

NORTHWESTERN Banker Newsletter

Vol. 7 No. 32

Des Moines, Iowa

December 4, 1978

Bankers Report Better Quality Ag Loans

Agricultural bankers continue to meet the growing credit needs of their farm customers, supplying nearly one-third of the nation's total farm debt of approximately \$114 billion, figures released by the American Bankers Association (ABA) show.

A mid-year agricultural credit survey conducted by the ABA Agricultural Bankers Division indicates that this achievement requires increasing effort on the part of country bank management to secure funds and to finance large and complex farm businesses.

Loan deposit ratios of agricultural banks are at an all-time high and are likely to go higher, the survey shows. Bankers report the highest number of instances since 1974 where the demand for funds exceeds available funds. The largest gains occurred for general operating and machinery loans, with smaller increases for storage, livestock and real estate loans.

The ABA survey was sent to banks that have a significant amount of their loan volume with farmers. To be included in the survey, a bank under \$10 million in deposits had to have farm loans equal to 10% or more of its deposits; 5% or more for banks with \$10-50 million in deposits, and 1% or more for banks with over \$50 million in deposits.

Survey responses, received from

about 1,350 agricultural bankers, provide insights concerning the farm credit situation as of mid-1978 and prospects for the coming year.

Bankers indicate that while loan funds available at agricultural banks are decreasing, farm credit-worthiness is improving. Although this suggests a contradiction, bankers indicate that improved farm prices and incomes appear to have more than offset the effects of tighter credit.

Over three-fifths of all bankers surveyed report that they expect deposits of farm families to increase between mid-1978 and the middle of 1979.

Other Results

Other survey results include the following:

- Nearly three-fourths of the agricultural bankers report increases in farm loan volume between mid-1977 and mid-1978. Over 70% expect the dollar volume of farm loans to increase by mid-1979.

- Bankers report two-to-one that the quality of their farm loans improved from last year.

- Farm loan interest rates, after being relatively stable for a number of years, increased about ½% between mid-1977 and mid-1978. About half of the respondents expect farm loan interest rates to go even higher.

- In all regions of the country, the number of bankers that expect

loan demand to exceed available funds is greater than the number that expect to have a surplus of funds in mid-1979.

- Over 90% of all respondents indicate that farmers in their area are receiving adequate credit from all sources.

- Bankers estimate that the average proportion of current farm borrowers that they will have to discontinue financing through mid-1979, is about 2%. The major reason cited for discontinuing borrowers is "poor management."

Land Values

- Bankers estimate that farm land values increased about 8% between mid-1977 and mid-1978, with a somewhat slower rate of increase projected by mid-1979. Over 60% of the bankers indicate that sales to foreigners had virtually no economic impact in their trade area, or that they could not determine the impact. Only 14% of the bankers surveyed know of farm land purchases by foreigners.

- More than 40% of the bankers report increases in volume of credit provided by merchants, dealers and others for purchase of machinery, fertilizer, feed, petroleum and other operating expenses.

Banks Must Adopt CRA Statement

The Community Reinvestment Act's regulations became effective

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November 6, and banks have 60 more days in which to adopt a Community Reinvestment Act (CRA) statement for each of their delineated local communities. The statement shall specify the principal types of credit they offer in their local communities. This data must be maintained by the lender in the lobby of each of its premises, and is to be available for public review and comments. The bank's board must review and update the CRA statement at least annually.

An institution's performance under CRA will be taken into account by the appropriate federal regulatory agency when the institu-

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tion applies for a branch, merger, charter and insurance and certain "other approvals."

Stephen Gardner of Fed Dies at 56

Stephen S. Gardner, 56, vice chairman of the Federal Reserve Board and former chairman of the Girard Bank, Philadelphia, died of cancer recently. His death creates a second vacancy on the Board, and gives President Carter an opportunity to make his fourth appointment—a majority—to the seven-man board. The other vacancy occurred when Philip C. Jackson resigned recently.

Iowa News

CLINTON: An application by Iowa State Savings Bank here to establish a detached facility at 231-243 7th Ave. South has been approved by the regional director of the Federal Deposit Insurance Corp. The Iowa Department of Banking gave its approval to the new office in August.

DES MOINES: A ribbon cutting ceremony November 21 marked the opening of the new Central National Bank South Des Moines Office at S.E. Fifth and Army Post Road. The new location is a full service facility.

FAIRBANK: The Federal Reserve Bank of Chicago has approved an application by Fairbank Banc-

shares, Inc. here to become a bank holding company by acquiring the Fairbank State Bank. Officers of Fairbank Bancshares are Earl R., Mary K. and Robert M. Bellis, and Daniel J. Hoefler, all of Fairbank.

