

# NORTHWESTERN *Banker*

FEBRUARY  
1988



## Honolulu Awaits IBAA Convention

- The Future for Agriculture and Ag Banks—Survey
- Directors' Financial Statement Responsibilities
- ABA Community Bankers Conference Program

# Top Banks in Do

Ranked by Demand

Rank  
6/87

- 1 Chase Manhattan Bank NA, New York
- 2 Manufacturers Hanover Trust Co., New York
- 3 Bankers Trust Co., New York
- 4 First Republic Bank Dallas NA
- 5 Security Pacific National Bank, Los Angeles

## Look at the company we keep.

A recent list compiled by *American Banker* (Nov. 24, 1987) ranks the country's top 100 banks in domestic correspondent balances.

That prestigious list includes Merchants National Bank of Cedar Rapids.

Now, if it sounds like we're bragging, we are. Because we're proud of our quality financial products and our outstanding staff.

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**Jerry Trudo**  
319/398-4306



**Dick Retz**  
319/398-4806



**Bob Louvar**  
319/398-4204



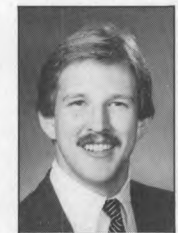
**Dennis Earhart**  
319/398-4789



**Terry Martin**  
319/398-4320



**Andy Appleton**  
319/398-4314



**Doug Bass**  
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## ON THE COVER

**THIS** inviting scene shows the full beauty of Honolulu's famous Waikiki Beach viewed from the ocean. Cover photo was furnished through the courtesy of International Travel Associates, Des Moines.

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## NORTHWESTERN BANKER

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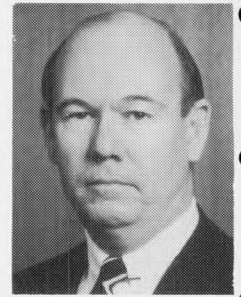
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## Homer Livingston Resigns LaSalle National Bank Posts

Homer J. Livingston, Jr. announced his resignation January 12 as chairman and CEO of ABN/LASALLE North America, Inc. and as president and CEO of LaSalle National Corp., Chicago. Mr. Livingston will remain with the organization



as a member of H.J. LIVINGSTON, JR. the board of LaSalle National Bank and as an advisor to the ABN/LASALLE management team.

"Four years ago I was asked by ABN Bank (Algemene Bank Nederland, N.V.) to join this organization. My task was to implement a strategy to unite ABN's North American operations and to establish LaSalle National Bank as a major midwest banking force. The bank has just completed its third year of record earnings and branch profits have exceeded our most optimistic goals. I feel I have completed my assignment and plan to investigate new opportunities."

P. Jan Kalff, member of ABN Bank's managing board said, "These goals have been achieved and a management team is in place that will build on our success. We value Homer Livingston's experience and knowledge, and in order to continue to benefit from his expertise, we've asked him to stay on as a board member and an advisor."

Until a permanent successor is named, the North American operations will be run by a team consisting of Aldert Blank, vice chairman of ABN/LASALLE North America, Inc., Harrison Tempest, president and CEO of LaSalle National Bank, and R. Arthur Arnold, executive vice president and manager of the New York branch of ABN Bank. The group will report to Robert Wilmouth, chairman of LaSalle National Bank, and also new chairman of ABN/LASALLE.

LaSalle National Corp., parent of LaSalle National Bank and the LaSalle Bank of Lisle, is a subsidiary of Algemene Bank Nederland N.V. LaSalle National Corp. is also a member of the ABN/LASALLE group, the North American 13-branch network of ABN Bank.

## ● Austin Associates Foresees Slower Pace for Mergers and Acquisitions

THE pace of commercial bank mergers and acquisitions is expected to slacken, at least temporarily, according to Dr. Douglas V. Austin, a nationally regarded authority on commercial banking structure and mergers and acquisitions.

"Mergers and acquisitions among commercial banks will probably diminish throughout the first half of 1988 for several reasons," Dr. Austin noted. "The stock market collapse in October reduced the market value of most bank stocks, rendering stock swaps more expensive and dilutive for the acquiring organizations. Secondly, transactions involving large regional and super-regional banking organizations which were recently, or are about to be, consummated require time for buyers to fully absorb and integrate people and systems. Finally, money center organizations continue to be plagued by foreign loan losses, poor earnings, and weakened capital positions; in effect, removing them from the pool of buyers," he added.

"These conditions, however, are temporary," says Dr. Austin. He identified several market conditions and forces which will fuel additional mergers and acquisitions among regional and super-regional banking organizations in the latter half of 1988. Among those conditions which Dr. Austin identified as having the greatest influence on commercial bank combinations are:

(1) The general attractiveness of the Midwest as a diversified industrial and agricultural business region with a large pool of deposit and loan business;

(2) The higher profitability levels of regional banks in the Midwest, which make them attractive acquisition candidates;

(3) The drive of super-regionals to achieve proportions of size which make them immune from becoming takeover targets, and which allow them to take advantage of economies of scale when absorbing new organizations;

(4) Lower stock prices of potential targets resulting from the October stock market crash;

(5) Changes in state laws allowing

regional interstate expansion; and

(6) The potential lifting in 1988 of restrictions which have precluded commercial banking organizations from acquiring healthy thrift organizations.

Dr. Austin is president and chief executive officer of Austin Associates, a Toledo, Ohio-based financial institution consulting firm. The firm, with offices in Chicago, India-

napolis, Springfield, Ill., and Richmond, Va., has served as an investment banking advisor in more commercial bank merger and acquisition transactions than any other investment banking firm. The firm specializes in working with community banking organizations (those generally having assets less than \$500 million) in the areas of mergers and acquisitions, bank stock valuations, strategic planning, marketing EDP consulting, and general management consulting. Dr. Austin has prepared a monthly article for readers of the NORTHWESTERN BANKER since May, 1987.

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## Bank Promotions

**P**ROMOTIONS and other announcements have been made by the following banking institutions:

**Continental Illinois Corporation, Chicago:** S. Waite Rawls III, joined the holding company's senior management team February 1. He was expected to be elected a vice chairman at the January board meeting. Mr. Rawls, 39, moved from New York where he was a managing director in Chemical Bank's Global Securities and Foreign Exchange Group. At Continental, he will head a new area that will comprise the bank's risk management and market-making business.

**Federal Reserve Bank of Chicago:** Robert J. Day has been redesignated chairman of the board and Marcus Alexis has been named deputy chairman. In addition, Mr. Alexis was appointed to a second three-year term as a board member. Mr. Day is chairman and CEO of USG Corporation. Dr. Alexis is dean of the College of Business Administration at the University of Illinois at Chicago.

Edward D. Powers chairman and CEO of Mueller Company in Decatur, Ill., and Barry F. Sullivan, chairman and CEO of the First National Bank of Chicago, have been reelected to the Chicago Fed board for a second three-year term.

**First National Bank of Chicago:** Dennis J. Duffy, assistant vice president, has been named head of the Community Banking unit of the Midwest Financial Institutions division. He will report to William J. Bowne, vice president and head of the division. Mr. Duffy joined the bank in 1961. Most recently, he was in the mortgage banking division of the real estate department, and prior to that spent 11 years in correspondent banking.

Mr. Duffy succeeds John M. Clark, vice president, as head of the Community Banking unit. Mr. Clark was one of three widely-known vice presidents who retired at the end of 1987 after working together for many years serving correspondent banks in upper midwest states. Also retiring at year-end were Clarence E.

Cross, Jr., and Keith D. St. Pierre, both vice presidents. Each of the three retirees had more than 30 years of service with First National.

Mr. Cross started in the bond department, then transferred to the correspondent division over 30 years ago. He traveled extensively in Iowa, as well as in Illinois, Minnesota and western states. Mr. St. Pierre served in the division about 15 years, working with banks in Illinois and Indiana. Mr. Clark moved to the correspondent bank division seven years ago, serving as department head the past two years.

**United Missouri Bank of Kansas City, n.a.:** Michael D. Wynn has joined the bank as a vice president in the correspondent banking division, serving banks in Oklahoma and Arkansas. He was associated previously with financial institutions in Kansas and Missouri. Mr. Wynn holds a B.A. degree from Southwest Missouri State University in Springfield.

In conjunction with Mr. Wynn joining the bank, two other banking officers have been assigned new territories: J. Robert Hardin, vice president, now calls on banks in metropolitan Kansas City and northeast Kansas. Joseph E. James, vice president, has started traveling to banks in northern Missouri.

Four other well-known UMB correspondent bank officers continue their present territory assignments:

Jack E. Beets, vice president, has responsibility for the southeastern sector of Kansas; Rahn E. Tieman, vice president, covers the western sector. Lora Hackman, assistant vice president, travels southern Missouri. Richard H. Muir, vice president, continues his coverage of banks in Iowa, Nebraska and Colorado.

James J. Waterman has been promoted to senior vice president in the operations department and continues as cashier for the bank. He joined United Missouri in 1973.

In the business development department, Craig L. Anderson, who joined the bank in 1986, has been promoted to vice president and Kevin P. Hennessy, who also joined

the bank in 1986, has been promoted to assistant vice president.

In the operations department, these promotions were announced: Gilbert R. Hill to operations officer and manager of the funds management area. Mark A. Korte to assistant operations officer in the Electronic Payment Services Department. Jeffrey T. Grasser and Patricia J. Smith to corporate services officer.

Lenise S. Rudnick was elected a financial services officer for the Plaza facility.

## Information Technology Buys Systems Company

Donald F. Dillon, president of Information Technology, Inc. of Lincoln, Nebr., the nation's leading provider of computer software to the financial services industry, has announced the acquisition of McDonnell Douglas Banking Systems Company, based in Birmingham, Ala.

"With the purchase of McDonnell Douglas Banking Systems Company," said Mr. Dillon, "Information Technology Inc. adds over 500 financial institutions to our list of software users.

"It is a case of the industry leader getting bigger and better by combining the talents of the two companies. Currently, about 1 out of 10 commercial banks, along with S&Ls and credit unions in America, run on ITI software. With the addition of McDonnell Douglas Banking Systems Company, we will be providing computer software to 1 out of 7 banks in America," Mr. Dillon reported.

Both Information Technology, Inc. and McDonnell Douglas Banking Systems use computer hardware manufactured by UNISYS.

According to Dale M. Jensen, executive vice president of ITI, "The merging of ITI and McDonnell Douglas Banking Systems makes excellent technical sense." ITI becomes even stronger and because of the synergy of technical talent, we look forward to even greater breakthroughs in product development."

Existing clients of both firms will not be inconvenienced by the merger, the two executives said. Services will continue without interruption. The acquisition will double the number of ITI employees and will add significant revenues to ITI's gross sales.

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# Convention Calendar

## State Conventions & Schools

### Colorado:

- Feb. 26—CBA Annual Security Seminar, Denver.  
 Apr. 21-22—CBA Lending Conference, Denver.  
 May 5-6—CBA Annual Legal and Compliance Conference, Denver.  
 June 1-4—CBA Annual Convention, Broadmoor Hotel, Colorado Springs.  
 Sept. 15-18—Independent Bankers of Colorado Annual Convention, Beaver Creek at Vail, Avon.

### Illinois:

- Feb. 24-25—IBA Consumer Credit Conference, Adams Mark Hotel, St. Louis, Mo.  
 Mar. 23-24—IBA Bank Operations Conference, Holiday Inn, Decatur.  
 Apr. 11-13—IBA Real Estate School.  
 May 4-5—IBA Trust Conference.  
 May 22-27—IBA Illinois Bankers School, Southern Ill. U.  
 May 25-26—IBA Springfield Visit/Golf Outing, Springfield.  
 June 8-10—IBA Annual Convention, Fairmont Hotel, Chicago.  
 June 12-17—IBA Agricultural Lending School, Ill. State U., Normal.  
 June 19-24—IBA Internal Auditing School, Ill. State U., Normal.  
 June 19-24—IBA Intermediate Internal Auditing School, Ill. State U., Normal.  
 July 17-22—IBA Commercial Lending School, Ill. State U., Normal.  
 July 24-29—IBA Consumer Lending School, Ill. State U., Normal.  
 Aug. 14-19—IBA Bank Compliance School, DePaul U., Chicago.  
 Aug. 21-26—IBA Trust School, DePaul U., Chicago.  
 Aug. 22-26—Independent Community Banks in Illinois School for Community Bankers, Class I and II, Illinois Wesleyan University, Bloomington.  
 Sept. 16-19—Independent Community Banks in Illinois Annual Convention and Exposition, Adams Mark Hotel, St. Louis, Mo.

### Iowa:

- Feb. 24-26—IBA Midwest Mid-Winter Management Conference, Snowmass Club, Snowmass, Colo.  
 Mar. 9-10—IBA Bank Management Conference, Marriott Hotel, Des Moines.  
 Mar. 9—IBA Legislative Briefing and Reception, Marriott Hotel, Des Moines.  
 Mar. 20-25—IBA Consumer Credit School, Drake U., Des Moines.  
 Apr. 9-13—IBA Washington, D.C. Trip.  
 Apr. 18-20—IBA Marketing Conference, University Park Holiday Inn, West Des Moines.  
 May 11-13—Iowa State NABW Conference, Holiday Inn University Park, West Des Moines.  
 May 23-24—Iowa Young Bankers Association Annual Conference, University Park Holiday Inn, West Des Moines.  
 June 12-17—IBA Ag Credit School, Scheman Center, Ames.  
 June 19-24—IBA Iowa School of Banking, U. of Iowa, Iowa City.

- July 21-23—Iowa Independent Bankers Association Convention, Inn Resort Complex, Okoboji.  
 Sept. 18-20—IBA Annual Convention, Convention Center, Des Moines.

### Minnesota:

- Feb. 21-26—MBA Bank Operations School, Radisson Arrowwood, Alexandria.  
 Mar. 8-9—MBA CLS Program for Graduates, Twin Cities.  
 Mar. 22-23—MBA CEO Leadership Program, Radisson Plaza, Minneapolis.  
 Apr. 11-14—MBA Bank Compliance School, Minneapolis Athletic Club.  
 Apr. 24-26—Tri-State Trust Conference, Holiday Inn City Center, Sioux Falls.  
 May 3—MBA Advanced Productivity/Cost Containment Program, St. Paul.  
 May 3-6—MBA Washington Legislative Conference, Washington, D.C.  
 June 6-7—MBA Annual Convention, Duluth.  
 June 19-24—Minnesota School of Banking, St. Olaf College, Northfield.  
 July 24-29—MBA Midwest Banking Institute, U. of Minn., Morris.  
 July 31-Aug. 5—MBA Commercial Lending School (Second Year only), St. Olaf College, Northfield.  
 Aug. 25-28—Independent Bankers of Minnesota Annual Convention, Breezy Point.  
 Oct. 2-7—MBA Commercial Lending School, Radisson Arrowwood, Alexandria.

### Montana:

- Feb. 25—MBA Essentials of IRA (Beginners), Sheraton Hotel, Billings.  
 Feb. 26—IRA's: A Closer Look (Advanced), Sheraton Hotel, Billings.  
 Mar. 11—MBA Women Bankers Conference, Holiday Inn, Billings.  
 Mar. 24-25—MBA-AIB Educational Conference, Park Plaza Hotel, Helena.  
 Apr. 22—MBA Marketing Seminar, Holiday Inn, Billings.  
 Apr. 29—MBA Compliance Seminar, Holiday Inn, Billings.  
 May 19-20—MBA Trust Conference, Colonial Inn, Helena.  
 May 23-24—MBA Commercial Bankers Conference, Outlaw Inn, Kalispell.  
 June 9-10—MBA Retail/Real Estate Bankers Conference, Copper King Inn, Butte.  
 June 21-24—MBA Annual Convention, Outlaw Inn, Kalispell.

### Nebraska:

- Feb. 23-25—NBA Human Resources Conference, Omaha Red Lion (23), Grand Island Holiday Inn—Midtown (24), North Platte Holiday Inn (25).  
 Mar. 8-10—NBA Bank Directors Conference, Lincoln Hilton (8), Kearney Ramada Inn (9), Ogallala Holiday Inn (10).  
 Mar. 23-24—NBA Ag Outlook Conference, Kearney Holiday Inn.  
 May 19-21—NBA Annual Convention, Red Lion, Omaha.  
 June 9—NBA Bank Presidents Golf Outing, Lochland Country Club, Hastings.  
 June 13-17—NBA Committee Retreats, Wilber.  
 June 26-28—NBA Washington Legislative Visit, Washington, D.C.

- Nov. 10-12—Nebraska Independent Bankers Association Annual Convention, Villager Motor Inn, Lincoln.

### North Dakota:

- Feb. 26—NDBA Advanced Loan Documentation, Bismarck.  
 Mar. 8—NDBA Compliance Seminar, Bismarck.  
 Apr. 8—NDBA Lender Liability Seminar, Bismarck.  
 Apr. 11-13—NDBA Washington Legislative Conference, Washington, D.C.  
 Apr. 12-13—NDBA Comprehensive Training School for Teller Trainers, Jamestown.  
 May 10—NDBA Asset/Liability Management Seminar, Fargo.  
 May 11—NDBA Bank Investment Seminar, Fargo.  
 June 13-14—NDBA Annual Convention, Grand Forks.  
 June 5-10—North Dakota School of Banking, U. of North Dakota, Grand Forks.  
 Aug. 25—NDBA The Bankruptcy Battle Featuring Chapter 12, Bismarck.  
 Sept. 20—NDBA Negotiation Strategies and Skills for Bankers, Bismarck.  
 Sept. 21—NDBA Loan Negotiation and Workout Skills, Bismarck.  
 Oct. 20-21—NDBA Human Resource Conference, Bismarck.  
 Sept. 7-9—Independent Community Bankers of North Dakota Convention, Kirkwood Motor Inn, Bismarck.

### South Dakota:

- Apr. 6-7—SDBA Agricultural Credit Conference, Ramkota Inn.  
 Apr. 9—SDBA Teller/Staff Seminar, Howard Johnson's, Rapid City.  
 Apr. 16—SDBA Teller/Staff Seminar, Holiday Inn City Centre, Sioux Falls.  
 Apr. 24-26—Tri-State Trust Conference, Holiday Inn City Center, Sioux Falls.  
 May 15-17—SDBA Annual Convention, Ramkota Inn, Sioux Falls.

### Wisconsin:

- Feb. 21-28—WBA Mid-Winter Retreat, Krystal Cancun Hotel, Cancun, Mex.  
 Mar. 6-12—WBA Personal Banking School Westwood Conference Center, Wausau.  
 Mar. 15-16—WBA Bank Marketing Conference, Holiday Inn, Stevens Point.  
 Apr. 11-12—WBA Agricultural Bankers Conference, Holiday Inn, Stevens Point.  
 May 1-3—WBA Legislative/Regulatory Conference, Westin Hotel, Washington, D.C.  
 May 22-27—WBA General Banking School, Session 1, St. Norbert College, De Pere.  
 June 5-11—WBA Commercial Lending School, St. Norbert College, De Pere.  
 June 13-15—WBA Annual Convention, Pfister Hotel, Milwaukee.  
 July 31-Aug. 6—WBA Consumer Credit School, St. Norbert College, De Pere.  
 Aug. 7-12—WBA Basic Banking School, St. Norbert College, De Pere.  
 Aug. 7-12—WBA School of Lending Principles, St. Norbert College, De Pere.

### Wyoming:

- Feb. 25-26—WBA Annual Ag Lenders Institute, Laramie.  
 Feb. 11-12—WBA Annual Credit Conference, Hilton Inn, Casper.  
 June 12-14—WBA Annual Convention, Jackson Lake Lodge, Moran.  
 Nov. 5—WBA IRA Seminar, Hilton Inn, Casper.



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

### National Conventions & Schools

- Feb. 16-19—ABA National Funds Management and Financial Markets Conference, Sheraton Harbor Island, San Diego, Calif.
- Feb. 21-24—BMA National Sales Conference, Hilton/Walt Disney World, Lake Buena Vista, Fla.
- Feb. 21-24—ABA National Trust and Financial Service Conference, Washington Hilton and Tower, Washington, D.C.
- Feb. 22-23—BAI Investment Banking for Commercial Bankers, New York.
- Feb. 25-28—ABA National Community Bankers Conference, Century Plaza, Los Angeles, Calif.
- Mar. 6-9—BMA Community Bank CEO Marketing Seminar, Marriott's Marco Beach Resort, Marco Island, Fla.
- Mar. 6-9—RMA Credit Department Management, Tampa, Fla.
- Mar. 7-10—BAI Cost Accounting Workshop, Chicago, Ill.
- Mar. 13-16—BAI Community Bank Presidents Forum, Naples, Fla.
- Mar. 13-17—IBAA Annual Convention, Sheraton-Waikiki, Honolulu.
- Mar. 20-23—RMA Commercial Loan Documentation, Baltimore, Md.
- Mar. 21-25—KBA/NBA School of Banking Fundamentals, Holiday Inn, Manhattan, Kan.
- Mar. 22-23—BAI Residential Mortgage Lending, Chicago, Ill.
- Mar. 28-29—BAI Asset/Liability Management Seminar, Chicago, Ill.
- Mar. 28-30—BAI Bank Security and Fraud Workshop, Chicago, Ill.
- Apr. 7-8—RMA Real Estate Lending, Chicago, Ill.
- Apr. 10-13—RMA Financial Statement Analysis, Washington, D.C.
- Apr. 11-12—IBAA Long Range Planning Seminar, Opryland Hotel, Nashville, Tenn.
- Apr. 13-14—RMA Cash Flow Analysis, Kansas City, Mo.
- Apr. 14-17—IBAA The Assemblies for Bank Directors, The Greenbriar Hotel, White Sulphur Springs, W. Va.
- Apr. 16-19—BAI Community Bank Presidents Forum, Hilton Head, S.C.
- Apr. 17-20—BMA Corporate/Commercial Marketing Conference, Boston Marriott, Long Wharf, Boston, Mass.
- Apr. 17-22—KBA/NBA PDP Commercial Lending School, Holiday Inn, Manhattan, Kan.
- Apr. 18-22—BAI Basic Bank Auditing, Chicago, Ill.
- Apr. 18-22—BAI Intermediate Bank EDP Auditing, Chicago, Ill.
- Apr. 21-23—CFP Financial Planning Practice Series, Philadelphia, Pa.
- Apr. 24-27—ABA National Retail Banking Conference, San Francisco Hilton Towers.
- Apr. 24-27—BMA Research and Planning Conference, Capital Hilton, Washington, D.C.

- Apr. 25-26—IBAA Community Bank Ownership and the Bank Holding Company Workshop, Hilton Palacio del Rio, San Antonio, Tex.
- Apr. 27-29—ABA National Corporate Banking Conference, Waldorf Astoria, New York.
- Apr. 28-29—BAI Advanced Loan Documentation, Chicago, Ill.
- May 1-4—BMA Advertising Conference, Westin Chicago, Chicago, Ill.
- May 3-4—BAI Commercial Loan Documentation, Milwaukee, Wis.
- May 6—CFP How to Maximize Your Profits Through Successful Seminar Giving, San Francisco, Calif.
- May 6—RMA Loan Review, Atlanta, Ga.
- May 10-13—BAI Intermediate Bank Auditing, Chicago, Ill.
- May 11-12—RMA Cash Flow Analysis, Chicago.
- May 12-13—BAI Loan Review Managers Workshop, Chicago, Ill.
- May 12-13—BAI Supervising Bank Operations, Chicago, Ill.
- May 13—CFP How to Maximize Your Profits Through Successful Seminar Giving, Cincinnati, Oh.
- May 16-20—BAI Bank Accounting and Financial Applications, Boulder, Colo.
- May 17-18—IBAA Bank Internal Auditing I Seminar, Radisson Hotel, Denver.
- May 17-19—BAI Commercial Credit Analysis, Chicago, Ill.
- May 18—CFP How to Maximize Your Profits Through Successful Seminar Giving, Philadelphia, Pa.
- May 19-20—BAI Improving Profits Through Expense Reduction, Chicago, Ill.
- May 20—CFP How to Maximize Your Profits Through Successful Seminar Giving, Orlando, Fla.
- May 22-25—ABA National Operations and Automations Conference, Georgia World Congress Center, Atlanta, Ga.
- May 22-27—BMA Essentials of Bank Marketing School, U. of Colorado, Boulder.
- May 22-27—BMA Advanced School of Bank Marketing, U. of Colorado, Boulder.
- May 22-June 3—BMA School of Trust and Personal Financial Services Marketing, U. of Colorado, Boulder.
- May 22-June 3—BMA School of Bank Marketing, U. of Colorado, Boulder.
- May 23-25—BAI Risk Assessment/Anticipatory Auditing, Chicago, Ill.
- June 2-3—BAI Keys to Retail Lending, Milwaukee, Wis.
- June 4-8—National AIB Conference, Marriott's Orlando Center, Fla.
- June 5-9—ABA National Corporate Trust Workshop, Hyatt Regency, Crystal City, Arlington, Va.
- June 6-7—BAI Introduction to Loan Review, Denver, Colo.
- June 6-8—BAI Community Bank Audit Conference, St. Louis, Mo.
- June 6-9—RMA Agricultural Credit Analysis, St. Louis, Mo.
- June 7-8—IBAA ESOPs and Other Incentive-Driven Systems Seminar, Sheraton Park Place Hotel, Minneapolis.
- June 8-9—BAI Audit of Loan Administration and Loan Review, Denver, Colo.
- June 9-10—IBAA Internal Auditing I Seminar, Sheraton Park Place Hotel, Minneapolis, Minn.
- June 12-15—BMA Distribution Systems Strategy Conference, Hyatt Grand Cypress, Orlando, Fla.

- June 13-15—BAI Call Report Preparation, Chicago, Ill.
- June 16-17—BAI Real Estate Law and Loan Documentation, Chicago, Ill.
- June 19-24—KBA/NBA PDP Intermediate School of Banking—Session II, Ramada Inn, Kearney, Neb.
- June 21-24—BAI Basic Trust Auditing, Chicago, Ill.

### ABA Insurance Program Has First Anniversary

Heavy banker enrollment, new programs, program enhancements and strong state bankers association support contributed to making the first year of the American Bankers Association-sponsored insurance program a praiseworthy success, according to ABA President Charles H. Pistor, Jr.

The year's highlights were:

- participation of 949 banks in the program as of January 1, 1988, with premiums totalling more than \$25 million;
- addition of trust errors and omissions liability insurance to the product line;
- introduction by the Progressive Companies, the program's primary carrier, of SAFE, a loss prevention program that also earns reduced premiums;
- development of a package of new coverages for fiduciary liability and employee benefit plan liability, IRA/KEOGH plan operations and brokerage services;
- simplification by Progressive of the renewal process so that all of a bank's policies are synchronized to have the same effective dates;
- increasing of the coverage limit of the combination safe depository policy of \$2 million; and
- endorsement or active support of the program by 27 state bankers associations.

