

NORTHWESTERN *Banker*

AUGUST
1985

Valuation of
Bank Stock

President's
Tax Reform
Proposal

Reducing Risk
on Computer
Loans, Leases

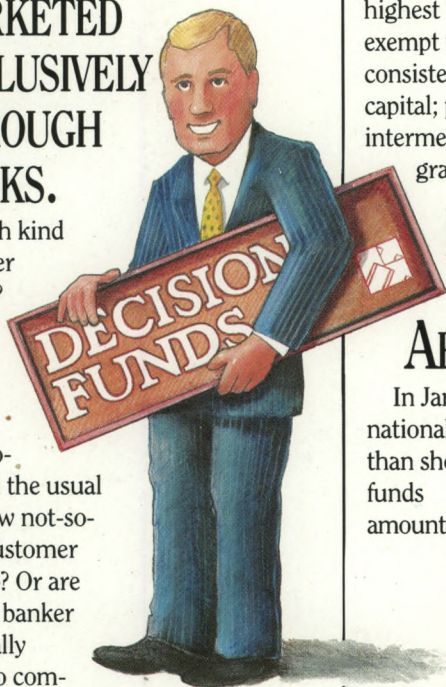


New Officers for
Montana Bankers Association

INTRODUCING I

THE FAMILY OF MUTUAL FUNDS MARKETED EXCLUSIVELY THROUGH BANKS.

Which kind of banker are you? The full service banker who provides all the usual and a few not-so-usual customer services? Or are you the banker who really wants to compete, who is willing to offer Decision Funds?



THE DECISION FUNDS PROGRAM

Decision Funds are provided exclusively to banks by the Iowa Bankers Association and AID Securities. It's a family of four no-load mutual funds, which you can offer to that select group of customers who want to diversify their portfolios.

Decision Funds offer bank depositors these options:

Growth Fund: Seeks capital appreciation with principal investments in equity securities; no consideration given to income.

Growth and Income Fund: Seeks growth of capital income by investing principally in high-yield equity securities with capital appreciation potential.

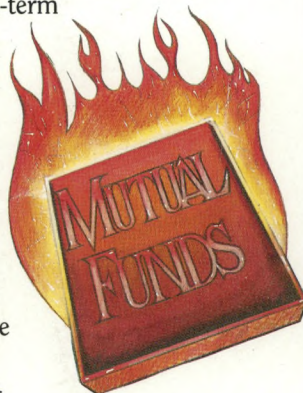
Government Income Fund: Seeks high current income consistent with

prudent investment risk by investing principally in intermediate to long-term Government Securities.

Tax-Free Fund: Seeks to provide highest level of interest income exempt from Federal income tax consistent with preservation of capital; principal investment is in intermediate to long-term investment grade municipal bonds.

LIKE IT OR NOT, MUTUAL FUNDS ARE HOT

In January alone of this year, national sales of mutual funds other than short-term funds amounted



to \$7.2 billion. Assets were a record

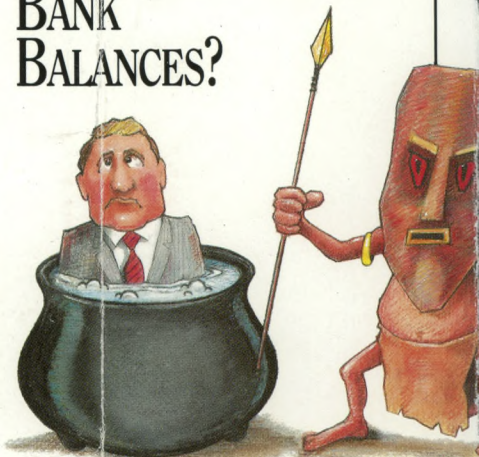
\$154.8 billion. Iowa's mutual fund sales were approximately \$390 million in 1984 and sales remained strong throughout the first quarter of 1985.

Recent surveys of shareholders conducted by the New York Stock Exchange revealed that the total number of shareholders of equity mutual funds increased 72.4% over the two year period 1982-1984. And it is projected that 17 million households will own mutual funds in the future.

Obviously, mutual funds are in demand. And now IBA Securities can help you capture new customers and retain those who might otherwise be lured away by investment opportunities offered at national brokerage houses.

But first, the answers to a few questions.

WON'T DECISION FUNDS CANNIBALIZE BANK BALANCES?



Yes...and no.

Whether or not you offer Decision Funds, upscale customers will continue to diversify their investments. The fact is that nearly four in every ten, 38.9%, of high balance bank customers currently have a brokerage relationship. And yes, some of the money they invest is from their savings and certificate accounts. But according to a 1984 Gallup study, 59% of mutual fund owners use current income to purchase additional mutual fund shares, which is money your bank would lose if you didn't offer the Decision Funds option. And it's money from which you can profit.

WHAT IS THE FEE INCOME POTENTIAL OF DECISION FUNDS?

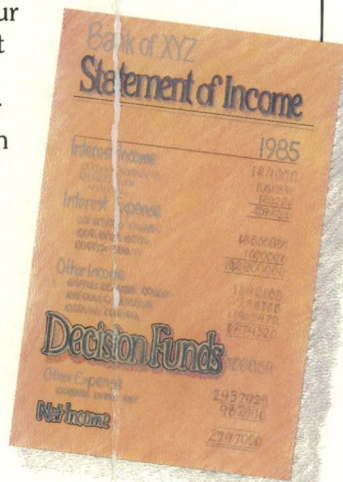
Frankly, fee income generated by Decision Funds during the first year may not be overwhelming. But because start-up costs are minimal, almost all the fees you *do* generate will go straight to your bottom line.

And long-range, the Decision Funds family of funds could become an important contributor to your bank's total earnings because income can be derived from transaction fees

DECISION FUNDS

as well as a percentage of the average assets under management.

Let's face it. Interest margins are likely to continue to shrink. And while the net income from Decision Funds probably won't completely off set your losses...it *will* provide your bank with a new and potentially significant source of income.



DOES IBA SECURITIES PROVIDE ADVERTISING AND TRAINING?

Yes! We want to help you promote Decision Funds with advertising that's proven to be effective. Statement stuffers, direct mail packages, cover letters, 12-page four-color brochures, prospectuses, newspaper ads, radio scripts and tapes, counter cards, posters, and applications are all available at reasonable prices. Copy is written so customers who may not be sophisticated investors can understand it, and all materials are guaranteed to be within regulatory compliance.

In addition, IBA will provide complete training to your staff, including information on how to cross-sell other bank services along with Decision Funds.



A WORD ABOUT OUR FUNDS MANAGER.

Pershing, who executes and clears over 15% of all New York Stock

Exchange activity each year, and Alliance Capital Management Corporation, one of the nation's largest institutional investment managers, developed Decision Funds. They didn't just take an existing mutual fund "off the shelf," but created a whole new family of mutual funds exclusively for bank customers.

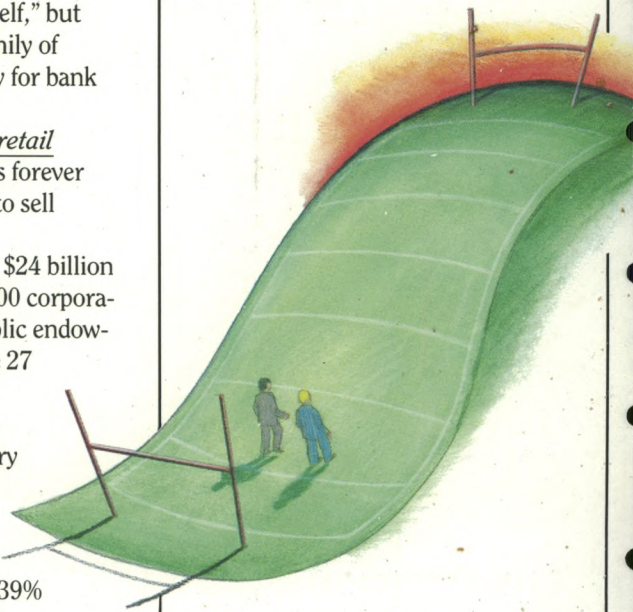
Pershing conducts no retail business whatsoever. This forever removes the temptation to sell directly to your clients.

Alliance manages over \$24 billion in assets for more than 200 corporations and private and public endowments. Its clients include 27 of the top 100 "Fortune 500" companies. Over its cumulative 14-year history (1971-1984), Alliance's performance has been:

- + 317% for all equities vs. 239% for S & P 500
- + 610% for aggressive equities vs. 219% for S & P 500
- + 182% for fixed income management vs. Salomon's high grade long-term bond index of + 159%

LEVEL OUT YOUR PLAYING FIELD... AND COMPETE

For years, bankers have been fighting an uphill battle; but now that regulations have eased, IBA Securities offers you the opportunity to go head-on against today's competitors.



Everyone's playing for keeps, so don't delay. Give Ann Tod at IBA Securities a call. Tell her you want to offer the Decision Funds...the family of mutual funds your customer can buy only at your bank.

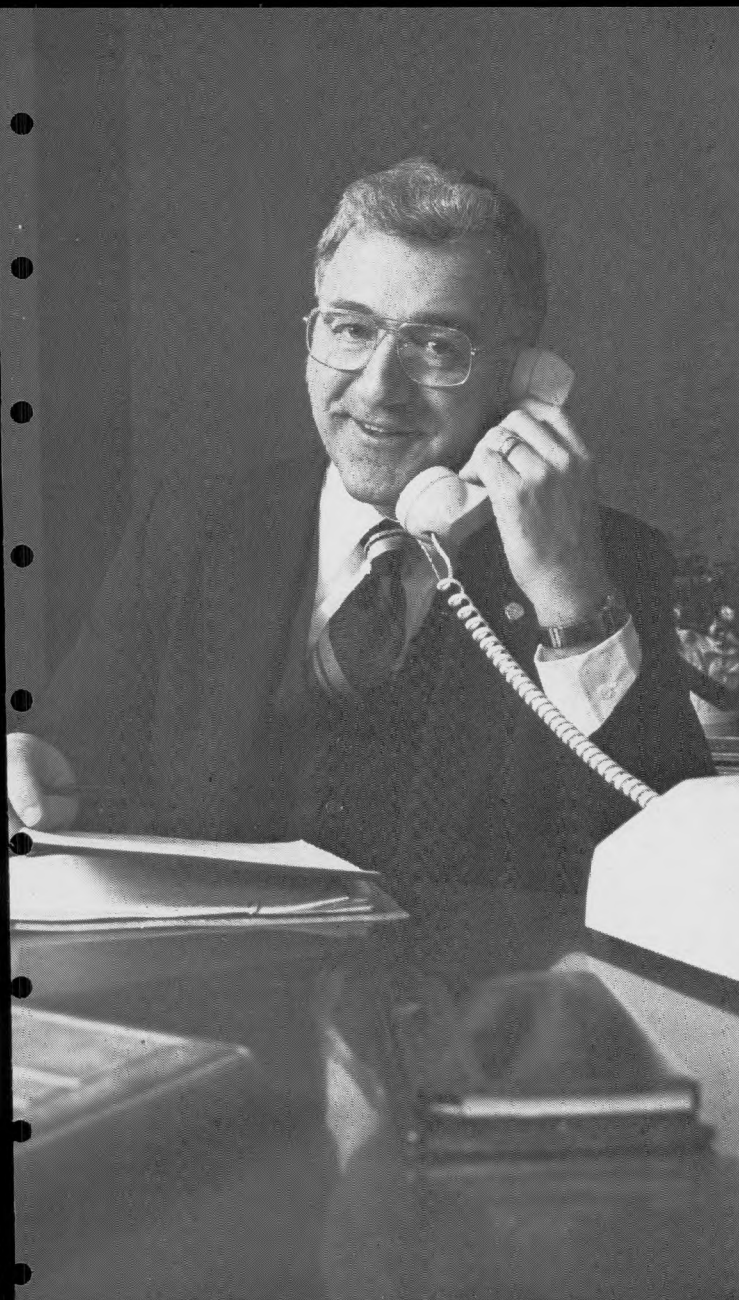


Division of AID Securities Corporation

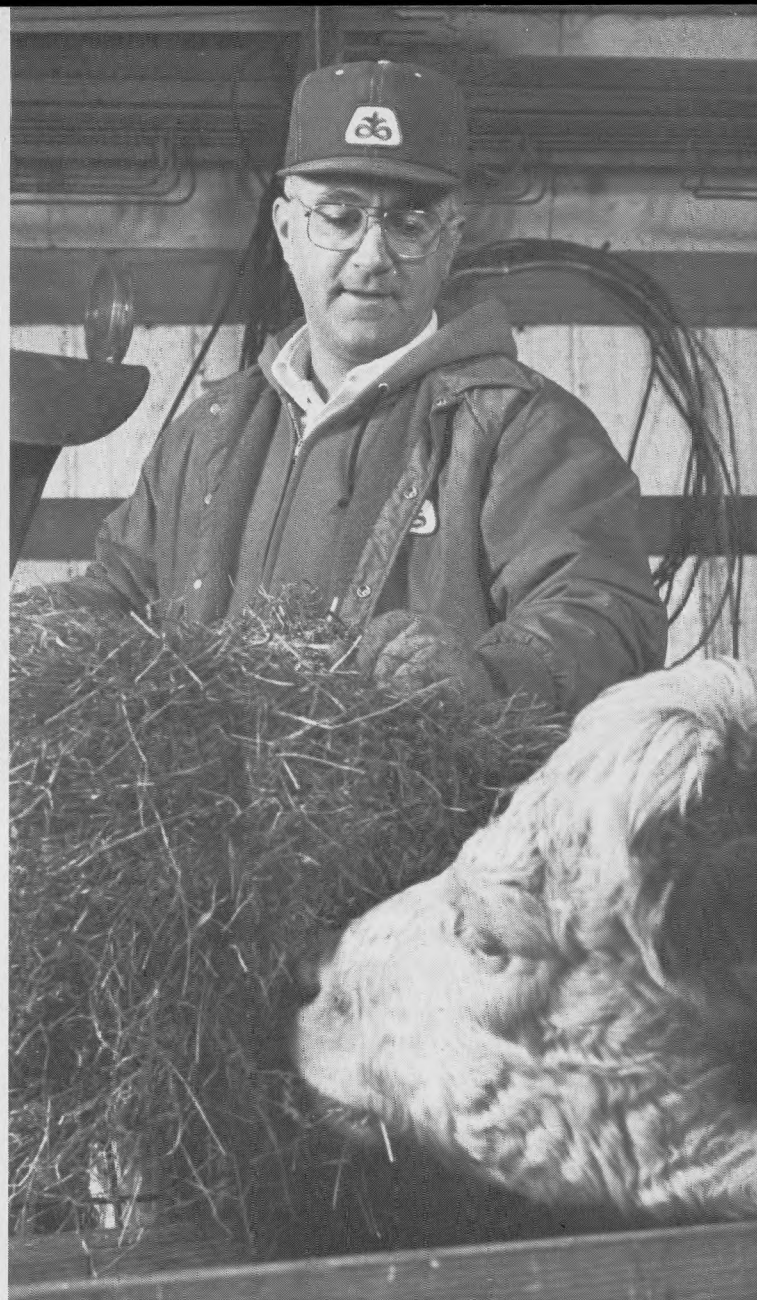
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For Bankers Who Want To Compete.

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BANKERS
WHO WANT
TO COMPETE...**



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farmer.**

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MNB and its respondent banks are located in some of the country's most productive farmland. And because agriculture plays such a vital role in the economy, we've developed a special commitment toward agricultural financing.

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NORTHWESTERN Banker

AUGUST 1985 • 92nd Year • No. 1463



MEMBER OF AUDIT BUREAU OF CIRCULATION
MEMBER BANK MARKETING ASSOCIATION



OLDEST FINANCIAL JOURNAL SERVING THE CENTRAL AND WESTERN STATES

ON THE COVER

LEADERS of the Montana Bankers Association for 1985-86 are pictured, left to right. Front row: Vice Pres.—W.E. Schreiber, pres., Mountain Bank, Whitefish; Pres.—Richard C. Timmerman, pres. & CEO, First Bank, Butte, and Immed. Past Pres.—Robert H. Sizemore, pres., Western Bank, Chinook. Back row: Exec. V.P.—John T. Cadby, Helena, and Treas.—James D. Bennett, pres., First Citizens, Billings.

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Sees Bright Future For Community Bankers

THE FUTURE of community banking will be bright, predicts American Bankers Association Executive Vice President Donald G. Ogilvie.

Addressing a meeting of the ABA Community Bankers Advisory Board in Denver, Mr. Ogilvie forecast that the banking industry will continue to undergo fundamental legislative, regulatory and marketplace changes in the next several years. However, he said, community bankers have a proven track record of succeeding when faced with change and challenge.

Mr. Ogilvie pointed out that community bankers have traditionally fared well against stiff competition. Most of the community bankers emerged "stronger than ever."

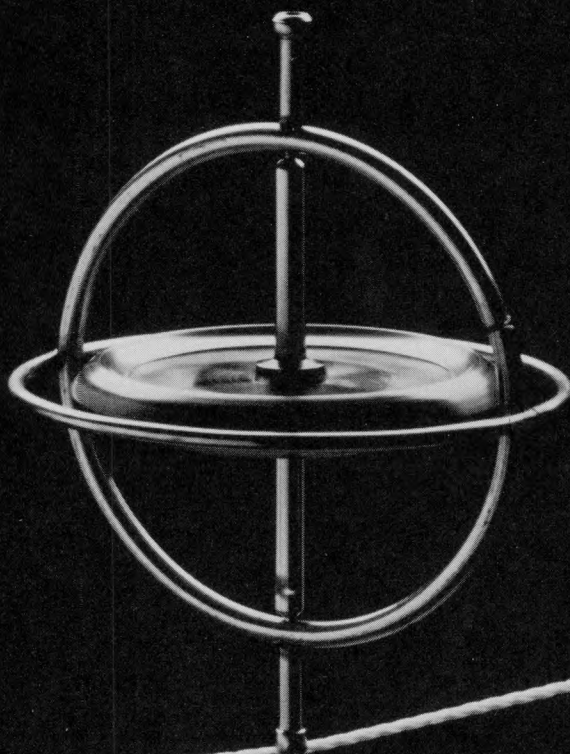
The ABA officer praised bankers' performance in the farm belt. "The agricultural situation is not a happy one, but community bankers have shown more resourcefulness — and courage — in tackling farm customers' problems than probably anyone could have imagined. And for many customers, that resourcefulness is making all the difference today," he stated.

Community bankers also have demonstrated they are a potent political force, Mr. Ogilvie noted. They were instrumental in the drive to eliminate the savings and loan industry's interest rate differential and took the lead in the fight to repeal tax withholding at source.

Mr. Ogilvie summed up community bankers' drive and resourcefulness by stating that "community bankers are the type who, when faced with the prospect of increased competition, a customer with a problem, or even a temporary setback simply say — 'Make my day.'"

While community bankers work in their local marketplace to recognize and manage change, the ABA will be doing the same in Washington, D.C. said Mr. Ogilvie. "At the American Bankers Association, our priority assignment is to work on a parallel track to assure that this association provides the opportunities — and the political leverage when necessary — for all banks — large and small — to prosper, and to serve their customers effectively and efficiently," Mr. Ogilvie stated.

Correspondent Banking



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Keeping competitive *and* staying profitable is a tough balancing act these days. You're looking for good service, availability and pricing that can keep your day-to-day operations in the black.

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Our services are competitively priced to help your bank improve the bottom line, and all are backed by the expertise and careful market forecasting that have built United Missouri into a major banking force. To learn more about our services, call Phil Straight in Kansas City.



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HBE 
Bank Facilities

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

National Conventions & Schools

Aug. 11-24—Graduate School of Banking, University of Wisconsin-Madison.
Oct. 19-23—ABA Annual Convention, New Orleans.
Nov. 10-13—BMA 70th Annual Convention, Sheraton-Waikiki, Honolulu, Hawaii.

State Conventions & Schools

Colorado:

Sept. 14-17—IBC Annual Convention, Keystone.

Illinois:

Aug. 4-9—IBA Internal Bank Auditors School, DePaul University, Chicago.
Aug. 11-16—IBA Compliance School, DePaul University, Chicago.
Sept. 11-12—IBA Retail Banking Conference, Clarion Hotel, St. Louis.
Sept. 25-26—IBA Agricultural Credit Conference, Holiday Inn, Decatur.
Oct. 9-10—IBA Marketing Conference, Ramada Renaissance Hotel, Springfield.
Nov. 20-21—IBA Bank Management Conference, Holiday Inn, Decatur.

Iowa:

Sept. 22-24—IBA 99th Annual Convention, Des Moines.
Nov. 13-14—IBA Consumer Lending/Retail Banking Conference.

Minnesota:

Aug. 11-16—MBA Commercial Lending School, St. Olaf College, Northfield.
Aug. 11-24—MBA Graduate School of Banking, University of Wisconsin, Madison.
Aug. 22-25—Independent Bankers of Minnesota Annual Convention, Breezy Point

Resort, Brainerd.
Sept. 16-19, 23-25—MBA District Meetings.

Nebraska:

Sept. 8-13—Schools of Banking Basic School (2nd session), Rodeway Inn, Overland Park, Kan.
Sept. 22-27—Schools of Banking Intermediate School, Rodeway Inn, Overland Park, Kan.
Oct. 6-10—Schools of Banking Advanced School, Regency West, Omaha.
Nov. 7-8—NIB Association Annual Convention, Villager Motel, Lincoln.

North Dakota:

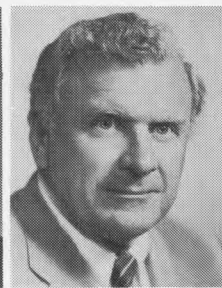
Sept. 16—NDBA Northeast Group meeting, Devils Lake.
Sept. 17—NDBA Northwest Group meeting, Williston.
Sept. 18—NDBA Southwest Group meeting, Mandan.
Sept. 19—NDBA Southeast Group meeting, Wahpeton.
Sept. 25-27—ICBND Annual Convention, Bismarck.

South Dakota:

Aug. 28—Keogh Seminar, Holiday Inn, Mitchell.
Sept. 5—Bank Directors' Seminar, Holiday Inn, Mitchell.
Sept. 16—SDBA Group 5 Meeting, Rapid City.
Sept. 17—SDBA Group 4 Meeting, Mo-bridge.
Sept. 18—SDBA Group 3 Meeting, Mitchell.
Sept. 19—SDBA Group 1 Meeting, Sioux Falls.
Sept. 20—SDBA Group 2 Meeting, Watertown.
Oct. 10-11—Installment Credit and Retail Banking Conference, Alex Johnson's, Rapid City.
Oct. 16-17—Economics Seminar for Young Adults, Holiday Inn, Mitchell.
Oct. 22—IRA/Keogh Seminar, The Hilton, Rapid City.
Oct. 24—IRA/Keogh Seminar, Ramada Inn, Sioux Falls.



E.J. WILLIAMS



J.B. OSBOURN

Corp., Charlotte, N.C., are among those giving major addresses.

Panel presentations and small group discussions will cover the following topics: the competition's view of the financial services industry five years from now; loan documentation from a lawyer's perspective; commercial loan sales and marketing management; asset sales, interest rate swaps, and other emerging techniques; recent regulatory initiatives and their effect on lending policy; managing the loan volume/quality trade-off; and managing credit services in newly merged/acquired institutions.

The business program also will focus on international lending for regional banks; the importance of continuing education for account officers; managing the loan approval process; problem loan strategies; standby letters of credit; lending to and advising middle market companies; loan officer workload, productivity, and standards of performance; loan monitoring; computerized trade finance; and lending to specialized industries such as agriculture, public utilities, health care, high tech, and real estate construction.

Drovers Bank Offers Free Smoke Alarms

As part of a seven-week fire safety program, Drovers Bank of Chicago is giving away Lifesaver smoke alarms to customers depositing \$500 in a new checking account or in a new or existing savings account. The campaign is part of a unified fire prevention program being featured at all Cole-Taylor Financial Group, Inc. banks that began July 15 and extends through August 30. Also featured is a continuously running 11-minute slide presentation on home fire safety shown in the lobby daily. A Chicago Fire Department representative has fire safety materials on hand and responds to questions during the showing.

RMA Holds Election, Announces Program

EDWARD J. Williams, treasurer, Brown Brothers Harriman & Co., New York City, was elected president of Robert Morris Associates in the association's annual election on August 2. RMA is the national association of bank loan and credit officers.

Malcolm T. Murray, Jr., executive vice president, First Union National Bank, Charlotte, N.C., was elected first vice president. Paul C. Clendening, senior vice president, Commerce Bank of Kansas City, N.A., was elected second vice

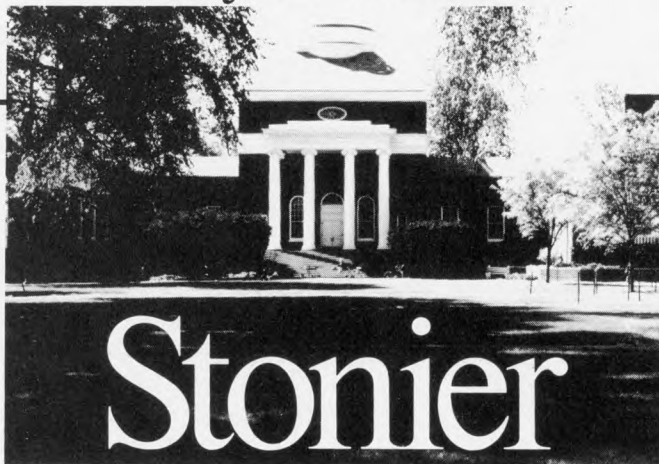
president. All terms are for one year.

