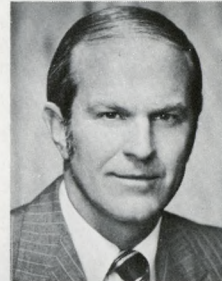


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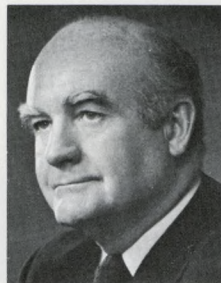
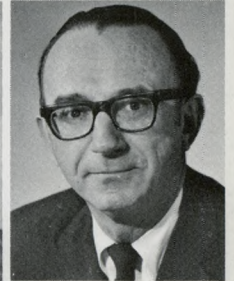
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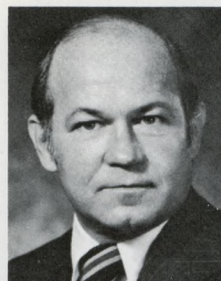
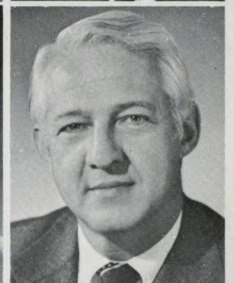
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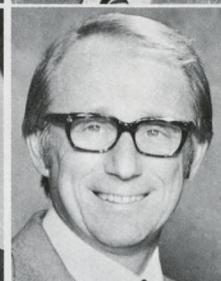
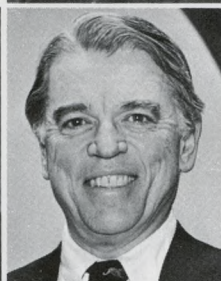
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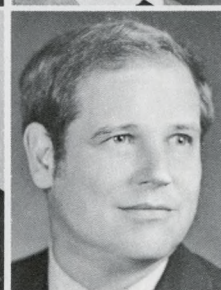
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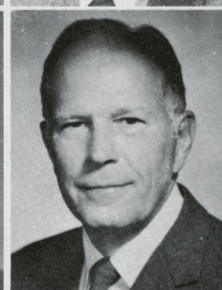
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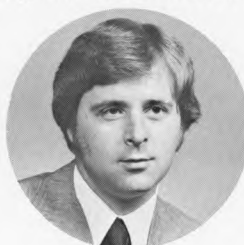
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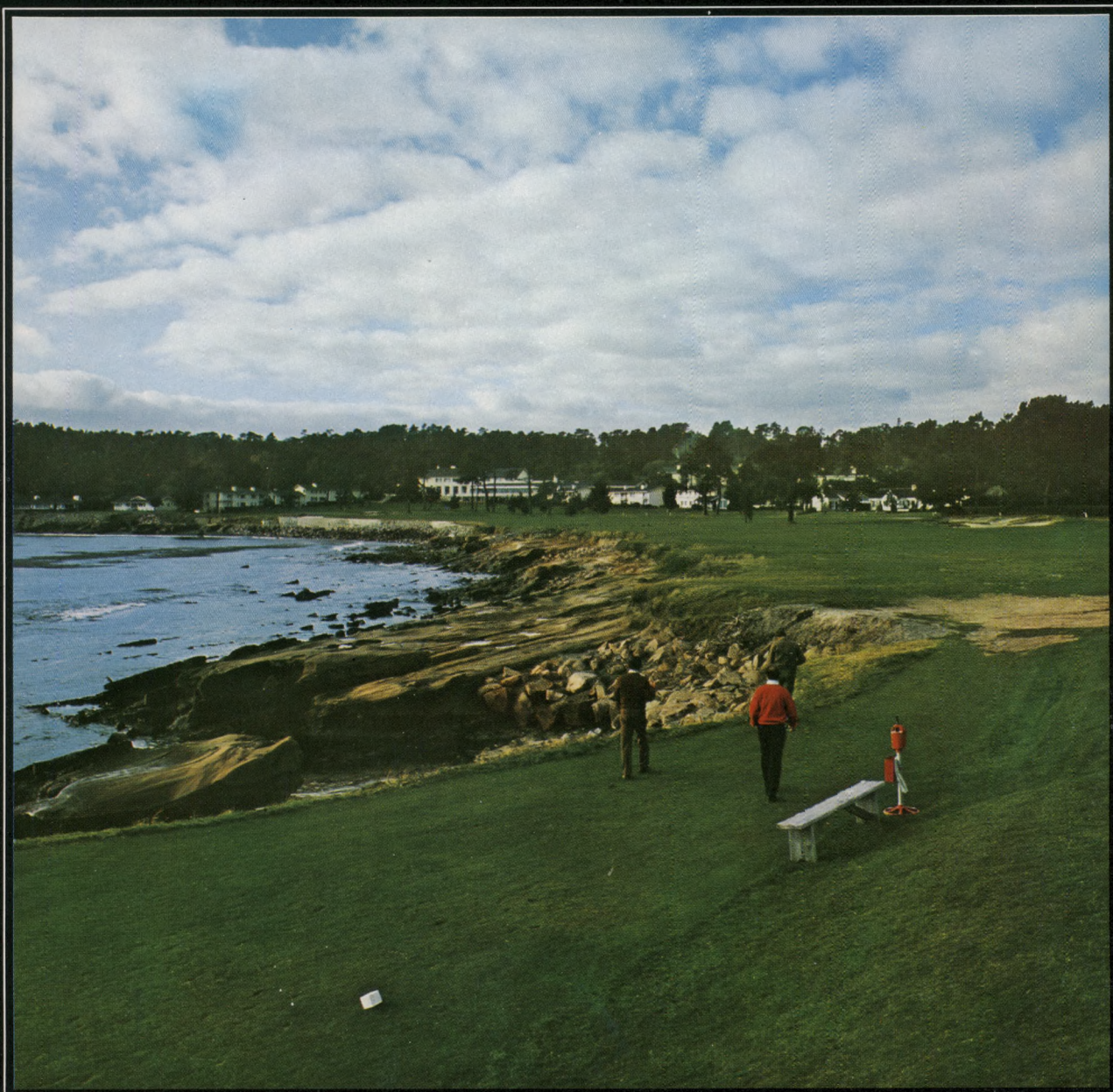
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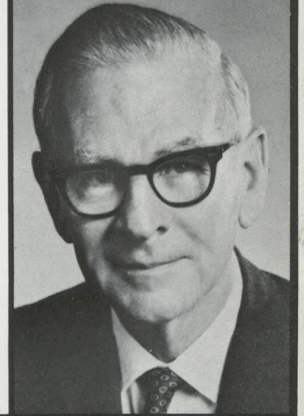
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NORTHWESTERN BANKER

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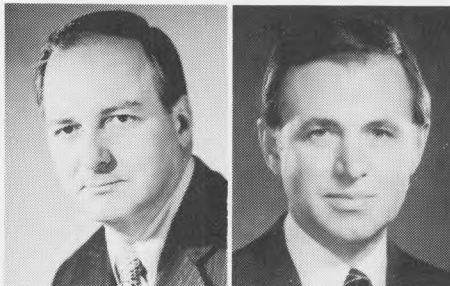


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Bank Promotions

American National Bank, Chicago: Michael Tobin, former president of the Midwest Stock Exchange, has been named president. Allen P. Stults will continue to serve as chairman and chief executive officer. Mr. Tobin has been with the Midwest Stock Exchange for nine years. He is a graduate of the University of Pennsylvania.

Ronald J. Grayheck recently was elected senior executive vice president, and Howard E. Lovely, Charles W. Woodford and Keene H.



R. J. GRAYHECK H. E. LOVELY

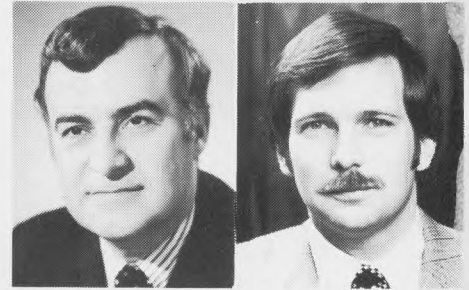
Addington were elected executive vice presidents. The board also named senior vice president Perry G. Callas to the additional position of trust counsel, promoted George G. Stump of the bank's correspondent banking division to second vice president, and elected 13 new officers.

Mr. Grayheck, who was executive vice president, joined the bank in 1960 as a credit analyst after receiving his master's of business administration degree from the University of Illinois, Urbana. He was elected executive vice president in 1973 and now heads all commercial lending and account handling activities for the bank.

Mr. Lovely joined the bank in 1973 as a vice president. He is responsible for the bank's operations division and its Tel-A-Data data processing subsidiary. He was elected administration vice president and cashier in 1974. Mr. Woodford, who joined the bank two and a half years ago as administrative vice president, is in charge of the trust department, the bond portfolio, the retail bond operation and the money desk. Mr. Addington came to the bank in 1975 as administrative vice president. He is responsible for the bank's comptroller, auditing, per-



C. W. WOODFORD K. H. ADDINGTON



P. G. CALLAS G. G. STUMP



B. H. RADEMACHER J. T. GERLITS, JR.

sonnel, savings and consumer credit divisions.

Mr. Callas, who joined the bank in 1962, also is deputy head of the corporate trust department. Mr. Stump joined the bank in 1969 in the operations area.

New officers are: Richard W. Knier and David L. Korner, commercial banking officers; Marie H. Lauren, Stephen P. Manus, Aruna Sreenivasan, trust investment officers; David L. Knapp, bond investment officer; Robert W. Beilfuss and Gerald A. Janiak business service officers; Edward Bogetz, Dominic Ferrara, Kathlyne E. Irvine, and Harvey H. Kappa, operations officers; and Carole A. Barilla, customer service officer.

The bank also announced that Bruce H. Rademacher has been elected president of the American National Educational Corporation, and John T. Gerlits, Jr., has been named vice president and head of the credit division by the bank's board.

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Continental Bank, Chicago: The bank has announced the following promotions in its trust and investment services department: Luke P. Miller, vice president and head of the employee benefit plan division; Robert K. Garro, Raymond P. Harris, Jr., and D. Nicholas Manocoho, vice presidents, trust business development; Jack A. Grohne, vice president, employee benefit plans division, trust department; Jon D. Carlson, Sally A. Morris and Brian K. Riordan, second vice presidents, trust division.

Other promotions are trust officers—Jeanne E. Triner, LaVerne J. Hughes, Theresa M. Hewitt, Robert E. Hamilton, George E. Douglas, and Judith T. Curtis; trust investment officers—Leighton J. Aronson and Robert B. Evans; trust operations officers—Jean Allen, James W. Jameson and Lawrence A. Stawick, and trust properties officer—Donald H. Faloon.

Commerce Bank of Kansas City, Mo.: Shirley M. Smith has been elected a trust officer and Lawrence H. Holden assistant vice president, national division. Gary L. Callaway

and Michael S. Dafferner have been elected vice presidents of Commerce Bancshares, Inc., parent bank holding company. John S. Dalton has been appointed investment officer for Capital for Business, Inc., a subsidiary of Commerce Bancshares, Inc. which participates in equity funding for small businesses.

Mr. Callaway also serves as a senior vice president of Commerce Bank. Mr. Dafferner will continue his responsibilities as director of marketing.

First Chicago Corporation, Chicago: Gilbert R. Ellis, chairman and chief executive officer of Household Finance Corporation, has been elected a director of the holding company and its principal subsidiary, The First National Bank of Chicago, it was announced last month by Chairman A. Robert Abboud. A native of Mercer, Mo., Mr. Ellis was graduated from the University of Iowa in 1935 and started his career with HFC in Cedar Rapids, Ia., that year. The firm has annual sales and revenues of approximately \$4 billion.

Mr. Abboud also announced that

the bank is combining its corporate banking activities into one centralized department with worldwide responsibility for the business of its U. S. corporate customers. Homer J. Livingston, Jr., 42, has been elected executive vice president, effective December 31, and will head the newly structured operation.



H. J. LIVINGSTON

In related moves, Alvin C. Johnson and James S. Brannen, both senior vice presidents, will become deputy department heads of the corporate banking department. Also, James K. Suhr, vice president, has been promoted to senior vice president and deputy head of the bank's real estate department.

Mr. Abboud said the new corporate banking department will continue to have specialized groups serving customers in specific industrial and commercial fields, a practice pioneered by the bank in 1904.

Mr. Livingston has wide experience in corporate and international banking. He was named a vice president in 1969. Subsequently, he headed both the Singapore and London branches, returning to the United States in 1973 to head the bank's regional offices group. He was named senior vice president in 1974.

Mr. Johnson, 58, joined the bank in 1935 and has extensive corporate lending experience. He has been a senior vice president since 1972.

Mr. Brannen, 39, started with The First in 1962, and his experience includes bank card operations, and international and corporate banking.

First Union Bancorporation, St. Louis: Clarence C. Barksdale, 45, has been elected chairman and chief executive officer, it was announced by Edwin S. Jones, 62, formerly chairman and chief executive officer.

Mr. Jones, who becomes chairman of the executive committee, also announced that Richard F. Ford, 41, has been elected president and chief operating officer of First Union. Both positions were effective January 1, 1978.

Mr. Barksdale, formerly president and chief operating officer of First Union, will remain chairman and

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chief executive officer of First National Bank in St. Louis. Mr. Ford, formerly executive vice president of First Union, will remain as president and chief operating officer of the bank, the First Union's lead bank.

Mr. Jones, who will continue active with First Union, also announced the election of John Peters McCarthy, 41, as senior vice president of the holding company. He is president and chief operating officer of St. Louis Union Trust Company, another First Union subsidiary.

Harris Bank, Chicago: The bank has named F. Wendell Gooch, senior vice president, to head its reorganized trust department. He had been in charge of the corporate services group. The four reorganized groups and their executives are:

Investment Services Group—Edward B. Dillmann, vice president.

Corporate Trust and Operations Group—John S. Dunhill, senior vice president.

Personal Trust Group—David S. Finch, vice president.

Institutional Trust Group—Kenneth R. Meyer, vice president.

As part of the reorganization James E. Mandler will become chairman of the trust legislative and compliance committee. William S. Gray will continue as chairman of the trust investment committee and remains the trust department's senior investment officer.

National Boulevard Bank, Chicago: H. Peter DeRosier has been promoted to vice president. He joined the correspondent bank department in February, 1969, and is well-known among bankers in communities in Iowa and surrounding states.



H. P. DeROSIER

Mr. DeRosier is a graduate of the agricultural credit school at Iowa State University, Ames. Before joining the Chicago bank, he was in the correspondent bank department of a Des Moines bank.

United Missouri Bank of Kansas City, N.A., Mo.: Marshall E. Schenck has been promoted to

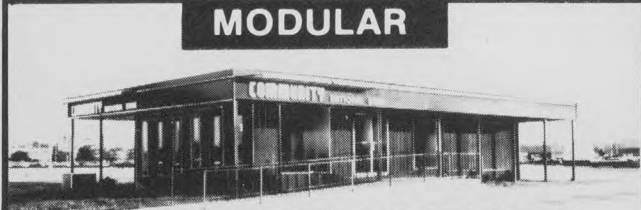
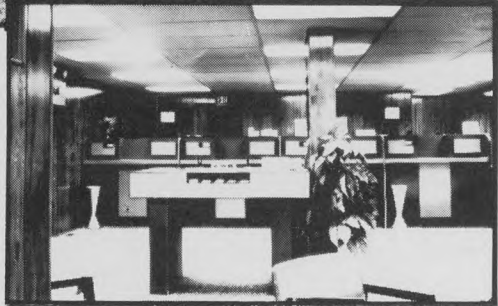


assistant vice president, commercial division, business development department, and George W. Morris, Jr., to bond investment officer in the investment department.

ABA to Host Investment Conference, February 8-10

The American Bankers Association's Bank Investment Conference, set for February 8-10 at the Fairmont Hotel in Dallas, will place special emphasis on asset/liability management. Co-chairmen of the meeting are William R. Gamble, vice president, First Bank System, Inc., Minneapolis, and James A. Brickley, executive vice president, First National Bank in Dallas.

NACHA Conference Aimed At All Institutions

The 1978 annual National Automated Clearing House Association (NACHA) Conference has been designed to attract and educate all financial institutions. The theme of the conference, to be held April 2-5 at the Hyatt Regency Hotel in New Orleans, is "Build Volume—Make Money."

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Wisconsin 53201

MGIC

*Source: Data as of June 30, 1977 from Statements filed with State Insurance Departments.

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Convention Calendar

ABA—American Bankers Association
 AIB—American Institute of Banking
 BAI—Bank Administration Institute
 BMA—Bank Marketing Association
 IBAA—Independent Bankers Association of America.
 NABW—National Association of Bank Women, Inc.
 RMA—Robert Morris Associates

Jan. 8-11—RMA Credit Department Management Workshop, Hilton Inn, Dallas.
 Jan. 17—BAI Data Processing Case Study Workshop, San Francisco.
 Jan. 17-19—BAI Bank Planning Conference, University of Southern California, Los Angeles.
 Jan. 30-31—BMA Basic Advertising Workshop, Los Angeles, Bonaventure.

Feb. 1-2—BMA Basic Advertising Workshop, Dallas Marriott.
 Feb. 5-8—ABA National Trust Conference, Waldorf Astoria Hotel, New York.
 Feb. 5-17—ABA National Instalment Credit School 1st Sessions, University of Oklahoma, Norman.
 Feb. 8-9—BMA Basic Advertising Workshop, Hyatt Regency, Atlanta.
 Feb. 8-10—ABA Bank Investments Conference, Fairmont Hotel, Dallas.
 Feb. 8-10—American Management Association Human Resources Conference, Palmer House Hotel, Chicago.
 Feb. 12-15—ABA Conference for Branch Administrators, Royal Sonesta Hotel, New Orleans.
 Feb. 12-15—ABA Bank Telecommunications Workshop, Hyatt Regency, Houston, Tex.
 Feb. 15-16—BMA How To Compete with Other Financial Institutions Seminar, Hyatt Regency, Chicago O'Hare.
 Feb. 19-22—BMA Chief Executive Officers of Community Banks Seminar, Innisbrook Tarpon Springs, Fla.
 Feb. 26-28—ABA Senior Bank Management Seminar, Brownsville, Tex.
 Feb. 26-March 1—BMA EFT Marketing Conference, New Orleans, Marriott.
 Feb. 16-March 1—RMA Financial Statement Analysis, Olympic Hotel, Seattle.
 Feb. 26-Mar. 3—ABA Community Bank

Chief Executive Officer Program, Sandpiper Bay, Port St. Lucie, Fla.
 Feb. 26-March 3—ABA National Personnel School, Denver Marriott, Denver, Colo.

March. 5-7—ABA 30th Annual National Credit Conference, Hyatt Regency, New Orleans.
 March 5-9—IBAA 48th Annual Convention, Diplomat Resort and Country Clubs, Hollywood, Fla.
 Mar. 12-15—BMA Public Relations Conference, Atlanta Hilton.
 March 14-18—BMA Essentials of Bank Marketing Midwest Extension, University of Chicago.
 Mar. 19-22—BAI 9th Annual National Conference on Bank Security, Diplomat Hotel, Hollywood, Fla.
 March 19-23—ABA Trust Operations and Automation Workshop, St. Francis Hotel, San Francisco.
 March 19-24—Graduate School of Bank Marketing, Second Session, New Orleans.
 Apr. 2-4—National Automated Clearing House Association Annual Conference, Hyatt Regency, New Orleans.
 Apr. 2-5—ABA National Instalment Credit Conference, San Francisco Hilton.
 Apr. 2-5—BMA Marketing Research Conference, OMNI International Hotel, Atlanta.
 Apr. 5-7—National Association of Bank Directors 2nd Annual Convention, O'Hare Inn, Chicago.
 Apr. 8—AIB District 9 Vice President Workshop and Public Speaking Contest, Lakewood Motor Inn, Tacoma, Wash.
 Apr. 8—AIB District 10 Vice President Workshop and Public Speaking Contest, Four Seasons Motor Inn, Colorado Springs, Col.
 Apr. 9-12—Conference of State Bank Supervisors 77th Annual Convention, Hyatt Regency, San Francisco.
 Apr. 11-12—ABA Fiduciary Standards Workshop, Hyatt Regency O'Hare, Chicago.

Apr. 15—AIB District II Vice President Workshop and Public Speaking Contest, Concourse, Madison, Wisc.
 Apr. 16-19—BMA Staff Sales Training Workshop, Holiday Inn Mart Plaza, Chicago.
 Apr. 16-21—ABA Community Bank Chief Executive Officer Program, The Wigwam, Litchfield Park, Ariz.
 Apr. 16-27—ABA National Commercial Lending School, University of Oklahoma, Norman.
 Apr. 26-28—ABA Governing Council Meeting, The Greenbriar, White Sulphur Springs, W.V.
 Apr. 26-29—IIIB 6th Seminar/Workshop on Bank Ownership, Regency Hyatt Hotel, Atlanta, Ga.
 Apr. 30-May 3—BMA Marketing Planning Conference, Hyatt Regency, Washington.
 Apr. 30-May 2—Nebraska Bankers Association Annual Conference, Omaha Hilton.
 May 7-10—BMA Advertising Conference, Biltmore Hotel, New York.
 May 11-12—South Dakota Bankers Association Annual Convention, Rapid City Convention Center.
 May 7-12—ABA National Commercial Lending Graduate School, University of Oklahoma, Norman.
 May 14-19—ABA National Personnel School, Marriott Hotel, Atlanta.
 May 18-20—NABW Western and Rocky Mountain Regional Conference, Century Plaza, Los Angeles.
 May 21-24—ABA National Marketing Conference, Disneyland Hotel, Anaheim, Calif.
 May 21-24—ABA National Operations and Automation Conference, Peachtree Plaza Hotel, Atlanta.
 May 21-27—IIIB 19th Senior Bank Officer Seminar, Harvard Business School, Boston, Mass.
 May 22-24—North Dakota Bankers Association 93rd Annual Convention, Ramada Inn, Minot.
 May 26-28—NABW Northwestern Regional Conference, Sun Valley Hotel, Kelchum, Idaho.
 May 28-June 2—BMA School of Trust Business Development and Marketing, University of Colorado, Boulder.
 May 28-June 9—BMA Essentials of Bank Marketing Course, University of Colorado, Boulder.
 May 29-30—AIB Annual Convention, Chicago.
 June 1-3—Colorado Bankers Association 77th Annual Convention, Broadmoor Hotel, Colorado Springs.
 June 4-6—Illinois Bankers Association Annual Convention, Peoria Hilton Hotel.
 June 12-14—Minnesota Bankers Association 88th Annual Convention, Radisson Muehlebach, Bloomington.
 June 14-16—Wyoming Bankers Association Annual Convention, Jackson Lake Lodge, Moran.
 June 18-21—Wisconsin Bankers Association Annual Convention, Pfister Hotel & Tower, Milwaukee.

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Sen. Humphrey Wants Burns Replaced

SENATOR Hubert H. Humphrey (D., Minn.), vice chairman of the Joint Economic Committee of Congress, has told the *NORTHWESTERN BANKER* he wants Dr. Arthur Burns replaced as chairman of the Federal Reserve System Board of Governors. Mr. Humphrey expressed his views in the following letter after Malcolm Freeland, publisher of the *NORTHWESTERN BANKER*, wrote a letter expressing the strong endorsement of this publication for a continuation of Dr. Burns in his present position:

"Dear Mr. Freeland:

"Thanks for your letter in which you express your views concerning the performance of Federal Reserve Board Chairman Arthur Burns.

"Federal Reserve Board monetary policies, developed and implemented under the leadership of Chairman Burns, have failed to fully support Administration and Congressional efforts to achieve economic recovery. In my judgement, the President must have a Federal Reserve Board Chairman who reflects an understanding of current economic complexities.

"Best wishes."

Sincerely,

Hubert H. Humphrey
Vice Chairman

(Ed. Note: It is noteworthy that on his recent holiday trip to Camp David, President Carter was accompanied by Sen. Humphrey, the first time the Senator had ever been invited to the Presidential retreat, including the period of time when he was Vice President under Lyndon Johnson. Mr. Humphrey also has had several recent personal meetings with the President. Whether the matter of Dr. Burns' reappointment was discussed has not been revealed; however, Sen. Humphrey's position as vice chairman and his attitude toward Dr. Burns are documented here.)

BMA to Hold Community Bank CEO Seminar

The Bank Marketing Association (BMA) will sponsor a marketing seminar for chief executive officers of community banks, February 19-22, 1978, in Tarpon Springs, Fla. The seminar, "Managing for Profits," is designed for chief executive officers of banks with assets up to \$150 million.

The three-day meeting will provide CEOs with a practical program for increasing bank profits, improving bank performance and generating internal earnings. To accomplish this, programs, sessions, panels and rap sessions will stress a number of key marketing and management issues confronting today's community banker.

Registration for the seminar is \$235 for BMA members and \$295 for nonmembers. The fee includes all seminar meal functions, receptions and materials. The spouses registration fee is \$35.

For further information, contact: Conference Administrator, Education Department, Bank Marketing Association, 309 West Washington Street, Chicago, 312/782-1442.

Fed of St. Louis Names Chairman

Armand C. Stalnaker, St. Louis, has been designated chairman of the board of directors of the Federal Reserve Bank of St. Louis by the Board of Governors of the Federal Reserve System, and William B. Walton, Memphis, has been reappointed deputy chairman, Lawrence K. Roos, president of the St. Louis Reserve Bank, announced recently.

Both appointments took effect January 1.

Mr. Stalnaker succeeds as chairman, Edward J. Schnuck, chairman of the board, Schnuck Markets, Inc. In accordance with Federal Reserve policy, Mr. Schnuck left the Reserve Bank's board on December 31 at the expiration of his current term, having completed eight years service including four as chairman.

Mr. Stalnaker is president and chairman of the board of General American Life Insurance Company. He has served one year of a three year term as a Class C director of the Federal Reserve Bank of St. Louis.

Mr. Walton is vice chairman of the board of directors of Holiday Inn, Inc.

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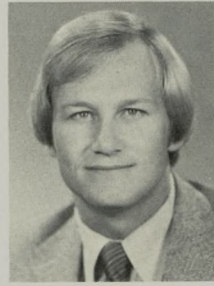
Meet The Redcoat People from North Central Life



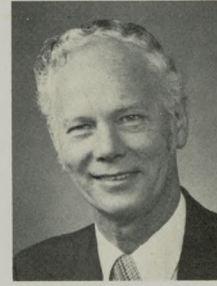
Harvey Erickson
General Agent



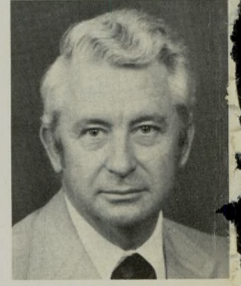
Bob Florin
Regional Manager



Bruce Glewwe
Credit Insurance



Don Hobbs
General Agent



Bob Imsdahl
General Agent



Karl Kurtz
General Agent



Norm Mineau
General Agent



Dick Nelson
Auto Dealerships



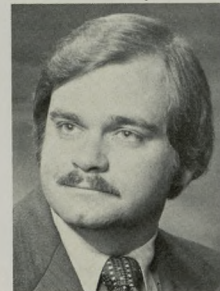
Dave Okeson
General Agent



Roger Pulkrabek
Credit Insurance



Parker Rinehart
Production Credit
Associations



Greg Taylor
General Agent



Dan Walsh
General Agent



Larry Walsh
General Agent



Art Wojciehowski
General Agent

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"REDCOAT SERVICE" is slashing through red tape to get you and your customers the best service humanly possible.

"REDCOAT SERVICE" is immediate, no-nonsense attention to any question, problem or service need that you might have.

"REDCOAT SERVICE" is a computerized direct billing system and a series of monthly and quarterly reports that keep you up-to-date on credit insurance production, claims and commissions, help you track your profitability and give you a profile of the business you are getting.

We take care of the paperwork so that you are free to take care of your customers.

And, importantly, "REDCOAT SERVICE" is the "Redcoat Desk", North Central's unique, toll-free, direct national HOT LINE system that links banks to our home office and makes available three vital benefits:

- 1. NO-LIMIT CREDITOR INSURANCE.** A program that allows you to get immediate over-the-phone approval for extended insurance coverages beyond the limits for which you normally can contract.
- 2. INSTANT RATE CALCULATIONS.** North Central can solve your complicated rate problems in a moment, via computer, speeding up the loan application process.
- 3. INSTANT ANSWERS.** As promised, this gets you a fast response to any question, problem or service need you might have.

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Treasury Proposes Rules for T&L Interest

UNDER legislation signed by President Carter October 28, 1977, authorizing the Treasury to earn interest on its funds held in commercial banks, the Treasury scheduled a hearing January 12 to review proposed new rules implementing the law. The Treasury has outlined fees it will pay for various services performed by banks. Additionally, savings and loan associations, credit unions and mutual savings banks are now authorized for the first time to compete for Treasury funds.

Banks, and others, will have a selection between two methods for handling Treasury deposits and any change from one to the other requires 28 days advance notice to Treasury.

