

NORTHWESTERN Banker Newsletter

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Boost Prime Rate To New High

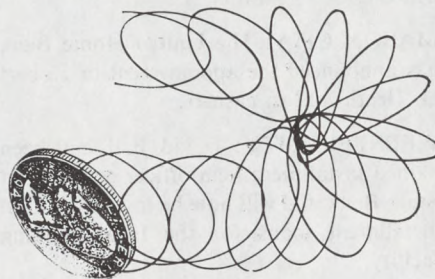
An 8¾% prime rate became general in the banking industry last week, and economists and bankers said that it is possible the rate may go as high as 9½% by this fall before beginning to level off.

The prime rate, which has increased 11 times since the beginning of 1973, when it was 6%, has been caused in part by a demand for loans from corporations that plan to expand to meet consumer needs. There continues to be little evidence in the money market to indicate any immediate relief from the upward drive in bank lending fees. Major banks last week were paying over 10% on negotiable certificates of deposit due in 90 days.

Experts say that the higher prime rates will eventually have the effect of slowing borrowing and thus cooling the pace of the current expansion. In Washington, the Administration's Committee on Interest and Dividends, which earlier this year had urged banks against some prime rate increases, had no comment on the most recent move.

First National City Bank in New York initiated the 8¾% rate, and at the same time introduced an "ultimate passbook." Savers can deposit as little as \$1,000 for four years. The annualized rate for the quarter ending September 30, 1973, will be 8.11%. Following this period, the quarterly rate will be based on the average CD rate of interest for all but the last 10 days of the previous quarter, less ½%. If interest rates climb over last quarter's CD rate, the "ultimate passbook" will stay within ½% of the CD rate. There is no upper limit on

the interest rate. If rates go down, the interest rate for "ultimate passbook" savers will never fall below the current regular passbook rate. Interest is paid quarterly by



check or it can be left in the account. Savers can withdraw all of any part of their balance prior to the maturity date and they will still earn the then current regular passbook rate for all but the last three months prior to withdrawal. No interest will be paid on withdrawn funds during the last three months they were on deposit.

FDIC Chairman Frank Wille has announced that FDIC has taken action to conform its interest rate regulations to amendments adopted by the Fed.

The amendment in question imposes a limitation on the amount of 4-year and over maturity, minimum \$1,000 time deposits which any insured nonmember bank (including any mutual savings bank) may have outstanding free of interest rate ceilings. This category of ceiling-free consumer time deposits shall not exceed 5 percent of the bank's total time and savings deposits subject to Part 329 of the Corporation's regulations. Any time deposits of

this category (unless \$100,000 or more) received by a bank which would cause the outstanding amount of such deposits to be above the 5 percent level will be subject to the applicable maximum rate for deposits of 30 months or more, namely 6½% in the case of insured nonmember commercial banks and 6¾% in the case of insured mutual savings banks.

Minneapolis Fed Moves

The Federal Reserve Bank of Minneapolis has moved to its new building, located at 250 Marquette Avenue. Open house will be September 7-8.

It was the largest move of valuables ever conducted in the Upper Midwest.

Massive security protection was provided through cooperative efforts of the United States Secret Service, Minneapolis Police Department, the bank's own protection force, and a private armored car company contracted to transport valuables over the approximate two-block distance from previous quarters at Fifth and Marquette. The United States Postal Service provided assistance by loaning vehicles to transport some of the securities down the street. A 12-square-block area was sealed off during the move of valuables. Even manhole covers were taped so that police could detect unauthorized entry via the city's sewer system. In addition to elaborate security measures to insure safe delivery, extensive control and audit procedures were developed to verify that all valuables were received in the new quarters.

The move was the culmination of plans developed over a period of nearly two years.

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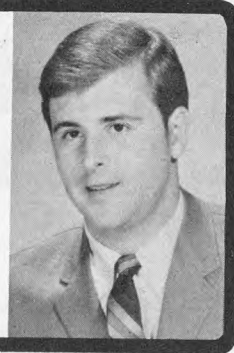
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Jerry Trudo
Assistant Cashier



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service officers; Kenneth Trausch, computer operation officer; Dave Wilcox, assistant trust operation officer; and Ron Schneider, commercial loan officer.

OMAHA: The Northwestern National Bank has applied with the U. S. Comptroller of Currency for permission to establish a teller office.

PAPILLION: An application has been filed with the State of Nebraska Department of Banking to establish a change of location for the Bank of Papillion and to establish a detached facility.

MINNESOTA NEWS

BLOOMINGTON: The board of directors of Northwestern National Bank Southwest, has voted to increase the bank capital structure by \$1 million.

DULUTH: Announcement is made in behalf of the Western National Bank of the appointment of Russell G. Johnson as cashier and Marie L. Gorder as assistant cashier.

KILKENNY: The First National Bank has made application to move its banking charter to Faribault, or some other nearby city.

