

NORTHWESTERN Banker Newsletter

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First Bank System to Sell 28 Banks

FIRST Bank System, headquartered in Minneapolis, announced August 15 its intention to sell 28 of its 78 banks and trust companies, as well as 17 branch offices. The announcement said the plan would allow FBS "to restructure its banking assets by offering employees the opportunity to purchase 28 of its regional division banks with 45 offices in four states—Minnesota, Montana, North Dakota and South Dakota."

The announcement said the 28 banks and offices account for "only eight percent of First Bank System's total assets of \$22 billion at year-end 1984."

FBS President D.H. (Pete) Ankeny, Jr., said, "Directors, management and employees at each of the banks will be given an opportunity to purchase their respective banks using First Bank System financing." He added that "No community where we have an existing bank will be left without professional ongoing banking services."

At 1984 year-end, the 28 banks had \$1.55 billion deposits, equal to 11% of FBS' total deposits. Their earnings of \$1.63 million represented only 1% of FBS 1984 earnings. Their capital of \$112 million was 10% of the FBS capital. Ag loans at FBS were reported in 1984 as 6% of the total loan portfolio but accounted for 33% of the loan losses.

The institutions listed for sale have 954 of the corporation's 9,697 employees.

Mr. Ankeny said the revolutionary changes in banking require FBS to restructure, stating, "It is vital that we concentrate on those activities and markets where we, as a multi-state banking system, have a distinct competitive advantage and where we can bring real added value to our customers."

The following banks and offices are listed by FBS as for sale:

Minnesota—First Banks in Benson, Blue Earth, Litchfield, Little Falls, Luverne (and its Pipestone office), Marshall (and its Ivanhoe and Minnesota offices), Northfield, Paynesville, Sauk Centre, Spring Valley, Waseca, Windom, Wheaton and Worthington (and its Lakefield office). A total of 14 banks and 4 offices.

Montana—First Banks in Forsyth, Fort Benton, Lewistown and Livingston. A total of 4 banks.

North Dakota—First Banks in Cando, Cavalier, Cooperstown, Langdon, Lidgerwood, Park River, Rolla, Valley City and Wahpeton. A total of 9 banks.

South Dakota—The First State Bank of Highmore. All other FBS outlets in South Dakota are branches of First Bank of South Dakota, N.A., Sioux Falls. The offices in Rapid City and Aberdeen are

unaffected by this announcement. The First Bank of Sioux Falls branch in Wessington Springs was not included in the list for sale, but since the announcement, FBS reports the sale of the Wessington Springs office to American State Bank of Wessington Springs, an independent bank. The other 13 offices of FBS are listed for sale. They are located in Clark, Corsica, Gettysburg, Hot Springs, Huron, Lemmon, Madison, Miller, Platte, Presho, Redfield, Sturgis and Vermillion. A total of 1 bank, 13 offices (and Wessington Springs sold). FBS will retain its South Dakota presence with First Bank Sioux Falls and the branches at Aberdeen and Rapid City. □

Fed Denies ESOP Bid to Buy Illinois Bank H.C.

In a 4-2 decision that could effectively prevent leveraged buyouts of their bank holding companies by ESOPs, the Federal Reserve Board rejected the application of the First National Bank of Blue Island, Ill., ESOP to purchase 54.1% of Great Lakes Financial Resources, Inc. The holding company owns First National Bank of Blue Island and Community Bank of Homewood-Flossmoor.

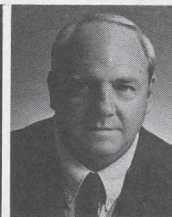
The Fed Board noted that with the highly leveraged buyout, Great Lakes primary capital would fall to 4.5% from its present level of 7.4%,

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and said the debt-to-equity ratio of the merged organization would exceed 400%.

The majority of the board stated it "does not believe that Congress intended to allow ESOPs to acquire control of banks without regard to the basic prudent safeguards."

The two dissenters, Fed Vice Chairman Preston Martin and Governor Martha Seger said the inclusion of ESOPs in the definition as a bank holding company should be left to Congress. They said, in part, "If there is a widespread problem with leveraged ESOPs holding stock in banking organizations, we would consider it the prerogative of Congress to legislate specific regulatory responsibility over this area to the

Board, rather than have the Board interpret (bank holding companies) to include ESOPs."

Iowa News

The Small Business Committee of the Greater Des Moines Chamber of Commerce Federation and the U.S. Small Business Administration are co-sponsoring a seminar entitled "Fundamentals of Marketing" to be held September 4 at the Des Moines Botanical Center. The presentation will be given by Eldon L. Little, a professor of marketing at Drake University and a consultant in marketing, advertising and retail promotion. Fee is \$5 for chamber members and \$10 for non-members. Registration is at 7:30 a.m. with the seminar to be held from 8:00 to 10:00. Register by calling the chamber office in Des Moines at (515) 286-4995.

