

NORTHWESTERN Banker Newsletter

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December 27, 1982

1983 Outlook for Commercial Loans

Each year the president of Robert Morris Associates, the 69-year old association of more than 10,000 commercial loan and credit officers, prepares an Outlook for Commercial and Industrial Loans for the coming year. The 1982-83 RMA president, Douglas W. Dodge, has prepared the following summary. He is executive vice president of the \$660 million asset Mercantile-Safe Deposit & Trust Company of Baltimore, Md.

FROM this vantage point in the fourth quarter of 1982, it appears that any growth in commercial and industrial loans during 1983 will be gradual and will probably proceed at a pace slower than the growth of the general economy.

Business accumulation of inventories peaked in the third quarter of 1981 and showed minus numbers in the first and second quarters of 1982. Recent data suggests that this declining trend has continued. As businesses reduce inventories in reaction to recession conditions, debt is retired. More importantly, the outlook for resumption of inventory accumulation will have to wait for the emergence of real demand to induce the nation's



D.W. DODGE

businesses to take on additional debt to expand their stocks.

Similarly, capacity utilization in the nation's factories is touching the cyclical lows experienced in the mid-seventies, and, in some cases, utilization is below the previous cyclical bottom. In addition, and for a variety of reasons, off-shore lending has softened as a result of perceived credit problems and concern about the ability of many borrowers to service what, in many cases, has become rapid accumulations of external debt.

Short-Term Outlook Weak

For all of these reasons, the short-term outlook for business credit demands appears to be weak. A reversal of this trend will have to await a more promising economic outlook which should emerge sometime during the year.

A number of structural factors are at work which will affect both the demand for bank credit and the ability of banks to meet credit needs. Probably the most important is desire of corporations to reliquify their balance sheets through the sale of long-term obligations to fund a heavy burden of short-term credit, both in the banking system and in the commercial paper markets.

The ravages of high rates of inflation, bond market rigidities, and the resulting high interest rates have caused the financial structure of

American industry to deteriorate rather badly. We are presently going through a period where creditworthy borrowers are funding their short-term credit, and this process still has a long way to go. While interest rates in the longer term market have come down somewhat, they are still substantially above historic highs, and the real rate of interest is discouraging many borrowers from completing funding operations.

Should rates continue to decline, this process of restoring financial health should lay the groundwork for economic recovery and, in turn, an increase in the demand for bank credit. As this process goes forward, banks should be able to continue to improve their own liquidity and, therefore, establish a foundation for growth in loans in the future.

Consumers Will Lead

An additional factor which holds promise for the future is the increased rate of savings by consumers which creates the capital pools necessary to accommodate business loan demand. The combination of higher rates of personal savings and the working through of legislated tax cuts holds promise for the ability of the economy to generate increasing demands for goods and services.

In planning loan growth for 1983, it seems to me that commercial banks need to await the emergence of demand for goods and services which will be translated into a rever-

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sal of the decline and then an increase in the level of business inventories. While much of this increase can be expected to be accommodated in the commercial paper market, at least some of it should be met through accommodations at commercial banks. Once this process has begun and capacity utilization revives, there should be good prospects for a gradual increase in term-credit demand to finance the expansion of plant and equipment capacity.

And, in the process, an additional hopeful sign should emerge. In recent years, substantial tax inducements to business capital formation have been enacted. Because of soft economic conditions, we have yet to see the full potential of these tax benefits in the form of increased

capital spending plans on the part of American industry.

No discussion of the outlook for loan demand would be complete without a word about the effects of fiscal and monetary policy on the economy. Continued massive federal deficits with the attendant stimulative effect on both the economy and the price level will pose challenges to national economic policy as they have for the last several years.

