

# Bank Owner

The magazine of the Bank Holding Company Association

*Introducing the new magazine for*

## **Bank Owners & Holding Company Professionals**

### **INSIDE:**

Ten advantages  
of the holding  
company structure

Tax considerations  
for sub S banks

Federal Reserve now  
supervising S&L  
holding companies

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612-604-6400

**Wipfli**

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## Our mission:

The mission of the Bank Holding Company Association is to provide educational information through seminars, forums and publications useful to bank owners and holding company managers.

## Our organization:

The Bank Holding Company Association, founded in 1981, welcomes Members from around the country. Holding companies of all sizes from throughout the Midwest make up a majority of the current membership. Companies that serve bank owners, their holding companies and banks, are welcomed as Associate Members. The BHCA is run by a 10-member board of directors and a managing director.

## Our magazine:

*Bank Owner* magazine is the new quarterly publication of the BHCA, replacing our formerly published newsletter. It is your best source for information about bank holding company and bank ownership issues. The magazine also is your best source for BHCA information, including upcoming events. Members receive the magazine in the mail and have access to an online version in the members-only section of our web site, [www.theBHCA.org](http://www.theBHCA.org). The magazine also is distributed to bank owners and holding company professionals who are excellent candidates for membership.

### The Bank Holding Company Association

7400 Metro Blvd., Suite 217  
Minneapolis, MN 55439  
Tel. (952) 835-2248  
Toll Free: (800) 813-4754  
Fax: (952) 835-2295  
[www.theBHCA.org](http://www.theBHCA.org)

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## CALENDAR

Note the date

**May 7-8** — 2012 Spring Seminar

**May 24** — Webinar: *Tax and estate planning for bank owners*

**July** — BHCA-ICBM Regulatory Forum (date to be determined)

**Sept. 13** — Webinar: *Bank acquisition and valuations...to sell or not to sell*

**Oct. 4-5** — 2012 Fall Seminar

**Oct. 5** — BHCA annual meeting

**Nov. 15** — Webinar: *Emotional issues surrounding succession planning*

**May 6-7, 2013** — 2013 Spring Seminar

**Register for events online at [www.theBHCA.org](http://www.theBHCA.org)**

## Holding companies have a long, evolving history in the U.S. financial landscape

The Bank Holding Company Association is serious about providing useful education for bank owners and holding company professionals. For more than 30 years, the association has delivered specialized education through its Spring and Fall seminars. I hope you will plan to join us at our 2012 Spring Seminar, set for May 7-8 at the Minneapolis Airport Marriott Hotel in Bloomington, Minn., where several leading consultants will share their industry insights.

We are also now offering periodic webinars on holding company and ownership topics. This is important because no other educational industry organization is specifically focusing on holding companies. BHCA will be presenting at least four webinars this year, the first having been presented on Feb. 9. Upcoming webinars are:

- *Tax and estate planning for bank owners*, presented May 24 by McGladrey.
- *Bank acquisitions and valuations... to sell or not to sell*, presented Sept. 13 by Country Club Bank Capital Markets Group.

- *Emotional issues surrounding succession planning*, presented Nov. 15 by Eide Bailly.

I had the opportunity to participate in the Feb. 9 webinar, presented by the law firm of Fredrikson & Byron. The topic was "Making the most of your holding company charter." Presenters Karen Grandstrand and Beau Hurtig did an excellent job giving us the background of the holding company charter, explaining its benefits, and providing information about forming a holding company. A feature article in this magazine summarizes their presentation.

There are nearly 5,000 registered bank holding companies in the United States, and they control some 5,700 insured commercial banks. Holding companies hold 99 percent of all commercial bank assets.

The Feb. 9 webinar offered interesting information about the history of the holding company charter. For example:

- Holding companies came into the U.S. banking industry in the early 20th century because many states, and even some counties and cities, had laws preventing a bank from branching beyond their borders. Bank owners came up with a way to deal with such restrictions by forming holding companies. These companies could operate affiliated banks with separate charters in multiple locations without regard to geographic borders. This resulted in chain banking, which became common in the 1930s.
- Holding companies also gave banks the opportunity to offer their customers services which a bank by itself might not be allowed to offer.
- As holding companies grew more prevalent, Congress began to become interested in them. In 1956 Congress passed the Bank Holding Company Act. The purpose of the law was to prohibit holding companies from acquiring banks in more than one state. It also put restrictions on non-bank activities.
- In 1999, Congress modified the holding company charter with the Gramm-Leach-Bliley Act. The major change in this law authorized affiliation among banks, securities firms and insurance companies. Previously holding companies could not engage in these other forms of financial services.
- With the Dodd-Frank Act, Congress broadened bank holding company rules to savings and loan holding companies, and to non-bank financial companies.

Holding companies provide ownership with capital planning tools and give banks the opportunity to offer additional products and services. Be sure to read our feature on page 6, which describes these and many other benefits of the holding company structure for community banks. □



By Bruce Ferden  
Frandsen Financial Corporation,  
Arden Hills, Minn.

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Toll Free  
(800) 813-4754

Twin Cities  
(952) 835-2248

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## New magazine is part of BHCA's commitment to you

Welcome to *Bank Owner* magazine! This publication has evolved from the Bank Holding Company Association's quarterly newsletter, so you will continue to find features of the old newsletter in this magazine – a summary of holding company transactions, insights from the BHCA president, and promotional information about upcoming BHCA events. But the new magazine is much more robust than the old newsletter, more than doubling the size of the previous eight-page format.