Elected to fill a vacant two-year term on the RMA board was James B. Osbourn, executive vice president, Central Bank of Denver.

More than 2,000 members of RMA and their spouses are expected to attend RMA's 71st annual Fall Conference at the Sheraton Boston Hotel & Towers in Boston, Mass., September 22-25.

Mr. Williams; James Howell, chief economist, Bank of Boston, and Edward E. Crutchfield, Jr., chairman and CEO, First Union

Banking leaders are not born.
They are made.



ABA's Stonier Graduate School of Banking

University of Delaware, Newark, Delaware
June 15-27, 1986

To reach the top, today's upper-level bank managers must be highly skilled and knowledgeable about virtually every aspect of their banks' activities. Sometimes that requires additional training and education.

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A Service of the American Bankers Association

An outstanding faculty.

Stonier's faculty—over 150 experienced bankers, professionals, government officials and academicians—have achieved national and international recognition in their fields. And they are grounded in the real world, not the ivory tower.

A Stonier diploma is your mark of achievement in the banking industry.

Students in this demanding program attend two-week resident sessions each June for three years. They may complete the graduation requirement by submitting either a series of alternative writing projects on specific bank performance areas or a traditional formal thesis.

For an application or more information, mail the coupon below or call the ABA Banker Education Network at (202) 467-6738. Applications must be submitted by October 15, 1985.

Yes,

I want to receive more information on the 1986 session of ABA's Stonier Graduate School of Banking. Please send an application and brochure to:

Return coupon to:

Sunye Kwon
Stonier Graduate School of Banking
American Bankers Association
1120 Connecticut Avenue, N.W.
Washington, D.C. 20036

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Bank _____

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AMERICAN
BANKERS
ASSOCIATION



NB

Malcolm Aslin Named President of United Missouri Bank of Kansas City

THE board of directors of United Missouri Bank of Kansas City, N.A. announced recently that Malcolm M. Aslin has been elected president and chief executive officer of the bank, which was \$1.8 billion assets. Mr. Aslin will continue his responsibilities as president and chief operating officer of the bank's holding company, United Missouri Bancshares, Inc.



M. ASLIN

R. Crosby Kemper continues as the bank's chairman of the board and as chairman and chief executive officer of the holding company, which has assets of more than \$3 billion.

"Mick and I will share duties in running the bank and the holding company," Mr. Kemper said. "There will be synergistic effects derived from this new association. This will also give not only me but our directors a chance to observe his performance during my last six years of active duty with the company, and this will give Mick a chance to build his own team. I have had full confidence in Mick for some time, and that is why I am willing to make him

chief executive officer of the Kansas City bank."

As president of United Missouri Bank, Mr. Aslin succeeds Richard C. King, who resigned last month to accept appointment as chairman and chief executive officer of Merchants Bancorporation of Topeka, Kan., which owns the \$250 million asset Merchants National Bank of Topeka. The Donald J. Hall family of Kansas City owns a substantial interest in the holding company in Topeka, as well as a bank in Lawrence.

Mr. Aslin has been with United Missouri since 1972, when he joined the company's trust department. In 1978, he was promoted to president of United Missouri Bank South, where he remained for four years. During his last year at UMB-South, Mr. Aslin was assigned the additional responsibilities of coordinating and supervising all of United Missouri Bancshares' Kansas City area affiliate banks. He was named president of the holding company in April, 1982.

Mr. Aslin currently serves as a director of the Kansas City bank and of United Missouri's affiliate banks in Boonville, Cass County, Hickman Mills, Jefferson City, South (Kansas City), Springfield and Warrensburg.

Mr. Aslin received both his bache-

lor's and master's degrees in Business Administration from the University of Missouri-Columbia.

United Missouri Bank directors also announced that Cathleen Dodson has been elected to the bank's board of directors. Ms. Dodson is chairman of the board of the Dodson Insurance Group and its affiliated companies.

Sallie Mae Appoints Two

The Student Loan Marketing Association (Sallie Mae) recently announced two officer appointments.

Danny L. Darby has been promoted to assistant vice president, national bank marketing. In this position, Mr. Darby is responsible for marketing Sallie Mae's education-related financial products and services to major banking institutions. He joined Sallie Mae in 1977 and previously was director, national bank marketing.

Mark A. Johnson has been promoted to assistant vice president, regional bank marketing. Mr. Johnson will be responsible for marketing activities directed toward regional and community banking institutions. He joined Sallie Mae in 1980 and was previously director, regional bank marketing.

Peat, Marwick Announces Des Moines Promotions

The international accounting firm of Peat, Marwick, Mitchell & Co. and Johnny Danos, managing partner of the Des Moines office, announced two recent promotions in the Des Moines office.

Randall A. Hamilton has been appointed tax partner in charge of the Des Moines office. Mr. Hamilton succeeds Keith L. Ellerman, who is transferring to the firm's Chicago office multinational group specializing in international taxation. Mr. Hamilton's practice specialties include banking, financial planning, employee benefit and professional corporation consulting, and serves as the office practice development coordinator.

Suku V. Radia was admitted as a partner in the firm. Mr. Radia specializes in the taxation of financial institutions and individuals.

Mr. Hamilton and Mr. Radia are co-authors of a feature article on the President's Tax proposal printed in this issue.

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NABW Plans 63rd Annual Convention

PREDICTING trends and strategizing to gain a competitive edge will be the focus of "Competing For the Future," the 63rd annual convention of the National Association of Bank Women, to be held September 15 through 18 at the Franklin Plaza Hotel in Philadelphia.

Leslie Bains is president of NABW and vice president of The Chase Manhattan Bank, N.A., New York, and will preside at the convention.

In addition to its 30,000 members, NABW is inviting all financial services executives — male and female, bankers and non-bankers — to attend. The convention will feature speakers who are national leaders in business and in the industry, one-day sessions on major topics for those who cannot attend the entire convention, a trade show, and an international meeting in London with financial executives from other countries.

The first day focuses on economic and industry forecasting — where fi-

nancial institutions are headed and how to get in the best possible situation.

The second day will focus on specific competitive strategies both for the financial institution and the financial executive.

Tuesday's general session will focus on skills needed by the dynamic manager to lead her company ahead while building executive strategies and skills to advance her own career; for example, a primary management need is sales skills at all levels. Career management topics include salary negotiating and techniques for the executive to market herself or himself in business meetings, job interviews and on resumes.

Wednesday's general session entitled "Dialogue on Influence" will help attendees better understand how to effect public policy decisions. NABW is expanding its role in the financial services industry with a public affairs arm to influence government policy in the banking industry, a new territory for NABW.

Well-Known Area Banker Joins Swords Associates

Veteran banker G. Carlton Hill, Jr. has joined Swords Associates, Inc., a Kansas City-based professional bank consulting firm, as a senior associate.

Since June, 1983, Mr. Hill had been president of Brookside Savings Bank in Kansas City, the area's first federally chartered savings bank. In its first 15 months of operation, the institution grew to \$145 million in deposits.

Mr. Hill was chairman of the board and president of the former Plaza Bank & Trust Company in Kansas City from 1977 to September, 1982, when it was acquired by Commerce Bancshares, Inc. At that time he moved to the holding company's lead bank, Commerce Bank of Kansas City, as executive vice president in charge of the commercial banking division. Concurrently, he was a regional vice president of the parent company in charge of 10 metropolitan-area banks.

Mr. Hill left the Commerce organization in June, 1983, to establish Brookside Savings Bank.

Prior to moving to Kansas City in 1977, Mr. Hill was president and chief executive officer of a \$42-mil-

lion community bank in Ohio, and earlier served in the commercial and correspondent lending areas of major banks in Cleveland and Cincinnati.

At Swords Associates, Mr. Hill will specialize in consulting services for non-bank financial institutions, but will be actively participating in

many other assignments for commercial banks.

John McClure Named to SBA Advisory Council

John W. McClure, executive vice president of Mercantile Trust Company N.A., St. Louis, has been named to the National Advisory Council for the Small Business Administration.

Mr. McClure is head of Mercantile Trust's midwest area in the bank's corporate banking department. His area includes Mercantile's economic development and small business group.

Sallie Mae Reports Record Net Income

The Student Loan Marketing Association (Sallie Mae) of Washington, D.C., has reported record net income of \$30.4 million for the second quarter of 1985, up 26 percent over net income of \$24.2 million in 1984 second quarter and 6 percent over net income of \$28.9 million in the first quarter of 1985. On a per common share basis, earnings were \$.59 for the 1985 second quarter, versus \$.47 in the second quarter of 1984 and \$.56 for the 1985 first quarter.

Net income for the six months ended June 30, 1985 was \$59.3 million, or \$1.16 per common share, compared with net income of \$45.8 million, or \$.88 per common share, for the first six months of 1984.

FINANCING FOR THE FUTURE

Security Pacific Business Credit, a nationwide commercial lender, provides specialized financing for hundreds of companies in virtually every industry.

Our regional offices are staffed by seasoned professionals who concentrate on re-financing and leveraged buy-outs in your market. We can structure flexible, asset-based financing to meet your needs now...and in the future, including:

- Financing from \$1 million to \$100 million or more
- Flexibility
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- Experience
- Financial strength
- Quick turnaround
- Competitive rates

And most importantly, Security Pacific Business Credit is backed by Security Pacific Corporation, the nation's seventh largest bank-holding company with assets in excess of \$46 billion.

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Carey D. Brunelli, Vice President
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Subsidiary Security Pacific Corporation Assets over \$46 billion

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That's what it means to do business with Deluxe.

Being the leader in any industry usually means having developed the most efficient path from raw materials to finished goods. That's what Deluxe Check Printers, Inc. has done.

From the paper mill to your customer's mailbox, no one delivers a comparable product line for less than Deluxe. One product, maybe. Two, perhaps. But your customer base needs more than one or two products. Add up the whole mix, and no one can match Deluxe at the bottom line.

No one.

Save as much in soft costs as you do in hard.

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And profitably.

It's all yours for the asking. Which eliminates a lot of internal costs for you.

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All of which is simply to recognize what thousands of institutions across the country already know: that Deluxe provides the greatest total value in the check printing industry today.

Value. It's what you get when you do business with Deluxe. And nothing less.

 **DELUXE**
Check Printers, Inc.

The difference
between a printer
and a partner.

We turn on a dime so you can turn a larger profit.

When money is expensive, so is the time funds are idle. That's why so many banks rely on Northern Trust Bank for profit-enhancing, correspondent services. Our expertise in getting funds to work quickly and profitably has earned us the reputation of being a premiere processor for correspondent banks. In fact, in independent surveys, The Northern Trust consistently ranks among the top three cash management providers in the industry.

The latest in computer technology assures check collection and safekeeping that's accurate and fast. Our Cashline Balance Reporting System gives you elec-

tronic access to your account for maximum flexibility. You can get a fresh update *every 15 minutes* if necessary — and move money within hours rather than days.

Add to our sophisticated equipment the best in personal attention and responsiveness, and you get Northern Trust's ideal combination of quality and efficiency. A dedicated staff of professionals assures you personal attention in all transactions.

We're also ready to assist you in handling your investments. And our experienced Bond Department representatives are always on hand to provide knowledgeable advice.

With Northern Trust Bank behind you, you can count on better service for your customers.

And a better bottom line for your bank. For more information, contact John V. N. McClure, Vice President, Northern Trust Bank, 50 South LaSalle Street, Chicago, Illinois 60675. Telephone: (312) 630-6000. Member F.D.I.C.

**The more you want
your bank to do,
the more you need
The Northern.**

Northern Trust Bank



Role of loan review in valuation of bank stock

Written especially for
THE NORTHWESTERN BANKER

By PAUL W. OLANDER
President
Paul W. Olander Company
Rochester, Minn.

Editor's Note: Like many other business practices that have changed considerably from former years, the almost routine approval of bank stock loans in "the good old days" is no longer routine. So many factors have changed in recent years that bank stock lenders at correspondent banks are required today to make in-depth analyses of the loan portfolio. The author has a unique background that equips him for such loan portfolio analysis and he was invited to share some of his thoughts on this important topic with our readers.

THE MENTION of loan review often conjures up visions of junior loan officers making tentative and naive notations on loan write-up sheets, or to others, a needless activity suited only for banks that do not know their customers well. For other banks, loan review has become an essential part of the credit process, supporting and assisting both management and the loan officer in protecting the loan portfolio from excessive risk.

Whether done by the bank manager, a separate department, a "peer review" system, or by an outside consultant, the goal is to be sure that policy and procedures are appropriate for current conditions and that the portfolio is evaluated for quality.

Now there are several new roles for loan review. One is to assist in making the credit decision on bank

stock loans and the second is to determine the amount of loan portfolio reserve or adjustment needed when a bank is being sold.

Changes in Bank Stock Lending

Traditionally, bank stock lending has been a very desirable use of bank funds. It has been characterized as having a low credit risk and being highly profitable because of the relationships it developed. Substantial competition existed for the loans, which caused borrowers to receive attractive terms, often being able to negotiate arrangements that required only interest and sporadic principal payments. Loans could be shifted readily to other lenders if the bank was not suitably accommodating or if they felt uncomfortable with the loan.

Suddenly, this idyllic situation changed. Lending banks found they could lose money, big money, sometimes the entire principal of these bank stock loans. The cause was simple—some banks started to fail, an almost unheard of event just a few years ago.

Most of these failures have occurred because of loan problems, although there are other reasons, all of which have been described vividly by the media. However, bank stock lenders can be affected adversely even if failure does not occur. Loan problems or other difficulties may cause operating losses to the extent that dividends may not be able to be paid. With no dividends, it may be impossible for the borrower, whether it be an individual or a holding company, to meet the payment schedule on the bank stock loan.

Internal Problems

Severe loan problems often cause banks to be placed under agreements or cease and desist orders which affect the bank's ability to service debt. Usually these enforcement actions prohibit dividends

because loan charge-offs have reduced capital to marginal levels.

Increasingly, there is the additional possibility of management removal being forced by the regulators, which can cause the bank borrower to lose his income from the bank and possibly cause him to defend himself in legal actions brought by the regulators. If that person is the borrower on the bank stock loan, the lender may have serious difficulties in getting adequate debt service on the loan.

Loan problems may cause additional capital to be required by the regulators and this may place the lending bank in a dilemma. A new loan for the capital may be a poor risk, raising the money from another source may cause enough dilution to destroy the bank's position as the holder of the majority of the stock or, if the bank does neither, the bank remains inadequately capitalized and unable to pay dividends to service the bank's debt.

Inability to obtain Federal Reserve approval for the formation of a holding company also may create repayment problems. Without the tax benefits gained through this device, many bank stock loans can't be serviced adequately. If a holding company has not been put in place before problems develop, it may not be approved because of the bank's inadequate financial strength and future prospects, a condition for approval by the Federal Reserve.

Precautions Must Be Taken

Certainly, most banks are not going to be affected by these problems but, as with any other loan, the lender must take precautions to be sure that the loans he makes are not going to be the ones that have the problems. Bank lenders have tried to establish techniques to be sure they are making the proper selections and decisions. As a result, a great deal more attention is being

paid to the loan portfolio because of the major effect it has on the bank.

Up to now, correspondent banks have relied most heavily for their bank loan information on call reports, which show the amount of charge-offs, reserve balances and the amount of nonperforming loans, to judge the quality of the bank loan portfolio. Often, the amount of loans classified by the regulators has been made available to the bank stock lender, although the report itself is expected to be confidential.

But, is this information sufficient? Call reports do *not* tell the complete story on loan quality. The regulators do a thorough job of evaluating a loan portfolio when the bank is under special surveillance because of identified problems, but with other banks, particularly those with substantial capital accounts and a history of good performance, their accuracy, in my experience, has not been so good.

Regulators Also Have Problems

David Cates of Cates Consulting Analyst, Inc. rates banks based on an analysis of a number key ratios. He reports that of the banks that failed during the 1981-1983 period, only 37% received an adverse rating on the last examination before failure. Even more surprising, 34% of

EXAMPLE

May 30, 1985

Analysis of Reserve for Loan Losses

Current Reserve for Loan Losses	\$92,640
Total Loan Portfolio	\$8,326,427
Percentage of Reserve to Total Loans	1.11%

(Special) Loan Review

Rating	Loan Amount	% Reserve	Reserve
A	\$ 112,000	.2	\$ 224
B	687,000	.5	3,435
C	2,812,000	.9	25,308
D	783,000	6.5	50,895
F	397,000	13.5	53,595
X	41,000	50.0	20,500
Sub Total	\$4,832,000		\$153,957

Remaining Loan Portfolio:

	Loan Amount	% Reserve	Reserve
Real Estate	\$2,012,000	.3	\$ 6,036
Consumer	987,000	1.2	11,844
Commercial	495,000	.9	4,455

Grand Total Reserve Needed \$176,292

Amount of (deficit) Reserve \$ 83,652

ABOUT THE AUTHOR—Paul W. Olander has 31 years of experience in the financial business. He started his career in 1954 as an FDIC examiner, then in 1959 became branch manager for SBA in Fargo, N.D. Five years later he was named vice president of First National Bank in Grand Forks. He moved in 1967 to First National Bank of Great Falls, Mont.; served as president and CEO of Red River National Bank and Trust Company in Grand Forks from 1972 to 1975, and as president and CEO of First National Bank of Rochester from 1975 to 1982.

At that time he organized his own firm, Paul W. Olander Company, which provides a variety of bank management services including on-site management and loan reviews. Recently, Mr. Olander also purchased an interest in First Corporate Services, Inc., and became a registered securities representative. The firm is a Minneapolis-based broker dealer aimed at developing and marketing limited partnerships, and providing debt financing for small business firms. Mr. Olander currently is developing a special division for First Corporate to provide investment banking services for community banks.

Mr. Olander was graduated from the University of Minnesota with a B.S. degree in Business Administration. He is also a graduate of the Stonier Graduate School of Banking at Rutgers University and of the Graduate School of Business Program in Organization Management at Stanford University.

these failed banks received a 1 or 2 Camel rating at the last examination held before their failure.

This can be explained partially by the inability of the regulators, because of a shortage of personnel and the increase in bank problem situations, to examine banks as frequently, often leaving those banks that have had a good record to go up to two years between examinations. My own work in conducting loan reviews for community banks has led me to conclude that examiners tend to under-classify loans in banks that have good record, allowing deteriorating loan portfolios to be given the benefit of the doubt and only becoming severe with their classifications when successive exams show a continuing, unfavorable trend.

Perhaps this is appropriate regulatory behavior, but is the reliance on this information sufficient to support a credit decision on a bank stock loan?

Loan Review Emphasis Needed

Some correspondent banks now believe they must do *more* to evaluate their bank stock loan requests and are requiring loan reviews either by their own staff or by independent loan reviewers as a condition to their loan approval.

To be effective, these loan reviews have to be concerned with:

(1) The current condition or quality of the loan portfolio and whether adequate reserves have been established.

(2) The effectiveness of the bank's loan administration procedures. Has the bank identified its problem loans, including those requiring additional monitoring? What has been their recent actions, and what plans are in place for correcting or improving the condition of the individual loans?

(3) The adequacy of the ability and commitment of the bank's staff to handle the problem.

“A proper loan evaluation process...is more comparable with the process that should be gone through to establish a Reserve for Loan Losses.”

Loss Potential Underestimated

Frequently, banks have underestimated the potential for loss in their portfolios, in part because of generally favorable loan loss experience in previous years and because of denial or cover-up. Unfortunately, favorite techniques of the past, such as getting another lender to take over the borrower or rewriting the loan because of optimistic projections of future prices, have not been working. Now, more often than not, a bad loan is just a bad loan with little prospect for full repayment. The decision becomes: “What is the best strategy to realize as much as possible from the asset to have the least amount of loss?”

The success of a bank is now very dependent upon what has taken place in the past; i.e. the current quality of the loan portfolio and, almost as important, the ability of the bank's personnel to make the best of the existing loan portfolio; for example, making the proper decisions on collection efforts and being sure that a minimum amount of new, marginal loans is being made. While it's essential to know the amount of a bank's poor loans, that's only part of the story. It's also necessary to know the chances of the situation improving or deteriorating and to what extent.

Reserve for Loan Losses is Crucial

Consequently, a proper loan evaluation process goes beyond what is shown in the call reports and examination reports and is more comparable with the process that should be gone through to establish an appropriate Reserve for Loan Losses. In addition to estimating the amount of potential loss in the larger loans in the portfolio, that type review also must consider:

(1) Trends in the quality of loans and in the volume of loans outstanding.

(2) The amount of credit risk the bank has assumed because of letters of credit, etc.

(3) The mix in the portfolio and the extent of concentrations of credit.

(4) Previous loss experience.

(5) The amount of delinquent and non-accrual loans and the procedures in place for dealing with them.

(6) The condition of the local economy.

(7) The experience and ability of the lending staff and the support and review of their activities by management.

Example of Calculations

All of these factors must be considered in the evaluation or review process, and they must be reflected in a way that allows a lending bank or investor to see the results of the process. In our loan review work, we express our judgment of the loan portfolio by rating the loans comprising the major part of the loan portfolio (usually in excess of 70% of the dollar volume of the outstanding loans less single family real estate loans) and placing a specific percentage reserve on each of these totals. The accompanying example shows that it is similar to the calculations many banks use to determine the adequacy of their loan reserve and to establish the amount of monthly charge to earnings.

The percentage of reserve for a specific category of loan will vary based on the judgment of the reviewer. For example, “F” rated loans may require as much as a 30% reserve, or as little as 10%, depending upon the bank's recognition of the problem, its plans to correct it, and the probability that it will, because of its skill and resources, be successful. We have found that banks that have realistically graded their loans for a year or more have less potential for loss from their loans than other banks. This is not surprising because often the main hurdle to overcome is denial and the tendency to believe that nothing can be done because of the poor economy.

Some Reserves Cause Disputes

This system of loan portfolio analysis also provides a needed tool for buyers and sellers of community banks. Unfortunately, a number of bank sales have been negotiated where the seller's idea of loan quality has turned out to be different

than that of the buyer. With the disinflation that is occurring in agricultural areas, it is only natural that such arguments will occur.

Some of the “hold backs” or reserves that have been included in agreements for bank sales have created problems; in some cases litigation. These reserves have been established in an effort to adjust the purchase price to reflect that the loan portfolio is worth less than shown on the bank's books. There have been fixed dollar reserves, a percentage of certain loans, take-out of any loans on a list within a certain period of time, elimination of certain loans before sale, loan losses within a certain period of time and so on, all of which have the deficiency of being subject to an argument on loan quality, as well as how the reserve is supposed to work.

Third Party Reviews

Recently, in order to avoid unnecessary controversy and time consuming deals that may not close, buyers and, in some cases, sellers are commissioning third party loan reviewers to establish the general range of the size of the loan reserve needed. In the past, sophisticated buyers could assume that the selling bank's loans were reasonably normal, absent any evidence to the contrary, such as a bad examination report, and they would proceed with only a loan review just before closing, reasonably sure there would be no major surprises. Now, loan problems in some banks may be so difficult as to overcome the ability of good bankers to correct them. Also, they often occur so unexpectedly that past reports have not been a reliable guide.

As a consequence, loan review is being given a larger role in helping to evaluate banks, both from a bank stock loan and a bank sale perspective. But, important as that role may be, by far the greatest contribution loan review can make is to help maintain the quality of bank assets through a regular, comprehensive program conducted within the bank by bank personnel. □

The President's Tax Reform Proposal

...how it affects your bank!



S. RADIA

Written especially for
THE NORTHWESTERN BANKER

By **SUKU V. RADIA**, Partner
and
RANDALL A. HAMILTON, Partner
Peat, Marwick, Mitchell & Co.
Des Moines, Ia.



R. HAMILTON

Editor's Note: Although Congress is far from agreement on President Reagan's Tax Reform proposal, or whether there should be tax reform, many bankers are trying to determine what effect the initial proposal might have on their banks. This article examines some of the important provisions.

ON May 29, 1985, the President sent Congress his long-awaited proposal to revise the tax code. As in all proposals of recent years, there are potential "losers" and "winners." The real estate industry, capital intensive industries, insurance companies, and depository financial institutions appear to be among the "losers." High technology companies, the securities industry, retailers, oil and gas, and small business appear to be among the "winners." Congress has just begun consideration of broad-based tax reform, looking at both the President's proposal and the proposals of various congressional sponsors. The legislative deliberations are expected to continue until late in 1985, with prognosticators about equally split on whether a final bill will emerge late this year or in 1986.

Of special importance to banks is the fact that the President has essentially called for the repeal of the special tax provisions affecting them. Other portions of the proposal also will have a significant effect on a

bank's activities. These changes are summarized in this article.

Bad Debt Deduction

All reserve methods of computing bad debts, including the special methods allowed banks for computing additions to a bad debt reserve, would be repealed. To prevent a double deduction for debts that become wholly or partially worthless after the effective date, banks generally would be required to include their existing tax reserves in taxable income ratably over ten years.

Alternatively, an election could be made to include the entire reserve in income in the first taxable year beginning on or after January 1, 1986. Prospectively, the new law would allow deductions only in the year specific debts become wholly or partially worthless.

Net Operating Losses

Under current law, banks may carry net operating losses (NOLs) back ten taxable years and forward five. Non-financial institutions are allowed to carry NOLs back three years and forward fifteen. The proposal would repeal the special rules for banks and provide them the same carryback and carryover rules allowed other companies. The proposal would be effective for losses arising after 1985. Therefore, existing NOLs would not receive an extended carryover period.