Monetary policy has carried almost alone the burden of reducing inflation, and a continuation of this discipline is very much in order. Any major imbalances between fiscal and monetary policy contain at least the threat of disruption of the recovery. This possibility also needs to be in the minds of commercial bankers as they plan their activities for the next year and beyond. □

Iowa News

The first annual ITS EFT Conference is scheduled for February 3 and 4 at the Marriott Hotel in Des Moines. First day presentations will include the keynote address, "Challenges of the '80's: Issues Facing the Community Banker," by O. J. Tomson. Mr. Tomson is president of Citizens National Bank, Charles City. Also on the first day, Neil Milner, executive vice president, Iowa Bankers Association, will present a "Glimpse of the Future." The se-

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cond day will include presentations on productivity improvement, microcomputers, and the future role of the Federal Reserve in EFT. Also, John Sikkink, executive vice president, Iowa-Des Moines National Bank, Des Moines, will present "Beyond the ATM."

The registration fee is \$95 for ITS member participants and \$200 for ITS non-members or non-participants.

The conference dates replace the January 17-18 dates announced earlier.

AMES: Daniel L. Krieger has been promoted to executive vice president of the First National Bank of Ames. Mr. Krieger joined the bank in 1959 after graduation from Iowa State. In other changes, Donald K. Mangels was promoted to assistant vice president, Kevin G. Deardorff to assistant cashier, and Scott T. Leland to auditor.

CEDAR RAPIDS: Donald C. Nebergall, Robert L. De Meulenaere, and Richard P. Pratt have been elected to positions as chairman of the board, president and senior vice president, respectively, at the Brenton Bank and Trust Company. Mr. Nebergall and Mr. De Meulenaere are the founding executive officers of the bank. Mr. Pratt joined the



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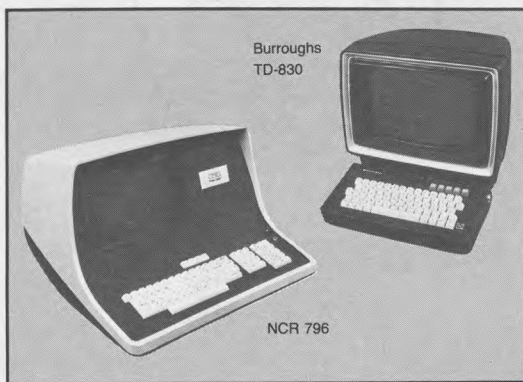
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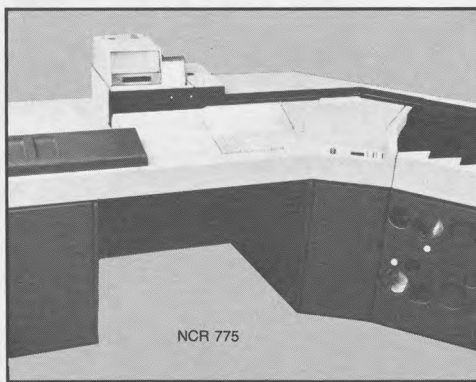


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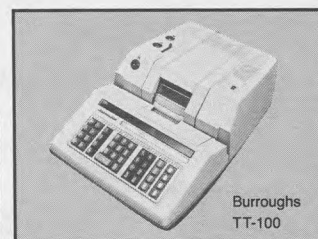