Banker enrollment has substantially exceeded the goals that ABA set when the program was created. Mr. Pistor said. The enthusiastic banker support of the program has resulted in the accomplishment of its most important goals—increasing the availability of coverage and promoting long-term stability in the marketplace.

Currently, 27 state bankers associations are supporting the ABA-sponsored program. "The active participation of the state associations has played an integral part in the success of the program," ABA President Pistor said.

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Diane Booth, Controller in a Wisconsin Savings and Loan, puts it this way: *"Our satisfaction with Travelers Express is from the quality of service we have received, the cost-saving features of the program, and the friendliness and cooperation."*

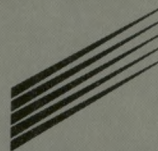
And James L. Smith, a bank president in Pennsylvania, reports that the Travelers Express Official Check program saves them money through reduction in supplies cost, and provides additional interest income. *"The system has worked flawlessly,"* he adds.

Service is another popular feature of our Official Check program. At an Alabama Savings and Loan, for example, Vice President Larry Conville says, *"We appreciate the way Travelers Express responded to our operations needs."*



And from Ronald N. Finglass, Vice President of a Maryland savings association: *"I am confident that your product is the finest on the market."*

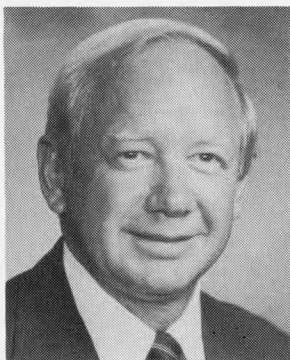
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**J.R. NUNN**  
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**O.J. TOMSON**  
Vice Pres.



**K.A. GUENTHER**  
Exec. V.P.

## Independent Bankers Gather in Hawaii

**H**ONOLULU beckons members of the Independent Bankers Association of America to their 58th annual convention, to be held March 13-16 at the Sheraton-Waikiki Hotel.

IBAA President Thomas H. Olson, president, Lisco State Bank, Lisco, Neb., will preside over the gathering. He will be succeeded in that office by J.R. Nunn, president, Citizens Bank, Tucumcari, N.M.

O.J. Tomson, president of Citizens National Bank, Charles City, Ia., is the IBAA's vice president, and will succeed Mr. Nunn as president-elect.

Nominated as the new vice president of the IBAA is Philip Vallandingham, president of the First State Bank in Barboursville, W. Va. Slated to take office as treasurer is Ed Sheldon, president of the National Bank of Bremerton in Bremerton, Wash. He succeeds Merle L. Graser, CEO, First National Bank, Venice, Fla.

Guest speakers scheduled to appear include Comptroller of the Currency Robert L. Clarke; FDIC Chairman L. William Seidman; Frank Mankiewicz, Washington political analyst and strategist and vice chairman of Hill Knowlton Public Affairs; Farm Credit Administration Chairman Frank W. Naylor, Jr., and futurist Jeffrey Hallett, associate publisher of *The Trend Report*.

Registration begins on Sunday morning, March 13, but no events are planned for that day. The convention opens Monday morning at 8:00 with the Young Bankers Breakfast, which will feature comedienne Jeanne

Robertson and the University of Nebraska Scarlet and Cream Singers.

On Monday, special interest sessions will be conducted, including:

- **Forecasting Community Banking in the 1990s**—Consultant and professor Dr. Douglas Austin will emphasize products and services that will contribute to a bank's success.

- **Community Bank Ownership and the Bank Holding Company**—Attorneys William P. Johnson and John J. Kendrick will give practical, unbiased answers on permissible activities under bank holding company regulations.

- **Establishing a Sales Culture in Your Bank**—Mike Morrow of Sheshunoff and Company will share insights.

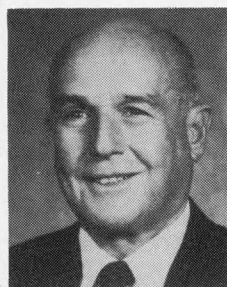
- **Future of Small Banks**—Session will be led by IBAA Senior Bank Officers Seminar leader Dr. Anthony M. Santomero of the Wharton School. He is Professor of Finance at the University of Pennsylvania.

- **Effective Management of People**—John Schmitz, staff management consultant, will emphasize that delegating is one of your most important responsibilities.

- **Employee Benefit Plans**—Dr. Robert L. Sellers, chairman of Banking Consultants of America, will present a session on Employee Stock Ownership Plans

### IBAA CONVENTION PROGRAM. . .

(Turn to page 26, please)



**L.W. SEIDMAN**



**R.L. CLARKE**



**D.V. AUSTIN**



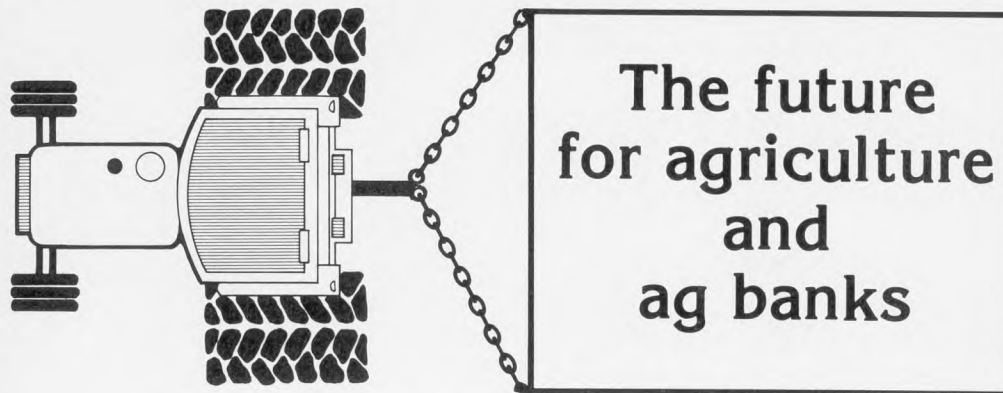
**F.W. NAYLOR**



**J. HALLETT**



**F. MANKIEWICZ**



## A Northwestern Banker Survey

**W**HAT is the most likely scenario for agriculture in the upper midwest in the next five years? Will farm owners and operators recover completely from the severe depression that befell the ag industry the past five years? Where will community banks that serve farmers fit into this picture for the next few years? What will be the challenges—the opportunities that await farmers and bankers in the immediate future?

These important questions were placed before a selected panel of nine experienced ag bankers recently by the **NORTHWESTERN BANKER**, and their thoughtful responses are shared with our readers in this exclusive survey report. Each of the nine participants is identified in the accompanying box, listing the name of his bank and his industry affiliations.

The survey questionnaire was made up of two parts, with five questions in each part. The responses follow:

### Part A

**Q. 1** How do you assess the following for farm owners the next 1-5 years? (Showing the number of votes by the nine respondents in each area)

Long-Term Debt	Grain Prices	Livestock Prices
Increase 2	Increase 4	Increase 0
Decrease 5	Decrease 1	Decrease 5
About Same 2	About Same 4	About Same 4
Farm Real Estate	Farmers' Clout	
Increase 6	Increase 0	
Decrease 0	Decrease 5	
About Same 3	About Same 4	

In their comments, the bankers generally agree that federal farm payments will decrease in the years ahead.

**Mr. Adams:** I feel long-term debt will increase because when the secondary market gets passed through Congress, and if the Farm Credit System gets its funding, land prices will be stabilizing and there will be a consolidation of the smaller farms. I think the result will be that long-term debt will increase.

Grain prices will improve over the next 1-5 years. This belief is partially based on the assumption that

the world moisture will be more restricted in several areas around the world, which will cause lower grain yield—creating a higher demand. Livestock prices are very high at this time and, hopefully, they'll remain the same for the next 1-2 years, and then probably go down.

Farm real estate prices will increase, in my opinion, particularly if inflation heats up. We are seeing land prices beginning to stabilize, and the consolidation of the smaller units. I think there will be enough pressure to increase real estate prices.

As far as farmer's clout in the industry, it will remain about the same, because even though the number of farmers is decreasing annually, I think Congress still has the input from the food industry that it is necessary to handle agriculture so that we can retain the lowest prices of food, comparatively speaking, to other countries and to continue to use food surpluses.

**Mr. Breeze:** Scaling down of long-term debt will begin to level off by 1990 but, until then, more debt will be "wrung out" of agriculture. We cannot hope for grain prices to improve, based on latest information; therefore, our farm customers have to decrease input costs, which is occurring. A large share of efficient producers have made dramatic adjustments in their operations, such as selling land in an effort to reduce debt load. Our customers in the past years have sold over 5,400 acres to achieve better cash flow. This survival strategy has helped us avoid farm bankruptcy and farm loan losses—so far, none the past five years. In addition, we have been growing at an 8-10% rate per year in loans outstanding.

**Mr. Burns:** Eventually, the recent drop in the value of the dollar should help improve the grain export picture. This will be reflected in higher grain prices, if the export improvement develops. Land prices have rebounded from recent lows in our area and would be expected to follow the trend in grain prices.

Livestock feeding profits have been very high the past 15 to 18 months, due to rising livestock prices and cheap feed. Cattle numbers are down and prices for fats may stay at the high end of the market range;

● however, much higher replacement costs, and the potential for increased feeding costs, have reduced profitability. Hog numbers should increase and the market price decrease.

● **Mr. Gerhart:** With respect to farmers' clout, I understand Iowa and Kansas may be losing one Congressional seat each to California and Florida.

● **Mr. Goodman:** Long-term debt should increase as more young farmers will be buying farms. Grain prices should increase, since less will be produced because of present low prices. Livestock prices should remain the same. There will be an increase in animals, but there will be a greater demand. Real estate prices have bottomed out and there should be a greater demand for real estate. Farmers will always have a certain amount of clout as an industry.

● **Mr. Lindholm:** Agriculture will remain one of our most important industries. A viable agriculture is in the best interest of ourselves as a nation and as individuals. Our current substantial restructuring of debt also has resulted in a substantial restructuring of management perspective. Agriculture is building a solid base for long-term performance. A gradual reduction of government is possible over the long-term. Erratic government, or drastic reduction of assistance, could create a second wave of tragedy, and government assistance must continue in the feed grain supports, although gradual reduction may be both necessary and appropriate over the long-term.

● **Mr. Peterson:** The farm community has a new respect for debt. Neither borrower nor lender will be willing to commit to new debt without positive evidence of repayment capacity and adequate equity in security to assure that collection problems of the last few years will not be repeated.

● **Mr. Souder:** The American public is getting tired of hearing about the "downtrodden" farmer. Ag commodity marketing will gravitate toward more of a free enterprise structure.

● **Mr. Tubbs:** Restructuring present real estate loans with reduced balances, plus conservative mood of purchasers, cause real estate balances to decline. Grain prices are going nowhere so long as world production continues to increase; and, historically, cheap grain eventually means cheap livestock. Real estate prices may increase, but not dramatically. Fewer farmers suggests reduced political clout, but farmers who remain will be better organized and closer to a consensus on the direction agriculture should be moving.

● **Q. 2** What do you anticipate will happen with federal farm programs in the next five years?

● **Mr. Adams:** My feeling is that even though Congress wishes to phase these out, they will still play a very important part in the agricultural sector, and will taper off only when agricultural prices start to increase. I believe that the food shortages of the 1970's are going to reappear, which will in turn drive up farm prices and perhaps reduce federal subsidies to the agricultural programs.

● **Mr. Breeze:** The present Farm Security Act will expire in 1990. I anticipate a gradual phase-out to smooth out this economic transition. Fewer funds will be available even this year and next year. I do feel we will have a "Farm Program" to adjust production

after 1990, but it will be less attractive to the farm producer.

**Mr. Burns:** If grain prices improve, the farm programs will become less of a factor in the cash flow picture and in total farm income. The 10-year CPR program and an improvement in export grain movement should help the grain carryover problem. I would not expect to see much change in the current programs, and would feel that any changes made would be in the direction of lowering program costs to the government.

**Mr. Gerhart:** The farm programs will be phased down somewhat.

**Mr. Goodman:** Federal farm programs have reached an all-time high. I look for less farm aid in the next five years. Farmers who remain farmers will become better business managers and will be able to control production and should not need as much farm aid.

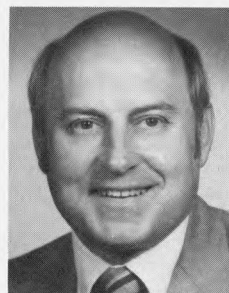
## Participants in Ag Survey

**P**ARTICIPANTS in this special outlook survey for agriculture and ag banks are listed below with their title and name of bank, as well as banking industry ag committees and activities with which they are identified:

- **Mel Adams**, president and CEO, Adams Bank & Trust (\$116,800,000 assets), Adams, Nebr. Past president, Nebraska Bankers Association; member ABA/IBAA Ag Task Force.
- **David R. Breeze**, senior vice president, First Trust and Savings Bank (\$120,000,000 assets), Taylorville, Ill. Member Illinois Bankers Association ag committee and 1986 Ag Conference committee; lecturer at IBA Ag Banking School; speaker at ag banker meetings.
- **Philip M. Burns**, president, Farmers & Merchants National Bank (\$36,000,000 assets), West Point, Nebr. Chairman, Nebraska Bankers Association lending committee.
- **H.L. Gerhart, Jr.**, president, First National Bank (\$24,000,000 assets), Newman Grove, Nebr. Former president Independent Bankers Association of America and now member IBAA board; Member ABA/IBAA Ag Task Force; former chairman IBAA Ag Committee and now member of committee; current director of Federal Reserve Bank of Kansas City.
- **Robert B. Goodman**, vice president, The State Bank of Viroqua (\$43,000,000 assets), Viroqua, Wis. Current chairman Wisconsin Bankers Association Ag Section and member of the committee since 1983.
- **Paul E. Lindholm**, president and CEO, Farmers & Merchants State Bank (\$24,000,000 assets), Clarkfield, Minn. Current chairman of executive committee of ABA Ag Bankers Division.
- **Leslie W. Peterson**, president and CEO, Farmers State Bank (\$22,000,000 assets), Trimont, Minn. Past President Minnesota Bankers Association; former chairman MBA ag committee; former chairman ABA Ag Bankers Division.
- **Charles E. Souder**, vice president and ag rep., First Security Bank & Trust Co. (\$106,000,000 assets), Charles City, Ia. Current Chairman Iowa Bankers Association Ag Committee.
- **Edward L. Tubbs**, chairman, Maquoketa State Bank (\$100,000,000 assets), Maquoketa, Ia. Currently Iowa superintendent of banking; former president Iowa Bankers Association; founding committee member and former chairman of MASI. □



M. ADAMS



D.R. BREEZE



P.M. BURNS



H.L. GERHART



R.B. GOODMAN

**Mr. Lindholm:** A gradual reduction probably will continue as in the current farm bill.

**Mr. Peterson:** The government will gradually reduce the dollars committed to the support of agriculture. This will result in reduced net income to midwest farmers, unless the market gives it to them.

**Mr. Souder:** About the same for '88-'90. Maybe less money spent by the government to accomplish reduced production; i.e., pay lower diversion and/or set-aside payments, but keep some acres out of production. For 1991-92 there will hopefully be more emphasis on alternating markets/uses of ag commodities, but spending less on the farmer himself.

**Mr. Tubbs:** There will be more emphasis on conservation reserve type programs and subsidies for exports. Total government outlay for farm programs probably will be reduced, with increased emphasis on free markets. The transition will be difficult, and numbers will continue to decline.

**Q. 3** What will be agriculture's biggest stumbling block or problem in the next five years or more?

**Mr. Adams:** The main stumbling block that comes to mind is the tremendous surpluses we have on hand. Once these surpluses are depleted, then agricultural prices will come back, but these surpluses can't be dumped on the world market all at once. It is going to be a problem of how to deplete the surpluses. There is another possibility that weather changes around the world will create lower yields in foreign countries, which may relieve the problem.

**Mr. Breeze:** 1. Profitability for the average-size, family-type producer, based on the ability to overproduce, and former import countries now being able to produce for themselves the food needed.

2. The need to replace worn-out machinery for a large percentage of farmers, yet the lack of sufficient cash flow to warrant the purchase.

**Mr. Burns:** Cash flow continues to dictate the success of any farming operation. Uncertainty relative to government programs will continue to be a concern in the immediate future, but could become less of a factor, depending on grain prices as time passes.

**Mr. Gerhart:** Low grain prices, due to world-wide over-supply of grain.

**Mr. Goodman:** CREDIT! Since this last recession, many banks and lending institutions took a great amount of losses and some even failed. Credit policies are much stricter now and will remain so.

**Mr. Lindholm:** It is possible that we will need

another adjustment to lower land costs in order to bring a reasonable profit back into agricultural production.

**Mr. Peterson:** Continued overcapacity to produce with government sending false signals to the marketplace through farm programs.

**Mr. Souder:** Grain oversupply. Stubbornness of farmers not to explore new avenues of marketing/cropping alternatives.

**Mr. Tubbs:** Subsidized foreign competition for world markets and reduced direct payments from the Treasury. For some, the debt crisis has not been resolved.

**Q. 4** What will be agriculture's biggest opportunity in the next five years?

**Mr. Adams:** I believe continued efficiency in farming and the need for more of America's ag products on the world markets will present opportunity. If we can get the trade barriers broken to where we can compete, we can get our distribution problem of agricultural products improved. Then, the opportunity for our young farmers in the next five years will be very rewarding.

**Mr. Breeze:** Stronger domestic demand. Also, less farm debt to service and lower land prices will enable our producers to compete in the shrinking world market.

**Mr. Burns:** If crop prices improve, real estate would seem to be an opportunity for those who have positioned themselves properly to take advantage of the reduced real estate costs. Government programs which have removed acres from production, and a lower value for the dollar in international trade, could set the stage for higher grain prices in two to three years.

**Mr. Gerhart:** Sell the public on eating more beef and pork via leaner cuts.

**Mr. Goodman:** There will be fewer farmers and the ones who remain will have a greater share of the industry.

**Mr. Lindholm:** Adapting to new, higher production techniques will benefit if the costs are kept under control.

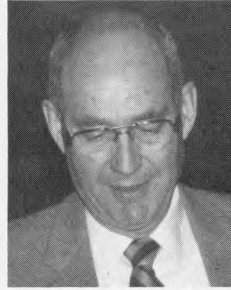
**Mr. Peterson:** For the first time in years there is opportunity for new people to enter agriculture to replace an aging farm population. New entrants will need some capital or outside backing. They will need to be excellent managers of the financial and operational segments of the business to obtain control of a land base and obtain financing. With these qualifications, there should be opportunity in agriculture.

**Mr. Souder:** Diversify grain only operations to include livestock. Investigating alternative crops/crop uses.

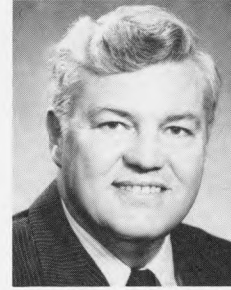
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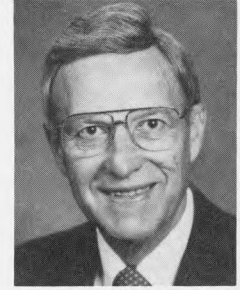
P.E. LINDHOLM



L.W. PETERSON



C.E. SOUDER



E.L. TUBBS

**Mr. Tubbs:** Biotechnology and the opportunity to produce better products more efficiently. Capital will be available to those who qualify, at an interest rate below prevailing rates of the last decade.

**Q. 5** How do you assess the opportunities for young persons to get started in farming in the next five years? Will (or should) anything different have to be devised or offered to get them started?

**Mr. Adams:** I feel that the opportunity for young people to get started in farming will be the most difficult of any time in the history of our country. This is due to bankruptcy laws and the continued restrictions on lenders and their reporting practices. The margins that would be required in order to eliminate risk will make it more and more difficult for young people to obtain credit. This is unfortunate, because it reduces the competitiveness in agriculture. The only way people will be able to enter the farming arena will be if they have grown up on the farm and inherit major equities to continue. For this picture to be different, there will have to be a way devised for lenders not to go through practices we now face with our current legislation, such as prenotification and Chapter 12.

**Mr. Breeze:** The opportunities are good if a financially viable or economic unit can be assembled. The aid of the Illinois Farm Development young farmer program (lower interest rates) will help.

**Mr. Burns:** Although real estate costs are much more reasonable, it remains very difficult for young persons to get started. However, "very difficult" is better than "impossible," which was the situation faced six or seven years ago. We're facing a situation where it takes a family member of an established farmer before a real opportunity exists to start farming, due to sharing equipment, etc. I do not anticipate much change.

**Mr. Gerhart:** It will be difficult, unless a partnership arrangement is available with a relative or friend.

**Mr. Goodman:** I think young people should have the opportunities to get started in farming in the next five years and this can happen. We need more help from the government to obtain guaranteed loan programs. The lending institutions are better equipped to service these loans and, if done properly, the loss ratio should be minimal.

**Mr. Lindholm:** Opportunity will increase for those who have the benefit of family financial resources, the ability to manage well, and the willingness to work hard with some degree of sacrifice for future benefit.

● **Special subsidy and extension of credit for beginning farmers does not have a good record for long-term suc-**

cess. Entry into farming will need to be on a sound economic basis, with some financial reserves for those times when weather or markets will continue to cause at least temporary setbacks.

**Mr. Peterson:** The opportunities should be available, and the process would be greatly facilitated if the FmHA would get back to financing beginning farmers as it did in the past, and place less emphasis on being the lender of last resort to marginal farmers.

**Mr. Souder:** Great opportunity if one has a lot of money and no debt! Lowering bankruptcy exemptions and repealing the double jeopardy law to allow banks to maintain a security interest in the collateral they loaned against would help.

**Mr. Tubbs:** The next five years will provide the best opportunity in several decades for beginners. Machinery costs are nominal, land costs are reasonable both for renters and buyers. For those who recognize that a farm must be run like a business, there is a future in agriculture.

## Part B

**Q. 1** How do you assess the next 1-5 years for community banks in the following areas? (Showing the number of votes by the nine respondents in each area)

Loan Losses		Ratio of Ag To All Loans		Capital Accounts*	
Increase	0	Increase	1	Increase	3
Decrease	8	Decrease	4	Decrease	0
About Same	1	About Same	4	About Same	5
Number of Community Banks*		Number of Farm Customers			
Increase	0	Increase	0		
Decrease	8	Decrease	8		
About Same	0	About Same	1		

\* = one response unmarked this category.

**Mr. Adams:** I believe loan losses will stay the same for the next five years because it will take that long to amortize the losses. As a matter of fact, the first or second year the loan losses may increase before they start to decrease.

The ratio of ag loans to other loans will decrease. Banks will be looking for more diversification until the risks associated with ag lending are reduced.

Capital accounts will be about the same or decrease. I am not looking for them to increase in the agricultural sector because I believe ag banks still have loans to charge off for 3-5 years.

## “A more sophisticated farm loan officer will evolve to serve the more demanding business-oriented farm producer.”

— David Breeze

The number of community banks will decrease because so many non-bank institutions are getting into the banking field and will force consolidation of the small community banks into larger clusters.

By the same token, I think the farm customers will decrease because the efficiency on smaller farms just cannot compete with the larger farms.

**Mr. Breeze:** A real ‘wringing out’ of excessive debt in agriculture is taking place, which is good for the individual borrower, but reduces by some \$25 billion the amount outstanding in farm credit.

A more sophisticated farm loan officer will evolve to serve the more demanding business-oriented farm producer.

The number of credit-worthy farm loan customers will decrease. Also, a Bimodel structure in the size of the farm business is developing.

**Mr. Gerhart:** Many bad loans have been charged off. Lenders and borrowers will be cautious about new debt. Many ag banks have little other market available than ag loans. Earnings should improve slightly, but many banks are still pushed to service holding company debt. The numbers of banks will continue to decrease due to mergers and, as older farmers retire, fewer new farmers will be able to start.

**Mr. Goodman:** Loan losses should decrease because of tighter credit. The ratio of ag loans to others should remain about the same; probably larger loans, but fewer of them. There will be more capital invested in farming in the next five years. Community bank numbers will decrease because of bank mergers and acquisitions. Also, farm customers will decrease in number and there will be fewer farms, but they will be larger.

**Mr. Lindholm:** The trend toward fewer people involved in agriculture will continue. Consolidation of banks will continue, and farmers will identify those community banks that have both ability and desire to service agriculture.

**Mr. Peterson:** Farm numbers will continue to decline, as will the credit outstanding to agriculture. There will be a shrinking market for the services banks offer to agriculture and the economies of scale will dictate the consolidation of rural banks to attain necessary levels of profitability.

**Mr. Souder:** Country banks are starting to get well but they also have to offer competitive services, which means they may become part of a large holding company. This, in essence, takes the “local image” out of the bank when a small bank can no longer remain independent.

**Mr. Tubbs:** Consolidation and mergers will continue to reduce the number of *banks*, but the number of bank offices or service outlets may not change much. The trend toward fewer farmers that began 50 years or more ago won’t stop, either. Farm credit lines will be fewer and larger. The general level of management for both farmers and banks will increase. Well managed banks will still be profitable, and rural banks will still

make farm loans. In most cases, it’s the only game in town.

**Q. 2** How do you assess competition in the next 1-5 years from the following—regional and/or national banks, other financial institutions, Farm Credit System?

**Mr. Adams:** Regional and/or national banks will certainly become a larger factor in competition, along with non-bank banks.

As far as other institutions are concerned, it is strictly my opinion that it is in the hands of the government and how they treat their bail-out; such as refunding their losses and giving them laws to shore up these institutions.

The Farm Credit System could be a major factor, depending on what powers it receives other than its recent bail-out to fund its losses. It will have to go through a major reorganization, and many of its functions will become redundant to services being offered in the private sector.

**Mr. Breeze:** Regional banks, with some exceptions, will not be a competitive force. Credit unions will play a more important role, both in receiving deposits and in extending farm credit. The FCS will be positioning itself for greater efficiency and become more competitive. However, there are many “scars” left by the System from the standpoint of the agricultural borrower.

**Mr. Burns:** Regional/national banks are not a major competitive factor for rural banks. Other financial institutions provide more competition for deposits. Not just other banks and thrifts, but easier access for customers to money funds, all of which will mean higher costs for deposits.

The FCS will be a major competitor for banks on agricultural loans. Borrowers now deal with the same loan officer for long-term needs through the Federal Land Bank and for their short-term borrowing needs through the PCA. The PCA will probably offer lower loan rates than many banks feel they can offer.