The magazine, which will be published quarterly, will include information-packed articles specifically aimed at holding company managers and bank owners. Many of the industry's leading consultants and attorneys will be contributing to *Bank Owner*. In addition, the Federal Reserve Bank has agreed to contribute to the magazine. Articles by Federal Reserve officials will provide information designed to help you make the most of your holding company charter and to minimize your stress over compliance issues. Furthermore, we will regularly include information regarding subchapter S ownership issues. Given the preponderance of subchapter S banks and holding companies in this part of the country, we feel we are meeting a clear need with this kind of information.

Our holding company list is another new feature. The list is a succinct way to get a broad look at the industry in a selected state. We have kicked off the feature in this edition with a list of Minnesota holding companies and their subsidiaries. Subsequent editions will feature other states. All this data will be archived on our web site at [www.theBHCA.org](http://www.theBHCA.org) for members to access at any time.

This is a very exciting time to be a bank owner and this magazine is a reflection of that excitement. We are enthusiastic for the industry and its participants. New opportunities always emerge from challenges and this magazine is a reflection of the Bank Holding Company Association's commitment to helping you to thrive during this unique time in our history.

### Pursuing goals

As I have been BHCA managing director for a little more than a year, my goals have been to maintain the best of the association, enhance its value proposition, and grow membership. These three goals are all rolled up into one goal, which is to serve bank owners and holding company professionals, particularly with education and networking opportunities. We are building on a long tradition of delivering education through compelling seminars by adding webinars, creating an online library through our website, and producing quality publications.

The value proposition for BHCA dues is stronger today than ever. During the course of the coming year, it is highly likely that every active BHCA member will learn something through a BHCA publication, online resource or seminar that will result in cost savings or increased earnings far in excess of one year's dues. Bank owners need to spend their money wisely and I can't think of a more prudent investment for

a holding company professional or bank owner than a BHCA membership.

If you are currently a member, encourage your colleagues in the industry to join the association. If you are reading this and you are not a member, please consider becoming a member today. Enjoy this edition of *Bank Owner* magazine, find the membership information on page 19, and contact us about your membership enrollment.



By Tom Bengtson  
BHCA Managing Director

### Seminar set

University of Minnesota football coach Jerry Kill opens our 2012 Spring Seminar May 7-8 at the Minneapolis Airport Marriott Hotel in Bloomington, Minn., just across the road from the Mall of America. Kill, who is bringing new life to college football in Minnesota, is our Monday evening speaker on May 7. He will share timeless truths about succeeding in a difficult environment. Bring your spouse, bank colleagues and directors to this special dinner event.

If you are looking for ideas to take your holding company's performance to the next level, you will benefit from the presentations you will hear on Tuesday, May 8. Attorney Jeff Gerrish is well-known as an expert on issues affecting banks, directors, holding companies and their owners. Tim Koch, president of the Graduate School of Banking at Colorado, will offer compelling insights into the operation of a community bank franchise. And Tom Farin, a very successful profit enhancement consultant based in Wisconsin, will offer outside-the-box ideas for enhancing your bottom line. There will be five breakout sessions.

Remember that outside directors get special pricing, so don't come to the Spring Seminar alone. Bring colleagues from your holding company, bank and your board of directors.

You can make the most of your Spring Seminar experience by participating in our special Tuesday evening dinner-and-show event. This event proved very popular last year so we are pleased to offer it again. Participants will get a back stage tour of the Guthrie Theater in downtown Minneapolis. The group will have an elegant dinner at the Guthrie's Sea Change Restaurant, and then everyone will settle in for a performance of "Time Stands Still," a charming comedy presented on the Guthrie's proscenium stage. Bring your spouse to the seminar and enjoy this great night out with bank owners from throughout the region. See pages 10-11 for registration information. Register now for *your best two days in banking!* □

# Ten advantages of the bank holding company structure

**Editor's note:** *The following is based on a webinar presented by attorneys Karen Grandstrand and Beau Hurtig of the Minneapolis-based law firm of Fredrikson & Byron, P.A.*

The holding company structure gives a bank and its owners many advantages. Following are 10 of the major benefits.

**No. 1** The first benefit relates to capital planning. Having a bank holding company can be useful if a bank needs additional capital or funds for an acquisition because a bank holding company can obtain a loan secured by the stock of the bank, which is often referred to as a “bank stock loan.” The proceeds of the loan can then be dropped down into the subsidiary bank. The loan is generally repaid via dividends the bank pays to the holding company. This process is often referred to as “double leveraging” because it allows a bank to borrow through the normal course of its business, as well as via the bank holding company’s bank stock loan.

**No. 2** The second advantage to having a bank holding company involves ownership planning. Nonvoting, preferred shares are a common tool used for estate planning. However, depending on the type of preferred shares, there may be a limit on how the shares are treated when determining a bank’s Tier 1 capital. Having a bank holding company allows the use of nonvoting preferred shares and other equity instruments while allowing the bank to have only common stock, which is fully includable in its Tier 1 capital calculation.

An important tool related to ownership planning is the ability to redeem stock, which, if structured properly, can increase earnings per share and returns on equity, consolidate ownership, and provide liquidity to pay estate taxes or other outstanding debt. Banks typically need permission to reduce their outstanding capital or may be prohibited from doing so altogether under certain state laws. Conversely, a bank holding company may be able to redeem without regulatory approval under certain circumstances. For example, if the gross consideration for a redemption, when aggregated with the net consideration paid by the company for all such redemptions during the preceding 12 months, is equal to less than 10 percent of the company’s consolidated net worth, regulatory approval may not be required, although there are

circumstances under which a bank holding company may want or need to consult with the Federal Reserve prior to a redemption of any size.