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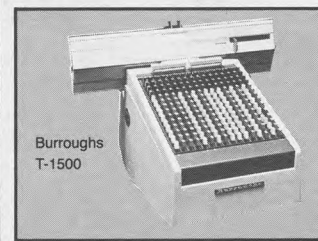
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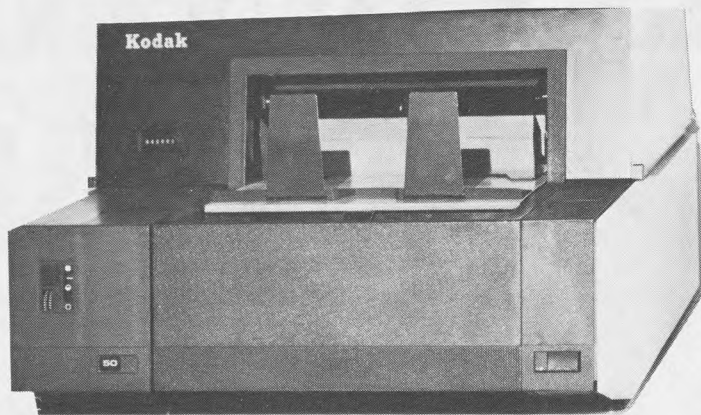
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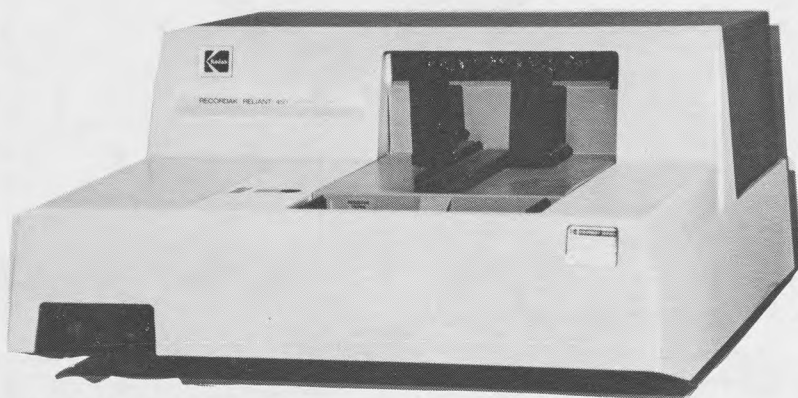
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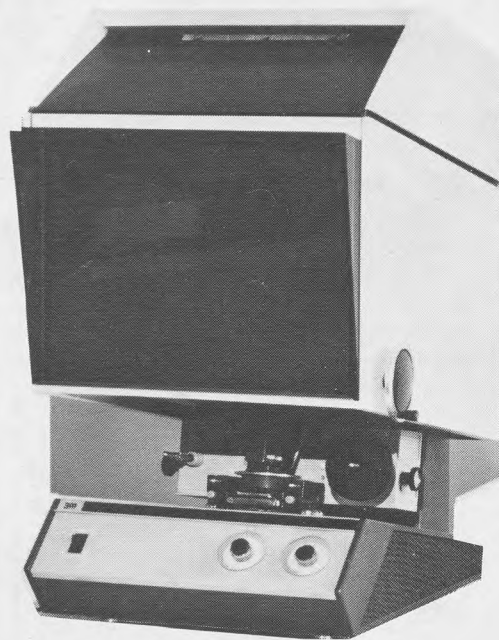
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Brenton organization in Adel in 1963 and has been with the Warren County Brenton Bank and Trust in Indianola since 1969.

REMSEN: David P. Strautz has been elected vice president of the First Trust & Savings Bank. Mr. Strautz, a native of Spencer, Iowa, has been employed by the Farmers State Bank of Marcus for the past ten years. The bank has also named Dale Anderson as senior vice president, Dean Conrad as cashier, and David Augustine as assistant cashier.

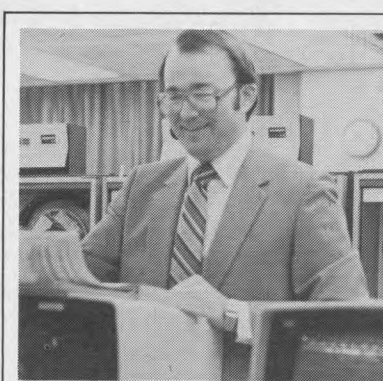
Nebraska News

FREMONT: John Westerberg, a former vice president of First National Bank & Trust Co. of Fremont, will return to the bank as executive vice president/administration. Mr. Westerberg joined the First National Bank of Fremont in 1973, serving as vice president/commercial loans before leaving to assume the presidency of Lincoln Bank East.

OMAHA: Richard C. Lucas, Jr., and Janelle F. File have been named vice president and second vice president, respectively, of Omaha National Bank. Mr. Lucas, promoted from corporate banking officer, joined the bank's holding company, Omaha National Corporation, in 1973 as a staff accountant. Ms. File joined the bank in 1968 as a key punch operator.

