in 1935 and LL. B. degree in 1938 when he was admitted to the bar. He has practiced law in Great Falls since his graduation, except for three years spent in the Navy Air Force.

He became Commissioner on Uniform State Laws in 1957 and still serves in that capacity. He served two terms in the state Legislature and



was house majority leader in 1963. From 1965 to 1969, he was chairman of the State Highway Commission.

Elected at Butte

W. R. Tait, president of the First National Bank, Butte, has announced the election of Keith Lavachek as assistant cashier.

Mr. Lavachek was graduated from the University of North Dakota at Grand Forks in 1970 with a degree in business administration. Following graduation, he worked at First National as a management trainee. In 1971 he joined Northwest Bancorporation's Minneapolis-based traveling audit crew and since 1972 has been an in-charge auditor in the Montana audit region.



K. LAVACHEK

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Midland Nat'l, Billings, Elects Six Officers

Midland National Bank of Billings has announced the election of the following officers:

Doug E. Aden, commercial loan officer; Lou Aleksich, Jr., marketing officer; Nancy Lochmiller, comptroller; Betty Saltee and John Schafnitz, instalment loan officers, and Matt Ver-tin, consumer finance officer.

Great Falls Bank Announces Changes

The election of two new officers and the promotion of a third officer have been announced by Adrian O. McLellan, president of the First National Bank of Great Falls.



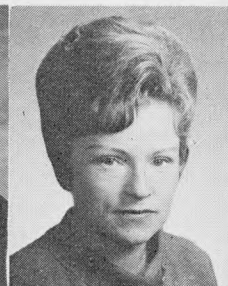
T. TIETZ

Thomas Tietz has been promoted to agricultural loan officer. A native of Culbertson, Mr. Tietz was graduated from Montana State University in Bozeman in 1972. He was previously employed by the Farmers Home Administration of the U. S. Department of Agriculture in Bozeman.

Also new as an agricultural loan officer is Roger Mallberg, formerly with the First National Bank in Miller, S. D., where he served in a similar capacity.



R. MALLBERG



A. HAASER

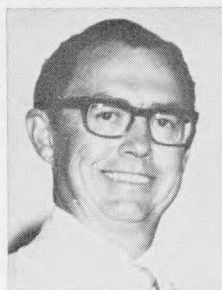
Arlene Haaser, who has been assistant commercial loan officer, has been elected commercial loan officer. Associated with First National for 15 years, Mrs. Haaser has been a bookkeeper, ledger bookkeeper, paying and receiving teller and tellers' supervisor.

MBA Calendar

- Feb. 6-8—Ag Credit Conference, Holiday Inn, Bozeman.
- April 17-19—Instalment Lending Conference, Outlaw Inn, Kalispell.
- May 17—Trust Conference, Helena.
- May 22-23—Real Estate Mortgage Conference, Northern Hotel, Billings.
- June 19-21—Annual Convention, Jackson Lake Lodge, Moran, Wyo.

Colorado NEWS

N. BERNE HART
Denver
President
Colorado Bankers Association



Central Bank Names Management Group

Central Bank & Trust Co. of Denver has announced the election of two officers as executive vice presidents and the formation of a five-member executive management committee for the bank.

Named executive vice presidents were Joseph R. Lincoln, former senior vice president and resident counsel, and George G. Patterson, former vice president of the bank's human resources division.

The two men join Don Hoffman, president; Max Brooks, chairman, and R. J. Nelson, executive vice president, to make up the executive management committee.

Mr. Lincoln, a graduate of the University of Denver and the University of Denver Law School, joined the bank's trust department after graduation. He was named resident counsel in 1958, vice president in 1963 and senior vice president in 1970. Mr. Lincoln will be responsible for the bank's loan divisions and the trust department.

Mr. Patterson formerly was president of the First State Bank in Idaho Springs and served as a consultant to Central Bank for personnel and training matters from June, 1973, until being named to his most recent position in March, 1974. He will supervise the administrative division.

Also announced was the promotion of three staff members to customer services officers. They are Thomas R. Young, Ken Haggard and Dianne Albrecht.

Joins Colorado Springs Bank

E. Hale Adams, Jr., has joined East Bank of Colorado Springs as vice president, according to Alan Noyes, bank president. He formerly was correspondent banks vice president of The First National Bank of Denver.

Both banks are members of The First National Bancorporation, Inc.

Mr. Adams, 33, joined First of Den-

ver in March, 1968, following his graduation from the University of Denver where he received a bachelor's degree in business administration.

To Head Society of Farm Managers, Appraisers

David E. Peterson, vice president and trust officer at The First National Bank of Denver, has been elected president of the Colorado Society of Farm Managers and Rural Appraisers.

The group is the state chapter of the American Society of Farm Managers and Rural Appraisers. The national organization's primary function is to promote the two professions.

1st Nat'l Bancorporation To Sell Debentures

Directors of The First National Bancorporation, Inc. have approved, subject to final documentation, the sale of \$17 million of long-term debentures by Bancorporation to a group of institutional investors.

Of the proceeds, \$5 million will be invested in a new issue of capital stock of The First National Bank of Denver. Bancorporation's anchor bank; \$7 million will be used to retire short-term indebtedness of Bancorporation; \$2 million will be added to working capital; and \$3 million will be used to participate in a proposed revolving loan agreement between First of Denver Mortgage Investors and its lending banks.

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United of Denver Names 2 Assistant Vice Presidents

John D. Hershner, president and chairman of the United Bank of Denver, has announced the promotion of two commercial banking officers. Appointed assistant vice presidents are Mary P. Jones and Hugh W. Patterson.

Ms. Jones is a lending officer in the real estate industries market. With the bank since 1966, she also has worked in the credit department and Enterprise Market. Manager of the loan review section of the credit management division, Mr. Patterson has been associated with the bank since 1968.

Colorado Calendar

Jan. 29-31—Western Agricultural Lenders Institute, University of Wyoming, Laramie.
Feb. 16-19—CBA Instalment Credit Workshop, The Broadmoor, Colorado Springs.
March 2-5—CBA Ag Credit Conference, The Broadmoor, Colorado Springs.
March 27-29—CBA Trust Conference, The Broadmoor, Colorado Springs.
June 4-8—CBA Annual Convention, The Broadmoor, Colorado Springs.
Aug. 3-15—Colorado School of Banking, University of Colorado, Boulder.

First National of Denver Announces Promotions

Eugene H. Adams, chairman of The First National Bank of Denver, has announced the following staff changes.

Robert R. Leary, head of the consumer planning division, has been named vice president of the bank's consumer banking group. Prior to joining the bank, Mr. Leary was vice president and technical services consultant for the corporate banking division of The First National Bank of Arizona.

Charles F. Snow, assistant vice president, has assumed duties in the correspondent bank department, replacing E. Hale Adams, Jr., who has joined East Bank of Colorado Springs as a vice president. Mr. Snow was formerly with the corporate development department.

Other promotions include: R. Edgar Johnson, assistant vice president, corporate development; James C. Lewien, loan officer, commercial loans, and Rayond De Moro, assistant international operations officer, commercial loans.

Idaho NEWS

D. J. MACKAY
Idaho Falls
President
Idaho Bankers
Association



Application Approved

Madison State Bank (in organization) in Rexburg has received permission to merge with Valley Bank of Rexburg, a state nonmember insured bank, under the charter of Madison State Bank and title of Valley Bank. It also has received permission to establish branches at the five locations where Valley Bank operates branches.

IBA Calendar

Feb. (Tentative) — Community Banks Marketing Seminar, Boise.
March 24-26 — Agricultural Credit Forum, Lewiston, Boise, Pocatello.
May 2-3 — Young Executive Bankers Convention, Rodeway Inn, Boise.
June 15-18 — Annual Convention, Sun Valley Lodge, Sun Valley.

Oregon NEWS

ALDEN L. TOEVS
Corvallis
President
Oregon Bankers
Association



First National Promotions

John Van Bodegom, vice president and manager of First National Bank of Oregon's bank and trust properties division, has been elected senior vice president.

Mr. Van Bodegom was with the First National Bank of St. Paul, Minn., as assistant vice president before joining the Portland bank in 1964. He has been vice president and division manager since 1965.

The bank also announced the following elections to vice president: Max D. Finney, assistant chief examiner; Richard Pliler, regional credit administrator, Portland headquarters;

Gene E. Teach, manager, Pendleton office; Larry O. Wheeler, manager, Beaverton office, and Paul D. Payne, manager, Industrial office.

Bank Rewards Citizens for Law Enforcement Help

First National Bank of Oregon, Portland, recently delivered five checks totalling \$2,500 to Oregonians who have assisted law enforcement agencies in the apprehension of seven recent bank robbery suspects. Each received a check for \$500.

Under the new program, the bank will consider giving rewards to any citizen who provides information or assistance leading to the arrest of a person or persons who have participated in a holdup, theft or burglary of a First National branch office.