When considering a stock redemption, it is important to determine whether the redemption will trigger a change in control filing. This may occur, for example, if the redemption causes one shareholder to cross one of several potential ownership percentage thresholds, which would trigger the need to file a change in control notice.

**No. 3** The third advantage of having a holding company structure is that holding companies can offer expanded products and services. One of the reasons bank holding companies came to be was because banks were restricted from offering some products and services. Over time, regulators have loosened these restrictions, but some remain. For example, with respect to the sales of insurance, some states prohibit banks from offering certain insurance products.

**No. 4** Holding companies can offer a certain amount of operating flexibility for banking organizations, sometimes achieving enhanced economies of scale. Banking organizations may be able to save money by performing marketing, audit, or certain operational functions at the holding company level, particularly where the holding company owns more than one bank. Also, an organization may be able to negotiate better vendor rates at the holding company level if it is negotiating on behalf of several subsidiary banks at the same time.

**No. 5** A holding company usually can file a consolidated tax return. This allows the holding company to offset the profits of one subsidiary against the losses of another subsidiary, thereby allowing the banking organization to reduce its overall taxable income. In order to qualify to file a consolidated return, however, a holding company must own at least 80 percent of the voting stock of its subsidiary bank.

**No. 6** The sixth advantage of having a holding company is that geographic expansion is easier to accomplish in some cases. This is because interstate mergers involving two banks require that both banks be at least adequately capitalized before the merger, and well capitalized and

well managed following the merger. The Bank Holding Company Act requires that only the bank holding company acquiring the out-of-state bank be well capitalized and well managed. That could be a valuable difference in some circumstances.

**No. 7** Sometimes a bank may be able to transfer certain assets to the bank holding company to remove them from the bank's books. For instance, a bank may choose to move classified loans or OREO to the holding company so that the bank no longer needs to provide for these troubled assets within its allowance for loan and lease losses. This can improve the bank's capital position. Transfers to the holding company also occur in the context of mergers or acquisitions. A bank that is in a position to sell may be able to obtain a higher premium if it has the ability to transfer some questionable loans to its holding company. Therefore, there may be more flexibility in negotiating and structuring transactions when a selling bank has a holding company.

In determining whether to transfer assets from the bank to the holding company, banks should consider Regulation W, which addresses transactions with affiliates. The holding company must pay fair value for the assets. One common pitfall to avoid when transferring assets to a holding company relates to sharing employees. It is often convenient to have a bank employee continue to administer a loan after it has been transferred to the holding company. In such cases, the bank needs to make sure the holding company adequately compensates the bank for the employee's services; otherwise, the bank may violate Regulation W.

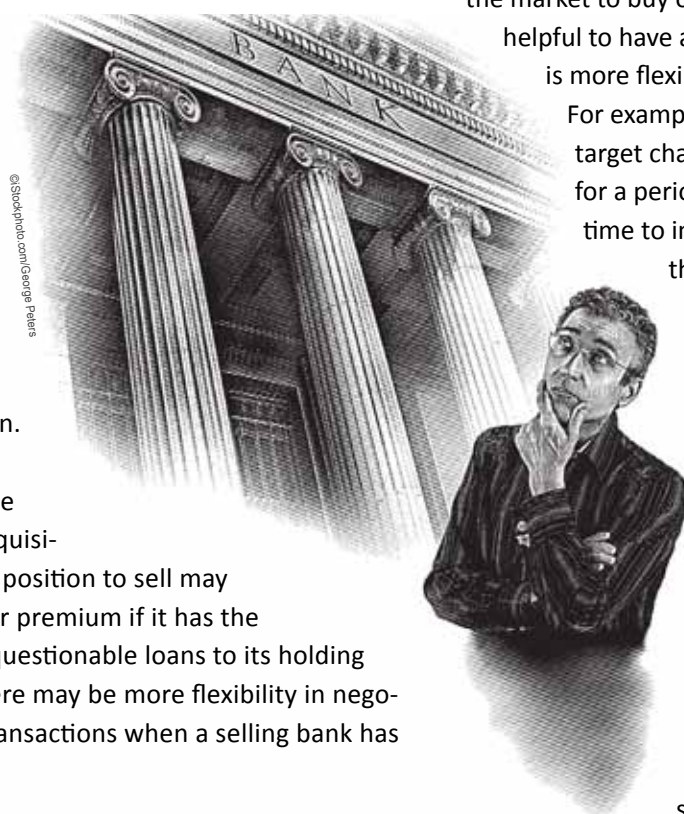
Another consideration when transferring assets is whether the holding company needs Federal Reserve approval to engage in a new activity (for example, if it will be servicing loans for the first time). Also, the holding company may need to establish policies and procedures for these activities.

**No. 8** Related to the above benefit of transferring OREO and loans to the holding company, the holding company can also buy the bank premises or building and lease it back to the bank. This relieves the bank from having to hold capital against the building.

**No. 9** The ninth advantage to a holding company structure also relates to mergers and acquisitions. Banks that are in the market to buy or merge with another bank may find it helpful to have a bank holding company because there is more flexibility in structuring the transaction. For example, the holding company could buy the target charter and keep the two banks separate for a period of time. This can give the organization time to integrate the newly acquired charter into the organization and give the banks more time to take care of data processing conversion, coordination of marketing and investment strategies and so on.