**Mr. Gerhart:** S&Ls continue to offer higher deposit rates even though they are losing money, because they are loosely regulated. The FCS will become more competitive for loans because of huge government subsidies. It is already lending at an average of 2.8% below the cost of funds.

**Mr. Goodman:** There will always be competition with other regional banks, but I do not expect it to change in the next five years. These other financial institutions will be the toughest competitors, such as Sears. They are not regulated like banks and can operate with a great deal of latitude. With all of its present problems, the Farm Credit System will be the least competitive.

**Mr. Lindholm:** Our experience in Minnesota is that the regional/national bank type is not interested in serving agriculture in the small communities. Perhaps the competition from other financial institutions will



- be much tougher than the competition for loans in the small communities.

Leadership in the FCS is a critical factor. It will take many years for the Farm Credit System to establish credibility after the disasters caused by encouragement of unrestricted lending and the heavy debt taken on by farm customers.

- **Mr. Peterson:** Regional/national banks will seek the large farm operations with sufficient credit needs and necessary management expertise to justify service of the loan from a distance. Other financial institutions will not aggressively seek farm credits except for farm real estate, especially if a secondary market becomes available. The FCS will play a reduced role until it resolves its own internal problems. With restructuring and government aid, they could become extremely competitive.

- **Mr. Souder:** Regional banks are not too big a problem if a country bank can keep its image localized (if the main customer base doesn't know it's owned by a big bank). There could be real competition from Sears and others like them. People see them as being "all right up to now" so why not use them. The FCS is no problem. Many people have lost a lot of faith in the regulatory/managerial ability of FCS.

- **Mr. Tubbs:** Regional banks are better equipped than national banks to handle the larger ag and ag business credit lines that are bankable. Our biggest challenge comes from other financial institutions. Unless the attitude of legislators and regulators changes so we can compete with the same rules, they are a threat.

- Competition from the Farm Credit System depends on how it is restructured. It will definitely be a factor to contend with. Subsidized competitors always are a problem.

- 
- **"Smaller banks margins will be so narrow that they will have to offer additional products such as insurance, securities, real estate brokering."**

— Mel Adams

- **Q. 3** Where and how can community banks develop new business or recover former customers to grow and remain competitive?

- **Mr. Adams:** The number one thing is the expansion of bank products. In my opinion, particularly the smaller banks' margins will be so narrow that they will have to offer additional products such as insurance, securities, and real estate brokering. Otherwise, all of the community banks will have a difficult time to continue in business, and will either become a branch or non-existent in the next five years.

- **Mr. Breeze:** A. Establish a Sales Marketing Plan. B. Establish Farm and Firm Visits by officers with a planned sales presentation.

- **Mr. Burns:** Offer more services and offer them better. Banks need fewer restrictions in offering insurance, real estate and other financial services. If banks are granted the authority to offer these new services, it will benefit the banks and bank customers alike.

- **Mr. Gerhart:** The Secondary Market for farm real estate loans could: 1. Develop some new business. 2.

Help agricultural banks retain their present production loan borrowers.

**Mr. Goodman:** Congress must give banks more tools to compete. We must have other products, such as security sales, that we can market.

**Mr. Lindholm:** Farmers need a lender who really cares about them and can provide knowledgeable and substantial financial assistance. A community bank with a long-term knowledgeable commitment to agri-

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**(biggest threat is) "The population decline in rural towns and reduced numbers of farmers and people who service agriculture."**

— Edward L. Tubbs

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culture will have good success and be sought out by farmers needing such assistance. Obtaining funds to service such an enterprise will be difficult and will create a new environment for community bankers. Some will withdraw from servicing agriculture, and this will lend opportunity to banks which have a strategy for success in rural communities.

**Mr. Peterson:** With a shrinking farm population and rural business community, the opportunity to grow is greatly reduced. There will be opportunity for some rural banks in expanded services to present customers, and in working for business development within their communities.

**Mr. Souder:** Use flexibility-enhancing alternatives like MASI. Cooperate with other independents for competitor services, credit cards, etc. Hire good talent who understand personal relationships.

**Mr. Tubbs:** Be a leader in local industrial and retail development. This automatically creates new business. The Farm Credit System is vulnerable right now. Go after the farmers with management ability. Identify your strengths and specialize. Marketing is increasingly important. Don't be bashful!

**Q. 4** What is the biggest threat to community banks in the next 1-5 years?

**Mr. Adams:** The biggest threat is the expansion of the Farm Credit System (the non-bank bank powers), without our ability to compete with similar products. This is a difficult time for banks, because many banks believe that commerce and banking have to be separated to some degree, but it will be a real challenge to become imaginative.

**Mr. Breeze:** Lethargy — waiting for prospective customers to come into the bank...and this might not happen! Banking is going through a transition.

**Mr. Burns:** Our single biggest threat might be the FCS. If they are put in a position of having a competitive advantage by being able to offer loans at more attractive rates than banks, it will be difficult for many community banks to survive on a long-term basis.

**Mr. Gerhart:** A depressed farm economy. A government-subsidized Farm Credit System competing for loans. A government-subsidized thrift industry (FSLIC bailout). Aggressive mutual fund industry.

**Mr. Goodman:** The present laws that limit banks from competing with other lending institutions.

**Mr. Lindholm:** If the people in the community send

their money out of the community to financial institutions where the funds are not used for agriculture or commerce within the community itself.

**Mr. Peterson:** There are two threats: First, the ability to remain profitable servicing a shrinking economy in many rural communities. Second, another downturn in the agricultural economy that will cause a second wave of debt restructuring and loan losses.

**Mr. Souder:** Not expressing an honest desire *and* effort to work with agricultural lending and the farming way of life. Not keeping the customer as the top priority.

**Mr. Tubbs:** The population decline in rural towns and reduced numbers of farmers and people who service agriculture. Big farmers can easily by-pass local suppliers *and banks*. When people leave, service industries also suffer. Factors beyond our control (world and national economy, inflation, national debt, etc.) will be a constant threat.

**Q. 5** What will be the biggest gain or positive factor for community banks in the next 1-5 years?

**Mr. Adams:** In the present environment, the biggest positive factor is its service. Regardless of what size of bank, personal service and personal banking customer service will remain one of the biggest factors for community banks in the next five years.

**Mr. Breeze:** 1. Positive—identify the needed changes to take place in the individual bank by management, and 2. Mergers will add to greater efficiency for the distribution of a farm credit delivery system.

**Mr. Burns:** The recent problems in the agricultural

economy have made it necessary for all bankers to sharpen their lending skills. Hopefully, the worst of the ag problems are behind us, and bank earnings should improve as fewer funds are allocated to loan loss reserves. Through these tough times, banks have learned to cut costs and overhead, and will operate more efficiently in the future.

**Mr. Gerhart:** A Secondary Market for farm real estate loans.

**Mr. Goodman:** Mergers and acquisitions, giving the community banks larger lending capacity to cover a greater area.

**Mr. Lindholm:** Stockholders and managers of community banks who have a vision and a realistic strategy of success for their bank and their community.

**Mr. Peterson:** Following the crisis of the past four years, our customer base has a new respect for debt and leverage. The recognition that management is a key to success will bring a different attitude toward growth and expansion on which community banks may be able to capitalize. Bankers also have been re-educated in the past four years and will be forced to be more aggressive in community development to remain viable.

**Mr. Souder:** Personal relationships—going about business believing *and* practicing the approach that “what makes you a better customer will make us a better bank.”

**Mr. Tubbs:** Their down-home roots. They still know the people best, but customers won't stay unless the local bank is competitive. □

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● Los Angeles Will Host

# ABA 1988 Community Bankers Conference

● **N**EARLY 1,000 community bank executives are expected to take part in the American Bankers Association 1988 National Conference for Community Bankers, February 25-28, at the Century Plaza Hotel in Century City, home of Universal Studios and close to Beverly Hills and Hollywood.

● Sponsor of the annual conference is the ABA Community Bankers Council, whose chairman is John A. Berg, president of The Bank Wayzata in Wayzata, Minn.



J.A. BERG



R.L. CLARKE

● Mr. Berg said general session speakers will include Comptroller of the Currency Robert Clarke; ABA President-Elect Thomas Rideout, vice chairman, First Union Corporation, Charlotte, N.C., and three other guest speakers. Mr. Berg noted that a conference first will be Sunday morning's Fellowship Breakfast program with John Amatt, manager of Canada's first Mount Everest expedition, describing "Climbing Your Own Everest."

## Thursday, Feb. 25

● A.M.

8:00 Golf Tourney (buses depart 7:00 a.m.)

● P.M.

1:00 Registration. Exhibits Open  
6:30 Opening Reception.

## Friday, Feb. 26

● A.M.

7:00 Breakfast with Exhibitors  
8:00 General Session

"Managing Change: Beyond the Rhetoric"—Don Harrison, senior consultant, O.D. Resources, Inc., Atlanta, Ga.

9:30 Coffee with Exhibitors

10:00 Workshops—Series I

11:15 Workshops (repeat)

● P.M.

12:30 Luncheon—"How to Improve Service Quality"—Dr. Leonard Berry, Foley's Federated Professor of Retailing and Marketing Studies, Texas A&M University, College Station, Tex.

2:30 Peer Groups

4:00 Wine and Cheese with Exhibitors

## Saturday, Feb. 27

● A.M.

7:00 Breakfast with Exhibitors  
8:00 General Session

"A Word from Washington"—Robert Clarke, Comptroller of the Currency

"The Future of Banking"—Thomas Rideout, President-Elect ABA

9:30 Coffee with Exhibitors

10:00 Workshops—Series II

11:15 Reception in Exhibit Hall

● P.M.

12:00 Luncheon—"Ahead of the Game: Dealing with Deregulation"—Jack Jackson, President, Jack Jackson and Associates, Inc., Fort Worth, Tex.

1:45 Workshops (repeat)

3:00 Peer Groups

8:30 After-Dinner Dance

## Sunday, Feb. 28

● A.M.

7:30 Early Bird General Session

"High Performance Banking '88"—Alex Sheshunoff, president, Sheshunoff & Company, Inc., Austin, Tex.

9:00 Fellowship Breakfast Program—"Climbing Your Own Everest"—John Amatt, President, One Step Beyond, Calgary, Alberta.

## Workshops

### Series I - Friday

Strategic Planning for Community Bankers—Mark Mandula, Senior Vice President, Douglas Austin and Associates, Inc.

Creative Portfolio Strategies—Larry Stephens, Principal, Bill Bayuk, Senior Vice President, Griffin, Kubik, Stephens & Thompson, Inc.

Marketing Issues and Opportunities—Paul Simoff, Vice President, Douglas Austin and Associates, Inc.  
Auditing the Fee Income Pricing Program of your Community Bank—Phillip White, Ph.D., Associate Professor, University of Colorado.

Understanding the Regulatory Process—Michael Mancusi, Executive Vice President, The Secura Group.

ALM: Interest Rate Risk—Cliff Myers, President and CEO, Sendero Corporation.

### Series II - Saturday

Internal Loan Review and the Loan Loss Reserve—Michael Mancusi, Executive Vice President, The Secura Group.

15 Ways to Make More Money—Harry Miller, President, Profit Technology Corporation.

Guidelines for Directors' Exams—William H. Brandon, Jr., President and CEO, First National Bank of Phillips County, and Forrest L. Ward, National Tax Director, Arthur Young & Company, Inc.

Incentive Compensation: Cure-all or Headache?—Peter Faletti and Maureen Harty, Principals, Faletti and Associates, Inc.

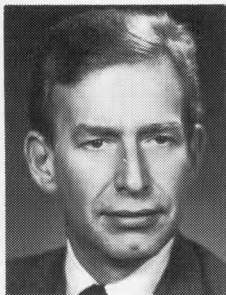
Developing Market Plans—Phillip White, Ph.D., Associate Professor, University of Colorado.

Recent Developments in Asset Liability Management—George K. Darling, President, George K. Darling & Associates. □



## Management Consulting

Special Reading for  
Directors, Management



Written especially for  
THE NORTHWESTERN BANKER  
By **DR. DOUGLAS V. AUSTIN**  
President and CEO  
Austin Associates  
Toledo, Ohio  
and  
Professor  
Department of Finance  
College of Business Administration  
The University of Toledo  
Toledo, Ohio

**N**OW THAT 1987 is behind us, for better or worse financially at your bank/bank holding company, your management and board of directors are turning to a better 1988. The year 1987 may have been good for your bank/bank holding company or, as it was for approximately 33% of all banks in 1986 west of the Mississippi, it could have been an unprofitable year. Either way, you certainly hope that 1988 will be a better year financially for your operation.

However, before you start proceeding into 1988 wearing your "rose-tinted glasses," let us review your responsibilities as a board of directors to the accuracy and disclosure of your 1987 financial statements.

### Regulatory Financial Statements

There are several constituencies for whom you must prepare financial statements and, as such, they must be accurately prepared to fully disclose your operations in 1987. If you bend the truth, it may end up boomeranging back on you in a court of law sometime in the near future; especially if future shareholders buy your securities based upon the "accuracy" of your 1987 financial statements.

The first constituency is (or are) the state and/or federal regulatory agencies to which you must report. As a national commercial bank, you must report your year-end financial numbers to the Office of the Comptroller of the Currency. If you are a state chartered bank, you must report to your state banking department as well as to either the F.D.I.C. or the Federal Reserve System. If you are a bank holding company, you may have to report to the bank regulator as well as

The board of directors has

# Financial Statement Responsibilities

the Federal Reserve, which is your bank holding company supervisor. There is no lack of state and/or federal regulatory agencies to whom you have to report.

Your first responsibility is to make sure the numbers add. This may sound ludicrous, but it is not. Approximately 10 years ago, one of the F.D.I.C.'s regional directors told me he had to send back approximately 70% of all Call Reports that had been turned in to the region because the assets did not equal the liabilities plus stockholder's equity. This means simply that the balance sheet did not balance. Furthermore, someone should make sure that your income statement is prepared according to GAAP and that it fully discloses all income received and expenses incurred, including the nasty question of all — the accrual adjustments.

After making sure that the balance sheet balances, and the income statement portrays factually and accurately how you did in 1987, have it double-checked by someone who did not prepare it. The first checkpoint is to compare your December 31, 1987 Call Report with the September 30, 1987, June 30, 1987, March 31, 1987, and December 31, 1986 Call Reports to see if there are any major variations which cannot be explained by inflows and outflows from the bank/bank holding company. Secondly, take your year-end 1987 income statement and compare it to the June 30, 1987 income statement, as well as the income statement for 1986, and check for the same types of variations which may indicate preparation inaccuracies, rather than significant changes in your operations.

I am not a C.P.A., although I carry a C.F.A. designation, and I believe that most banks should utilize external auditors in the preparation of their financial statements for submission to the regulatory agencies and others. Even if you do not use your outside C.P.A. firm to prepare the financial statements, you should double-check all of the financial statement numbers before they are submitted to the regulatory agencies. In 1986, it was estimated that over 25% of all financial statements submitted to the banking supervisory agencies had to be amended. Amendments were mostly because of adjustments made by the accountants after the end of the year which significantly changed the performance during the year end and, thus, not only affected the income statements, but also the balance sheet. If your accountants come in March or April and find the

- problems, then what you have submitted to the regulatory agencies at the end of January, 1988 will be wrong and if published or used for other significant purposes, such as the sale of securities, mergers or acquisitions, you can easily be in a potential liability position.
- One area of the preparation of the financial statements for the regulatory agencies that is not normally carried out to the fullest degree is the preparation of all statements in accordance to the instructions. We examine a large number of financial statements each year and find obvious preparation errors, not only on the basic call report and income statement, but throughout the subsidiaries schedules. This is another reason why someone who is not in charge of preparation should review and audit the financial statements prior to their submission to the state and/or federal regulatory agencies.

#### Accuracy is a Sign of Ability

- You all know there is a CAMEL system out there. This CAMEL system has as its hump, the initial M for "Management." Management includes not only the competency of the senior management but also the supervisory quality of the board of directors. The failure to accurately portray and fully disclose the financial condition of your bank/bank holding company on a regular basis to the state and/or federal regulatory agencies will highlight to the agencies the inability of your bank to operate in a modern, competent, manner. You will not get any "brownie points" if your financial statements are prepared properly, but you sure can get into the doghouse if your financial statements are prepared inaccurately or are not fully disclosed and, especially, if this occurs on a regular basis over time.
- Furthermore, if your financial statements are prepared inaccurately on a regular basis, then this should give you more than just a good clue as to the competency of your controller/cashier. A commercial bank/bank holding company is a financial intermediary and, if it should do anything properly, it should be able to balance its books and prepare its financial statements in accordance with generally accepted accounting principles. If the individuals in charge of preparing the financial statements cannot get them right, and I am not talking about a simple error at just one time, but a regular stream of inaccurately prepared financial statements, then you should replace your controller/cashier with someone who has a good command of modern banking accounting and audit practice.

#### Shareholder Disclosure

- Directors and officers often ask me how much they should disclose to their shareholders. My answer is that the shareholders are the owners of the firm and they are entitled to know how the firm has done and that includes the bad news as well as the good news. Keep in mind that if you don't tell them the bad news, and they find it out, you are out of a job. In fact, you may be more than out of a job — you might be in deep trouble from a legal standpoint.
- The standards vary for shareholders disclosure from state to state. In Ohio until recent years, state chartered commercial banks only had to disclose a condensed balance sheet to their shareholders. They only had to publish a condensed balance sheet, but even worse, they did not even have to report an income statement to their own shareholders. I have never

figured out why a commercial bank should not disclose to its shareholders as much about their financial condition and performance as their shareholders deserve to know. The shareholders are the owners, the directors are the supervisors of the banking organization on behalf of the shareholders. If the news is bad, the shareholders should hear about it early, rather than late and, if the information supplied to the shareholders is factually inaccurate, not completely dis-

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### "The standards vary for shareholders disclosure from state to state."

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closed, or misrepresented by the officers, staff and board of directors of the banks, then all of the employees and especially the board of directors are open to liability from shareholders suits. If the news is bad, you better tell them now rather than later. If the news is good, why not tell them all the good news. Finally, there are very few businesses, whether banks or bank holding companies or funeral homes, that have a financial condition and performance picture that is completely good or bad. Therefore, the financial statements that you give your shareholders can portray exactly where you have been, where you are now, and, hopefully, where you plan to go. You can also indicate through the rhetoric that goes with the financial statements what you believe the future will entail.

Assuming you wish to disclose meaningful financial information to your shareholders, here is the minimum I would suggest you disclose:

1. **Balance Sheets.** These would be comparable balance sheets for at least a three-year period of time, indicating trends and examinations of data over a three year time sequence;
2. **Income Statements.** At least two years of income statements reflecting the operations of the organization;
3. **Statement of Change in Stockholder's Equity.** This statement indicates to your shareholders how the shareholder equity has changed over the period of time analyzed in the financial statements;
4. **Statement of Change in Financial Position.** This fancy statement simply means sources and uses of funds for your banking organization indicated where it receives its resources and how it uses them during the period of time analyzed;
5. **Footnotes.** Some organizations with fewer than 500 shareholders do not issue financial statements under generally accepted auditing principles (GAAP). If the statements are prepared in accordance with GAAP, then you must issue notes to the financial statements. If you do not prepare your financial statements according to GAAP, then you do not have to disclose notes to the financial statements but, at the same time, your financial statements may be by their very nature misleading.

If you send your shareholders only a single balance sheet and single income statement, covering the period under analysis and no comparables, then how can your shareholders know how you have done this year in relation to last year? Please do not assume that they have kept last year's report. Most of your shareholders can-

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**“If, for some reason, you have not disclosed properly, it can impact upon your ability to merge or acquire other institutions in the future.”**

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not even read the report you have just sent them. As you are quite aware, most of your shareholders are not brilliant accountants and/or financial advisors. You need to assist them by telling them exactly how you have done in your annual report and you also need to assist them in comparing how you have done this year with last year (or several years ago) by including such data within the report.

If your organization has more than 500 shareholders, you report to your banking regulatory agency under a form F-2, and are subject to S.E.C. type disclosure rules as promulgated by your federal regulatory agency; or, if you are a one-bank holding company or a multi-bank holding company subject to S.E.C. registration and disclosure standards, your financial statements may have to be more fully disclosed than what is mentioned above. For you as directors, make sure that your legal counsel is on top of what your disclosures are. If, for some reason you have not disclosed properly, it can impact upon your ability to merge or acquire other institutions in the future, and may be a violation of the Securities Laws *per se*. Violations of the Securities Laws cannot be cured easily. The best way to stop a problem with the Securities Laws is to make sure you comply properly the first time.

#### **Problem Areas for Disclosure**

If your financial condition is adequate, and let's say you are a CAMEL 1 or CAMEL 2 and you are not under any Administrative Orders from your state and/or federal regulatory agencies, you probably have nothing additional that you should disclose at the end of the year. On the other hand, if you are a "problem bank" and have an Administrative Order in place, you may have to disclose such order. There are probably as many interpretations of when to disclose Administrative Orders as there are attorneys in the United States. Since you have to have faith in someone, contact your bank legal counsel and rely on his or her opinion as to whether you have to disclose an Administrative Order.

- If you are under a Memorandum of Understanding, that may be less onerous than under a Cease and Desist Order.

- If you have been assessed civil money penalties, even the most liberal lawyer will probably tell you that you will have to disclose this to your shareholders.

- If you have requested capital forbearance, you have received same, this may have to be disclosed.

- If you have fired your president or had a major embezzlement, fraud, or misappropriation of funds, you may have to disclose this to your shareholders.

- If you are an S.E.C. registered bank holding company, reporting under the Securities and Exchange Act of 1934, a "material" change in your operations will force a disclosure on an 8-K Form. This means that the firing of the president, the uncovering of a "material" embezzlement, fraud, or other violation of law, or the signing of an Administrative Order such as a Cease and Desist Order, or being assessed civil

money penalties, may be considered as material.

Your legal counsel should determine whether you should disclose this, but you must rely on your legal counsel and you should have his or her opinion in writing so that if you end up being wrong, you will know where to go to look for legal malpractice liability coverage. My suggestion to you is that if you think there is anything wrong or there is really a problem with your institution, then you probably should disclose it rather than have someone find out the hard way. If they find out, it can do more damage to your organization than if you let them know about it ahead of time. Sometimes the best defense is a good offense in this regard.

#### **Media Disclosure**

In addition to disclosing your financial performance to your own shareholders, the regulatory authorities and, in some cases, the securities authorities, you have the opportunity to disclose the information through the mass media to the general public. The information they should receive is essentially what you give your shareholders, but you have to work harder at disseminating this information. You, as directors of a bank, should understand that most reporters do not know very much about finance, since most of them came out of programs in communications and journalism. If they knew what an asset was or a liability was, they would be in banking or accounting, not journalism. Phrased alternatively, if you don't think you know much about banking and finance, you should take a look at the average reporter. You should make the assumption that the reporters for your local newspaper, radio, and/or television know absolutely nothing about a balance sheet and income statement or anything about banking. If you make that assumption, rather than assuming that they do know something about finance, accounting and banking, then you will have the right posture for placing your financial statements in the most favorable light for your organization.

Utilize your annual reports as a media public relations opportunity and sit down with the reporters and explain exactly what went on, what is good and what is bad, and what you plan to do for the next fiscal period. Furthermore, bring them all together and answer all of their questions honestly and fairly, but control the entire situation by outlining exactly what took place in your financial institution the previous year.

You should develop a public relations posture for your organization and utilize the financial statement disclosure announcement as the opportunity to convert the press over to your side. They can be, and often are, enemies of your banking institution, so when you have the opportunity to work with them rather than against them, contact these mass media personnel and work with them so they can do a story which is favorable to you and other financial institutions in the area. This is especially true where your organization is doing quite well among a group of other banks or savings and

## **“You are the supervisors of the institution on behalf of the shareholders.”**

loan associations whose financial condition is relatively weak and whose financial performance has been dismal. There is a tendency for reporters to slouch around in the world of yellow journalism and to paint all financial institutions with the same bad brush. If you have done a good job in your organization, flaunt it and make sure that the newspaper reporters, radio and television personnel, and the other mass media reporters understand that you have done an outstanding job in relation to others. You can never tell when you will need to raise additional securities, or when you will need some help from these reporters when things are not going well.

### **Who Controls Whom?**

The last area to discuss before we close this commentary is who is in charge of making sure all the disclosures are accurate, fully disclosed, honestly portrayed, and not misrepresented to your shareholders and the public.

*Congratulations, board of directors, you win again!*

You are the supervisors of the banking institution on behalf of the shareholders. You are responsible that all of the financial statements of your organization are prepared accurately, fully disclosed, honestly portrayed, and do not misrepresent the performance and condition of your institution. It does not make a difference whether you are a bank or bank holding company, or if you are registered with the S.E.C. or not. There is no way to pass the buck beyond you to anyone else. If your financial statements are not correct, you are at fault.

Now that you know you are in the barrel, how can you possibly get enough support to peek over the top? You should designate your audit committee of the board of directors as the official watchdogs of the fi-

ancial statements. They should work in close correlation with your outside C.P.A. firm, as well as your internal controller/cashier in the preparation and dissemination of all financial statements to the appropriate regulatory and securities agencies. Your audit committee should be comfortable with the condition of all of the financial statements, their scope, factual accuracy, and their honest portrayal of your condition and performance.

External auditors should report directly to your audit committee of the board of directors regarding financial statements and any problems thereon.

Your internal controller/cashier should have the ability to come to the audit committee in case there are any problems in the development of and/or statistics within the financial statements.

Finally, your internal auditor should have direct access to your audit committee in case he or she finds problems with the financial statements as prepared by the internal accounting staff.

Before you disseminate the financial statements to the state and federal regulatory agencies, your shareholders, the general public, and the state and/or federal securities agencies, they should be reviewed by the audit committee on behalf of the board of directors and should be signed off by your internal staff as well as the external auditors. It does not hurt to spend an extra day or two to make sure that your financial statements are proper before they are disseminated. It is very hard to get toothpaste back into a tube. It is easier to keep it in the tube in the first place and not try to get it out until the next day. You as a board of directors should act as the final hurdle before the financial statements are released. You should not delegate this responsibility to the management and not be responsible for the financial statements which are your direct responsibility. If you do not have the time or don't understand the financial statements, then get professional assistance to help you determine the quality of such financial statements. □

## **Corporate**

**P**ROMOTIONS and other announcements have been made by the following firms:

**Farmers Mutual Hail Insurance Company, Des Moines:** Donald R. Duwelius has been promoted to senior vice president-Crop Hail Department and appointed a director of the company, effective January 1. Mr. Duwelius, who joined the firm in 1954, was an assistant vice president in charge of crop hail office operations and underwriting.