Interest Expense Incurred to Carry Tax-Exempt Obligations

Since 1982, a portion of the interest expense allocable to the purchase or carrying of tax-exempt obligations has been nondeductible. It is proposed that the current 20 percent disallowance be raised to 100 percent for tax-exempt obligations acquired on or after January 1, 1986. The amount of interest expense deemed allocable to the purchase or carrying of tax-exempt obligations would be determined in the same manner as under current law. The current 20 percent disallowance provision would continue to apply to tax-exempt obligations acquired between January 1, 1983 and December 31, 1985.

Cash Basis Method of Accounting

Under this proposal, the cash basis of accounting essentially would be repealed. Only taxpayers meeting the following requirements could continue to use the cash basis of accounting:

- The business has average annual gross receipts of \$5 million or less (computed on a three year moving average); and
- No other method of accounting is regularly used to determine income or loss for purposes of reports to shareholders or others.

Taxpayers required to convert to the accrual basis of accounting would be allowed to spread any adjustment resulting from the change over a period not to exceed six taxable years.

Tax Exemption of Nongovernmental Bonds

Interest on state and local obligations is generally exempt from Federal income tax. The proceeds of certain state and local obligations, however, are made available to nonexempt businesses through industrial development bonds, to homeowners through mortgage subsidy bonds, and to others, such as students. It is proposed that interest on obligations such as these, issued by a state or local government on or after January 1, 1986, would be taxable if more than one percent of the proceeds were used directly or indirectly by any person other than a state or local government. A special transition rule is provided for refunding of outstanding obligations.

Corporate Minimum Tax

Corporations whose taxable incomes are reduced substantially by specified "items of tax preference" are subject currently to an "add-on" minimum tax of 15 percent of the amount by which the taxpayer's items of tax preference exceeds the greater of (a) \$10,000 or (b) the regular corporate income tax for the taxable year. The new proposal would eliminate this minimum tax, replacing it with an alternative minimum tax. Alternative minimum taxable income would be computed by adding to taxable income (loss) the excess of preference items over \$10,000, subtracting a threshold amount of \$15,000, and making adjustments for NOL carryovers attributable to preference items. The alternative minimum tax then would be applied at a rate of 20 percent. The foreign tax credit would still be allowed to offset minimum tax liability.

Since the major bank preferences are repealed under the proposal, the alternative minimum tax may not be significant. The most common preference item remaining would be accelerated depreciation on real property.

Depreciation

A new Capital Cost Recovery System (CCRS) would modify the current Accelerated Cost Recovery System (ACRS) in several respects. First, CCRS would adjust depreciation allowances for inflation by means of a basis adjustment. After reduction for the allowable depreciation in the prior year, an asset's unrecovered basis would be adjusted for inflation during the current year, using an appropriate government index. The applicable depreciation rate would be applied to the adjusted basis, rather than to the unadjusted original cost as under ACRS.

Second, CCRS would assign all depreciable tangible assets to one of six classes, rather than the present five classes under ACRS. Each class, with a recovery period between 4 and 28 years, would be assigned to declining-balance depreciation rate according to CCRS depreciation schedules. These schedules would switch to the straight-line convention in the year which the straight line method yields a higher allowance than the declining balance rate. Under these schedules, a taxpayer would be entitled to less of an accelerated write-off in the early years of an investment in depreciable property.

Investment Tax Credit

The investment tax credit, along with various other credits such as the rehabilitation credit and the business energy credit, would be repealed under the new proposal.

Deny Tax Rate Deduction Benefit Attributable to Excess Depreciation

Accelerated depreciation deductions allowed under ACRS and earlier law resulted in a deferral of tax liability when compared to straight-line depreciation. Since the proposal reduces the top marginal tax rate from 46 percent to 33 percent for corporations, these deferred tax liabilities would be repaid at a lower rate, thus resulting in a "windfall" benefit.

In order to prevent taxpayer from retaining this unexpected windfall benefit, 40 percent of a taxpayer's cumulative "excess depreciation" taken between January 1, 1980 and July 1, 1986, on assets placed in service after January 1, 1980 and before December 31, 1985, would be included in income over a three-year period. The first \$300,000 of excess depreciation would be exempt from this recapture rule. If a taxpayer's total depreciation taken during this period is less than \$400,000, this recapture rule would also not apply. The effect of this proposal is to limit tax benefits and excess depreciation over the stated period to 33 percent.

Observations

For most banks, it is premature to make significant planning decisions based upon the President's proposal. However, if the prospects for enactment of law changes along the lines proposed by the President begin to gain Congressional acceptance, it would be prudent to develop a specific strategy for your bank to minimize the negative impact of the changes. □

How to reduce the risk in evaluating computer loans and leases

Written especially for
THE NORTHWESTERN BANKER



By **PHILLIP L. BRANDSEY**, President
Genesis Systems Corp.,
Apple Valley, Minn.

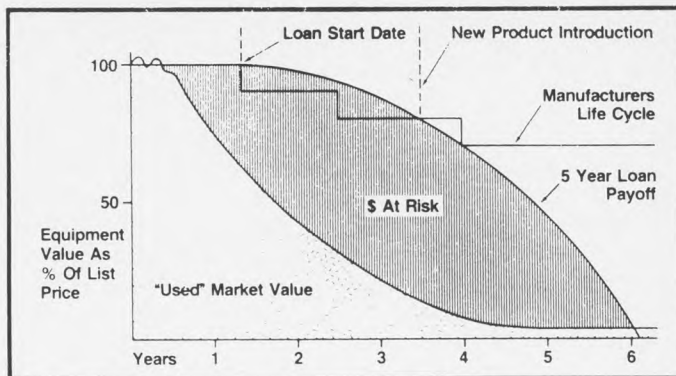
BECAUSE computer equipment is being used increasingly as collateral on commercial loans, many lending and leasing institutions face significant jeopardy if they do not find ways to keep up-to-date on current values of data processing equipment.

Whether a commercial customer requests a \$300,000 loan for equipment acquisition or another desires a five year lease on the same, what determines whether the investment is sound? What are your assumptions regarding residual value or manufacturer's life cycle on a Sigma 9 Processor, an IBM 4361, a Dec Vax 11/780, or a CAD/CAM architectural planning system?

Challenge to Bank Officers

These are typical problems posed to today's lending and leasing officers. Your officers have a major responsibility to protect your financial institution's assets and to make sound business investments. But their judgment can be only as sound as the information on which they base their decisions. And, this information is often shaky at best because of the continually changing computer hardware market. Lending and leasing officers are put in a challenging position when you consider:

- The multiplicity of hardware manufacturers;
- The near end of life cycles on hardware products which were recently state-of-the-art;
- The manufacturer's designed life cycles for the product;
- The rapid rate of new product introduction impact-



ing the new and used market;

- The ups and downs in equipment pricing generally.

Response to Need Is Developed

To be both competitive and sufficiently collateralized, one clearly needs informed guidance. With this in mind, our company has developed the Equipment Analysis Report (EAR). On your desk within 48 hours of your request, the EAR provides you with:

- The current wholesale and retail price of the equipment;
- The estimated retail value of the equipment over the next three years;
- The expected impact of new technology on such equipment over the next 12 months;
- The current marketing effort of the manufacturer as it affects that hardware.

The EAR has already demonstrated its effectiveness. Gaining accurate knowledge of the projected life and retail value of the equipment specified has enabled many lending and leasing officers to make intelligent, factually-based decisions.

For example, a vice president of commercial loans for a major East Coast bank recently requested an EAR to determine the market value of data processing hardware that was being pledged as collateral for a loan. The insight provided by the EAR into current market pricing on a non-IBM product was instrumental in that bank's decision to refuse the equipment as collateral.

Newsletter Discusses Specifics

Our monthly newsletter to subscribers of the EAR program covers such topics as How to Minimize the Risk in Residual Values, Lucrative Vertical Markets, What's Happening with Manufacturers, The Impact of Foreign Products, Critical Factors in a Manufacturer's Product Life Cycle and Acquisition Phobia—Product Backlash.

These topics have a broad impact on how bankers should view not only lease arrangements with clients, but also loans made to clients for the purpose of acquiring data processing gear. Some key items that we try to highlight are these:

1. The financial strength and product direction of the manufacturer.
2. Competitive products
3. Developing technology
4. Software valuation and considerations

5. Foreign Manufacturers - direction, technology, product

6. Pitfalls in corporate acquisitions (e.g. the acquisition of Memorex Corp. by Burroughs)

Education Needed on Risks

Additionally, bankers need to be educated on the risks inherent in commercial loans to clients for the purchase of DP hardware. In most cases, the equipment is not taken as collateral. DP budgets, however, are usually the single largest departmental expense of a corporation. Hardware represents a significant percentage of that expense.

If equipment is depreciated on a five year basis, it is fully possible that at the time the power is turned on to the system (it then being considered "used" gear), that the depreciated value would show as being 100% of list price but, in fact, the actual value could be 40%. Such a loan made on a \$500,000 system would result in \$200,000 in actual value backing the loan; hardly a minimal risk position for a bank to be in.

The problems facing bankers today on lease and loan decisions can be minimized if they are aware of the potential risk involved in such transactions and have the necessary information available to them at the proper time for evaluation of risk. We feel our EAR program fits that bill very nicely and that it is a unique program in the market today.

I think there is no question that banks are missing

"The problems facing bankers today can be minimized if they are aware of the potential risk involved in such transactions."

good opportunities for leases and missing out on becoming effective partners to clients by not providing hardware evaluation services to those clients. With the increased interest by banks in wooing small to medium size businesses and in providing broad, related banking services, such a program would be invaluable to bank and client alike. Stories abound in the banking and leasing communities regarding disastrous residual value decisions made on data processing equipment. To provide an opportunity for banks to enter this realm at minimal risk we have focused the 25 years of Genesis' experience, which bridges four generations of computer technology, on the Equipment Analysis Report (EAR) program. □

Bankers Learn Hard Ag Facts of Lending, Collections and Farm Bill

By BEN HALLER, JR.
Publisher

SENIOR ag lending officers attending the National Agricultural Bank Management School sponsored by the American Bankers Association at Iowa State University in Ames last month received a large volume of information from four presentations at the special Current Issues Seminar.

Taking part were Dr. John F. Marten, staff economist for *Farm Journal*, West Lafayette, Ind.; Don Powell, president, First National Bank of Amarillo, Tex.; James R. Eatherly, chairman, John Birch, president, and Dennis Buss, vice president, all of First National Bank, Tonkawa, Okla., and Dr. Sung Won Sohn, senior vice president and chief economist for Northwest Corporation.

Dr. Marten and Dr. Sohn both said the Farm Bill considered by Congress will be of short-term help, will be more free market-oriented, but probably won't be enough to

prevent the failure of a number of farmers.

Dr. Marten gave an extensive review with overhead slides of a recent *Farm Journal* survey that offers a wide variety of statistics on farmers, their debt, and their future. He said one-third are in deep trouble, owing two-thirds of farm debt; one-third are in *some* trouble and owe the other one-third, while one-third of farmers are in no trouble and have little or no debt. His research shows young farmers are the most vulnerable. For example, in central states his figures show 55-57% of farmers under age 44 have the heaviest debt problems. That reduces to 44.1% for those age 44-54, 18.6% for 55-64, and just 8.1% for those over age 65.

Dr. Marten gave his analysis of the Farm Bill, as well as a prospective scenario for commodity prices.

Mr. Powell went through a detailed outline titled "Working into Workouts," discussing each step from identifying problem loans through the workout and payout process.

The three officers of the Okla-

homa bank gave full details about how their bank handles "Government Guaranteed Loan Programs." Their process, which involves having a full grasp of every FmHA requirement and knowledge of what FmHA personnel expect from commercial lenders, has made First National of Tonkawa the leading FmHA lender in Oklahoma.

As the after-dinner speaker, Dr. Sohn also cautioned that Congress' Farm Bill, while offering help to farmers at a reduced level, will not be a panacea. His survey of Ninth District banks and farmers indicates one-fourth of district farmers have cash-flow problems. Of the 10% classified as very difficult, perhaps another 4% will leave farming in the next year.

Dr. Sohn blamed lack of federal ag trade policy for part of the ag industry's ills. Our government, he said, does not acknowledge that while we insist on an unsupported, free market policy, every other nation is taking our markets with their home government subsidies. Many countries formerly dependent on U.S. ag imports now have achieved or are nearing self-sufficiency, such as China — many with the help of our export of ag knowledge and training. □

Illinois

G.T. Andes, pres., Belleville
W.J. Hocker, exec. v.p., Chicago



Eagle Bank Elects President

Herbert G. Rautenberg was elected president and CEO of the Eagle Bank, Highland at the May meeting of the board. Rayhill J. Hagist, CEO, was also elected chairman and Elvin M. Foehner, senior board chairman.



H. RAUTENBERG

Mr. Rautenberg came to Eagle Bank following a distinguished career in international marketing with the William Wrigley, Jr. Company where his responsibilities included the administration and supervision of sales, advertising and marketing for the company's Canadian operations. Prior to this appointment, he had established Wrigley's marketing division in France.

Rockford Bk. Changes Told

First National Bank and Trust Company of Rockford announced the following promotions and appointments.

Steven G. Meyers has been named senior vice president-retail banking. He was previously associated with Illinois National Bank and Trust Company of Rockford as vice president of marketing and retail banking. Mr. Meyers assumes responsibility for the personal banking division which includes all consumer services.

Gregory S. Abbott has been promoted to vice president-administration for First National and its holding company, First Community Bancorp, Inc. He assumes responsibility for all bank staff functions including: personnel, marketing/planning and accounting.

In addition, he will assist in holding company acquisition activity. Mr. Abbott joined First National in 1983 as vice president-marketing/planning.

Jerry A. Lecklider, vice president and controller, has been elected to a similar position in the holding company. In addition to retaining his responsibilities at First National, he will be responsible for the accounting, financial management and reporting for all member banks. Mr. Lecklider joined First National in 1977 as a staff auditor.

Ilene K. Eisenberg has been named vice president-marketing/planning. Ms. Eisenberg was previously manager of product planning at InterFirst Corporation in Dallas, Texas. She was also associated with Mercantile National Bank at Dallas and Bank of Oklahoma, Tulsa, in various marketing positions.

Scott A. Hendee has been promoted to assistant vice president-planning and research. Mr. Hendee joined the bank in 1975 as a collector. He was previously market research manager.

Elected IBA Vice President

Charles E. Waterman, executive vice president and director of the South Holland Trust and Savings Bank, has been elected vice president of the Illinois Bankers Association (IBA). Mr. Waterman replaces G. Thomas Andes, president, First National Bank of Belleville, who became president of the Association in March.

As a banker, Mr. Waterman continues a family tradition dating back to 1911, when his grandfather began his own banking career. Mr. Waterman himself started at the South Holland Trust and Savings Bank as assistant vice president in 1971.

Highland Appointments Told

Rock National Falls National Bank, Highland, recently announced the promotion of two bank officers and the election of two board directors.

Pamela Erby has been promoted to the position of vice president in charge of consumer services. She had served the bank as head bookkeeper, head teller, and most recently as customer services officer.

Also promoted to vice president was Vincent Dietzel. Mr. Dietzel is in charge of lending, being promoted from commercial loan officer. He was formerly the vice president of South Park National Bank of Quad Cities, the American Bank of Rock Island, and regional manager for the Associates Financial Services.

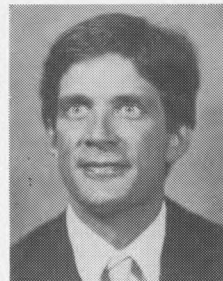
John L. Hoffmiller was elected to the board. He is replacing his father who has retired from the board after serving since 1972.

James L. Reese, a partner in the law firm of Blodgett, Reese, Merritt and Albert, was also elected to the board. He is currently serving the city of Rock Falls as an attorney and is past president of the Rock Falls Chamber of Commerce.

Promoted at Decatur Bk.

Edmond J. Arseneault, president of Soy Capital Bank and Trust Company, Decatur, has announced the promotion of Timothy Radliff to assistant vice president.

Mr. Radliff joined the bank in 1983 as an administrative assistant and graduated from Illinois State University with a BS in economics.



T. RADLIFF

Name Change in Elmhurst

At a special stockholders meeting held last month, the shareholders of Elm Marine Bancshares, Inc., Elmhurst, approved a name change for the corporation from Elm Marine Bancshares, Inc. to Illinois Marine Bancorp, Inc. An independent multi-bank holding company with consolidated total assets of \$442 million, Illinois Marine Bancorp is the parent company of Elmhurst National Bank, Bank of Clarendon Hills and St. Charles National Bank.

Arlington Heights Adds One

Suzanne Morys has joined the Bank & Trust Company of Arlington Heights as commercial banking officer. Ms. Morys has eight year's banking experience with responsibilities focused on direct lending for the past five years. She has completed course study with AIB on lending administration and is currently enrolled in the Graduate School of Banking in Wisconsin.

First Illini Acquisition

Meyer J. Jacobs, chairman of Madison Park Bank in Peoria and Malcolm E. Lambing, Jr., president and CEO of First Illini Bancorp, Inc., Galesburg, have announced an agreement in principle for First Illini to acquire the Madison Park Bank. The acquisition is subject to Madison Park shareholder and regulatory approval and is expected to be completed early in 1986.

First Illini Bancorp, Inc., currently has two wholly-owned bank subsidiaries. First Galesburg National Bank and Trust Company in Galesburg has \$155 million in assets. The \$14 million Abingdon Bank and Trust Company of Abingdon was acquired in 1984.

Displayed at Wheeling

An antique Stanhope Carriage was on display July 1st through July 15th in the lobby of Main Bank—Wheeling.

The antique carriage, is owned by Mr. and Mrs. Jack C. Thompson of Wheeling and was provided through the Wheeling Historical Society. The Stanhope, named for its English designer, the Honorable Fitzray Stanhope, is a versatile 1-horse, 2-wheeled cart which came into being in England around 1815.

Main Bank—Wheeling and the Wheeling Historical Society are planning on having additional interesting antiques on display through the summer.

Appointed, Promoted in Morton Grove

Susan Hoffman-Warner has been appointed accounting officer and Barbara Neuman has been promoted to assistant cashier at the First National Bank of Morton Grove.

Ms. Hoffman-Warner joined the bank in 1974. Ms. Neuman, who also serves as head teller, has been with First National since 1960.



The board of Midwest Financial Group, Inc. (MFG), the Peoria-based holding company, recently named **Walter J. Charlton** as chairman and **William Barnes III** president and CEO. Mr. Charlton and Mr. Barnes will succeed **David E. Connor**, who has resigned as MFG's president and CEO and as a director, last month.

Mr. Charlton is also chairman of First Trust and Savings Bank of Kankakee, and MFG member bank. Mr. Barnes is president, chairman and CEO of the Citizens National Bank of Decatur, also owned by MFG.

Mr. Charlton became an officer of First Trust and Savings Bank of Kankakee in 1950. He was elected to the board in 1953, chosen president in 1965 and chairman in 1979.

Mr. Barnes joined Citizens National in 1947. He was subsequently elected to the board, named chairman in 1971 and president and CEO in 1980.

* * *

Charles R. Gardner, president of the Chicago Dock and Canal Trust and **George J. Butvilas**, executive vice president of Boulevard Bank have been elected to the board of Boulevard Bank.

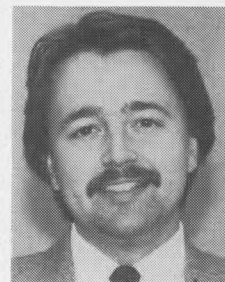
Mr. Gardner is a CPA and has been with Chicago Dock and Canal Trust since 1981.

Mr. Butvilas joined Boulevard Bank in 1980 as senior vice president.

* * *

Steven Schmoldt has recently been elected vice president, finance, of First Colonial Bankshares.

Mr. Schmoldt was formerly assistant vice president, finance of Colonial Bank and Trust Co., Chicago, the group's lead bank. He joined Colonial Bank in 1976 and is a graduate of DePaul University, Chicago.



S. SCHMOLDT

* * *

Lane Bank Group agreed last month to purchase First Commercial Bank of Rolling Meadows, Illinois. The terms of agreement were not disclosed and the purchase is subject to regulatory approval.

According to **Scott K. Heitmann**, Lane Banks' president, Northwest National Bank, the largest of the Lane Bank Group will make the acquisition and First Commercial will become the suburban facility of Northwest National.

* * *

Michael D. Lindsey has been appointed vice president in charge of cash management at the LaSalle National Bank. He will be responsible for marketing and product development of the cash management division.

* * *

Eugene Miller has been elected to serve on the board of directors of the Exchange National Bank. Mr. Miller is executive vice president and chief financial officer of U.S. Gypsum Corporation.

* * *

Stanley R. Banas has been elected to the board of directors of The Mid-City National Bank of Chicago. He is president of Stanley Spring & Stamping Co.

Minnesota

C.D. Kurtz, pres., Norwood
T.L. Jeffers, exec. v.p., Minneapolis



IBM Plans 24th Annual Convention

THE Independent Bankers of Minnesota will hold its 24th annual convention August 22-25 at Breezy Point Resort, Brainerd. Officers for this year's convention are President, James A. Clark, Lake Crystal National Bank; First Vice President, J. Stephen Schmidt, The Northern Bank, Anoka; Second Vice President, Kermit Mahlum, First National Bank, St. Peter; Treasurer, Robert Jacobson, American National Bank and Trust, St. Paul, and Executive Vice President, Norbert A. McCrady, Independent Bankers of Minnesota, Bloomington. The program schedule follows:

Thursday, August 22

- P.M.**
12:00 Registration/Information desk opens.
4:30 Exhibit hall opens, Prize drawing (must be present to win).
5:30 Hospitality reception. Barbeque, Minnesota roundup party.

Friday, August 23

- A.M.**
8:30 Business session call to order.
Greetings from the president—James A. Clark, Lake Crystal National Bank.
Convention preview—Kermit Mahlum, Second Vice President, First National Bank, St. Peter.
Independent Bankers Association of America—President, B.F. (Chip) Backlund, Bartonville Bank, Bartonville, Ill.
Guest speakers—Harvey Lederman, former director, Walter Heller Institute for Small Business, Chicago, Ill. Michael Hatch, Commissioner of Commerce. Jim Miller, Deputy Commis-

sioner of Commerce.

General services group presentation—Larry Sorenson, GSG chairman, executive vice president, Arlington State Bank.

- 11:00 Attention spouses—Communications Workshop, Dr. Jerie McArthur, Professor at U of M.

- P.M.**
12:00 Adjourn
1:30 Men's flight golf tournament.
5:30 Hospitality reception. Open dinner hour.

Saturday, August 24

- A.M.**
8:30 Business session call to order.
Association report—President, Jim Clark, Lake Crystal National Bank; Executive Vice President, Norb McCrady, Bloomington.
Panel discussion—"Interstate Banking," Thomas H. Huston, Superintendent of Banking, Iowa; John A. Brown, president, Independent Community Banks of North Dakota; David Ballweg, president, Independent Bankers Association of Wisconsin; Neal Peterson, partner, Peterson, Engberg, & Peterson Law Firm.
Special guest presentation—U.S. Congressman Tim Penny.
Attention spouses—featured speaker: Jane Curry as Samantha Allen Smith.

- P.M.**
12:00 Open afternoon.
5:30 Hospitality reception.
6:30 Dinner dance - Jules Herman Orchestra.

Sunday, August 25

- A.M.**
8:30 Ecumenical Services.
9:00 Ranch style breakfast.

Wayzata Bk. Adds New Pres.

David A. Shern has joined Anchor Bancorp, Inc., Wayzata, as president and director. He was also elected a director and officer of the First National Bank of Wayzata and chairman of First Bank of Minnesota, West St. Paul.



D. SHERN

Most recently, Mr. Shern had been Deputy Commissioner of Commerce in charge of financial institutions for the state of Minnesota. He began his banking career with First of St. Paul in 1949 in its credit department and brings years of experience to Anchor Bancorp, Inc.

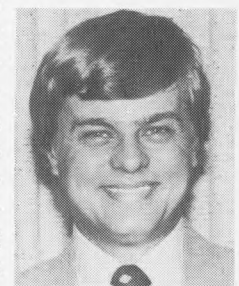
Elected in Duluth

First Bank Duluth has announced the election of Kenneth R. Olson as senior vice president and senior lending officer.

Mr. Olson joined First Bank Duluth in 1961 as a commercial teller and entered the bank's management trainee program in 1964. He has served on the staff of the mortgage loan department, as manager of the bookkeeping, proof and transit departments and as assistant cashier, commercial loans. In 1970, Mr. Olson was elected assistant vice president and the following year was named vice president.

Appointed in Windom

Donald G. Victor, cashier, has been appointed manager in charge of the retail banking center at First Bank Windom. He replaces Dean Bertsch who has accepted a position as a commercial lending officer at First Bank St. Cloud.



D. VICTOR

Mr. Victor began his banking career with First Bank System in 1978.

FIRST. THE GOOD NEWS.

Two Firsts make a force in correspondent banking.

First Bank Minneapolis and First Bank Saint Paul Correspondent Banking Departments have joined forces to become First Bank Correspondent Banking. We combined all the resources of two of the largest correspondent banks in the region to create the newest, biggest and most customer-driven correspondent in the Upper Midwest.

What does that mean to you? It means you can draw on the largest credit resources of any correspondent in the Upper Midwest. It means you can build a solid banking relationship with the largest staff of professional calling officers in the area. And it means you can rely on the resources of our banking officers to solve your specialized, multi-bank, agricultural and non-credit needs.