Washington NEWS

R. E. BANGERT
Seattle
President
Washington Bankers
Association



NABW President Resigns; Vice President Is Moved Up

Patricia Weninger, assistant vice president of the Fidelity Mutual Savings Bank, Spokane, Wash., stepped into the presidency of the 14,000-member National Association of Bank Woman, Inc., following the resignation of 1974-75 President Sally S. Buck for reasons of health. Mrs. Weninger, who has been serving as national vice president of the organization of women bank officers, assumed the presidential responsibilities at the conclusion of the December NABW board of directors meeting in Williamsburg, Va.

A successor to Mrs. Weninger in the vice presidency will be approved by the NABW board and voted on by the membership.



P. WENINGER

Name Change

The Columbia Center National Bank, Kennewick, has received permission to change its name to Columbia Pacific National Bank.

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Utah NEWS

CALVIN H. SWENSON
Lehi
President
Utah Bankers
Association



Elect Salt Lake Executive Officers

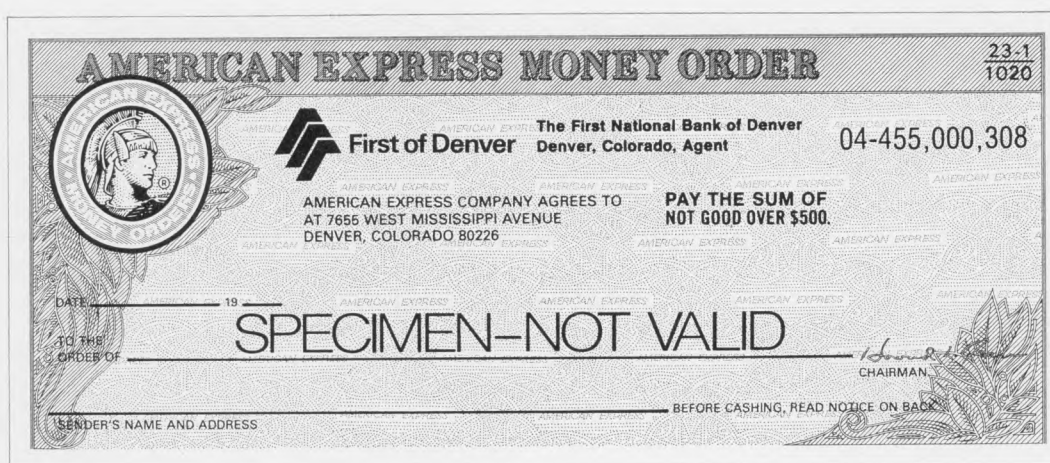
Directors of Zions First National Bank, Salt Lake, elected John Langeland executive vice president and director, and Alvin J. Schoenhals as chairman of the assets and liabilities management committee and a director, according to Roy W. Simmons, president and chief executive officer of the bank. Both of the new appointees are currently senior vice presidents of the bank.

Zions Receive Award for Heber City Office

Zions First National Bank, Salt Lake City, has been awarded a Certificate of Commendation by the American Association for State and Local History, according to William K. Alderfer, national awards committee chairman.

The certificate was presented in recognition of the bank's restoration of the historic Abram Hatch home in Heber City, Utah. The 82-year old landmark now houses a modern branch office for the Utah-based bank.

When the LARGEST
BANK IN TWELVE
STATES CAME OUT
With This...



WE RECEIVED A LOT OF CALLS.

When word got around that the First of Denver had signed up with the new American Express Financial Institution Money Order Program (F.I.M.O.), a lot of other alert, competitive bankers in the 12-state area wanted to find out why. To date, 24 banks in the area have asked to hear the FIMO story. And every day the number of calls—and banks on the Program—grows larger. It's been that way throughout the country. Many of the nation's largest financial institutions—and hundreds of smaller ones—have already joined our FIMO Program.

With a success story like this, you know our program has got to be good. Write or call us today. And we'll give you the facts about our FIMO Program. Contact:

William H. Box, Vice President — Sales
AMERICAN EXPRESS COMPANY, MONEY ORDER DIVISION
7655 West Mississippi Avenue, Denver, Colorado 80226
Phone: (303) 986-2211

AMERICAN EXPRESS

American Express Company — Money Order Division

US NATIONAL BANK

20th and Farnam Streets
Post Office Box 3408
Omaha, Nebraska 68103
402/536-2000

Jay F. Bordewick
Vice President

MEMO:

Geo. Please see that
all our good friends
get this letter J

Why not run it in
the banking magazines?
Georgia

Good idea! J

All of us hope you had a happy holiday. We also would like to express our appreciation for the associations we have had with you and your bank during the past years.

May the coming year afford many more opportunities for mutually productive contacts between your bank and ours.

We wish you an abundance of health, happiness and prosperity throughout 1975.

Sincerely,

CORRESPONDENT BANK DIVISION

Jeff Backlund

John Pope

Emmett Brown

Jay Bordewick

Amel

John L. Lewis

John McCune

Bob Brown

Sharon Hicken

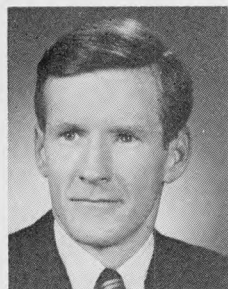
The United States National Bank of Omaha

Nebraska NEWS

R. E. ADKINS President **Osmond**
R. E. HARRIS Exec. Mgr. **Lincoln**

Riley Is Director of Banking

The appointment of William H. Riley, 41, as director of banking for the State of Nebraska was announced last month by Governor J. J. Exon. Mr. Riley's appointment is subject to legislative approval this month. He will succeed Henry E. Ley, 71, who resigned due to poor health. Mr. Ley is chairman of the State National Bank and Trust Company in Wayne, Neb.



W. H. RILEY

Mr. Riley is executive vice president and trust officer of the First National Bank of Grand Island, a position to which he was elected in January, 1971. He joined First National in June, 1969, as vice president and trust officer and was elected a director in January, 1970.

A native of Fairbury, Mr. Riley is a graduate of the University of Nebraska and the Creighton University Law School. He was a Jefferson County Judge from 1962-65, then served as Workmen's Compensation Court Judge in Lincoln and Grand Island until joining First National. He is also a member of the state investment council.

* * *

Fremont Bank Opens Parkview Facility

A two-week long open house was held recently at Fremont's First State Bank's new Parkview facility located at Military and William Avenues, according to James Moore, Jr., bank president.

The facility, which features three drive-in lanes and inside teller service, employs four people. Manager is Sandy Reed.

Gordon Jenkins of Fremont was architect for the project with Fauss Construction of Hooper as general contractor.



Beaver Crossing Bank Plans New Building

The Home State Bank in Beaver Crossing has made plans to begin construction of a new \$80,750 bank building. The two-story project will include a community room in the basement.

Competition is planned in time for the Centennial celebration next summer.

Groundbreaking Held at New North Platte Bank

Groundbreaking ceremonies were held recently for American Security Bank's new building at the corner of Rodeo Road and Willow Street in North Platte, according to Dean Niedan, chairman.

The bank, chartered May 13, 1974, as the first commercial bank on the city's north side, is now in temporary quarters at 410 Rodeo Road.

According to architects Hinde, Laurinat and Nelson, the bank building will have drive-in and walk-up facilities as well as a large regular banking lobby. The building will contain two pneumatic tube drive-up systems with provisions in the plans for two more tube systems.

It will contain one floor, 60 by 120 feet, with provisions for a future sec-

ond floor.

Musgrove Construction Co. of North Platte is general contractor. The bank is scheduled for occupancy by July 1, 1975.

Exterior walls of the structure will be brick veneer and cement masonry block furred on the inside and finished. Interior walls will be paneled and textured or vinyl covered gypsum board.

The central part will contain the lobby, teller counter services, conferences rooms, five officers, accounting and secretarial space, file room, employees lounge, vestibules and spaces for future stairs to the second floor.

To Head Geneva Bank

Dennis A. Devine has been named president and cashier of the Fillmore County Bank in Geneva.

Mr. Devine formerly was with the Community Bank of Beloit, Wisc., and the First National Bank in Sioux City, Ia.

NBA Calendar

Feb. 6, 7—Instalment Credit Conference, Old Mill Holiday Inn, Omaha.

May 4-6—Annual Convention, Hilton Hotel, Omaha.

Oct. 14—Group 5 Meeting, Ramada Inn, Kearney.

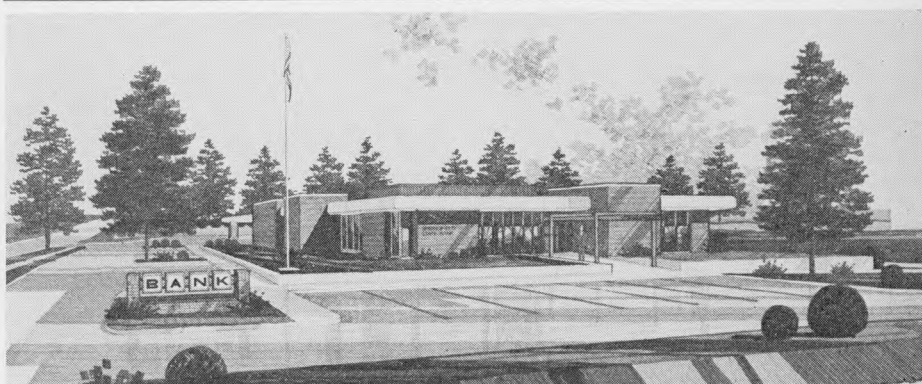
Oct. 15—Group 4 Meeting, Elks Club, Holdrege.