**Heller Financial, Inc., Chicago:** Mitchell F. Vernick has been named president of the Capital Markets Group, based at Chicago headquarters. His group arranges syndica-

tions for debt and equity financings, as well as providing financial advisory services to clients nationwide.

**J. Parker Lapp** has been named president of the Equipment Finance Group, also based in Chicago. His group offers equipment financing under vendor programs, financing service for leasing companies and other finance companies, and financing for companies in the broadcast and other media industries.

**Inter Innovation LeFebure, Cedar Rapids, Ia.:** Arne E. Samuelsson has been appointed president and will assume office April 1.

In a related move, Executive Vice President George X. Miller was

elected vice chairman. Continuing as a director, he will also function as a liaison officer with the parent company, Inter Innovation AB, and be involved in strategic and long-range planning to assure continued rapid growth for the company.

The former president, K. Watts, who retired at the end of 1987, was made an honorary member of the board.

Mr. Samuelsson currently is president of Ventronic, Inc., a California high-tech company. He served previously as president of Xerox-Sweden, a firm which employs about 1,100 persons and has annual sales of approximately \$100 million. A resident of the United States for the past eight years, Mr. Samuelsson has held various management posts with Xerox and IBM in both Europe and the United States.



## “Well done, Tom Olson!”

By **BEN HALLER, JR.**  
Publisher

**W**HEN Thomas H. Olson was installed as president of the Independent Bankers Association of America at the annual convention in Orlando last April, we said of Tom, “Independent, in Tom’s case, means being self-reliant in any game where equality for all is the rule, but also means being genuinely empathetic and understanding of others’ needs, while giving complete cooperation to achieve those goals that require working together for the common good.”

Events of the past year have proved that the confidence expressed by that statement in a long-time friend was not misplaced. That previous article referred also to the “old-fashioned” values instilled in Tom and other family members by his parents, Harold and Helen Olson. Harold was president of Lisco State Bank after purchasing it in 1934, then served as chairman in more recent years until his death a couple of years ago. Tom Olson joined his father at Lisco State Bank in Lisco, Neb., in the western part of the state in 1960 and has served as its president since 1971.

The earlier article referred to also quoted Tom as he looked ahead to his year as IBAA president. He stated, “We have two top priorities in IBAA today. The first is developing a secondary market for placement of real estate ag loans. The other, equally important, is closing the non-bank bank loophole which is allowing other types of financial enterprises to bleed off the lifeblood of our small banks—their deposits and customers’ investment money—without having to abide by the regulatory rules we play by, and with no regard for the communities from which they extract this money. In turn, this makes it highly important for us to have expanded powers from the Congress.”

### 1988 Goals and Priorities

The obvious question to Tom Olson was “How did you make out on your goals and priorities?” As New York’s famous Al Smith used to say, “Let’s look at the record!” Tom replied this way:

“HR 27, the Competitive Equality Banking Act, closed the non-bank bank loophole and included the loan loss amortization feature, which had been high on our agenda for some time. We would have preferred no grandfathering, as the bill provided, but we were glad to have HR 27 enacted into law last year.

“Second, the creation of the secondary market as part of the Farm Credit System refinancing bill (passed by the House and Senate prior to Christmas and signed into law January 6 by President Reagan last month) is a real plus for the industry, especially for ag markets and specifically for rural areas. We don’t know what effect this will have on the Farm Credit System, but our customers will have the opportunity now for long-term ag real estate loans at fixed rates of interest. To me, that’s really important. If we have customers with that type of loan they can depend on, then they can do proper planning, knowing they can control their interest rate.

“Third, within our association and apart from legislation, we are looking more at services for members. For example, we now have more than 300 banks in IBAA Bancard Inc. Also, our IBAA/Barclays Visa Travelers Cheques program has produced \$250 million in sales through more than 1,800 banks participating at 3,400 outlets. In addition, our St. Paul ‘Total Insurance’ offers D&O multicover policy coverages and risk management assistance. Other services IBAA provides members include the Travelers Express Money Orders (1 million sold in 1987) and Official Checks (\$750,000 profits shared in 1987). Other insurance pro-



- grams round out a complement of insurance coverages. All of our banks that have been involved in these have found extremely good service and profitability with them. Many more banks have applied recently.”

- Looking ahead, Mr. Olson added, “One other service we’re looking at is providing educational opportunities for our banks and the people working for them. Our mini-seminars are well received and attendance is up. All these are presented with the community banker in mind.

- “Also, we want our leaders to become involved at the national level with the Federal Reserve and other agencies so our membership will become better acquainted with these offices and their processes. We encourage members to run for various elective positions, including the Federal Reserve director positions.”

### Unfinished Business

- The key area of unfinished business, Tom says emphatically, is “No extension of the moratorium! Keep the Promise! We intend to do our best to hold Congress to it. I appeal to all bankers to tell their Congressmen we very much favor new powers through added services and products. We see increased competition in the market place and spreads narrowing, so we’re going to Congress to pursue these issues. In our case, IBAA is interested in two areas:

- “1. Securities powers. Specifically, we want broader mutual fund authority, underwriting of commercial paper, municipal revenue bonds, mortgage-backed securities and the securitization of other credits. I know we can provide mutual fund business through brokers, but why shouldn’t we do it ourselves? It’s more profitable!”

- While emphasizing the need for expanded powers, Tom also stresses “We’d like to push for securities powers rather than the repeal of Glass-Steagall. If the latter is done, they (major institutions) become deposit-takers and drain our communities. So, our emphasis will be on broader powers, but not the repeal of Glass-Steagall.”

- 2. Referring to other unfinished business, President Olson said, “Loan amortization is not used very well, in our opinion, because of interpretation of the law as to the intent of Congress. This is where we’re having a difficult time. We’d like the regulators to have a broader interpretation to help more banks.” HR 27, signed into law by President Reagan last August, permits qualifying ag banks to amortize ag loan losses over a seven-year period.

- One other area of unfinished business is the continuing rumble about potential merger of the FDIC and FSLIC funds. Tom Olson says, “We will strongly oppose merger of the FDIC and FSLIC. We would surely hate to see this and would strongly oppose it.”

### Working Relations Between IBAA and ABA

- We asked Tom a pointed question regarding relations between IBAA and ABA: “What do you think it will take for IBAA and ABA to work together to achieve these new powers, such as the cooperation (in 1986-87) that gave us the Ag Secondary Market?”

- In his usual intense style, Tom responded immediately, “Communications are going to be very important. I would hope both associations have a better understanding and respect for each other’s positions. I think it’s important for ABA to recognize that we’re

the *only* ones who represent community banks exclusively; for example, if they would understand our opposition to repeal of Glass-Steagall. If they could change their posture on Glass-Steagall we would be in accord on powers and, believe me, together we could get the job done.”

A final question was: “Who do you see as community banks’ principal competitor(s) among the other types of financial and general businesses that want to compete with banks?” Here’s how Tom views that competition:

“First would be credit unions. They have their tax advantage and structure, their ability to gather deposits through ‘common interest.’ We don’t feel it so much here in western Nebraska, but other banks do wherever credit unions appear in industrial areas, government offices and so forth. They have tax advantages that are not allowed to us. The employer provides space and the credit union doesn’t pay for it. Credit unions just don’t have the same cost basis, but they earn more and go untaxed.

---

**“No extension of the moratorium! I appeal to all bankers to tell their Congressmen we very much favor new powers through added services and products. We’re going to pursue this.”**

---

“Second would be savings and loans. As you know, they don’t have the same capital requirements as banks. We see so many s&ls with little or negative capital seeking deposits at a rate above what sound banks will offer. They should *not* be permitted to offer rates at a level considered unacceptable.

“Third, I would say, would be the fact that banks no longer finance automobiles. The auto makers captive companies offer very low rates that don’t properly reflect the true cost of the auto. This is just plain unfair competition.”

### Reflections on Presidency

Those who know Tom Olson know that when he’s away from his desk in the bank he would rather be astride a favorite horse on his ranch than riding a jet to Washington, D.C., to testify before another committee. But he doesn’t regret the time devoted to his association the past several years. “Being president of the IBAA,” Tom stated enthusiastically, “has been one of the greatest learning experiences I’ve ever had. No banker can afford *not* to be involved today in his association—in legislation and learning to operate better. The old-fashioned coattail riders among us will be passed by in today’s economy and they will be the losers, instead of benefitting from the work done by others, because they are uninformed.”

Tom Olson has devoted thousands of hours and miles of travel in his year as president and in previous offices with IBAA to not only become better informed himself, but motivated by an intense desire to help his fellow independent bankers to become better informed—about their communities, their own business, their government and the laws that regulate all of them. Those fellow bankers who have benefitted from his unselfish service know they have had a thoroughbred leading their pack this past year! □

## FRANK BAUDER. JOSEPH MIGELY. JOHN CROTTY. MAX ROY.

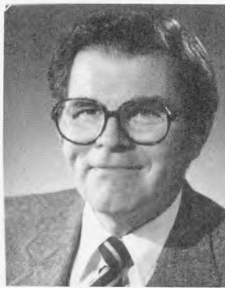
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## IBAA PROGRAM. . . (Continued from page 11)

and Executive Incentive Compensation Plans.

- **High Performance Banking**—Alex Sheshunoff will look at strategies to enhance your bottom line.

- **Regulators Panels**—Representatives of the FDIC, Office of the Comptroller of the Currency and the Federal Reserve will address regulatory and consumer legislative concerns.

- **IBAA Bankcard**—A nuts and bolts workshop designed to help management decide if credit cards are right for the bank and instruct how you can get started as a credit card issuer.

- **Peer Group Round Table Discussions**—Mike Morrow of Sheshunoff and Company will be moderator.

- **Agricultural Panel**—Experts examine the ag economy and make suggestions for improving ag portfolios.

On Tuesday and Wednesday the general sessions will be conducted, leaving afternoons free for recreation.

Monday evening an opening reception will be held in the Coconut Grove of the historic Royal Hawaiian Hotel, featuring food of the South Pacific cultures.

Tuesday night the Late Show will be sponsored by Kirchman Corp. of Orlando, Fla. and include the Skiles and Henderson Show and the Clyde Pound Orchestra. The show is preceded by the Second Annual IBPAC Dessert Reception.

Wednesday evening the President's Reception will be followed by the annual banquet, which will feature the "This is Hawaii" extravaganza with a cast of 30.

## New Banking Advisors

Among the 13 bankers named by the American Bankers Association to take to the road as ABA's National Banking Advisors for the program's ninth season are two from the upper midwest. They are: Leonard F. De Baker, president of M&I First National Bank, Stevens Point, Wis., and Gary E. Lloyd, senior vice president, First National Bank, Grand Forks, N.D..

## ● United Missouri Offer to Purchase Centerre Is Rejected, Then Withdrawn

**A**N OFFER by United Missouri Bancshares, Inc., Kansas City, to purchase Centerre Bancorporation, St. Louis, for \$257.4 million was rejected by Centerre directors last month. R. Crosby Kemper, chairman of UMB holding company, said he was disappointed with the Centerre rejection and subsequently withdrew his offer.

The United Missouri proposal was based on an earnings multiple of more than 11 times Centerre's average earnings for the past five years, according to a UMB statement, and more than 17.5 times 1987 earnings. Mr. Kemper said his proposal was more relevant than one based on book value plus a premium, which was the basis Centerre Chairman Clarence C. Barksdale said should be used for any negotiations.

Mr. Kemper said Centerre's book value "is supporting more than \$185 million in problem assets. Even though those problem assets are offset by almost \$80 million in allowance for possible loan losses, the shortfall of more than \$100 million equals more than \$12.75 per share, which makes Centerre's stated book value questionable."

Mr. Barksdale said Centerre directors "found United Missouri's offer totally inadequate in that it failed to recognize the true value of Centerre's common stock." He said the "value of UMB stock proposed to Centerre shareholders currently would be about \$34 a share... Centerre's (January 22) stock price of \$35.50 was higher than the offer. More important, that valuation represented less than 80 percent of our 1987 year-end book value of \$43.56."

News reports stated that Mr. Kemper and his family have a five percent stake in Centerre, the largest block of stock in the cross-state rival. Mr. Kemper stated he intends to retain his Centerre stock.

## ● Trans Union Security Director Receives Award

Harold Kane, director of security for Trans Union Credit Information Co.'s New York Division, has been presented a certificate of appreciation from the U.S. Secret Service.

This certificate was presented as a token of gratitude for Mr. Kane's role in assisting the Secret Service to apprehend a number of credit frauds.

In his role as credit coordinator and liaison between the secret service staff and other credit bureaus, Mr. Kane participated in a "Sting" operation which resulted in the apprehension of 45 credit fraud suspects and 39 indictments.

"This operation was successful," Mr. Kane explained "due to the use of Trans Union's computerized "WATCH" system." "WATCH" enables Trans Union to record activity on any specific identity used anywhere in the United States.

In this case, nine fraudulent identities were circulated by the fraud operators nationwide. The fraud activity originated in New York and traveled to California, Texas, Delaware, Oklahoma and Atlanta.

Because of the reliability of the WATCH system, the secret service was able to pick up the fraud applications within hours after being processed by Trans Union.

Mr. Kane also assisted the District Attorney's office of Nassau County, New York in its search of a credit fraud suspect who fled jurisdiction.

Mr. Kane has been Trans Union's director of security for three years.

He previously spent 25 years at Abraham & Straus, a division of Federated Department Stores, where he held several management positions in credit, collections, security and credit fraud prevention.

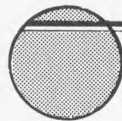
In the past year, Mr. Kane has held numerous fraud seminars for personnel in credit, security and customer service departments at various credit granting companies. The purpose of these seminars is to keep the credit industry apprised of new fraud schemes.

## ABA Banctraining Lists '88 Videotraining Curriculum

Business development, customer relations and supervisory skills will be the key subject areas for the six video classes in the American Bankers Association's 1988 Banctraining video systems curriculum.

Each training videotape will provide step-by-step instruction through simulated bank situations. Accompanying each videotape will be a leaders' guide, discussion questions and reproducible participant worksheets to facilitate the preparation and presentation.

The six classes for 1988 are: "Cross-selling Skills for Tellers," "Telephone Communication Skills," "Knowing Your Products: Features and Benefits," "Cooling the Hot Customer," "Keeping Your Cool Under Fire," and "Do's and Don'ts of Good Supervision."



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## Illinois Independents Revise Name; Now Accept Individual H.C. Banks

**A** BROADENING of membership rules and a change in name became effective January 1, 1988, for the Independent Community Banks in Illinois. Based on a membership vote taken at the ICBI convention in late September, 1987, the organization's name now is Community Bankers Association of Illinois. It continues to headquarter in Springfield with Robert Wingert as its executive director. President of the association is C. Dean Easton, president of Pontiac National Bank in Pontiac, a \$90 million asset bank.

At the same time, the several service entities of the organization have been changed are now known as:

- Community BancService Corporation, Inc.
- Community BancInsurance Services, Inc.
- Community Bankers Employee Benefits Trust, which provides fully insured group medical, life, health and dental plans to member institutions and employees.
- Community BankPac.

Under the revised membership categories, banks purchased by out-of-state holding companies may still be eligible for membership, individual banks within Illinois bank holding companies may apply for membership, and savings and loans could be accepted in the future as members, although there are no plans for this now.

Banks in contiguous states that have reciprocity with Illinois may presently purchase Illinois banks. Then, in 1991 the state will be open nationwide for out-of-state acquisitions.

Mr. Wingert said, "If an Illinois bank is purchased by an out-of-state holding company and our board determines the bank is still eligible for membership, then it can remain or become a member of our association. Another option we now have is to let an out-of-state bank become a financial associate member, which is non-voting. This class of membership is entitled to all the services of the association, such as attending seminars, annual meetings, using insurance and other services, but does not have voting privileges."

Mr. Wingert cited the example of United Missouri Bank, which head-

quarters in Kansas City and also is in St. Louis. UMB purchased three Illinois banks in early 1987 and because of its committed correspondent bank service has been accepted for financial associate membership in the CBA.

"The criterion for membership," Mr. Wingert said, "is in the mission statement of our constitution. One of the provisions is that a bank must operate in concert with the spirit of independent banking; that is, serving the local community and not acting only as a branch funneling money out-of-state; or abandoning the local market as branches sometimes do."

A great number of acquisitions have taken place among Illinois banks and bank holding companies as well as by out-of-state holding companies in recent months. Mr. Wingert said "We now have banks within multi-bank holding companies that are members, while other banks in the same holding company are *not* members. We offer a 15% dues discount if *all* banks within a holding company become members. Similarly, if all banks in a chain bank ownership become members, then the 15% dues discount also applies."

When asked if this broadening of membership qualifications represents a philosophical change within the association, Mr. Wingert said, "No, it is really more a perceived change than a real one. We still express a preference for local ownership. These revisions are a reflection of the change taking place and we are adapting to it. A line is still being drawn on membership eligibility and our board won't just accept everybody."

Mr. Wingert said ICBI leaders wanted to change the organization's name so as to include the word "association" and to substitute "bankers" for "banks." This follows a trend, he stated, that has developed among eight or ten other state independent banker associations, such as Ohio, Michigan and Florida. Ohio is another state to date that has broadened its membership qualifications as Illinois has done.

Mr. Wingert added, "We could take in s&ls as financial associate members under our new member-



### Illinois Bankers Association

President—Jack Emmons

Exec. V.P.—W. J. Hocter

### Community Bankers Association of Illinois

President—C. Dean Easton

Exec. Dir.—Robert J. Wingert

ship rules but we haven't pursued this avenue and have no plans to do so at this time. There are a lot of good thrifts out there that serve their communities in the way we're philosophically oriented." □

## IBA Consumer Credit Conference to Be Held

The Illinois Bankers Association will sponsor its 1988 Consumer Credit Conference, "Developing Excellence in Consumer Banking," on February 23-25 at the Adam's Mark in St. Louis. This popular conference will feature fine speakers, workshops, exhibits and an excellent spouses' program.

Fees are as follows: Members and associate members—\$165 for first attendee and \$140 for each additional; Non-members—\$330 for first attendee and \$280 for each additional. Within one week of the conference or at the door, fee is \$25 additional. Spouse tour of St. Louis—\$40; fashion seminar—\$25.

The complete program follows:

### Tuesday, Feb. 24

#### P.M.

7:30 Early registration and cash bar.

### Wednesday, Feb. 25

#### A.M.

7:30 Registration.

ILLINOIS NEWS. . .

(Turn to page 34, please)



Chicago

**Michael M. Karnes** has been promoted to senior vice president of Amalgamated Trust & Savings Bank. He has served as the bank's vice president for the past three years. Prior to that Mr. Karnes was an investment counselor at Boberski & Co. He also was senior vice president for Harris Trust and Savings Bank, where he worked for 21 years.



M.M. KARNES

B.J. LOVATI

Meanwhile, **Bernard J. Lovati** has been promoted to vice president of the bank. He joined Amalgamated in April as assistant vice president. Prior to that he worked as sales and operations manager at Owen Wagoner and Co. and was assistant vice president/assistant consumer and finance division manager at National Boulevard Bank.

\* \* \*

Exchange International Corporation, parent company of the \$2.1 billion Exchange National Bank of Chicago, has announced it will be opening The Exchange Bank of DuPage, in Oak Brook.

**Ira J. Kaufman**, Exchange International chairman and CEO, announced that the bank is scheduled to open in mid-March or early April. It will be located on the main level of the newly constructed Camden Place office building in Oak Brook.

Full-service banking will be available for commercial and personal customers, but the bank will emphasize commercial banking services. "The Exchange Bank of DuPage will focus on that area's commercial middle market, with an emphasis on companies with annual sales ranging from \$2 million to \$100 million," Mr. Kaufman said.

President of the bank will be **Lawrence B. Bloom**, who is currently a senior vice president and commercial banking division head at The Exchange National Bank. He has over 20 years of commercial banking experience and has been with The Exchange since 1981.

The bank will open with nine business development and customer service employees, including three commercial lending officers.

\* \* \*

**Alvin G. Wilner** has been elected senior vice president of Harris Bank. He is staff executive in administration for the operations department.

Mr. Wilner joined Harris in 1961 and has held a succession of posts in the operations department, including head of the check processing division.

\* \* \*

**Barbara A. Bernardini** has been promoted to vice president and manager of the residential real estate and land trust departments of Colonial Bank and Trust Company. She had been assistant vice president and assistant manager of Colonial's real estate department. Previously, she worked for the Metropolitan Trust and Savings Bank of Addison, Ill.

\* \* \*

**Michael M. Hays** has been appointed assistant vice president for Kirkpatrick, Pettis, Smith, Polian Inc. He will serve as a portfolio manager and securities analyst. Mr. Hays joins KPSP following five years with International Management Group of Cleveland, Oh.

\* \* \*

**Patrick L. O'Malley** has been named to the board of directors of First Colonial Bankshares Corporation. He has served as chairman emeritus of Canteen Corporation since 1981. He previously served as Canteen's president, chairman, and chief executive officer for more than 20 years. Before that, he spent 30 years with The Coca-Cola Co.

Mr. O'Malley is chairman of the board of the Michigan Avenue National Bank, a member of First Colonial Bankshares.

\* \* \*

Teamsters Local 705 has completed an agreement to purchase a 14 percent interest in Amalgamated Trust & Savings Bank. The purchase price was not disclosed.

**Peter Monahan**, Amalgamated general counsel, said the purchase involved stock previously held by **Dr. Martin L. Gecht**, who will be retiring soon as chairman of Amalgamated's executive committee.

\* \* \*

**Michael L. Supera** has been named a director of the Lake View Trust and Savings Bank, a member of Lane Financial, Inc. He is the president of Supera Property Management Inc. and S#2 Development Company in Chicago.

\* \* \*

**Kendon T. Birchard**, president of the Community Bank of Edgewater, has announced the bank recently grew to more than \$50 million in assets. Mr. Birchard attributed the growth to involvement in community activities as well as extended hours, improved customer service and competitive interest rates.

The bank has issued more than \$3.2 million in below-market interest loans for the renovation of 18 residential and commercial properties in the area. It has also recently completed a \$500,000 face lift for the bank and installed a CASH STATION ATM.



**Artis Gilmore**, star center of the Chicago Bulls, and **R.T. Schroeder**, chairman and president of Boulevard Bank, admire the NBA All-Star trophy located in the bank lobby. Chicago was host city for the 38th Annual All-Star Game on February 7, and the trophy was housed in the bank lobby until the end of December.

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## ● Norwest Merges Banks in Minn., N. Dak.

ON January 4, Norwest Corporation merged all 17 Norwest banks in the Twin Cities metropolitan area into a single bank. On the same day, all Norwest banks and a trust company in North Dakota were merged into one statewide bank, and three Norwest banks in northwestern Minnesota were merged into one bank.

Mergers affecting Norwest banks in 20 other Minnesota communities are expected to take place on or about April 1.

The mergers are allowed under new state laws passed early this year in the two states.

The new Twin Cities metro-wide bank, called Norwest Bank Minnesota, N.A., will have 42 full-service banking offices, more Twin Cities locations than any other financial institution.

The banks that have merged include lead bank Norwest Bank Minneapolis and Norwest Banks Bloomington, Calhoun Isles, Camden, Central, East St. Paul, Hastings, Jordan, Maple Grove, MetroSouth, MetroWest, Midland, Old St. Anthony, South St. Paul, St. Paul, Stillwater and University-Midway.

**Daniel A. Saklad**, Norwest's Minnesota/Wisconsin regional president, said the new Twin Cities bank, with total deposits of about \$5.5 billion, will rank among the top commercial banks in the United States. Its legal lending limit will be approximately \$95 million.

Also merged on January 4 were Norwest banks serving Fergus Falls, Moorhead and Thief River Falls, into Norwest Bank Minnesota West, and Norwest banks serving the North Dakota communities of Bismarck, Crystal, Fargo, Grafton, Grandin, Hillsboro, Jamestown, Mandan, Minot, Tower City, Valley City and Wahpeton, into Norwest Bank North Dakota.

Expected to be merged April 1 are Norwest banks serving Ely, Eveleth, Hoyt Lakes and Virginia, into Norwest Bank Minnesota Mesabi, and Norwest banks serving Marshall and Worthington, into Norwest Bank Minnesota Southwest.

Also expected to be implemented about April 1 are applications to merge Norwest banks serving Duluth, Grand Rapids, Silver Bay and Two Harbors; Litchfield, St. Cloud,

Sartell and Sauk Rapids; Albert Lea, Austin and Mankato; and Dodge Center, Rochester and Winona.

An application to merge Norwest banks in Faribault, Owatonna and Red Wing has been withdrawn. It will be revised to merge only the banks in Faribault and Owatonna, leaving the Red Wing bank as a separate bank.

The only other Norwest bank in Minnesota not included in merger plans is Norwest Bank Northfield, a state-chartered bank. □

### Elected to MBA Board

Gerald R. Kanne, executive vice president of Norwest Bank Minnesota, Minneapolis, has been elected to the board of directors of the Minnesota Bankers Association.

Mr. Kanne will represent MBA District 5, which includes the larger banks in the Twin Cities. He will complete the three-year term of John C. Nelson, formerly of Norwest Bank St. Paul, who has taken the position of chairman of Norwest Bank Des Moines and regional manager for Norwest in Iowa.



G. KANNE

### Promoted in Brainerd

Diane Runberg has been promoted to senior vice president of operations at First American Bank of Brainerd. She will also serve on the bank's management committee, asset liability committee and strategic planning committees. Ms. Runberg has been with First American for 13 years in a variety of positions including comptroller/cashier, Baxter office manager, and most recently as vice president/commercial loan officer.

### Named in St. Cloud

At Zapp Bank, St. Cloud, Marcia L. Puls and Richard O. Holtberg have been named vice presidents. Ms. Puls has been with the bank for five years and is in the planning and development department. Mr. Holt-



**Minnesota Bankers Association**  
President—James R. Jorstad  
Exec. V.P.—Truman L. Jeffers

**Independent Bankers of Minnesota**  
President—Edward Zapp  
Exec. Dir.—Norbert McCrady

berg works in operations and has been with Zapp for three years.

In addition, Duane Otremba has joined the bank as director of training. He was previously associated with Simplified Software Systems and First American National Bank.

### Elected in Mankato

First Bank Mankato has announced several staff promotions.