**No. 10** The final benefit relates to corporate governance. If the bank holding company is the bank's sole shareholder, gaining shareholder approval for bank activities is easier. Such approval may be necessary for corporate governance changes or merger activities. If a bank has no holding company, it generally must obtain shareholder approval via a shareholder meeting. Prior to the meeting, the board must provide shareholders with notice of the meeting, which usually must be sent ten or more days before the meeting depending on applicable law and the bank's corporate governance documents. Further, when there are numerous shareholders who need to approve the transaction, it may be more difficult to obtain the votes necessary to approve the measure.

If however, the bank has a holding company, that company is the sole shareholder. In such cases, the board of directors of the holding company can authorize an officer of the company to adopt a written action on behalf of the holding company as the bank's sole shareholder, avoiding the need to send out notice or negotiate with multiple shareholders. This provides the flexibility to take action quickly and decisively at the bank level. □



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# Tax Considerations for the Subchapter S Bank

By Linda Koerselman and Paul Sirek

**THE S CORPORATION ELECTION** has been very valuable for community banks and their shareholders since Congress first made it available to them for the 1997 tax year, providing an optimal tax-efficient structure that has provided numerous benefits. However, as with any elective tax structure, it is good practice for a community bank and its shareholders to evaluate the following items annually:

- Conduct due diligence to ascertain that the company's S election remains valid; and
- Re-evaluate whether the S corporation structure is still the optimal structure for the bank and its shareholders

## Due Diligence

Generally, due diligence to assure no transactions or events occur to terminate a company's S corporation election should be an ongoing process. Many companies use year-end tax planning as a time to revisit their S corporation eligibility requirements.

- If shares are transferred to new shareholders during the year, a company needs to be cognizant of whether the company is still in compliance with the 100-shareholder limit of S corporations.
- If new shareholders are brought into the ownership, it needs to be confirmed that they are eligible shareholders. Certain trusts that receive shares should be reviewed immediately to determine whether an election needs to be made to permit them to hold S corporation stock, and

it should be confirmed that individuals that acquired stock are only citizens or residents of the U.S.

- Certain transactions should also be carefully planned to assure that a corporation does not unintentionally create a second class of stock. Paying distributions to shareholders who are disproportionate to their ownership in the company could potentially create this issue.

- If all shares do not have equal liquidation and/or distribution rights pursuant to a shareholder agreement, this could also create a second class of stock for purposes of determining S corporation eligibility. Nonvoting and voting stock are not considered different classes of stock for this purpose, generally the IRS looks for equal distribution and liquidation rights when determining whether a corporation has a single class of stock or not.

The restrictions on the number and types of shareholders discussed above, and the single class of stock requirement for S corporations can sometimes make it difficult for a community bank to raise new capital. Many potential investors, including IRA's, partnerships, and C corporations, are currently not eligible to become new shareholders in an S corporation, limiting the pool of capital that is available to an S corporation. This eligibility issue leads us to our next topic.

## Re-evaluating the S election

As mentioned earlier, the S corporation election has been a very valuable tax structure in community banks for the past several years. However, as economic climates and competitive environments change, so do the

characteristics of the community banks that operate in those environments. Over the last few years, many community banks have been re-evaluating whether the S election is still the optimal tax structure for their bank and shareholders.

Why would a holding company revoke the S Election? Some reasons for revocation are:

- In some cases, S corporation holding companies and banks have been unable to pay cash distributions to shareholders to reimburse them for the tax liability from the bank's passthrough earnings. A regulatory order that does not permit a bank to pay dividends to its holding company, limits the amount of cash available to pay to shareholders for taxes.
- Some holding companies are deferring interest payments on trust preferred securities during this economic cycle, and generally those agreements do not permit a company to pay cash distributions to their shareholders during that deferral period.
- If a bank is in the position where it cannot pay dividends for taxes, the revocation of the S election may enable the bank to record a deferred tax asset which may result in an increase in capital. Talk to your accountant about this issue to see if it would be beneficial to the bank's capital currently or in the future.

In summary, significant cash flow burden on shareholders would result if they were forced to pay income tax on the bank's pass-through income using their own, personal liquidity sources.

The 2010 Dodd-Frank Act put forth the now statutory requirement that



a holding company must act as a “source of strength” for its bank. This creates some uncertainty for some S corporations about the level of cash distributions that will be able to be paid to shareholders in upcoming years, whether that amount will be mildly restricted or severely restricted is currently not clear.

Also during recent years, many community banks experienced some credit issues that created large taxable losses. This effectively drove their Accumulated Adjustment Account (AAA) to a small or even negative balance. The AAA is the tax account that is used to measure the amount of tax-free cash distributions that can be paid to shareholders...it is like an S corporation’s undivided profits account. It is increased each year by items of income, and decreased each year by items of deduction and distributions, cumulatively since the company made the S election. If large losses drove that balance negative, the S corporation needs to “earn through” the negative AAA balance before any tax-free distributions can be paid to shareholders again, causing the potential for either tax-inefficient taxable distributions to be paid to shareholders to reimburse them for their tax liabilities, or for a delay in cash distributions until enough taxable income has passed through to bring the AAA balance back to a positive balance again, which could cause a cash-flow crunch for shareholders. In some cases, “passive” shareholders (generally, those who do not spend 500 or more hours annually on bank activity) will have prior year suspended passive loss carryovers to use to offset future S corporation earnings. However, some passive shareholders have *deducted* the losses of prior

years already against other passive income (not bank related). The tax refunds and other prior year benefits from S corporation pass-through losses may have been spent already which makes it difficult for the shareholders to pay income tax on pass-through earnings without any cash from the S corporation.