We reorganized to fit the changing banking world. You still need regular contact with our calling officers for bank stock financing, standard overlines and other credit services, so we left that side of our organization unchanged. But, you also needed more and more advice about the rapidly changing world of deregulated banking. And so we're giving it to you.

We created three new specialty divisions within

our expanded correspondent department: A Multi-Bank Ownership Division, a Non-Credit Products Division and an Agriculture Production Credits Division. All of our specialty banking officers are experts in their own area *and* in correspondent banking. And that means that they, too, can operate directly with you on a regular basis, when you need them.

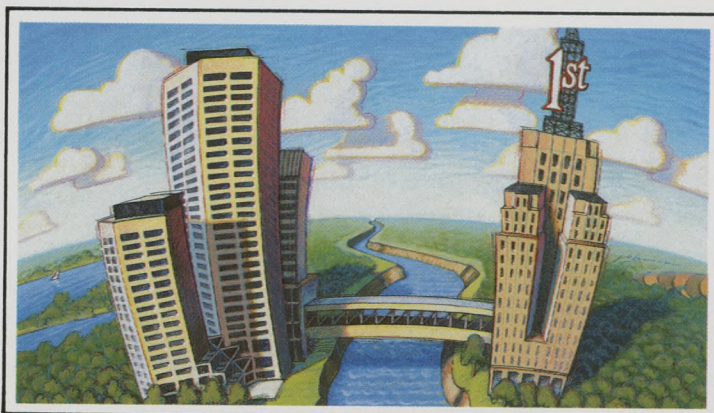
Also, First Bank Correspondent Banking officers have instant access to *all* of the resources and expertise of First Bank Minneapolis and First Bank Saint Paul. So you can get the expert banking advice you need

whether it's in international banking, consulting services, security sales and safekeeping, SBA loans, leasing, and much more. We even have an entire division that specializes in financial services for the new high-growth, high-technology and service industries.

So, when you need correspondent banking services, talk to us. At First Bank Correspondent

Banking you don't have to go around in circles to get to the experts. We have the credit you need and the technical advice you have to have to stay profitable in today's ever changing world of banking.

At First, good news is all you get.



First Bank
*Correspondent
Banking*

First Bank Minneapolis
First Bank Place
Minneapolis, MN 55480
(612) 370-5474

First Bank Saint Paul
332 Minnesota Street
St. Paul, MN 55101
(612) 291-5585



Twin Cities

Norwest Bank Midland recently announced the following elections and promotions:

William J. Mandel, vice president, consumer banking department; **Cynthia J. Strand**, vice president, private banking manager; **Ross H. Buffington**, assistant vice president, financial institutions group; **Jeanne Lowe**, assistant vice president, consumer banking; **Kathy Bruckbauer**, personal banking officer, consumer banking; **Teresa Gadach**, financial officer, financial department; **Patricia A. Hannula**, consumer loan officer, consumer banking.

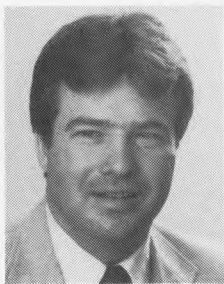
Mr. Mandel joined Norwest Bank Midland in 1980 as an assistant vice president of consumer banking. He received a BA degree in social sciences from the College of St. Thomas.



W. MANDEL



C. STRAND



R. BUFFINGTON

Ms. Strand began her Norwest banking career in 1983, as a private banking officer at Norwest Minneapolis and joined Norwest Corporation in 1984 as a retail banking officer.

Mr. Buffington began his career at Norwest Bank Atlantic, Atlantic, Iowa, in 1981 as assistant cashier

and trust officer. He received a BS degree in agricultural business from Northwest Missouri State University Maryville, Mo. in 1980.

Ms. Lowe began at Norwest Bank Midland in 1960 as a teller and in 1965 was promoted to teller supervisor. From 1969 to 1973, she served as staff support for several departments and was promoted to consumer banking representative in 1975. She became a consumer banking officer in 1976.

Ms. Bruckbauer began her career with Norwest Bank Midland in 1974 as a full service and savings draft teller. In 1979 she advanced to senior savings draft teller and later to lead teller. In 1981, Ms. Bruckbauer joined the consumer banking department as a consumer banking representative.

Ms. Gadach began at Norwest Bank Old St. Anthony in 1971 where she served as an installment loan clerk and in 1979 was promoted to staff accountant. In 1980, she was



J. LOWE



K. BRUCKBAUER



T. GADACH



P. HANNULA

promoted to accounting group leader and later became the accounting manager. She transferred to Norwest Bank Midland in 1984, in the position of accounting reconcile supervisor.

Ms. Hannula's Norwest Bank Midland career began in 1980 as a savings and draft teller and later lead teller at the St. Louis Park office. In 1981, she was promoted to personal banking representative at the Government Center office.

* * *

Arthur J. Rolnick, vice president and deputy director of research, has been named senior vice president and director of research at the Federal Reserve Bank of Minneapolis.

Mr. Rolnick joined the Minneapolis Fed in 1970 as an associate economist. He was named assistant vice president and manager of regional and banking studies in 1979 and promoted to vice president and deputy director of research in 1980. During the 1981-82 academic year he was granted a sabbatical leave and served as a part-time visiting professor at Boston College.

Preston J. Miller, monetary advisor, will succeed Mr. Rolnick as vice president and deputy director of research.

The Federal Reserve Bank also announced two official staff promotions.

Ronald E. Kaatz, 49, vice president of automation services, has been named senior vice president. He will have responsibilities for automation services, personnel, planning and control, administrative services, building, and protection.

Susan J. Manchester, 39, assistant vice president of data systems services, has been named vice president of data systems and information services.

Norwest Corporation recently announced **Lloyd P. Johnson**, who became president and CEO in March 1985, was elected to the additional post of chairman.

As chairman, he succeeds **John W. Morrison** who resigned after serving in that position since 1981.

Prior to joining Norwest, Mr. Johnson was vice chairman and member of the office of the chief executive of Security Pacific National Bank and its holding company, Security Pacific Corporation, Los Angeles. He is a past president of the California Bankers Association and also of the San Francisco Clearing House.

Norwest also announced the appointment of **John E. Ganoe** as vice president and manager of standards and procedures. Mr. Ganoe will direct a task force to identify and implement standard operating procedures for Norwest's banking group.

Mr. Ganoe joined Norwest's banking region IV, in Iowa, in 1983 as regional controller, and during 1984 was named chief administrative officer of Norwest Bank Des Moines. Prior to joining Norwest, he was chief financial officer of Banks of Iowa in Des Moines.

* * *

American National Bank of St. Paul has announced the promotion of **Donald R. Rigsby** to vice president and assistant manager of the aircraft department and **Susan Atkins-Harris** to assistant vice president, special asset administration.



D. RIGSBY

Mr. Rigsby joined American in 1966 as an installment credit officer and was promoted to assistant vice president in 1969. In 1975, he was assigned to the aircraft department which provides financing for private and small corporate aircrafts on a nationwide basis.

Ms. Atkins-Harris began her career with American in the internal auditing department in 1979. In 1981, she joined the commercial banking department as a credit analyst and was promoted to commercial banking officer in 1983.

American National Bank also announced **Robert L. Nelson**, vice president/manager, aircraft division, has recently graduated from the Stonier School of Banking which is sponsored by the American Bankers Association.

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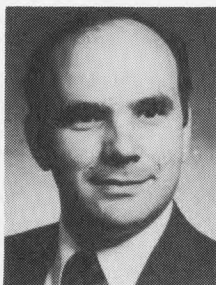
The following four promotions have been announced by Marquette-Holm Insurance Agency, a subsidiary of Bank Shares Incorporated:

To vice presidents—**Loren L. Bakken**, sales, and **David N. Franske**, marketing.

To assistant vice presidents—**Donna M. Collins**, administration and sales, and **Maureen A. Sicard**, personal insurance.



L. BAKKEN



D. FRANSKE



D. COLLINS



M. SICARD

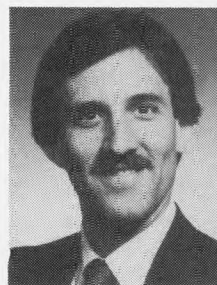
Mr. Bakken joined the agency in 1980 and has been an account executive. Mr. Franske, who joined the firm in 1979, previously was the commercial insurance manager for the agency.

Ms. Collins, an eight-year employee of the agency, previously was an executive assistant. Ms. Sicard joined the agency in 1981 and has served as manager of personal insurance.

* * *

Marquette Bank Minneapolis recently announced the following promotions and new hires: **Neil M. Brozen**, unit bank controller; **Mary P. Dredge**, assistant vice president in the cash management department of the business services group;

Charlyne K. Hovi, manager of the IDS Center Marquette Bank Minneapolis facility; **Patricia A. Smoley**, personal banker and senior services manager; **Joseph W. Stauber**, assistant vice president in the loan review department of the business services group; **Mark LeMay**, assistant trust officer; **Sue A. Stredelman**, assistant vice president in the executive financial services division, and **Violet Zumwinkle**, personal banking officer and main lobby manager.



N. BROZEN



M. DREDGE



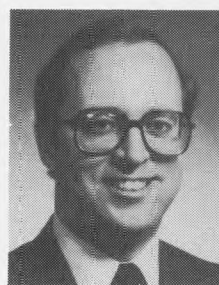
C. HOVI



P. SMOLEY



J. STAUBER



M. LEMAY



S. STREDELMAN



V. ZUMWINKLE

Mr. Brozen joined the bank from Arthur Andersen & Company, where he served as acting manager and tax senior.

Ms. Dredge has been employed for more than four years by Norwest Bank Minneapolis, where she most

recently served as assistant vice president, cash management department.

Ms. Hovi, who joined Marquette Bank Minneapolis in 1982, had been manager of the Marquette Bank Minneapolis Centre Village facility.

Ms. Smoley had served as an administrative assistant for Marquette Bank Minneapolis.

Mr. Stauber joined the bank from ITT Industrial Credit Company, where he served as an investment manager.

Mr. LeMay, previously had served as an attorney for the law firm of Hollander & Hadberg.

Ms. Stredelman had served as assistant vice president in the commercial banking department of Norwest Bank St. Paul.

Ms. Zumwinkle has more than 36 years of banking experience and most recently served as assistant cashier and operations officer, Norwest Bank Camden.

* * *

St. Anthony Park State Bank, St. Paul, has announced the election of **Bonnie Warren** as bank auditor.

Most recently, Ms. Warren held the position of cashier and operations officer of Town and Country Bank in Maplewood. She has also received a broad background of banking experience at the Grand Canyon State Bank in Arizona and the Oak Park Heights State Bank of Stillwater.

* * *

Jackson L. Allen, Jr. has joined First Asset Management, a Minneapolis-based member of First Bank System, as director of marketing. Mr. Allen was formerly vice president of marketing for DeMarche Associates of Kansas City, a leading consulting concern in the pension fund industry.

First Asset Management is engaged in managing money in the pension and profit-sharing industry. The firm currently manages employee benefit assets totaling \$1.9 billion.

* * *

Bremer Financial Services, Inc., St. Paul, has announced the addition of **Therese Zangs Krech** to its staff as marketing officer. She will be responsible for market research activities and product management.

Previously, Ms. Krech served the Norwest Corporation as a research analyst and market planner.

Norwest Bank St. Paul, N.A. recently announced the election of **Arnold A. Niemela** as systems officer and **Margaret Reller** as consumer lending officer.

Mr. Niemela joined Norwest Bank South St. Paul in 1969 and is presently located at Norwest Bank St. Paul.



A. NIEMELA



M. RELLER

Ms. Reller joined Norwest South St. Paul in 1969 and is presently located at Norwest Bank St. Paul as personal banker consumer lending officer.

* * *

Sonia L. Ascherman has been elected human resource coordinator for the Central Market of First Bank System, Inc., which is comprised of First Bank Lake in Minneapolis, First Bank Grand and First Bank Security in St. Paul. She will manage the human resource function for the Central Market banks, which involves the management and administration of personnel services to the seven facilities included in that market.

Prior to this appointment, Ms. Ascherman served as human resource representative for the Central Market. She began her career in human resources in 1981 at the former First Bank Minnehaha, now First Bank Lake.

* * *

The U.S. Government Small Business Administration (SBA) has awarded "Preferred Lender" status to First Bank Minneapolis. The Minneapolis bank is one of only 71 banks across the United States to receive the Preferred Lender Program (PLP) designation and the only bank so designated in the Metropolitan/Twin Cities.

Preferred Lenders are authorized to guarantee qualifying small business loans without sending the application package to the SBA. The lenders perform almost all servicing and liquidation actions—determining eligibility and credit worthiness, loan size, structure, collection and liquidation—without referring to the SBA.

According to **Stan Gove**, First Bank vice president and head of the Government Guaranteed Loan Services Division for the 15 Metropolitan First Banks, the PLP designation will benefit all First Banks in the Metropolitan/Twin Cities.

* * *

The Minneapolis chapter of the American Bankers Association's American Institute of Banking, serving bankers in the greater Hennepin County area, was recently honored with the institute's highest commendation—the Joseph E. Chapman award.

Duane Ostlund, chairman and **Thomas Richards**, executive director of the Minneapolis chapter accepted the award on the chapter's behalf at the culmination of the National AIB Leaders Conference, which was held June 9-12 in Los Angeles.

Rochester Addition Told

Stephen J. Arbour has assumed a management position in the commercial loan division of Norwest Bank and will be located at Norwest Bank Rochester. Mr. Arbour began his banking career with First Bank Duluth. He moved to First Bank Minneapolis in 1975, and, in 1978, to First Bank Northfield as vice president and manager of commercial and agricultural loans. In 1980 he became vice president, second officer, with responsibility for personnel and credit. He moved to First Bank Rochester in 1982 as vice president, commercial loans. Most recently he served as senior vice president in commercial lending.

Added in Chanhassen

Denny Gearou has joined the Chanhassen Bank as operations officer. He previously served for seven years in operations and loans at the Minnetonka Bank in Excelsior.

Face the future with familiar faces.



When investment professional Ralph Nelson and correspondent banker Bill Addington team up to serve your bank, you're dealing with



people who have been delivering outstanding service over a long period of time.

The Investment Portfolio of your bank represents a significant portion of its total assets. So when you make investment decisions, it's important that you deal with people who know you, your investment philosophy, and the asset/liability management policy of your bank.

It makes a lot of sense to tie your correspondent needs to people who work as a team. Ralph is only a phone call away and Bill works with your bank regularly.

It is comforting to face the future with familiar faces.



Marquette Bank
Minneapolis Member FDIC

Investments: 612-341-6542

WATS: 1-800-642-7582

Correspondent Banking: 612-341-6561

Financial Mkts. Conference Held in Minneapolis



Bob Brown, right, president of Norwest Capital Markets, Inc., was moderator of a panel discussion on the economy at the first annual Financial Markets Conference, sponsored by Norwest Investment Services, Inc. June 18 in downtown Minneapolis. On the panel were nationally-known money market economists, left to right, **Alan Lerner**, Bankers Trust Company; **Ed Sawicz**, Discount Corporation of New York; and **David Jones**, Aubrey G. Lanston & Co., Inc. More than 225 Norwest customers attended the day-long conference which also included workshops, a reception and a luncheon speech by **Gary Stern**, president of the Minneapolis Federal Reserve Bank.

Marquette Lease Services, Inc., the lease financing subsidiary of Bank Shares Inc., has named **Evelyn Lange** administrative officer.

Ms. Lange has worked in various capacities at Marquette Bank Minneapolis, the lead bank of Bank Shares Inc., for nearly nine years. Most recently, she served as an investment operations officer in the financial group of Marquette Bank Minneapolis.



E. LANGE

JoAnn Mortenson has been recently elected a commercial banking officer and **Howard R. Palmer** a credit officer of Norwest Bank Central, N.A.

Ms. Mortenson joined Norwest Bank Central in 1981 as a credit analyst. She became a credit officer in 1982.

Mr. Palmer joined Norwest in 1982 as a staff auditor for Norwest Credit Services, Inc. Prior to joining Norwest, he worked as an examiner with the North Dakota State Banking Department.

Al Mueller recently joined Western Bank, St. Paul, as assistant vice president of the commercial loan department.

Mr. Mueller served as commercial banking officer at First National Bank of St. Paul prior to joining the staff at Western Bank.

Mr. Mueller is a graduate of the University of Minnesota with a BBA degree.

* * *

The Minnesota Chapter of Robert Morris Associates—the national association of bank loan and credit officers—has elected its new slate of officers and directors for the 1985-86 year.

The following bankers were voted into office: President, **Philip J. Gallivan, Jr.**, senior vice president of Marquette Bank Minneapolis; Vice President, **John F. Crinklaw**, senior vice president of National City Bank, Minneapolis; Secretary/Treasurer, **Michael R. McHugh**, senior vice president of Norwest Bank, Bloomington. In addition, three bankers were elected to the chapter's board for two year terms. They are **Richard L. Parnell**, vice president of First Bank Minneapolis; **Norman T. Sampson**, president of Norwest Bank Red Wing and past president of the Minnesota chapter, and **Robert L. Stehlik**, president of First Bank Southdale.



P. GALLIVAN, JR.

Norwest Corporation announced last month the completion of the sale of the mortgage servicing operations of its subsidiary, Norwest Mortgage, Inc., to GMAC Mortgage Corporation, a subsidiary of General Motors Acceptance Corporation (GMAC).

The transaction included the servicing rights to approximately \$11 billion in real estate mortgages, a 160,000 square foot office building in Waterloo, Iowa, and seven commercial mortgage production offices.

Norwest Mortgage's 42 residential loan production offices in 23 states were not included in the sale. Norwest will sell to GMAC qualified servicing rights to residential mort-

gages originated by these offices for a period of at least three years.

* * *

Norwest Corporation and Gerald D. Hines Interests have selected **Cesar Pelli**, New Haven, Conn., as the architect for the Norwest Center in downtown Minneapolis.

The center, consisting of an office tower of approximately 40 stories and one million square feet, will occupy the east portion of the block bounded by Marquette Avenue, Nicollet Mall, and 6th and 7th Streets. The new center will accommodate Norwest's headquarters and its lead bank, Norwest Bank Minneapolis.

* * *

W. Paul Schmechel has been elected to the board of First Bank System, Inc., Minneapolis. Mr. Schmechel is chairman and CEO of The Montana Power Company, Butte, Montana, a position he has held since 1984.

Fergus Falls Changes Told

The board of Security State Bank, Fergus Falls, recently announced the addition of two new staff members and the promotions of three officers.

New staff additions are **Herbert J. Wogsland**, senior vice president and **Harold O. Hexum**, insurance representative.

Promotions include **Douglas J. Dietman**, promoted to senior vice president; **Valerie Fick** and **Karen Frederick** both promoted to vice president.

Mr. Wogsland's banking career began with the Walsh County Bank in Graffton, N.D. He was employed by First Bank System for twenty years concluding his career with First as president and chairman of First Bank Edina, Edina, Minn. He will be joining the bank on August 12th.

Mr. Hexum served as vice president-Marketing of Video Brochures, Inc. and was also associated with the Travel Bureau. He joined the bank's insurance group in late July.

Mr. Dietman joined the bank in 1977 from the First National Bank in Hastings, Minn. In addition to being named senior vice president, he was named senior lending officer.

Ms. Fick joined Security State

Bank in 1968 as a secretary. She currently manages part of the bank's loan portfolio and supervises the marketing and advertising function of the bank.

Ms. Frederick joined the bank in 1967 as a proof operator. She currently supervises the operations area of the bank and serves as personnel officer.

Three Changes in Mankato

Norwest Bank Mankato recently announced the following promotions and addition to the staff.

Norbert J. Harrington has been promoted to senior vice president/commercial & agricultural departments. Mr. Harrington joined Norwest Bank Mankato in 1974 and was most recently promoted to vice president of the commercial department in 1981.

Mark W. Murphy has been promoted to assistant vice president/commercial department. Mr. Murphy joined Norwest Bank Mankato in 1984 as client executive-financial institutions group, and prior to this was employed at Norwest Bank Fairbault as head of the agricultural department and Norwest Bank Northfield as an officer.

Alan W. Mason has joined Norwest Bank Mankato's staff as commercial banking officer. Mr. Mason has been involved in the finance industry since 1975, most recently with First Newton National Bank in Iowa as manager and assistant vice president.

Hopkins Bk. Names Five

First Bank Hopkins has recently announced the following management changes:

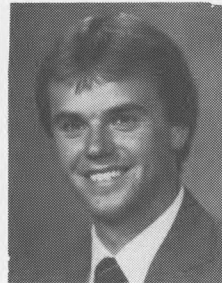
Bill Behrenbrinker has been named assistant vice president and commercial lending officer in the commercial department at the Hopkins Office. Mr. Behrenbrinker began his banking career with First Bank Hopkins in 1978 as a collector. His most recent position has been assistant vice president and manager of the Minnetonka Office.

Earl Erpelding has been named assistant vice president and man-

ager of the Minnetonka Office of First Bank Hopkins. Mr. Erpelding began his career with First Bank Produce in 1966 in the operations department. His most recent position has been assistant vice president and commercial lending officer at the Hopkins Office.



E. ERPELDING



G. HILDING

Greg Hilding has been named commercial lending officer in the commercial department. Mr. Hilding began his banking career with First Bank Hopkins, in 1983 as a management trainee.

Paul Elsome has been named personal banking officer in the personal banking department. Mr. Elsome began his banking career with First Bank Hopkins in 1984 as a personal banker. Previous to that, he was a sales representative for Josten's Corporation in Kansas City, Kan.



P. ELSOME



L. ALBINSON

Lynn Albinson has been named personal banking officer and assistant manager of the Minnetonka Office of First Bank Hopkins. Most recently, Ms. Albinson was assistant manager of consumer lending for Minnesota Federal Savings and Loan. She began her banking career with Minnesota Federal in 1977.

MBA Holds 20th MSB Session

The Minnesota Bankers Association (MBA) held the 20th session of the Minnesota School of Banking (MSB) June 23-28 at St. Olaf College, Northfield, with 157 bankers from throughout the state in attendance.

According to MSB Director Truman Jeffers, executive vice presi-

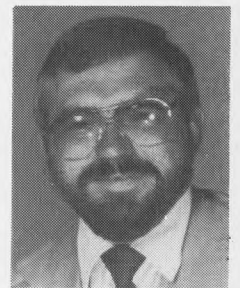
dent of MBA, the school's curriculum has been continually upgraded during the past 20 years, but it continues to be designed to develop bank managerial skills in a one-week course in two consecutive years. In addition to the two weeks of study at MSB, students are also required to complete a comprehensive between year project.

The curriculum at MSB was developed by MBA in cooperation with the American Bankers Association as part of a professional development program.

Three Elected in Park Rapids

Northwoods Bank of Minnesota, Park Rapids, announced the election

of three new bank officers. Elected to the positions of assistant vice presidents are Brad Dammann and Dona Stansbury. David Gast was elected to the position of consumer loan officer.



B. DAMMANN

Mr. Dammann joined the bank June 1st and was most recently a consumer loan officer with Norwest Bank Redwood Falls.

Ms. Stansbury has been employed at the bank since 1979 and was most recently manager of the Nevis office.

Mr. Gast has been with the bank since 1983 as a loan assistant.



D. STANSBURY



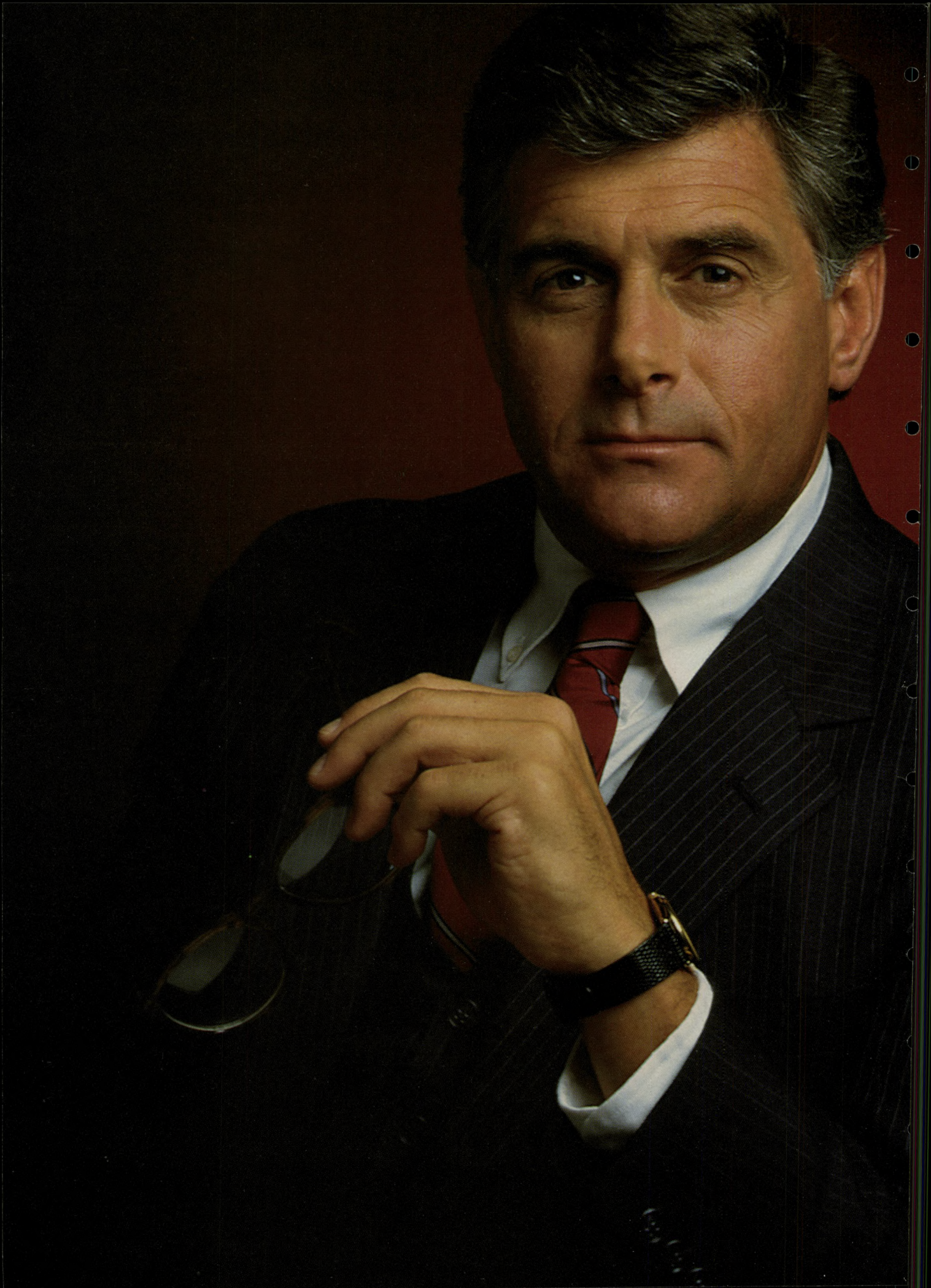
D. GAST

Brainerd Bk. Receives Award

First American Bank of Brainerd was recently presented with the Minnesota Keystone Award, joining 115 Minnesota firms recognized for their charitable contributions through a policy of giving more than two percent of their pre-tax earnings

MINNESOTA NEWS...