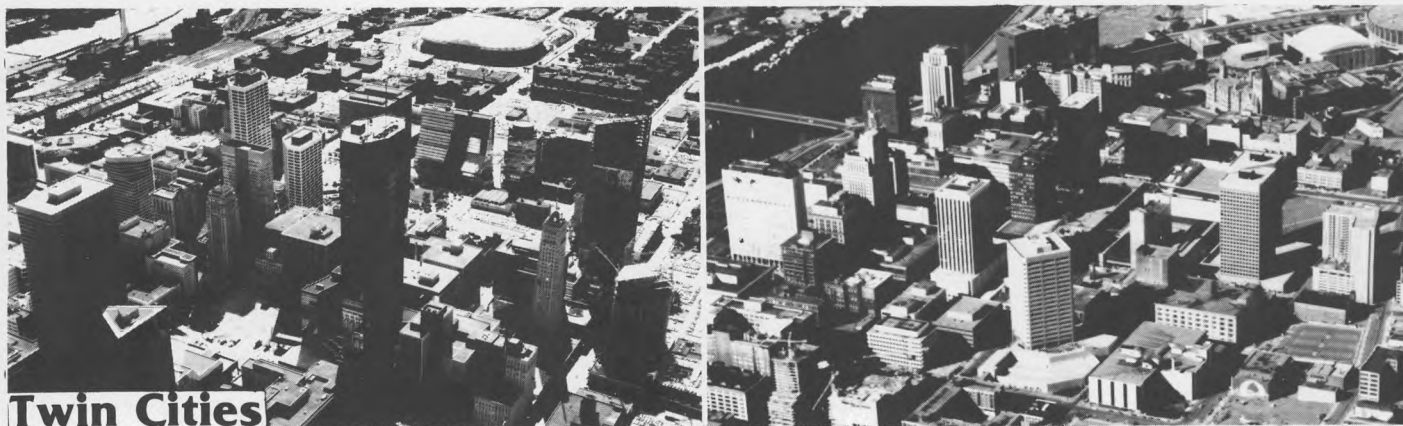
Connie A. Halter has been elected vice president, product service manager. She joined the bank in 1974 as a teller and most recently was assistant vice president, personal banking manager.

LaVonne R. Grassel has been elected assistant vice president. She has been with the bank since 1972 in several positions, most recently as manager of the Madison East facility.

Elected consumer product officers were Edith A. Lange and Nancy K. Bellig, formerly personal bankers. Carol A. Welp has joined the bank as mortgage product specialist officer. She previously served as vice president, real estate officer at Minnesota Valley Federal Credit Union.

### Elected in Bayport

Hugh Madson has been elected to the board of directors of the First State Bank of Bayport. He recently retired after over 27 years with Aetna Life Insurance Company, most recently as manager of the Minneapolis-St. Paul office. He currently has his own employee benefits consulting firm.



Norwest Corporation reported record net income of \$48.7 million for the fourth quarter ended December 31, 1987, up 47.0 percent from \$33.2 million earned in the comparable period a year ago. Net income per common share in the fourth quarter was \$1.57, compared with \$1.00 in the fourth quarter a year ago, a 57.0 percent increase. On a fully diluted basis, earnings per share were \$1.53, compared with 97 cents in the fourth quarter of 1986.

For the year ended December 31, 1987, the corporation reported a net loss of \$29.8 million, which approximates the amount of loss estimated for the year when the corporation announced in the second quarter a \$204 million addition to the allowance for credit losses related to international credit exposures. This compares with net income of \$121.7 million in 1986. The net loss per common share was \$1.31, compared with net income per share of \$3.64 in 1986.

On an organizational basis, the Banking Group reported record fourth quarter earnings of \$38.7 million, compared with \$13.1 million in the same period a year ago. For the year ended December 31, 1987, the Banking Group reported a net loss of \$82.2 million, which reflects the additional provision taken for international credit exposures. This compared with net income of \$55.1 million in 1986. The Community Banking Group achieved significant increases in year-to-year results, especially outside of the Twin Cities area, where 1987 earnings were \$51.0 million, compared with \$1.5 million in 1986, an increase of \$49.5 million.

\* \* \*

First Bank System, Inc. reported

net income of \$49.6 million for 1987, compared with net income of \$202.9 million in 1986. On a per share basis, primary earnings were \$0.73, compared with \$3.42 a year ago. These results are in line with the company's previously reported net income expectations of \$50 million.

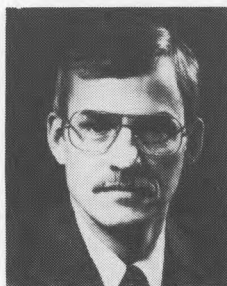
Fourth quarter earnings were \$42.5 million, compared with \$54.9 million earned in the same period of 1986. Earnings per primary common share were \$0.69, compared with \$0.92 in last year's fourth quarter.

Major factors affecting 1987 net income included a provision of \$160 million taken in the second quarter to build reserves for losses on loans to less developed countries (LDCs) and a decline in net interest income on a taxable equivalent basis.

In 1987, the loan loss provision exceeded net charge-offs by \$84.6 million resulting in a reserve for loan losses totaling \$427.0 million at year-end 1987, compared with \$353.4 million a year ago. As a percent of loans, the reserve was 3.21 percent, compared with 2.36 percent at year-end 1986.

\* \* \*

First Bank System, Inc. has announced the following executive officers of First Bank, the bank created by the merger of its 32 Twin Cities bank offices.



R.W. SCHOENKE

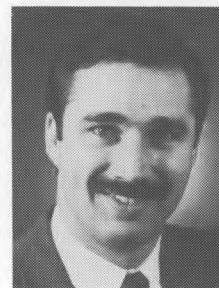


W.F. FARLEY

**Richard W. Schoenke** will serve as the bank's chairman. He continues as a vice chairman of FBS. **William F. Farley** will be president of consumer and small business banking. **Alan F. Naylor** will be president of special industries. **Jay B. Walters** will be president of corporate banking.

\* \* \*

**Peter Miller** has been named group vice president of trust services at Marquette Bank Minneapolis. He was previously vice president of the trust services group's business development division. Prior to that he was an assistant vice president with IDS Trust Company and was also employed by Wausau Insurance Companies of Wausau, Wis.



P. MILLER



L. MILLER

**Harvey R. Peck** has joined Marquette's trust services group as vice president and investment officer. A chartered financial analyst, Mr. Peck has 16 years of investment experience, most recently as a principal with Source Financial Group. Prior to that he was with Planners Financial Services, Inc. and vice president with Investment Advisors, Inc.

**Laurie Miller** has been named vice president, employee benefits at Marquette Insurance Group. Prior to joining Marquette, Ms. Miller was assistant manager of employee benefits at Great West Life in Minneapolis.



Norwest Corporation has announced that a management team consisting of a president and two executive vice presidents heads its new bank serving the Minneapolis-St. Paul metropolitan area.

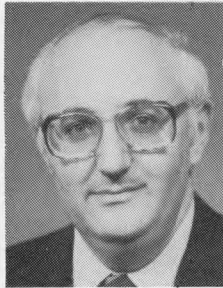
James R. Campbell is president and



J.R. CAMPBELL



R.C. BROWN



D.A. SAKLAD

chief executive officer of the new bank, Norwest Bank Minnesota, N.A., into which 17 Norwest banks with 42 banking offices in the metro area were merged, effective January 1, 1988. Mr. Campbell is president of Norwest Bank Minneapolis, the largest of the 17 banks being merged. He will continue as head of corporate banking for Norwest's Banking Group.

Executive vice presidents of the new bank are Robert C. Brown, president of Norwest Capital Markets, Inc., and Daniel A. Saklad, Minnesota/Wisconsin regional president of Norwest's community banking group. They will continue in those positions.

The new bank has total assets of approximately \$8.7 billion. It is headquartered in Minneapolis and next summer will move its main offices and new banking facilities into Norwest Center, now under construction in downtown Minneapolis.

Mr. Campbell was named president of Norwest Bank Minneapolis in 1984 after serving as regional president for Norwest banks in Nebraska. He joined the Norwest organization at Norwest Bank Minneapolis in 1964 and was president of Norwest Leasing and of Norwest Bank Omaha before being named regional president in Omaha in October, 1982.

Mr. Brown has been president of Norwest Capital Markets since it was organized in October, 1984, to

create a group of securities and investment subsidiary companies. He joined Norwest in February, 1975, in Chicago, where he was president of BancNorthwest, now part of the Norwest Capital Markets group, before moving to Norwest Bank Minneapolis in January, 1981, as senior vice president and head of its funds management group.

Mr. Saklad joined Norwest as its Minnesota-Wisconsin regional president in August, 1987. He previously was president of a mortgage and insurance subsidiary of Citicorp, based in St. Louis, Mo.

\* \* \*

Resource Bank & Trust has announced the promotion of **Greyton I. Becker** to senior vice president.

Previously, Mr. Becker was vice president, corporate secretary for Resource Companies and Resource Bank & Trust. Before joining Resource in 1975, he was a bank and trust examiner for the State of Minnesota.

Other promotions announced by the bank are:

**Debra Kay Spence** was promoted from financial services administrator to private banking officer.

**Laura B. Williams** was advanced from client service supervisor to private banking officer.

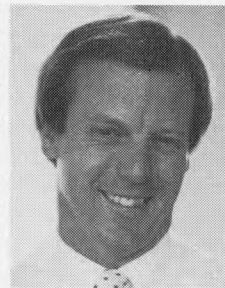
**Kimeri A. Wehrman** was promoted from operations coordinator to assistant cashier and security officer.

\* \* \*

**Robert K. Richey** has been named managing director of First Financial Corp., a new First Bank System subsidiary that is the only one of its kind in Minnesota.

The group operates as a consultant for placement of corporate pension/profit-sharing dollars into Guaranteed Investment Contracts with highly rated insurance companies. With a GIC, a corporation can invest pension or profit-sharing dollars for a specified term with guaranteed returns.

Richey previously was vice president of marketing at Washington Square Capital, Inc., a subsidiary of Northwestern National Life Insurance Co. Prior to that, he was



R.K. RICHEY

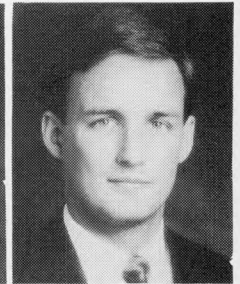
director of group pension sales at Minnesota Mutual Life Insurance Company. He has more than 16 years of experience in pensions and investments.

\* \* \*

Norwest Corporation has appointed **John E. Ganoe** and **J. Scott Spiker** to new positions on its mergers and acquisitions staff. Mr. Ganoe is vice president and director of strategic planning and acquisitions. Mr. Spiker is vice president and acquisitions analyst.



J.E. GANOE



J.S. SPIKER

Both report to **Les Biller**, corporate executive vice president and head of strategic planning and acquisitions for the Norwest Banking Group.

Norwest has banks in seven states and is seeking regulatory approval to acquire a bank in Arizona.

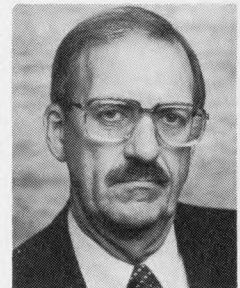
Mr. Ganoe had been manager of policy, standards and procedures for Norwest. He joined Norwest in 1983 as controller of its Iowa banking region, and was chief administrative officer of the region when he transferred to the corporate staff in 1985.

Mr. Spiker joined Norwest from Mark Twain Bancshares, Kansas City, Mo., where he was a senior vice president in acquisitions. Prior to that he spent five years in the U.S. Navy.

\* \* \*

American National Bank, St. Paul, has announced the promotions of **Ronald W. Duffey**, vice president-bonds & investments;

**Mary Ann Orfei**, assistant vice president-bonds & investments; **Kathi Rogers**, assistant vice president at



R. DUFFEY

American Bancorporation, Inc. and **Robert L. Rosenberg** and **Gail Scott Doolin**, investment officers-bonds & invest-

ments.

Mr. Duffey joined American as an assistant vice president-bonds & investments in 1984, bringing over 30 years of experience from First Bank St. Paul.

Mr. Mueller came to the bank as a credit analyst in 1980, and most recently served as an investment officer. Ms. Orfei joined American as a teller in 1978 and was also an investment officer.

Ms. Rogers joined American Bancorporation in 1976 as an accounting clerk. Most recently she served as an accounting officer.

Mr. Rosenberg came to American National in 1984 as an investment representative. Ms. Doolin joined the bank from European American Bank, New York, where she was a municipal dealer.

\* \* \*

Commercial State Bank has completed its move to the 20th floor of the Minnesota World Trade Center in downtown St. Paul.

In addition to its executive offices, the bank's commercial lending, commercial and residential mortgage lending, executive and professional banking, marketing,

finance and credit departments will occupy the entire 20th floor.

Commercial State Bank will continue to provide consumer banking services, personal bankers and teller transaction services for personal and commercial checking, savings and investment customers at its offices at 5th and St. Peter Streets and in the Bremer Building Skyway in downtown St. Paul.

The move to the Trade Center permits the bank to consolidate its executive and administrative offices which had been housed at 5th and St. Peter Streets and in the Hamm Building nearby. The banking offices at 5th and St. Peter, which include Commercial State's drive-up bank, will undergo a major remodeling, which is scheduled for completion in late 1988.

### **MBA to Develop Consumer Banking School**

The Minnesota Bankers Association will develop a new Consumer Banking School scheduled to begin in late 1988 or early 1989. A survey of Association members demonstrated 85% support the development of such a school.

The school's curriculum will focus on consumer products, deposit products, home equity, cross-selling and retail banking. The school will be developed in coordination with the ABA Professional Development Program and will be limited to an enrollment of about 60 students.

### **Added in St. Charles**

Two new officers have been hired by First National Bank in St. Charles.

Thomas V. Batty has been named senior vice president/cashier. He will be working in the areas of operations, marketing and public relations.

For the past two years Mr. Batty has worked in the investment field for Life Investors Insurance Company of Cedar Rapids, Ia. Prior to that he was vice president of Hawkeye Bank & Trust of Grundy Center, Ia. for six years.

Stephen A. Tornio has been named senior vice president in charge of credit administration. He has 17 years of lending experience, most recently at First American Bank & Trust in Marshall, where he was employed since 1984.

### **ILLINOIS NEWS. . .**

(Continued from page 28)

8:30 "The Reinvented Bank, and the Banker"—Kent Stickler, pres., Financial Shares South, Clearwater Beach, Fla.

10:00 "Increasing Loan Demand"—Michael Chy, pres., Personal Motivation Institute, Inc., Matteson, Ill.

#### **P.M.**

12:00 Remarks by Jack Emmons, IBA pres. Guest speaker—Jack Buck, voice of St. Louis Baseball Cardinals.

2:00 "Getting to the Truth with Good Communications"—Kent Stickler.

3:30 Workshops:

1. Advantages of Marketing the Secondary Market

2. Quality Management of Loans

4:45 Adjourn.

4:45 Complimentary reception.

**Thursday, Feb. 25**

#### **A.M.**

7:00 Continental breakfast.

7:45 Early bird workshops:

1. Home Equity Update

2. Compliance

8:45 "Sustaining Exceptional Performance"—Art Turock, Art Turock & Assoc., Seattle, Wash.

11:30 Door prize drawing.

11:45 Adjourn. □

### **CBAI Appoints Manning Dir. of Govt. Relations**

The Community Bankers Association of Illinois has announced the appointment of David Manning of Springfield as its director of governmental relations. He has been serving as a special assistant to Illinois State Comptroller Roland Burris and has worked in the Illinois Legislature since 1979.

### **Promoted in McHenry**

Several officers have been promoted at McHenry State Bank.

Edwin J. Becker, Jr. has been named senior vice president, and will supervise operations, investments and facilities. He joined the bank in 1965.

Peter J. Keller, who has been with the bank since 1974, has been named cashier. He formerly served as auditor. Carol Scholle was named acting

auditor.

Keith Leathers and Tom Franger have been named assistant vice presidents in lending. They have been with the bank nine and two years, respectively.

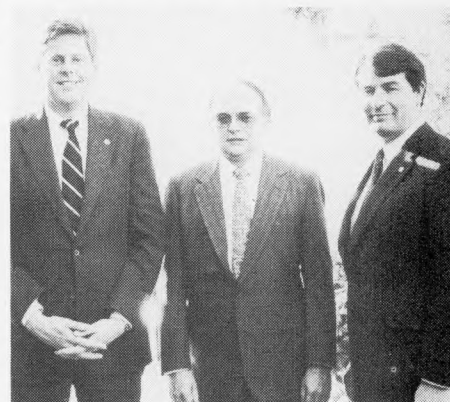
Sharon M. Schmitt has been named assistant cashier. She has been with the bank 15 years and heads the bookkeeping and accounting department.

### **Martin Joins IBA Staff**

James D. Martin, former Deputy Commissioner of Banks and Trust Companies for the State of Illinois, has joined the Illinois Bankers Association as legislative consultant and counsel.

Mr. Martin's responsibilities while serving in the Commissioner's Office included all governmental affairs activities of the agency and the implementation of regional interstate banking in Illinois. He served on the Illinois Task Force on Financial Services in 1985 and 1986 and has been a member of the Illinois State Bar Association's Commercial Banking and Bankruptcy Law Section Council from 1985 to the present.

## Madison Bank Hosts Award Luncheon



James C. Bolton, Jr., s.v.p.-business banking, left, and James R. Lang, pres., right, First Wisconsin National Bank of Madison, hosted a luncheon to announce the 1988 Wisconsin Small Business Person of the Year. Winner David A. Ladd, president of Walnut Hollow Farms, Inc., is pictured center. The award announcement luncheon was held in the Boardroom of the Madison Bank on January 7.

## First Interstate Acquires Lending Subsidiary

First Interstate Corporation of Wisconsin has announced that it completed the purchase of the assets and business of the Milwaukee office of First Interstate Commercial Corporation, an asset-based lending subsidiary of First Interstate Bancorp of Los Angeles. Approximately \$30 million in assets were acquired from First Interstate Commercial Corporation.

## Changes Told in Minocqua

Robert E. Johnson, president of First Wisconsin Bank of Minocqua, retired January 1, ending a career of more than 33 years at the bank. Mr. Johnson has planned to retire since January, 1986, when First Wisconsin acquired the bank, but agreed to First Wisconsin's request to remain during a transition period.

In addition, Patrick E. Bolger, chairman, is retiring after serving more than 23 years on the board.

Succeeding the two men will be Laurance H. Bender as chairman and Dennis J. Bulinski as president.

Mr. Bender previously served as senior vice president of the bank. Before coming to Minocqua, he

WISCONSIN NEWS...  
(Turn to page 37, please)

This acquisition brings the total banking affiliates of Central Wisconsin Bankshares, Inc. to fifteen with assets approximately \$800 million and banking offices in 29 locations. Central Wisconsin Bankshares, Inc. has main offices in the cities of Wausau, Mosinee, Eagle River, Rhineland, New Lisbon, Neillsville, Marshfield, Ashland, Eau Claire, Onalaska, La Crosse, and Plover.

On December 21, Central Wisconsin Bankshares, Inc. announced that it had received shareholder approval for the merger with Marshall and Ilsley Corporation, as announced in July of this year. The company had previously announced that its merger with Marshall and Ilsley Corporation is expected to be completed early in the first quarter of 1988.

## Promoted in Madison

Promotions at First Wisconsin National Bank of Madison announced by James R. Lang, president and chief executive officer of the bank, are: Kenneth A. Poniewaz to senior vice president and cashier, Jennifer N. Kraemer to first vice president and Alan D. Indermuehle to vice president and controller.

Mr. Poniewaz, division manager of the bank's controllers and operations division, had been first vice president and controller/cashier. Ms. Kraemer heads the human resources and community services division of the bank and had been a vice president, and Mr. Indermuehle had been a vice president and assistant controller.

## Named in Eau Claire

Stephen L. LaFontaine has been named assistant vice president and commercial loan officer at First Wisconsin National Bank, Eau Claire. He joined the First Wisconsin Corporation in 1974 and worked at various locations in the Milwaukee area as a loan officer and branch manager. His most recent position was as assistant vice president of commercial lending and business development at First Wisconsin-Waukesha.



S.L. LaFontaine



### Wisconsin Bankers Association

President—Richard P. Klug  
Ex. Dir.—Bryan Koontz

### Independent Bankers Assoc. of Wisconsin

President—Larry Hahn  
Ex. Dir.—Donna Coughlin

## First Wisconsin Acquires Rose Holding Co.

First Wisconsin Corporation will acquire Rose Holding Co., a one-bank holding company in Roseville, Minn. This is the third bank acquisition agreement First Wisconsin has reached in Minnesota this year.

Rose Holding Co. owns the \$127-million Roseville Bank, the largest bank in Roseville, with a 45% market share of bank deposits. Terms of the agreement call for First Wisconsin to pay \$19.2 million in First Wisconsin common stock for the bank.

Following approval of bank regulatory authorities, the Rose acquisition should be completed in the second quarter of 1988. A definitive agreement has been signed by representatives of both companies. The bank's name and staff will remain the same.

## Central Wis. Acquires Peoples, to Merge with M&I

William H. Rodd, chairman, and Franklin J. Zagzebski, president of Central Wisconsin Bankshares, Inc., a multi-bank holding company headquartered in Wausau, along with Walter Diercks, president of Peoples' Bancshares of Antigo, Inc., have announced that 99% of Peoples' shareholders had accepted Central Wisconsin Bankshares, Inc. offer to acquire a controlling interest in the Peoples' Bancshares of Antigo, Inc. The transaction was expected to be completed in January of 1988.

# North Dakota

North Dakota Bankers Association  
 President—John W. Pierson  
 Exec. Dir.—Harry J. Argue

Independent Community Bankers of N. Dak.  
 President—C. V. Folkert  
 Exec. Dir.—Arlene Melarvie

## NDBA to Sponsor Loan Documentation Seminar

The North Dakota Bankers Association will sponsor an Advanced Loan Documentation Seminar on February 26 at the Kirkwood Motor Inn in Bismarck. The course has been approved for six Continuing Legal Education Credits. Registra-

tion/continental breakfast is at 8:30 a.m. and the workshop runs until 4:15 p.m. Fee is \$115 per person before February 12 and \$150 after. For more information contact the NDBA office.

## Elected in Grand Forks

Bill G. Lee has been elected president of Community National Bank of Grand Forks. He most recently served as executive vice president of commercial lending. Mr. Lee previously was with the First Bank of Fargo as well as the State Bank of Lakota.



B.G. LEE

## Named in Valley City

First National Bank of Valley City has named Doug Anderson cashier and vice president of opera-

tions. He joined the bank in 1984 as assistant cashier and was later promoted to cashier and operations officer. Prior to that, Mr. Anderson worked as a computer programmer/analyst for North Dakota State University.

## Promoted in Bismarck

Launa Moldenhauer has been promoted to vice president of Kirkwood Bank & Trust Co. of Bismarck. She joined the bank in 1978 as marketing representative. She had been employed previously by the Farmers & Merchants Bank of Sheyenne. Ms. Moldenhauer managed the bank's Kirkwood Mall Station from 1980 to 1983 and has been in the loan department since that time.



L. MOLDENHAUER



## ICBND Makes Banking Easier to Bear

**B**ANKERS and the moratorium... bankers and management strategies...bankers and loan documentation—all reasonable pairings. But bankers and *teddy bears*?

The 1987 Annual Convention of the Independent Community Banks of North Dakota brought together this interesting couple of groups when bankers and bears met in Bismarck. The ICBears greeted attendees in their rooms at the Kirkwood Motor Inn, and served as convention "mascots."

"I like to do what the conventioners won't expect," says Arlene Melarvie, ICBND executive director and the brain behind the bears. For the 1985 convention she arranged for each attendee to be greeted with a pillowcase bearing the words "Welcome from the ICBND." Bankers were told they could complete their pair of matching pillowcases by attending again in 1986.

For 1987, Ms. Melarvie sought a related welcome gift and thus came up with the idea of a stuffed animal.

"All people have a child instinct in them and love stuffed animals," she explains. She set out to audition stuffed toys with the primary qualification being "cuddliness." The Santa Bear used by Dayton's department store was Ms. Melarvie's model and led her to Animal Fair of Minnesota, which provided the bears. T-shirts were printed separately.

A human-sized ICBear also greeted convention guests, and passed out coupons from the North Dakota Mental Health Association "good for one hug."

The bears proved so popular that the ICBND plans to use them in various capacities in the future. When Governor Sinner's wife decorated their house with bears for Christmas, the association naturally presented her with an ICBear for her collection. Other appearances by the bankers' bear are in the works.

Ms. Melarvie believes the value of the ICBears is that they meet a need for humor in the workplace. She says, "The banking industry is changing so rapidly...bankers are saying banking isn't fun anymore. I wanted to help keep things a little lighter."

In Bismarck, bankers embraced the bears wholeheartedly, plush to pinstripes, proving Arlene Melarvie is right: "Life is never so serious you can't take time to laugh." □

## Added in Dickinson

Three new staff members have joined Community First National Bank and Trust Company of Dickinson.

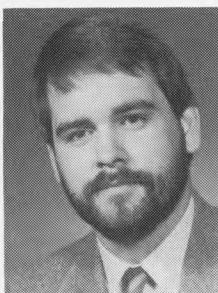
Estelle Wolberg will serve as cluster auditor in the bank and affiliate banks in Lemmon and Hot Springs, S. Dak. She was pre-



E. WOLBERG



M. GANNON



B. WOLFE

viously associated with Northwestern Bank and Trust Company, Helena, Mont., and with the Federal Reserve Bank of Minneapolis.

Mark Gannon will serve as a key

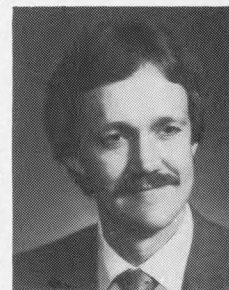
support resource to management and lending personnel at the bank and affiliates in Lemmon and Hot Springs. He previously served at Production Credit Association in Belle Fourche and Rapid City, S. Dak. and as assistant vice president—senior loan specialist for the First Bank System.

Brian Wolfe has joined the bank as retail banking manager. He has been employed by First Bank, East Grand Forks for the past four years, most recently as manager of the retail banking department.

be used in lieu of a handwritten report or sending a copy of the IOLTA account statement. Also, interest remittances can now be electronically transferred by a majority of the state's banks into the North Dakota Bar Foundation, Inc., IOLTA Account, which is maintained at the Bank of North Dakota in Bismarck. The account number is 45-00-897.

## Appointed in Bismarck

At Bismarck State Bank, Jerry Hauff has been appointed assistant vice president/commercial loan officer. Prior to his employment with the bank, Mr. Hauff worked as a secondary vocational agricultural instructor for Killdeer Public Schools



J. HAUFF

and adult farm management instructor for Und-Williston branch. He also worked as an agricultural credit loan officer, commercial credit loan officer and branch manager for Farm Credit Services of Bismarck/Mandan.