Some S corporation shareholders are wary of the prospect of rising individual income tax rates on S corporation pass-through earnings, as well as the 3.8 percent health care surtax that takes effect in 2013 on “passive” income that could come from an S corporation. This could increase the tax distribution needs of certain community banks to their shareholders for tax distributions, and could cause some issues if the banks are not able to pay those additional distributions due to capital or liquidity issues.

When the shareholder restrictions placed on S corporations limit certain

investors who can invest additional capital into the bank *and* potential cash flow issues result from regulatory commitments, some community banks may need to re-evaluate the viability of their S election and decide to voluntarily revoke the election. Once revoked, a company generally must wait five years to make the S election again. Many companies that have revoked their S elections plan to make the S election again in the future, when their organization’s cash flow situation is in a position to realize the benefits that an S election provides.

If a community bank is in a position to provide shareholders with cash flow for tax distributions and beyond, the S corporation structure is still very beneficial and worth implementing processes to make certain that valuable election is protected.

*Linda Koerselman and Paul Sirek are accountants with Eide Bailly, Mankato and Minneapolis, Minn.*



The Consumer Financial Protection Bureau could be the most powerful regulator ever created by Congress. *NorthWestern Financial Review* magazine and the Minneapolis-based law firm of Fredrikson & Byron have teamed up to create the *CFPB Journal*, a new online resource delivering timely information about the CFPB.

**You and your compliance officer need the CFPB Journal!**

We invite you to visit [www.CFPBJournal.com](http://www.CFPBJournal.com) often. Follow CFPB developments, learn how others are complying with CFPB rules, and monitor general public reaction to the Bureau by checking in several times per week. Check out *CFPB Journal* today!

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# Climbing to new heights!

The Bank Holding Company Association **Spring Seminar** is set for Monday and Tuesday, May 7-8, 2012 at the Minneapolis Airport Marriott Hotel in Bloomington, Minn.

**Climb to new heights at the BHCA Spring Seminar.**

**Bring:**

**YOUR DIRECTORS.**

Outside directors of member institutions get a special discounted rate on seminar registration

**BUSINESS CARDS.**

BHCA seminars are known for the best industry networking available. Meet other bank owners throughout the region.

**YOUR SPOUSE.**

The Seminar hotel is located across the street from the world famous Mall of America. Plus, a special Tuesday evening event is planned for dinner and a show at the Guthrie Theater.

**Register online today at**

**[www.theBHCA.org](http://www.theBHCA.org)**

**or call 1-800-813-4754**

## Special Keynote Address by Jerry Kill!

▷ **Jerry Kill** was named head coach of the University of Minnesota Golden Gopher football program on December 7, 2010.

Kill came to Minnesota after spending three seasons on the sidelines at Northern Illinois University where he led the Huskies to three consecutive bowl games. With the 2012 season just a few months away, Kill talks



about what it takes to build a winner. Coach Kill will talk about building on his inaugural Gopher season and provide insights into the future of college football and the Gophers. Most importantly, he will share the timeless truths for succeeding in difficult times.

## Bonus Event!

### Time Stands Still

Stay for a special à la carte event on Tuesday, May 8. Join your BHCA colleagues for a backstage tour, dinner and the show "Time Stands Still" at the Guthrie Theater in downtown Minneapolis. If you are coming in from out of town, bring your spouse, stay an extra night, and make the most of your seminar trip with this unique social outing.

### Climb to new heights with these great presenters:

▷ Attorney **Jeffrey Gerrish**, who specializes in work with community bankers, directors and owners. He will focus on issues surrounding family-held and closely-held institutions.

▷ Consultant **Tom Farin** of Madison, Wis., will share ideas for maximizing profitability and making the most of your banking enterprise.

▷ **Tim Koch**, president of the Graduate School of Banking at Colorado, will look at planning and risk management for your bank and holding company.

▷ Special guest award-winning KSTP Sports Broadcaster **Joe Schmit** speaking on the "Pursuit of Happiness." Joe talks from the heart about beating cancer, overcoming adversity and he shares lessons he has learned from athletes he has covered for the past three decades.



# Bank Holding Company Association Spring Seminar Registration ~ May 7-8, 2012

**Two ways to register:** Complete this form and return with your check, or register online and pay by credit card at [www.theBHCA.org](http://www.theBHCA.org)

**Personal Information:**

Name \_\_\_\_\_

Company Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_

Guest Name(s) \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Are you a BHCA member or associate member? Yes \_\_\_\_\_ No \_\_\_\_\_

**REGISTRATION OPTIONS:**

**Monday, May 7 – Reception, Dinner and Program**

Fee Schedule Per Person:		Number	Amount
Members, Associate Members and their Guests:	\$75	_____	_____
Outside directors from member institutions:	\$50	_____	_____
*Non-members:	\$125	_____	_____

**Tuesday, May 8 – Seminar**

Fee Schedule Per Person:		Number	Amount
Members, Associate Members and their Guests	\$225	_____	_____
Outside directors from member institutions	\$125	_____	_____
*Non-members	\$325	_____	_____

**Tuesday evening at the Guthrie Theater**

		Number	Amount
Includes transportation, backstage tour, dinner and one ticket to "Time Stands Still"	\$125	_____	_____

**Memberships dues, if applicable**

Annual dues for new members only: \_\_\_\_\_ Amount

**Total amount enclosed:** \$ \_\_\_\_\_

Please indicate dietary restrictions here: \_\_\_\_\_

For overnight hotel reservations, contact the Minneapolis Airport Marriott Hotel direct at 952-854-7441 by April 16 and mention you are attending the Bank Holding Company Association seminar. **Our block room rate is \$145 per night.** After April 16, the room rate is \$210 per night.