(Turn to page 53, please)



WE'VE EARNED OUR STRIPES.



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First Wisconsin,
a major provider
of acquisition financing
in the Midwest.
And we're different...cut from
the same cloth as traditional
bankers, but representing
a whole new world of banking
innovation.

Bringing you the best in
future-driven bank financing
and wholesale

service
opportunities.
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new ground with strategic,
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WHEN PERFORMANCE COUNTSSM

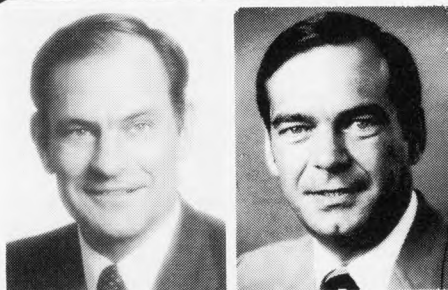


FIRST WISCONSIN

FDIC © FWC 1985

Wisconsin

D. Treptow, pres., Brown Deer
B.K. Koontz, exec. dir., Madison



Over \$1½ Million in New Business

Bank Uses Door-to-Door Campaign

INCENTIVES are being used in all businesses today, and management uses them because they work. Having a good product, motivated sales people and exciting incentives will bring in the business.

When the management of the Medford National Bank, located in the rural central Wisconsin community of Medford, decided to implement an employee incentive program, they wanted to kick it off in a big way by introducing a new, competitive and innovative product. This resulted in the birth of the Medford National Bank Inflation Fighter Account.

The account was a completely new product that had never been offered in the area and one that would benefit savers of all age groups. The Inflation Fighter Account is a 32 day maturity savings account with a minimum balance requirement of only \$100. The account's interest rate is tied to the bank's index rate, floating daily. The starting rate was ten percent. The minimum rate would never be less than the bank's regular passbook rate.

After deciding upon the new product to be offered, the next items to be addressed were employee involvement, incentives, and a method to introduce the new product to area residents. It was agreed to use a door-to-door campaign by all bank officers and employees to introduce the new account. Employees would make visits to residents on their own time. As a by-product of the campaign, the bank initiated a short, five question survey related to banking and bank services. Employees were also provided with cards for cross-selling other bank services to new customers.

Employee motivation was accomplished through the use of monetary and travel incentives. For example,

each employee received two dollars for every new Inflation Fighter Account opened, plus each received credit towards the grand incentive bonuses. These prizes included three trips for two: ten days in Hawaii, one week in Jamaica, and a three day weekend in Las Vegas, all expenses paid and fun money included. The trips were given in addition to normal vacation time.

The year-long program, which was completed June 1, was a complete success according to bank officials. After the first three months of the program, the Inflation Fighter Account had over a million dollars in deposits. At the end of October, 1984 the balance had risen to over one and one half million. Said bank President James M. Trumble, "Not only did the introduction of this new account assist in the asset/liability management side of the bank, but also, the Medford residents were delighted with the person-to-person approach to introduce the account. All accounts of the bank were impacted favorably." New account personnel with additional staffing worked several weeks of overtime processing new account applications.

Mr. Trumble also remarked on the enthusiasm of the bank staff towards the promotion. "While some were at first reluctant to go door-to-door, it soon became apparent that each was astonished by the residents' acceptance; in fact, many were invited for coffee, donuts and short visits!"

Winners of the three trips were Arlene Handel, who brought in 54 new accounts totaling \$263,844; Marlene Schroeder, with 40 new accounts totaling \$103,693, and Laura Potaczek, with 23 new accounts totaling \$55,885.

Merger in Appleton

United Banks of Wisconsin, Inc. shareholders have voted overwhelmingly to approve the company's merger with Valley Bancorporation, Appleton.

Upon consummation of the merger, holders of United Banks of Wisconsin, Inc. common stock will receive either \$29.25 per share or 1.27 shares of Valley Bancorporation common stock for each share of United Banks of Wisconsin Inc. common stock.

Robert C. O'Malley will serve as vice chairman of Valley Bancorporation, as president of United Bank, Madison and as regional vice president for the Badger region. Madison will serve as a corporate headquarters for Valley Bancorporation.

Valley Bancorporation had year-end assets of \$1.18 billion. After completion of the merger, Valley will have assets of approximately \$1.8 billion and will deliver financial services through 71 Wisconsin locations.

Green Bay Promotes Three

First Wisconsin Bank of Green Bay announced the promotion of Christine A. Neuman to vice president, Tina Mongin-Dieterich to personnel officer and Annita L. Weber to personal banking officer.

Ms. Neuman joined the organization in 1971, and became a customer service officer of the First Wisconsin Bank of West Green Bay when it opened in 1974. Her most recent position was assistant vice president and auditor of both First Wisconsin Banks in Green Bay.

Ms. Mongin-Dieterich joined First Wisconsin in 1983, as the personnel administrator. Prior to that she was employed in the personnel field with Green Bay Packaging Inc., and Associated Kellogg Bank.

Ms. Weber joined the organization in 1979 and since that date has held the various positions of teller, personal banking representative and, currently, assistant manager of retail banking.

Appointed to Council

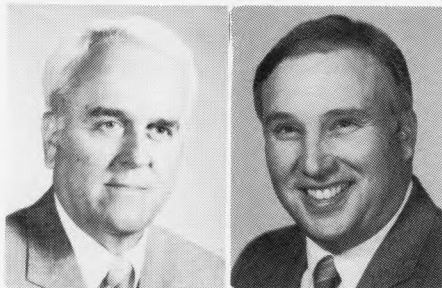
F&M Bank Menomonee Falls has appointed William H. Wetterau to the bank's advisory council. Mr. Wetterau is executive vice president of Reinz Wisconsin Gasket.

WISCONSIN NEWS...

(Turn to page 45, please)

South Dakota

B.C. Solum, pres., Watertown
J.M. Schwartz, exec. mgr., Pierre



Changes Told in Sioux Falls

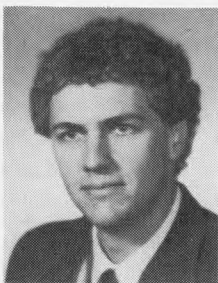
The board of First Bank of South Dakota, N.A. has recently promoted Mary Lynn Myers to senior vice president, Paul Schock to vice president and elected Stan Biondi as commercial loan officer at the main office in Sioux Falls.



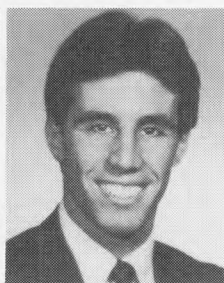
M. MYERS

Ms. Myers joined First Bank of South Dakota in 1978 as the Sioux Falls personnel manager and was elected personnel officer later the same year. She was elected assistant vice president in 1980 and vice president and manager of the commercial loan division I in 1983.

Mr. Schock joined the bank on a part-time basis while attending college. Following his graduation from Augustana College in 1981, he was rehired by the bank as a management associate. Mr. Schock was named a commercial lender in 1982 and was elected a commercial loan officer a year later. He was named assistant vice president in 1984.



P. SCHOCK



S. BIONDI

Mr. Biondi interned at the main office in 1978 and following his graduation, rejoined the bank in the entry level professional development program.

Staff Changes in Huron

Farmers & Merchants Bank,

Huron, has appointed Pat Tschetter real estate representative and Bettina Sinclair marketing representative.

Ms. Tschetter joined F&M in 1976 and has served in a variety of positions before joining the real estate department in 1982.

Ms. Sinclair has been employed at F&M since 1979, starting as secretary to the farm and trust departments. Most recently, she has been executive secretary to the president.

F&M Bank has also created a personal banking department and named three women to the positions of personal banking representatives.

They are Marilyn Hanson, who will also serve as manager of the personal banking department, Phyllis Ross and Ila Anderson.

Ms. Hanson joined the F&M in 1974 as a proof operator and has also been a bookkeeper and a customer service representative.

Ms. Ross has been at F&M since 1947 and has been a proof operator, teller, head bookkeeper, manager of the 18th Street drive up bank, manager of the Huron Mall Branch and customer service officer.

Ms. Anderson was a bookkeeper at F&M from 1968 to 1971, note teller from 1972 to 1978 and has been a customer service representative since 1983. She also has been employed by the Town and Country Bank, Winona, Minn. and from 1978 to 1983 by Norwest Bank, Fargo.

Norwest Bk. Changes Told

Norwest Bank South Dakota, N.A. recently promoted Alfred Froiland and Brent Adney to personal banking officers, Aberdeen; Steve Simon to ag banking officer, Groton, and Francis Wuebben to building operations manager.

Both Mr. Froiland and Mr. Adney joined Norwest in 1983 as personal banking representatives.

Mr. Simon joined Norwest in 1983 as an ag banking representative in

Groton.

Prior to joining Norwest, Mr. Wuebben was plant director at Yankton College.

Norwest Bank South Dakota also announced that David K. Hepper joined its staff in Brookings as an ag banking representative.

Mr. Hepper had been with the Miller School District as a vocational ag instructor and FFA advisor since 1982.

Group Mtg. Agenda Announced

The agenda for the five South Dakota group meetings has recently been announced by the South Dakota Bankers Association's headquarters in Pierre. The program will be as follows:

P.M.

- 1:30- 2:00 Registration.
- 2:00 Call to order and welcome—Burdette Solum, SDBA president; district president, Norwest Bank South Dakota, N.A., Watertown.
- "Now That I Have a Bank Holding Company, What Do I Do With It?"—Dr. Douglas V. Austin, president, Douglas Austin and Associates, Inc., Toledo, Ohio.
- 5:00 South Dakota Bankers Association Insurance Services Update—Russel G. Hendrix, vice president/insurance, South Dakota Bankers Insurance Services, Pierre.
- 6:00 Reception
- 7:00 Dinner

The group dates and locations will be as follows:

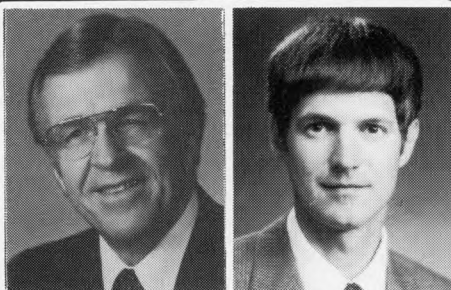
- Sep. 16—Rapid City
- Sep. 17—Mobridge
- Sep. 18—Mitchell
- Sep. 19—Sioux Falls
- Sep. 20—Watertown

Honored For 24 Years

According to Mr. Alex Knox, president of the McCook County National Bank in Salem, May 31, was set aside as "Doris Lindell Day" from 10:00 a.m. to 4:00 p.m. at the McCook County National Bank. Ms. Lindell retired from the bank in Salem where she has been employed for over 24 years, working her way up from teller to assistant vice president, internal auditor and compliance officer.

North Dakota

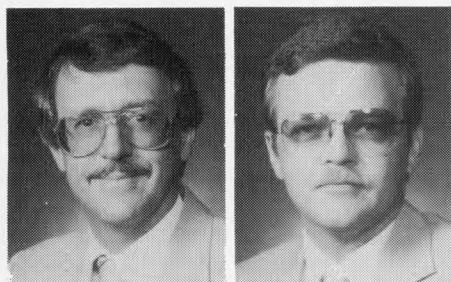
W.M. Sanger, pres., Wahpeton
H.J. Argue, exec. dir., Bismarck



Dickinson Changes Told

First National Bank and Trust Company of Dickinson has announced two changes in the lending staff.

DuWayne Schwindt has been promoted to vice president and manager of the retail banking division. Mr. Schwindt has been with the bank since 1970 and most recently served in the commercial lending division.



D. SCHWINDT

L. FREEMAN

Larry Freeman has been assigned to the commercial lending division. He joined the bank in 1984 as an installment loan officer.

Officer Elected in Bismarck

Bill Thovson has recently been elected to the position of agricultural loan officer of First Bank Bismarck.

Mr. Thovson was previously employed with Norwest Bank Slayton, Slayton, Minnesota as an agricultural loan officer.

Extension Service Sponsors Conferences for Lenders

The Extension Farm Management Service from North Dakota State University will again this year conduct a series of half-day conferences for North Dakota lenders involved in making agricultural loans. Topics to be addressed include: North Dakota commodity outlook for 1985-86, present financial condition of North Dakota farmers—

panel, and 1985-86 extension programs in farm financial management.

Program participants will include Harlan Hughes, Arlen Leholm, Tom Reff, and Billy Rice from the NDSU farm management staff plus area farm management agents Norm Toman and Dwight Aakre. Agricultural credit personnel from banks, the production credit associations, Farmers Home Administration and Federal Land Banks will participate on the panel.

Each meeting begins at 3:00 p.m. with registration and concludes with dinner. Locations for the meetings are as follows: Monday, August 26, Interstate Inn, Dickinson; Tuesday, August 27, Holiday Inn, Minot; Wednesday, August 28, Ramada Inn, Williston; Thursday, August 29, Ramada Inn, Bismarck; Tuesday, September 2, K.C. club, Devils Lake, and Wednesday, September 3, Holiday Inn, Jamestown.

There will be a registration fee of \$10 to cover the meal costs and related expenses. Registrations should be called in to the extension farm management office, 237-7377, no later than Thursday, August 22.

Two Named in Fargo

At Dakota Bank and Trust Co. of Fargo, Donald L. Scott has been named executive assistant and Bruce P. Tellefson has been named consumer loan officer.

Mr. Scott joined Dakota Bank in 1953. He served as branch manager of the south office for 17 years and was named assistant vice president in 1971. He was named vice president of Dakota First Capital Corporation in 1983.

Mr. Tellefson joined Dakota Bank in 1980, and joined the consumer lending department in 1984.

Two Retire in Bismarck

Shirley Homuth and Ernest W.

Pederson have both recently retired from Bank of North Dakota, Bismarck.

Mrs. Homuth was first employed at the bank in 1948 in the securities section of the investment and trust department. She has also worked as chief securities clerk, assistant cashier, assistant vice president, vice president and most recently as senior vice president in the paying and receiving section of the investment and trust department.

Mr. Pederson joined the Bank of North Dakota in 1969 as assistant manager of the special loan division. He also worked as manager, vice president, and most recently as senior vice president of that division.

Buffalo Bank Observes 100th

The First State Bank of Buffalo is observing its 100th anniversary this year. For the occasion the bank sponsored "105 in '85," a Buffalo Barbeque that served 150. The bank is one of the ten oldest banks in North Dakota, organized in September of 1885 as the Bank of Buffalo by S.G. More. Current president of First State is Terry Tallackson.

Three Appointed in Bismarck

Three new members have been appointed to the Bank of North Dakota's advisory board in Bismarck. They are Myron Just, former North Dakota State Agriculture Commissioner; James H. Duncan, president of the Citizens State Bank of Cavalier, and Frederick S. Gengler, president of Western Savings Credit Union in Dickinson.

New Bank Opens at Fordville

First American Bank and Trust of Grafton, Fordville Office, held a grand opening for their new building recently.

Both Fordville bank manager Harris Trosen and Dan Lessard, bank president from Grafton, were on hand to welcome visitors. The bank has existed under various names since its organization in 1911.

Grand Opening in Fargo

First Bank Fargo recently announced the completion of its remodeling project. The bank celebrated with a week of activities including a luncheon and ribbon cutting.

Wyoming

H. Kreycik, pres., Douglas
G. Tea, exec. dir., Casper



First Interstate Plaza Opens in Casper



FIRST Interstate Plaza, constructed by First Interstate Bank of Casper, was opened to the community on June 14 during a dedication ceremony and celebration sponsored by the bank. The first community plaza in Casper, it is located downtown on the corner of First and Center Streets.

The 8,400 plaza features raised gardens constructed of red brick in geometric patterns containing trees, shrubbery and flowers. Park benches are attached to the exterior walls of the gardens. Lights placed along the northern wall illuminate the plaza at

night.

The landscaping and architectural features of the plaza reflect those of the First Interstate Motorbank facility north of the First Interstate Bank Building. The landscaping design of that building won the annual "Community Beautification Award" in 1983.

A unique feature of the plaza is a raised and electrically wired bandstand. It will be opened for local and state groups to entertain plaza visitors. A wide range of community events have been scheduled for the bandstand this summer during

noontime hours, including bands, singing, dancing and theatrical groups and artists.

Denver Will Host BMA's Trust Marketing Meeting

The Bank Marketing Association's 14th Annual Trust and Personal Financial Services Marketing Conference will be offered September 29 through October 2 in Denver. All sessions will be at the Denver Marriott City-Center.

Michael C. Baker, executive vice president, Allied Bank of Texas, Houston, and chairman of the conference, said the theme, "Exploring New Frontiers of Profitability," acknowledges that trust departments must increase substantially their bottom line contribution to the bank. Supporting that theme will be a number of general and special session talks on developing a sales approach and team for the bank.

The popular dawnduster series will be augmented this year by a series of peer exchange groups, beginning on Sunday afternoon.

Concluding the program will be a session by Phillip D. White, associate professor of marketing, Graduate School of Business and Administration, University of Colorado, Boulder, who will summarize key findings of the conference.

Registration information may be obtained from BMA at 309 West Washington St., Chicago 60606 or 312/782-1442.

United Missouri Given "Highest Grade" Rating

Fitch Investors Service, Inc., New York, has reaffirmed the F-1 (Highest Grade) rating assigned to the commercial paper issued by United Missouri Bancshares, Inc., Kansas City, Mo.

A Fitch spokesman said the rating reflects the strong financial condition and operating performance of the corporation; profitability continues to be maintained at levels exceeding peer group averages; UMB has a strong capital base; asset quality is excellent, and net charge-offs have been maintained at relatively low levels.

The company issues commercial paper to finance current operating expenses. United Missouri is a \$2.9 billion multi-bank holding company.

Casper Bk. Elects New Pres.

First Interstate Bank of Casper recently announced the election of Charles E. Pedersen to the position of president and CEO. Mr. Pedersen succeeds Henry A. Hitch, who announced his retirement earlier this year.

Mr. Hitch, who has served as president and CEO of First Inter-



C. PEDERSEN

state Bank of Casper since 1974, will remain on the board. His retirement will end a 27-year career with the bank.

Mr. Pedersen served as chairman, president and CEO of the First Interstate Bank of Great Falls, Mont., for eleven years prior to accepting this position. He has been with First Interstate since 1948, when he joined First Interstate Bank of Oregon, serving as regional vice president for southern Oregon and later as vice president in the national division before joining First Interstate Bank of Great Falls.



LEFT—MBA Pres. **Richard C. Timmerman** with convention speaker **George C. Lodge**, prof., Harvard Bus. School and **John T. Cadby**, exec. dir., MBA, Helena. RIGHT—The MBA hosted an impressive lineup of speakers including from left, **Frank Cappiello**, Washington, D.C.; **Joseph J. Pinola**, chmn. & c.e.o., First Int. Bancorp, Los Angeles, Calif. and **Carter H. Golembe**, chmn., Golembe Associates, Inc., Wash. D.C.

At Annual Convention:

Timmerman Elected President of MBA

By **ROBERT O. CRONIN**
Associate Publisher

Richard C. Timmerman, president and CEO, First Bank, Butte, was elected president of the Montana Bankers Association during the MBA's annual convention in Sun Valley, Idaho, June 26-28. Completing the list of officers for the 1985-86 term are: Vice President—**W.E. Schreiber**, president, Mountain Bank, Whitefish; Treasurer—**James D. Bennett**, president, First Citizens Bank, Billings; Executive Vice President—**John T. Cadby**, Helena, and Immediate Past President—**Robert H. Sizemore**, president, Western Bank of Chino. Mr. Sizemore will continue in this position because outgoing president, Charles Pedersen, will be moving to Wyoming.

Sun Valley, a spectacular mountain resort, offers not only beauty but a wide variety of recreational ac-

tivities. Add all of that to an outstanding lineup of program speakers and you create "the ideal convention," noted Immediate Past President, **Charles Pedersen**, president, First Interstate Bank, Great Falls.

After the President's Prayer Breakfast, featuring **Charles "Tremendous" Jones**, the morning business session was called to order. Mr. Pedersen, who chaired this year's convention, led the attendees in "The Pledge of Allegiance," during the patriotic opener. Mr. Pedersen prefaced the morning speakers as "challenging, enlightening and entertaining," as he introduced the kick-off speaker **Frank Cappiello**, Washington, D.C., who covered the topic, "Plain Talk on the Economy."

Mr. Cappiello, one of the country's leading financial analysts and an expert on the national economy, said "a recession is not in the cards, business activity is increasing and will continue to curve

in an upwards direction." Mr. Cappiello was not all optimistic but concluded "the pluses far outweigh the minuses."

Joseph J. Pinola, chairman and CEO, First Interstate Bancorporation presented his views, "Changes in America's Financial Infra-Structure." "Our entire nation is changing, we've come from Pony Express to Postal Express to electronic express," Mr. Pinola stated. Mr. Pinola's philosophy is "We must respond to change and leave as little to fate as possible, as we are seeing the dawn of the new economic era."

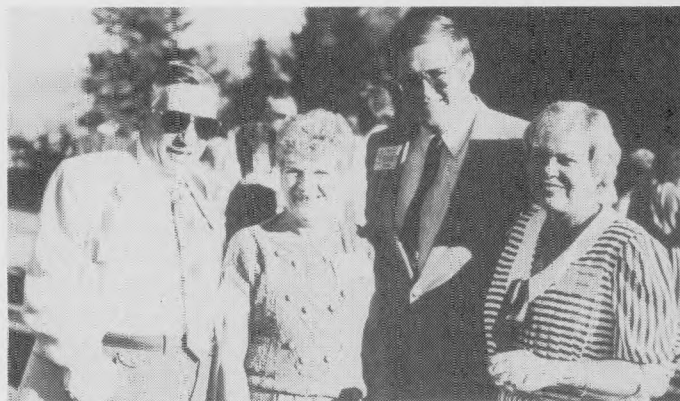
Mr. Pinola concluded with four predictions for the banking industry. 1. The industry will continue to have mergers, new networks and non-bank banks. 2. Depersonalization, although bad, will continue. 3. Deregulation will continue. 4. There will be steady growth in banking innovation.

Carter H. Golembe, chairman, Golembe Associates, Inc., concluded the morning business session. Mr. Golembe's topic, "The Changing World of Regulation," was informa-



LEFT—MBA Pres. **Richard C. Timmerman**, pres. & c.e.o., First Bank, Butte and his wife **Leslie**. RIGHT—Representing First Bank Minneapolis are, front, **Sherol Schipper**, funds trans., and **Dick**, a.v.p.; **Sally Laux**, v.p.; **Rita** and **Dave Williams**, a.v.p.; back, **Jack Quiltmeyer**, v.p., First Bank, St. Paul and **Kathy**; **Marge Lee**.





LEFT—Jim Russell, v.p., American Natl., St. Paul and **Kay** with **Jan** and **Tom Resch**, v.p., United Fin. Savings, St. Paul. **RIGHT—Mert Malek**, sr. v.p., Farmers St., Conrad and **Elain** with **Dan Barz**, pres., First Int. West, Billings and **Diane**.



LEFT—Bernie Erickson and **Claude**, chmn., First Security, Livingston with **Janet** and **Homer Scott, Jr.**, chmn., First Int., Sheridan, Wy. **RIGHT—B. Meyer**, chmn., Yellowstone Bank, Laurel and **Bessie** with **Joan** and **Tom Scott**, chmn., Security Banks of Mont., Billings.



LEFT—Karl Kehmeler, a.v.p., First Int., Denver; **Tom Scott**, chmn., Security Banks of Mont., Billings; **Bob Waller**, pres., First Int., Billings and **Bob Swartz**, v.p. corr. bkg., First Int., Denver. **RIGHT—Gene Coombs**, v.p., First Int., Billings and **Pennie** with **Chris** and **Jim Scott**, exec. v.p., First Int. Bancsystem, Billings.