## IOLTA Update

Penny Barry, IOLTA Coordinator for the North Dakota Bar Foundation, has replied to recent concerns of banks participating in the program.

In the case when service charges on IOLTA accounts exceed accrued interest, banks should bill the North Dakota Bank Foundation/Lawyer Trust Account Committee to cover excess charges.

Concerned over detailed reporting requirements for the IOLTA program, the Bar Foundation is drafting a uniform statement which can

## WISCONSIN NEWS...

(Continued from page 35)

served as a vice president at Northern Trust Company, Chicago, in the bond department.

Mr. Bulinski has spent his entire career of 23 years at the bank, working his way up from teller to vice president in charge of lending. In 1978, he was elected to the board of directors.

Honors for the longest association with the bank go to Mr. Johnson, 56, who joined it as a bookkeeper in 1954. He became a teller later that year, an assistant cashier in 1959, a vice president and director in 1964, executive vice president and cashier in 1970 and president in 1978.

Mr. Bolger joined the bank as a director in 1964, was named a first vice president in 1965, president in 1968 and chairman in 1976.

## Valley Announces Changes

Valley Bancorporation has announced several staff changes.

James J. Mueller has been named vice president/office manager of the corporate services offices of Valley Trust in Madison. Previously he was vice president of Valley Trust Company, Madison.

Also named vice president/office manager in Madison was Joan A. Burke, who will manage the personal trust office. She has been with the Valley organization for 19 years.

Kurt R. Mueller has joined Valley Trust in Green Bay as assistant vice president and trust officer. Prior to joining Valley, he was a trust officer with the Marine Trust Company in Neenah.

At Valley Systems, Inc., Appleton, Jane Kolosso has been appointed Vboss education coordinator. She will train all Valley Bank employees in Vboss, a financial automation software package designed by Valley Systems. Ms. Kolosso was previously an elementary school principal in Green Bay.

Also at Valley Systems, William Gerend has joined the company as a programmer analyst. Previously he

was data processing manager for the Radford Company in Oshkosh.

## WBA to Hold Personal Banking School, March 6-12

The Wisconsin Bankers Association's Personal Banking School will be held March 6-12 at the Westwood Conference Center in Wausau. This 200-level course is an intensive program developed for bankers who have a basic understanding of matching bank services to customer needs. It will provide tools and techniques for bankers to successfully sell and cross sell financial products.

Courses for 1988 include Understanding the Customer, Selling Bank Services, Products and Services, Awareness of Competitors, Tax Planning Principles, Investment Management and Development of Financial Objectives.

The registration deadline for this school was February 5. However, future sessions will be held. For more information, contact the WBA office.



#### South Dakota Bankers Association

President—Larry Ness  
Exec. V.P.—J. M. Schwartz

#### Independent Community Bankers of S. Dak.

President—R. Kent Thompson

### Elected in Sioux Falls

First Bank of South Dakota,

N.A., Sioux Falls, has announced officer elections. Cathy Galindo and Pamela S. Rippentrop have been elected consumer product officer; Lisa M. Maurer, account officer, and Cynthia M. Reiter, real estate product officer.

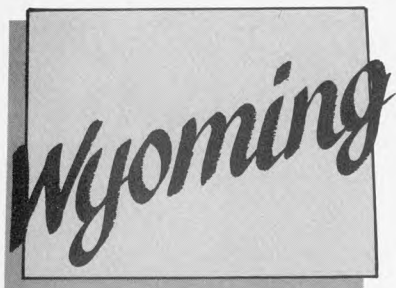
Ms. Galindo joined the bank as a bookkeeper at South Branch in 1969. Ms. Rippentrop came to the bank in 1979 and has held various positions in secretarial, telemarketing and customer service. Both most recently served as consumer product specialists.

Ms. Maurer joined the bank in 1986 as a banking officer trainee and was named account specialist in the

client area last July. Ms. Reiter came to First Bank in 1985 as a mortgage loan processor. She was named a consumer product specialist last July.

### Retired in Fulton

Wayne Slade has retired from Fulton State Bank. He began working at the bank in 1949 and has held many offices and served as a director. He will continue in that capacity as well as serving as a consultant to the bank. An open house was held in his honor at Fulton State Bank on January 27-29.



#### Wyoming Bankers Association

President—William Ruegamer  
Exec. Dir.—Gretchen Tea

### Shoshoni Bank Closed

The First State Bank in Shoshoni was closed on December 18. The FDIC approved the transfer of insured deposits and fully secured or preferred deposits of the bank to First State Bank of Thermopolis. At

the time the bank closed, its deposits totalled about \$4.1 million and its assets totalled about \$5.1 million. The Shoshoni bank's sole office will not reopen.

### Added in Cheyenne

Neil Severinson has joined Northwest Bank Cheyenne as vice president/manager of the trust department. He previously served as vice president and trust division manager at the Central Bank of Grand Junction. Mr. Severinson's 15-year career in the trust area includes being vice president and trust officer and First National Bank of Boulder and Central Bank of Colorado Springs.

In addition, B. Neving Clune, Jr. has joined the bank staff as em-

ployee benefits officer in the trust department. Mr. Clune has 16 years of experience in trust services and operations, including four years as employee benefits officer at First Trust Company of Montana in Billings.

### Promoted in Sheridan

Carla J. White has been elected cashier at Sheridan National Bank. Ms. White was one of the original staff members when the bank opened in 1984, and began as a part-time bookkeeper. She became operations officer in 1985 and was elected assistant vice president later that year. Prior to joining the Sheridan Bank, she was employed by the Bank of Laramie for 11 years.



#### Montana Bankers Association

President—James Bennett  
Exec. V.P.—John T. Cadby

#### Montana Independent Bankers

President—Sidney K. Brubaker  
Ex. Sec.—Joseph E. Thares

### MBA Offers IRA Seminars

The Montana Bankers Association will sponsor two IRA seminars

on February 25 and 26 at the Sheraton Hotel in Billings. Both will be conducted by Universal Pensions, Inc.

"Essentials of IRAs," on the 25th, is a beginners seminar suited for officers, front-line and newly placed IRA personnel, or as an update or refresher course for experienced managers.

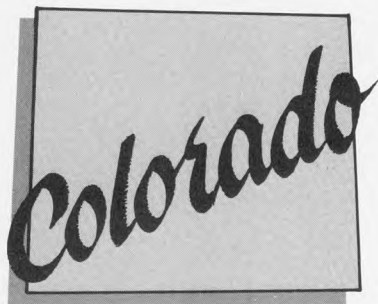
"IRAs Today," on the 26th, is designed to look at more complex issues the bank faces with an IRA program. Emphasis will be placed on the latest IRS interpretations on issues such as required minimum distributions for account-holders aged 70½ or older, beneficiary options under new regulations, application and effect of the Tax Reform Act of 1986, proper com-

pliance procedures, and recent changes to IRS Forms 5350 and 5350-A.

For more information on these seminars, contact the MBA.

### Elected in Billings

At First Interstate Bank of Billings, Susan M. Riplett and Gregory L. Schmidt have been elected assistant vice president. Ms. Riplett, a.v.p. in commercial lending, started with the bank in 1981 and previously was a commercial lending officer. Mr. Schmidt joined the bank in 1983 and had also worked in Seattle, Wash. and in Los Angeles and San Francisco in group insurance and pension plans. He was elected a.v.p. and trust officer.



Colorado Bankers Association  
President—Jon Coates  
Exec. V.P.—D.A. Childears

Independent Bankers of Colorado  
President—W. Drew Lamoreux  
Exec. Mgr.—James P. Thomas

## First Interstate of Denver Elects Officers

The Board of Directors of First Interstate Bank of Denver has announced the recent promotion and election of 29 officers.

Roberta L. Butterly and Edward S. Claunch were elected senior vice presidents in trust banking services.

Ms. Butterly, who joined the bank in 1964 as an accounting clerk, is manager of trust operations.

Mr. Claunch, who joined the bank in 1974 as a senior trust officer, is now responsible for the bank's trust and related services to employee benefit, foundation, endowment and other specialized tax-exempt institutional accounts.

Officers elected to vice president are Ronald L. Schacher, corporate banking; Mark E. Thompson, corporate banking; Charles W. Bazylak, vice president; and Dennis E. Baker, legal services.



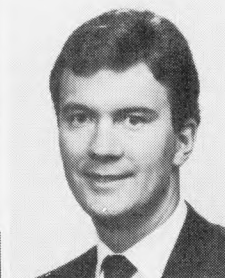
R.L. BUTTERLY



E.S. CLAUNCH



R.L. SCHACHER



M.E. THOMPSON

Mr. Schacher joined the bank in 1985 as an assistant vice president in the agri-business department.

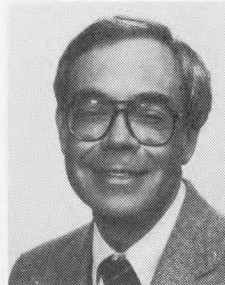
Mr. Thompson joined the bank in 1985 as an assistant vice president in energy banking.

Mr. Bazylak, who joined the bank in 1969 as a loan officer in the dealer loan department, now manages loans in the credit administration/special assets area.

Mr. Baker, who joined the bank in January 1986 as assistant vice president and counsel in the legal division, is now vice president and counsel. From 1983 to 1986, Mr. Baker was assistant regional counsel for First Interstate Bancorp.



C.W. BAZYLAK



D.E. BAKER

Elected to assistant vice president were Jean A. Weaver, cash management services; Mary Beth Bochsler, corporate banking; Heidi I. Heidrich, corporate banking; John R. Mallory, legal services; Mark D. Perkins, loan review; Paul L. Chiarelli, retail banking; Terry L. Reiff, treasury; and Barbara H. Bleakly, trust. Cheryl C. Gordon and Mary Jane Simmons were elected senior trust officer.

Newly elected officers are Janet H. Wilhelm, cash management services; Debra L. Bray, corporate banking; Kevin F. Brunkow, corporate banking; John P. Flanagan, international banking; Thomas C. Wallace, corporate banking; Pamela J. Smith, loan review; Peter W. Forbes, Terrel F. La Roche, Philip F. Lankford and Shawn M. O'Neal, investments; and Marji A. Carlstedt, Suzanne M. Flavin, and Glenn T. Rippey, trust.

## United Bank of Denver Promotes Eight

Richard A. Kirk, chairman and chief executive officer of United Bank of Denver, has announced the promotion of eight employees. David B. Kinney and Marlene K. McDaniel were promoted to vice president. Martha A. Sullivan and

Cheri A. Whalen were named assistant vice president. Randilyn L. Buck was promoted to corporate trust officer, James T. Martin to investment banking officer, Charlotte T. Petersen to investment officer and Candace G. Spaid to consumer banking officer.

Mr. Kinney joined United Bank of Denver in 1981 and currently is a fixed income manager and senior management analyst with Capital Management. Ms. McDaniel joined the bank in 1981. She works in marketing services as manager of sales support and training.

Ms. Sullivan currently works in check services. She joined United Bank of Denver in 1985. Ms. Whalen, who works in asset management services' real estate investments area, joined the bank in 1983.

Ms. Buck, previously with United Bank of Grand Junction, joined United Bank of Denver this year. She works in the corporate trust services division of asset management services.

Mr. Martin joined the bank in January of this year. He currently works in investment banking. Ms. Petersen, an investment analyst with United Capital Management joined the bank in 1986. Ms. Spaid, who works in credit approval, joined United Bank of Denver in 1978.

## Deluxe Completes Purchase Of Current, Inc., of Colorado

Deluxe Check Printers, Incorporated, St. Paul Minn., has announced that it completed the acquisition of Looart Press, Inc. and its operating subsidiary, Current, Inc. from Primerica Corporation on December 31, 1987, for approximately \$180 million in cash. Current is expected to have sales of more than \$125 million in 1987.

"Our interest in Current goes back several years," said Harold V. Haverty, president and CEO of Deluxe. "Current is a leading direct mail marketer of greeting cards, stationery and related products. The acquisition ties in with Deluxe's interest in selling products through direct mail."

Current, which is based in Colorado Springs, is the nation's largest direct mail marketer of greeting cards. It also produces and sells a variety of quality stationery and related products for personal and household use.



**A lot of folks  
want to be your  
correspondent  
banker.**

**We want  
to establish  
a partnership.**

At NBC we call it relationship banking and it means more than loans, computer work, investments and cash letters.

It means people.

People with expertise and an interest in your success. People who honor their commitments and stand behind the service they offer.

That means not just looking for the easy solution but the best one. It means a willingness to reconsider a position when the situation merits it.

Relationship banking also means that, unlike other correspondents, we don't compete directly for business with the banks we serve. The relationship is too important to us.

Of course, the relationship we're seeking also includes providing the full range of correspondent products and services you expect, from check clearing and cash management to investment services and complete regulatory compliance and forms processing.

If this kind of correspondent service makes as much sense to you as it does to us, we'd like to talk with you, because the first step in any successful business relationship is a get-acquainted session.

Call us at (402) 472-4115. We'll tell you a lot more. Just as important, we'll **listen** to you.

**NBC**  
**National Bank of Commerce**

NBC Center / 13th & O / Lincoln, NE 68508  
Phone (402) 472-4115 / MEMBER FDIC



# Nebraska

## Nebraska Bankers Association

President—Donald E. Blaha

Exec. V.P.—Stan Matzke, Jr.

## Nebraska Independent Bankers Association

President—James A. Bohart

Exec. V.P.—Kurt Yost

### Giltner Reappointed to Advisory Council

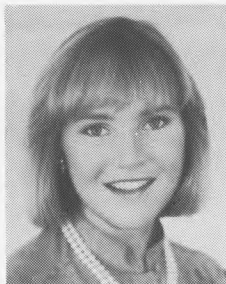
F. Phillips Giltner, vice chairman of the First National Bank of Omaha, has been reappointed as the Tenth Federal Reserve District representative to the Federal Advisory Council. The 12-member Council is composed of leading bankers from across the nation who meet quarterly to advise the Board of Governors of the Federal Reserve System in Washington, D.C. Mr. Giltner was named to the post by the Federal Reserve Bank of Kansas City.



F.P. GILTNER

### Promoted in Springfield

Karen J. Greenawalt has been promoted to vice president and cashier and elected to the board of directors of the Springfield State Bank, Springfield. She joined the bank last June as cashier and loan officer. Prior to that, she was a loan officer at the Union Bank & Trust Co. of Lincoln.



K.J. GREENAWALT

### Changes Told in Ralston

Steven G. Getzfrid has joined the staff of the Ralston Bank, Ralston, as an operations officer. His prior experience was with Citizens State Bank, Lincoln; Occidental/Nebraska Federal Savings and Loan, Fremont, and most recently as a bank examiner with the State of Nebraska Department of Banking and Finance.

Patricia J. Stamm has been appointed a loan officer for the bank. She joined Ralston Bank in 1979 and has worked in several areas including customer service, loan secretary and loan administration.

### Fuss Honored for 40 Years at North Loup Valley Bank

On December 17, Wilbur Fuss was honored by North Loup Valley Bank in North Loup for his 40 years of service on the bank's board of directors. Mr. Fuss was an original stockholder of the bank and was unanimously appointed to the board on May 2, 1947.

The board adopted a resolution honoring Mr. Fuss and presented him with a clock-pen desk set. He will continue to serve as a director of the bank.

### Wisner Bank Observes 100th Promotes Two

The Citizens National Bank of Wisner will celebrate their centennial on October 17, 1988. A number of events have been planned throughout the year to mark the occasion, including an open house in October.

The bank has promoted Vice President Jeff Johnson to president, and Assistant Vice President Sandra Stigge to second vice president.

### Elected in Cook

Lynn C. Hazen and Lori J. Panko have been elected officer of the Farmers Bank of Cook. Ms. Hazen will serve as loan officer, with primary responsibility for student and personal loans. She has been with the bank four years in loan administration. Ms. Panko will be operations officer, with duties in customer service, accounting, IRAs and CDs. She joined the bank in 1982 and has been a teller and loan assistant.

### Promoted in Bellevue

First National Bank of Bellevue has promoted Terry L. Zaback and Bernie Pilachowski to vice presidents and Kathleen K. Bagley to cashier. All three were previously assistant vice presidents. Mr. Zaback will manage commercial lending and Mr. Pilachowski will manage installment lending. Mrs. Bagley will serve as personnel officer and supervise bank operations.

### Shickley Bank Observes Centennial

This past October, the Shickley State Bank celebrated 100 years of service. On October 25 the bank hosted a pork chop supper for over 400 customers and area residents, followed by a free dance.

## NIBA Holds Legislative Dinner



THE Nebraska Independent Bankers Association sponsored its annual Legislative Dinner in Lincoln last month. Thirty dignitaries and over 100 guests were in attendance for the evening affair which included a reception, dinner and brief program. Taking part in this year's program were, from left: Lt. Gov. Bill Nichol; NIBA Pres. Jim Bohart, exec. v.p., Harvard State, and Sen. Bill Barrett, speaker of legislature, Lincoln.



## Omaha

**Dale Heimann** has resigned as president of Douglas County Bank & Trust Co. to pursue other business interests. He served as president since 1979. During his tenure the bank's assets increased from \$57 to \$147 million, capital and reserves grew from \$4.4 to \$11.7 million, and deposits surpassed \$5 million. The bank opened new facilities at 145th and West Center Road and at 93rd and West Dodge during this period.

**Deryl Hamann**, currently chairman of the executive committee, will assume the position of chief executive officer. He is an attorney with the Baird, Holm law firm and chairman of four other banks. A search is being conducted for a new president.

\* \* \*

**Cynthia R. Swoopes** and **Martin G. Simon** have been named operations officers at Norwest Bank Nebraska.

While attending the University of Nebraska, Ms. Swoopes worked at



C.R. SWOOPES



M.G. SIMON

the bank as a teller and was later hired as a regional development trainee. Most recently she served as the second shift output services supervisor.

Mr. Simon joined the bank in 1965 as a sorter and computer operator, was promoted to shift supervisor in 1969, and is now third shift output services supervisor.

\* \* \*

Record Data, a subsidiary of TRW, Inc., has announced the appointment of **Patrick W. Beck** to state manager/operations for its Nebraska Regional Service Center which services Nebraska and Iowa.

Mr. Beck has held positions as plant manager and chief title officer for several major title companies in Texas before joining Record Data last October.

Record Data's Nebraska Regional Service Center is located at The Exchange Building, 1905 Harney Street, in Omaha.

## FDIC Will Close Omaha Liquidation Office

The FDIC plans to close its Omaha bank liquidation office June 30 and transfer to the Kansas City office the \$145 million in assets that are in the hands of the Omaha office. The liquidation office was set up in 1984 to handle the growing load of liquidation of loans and other assets acquired from 34 banks that failed in Nebraska and Iowa in a four-year period of time. From 1983 through 1987, Nebraska lost 31 banks to bankruptcy, with a peak of 13 in

1985 and six each in the past two years. Iowa lost 30 banks in the same period, losing 3 in 1984, 11 in 1985, 10 in 1986 and 6 in 1987.

The Omaha liquidation office has 180 employees hired on a temporary, contractual basis. An FDIC spokesman said some would be transferred to other FDIC liquidation offices, while the rest of the staff would be terminated.

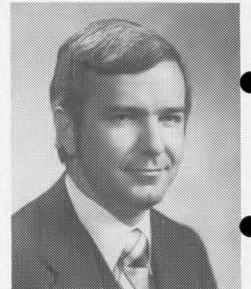
## Robert E. Harris Joins Texas Bankers Association

Robert E. Harris joined the Texas Bankers Association February 1 as executive vice president. Mr. Harris held the same post with the Oklahoma Bankers Association for the past seven years.

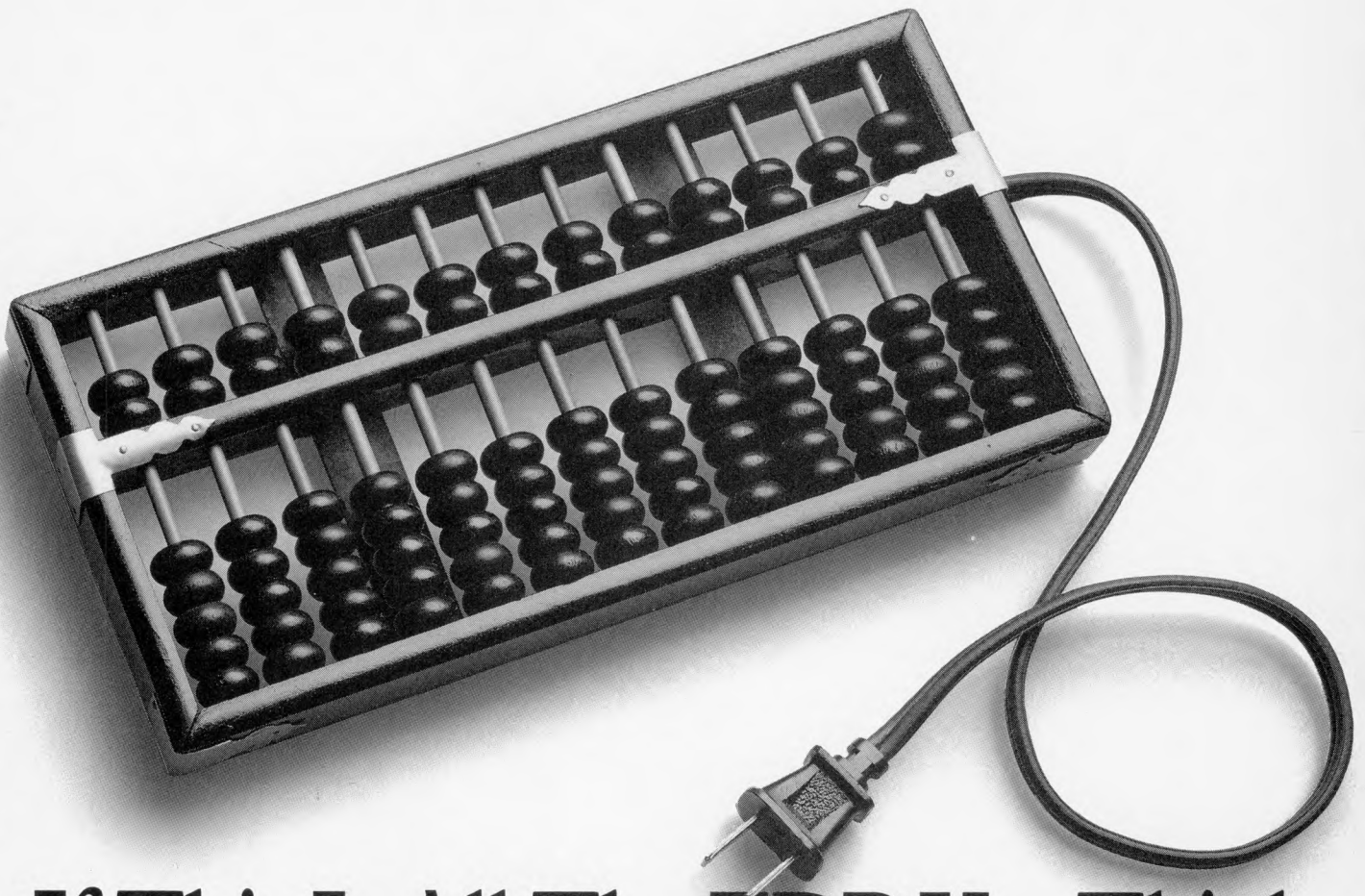
Prior to that, his business career was centered in his home state of Nebraska. Born in Holdrege, he attended the University of Nebraska, McCook Junior College and Kearney State College. Mr. Harris began his career as an agriculture news writer for the *Hastings Daily Tribune*, later joining Kansas-Nebraska Natural Gas Company in Hastings as manager of public relations and governmental affairs.

Mr. Harris joined the staff of the Nebraska Bankers Association in October, 1974, as executive vice president, serving in that position until his election August 1, 1979, as senior executive vice president of First National Bank & Trust Company of Lincoln (now First Tier Bank, N.A.).

A year later he resigned that position to accept appointment September 15, 1980, as executive vice president of the Oklahoma Bankers Association. Mr. Harris said at that time he felt he could best serve the industry as a banking trade association executive rather than through an individual bank. His subsequent leadership activities with the OBA, as well as his previous work with the NBA, have brought him nationwide recognition. He was instrumental in the founding of BancInsure, an insurance outlet now owned by several state banker associations throughout the midwest.



R.E. HARRIS



# If This Is All The EDP You Think You Can Afford, We Need To Talk.

A powerful, modern, top-of-the-line electronic data processing system is *not* beyond your reach, regardless of the size of your institution.

We have one for you. Two, in fact.

First National Bank of Omaha's Information Processing System is as versatile, efficient and powerful as you'll find anywhere. And it's available to you. Dozens of banks are already linked with us electronically to receive the full competitive benefits of this state-of-the-art service.

Our In-House Processing System, established in your institution, is fully controlled by your management and functions on your timetable. Staff time is conserved, overhead reduced, processing costs stabilized and services improved. It's designed for optimum efficiency in financial institutions of varying sizes and requirements.

Our EDP services are your most affordable and valuable option. Give us a call; we need to talk.

Michael J. Dooley • National Marketing Director • First National Bank of Omaha  
One First National Center • Omaha, Nebraska 68102 • (402) 341-0500



first national bank  
of omaha

one first national center  
omaha, nebraska 68102



## Lincoln

**N**ORWEST Corporation reported January 28 it has filed an application with the U.S. Comptroller of the Currency to charter a national bank in Lincoln.

The new bank, Norwest Bank Nebraska/Lincoln, N.A., will be Norwest's first banking facility in Lincoln, the state capital.

Norwest announced last year that it intended to enter the Lincoln market, either through acquisition or with a de novo charter. Its state-wide bank, Norwest Bank Nebraska, has 15 banking offices in Grand Island, Hastings, Norfolk and Omaha. Other Norwest subsidiaries with offices in Nebraska include Norwest Financial, a consumer finance company, and Norwest Mortgage, a residential real estate mortgage lender.

In the Lincoln application, Norwest designates Paul D. Kadavy as president and chief executive officer of the new bank. He was senior vice president of Norwest Bank Nebraska, based in Omaha.

Mr. Kadavy said that although the application is subject to regulatory approval, he expects the bank to be fully operational sometime this spring and that a grand opening will be planned for mid-year.

He said the bank will occupy approximately 8,850 square feet of leased space on the first two floors of the historic CenterStone Building in downtown Lincoln.

Mr. Kadavy moved to Lincoln last August to begin preparations for the new bank. A native of



P.D. KADAVY

Omaha, he joined Norwest in 1969 at Norwest Bank Omaha. He has bachelor's and master's degrees from the University of Nebraska/Lincoln.