Oct. 16—Group 6 Meeting, Elks Club, Scottsbluff.

Oct. 21—Group 1 Meeting, Lincoln.

Oct. 22—Group 2 Meeting, Columbus.

Oct. 23—Group 3 Meeting, Villa Inn, Norfolk.



SHOWN is the proposed new Springfield State Bank.

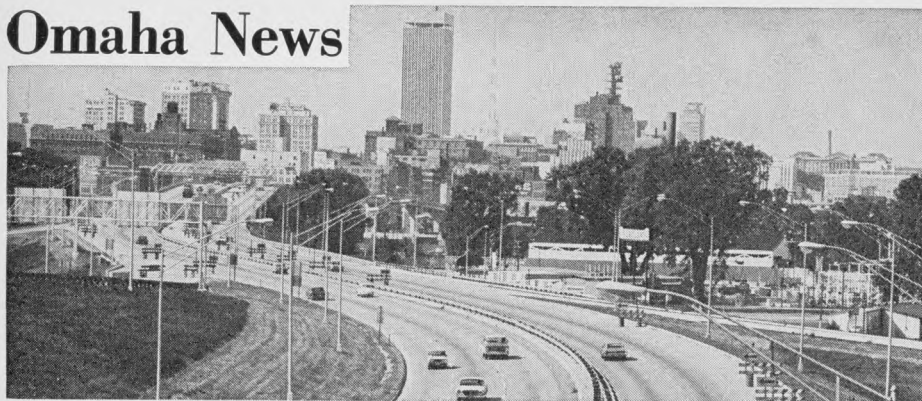
Springfield Bank Plans New Building

THE Springfield State Bank recently announced the construction of a new bank building.

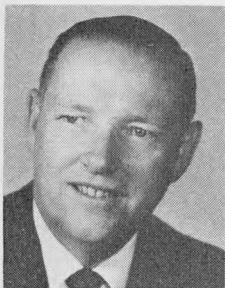
The building was designed by Jackson-Jackson & Associates of Omaha,

and will be built by the Foster-Smetana Company of Omaha. It will be located four blocks east of the present bank. Design features will be drive-up and walk-up windows.

Omaha News



EDWARD M. May, president of May Seed and Nursery Company and May Broadcasting Company of Shenandoah, Ia., has been named to the board of The United States National Bank, according to **Kermit Hansen**, bank president.



E. W. MAY

Mr. May is the first U. S. National director whose residence and office is located outside Omaha. His two companies are represented locally by ownership of television station KMTV, three Earl May Garden Centers, and an affiliation with radio station KFAB. His appointment brings the total membership of the bank board to 19.

Mr. May attended the University of Nebraska at Lincoln, where he received a Bachelor of Arts degree in 1941. He took additional post-graduate work at Iowa State University in Ames.

Among the other holdings of the May companies are radio station KMA in Shenandoah and television station KGUN-TV in Tucson, Ariz. Mr. May also serves on the board of the State Savings Bank of Bedford, Ia.

Mr. Hansen also has announced the addition of **Ronald E. Schneider** to the bank's staff as a commercial loan officer.

Mr. Schneider, 28, previously served as a commercial loan officer at the National Bank of Commerce in Lincoln. He is a 1969 graduate of the University of Nebraska in Lincoln and is working on his Masters Degree in business administration at the University of Nebraska in Omaha.

* * *

"There is a \$400 million loss to merchants and banks each year due to bad checks," said **Marcus Ford**, vice president and director of The Omaha National Bank's loss prevention department. Mr. Ford was addressing a fraud prevention clinic, sponsored by the bank recently in Omaha.

Seventy-five attended the clinic

which was offered as a free service to all Omaha area retailers.

Five guest speakers, including representatives from local and federal law enforcement agencies and the security departments of Sears Roebuck and Co. and The Omaha National, discussed detection and prevention of check fraud and shoplifting.

* * *

Frank O. Starr, president and chief executive officer of The Omaha National Bank, has announced the promotion of **Edward A. Conforti** to senior vice president; **Ralph G. Noren** to vice president and **Robert E. Myers** to second vice president. The following appointments also were made: **Michael L. Dahir** to commercial loan officer; **Ronald K. Hill** to systems officer and **Astrida Rogainis** to assistant international officer.

Mr. Conforti joined the bank on December 2, 1974, from the Bank of the West, Bellevue, Wash., where he had been executive vice president and chief administrative officer since 1972. From 1955 to 1972 he was assigned to a number of branches of the Security Pacific National Bank. At ONB he will head the commercial loan department.

Mr. Noren joined the bank in 1972 as a systems officer. In 1973 he was named director of systems and programming and several months later was appointed second vice president. His current position is that of head of systems and planning.

Mr. Myers came to the bank in March of 1974 and has since held the positions of manager of financial analysts in the controller's department, control officer, planning officer for The Omaha National Corporation, and manager of data processing in the banking services division, which is his present assignment.



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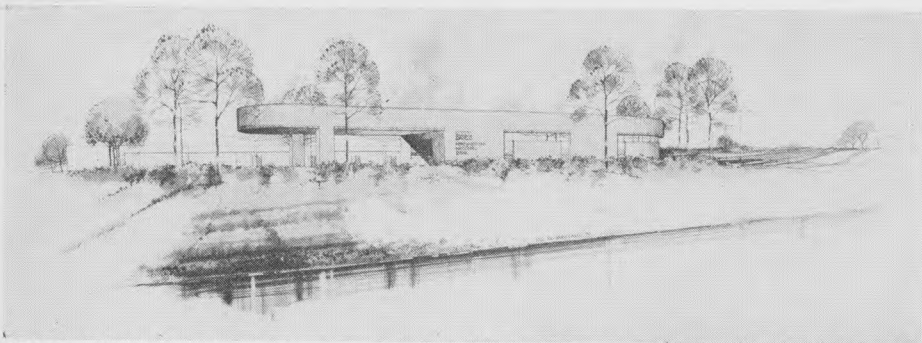
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ARCHITECT'S sketch of the new Northwestern National Bank facility at 96th and L Streets.

In addition to green grass and better weather, next year's spring will bring with it the completion of Northwestern National Bank's new permanent banking facility at the corner of 96th and L Streets.

The structure will be a unique oblong design, housing teller windows, bank offices, and featuring six drive-through teller windows for motorists. All bank functions permitted in a detached facility will be offered at the new location, including depository services and safe deposit boxes.

When completed, this facility will replace the temporary one on the site at the present time, and will bring to three the number of Omaha locations of Northwestern National.

Dana-Larson-Roubal and Associates is the architect, and Charles Vrana & Sons is the contractor.

* * *

Funeral services were held recently for **Timothy J. Spencer**, retired board chairman of the Packers National Bank.

Mr. Spencer, 66, began work at Packers as a messenger in 1926. He was named president in 1965 and became chairman in 1968. Mr. Spencer retired in 1969 and moved to Tucson, Ariz., but retained the board chairmanship until 1970. He moved back to Omaha last June.

* * *

The North Side Bank has opened its new teller office west of the old Bank of Florence.

The new office is a modular facility which eventually will be replaced by a permanent building at Thirty-first and Willit Streets, said **Ron Hiatt**, office manager.

The Bank of Florence, which became the North Side Bank, was in business at that location from 1856 until 1939, when the name was changed and the bank moved to Thirtieth and Ames Avenue. The old

building now is being restored as a bank museum by the Florence Historical Society.

Joins Fremont Bank

Charles L. Greene has joined the First National Bank and Trust Company of Fremont as trust officer, according to John R. Young, Jr., bank president.

Mr. Greene joins the bank from the First National Bank of Aberdeen, S. D., where he also served as trust officer. He has a B. A. degree from the University of Nebraska at Omaha and a law degree from Creighton University at Omaha.

Sees Strong Ag Loan Demand for 1975

Agricultural loan demand at banks will continue to be strong in 1975, though not as strong as it was during the past two years, a lending farm banker told a government-sponsored conference last month.

"Bankers will be able to sustain an expected 12-15 per cent expansion in agricultural credit," Rex G. Plowman, chairman of the American Bankers Association's Agricultural Banker's Division, said at the U.S. Department of Agriculture's National Agricultural Conference in Washington, D.C.

Mr. Plowman said the ability of rural banks to provide increased funds to their farm customers during 1975 will require "renewed assistance by city financial institutions."

"This (growth) will require somewhat more than the normal interbank flow of funds since deposit growth will not keep pace in depressed commodity areas such as cattle, dairy and cotton.

"Demand for crop production financing will be exceptionally high because of expanded planting and rising costs, said Mr. Plowman, who is president of Lewiston State Bank, Utah.

Open House at Cairo

The State Bank of Cairo, which has undergone extensive remodeling the past several months, recently held an open house.

New features at the bank include vault, deposit boxes, drive-in window, walk-up facility and night depository. A carpeted lobby includes a lounge area and several additional offices. A basement community room and parking space to the rear of the building also have been added.

Grand Island Bank Promotes 2

First National Bank of Grand Island has announced the election of two new officers.