LEFT—Bob Waller, pres., First Int., Billings and **Gail**; **Jim Russell**, v.p., American Natl., St. Paul with **Don Newson**, a.v.p. and **Carol Craven**, v.p. & mgr., both with SeaFirst, Seattle, Wash. **RIGHT—Dick Holmes**, v.p., Marquette Bank, Mpls. and **Carol**; representing the Garfield Co. Bank, Jordan, **Dale Fellman**, dir. and **Jeannie**, **Harold Hageman**, sr. v.p., and **Betty**, **Evelyn** and **Curtis Chamberlin**, dir.



IN-COMING MBA pres., **Richard Timmerman**, pres. & c.e.o., First Bank, Butte accepts gavel from **Charles Pedersen**, outgoing pres., MBA, and pres. & c.e.o., First Int., Great Falls during business ceremonies.

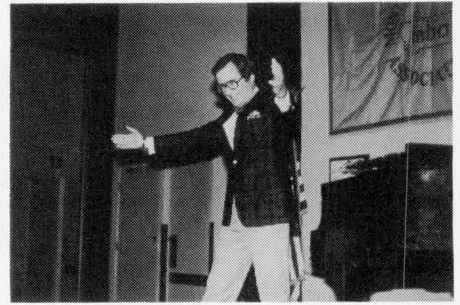
tive as he pointed out, "the single most important part of our changing environment is the computer revolution." Mr. Golembe also touched on important topics like interstate banking, deregulation and what the financial industry can expect in the future.

The first speaker of the second day's session was **Gary H. Stern**, president, Federal Reserve Bank of Minneapolis. Mr. Stern's topic, "The State of the Economy," included three trends that will shape our future. 1. Continuation of mod-

est inflation 2. Continuation or increase in competition 3. Growth in our economy of 3½% in real terms. Mr. Stern's outlook on the agricultural problem is less optimistic as he stated, "I don't see agriculture getting better without continued economic growth."

Perhaps on a more realistic note, **George C. Lodge** presented his views on "America's Competitive Challenge." Mr. Lodge, a member of the Harvard Business School Faculty, said, "We are not looking to the right places for the remedies, and the response to the problem is irrelevant to the problem." Mr. Lodge added, "Too many people don't think we have a problem. The remedy is worse than the disease, and the disease is admitting that we have a problem."

Highlighting the afternoon session was a presentation by **Mark Russell**, co-host, NBC TV's "Real People." His political satire and comical viewpoints entertained the bankers and spouses in attendance. A short business session followed during which officers were elected



"IT'S good to be in Montana," said **Mark Russell**, Co-Host, NBC Real People and featured entertainer, as he welcomed MBA registrants to Sun Valley, Idaho.

for the 1985-86 term. An evening dinner, preceeded by a garden reception, featured dancing to the Many Sounds of Nine.

The MBA announced that Kalispell will be the host city for the 1986 convention. Kalispell is just 35 miles west of Glacier National Park and, including surrounding cities, has a population of 50,000. The Outlaw Inn will accommodate the convention activities. Kalispell is served by Northwest Orient Airlines. □

Staff Changes in Bozeman

First Bank Bozeman recently announced the following staff changes: Craig Hveem will be assuming the responsibilities of vice president and manager of the commercial loan department, Ted Bangert has been elected commercial loan officer, Lori Torstveit has been elected real estate loan officer and J.C. Yarde has been elected personal banking officer.

Mr. Hveem joined the staff at First Bank Bozeman in 1972 as an adjustor. He was promoted to real estate loan officer in 1976 and to assistant manager and assistant vice president of real estate in 1979. Mr. Hveem was again promoted in 1982 to assistant vice president of commercial loans.

Mr. Bangert joined First Bank Bozeman in August, 1977 as a note teller. In December, 1977 he was promoted to timepay adjustor, to indirect lender in 1979 and to installment loan officer in 1980. Mr. Bangert transferred to the commercial loan department in 1985.

Ms. Torstveit began working for First Bank Bozeman in April of 1985. Previously, she was real estate loan officer for Norwest Bank of

Great Falls, Mont.

Mr. Yarde joined the personal banking staff at First Bank Bozeman in 1984. Previously, he was a credit representative for General Motors Acceptance Corporation, Spokane, Wash.

First Bank Bozeman also announced Barb Clarke has been promoted to assume expanded responsibilities in the real estate department as a real estate lender. Ms. Clarke joined the staff in 1978.

Addition in Fort Benton

Calvin R. Miller recently joined the staff of First Bank Fort Benton as an ag representative.

Mr. Miller was Powder River County Extension Agent over three years before returning to MSU to receive an MS degree in applied economics.

Elected in Billings

Barbara Varnes was recently elected administrative officer-correspondent banking and business development by the board of First Interstate Bank of Billings, N.A.

Ms. Varnes began work with Se-

curity Trust & Savings Bank in 1963 as a switchboard operator; until 1972 was a paying and receiving teller and organized the Christmas money booth. She was also in the customer services area of the bank. Since 1982, she has been an assistant in the correspondent banking-business development area.

Real Estate Bankers Hold Conference

The 1985 Real Estate Bankers Conference of the Montana Bankers Association was held in Kalispell on June 13-14. Eighty real estate bankers were in attendance.

W.E. "Buster" Schreiber, president of Mountain Bank of Whitefish, welcomed the bankers to the conference. Mark Semmens from the Montana Economic Development Board outlined how lenders can finance real estate through the MEDB. Larry Riley, a Missoula attorney, spoke on time management. John Cadby of the MBA and Kalispell attorney John Gordon gave legislative reports. Scott Potter, of Financial Seminars Inc. of Bothell, Wash., spoke about lending to the self-employed borrower.

Colorado

R.B. Clark, pres., Greeley
D.A. Childears, exec. mgr., Denver



Central Bank of Denver Initiates Executive Strategies Seminar Series

CENTRAL Bank of Denver has begun bringing nationally recognized speakers to Denver through its Executive Strategies Seminar Series. The bank and its affiliates host the national authorities twice a year to provide insights on the issues having an impact on business and the economy.

Recently, former Senate Majority Leader Howard H. Baker Jr. addressed nearly 1,300 Colorado business and civic leaders in his keynote speech, "The Outlook from Washington." He offered his thoughts on balancing the budget, lowering the trade deficit and negotiating with the Soviets.

In December, Malcolm S. Forbes Jr. began the seminar series when he appeared before a group of 1,000. Mr. Forbes, who is president of Forbes Inc. and deputy editor-in-chief of *Forbes* magazine, focused his remarks on "Reagan vs. Volcker: What Now for the Economy?"

Central Bank designed the series to provide its customers and prospective customers, the business community, its correspondent banking network and local civic leaders with provocative and informative observations about timely economic, business and social issues.

The Executive Strategies Seminar Series evolved as a natural extension of the bank's service to business markets and the community. It is presented in conjunction with smaller, more highly specialized group seminars offered throughout the year. An example is the bank's Natural Resources Lending Division, which offers industry specific seminars twice a year.

Central Bank has outlined several objectives in presenting the series: to help customers stay abreast of trends in business and the economy,

to strengthen the bank's presence in the community, to provide a community service, and to provide a forum for interchange between business people and bankers.

Donald H. Echtermeyer, senior vice president of the correspondent banking division, states, "A major position of our customers are commercial business people who have a vital interest in what's happening in the economy. By sponsoring the Executive Strategies Seminar Series we can help them keep informed by giving them exposure to people with knowledgeable insights."



Former Senate Majority Leader **Howard H. Baker Jr.** calls for an annual balanced budget at Central Bank of Denver's spring Executive Strategies Seminar.

In October, Central Bank will host Dr. Martin Feldstein, former chairman of President Reagan's Council of Economic Advisers and former president of the National Bureau of Economic Research. □

Denver Bk. Names CEO

Leo Hill, president, Affiliated Bankshares of Colorado, Inc., Boulder, announced last month that the

board of Affiliated Denver National Bank has elected Charles L. Ferguson chairman and CEO.

"Mr. Ferguson will continue to serve as chairman and CEO of Affiliated First Colorado Bank and Trust, N.A., Denver, a position he has held for 12 years," Mr. Hill said.

Mr. Hill further reported the bank board designated Samuel D. Addoms to serve as president and COO of Denver National Bank. C. Gale Sellens, who has served as chairman and CEO of Denver National Bank since 1974 has joined the corporate office of Affiliated Bankshares.

"Mr. Sellens has been serving part-time as an Affiliated division vice president during the past five years and now will devote full time to these and added duties," Mr. Hill said.

Mr. Ferguson has spent most of his more than 20 years in banking with Affiliated banks, including service as executive vice president of Denver National Bank. During his 12 years as CEO of First Colorado Bank and Trust the assets of the bank grew over 500% to \$313 million, and annual earnings increased over 750%.

Mr. Addoms served as president and CEO of Monfort of Colorado before joining Denver National Bank in 1980. Prior to his eight years with Monfort, he was an officer of Continental Bank, Chicago, during the period 1961-72 and served as vice president in charge of Continental's business in a 13 state territory.

Mr. Sellens served as president and CEO of Affiliated Lakeside National Bank from 1964 to 1974. During his 12 years as CEO of Denver National Bank it enjoyed an asset growth of 400% to over \$300 million, effected a change in name from Security National Bank to Denver National Bank and moved into new banking facilities in the Denver National Bank Building, 17th Street and Lawrence in downtown Denver.

Affiliated is a state-wide bank holding company with assets of \$2.4 billion and 29 banks serving the major markets of Colorado.

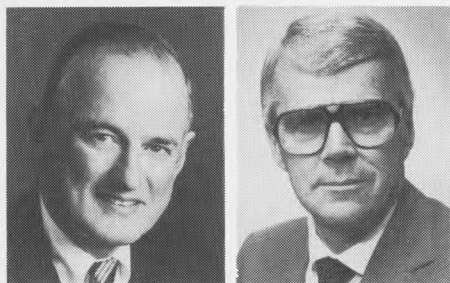
Elected in Denver

Will F. Nicholson, Jr., president of Colorado National Bankshares, Inc., Denver, has been elected to the

additional office of CEO of the company by the board at its regular June meeting.

Mr. Nicholson joined Colorado National Bankshares, Inc. in 1970 and was elected president in 1975. In addition to having served on the company's board since it was formed in 1967, he also serves as a director of three of the company's subsidiary banks.

Colorado National Bankshares, Inc. also elected Garnier K. Puryear, as senior vice president, subsidiary administration and Steven W. Pettit as senior vice president, loan administration.



W. NICHOLSON, JR.

C. BULLION

Mr. Puryear is chairman of Colorado National Bank-Exchange, Colorado Springs, and will continue to serve this position.

Mr. Pettit joined Colorado National Bankshares, Inc. in 1982 as vice president of subsidiary operations.

Additional promotions at Colorado National Bankshares, Inc., include Steven L. Corder, Jeffrey D. Negri, Dennis R. Santistevan, and Kevon J. Zehner to the positions of accounting officers and Curt Bullion to the position of public affairs officer.

Littrell Elected as CEO

Harold U. Littrell, president of Colorado National Bank-Exchange, Colorado Springs, has recently been elected chief executive officer.

Mr. Littrell joined Colorado National Bank-Exchange in 1954 following his discharge from the Air Force. He was named to the board in 1974 and elected president and COO of the bank in 1982.

Pres. Elected in Denver

David C. Harder has been elected president of Colorado National Mortgage Company, Denver.

Mr. Harder joined the company in 1982 as vice president and sub-

sequently was named chief operating officer. Receiving his masters degree in education and BS in physical education from Colorado State University, he is a director of Colorado Mortgage Banker Association.

Denver Bk. Promotes Five

United Bank of Denver recently announced the promotion of Richard T. Fulmer to vice president; Shirley S. Baird, Michael L. Cogswell and Norma L. Ericson to assistant vice presidents; Debra S. Woodcock and Jeffrey M. Ryan to officer positions.

Mr. Fulmer, a taxable securities trader in funds management, joined the bank in 1978. He earned his BS degree at Ohio State University.

Ms. Baird, Mr. Cogswell and Ms. Ericson are personal bankers in consumer banking. They have been associated with United Bank of Denver since 1951, 1974 and 1955 respectively.

Ms. Woodcock, a manager in the MasterCard/Visa area of consumer banking, joined the bank in 1981.

Mr. Ryan has been with the bank since 1984 and serves as a manager in operations development and support services.

Staff Addition in Aurora

Kathleen W. Palmquist and Scott D. Holzschuh recently joined Colorado National Bank-Aurora as vice president and cashier and assistant vice president respectively.

Ms. Palmquist, who has 10 years banking experience having previously been associated with the Colorado National Bank of Denver and First National Bank-Boulder, is responsible for bank operations, investments, budgets, and purchasing. Additionally, she serves as secretary to the board.

Mr. Holzschuh was with Mid-Continent Computer Services where he held the position of product manager. His previous banking association was with First National Bank of Denver (now First Interstate).

Montrose Bk. Changes Told

United Bank of Montrose recently announced the election of Ted G. Collin to the position of vice president and manager of agri-business and installment lending and that Kenneth E. Keltz, senior vice president, has been assigned new responsibilities emphasizing the manage-

ment of the bank's commercial and real estate loan portfolios.

Mr. Collin, currently senior vice president, Southwest Production Credit Association, Montrose, is a 13-year ag-banker with extensive experience in credit administration and asset-liability management.

Mr. Keltz, a 20-year banking professional, began his career in 1965 as assistant cashier for the Montrose National Bank, now United Bank of Montrose. He has been a loan officer since 1972.

Denver Bk. Promotes Five

Colorado National Bank of Denver recently promoted the following employees: John Zodrow to vice president, Gary Naumann, Carol Short, and William W. Bradish to assistant vice president, and Harry Schreiber and Renee M. Gammell to officers.

Mr. Zodrow is the executive head for the data processing department which entails data processing for Colorado National Bankshares, Inc., and its subsidiaries.

Mr. Naumann, who was formerly with Wells Fargo Bank, has duties in the commercial banking area which include business development and commercial lending.

Ms. Short currently works in the preferred banking area and has 12 years of banking experience. She was formerly with United Bank of Denver.

Mr. Bradish began working at the bank in March as manager of management information systems where he currently manages the systems and programming division in the data processing department for Rocky Mountain BankCard System.

Mr. Schreiber, with five years banking experience, began working at the bank in 1980. His responsibilities in the accounting department include financial and regulatory reporting.

Ms. Gammell has been employed at the bank for ten years working as programmer-analyst, systems analyst and technical liaison.

Addition in Glenwood Told

Colorado National Bank-Glenwood, Glenwood Springs, announced the addition of John A. Kerr, Jr., as vice president-lending.

Mr. Kerr, who has five years banking experience, was previously

associated with Calumet National Bank, Hammond, Ind.; First Bank of Whiting, Highland, Ind.; and Royal Bank of Canada. In his new position he is responsible for processing and monitoring commercial loans and assisting with installment loans.

Denver Bk. Advances Five

United Bank of Denver recently promoted Gregory L. Majors to vice president.

Mr. Majors joined the bank in 1981 and most recently has served as market manager in the energy and minerals group.

In addition, Deborah A. Kembel, Paul B. Holmes, Thomas A. Swank and Joy L. Golobay were named to officer positions.

Acquisition in Denver

United Banks of Colorado, Inc., Denver, announced details for the acquisition of The Colorado Springs National Bank. United Bank received approval on June 28, from the Federal Reserve Board to acquire The Colorado Springs National Bank which has assets of \$220 million. The company is presently waiting for certain regulatory waiting periods to expire.

N. Berne Hart, president and chairman said, "We are planning, assuming no governmental delays and satisfactory due diligence review, to purchase the shares of the Bank on August 1."

Approximately 99.5% of all outstanding shares have been tendered for purchase pursuant to the \$100 per share offer initiated by United Banks on January 22 of this year. To allow those who have not yet tendered to do so and to allow for regulatory waiting periods, the tender offer was to remain open until 5:00 p.m., Denver time on July 31.

Three Promoted in Boulder

First National Bank in Boulder has announced the promotions of Douglas D. Drohman to assistant vice president of consumer lending, Lynette Gruenfeld to real estate loan officer and Alice E. Wicks to advertising and public relations officer.

Mr. Drohman joined the bank in 1979 as a credit service representative in consumer loans and also held the positions of credit service supervisor and consumer lending representative. He was promoted to con-

sumer lending officer in 1983.

Ms. Gruenfeld started at the bank as a drive-up teller in 1981, moved to the position of international teller in 1982, and became a representative in the real estate department in 1983. She currently handles all residential real estate lending for First National.

Ms. Wicks came to First National in 1981 as a secretary in consumer lending. In 1982, she was selected for the management training program and then moved into the advertising and public relations area of the retail services division.

Lakewood Promotion Told

Regna D. Powell has recently been promoted to assistant vice president-marketing of Colorado National Bank-Lakewood.

Ms. Powell joined the bank in 1974 as executive secretary and has 30 years banking experience.

Officer Promoted in Greeley

Cynthia K. Sanger has recently been promoted to new accounts officer of the Cache National Bank of Greeley. Prior to joining the bank, Ms. Sanger served the Federal Reserve Bank—Denver, the Greeley National Bank and the First National Bank of Colorado Springs. She has been employed by the Cache National Bank for seven years.

Promoted in Arvada

Colorado National Bank-Arvida has announced the promotion of Donald B. Grassia to the position of installment credit officer.

Mr. Grassia has seven years banking experience having previously been associated with Lakeside National Bank. In his current position he will be responsible for supervising the lending and collection departments.

Promoted in Englewood

First Interstate Bank of Englewood has appointed Debra Gunkel as commercial loan officer. With three years banking experience, Ms. Gunkel most recently has worked as credit analyst.

Littleton Appoints Director

United Bank of Littleton announced the appointment of Linda Alvarado to the bank's board.

Ms. Alvarado is president and CEO of Alvarado Construction, Inc.

WISCONSIN NEWS...

(Continued from page 36)

Marketing Department Restructured in Appleton

Valley Bancorporation, Appleton, has recently announced the restructuring of the corporate marketing department. Steve Hancock, formerly with United Bank, Madison, joins the staff as assistant vice president, with responsibilities for research, name change conversions, sales support and marketing coordination for financial services subsidiaries.

Area marketing officers were also named to assist unit banks in their region with the development and implementation of a marketing plan. Holly Hammett, Valley Bank, Appleton, will assume the role in the Fox region. She has been with Valley Bank for the past nine years. Nancy Wilhelm, assistant vice president/marketing of the Bank of Wisconsin, Janesville, will serve the Rock and Moraine regions. Kim Babler, United Bank, Madison, will serve the Badger region. He has been with United Bank for the past seven years and is presently an assistant vice president/marketing.

Celebration in Shawano

Citizens State Bank of Shawano celebrated its 75th anniversary in style by having all of the bank's 65 employees wear costumes from the early 1900's to the 1950's during its week-long celebration.

Other activities included a student art and essay contest, a currency display from the United States Treasury, pictures on display from Shawano's past, refreshments, square dancing, old time movies and a fireworks display in a local park.

F&M Bk. Awards Scholarships

Richard P. Klug, president and CEO of F&M Bank Menomonee Falls recently presented checks to the F&M Bank area high school graduates who were recipients of scholarships from the bank's 1985 scholarship awards.

According to Mr. Klug, the scholarships have grown to a program that disperses \$2,500 annually to students pursuing education in the business field.



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Nebraska

M. Adams, pres., Ogallala
S. Matzke, Jr., exec. v.p., Lincoln



NBA Meets with FDIC and Comptroller

POSITIVE steps toward a better understanding between banks and their federal regulators were taken recently by officers and staff members of the Nebraska Bankers Association. In one day recently, the five NBA representatives met in Kansas City for three and one-half hours with the FDIC staff and for one hour with two Comptroller of the Currency officials.

Representing the NBA were Mel Adams, president; A.C. Hove, immediate past president; Stan Matzke, executive vice president; Bill Brandt, general counsel, and Mary White, communications director.

At the FDIC they met with Charles Thacker, newly-appointed regional director; Paul Rooney, deputy regional director and most recently the regional director in Omaha; Jim Shumaker and Paul Wiechman, both assistant regional directors; Peter Kravitz, acting assistant regional director, and Buddy Chewing, CPA/review examiner.

At the office of the Comptroller of the Currency, Midwest District, they met with Dean Marriott, Deputy Comptroller, and Peter Kraft, district administrator.

A detailed, excellent briefing report on both meetings was sent to the chief executive officer of every NBA member bank last month. That report says the FDIC discussion centered around three basic issues:

- Current banking conditions brought on by the distressed farm economy

- Bank examinations and bank management

- Role of bank directors

On the first topic, the report says, ag problems will continue for several years, with conditions deteriorating for another year before any improvement is noted. Because of these problems, banks need to concentrate

on loan documentation and cash flow analysis. It was stated that 80% of the nation's ag banks are in the midwest. About 8.5% of the banks in the 16-state midwest region are CAMEL-rated 4-5 (compared to 6.6% nationwide).

While Nebraska-Iowa state bank failures are due in part to the large number of banks in both states, about half the failures involved insider abuse or misuse and in all cases, mismanagement or non-management was the major contributing factor.

In the area of examination and bank management, the FDIC said it continues to find that the "Three Cs of Credit" are going unheeded by many banks with operational weaknesses. Small, rural banks find it hard to get good managers. FDIC continues to stress the need for more frequent and realistic pricing of collateral and closer analysis of land and machinery values.

The part of a loan backed by collateral that cash-flows should be separated from other parts of loans to a borrower undergoing stress, and it was noted that a banker extending single lines of credit penalizes himself with the use of "master notes." It also was stated that if a bank voluntarily writes down the value of land and equipment to a realistic level, a bank examiner should not arbitrarily write it down further.

The discussion on bank directors offered caution and some direct statements. The FDIC will look closely in a bank failure at whether the directors acted responsibly. Board meetings should be monthly, not quarterly. The FDIC now has 50 lawsuits pending against directors of failed banks and another 120 are under investigation. In view of director problems, FDIC is trying to make directors aware of their potential liability. It points out that it will

determine in failures what actions the board took in trying to correct the problem.

The discussion with the two CofC officials centered on some of the same points. In Nebraska, 57 of the state's 124 national banks presently required special supervision and that could go above 60 by year-end. Again, the need for properly trained loan staffs and good loan documentation were stressed. Some technical discussion relating to banks' holding and administration of real estate was related to CEOs in the report.

Mr. Matzke said he felt the discussions with the regulators were very worthwhile as a "two-way street" and that NBA members should read carefully the detailed report of the meetings. The report was reviewed by the regulators and NBA so there was agreement on what the meetings covered and what was said.

Mr. Thacker, who returned from his Washington headquarters post recently to become regional director of the new six-state midwest region, made available to NBA copies of several important internal FDIC and CofC memos issued to their field examination personnel in the past two years relating to proper methods for handling ag bank examinations.

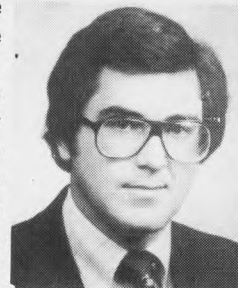
Mr. Matzke said the entire report, copies of the memos and the interested attitude of the district federal regulators should help Nebraska banks to understand better the task faced by the examiners, and the job facing bankers in the months ahead.

Roger Beverage Resigns As Director of Banking

Roger M. Beverage resigned last month as Nebraska director of banking, a post he had held since January 2, 1984.

Mr. Beverage is opening a law firm named Beverage, James and Associates in Omaha, although he plans to continue living in Lincoln for some period of time.

Roger Hirsch, legal counsel for the department, has been appointed



R. BEVERAGE

ROGER BEVERAGE. . .
(Turn to page 52, please)



Omaha

Omaha National Bank has announced several officer appointments. Named vice presidents were **John Todd Hall**, **Miles Havekost** and **Roger Lewis**.

Mr. Hall joined Omaha National in 1974 as an assistant manager of teller operations and later served as manager of customer accounting. He was named a second vice president in 1979 and currently is man-

ager of personal banking and teller operations at the main bank.

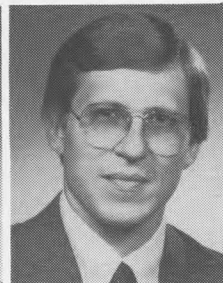
Mr. Havekost came to the bank in 1973 as a work measurement analyst. He was named manager of work measurement the following year and later served as director of general services until moving to the operations division, where he currently serves as manager of corporate and financial operations.

Mr. Lewis joined the bank in 1977 as assistant director of marketing. He was named communications director in 1979 and was appointed a second vice president in 1980.

Tim L. Kyndesen was appointed a second vice president. He joined the bank in 1983 and is employed in the financial institutions/agricultural lending division.



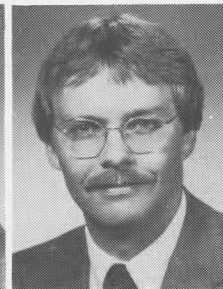
J. HALL



M. HAVEKOST



R. LEWIS



T. KYNDESEN

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Other officer appointments were **Paula K. Glissman**, commercial banking officer; **Douglas S. Oldaker**, trust officer; **Robert J. Riley**, officer; **Kathryn M. Ritonya**, operations officer; **Debra A. Sasse**, correspondent banking officer; **Jerry E. Beyke**, assistant investment officer, and **Margaret M. Beck**, **Lorraine A. Naber** and **Linda J. Wilson**, assistant officers.