\* \* \*

At Vistar Bank, Vice President **Curt Denker** has been promoted to manager of the commercial/executive lending department. He has been with the bank since 1983, and in banking for 11 years.

Manager of Consumer Lending **Michael L. Mattson** was elected consumer loan officer at Vistar. Loan Analysis Department Manager **Scott A. Meradith** was elected loan analysis officer. Manager of Support Services Operations **Valerie Meyer** was elected operations officer.

\* \* \*

At FirstTier Bank Lincoln, **John P. Perkins** has been appointed vice president—loan administration. He will be responsible for loan development, planning and asset quality for the bank's five lending divisions.

Vice President **Rodney R. Johnson**



J.P. PERKINS



R.R. JOHNSON



M. BREDOW

son will assume the duties of corporate banking manager previously held by Mr. Perkins.

In addition, **Marjorie Bredow** was elected vice president. She is manager of the bank's cost accounting department.

Mr. Perkins joined FirstTier Lincoln in 1968. After two years in the central credit department, he joined the commercial lending division.

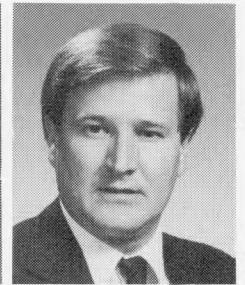
Mr. Johnson joined the commercial division in 1985, and Ms. Bredow came to the bank in 1967.

\* \* \*

**Hugh Hansen** has been elected president and chief operating officer of First Commerce Bancshares, Inc. He has been affiliated with the organization more than 28 years, serving as executive vice president since 1978. His primary responsibility has been for the system's total loan portfolio.



H. HANSEN



S. BARTRUFF

During his tenure with First Commerce, Mr. Hansen has served as president and CEO of three First Commerce affiliated banks—First National Bank of Kearney, Overland National Bank of Grand Island, and North Platte State Bank, as well as senior vice president of First National Bank & Trust in Fremont. He was graduated from Midland College in Fremont.

The First Commerce Bancshares board also promoted **Stuart Bartruff** to senior vice president in charge of credit administration. His primary responsibility is to provide analysis and staff support to NBC as well as other First Commerce banks. Mr. Bartruff joined the National Bank of Commerce in 1979 as a loan analysis officer. He transferred to the Overland National in 1983, serving there as vice president and ag loan officer. He returned to NBC in 1985 as vice president in charge of loan service administration. He is a graduate of the University of Nebraska.



# Nebraska ad campaign accentuates the positive!

A unique advertising campaign designed to tell the people of Nebraska more about Nebraska was unveiled last month by the Nebraska Press Association and the Nebraska Bankers Association, the campaign's primary sponsors.

"In Nebraska, we are fortunate to have a state that is productive, well-educated, healthy, physically attractive, and successful in ways we often don't even recognize," said Gov. Kay Orr, who was the special guest at a reception held to launch the campaign.

"These ads should cause all Nebraskans to be even more aware of our many successes as a state and to feel proud of our many accomplishments," she said.

The campaign, consisting of a series of six newspaper ads which will be carried as a public service by the 203 daily and weekly newspapers across Nebraska over the next several months, was specifically created to enhance the pride Nebraskans should have about their home state.

The campaign was conceived and developed by Bailey Lewis & Associates, a Lincoln-based advertising agency which donated its creative time on the campaign. The Nebraska Bankers Association paid the \$12,000 production costs for the ads, and the Nebraska Press Association is supporting the effort by asking its membership to provide space in their newspapers to run the ads at least one time each.

"The press often is accused of focusing on the bad news and downplaying all the good things that are happening," said Arlen Miles of O'Neill, president of the Nebraska Press Association. "With this campaign, community newspapers throughout Nebraska will be printing what we're always being asked to print — more good news," he added.

"We hope this ad campaign will encourage Nebraskans to develop a statewide spirit of unity and pride," said Jim Lauerma, president of Bailey Lewis & Associates. The theme of the campaign is "Let's Get Into A Positive State."

NBA President Don Blaha, president, First National Bank of Ord, said the bankers association reacted very positively to the ad campaign when it was first presented last summer. "The ads do a good job of presenting facts and figures about our state that we all need to be more aware of," said Mr. Blaha.

Bailey Lewis & Associates worked closely with the Nebraska Department of Economic Development in

putting together the information presented in the ads, which deal with various aspects of the state's economy.

In the fine print of the ads pictured with this article are some positive, telling statistics about Nebraska. For example, these Nebraska facts are featured:

- "Let's All Support..." (top left). Ranks among top five states in cash receipts for ag commodities. Recently produced a record 954 million bushels of corn (11% of U.S. total) with total cash crop marketing of \$3.3 billion and \$4.6 billion in livestock marketing. Cattle and calf production is 12 percent of U.S. total, placing Nebraska second only to Texas.

- "Graduate Level..." (top center). Graduation rate of high school students second highest of any state in nation. Students score among top six of all states on SATs. Ranked 15 among states in spending for education in grades 1-12.

- "America Has A..." (top right). Sixth highest life expectancy rate in nation (73.88 years). Third in ratio of hospital beds to population, with medical costs only 73% of national average.

- "Among the Things..." (lower left). Over 763,000 Nebraskans currently at work in the state; unemployment of only 5%. Over past five years, 53,000 new jobs created.

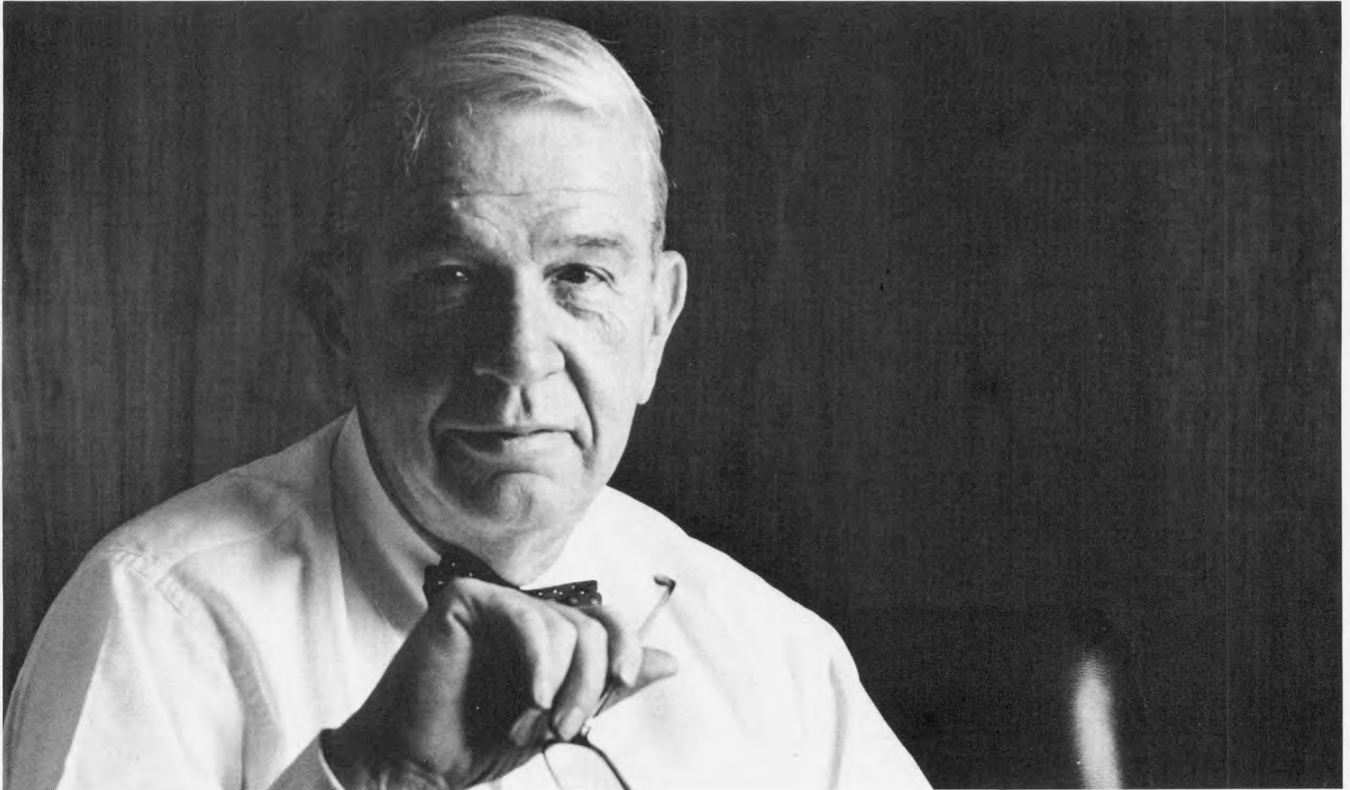
- "Hard Work..." (lower center). More than 16 million nonresidents travel through the state each year, contributing \$1.3 billion to the economy. Tourism is third largest industry of the state, increasing 30% since 1980 and employing 35,000.

- "Just Imagine..." (lower right). The good news: 9.8% growth in metro employment in past two years alone. Designated as second best manufacturing environment in contiguous 48 states. Ag production of \$8 billion ranks Nebraska #5 nationally. Passage of tax incentive legislation has produced company investments of over \$1 billion and over 9,100 new jobs. 25% growth in state's service industries.

The ads feature this credit line listing the participants in the campaign: "A message on behalf of Nebraska presented by this Newspaper, the Office of the Governor, and your hometown FDIC insured Full-Service Bank. Created by Bailey Lewis & Associates, Lincoln and Omaha."

The Nebraska Bankers Association mailed copies of all six ads in the campaign to CEOs of Nebraska banks last month.

# Banking on common ground



John Chrystal, Chief Executive Officer, Bankers Trust

**I**t's easier to talk Iowa banking with people who live it. People like John Chrystal and the correspondent staff at Bankers Trust.

We understand, first hand, the needs of your bank — and your customers. Just as we understand the many challenges facing Iowa banking, today.

Like you, we have a stake in Iowa, and Iowa banking. So when you need the services of a correspondent bank, talk to the people who speak your language. Bankers Trust.

## Call us for a complete range of correspondent banking services.

### TRUST SERVICES

Investment Management  
Individual/Corporate Services

### INTERNATIONAL BANKING

Full line of International Services

### INVESTMENTS

Bonds  
Fed Funds  
CDs

### COMMERCIAL

Loans  
Bank Acquisition Loans  
Overlines & Participations

### OPERATIONS

Banking Systems Processing  
ATM & Debit Card Support  
Cash Letter Processing  
Remote Processing Support

Call 1-800-362-1688 or 515-245-2424 • Seventh and Locust • Des Moines 50304

*We Believe in You.*  
**Bankers Trust**

Member FDIC



**Iowa Bankers Association**  
 President—Clair Lensing  
 Exec. V.P.—Neil Milner

**Iowa Independent Bankers**  
 President—Tom Huston  
 Exec. Dir.—Diane Gibbs

### Consumer Credit School Set for March 20-25

The Iowa Bankers Association Consumer Credit School will be held March 20-25 at Drake University in Des Moines. This 200-level school was developed in cooperation with the American Bankers Association. It is designed to give students a knowledge of consumer credit as an integral part of retail banking; deepen comprehension of the managerial aspects of consumer credit operations, especially loan portfolio management, and develop and refine students' administrative and human relations skills.

Tuition for the school is \$700, which includes room, meals, casebook and study materials. For more information, contact the School Registrar at the IBA office.

### Added in Hampton

Kevin W. Krause recently joined the Hampton-based First Midwestern Financial Corporation as vice president. He has a degree in finance and a law degree from the University of Iowa. Mr. Krause will serve as a legal advisor as well as assist in the consultation of the corporation's nine subscribing banks. He previously served as Franklin County Attorney.

### Advanced in Bussey

At the State Bank of Bussey, Cashier Linda Furman has been promoted to vice president. She is succeeded as cashier by Assistant Cashier Jaci Rozenboom. LeAnn Powers has been promoted to assistant cashier. The three have been on the bank staff for 12, 11 and eight years, respectively.

## Bank Management Conference, Legislative Reception to Be Held

**T**HE Iowa Bankers Association will present its Bank Management Conference and Legislative Briefing & Reception on March 9-10 at the Marriott Hotel in Des Moines. Senior bank officers are encouraged to attend these two important gatherings.



H. PROCHNOW

Heading up the list of speakers for the Bank Management Conference is Dr. Herbert V. Prochnow, former president of The First National Bank of Chicago and founder and first director of the Graduate School of Banking in Madison, Wis.

The legislative briefing/reception will provide the opportunity for bankers to meet with legislators as well as be updated on current legislative issues. Majority and minority leaders from both chambers as well as a number of Iowa's administrative officials have been invited to attend.

Fee for both programs, one breakfast, two luncheons, reception and handouts is \$175 for members, \$200 for subscribers and \$225 for non-members. Fee is \$20 additional at the door. For the Legislative Reception only, fee is \$25 for members, \$35 for subscribers, \$50 for non-members and \$25 for spouses.

### Wednesday, March 9

**A.M.**  
 9:00 Registration opens.  
 10:00 Welcome—Clair Lensing.  
 10:10 "Investment Opportunities"—Ken Bretthorst, chmn., First St. Louis Securities.

**P.M.**

12:00 Lunch. "Iowa Forecast"—Ed Tubbs, superintendent of banking.  
 1:30 "Lender Liability Awareness"—Arthur Davis, Des Moines atty.  
 3:30 Legislative Briefing/Legislative Leadership—Wes Ehrecke, s.v.p., IBA.  
 6:00 Legislative reception.

### Thursday, March 10

**A.M.**

8:00 Continental breakfast.  
 8:30 U.S. and International Economy"—Dr. Herbert Prochnow.  
 9:45 "Enhancing Your Management Responsibilities," "D & O Update"—Howard Hagen, Des Moines atty.  
 11:00 Interactive Sessions  
 1. Community Bankers' Role in Economic Development  
 2. Increasing Non-Interest Income/Controlling Non-Interest Expense  
 3. Human Resources Management  
 4. Marketing for Quality Assets  
 5. Uses of the One-Bank Holding Company  
 6. 401K & 125K Plans  
 7. Open Discussions—Committee Members

**P.M.**

12:00 Lunch. "The Iowa Ambassador Program"—Cliff Wilson, pres. of the Iowa Ambassador Program.  
 1:00 "Creating the Five-Star Bank"—Art Pulis, pres. Pulis & Assoc., Inc.  
 3:00 Adjournment. □

## 1988 Iowa Group Meetings

Group	Date	Location
11	Feb. 14-15	Burlington
1	Feb. 19-20	Sioux City
4	May 2	Dubuque
8	May 3	Davenport
7	May 4	Marshalltown
6	May 5	Des Moines
5	May 16	Council Bluffs
2	May 17	Fort Dodge
12	May 18	Okoboji
3	May 19	Clear Lake

## Tom Smith is Candidate for President-Elect of the IBA

Thomas R. Smith, 65, chairman of Brenton Bank & Trust Company in Marshalltown, has announced his candidacy for the office of president-elect of the Iowa Bankers Association for the election to be held in August prior to the IBA's 102nd annual convention in September.



T.R. SMITH

Mr. Smith has spent his entire banking career of 39 years with the Brenton organization, most recently as president and CEO at Marshalltown from September 1, 1973 to August 1, 1987, and chairman since that date. Mr. Smith retired recently from day-to-day responsibilities in the bank but is continuing on an active basis as chairman.

He has been actively involved for many years in the work of the Iowa Bankers Association and the American Bankers Association. He was treasurer of the ABA for the two-

year term of 1977-79. Mr. Smith said relinquishing the pressures of daily business "will allow me to devote maximum time to giving to the IBA and to Iowa whatever I can for the banking career I have enjoyed in this great state."

Mr. Smith is a native of North Dakota, where he was born September 2, 1922. His parents moved the family to northeast Iowa when Tom was five years old. After attending school in Volga, he entered Iowa State College (now Iowa State University) in 1942, but left school that year to join the Army. He served with the 69th Infantry Division in the European Theatre as a Technical Sergeant. He returned to Iowa State and was graduated in 1949 with a degree in Animal Husbandry.

He was hired personally in 1949 by W. Harold Brenton, president and founder of Brenton Banks, and was assigned to the Brenton "home" bank at Dallas Center, where he later became cashier. He moved to the Brenton bank in Perry in 1958 as cashier, was named executive vice president in 1961 and president in 1963. After 10 years, during which time the Perry bank went

from \$7 million deposits to nearly \$20 million deposits, Mr. Smith was elected chairman of the board at Brenton National of Perry and was moved to Marshalltown to become president and CEO of Fidelity Savings Bank (now Brenton Bank & Trust Company) on September 1, 1973. He held that position until last August 1, when he became chairman of the board. In his 14-year term as president at Marshalltown, the bank's deposits doubled from \$35 million to \$71 million.

In addition to his position as chairman of Brenton Bank of Marshalltown, Mr. Smith continues as chairman of the board at Perry and as vice president and a director of Brenton Banks, Inc., which is headquartered in Des Moines.

Throughout his career, Tom Smith has continuously devoted time to agriculture. He has been a long-time supporter of 4-H and FFA activities and was awarded the 4-H Alumni Recognition Award in 1978. He was inducted into the Iowa Agricultural Hall of Fame in 1981 and has received numerous other awards for his ag endeavors, as well as his civic work in each city he has worked. He continues his personal interest in farming as vice president and secretary of Barnes Farms, Inc., a family company.

Mr. Smith served as a director of ABA, as chairman of the ABA Ag Committee in 1971-72, as chairman of the community banking division in 1973-74 and again from 1977-79 when he was ABA treasurer. Throughout his years as an ag banker, Mr. Smith has been in demand as a speaker on ag banking and other areas of agriculture. He has authored articles in the NORTHWESTERN BANKER and numerous other banking and business publications.

He is a past president and currently is serving as chairman of the Iowa State University Alumni Achievement Foundation. He has served for more than ten years on the ISU Board of Governors and currently is on the search committee for a new director of development.

## Promoted in Hawkeye

Leon J. Deitzenback has been promoted to executive vice president of Citizens Savings Bank, Hawkeye. He joined the bank in 1978 and was elected vice president and cashier in 1981.

# Committed to making your bank stand apart from the rest!







# Statement of Condition

December 31, 1987

## ASSETS

Cash and Due From Banks	\$ 44,548,660.71
Federal Reserve Funds Sold	51,500,000.00
U.S. Government and its Agency Securities	874,431,819.86
Municipal Securities	211,933,891.23
Other Marketable Corporate Obligations	11,551,479.13
Federal Reserve Bank Stock	1,122,000.00
Loans	274,562,557.58
Bank Premises and Equipment	13,349,735.79
Interest Accruals	32,911,680.32
Other Assets	20,347,894.84
	<u>\$1,536,259,719.46</u>

## LIABILITIES

Capital Stock	\$ 2,400,000.00
Surplus	35,000,000.00
Undivided Profits	112,776,538.78
Total Capital Funds	<u>\$ 150,176,538.78</u>
Federal Reserve Funds Purchased and Securities Sold Under Agreement to Repurchase	479,562,421.12
Reserves for Interest, Taxes, and Other Liabilities	12,404,820.58
Deposits	894,115,938.98
	<u>\$1,536,259,719.46</u>

## BOARD OF DIRECTORS

V.O. Figge  
Chairman of the Board

Edward L. Carmody  
Senior Vice President

James Kahl Figge  
Office of the President

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Henry C. Wurzer  
Kahl Properties

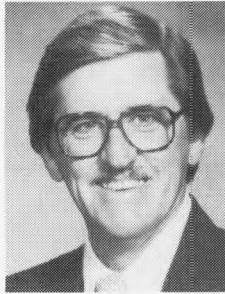
# Davenport Bank and Trust Company

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Resources Approximate One Billion Five Hundred Million Dollars

# Group 1 to Meet Feb. 19 and 20

**T**HE MARINA in South Sioux City, Neb., will be the location for this year's Group 1 Annual Meeting, on February 19 and 20. Group 1 Chairman James W. Miller, chairman of the Pioneer Bank in Sergeant Bluff, will preside. Secretary of the group is Russell Spearman, president, Citizens Savings Bank, Sac City.



J. MILLER

Registration and exhibitors displays are open beginning at 7:00 p.m. Friday evening. On Saturday you may register between 8:00 and 11:30 a.m. or between 5:30 and 7:30 p.m. Friday night's social hour, 8:00 to 10:00, will be hosted by the Sioux City Bankers Association. Gene Hagen, president, Security National Bank, is president of that group, and Max Larson, president, First National Bank, is vice president.

Saturday begins with the NABW Breakfast at 8:30. Speakers will be Ann Schulz, president of the Northwest Iowa NABW Group, and Silas Keehn, president of the Federal Reserve in Chicago.

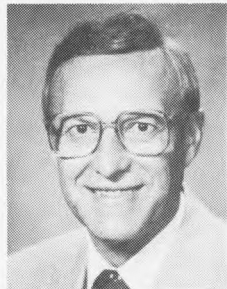
Following 11:30 luncheon, the North High Swing Choir will entertain. Bill Janklow of Dougherty Dawkins, Inc. in Minneapolis, is the afternoon speaker. Giving remarks



M. LARSON



B. JANKLOW



E. TUBBS



S. KEEHN

at the business meeting will be IBA President Clair J. Lensing, IBA Executive Vice President Neil Milner and Iowa Superintendent of Banking Edward L. Tubbs.

Saturday evening's entertainment includes social hour at 6:30, banquet at 7:15, dancing with Mr. Tune Reel to Reel at 8:00, and casino night with auctions at 9:30 and 11:00. □

## John Van Dyke Case Goes to OCC, Federal Reserve Board

A final decision is not expected for about four months from federal regulatory authorities on whether Sioux City banker John Van Dyke Jr. should be suspended from his office as president of Toy National Bank and assessed \$15,000 in civil money penalties. An administrative law judge ruled on January 12 in Washington, D.C, against Mr. Van Dyke on four allegations made by the Office of the Comptroller of the Currency, but held in Mr. Van Dyke's favor on a fifth allegation. Judge James L. Rose then recommended against removing Mr. Van Dyke from his office as president of Toy National Bank.

The OCC suspension order was issued June 19, 1987, until a final resolution of the order is made by the Federal Reserve Board.

The allegations brought against Mr. Van Dyke by the OCC were these:

1. That he illegally borrowed \$85,

344 from a trust for which he and his bank were co-trustees.

2. That he violated a \$100,000 limit on bank loans to "insiders."

3. That he had been involved in a "check-kiting scheme" and that he knowingly wrote insufficient funds checks.

4. That he had illegally had his bank pay overdrafts in his personal checking account on three different occasions.

5. That he had illegally pledged stock as collateral for two different loans at the same time.

Judge Rose agreed with the OCC on the first four allegations, according to Dean DeBuck, information officer for the OCC, and that these were civil violations of banking laws, adding that the "check-kiting" allegation also appeared to be a criminal violation. He concurred in the OCC's assessment of \$15,000 civil money penalty. However, Judge Rose stated in his decision that the OCC charges against Mr. Van Dyke met only two of the three criteria needed for removal from office. He said Mr. Van Dyke had violated banking laws in transactions and activities during the 1985, 1986 and 1987 period presented, but the OCC had failed to show that these had caused "serious" or "substantial" loss to the Toy National. Therefore, while he upheld the first four allegations and the civil money penalty, "these acts do not establish all the elements necessary to require his removal."

Mr. DeBuck said the OCC disagrees and stated, "We think the judge's opinion in that matter was too narrow."

Mary Curtin, a Minneapolis attorney who represented Mr. Van Dyke, was reported in a Sioux City newspaper as stating that "the judge declined to remove Mr. Van Dyke from the Toy National Bank because, although he found these violations, he did not believe that Mr. Van Dyke's actions evidenced any dishonesty on his part. . . and he did not believe the actions intended to or did harm the Toy Bank."

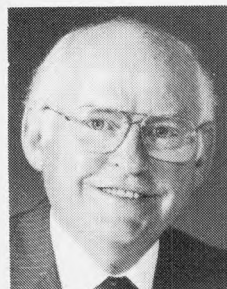
Federal banking laws require the Comptroller of the Currency himself to make a final decision on the civil money penalties ruling. The law also requires that any removal action resides in the power of the Federal Reserve Board. The OCC attorney and Ms. Curtin are expected to file comments on the administrative law



R. SPEARMAN



R.E. HAGEN



C. LENSING



N. MILNER

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judge's ruling with Comptroller Robert L. Clarke and the Federal Reserve Board within coming weeks. These comments, technically known as exceptions, will be considered and the rulings are then anticipated within about four months, according to Mr. DeBuck.

The sale of substantially all of the \$300 million of assets and liabilities of Toy National Bank to Norwest Bank Sioux City was announced in the January issue of the NORTHWESTERN BANKER and that merger has been completed.

Although Toy National Bank charter no longer exists, the FRB ruling can be important for a ruling adverse to Mr. Van Dyke would prohibit him from holding any staff position or director position with any FDIC-insured bank in the future, unless permission is given by a regulator, according to Mr. DeBuck.

### Dividend Increase Voted

Directors of Iowa First Bancshares Corp., Muscatine, declared a 45 cents per share dividend to shareholders of record December 23, 1987, and payable January 8, 1988. George A. Shepley, chairman of

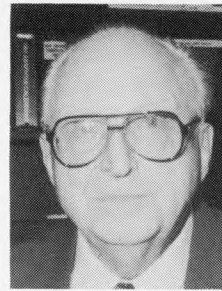
Iowa First Bancshares, said this represents a 28.5 percent increase over the previous payment. Mr. Shepley said the holding company's consolidated earnings after tax will approximate \$1,000,000. Iowa First Bancshares is a publicly held company which owns 100 percent of the stock of First National Bank of Muscatine and First National Bank in Fairfield.

### Elected in Walford

Nicholas G. Volk has been elected executive vice president of Farmers Savings Bank in Walford. He previously held the title of vice president since 1980. Prior to joining the bank staff, he was an examiner for the State of Iowa.

### Executive Changes Are Made at New Albin Savings

Albert Fruechte, 82, has been named chairman of the board at New Albin Savings Bank, replacing Paul Meyer, who resigned that post last November due to poor health. Succeeding Mr. Fruechte as president is Raymond J. Whalen, 50, executive vice president at the bank



A. FRUECHTE



R.J. WHALEN

for the past several years.

Barry Fruechte, vice president, has been elected to the bank's board of directors.

Albert Fruechte joined the New Albin Savings Bank as a bookkeeper 62 years ago on April 5, 1926, after graduating from a business college in Illinois. Mr. Fruechte recalls, "My father was a director of the bank at that time and talked me into taking the job to help out while the cashier was ill. I never left!" Mr. Fruechte was reared on a farm at Eitzen, Minn., near New Albin. He was later elected a vice president and has served as president since 1983.

