

NORTHWESTERN

Banker Newsletter

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May 30, 1988

District Farm Income Shows Gains

RESULTS of a Federal Reserve Bank of Minneapolis survey confirm that area farm income in the first quarter was higher than a year ago.

Federal Reserve economist Stanley L. Graham reports that more than 60 percent of the rural bankers responding to the Fed's recent survey said first-quarter farm income was greater than a year ago. Only 8 percent said it was lower. As in previous surveys, the bankers attributed the income gains to:

- higher cattle prices;
- higher prices for most crops;
- higher crop yields, and
- higher government payments.

Many area farmers also benefited from rising farmland values. Between March, 1987 and March, 1988, farmland values rose, on average, by 5.5 percent for nonirrigated land and 2.5 percent for pasture and grazing land. The largest increases were reported for farmland in Minnesota and South Dakota. Farmland values in Montana, North Dakota, and northwestern Wisconsin rose very little or declined a bit, on average.

Area farmers continued to improve their debt position in the first quarter. Of the bankers responding, 28 percent said farmers repaid their loans at a faster-than-normal rate;

only 5 percent said repayment was slower than normal. As a result, agricultural banks have seen a rise in the quality of their farm loan portfolios.

The improved debt position combined with increased income contributed to higher farm spending than a year ago. Of the surveyed bankers, 36 percent said farm spending on all items was greater than a year ago, while only 6 percent said spending was less. "Now that farmers seem more comfortable with their debt levels and more confident about the farm economy's future, they are spending more, mainly on farm machinery and equipment," Mr. Graham says.

Most of the bankers expect farm profits in the second quarter to at least match 1987's performance, and perhaps even exceed it. Prices for cattle and most crops are expected to stay above levels of a year ago. Some bankers, however, are concerned that insufficient moisture might lower crop yields in the months ahead.

The survey results are based on the late-March responses of 160 bankers in rural areas of the Ninth Federal Reserve District, which includes Minnesota, Montana, North Dakota, South Dakota, northwestern Wisconsin, and the Upper Peninsula of Michigan. □

Iowa News

AUDUBON: Rick Harms recently joined the Audubon State Bank as executive vice president. He previously served as vice president at the Norwest Bank in Hastings, Neb., and has also been associated with financial institutions in Omaha and Harlan, Ia.

DUBUQUE: David D. Sullivan has been elected vice president, investments at American Trust and Savings Bank. He previously was vice president of investments for First Colonial Bankshares of Chicago. He held a similar position with Millikin National Bank, Decatur, Ill.

Nebraska News

New officers of the East Central Nebraska Bank Administration Institute have been announced. They are: President—Daryl Wilton, First National Bank of Schuyler; Vice President-Education—Bob Frerichs, First National Bank of Columbus; Vice President-Finance—Geraldine Ditter, Bank of Lindsay; Vice President-Communications—Diane Hofpar, First National Bank of Omaha—David City branch; Vice President-Membership—Gary Sutton, First National Bank of Columbus; Past President—Terry Novak, First National Bank of Omaha—David City branch.

OMAHA: Donald D. Adams, vice

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Dorothea Wolfe

president of government relations for FirsTier Financial, Inc., will retire from the corporation effective July 1. He has announced plans to open his own consulting business as a specialist in governmental relations. He will continue to work with FirsTier on a contractual basis as a consultant. He has been with FirsTier for 15 years.

Minnesota News

MINNEAPOLIS: Richard E. Korinke has been appointed vice president of the Minneapolis office of New England Commercial Finance Group, an affiliate of the Bank of New England. He previously served as assistant vice president, business

services division, Marquette Bank, Minneapolis.

MINNEAPOLIS: Benjamin S. Jaffray has been elected chairman of the board of Resource Bank & Trust. Before joining Resource, Mr. Jaffray was a director and senior vice president, finance, at Cargill, Inc.

MINNEAPOLIS: Norwest Bank Minnesota has named Dennis L. Meek president of its Norwest Center office in downtown Minneapolis. He was president of the Olson Highway and Golden Valley offices of Norwest Bank Minnesota. Mr. Meek succeeds John R. Harden, who has been promoted to vice president and director of consumer banking for the Norwest seven-state banking region. Mr. Meek joined Norwest in 1975 in Norfolk, Neb. and has also served in St. Cloud. Mr. Harden started with Norwest in Bloomington in 1970 and joined the corporate staff in Minneapolis in 1973. He joined the Minneapolis bank in 1979 and was named president in 1987.