The first is to maintain a tax and loan open-ended note. The second is to deliver to the Federal Reserve Bank advices of credits processed to the tax and loan accounts no later than one business day after receipt of such deposits. Under the note option, loans to depositaries will bear a rate of interest determined by

the Treasury, effective one day after the date of the tax deposit. This will reportedly be a rate at about 21 basis points below the current day's Fed Funds rate. Under the second plan, banks will receive interest-free use of funds for one day before reporting such totals, but repeated late reports will bring a penalty to any large banks with late reporting and the requirement that they go on the note option.

Included in Treasury's proposed payments for services are these:

A 50 cent per deposit reimbursement fee to the bank.

A fee of 70 cents for issuing a savings bond over the counter; 30 cents for issuing one on a payroll plan without computer; 10 cents for issuing one on computer.

A fee of 30 cents for redeeming a savings bond.

An analysis credit to smaller banks to take into consideration higher than average costs of handling T&L accounts. This will apply to any bank handling less than \$1.5 million in government tax and loan deposits annually, affecting probably 6,000 banks.

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New Fed Director Elected

James H. Smaby, Iron Mountain, Mich., has been elected by Ninth District member banks to a three-year term on the board of directors of the Federal Reserve Bank of Minneapolis.

The Minneapolis Bank also announced that James P. McFarland, retired chairman of General Mills, Inc., and Stephen F. Keating, chairman of Honeywell Inc., have been redesignated chairman and deputy chairman, respectively, of the bank board by the Board of Governors in Washington, DC. Mr. McFarland has been a member of the Minneapolis board since 1974, becoming board chairman in 1976. The Board of Governors also reappointed Mr. Keating to a full three-year term as a director.

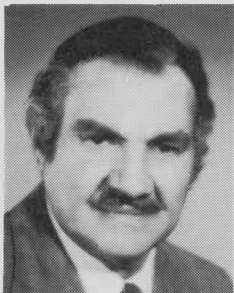
Donald P. Helgeson, secretary-treasurer of Jack Frost, Inc., St. Cloud, Minn., was elected by member banks to a second three-year term as a director of the Minneapolis bank.

Mr. Smaby, who succeeds William E. Ryan of Ontonagon, Mich., on the board, is president and director of the Commercial National Bank and Trust Co., Iron Mountain.

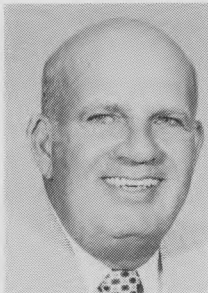
Corporate News

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

Douglas-Guardian Warehouse Corp., New Orleans: A successful year of executive transition has been reported by Douglas Scherer, chief executive officer. Mr. Scherer, grandson of founder W. H. Douglas, is a graduate of Tulane University in New Orleans, served 10 years with Capital Airlines as a pilot, then joined the Douglas companies in 1952.



D. SCHERER



J. B. CRESSEND

Concurrent with Mr. Scherer's election early in 1977 was the election of John B. Cressend as vice president and general manager. A native Orleanian, Mr. Cressend joined the firm in 1953 upon his retirement from the Army, working in various capacities, then serving as sales manager for national accounts before assuming the general managership. He is also a Tulane graduate.

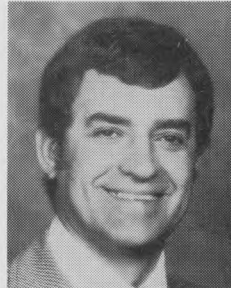
The two men succeeded Thomas E. Moulin, vice president, and Neil A. Brynning, vice president-general manager, both of whom had long careers with Douglas-Guardian.

Two new regional vice presidents took office during the year. They are Morris C. Haller at Royal Oaks, Tenn., and Frank A. Yates, Springfield, Mo.

Douglas-Guardian offers bonded field warehousing and collateral control services. The firm specialized in inventory financing, verified inventory control and floor-plan verifications across the entire nation.

LeFebure Corporation, Cedar Rapids, Ia.: Dan Denman and Harold Wahl have been appointed sales engineers. Mr. Denman will operate out of the Omaha branch and

will concentrate on the western South Dakota and central Nebraska market area. He resides in Grand Island and has been active as a managing partner of an accounting



H. WAHL



D. DENMAN

firm. Mr. Wahl, who resides in Billings, Mont., will operate out of the Minneapolis branch and will concentrate on the eastern Montana and northern Wyoming marketing area.

MorAmerica Financial Corporation, Cedar Rapids: Following re-election of Peter F. Bezanon as chairman of the board, the company announced the following appointments at its annual meeting:

Robert E. Johnson was elected president of the parent corporation. Jerry S. Maples will assume the office of executive vice president of MorAmerica and its subsidiaries as well as continue as president of Jackson State Bank, Maquoketa, Iowa. Mr. Maples will be moving to Cedar Rapids and will be responsible for implementing and monitoring the five-year operations plan.

Additional officer appointments were: John J. Bryant, president, The Morris Plan Company of Iowa and president of The Illinois Morris Plan Company; Emmett J. Scherrman, president, LeaseAmerica Corporation; Robert W. Allsop, president, MorAmerica Capital Corporation; Richard Myers, vice president, LeaseAmerica Corporation; Larry Krouse, senior vice president, MorAmerica Mortgage Company; Gregory B. Bultman, assistant vice

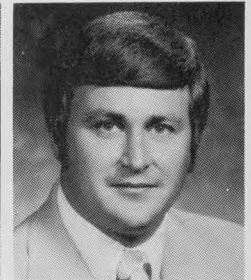


P. F. BEZANSON

president, MorAmerica Capital Corporation; Larry Kellerhals, assistant vice president, MorAmerica Properties, Inc.; James E. Riehl, assistant vice president and manager, The Illinois Morris Plan Company; Ellis M. Mitchell, assistant vice president and manager, The Morris Plan Company of Iowa; James Nielsen, assistant vice president and manager, The Morris Plan Company of Iowa.



R. E. JOHNSON



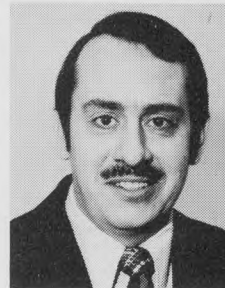
J. S. MAPLES

North Central Life Insurance Company of St. Paul, Minn.: Dennis Zea of Sioux Falls, S.D., has been named regional manager. Besides South Dakota, Mr. Zea's region will include southern Minnesota, eastern Nebraska and parts of eastern Iowa, with three general agents from these territories reporting to him. He was field underwriter with Monarch Life for four years before joining North Central Life as a general agent in 1973. In 1976, he became regional supervisor in charge of field training.

Scarborough and Company, Chicago: Three account executives have been promoted to the newly-created positions as underwriting managers. They are Jon Q. Groth, administrative services to oversee Illinois accounts; Frank A. Beranek, eastern region, and John P. Heupel, western region.



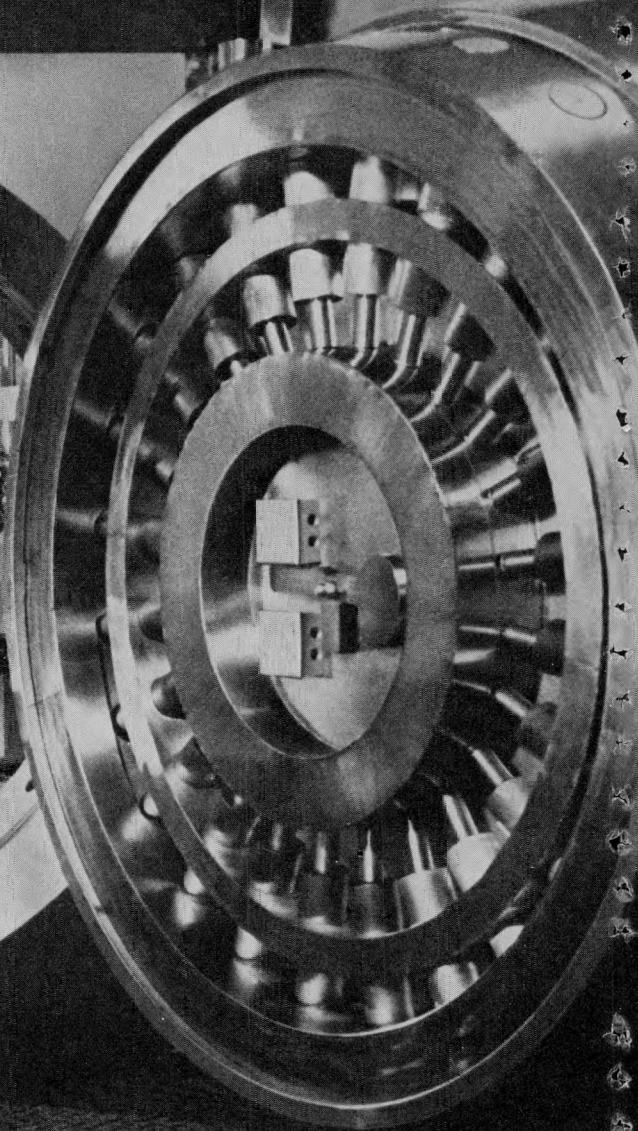
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That's the message the American Bankers Association is taking to the public through its national television advertising — because broad financial service is the new meaning behind the words "A Full Service Bank." An important part of that meaning — how full service banking serves business — is the subject of an ABA commercial about Premix, Inc.

It's the story of how a full service banker helped a three-man company grow into an

international fiber glass manufacturer with over 1,000 employees. In the process, he did everything from finding a bookkeeper to arranging multi-bank financing. It's a dramatic example of the involvement American business gets only from a full service bank.

With this year's expanded program, the ABA will be telling its story to more people than ever before. But the ABA can't do the whole job alone. Individual banks like yours must help spread the word. So, join the full service bank program, and promote your bank as a full service bank in all your communications and advertising.

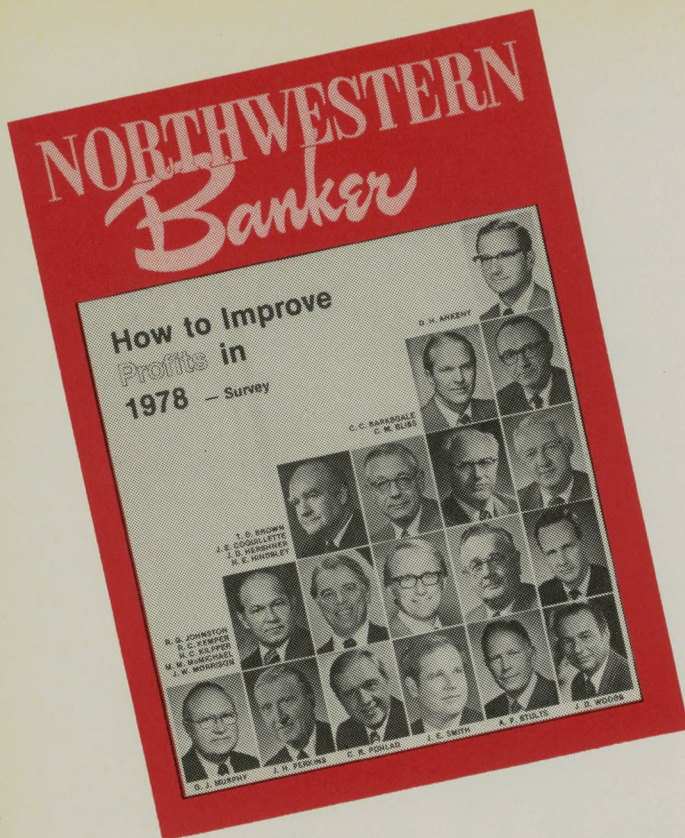
After all, no one serves the financial

needs of the American people like a full service bank. And it's time we stood up and said so.

For information on how the ABA can help you get the full service bank message to your customers, write: Advertising Manager, American Bankers Association, 1120 Connecticut Ave. N.W., Washington, D.C. 20036.



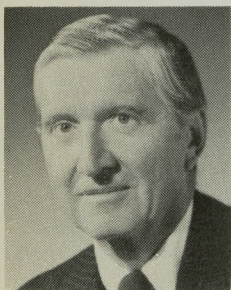
AMERICAN BANKERS ASSOCIATION



How to Improve Profits in 1978

A NORTHWESTERN BANKER Survey

PRICING of services is a theme that runs consistently through replies received from money center bankers to the question posed by the NORTHWESTERN BANKER: "How Can Community Banks Improve Their Earnings in 1978?" Along with their emphasis on pricing, these executives also include the necessity for the chief executive officer of every bank to know his costs in detail in order to come up with intelligent and profitable pricing. The following replies offer suggestions from a number of experienced city correspondent chief executives, based on planning sessions in their own banks and visiting with community banks making 1978 budgets, thus offering a wide cross-section of planning ideas.



By **JOHN H. PERKINS**
President
Continental Bank
Chicago, Ill.

THE PROSPECTS are good for healthy earnings by community banks in 1978. The strong level of loan demand they experienced last year should remain as the outlook suggests the economy will continue its moderate pace of expansion in the coming year.

In addition to these prospects, there are opportunities for community banks to improve their profitability further. Two areas that should be examined are customer service and pricing policies.

High levels of customer service are fundamentally important to community banks. Banking is a convenience business, and customers will be attracted to the institution that they perceive as providing the most courteous, helpful and expeditious service. Moreover, while customer service is important to every bank, in markets where competition is confined to two or three institutions differences between the levels of service are more easily discernible and the impact of this factor consequently greater.

Staff training thus is an important consideration for community banks, making a training program that will

enhance the professionalism of bank employees a worthwhile investment.

Such a training program should do more than concentrate on basic customer relations, however. Cross-selling of bank services represents a significant profit opportunity which may be realized if staff members are knowledgeable about the various products offered by an institution, and are trained to be perceptive in recognizing needs for these products in the customers with whom they deal.

A bank with a trained, knowledgeable staff is in an excellent position not only to retain customers but to achieve greater market penetration with resulting improvements in profits.

The other area — pricing — is equally important. The expense of dealing with such labor intensive items as overdrafts, returned items, and balance inquiries, can erode profits unless these expenses are precisely defined and the appropriate service charge imposed.

Studies have shown also that the banks which record better earnings are those which also realize higher service-charge income.

There is one additional reason for the increasing importance of cost definition and explicit pricing. During the past year, the nationwide extension of some form of interest-paying checking accounts was widely discussed. Should the so-called NOW account come into general use, banks must be prepared to demonstrate to customers the service costs involved. The background studies needed to identify these costs should begin now, if only as a precautionary measure.

These two areas — customer service and pricing — afford opportunities for community banks to improve earnings in the coming year, and they should be included when overall 1978 profit plans are prepared.



By **CARL R. POHLAD**
President
Marquette National Bank
Minneapolis, Minn.

WE BELIEVE the key to profitability improvement is careful planning and budgeting. A budget must be established through management teamwork with realistic goals and objectives. You might consider the following factors in today's banking environment.

It is important that everyone has a greater awareness of customer service. Emphasis on business development is important but too often customers leave because they have not received the proper service. Employee incentive programs promote cross-selling to expand use of a bank's many services by present customers and to introduce those services to new customers.

Operating costs will mushroom in all areas of the bank if not properly controlled. Growing emphasis is being put on EFTS and other uses of computers. The cost of mechanization is significant and each application should be reviewed carefully as to its impact on profitability.

The cost and pricing of all bank services should be reviewed at least annually. Only by knowing these costs can you determine the contribution to profit. Stressing profitable services and minimizing or discontinuing marginal ones will be reflected in profitability and should be part of developing a marketing program. Loan demand will be stronger, with rising rates peaking about mid-year. It will be essential to keep the basis of credit extension firmly in mind during this period. Additional staffing may be necessary to insure that credit standards are not relaxed.

Lastly, the productivity of each staff member should be measured to determine whether the staff level is properly efficient. A Management By Objectives program will facilitate carefully monitoring and developing of staff.



By **JAMES E. COQUILLETTE**
President
Merchants National Bank
Cedar Rapids, Ia.

THE year 1978 may turn out to be a tough year for Iowa's community bankers. First of all, the minimum wage will be increased from \$2.30 to \$2.65 per hour, an additional cost which will impact expenses at the very first of the year. Since banking is a people-intensive business, a 15% increase in the second highest expense item, even at the bottom of the scale, is a concern. Banks will be even more reminded that they can ill afford to carry non-productive people on their staffs, and every effort should be made to keep numbers of employees at a minimum, consistent with rendering good service.

Little can be done about number one on the expense parade, interest on time money, that is, if you want to grow. Just about every financial institution wants into the commercial banker's bailiwicks, many able to offer rate advantages beyond what the law permits us to pay. It looks like this may prevail for some time.

Another area where community banks will be feeling the squeeze involves interest rates on loans. With rates generally increasing, the spectre of the 9% ceiling may come into play sometime in 1978. It already has in some instances. Many community bank loans to individuals and partnerships are subject to this limitation. Whether you are selling widgets or loans, price ceilings on your products can be very bad news indeed. Can you imagine the reaction of a farmer-customer asked to pay 9% on his cattle loan, plus, say four "points"?

The big question is, given ever increasing expenses, where is the offsetting income coming from? Practically all new deposit growth consists of time money, much of it higher rate term certificates and IRAs, so the spreads we once all enjoyed simply are not there.

Also hanging over our heads is the presumed imminence of NOW accounts. Firmly convinced, apparently, that NOWs will give the small depositor a

break, Congress is likely to address the legislation early in 1978. Whether the little guy will be the beneficiary or the whipping boy in a NOW account environment is hotly debated, but one thing for sure is that banks will not long conduct a portion of their business at a loss. Cost accounting and pricing will, therefore, be the name of the game.

From reading this you may get the impression that all is lost — but perhaps not. Commercial banking does have some things going for it. We do have checking accounts and the s&ls, at least, are not rushing to get a piece of that action. We have the broadest range of financial services, where a customer can be accommodated under one roof, so to speak. Also, our image is not all that bad, despite a few well-publicized setbacks to it. What we really have to do is control our costs. People costs have been touched on, but let me also mention processing, delivery (postage, and so forth), occupancy and taxes. Yes, you may be able to do something about Federal taxes primarily, and you already know your accountant is the man to see. So, optimizing income may be a real problem in 1978. There are many uncontrollable external factors, mostly political, which could throw your game plan off the track.

Let's touch upon plastics, specifically the debit card. Iowa laws are unique in permitting a multiplicity of transactions both on and off premise. If properly marketed (read heavily) a system of terminals spread across the countryside will obviate brick and mortar investments, drastically cut the handling of checks (we call it paper displacement), and eventually, people. We don't have to pay a machine fringe benefits, remember.

Someday, perhaps, transactions consummated by electronic impulse will be much cheaper than the several-times handling of paper checks and the attendant internal documents which constitute our present system. To be fully augmented, however, we banks must lay a blanket of plastic, your customers must be willing to accept and use their cards (keep in mind the older the tougher) and the inter-bank switching mechanism fully operational. It's working in Cedar Rapids and it can in every community. Over a third of our customers have cards and two-thirds of that number use them. Good luck!



By **ALLEN P. STULTS**
Chairman and President
American National Bank
& Trust Co.
Chicago, Ill.

THERE is nothing new in the world except the history you don't know - or have forgotten.

There are only two ways to improve earnings - increased revenues and decreased expenses - and they are not mutually exclusive!

In a service business - banking - the identification of priorities and allocation of time is doubly important. A portion of one's time should be spend continuously in

reviewing ways to improve all items on both the income and expense side of the P. & L.

During periods of slack loan demand, time is freed-up, a portion of which should be allocated to increasing efficiency and exploring more economical methods of operation. More time in developing deposit and loan business is the other obvious.

A good correspondent is pleased to be used as a sounding board and counselor for any of your plans.

But remember, generally speaking, all things being equal the difference between results is in the doing rather than the planning - Hell is paved with good intentions.



By **JOHN D. WOODS**
Chairman and President
The Omaha National Bank
Omaha, Nebr.

BANKING is entering what we at Omaha National term the "manufacturing era"—an era when banks, to be successful, will have to apply those principles which the manufacturing industry has historically and profitably employed. At the root of this is profit management, a process that has been around for a long time, but one that hasn't been used very effectively in the banking industry.

Historically, banks have depended on the spread between their cost of money and their portfolio yields to generate profit.

Our industry's financial planning and marketing strategies have been inadequate and incomplete. Too often we have been guided by a concern about what the competition was doing—or was about to do. Although we have been uncertain about our costs, it didn't matter, we told ourselves. We could offer our products as loss leaders—to get our foot in the door—and then make the products profitable later on. In the meantime, we would be sustained by our spreads.

This has to change. To be successful in today's business environment, banks can no longer skim over the problem of figuring out what it costs to provide the services they do and simply depend on spread to get them by.

The experience of the banking industry indicates that for a variety of reasons, the trend is toward narrower net interest income spreads.

And, if most banking soothsayers are correct in saying that the nationwide spread of interest-bearing NOW Accounts is inevitable, maintaining spreads will become increasingly difficult.

Thus far, banks generally have kept profits up by increasing leverage. But prudence warns that the industry has about reached its leverage limit.

Where must banks turn now for profit growth? For one thing, we must become more sophisticated at managing our balance sheets to maximize that net interest spread.

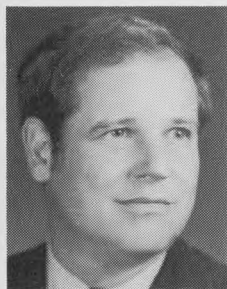
Increasing emphasis also must be placed on fee income generated by the whole range of bank service

charges—for checking accounts, trust services, data processing services and so forth. This emphasis on fee income is one of the hallmarks of the manufacturing approach to banking.

To maximize profits, we also believe that banks are going to have to be more selective in the services they provide, emphasizing those services that each bank's key customer base really wants. The trend among banks up to now has been to become more of a general store than we need to be, or can be, profitably.

Being selective in services is a difficult undertaking that requires some very hard choices. It requires a thorough understanding of customer needs and is made more difficult because it is often easier to begin a new program or offer a new service than to eliminate an old one.

But we will be living in an environment of mighty challenges and hard choices in the days ahead. For those of us willing to accept those challenges and make those choices, banking will continue to be a profitable endeavor—even a more profitable one.



By **JAMES E. SMITH**
Executive Vice President
First Chicago Corporation
Chicago, Ill.

IN TERMS of credit demand, the national economic recovery touched community banks much sooner than regional and money center banks. Thus, while commercial and industrial credit needs are just now building in the larger institutions, the typical community bank has been experiencing strong credit demand for 18 to 24 months.

These factors of the timing of credit demand are cited for two reasons. First, 1978 will be the third year of heavy credit activity for many community banks and should be a year in which these institutions strive for assuring quality in their loan portfolio. It is not a year for aggressive expansion. Second, if the credit requirements of our larger corporate enterprises continue to build in 1978 (which looks probable), there may be a tightening of funds availability. This suggests that prudent managers should be reviewing pricing, along with quality, to make certain that as marginal costs of funds increase, corresponding adjustments will be made in the pricing of loans to maintain adequate spreads. The year 1978 may offer some opportunity for improved profitability in Federal funds trading by community banks. Again, quality should be an important consideration.

Legislative activity and technological change seem to be leading inexorably to a future market environment in which deposit institutions will pay explicitly for most deposits. Preparation for this new market environment must begin now. Essential to effective operation will be reliable analysis of those non-interest costs associated with the acquisition and servicing of deposits. Beginning to build a system for functional cost analysis

in 1978 may not affect profitability next year, but is will be critically important to sustaining profits over the long term.

In short, for most community banks added profitability in 1978 should come through emphasis on asset quality, pricing related to marginal costs and increased attention to analyzing and controlling non-interest costs. It will not be a year for conquering new worlds.



By **JOHN D. HERSHNER**
Chairman
United Bank of Denver
Denver, Colo.

THE banking industry has just completed one of its better earning years. Many banks have shown by far the highest earning levels in their histories. At the time this is being written, most banks are in the process of developing earnings plans for the coming year. Against this backdrop, what can be done as an encore? What can the community bank look forward to in 1978? How can it increase its earnings?

Most economists would agree that 1978 will see a reasonably healthy business climate with a generally higher level of interest rates prevailing.

This would indicate that the spreads (the difference between what a bank must pay for its funds and what it will be able to lend them for) will be as favorable or possibly even slightly more favorable than those experienced during 1977. This "bread and butter" spread is the key to bank earnings. Yet, in and of itself, increased spreads are not likely to materially benefit the earnings of the community bank next year.

What else, then, can bank management look to in order to improve earnings? Two items immediately come to mind: 1) the continuing good management of non-interest-related expenses, and 2) the further development of non-interest income sources, primarily in the fee areas.

Expense control in banks is always important in good times and bad. It is part of the on-going process of good management. However, there is a tendency in good earning years to be somewhat less careful of expenses than in those years when profit goals seem difficult to attain. Increases in such areas as travel and entertainment, advertising and such expenses generally classified as administrative expenses are somewhat less consciously controlled during those good times. Yet, inflation alone will cause these types of expenses to increase each year. If inflation is allowed to do its work and, at the same time, a bank does not make positive efforts to derive maximum benefit from these expenses, bottom line earnings could be seriously eroded.

The need to develop additional fee-related income is also one that merits attention, particularly in the area of service pricing. Banks often are caught in the inflationary rise when pricing those services which they

provide on a fee basis while doing a more effective job of pricing loans. It is commonplace for banks to accept increases in the cost of providing services, often more than 10% a year for several years, before passing those increased costs on to their customers in the form of increased prices.

All prices should probably be reviewed no less than annually in order to prevent the earnings erosion which might result without this review. Do review carefully not only the costs of providing services to your customers but attempt to familiarize yourselves with the prices of your competitors. Cost is important, but it is only one factor in the pricing decision. It is of little benefit to increase your prices if you find you have lost your market in the process.

In the final analysis, improved earnings will be realized as a result of improved management, attention to the opportunities which exist in banks for greater efficiencies, and in the fulfillment of the needs present in your communities.



By **DEWALT H. ANKENY, JR.**
President
First National Bank
Minneapolis, Minn.

THE year 1978 will most assuredly bring new challenges (some expected and some unexpected) that we bankers must overcome if we are to continue to improve our earnings. Improvement of our earnings is a must.

In today's highly inflationary economy, the profit position of our industry must be high in order to retain enough earnings to keep our capital in line with our inflated balance sheets. For example, it takes a high return on assets of 1.15% to maintain an 8% capital to asset ratio if a bank grows 12% in deposits and pays 25% of earnings in dividends.

To generate an acceptable level of earnings not only requires hard work and good luck, but it also requires that managements stress the fundamentals of financial management and planning. We bankers must continually analyze:

1. Pricing policies on loans and service charges.
2. The bond market and its implications for our portfolio.
3. The productivity of our employees.
4. The growth in our expenses.
5. The inflow and cost of new deposits.
6. The mix of our loans and investments.

Unfortunately, for many of us, this is not the fun part of banking, but as our banks become larger and our business more complex, we will find that the earnings performance of our banks is increasingly dependent upon our management skills and efforts in these areas.

We at First Minneapolis have a service that assists bankers in this type of analysis. This service is called Bank*Analysis and it offers a comprehensive financial

analysis of your bank - an impartial and professional analytical look at how and why your bank performs as it does.

Good luck in the coming year.



By **M. M. McMICHAEL**
Vice Chairman
Iowa-Des Moines National Bank
Des Moines, Ia.

IN ORDER that community banks improve their earnings in 1978, a careful study of their sources of funds must be made.

During the last six or seven years, a dramatic shift from demand deposits to time deposits has occurred. As increasing yields are available to the customer on government and short term investments, daily savings and short term certificates are certainly subject to withdrawal. If a bank's time money is concentrated in a relatively few large savings and short term certificates, long term loans and investments are not prudent. On the other hand, if the bank has a substantial portion of its time money in four and six-year certificates, it is essential that this money be put to work in higher yielding loans. We would suggest that that bank become more active in instalment lending. It is essential that the mix of deposits in any bank should be carefully analyzed in order to make investments and loans to maximize profits.

The new minimum wage bill will certainly effect an increase in overall operating costs. Because of this and other increased costs, demand deposits cannot be considered as free money. Banks that are using computer services can easily determine their item costs and transaction costs. Pricing of checking account services should be carefully determined so as to cover these operating costs and show a profit. No longer can we as bankers continue to have a loss leader.

A bank should examine its operations for opportunities to increase its level of non-interest income by charging appropriate loan fees and deposit service charges and exchange fees. In addition, the bank should evaluate its market penetration and its sales effort in the credit life insurance area since this can provide a source of higher revenues as well as benefiting the borrower.

City correspondents are eager to assist community banks in evaluating their investment portfolios. By taking advantage of this investment advice, community banks also may utilize effective tax planning to minimize the level of current income tax by controlling the level of tax exempt income and proper tax deferrals.

These factors require that the bank management get back to the basics and increase its planning ability and the ability to define overall organizational goals. The utilization of a management planning and control system provides the framework within which both long term and day-to-day decisions can be made on a

consistent basis. Consequently, community banks may find it desirable to review the process by which long and short range goals are established as well as the level of commitment and intention that this process receives from bank management.