The cost of the meals, entertainment and breaks included in the registration fee for this meeting are estimated at \$50 for the Monday evening session and at \$75 for the Tuesday seminar session. This information is provided for your tax records in keeping with IRS deductibility provisions.

**Cancellation Policy:** Paid registrants who cancel their seminar registration at least 72 hours before the program will receive a full refund; if fewer than 72 hours, a \$50 administrative fee will be deducted.

**Mail completed registration form with your check to:**

Bank Holding Company Association  
7400 Metro Blvd., No. 217  
Edina, MN 55439

For additional information, call  
**952-835-2248** or **1-800-813-4754**  
Fax: 952-835-2295

[www.theBHCA.org](http://www.theBHCA.org)

**Not yet a member of BHCA?**

\*If you are not currently a BHCA Member or Associate Member, you may choose to pay the non-member rate, **or become a member with this registration and pay the member rate.** Include your 2012 dues to begin your membership immediately.

**Member dues are as follows (select one):**

- For bank holding companies with assets of less than \$50 million: **\$400**
- For bank holding companies with assets of \$50 million to \$100 million: **\$500**
- For bank holding companies with assets of \$100 million to \$250 million: **\$600**
- For bank holding companies with assets of \$250 million to \$500 million: **\$750**
- For bank holding companies with asset over \$500 million: **\$1,000**
- Associate membership (companies that are not bank holding companies): **\$500**

## Federal Reserve now supervising savings and loan HCs

By Matthew D. Diette

The Federal Reserve Bank of Minneapolis supervises approximately 530 top-tier bank holding companies and 24 savings and loan holding companies in the Ninth Federal Reserve District, a region consisting of Montana, the Dakotas, Minnesota, the western portion of Wisconsin, and the Upper Peninsula of Michigan.

The Reserve Bank conducts a wide range of outreach to supervised institutions and has long worked with the Bank Holding Company Association as a partner in these efforts. We believe outreach offers a low cost tool to clarify expectations with supervised firms and, as a result, to reduce regulatory burden. This regular column for *Bank Owner* magazine is a new part of our partnership. To comment on this article or any supervisory matter, contact me at 612-204-5176 or [ron.feldman@mpls.frb.org](mailto:ron.feldman@mpls.frb.org).

Ron Feldman  
senior vice president  
Federal Reserve Bank of Minneapolis

On July 21, 2011, pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, the Federal Reserve assumed responsibility for the supervision of more than 400 savings and loan holding companies (SLHCs). There are 24 SLHCs under supervision in the Ninth District: two with consolidated assets in excess of \$50 billion, one with consolidated assets slightly over \$1 billion, and the balance representing organizations whose primary asset is a savings association with total assets less than \$1 billion (small shell companies). Although five of the six states within the Ninth District are represented in the SLHCs population, twenty of the companies are located in Minnesota.

The Federal Reserve plans to apply its supervisory program for bank holding companies to SLHCs to the fullest extent possible. The large and complex organizations will be supervised consistent with the Federal Reserve's current consolidated supervision program for large and regional holding companies. The small shell SLHCs will be supervised the same as small shell BHCs.<sup>1</sup>

Under this program, the Federal Reserve Bank of Minneapolis will conduct an off-site review of each small shell company upon receipt of the examination report of the lead savings association, using financial and other information provided to the Federal Reserve by the organization and other supervisory agencies. The off-site review process includes verbal communication with the SLHC's management. If the information obtained off site is not sufficient to determine the overall financial condition of the SLHC, the Reserve Bank will conduct an on-site review. To-date, the Reserve Bank has conducted five off-site reviews and no on-site reviews.

The Federal Reserve knows it will take time to acquaint SLHCs with its supervisory policies and approach. As such, the Federal Reserve is transitioning SLHCs to its rating system for BHCs.<sup>2</sup> A key part of the transition is assigning an "indicative rating" for the first off-site review, which indicates to the SLHC how it would be rated if the BHC rating system was formally applied.

For small shell BHCs, the Federal Reserve relies significantly on the rating of the primary bank supervisor in assigning a holding company rating when the underlying bank is in satisfactory financial condition. This same approach will govern the ratings of small shell SLHCs.

Another area of note for SLHC supervision concerns dividend payments by a savings association to its holding company. Any savings association that is a subsidiary of an SLHC must provide notice to the Federal Reserve at least 30 days before declaring a dividend.<sup>3</sup> The 30-day prior notice is required by statute; there is not a similar statute for bank subsidiaries of BHCs. This Reserve Bank evaluates the savings association's notice, working closely with its primary supervisor. To date, this Reserve Bank has processed 21 prior dividend notices.