Allan R. Roth, auditor, and Lora Findley, manager of the bookkeeping department, have been promoted to the position of officers. Mr. Roth joined the bank in July of 1973 and has served as auditor since that time. Mrs. Findley has been with the bank since March of 1962. She became manager of the bookkeeping department in 1966.

Robert C. Larson is the bank's president.

"This will be offset by a noticeable softening in the demand for livestock loans (particularly cattle), machinery and equipment loans, and financing property improvements," he added.

Mr. Plowman said that interest rates at rural banks, which are now running in the 8½ to 10% range, will remain about the same even though the prime rate has come down a few points.

"The drop in the prime will simply bring the rates city banks charge for funds into line with the rates rural banks will charge in 1975," he said. The prime rate is the interest rate banks charge their best customers.

Banks, Mr. Plowman said, because of a few bad experiences in 1974, particularly in livestock financing, will be making "a special effort to shore up" the quality of their credit lines.

"They will be placing greater emphasis on evaluating credit risks, on requiring more complete planning and the use of more risk-reducing practices such as forward contracting and crop insurance. And they will be exercising greater control, especially for specialized production."

Bankers make New Year's resolutions, too. Ours is to make 1975 the best year yet for our correspondent banks. We've rolled up our sleeves, loosened our ties, and we're ready to get down to business.

I think good correspondent banking sets an excellent example for all businesses. It's a mutually beneficial arrangement in which people work with each other — not against each other — to achieve a common goal. Let's hope other industries apply this principle in the coming year. And let's continue to work at improving cooperation in our own industry.

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Jack Julian
Vice President



Dick Wible
Vice President



Wilber Baack
Vice President

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Lincoln News



J. D. Schiermeyer, president of the National Bank of Commerce, has announced the following banking appointments.

Keith Carlson has been named department manager of the farm and ranch management department, replacing **Clifford Jorgensen**, who retired on December 31. Mr. Carlson, who has been with NBC since 1969, has been a farm and ranch manager in western Nebraska with offices in Kearney.



C. JORGENSEN

Mr. Jorgensen, a vice president since 1961, has been with the bank's farm and ranch department for 41 years. He joined the bank in 1933 as a farm manager.

Two other men have been named farm and ranch manager. They are **Gary Greder**, North Platte office, and **Stephen England**, Kearney, office.

* * *

Funeral services were held recently for **Percy J. Mays**, recently retired president and chairman of Citizens State Bank.

Mr. Mays joined the bank in 1930 and served in all positions.

* * *

J. D. Schiermeyer, president of National Bank of Commerce, recently announced the approval of a detached banking facility by the Comptrollers' Office in Washington, D.C. The facility will be located on a pie shaped lot at 40th and South Street, bordered on the south side by Normal Boulevard.

Consumer banking services, including free checking accounts, all types of savings accounts, Master Charge applications, trust information, cash dispensing machines and general fi-

nancial information will be available at the facility.

* * *

Harold J. Dawson, Jr., has joined First National Lincoln as the business development officer for the trust and investment division. Previously he worked for 10 years as a salesman and division manager for Prudential Insurance Company.

The bank also has announced several new officer appointments. They are **Bob Herman**, **Jack Merrill**, **Jan Durlinger** and **Bruce Lehmann**, computer operations officers; **Dee Knudsen**, supervisor, travel consultants; **Perry Myers**, assistant manager, instalment loan collections; **Mike Renken**, consumer loan officer, **Ray Sellmeyer**, security officer and **Dorothy Lamb**, payroll and benefits supervisor. Named in the travel division were **Ray Juen-gel**, operations officer; **Loren Otte**, manager, office operations; **Jane Hoelk**, manager, Gateway office; **Sam Geist**, operations officer-motor coach; **Bob Lisec**, manager, retail services.

* * *

Karl E. Dickinson, president of Gateway Bank, has announced that the board of directors approved a stock dividend of 10% to the shareholders of record on December 10, 1974. The certificates on the stock dividend were to be mailed to the shareholders on January 6, 1975.

No fractional dividend shares were issued. All interest in such fractional stock dividend shares were pooled to make a total on 97 whole shares. At 3 p.m. on Friday, January 17, 1975, sealed bids for the purchase of these stocks will be opened. The proceeds of the sale of 97 shares, which are being issued in lieu of fractional shares, will be distributed to affected shareholders on a pro rata basis according to their entitlement after the

new capitalization is effective.

The directors also approved the election of **Betty Todd** as loan officer and **Irma Pavel** as personnel director.

Lexington State Bank South Holds Grand Opening

The Lexington State Bank recently held a grand opening of its new drive-in bank, Lexington State Bank South, according to Harold Stuckey, executive vice president. Gifts were given to every customer passing through the drive-in. Grand prize was a portable color television.

The new facility provides night depository, walk-in service, travelers checks and opening of new accounts.

Ray Brock is manager.

Coon Heads VA Loan Office

Robert C. Coon, 57, a native of Monticello, Ia., has been appointed to head the Veterans Administration Loan Guaranty Service in Washington, D.C.

Administrator of Veterans Affairs Richard L. Roudebush selected Mr. Coon, a VA career employee, to succeed Edward A. Echols, who retired last August. Mr. Coon had been deputy director of the service since March, 1972.

Mr. Roudebush said Mr. Coon's appointment continued an unbroken line of career employees to head the VA program that has guaranteed more than \$106.3 billion in GI home loans for 8.8 million veterans and servicemen since World War II.

Fringe Benefits Total \$3,230 In 742 Companies Surveyed

Fringe benefits are no longer mere fringes.

Not unless you want to dismiss \$3,230 a year in employee benefits as a mere fringe.

This was the average payment for employer-paid benefits for employees in 1973, according to a study by the Chamber of Commerce of the United States.

This also figured out to 32.7% of total payroll costs of \$154.1 cents per payroll hour for 742 companies surveyed by the Chamber, which has been making biennial studies of a cross-section of the nation's employers.

Since 1953, when the first data was collected, the payout for employee benefits has risen steadily from \$842 a year to \$3,802 in 1973. This finding is based on 155 companies for which data is available going back to the start of the study.

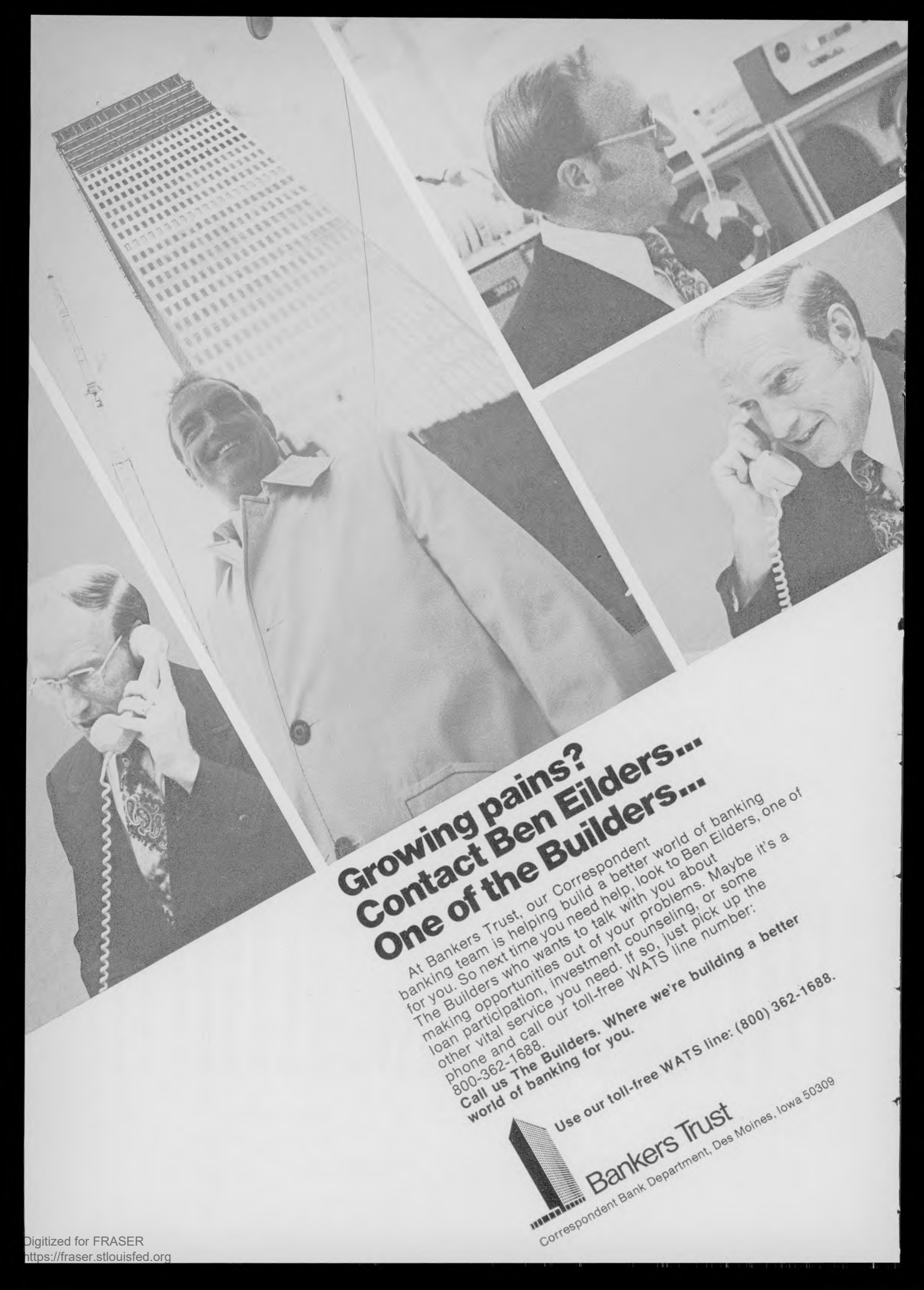
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Iowa NEWS

J. L. CAMPBELL, JR. President Humboldt

NEIL MILNER Exec. V.P. Des Moines



IBA Names Special EFTS Task Force

A SPECIAL task force has been named to assist in directing the Iowa Bankers Association's role in evaluating Electronic Funds Transfer systems and their implications for the Iowa banking industry. Jack Campbell, IBA president, appointed the members.