Minnesota News

LONG LAKE: Christine Timpe, age 31, assistant cashier of State Bank of Long Lake passed away Monday, December 14, 1982 after a six month



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illness with leukemia.

Ms. Timpe joined State Bank of Long Lake in 1969 and was named assistant cashier in 1980.

MINNEAPOLIS: Susan C. Keating has been elected vice president-operating systems in the metropolitan division of First Bank Systems, Inc. She is currently vice president and manager of the bank card center of First Systems Services, Inc., the service subsidiary of FBS.

SOUTH ST. PAUL: The Drovers State Bank in South St. Paul has changed its name to Drovers First American Bank of South St. Paul.

ST. LOUIS PARK: The Commissioner of Banks on December 7, 1982, granted approval and consent to the consolidation of Guaranty State Bank of Robbinsdale and Citizens State Bank of St. Louis Park under the charter of Citizens State Bank. The location and place of business of the consolidated bank shall be the main office of the Citizens State Bank. The main office of the former Guaranty State Bank of Robbinsdale will be operated as a detached facility of the Citizens State Bank.

South Dakota News

SCOTLAND: Scotland Holding Company, Scotland, recently received approval from the Federal Reserve Bank of Minneapolis to become a bank holding company through the acquisition of the Farmers & Merchants State Bank, Scotland.

Montana News

The 1983 Ag Credit Conference is slated for February 9-11 in Bozeman. Registration for the conference, to be held at the Holiday Inn, begins at 5 p.m. February 9. The registration fee is tentatively set at \$85 for early registration and \$110 for registrations after February 1. Activities include workshops on loan documentation and financial statements, and an address on "Financial Management Strategies for the Progressive Agri-Lender and Manager for the '80s."

LEWISTOWN: John M. Carlson has been elected president and director of Midstate Bank of Montana, Lewistown. A graduate of the University of Colorado, Mr. Carlson began his banking career in 1978 with the First National Bank of Lewistown.

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BUSINESS DEVELOPMENT OFFICER—Iowa bank, member of a multi-bank holding company, seeking individual with excellent sales, marketing and business development skills with ability to sell financial services including new products. Needs to be a self motivator with 2-5 years experience in selling/marketing. Salary and commission package negotiable based on qualifications and experience. All replies confidential. An Equal Opportunity Employer. Write file RBP, c/o Northwestern Banker. (PA)

AG LOAN OFFICER—Minimum two years banking experience required. Ag degree a plus. \$60 million central Iowa bank. Send resume to file RBR, c/o Northwestern Banker. (PA)

JUNIOR COMMERCIAL LENDING OFFICER for a \$75 million west central Minnesota bank. Educational background in credits and several years lending experience preferred. Send resume to file RBS, c/o Northwestern Banker. (PA)

OFFICER POSITION in northwestern Iowa. Minimum 3-5 years experience necessary. Insurance operations & loans. Contact Stanley O. Nervig, Vice President, Farmers State Bank, Marcus, Iowa 51035. Phone 712/376-4154. (PA)

AG LOAN OFFICER—Progressive \$17 million northeast Iowa bank has an opening for an experienced ag loan officer. Insurance licenses and operations background helpful. Pleasant working environment in rural area. Only seasoned officers need apply. Send resume, references and personal data to file RBT, c/o Northwestern Banker. (PA)

VICE PRESIDENT COMMERCIAL LENDING—eastern Montana Bank needs commercial lender with minimum of 4 years commercial and/or ag lending experience. Salary \$28-\$33,000 depending on qualifications and experience. Send resume to file RBZ, c/o Northwestern Banker. (PA)

LENDING OFFICER—Commercial lending experience. New position with opportunity for growth in a progressive \$36 million bank in east central Iowa town of 3,000. Send your resume to file RBU, c/o Northwestern Banker. (PA)

Immediate opening for AGRICULTURAL LOAN OFFICER in eastern Iowa community, bank assets over \$77 million. Applicant must have 3-5 years ag lending experience. Send resume to file RBV, c/o Northwestern Banker. (PA)