MUSCATINE: Calvin G. VanEe has been elected assistant vice president and manager of the farm department at the First National Bank here. He was formerly employed as an agricultural loan officer at the Mahaska State Bank, Oskaloosa, for the last five years. Mr. VanEe is a 1973 graduate of Iowa State University with a degree in agricultural business.

SWEA CITY: The Federal Reserve Board has approved an application by North Kossuth Investment Co. here to become a bank holding company by acquiring the Swea City State Bank. Lee W. Davidson, president of the bank, is also an officer or director of banks in Manson, Spirit Lake and Albert City.

Nebraska News

ASHLAND: Robert C. Fricke has been elected assistant cashier at the Farmers & Merchants National Bank here.

FILLEY: The Robert and David Norton families of Filley have acquired 100% interest, less directors' qualifying shares, in the Filley Bank. Robert Norton is chairman and president and David Norton is vice president of the bank.

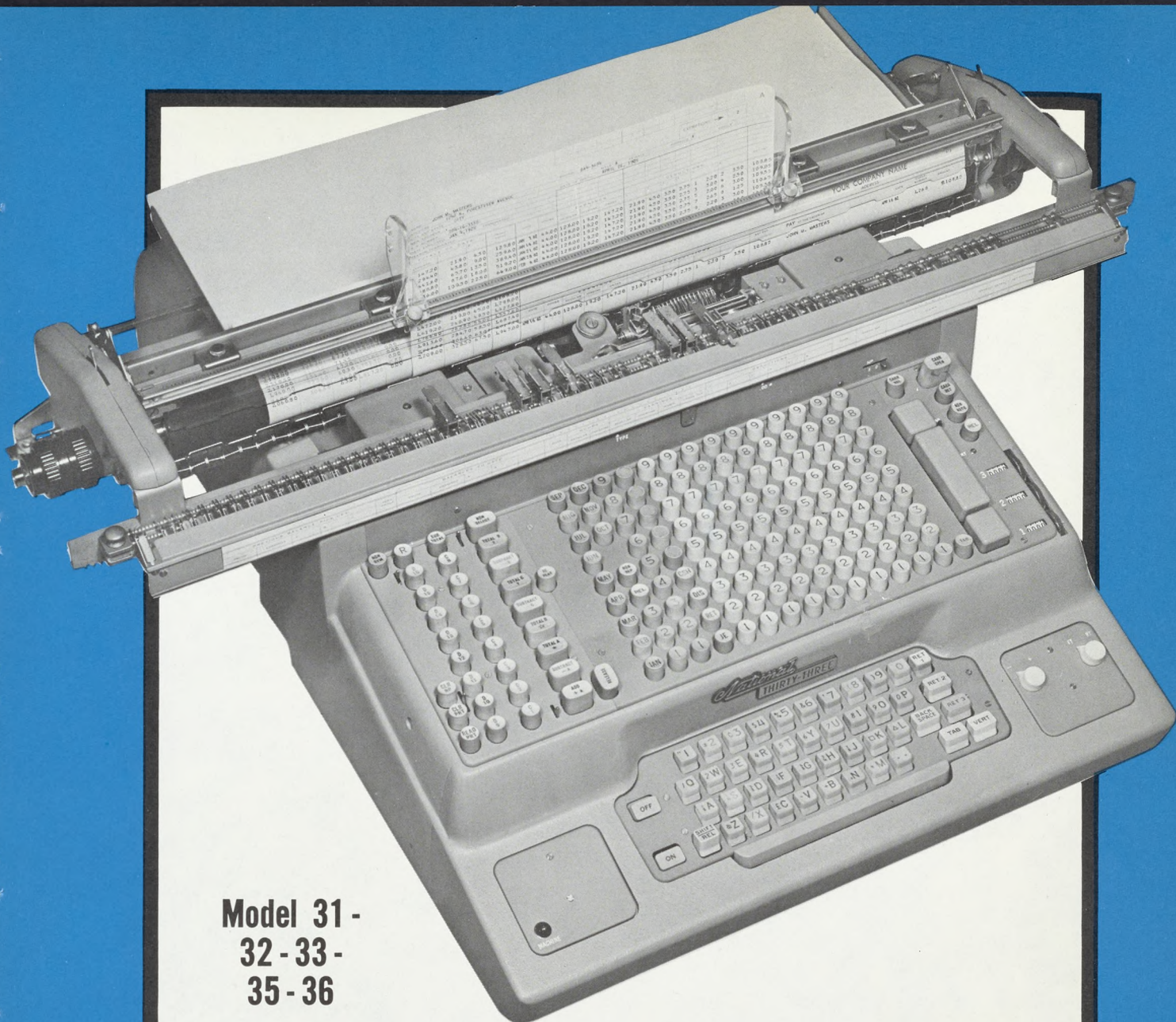
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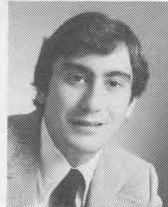
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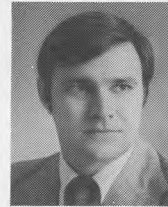