This task force will serve as a resource committee for the three Iowa representatives to the joint study being conducted with Nebraska. It also will evaluate data which has accumulated from the joint study and other sources, and develop recommendations for the Iowa banking industry.

Those named to the task force are: David Anderson, Nevada National Bank; Larry Becker, vice president and cashier, The Lakes National Bank, Arnolds Park; Wayne Clark, vice president and cashier, First National Bank, Council Bluffs; E. W. Claussen, president, Farmers State Bank, Schleswig; Ed Collins, Sioux City.

Dick Graeme, cashier, Council Bluffs Savings Bank; John Hess, assistant vice president, Decorah State Bank; Leonard Lane, vice president and cashier, Farmers and Merchants Bank & Trust, Burlington; Joe Ludley, vice president, Fidelity Savings Bank, Marshalltown.

Doug McDermott, vice president

and cashier, Home State Bank, Jefferson; Kary Paulson, cashier, Northwood State Bank; Joel Punke, assistant cashier, First National Bank, Mason City; Harris Renquist, vice president and cashier, The State Bank, Fort Dodge; Jerry Rollins, cashier, Union Bank & Trust Co., Ottumwa; Tony Salem, assistant vice president, American Trust & Savings Bank, Dubuque, and Jay Vos, cashier, Security State Bank, Sheldon.

IBA To Hold 8 Credit Insurance Schools

The Iowa Bankers Association has announced that it will hold eight additional Credit Insurance Schools. Dates and locations follow:

Jan. 8 — Julien Motor Inn, Dubuque
Jan. 9 — Holiday Inn, Waterloo
Jan. 15 — Holiday Inn, Burlington
Jan. 16 — Holiday Inn, Ottumwa
Jan. 22 — Sheraton Motor Inn, Mason City
Jan. 23 — Holiday Inn, Fort Dodge
Jan. 29 — Hotel Fort Des Moines, Des Moines
Feb. 3 — Ramada Inn, Marshalltown

Muscatine Banker Elected ABA Director

John B. Rigler, president of Central State Bank, Muscatine, has been elected to the 26 member board of di-

rectors of the American Bankers Association. In this capacity he represents the member banks in the seven state area of Iowa, Wisconsin, Minnesota, North and South Dakota, Nebraska and Montana and serves as chairman of the governing council of the association for that region.

Joins Clinton Bank

Charles A. Gustaveson has been elected executive vice president of the First National

Bank in Clinton, according to Myron Weil, president. He replaces Howard K. Knutson who was elected president of Pella National Bank.

A graduate of The University of Colorado, Mr. Gustaveson has been vice president in Institutional Agencies Corporation of Kansas City, Mo.



C. A. GUSTAVESON

North Central Net Increases

The North Central Companies, Inc., St. Paul, Minn., released third-quarter, 1974 figures which show an increase in net profit but a slight decline in total income compared to the same nine-month period for the year before.

Net profit for The Companies, according to Theodore Sanborn, president, was \$707,000 through September 30 of this year compared to \$619,000 for the equivalent period of 1973. Net profit per share was \$.85 for the first nine months of this year compared to \$.73 at last year's third-quarter point.

Total income for The Companies dipped slightly to \$14,228,000 at September 30 compared to \$14,286,000 a year ago.

1975 Iowa Group Meetings

Group	Date	Place
1	February 8	Sioux City
11	February 17	Burlington
6	May 5	Des Moines
7	May 6	Marshalltown
8	May 7	Davenport
4	May 8	Dubuque
5	May 19	Council Bluffs
2	May 20	Fort Dodge
12	May 21	Okoboji
3	May 22	Clear Lake

Pocahontas State Bank Holds Open House

Open house was held recently at the newly remodeled Pocahontas State Bank.

The remodeling project, which doubled the size of the bank's facilities, was begun in March of 1974. At a cost of about \$30,000, it added increased lobby space, two private offices, an estate or conference room and storage facilities.

The new addition was designed by Walt Becker of Becker and Associates of Alta.

Iowa Calendar

Feb. 5—Legislative Dinner.
 Feb. 8—Group 1 Meeting.
 Feb. 17—Group 11 meeting.
 Feb. 18, 19, 20—Teller Seminars.
 Feb. 25, 26, 27—Teller Seminars.
 March 4, 5—Ag Conference.
 March 16-20—Independent Bankers Association National Convention, Las Vegas.
 April 9—State Banking Conference.
 April 13-16—Washington Trip.
 April 20-33 — ABA Greenbrier Meeting.
 May 5—Group 6 Meeting, Des Moines.
 May 6—Group 7 Meeting, Marshalltown.
 May 7—Group 8 Meeting.
 May 8—Group 4 Meeting.
 May 19—Group 5 Meeting, Council Bluffs.
 May 20—Group 2 Meeting, Clear Lake.
 June 2, 3—Iowa Trust Association Convention.
 June 2-9 — Agricultural Credit School.
 June 22-26—Iowa School of Banking.
 June 29-July 2—ABA State Banking Laws Workshop.

July 10-12—Central States Conference Tan-Tar-A, Lake of the Ozarks.

July 17-19 — Iowa Independent Bankers Association Convention, New Inn, Lake Okoboji.

Aug. 17-22—Iowa Instalment Lending School.

Sept. 16-17—Instalment Lending Conference.

Oct. 4-6—ABA Convention, New York.

Oct. 26-29—IBA Convention.

Nov. 24-25—Tax School.

Lee A. Holland

Funeral services were held last month for Lee A. Holland, former president of the Washington State Bank.

Well-known throughout the middle-west, Mr. Holland served as president of the Iowa Bankers Association in 1953-1954. He entered the banking business in 1918 and joined the old Commercial Saving Bank in Washington in 1921. He served with the Washing-



L. A. HOLLAND

ton State Bank since it was organized in 1932. From January, 1964, to January 1970, he was president. He continued as chairman of the executive committee and director. Before his term as IBA president, he was secretary and chairman of Group 11.

VA Disburses \$178 Million In Benefits in Iowa for 1974

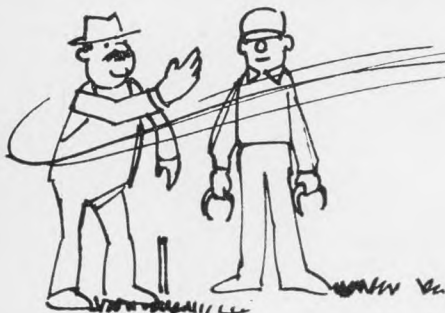
The Veterans Administration disbursed over \$178 million in Iowa during fiscal year 1974, an increase of \$13.3 million over the previous year.

Robert L. Winters, director, VA regional office, Des Moines, reported on the federal agency's estimated expenditures in the state. He said that the largest disbursement, \$77.7 million, represented disability compensation and pension checks to veterans, their dependents and survivors.

Approximately \$35.6 million provided for GI Bill educational and vocational rehabilitation programs for Iowa veterans, and \$49.7 million went toward VA hospital and regional office operating costs, he said.

The remainder was expended for GI insurance and indemnities (\$10.4 million), direct home loans (\$374,279), and construction and related costs (\$4.3 million).

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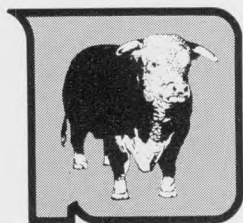
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Illustrated above is Frederic Remington's "Cutting Out A Steer." A 14 x 17-inch reproduction suitable for framing is available without cost or obligation upon request.

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Group 1 Meets in Sioux City, Feb. 17

GROUP 1 of the Iowa Bankers Association will hold its annual meeting in the new Hilton Inn in Sioux City on Saturday, February 8, according to Robert M. Moehn, chairman of the group and president of Commercial Savings Bank, Carroll. Serving as secretary of Group 1 the past two years and scheduled to advance to the chairmanship at this year's meeting is James F. Meyer, president, First National Bank, Paullina.