In summary, there is no real substitute for basic planning, the setting of goals and the monitoring of performance. The basics will help us all to service our customers and communities and through proper planning improve our bank earnings in 1978.



By **HAROLD E. HINDSLEY**
Vice President
Northern Trust Company
Chicago, Ill.

NEVER before in our country's banking history has there been such a high level of awareness of the need for community banks to improve profitability. Various factors have contributed to this focus on profit. One factor has been the explosion of bank financial data from the regulatory authorities' decision in the early 1970s to allow the public full access to pertinent bank operating figures. As the data unravels, the heretofore "super banker" who earned 1% on assets now finds himself in a position which is nothing more than slightly better than average. As a result, seminars and workshops are being held throughout the country to teach community bank executives how to strengthen their profit performance.

In conjunction with this, we've found in our correspondent bank activities that more and more community bank executives are becoming better managers. Through the use of new and selective bank data and reporting systems, they are now equipped to set more realistic objectives and develop the plans and alternate strategies that assure success in meeting their goals.

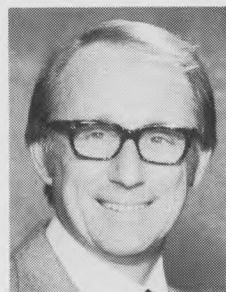
Perhaps the most urgent requirement for greater profitability is the need to support the anticipated strong asset growth through retained earnings. Bank assets have tended to grow over the years at 1% above the rate of GNP growth. Historically, inflation has not been a major factor in GNP growth, but today and tomorrow a 6% inflation factor seems realistic. Tack a 4%-5% real growth onto the inflation factor, and GNP is growing at a 10%-11% rate and bank assets then at 11% to 12%. A bank which earns .90% on assets, has a 7% equity to asset ratio, and pays 40% of earnings in dividends, develops only a 7.7% internal equity growth rate. If assets grow at 12%, a definite weakening of the equity to asset ratio will occur. A capital adequacy problem develops, but the real problem is insufficient earning power. A banker need not apologize for making a good profit; basically, he must make a good profit in order to keep himself in tune with inflation.

The community bank should not fall prey to comparing itself with larger banks on the rate earned on assets. Only three of the top 15 banks in the country

earned in excess of .60% on assets in 1976, substantially less than the comparable high performing community banks; but these larger banks carry a significantly lower equity to asset ratio, leaving the internal equity growth rate of each, on the average, basically the same. Top earning performers in each category, therefore, will be in a strongly favorable competitive position to support future asset growth.

What has the explosion of financial data taught us about high earning performance banking? First, high performers have approximately the same loan to asset ratio as other banks, but they do carry a significantly higher percent of assets in tax exempt securities. Second, high performing banks have significantly fewer people on their staffs; and when staff expense is controlled, as would be expected, so also is benefit costs, occupancy, and other expenses. Third, there is no substitute for quality of assets. It is a rare exception to find a high performing community bank with a loan loss experience factor much greater than .25% to .35%. And finally, behind the figures is evidence of a greater awareness by many banks of the necessity of pricing services realistically to bring dollars of profit to the bottom line.

1978 will not be the peak year for profit enhancement and awareness; rather, it will be one in a series of years during which bankers will become more responsive to earning a profit commensurate with their commitment to shareholders. It will also be a year in which new emphasis will be placed on building capital to meet tomorrow's predictable asset growth.



By **HERMAN C. KILPPER**
President
Bankers Trust Company
Des Moines, Ia.

THE challenge for bankers to improve earnings in 1978 and in future years will become increasingly more difficult as operating expenses accelerate and competition intensifies.

There are certain elements of control that will have significant impact on profitability in 1978.

First, control of balance sheet growth. Loan demand will continue to build, putting pressure on loan/deposit ratios. Bank management should anticipate this continued trend by placing additional emphasis on deposit generation and by planning for more liquidity in their investment portfolio. Any near-term improvement in prices of investment securities could be reason to convert intermediate or long term maturities to shorter instruments.

Second, control of expenses. All operating expenses can be expected to increase, but the most significant increase will relate to personnel. The pressure on personnel costs will begin with the increase in minimum wage levels on January 1, 1978, and should be expected to continue in subsequent years. Bankers must place more emphasis on employee utilization and individual productivity. Employee salaries should be based on

performance evaluations against standards which recognize productivity.

Finally, control of pricing. We know that our operating costs will continue to increase, but if we know our costs we can price our loans and services to provide adequate margins. Without these margins it will be impossible to generate annual increases in earnings — in 1978 or in future years.



By **DONALD J. MURPHY**
Chairman, Chief Executive
The United States National Bank
Omaha, Nebr.

THE economic outlook for 1978 indicates a modest increase in demand for loanable funds accompanied by a somewhat higher rate structure. However, banks in some areas will encounter a very strong loan demand because of the current economic problems in the agricultural sector.

The further improvement of earnings for community banks in 1978 will again be a challenge but it can be accomplished if a good profit plan is developed and followed. Then, as the year progresses, actual results should be closely compared with the plan and changes made where necessary. If the earnings trend is not according to plan, serious attention should be given to appropriate changes that will correct the situation.

Cost of funds is certain to rise with time money steadily becoming a greater percentage of total deposits. Consequently, efficient resource allocation policies are necessary to retain satisfactory spreads and profitability levels. Allocation procedures must be followed that put emphasis on pricing to improve yields and the management of interest spreads through balancing of interest sensitive assets and interest sensitive liabilities. Application of the projected rate spread to anticipated average earning assets produces the estimated net interest income, the largest contributor of earnings.

Constant attention should be given to asset quality. Sacrificing quality for income, in either the loan or the investment portfolios, is a serious mistake and will have an adverse impact over the long run.

In addition to proper pricing of interest on loans, other products or services must be returning an adequate profit too. There should be a review annually of all pricing. Unprofitable products or services should be recognized and priced properly.

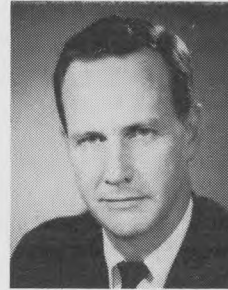
The second largest factor in earnings is non-interest expense which includes salaries, benefits, equipment, advertising, marketing, occupancy, postage, telephone, computer fees, etc. Control of growth of non-interest expense items is absolutely necessary if earnings increases are to be achieved. This is a real challenge in these inflationary times.

The largest expense item in the non-interest category offers the greatest challenge and opportunity for control; that, of course, is salaries. There are very few

banks that can't improve on quality, motivation, performance and utilization of their people. Positive results can be attained but proper planning, tact and diplomacy are important.

As bankers, we must be alert to the needs of our customers. Competition from savings and loan associations, credit unions and industrial loan companies is strong now. They will be even more aggressive in 1978 and years beyond. The electronic era is here and all bankers must be prepared to provide their customers with the electronic services desired. We can't afford to be narrow-minded in the interest of short term earnings at the expense of long term competitive position and future earnings.

1978 will be another good year for community banks that are managed by bankers who are alert to opportunities and problems. Of course, necessary action must be taken at the proper time to maximize earnings results.



By **JOHN W. MORRISON**
Chairman, Chief Executive
Northwestern National Bank
Minneapolis, Minn.

COMMUNITY bankers in the Upper Midwest approach 1978 at a time when mixed emotions surround our regional economy. Although most of our area banks will report significant gains in both deposits and earnings in 1977, businessmen, bankers and agricultural producers in the Upper Midwest are only cautiously optimistic concerning next year's economic prospects. Considering the fact that agri-business and related industrial output are the backbone of the region's economy, the community banker, perhaps more than ever before, will have to carefully plan and execute his strategies in 1978 so as to maintain and ensure earnings growth.

Perhaps the key strategy for all banks to consider is the proper pricing of bank services. In banking, as in all other businesses, we are faced with increasing operating costs which continue to erode our gross income dollars. Consequently, it is imperative that bankers pay close attention to the management of their spreads over their cost of funds, as well as a continual review of all other operating expenses in an effort to recapture lost earnings.

An important question for the community banker to ask is "Has the rate of increase in our bank's expenses subsided in proportion to the relief from double digit inflation experienced in the past years?" The relationship between inflation and expenses may not be the only issue however, because of the inclusion of other factors such as offering new bank services. Nevertheless, the question by itself can elicit some thoughtful discussion within our banks, particularly in those areas where expense growth has well exceeded the inflation levels of prior years.

Assuming that we are doing a realistic job of pricing

our products, managing our spreads, and controlling our expenses, what other strategies should we examine?

It is my opinion that all of us can do a better job in the area of new business development, from both existing customers and prospects alike. Essential to this effort is the ability of bank personnel to cross-sell existing bank services. In addition, we must develop new services which can be profitably marketed in our community through an effective customer calling program. The intent, of course, is to build a total financial relationship with each customer of the bank by providing quality service to meet all of a customer's financial needs on a profitable basis.

As non-bank financial institutions continue to acquire and promote banking services, it is crucial to any bank's effort to enhance profitability in 1978 that we all become increasingly sensitive to each customer's total financial needs.



By **R. CROSBY KEMPER**
Chairman
United Missouri Bank
Kansas City, Mo.

1 1977 has proven to be a year when banks earnings have been much more difficult to generate than in the past. Like in any other industry, this is a time when good bank management stands out like a shining star. Below I am listing some of the items which have surfaced as having direct impact upon banks' earnings.

1. **Leading the pack, seems to be the CONTINUAL GOVERNMENT INTERVENTION INTO BANKING.** We are finding that more and more of our time is spent trying to prepare ourselves on how to comply with new and expanding regulations. This causes us to have less time to spend on customer relations and daily duties. It also costs us more and more on attorneys fees, printing costs and man hours spent in filling out the forms, not to mention the time spent researching the proper ways to comply with the continually expanding regulations.

2. **THE PRICING OF OUR SERVICES WITH THE INCREASED COSTS WE ARE EXPERIENCING-** Stemming from increased costs in overhead, both in building, maintaining and operating our facilities, we need to take a look at just what our costs of providing the ever-expanding services that our customers require cost us. We can no longer continue to look at increased volume alone as the way we offset these increasing costs. Penny-pricing needs to have a continual look-see to make sure that we continue to make a profit on each of our services.

3. **TAX PLANNING-** Proper tax planning plays a bigger and bigger part in our after tax income. We now

need to keep a continual eye on what our after tax income is projected to be starting with the first day of the year. The old game of waiting until late December to examine our taxable income no longer allows us adequate time to make the adjustments necessary to give us the best possible after tax income.

4. **FAST AVAILABILITY ON OUR CASH LETTERS-** With inflation alone causing our banks to enjoy a rapid increase in deposits, float is becoming a bigger factor than ever. Collection time for items can now make a sizeable difference in your bottom line. Some consideration should be given to each of your customers so you can determine if a large volume account, even though there are large gross balances, is truly a profitable account for your bank.

5. **YOUR BOND INVESTMENT ACCOUNTS-** We now need to look at our investment account as it relates to our total income rather than the off-the-cuff type of management many of us have been giving it in the past. With most banks investing 30% to 50% of their assets in the bond and Fed Fund market, this cannot be treated casually. Most banks have the biggest percentage of their officer hours spent handling the day-to-day lending and operational daily routines of the bank. Unfortunately, most banks do not feel they can afford an officer who can devote his full time to watching the market swings on a day-to-day basis.

6. **ADEQUATE CAPITAL RATIOS-** With the examiners constantly harping for "MORE CAPITAL," banks need expertise in the proper manner in which capital can be infused into the banks without creating a serious tax liability on the part of the owners.

7. **ESTATE PLANNING-** With inflation, we have seen our customers' estates grow to astronomical figures compared to what we used to experience. With proper leadership on each bank's part in helping their customers properly plan, this tax liability can be decreased sufficiently which has a direct effect on our deposit base, as the inheritance generally stays within the bank of account.

8. **CLOSELY HELD BANK STOCKS-** As our banks continually grow, too often bank management and ownership fail to look at the proper way to pass their closely held bank stocks on their beneficiaries. Proper planning in this field can result in astronomical savings at the time of death. It also can make it possible for the beneficiaries to continue the type of management of your banks that you wish since they will not be forced to service large debt created by tax liabilities.

Help in all these areas should be available to all community banks through a good, aggressive correspondent bank department. We have geared our correspondent department to act as "The Banker's Banker." We feel that the "steak and handshake" method of handling correspondents' needs is no longer adequate to provide the services that they both need and expect. We welcome the challenge of change and feel that we have the answers to many of the problems which have been stated above. By letting our correspondents lean on our shoulder and profit from the experiences we have gone through with our network of banks within our holding company, we can save our correspondents valuable time and dollars which will have a direct impact on their bottom line.



By **THEODORE D. BROWN**
Chairman and President
First National Bank
Denver, Colo.

BOTH Colorado business and consumer segments are looking to 1978 as a continued good growth year.

Local economic surveys indicate that Colorado will again be blessed with lower inflation, higher population immigration, higher disposable income and lower unemployment rates than the nation as a whole. These favorable variances should serve to stimulate both deposit and loan growth for the community banks in the state.

Unfortunately, there is a potential negative factor to be considered also. . .the weather. Initially, only the agribusiness sector of our economy would be hurt by continued drought conditions. Fortunately, drought conditions tend to be cyclical in nature, and it is reasonable to anticipate that conditions will improve in 1978. In fact, if winter snow fall is a leading indicator, it should be an above average year for precipitation.

Prudently taking advantage of these growth opportunities, while at the same time exercising creative control over possible agribusiness losses should allow Colorado's community banks to improve their earnings in 1978.

If an individual bank desires to perform above the average of its local competition, it will need to look internally. Perhaps, there are opportunities for better efficiency, higher staff productivity, service charge increases, or stricter control over growth of non-earning assets. Each of these strategies could add to an already increasing net income position.

Opportunities look good for 1978.



By **RAYMOND G. JOHNSTON**
President, Chief Executive
Central National Bank & Trust Co.
Des Moines, Iowa

EVEN though most forecasters are predicting 1978 to be a year of good economic growth with strong loan demand, a continued monitoring of costs and pricing of services will be the largest controllable factor to improved earnings.

With inflation expected to continue in the 6% range we must scrutinize personnel costs and productivity together with all operating expenses. There must be a thorough on-going review of the pricing of services. What might have been a fair price one or two years ago could be inadequate in the 1978 market. Proper profits will be reflected in the knowledge of costs and pricing of

services to provide those profits. One specific increase in costs for 1978 could be the advent of NOW accounts. You should know the possible effect on your bank and have pricing plans ready for implementation.

A constant watch of asset allocation, as loan demand and interest rates accelerate, will also affect the bottom line. Scrutiny must be given to the present and potential loan and investment mix and to remain flexible to meet changing conditions as they might occur. With increased loan demand, special attention must be given to the loan portfolio quality. Credit standards must remain high to avoid increased loan losses leading to additional loan loss provisions.

Community bankers through sound banking practices can meet the challenge of 1978, providing customer needs as well as increased profits for shareholders.



By **CHARLES M. BLISS**
President, Chief Executive
Harris Bank
Chicago, Ill.

BANKERS and businessmen alike may be wise in approaching 1978 with cautious optimism. Although our economic recovery continues, inflation is still a threat. And, we see uncertainties in national policies that may affect the economy — monetary growth and inflation, and tax and energy legislation. At the regional or local level, credit conditions may range from extremely tight to highly liquid.

Controlling the growth in your expenses is one specific area you may want to examine with threat of inflation in mind. Relentless growth in noninterest operating expenses must be viewed in the context of the sustainable growth rate in earning assets. A careful eye must be maintained on capital adequacy, since inflation has (1) eroded the time value of that portion of equity capital that has been invested in financial assets and (2) has made capital financing more expensive.

This might be a good year to implement your own brand of zero-based budgeting. Or, you may want to set a percentage lid on the increase in responsibility expenses for each area of the bank. Whichever you do, you may want to call your program by a name that will have some meaning for your employees; create your own buzz word, if you will.

If you implement an expense control program, you should consider employee morale, and be sure that you apply your program in such a way that your more conscientious employees don't feel threatened. Include an element of reward in your program, to motivate those key managers who control expenses on a day-to-day basis. If managers who significantly economize know they will be rewarded appropriately, you should see results. You may want to include the

HOW TO IMPROVE PROFITS
[Turn to page 37, please]

THE pattern of things done and thing left undone by the 95th Congress in the first of its two years provides the key to forecasting Congressional action this year.

A year ago, as this Congress began its work, the presence of new leadership in both the House and the Senate and a new Administration made it certain that there would be many new legislative initiatives. Some came in the form of specific bills relating to well-defined issues, while others were put forward to serve the dual purpose of introducing new ideas and stimulating debate and discussion over the long term.

When the second session of the 95th Congress gets underway January 19, therefore, many proposals affecting banking will be awaiting resolution. However,

hearings on monetary policy a requirement of federal law, broadens public representation on the boards of directors of Federal Reserve banks, permits the President to appoint the Fed chairman and vice chairman (with Senate confirmation) for four-year terms after 1982, and extends the conflict of interest provisions of present laws to Fed officers, employees and directors.

Safe Banking Act

Unresolved by the Congress so far are issues that by comparison are much more far-reaching. Of those issues, the most controversial is the so-called Safe Banking Act (H.R. 9600). As it was originally introduced, the measure contained provisions which

1978

Legislative Outlook

several substantive items were enacted into law last year, including a measure providing for the payment of interest on Treasury tax and loan accounts, a bill restricting the practices of debt collectors (banks are exempt from this legislation except when they act as collection agents for other entities), so-called Community Reinvestment Admendments to an omnibus housing authorization bill, and extension of the Interest Rate Control Act for one year to next December 15.

Other Proposals

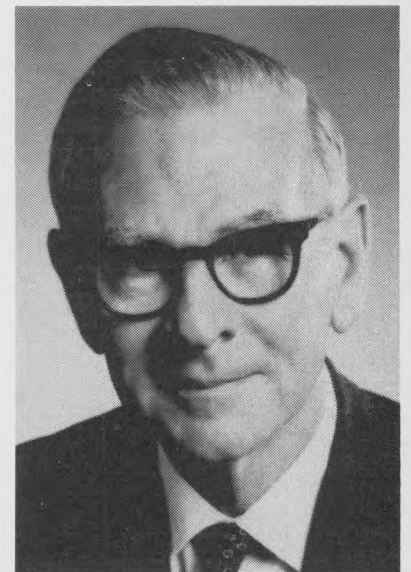
Several other major legislative proposals affecting banking also have been voted upon. These include class action lawsuit provisions of Federal Trade Commission legislation and a bill to promote the accountability of the Federal Reserve System.

Both the House and the Senate have passed measures expanding the FTC's powers and jurisdiction, but certain differences between the bills remain to be ironed out by a conference committee early this year. As introduced, both bills would have given consumers the right to bring class action lawsuits for alleged violations of rules and/or cease-and-desist orders issued by FTC, as well as violations of certain Fed rules. In addition, the House bill would have granted the FTC major jurisdiction over banks. Both of those objectionable provisions were deleted from the legislation, however, before it was passed.

A bill to promote the accountability of the Federal Reserve Board has been approved by both the House and the Senate and signed into law by the President. This bill incorporated into the measure which extended the Interest Rate Control Act. It makes the Fed's quarterly testimony at Congressional oversight

would have: cut in half the permissible single-borrower limits on all loans to directors, officers, five percent stockholders, their family members, and all companies controlled by them; imposed an aggregate limit equal to 50% of capital accounts on all such "insider" loans; subjected any ownership transfer of 25% or more of the stock of a bank to advance approval by the FDIC; imposed margin requirements on all bank stocks; outlawed all loans to bank officers, directors and owners of 5% or more of a bank's stock by financial institutions with which their banks have any relationship; and required banks to post and publish in a newspaper at least annually a list (by loan category)

By **A. A. MILLIGAN**
President,
American Bankers
Association,
President,
Bank of A. Levy,
Oxnard, Calif.



of the dollar amounts of loans classified substandard, doubtful and loss.

It became apparent in hearings and in action by the House Banking Subcommittee on Financial Institutions that not only was there strong banking opposition to the bill but also there was little sentiment within the Subcommittee supporting the measure. By mid-October, opposition to the proposal was so stiff that its author, Representative Fernand J. St. Germain (D-R.I.), introduced a substitute bill which was slightly less restrictive but still contained many features that bankers and ABA found objectionable.

Effective Lobbying

By the end of October, Rep. St. Germain announced that he would make no further effort to advance the bill in that session of Congress — but he promised it would be his first priority in the second session this year. He issued a statement crediting the ABA and its members

“...Congressional interest in EFT and related subjects is increasing.”

with having mounted a lobbying effort against the bill “seldom matched in the history of the committee.” Representatives, he said, had been “flooded by mail from literally thousands of banks... It is a nationwide campaign being orchestrated through the Washington offices of the American Bankers Association under the guise of ‘grass roots’ opinion.”

In the present environment there is little Congressional support for the type of restrictive, even punitive, legislation represented by the Safe Banking Act. However, in all likelihood an effort will be made early this year to try to revive a crisis atmosphere which could improve the bill’s chances. Whether the results of the FDIC’s special call report on banking practices can be interpreted by the bill’s supporters to create this kind of climate remains to be seen, but it is practically certain that bankers and ABA will have to renew their efforts early this year to help Congressmen understand the disastrous real-life effects such legislation could have.

At the same time, support exists for a Senate-passed bill which would give banking regulators the more effective enforcement powers for which they have asked. That bill — the Financial Institutions Supervisory Act Amendments (S. 71) — would: empower the regulators to issue cease-and-desist orders against individual bankers as well as banks; allow the imposition of civil fines on individuals or banks that violate banking laws and regulations; and further refine the regulatory agencies’ existing authority to remove bank officers (under due process) when their actions endanger the safety or soundness of their banks.

The measure had been accepted by ABA because it was seen as generally constructive, though less than perfect, and because the regulatory agencies had asked for the enforcement powers the bill would give them. (ABA does not support provisions of the bill which would tend to limit the issuance of standby letters of

credit.) By contrast, however, the Safe Banking Act would do serious damage to the nation’s banking system, mandating unjustified and radical changes from which no public benefit can be expected to accrue.

Consumer Services Act

The Consumer Financial Services Act — which would extend NOW accounts nationwide and permit the Fed to pay interest on the required reserves it holds — was approved by the Senate Banking Committee last August and may be considered by the Senate in 1978. ABA has declared its willingness to accept such legislation — but only if it is amended so that it: deals fairly with bank savers by closing the interest rate gap; eliminates provisions which would allow the Fed to set NOW account reserve requirements for state-chartered non-members of the Fed; and provides that any payment of interest on reserves by the Fed be on an equal basis to all member banks.

With the issuance of a final report by the National Commission on Electronic Fund Transfers, Congressional interest in EFT and related subjects is increasing.

Several bills affecting EFT already have been put forward, but it is widely thought that the process of developing useful EFT legislation will be long and complex and that election-year action on this front by the Congress is unlikely. Of the several EFT bills which have been introduced so far, the one most likely to draw attention is a measure sponsored by Senator Thomas J. McIntyre (D-N.H.) which would free the deployment of electronic terminals from the strictures of current branching laws.

Senate Banking Committee Chairman William Proxmire (D-Wis.) plans to schedule final committee action on a bill to simplify federal Truth in Lending laws shortly after the Congress reconvenes. ABA is urging the Congress to limit required disclosure under the Truth in Lending Act to items which are meaningful to borrowers: the amount financed, the finance charge, annual percentage rate, the amount and due dates of payments, and the total of payments. The association also is asking that agricultural loans be exempted from the strictures and paperwork burden imposed by the Truth in Lending Act. Assuming that the specific provisions of a bill can be agreed upon, a great deal of support exists in principle for the simplification of Truth in Lending.

Tax Reform Proposal

The comprehensive tax reform proposal which the Carter Administration may put forward could prove to be an illustration of the point that, while the major elements of legislation can be positive, other aspects of

1978 LEGISLATIVE OUTLOOK

[Turn to page 37, please]

WOMEN IN BANKING



By **DENA BOKHOVEN**
Vice President & Cashier
Pella National Bank
Pella, Iowa

HAVING the desire to go into some field of banking while attending high school, immediately upon graduation I began my banking career in the bookkeeping department of Pella National Bank. In 1960 I was appointed assistant cashier in charge of the bookkeeping department and three years later cashier, with responsibility of the teller area and working in the instalment loan department. In 1970 I was given the added position and responsibility of the accounting department and four years later was appointed vice president and cashier in charge of operations and personnel, the position I presently hold.

The area of operations has been one of great delight for me, having had the opportunity to see the many advancements in this area and the anticipation of new things yet to come. Having been able to work in all these areas of banking has been a great asset to my career.

After 29 years in banking, I have found my vocation to be one of great challenges, rewarding experiences and successful accomplishments. I have attended several bank related courses and seminars, and also Management School. These along with my membership in the National Association of Bank Women, have helped to enrich my career.

I would encourage any young woman or man to step into banking. What better way can you "serve people" than in the banking field. Seize the opportunities for increasing your education. Put into practice your skills, aim high, keep your sights set on your goal and strive to do your best. The challenges are sometimes great and overwhelming, but the accomplishments of goals attained are a satisfactory reward. □

Fed Increases Supervision of Holding Companies

The Board of Governors of the Federal Reserve System today announced a program of intensified supervision of bank holding companies.

The program — which includes new inspection requirements — became effective January 1, 1978. It subjects 85 to 90% of total bank holding company assets to Federal Reserve review every year.

The modified program for supervision of bank holding companies calls for:

1. A standardized "Report of Bank Holding Company Inspection" to be used by all Reserve Banks in the inspection of companies subject to the new program.

2. An annual inspection of most large bank holding companies.

Bank holding companies whose condition will be reported on the basis of the criteria of the new standardized inspection form include:

- All bank holding companies with consolidated assets of more than \$300 million.

- Bank holding companies with assets of less than \$300 million which control subsidiaries — other than banks — that extend credit (such as finance companies and mortgage companies)

Bank holding companies to be inspected annually (the Federal Reserve now inspects most bank holding companies no less than once in three years) include most of those with assets greater than \$300 million. (Companies with exceptionally low debt to equity ratios and whose subsidiaries extend relatively little credit would not be examined annually.)

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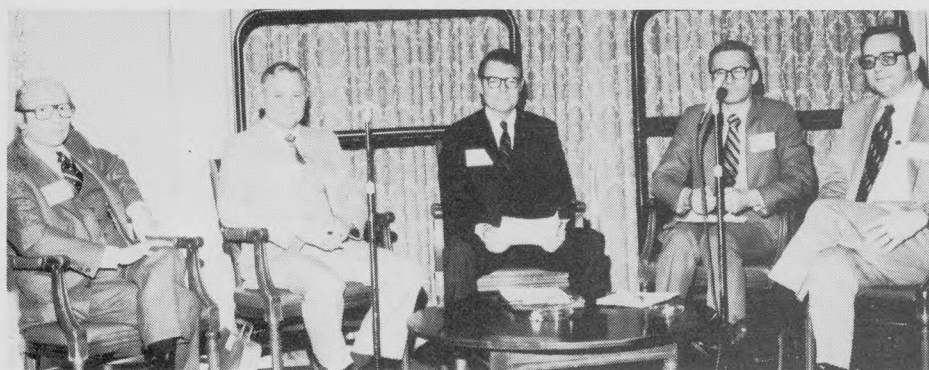
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Minority Purchasing Council Elects Perkins to Board

John H. Perkins, president of Continental Bank, Chicago, has been elected to a three-year term on the board of the National Minority Purchasing Council, Inc. (NMPC). The group is a not-for-profit organization whose purpose is to encourage business firms to purchase goods and services from minority-owned companies on a basis of mutual self-interest.



REGULATORS — Tom Huston, Iowa supt.; Les Gable, Fed of Minneapolis; George Dixon, moderator and pres., First Bk. System, Minneapolis; L. Carl Starich, reg. adm., nat'l. bks., Minneapolis, and Anthony Scalzi, reg. dir., FDIC, Minneapolis.

Bank Directors Learn Duties and Responsibilities

OVER 150 directors from area banks received a refresher course on their duties and responsibilities at a meeting conducted recently in Minneapolis by the National Association of Bank Directors.

A highlight of the management workshop was a regulatory panel moderated by George Dixon, president, First Bank System, Minneapolis. Here are comments from the panelists:

Lester G. Gable, vice president, Federal Reserve, Minneapolis: "If you fulfill your responsibilities as a director, there is little likelihood of being liable. Insist on bank policies being in writing; ask for an explanation of things you do not understand, and know that all banks can't be all things to all people."

L. Carl Starich, regional administrator, national banks, Minneapolis:

"We will be evaluating management much more than in the past, and we will watch trends rather than merely the current situation."

Tom Huston, superintendent of banks, Des Moines: "We want to see directors become more knowledgeable about what's going on in banks."

Anthony Scalzi, regional director, FDIC, Minneapolis: "Every bank should have a written lending policy, and we would prefer that they did not use a standard model. No lending and ethics policy fits two banks."