SOUTH ST. PAUL: Kenneth Nelson has joined the Drovers State Bank staff and will assume the title of vice president.

ILLINOIS NEWS

AUBURN: An application for a permit to organize the Auburn Peoples Bank has been filed. Total capitalization would be \$500,000 consisting of: \$200,000 in capital stock, \$200,000 in surplus, and \$100,000 in reserve for operating expense. Applicants include: Oscar M. Lane, Robert Shaffer, Delmar Neuman, Leonard Courty, Jr., and John E. Michelich, Auburn; Jack Morris, Pawnee; and Darlene H. Fuchs, Farmersville.

AUBURN: An application for a permit to organize the Citizens Bank of Auburn has been filed. Total capitalization would be \$750,000 consisting of: \$300,000 in capital stock, \$300,000 in surplus, and \$150,000 in reserve for operating expense. Applicants include: Kenneth Malmberg, Philip Snell, and L. B. Beatty, Auburn; John A. Beatty and Ronald Baker, Waverly, and Arthur Ehrat, Virden.

IOWA NEWS

ATLANTIC: Don Inhofe and Daryll Peterson were promoted to new offices at the annual meeting of the First Whitney Bank and Trust stockholders.

Mr. Inhofe was elected assistant vice-president, and Mr. Peterson was named cashier. They were promoted from cashier and assistant cashier, respectively. Jeanette B. Nichols was elected a new member of the board.

DES MOINES: Officials of Hawkeye Bancorporation and the American State Bank of Mason City have announced an agreement has been reached whereby the Des Moines-based bank holding firm will buy all outstanding stock of American State Bank.

Directors of the Mason City bank have recommended to stockholders that Hawkeye's offer be accepted, with 50% of the stock already tendered.

Acquisition of the Mason City bank by Hawkeye Bancorporation is subject to Federal Reserve Board approval.

American State Bank showed assets of over \$10 million at its June 30 statement. The bank, originally organized in 1917 at Rock Falls, moved to Mason City in 1960. The main bank office is located in the Sears-Target Shopping Center there and it has an office in the Willow Brook Plaza Shopping Center in Mason City.

Hawkeye Bancorporation, organized in 1968, has 12 member banks.

GRAETTINGER: Controlling interest in the Graettinger State Bank has been purchased by G. Kenneth Edge of Spencer. Mr. Edge is vice pres. and cashier of the Farmers Trust and Savings Bank. He will resign this position to take an active interest in the Graettinger bank as of Sept. 1. Located in Palo Alto County, the bank has deposits of \$5 million.

MASON CITY: The United Home Bank has announced the appointment of Robert O. Grathwohl to cashier.

WEBSTER CITY: David Ertl has been named installment loan officer at the First State Bank and will now be in charge of all installment loans for the local banking facility.

NEBRASKA NEWS

CHAPPELL: At a meeting of the board of directors of the Deuel County State Bank, Elmo A. Carlson, former vice-president and cashier, was appointed chief executive officer and senior vice president.

FORT CALHOUN: An application has been filed with the State of Nebraska Department of Banking to establish a state bank.

LINCOLN: The election of new officers and officer promotions were announced by Paul J. Amen, president of the National Bank of Commerce.

Officers promoted to assistant vice president were Jack Julian, correspondent loan and banking, and Matt Varney, bond department. Robert Anderson is a newly-elected assistant vice president of mortgage loan.

Additional newly-elected officers are: Karen Luff, assistant personnel officer; Jim Norris, computer system officer; Jerry Rynyan and Jim Williams, computer

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CHICAGO: Promoted from vice president to senior vice president at Sears Bank & Trust Co. are Raymond C. Hamilton, Marc R. Kromelow, Richard M. Pollack, and Albert V. Wallace.

CHICAGO: Shareholders of Walter E. Heller International Corp. and American National Corp. have approved the acquisition of American National by Heller.

Under the agreement, Heller will pay about \$108.8 million in cash for American National, the parent firm of American National Bank & Trust Co. Heller will finance the deal through three banks with loans totaling \$105 million.

CHICAGO: A permit to organize has been issued to establish the Community Bank & Trust Co. of Edgewater, 5336 42 North Clark Street. Total capitalization will be \$800,000. Organizers include: Thomas P. Conrardy, Bartley J. Mc Kee, and Austin L. Wyman, Jr., Chicago; Waldemar Hultgren, Jr., Glenview; John M. Le Bolt, Highland Park; John Mooney, Northbrook; Kenneth Reed, Wilmette, and Lynne L. White, Jr., Winnetka.

CHICAGO: Pioneer Trust & Savings Bank has announced the following officer appointment and promotions: Gerald W. Daly, vice president, real estate division; Sylvia F. Aceto promoted to assistant vice president; and Joseph T. McCarthy promoted to assistant vice president, consumer loan division.