Mr. Whalen has been with the bank for his entire banking career, 23 years.

## BE SURE TO ATTEND THE 1988 GROUP 11 MEETING FEBRUARY 14-15 *in* BURLINGTON AT THE HOLIDAY (Jct. of Hwys. 34 & 61)

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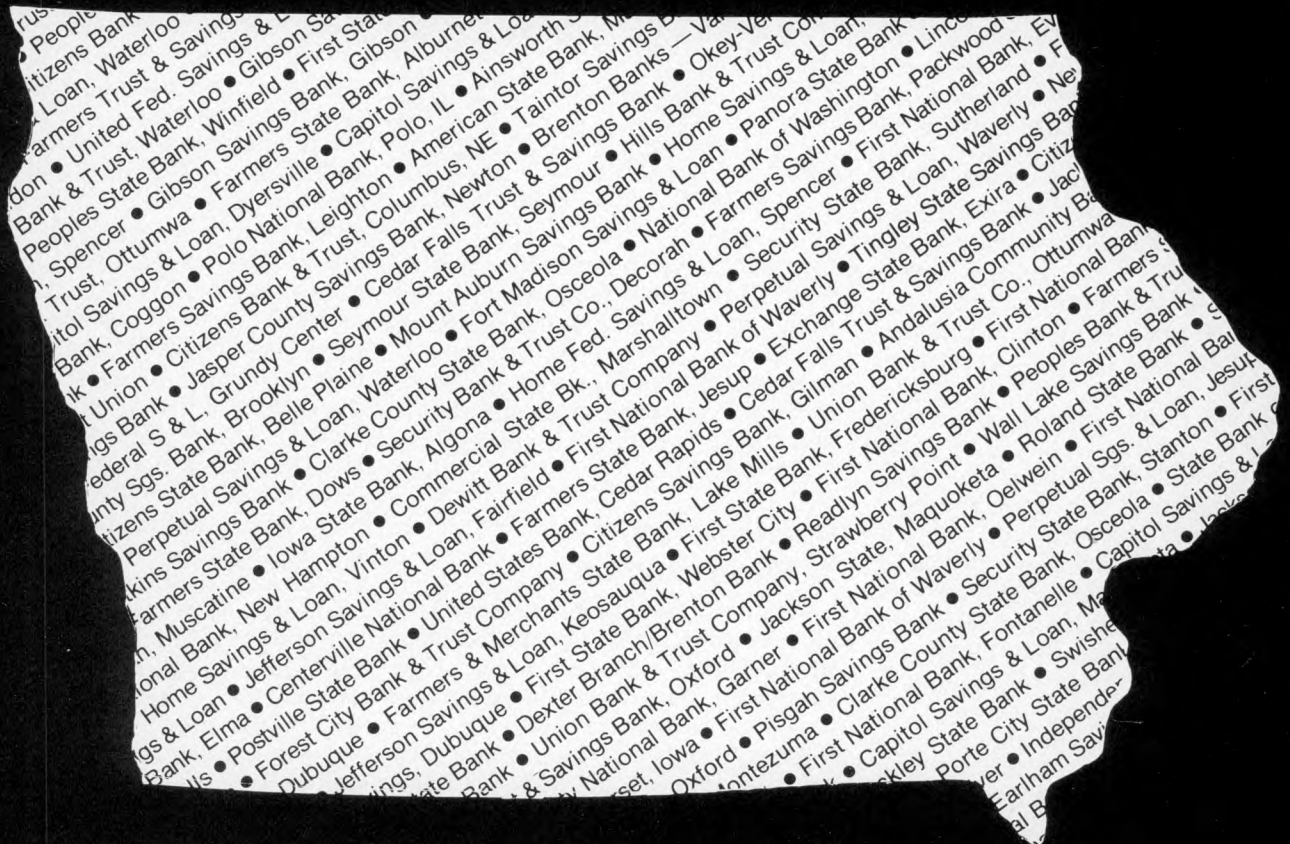
Don't miss speaker **John Langhorn**: "Predicting Professional Success in the World of Work"

The banks of Burlington hope to see you February 14-15 at the Holiday

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**First National Bank**



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## Named in Waterloo

At Waterloo Savings Bank, David A. Fegley and Randall G. Ledger were named vice presidents. They will retain their current responsibilities in real estate and agricultural lending, respectively. Both were formerly assistant vice presidents.

Rick A. Thuesen, CPA, was named vice president and controller. He will continue his previous duties as controller, in charge of accounting and internal control, and assume additional responsibilities in connection with the bank's investment portfolio.

James H. Jensen was named vice president, Metro Realty and Farm Management. He was formerly assistant vice president in the farm management division.

Richard C. Bueneke and David Mulnix were named assistant vice presidents. Both were formerly consumer loan officers. Mr. Bueneke will retain his current responsibility for indirect consumer lending. Mr. Mulnix remains responsible for compliance, collections and student loans in addition to his consumer lending duties.

## Promoted in Eldora

Promotions at Hardin County Savings Bank in Eldora have been announced.

Trust Officer Linda J. Barcus was advanced from assistant vice president to vice president, as was Carol A. Drury. Denise Murdock was advanced from teller to assistant cashier.

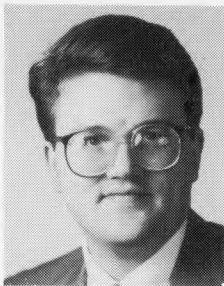
In December, the bank opened a branch office in New Providence. It opened offices in Union and Liscomb in 1982. The bank will celebrate its 120th anniversary this year.

## Advanced in Council Bluffs

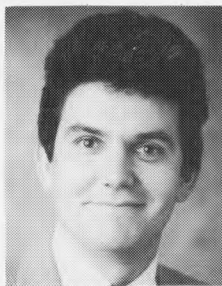
Three promotions have been announced by Council Bluffs Savings Bank.

Roger H. Williams has been advanced to agricultural loan officer. He joined the bank in 1985 as an ag representative.

Brent Peters has been promoted from trust



B. PETERS



B. NITCHALS

representative to assistant trust officer. He will be responsible for administering all employee benefit accounts.

Robert L. Nitchals has been promoted from assistant auditor to auditor of the bank. He joined the staff in 1986.

## Changes Told in New Hampton

Grant L. Anderson has been promoted to assistant vice president of the Security State Bank, New Hampton. He joined the bank as a farm loan trainee in 1986.

The Security State Bank observed its 50th anniversary last June, 1987. Total deposits and capital reached all-time highs during the past year.

Security board of directors member Lloyd D. Snyder passed away on December 29. He was a retired partner in the Blue Line Oil Company and was serving his 20th year on the board.

## Iowa Natl. Bankshares to Acquire Oelwein Bank

R. Scott Fetner, president of Iowa National Bankshares Corp., the Waterloo-based bank holding company, has announced that a letter of intent has been signed for the proposed acquisition by INBC of the Oelwein State Bank. The Oelwein State Bank is the largest bank in Fayette County with total assets of approximately \$66 million and capital of over \$6 million.

Under terms of the letter of intent, the Oelwein State Bank would become a wholly-owned subsidiary of INBC through a transaction in which INBC will exchange newly-issued common stock and cash for the common stock of the Oelwein State Bank. The exchange rate will be based on the audited book values of INBC and the Oelwein State Bank as of December 31, 1987. The

actual amount of stock and cash to be paid by INBC to each shareholder will be determined by the shareholders of the Oelwein State Bank based on a definitive agreement drawn up in early 1988. The transaction is expected to be consummated during the latter part of 1988.

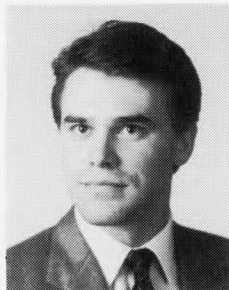
Mr. Fetner stated that the Oelwein bank is financially sound and will continue to be locally managed and community-oriented. Mr. Fetner further stated that Oelwein's customers will experience few changes in their present services since the Oelwein bank currently uses the data processing systems provided for loans and deposits by INBC's primary subsidiary, The National Bank of Waterloo.

Churchill T. Williams, chairman and one of the original founders of the Oelwein State Bank in 1946, stated that the bank would continue to operate as a state-chartered bank in Oelwein and will retain its banking offices in Arlington and Aurora. Mr. Williams said banking services will be expanded to include a New Horizons Club, overdraft checking lines of credit, and enhanced trust services. Mr. Williams also stated that the proposed transaction would require the approval of Oelwein State Bank's board of directors and shareholders, and is subject to the approvals of banking regulatory authorities.

Iowa National Bankshares Corp., the sixth largest multi-bank holding company in Iowa, owns The National Bank of Waterloo, Midway Bank & Trust in Cedar Falls, and Peoples Trust & Savings Bank in Indianola. The National Bank of Waterloo, which acquired the Gilbertville Savings Bank and converted it into a banking office in 1986, recently announced that it was in the process of purchasing the First Community Bank & Trust in Traer and the First National Bank of Tama County in Dysart, which will also become offices of The National Bank of Waterloo.

## Elected in Maynard

Albert L. Kimer has been elected to the board of directors of Maynard Savings Bank. He was employed 30 years by the Farmers Home Administration. Mr. Kimer has completed various courses in advanced credit and financial analysis and is a certified real estate appraiser.



R. WILLIAMS

## Aredale State Bank Fails

The Aredale State Bank of Aredale, located in Butler County in north central Iowa, was declared insolvent on January 20 by Iowa Superintendent of Banking Edward L. Tubbs. Mr. Tubbs said the bank had \$10,178,000 in assets and \$9,900,000 in deposits. The FDIC, as receiver, had several interested parties, two bidders and sold the bank for a \$50,600 premium to First Security Bank & Trust Company of Charles City. The failed bank was reopened January 21 as an office of First Security Bank & Trust Company.

Mr. Tubbs said the failure was due to a combination of insider lending and poor selection and collection of ag loans. The bank was purchased in 1983 by Vernon Halvorson and Donald Eichelberger, Cedar Falls businessmen, according to Mr. Tubbs. They purchased 100% of the holding company stock from Floyd Bochmann and his wife, Audrey, and other local owners. Mr. Bochmann had continued as president and cashier of the bank since its purchase by Mr. Halvorson and Mr. Eichelberger.

First Security Bank & Trust Company in Charles City has \$107.6 million in assets, with offices in Ionia, Marble Rock and Rockford. The latter office was created last spring when First Security purchased the failed First State Bank of Rockford. Aredale has a population of 90 and is located approximately 25 miles southwest of Charles City in adjoining Butler County. Mr. Tubbs said Butler County had six banks with \$120 million in assets, of which the Aredale State Bank was the smallest, with an eight percent share.

Mr. Tubbs said his department examined Aredale State last September, at which time a large loss was identified. The bank was examined again in late December by the FDIC and after his department reviewed that report, it was found that the bank's remaining \$455,000 capital had been exhausted. He then ordered the bank closed on January 20.

This was the first bank failure in Iowa in 1988. The state suffered six failures in 1987, 10 in 1986, 11 in 1985, three in 1984, none in 1983 and two in 1982, for a total of 33 banks in the past six years.



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## IBA Mid-Winter Meeting to Be Held Feb. 24-26

The Iowa Bankers Association's Midwest Mid-Winter Management Meeting will be held February 24-26 at the Snowmass Club, Snowmass Village, Colo. Bankers from Kansas and South Dakota are also invited to the event. Evening programs are planned, leaving daytime hours free for recreation.

Representatives from the Office of the Comptroller of the Currency and the FDIC have been invited to speak on regulatory issues. Representatives from ABA's executive management staff will present Thursday evening's program. Updates on the March 1 moratorium and the ag secondary market will be given as well.

Wednesday night includes a wine and cheese party, and cocktails and dinner will be served on Thursday and Friday nights. Registration is \$150 for bankers or spouses. A pizza and movie party for young people will be held Thursday night at a cost of \$20 per person. Contact the IBA to register.

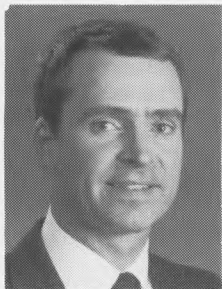
## NBW Promotes Four

The National Bank of Waterloo has promoted Don Coffin and Kendall Pruisner to officer positions. Jerry Long, credit manager, and Marilyn Voorhees, auditor, were promoted into the holding company, Iowa National Bankshares Corp.

Mr. Long, formerly assistant vice president and credit manager with The National Bank of Waterloo, has



D. COFFIN



K. PRUISNER



J.T. LONG



M. VOORHEES

moved into the holding company as loan review officer. Before joining NBW in 1979, he had been with the Glenview State Bank in Glenview, Ill.

Assuming Mr. Long's former position as credit manager will be Don Coffin. He joined NBW in 1983 as a management trainee and was promoted to credit analyst in 1986.

Marilyn Voorhees has been auditor at the bank since 1983.

Kendall Pruisner was an engineering analyst in research and development with Deere & Company before joining NBW in 1985. This past September he moved into the real estate area and has been handling property management. He has been named mortgage loan officer.

## Iowa State to Hold Seminar on Determining Ag Costs

A seminar on "How to Determine Your Agricultural Costs" will be held February 24 at the Scheman Continuing Education Building on the Iowa State University Campus.

The seminar will focus on cost accounting methods that can be used on the farm or ranch. Participants will learn how to design their own agricultural cost accounting systems, control costs and price products.

Gary Maydew, associate professor of accounting in ISU's College of Business Administration, will lead the seminar. He has taught and developed accounting and tax courses for many years at ISU, the University of Illinois and other universities. Mr. Maydew has written several articles and the book *Agricultural Accounting and Taxation*.

The seminar registration fee is \$95, if received prior to February 10. Two or more individuals from the same firm, farming partnership or corporation may attend the session for \$85 each. Registrations received after February 10 will be \$115 and \$105, respectively.

For more information about the seminar, call Gary Maydew at (515) 294-9450. For registration questions, call Sheila Arends at (515) 294-4817.

## Elected in Davenport

Charles A. Ruhl, Jr. has been elected to the board of directors of Brenton First National Bank of Davenport. He is executive vice president of Ruhl & Ruhl Realtors of Davenport.

## Promoted in Webster City

Alberta Grandstaff has been promoted to the position of personal loan officer at the First State Bank in Webster City. She joined the bank in 1980 as a teller. Since then she has served as installment loan secretary and most recently as student loan representative. She also handles auto, home equity and other personal loans.



A. GRANDSTAFF

## Promoted in Cedar Rapids

Suzanne Weable has been promoted to assistant cashier at City National Bank, Cedar Rapids. She will also serve as assistant manager of the bank's Lindale office. Ms. Weable previously served as new accounts manager at the Lindale office. Since joining the bank nine years ago she has also served as a teller and messenger.



S. WEABLE

## Added in Reinbeck

Chris Frischmeyer has joined the Lincoln Savings Bank in Reinbeck as a loan officer. He is a graduate of Iowa State University and was previously employed by the Farm Credit System in Webster City.

## Retired in Pella

C.W. Gifford, executive vice president of Pella National Bank, was recognized at an open house held in his honor on December 30. Mr. Gifford retired on December 31 after more than 26 years of service to the bank.

## Retired in Indianola

Everett Brown, president of Peoples Trust and Savings Bank, Indianola, has announced the retirement of Albert J. Greubel from the bank's board of directors and of Guy Risinger and Dr. Margaret Watson from the bank's advisory board.

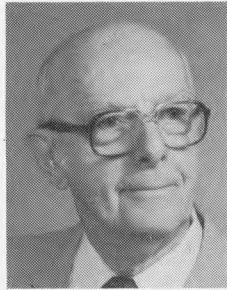
Mr. Greubel has served on the board for 17 years. He will continue



- on the advisory board. He retired from farming in 1978.
- Mr. Risinger and Dr. Watson have served the board in an advisory capacity for the past year. Prior to that, they were board members for 27 and 10 years, respectively.

**Honored in Indianola**

- Eleven staff members of Peoples Trust and Savings Bank, Indianola, were honored at the bank's annual Christmas party on December 12 for length of service to the company.



W. BUXTON

- William Buxton II received special recognition for his nearly 60 years with the bank. Edith Heemstra was honored for 30 years of service. Also recognized were Doris Garrison, 25 years; Bob Davey, Sara Ripperger and Eileen Thompson, 20 years; Ruby Johnson, 15 years; Julie Poundstone and Carol Putney, 10 years, and Karen Becker and Carla Rubendall, 5 years.

**Promoted in Alton**

The board of directors of the Alton Savings Bank has announced the promotion of John H. Krogman to senior vice president. He previously served as vice president. Mr. Krogman joined the bank in 1969.

Also promoted at Alton Savings Bank was Tom Kiernan, formerly assistant vice president. He was named vice president. Mr. Kiernan joined the bank in 1978.

**ABA Schedules Retail Banking Meet in April**

"Performance and Profitability" is the theme for the ABA's National Retail Banking Conference to be held April 24-27 at the Hilton Square, San Francisco. Designed for senior-level retail bankers and income producing insurance bank executives, this premier conference will concentrate on strategies to improve sales staff performance and enhance bottom-line profitability. Three days of general sessions, workshops, peer group discussions, and a large exhibit hall will high-

light the agenda. The program of distinguished speakers includes E. James Morton, chairman and CEO of John Hancock Financial Services, who will discuss the need for regulatory reform in the financial services industry; Edward Furash, president Furash & Company, who will give the keynote address; G. Mike Moebs, chairman, Moebs Services, who will explore "The Future of Consumer Lending," and Buck Rodgers, former vice president IBM worldwide marketing, speaking on "Delivering Quality Customer Service."

The conference also will feature sessions on such critical issues as "Delivery System Economics," "Creating a Proactive Sales Culture," "Branch Redesign," and "Sources of Non-Interest Income." In addition, former major league pitcher and author Jim Bouton will be on hand to provide lively luncheon entertainment.

The fee is \$720; the ABA member discounted fee is \$575. The spouse program fee is \$195. For more information and a registration form call the Banker Education Network (BEN) at 202-663-5430.



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Jackson and White at 22nd  
Asbury at Hales Mill Road  
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**STATEMENT OF CONDITION  
DECEMBER 31, 1987**

<b>ASSETS</b>	
Cash and Due from Banks . . . . .	\$ 11,780,000
Time Deposits with	
Financial Institutions . . . . .	5,890,000
Federal Funds Sold . . . . .	20,100,000
Investment Securities	
U.S. Treasuries and Agencies . . . . .	70,263,000
State and Political Subdivisions . . . . .	14,936,000
Other Investment Securities . . . . .	1,312,000
Loans, Net of Unearned Income . . . . .	106,136,000
Reserve for Possible Loan Losses . . . . .	(1,200,000)
Net Loans . . . . .	\$104,936,000
Bank Premises and Equipment . . . . .	3,726,000
Other Assets . . . . .	3,917,000
<b>TOTAL ASSETS</b> . . . . .	<b>\$236,860,000</b>
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>	
Deposits . . . . .	\$199,479,000
Federal Funds Purchased and Securities Sold under Agreements to Repurchase . . . . .	15,378,000
Other Liabilities . . . . .	4,862,000
Total Liabilities . . . . .	\$219,719,000
Common Stock . . . . .	\$ 4,800,000
Surplus . . . . .	4,800,000
Undivided Profits . . . . .	7,541,000
Total Stockholders Equity . . . . .	17,141,000
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b> . . . . .	<b>\$236,860,000</b>

**OFFICERS and DIRECTORS**

- |  |   |   |   |
|--|---|---|---|
| <b>William G. Kruse</b><br>Chairman of the Board and Chief Executive Officer                       | <b>Beverly J. Anderson</b><br>Vice President - Personnel and Manager/Personal Banking | <b>Rita M. Benter</b><br>Wire Services Officer                                      | <b>William G. Kruse</b><br>Chairman of the Board and Chief Executive Officer                |
| <b>J. Bruce Meriwether</b><br>President  | <b>Linda L. Budde</b><br>Vice President - Manager Real Estate Department              | <b>Lynn A. Kowalske</b><br>Teller Services Officer                                  | <b>John W. Law</b><br>John W. Law Co., Retired  |
| <b>Paul J. Gisch</b><br>Senior Vice President - Special Lending                                    | <b>Francis A. "Chip" Murray, Jr.</b><br>Vice President - Commercial Loans             | <b>Linda K. Kress</b><br>Personal Banking Officer - Asst. Mgr./West Dubuque Office  | <b>J. Bruce Meriwether</b><br>President   |
| <b>Thomas J. Stecher</b><br>Senior Vice President - Operations                                     | <b>John J. Savary</b><br>Assistant Vice President - Manager North Dubuque Office      | <b>Lynn K. Stoffregen</b><br>Computer Operations Officer                            | <b>Wayne A. Norman</b><br>University of Dubuque, Retired                                    |
| <b>Richard A. Bean</b><br>Senior Vice President - Finance  | <b>Paul A. Pfohl</b><br>Assistant Vice President - Consumer Lending Manager           | <b>Trust Department</b>   | <b>Roger J. Rhomberg</b><br>President, Rhomberg Fur Co.                                     |
| <b>Daniel E. Welu</b><br>Senior Vice President - Investments and Cashier                           | <b>Mary A. Piersch</b><br>Personal Banking Officer                                    | <b>Mark J. Willging</b><br>Vice President - Trust Officer and Trust Department Mgr. | <b>James E. Walsh</b><br>President, Bird Chevrolet Co.                                      |
| <b>Dale P. Repass</b><br>Senior Loan Administrator   | <b>Gary P. Dolphin</b><br>Personal Banking Officer - Manager/West Dubuque Office      | <b>Shirley A. Christensen</b><br>Trust Officer                                      | <b>James D. White</b><br>Vice President Deere & Co.   |
| <b>Thomas W. Buelow</b><br>Vice President - Business Loans and Leasing                             | <b>Leo M. Mallie</b><br>Vice President - Agricultural Lending                         | <b>James A. Kerkhove</b><br>Trust Officer   | <b>N.J. Yiannias</b><br>President, Dubuque Theatre Corp. President, Key City Investment Co. |
| <b>David W. Spahn</b><br>Vice President and Controller   | <b>Mark E. Small</b><br>Auditor   | <b>Richard K. Howard</b><br>Trust Officer   | <b>Honorary Directors</b>   |
| <b>C. Michael Reilly</b><br>Vice President - Marketing and Business Development, Non-Bank Services | <b>John S. Nigg</b><br>Data Services Officer  | <b>Edward A. Babka</b><br>President, Babka Publishing Co.                           | <b>Frank A. Fluckiger</b>   |
|  | <b>Mary K. Santjer</b><br>Assistant Controller  | <b>Paul L. Britz</b><br>President, Dubuque Stamping & Mfg. Inc.                     | <b>Charles J. Spahn</b>   |
|  | <b>Jeffrey A. Jochum</b><br>Credit Review Officer                                     | <b>Paul J. Gisch</b><br>Senior Vice President - Special Lending                     | <b>Catherine Winal</b>  |
|  | <b>William H. Callahan</b><br>Personal Banking Officer                                | <b>Philip T. Kelly</b><br>President, Communications Properties, Inc.                |   |



FIRST NATIONAL BANK — DUBUQUE, IOWA 52001



**Des Moines**

First Interstate of Iowa, Inc., reported net income of \$5,091,000, or 43 cents per share, for the year ended December 31, 1987, compared to a net loss of \$11,721,000, or 98 cents per share, in 1986. **Oliver H. Hagen**, president and CEO, said the significant improvement in earnings was achieved through the reduction of nearly \$14,000,000 in the provision for loan losses and a reduction of more than \$3,000,000 in the net cost of operation of other real estate. Included in 1987 net income was extraordinary income of \$864,000 from utilization of an income tax operating loss carry-forward.

Mr. Hagen said fourth quarter net income of \$3,268,000, or 27 cents per share, marked the fourth consecutive quarter of profitability. He attributed this to improved credit quality, additional fee income and cost control measures, as well as to \$831,000 of tax loss carry-forward extraordinary income.

Mr. Hagen added that the holding company's net chargeoffs decreased to \$7,163,000 from \$16,386,000 and \$17,731,000 in 1986 and 1985, respectively. Non-performing loans also were reduced 45 percent to \$14,182,000 from \$25,614,000 a year earlier. "Our allowance for loan losses is very strong at \$14,136,000," Mr. Hagen states, "and covers nearly 100% of all non-performing loans."

\* \* \*

Norwest Card Services and Bankers Trust of Des Moines are competing heavily for credit card

customers since Bankers Trust reentered the credit card business in December.

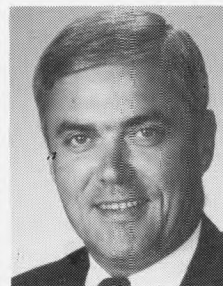
Norwest had bought 3,600 Bankers Trust credit card accounts last June from Hawkeye Bancorporation, which had been processing the accounts. When Bankers Trust's account with Hawkeye expired in December, Bankers Trust negotiated a contract with Davenport Bank and Trust Co. to process any new credit card accounts that Bankers Trust acquired.

Previously, Bankers Trust credit card customers were charged an \$18 annual fee and 19.6% annual interest. The bank is now offering MasterCard or Visa accounts with a \$12 annual fee and 15% annual interest on balances over \$500.

Meanwhile, Norwest is waiving the 1988 \$18 annual fee for the 3,600 customers involved. Norwest charges 19.8% annual interest.

\* \* \*

**J. Daniel McGowan, II**, vice president international division of First Interstate Bank of Des Moines, has been appointed to the World Trade Service Council. The Council is comprised of representatives from all First Interstate International offices, and works to coordinate and pro-



**J.D. MCGOWAN**

mote international activities worldwide.

\* \* \*

**Norman R. Hougham** was elected senior vice president of American Federal Savings and Loan Association of Iowa at the December meeting of the board of directors. Mr. Hougham began his career with American Federal in 1982 as vice president/branch manager of the 6th and Grand office. In March, 1987, Mr. Hougham was named to the senior management group as vice president and senior operations officer, responsible for the newly created operations administration division. Before joining American Federal, he was employed by Brenton National Bank of Des Moines and Capital City State Bank.

\* \* \*

Brenton Banks Inc. is reinstating dividend payment to shareholders. The last such dividend was paid in the fourth quarter of 1985. The bank's board of directors declared a dividend of 6 cents per share payable on February 10 to shareholders of record on February 1.

Officials said 1987 earnings will be released in mid-February.

\* \* \*

**Loree R. Raker** has been elected vice president and Drake office manager of Hawkeye Bank & Trust. She will remain the bank's marketing director.

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