Ms. Glissman joined the bank's management training program in 1980 and was named as assistant commercial banking officer in 1982. Mr. Oldaker came to the bank's estate and trust division in 1982 as a trust administrator. Mr. Riley, who joined Omaha National in 1983 as a junior commercial banking officer, was named manager of the bank's Grover Plaza office earlier this month.

Ms. Ritonya came to the bank in 1978 as a teller and later worked as supervisor of customer service and assistant manager of the main bank Personal Banking Center before being named assistant manager of Omaha National's Regency office in 1983. Ms. Sasse, who joined the

bank in 1980, served as a credit analyst before being named an assistant correspondent banking officer in 1983.

Mr. Beyke joined the estate and trust division's investment department in 1983 as a security analyst/portfolio manager. Ms. Beck joined Omaha National in 1984 with the acquisition of the Blair Bank, where she had been employed since 1974, and currently serves as assistant manager of the Blair branch.

Ms. Naber, who came to Omaha National in 1973, was manager of the bank's central Nebraska computer center in Grand Island before being transferred to the bank's building services area in Omaha earlier this year. Ms. Wilson, who joined the bank in 1969, served as a staff assistant and later as a representative in client services before being named manager of client services in 1984.

* * *

At American National Bank of Omaha, **Barry S. Major** has been elected vice president—credit manager and **James W. Besore**, vice president of commercial lending.

Mr. Major is a former vice president in commercial lending of the Brenton Bank and Trust Co. of Urbandale, Iowa. Prior to that he was an examiner for the Federal Deposit Insurance Corporation.

Mr. Besore is a former employee of the Omaha office of the FDIC with previous lending and management experience with Iowa Savings Bank and the Federal Intermediate Credit Bank of Omaha.

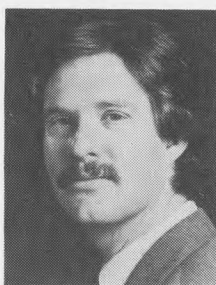
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The Omaha State Bank has announced four changes in officer personnel. **Michael Pate**, formerly vice president and cashier, will now serve as vice president and loan officer. **Debra Hasiak**, formerly assistant operations officer, has been promoted to assistant vice president. **James O. McBride**, formerly assistant cashier, has been promoted to cashier. **Vera Kuss**, formerly assistant operations officer, has been promoted to operations officer.

* * *

FirstTier Mortgage, Inc. has announced several officer appointments. **George S. Akers** and **Natta-**

lee Strunk were named second vice presidents. Mr. Akers joined FirstTier Mortgage in 1981 as supervisor of loan administration. In 1983 he was named manager of the firm's Oklahoma City branch office and in 1984 returned to Omaha as director of branch operations. Ms. Strunk has served as branch manager and mortgage loan officer of FirstTier Mortgage's office in Wichita, Kansas, since 1981.



G. AKERS



N. STRUNK

Appointed as officers were **Sandra S. Engel**, **Kathy S. Mauer** and **Catherine M. Rosen**. Ms. Engel, who joined FirstTier Mortgage in 1968, is in charge of training and information administration. Ms. Mauer joined the company in 1983 as supervisor of loan administration. Ms. Rosen, who came to FirstTier Mortgage in 1980, is construction loan disbursement officer.

* * *

Cindy Hulbert has been promoted to teller services officer at Norwest Bank Omaha.

Ms. Hulbert began working as a proof operator in 1972 and was promoted to cash center teller and lead teller at the Cash Center. She became main floor teller manager in 1981.

Ms. Hulbert is presently serving on the board of directors of the Omaha Chapter of the American Institute of Banking.

* * *

Four students from Nebraska have been awarded scholarships from the Norwest Corporation Scholarship Program: **Paula B. Gerlach** and **Conal Langford Hession** of Omaha, and **Andrew G. Sherman** and **Colleen Redman** of Grand Island.

A total of 108 scholarships, cover-

ing tuition and academic fees for full-time, post-high school education programs were awarded by Norwest this year to children of Norwest employees. Applicants were measured on their educational performance and leadership ability.

Ms. Gerlach is the daughter of **Robert L. Gerlach**, second vice president at Norwest Bank Omaha in the business banking department. Mr. Hession is the son of **Mary Anne Hession**, human resources representative at Norwest Bank Omaha. Mr. Sherman is the son of **Gale C. Sherman**, vice president and compliance officer of the installment loan department at Norwest Bank Grand Island. Ms. Redman is the daughter of **Lois Redman**, discount teller for commercial loans at Norwest Bank Grand Island.

* * *

Norwest Bank Omaha West recently announced the election of **Beth A. Heimann** as business banking officer.

Ms. Heimann began working at Norwest Bank Omaha in 1983 as a credit trainee/credit analyst. She received her BA from Creighton University, Omaha.

Scottsbluff Promotion Told

The directors of Scottsbluff National Bank and Trust Company have promoted **Mary Settles** to the position of marketing officer.

Appointed to Advisory Board

Eight Grand Island businessmen will serve on a new advisory board established by Omaha National Grand Island, according to **Lawrence Comine, Jr.**, vice president and chief executive officer of the bank.

Members of the advisory board are: **Don Anderson**, senior vice president of Chief Industries, Inc., and general manager of Chief Construction; **Webster P. Augustine**, a board member of Commercial National Bank for 33 years; **Fred H. Bosselman**, president of Bosselman, Inc.; **Doyle L. Hulme**, general manager of Sperry New Holland; **Jerome Niedfelt**, owner of Platte Valley Construction Co.; **J. Frank Powl**, a director of Chief Industries, Inc.; **Goodwill Industries** and the **Grand Island Industrial Foundation**, and **Floyd J. Sager**, a consultant for Omaha National Grand Island.



Lincoln

The board of Citizens State Bank, recently announced the election of **James F. Nissen** as president. Mr. Nissen is currently the president of Gateway Bank and Trust and will be involved in the management of both institutions. The board also announced the election of **Kirk Kellner** as assistant vice president. Mr. Kellner will have commercial lending responsibilities in the bank's loan department.

* * *

Gateway Bank and Trust has elected **Eames Irvin**, senior vice president and trust officer and **Bud Olsson**, vice president and commercial loan manager.

Mr. Irvin, previously with Citizens State Bank, will have manage-

ment responsibilities for the bank's trust and investment departments.

Mr. Olsson was previously associated with the National Bank of Commerce, Lincoln. His 13 years of experience there included an emphasis in corporate lending.

* * *

Albert J. Harvey has been elected assistant vice president and collection manager in the consumer lending division of First National Lincoln.

Mr. Harvey joined the bank in 1980 as a field representative in the bank card department. He was named consumer lending collection manager in 1982.

Three officer promotions were also announced. **Donna M. Dudney** has been named underwriting officer

in the municipal and government bond division.

Matthew F. Rye was named personal finance officer in the customer service division. He joined the First National Personal Financial Center in 1984.

Bryan Shank has been named loan review officer in the central credit department. He worked at First National part-time while still a student and joined the bank as a loan review administrator in 1984.

Commerce Group Companies To Form Statewide MBHC

James Stuart, Jr., president and chief executive officer of Commerce Group Companies, announced at a June 27 press conference in Lincoln that the Securities and Exchange Commission has approved the Commerce Group registration statement for the information of a multi-bank holding company. Mr. Stuart said the six affiliated one-bank holding companies will be consolidated into the new MBHC named First Commerce Bancshares, Inc.

Commerce Group is an affiliation of the six one-bank holding companies and subsidiaries, each having more than 50% common ownership.

A prospectus mailed to all shareholders June 26 presents an offer for the exchange of stock tax free for stock in First Commerce Bancshares, Inc. The stock exchange ratios were examined by Golembe Associates, Inc., of Washington, D.C., which rendered its opinion that the exchange ratios are fair to stockholders of each of the present companies.

Mr. Stuart said the following banks and industrial loan and investment companies will be owned by First Commerce Bancshares, Inc.:

National Bank of Commerce, Lincoln

City National Bank, Hastings
First National Bank, Kearney
Overland National Bank, Grand Island

First National Bank, West Point
North Platte National Bank, North Platte

Commerce Savings Lincoln, Inc., Lincoln

Commerce Savings Scottsbluff, Inc., Scottsbluff

Commerce Savings Columbus, Inc., Columbus

Mr. Stuart said "management

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believes that the companies and their subsidiary banks, as part of a larger organization, will be able to compete more effectively with other banks and financial institutions than any of the banks alone, particularly in light of recently enacted laws and new government policies that have had the effect of increasing competition."

He added that "there will not be any direct change in the individual banks as a result of the consolidation." Each bank will continue with its own officers and board, he said.

Mr. Stuart pointed out that "assuming a 100% exchange, First Commerce will have assets of approximately \$836 million and capital accounts of approximately \$62 million," which would make it the fourth largest banking organization in Nebraska.

The lead bank, National Bank of Commerce Trust and Savings Association, was founded in Lincoln in 1902 and at last year-end had assets of \$431 million. The board of NBC obtained a bank charter in 1965 for a second Lincoln bank, called Lincoln Bank South, with the majority stock held by NCB stockholders. This was the start, Mr. Stuart noted, of the Commerce Group affiliated banks and subsidiaries. NBC formed its own holding company in 1968 and through the 1960s and 1970s other banks became affiliated with Commerce Group through common ownership.

NIFA Reports Financing

According to Dennis R. Vellek, executive director of the Nebraska Investment Finance Authority (NIFA) in Lincoln, a recent report shows NIFA has been able in the past three years to assist in the financing of 375 farm loans for \$29,391,122 and 40 development projects for \$37,813,600, through the issuance of tax-exempt revenue bonds.

Mr. Vellek stated these financings have helped the farmer or business-owner receive a reduction in interest rates by 4-5 percentage points over what conventional financing would have been. He added that these programs have resulted in an economic boost to the state of Nebraska by the creation of over 1,200 new permanent jobs and a property tax increase of over \$500,000.

ROGER BEVERAGE...

(Continued from page 47)

acting director of banking until Governor Robert Kerrey appoints a new director.

Mr. Beverage took up his duties as director of banking just a few months after the failure of Commonwealth Savings Company closed the doors of that industrial loan firm in Lincoln. It left deposit obligations of \$68 million, but only a small amount was in the deposit insurance fund set up in the late 1970s by the Nebraska legislature to insure industrial bank deposits. The ensuing legal and legislative snarls, threats, pleas and efforts at trying to do something for the Commonwealth depositors has occupied headlines ever since the Commonwealth collapse. Mr. Beverage was thrust in the midst of those efforts and has continued to seek an equitable solution for the depositors. In the ensuing 18 months, Mr. Beverage's department also was faced with the failure of seven Nebraska banks as the farm economy worsened.

A 1970 graduate of the University of Nebraska College of Law, Mr. Beverage left private practice in 1979 to become executive vice president of the Nebraska Bankers Association. He continued in that post until June, 1982, when he resigned to practice law in Bertrand, Nebr., and to manage the insurance real estate business of his father-in-law, who had died at that time. He returned to a Lincoln law firm in 1983 and shortly thereafter accepted the Governor's appointment as director of banking.

Application Approved In Fairfield

Roger Hirsch, acting director of the Nebraska Department of Banking and Finance, has approved an application from Hastings State Bank for a full-service branch facility at Fairfield. The action falls under the department's emergency powers and culminates Fairfield Mayor Darrel Soucie's efforts to maintain banking services for the town in the wake of the closing of Fairfield State Bank on May 31.

NMA Elects Officers

New officers and directors for 1985-86 for the Nebraska Mortgage

Association were elected at the annual spring conference held May 14 at the New Tower Inn in Omaha. The organization has approximately 50 members from banks, mortgage corporations and savings and loans in Nebraska.

The new officers are: president—John Robbins, CFS Mortgage Corporation, Omaha; first vice president—Carol Snyder, CFS Mortgage Corporation, Lincoln; second vice president—Gene Uher, American Charter Federal Savings and Loan, Lincoln; treasurer—Bob Culver, Norwest Bank Omaha, N.A. and secretary—Steve Lancaster, Superior Mortgage, Grand Island.

Three year directors are Rollie Johnson, Creative Financing, Omaha and Jim Burchell, Midlands Mortgage Company, Omaha. Two year directors are: Rich Copple, Equitable Federal Savings and Loan, Fremont and Mike Fosdick, State Securities, Lincoln. One year directors are Jim Sackett, Bankers Life of Nebraska, Lincoln and Kathy Montgomery, Northland Mortgage Company, Omaha. The past president is Art Burtscher of Gateway Bank, Lincoln. Chairman for the young members bankers committee is Jim Essay, State Securities, Lincoln.

The purposes of the Nebraska Mortgage Association are to encourage sound and ethical business practices among its members, to inform its members of change of mortgage laws and pending legislation, to sponsor meetings for the discussion of real estate mortgage problems and to cooperate with public and private agencies in the establishment of sound real estate mortgage practices.

Norwest Will Merge Nebraska Banks

Norwest Corporation has announced plans to merge its five Nebraska banks and its Nebraska trust company into a single national banking association, named Norwest Bank Nebraska, N.A. Pending regulatory approval, the merger is expected to become effective in October 1985. The Nebraska legislature passed legislation to permit such mergers in March 1985.

John Cochran, president of Norwest's Nebraska banking Region V, said the merger will enable Norwest to employ its capital in the state

more efficiently to make the company's entire range of specialized products and services available at each location. After the merger, existing Norwest Banks in Omaha, Hastings, Grand Island and Norfolk will continue to operate under the new name.

Mr. Cochran will serve as chairman, president and chief executive officer of the merged bank. Presidents of the principal individual locations will be Charles T. Undlin and Harold M. Walton, Omaha; John F. Farrell, Hastings; Norman G. Nackerud, Grand Island, and Thomas F. Finnigan, Norfolk.

A new board of directors, representing each of the Norwest communities, will be elected. In addition, local boards at Millard (a suburb of Omaha), Norfolk, Hastings and Grand Island will be continued.

Local management will retain authority to make lending decisions and set rates appropriate for its marketplace, according to Mr. Cochran. Existing checks and other material carrying the former bank's names will be honored.

Mr. Cochran said the merger itself is part of an orderly process begun some time ago to eliminate duplication of effort and to operate more efficiently. He expects very little disruption to employees and virtually no changes in organizational structures.

The banks and trust company that will form Norwest Bank Nebraska, N.A. had combined assets of approximately \$1.4 billion at year-end 1984. They are affiliates of Norwest Corporation, a \$20 billion diversified financial services organization with 81 commercial banks and several specialized financial companies operation in 43 states and five other countries. The Nebraska merger will reduce the total number of Norwest Banks to 77.

Orleans Addition Told

Kurt A. Tarkington has joined the Republican Valley Bank, Orleans, as a new loan officer. Mr. Tarkington previously was an examiner for the FDIC in the state of Iowa.

program was established in 1976 as the Minnesota Five Percent Investment Program. The purpose of the program was to encourage and promote philanthropy in the community by recognizing those corporations and businesses committed to charitable giving at the five percent level. In 1980, the chamber added the Minnesota Two Percent Community Partnership Award and created Capital Project Awards. All three award programs were merged under one program in 1983 and renamed the Minnesota Keystone Awards.

Rochester Bk. Changes Told

First Bank Rochester recently announced the promotion of Laura J. Duren to agricultural lending officer and the election of Lyle S. Kuhlmann as director of the bank.

Ms. Duren began her banking career with First Bank of Rochester in 1983 as a management trainee.

Mr. Kuhlmann is the president and majority stockholder of the Byron Elevator Company in Byron, Minn.

Officer Elected in Hastings

The board of Norwest Bank Hastings, N.A. recently announced the election of Robert D. Graham as commercial banking officer.

Mr. Graham is a graduate of Mankato State University where he received his BS degree in finance. For the past four years, he has been associated with Farmer's State Bank of Hamel, Minn. Mr. Graham is joining Norwest Bank Hastings as a lending officer in the commercial loan department.

Zapp Bk. Accepted By HUD

Zapp National Bank, St. Cloud has recently been accepted into the Direct Endorsement Program of the U.S. Department of Housing and Urban Development (HUD).

Under the guidelines of this program, Zapp National's real estate department is qualified to underwrite and close FHA mortgage loans without prior HUD review. Benefits to the consumer include significantly reduced loan processing time.

Honored in Northfield

Frank Gates, agency manager of First Insurance Northfield, has recently been honored for his outstanding performance in 1984.

Jim Hoiness, president of First Bank System Insurance, presented Mr. Gates with the president's award for producer of the year and also agency manager of the year, in addition to appointing Mr. Gates to the president's advisory council.

First Insurance Northfield is a subsidiary of First Bank System Insurance, which has a network of 56 agencies operating in Minnesota, North and South Dakota and Montana. First Bank System Insurance is the largest bank holding company insurance operation in the United States and the 14th largest insurance broker in North America.

Banker Now Heads St. Paul Cos. Investment Division

Roger R. Conant has been named senior vice president - investments for The St. Paul Companies, Inc., St. Paul, Minn. His appointment is effective immediately.

Mr. Conant will have responsibility for the St. Paul investment division and its investment portfolios, including equities, fixed income, real estate and oil and gas. He will report to Executive Vice President Douglas W. Leatherdale.

For the last six years, Conant has been employed by First Fidelity Bank, most recently as executive vice president of the New Jersey-based regional banking institution.

Named Vice President at Centerre Bank, St. Louis

Edward L. Campbell has been elected vice president in the correspondent division at Centerre Bank in St. Louis, John Peters McCarthy, president and chief executive officer, announced last month. Mr. Campbell, a 1978 graduate of the University of Wisconsin's Graduate School of Banking, joined Centerre in 1953. He was an assistant vice president prior to his promotion.



L. DUREN



R. GRAHAM

MINNESOTA NEWS...

(Continued from page 33)

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Northwestern Bank of St. Louis

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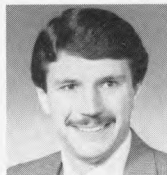
Lawrence H. Frowick
Senior Vice President
Sales and Business
Development Director



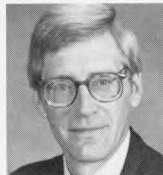
Joe Bustin
Vice President
and Manager, Commercial
Banking Division



Arnie Ripperger
Vice President
Eastern Region



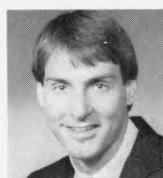
John Miller
Vice President
Western Region



Donald H. Jordahl
Vice President
Central Region



Steve Brewer
Commercial Banking
Representative
Central Region

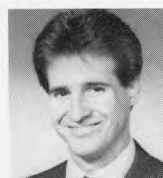


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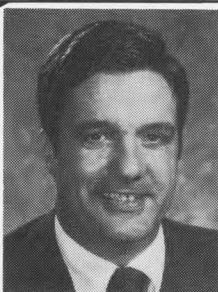
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Iowa Convention Will Be a Winner

THE PRELIMINARY program for the 99th annual convention of the Iowa Bankers Association shows this year's meeting will be another exciting one. In addition to being one of the first major associations to hold a convention in the new Des Moines Convention Center, the program itself shows a lineup of outstanding speakers and events.

IBA President William Logan, president of The State Central Bank in Keokuk, told member banks in an advance letter that the program is designed to tie in with his theme of "Teaming Up for the Future."

Prominent speakers from the academic, business and financial world will address the general sessions. They include Barry Asmus, professor of economics at Boise State University, Boise, Idaho, a noted, enthusiastic speaker on the free market and what's right with America; Donald G. Long, finance industry consultant with IBM; Dr. John Marten, the humorous and brilliant staff economist for *Farm Journal* magazine; Dr. William G. Ouchi, professor of management at the Graduate School of Management, University of California at Los Angeles; Victor A. Rice, chairman and CEO of Massey-Ferguson; ABA President-Elect Donald T. Senterfitt, and Alex Sheshunoff, president of Sheshunoff & Company.

Joining them will be sports figures George H. Raveling, head basketball coach at the University of Iowa; Bill Russell, a pro basketball legend, and Tom Sullivan, a noted entertainer.

Because of a conflict at the Des Moines Civic Center, the traditional Sunday night entertainment there has been switched to Monday night, when the world-renowned Preservation Hall Jazz Band from New Orleans will present concerts at 6:00

p.m. and 8:30 p.m.

The President's Dance has been moved to the Sunday night slot at 8:30 p.m. in the Marriott Hotel Grand Ballroom following the reception that commences at 5:00 p.m. in the Convention Center exhibit hall. The Inaugural Dinner occupies the usual spot at 6:30 p.m. on Tuesday, again at the Marriott Grand Ballroom.

An added fillip for this year's convention is a Sunrise Fellowship Service scheduled for 6:30 a.m. Monday in the Convention Center auditorium. It will feature Vonda Van Dyke

of Minneapolis, who is guaranteed to make your day with her singing, her personal charm and her beautiful insights into the spiritual life that has guided her entire adult life.

Full advance registration details have been mailed to all banks by the IBA, with special enclosures for spouses concerning the extensive array of activities arranged for spouses this year. In addition, the new convention center facility has made it possible to increase the amount of exhibitor space dramatically and there will be 104 exhibits at the meeting.

The full program and related features will be published in the September NORTHWESTERN BANKER. □

Pres. Named at Clarinda Bk.

Lowell Lines, executive vice president and director of the Page County State Bank, Clarinda, has been named president of the bank.

Mr. Lines succeeds John R. Hunter who will continue with the bank as senior vice president and director. Mr. Lines has been with the bank since 1968 and Mr. Hunter since 1963.

IPPA's Traveling Exhibit Attracts Attention of Many



THE exhibit pictured above is provided by the Iowa Press Photographer's Association (IPPA), a non-profit organization working to advance the professional skills of its members and promote public interest in news photography. The exhibit, new each year, is a display of photographs and picture stories that were judged the best from several hundred entries in the print competition at the annual IPPA convention. Photographs in the exhibit cross the spectrum of photography—news, sports, features, pictorials, portraits and illustrations. Customers of banks, photo stores, malls and other public establishments find the exhibit fascinating and entertaining. This exhibit can be set up in less than a 10-foot square area and the cost is \$150 for a two-week stay at your place of business. If interested, contact **Drake Hokanson**, P.O. Box 841, Iowa City, Ia. 52244 or call (319) 338-0496.

Pres. Appointed in Osceola

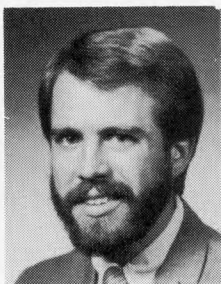
Osceola State Bank announced the appointment of Bernard Dubin as vice president. Mr. Dubin replaces Paula Baker, senior vice president, who left the post for duties with the Federal Deposit Insurance Corporation in Des Moines.

Mr. Dubin entered the banking business as a teller at the Iowa State Savings Bank in Creston in 1960. He served in various capacities in the bank and became executive vice-president in 1971.

Promoted in Council Bluffs

First National Bank of Council Bluffs recently announced the promotion of Jerry Jares to vice president, Janice Peterson to auditing officer and Jean Wilson to operations officer.

Mr. Jares is currently manager of the commercial, agriculture and residential real estate departments. He received a BBA de-



J. JARES

gree from the University of Nebraska, Lincoln.

Ms. Peterson received a bachelor's degree in accounting from Dana College.

Ms. Wilson has been with First National since 1982.

V.P. Appointed in Knoxville

Richard E. Magnuson has been promoted to vice president of Community National Bank & Trust Co., Knoxville.

Mr. Magnuson joined the bank as assistant vice president, working primarily in ag lending. Previously, he had been employed by the Columbus PCA office in Osceola, Neb. as branch manager.

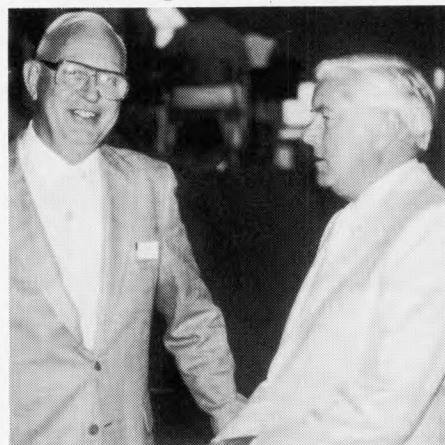
VP Added in Clinton

David E. Harris has joined Iowa State Savings Bank, Clinton, as vice president of the agriculture loan department. Mr. Harris comes to the bank from First Trust and Savings Bank, Wheatland, where he served as executive vice president.

Independence Bank To Purchase Fairbank Bank

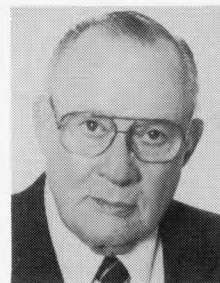
The Farmers State Savings Bank

Correspondent Party



MORE THAN 370 bankers and spouses were guests of National Bank of Waterloo last month at a reception and informal dinner at the bank. Guests arrived at 6:00 p.m. and after a reception in the main lobby they were served box dinners. Guests were invited to use any of the offices on the three bank floors while eating dinner. This also afforded visitors an opportunity to view NBW's extensive collection of all-Iowa art that is exhibited throughout the bank. Immediately following dinner, guests and the bank staff and directors adjourned to the nearby Waterloo Community Playhouse to enjoy an excellently staged presentation of the ever-popular play "Oliver." Pictured above as they greeted guests in the main lobby are **Bill Rickert** (left), sr. v.p. and head of the farm and correspondent division, and **Scott Fetner**, pres.

of Independence and the Fairbank State Bank of Fairbank have signed an agreement whereby the Farmers Bank will purchase the assets and assume the liabilities of Fairbank State Bank according to Rudolph A. Leytze, president of Farmers State Bank. The agreement is subject to approval of the Iowa Department of Banking and the FDIC.



