

# NORTHWESTERN Banker Newsletter

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Des Moines, Iowa

August 4, 1980

## Survey Shows Loan Charge-Offs Drop Loans Section.)

**C**OMMERCIAL bank loan charge-offs declined for the second consecutive year, according to a study released by Robert Morris Associates. RMA is the national association of bank loan and credit officers.

The statistics for the year ending December 31, 1979, are contained in RMA's ninth annual survey of the domestic and international loan charge-off experience of its member banks.

On the domestic side, the results showed that the ratio of gross charge-offs to average loans outstanding decreased to .46 of 1% in 1979 from .51 of 1% in 1978 and .64 of 1% in 1977. The ratio of recoveries to gross charge-offs remained steady at 32% in 1978 and 1979, up from 20% in 1977. This contributed to the ratio of net charge-offs to average loans outstanding's decreasing to .31 of 1% in 1979 from

.35 of 1% in 1978 and .51 of 1% in 1977.

On the international side, the ratio of gross charge-offs to average loans and deposits declined to .12 of 1% in 1979 from .13 of 1% in 1978. After recoveries, the ratio of net charge-offs to average loans and deposits outstanding decreased from .10 of 1% in 1978 to .07 of 1% in 1979.

The domestic section provides gross and net charge-off statistics for seven different types of loans. They are direct real estate lending, loans to financial institutions, loans for purchasing or carrying securities, loans to finance agricultural production, commercial and industrial loans, loans to individuals for household, family and other personal expenditures, and all other loans. (These loan categories parallel the 1979 Federal "call" Reports of Condition, Schedule A—

In addition, the domestic section of the RMA report ranks the high-loss industries for 1979 by bank asset size, Federal Reserve District, and nationwide. The top three high-loss industries nationwide by the number of times cited were: investors (individual, personal borrowers); single family housing construction, and eating places.

The top three high-loss industries ranked by dollars charged off were (1) subdividers and developers; (2) special trade contractors, and (3) manufacturing industries.

When asked to predict the high-loss industries for the current (1980) year, respondents ranked them: (1) single family housing construction; (2) eating places, and (3) investors (personal, individual borrowers).

The statistics in the domestic section are based on data contributed by 861 RMA member banks. Included are data from 87 of the country's largest 100 banks. The

**Table 1—Base data gathered from banks responding to the survey**

Bank asset size 12/31/79 (\$000,000)	No. of banks	Total assets as of 12/31/79 (\$000)	Total average loans outstanding during 1979 (\$000)	Total dollars charged off in 1979 (\$000)	Total dollars recovered in 1979 (\$000)
UNDER 50	101	3,371,470	1,946,285	7,892	2,637
50 - 99	158	11,839,839	6,741,594	24,631	8,100
100 - 199	194	27,013,585	15,198,340	53,782	17,174
200 - 499	178	56,061,199	30,155,940	116,633	37,955
500 - 999	93	62,835,970	33,670,444	169,302	46,914
1000 - 4999	104	222,462,953	111,126,754	543,378	164,713
OVER 5,000	33	617,187,784	229,889,301	1,057,362	359,891
<b>TOTAL</b>	<b>861</b>	<b>1,000,772,800</b>	<b>428,728,658</b>	<b>1,972,980</b>	<b>637,394</b>

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IN SIOUX CITY, IOWA. MEMBER F.D.I.C. © 1980 Security National Bank

participating banks reported gross charge-offs of \$1.973 billion and \$429 billion in loans outstanding.

Loan recoveries totaled \$637 million. After allowing for these recoveries, net charge-offs were \$1.34 billion.

The international section presents statistics submitted by 136 RMA member banks, 85 of which are among the country's top 100. The participating banks reported average international loans and deposits outstanding during 1979 of \$251 billion. Gross charge-offs were reported to be \$291.5 million, while total dollar recoveries were \$122.6 million.

The international section presents gross charge-off, recovery and net charge-off data for five international loan portfolio sizes and five bank asset sizes. It also provides an indication of aggregate charge-off experience by country and type of borrower.

A free copy of this report was sent

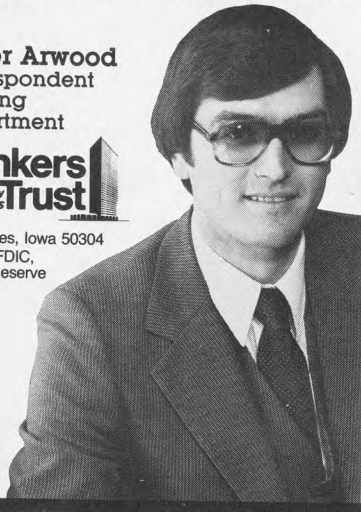
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to the senior associate and senior commercial lending officer of all RMA member banks. Additional copies are available from the RMA Order Department, 1616 Philadelphia National Bank Bldg., Philadelphia, PA 19107. The price is \$5 each for RMA member banks, and \$7.50 each for non-member banks. □

### Iowa News

**BODE:** Funeral services were held last month for Harold Reding, 67, inactive vice president of the Bode State Bank. He had served as president of the Bode Cooperative Elevator board.