FORT DODGE: First Interstate Bank of Fort Dodge has made several staff changes. James C. Neuroth has been named executive vice president and second officer. In addition to his credit administration responsibilities, he will participate in the general management of the bank, and supervision of the offices at Harcourt, Lehigh, Duncombe and Burnside. He most recently was senior vice president at First Bank Rochester, Minn., and vice president—credit administration for First Bank

System's southeast Minnesota region. Laurel L. Ericson has been named vice president—credit. Most recently he was president of the Federal Land Bank Association of Fort Dodge. Francis J. Kenne has been named vice president and manager, operations. He has responsibility for accounting, internal control, deposit operations, and credit card operations functions, as well as supervision of the Crossroads Mall office in Fort Dodge. He has been with the bank for 14 years. Jeffery G. Denison has been named vice president and manager, trust. He most recently was with the trust function at the Omaha National Bank, Omaha. Marshall McClurg has been named senior vice president—management service. He is responsible for facilities, equipment, purchasing, and cost containment. He has been with the bank for 29 years.

Nebraska News

The Intermediate School of Banking will be held Sept. 22-27 at the Rodeway Inn in Overland Park, Kansas. The School is for bank employees at the management level, both officers and non-officers, and covers subjects relating to day-to-day management in commercial banking. Cost is \$450 for single occupancy housing, eight meals, books and tuition; cost without a room is \$400. For more information or to register, contact Mrs. Gloria Young, The Schools of Banking, Inc., P.O. Box 14531, Omaha, NE 68124, telephone (402) 391-7738.

OMAHA: Alan J. Rausch has been named a vice president of FirstTier, Inc. He is assistant secretary and assistant treasurer of the financial services company. He joined Omaha National Corporation, FirstTier's predecessor company, in 1977. He later served as manager of professional accounting and was named a second vice president in 1979.



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Minnesota News

The Minnesota Bankers Association 1985 District Meetings have been set for the last two weeks in September. According to MBA President Clinton D. Kurtz, this year's format has changed. The afternoon program will feature a special session for bank senior officers, followed by a reception, dinner and speaker, which is open to all district bankers. Each district will hold a business session to elect new district officers and directors for 1985-86. The dinner program will feature Robert Henry from Auburn, Alabama, who will address the topic "Win with Aces." The meetings will be as follows:

District 1: Sept. 16, Midway Motor Lodge, Rochester

District 2: Sept. 17, Orchid Inn, Sleepy Eye

District 7: Sept. 18, Sunwood Inn, Morris

District 8: Sept. 23, Holiday Inn, Grand Rapids

District 9: Sept. 24, Holiday Inn, Bemidji

District 6: Sept. 25, Maddens, Brainerd

Districts 3, 4, 5: Sept. 26, Sheraton Park Place, St. Louis Park

MINNEAPOLIS: First Bank System, Inc. has announced that the soon-to-be consolidated trust activities of First Trust Company of St. Paul and First Bank Minneapolis will have a new name, one new St. Paul location and a new chief executive. The name will be First Trust Company, Inc. Approximately 550 of the consolidated company's employees in the Twin Cities will move to the Burlington Center in downtown St. Paul, beginning January, 1986. These employees comprise the security processing, employee benefit, systems development, trust operations and corporate securities services groups. Other departments may also move, but all personal trust administrators and portfolio managers will remain at their present locations. John M. Eggemeyer, III has been elected chairman and chief executive officer and a director of the new company. He will succeed

J. Thomas Simonet, who has announced his retirement as of December 31, 1985. Mr. Eggemeyer joined First Bank System in February 1985 as executive vice president. Previously he had been president and chief operating officer of First Interstate Bank of Denver. As a result of the consolidation, First Trust Company, Inc. will have assets under management of \$8.9 billion, making it the 19th largest trust operation in the U.S.

MINNEAPOLIS: William J. Swannstrom and Steven E. Rykkeli have been promoted to vice presidents by First Bank Minneapolis. Mr. Swannstrom, who joined the bank in 1981 as human resources officer, had been assistant vice president in the human resources group. Mr. Rykkeli had been assistant vice president in the regional group since joining the bank in 1981.

Montana News

GREAT FALLS: Wayne M. Hirsch has been elected vice president in the commercial lending department

of First Bank Great Falls. He joined the agricultural department at First Bank Miles City in 1976, and subsequently served as the manager of the commercial and agricultural divisions.

GREAT FALLS: Daniel P. Murray has been promoted to vice president of Village Bank in Great Falls. He has served as assistant vice president and head of the installment loan department since his arrival in 1982.

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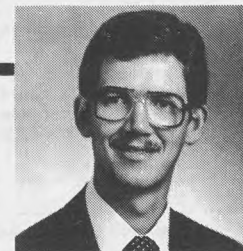
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CASHIER—\$21 Million S.W. Minnesota Bank with one detached facility. Seeking an individual to manage the entire operation. Contact: James G. Sner, Farmers State Bank, Mountain Lake, MN 56159. (507) 427-2422. (PA)

CONSUMER LOAN DEPARTMENT MANAGER—Seeking experienced consumer lender with strong interpersonal, communication and credit analysis skills. Proven track record in business development. Career opportunity with progressive bank; excellent benefit package and good potential for advancement. Send resume and salary requirements to: Human Resources Officer, First Interstate Bank, P.O. Box 5010, Great Falls, Mt. 59403 (PA)

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