On December 23, 2011, the Federal Reserve issued a final notice of its approval of Federal Reserve regulatory reporting requirements for most SLHCs. The Federal Reserve has approved a two-year phase-in period for all but a limited number of exempted SLHCs; reporting requirements will begin with the March 31, 2012, reporting period. Affected SLHCs will be required to submit the appropriate financial statements in the FR Y-9 series of reports in 2012, as well as the Annual Report of Bank Holding Companies—FR Y-6 report for fiscal year ends beginning December 31, 2012. Beginning in 2013, affected SLHCs will be required to submit all regulatory reports applicable to the SLHC, depending on the size, complexity, and nature of the holding company.

*Matthew D. Diette is a field supervisory manager and is the central point of contact for SLHC supervision in the Ninth District. Reach him at 612-204-5152 or [Matt.diette@mpls.frb.org](mailto:Matt.diette@mpls.frb.org).*

1 See SR letter 02-1: Revisions to Bank Holding Company Supervision Procedures for Organizations with Total Consolidated Assets of \$5 Billion or Less for a description of the shell program.

2 The rating system focuses on Risk Management, Financial Condition, and Impact of nondepository entities on the subsidiary depository institutions and is often called an RFI rating. The RFI is described in SR letter 04-18: Bank Holding Company Rating System.

3 For more details see SR letter 11-13: Guidance Regarding Prior Notice with Respect to Dividend Declarations by Savings Association Subsidiaries of Savings and Loan Holding Companies.

# Holding Company Transaction Report

Here are selected first quarter 2012 bank holding company filings with the Federal Reserve Banks of Chicago, Minneapolis, Kansas City and St. Louis.

- ▷ Midwest Bankcentre, Lemay, Mo., authorized to establish a branch in Pagedale, Mo.
- ▷ JCK, Inc., Junction City, Kan., authorized to become a bank holding company and to acquire First National Bank and Trust Company, Junction City.
- ▷ Town and Country Bank, Springfield, Ill., authorized to purchase the Quincy, Ill., branch of Associated Bank, N.A., Green Bay, Wis.
- ▷ Isabella Bank, Mt. Pleasant, Mich., filed to establish a branch in Saginaw County, Mich.
- ▷ River Valley Bancorp ESOP and Trust, Madison, Ind., filed to acquire up to 24.99 percent of River Valley Bancorp, Inc., Madison, Ind.
- ▷ The Farmers and Mechanics Bank, Galesburg, Ill., authorized to purchase two Galesburg branches of Associated Bank, N.A., Green Bay, Wis.
- ▷ First Financial Corp., Wellington, Kan., authorized to acquire The Caldwell State Bank in Caldwell, Kan., and to merge it with its First National Bank in Wellington; resulting bank to be called Impact Bank.
- ▷ State Bankshares, Inc., Fargo, N.D., authorized to acquire First Hawley Bancshares, Inc., Hawley, Minn., and thereby acquire First National Bank.
- ▷ New West Banks of Colorado, Inc. ESOP Trust, Greeley, Colo., authorized to become a bank holding company and to acquire shares of New West Banks of Colorado, Inc., Greeley, and New West Bank.
- ▷ MinnDak Bancshares, Inc., Park Rapids, Minn., authorized to become a bank holding company and to acquire Kent Bancshares, Inc., Kent, and thereby acquire Kent State Bank.
- ▷ Country Club Bank, Kansas City, Mo., authorized to establish a branch at One Ward Parkway, Kansas City, and to increase its investment in bank premises.
- ▷ First Farmers Bank and Trust Company, Converse, Ind., filed to merge with Citizens National Bank of Paris, Ill., and thereby establish four branches.
- ▷ ANB Bank, Denver, filed to merge with Premier Bank, Lenexa, Kan., and establish two branches in Lenexa, and branches in Overland Park, Kan., Kansas City, Mo., and Chesterfield, Mo.
- ▷ Cabool State Bank ESOP, Cabool, Mo., authorized to increase its ownership of Cabool Bancshares, Inc., up to 31.95 percent from 30.92 percent and thereby increase its control of Cabool State Bank.
- ▷ Cottonwood Valley Bank, Cedar Point, Kan., authorized to merge with Pilsen State Bank, Lincolnville, Kan., and establish a branch.
- ▷ Cornerstone Bank, York, Neb., filed to purchase certain assets and assume certain liabilities of Frontier Bank, Davenport, Neb., and establish a branch.
- ▷ Prime Time Investments Group, LLC, Wray, Colo., filed to become a bank holding company through the acquisition of 79.2 percent of Investment Opts, LLC, Bethune, Colo., and the acquisition of 48 percent of FarmBank Holding, Inc., Greeley, Colo., parents of FirstFarm Bank, Greeley.
- ▷ Commerce Bank, Kansas City, Mo., authorized to establish a branch in Kirkwood, Mo.
- ▷ Burling Bancorp, Inc., Chicago, authorized to become a bank holding company and to acquire Burling Bank, Chicago.
- ▷ Perham State Bancshares, Inc., Perham, Minn., authorized to acquire Farmers State Bank of Dent, Minn.
- ▷ Teton Financial Services, LLC, Wilson, Wyo., authorized to become a bank holding company and to acquire Rocky Mountain Bank, Jackson, Wyo.
- ▷ Western State Agency, Inc., ESOP & Trust, Devils Lake, N.D., filed to increase its ownership of Western State Agency, Inc., to 43.25 percent from 28.81 percent.
- ▷ The Northern Trust Company, Chicago, filed to establish a branch in Lake Forest, Ill.
- ▷ Corporate Merchant Services Inc., Lake Mary, Fla., filed to become a bank holding company by acquiring Northern Star Financial Inc., Mankato, Minn., and thereby acquire Northern Star Financial, Inc.
- ▷ American Trust & Savings Bank, Dubuque, Iowa, authorized to establish a branch in West Des Moines, Iowa.
- ▷ FirstBank, Lakewood, Colo., filed to establish a branch in Chandler, Ariz.
- ▷ Central Financial Corp., Hutchinson, Kan., authorized to acquire shares of TTAC Corp., Manhattan, Kan., and its subsidiary bank, Community First National Bank.
- ▷ River Valley Bancorp, Madison, Ind., filed to become a bank holding company through the merger of its thrift subsidiary, River Valley Financial Bank, Madison, and Dupont State Bank, Dupont, Ind.
- ▷ Faribault FSL Bancorp., Inc., Faribault, Minn., authorized to become a bank holding company and to acquire 1st United Bank, Faribault.
- ▷ Banner Bancorp, LTD, Birnamwood, Wis., filed to engage in lending activities.
- ▷ Inspire Bancshares, Inc., Tomah, Wis., filed to become a bank holding company by acquiring Community State Bank, Norwalk, Wis.
- ▷ Alton Bancshares, Inc., Alton, Mo., authorized to acquire First Community Bank of the Ozarks, Branson, Mo.
- ▷ First Federal of Olathe Bancorp, Inc., Olathe, Kan., authorized to become a bank holding company and to retain First Federal Savings and Loan Bank, Olathe.
- ▷ ISB Bancorp Inc., Tonica, Ill., authorized to become a bank holding company and to acquire Tonica Bancorp, Inc., Tonica, and its subsidiary, Illini State Bank, Oglesby.
- ▷ Pinnacle Bank, Marshalltown, Iowa, authorized to purchase the Toledo, Iowa branch of Home Federal Savings Bank, Rochester, Minn.
- ▷ First Mutual of Richmond, Inc., Richmond, Ind., and Richmond Mutual Bancorp, Inc., authorized to engage *de novo* in lending activities.
- ▷ NBC Bancshares, LLC, Lincoln, Neb., authorized to acquire Mountain View Bank of Commerce, Westminster, Colo., and to retain shares of Nebraska Bank of Commerce, Lincoln, and thereby operate a savings association.
- ▷ Edward A. Cox, Jr., and John M. Cox, both of Naples, Fla., filed to acquire over 25 percent of Rush-Oak Corp., Chicago, and thereby acquire control of Oak Bank, Chicago.