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INSURANCE OFFICER—wanted for small agency in eastern Nebraska town of 1,400 population. Good potential for growth and development. Will also be able to assume banking duties. All inquiries confidential. Reply to file RBX, c/o Northwestern Banker. (PA)

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All rate high on their appearance, personality, experience, references and attitude. These candidates are conducive to progressive banking: **DEVELOPING NEW BUSINESS** and **MAKING QUALITY LOANS**. All are currently employed, interested in advancement and bring records of being quick studies with ability to adapt. Ages of these top bankers range from 24-37, all have four year ag degrees and are able to relocate.

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NW-1 BANK TRAINEE—School internship at a progressive bank along with a Business Administration degree and a sales personality. Wrote programs for the Apple II computer. Self employed hog farmer. Sharp and personable. Engaged. IA. \$17,000

NW-2 BANKING—PCA branch manager responsible for \$11 million in loans. Stable individual (11 yrs. with PCA), record of credit quality and presents himself well. B.S. AG. Married. IA. \$24-\$30,000

NW-3 BANK TRAINEE—Licensed in insurance lines, Ag Business degree, sales experience, dresses well, farm background. Sharp, personable and willing to start at \$14,000. Married. MN.

NW-4 AG CREDIT—3½ yrs. as branch manager for FLB responsible for a loan volume of \$55 million. Dairy farm background. Seeks performance oriented employer in banking. Married. MN. \$25,000 +

Jeannie 515-263-9598
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NW-5 VP & AG LOAN REP—for past 8 yrs. at a \$50 million bank. Very involved in PR: speaks at ag functions in many states. Add this to previous sales experience = **NEW BUSINESS**. B.S. Ag Econ. Married. Mid 30's. IA. \$27,000 +

NW-6 LOAN OFFICER/CREDIT SUPERVISOR—Has the background that's in demand: PCA Loan officer with previous sales experience. Wants to relocate to city of 20,000 or larger. Single. B.S. Ag Bus. IA. \$21,000 +

NW-7 AG CREDIT—Six yrs. with FLB as A.V.P. & Branch Mgr. with \$50 million loan portfolio. Reference says, "Top reputation as ag lender & citizen." B.S. Ag Bus. Single. Age: 27. IL. \$23,000 +

NW-8 AG LOAN/CORRESPONDENT OFFICER—2 yrs. as Branch Mgr. of FLB in urbanized area. At ease handling loans with farmers or corporate executives. Makes new business calls on his own initiative. B.S. Ag Bus. Single. Age: 25. IL. \$23,000 +

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Executive Vice President, Lender, \$25mm small town t \$30

Bond Department, Administrator/Sales, metro area, la reputable, well established bond department with excellent long term record O

Commercial Lender, 3-5 years large bank experience quired plus a commercial lending school or equivalent a minimum of \$15mm portfolio C

Cashier, \$30mm bank, in town about 8,000 to \$25

President, \$50mm bank, suburb, holding company affil to \$55

Commercial Lender, 3 yrs. experience with a minimum \$7mm portfolio C

Positions available change as more openings become available or as positions are filled. If you are interested in making an advancement or change in your present situation, candidate registered with me, you will be informed as positions come available that would appeal to you based on what YOU want in a bank, in salary, in location, and in size of town or city. I do not reveal your name to a client bank until you are interested in interviewing.

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OPERATIONS—\$50MM community bank. Strong background in budgeting, costing and asset/liability management desired. \$28,000

EXECUTIVE VICE PRESIDENT—manage \$15MM rural bank for absentee owner. Background in agri-credits & operations required. \$30,000

CASHIER/CONTROLLER—handle accounting, interest and regulatory reports for \$40MM suburban bank. Accounting degree preferred. \$26,000

COMMERCIAL LOAN—staff addition to \$200MM urban bank. Should enjoy business development and have years commercial lending experience. \$28,000

AGRI-LOAN—manage Ag portfolio for \$30MM rural bank. Prefer Iowa native with Ag degree. \$26,000

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