Bank Failure

Following a diversified series of talks by qualified speakers, Wayne Smith, president, Central Bank and Trust Company, Lexington, Kentucky, described his brief tour of

duty with the now defunct Northern Ohio State Bank, Cleveland. Joining the bank five months before it closed, he related a tale of horror that is hard to match in modern day banking. The bank opened March 13, 1971, with \$5 million in capital, but no FDIC insurance. With a loan limit of \$500,000, the bank had two loans of over \$3 million and one loan for over \$4 million. Mr. Smith was named president 21 days before the bank closed on February 14, 1975. Previously, he had prepared a 10-page memo with over 300 pages of documentation for the board, describing needed changes. About 44% of the loans were to 23 borrowers. Brokered CDs were prevalent and loan broker fees were over \$500,000. A total of \$12 million was needed in new capital to keep the bank open. Mr. Smith reminded delegates that the real story is never the collapse of a bank — but the effects it has on small businesses, marriages, and careers. Currently, there are some 44 Grand Jury indictments and lawsuits filed for about \$24 million.



Wayne Smith blindly walked into "a bag of worms" just five months before it closed. Failure was inevitable for the first state-chartered bank that opened in Ohio without Federal Deposit Insurance, even though capital was \$5 million cash.



John A. Fischer, pres., First Ogden Corp., Naperville, Ill., said, "Every bank should have an outside audit every year — and it does not have to be a certified audit."



Robert W. Marshman, v.p., Scarborough & Co., Chicago, told delegates that as directors of banks they run a real risk of being personally involved in a lawsuit.



Peter A. Reilly, exec. v.p., Nat'l. Assoc. of Bk. Dir., Washington, D.C., said that if directors had known what they should have known Bert Lance would not be in trouble today.

Llewellyn Jenkins Named Chairman of ABA Correspondent Bank Division

HOW TO COMPETE with the Fed, which is both regulator and subsidized competitor, was discussed at great length during the recent ABA 1977 National Correspondent Banking Conference in New Orleans.

ABA President A. A. Bud Milligan, president of The Bank of A. Levy in Oxnard, Cal. set the tone for this questioning in his luncheon address. He termed the Fed a subsidized competitor of correspon-



L. JENKINS

dent banks in the check clearing field while at the same time regulating the very banks with which it competes.

The conference featured two other guest speakers, a panel of federal and state regulators, a panel of four leading bank executives from major city banks and 40 bankers taking part in workshops and special sessions covering a multitude of topics applicable to correspondent banking.

Llewellyn Jenkins, executive vice president in charge of the national division at Manufacturers Hanover Trust Company, New York, was named chairman of the ABA correspondent banking division executive committee for 1977-78. He



KEYNOTE panelists, left to right, are: Seated—**Roger A. Lyon**, pres., Valley Natl., Phoenix; **John F. McGillicuddy**, pres., Manufacturers Hanover Trust, New York, and **Thomas I. Storrs**, chmn., North Carolina Natl., Charlotte. Standing—**Richard L. Thomas**, pres., 1st Natl., Chicago, and **Carter Golembe**, pres., Golembe Associates, Inc., Washington, D. C.



ABA President **A. A. Bud Milligan** presented the ABA's Eagle award to **William T. Dwyer**, v.p., 1st Natl., Chicago, for his leadership in the correspondent banking division the past year as chmn. of the exec. comm. Pictured with them are the other three 1976-77 midwest members of the exec. committee. Left to right are: **James T. Gowan**, v.p., 1st Natl., St. Paul; **George F. Milligan**, sr. v.p., Iowa-Des Moines Natl., Des Moines, who continues on the committee; **Mr. Milligan**; **Mr. Dwyer**, and **Ronald A. Loose**, sr. v.p., 1st Natl., Denver, who was also conference chmn.

succeeds **William T. Dwyer**, vice president and head of the banks and bank holding companies division at The First National Bank of Chicago.

Ronald A. Loose, senior vice president at First National Bank of Denver, was chairman of the 1977 conference.

New members serving with Mr. Jenkins on the correspondent banking division executive committee for the coming year are:

Robert J. Anderson, senior vice president, First National, Minneapolis.

James A. Carlson, senior vice president, American National, Chicago.

Philip A. Delaney, senior vice president, Harris Bank, Chicago.

John A. Edmiston, senior vice president, Security National, Denver.

Neal F. Finnegan, senior vice president, Shawmut Bank, Boston.

Gary K. McWilliams, senior vice president, Indiana National, Indianapolis.

Charles E. Pancoast, senior vice president, Philadelphia National.

Thomas P. Rideout, senior vice president, Wachovia Bank & Trust, Winston Salem, N. C.

David Stoecker, vice president, Mercantile Trust, St. Louis.

James O. Timberlake, senior vice president, Fidelity Bank, Oklahoma City.

Among the nine holdover members, the one from the NORTHWESTERN BANKER area is **George F. Milligan**, senior vice president, Iowa-Des Moines National, Des Moines.

The 1978 conference is scheduled for September 24-26 in Chicago.



CONFERRING before the keynote panel opens the conference are, from left: **Ronald A. Loose**, chmn. of the conference and sr. v.p., 1st Natl., Denver, Colo.; **Carter Golembe**, pres., Golembe Associates, Inc., Washington, D. C., who chaired the panel, and **John S. Clark**, ABA staff dir. of the correspondent bank division.

HOW TO IMPROVE PROFITS

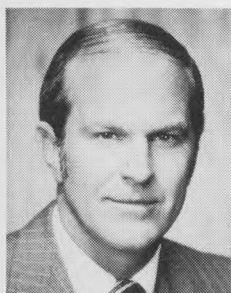
[Continued from page 31]

factor of expense control in your salary and performance reviews.

In cutting — or controlling — your expenses, take a look at the many different reports you turn out. Are they really used? Are they necessary? Look also for areas where duplication of effort is taking place. Explore opportunities for use of overtime or part-time help, recognizing the growing fringe benefit load of full-time employees.

Look at the high cost services your bank provides. Would an economical service satisfy the customer? Or, if he really values the additional service you now provide, is he willing to pay for it? The fee he'll pay is one of the best measures of what it is really worth to him.

A good expense control program, taking care to preserve the quality of the bank, is one good way to position yourself for a better banking climate ahead, while still noting the threat of inflation today. However, every manager must identify for his institution the point beyond which it would be shortsighted to "force" earnings.



By **CLARENCE C. BARKSDALE**
Chairman, Chief Executive
First National Bank
St. Louis, Mo.

THE MOST obvious ways for a bank to increase earnings potential include: adopting a more aggressive loan policy; expanding exposure through more intensive advertising; offering gifts to depositors or installment loan customers; and becoming more

aggressive in the area of "new business" development for new accounts.

However, there are other, less obvious steps which can be taken in which earnings can be increased, but which are often overlooked:

- More time and effort can be devoted to managing the investment portfolio. A small increase in earnings on a major part of the earning assets can have a material effect on after-tax earnings.

- An aggressive pricing policy can be formulated for the loan portfolio in which a small increase in loan prices will have a positive impact on earnings. Greater effort should be devoted to charging a rate that is reflective of risk, cost, legal and competitive factors. Ideally, a bank should have an established pricing policy and an established reporting system. The latter — a self-policing method — would indicate all loans made and by whom, and the rate charged.

- Non-interest expenses should be brought under firm control. Take into consideration how much your bank has spent for salaries, fringe benefits and other operating expenses over the past five years, project these expenditures five years hence and you will see the necessity of keeping these non-interest expenses under strict control. One way of maintaining control over these expenses is to review present operating policies for ways to increase efficiency. On a monthly basis senior officers should review all non-interest expense items, cutting back where feasible any non-productive advertising, travel and entertainment, and convention and training attendance which may be viewed more as a vacation for officers than a business-generating effort. All requests for staff increases should be carefully reviewed and when vacancies do occur, every effort should be made to determine if a replacement is really necessary.

By taking the time and making the effort banks, regardless of size, can reduce non-interest expenses — or at least hold them at present levels. I think the key to successful bank management in the next five years will be holding down non-interest expenses.

These are steps which I see that can be taken by community banks during 1978 to favorably affect earnings.

1978 LEGISLATIVE OUTLOOK

[Continued from page 33]

the same bill can have a massive negative impact on individual businesses. For example, it is expected that the Administration proposal will include tax cuts for both individuals and businesses — a step which is generally seen as productive and needed. But with no warning, a proposal to withhold at source the taxes on interest and dividends apparently has crept into the Carter tax package.

The concept, which was soundly defeated in the debate of the 1976 Tax Reform Bill, would impose tremendous operational costs on banks (which are the principal payors of interest and dividends and generate only doubtful or marginal revenue gains for the government.

Many Washington observers are predicting that substantive tax reform legislation will be delayed until 1979, primarily because 1978 is an election year and

members of Congress want to clear up the legislative logjam which built up during the past year.

The final report of the Privacy Protection Study Commission is under study by the Carter Administration, and it is believed that review will result in a new legislative proposal. The two representatives who were members of the commission already have introduced numerous bills on the subject, and it is expected that the issue of privacy protection will be considered during this session of Congress. ABA's special committee on the right of privacy is reviewing the commission's recommendations, which affect banking most in the area of consumer credit-granting and depository services.

ABA is on record as supporting legislation which would limit governmental access to the records of customers of financial institutions unless such access was authorized by the customer or was ordered as the result of appropriate administrative or judicial proceedings. □

ABA To Hold Credit Conference

MANAGING Commercial Loan Profitability: Goals, Constraints and Performance" is the theme for the 30th annual Credit Conference to be sponsored in New Orleans March 5-7 by the commercial lending division of the American Bankers Association (ABA).

"Demand expectation for quality credits, consequences of changing regulation and examination procedures, and planning for loan portfolio diversification and profitability are the major themes," according to Ralph B. Gilpatrick, Jr., chairman of the division and senior vice president of the Mellon Bank.

ABA president A. A. Milligan, who is also president of the Bank of A. Levy, Oxnard, Calif., will give the keynote address, to be followed by a banker panel exchanging views on key factors commercial lenders need to know about asset/liability management to insure earnings growth.

Concurrent workshops will provide an opportunity for expanded discussion of asset/liability manage-

ment as it relates to banks of various size.

The afternoon will offer three more concurrent workshops: "Lending to Small/Medium Sized Businesses," "Training Commercial Lending Officers," and "Loan Review Systems, Workouts & Recoveries."

Special interest sessions will be offered later that afternoon giving conferees an opportunity to exchange information on such topics as leasing, evaluating interbank credit, problem loans, and financing small businesses.

A "Regulatory Panel" will open the second day of the conference with a review and assessment of bank and bank holding company examinations and regulations as they impact the lending function. Moderator Fred J. Leary, Jr., executive vice president, Bankers Trust Company, New York, will lead the discussion covering such topics as: the role of the supervisory authorities in the credit examination process, coordination among regulators to maximize efficiency, lessons learned from bank

examination in '77, and the outlook for '78.

Three concurrent workshops involving key regulators and the banks they supervise will follow. The emphasis will focus on national banks, state chartered banks, and bank holding companies.

The afternoon will offer additional special interest sessions including internal system of loan control, written lending policy, and training commercial loan officers.

Control Data Forms Small Business Investment Co.

Control Data Corporation, Minneapolis, has announced the formation of Control Data Capital Corporation, a venture-capital firm established to help small businesses secure financial assistance.

Control Data Capital has received a license from the Small Business Administration to operate as a small business investment company (SBIC) with an initial capitalization of \$1 million. E. E. Strickland is president of the new company and vice president and senior staff officer of Control Data.

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Speakers at Continental Bank Capital Conference Call for Immediate Tax cuts

A DISTINCT need for tax reform to create a favorable climate for plant expansion was voiced at "The Challenge of Capital Formation" conference conducted recently in Chicago by Continental Bank, for more than 500 business leaders from across the country.

Roger E. Anderson, chairman of the host bank, set the tone for the meeting with his introductory remarks that called for an "across-the-board cut in corporate and personal income taxes" by the middle of 1978. His talk was reviewed in detail in the NORTHWESTERN BANKER Weekly Newsletter of December 12.

Others speakers at that conference included Paul W. McCracken, professor of business administration at The University of Michigan, Ann Arbor; William E. Simon, former Secretary of the Treasury, and George W. Ball, senior managing director of Lehman Brothers, Inc., New York.

Dr. McCracken noted the visibly lagging plant investment figures and said one "key factor in this current investment malaise is the low level of corporate profitability." He pointed also to the "explosion in the scope of government regulations" as an inhibiting effect on capital outlays. "A crude index of this explosion, he noted, is the 25% per year growth in the number of pages required just to print proposed new regulations in the Federal Register.

A continuation of the present slow pace of capital expansion, he said, will result in a reduction of the rate of increase in real incomes, and "a crowding of the outer limits of plant capacity while unemployment remains high."

Dr. McCracken said "The single most important contribution that government could make to orderly

financing would be firm restraint on budget outlays in order that both the volume of Treasury borrowing and taxes can be reduced.

"If there is to be any hope of making good on our arrearages of capital formation, there must be tax action in 1978." Dr. McCracken placed emphasis on having "corporations charge as a current cost the current value of capital expiring. If this were done, corporate profits taxes would be \$6-7 billion lower and retained earnings would be \$6-7 billion higher (before any secondary or 'echo' effects)." Failing this, he said, "we must have a reduction in corporate profits tax rates of about 4 percentage points, an increase in the investment tax credit, or some combination of the two."

Mr. Simon, in addressing the subject of taxes, states, "The President, I am afraid, seems to be uncertain of exactly what he wants to achieve, for the stimulus he would give to capital investment with one hand he seems perfectly willing to destroy with the other. He said, "A deep cut in taxes next year is, I am sure, the first policy priority for many of you here today, but our economic agenda should include more than just tax reductions—it must also include crucial items like regulatory reform, fiscal and monetary restraint, and many other items."

Mr. Ball discussed the problems of international corporations in the operation of the businesses—capital formation, local pressures and national restrictions.

Two panels made up of Continental bankers and guest bankers and businessmen discussed specific capital needs of industry and methods of acquiring the needed capital.

branch and branch manager performance appraisal, consumer delivery systems, organization alternatives, managing human resources and the future viability of branch banking.

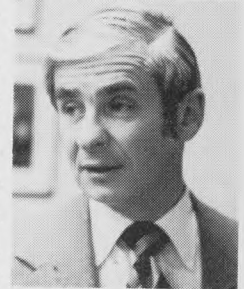
Among the speakers will be Paul S. Nadler, professor of business administration, Rutgers University; Michael Mescon, chairman, department of management at Georgia

State University's School of Business Administration; and John Benton, executive director, National Commission of Electronic Funds Transfers.

More information on the conference is available from Maryann Johnson, Professional Services Division, ABA, 1120 Connecticut Ave., N.W., Washington, D.C. 20036 (202-467-6699).

Report Record Heller Net

Franklin A. Cole, chairman of Walter E. Heller International Corporation, has reported from Chicago that net income from worldwide finance and banking operations reached record levels in the third quarter and nine months ending Sept. 30, 1977.



F. A. COLE

In the third quarter, net income from finance and banking (continuing operations) rose 7.4% to an all time high of \$7.5 million from \$7.0 million a year ago. For the nine months, on the same basis, net income was \$22.0 million — also a record — as compared with \$20.6 million in the 1976 period.

Including net income from discontinuing (manufacturing) operations, Heller's total net income for the third quarter rose 10.2% to a record \$7.6 million from \$6.9 million last year. Third quarter manufacturing operations reflected two months results of Knoll International, which was sold on August 30, 1977.

Average loans outstanding of American National Bank during the third quarter were \$767 million, up 6.3% from \$722 million a year earlier. Average deposits for the quarter were \$1,346 billion, up 9.1% from \$1,234 billion in 1976. Net income, before securities transactions, was \$2.85 million, up 2.8% from \$2.77 million in the third quarter of 1976.

Heller net income for the total nine months was derived as follows:

— From non-bank finance units, a record \$19.3 million up 7.4% from \$18.0 million last year.

— From the bank, \$8.8 million, an increase of 14.7% over \$7.6 million recorded last year.

Bankers To Discuss Branch Profitability

Bankers attending the third annual Conference for Branch Administrators, February 12-15 at the Royal Sonesta Hotel in New Orleans will focus their attention on branch profitability.

The conference will focus on

What's New

A NEW audio-visual program has been prepared by Neil E. Harl of Iowa State University, Ames. The slide set and script provide an ideal overview of the essentials of estate planning for both farm and non-farm people, and emphasize the main methods used to reduce death taxes.



N. HARL

"The real sleeper in the 1976 Tax Reform Act is the income tax treatment of property held until death. Formerly, gain from increase in value of real estate and other assets was wiped off the books when the owner died—but not since Jan. 1, 1977," notes Dr. Harl.

Newly-designed visuals show how this "carryover basis" works and explain that when an heir, such as a son or daughter, sells inherited property, he or she may have to pay income taxes on part or all—of the appreciation in value of the property.

Dr. Harl is a member of the Iowa Bar Association, an economist and distinguished professor of agriculture at Iowa State University.

Dr. Harl says the addition of this income tax concern has compounded

the estate planning problem for many people. "You can no longer liquidate an estate to raise funds to pay the death taxes without considering the income tax consequences," he cautions.

Consisting of 80 slides and a script, the new slide set is designed to be shown to classes or small group meetings to encourage people to begin planning their estate, or to update their existing estate plans. Many of the visuals are like those Dr. Harl has used in his in-person presentations before lay people, lenders, insurance agents, accountants and other groups in 31 states. He has appeared also on programs for attorneys in 15 states.

Other topics covered in the slide series include: objectives to consider in estate planning, the vital decisions left to the state by default if a person dies without a will, ways to take title to property and why this is important even for young couples, how to own life insurance to keep policy proceeds out of an estate, gift tax rules, the three most-used strategies for reducing federal estate tax, and the need to work with the estate team—trust officer, insurance underwriter, accountant and attorney.

In standard format, the new program consists of 80 slides with a 30 page script. An audio cassette also is available with Dr. Harl narrating the script. If desired, the visuals also can be obtained in filmstrip form or customized for quantity buyers. The audio visual program is ideal to complement Dr. Harl's tape recorded and written materials which are already being used in 44 states.

For full details on the contents and cost of the audio visual program, contact Bill Brantley & Associates, Inc., P. O. Box 397, West Des Moines, Iowa 50265.

EXCEPTIONAL speed, simple to use, extremely quiet operation, infrared stack detection, and adaptability to service as a coin verifier are one-of-a-kind features of a newly introduced automatic coin wrapper from Brandt, Inc.

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up to 24 wraps of coin per minute for financial institutions, vending companies, supermarkets, retail stores and other large volume money handlers. A minimum number of settings is necessary for total coin packaging and changeover of denominations.

The machine's unique infrared stack detector senses a disturbed coin stack. And coins smaller than the denomination being packaged will offsort.

When used for high speed batch-counting and verifying, the Model 1780 stops in batches from five to 99,995. The batch select mode may be set in increments convenient for bagging, with easily installed bagging attachment, and verifying of bulk coin.

The 1780's double-bin container is on wheels for easy, quiet movement to a variety of environments without creating any disturbance. The machine's modular design permits the addition of auxiliary equipment as the user's coin packaging needs increase.

Optional equipment for the Brandt coin wrapper includes a large paper roll feed mechanism capable of supporting a 16-inch roll for 8,000 wraps without paper change. Also available is a boxing mechanism which serves several 1780's set up in a series for palletizing and/or boxing of coin for storage purposes.

For further information about the machine and its capabilities, contact Brandt, Inc., Watertown, Wis. 53094.

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Illinois News

JOHN R. MONTGOMERY Pres. Chicago
W. J. HOCTER Exec. V.P. Chicago



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.

10,000 Attend Canton Bank Opening

CANTON State Bank recently unveiled its new quarters with a week of celebrations.

"The attendance exceeded all reasonable expectations," stated Otto Stephenitch, bank president. "We estimate that more than 10,000 men, women and children participated in one or more of the festivities held during the week-long celebration, and for a town of 14,000, that's not bad!"

The Canton State story is not your usual "new bank building" story. It started in July, 1975, when the bank's main quarters were devastated by a tornado. The only resemblance of a bank that remained undamaged in the aftermath was the bank's vault. During the two years since the tornado, Canton State moved into temporary quarters at the Elks Club building. Construction of the new banking quarters began immediately on the previous site of the old building.

The new structure, which was designed and built by Bunce Corporation, St. Louis, represents the first completed building in Canton's master downtown redevelopment plan of 1976. The main lobby

area features contemporary furnishings softened with earth tones and natural oak trim. In addition, a four x eight foot fireplace, natural oak beam work and cove lighting further accentuate the warmth and beauty of the public areas.

"The damage done by the tornado was incredible," noted Mr. Stephenitch. "Based on the program designed by the city, our board of directors felt that we should immediately rebuild in downtown Canton, both to provide leadership and inspire confidence in our community. We did just that, and are gratified with the response of those outstanding individuals and businessmen in this area," he added.

In addition to the grand opening ceremony attended by various state and local dignitaries, special activities that took place during the week included: "Youth Day" featuring a childrens penny guessing contest, the appearance of Miss Illinois/World, Sue Matison, Dixie Land Bands, refreshments, a gigantic beef and ham barbecue in the parking lot and a town dance in front of the new building. Hundreds of prizes were distributed.

'Trust Marketer of Year'

Herbert J. Ullmann, vice president in charge of the personal services development division of the Harris Trust and Savings Bank, Chicago, recently was named "Trust Marketer of the Year" by the Bank Marketing Association. The award was presented at BMA's sixth annual Trust Marketing Workshop at the Americana of Bal Harbour, Fla.



H. J. ULLMANN

The "Trust Marketer of the Year" Award is presented annually by the Bank Marketing Association to an individual who has demonstrated leadership and made a significant contribution to the development and implementation of important marketing concepts, programs or cooperative efforts benefiting the entire trust industry.

Mr. Ullmann, the first recipient of the "Trust Marketer of the Year" Award, has contributed to all phases of the trust marketing profession.



PICTURED above are an exterior and an interior view of the new Canton State Bank.

He was instrumental in organizing the BMA Trust Marketing Council which has produced some of the Association's strongest programs; he served as chairman of that Council from 1973-74. Recognizing a void in the training of staff employees in the principles of business development and marketing, he did the groundwork, aided in the faculty selection and helped start the School of Trust Business Development and Marketing, held annually at the University of Colorado, Boulder.

Mr. Ullmann is a member of the trust division's communications/marketing committee of the American Bankers Association. He was a member of the BMA board of directors for three years, has served on BMA's pension and audit committees and chaired the large bank/holding company council.

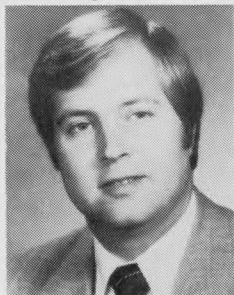
In addition to being recognized as an industry leader, he is identified as a pioneer for his accomplishments at Harris Bank, particularly in the development of training programs for trust business development staff.

Named to AMBI Post

William D. Olson has been named the first director of government relations of the association for Modern Banking in Illinois (AMBI).

He assumes his new post following a nine year association with the Household Finance Corporation, most recently as manager of government relations for the Iowa/Illinois division.

His new responsibilities will include promoting good relations between AMBI and the General Assembly, the executive branch and the various regulatory agencies.



W. D. OLSON

Economic Education Fund Names Clausen

Lewis H. Clausen, president of The Champaign National Bank in Illinois, recently took office as chairman of the board of trustees for the Fund for Education in Econom-

ics at the American Bankers Association (ABA).

Mr. Clausen was appointed by newly-elected ABA President A. A. Milligan to succeed William W. Bruner, president and chairman of First National Bank of South Carolina in Columbia.



ANDREW Moore, president of Beverly Bank, has announced plans for a new service location at 11150 South Western Avenue. Property negotiations and approval from banking authorities have been finalized for Beverly Bank West.

The site will use the property of two former businesses. The office building will be remodeled and the rest of the property will be graded, paved and landscaped to allow for five drive-up stations.

Seaway National Bank recently held a ribbon cutting ceremony to open a full-service banking facility in the Jewel Grand Bazaar at 87th and the Dan Ryan Expressway.

The event was attended by Mayor **Michael Bilandic**; the bank's board chairman **Ernest Collins**; **Harry Bechner**, Jewel's board chairman, and **Bonnie Yates**, deputy regional administrator of national banks, Comptroller of the Currency's office.

ABA To Sponsor Corporate Marketing Seminar

The corporate marketing committee of the American Bankers

Association will sponsor the first Corporate Marketing Seminar on January 29-31 at the Hyatt Regency O'Hare in Chicago. Under the theme of "Marketing to Business," this two-day seminar will feature:

1. The Corporate Marketing Planning Series—a four session course to show how to develop an effective corporate marketing plan.

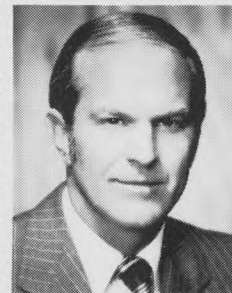
2. Special Interest Workshops—choose among six different topics, including sessions on organization, market potential and corporate marketing in the community bank.

3. Success Stories—informal discussions led by bankers who have been successful in either selling specific corporate services or servicing a specific corporate market.

To Represent 8th District On Fed Advisory Council

The board of the Federal Reserve Bank of St. Louis has selected

Clarence C. Barksdale, chairman and chief executive officer of First National Bank in St. Louis, to represent the Eighth Federal Reserve District on the Federal Advisory Council for 1978.



C. C. BARKSDALE

He succeeds Donald E. Lasater, chairman and chief executive officer of Mercantile Trust Company, N. A., St. Louis.

The Federal Advisory Council is composed of one member from each of the 12 Federal Reserve districts, with one council member being selected annually by the board of directors of each bank. The council is required to meet in Washington, D. C., at least four times a year. A major function of the council is to confer with the Board of Governors of the Federal Reserve System on economic and banking matters and make recommendations regarding the affairs of the Federal Reserve System.

The Eighth Federal Reserve District includes eastern Missouri, Arkansas, southern Illinois, western Kentucky, western Tennessee, northern Mississippi and southern Indiana.

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There's no denying that the last few years have been tough, both for some banks and for insurers. But Scarborough and Company has remained a stable source for blanket bonds for almost 60 years. What's more, we developed and we continue to offer the broadest bond coverage in the market—the Bankers Special Bond. It affords banks important extensions and additions to standard blanket bond coverage.

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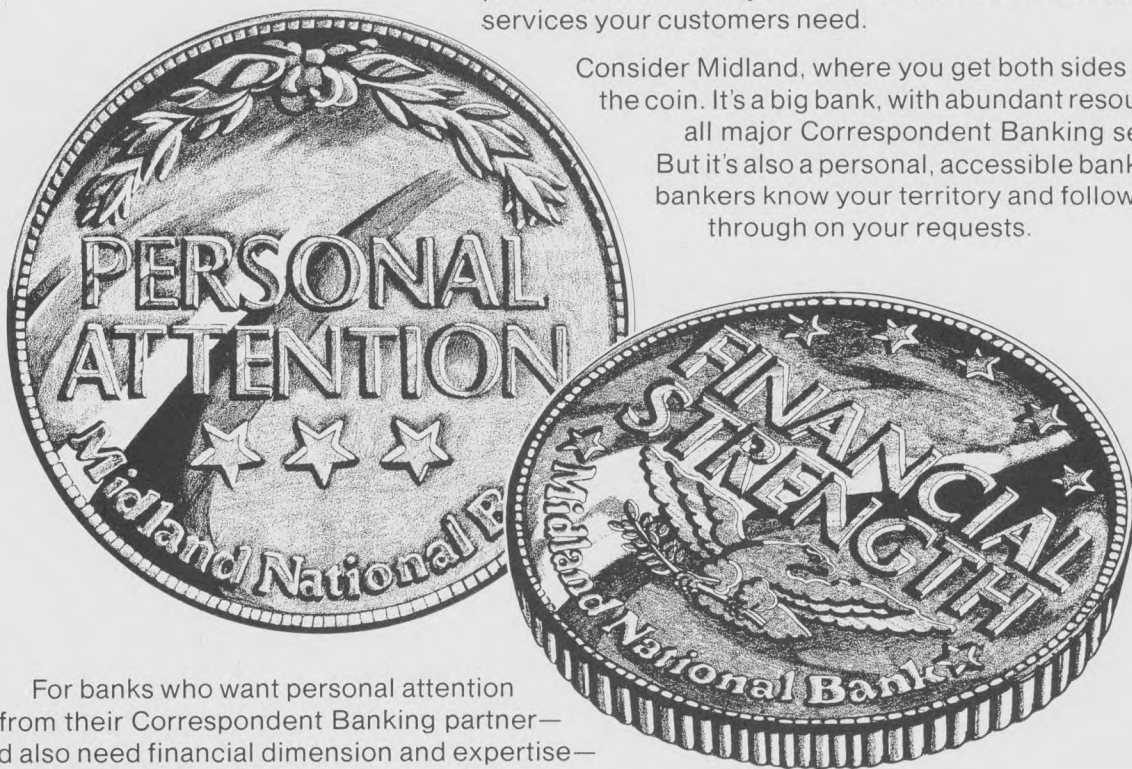
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Consider Midland, where you get both sides of the coin. It's a big bank, with abundant resources and all major Correspondent Banking services. But it's also a personal, accessible bank, whose bankers know your territory and follow through on your requests.