**CEDAR RAPIDS:** Jack Parmenter has joined First Trust & Savings Bank here as senior vice president and cashier. Previously he was vice president and cashier at Farmers State Bank in Marion and before that was with Central National Bank & Trust Co. of Des Moines for a number of years.

**DES MOINES:** Frank J. Tamse, 69, retired executive vice president and cashier of Capital City State Bank, died July 29. He started with the bank in 1930 as a messenger and had served as cashier since 1950, later being elected executive president as well prior to his retirement in 1973.

**SPENCER:** An application by Central National Bancshares, Inc., Des Moines, to acquire the Spencer

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# IOWA-Des Moines

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National Bank has been approved by the Federal Reserve Bank of Chicago. Spencer National had total assets over \$36 million at June 30, 1980. Central owns 10 Iowa banks and had assets over \$780 million at June 30, 1980.

### Nebraska News

**CROFTON:** Crofton State Company has received consent from the Federal Reserve Bank of Kansas City to become a bank holding company by acquiring the Crofton State Bank.

**LINCOLN:** An application by Fremont State BancShares, Inc. here to become a bank holding company has been approved by the Federal Reserve Bank of Kansas City. The company will own First State Co.,

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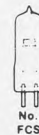
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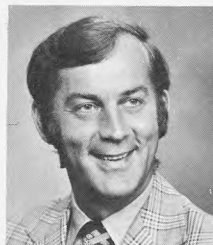
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Vice President

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**NEW ISSUE**

**SALE DATE: July 22, 1980**

**\$2,380,000**  
**FORT MADISON, IOWA**

**MOODY'S: Aa**

General Obligation Corporate Purpose Bonds

Dated: July 1, 1980

Denomination: \$5,000

Both principal and semiannual interest (June 1 and December 1, first coupon due on December 1, 1980) payable at the Office of the Treasurer, Fort Madison, Iowa.

IN THE OPINION OF COUNSEL INTEREST ON THESE BONDS IS EXEMPT FROM ALL PRESENT FEDERAL INCOME TAXES AND ALL PROPERTY TAXATION IN THE STATE OF IOWA.

MATURITIES

	<u>8.90%</u>			<u>8.70%</u>	
\$100,000	June 1, 1982	5.20	\$175,000	June 1, 1991*	6.50
	<u>9.00%</u>			<u>6.70%</u>	
105,000	June 1, 1983	5.35	185,000	June 1, 1992*	6.55
110,000	June 1, 1984	5.50	195,000	June 1, 1993*	6.70
120,000	June 1, 1985	5.65		<u>6.85%</u>	
125,000	June 1, 1986	5.80	210,000	June 1, 1994*	6.85
135,000	June 1, 1987	5.95		<u>7.00%</u>	
145,000	June 1, 1988	6.10	225,000	June 1, 1995*	7.00
150,000	June 1, 1989	6.20		<u>.05%</u>	
160,000	June 1, 1990	6.35	240,000	June 1, 1996*	NRO

\*Optional beginning June 1, 1990 in inverse numerical order at 101.50%.

LEGALITY TO BE APPROVED BY AHLERS, COONEY, DORWEILER, HAYNIE & SMITH, ATTORNEYS, DES MOINES, IOWA

The City of Fort Madison, one of the two county seats of Lee County, Iowa, is located on the Mississippi River in southeastern Iowa approximately 90 miles south of Davenport, Iowa. Fort Madison serves as a retail trading area and service center for the surrounding prosperous agricultural area and has long been the home of several sizable local and nationally based industries. Chief among these are the W.A. Sheaffer Pen Company, now a division of Textron, and the world's largest manufacturer of fine pens; E.I. duPont de Nemours & Co., manufacturers of paints; Ajax Manufacturing Co., a division of Montgomery Ward; Anchor Metals, a division of All American Industries; and Crandon Mill, a division of Consolidated Packaging Corporation. Since the early 1960's the City has experienced a substantial influx of major new industrial development and currently over 65 per cent of its labor force is employed in manufacturing. There are three banks located in Fort Madison with deposits as of December 31, 1979, in excess of \$94,800,000.

These bonds are being issued in accordance with the provisions of Chapter 75, Code of Iowa, 1979, as amended, for the purpose of constructing various improvements in the City. In the opinion of counsel, these bonds are legal and binding general obligations of the City of Fort Madison, Iowa, and all taxable property located therein is subject to the levy of sufficient taxes to pay the principal of and interest on the bonds without limit as to rate or amount.

FINANCIAL STATEMENT

Actual value of taxable property, 1979	\$240,437,682
Assessed value of taxable property, 1979	193,971,596
Direct debt, including this issue	4,560,000
Total direct and overlapping debt	4,689,845
Population, 1980 estimate: 15,000	Direct debt per capita: \$304.00
	Total debt per capita: 312.65

Tax collections have approximated 103.74% of taxes levied for the past eight years.