NORTHBROOK: An application for a permit to organize the Charter Bank of Northbrook Court has been filed. Total capitalization would be \$1 million consisting of \$400,000 in capital stock, \$400,000 in surplus, and \$200,000 in reserve for operating expense. Applicants include: John Boylston, Larry L. McGregor, and

Eugene E. White, Northfield; Arthur G. Bess, Jr., David D. Reid, and Wells Hardesty, Northbrook.

PLAINFIELD: An application for a permit to organize the Bank of Plainfield has been filed. Total capitalization would be 750,000 consisting of: \$300,000 in capital stock, \$300,000 in surplus, and \$150,000 in reserve for operating expense. Applicants include: John V. Bays, Lockport; James E. Garrison, Joliet; Donald R. Leaman, Garry R. Lichtenwalter, and William Z. Polley, Plainfield.

NORTH DAKOTA NEWS

BISMARCK: John Rouzie, president of the First National Bank of Bowman, has been elected to the board of directors of Dakota National Bank.

LAMOURE: A group of local men, headed by Leslie Nesvig and Milton G. Anderson, has purchased the controlling interest in the First State Bank of LaMoore.

SOUTH DAKOTA NEWS

GETTYSBURG: First Potter County Bank announces the promotion and election of Russell L. Stone to vice president and Wayne N. Forgey to cashier.

RAPID CITY: William V. Meyer has joined the staff of United National Bank as installment loan officer.

RAPID CITY: C. R. Jackson, banker and civic leader, has accepted an executive post with the United National Bank.

SIOUX FALLS: Victor A. Jorgensen has been elected assistant vice president and manager of the new Sunset office of the National Bank of South Dakota.

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CONVENTIONS

Sept. 3-14—Illinois Bankers Association, Illinois Bankers School, Southern Illinois University, Carbondale.

Sept. 16-19—ABA National Personnel Conference, Sheraton Hotel, Philadelphia, Penn.

Sept. 19-22—ABA 47th Western Trust Conference, The Ilikai Hotel, Honolulu, Ha.

Sept. 23-26—BMA Annual Convention, San Francisco Hilton.

Sept. 23-28—Association of Bank Travel Bureaus Board Meeting, Lucerne, Ind.

Oct. 5-6—ARBHC Fall Meeting, Continental Plaza, Chicago.

Oct. 6-10—ABA 99th Annual Convention, Chicago.

Oct. 14-18—Consumer Bankers Association 53rd Annual Convention, Lodge of the Four Seasons, Lake Ozark, Mo.

Oct. 21-24—Robert Morris Associates, 59th Annual Fall Conference, Del Webb's Townhouse, Phoenix.

Oct. 21-24—Iowa Bankers Association Annual Convention, Hotel Fort Des Moines.

Oct. 22-25—IBAA Annual Seminar for Younger Bank Officers, Ball State University, Muncie, Ind.

Oct. 22-Nov. 2—ABA National Commercial Lending School, University of Oklahoma, Norman.

Oct. 25-26—Association of Data Processing Service Organizations 13th Annual Convention, Sheraton, Chicago.

Oct. 28-31—BMA Trust Marketing Workshop, Mountain Shadows, Phoenix.

Oct. 28-31—BAI 49th Annual Convention, San Francisco.

Oct. 29-31—ABA Bank Card Conference, Chase-Park Plaza, St. Louis.

Oct. 29-Nov. 3—Nebraska Bankers Association Intermediate School of Banking, Nebraska Center, Lincoln.

Nov. 11-14—ABA 22nd National Agricultural Conference, The Leamington, Minneapolis.



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Leo Kane



Bob Scott

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HOW TO PLAN, ORGANIZE & CONDUCT BANK ANNIVERSARIES, FORMAL OPENINGS, OPEN HOUSES is the title of a new book just released.

The book actually is a practical "how-to" manual that provides the banker with workable "formulas" for organizing and conducting any type of bank opening. Based on hundreds of successful bank openings, the book presents a systematic planning approach, various checklists of opening-day problems for bankers to consider, as well as several detailed plans (including budget samples) used in actual bank openings and anniversary celebrations.

Profusely illustrated, the book contains 172 pages, size 8½" x 11", sells for \$13.50 and may be obtained from:

Northwestern Banker, Book Dept.
306 - 15th Street,
Des Moines, Iowa 50309.

COLORADO NEWS

DENVER: The Central Bank & Trust Co. has announced the election of Robert L. Evans as assistant vice president and Larry Gruwell as assistant cashier.

EVERGREEN: Colorado National Bankshares Inc. has agreed in principle to acquire the Golden State Bank and the First National Bank.

FORT COLLINS: L. W. Riddell, former vice president, has been named administrative vice president by First National Bank.

MONTANA NEWS

HAVRE: A new locally owned banking facility, the First Security Bank of Havre, has opened.

RUDYARD: Ronald J. Remick has been elected vice president and manager of Farmers Merchants Bank of Montana.

WANT ADS

Rates 25 cents per word per insertion. Minimum: 12 words.

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