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Minnesota News

G. BEITO Pres. Thief River Falls
T. L. JEFFERS Exec. V.P. Minneapolis



Columbia Heights Bank Elects Laing President

The Marquette State Bank of Columbia Heights has announced the election of William A. Laing as president. He succeeds Karl D. Stotesbery who resigned to pursue private business interests.



W. A. LAING

Mr. Laing began his banking career at the Northwestern State Bank of Osseo in 1961. He joined Marquette State in 1974 and was elected executive vice president in 1975.

Elected at Mankato

George W. Sugden, president of the Northwestern National Bank of Mankato, has announced the election of Mary Lofy to the board of directors. Mrs. Lofy is associated with Harpies' Bazaar, Inc., a local crafts store. She is a graduate of Dominican College in Houston, Tex., and did graduate work in theology and social sciences at Marquette University in Milwaukee, Wisc. She has been active in numerous civic organizations.

MBA Agricultural Action Banker Appointed

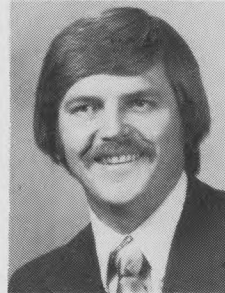
Truman L. Jeffers, executive vice president of the Minnesota Bankers Association (MBA) has announced the appointment of Charles K. Pederson as the agricultural action banker for 1977-78 for the American Bankers Association (ABA). Mr. Pederson is vice president of the Farmers and Merchants State Bank in Springfield.

The purpose of the agricultural action banker is to serve as an information link between the ABA

and the state bankers association. He is the official state representative of the ABA agricultural bankers division.

Northwestern of Dawson Elects Assistant Cashier

Ron Prehn has been elected assistant cashier of the Northwestern Bank in Dawson, according to Charles L. Kretchman, president.



R. PREHN

Mr. Prehn, a native of Clear Lake, S.D., is a 1970 graduate of Northern State College in Aberdeen, S.D. For the past four and a half years, he has been with the First Brookdale State Bank in Brooklyn Center, Minn.

Elected at Pine City

Dennis R. Olson recently was elected an instalment loan officer of

the First National Bank of Pine City. Mr. Olson joined the bank in October of 1972 and has had various responsibilities in the instalment loan and insurance areas of the bank.

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.

Eveleth Bank Announces Three Staff Promotions

Robert Hatten, president of the First Northwestern National Bank of Eveleth, has announced the following promotions:

Patrice Carne to instalment lending officer, Katherine Patterson to mortgage lending officer, and Lynn Spier to operations officer.



P. CARNE

Miss Carne, who has been with the bank for two years, is a graduate of Eveleth Area Vocational Technical

MBA Calendar

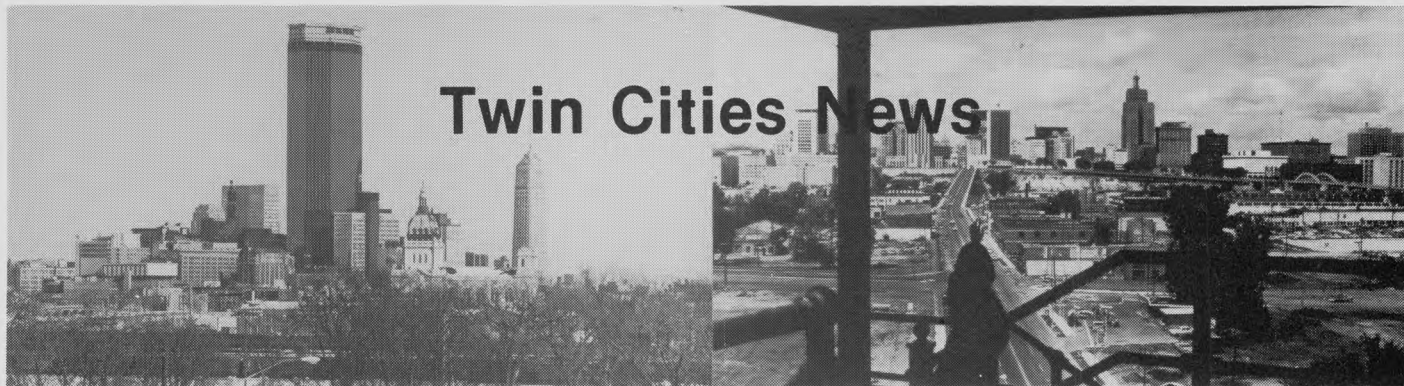
- Feb. 1-2—Senior Management Conference, St. Paul Radisson Hotel.
- April 19-20—Lending Conference, St. Paul Radisson Hotel.
- May 8-11—Washington Legislative Conference.
- June 12-14—Annual Convention, Radisson South Hotel, Bloomington.
- Sept. 18-28—District Meetings.
- Oct. 11-12—Junior Bank Officer & Staff Conference, Kahler Hotel, Rochester.
- June 11-13, 1979—Annual Convention, St. Paul Radisson Hotel.



K. PATTERSON

L. SPIER

Institute. Mrs. Patterson, with the bank for five years, has prior experience with several Twin Cities banks. Mrs. Spier has been with the bank for three years. She formerly was with the First National Bank of Little Falls.



NORTHWESTERN National Bank of Minneapolis has announced the election of **Richard D. Schneider** as senior vice president of its midwest department II. He succeeds **John H. Olson**, recently named senior vice president of Northwest Bancorporation.

Gerald E. Hobbs, vice president, was named to succeed Mr. Schneider



R. D. SCHNEIDER G. E. HOBBS

as head of the bank's commercial lending division.

Promoted to assistant vice presidents are: **Joseph F. Foss**, **Jeffrey G. Jacobsen**, **Michael McHugh** and **Harold T. McClendon**, all commercial banking officers. Named international banking officers are: **Stephen E. Castor** and **Douglas B. Manske**.

The bank also promoted **Bruce W. Brinkmeier**, economist, to official status. Before joining the bank in 1975 as an economic research assistant, he was a research associate for the Federal Reserve Bank of Minneapolis.

Mr. Schneider, 40, has been with Northwestern since 1963 and was elected a vice president in 1972. He is a business administration graduate of the University of Minnesota. Mr. Hobbs, 42, joined the bank in 1969 from First Citizens National Bank, Watertown, S.D., an affiliate of Northwest Bancorporation. He is a graduate of Arizona State Univer-

sity's School of Business Administration.

John H. Olson has been elected senior vice president, loan administration and **John Eggemeyer** vice president and treasurer of Northwest Bancorporation (Banco).

Mr. Olson has been with Banco's major affiliate, Northwestern National Bank of Minneapolis, for 23 years and is currently a senior vice president in the corporate banking area. Mr. Eggemeyer has been with the First National Bank of Chicago since 1968, serving as vice president in the corporate loan group and for two years as vice president and assistant treasurer for its parent, First Chicago Corporation.

Banco Financial Corporation has announced the appointment of **Donald S. Vanusek** as analyst. He previously was a partner in the accounting firm of Vanusek and Company of Virginia. He is a graduate of Bemidji State University.

Banco Financial, a secured lending company, is a wholly-owned subsidiary of Northwest Bancorporation, registered bank holding company based in Minneapolis.

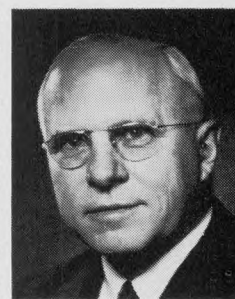
Walter C. Rasmussen, president of Northeast State Bank of Minneapolis and Guaranty State Bank of Robbinsdale, and his wife, **Belva**, were guests at the White House dinner for **Shahan Shah** and **Shahbanou** of Iran.

During his visit to Washington, Mr. Rasmussen met with the chief of staff of the Senate Banking Committee, **Kenneth McLean**, to discuss the effects on pending legislation on the Minnesota banking industry.

National City Bank of Minneapolis recently announced the promotion of **Susan L. Hix** to personnel officer. Ms. Hix, who joined the bank in 1971, received a bachelor of arts degree from Wartburg College in Waverly, Iowa, in 1970. In 1971, she received a Master of Arts degree in English from Southern Illinois University.

Funeral services were held recently for **Julian B. Baird**, retired chairman of the First National Bank of St. Paul.

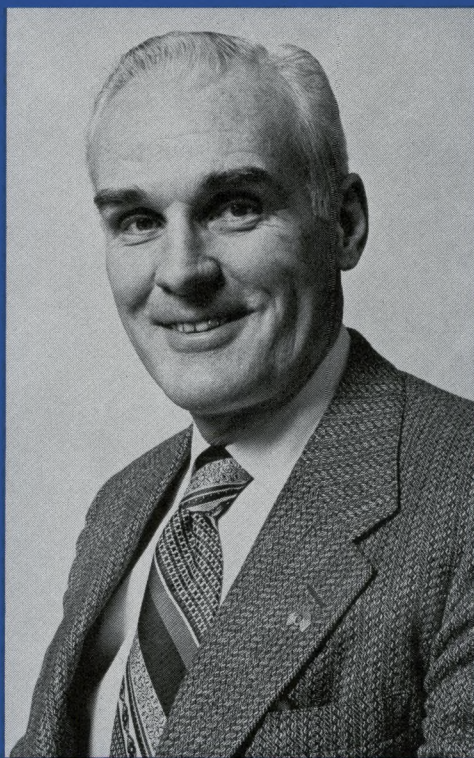
Mr. Baird was one of the founders of First Bank Stock Corporation, now known as First Bank System, Inc. In 1957 he was appointed



J. B. BAIRD

by President Eisenhower as Undersecretary of the Treasury for Monetary Affairs and served until 1961. He retired from the bank in 1963. He was a past president of the Association of Reserve City Bankers and served on a number of advisory committees to the Federal Reserve System and the United States Treasury. He was appointed by President Lyndon Johnson to membership on the United States Monetary Commission whose report resulted in the demonetization of silver in 1970.

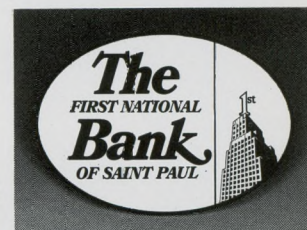
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—James Gowan
Vice President, Division Head
Correspondent Bank Department

**Correspondent
Bank Division**



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Northwestern Banker, January 1978

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critical financing requirements this*



Omaha National Bank

*expert staff is at work, finding ways to meet agriculture's
year. Your planning can't wait. We need to talk now.*

MEMBER FDIC



Northwestern National's 13th Annual Correspondent Conference

Helping You Manage In 1978

By **MIKE FREELAND**
Business Manager



Harry Wahlquist, sr. v.p., Northwestern Natl.; **James A. Halls**, partner, Faegre & Benson law firm, Minneapolis, and **Arlan V. Tengwall** and **Gerald R. DeLand**, v.p.'s, Northwestern Natl.

HELPING You Manage in 1978 was the theme for the 13th Annual Correspondent conference held December 8 by Northwestern National Bank, Minneapolis. Critical farm prices, an uncertain monetary and fiscal policy, and a changing bond picture all indicate that careful management will be necessary for 1978. Following are some brief comments from the speakers:

Arlan V. Tengwall, vice president: "Get your house in order" remarked Mr. Tengwall, in reference to the farm prices faced by farmers and lenders. Because of these low prices, margin for error is very small. We have lent too much on land equity instead of ability to pay back. It is even more necessary now to have good customer backgrounds, financial information, cash flows, and a payment program agreement.

Dr. Sun Won Son, senior vice

president, explained that the economy is in a state of uncertainty. The main reason for this is the Carter administration, he said President Carter is too "wishy-washy." This caused business inconfidence. "Cost no-benefit later" programs such as the new social security proposals have created insecurity.

Another questionable area is the appointment of the chairman of the Federal Reserve. Chairman Burns, long time symbol of anti-inflation, probably will not be reappointed. This does not mean he will not continue to be the most influential member of the board. He could conceivably return to the board and remain as chairman of the open market committee.

Although there is much concern over the slow expansion of the economy, Dr. Son suggests this may lead away from the traditional

boom-bust cycle. Trends indicate that 1978-79 would be a bust end of the cycle. But due to a slower expansion, this may not hold true. To conclude, Dr. Son forecasted greater government debt with an increase in the prime rate to 8½ to 9% by year-end 1978.

Charles R. Gesme, senior vice president: Continuing with belief that the federal government will incur a debt in the neighborhood of \$60 billion, Mr. Gesme suggests to "shorten portfolios" to take advantage of opportunities next year. Foreign purchases to the tune of \$25 billion of government debt have held down rates in 1977. Fed funds will be up about 1% and will be a good short term investment. Longer term 'tax exempts' look better than long term governments.

James A. Halls, partner, Faegre & Benson: A growing area for concern



C. Paul Lindholm, sr. v.p., Northwestern Natl.; **R. W. Barlow**, pres., Iowa Falls State Bank, Iowa Falls, Ia.; **John Barlow**, Northwestern Natl., and **John W. Morrison**, chmn. & c.e.o., Northwestern Natl.



BACK: Bobby Bryant and **Stu Voight**, Vikings; **Harry Wahlquist**, sr. v.p., Northwestern Natl., and **Sammy Johnson**, Vikings. **FRONT: Janet Melton**, corresp. dept., Northwestern Natl.; **Thomas A. Hayden**, a.v.p., Northwestern Natl., and **Tommy Kramer**, Vikings.

American Profiles



Bob Jacobson
Vice President

"The American National Bank and Trust Company has made a commitment to serve its correspondents with experience and expertise in all areas of bank services. My 16 years of agricultural lending, commercial lending and management experience is one way in which the American is showing its support to that commitment."



American National Bank and Trust Company

Correspondent
Division

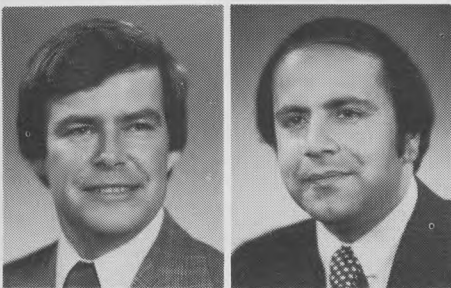
5th and Minnesota Streets
St. Paul, Minnesota 55101
612/298-6000
Member F.D.I.C.

Northwestern Banker, January 1978

is consumer compliance, he said. Mr. Halls explained there is often confusion and misunderstanding. He suggested that banks adopt a positive policy to see that laws are complied with. A good way is to designate a compliance officer whose job would be to inform other officers. Many violations are in the following areas: advertising yields (they are often incorrectly stated); Regulation Z or truth in lending; Disclosure of credit life financing charges; late charges; real estate mortgages (with regard to points); origination fees and disclosure. Mr. Halls suggested that banks use published forms from the Federal Reserve that will comply.

The traditional duck dinner followed the management conference. Harry G. Walquist, senior vice president in charge of the banks correspondent department, was master of ceremonies. The crowd was delighted to meet four members of the Vikings who attended the dinner and gave their views on the season.

James W. Reagan, president of the American National Bank and Trust Company, has announced the following promotions: **Robert W. Brennan**, accounting supervisor, to accounting officer; **A. Wali Naibi**, assistant vice president, to vice president, international department; **Thomas J. Resch** and **Stephen E.**



R. W. BRENNAN

W. A. NAIBI



T. J. RESCH

S. E. RYKKELI

Rykkeli, commercial loan officers, to assistant vice presidents.

Mr. Brennan has been with the bank since 1967 and Mr. Naibi since 1976 when he joined from the American Fletcher National Bank in Indianapolis.

Russell H. Johnson, vice president of Northwestern National Bank of St. Paul, has been elected president of the Corporate Fiduciaries Association of Minnesota, according to **James P. Hesketh** of First National Bank of Minneapolis, outgoing president.

Elected vice presidents are **Franklin S. Ruhl**, vice president and senior trust officer, First National Bank of Rochester; **William J. Wallman**, vice president and trust officer, Midland National Bank of Minneapolis, and **David H. Willard**, vice president, Northwestern National Bank of Minneapolis.

Also elected are **Thomas Libera**, vice president, First National Bank of Minneapolis, as secretary-treasurer, and **C. Roger Bailey, Jr.**, vice president, Northwestern National Bank of Minneapolis, as chairman of the executive committee.

Robert M. Fischer, vice president, First National Bank of Duluth; **John T. Phillips**, vice president, First National Bank of Minneapolis, and **Alan D. Peck**, assistant vice president, Northwestern National Bank of Minneapolis, were elected members of the executive committee.

The association includes 25 member trust companies and national and state banks in Minnesota and neighboring states having trust powers and engaged in fiduciary transactions.

The \$125 million-deposit Midway National Bank, St. Paul, has announced its entry into electronic funds transfer with the introduction of its Money-mate card.

Money-mate cardholders will be able to perform a full range of banking services at the new 24-hour machine at the bank, according to **John A. Ritt**, president. In addition, Midway National Bank becomes the first commercial bank in Minnesota to participate in the network of Passcard Savings Centers.

"Agreement has been reached



MIDWAY Natl. Bank, St. Paul, was welcomed as the first commercial bank to participate in the statewide network of Passcard Savings Centers. Participants in recent contract-signing ceremonies were left to right: **Neal J. McDonald**, pres., POS Services, Inc., operator of the Passcard Savings Center network; **John A. Ritt**, Midway pres., and **A. E. Ritt, M.D.**, Midway chmn & c.e.o.

with Point-of-Sale Services, Inc., (POSSI), a wholly-owned subsidiary of Twin City Federal Savings & Loan Association of Minnesota for Money-mate cards to be used at any of the Passcard Savings Centers throughout the state," said Mr. Ritt. "There are over 100 centers in the St. Paul-Minneapolis metropolitan area at stores such as Dayton's, Powers, Red Owl and Snyder's Drugs."

Currently, Money-mate transactions at Passcard Savings Centers will be limited to the verification of the cardholder's personal check drawn on his account at the card-issuing bank, up to \$100 per day. This will make it easier for customers to cash checks or to have them accepted as payment for purchases.

Should pending electronic funds transfer legislation become law in Minnesota, Money-mate cardholders will be able to make deposits and withdrawals from their checking and savings accounts at the Passcard Savings Center.

Midway National Bank will make Money-mate available to its more than 35 correspondent banks. Cardholders would then have access to all 24-hour machines located at participating banks for cash withdrawals from their checking accounts.

"In addition, Money-mate is designed to be compatible with other systems which enable our correspondent banks to participate in the evolving EFTS environment in Minnesota," concluded Mr. Ritt.

Second Northwestern National Bank, Minneapolis, has begun construction on its third expansion at 3430 University Ave., N.E.

Don Zollars, bank president, said total cost of the project will be \$1.5 million and that it will more than double the size of the bank's present space. Included are auto banking facilities and an 80-car parking area.

Architect is Ackerberg & Associates, Minneapolis.

LeRoy Piche, senior vice president of Northwest Bancorporation, has been elected pres. of the Society of Municipal Analysts, a national association of municipal analysts and portfolio managers.

Mr. Piche has been with the Northwest Bancorporation since 1966 and has headed the investment department since 1970. A chartered financial analyst and former president of the Twin Cities Society of Security Analysts, he serves on the Comptroller of the Currency's advisory committee on investment securities.



L. F. PICHE

Two Harbors Bank Expands

Groundbreaking ceremonies were held recently to mark the beginning of construction on a new addition to the First Northwestern Bank, Two Harbors. The addition will double the size of the bank. The interior of the present building also will be remodeled.

When the work is completed, the bank will have an enlarged officer area, separate bookkeeping department, more safe deposit box space, increased storage and a new employee lounge. A drive-in lane will be installed with room for a second lane in the future.

ABA Announces Committee Chairmen

The American Bankers Association (ABA) has announced the following division chairmen:

Bank Card Division—Nicholas J. Ferrante, vice president, Security Pacific National Bank of Los Angeles;

Bank Personnel Division—Charles R. Hoskins, executive vice president, Citizens & Southern National Bank, Atlanta;

Board of Regents—Edward A. Jesser, Jr., chairman, United Jersey Bank, Hackensack (reappointed);

Commercial Lending Division—Ralph B. Gilpatrick, Jr., senior vice president, Mellon Bank, Pittsburgh;

Communications Council—Sandra J. McLaughlin, vice president, retail and business services, Mellon Bank, N.A., Pittsburgh.

Community Bankers Division—Jerome L. Chandler, president, Farmers State Bank, Sterling, Kan.

Corporate Planning Executive Committee—John J. Cummings, president, Industrial National Bank of Rhode Island, Providence (reappointed);

Correspondent Banking Division—Llewellyn Jenkins, executive vice president, Manufacturers Hanover Trust Co., New York;

Economic Advisory Committee—Leif H. Olsen, senior vice president and economist, Citibank, New York (reappointed);

Education Policy and Research Council—James H. Duncan, chairman, First National Bank & Trust Company of Michigan, Kalamazoo;

Government Relations Council—Ronald A. Terry, chairman, First Tennessee National Corporation, Memphis (reappointed);

Instalment Lending Division—

Robert B. Shanahan, executive vice president, Liberty National Bank & Trust Co., Buffalo, N.Y.

Housing and Real Estate Finance Division—Perry Russel, senior vice president, First International Bank, Houston, Tex.;

Insurance and Protection Division—Francis H. Herndon, vice president, First National Bank of South Carolina, Columbia (reappointed);

International Division—Harvey V. Delapena, senior vice president, international division, Bank of New York;

Marketing Division—J. D. (Jerry) Schiermeyer, vice president, Wymore State Bank, Wymore, Nebr.

Operations and Automation Division—Norman J. Tice, president, City Bank in St. Louis, Mo.;

Savings Bond Committee—John D. Chisholm, president, Marquette Bank and Trust Co., Rochester;

State Association Division—Sam O. Kimberlin, Jr., executive vice president, Texas Bankers Association.

Task Force on Bank Accounting Principles—Charles H. Montgomery, executive vice president and comptroller of The First National Bank of Chicago (reappointed);

Taxation Committee—James G. O'Brien, senior vice president and general tax counsel, Bankers Trust Co., New York.

To Buy Fairmont National Bank

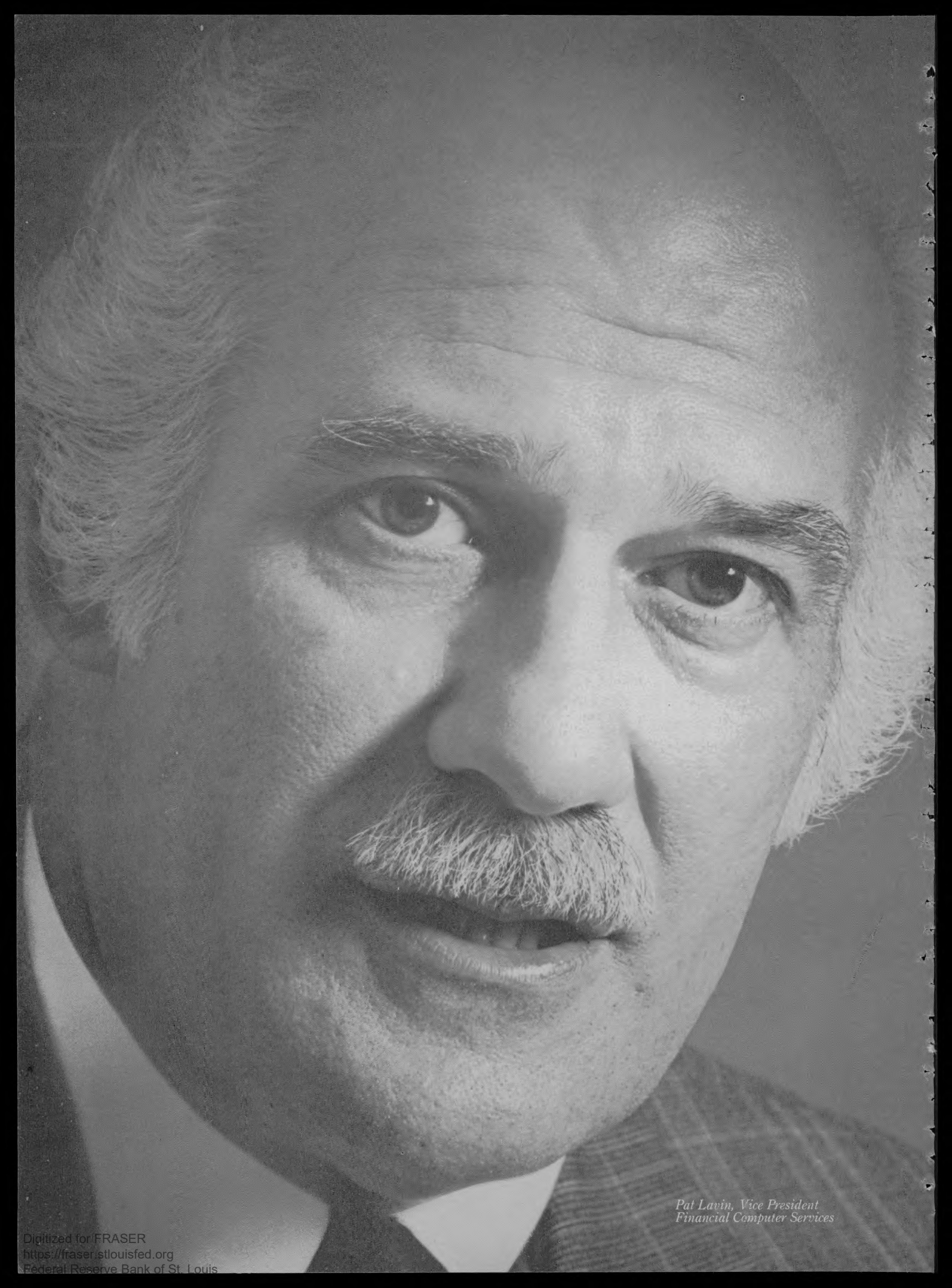
RAY L. Haeckel, president of Fairmont National Bank, has announced that a tender offer to all stockholders has been made on the Fairmont National Bank. Mr. Haeckel said he and various members of the board of directors have accepted the offer and have recommended the offer to the other stockholders. The transaction was scheduled to be completed December 30, 1977.

The individuals making the offer are Jack Koberg of Omaha, Neb., who is vice president in charge of correspondent banking and agricultural lending for The Omaha National Bank; John Goodenow, president of the Wall Lake Savings Bank, Wall Lake, Ia., and the Exchange State Bank, Exira, Ia.; William Krause, president of Krause

Gentle Oil Company, Hampton, Ia., and president of State Bank of Allison, Allison, Ia.; Jack Pester, president of Pester Derby Oil Company and a member of the board of directors of the Iowa-Des Moines National Bank, Des Moines, Ia., and The National Bank of Washington, Washington, Ia.; and Paul Dunlap, president of Hawkeye Bancorporation a multi-banking organization headquartered in Des Moines, Ia.

Mr. Koberg, 39, will become president of the Fairmont National Bank and will move immediately, assuming full management responsibilities. He has a masters degree from St. Louis University and has been active in banking all his life.

Both parties commented there were no further anticipated changes in personnel of the bank.



*Pat Lavin, Vice President
Financial Computer Services*

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data processing.
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eyes open...some closed!"**

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South Dakota News

CHARLES T. UNDLIN President Rapid City
J. I. MILTON SCHWARTZ Secretary Pierre

Curt Lovre Plans To Retire Jan. 31

Curtis A. Lovre, chairman and chief executive officer of the Northwestern National Bank, Sioux Falls, will retire from those positions on January 31, closing out a 40-year career with Northwest Bancorporation.

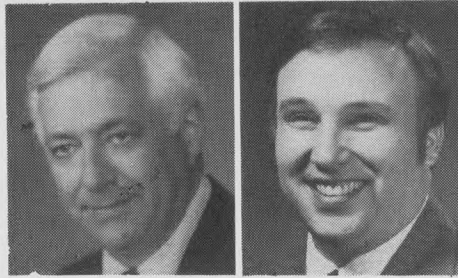


C. A. LOVRE

Mr. Lovre was honored in mid-December with a public open house at the bank he has headed the past 17 years. On the same date, he was recognized publicly with an editorial in the Sioux Falls *Argus-Leader* for the leadership he had given the community and to South Dakota during his 40-year banking career. In addition to his other activities, the editorial noted, he served as president of the Sioux Falls Chamber of Commerce, the Sioux Falls Community Hotel Co., which brought the downtown Holiday Inn to fruition, the Sioux Empire Fair and the South Dakota Bankers Association.

Mr. Lovre got his start in banking as a high school student in his home town of Toronto, S. D., where he worked part time. He attended South Dakota State University from 1931 to 1933 and was graduated from the University of South Dakota with a BA degree in business administration and a law degree in 1935.