R. M. MOEHN

Program chairman is Stanley W. Evans, president of the host Sioux City Clearinghouse Association and president, Northwestern National Bank. He was elected to the Clearinghouse post last month. New vice president is Thomas C. Horn, executive vice president, Security National, and Inez Crawford of Northwestern National is secretary-treasurer.

The program follows:

A.M.

- 9:00 Registration—Hilton Inn. Exhibitors' area open.
11:30 Group 1 Meeting called to order—Chairman Robert M. Moehn, president, Commercial Savings Bank, Carroll.
Invocation—The Rev. Joseph Gregor, St. Thomas Episcopal Church.
Luncheon.

P.M.

- 12:30 Report on IBA Activities—Jack Campbell, president, Iowa Bankers Association; president, Humboldt Trust & Savings Bank.
Remarks—Neil Milner, executive vice president & secretary, Iowa Bankers Association, Des Moines.
1:00 "The Livestock Picture—1975"—Marvin L. McLain, Department of Agriculture, Packers & Stockyards Administration, Washington, D.C.
1:45 "The National Economy—Why

the Midwest Region is Stronger"—Dr. Sung Won Son, Vice President & Economist, Northwestern National Bank, Minneapolis.

- 2:30 Adjournment.
5:30 Social Hour—Marina Inn, South Sioux City.
7:00 Banquet—Marina Inn. Presiding—Stanley W. Evans, president, Sioux City Clearinghouse Association; president, Northwestern National Bank, Sioux City. Musical entertainment and Mike Day Orchestra for your listening and dancing pleasure until midnight.

E. T. Peterson

Funeral services were held recently for E. T. Peterson, president of the Primghar Savings Bank since 1940.

Mr. Peterson began his banking career in a Red Wing bank in 1913 and worked for the Federal Reserve from 1917 to 1920. From 1920 to 1936 he worked as cashier in a Nashua, Mont., bank and from 1936 to 1940 he worked in the regional credit union for the northeast counties of Montana.

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TOY NATIONAL BANK

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Pension Reform Law May Help Banks

PROFESSIONAL investment managers, including bank trust departments, may be playing a bigger role in managing the nation's \$180 billion pension portfolio as a result of the new pension reform legislation, a Chicago banker believes.

Ray F. Myers, executive vice president and head of Continental Bank's trust department, said that for most major companies the Employee Retirement Income Security Act of 1974 does not contain too many surprises because the new requirements do not vary substantially from what many companies have been doing all along.

In a commentary released last month, Mr. Myers noted that the biggest impact of the pension law may be on company directors, pension fund committees, retirement advisors and fund managers who, for the first time, must accept new fiduciary responsibilities, including the possibility of being personally responsible for any losses sustained. This may lead some funds to become more conservative in their investment policies, he added.

"We anticipate that many individuals will decide they don't want or need that kind of burden and will be seeking the services of professionals.

... It is our view that professional investment managers — especially bank trust departments — will play an increasing role, because of their flexibility and experience," said Mr. Myers. He noted that bank trust departments have been serving as fiduciaries for many years under regulatory supervision.

According to Mr. Myers, the basic goals of Congress in developing the pension legislation were to protect the interests of pension plan participants, as well as to increase the number of people participating. The law "does achieve those basic goals," he said.

He pointed out, however, that although it may be fair to categorize the bill as landmark legislation, many people are going to be disappointed. "It just doesn't do everything for everybody . . . it is no panacea . . . and it certainly doesn't affect those who are presently in retirement," he said.

Mr. Myers does not rule out the possibility of additional legislation on the subject of pensions, but would expect any such legislation to be "in smaller doses," and probably, at least for a while, confined to technical modifications of existing law.

Union-Whitten State Bank Announces New Officers

Ray Anderson has been appointed president of the Union-Whitten State Savings Bank in Union, according to Lyman Lundy, chairman of the board. Mr. Anderson replaces T. P. McDermott who was elevated to chairman of the executive committee. David C. Gonnerman, assistant vice president, has been promoted to vice president and Helen Conn has been appointed honorary director.

Mr. Anderson joined the bank in May, 1973, as executive vice president and managing officer. He was elected a director in September of 1973. He came to Union from the West Branch State Bank where he was cashier.

Mr. McDermott, also president of the LaPorte City State Bank, was appointed president of the Union bank in September of 1973.

Mr. Gonnerman, who was previously assistant cashier at the Lake Park State Bank, came to Union as an assistant vice president in October of 1973.

Helen Conn of Algona is the daughter of the late Charles F. Long, director emeritus, who was associated with the bank from 1930 to 1972.

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Savings Banks Official Sees Slow Recovery Period

Following two successive years of net deposit outflows, the savings bank industry is expected to experience a moderate net deposit inflow of some \$3 million in 1975, including interest, according to the annual analysis of the economic outlook prepared by the research staff of the National Association of Mutual Savings Banks.

As for the nation's depressed housing markets, an immediate turnaround is not yet in sight and it would not be surprising if housing starts fell to an annual rate of one million or less before a turnaround begins, said Dr. Saul B. Klamman, NAMSAB's vice president

and chief economist, who presented the National Association's staff forecast during NAMSAB's recent annual midyear meeting.

Moreover, Dr. Klamman continued, when the housing recovery does get underway by late spring, in the view of the NAMSAB research staff it will proceed at a grudgingly slow pace, with starts totaling no more than 1.5 million for 1975 as a whole.

The business cycle in 1975 will take the shape of a "tilted fishhook," said Dr. Klamman, with a long slide into deepening recession followed by a slow upturn beginning in the fourth quarter.

Rockford Bank Adopts New Advertising Campaign

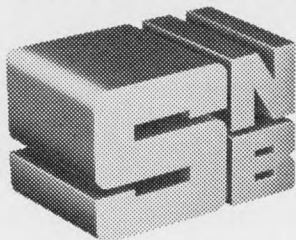
The First State Bank of Rockford, celebrating its fiftieth year, has adopted a new, thematic advertising for the occasion, according to Ed Batty, bank president.

As "The Bank With The Heart of Gold" First State promises both generosity and friendliness, a philosophy, he said, that reflects the bank's half century of service to the community.

The new theme is further extended to Golden Opportunity Savings Accounts, Heartwarming Home Loans, Good as Gold Checking Accounts, and 24 Karat Car Loans.



We can help you help.



Gene and Ed and Jim, our "bankers helpers," are here to help you give your customers the widest possible range of services. When you need help . . . any kind of help . . . it's only a phone call away, and the number is 712/277-6517.

Security National Bank

6th & Pierce Street, Sioux City, Iowa



LEFT—The Dollar Bill Ribbon cutting ceremony on opening day of the Merchants National cafeteria found **Terry Martin**, v.p.; **Bob Foust**, a.c.; **Bob O'Meara**, sr. v.p.; **James E. Coquillette**, pres.; **John Mangold**, sr. v.p., and **John Pothoven**, correspondent banking rep., on the front line. All being conservative bankers, you can be sure the ribbon was cut between the bills! **RIGHT**—A typical 7 a.m. scene showing Chef **Johnny Baker** and his crew ready to go to work plus the early risers around the bank.



Cedar Rapids Bank Opens Cafeteria

THE Merchants National Bank in Cedar Rapids recently opened a new cafeteria for employees.

The cafeteria previously was an employee lounge with various vending machines. A committee, made up of bank employees, was appointed and after many meetings, plans were made to remodel the kitchen area and install stainless steel equipment and bright yellow serving counters.

The next step was to find a chef with a reputation for serving good food. John Baker, a newcomer to the MNB staff, was contacted. His kitchen career began in 1929 when he worked part time at the Dinette Cafe while attending Washington High School. Later he joined the U. S. Navy and kitchens became galleys that claimed locations aboard ship in the Atlantic to a

quonset in the Aleutians. He went on to the Roosevelt Hotel and the Elks Club until he opened his own cafe in 1951.

The cafeteria is open from 7:30 a.m. to 4 p.m. for coffee and snacks; serving time for lunches is from 10:30 a.m. to 1:30 p.m. Since at least 65 can be seated at one time, there is no problem in serving approximately 225 employees each day.

Banks of Ia. To Acquire Key City Bank, Dubuque

F. Forbes Olberg, president of Banks of Iowa, Inc., a Cedar Rapids based holding company, and Hal F. Reynolds, president of Iowa National Investment Company of Dubuque announced recently an agreement under which Banks of Iowa, Inc. will pay

\$7.50 per share for the 182,709 shares of outstanding stock of Key City Bank and Trust Company owned by Iowa National Investment Company of Dubuque.

The proposed transaction is subject to approval by the shareholders of Iowa National Investment Company and the board of governors of the Federal Reserve System. If these approvals are obtained and purchase of the shares of Key City Bank and Trust Company is completed, Banks of Iowa will submit a tender offer to the remaining shareholders of Key City Bank and Trust Company at \$7.50 per share.

Key City Bank and Trust Company had assets of \$14,657,748 on June 30, 1974. Banks of Iowa had consolidated assets of \$504,013,103 on the same date.

Banks of Iowa currently owns all of the outstanding stock of The Merchants National Bank of Cedar Rapids, Union Bank and Trust Company, Ottumwa, Valley National Bank, Des Moines, Council Bluffs Savings Bank, First National Bank, Burlington, and Banks of Iowa Computer Services, Cedar Rapids.