R. LEYTZE



E. BELLIS

Fairbank will become an office of Farmers Bank and all present personnel of Fairbank will continue in their present capacities. Earl Bellis, long time president of Fairbank State, plans to stay as a consultant on a limited basis. Fairbank State Bank is one of the oldest banks in the area, having received its charter in 1897.

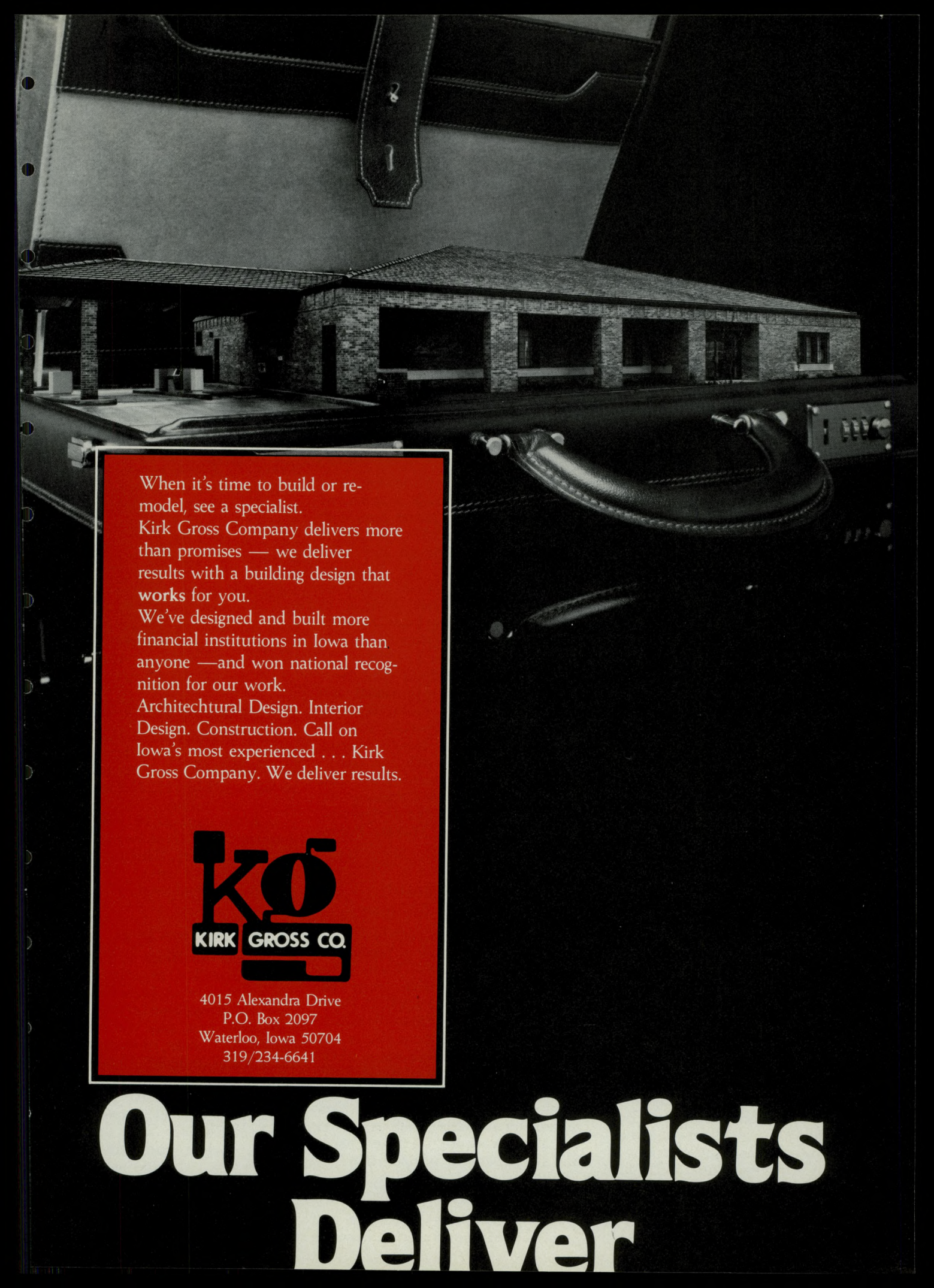
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Des Moines

Hawkeye Bancorporation has announced the election of **J. Michael Earley** to president and chairman of the board of Hawkeye-Capital Bank & Trust of Des Moines. Mr. Earley, who has been president and chairman of Hawkeye Bank & Trust of Des Moines since 1982, will become chief executive officer of the two Des Moines banks, both of which are members of Hawkeye Bancorporation.



J.M. EARLEY

This action is the first step toward a proposed merger of the two banks, which is presently being studied. Hawkeye Bank & Trust of Des Moines' main office is located at 2401 University Avenue. The bank's assets totaled \$63,983,000 as of December 31, 1984. Hawkeye-Capital Bank & Trust, with December 31, 1984 assets of \$105,824,000, has its main office at East 5th and Locust. According to a spokesperson, both banks have grown significantly over the past three years and they share similar markets.

In addition to serving as president of both banks, Mr. Earley will serve as a member of Hawkeye Bancorporation's senior management committee and as bank relations officer for Hawkeye Bank & Trust of Des Moines, Hawkeye-Capital Bank & Trust, Hawkeye-Ankeny Bank & Trust, and United State Bank, Cedar Rapids.

John Chrystal, president and CEO of Bankers Trust, announced the following promotions approved by the board at the July meeting.

Patricia M. Ashbaugh has been named trust officer. Ms. Ashbaugh joined Bankers Trust in 1975. She transferred to the trust division in 1976 as an assistant trust security clerk and was most recently named assistant trust officer in 1984.

James R. Greenfield has been named assistant vice president and trust officer. He joined Bankers Trust in 1982 as corporate trust officer of the employee benefit section. Prior to joining the bank, Mr. Greenfield was staff accountant at Peat, Marwick, Mitchell & Company; internal auditor at Drake University, and sales analyst at Massey Ferguson.

Davenport's Peterson Graduates from Stonier

James R. Peterson, assistant vice president, correspondent banking at Davenport Bank and Trust Company, has graduated from the Stonier Graduate School of Banking. He was the only Iowa banker to graduate this year from the prestigious school which lists many of the nation's top bankers as its alumni.

Stonier's three-year curriculum emphasizes development of bank management skills while providing valuable exposure to other banks and their methods of operation.

Retirement at Waterloo Bk.

Dale K. DeKoster, chairman and president of the Waterloo Savings

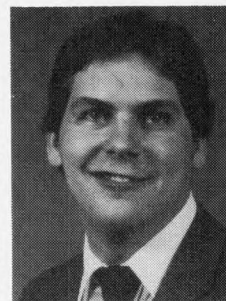
Bank and Metro Bancorporation, has recently retired.

Mr. DeKoster joined the bank as farm representative in 1946 and after serving various capacities, was named CEO in 1956. He was elected president in 1961 and has headed Metro Bancorporation since its origin in 1983.

Betty Runyan Van Kerckhove, assistant cashier, recently retired from the Waterloo Savings Bank. Mrs. Van Kerckhove started in the bank's bookkeeping department in 1940 and has been assistant cashier since 1976.

Appointed in Lake Park

Security State Bank, Lake Park, has announced the appointment of **Kevin T. Kuehl** as assistant cashier. Mr. Kuehl started with the bank in 1982 as a bank trainee and is also the vice president and treasurer of the insurance agency housed in the bank.



K. KUEHL

Promoted in Sioux City

First National Bank in Sioux City has promoted two officers. **Ronald A. Jorgensen** has been named controller, and **Maryl L. Helmbrecht** will serve as auditor. Mr. Jorgensen joined the bank in 1979 as staff accountant, and most recently served as auditor. Ms. Helmbrecht, who formerly was staff accountant, joined First National in 1981.

Staff Changes in Ia. City

Iowa State Bank & Trust Company, Iowa City, recently announced the promotion of **James P. Harvey** from consumer loan officer to second vice president and the election of **Susan J. Mulder** to consumer loan officer and **John M. Chadima** to financial services officer.

Mr. Harvey joined the bank in 1972 and currently manages the Rochester office.

Ms. Mulder has been with the bank since 1977 and serves as the bank's student loan specialist.

Mr. Chadima joined the bank in 1981 and will supervise the newly organized financial services section.

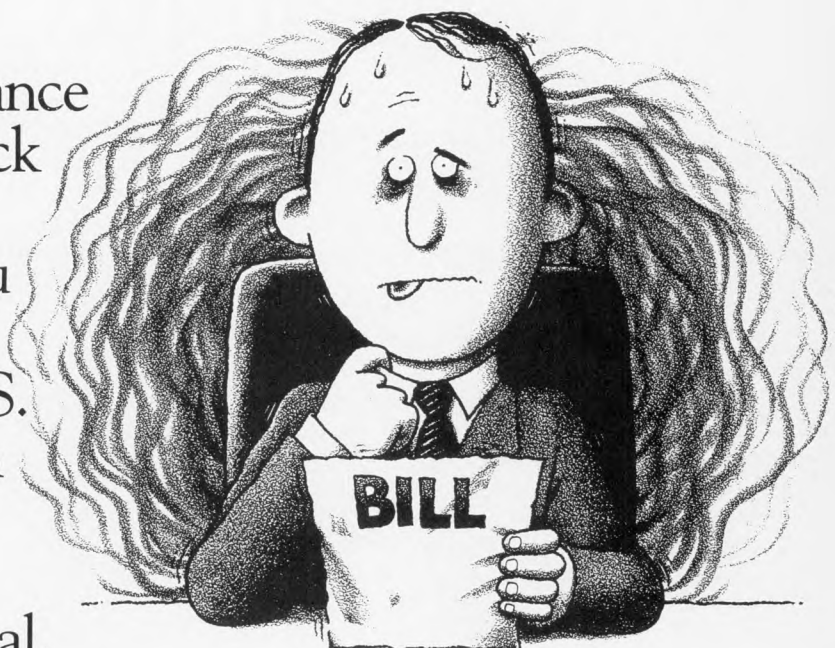
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Mt. Pleasant Changes Told

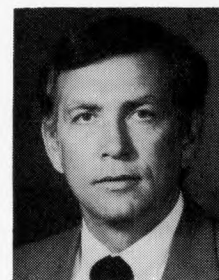
Henry County Savings Bank, Mount Pleasant, recently announced the promotion of two officers and the addition of one officer.

James E. Henss and Steven K. Brimhall were promoted to vice presidents.

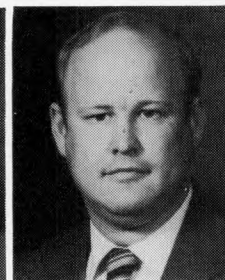
Mr. Henss joined the bank in 1973 in the installment loan department. He currently works primarily with real estate and commercial loan customers.



J. HENSS



S. BRIMHALL



J. SCHROEDER

Mr. Brimhall joined the bank in 1973 as an ag loan officer trainee after teaching school for one year in the Mt. Pleasant school system. He is currently responsible for the agriculture loan portfolio of the bank.

John L. Schroeder joined the bank in the position of cashier. He previously worked in banks in Des Moines and Ames and most recently as cashier of the Citizens First National Bank of Wolf Point, Mont.

Kadera Retires After 37 Yrs.

Ed Kadera retired from Banks of Iowa Computer Services, Des Moines, on July 31st after 37 years in banking and data processing.

Mr. Kadera started his career at Peoples Bank and Trust in Waterloo in 1948 as a messenger and worked in many areas of operations, auditing and administration. He joined Merchants National Bank of Cedar Rapids in 1963 as operations analyst and transferred to the data processing division in 1964.

A reception was held in Mr. Kadera's honor at the corporate office in the Life Investors Building in Cedar Rapids.



IBAA PRES. B.F. "Chip" Backlund (center), pres., Bartonville Bank, Peoria, Ill., addressed the final luncheon gathering. Pictured, from left, are: **Ned Job**, retiring pres. of IIB and pres., Iowa State Savings, Knoxville; **Dick Berglund**, IIB exec. v.p.; **Mr. Backlund**; **Larry Grimstad**, retiring v.p. of IIB and exec. v.p., Security B&T, Decorah, and **George Perry**, new v.p. of IIB and pres., City Natl., Shenandoah.

Oliver Hansen Named IIB President

By **BEN HALLER, JR.**

Publisher

MEETING at a time when structural change, deregulation and a severely depressed ag economy are adversely impacting all of their bankers, members of the Iowa Independent Bankers elected as their leader for 1985-86 a strong, experienced, nationally-known ag lender who has well-earned credibility among all Iowa bankers—Oliver A. Hansen. His reputation and visibility, in fact, are well-known and respected at the national level as well. Mr. Hansen is chairman and president of Liberty Trust & Savings Bank of Durant, an ag-oriented bank with \$51 million assets in eastern Iowa (Cedar County).

As IIB president, Mr. Hansen succeeds Ned K. Job, president of the Iowa State Savings Bank in Knoxville, under whose administration IIB experienced a year of unusual cooperation and understanding with the Iowa Bankers Association, based on the initiative of-

fered by IBA President Bill Logan, president of State Central Bank in Keokuk. Mr. Hansen was president of the Iowa Bankers Association in 1967-68 and served as Iowa superintendent of banking from August, 1971, to July, 1973. Mr. Hansen also served as chairman of the American Bankers Association's important ag committee.



O.A. HANSEN



D.L. MILLER

George H. Perry, president of City National Bank in Shenandoah, was elected IIB vice president to succeed Larry Grimstad, executive vice president of Security Bank & Trust Co. in Decorah. At a meeting of the IIB board immediately follow-

ing conclusion of the convention, David L. Miller, president, West Des Moines State Bank, was appointed treasurer. Holding that position the past year was Jock D. Stevenson, president of First Trust & Savings Bank in Cedar Rapids.

Five bankers were elected to three-year terms on the IIB board of directors: James R. Brown, executive vice president, Hardin County Savings Bank, Eldora; Donal R. Halvorson, president, St. Ansgar State Bank, St. Ansgar; Robert P. Holleran, president, Clinton National Bank; Douglas McDermott, president, Home State Bank, Jefferson, and W.D. "Bud" Willer, executive vice president, Decorah State Bank.

One important change from the usual IIB conventions was the absence of Executive Director Diane Gibbs Berglund. She had undergone back surgery just two weeks earlier and was still recuperating at home in Des Moines at convention time. Despite a painful condition prior to the surgery, Diane had taken care of all advance work for the IIB convention from her home. Her husband, attorney Richard W. Berglund, IIB executive vice president and corporate secretary, managed the convention in her absence, ably assisted by Ruth Clasen, vice president of Iowa Trust & Savings Bank in Emmetsburg.

Mr. Hansen's acceptance speech was presented to the audience by tape, since he had agreed some months ago, before being contacted by the IIB nominating committee, to take a key part in the World Angus Forum in Edmonton, Canada, on the same dates as the IIB convention. Mr. Hansen said the key issue for independent bankers today is interstate banking, whether regional or national.

Other issues he identified in-



AG PANELISTS were introduced by *Des Moines Register* farm editor **Don Muhm** (left, at microphone), the moderator. Panelists, from left to right, were: **John Chrystal**, pres., Bankers Trust, Des Moines; Iowa Congressman **Neal Smith**; **Bob Plm**, FmHA dist. dir., Des Moines, and IBAA V.P. **Tom Olson**, pres., Lisco State, Lisco, Nebr.



PICTURED at Bankers Trust Co. of Des Moines poolside reception were, from left to right: **John Chrystal**, pres. of Bankers Trust; **Neil Miller**, IBA exec. v.p.; **Larry Frowick**, sr. v.p., Bankers Trust; **Bob Ross**, chmn., and his daughter, **Nancy**, and her husband, **George Perry**, pres., both men with City Natl., Shenandoah, and **John Miller**, v.p. and head of the Iowa division, Bankers Trust.



LEFT—IIB Pres. **Ned Job** visits with Iowa Congressman **Jim Leach** prior to Mr. Leach's convention address. **RIGHT**—**Al Maser**, pres., First Natl., Le Mars, visits during reception with **Bill Logan**, pres. of the IBA and pres., State Central Bank, Keokuk.

cluded the crisis in agriculture, of course, as well as the federal deficits, and the need for venture capital in Iowa.

Keynote Address

IIB President Ned Job stated in his keynote address;

"Competitive and economic pressures, brought on by our state's deteriorating agriculture sector, continue to shrink our banks' net interest margins, as well as the profits margins of our customers. This trend will no doubt continue in the foreseeable future. I personally feel it is going to get a lot tougher. There will be no quick fix for our troubles. *The banking industry's problems today, are the direct result of years of mismanagement of fiscal policy at the Federal level.*

Mr. Job discussed some of the highlights of his year as president, then said, "But, I feel the main accomplishment, during my term as your IIB president, was the re-establishment of better communications among *all* bankers within the State and also establishing better communication between the two state banking associations. Much ef-

fort was devoted to obtaining better communications and I, personally want to thank, Bill Logan, the IBA president, for the personal effort he made, this past year, in also helping to generate better communications between all bankers within the state."

Superintendent Huston Speaks

Tom Huston, Iowa superintendent of banking, delivered what most bankers in the audience felt was the finest talk they have heard him give at a meeting of Iowa bankers. It was factual and candid, as always befits his style, but it had a new sense of seriousness and urgency as he discussed the growing loan problems facing Iowa bankers. A year ago he was warning his audiences that the figure of 39 Iowa banks with more than normal problems would soon be 50, then 70, then would approach 100. He told bankers on July 19 that figure now is 188 Iowa state-chartered banks, which represents about one-third of the total state banks in Iowa. "I make that remark," he emphasized, "so that you and others will understand the problem is *real*. My map with cir-

cles around towns with troubled banks indicates that problem banks now cover the entire state of Iowa."

In previous talks, Mr. Huston stressed how Iowa banks have maintained a strong capital base on the average statewide. That strong capital base has, in fact, sustained many banks through trying times and now is being threatened by the continuing bad economy which impinges on the ability to repay ag loans. As a consequence, he said, capital base is being eroded in some banks "and we may have to allow some banks to operate at 4, 5 or 6 percent capital until they can clean up some of their problems."

Mr. Huston reported some details of a recent meeting he had in Chicago with representatives of the Fed, FDIC and Comptroller. He noted that "the regulators never did understand until recently that regulators might share some of the blame for bank failures." He refuted the FDIC line that all bank failures are almost entirely the fault of mismanagement or abuse. He looks for little leadership from the Comptroller's office "in weathering this



LEFT—Alice Huston displays a small part of her Teddy Bear collection used to illustrate her interesting, humorous talk at the ladies luncheon. **RIGHT**—Tom Huston, Iowa supt. of banking, attired in his cardinal and gold outfit (what else?), poses with Iowa State University head basketball coach Johnny Orr, the final general session speaker. (Coach Orr is the tall one!)



storm in Iowa" and expressed the feeling that if the regulator has the wisdom to understand the actual ag situation in Iowa and midwestern states it is the Fed.

Mr. Huston said bank stock loans need to be examined more carefully, adding that he "told Chairman Volcker that before we're out of this we're going to need more capital—probably preferred. Mr. Volcker says the power to inject capital lies in the FDIC and I believe he's correct, but it's power poorly placed. I believe it belongs in the Fed, where I believe the judgment is superior."

Mr. Huston cautioned Iowa bankers to not discuss other banks or their condition, not only because it's against federal law, "but I'm also talking about good judgment."

Rep. Leach Scores Big Banks

The Hon. James Leach (Rep.), United States House of Representatives from the Iowa's First District, said the nation's two-year recovery is "U" shaped—the east, south and west have recovered, and everything in between has been left out."

He charged that "we have run our foreign trade policy the past five years to save the international monetary system," which saved the big banks from problems they brought on themselves with their billions of bad foreign loans. "Their problems then hurt smaller banks," he stated. Saving the monetary system and the big banks "was done at

the expense of our export-dependent industries, including agriculture."

Rep. Leach said \$4.00 corn or an infusion of capital from Congress would have to save the Farm Credit System—if it's a few hundred millions or even a billion, then Congress might do it, but if it requires more, such as two to four billion—its doubtful Congress will approve it.

Mr. Leach said he opposes the non-bank banks, is against outside corporations owning banks, and is against a national trigger. He is author of a bill that would limit the size of banks by a concentration measure.

Ag Panel

The Ag Panel drew a full house at its starting time of 8:00 a.m. Moderator was the well-known, personable Don Muhm, who has been farm editor of *The Des Moines Register* for 25 years.

Thomas H. Olson, vice president of IBAA and president, Lisco State Bank, Lisco, Nebr., said, "We must look ahead to positioning ourselves beyond this time of trouble in order to maximize our opportunities as they come." He cited the need to support short-term bills that give genuine support to agriculture, such as the House Farm Bill that was endorsed by IBAA at a recent St. Louis meeting. He said IBAA, the ABA and the FCS all insist that FmHA must keep in place its direct lender program that Under Secre-

tary of Agriculture Frank Naylor says will be allowed to expire December 31, 1985. He urged "reducing our own risk by funding secondary markets for our loans we generate."

John Chrystal, president of Bankers Trust Company, Des Moines, said "Iowa agriculture needs a massive transfusion of income...to stop the hemorrhaging in agriculture." He warned that if such a transfer of income, from whatever source—government subsidies or higher prices—does not take place, then "the infection will spread. There is no substitute for good health in our agriculture."

Addressing the "profound changes taking place in the structure of agriculture," Mr. Chrystal said that as the number of farms shrink, there will be a profound change coming across rural communities. In turn, "the number of suppliers to farms will shrink and this includes rural banks." Those who do survive, he said, including his own bank at Coon Rapids, will "do more business (with larger farm units) on lower margins. We just can't continue supporting as many banks as there are at present."

Mr. Chrystal listed three ways for farmers to settle debts today when they are in trouble—higher prices to get more profits, selling assets, and by forgiveness. Government deficits and other action have a deep effect



LEFT—Jim Brown, exec. v.p., Hardin County Savings, Eldora, receives best golfer trophy from Bernie Miller, v.p., American T&S, Dubuque
RIGHT—Max Roy, sr. v.p., Drovers Bank of Chicago, and Virgil Matthias, v.p., Readlyn Savings.

on farming, he noted, and he said, "we should cut heavily into the defense budget on the premise that 'you shear where there's wool.'" Mr. Chrystal concluded by stating, "The number of people in farming is not necessarily important, but the power of farming is important."

Bob Pim, state director of the Farmers Home Administration, Des Moines, said, "we misjudged the seriousness of the problem (earlier). We added 135 people in March and 50 loan processors. We've loaned \$620 million in guaranteed or direct loans in Iowa—2,000 guaranteed loans, about 20% of all in the nation. We have 230 Approved Lenders in Iowa. My concern is that we do not have a way to deal with families where more credit is not the answer. We need to find a way to help those families make the adjustment."

The Hon. Neal Smith (Dem.), United States House of Representatives from Iowa's Fourth District, stated, "I don't think you can solve this ag problem with laws alone. I think it all started years ago with petro-dollar loans and with the big banks and their international loans." Mr. Smith also feels that the Fed embarked on a bail-out course for the big banks, but this was done at the expense of agriculture, agribusiness and the manufacturing complex. "The Fed has lost the confidence of many in Congress," he stated, "some of us longer ago than others."

Other Speakers

Arthur Burck, president of his own firm in Palm Beach, Fla., discussed "The Perils of Interstate Ownership of Banks."

David Broder, political reporter for *The Washington Post* gave an excellent summary of how he views

the Washington scene and its main cast of characters.

Johnny Orr, head basketball coach at Iowa State University, regaled his audience with the typical, straightforward humorous look at the world of college basketball and other athletics.

Delegates' Luncheon

At the delegates luncheon concluding the official part of the program Saturday noon, bankers heard brief remarks from Michael Fitzgerald, treasurer for the State of Iowa, and from O. Jay Tomson, director of the Federal Reserve Bank of Chicago and chairman of Citizens National Bank of Charles City. IIB President Ned Job introduced the IBAA president, B.F. (Chip) Backlund, president of the Bartonville Bank in suburban Peoria, Ill.

Chip Backlund, a native of Nebraska, said his special goals this year for IBAA are threefold: 1. To reinforce the positive perception of independent banks. 2. Expansion of IBAA services and a doubling of the association's Washington quarters. 3. Dramatically improve the performance of the IBAA PAC program. He called the budget deficits "a cancer," stating that *real* interest rates are about at an all-time high. "The net worth certificate could be the vehicle for us this year," he concluded.

Entertainment

Two poolside receptions were staged for the approximately 400 adults attending the convention. Thursday night was the President's Reception, hosted by Ned and Julia Job. Friday night, the reception was hosted as usual by Bankers Trust Company, Des Moines.

At the spouses luncheon on Friday, guests were entertained during the meal with singing by the Okobo-

ji Summer Theater Group. Julia Job gave an interesting, brief history of the Iowa flag, which was designed by a native of Knoxville. Each luncheon guest was presented an Iowa flag lapel pin from Mr. and Mrs. Job. Alice Huston, wife of Iowa banking superintendent Tom Huston, gave a very entertaining, humorous talk about her collection of Teddy Bears—each of which was introduced by name!

At the Saturday spouses luncheon, guests were entertained by an excellent color slide show by Mrs. Bea Smith, wife of Congressman Neal Smith. Her pictures of the nation's capital city and environs were of exceptional quality and interestingly presented.

The 14th annual convention concluded with the usual lakeside barbeque dinner.

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