He joined Northwestern National Bank in Brookings in 1937, becoming manager there in 1943. From 1950 to 1957 he was in Banco headquarters in Minneapolis before moving to Sioux Falls. He was elected president of Northwestern National in 1960, serving in that post until 1975, when he became chairman and chief executive officer. The bank's present new building was



built under his direction in downtown Sioux Falls several years ago.

Named at Mitchell

Boyd Hopkins, president of the Live Stock State Bank, Mitchell, has announced the appointment of two to the bank's board. They are Clarence Puetz, president and founder of Puetz Construction, Inc., and Dr. Wayne F. Unzicker, podiatrist.

To Head United National

Donald L. Tarleton has been appointed president of the United National Corporation, Sioux Falls, according to John T. Vachurevich, president and chairman.



D. L. TARLETON

Mr. Tarleton, a native of Idaho, spent 10 years with a statewide branch bank system and the past 17 years with the Comptroller of the Currency's Office. His latest assignment was Regional Administrator of National Banks in Atlanta, Ga.

His new responsibilities will include supervision of banks in Montana, Wisconsin and of United National Corporation whose subsidiary is United National Bank, with 19 branches located across South Dakota.

SDBA Calendar

April 4-5—Annual Agricultural Credit Conference, Kings Inn Convention Center, Pierre.
May 11-12—Annual Convention, Civic Center, Rapid City.

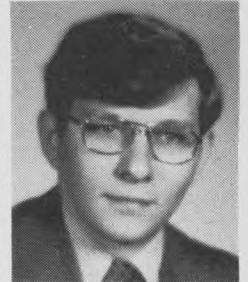
IMPORTANT NOTICE!

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First of Sioux Falls Announces Staff Changes

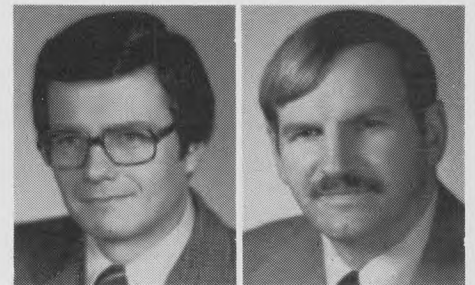
William Baker, president of the First National Bank in Sioux Falls,

has announced the appointment of Lester Timm as auditor. Mr. Timm, 29, is a certified public accountant and comes to the bank from Broecker Hendrickson and Co. He was graduated in 1970 from Mankato State University in Minnesota with a BS degree in accounting.



L. TIMM

Greg Holden, 29, with the bank for three years in the officer training program, has been named assistant auditor. He is a 1974 business administration graduate of Dakota State College in Madison.



G. HOLDEN

J. L. MENKIN

Jerald L. Menken, 33, has joined the bank as senior programmer in the First Data Center. He previously was a programmer analyst with the American National Bank in St. Paul, Minn.

Western Bank, Sioux Falls, Elects Three Directors

T. M. Reardon, president of Western Bank in Sioux Falls, has announced the elections of Duane R. Albers, Richard E. Buehler and T. J. Reardon to the bank's board of directors.

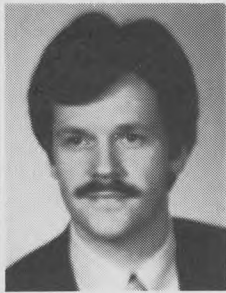


D. R. ALBERS

Mr. Albers, senior vice president of the bank, joins the board with 16 years association with the bank. Mr. Buehler, also senior vice president, joined Western Bank in



R. E. BUEHLER



T. J. REARDON

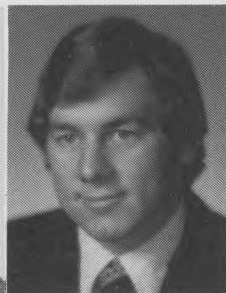
1964 after working in finance management. Mr. Reardon, vice president and operations officer, became a member of the bank's management group in 1968.

National Bank of S.D. Announces Staff Changes

Nels E. Turnquist, president and chief executive officer of the National Bank of South Dakota, Sioux Falls, has announced the following staff changes; Bette Theobald, advanced to assistant vice president, trust operations, main office; Robert Thoen, advanced to instalment loan manager, Madison; Ranae Goltz, elected instalment loan officer, main



B. THEOBALD



R. THOEN

office; Cal Willemsen, elected personal banking officer, main office; Jean Reed, elected loan officer, Sunset Branch, Sioux Falls, and Charles Van Loan, elected personnel officer, Rapid City.

Ms. Theobald began her banking career in 1964 in the commercial loan department. In 1973 she was elected trust operations officer. Mr. Thoen started with the bank in June of 1973 at the South Branch and was elected a loan officer in December of 1973. Ms. Goltz transferred to the main office last year after being at the East Branch since 1973.

Mr. Willemsen joined the management training program at the

main office in May of last year. Ms. Reed joined the bank in Sioux Falls in January of last year, transferring from First Bloomington Lake, where she was credit manager. Mr. Van Loan joined the bank in Rapid City in September of last year.

Arndt E. Dahl

Funeral services were held recently for Arndt E. Dahl, 80.

Mr. Dahl began his banking career in 1917 at the First National Bank in Toronto. He went to Rapid City in 1932 as receiver and examiner in charge of the liquidation of the Pennington County Bank, which had failed. This work led to his part in the establishment of the Rapid City National Bank which eventually became the National Bank of South Dakota.

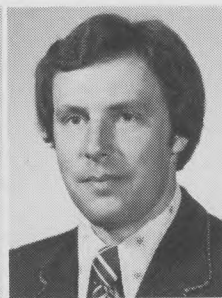
Sioux Falls Banker Named to Head GSDA

C. P. (Buck) Moore, president of the Northwestern National Bank of Sioux Falls, recently was installed as president of the Greater South Dakota Association (GSDA) at its annual meeting in Pierre.

Mr. Moore, in his presidential address, issued a challenge to all South Dakotans to commit to strengthening the economic base of South Dakota for future generations. The top priority for GSDA during the coming year will be water development.



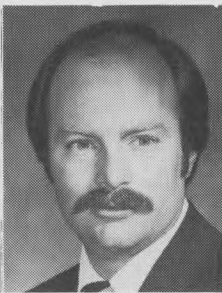
R. GOLTZ




C. WILLEMSEN



J. REED



C. VAN LOAN



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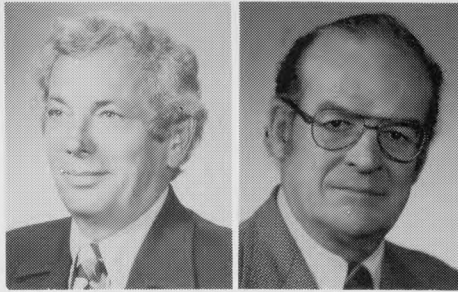
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North Dakota News

HENRY N. NESS President Fargo
W. J. DANER Secretary Bismarck



Bank of N.D. Disburses 62,000 Student Loans

M. E. Stenehjelm, vice president of the Bank of North Dakota, Bismarck, announced that over \$56,000,000 has been disbursed in 62,000 loans to North Dakota students attending colleges, universities and vocational schools throughout the United States. The goal of the student loan department of the bank of North Dakota has been that no North Dakota student will be denied an opportunity for educational advancement.

At the present time, 30% of the loans are for students attending vocational or trade schools largely within North Dakota. Past records show that almost 85% of these students remain in the state after their training has been completed. A continued demand for people with special skills or training is being projected by industrial leaders.

Of the \$56,000,000 in loans that has been disbursed, \$24,000,000 has been repaid. Five million dollars is being repaid each year and that total will increase as more students reach the repayment status. The total necessary to provide adequate funding for the program is at present \$7,500,000 annually or \$2,500,000 of new money. The default rate has been maintained at less than 3% for the state of North Dakota. The default rate of the federal program in other states varies from a 6% to 18%.

First Bank in Grand Forks Announces Staff Changes

Donovan Johnson, vice president in business development, trust department, First Bank of North Dakota-Grand Forks, recently retired after 38 years in banking. He began his career in 1939 as a bookkeeper for an Alexandria, Minn., bank, where he later became vice president. He also was president

NDBA Calendar

- Jan. 25-27—17th Annual Bank Management Conference, Holiday Inn, Jamestown.
- Feb. 22-24—Bank of North Dakota Mid-Winter Break, Kirkwood Motor Inn, Bismarck.
- March 28—Bank Personnel Symposium, Holiday Inn, Fargo.
- March 29—Bank Personnel Symposium, Ramada Inn, Grand Forks.
- March 30—Bank Personnel Symposium, Ramada Inn, Minot.
- April 1—Bank Personnel Symposium, Kirkwood Motor Inn, Bismarck.
- May 22-24—93rd Annual Convention, Ramada Inn, Minot.
- July 23-28—12th Session, Midwest Banking Institute, University of Minnesota, Morris.

and managing officer of the First National Bank in East Grand Forks before he joined First Bank.

The bank also announced the promotions of Mark Ouradnik to personal banking officer from officer trainee and Penny Winter to time pay officer from administrative assistant.

First National of Fargo Announces Staff Changes

R. D. Harkison, president of the First National Bank & Trust Company of Fargo, has announced the retirement of Mary Fike after 28 years of service to the bank.

Ms. Fike began her banking career in 1945 in the bank's instalment loan department. After a short leave of absence to raise a family, she returned to the bank in 1949. She

was named assistant secretary in 1963 and trust officer in 1965.

Mr. Harkison also announced the appointment of David Wehrman to assistant vice president. Mr. Wehrman was graduated in 1972 from Hastings College in Nebraska with a degree in business administration. He joined Northwest Bancorporation in 1972 at the First National Bank of the Black Hills in Rapid City, S.D. In 1974 he came to the Fargo bank and is working in the commercial loan department.

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ABA Automations Division Schedules Workshop

A new and expanded format, which will include a major exhibit of telecommunication products and services, will be the highlight of the Second Telecommunications Workshop, sponsored by the operations and automation division of the American Bankers Association. The Workshop will be held February 12-15 at the Hyatt Regency Hotel in Houston.

Loan Management Seminar

Robert Morris Associates has scheduled its 1978 Loan Management Seminar for April 9-14 and September 10-15 at Indiana University, Bloomington. Registration is limited and will close February 20.

Comptroller Appoints Deputy Chief Counsel

Comptroller of the Currency John G. Heimann has appointed John M. Miller as deputy chief counsel. He has been with the office 12 years, most recently as acting deputy chief counsel.

Wyoming News

O. G. GEESEY President Kemmerer
M. C. MUNDELL Secretary Laramie



Rawlins Bank Names Executive Vice President

David Fleming has joined the First Wyoming Bank, N.A., Rawlins, as executive vice president. Mr. Fleming has been president and chief operating officer of the Americana State Bank of Edina, Minn. He has 20 years of experience in banking, corporate and finance company management. Other associations include MoAmCo Corporation, the Winona National and Savings Bank, Winona, Minn.; East Side Bank, Chicago; and the First National Bank of Winona.

Named at Casper

E. Rube Rider has joined the Hilltop National Bank, Casper, as vice president and manager of the instalment loan department. He comes to the bank from the First Wyoming Bank, East Cheyenne, where he was assistant vice president of the instalment loan department. Previously he had been in the consumer finance business for 20 years as executive vice president of Parkview Consumer Discount Co. in Pennsylvania.

NABW Members Meet

Forty women attended the recent fall meeting of the National Association of Bank Women in Wheatland. Melba Tucker, assistant vice president of the First National Bank of Casper, was elected chairman of the Wyoming Group.

Cheyenne Bank Announces Staff Promotions

Ronald E. Bailey has been promoted to senior vice president, lending division, of the American National Bank, Cheyenne. He began his banking career in 1968 as a loan officer in Casper before joining

American National in 1973 as vice president and manager of the instalment loan department. He became manager of the real estate department in 1977.

The bank also has announced the appointment of Donald L. Collamore as assistant vice president, real estate loans, and Allen D. Ernst as instalment loan officer.

WBA Calendar

January 16-18—Western Agricultural Lenders Institute, University of Wyoming, Laramie.

Feb. 2-3—Credit Conference, Ramada Inn, Casper.

June 14-16—Annual Convention, Jackson Lake Lodge, Moran.

First National of Gillette Announces Staff Changes

The First National Bank of Gillette has announced the promo-

tions of the following bank officers: Donald Johnson, vice president; Mel Lynch, vice president and agricultural representative; Felecie Todd and Arlene Bryant, assistant vice presidents; Karen Stoddard, assistant cashier, and James Sulgrove, auditor.

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Fred H. Wiegand Joins Glenrock Bank

Fred H. Wiegand has joined the First National Bank of Glenrock as instalment loan officer. He has been with the Idaho First National Bank, Pocatello, for over two years. His activities include being first vice president of the American Institute of Banking (AIB) and an AIB instructor.

Promoted at Hanna

First Wyoming Bank, Hanna, has announced the promotion of Linda L. Clemens to operations officer.



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Colorado News

LEO HILL President Boulder
G. L. SCARBORO Exec. Mgr. Denver

Arapahoe Colorado National Names Operations Officer

Arapahoe Colorado National Bank has announced the promotion of Bonnie Howell to operations officer in charge of the proof and bookkeeping departments.

Mrs. Howell joined the bank as a teller in 1973 after receiving a BS degree from the University of Illinois. After becoming head teller, she moved to operations manager.

Elected Chairman At Denver Bank

Leslie B. Arnold has been elected chairman of the board of directors of Lakewood Colorado National Bank, Denver, succeeding Frank Coolbaugh who had been chairman since 1969. Out of town business commitments forced Mr. Coolbaugh's resignation, but he will remain a director.

Mr. Arnold formerly was president and chairman of Majestic Savings & Loan Association, vice president of Van Schaach & Company and vice president of Western Federal Savings & Loan Association. He has been a director of the bank since 1971.

Denver Bank Elects Officers, Announces Promotions

Colorado National Bank, Denver, has announced the promotions of Nelson B. Cole to vice president and Donald E. Widler to assistant vice president. Also announced were the elections of William D. Cusic, Jr., and Gary A. White as new officers.

Mr. Cole joined the bank in 1973 as assistant vice president and served as chief municipal bond trader in the municipal bond trading department. Mr. Widler joined the bank in 1972 as an accountant. In 1977 he became compensation manager.



Mr. Cusic joined the bank as night manager of the proof and transit department and was later named manager, day proof and transit. Mr. White joined CNB as a BankAmericard trainee in 1973 and has managed the proof and transit department.

CBA Calendar

Feb. 19-22—Consumer Credit Conference, Broadmoor Hotel, Colorado Springs.

March 12-15—Agricultural Credit Conference, Colorado Springs.

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

Named at Evergreen

Michele Look has been appointed mortgage loan officer in charge of construction lending, real estate loan department, of the First National Bank of Evergreen.

Ms. Look received a degree in business administration from the University of Minnesota. She joined the bank's staff in 1973 as executive secretary and in 1976 was promoted to loan officer.

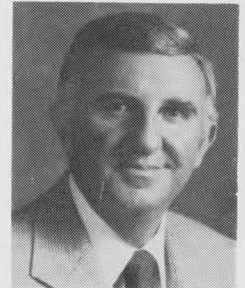
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United Bank Elects 3 Executive Vice Presidents

Charles R. Hazelrigg, Donald W. Robotham and Carroll D. Speckman have been elected executive vice presidents of the United Bank of Denver. Messrs. Hazelrigg and Robotham will continue to manage the two commercial banking divisions. Mr. Speckman will remain in charge of the funds management division.

Utah News



R. T. HEINER
PRESIDENT
Ogden

Tracy-Collins Announces Promotions at Offices

Several new promotions have been announced by Gilbert L. Shelton, president and chairman of Tracy-Collins Bank and Trust, Salt Lake City. They are: Fred J. Hansen, to vice president and auditor; Rex A. Madson, to vice president and credit review officer; Pamela Jones to operations officer, and Regina Lordi, to operations officer, American Office.

The bank also announced the election of Peter K. Ringger, bank vice president and cashier, to its board and to the board of Tracy Mortgage Company.

Utah Mortgage Bankers Elect Officers

Arlin T. Mecham, executive vice president and general manager of Zions Mortgage Co., Salt Lake City, was elected president of the Utah Mortgage Bankers Association.

A member of the state and local liaison committee of the Mortgage Bankers Association of America, Mr. Mecham is a former vice president and manager of the Countiful office of Zions First National Bank.

Elected vice president was LeRoy Mecham, executive vice president, Federal Building & Loan Association.



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By name.

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Bank**
of Denver

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Montana News

W. R. TAIT	President	Butte
J. T. CADBY	Secretary	Helena

Great Falls Bank Names Assistant Vice President

Fae Bergstrom has been promoted to assistant vice president at the First Westside National Bank, Great Falls, according to J. W. Connelly, president. Head of the bank's auditing department since 1967, Ms. Bergstrom began her banking career in 1954 as wholesale clerk and secretary in the instalment loan department at First National Bank. She transferred to First Westside in 1966 as head note teller.

Joins Havre Bank

Ken Trammell has joined the First National Bank in Havre as cashier.

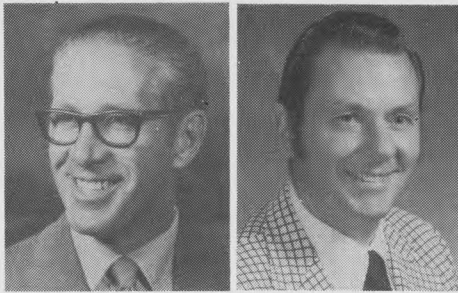
Mr. Trammell began his career with First Bank System in September of 1972 as a trainee for the Aberdeen National Bank in Aberdeen, S.D., and in 1974 became assistant cashier. He is a business administration graduate of Northern State College in Aberdeen.

MBA To Hold Teller Symposiums in February

The Montana Bankers Association will be holding a series of five teller symposiums throughout the state during February. The full-day sessions will be conducted by a team of experienced bank instructors and will include such topics as endorsements, basic transactions, swindles, job success through self-motivation and a wrap-up session reviewing the day's activities.

Instructor Ed Cantwell, who was an instructor for last year's sessions, is a training coordinator for the northern region of the U.S. for Symposiums Incorporated. He has six years of banking experience. Gerry Shields, also an instructor, has 13 years of previous banking experience.

Each symposium will begin at 9



a.m., with registration beginning at 8:30 a.m., and will conclude by 4 p.m.

Dates and locations are:

Saturday, Feb. 4, Moose Lodge, Sidney.

Tuesday, Feb. 7, Holiday Inn-West, Billings.

Thursday, Feb. 9, Ramada Inn, Butte.

Saturday, Feb. 11, Heritage Inn, Great Falls.

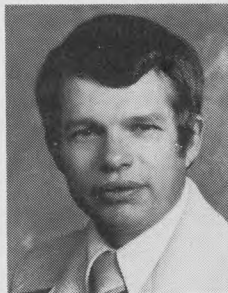
Saturday, Feb. 25, The Ranch, Polson.

Joins Billings Bank

Dan Shively has joined the First Northwestern National Bank, Billings, as assistant vice president in agricultural loans.

Mr. Shively, a graduate of Montana State University, received his MS degree from that school in 1971.

He has worked as a research associate at Kansas State University and a county extension agent in Kansas. Prior to joining the Billings bank, Mr. Shively was with the Home Bank and Trust Company of Eureka, Kan.



D. SHIVELY

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Elected To IBAA Board

Richard A. Kjoss, president, Security Bank, N.A., Billings, has been elected to a three-year term as Montana director of the Independent Bankers Association of America. He succeeds Philip R. Sandquist, board chairman and president, First Security Bank, Bozeman.

Mr. Kjoss will represent IBAA member banks of his state on the association's executive council.

MBA Calendar

- Feb. 4—Teller Symposium, Moose Lodge, Sidney.
- Feb. 7—Teller Symposium, Holiday Inn West, Billings.
- Feb. 9—Teller Symposium, Ramada Inn, Butte.
- Feb. 9-11—Ag Credit Conference, Holiday Inn, Bozeman.
- Feb. 11—Teller Symposium, Heritage Inn, Great Falls.
- Feb. 25—Teller Symposium, The Ranch, Polson.
- April 5—Group 6 Meeting, Butte.
- April 6, Group 7 Meeting, Bozeman.
- April 8, Group 2 Meeting, Glendive.
- April 9—Group 4 Meeting, Poplar.
- April 10—Group 1 Meeting, Chinook.
- April 11—Group 5 Meeting, Helena.
- April 13—Group 3 Meeting, Whitefish.
- April 19—Trust Conference, Helena.
- June 15-16—Real Estate Mortgage Conference, Fairmont Hot Springs, Anaconda.
- July 1—Commercial Lending Conference, Big Sky.
- Aug. 23-25—75th Annual Convention and Membership Meeting, Big Sky.

Bancorporaton To Acquire Helena Bank

The Board of Governors of the Federal Reserve System has announced its approval of the application of Bancorporation of Montana, Great Falls, to acquire Bank of Montana in Helena.

Washington News

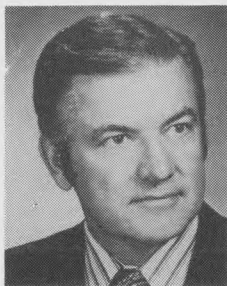


W. G. WOLFORD
President
Ephrata

WBA Calendar

- March 8-9—Commercial Loan Seminar, Providence Heights Conference Center, Issaquah.
 March 28-30—Audit Seminar, Providence Heights Conference Center, Issaquah.
 April—Annual Group Meetings.
 May 5-6—Annual Agri-Banking Forum, Yakima Holiday Inn.
 June 4-9—Northwest Agricultural Credit School, Washington State University, Pullman.
 June 25-27—82nd Annual Convention, Washington Plaza, Seattle.
 Aug. 1-11—Northwest Intermediate Banking School, Lewis & Clark College, Portland.
 Aug. 20-Sept. 2—Pacific Coast Banking School, University of Washington, Seattle.
 Aug. 20-Sept. 2—Pacific Rim Bankers Program, University of Washington, Seattle.

Oregon News



E. G. OTTUM
President
Salem

Opens Office

Peoples Bank of Springfield has opened an office at 210 Pearl Street

in Coburg. It will be known as the Coburg Office of Peoples Bank.

First National To Build 10th and Main Office

The First National Bank of Oregon banking office under construction at S.E. 10th Avenue and S.E. Main Street in Hillsboro will be called the Tenth and Main branch, according to Stephen K. Foster, executive vice president.

The commercial banking facility will include four teller windows, two drive-up teller windows and a First Day and Night Teller machine for 24-hour banking. The building also will house the Hillsboro office of the bank's real estate loan division.

Coos Bay Bank To Open South Bend Branch

Western Bank of Coos Bay has received permission to open a facility outside the southern boundary of Bend to be known as the South Bend Branch.

Name Change

Family State Bank, Grants Pass, has changed its name to Family Bank of Commerce.

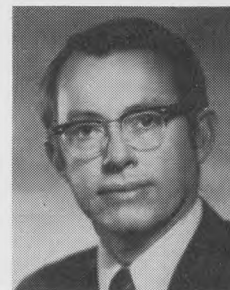
OBA Calendar

- June 28-30—73rd Annual Convention, Sunriver.
 Dec. 3-5—Mid Year Conference, Portland.

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.

Idaho News



T. H. ALLEN
President
Boise

IBA Calendar

- April 21—Mid-Management and Young Bankers Convention, Rodeway Inn, Boise.
 June 18-21—Annual Convention, Sun Valley.

Idaho First National Announces Promotions

The Idaho First National Bank, Boise, has announced the following promotions: loan officers—James L. Arnett, head office, Boise, William B. Rawlins, Sherman Avenue Office, Coeur d'Alene, Carl R. Meyer, Rexburg Office, Richard C. Humphrey, Blue Lakes Office, Twin Falls; assistant managers—Bruce Clatterbaugh, Jerome Office, and Dean Smith, Soda Springs Office.

Construction Begins On First National Office

Construction has begun on permanent quarters for The Idaho First National Bank's West State Office in Boise. The single story building will be located directly south of the bank's present facility at 3845 West State Street, according to Larry Fortin, manager.

The stucco and cedar, 4,500 square foot building, will be completed in the late spring. It doubles the present number of teller stations, triples the safe-deposit box capacity and contains a separate conference room. The new bank's double drive-in window is designed to accommodate a third drive-in lane for future use.

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So, the next time you see Jay Bordewick (you probably know him, he heads up our Correspondent Banking team) or any one of our do-it-all correspondent bankers, tell them what you need. Or, call either one of us. We guarantee good service.

**US NATIONAL
BANK** of Omaha

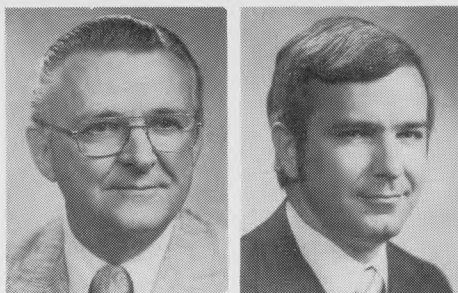
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*Don Murphy is Chairman of the Board
and Chief Executive Officer.*

Bob Krane is President and Chief Operating Officer.

Nebraska News

H. E. LARMON President McCook
R. E. HARRIS Exec. Mgr. Lincoln



U of N Lincoln Study Shows Nebraska's Small Banks Are Doing Their Job

A RESEARCH study completed by two University of Nebraska-Lincoln instructors in the College of Business Administration contends that small banks in Nebraska have consistently outperformed the average American bank in meeting the credit needs of their communities.

Authors of the study, published in the December issue of the U of N's *Business in Nebraska*, are Manfred O. Peterson and William D. Gerdes. Mr. Peterson is a professor in the finance department and joined the department recently after an extensive background in banking and with the FDIC. Mr. Gerdes is a research associate in the Bureau of Business Research and is completing his

Year	Realized Net Farm Income (millions of dollars)	Percentage Change
1970	527.9	---
1971	407.4	-22.8
1972	637.4	+56.5
1973	933.0	+46.4
1974	1,132.9	+21.4
1975	848.8	-25.1
1976	475.4	-44.0

Source: State Farm Income Statistics, Economic Research Service, U.S. Department of Agriculture.

Ph.D. in Economics at the university under Professor Wayne Dobson, the Abbott Professor of Banking at the school.

The study is based on mid-year and year-end reports of condition obtained from the Federal Reserve System for December '72 through December '76. Using a loan/asset ratio it shows that small Nebraska banks (those with deposits of less than \$10 million) have consistently loaned from 62.7% to 66.4% of their loan portfolios to farmers. A comparison with all small banks in the nation further shows that Nebraska small banks had a higher loan/asset ratio for each reporting period covered in the study, ranging from a low of 46.45% in 1973 to a high of 56.63% at 1976 year-end.

In addition, all Nebraska banks outperformed the average of all U. S.

banks in the same period in all except two reports.

The study points out that loan/asset ratios vary from bank to bank depending on the individual character of the bank or the makeup of the community.

It further delves into the lower loan/asset ratios noted in late 1973 and throughout 1974 and points out that increased farm income in those years created higher farm liquidity and depressed the demand for farm loans. The reverse is true at the present time. These figures are borne out in charts that show realized net farm income in 1973 and 1974 of \$933 million and \$1,329.9 million respectively, with a drop to \$475.4 million for 1976.

The report states, "Evidence for the period under consideration does not support the hypothesis that small banks in Nebraska have been insensitive to the credit needs of their customers."

A complete copy of the report may be obtained by contacting Publications Services & Control, University of Nebraska-Lincoln, Nebraska Hall-City Campus 5U, Lincoln, Nebr. 68588.

Open House at Scottsbluff

An open house was held recently at the new Western National Bank Plaza Drive-In at the Panhandle Plaza.

Named at Grand Island

Directors of the First National Bank of Grand Island have announced the appointment of Ronald D. Meade to senior vice president and manager of the commercial loan department.

Mr. Meade has served as commercial loan officer since joining First National Bank in 1970. He was named a vice president in 1974. He is a 1963 graduate of the University of Nebraska with a BS in business administration.

First State of Gothenburg To Construct Addition

First State Bank of Gothenburg has announced that construction has begun on a detached drive-in facility on the corner of Avenue F at 10th Street. The modern structure is scheduled for completion next summer.

Date	Small Nebraska Banks*	All Nebraska Banks	Small U.S. Banks*	All U.S. Banks
Dec. '72	48.57	49.59	46.09	48.12
June '73	51.42	52.60	47.56	50.05
Dec. '73	46.45	48.60	45.70	49.05
June '74	49.83	51.58	47.29	50.56
Dec. '74	47.11	48.97	46.48	49.77
June '75	49.77	51.07	47.72	49.82
Dec. '75	50.30	51.28	47.85	49.80
June '76	55.01	56.17	51.04	52.64
Dec. '76	56.63	57.53	**	**

*Under \$10 million

**December 31, 1976, records for several banks outside of Nebraska were incomplete. As a consequence, loan/asset ratios for U.S. banks were not computed for this call date.