Larry Allison

Funeral services were held recently for Larry Allison, cashier and employee of nine years of The Farmers Savings Bank, Packwood.

M. O. Strait, bank president, has been elected cashier, and Ira G. Leisure has been elected vice president, filling the vacancy resulting from the death of Harlan Myers, farmer and long-time director and bank vice president, in September of this year.

Helen Strait has been appointed to the board of directors.

Welcome to the Group 1 Meeting

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BANCO



Northwest B&T Occupies New Building

SEVERAL thousand area residents and more than 200 bankers toured the beautiful new quarters opened last month by Northwest Bank and Trust Company of Davenport in the new, nine-story Northwest Tower building on Kimberly Road. The bank occupies the ground floor with teller facilities and two upper floors for other depart-

ments. Members of the Scott County Bankers Association and other visiting bankers were guests of Northwest Bank & Trust for the Scott County dinner meeting, held on the top floor of the new building following ribbon-cutting and open house. The bank will maintain offices at its former headquarters on Washington Street.



CUTTING RIBBON are (l. to r.): **Bob Slavens**, pres., Northwest B&T; Iowa Treasurer **Maurice Baringer**, and **Jim Slavens**, exec. v.p. of the bank. **RIGHT**—**Jim** and **Bob Slavens** (seated) visit with **Bernard Miller**, v.p., Drovers Natl., Chicago; **Mr. Baringer**; **Larry Makoben**, v.p. of Northwest B&T, and **Ben Elders**, sr. v.p., Bankers Trust, Des Moines, in one of the new executive offices.



FOLLOWING open house in Northwest B&T's new quarters, guests adjourned to the top floor of the new building to attend reception and dinner of Scott County Bankers Association. Among those in attendance were (l. to r.): **Bill Greaves**, v.p., Central Natl. B&T, Des Moines; **Ollie Hansen**, pres., Liberty T&S, Durant; **Leon Feuerbach**, v.p., Walcott T&S; **Cy Kirk**, v.p., LaSalle Natl., Chicago; **Bill Paulsen**, exec. v.p., Liberty T&S, Durant, and **Bill King**, sr. v.p., Davenport B&T.



ALSO ATTENDING were: **Bob Tank**, pres., Central T&S, Eldridge; **Earl Meyer**, dir., Donahue Sav.; **Dale Paustian**, dir., Walcott T&S; **Pete DeRosier**, a.v.p., Natl. Boulevard Bank, Chicago; **George Milligan**, v.p., Iowa-Des Moines Natl., Des Moines; **Ralph U. Heninger**, chmn., and **Dave Laing**, v.p., both with Bettendorf B&T, and **Dwayne Smith**, corr. bkg. off., Iowa-Des Moines Natl.



PANELISTS at Iowa Business Trends Conference were (l. to r.): **Dwight H. Swanson**, pres. & chmn., Iowa Power & Light Co., Des Moines; **E. Douglas Kenna**, pres., Natl. Assn. of Manufacturers, Washington, D. C.; Host **John R. Fitzgibbon**, pres., Iowa-Des Moines Natl.; **Henry T. Rutledge**, chmn. & c.e.o., Northwest Bancorporation, Minneapolis; **Eugene A. Gulledge**, pres., The Gulledge Co., Washington, D. C., and **R. Wayne Skidmore**, chmn. & pres., Pioneer Hi-Bred International, Inc., Des Moines.

Business Trends Panelists Urge Caution

CAUTION was the keyword as five prominent speakers from varying fields of business discussed 1975 possibilities with more than 500 businessmen and bankers in Des Moines last month. The occasion was the 16th Annual Iowa Business Trends Conference sponsored by the Iowa-Des Moines National Bank of Des Moines.

Five speakers at the morning session gave summaries of business prospects for the coming year in their respective fields of interest. The president of the National Association of Manufacturers, E. Douglas Kenna, was the noon luncheon speaker.

John R. Fitzgibbon, chairman and chief executive officer of the Iowa-Des Moines National, welcomed the guests and introduced each panelist. Those participating in the morning session were R. Wayne Skidmore, chairman and president, Pioneer Hi-Bred International, Inc., Des Moines; Eugene A. Gulledge, president, The Gulledge Company, Washington, D. C.; Henry T. Rutledge, chairman and chief executive officer, Northwest Bancorporation, Minneapolis, and Dwight H. Swanson, president and chairman, Iowa Power & Light Company, Des Moines. The fifth speaker, Robert E. Dewar, chairman and chief executive officer, S. S. Kresge Company, Detroit, Mich., was unable to attend due to a Detroit snowstorm. His prepared text was delivered by Richard Carey, vice president, trust department, Iowa-Des Moines National.

A summary of Mr. Skidmore's

talk was presented in the December 30 NORTHWESTERN BANKER Weekly Newsletter. Digests of the other talks follow:

Mr. Kenna: Cartels in other fields will spring up such as we have seen among oil producing nations, causing added shortages, pressure on prices and a tighter economic picture. We need a better way to inject more capital into American businesses to help us keep modernizing and improving. The government has shown it will be of little help, especially as "regulatory fever" continues its drive among government bureaus who want to dominate all segments of business. The new Congress is the most anti-business ever elected and we may face some expensive social programs at a time when budget cutting should be the goal.

Mr. Gulledge: The annual rate of housing starts will fall to less than one million in the next few months--40% of the 1972 starts. High interest mortgage rates have shut off home buying. Inflation makes it worse. New family formations in 1974 and each of the next eight years will exceed 1,400,000. Over 600,000 housing units are removed from housing inventory each year. This creates an annual need for over 2,000,000 housing units. When the need isn't met, it drives up the demand--and prices--the following year. Midwest building costs and recovery experience from recessions show the midwest will bounce faster than other parts of the nation when construction starts up.

Mr. Rutledge: (The Iowa-Des

Moines National is the largest bank in Iowa and the second largest in our group.) Regarding a bank's position in the current economy, there are lessons to learn. The quality of assets outweighs growth factors... we should have a policy of greater restraint in borrowing and be more selective in credit extensions to upgrade the quality of loan portfolios. In the coming year it will be important for banks to improve liquidity and place less reliance on purchased funds. The sad state of the investment market has forced many companies to stay in banks or the short term market, resulting in continuing pressure on short term rates.

Inflation will not disappear overnight--we now have a 10-year buildup and it won't abate until the government and private sectors give it more serious attention. Interest rates won't go down to much. The midwest will see a continued strong loan demand.

Mr. Dewar: 1974 GNP in current dollars will be \$1,398 billion, or nearly 8% over 1973 and we forecast an 8.5% increase to \$1,507 billion in 1975. The real GNP for 1974 will be \$823.5 billion and in 1975 will be \$814.6 billion, with GNP rising the latter two quarters of 1975. Unemployment will average 5.55% for 1974, increase to an average of 6.8% for 1975 and be at or about 7% in the 1975 fourth quarter. Disposable personal income will approximate \$1,009 billion in current dollars in fourth quarter 1974. Disposable income will be flat in 1975--in constant dollars it will drop from

PANELISTS . . .

(Turn to page 80, please)

Iowa Farm Land Value Hits New High

The average value of Iowa farm land shot up a record \$177 per acre during the year ending November 1, 1974, according to results of an Iowa State University survey. The 31% jump hiked the average value of an acre of Iowa farm land to an all-time high of \$756, twice what it was just five years ago.

Average values on an individual county basis ranged from a high of \$1178 in Grundy county to a low of \$356 for Decatur county.

The information was gathered and compiled by ISU economists Duane Harris and William G. Murray, assisted by graduate student Larry Walker. The Iowa Agriculture Experiment Station land value survey is based on information submitted by 530 licensed real estate brokers scattered around the state.

Eight of the state's nine crop reporting districts reported average land value increases of at least 26%, led by 41% in the Southeast district and a 37% rise in the North Central area. It is notable that the increase in the drought-ridden Southwest district was

only 16%, substantially below all other sections. Brokers in that area attributed the relatively slow increase to dry weather, poor livestock prices, and a tight money supply.

This year's 31% rise in per acre values statewide is for all grades of land. This follows a 32% rise (\$139 per acre) in 1973.

Because of large increases in the past two years, 16 of Iowa's 99 counties now report average land values exceeding \$1000 per acre. They include: Grundy (\$1178), Hamilton (\$1166), Humboldt (\$1148), Wright (\$1136), Scott (\$1121), Polk (\$1106), Calhoun (\$1105), Webster (\$1097), Story (\$1085), Hardin (\$1079), Hancock (\$1066), Franklin (\$1065), Pocahontas (\$1036), Black Hawk (\$1029), O'Brien (\$1025), and Kossuth (\$1007).

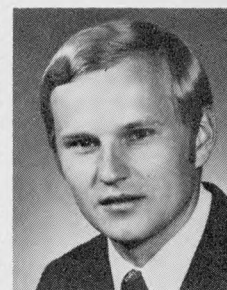
The real estate brokers surveyed were asked to cite reasons for this year's substantial land value increase. Forty-five % of the respondents named high prices for crops, making it the most frequently mentioned reason. Next was the desire to enlarge

a farming unit, cited by 37% of the brokers. The third most common reason was the desire to acquire land as an investment, mainly by non-farmer investors. Scarcity of listings was fourth, followed by inflation.