MINNEAPOLIS: David M. Gilman has been named vice president and north market manager, small business banking, for First Bank System, and managing officer for First Bank, Robbinsdale. He was formerly president and CEO of Marine Bank Bloomington, a recent FBS acquisition now called First Bank Bloomington. He replaces Kenneth C. Sheehan, managing of-

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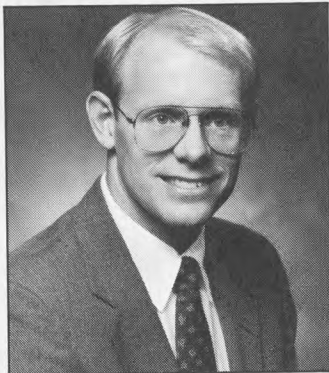
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ficer of the First Bank, Robbinsdale office, who retired on May 31.

MINNEAPOLIS: Duncan MacMillan and National City Bancorporation announced on May 18 that they have signed a contract for Mr. MacMillan to purchase National City Bank of Ridgedale. Mr. MacMillan is chairman of the American State Bank of Bloomington, Minn. The bank will change its name to American Community Bank of Ridgedale, N.A. The acquisition requires federal approvals and is expected to be completed this fall. No changes in officers or staff are anticipated. The bank has assets of \$56 million.

Wisconsin News

APPLETON: Ralph J. Huiras, chairman and president of Colonial Bancorporation, Inc., Thiensville, and Gus A. Zuehlke, chairman and CEO of Valley Bancorporation, Appleton, jointly announced on May 19 that the two organizations have entered into an agreement in principle for a merger of Colonial with Valley in which Colonial shareholders will receive Valley common stock. The transaction is valued at approximately \$16.6 million, and is subject to negotiation of definitive



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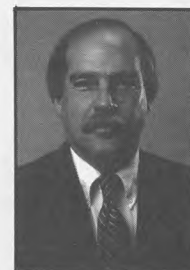
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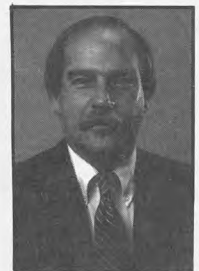
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agreements and obtaining requisite shareholder and regulatory approvals.

MILWAUKEE: Robert L. Seidell has been elected president of Marshall & Ilsley Data Services, Inc. Dennis J. Kuester, president of Marshall & Ilsley Corporation, has also been president of the subsidiary and will remain a director. Mr. Seidell joined M&I in 1983 and most recently was executive vice president of M&I Data Services.

South Dakota News

The Federal Reserve Bank of Minneapolis, in cooperation with the bankers associations of Minnesota, North Dakota and South Dakota, has scheduled several seminars on Expedited Funds Availability during June. Registration is at 8:30 a.m. with the program running from 9:00 to 12:30. Fee is \$20 per person. Dates and locations are: 8th—Holiday Inn, Duluth, Minn.; 9th—Holiday Inn, Bemidji, Minn. and Mankota, Minn.; 10th—Ramkota Inn, Sioux Falls, S. Dak. and Park Inn International, Alexandria, Minn.; 13th—Bloomington, Minn.; 14th—Ramkota Inn, Pierre, S. Dak.; 15th—Bismarck, N. Dak.; 16th—Fargo, N. Dak. Contact the appropriate bankers association to register.

YANKTON: The transaction to merge The American State Bank into First Dakota National Bank, both of Yankton, was effective May 18 when the FDIC approved a financial assistance plan whereby FDIC contributes \$4,275,000 to offset losses in the bank. An additional \$3,250,000 capital injection is provided by the shareholders of First Dakota National. This move was made when FDIC was informed American State was in danger of failing. The plan was announced earlier (April 18 *Weekly Newsletter*) by First Dakota president and CEO Larry Ness.

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FDIC will share in recoveries of covered losses of the bank. The responsibility for pursuing collections and claims remains with the bank. The four offices of American State have become branches of First Dakota National. American State had assets of about \$67 million and total deposits of about \$63 million. First Dakota National Bank now has approximately \$125 million in assets, making it the seventh largest bank in the state.

North Dakota News

The following individuals have accepted appointments to serve as committee chairmen for the North Dakota Bankers Association for 1988-89: Agriculture—David Kjestrup, First Security Bank, Underwood; Bank Counsel—Tom Tudor, Bank of North Dakota, Bismarck; Education—Richard Johnson, Gar-

risson State Bank; Legislative—James Kuchar, Western State Bank, Devils Lake; Marketing—Kim Albert, First American Bank, Minot; Trust—Mike Parke, American State Bank, Dickinson; Long Range Planning Task Force—Curt Zimbelman, First Western Bank, Minot; NDBA School of Banking—Mark DuBord, Union State Bank, Fargo; Nominating—John Pierson, Norwest Bank, Bismarck/Mandan; 1989 NDBA Convention—Gerald Willer, Kirkwood Bank & Trust Co., Bismarck.

Wyoming News

CASPER: Among recent changes announced by Wyoming National Bank Casper were the promotions of David W. Perino and Mark S. Ramsdell to vice presidents and commercial loan officers. They joined the bank in 1986 and 1985, respectively.

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