Source: Federal Reserve System tapes of the *Report of Condition of Insured Commercial Banks and Their Consolidated Domestic Subsidiaries*.

Date	Type of Loan			All Other ²
	Farm ¹	Commercial and Industrial	Individual	
Dec. '72	66.4	12.4	13.6	7.6
June '73	65.3	13.1	14.1	7.5
Dec. '73	64.8	13.2	14.3	7.7
June '74	63.8	14.8	14.0	7.4
Dec. '74	63.8	13.7	14.5	8.0
June '75	62.7	14.5	14.7	8.1
Dec. '75	63.2	13.5	15.0	8.3
June '76	63.1	13.5	15.2	8.2
Dec. '76	63.2	12.7	15.5	8.6

¹Includes loans to farmers and real estate loans secured by farmland.

²Includes real estate loans (except those secured by farmland), loans to financial institutions, loans for purchasing and carrying securities, and all other loans.

Source: Federal Reserve System tapes of the *Report of Condition of Insured Commercial Banks and Their Consolidated Domestic Subsidiaries*.

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.

Omaha News

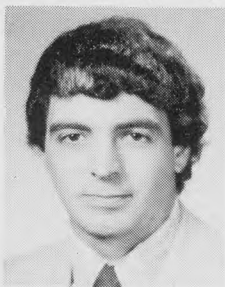


SEVERAL officer appointments were announced recently by **John D. Woods**, chairman of The Omaha National Bank.

Those appointed are: **Michael L. Dahir** and **Carl L. Rapp, Jr.**, vice presidents; **Ronald K. Hill**, second vice president; **Louise M. Bazemore** and **Eudell Remmeroid**, systems officers; **Ronald D. Bolton**, collection officer; **Bruce R. Jensen**, operations officer; **Roger L. Lewis**, marketing officer; **Alan J. Rausch**, financial officer for the Omaha National Corporation, the bank's holding company; **Astrida Rogainis**, international service officer; **Doris Antony**, assistant operations officer; **Duane D. Feekin**, assistant personnel officer; and **George W. Palmer**, assistant operations officer.

Mr. Dahir joined the bank in 1974 as a credit analyst. He was appointed a loan officer the same year and a second vice president in 1975. **Mr. Dahir** is manager of Omaha National's leasing operation.

Mr. Rapp, Jr. joined the bank in 1973 as a staff accountant, later was named corporate planning and development officer and in 1975 was



M. L. DAHIR

appointed a second vice president. He was named controller in 1976.

Mr. Hill has been with the bank since 1969. He was appointed a systems officer in 1974 and currently is manager of product analysis and programming in the information systems and services department.

Ms. Bazemore joined Omaha National in 1965 and was named an assistant operations officer in 1973. She now is a senior methods analyst in the information systems and services department.

Mr. Remmereid came to the bank in 1974 as a programmer. He was named an assistant systems officer in 1976 and currently is product manager in the information systems and services department.

Mr. Bolton joined Omaha National in 1975 as a collector in the consumer finance area. He joined the commercial instalment loan area in 1975 as an accounts representative and was named an assistant collection officer in 1976.

Mr. Jensen has been with the bank since 1973, joining as a junior transit specialist in the check collections department. He was named assistant operations officer in 1976 and currently is transit manager.

Mr. Lewis came to the bank last June from The Omaha World-Herald where he was business reporter. He is communications director in the marketing department.

Mr. Rausch came to Omaha National last October from Touche, Ross & Co., where he was an audit supervisor. He is assistant controller.

Ms. Rogainis joined the bank in 1969 as a secretary in the international department. She later became a staff auditor and last October returned to the international department as manager of international services.

Ms. Antony has been with the bank since 1970. She was named supervisor of credit files in 1974 and an overdraft representative in 1976. She currently is intra-bank customer service coordinator.

Mr. Feekin joined Omaha National in 1975 as a personnel interviewer. Earlier this year he was named manager of employment and training.

Mr. Palmer has been with the bank since 1967. He initially was assigned to the proof and transit area, then in 1970 became a staging clerk in the information systems and services department. He later was named staging supervisor and now is production manager.

**

Larry J. Richling has joined Realbanc Inc., an Omaha based mortgage banking firm, as a residential mortgage loan officer. An Omaha native, **Mr. Richling** formerly held a similar position with the Banco Mortgage Co. in Omaha.

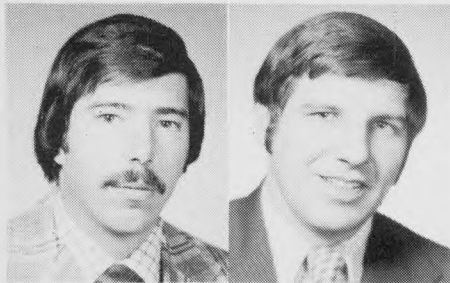
Lynn Boyd has been named to the board of directors of Southroads Bank. She is manager of the Brandeis store at the Southroads.

The Omaha National Bank has begun offering a streamline Custodial Keogh Plan designed specifically to meet the needs of self-employed individuals and smaller businesses.

The Custodial Keogh was developed to make it relatively simple for the customer to administer, but at the same time provide important options in setting up the retirement program. The plan has been pre-approved by the Internal Revenue Service, so there is no need for the customer to seek individual approval.

There is no initial fee to establish a Custodial Keogh Plan, nor are there any service charges. The funds are placed in a savings account earning 7¾ interest compounded daily.

Custodial Keoghs will be offered through Omaha National's Family Banking Centers, along with Individual Retirement Accounts. These two programs are in addition to the array of pension and profit-sharing programs offered by the bank's estate and trust division.



C. L. RAPP, JR.

R. K. HILL



don ostrand

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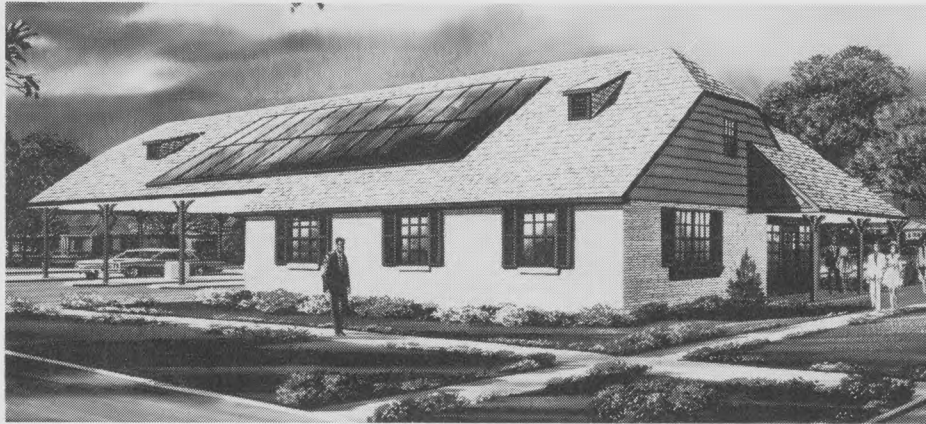
First National's Correspondent Banking Professionals are dedicated to meeting the individual needs of your bank and your customers, and there's only one way to do that. Come on . . . We can't wait to go ① on ① with you.



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The Cattle National Motor Bank, Seward

E. T. Warnemunde

Funeral services were held recently for E. T. Warnemunde, president of the Winside State Bank. He was 73.

Mr. Warnemunde had a history of heart disease. He had been with the bank since he helped establish it more than 40 years ago. Besides having served as town mayor, he also has been village clerk and on the district school board.

Seward Motor Bank Uses Solar Energy

THE Cattle National Motor Bank in Seward, now under construction, will use both solar heat and air conditioning. Other features of the new building will be totally secured teller area, small inside lobby and office, three lane drive-in, two traffic entrances and customer parking. Plans call for a late winter or early spring opening.

It is anticipated that 65% of the heating and 75% of the air conditioning will be provided by solar energy through the utilization of hot water heated in solar collectors and stored in a 1,000 gallon buried tank. A heating-cooling coil is located within the forced air duct through which the heated or cooled water will flow to control the interior temperature. The heat will be supplied by transferring the energy directly from the stored hot water.

The air conditioner is an absorption system, which uses heat to run it in place of an electrical driven compressor. The hot water is used in place of a gas flame to run the air conditioner and produces the cold water which is pumped to the heating-cooling coil for distribution. An auxiliary gas 30 gallon water heater is used in the system to heat the water at night or when the sun is not shining.

Traffic flow is considered the highlight of this facility. The design of the building with its shake roof, porch overhang and bay window is Bavarian.

Robert C. Dawson of Hemphill, Vierk & Dawson, Lincoln, is the architect. Solar equipment came from Ken Long of Long & Noel, Lincoln, the equipment from Mosler

Safe Company and Jirovsky & Feigion of Seward is the contractor.

Loan Firm Opens in York

Dean Sack, president and chairman of the York State Bank and Trust Company, has announced that approval has been given for a new industrial loan and savings company to be known as the First York Savings Company.

It will be owned by the York State Company which is the holding company affiliate of the York State Bank and Trust Company.

The company will be located in the former City National Bank Building at 123 E. Sixth St. Anticipated opening is March 1.

NBA Calendar

- Jan. 19-20—Instalment Credit Conference, Kearney.
- Jan. 19—Executive Council Area Dinner, SE Area Group 1 Meeting, Lincoln.
- Jan. 20—Executive Council Meeting, Lincoln.
- Feb. 9-13—Bank Presidents' Conference, Scottsdale.
- March 14—Executive Council Area Dinner—Western, Scottsbluff.
- March 15—Executive Council Meeting, Scottsbluff.
- March 15-16—Ag Outlook Conference, Kearney.
- April 30-May 2—Annual Convention, Omaha.
- June 11-14—Washington Visit.

1st Mid America Staff Buys Control of Firm

Purchase of controlling interest of First Mid America Inc. by certain of its officers was announced last month by Charles J. Burmeister, president. Mr. Burmeister indicated that the purchase places all of the stock of the company in the hands of officers and employees for the first time since it was founded in 1961.

Officers of First Mid America Inc. who participated in the transaction are Thomas C. Smith, Gary J. Nickel, Richard C. Garton and Charles J. Burmeister of Lincoln; Burton L. Robinson, James T. Warren and John J. Frenking of Omaha; Carl R. Brasee of Grand Island; George B. Ashby of Kansas City, Mo., and James Glaser of Des Moines, Ia. Concurrent with the purchase of controlling interest, Messrs. Smith, Nickel and Garton of Lincoln, Warren and Frenking of Omaha, and Ashby of Kansas City became new members of First Mid America's board of directors.

First Mid America Inc. is a regional stock and commodity brokerage and investment banking firm headquartered in Lincoln and Omaha, with other offices located in Grand Island, Hastings, Columbus and Shelby, Nebr.; Des Moines, Cedar Rapids, Fort Dodge, Marshalltown and Atlantic, Ia.; Kansas City and Maryville, Mo., and Chicago, Ill.

The firm is a member of the New York Stock Exchange, Chicago Board of Trade and Chicago Mercantile Exchange, employs 225 persons, and serves 26,000 accounts throughout the Midwest.

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General Ledger
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Savings
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ACH Capabilities

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NBC National Bank of Commerce
The People Place

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Lincoln News



JAY L. Smith has been appointed vice president and cashier of the Havelock Bank succeeding Richard H. Harner who has assumed the position of president and cashier of Home State Bank, Louisville, Neb. Mr. Smith formerly was associated with the First National Lincoln as coordinator for NETS.



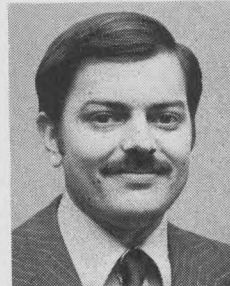
J. L. SMITH

First National Lincoln has introduced its self operated Ready Cash convenience terminals located at eight locations throughout the city.

Customers, with their First National Lincoln Key Card and their personal identification number, can

privately, quickly and easily withdraw up to \$150 from their checking or savings account, transfer funds from checking to savings accounts or vice versa and obtain the current bank balance in their accounts.

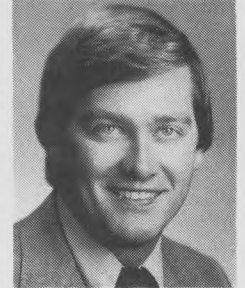
Thomas J. Remington has been named vice president of Citizens State Bank. Formerly with Packers National Bank and Packers Insurance Agency in Omaha, Mr. Remington, who has held positions in the banking and insurance field since 1971, is a 1969 graduate of the University of Nebraska, Lincoln. During his residence in Omaha, Mr. Remington



T. J. REMINGTON

was original incorporator and currently serves as treasurer of Mobility, Inc.—a non-profit organization providing transportation for the handicapped.

Doug Johnson, president of Financial Coverages, a Lincoln-based bank insurance marketing organization, has announced the appointment of **William E. Jensen** as sales executive. He will service banks in central and western Nebraska.



W. E. JENSEN

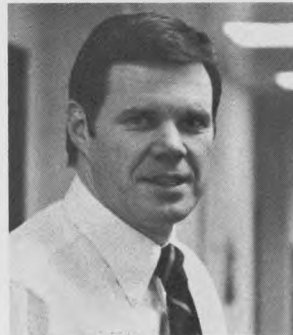
Mr. Jensen is a graduate of Kearney State College. For the past 10 years, he has been with the First National Bank in Kearney, most recently as head of the instalment loan department.

Gerald C. Schmid, Jr., 54, vice president and manager, computer systems and programming division, First National Lincoln, died Saturday, December 3, of Lou Gehrig's disease.

Mr. Schmid, who had been with First National since 1963, distinguished himself as one of the early leaders in the industry-wide development of EFTS. He was one of the founding members and vice president of the Mid-America Automated Clearing House; a member of the American Bankers Association's committee on research and planning/communications for cooperating users of Burroughs Equipment (CUBE); a member of the automation and standards committee of the American Bankers Association; and, chairman of the standards committee of the Nebraska Electronic Funds Transfer System (NETS).



Fred Douglas



Dave VanMetre

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Group 1 in Sioux City*



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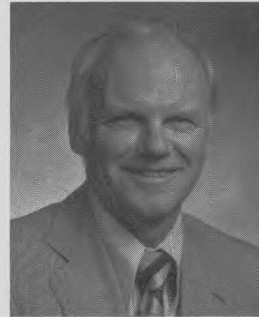


Open House at Imperial Bank

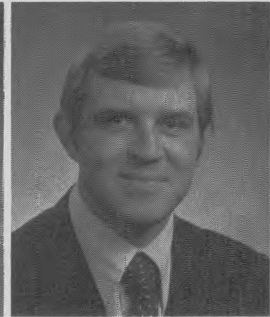
The Chase County Bank and Trust Company, Imperial, recently held an open house to allow the public to tour its newly-remodeled facility, according to John B. Adams, executive vice president. The bank doubled its floorspace in its expansion into an adjacent building.

Over 500 people visited the bank during the day. Refreshments, gifts, and door prizes were provided.

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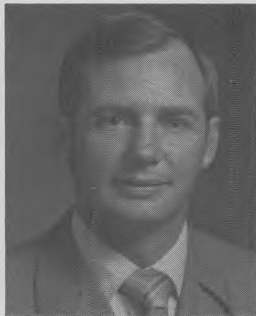
JIM BULLOCK



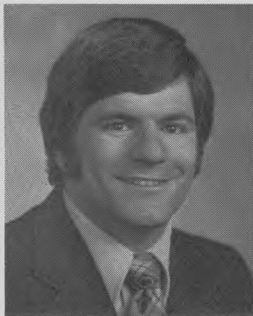
DWAIN CARLSON



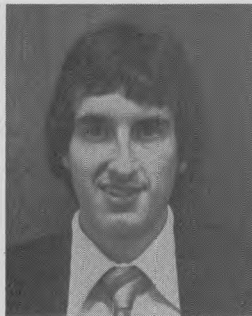
RAY McMAHON



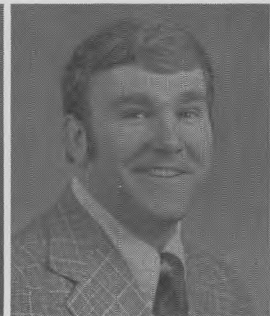
JIM FOX



JERRY LIST



TOM LOTT



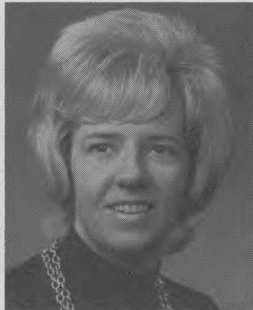
JOHN WALTERS



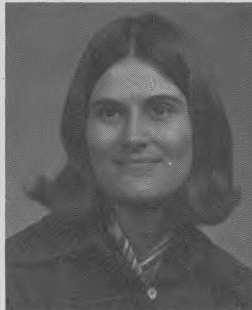
BILL WARNER



SAM WHITWORTH



LINDA PETERSEN



KAREN BLOUNT



THELMA COTTER



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Iowa News

C. F. ARMSTRONG President Dubuque
NEIL MILNER Exec. V.P. Des Moines



ITS Considers Lower Cost Switch

MEMBERS of the Iowa Transfer System board of directors reaffirmed last month at their December meeting their support of the association owned and operated switch. In line with a letter of December 7 to all ITS members from John Chrystal, president of ITS and president of the Iowa Savings Bank in Coon Rapids, the policy committee discussed alternatives to the present mode of operation.

Mr. Chrystal pointed out in his letter that original volume projections were too high, necessitating a review of operations and alternative methods for handling electronic funds transfer of items.

Among alternatives discussed, it was reported, was a scaled down arrangement with Dial Finance Co., which presently operates the central switch, which would bring costs down to a more modest level.

The policy committee also considered bids from other vendors, including Central National Bank and Trust Company, Des Moines. From among these several alternatives, one will be selected for a continued switch operation. For the immediate future the switch will continue in a behind-the-bank mode, although the original goal of a switch-in-front will eventually be installed, it was stated by Dale Dooley, executive director of ITS.

Mr. Chrystal noted that "the processing cost of the current system is in excess of \$35,000 per month while the processing cost of the proposed system is \$15,000 or less per month."

At their December meeting, banker members of the ITS board were told that the 73 terminals in place in November had total transactions of 85,739, with 31,905 of these going through the switch. Total transaction growth was reportedly up about 25% over October, and switch transactions were up 17% based on daily growth

in November over the 28,127 switch transactions in October, after accounting for the number of days in the month.

Mr. Chrystal explained in his letter that one factor contributing to more favorable alternatives today is the great advances made in computers in the two years since ITS was formed, particularly with lower cost hardware. Mr. Chrystal also pointed to the invaluable experience and knowledge acquired in EFT development in Iowa and stated, "With the apparent availability of a much lower switch operating cost, I personally feel more secure in the future of ITS."

Greater expansion of community bank EFT involvement with POS and ATM installations is anticipated as on-line capacity of city correspondent bank processors continues to expand.

Tama State Bank Names Director

William J. Boehm, president of the Tama State Bank, has announced the appointment of Ben Morris, Tama attorney, as a new member of the bank's board of directors. Mr. Morris is associated with Gary Anderson and Mark Havlik in practice.

IBA Names Marketing, Public Relations Director

Mark Douglas has been appointed public relations and marketing director of the Iowa Bankers Assoc. (IBA). He replaces Lark Billick who is now advertising director for the Marine Corporation, Milwaukee, Wis.



M. DOUGLAS

Before joining IBA, Mr. Douglas was public information supervisor for the Iowa Public Broadcasting Network (IPBN). A 1971 graduate of the University of Iowa, he served in the United States Army until 1973 as public information specialist.

In his new position, Mr. Douglas will be responsible for the statewide public relations and marketing activities of the 649 member bank association.

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.

1978 Iowa Group Meetings

Date	Group	City
Feb. 10-11	1	Sioux City
Feb. 19-20	11	Burlington
May 8	8	Davenport
May 9	4	Dubuque
May 10	7	Waterloo
May 11	6	Des Moines
May 22	5	Council Bluffs
May 23	2	Fort Dodge
May 25	3	Clear Lake
May 26	12	Okoboji



PANELIST—Shown seated from left are: Maurice Van Nostrand; John R. Fitzgibbon, and Donald A. King. Standing from left are: Lee R. Kolmer; Jack J. Crocker, and Edward Glazer.

Iowa Business Trend Speakers View 1978 Economic Outlook

NEARLY 500 area business leaders had an opportunity to view Iowa business trends for 1978 by attending the 19th annual conference hosted by the Iowa-Des Moines National Bank last month. John R. Fitzgibbon, chairman, president and chief executive officer of the host bank, presided over the fast-moving morning meeting and the luncheon that followed.

As in previous years, speakers viewed inflation as the biggest threat to the business recovery in 1978. Perhaps the most optimistic of the five scheduled speakers was Edward Glazer, chairman and chief executive officer of Dial Finance, Des Moines. Less optimistic views were held by speakers on energy and agriculture. Here are the highlights:

Lee R. Kolmer, dean of college of agriculture, Iowa State University, Ames: "There are several important factors that we must keep in mind as we work with agriculture. They are: (1) greater price and income uncertainty, (2) continuing pressure for farming to become more capital

intensive, (3) greater premium on management ability, (4) increasing diversification, (5) pressure to reduce the time lag between discovery and adoption in order to gain competitive advantage, and (6) continued pressure to expand the size of the farm.

"It is possible that the bulk of the instability generated by short grain crops in countries like Russia or China will be thrown upon the exporting countries such as the United States. In periods of low international harvest, countries like Russia compete vigorously with the domestic livestock industry for the supply of feed and food grains produced in this nation.

"In years of average or above average harvests in other nations, the American livestock industry, because of lower feed costs, is encouraged to increase the rate of grain feeding and thereby provide some balance to the total supply-demand equation. This type of activity creates large problems for livestock producers as well as for grain producers.

"I see nothing on the horizon that would at this time change our policy and philosophy in this regard. U.S. Agriculture may be characterized as a roller coaster agriculture for the next 15 or 20 years."

Ed Glazer, president, Dial Finance, Des Moines: "The nation's population is growing younger and today about half of all adults are under the age of 40. This group came of age in a relatively prosperous era and in a period of extraordinary changes. They are better educated, and their lifestyles are changing. They are interested in more leisure time and are spending more for cars, motorcycles, boats, recreational sports and a home with television sets, stereos, etc. Most consumers believe that they are making a sensible decision when they buy durable goods even if they have to borrow to do so.

"While I can't document this statement, it is based on my 30 years in the consumer finance industry. Our loan receivables seem to decline a few months before we read in the

paper about a recession or a slow-down in the economy and our business seems to pick up three to six months before we learn that the country's coming out of a recession or economic slow-down. The consumer may be a better judge of the economy than are the economists putting out reports for the federal government.

"Consumers this year feel very confident and I believe the gain in consumer credit for 1977 will be the largest in the last 10 years, showing an increase of about 12%. Consumer repayments are near 15% of disposable income and there is some concern that might be dangerous. The facts are that our industry is having the lowest rate of delinquency that we have had in a good number of years. The consumer finance business will be good in 1978, showing a gain in the 8-10% range. 1978 will be a very good business year, and Iowa and the middlewest will share in this picture."

Maurice Van Nostrand, chairman, Iowa Commerce Commission, Des Moines: "A frank discussion about the energy situation as it exists in

the United States today tends to be rather depressing. Each day, our country is taking 150,000 barrels of imported crude oil and dumping it back into pumped-out oil wells in America. On the basis of a 30-day reserve of 150,000 barrels a day, we can accumulate enough oil to provide for this nation for just six hours!

"Americans refuse to accept the fact that there is an energy crisis. A recent poll conducted by the New York Times and CBS showed 48% of those interviewed thought the United States did import some oil; 33% said we did not import any oil, and 19% didn't know or care. Actually, we are importing 8.7 million barrels of oil - enough to fill a row of oil trucks 500 miles long - is brought into the United States from foreign countries each day. Our foreign oil bill in 1977 will be \$45 billion, compared to only \$3 billion in 1970.

"In 1970, we spent \$3 billion on foreign oil and we sold \$7 billion in farm products to foreign countries. Today, our farm exports will be slightly more than one-half of our oil bill - about \$24 billion. Could there be any clearer sign to the Congress

than a drastic change of policy is imperative?

"It is obvious the United States cannot develop an independent foreign policy with the present dependence on other nations for oil. It is also obvious that the projected 1977 deficit in the U.S. balance of payments of \$30 billion is largely the result of our huge and growing oil bill. Those factors alone call for a dramatic and immediate series of steps to narrow the gap between U.S. oil consumption and U.S. oil production. A cutoff of oil by the Middle East would deprive us of 17% of the oil we use, making it impossible to maintain our economic and political freedom.

"History will record that our current energy policy was not founded on logic, nor reason, nor economics - but on hatred - the hatred many of our political people feel for our energy companies. How else can you explain that our Congress thinks it is perfectly okay to pay foreign dictatorships \$14 a barrel for oil while insisting that Oklahoma and Texas oil is worth only \$9 per barrel. Moving prices of energy to their replacement cost -

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BANCO

with a simultaneous plea by Congress for citizen help to loosen the Arab stranglehold on our nation will - I'm confident - bring about energy conservation."

Jack J. Crocker, chairman, Super Valu Stores, Inc., Hopkins, Minn.: "Looking at future trends in retail food merchandising, we will see a continuing proliferation of more and more items requiring bigger stores, greater refrigeration, more handling, more paperwork, and a slower turnover of merchandise. From the retailers point of view, certain economic forces are at work which will impact his merchandising effort. They are: (1) food retailing is an almost no-growth industry, (2) wage costs are the major cost of a supermarket, and if wages continue to rise at a 10% annual rate, a cashier in a grocery store will be earning over \$30,000 per year in just seven years, (3) prices will double in 10 years under our current 7% inflation rate, (4) utility costs in some stores exceed \$1,000 per day, frequently exceeding the rent, (5) cost of government regulation in the food industry is estimated at \$400 million, and (6) between 35% and 40% of all food consumed today is consumed away from home, and this figure may rise, and (7) with debt to equity ratios already very high, with stock market multiples low, and with return on equity before dividends about 10%, capital (cash) is a real challenge.

"In the future, you will see customers becoming increasingly aware of nutrition; new concepts of merchandising in small stores, and retailers going for high volume per square foot. It will be survival of the fittest, and there will be fewer processors, fewer wholesalers, and fewer retail stores. There will be fewer items, and the stores that remain will not all be giant stores.

Customers will be better served and the industry will be a healthier one."

Donald A. King, vice president/economist, The Equitable Life Assurance Society of the United States, New York: "The accomplishments of the current expansion, which began in the second quarter of 1975, have not been fairly robust when compared with other recovery periods. Real growth has increased 15%; employment growth is up over 7%; growth of real personal consumption expenditures and real fixed investment are also slightly ahead of the average of other recoveries. In addition, to good production and income growth, substantial progress has been made in reducing interest rates and the rate of inflation from peak levels.

"The consumer has played the leading role in the expansion. Rising real incomes and heavy use of instalment credit have supported strong spending increases. It also appears that some consumers have been taking out second mortgages to monetize the capital gains on their homes, and these funds have been used to support additional spending. While it does seem likely that consumer spending will be less buoyant in the future, there is nothing I see to suggest that consumers are over-extended and about to retrench in a major way. In general, the consumer seems to be in fairly good financial shape. Corporations, too, have made substantial progress in improving their financial positions. Cash flow has been good and corporate managers have exercised careful control over investment outlays. Inventories have been kept in line with sales. Capital spending has also been conservative. Big capital expansions in anticipation of big future markets have not been taken. Strong demand in the housing sector, the availability of mortgage funds, and innovative mortgage lending have resulted in a boom in housing sales and new single family dwellings. Finally, government spending has been fairly moderate with Federal outlays falling short of

budget estimates.

Major Problems

"Looking at major economic problems we will be facing ahead, I am concerned about the fact that we need a coherent economic policy in Washington. While it is laudable that the Administration is willing to tackle some of the hard issues, its economic strategies for these proposals are not integrated, and this has resulted in inconsistency and uncertainty. As a result, one and one-half points may be added to the rate of inflation by late 1978.

"Another major concern is the prospect that government, business, labor and consumers will accept and tolerate a high 6% base rate of inflation. Added to this is the unemployment problem where the rate is at 7%. It is 6% for whites and 15% for blacks; it is 14.8% for white teenagers and 40% for black teenagers. Economic growth offers jobs requiring skills and experience which the bulk of the unemployed do not have.

"Public service jobs offer more direct relief and this has become an important program. By year-end 750,000 public service jobs will have been created and by March, 1978, another 450,000. The Government is now seeking funds to support the creation of an additional 700,000 jobs in 1978.

"The final issue I would like to comment on is the federal budget. The budget for fiscal 1978 is currently estimated to be in deficit by \$60 billion, which will be increased if a fiscal stimulus package is legislated in 1978. The budget was in deficit by \$45 billion in fiscal 1977 and \$66½ billion in fiscal 1976. These figures are frightening in themselves, but they become even more so when we consider that large deficits have occurred during a period of brisk economic expansion and at a time when high rates of inflation and a progressive tax structure have swelled the federal coffers. The long and the short of it is that federal spending is simply out of control."