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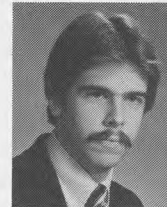
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SIDNEY: The American National Bank here has been sold by the bank's two longtime family owners. Mr. and Mrs. Donald Jorgenson and family and Paul Martin, all of Sidney, have announced the sale of their interest to a group of investors headed by the current staff of bank officers who are stockholders. Mr. Jorgenson said no staff changes are planned.

Minnesota News

AUSTIN: William Strausburg, president of the First National Bank of Austin, has been elected chief executive officer succeeding R.F. Lichty, who has resigned as the bank's chairman and chief executive officer. Mr. Lichty will remain on the board of directors until the end of the year, at which time he plans to resign from that position. Mr. Strausburg joined First National in 1975 as senior vice president and was elected president in 1977.

HALLOCK: Brenda Lang has been elected an officer at the Northwestern State Bank here. She will serve as administrative assistant with responsibility in the loan and operations areas. Scott Pearson has been hired as a loan officer trainee.

WINSTED: The Federal Reserve Bank of Minneapolis has approved

an application by Citizens, Inc. here to become a bank holding company by acquiring the Citizens State Bank of Winsted.

North Dakota News

BISMARCK: Frank Klein has been promoted to assistant vice president and unit manager of the consumer loan department at Dakota Northwestern Bank here. He joined the bank in 1968.

FARGO: Joe Lempe has been appointed controller at the Fargo National Bank & Trust Co. He was employed by the Comptroller of the Currency as a national bank examiner for the last nine years.

Wyoming News

RIVERTON: Dorothy O. Neighbors recently retired as assistant vice president at the First National Bank of Riverton. She joined the bank in 1952 and has worked as a bank auditor and operations officer.

Montana News

HELENA: John J. Buckley has been elected to the board of Bank of Montana, Helena. Mr. Buckley is an officer of Montana Mountain Bell and is a director of Bank of Montana System.

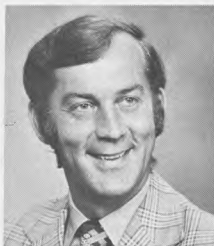
Illinois News

SHERMAN: A permit to organize has been issued to the Sherman Community Bank here. The state bank's total capitalization of \$750,000 would consist of \$300,000 in capital stock, \$300,000 in surplus and \$150,000 reserve for operating expense. There would be 30,000 shares of stock with a par value of \$10 each. Organizers are Conrad Noll Jr., Springfield, and Robert L. McAfee Sr., Amato Polistina, Richard Unsbee, William G. Walschleger Jr., James O. Williamson, William G. Wise, Angelo Yannone and James L. Zaccagni, all of Sherman.

South Dakota News

BELLE FOURCHE: Art Jones has been elected chairman of the interim board of directors of the Tri-State National Bank, currently in the process of organization here. The board also named Helga Gilbert as secretary.

SIOUX FALLS: T.J. Reardon has been elected senior vice president at the Western Bank here. Mr. Reardon, formerly vice president and operations officer, is a graduate of the University of Santa Clara, Calif.



GARY STEVENSON
Vice President

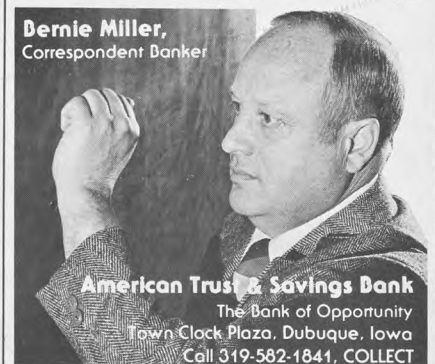
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PARTIAL LIST OF AVAILABLE POSITIONS

LENDING - Rural Ia. Bank. Excellent opportunity
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Teens.

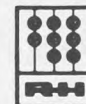
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Vol. 7 No. 32 Northwestern Banker Newsletter is published weekly by the Northwestern Banker Company, 306
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