The survey team noted that the investment and inflation factors are related, perhaps indicating that more persons have become interested in buying farm land as a hedge against rapid inflation.

Promoted at Dubuque

William G. Kruse, president of the First National Bank of Dubuque, recently announced the promotion of Thomas J. Stecher from personal banking officer to assistant vice president.



T. J. STECHER

Mr. Stecher joined the bank as a part-time teller in 1968. He was elected personal banking officer in 1973 and serves as the bank's personnel officer. Mr. Stecher is a graduate of Loras College.

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Des Moines News

THE appointment of **John R. Fitzgibbon**, chairman and chief executive officer of the Iowa-Des Moines National Bank, as bank chairman of the Iowa Savings Bonds committee was announced last month by **Jay E. Tone, Jr.**, volunteer state chairman of the committee. He is also appointed by the American Bankers Association as its Iowa Savings Bonds coordinator, succeeding **Collin W. Fritz**, now a banking consultant with offices in Des Moines.

The Iowa Savings Bonds committee

coordinates statewide volunteer activities promoting the sale of U. S. Savings Bonds. It is made up of leaders in banking, business, government, industry, labor, media and the professions. Mr. Fitzgibbon will serve as coordinator between the committee and the banking community, while directing ABA activities stimulating support for savings bonds by bankers throughout the state.

Mr. Fritz was presented a Department of Treasury silver medallion and a scroll award signed by Secretary Simon for "Patriotic Service to the United States Savings Bonds Program."

* * *

An art and design studio, Alingh/Wuerker & Associates, Inc., has been opened at 1910 Ingersoll Avenue. Principals are **Jerry Alingh** and **Brian Wuerker**. The firm will offer graphic design, art direction and consulting,

illustration, keyline and production art, corporate design, magazine design and copywriting.

Mr. Alingh formerly was art director for *Look* magazine in Des Moines and most recently was manager of creative services at the Graphic Corp., Des Moines. Mr. Wuerker was senior art director of Graphic Corp., and previously was art director of Meredith Corporation's *Apartment Ideas* magazine for five years.

PANELISTS . . .

(Continued from page 78)

\$603.5 billion in 1974 to \$591.3 billion in 1975. Higher operating costs will make net margin improvement difficult. Signs of strength are expected to develop as the year progresses.

Mr. Swanson: The energy crisis is real—the magnitude of the national commitment needed to resolve it is equivalent to several moon programs. Use of all resources requires moderation in views by environmentalists and pollution control enthusiasts. The electric industry's ability to finance the needed construction may be the weak link in providing future energy requirements. We need much greater cash flows to reduce the amount of outside financing. Tax relief has been suggested as one way to solve the problem. Our total taxes of \$1 million amount to three times as much as stockholders' income. We are forced to aggressively seek forward-looking rate relief to provide for financial needs. — **End**

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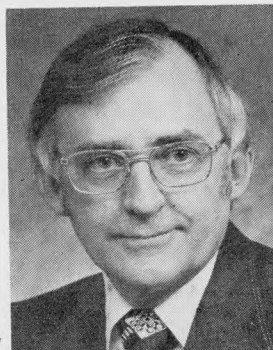
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To Hold Economic Seminar in Dubuque

A seminar co-sponsored by the Iowa State University Extension Service and the First National Bank of Dubuque will be held February 19 at the Hotel Julien. The seminar, featuring the critical economic issues now facing the troubled U.S. economy, will run from 10 a.m. to 3 p.m. The program is open to the public. There is a registration fee of \$5 (students \$3.50) which will cover a luncheon as well as the program.

Further information on the program and reservations can be had by contacting Jim Jensen at the Dubuque Area Extension Office, 582-3466 or Jim Smith at the First National Bank of Dubuque, 582-3655.

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•	4:00 A.M.	SAME DAY	FEDERAL RESERVE CITIES
■	8:00 A.M.	SAME DAY	DES MOINES AND SURROUNDING CITIES FEDERAL HOME LOAN BANK—STATE TREASURERS ITEMS
▣	4:00 A.M.	NEXT DAY	COUNTRY ITEMS NATIONWIDE

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Designer Offers 5 Tips on Bank Planning

AMPLÉ advance planning is a keystone for carrying out a successful new building or remodeling project, according to Earl F. Kooker, bank design consultant. Mr. Kooker's observations are based on a number of years of working with banks through his firm, E. F. Kooker Associates of Spencer, Ia. He offers these five tips on bank planning:

1. Allow Enough Time

- Banking department (60-90 days)
- Preliminary drawings (30 days)
- Construction drawings (60 days)
- Construction (180-240 days)

Considerable time can be saved if preliminaries are worked out while the application is being processed and negotiations with contractors are started with architectural drawings. The best time for building new is spring construction because of long range good weather conditions. Price is also better early before contractors become loaded with work. Interior remodeling is best for fall and winter because of the inside work.

The bank also can save time by assigning one man to be in charge of the entire process. He can maintain contact with the designer, contractors and special equipment suppliers, thus serving as a central source for information and approvals.

2. Choose a Competent, Experienced Designer

Talk with other bankers to learn if they are satisfied with the end results. Had their designer previously designed banks? Are their banks functional as well as aesthetically pleasing to the community? Would you want to work in their type of building?

A designer should help maintain communication between bank and contractors. It is inevitable that problems will occur during the course of construction and you will need an independent mediator to solve them.

3. Define Operational Requirements Early

Once construction is underway is no time to add more teller stations or size to a building. Cost of such changes is very high. Future expansion can be planned initially by

including rooms to be used for meetings, rentals or storage, then later activating them for bank operations. Basements are inexpensive per square foot cost compared to the main floor, but are a waste if proper access and use are not planned ahead.

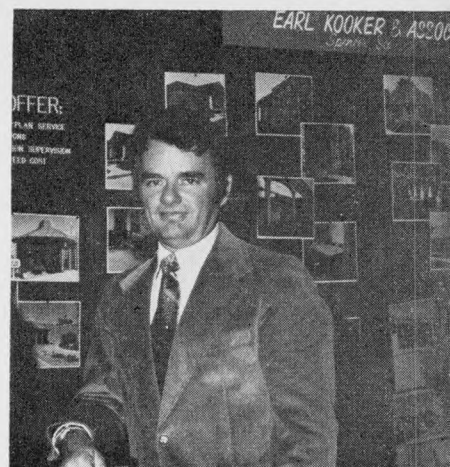
Decisions should be made early about interior finishes such as building styles, contemporary or colonial, types of wood, wall treatments and floor coverings. Your designer should have many recommendations, but each bank is an individual project and should be treated as such.

4. Selection of Contractors

This is an important part of getting the most for the least. Your designer can work with each to find out their past experience in commercial work, workmanship and work load for completing the project. Selection can be handled by negotiation with local contractors who are customers of the bank, or holding a public letting in which reputable area contractors are invited to bid your work. This puts the selection of contractors in the hands of your designer and sometimes eliminates embarrassing situations for the bank.

5. Set a Budget

Let your designer know what you want to spend. He can give you prices of current projects of your size and area for a guide. Many things



Earl F. Kooker

enter into cost for each job, so experience in banks of all sizes and types is required for an over-all cost guarantee.

Mr. Kooker adds that the job of building or remodeling a bank can be made easier for the banker by selecting a competent, experienced designer who can plan and supervise the construction so the banker can pursue his full-time profession of being a banker.—End

Doesn't Take Long

HARRY: "Let's go and play some poker."

BILL: "No, thanks. I don't play the game."

HARRY: "I was under the impression you played poker."

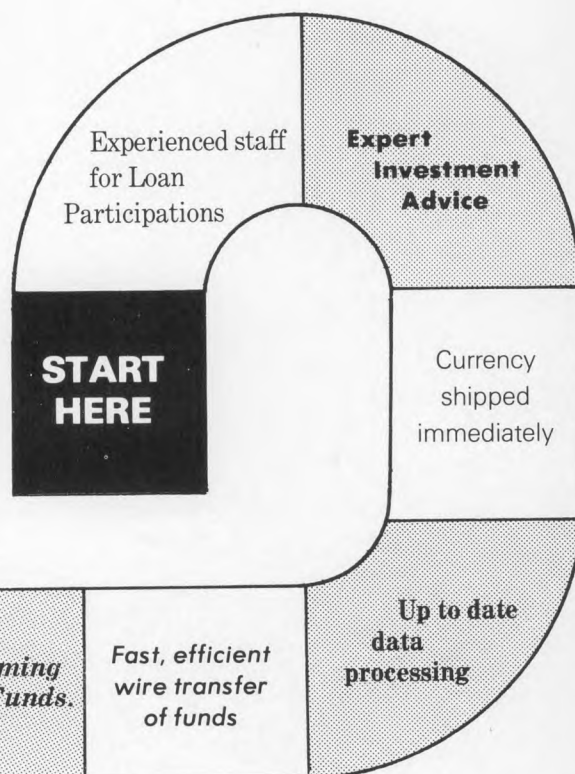
BILL: "I was under that impression myself — once!"

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