Decorah Banker To Head Good Roads Association

William P. Ronan has been elected president of the Iowa Good Roads Association. He is president of the Decorah State Bank.

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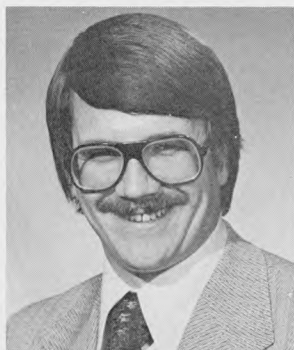
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Group 1 Meets Feb. 10-11 in Sioux City

FOLLOWING the successful format adopted for their meeting last year, officers of Group 1 of the Iowa Bankers Association have scheduled the 1978 meeting again at the Marina Inn, South Sioux City, Nebr. Meeting dates are Friday, February 10 and Saturday, February 11, according to Leslie H. Olson, president of the Sioux City Bankers Association, which hosts the annual event. Mr. Olson is President of the Toy National Bank.



L. H. OLSON

The registration desk at the Marina Inn will open at 6:00 p.m., Friday followed by a social hour and buffet from 8:00 p.m. to 10:30 p.m., courtesy of the Sioux City Bankers Association.

Saturday registration commences at 9:00 a.m. Pre-registrants will

have their name tags and tickets expedited at a separate table. Exhibitors will be located on the convention floor.

A ladies luncheon on Saturday is scheduled for 11:30 a.m. at the Sioux City Country Club, with Mrs. Leslie H. Olson as chairwoman. Bus service will be available between the Marina Inn, Hilton Hotel and the Country Club. A style show will be given by Williges.

President of Group 1 is Clifford H. Young, executive vice president,



H. LOGAN



C. H. YOUNG

Onawa State Bank. Secretary is Howard Logan, president, First Trust and Savings Bank, Merville.

The program follows:

Friday, February 10

P.M.

6:00 Registration, Marina Inn, South Sioux City.

8:00 Social Hour and Buffet, Marina Inn; courtesy Sioux City Bankers Association.

Saturday, February 11

A.M.

9:00 Registration, Marina Inn.

11:30 Ladies Luncheon, Sioux City Country Club.

11:30 Delegates luncheon, Marina Inn.

Presiding—Clifford H. Young, Group 1 chairman.

Invocation—Rev. Roy G. Smith, Pastor, First Congregational Church, Sioux City.

P.M.

12:30 Flag Presentation—185th TAC Group, Iowa Air National Guard.

IBA Activities—Christy F. Armstrong, president, Iowa Bankers Association; president, American Trust & Savings Bank, Dubuque.



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GARY STEVENSON
Vice President

Feb. 10-11, 1978

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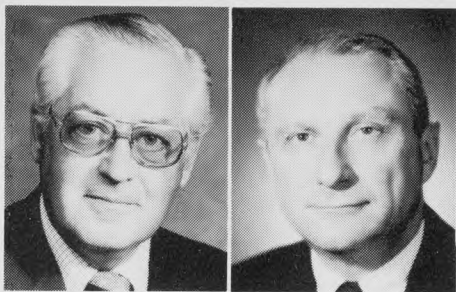
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C. F. ARMSTRONG J. D. CHISHOLM



D. PAARLBERG J. N. CHRISTIANSON

Remarks—Neil Milner, IBA executive vice president.

Remarks—Thomas H. Huston, Iowa Superintendent of banking.

Remarks—John D. Chisholm, chairman, ABA savings bond committee; president, Marquette Bank and Trust Company, Rochester, Minn.

1:20 "Agricultural Outlook and Farm Legislation"—Dr. Don Paarlberg, professor emeritus, Purdue University.

2:00 "You Can't Lead a Cavalry Charge If You Think You Look Funny Sitting on a Horse"—J. N. "Chris" Christianson, Christianson Communications, Scottsdale, Ariz.

3:00 Adjournment.

6:30 Social Hour, Marina Inn.

7:30 Banquet, Marina Inn, followed by entertainment and Greg Spevak Orchestra. □

Hartley Bank Expands

The Security State Bank, Hartley, recently completed extensive remodeling and an addition, according to Robert F. Green, president.

The one-story, contemporary, brick building has 5,280 square feet and is located on a corner lot. A new teller line, vault and drive-up window are some of the conveniences offered.

Bank Building Corporation, St. Louis, was consultant and construction manager for the project.

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Manilla State Bank Has New Home

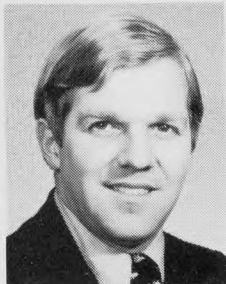


THE MANILLA State Bank recently held an open house in its new building. The structure is frame construction with cedar siding. It has 3 offices, large bookkeeping area and drive-up window. Redwood is featured in the lobby. The front entry has a walk-up window and night depository and the basement contains a 30 by 30 foot community room. The architect was P. David Anneberg of Des Moines and the general contractor was Manilla Builders of Manilla.

Dallas Center Bank Elects Executive Vice President

Wayne R. Haines has been elected executive vice president of Brenton State Bank, Dallas Center.

Mr. Haines spent one year at a Chicago bank after graduation from Iowa State University, at Ames. He joined the Brenton State Bank in July of 1966 and since then has been graduated from Stonier's Graduate School of Banking at Rutgers University and the Commercial Lending School at Norman, Okla.



W. HAINES

First Trust & Savings, Wheatland, Staff Changes

Gene Frey has joined the First Trust and Savings Bank, Wheatland, as senior vice president. He formerly was cashier of Jackson State Bank and Trust Company in Maquoketa.

The bank also has announced the following promotions: William Waters and Gary Martin, from assistant vice presidents and office managers to vice presidents and office managers, and David Harris, from

assistant cashier to assistant vice president.

Rudy Dybeck Retires from Federal Reserve Post

Rudolph W. Dybeck, who has headed the Federal Reserve Bank of Chicago office in Des Moines since it was instituted in 1972, is retiring at the end of January, 1978. Mr. Dybeck was responsible for all the preliminary work in establishing the Des Moines office, which serves all of Iowa except six southwest counties served by Omaha.

The Des Moines office handles all activity for the Iowa Automated Clearing House Association. The Iowa ACH is the only one in the nation with 100% membership and serves 617 banks in 93 counties, the other six counties going through MACHA in Omaha.

Under Mr. Dybeck's leadership, the Des Moines office has been a focal point of Federal Reserve centers nationwide ever since its opening because of the continuing high level of accuracy, speed in handling transactions with banks and high level of manhour produc-



R. W. DYBECK

tion. Mr. Dybeck frequently has attributed the success of the center to the high quality of personnel recruited, their ability to develop needed skills with a minimum amount of instruction time, and continued high job performance.

A key factor in the success of the Des Moines office has been Mr. Dybeck's constant contacts with banks throughout Iowa. In each of the five years since he opened the center, he has criss-crossed the state to monitor performance and see how changing needs might be better served by the Fed office.

Mr. Dybeck is concluding a 49-year career with the Federal Reserve System. He started as a messenger in the mail department in Chicago in 1929, worked in a variety of jobs at the Chicago Fed in the ensuing years and was named an officer in the check department in 1966. In 1972 he was elected a vice president of the bank when he was made head of the Des Moines office.

Mr. and Mrs. Dybeck moved the week before Christmas to their new home at 11106 Wakefield St., Westchester, Ill. 60153, in suburban southwest Cook County.

Persia Bank Appoints Honorary Director

H. L. McGavern has been appointed an honorary director of the Home Savings Bank, Persia, according to D. E. Willard, president. This is the first honorary directorship ever awarded by the bank.

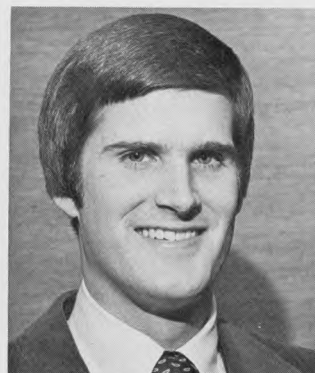
Mr. McGavern, 94, is the last remaining member of the original board that organized the bank in 1934. Before moving to Persia in 1947, he was engaged in farming in the area.

Oakland Banker Honored

An open house was held recently at the Oakland Savings Bank to honor Harold Spencer, chairman, for 50 years of service to the bank.

Mr. Spencer joined the bank as a student when he was in high school. He then worked part time at the bank while attending college. He served as assistant cashier and later as cashier. In 1956, upon the death of his father, W. L. Spencer, he succeeded him as president of the bank. He held this office until 1972 when he was named chairman.

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Des Moines News

Thomas O. Cooper retired December 31 as president and trust officer at South Des Moines National Bank and has been elected chairman of the board. He is succeeded as president by **John T. Carter**, who has been senior vice president and trust officer. Mr.



T. O. COOPER

Cooper will continue with the bank on a consulting basis, principally in trust and business development.

Mr. Cooper began his banking career in 1937 with Northwest Bancorporation in Minneapolis. In 1941 he left to join the Jefferson State Bank in Jefferson, Ia., as assistant cashier, when W. Harold Brenton first organized the Brenton bank system now known as Brenton Banks, Inc. In following years, Mr. Cooper served at Warren County Bank & Trust Co., Indianola, in 1946-47; as executive vice president at Brenton State Bank, Clarion, 1947-50; president and trust officer at Jefferson State, 1950-68, and since 1968 as president, trust officer and director of South Des Moines National.

Mr. Cooper will continue as a vice president and director of Brenton Banks, Inc.

He has been active in various banking organizations as well as Des Moines civic organizations. He has served as chairman of the ABA country bank operations committee and on the ABA government borrowing committee; director of the BMA and chairman of BMA's board

of managers; lecturer at the Graduate School of Banking at the University of Wisconsin, Madison, and faculty member at the Stonier Graduate School of Banking at Rutgers University.

In Des Moines, he is president of the Rotary Club and a director of the Greater Des Moines Chamber of Commerce. In addition, he serves as a director of the University of Dubuque in Dubuque.

Following the December board of directors meeting of Central National Bank and Trust Company, **Raymond G. Johnston**, president and chief executive officer of the bank, announced the election of **Cyrus D. Kirk** as vice president in the correspondent bank department. Mr. Johnston said Central National is pleased to have Mr. Kirk bring with him more than 24 years of experience in the correspondent bank field.



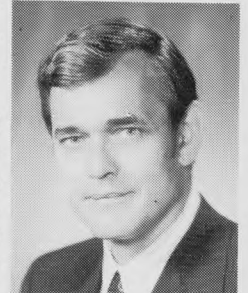
C. D. KIRK

Mr. Kirk resigned recently as vice president of LaSalle National Bank in Chicago, the sixth largest bank in Chicago, to accept the new appointment. He joined LaSalle National in July, 1965, after 12 years of earlier correspondent work with another bank.

A native of Des Moines, Mr. Kirk's banking career dates back to 1953. Before that he served as a zone manager for International Harvester Company. Mr. Kirk was graduated

from Iowa State University in Ames with a BA degree in agricultural economics. He was graduated also from the Graduate School of Banking at the University of Wisconsin, Madison. He served as a jet pilot in the Army Air Force and is still active in the National Guard Association.

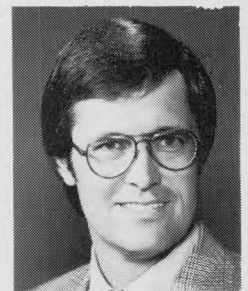
Harold L. Gandy has joined Bankers Trust of Des Moines as senior vice president and manager of data processing.



H. L. GANDY

He comes from the Marine National Exchange Bank of Milwaukee where he served as senior vice president in charge of all data processing services within the Marine Corporation. Mr. Gandy has held previous responsibilities for data processing functions at Northwest Computer Services, Inc., in Minneapolis and Iowa-Des Moines National Bank.

Following the December 13 meeting of the Iowa-Des Moines National Bank board of directors, **John R. Fitzgibbon**, chairman, president and chief executive officer, announced these promotions:



R. G. MILLEN

Robert G. Milten to vice president, retail banking, with responsibility for retail banking operations, which will include BankCard operations, the four office locations and the advertising and public relations department. He headed most recently the bank's charge card operations. Mr. Millen joined the Iowa-Des Moines after six years in the corporate finance division of Ford Motor Co.

K. David Elgena to managing officer of the BankCard center. He joined the bank in 1973, moving from Delaware Valley National Bank in New Jersey. He has been managing officer of the Euclid office since 1974.

J. Lanier Little succeeds Mr.

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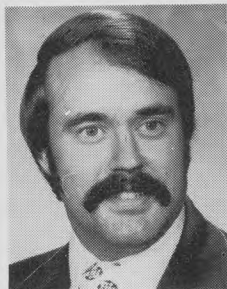


Claude Dawson
Computer Services Officer

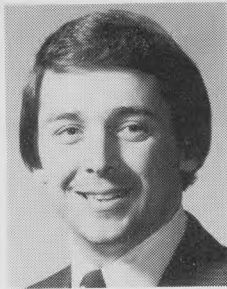
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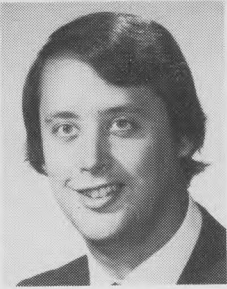
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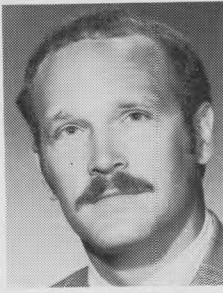
K. D. ELGENA



J. L. LITTLE



D. S. INGSTAD



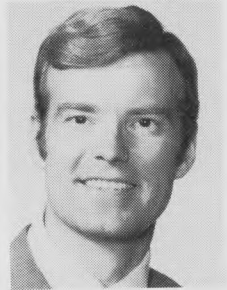
R. E. YOUNG



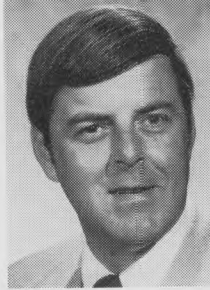
B. J. RISKEDAHL



E. M. KAUZLARICH



D. A. NAHNSEN



C. T. MOORE

Elgena as managing officer of the Euclid office. He joined the bank in 1973 as a management trainee following graduation from Central College. He has been assistant manager of the Douglas office.

D. Scott Ingstad moves to the Douglas office as assistant manager. A graduate of the University of Iowa, he joined the bank in 1975 and has been a personal banking officer and assistant manager of operations at the Urbandale office.

Robert E. Young, personal banking officer, assumes the duties of assistant manager of operations in the Urbandale office. A 1974 graduate of Iowa State University, he joined the bank in 1975 after one year with Alcoa and most recently has been in the commercial loan department.

Barbara J. Riskedahl has been elected credit analysis officer. She is a graduate of the University of Iowa and obtained her MBA degree there in 1973. She joined the bank in 1976 as a credit analyst and is manager of the credit department.

Elizabeth M. Kauzlarich has been appointed loan compliance and services officer and assistant manager, loan services department. She has been with the bank since 1949 and was elected loan services officer in 1974.

Dennis A. Nahnsen has been elected senior trust officer. He joined the bank in 1976 as a corporate service consultant and was elected

trust investment officer in September, 1976. He is a graduate of Drake University, and formerly was with First Wisconsin National Bank in Madison, Wis.

C. Thomas Moore has been appointed corporate services officer. He has been with the bank since 1969, most recently as marketing officer in the metro marketing department.

Council Bluffs Savings Bank Opens Patio East Office

Ed H. Spetman, Jr., chairman and president of the Council Bluffs Savings Bank, has announced the opening of the new Patio East Office, East Pierce Street on North Avenue.

The office has three drive-up teller units with provisions for two additional units to be installed in the near future. Diebold alarms and camera systems, as well as a Mosler vault door, provide security. The interior has four teller windows, large lobby, manager's office and teller work space.

Mary Lou Wrinkle, assistant vice president, is manager. She has 19 years of experience with the bank, most recently as manager of the Patio West Office.

Wilscom, Mullins and Birge, Inc., of Omaha were the architects. Jack L. Peters Construction Company of Council Bluffs was the contractor.

Clutier Bank Addition Work Has Begun

Construction has begun on an addition to the Clutier State Bank. The new facility will be of wooden frame, brick faced and will provide offices, storage and restrooms.

Fairbank State Bank Completes Remodeling



EARL R. Bellis, pres., Fairbank State Bank, has announced the completion of a remodeling project. An adjoining building was purchased which doubled the size of the bank, adding three offices, spacious lobby, additional storage and a drive-up window. The bank recently held an open house.

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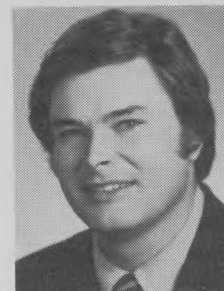
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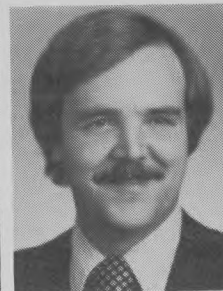
Eidora Bank Completes Remodeling Project



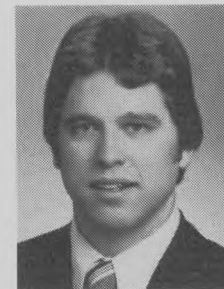
AN OPEN house was held in December at The Hardin County Savings Bank, Eldora, in celebration of the completion of the \$300,000 remodeling of the main bank. Work on the expansion began more than a year ago. The remodeled facilities include several new private offices, conference room, and vault in the rear of the building. The bank now occupies 5,500 square feet and has new lighting, carpeting, and interior decorating. Robert R. Brown is president.



J. W. DeFRANCE



S. J. HATZ



D. RICE



D. H. MENEFFEE

officer last February. Mr. Hongslo, a graduate of the University of South Dakota, joined the bank in 1967. He has headed the banks and bankers division since 1975.

Since joining the bank in 1968, Mr. Augustine has moved from commercial loan teller to assistant auditor and now to auditor. Ms. Boone, teller operations officer, has been with the bank for 10 years. Mr. DeFrance came to the bank last June from the Nebraska Department of Labor.

Mr. Hatz joined the bank this last year as a personal banking representative before moving to the correspondent banking division in August. Mr. Rice joined the bank in 1975 and most recently was assistant auditor. Mr. Menefee has worked as teller, overdraft representative and teller operations supervisor since joining the bank in 1975.

Named Volunteer Chairman For Savings Bond Program

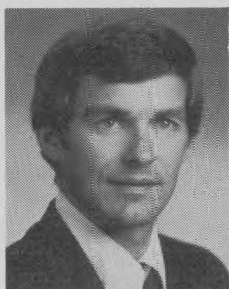
E. Leland Ballou, president and chairman of Security Trust and Savings Bank in Storm Lake, has been appointed volunteer chairman for the Savings Bonds Program in Buena Vista County.

Mr. Ballou began his banking career at the bank in 1937 as assistant cashier. He also served as cashier and has been president since 1958. He is a past president of the Iowa Bankers Association.

Security of Sioux City Promotes & Elects Officers

The Security National Bank of Sioux City has announced the promotions of five officers and the elections of four new officers.

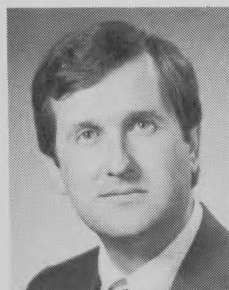
Those promoted are: Robert A. Peterson, William F. Kabourek and James M. Hongslo, to vice presidents; Daniel G. Augustine, to assistant comptroller, and Lois A. Boone, to managing



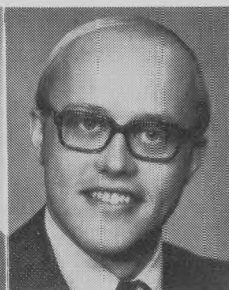
R. A. PETERSON

officer, Morningside Office. New officers are: Jerry W. DeFrance, personnel director; Stephen J. Hatz, correspondent banking officer; Douglas Rice, auditor, and Douglas H. Menefee, teller operations officer.

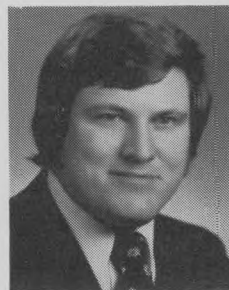
Mr. Peterson, senior investment officer, is a graduate of the University of Nebraska, Lincoln, and has extensive experience in the securities field at the First National Bank in Lincoln, Nebr., and at Bankers Life of Nebraska. Mr. Kabourek is a graduate of the University of Nebraska at Omaha and holds his MBA in finance. He was a second vice president at The Omaha National Bank prior to joining Security as commercial loan



W. F. KABOUREK



J. M. HONGSLO



D. G. AUGUSTINE



L. A. BOONE

Form New Insurance Firm to Serve Banks

Automated Systems of Iowa, Inc., has entered the financial institution insurance field in midwestern states. Tailored insurance programs for all sizes of financial institutions, including holding companies, will be offered, according to Edward J. Lenaghan, president of the firm. He said the corporation has the availability of several markets in each area of financial institution insurance and that the programs offered are especially designed to correlate with the computers of financial institutions.

Other principals of Automated Systems of Iowa, Inc., are Jon M. Grindle, Mt. Vernon, Ia., and Ray V. Mochinski, Chicago, Ill.

Mr. Lenaghan lives in Ankeny, Ia., and will headquarter in that city near Des Moines. He is the former executive vice president of Iowa Bankers Insurance & Services, Inc., resigning from that post in September, 1977. He has 20 years of experience in the insurance industry.

Mr. Grindle has nine years of insurance experience, the past four with Iowa Bankers Insurance & Services, Inc., working with Iowa banks.

Mr. Mochinski is a computer programmer and analyst with 20 years of experience in computer programming for financial and insurance institutions. He is the principal in Automated Systems, Inc., of Chicago, a separate corporation.

Hancock County National Announces Promotions

Spencer L. Ollenburg has been elected president of the Hancock County National Bank, Garner, succeeding H. L. Ollenburg who has been elected chairman. Spencer Ollenburg, an employee and officer since November of 1955, had served as vice president since 1975. H. L. Ollenburg had served as president since 1944 and will remain an active officer of the bank.

W. L. Baggs, vice president and director, has retired. He had been in banking in Garner for the past 46 years.

Jerry Nedved, with the bank since 1963, has been elected vice presi-

dent. He has served as cashier since 1975. Joel F. Punke has joined the bank as vice president and cashier. He formerly was a correspondent bank officer with the First National Bank of Mason City.

Mary Thoms and Glenda Casper, tellers, have been elected assistant cashiers.

IBA Calendar

- Jan. 16-19—Staff Training Seminar.
- Jan. 23-26—Staff Training Seminar.
- Feb. 6-9—Staff Training Seminar.
- Feb. 10-11—Group 1 Meeting, Sioux City.
- Feb. 15-16—Great Brain Robbery III, Des Moines Hyatt House.
- Feb. 19-20—Group II Meeting, Burlington.
- March 21-22—Ag Credit Conference, Ames.
- April 5-8—Executive Management Conference, Care Free, Ariz.
- Apr. 16-19—Washington, D.C., Trip.
- June 4-16—Ag Credit School, Ames.
- June 17-23—Iowa School of Banking, Iowa City.
- July 20-22—Iowa Independent Bankers Association Annual Convention, Okobojo.
- Aug. 6-11—Instalment Lending School, Des Moines.
- Sept. 12-13—Instalment Lending Conference, Des Moines.
- Sept. 24-26—Annual Convention, Des Moines.

Northwest Banco Offers To Buy 1st National, Marion

Northwest Bancorporation of Minneapolis has made a cash tender offer to purchase The First National Bank of Marion for \$4,920,000 based on its offer of \$102.50 per share for each of the 48,000 shares outstanding. The agreement in principle was announced December 12 by Phil Morris, president of First National, and Richard Vaughan, president of Northwest Banco. Mr. Vaughan said the acquisition is subject to Federal Reserve System approval and that

no changes in directors, officers or personnel are expected.

Mr. Morris said the First National's board of directors has indicated to stockholders its support of the Banco offer. Banco is expected to acquire 80% to 90% of the outstanding stock.

First National, the oldest national bank in Iowa with its charter dating back to 1863, the year the national banking act was enacted, had deposits on December 14 of \$38,655,000. Capital accounts at that time were slightly more than \$3 million, including \$300,000 of capital notes due in 1978 and including net operating income for 1977. The bank issued \$400,000 of new capital this past year at \$50 per share.

Mr. Morris joined First National as a teller 26 years ago, later was advanced to cashier, and was elected president in 1961 when he and John G. Vernon, a Marion attorney, purchased controlling interest in the bank. Mr. Vernon was elected executive vice president and trust officer at that time. Both men will continue in those positions if the offer to buy is approved by regulatory officials, Mr. Vaughan stated.

Purchase Norway Bank

Burtwin L. Day, president, Benton County Savings Bank, Norway, has announced that approval has been obtained for the purchase of controlling interest in the bank by Mr. and Mrs. Robert Day, Washington, and Mr. and Mrs. Burtwin L. Day. Robert Day is an attorney, farmer, and businessman from Washington. Burtwin Day has been president since joining the bank in March of 1976. He also is a real estate broker and insurance agent.

Control was purchased from members of the Bueneke family. Maxine Bueneke, Des Moines; Don Bueneke, Hazelton, and Paul Bueneke, Denver, have resigned from the board.

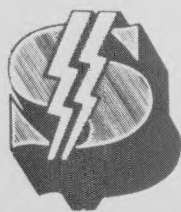
Cedar Rapids Banker Is Graduate of Lending School

Jerry N. Trudo recently was graduated from the American Bankers Association's 1977 Fall Session of the National Commercial Lending School. He is assistant vice president of The Merchants National Bank of Cedar Rapids.

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Reduce your total operating costs.

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INSTANT-ACCESS lets you do all these things.

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For more information, call Joe Phernetton or ask for BICS marketing at (319) 398-4204.

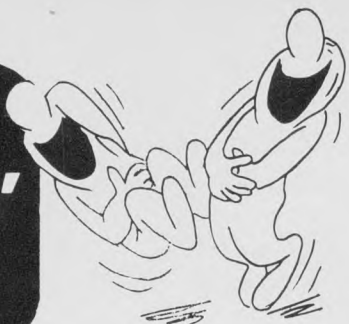


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New Year Rules For Happier Living

Doctors estimate that as many as three out of four patients who seek medical care are suffering from psychosomatic illnesses—emotional ailments which manifest themselves in physical ways.

Here are eight suggested preventive "pills" which, if taken in reasonable doses, might be the prescription many of us need to make each day of the New Year more productive and enjoyable.

Stop listening for a knock in your motor. People who look for trouble frequently find it.

Learn to like your work. If you hate your job, find one you can like.

Have at least one hobby and work hard at it. Hobbies are invaluable for relieving tensions.

Learn to enjoy people and to forgive and forget affronts.

Learn to accept with equanimity what cannot be changed.

Learn to accept adversity. If you live long enough, you are certain to meet with it.

Learn to be cheerful even when you don't feel cheerful. The sunshine you spread will warm you as well as those around you.

Learn to face life with confidence and decision.



"Would you consider depositing it? We pay the highest interest permitted, and I'll win the deposit sweepstakes for the month."

Good Choice

Philip, aged 7, had helped the supermarket manager collect the shopping carts from the parking lot and the manager said, looking toward the candy counter, "If you could have one item from the store without paying for it, what would you choose?"

Philip didn't have to think more than a second. "The cash register," he said.

The Medicine

Patient: "Doc, what I need is something to stir me up, give me energy, put me in fighting trim. Did you put something like that in the prescription?"

Doctor: "No—you'll find that in the bill."

Seeing the Doctor

More and more doctors are running their practices like an assembly line. One fella walked into a doctor's office and the receptionist asked him what he had. He said, "Shingles." So she took down his name, address, medical insurance number and told him to have a seat.

Fifteen minutes later a nurse's aide came out and asked him what he had. He said "Shingles." So she took down his height, weight, a complete medical history and told him to wait in an examining room.

A half-hour later a nurse came in and asked him what he had. He said "Shingles." So she gave him a blood test, a pressure test, an electrocardiogram, told him to take off all his clothes and wait for the doctor.

An hour later the doctor came in and asked him what he had. He said, "Shingles." The doctor said, "Where?" He said, "Outside in the truck. Where do you want them?"

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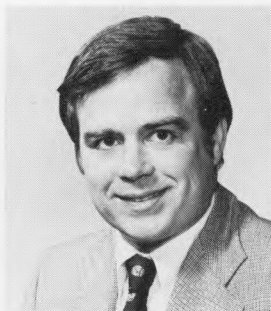
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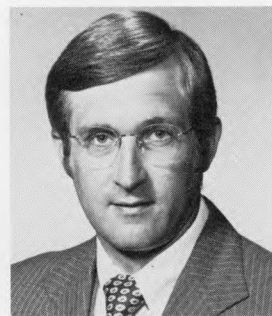
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