We own and offer subject to prior sale and change in price and subject to our attorney's approving opinion:

The information contained herein is not guaranteed, but is derived from sources we deem reliable and is that on which our purchase of these bonds was based. Offered subject to prior sale and change in price.



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**John Henderson**  
Vice President  
234-2463



**Rusty Reese**  
Bond Representative  
234-2674

the parent of First State Bank of Fremont.

**SUTHERLAND:** Recent officer changes at the First Security Bank here include the following advancements: Mel Adams Jr., president to chairman; Gordon Larson, executive vice president to president; Roy Bischoff, assistant cashier to assistant vice president, and Joyce Leach, assistant cashier to cashier. Melvin H. Adams Sr. has retired as chairman.

### Minnesota News

**BARRETT:** Jeffrey Holsen has been named executive vice president and managing officer of the Citizens State Bank here in a recent change of ownership of the bank. In addition to Mr. Holsen the new owners and directors are V. F. Hegeholtz, Cleo D. Hegeholtz and John Sandberg. Mr. Holsen has been with the bank since 1977.

**MABEL:** The First National Bank of Mabel has been sold to Douglas M. Kratz and Wayne A. Finnern, who have assumed the positions of chairman, and president and managing officer, respectively. The bank had been owned and managed for many years by members of the Tollefson and White families of Mabel. Mr. Kratz will continue as president of the First Trust Bank of Lakefield.

**NEWPORT:** Town & Country State Bank here has announced personnel changes. E. Milton Klohn, president and chief executive officer, has moved his office to the Woodbury branch to concentrate on marketing, business development and planning. Gary L. Vigness has been elected executive vice president and board member to be responsible for the overall lending function and management of the Newport office.

### Illinois News

**GRANITE CITY:** The Granite City Trust and Savings Bank has received consent from the FDIC to establish remote service facilities at 3030 Madison Ave. and 3731 Nameoki Road here.

**MOUNT PROSPECT:** The commissioner of banks and trust companies has issued final approval for the merger agreement between the Mount Prospect State Bank and MPS State Bank, joined in by MPS-Bancorp, Inc., a Delaware holding company. The resulting and continuing bank (Mount Prospect State) will have issued and outstanding 335,000 shares of capital stock with a par value of \$10.

### Colorado News

**DENVER:** Stapleton Bancorporation, Ltd. here has received consent from the Federal Reserve Board to become a bank holding company by acquiring the Dominion Bank of Denver, formerly Guaranty Bank of Stapleton.

### Discount Rate at 10%

The Federal Reserve discount rate dropped last week one full point to 10% reflecting an alignment with the level of short-term market interest rates and bank lending rates. The prime at some major banks fell earlier to 10¾%, while others remained at 11%. Fed Funds ranged from 9% to 9 5/8%.



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**Trust Officer** needed for \$16 million central Illinois bank.

**CEO** wanted by Iowa community bank to replace retiring president.

**Auditor**, with CPA or bank auditor degree, wanted by \$45 million Iowa bank.

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**#2—Generalist** needed for new charts. Want an aggressive go-getter. \$27,000

**OFFICER**—Will have total and complete responsibility for industrial bank. All types of lending. \$18,000

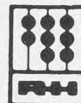
**TRUST OFFICER**—Experience needed. Will eventually take full responsibility for department. \$21,000

**AG OFFICER**—Two years experience needed. Be #1 in department. Must be able to work with little supervision. \$22,000

**VP**—Commercial lending. Must have strong lending and supervisory experience. \$28,000

**OPERATIONS**—Ag bank in Minnesota. Oversee all operations. EDP experience a plus. \$15,000

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**CEO**—Suburban Iowa bank. Positions requires previous administrative experience, degree and solid commercial loan background. \$45,000

**AGRI LOAN**—Second position in ag department of \$85MM bank. Degree desired and three to four years lending experience. \$20,000

**OPERATIONS**—\$30MM suburban bank with progressive management team seeks results oriented operations officer for senior position. \$25,000

**CASHIER**—Rural bank within 10 miles of larger community. Position is second position with duties including ag and instalment loans. \$20,000

**PRESIDENT**—Retail oriented Rocky Mountain bank. Must have strong administrative skills and ability to handle "work out" loans. \$30,000

**EXECUTIVE VICE PRES.**—\$50MM bank in excellent rural area. Degree and five to seven years of solid ag lending experience. \$35,000

**SECOND OFFICER**—Excellent opportunity with small holding company affiliate in Rocky Mountain state. Prefer commercial and instalment loan background. \$20,000

**OPERATIONS**—Rural bank situated in northwestern Missouri. Position requires some knowledge of lending practices. \$20,000

Many other fine opportunities available in midwestern states for experienced bankers. Salary history and resume requested.

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