# MINNESOTA BANK HOLDING COMPANIES

HOLDING COMPANY, LOCATION Subsidiary Bank, Location	CONSOLIDATED ASSETS*	SUBSIDIARY ASSETS*	HOLDING COMPANY, LOCATION Subsidiary Bank, Location	CONSOLIDATED ASSETS*	SUBSIDIARY ASSETS*
<b>1. U.S. BANCORP, MINNEAPOLIS</b> U.S. BANK N.A., CINCINNATI U.S. BANK N.A., FARGO, N.D.	\$340,122,000	\$330,470,810 \$5,997,931	<b>24. HIGHLAND BANCSHARES, INC., SAINT MICHAEL</b> HIGHLAND BANK, SAINT MICHAEL	\$469,295	\$466,552
<b>2. TCF FINANCIAL CORP., WAYZATA</b> TCF NATIONAL BANK, SIOUX FALLS	\$19,011,580	\$19,007,020	<b>25. HERITAGE BANCSHARES GROUP, INC., WILLMAR</b> HERITAGE BANK, N.A., SPICER	\$463,708	\$463,178
<b>3. BREMER FINANCIAL CORP., SAINT PAUL</b> BREMER BANK, N.A., WILLMAR BREMER BANK, N.A., ALEXANDRIA BREMER BANK, N.A., BRAINERD BREMER BANK, N.A., MEMONIE BREMER BANK, N.A., SO. SAINT PAUL BREMER BANK, N.A., SAINT CLOUD BREMER BANK, N.A., INTERNATIONAL FALLS BREMER BANK, N.A., GRAND FORKS BREMER BANK, N.A., FARGO	\$8,188,047	\$590,415 \$624,443 \$340,844 \$667,441 \$2,725,454 \$608,648 \$116,497 \$898,474 \$1,562,058	<b>26. FINLAYSON BANCSHARES, INC., FINLAYSON</b> FIRST INDEPENDENT BANK, RUSSELL NORTHVIEW BANK, FINLAYSON	\$436,711	\$205,765 \$230,524
<b>4. MINNWEST CORP., MINNETONKA</b> MINNWEST BANK CENTRAL, MONTEVIDEO MINNWEST BANK LUVERNE MINNWEST BANK METRO, EAGAN MINNWEST BANK, M.V., REDWOOD FALLS MINNWEST BANK SIOUX FALLS MINNWEST BANK SOUTH, TRACY	\$1,614,181	\$319,799 \$169,629 \$234,749 \$517,901 \$120,969 \$232,513	<b>27. FIDELITY HOLDING COMPANY, MINNETONKA</b> FIDELITY BANK, EDINA	\$430,205	\$430,149
<b>5. KLEIN FINANCIAL, INC., CHASKA</b> KLEINBANK, BIG LAKE	\$1,504,754	\$1,504,419	<b>28. AMERICAN BANCORP., SAINT PAUL</b> AMERICAN BANK OF SAINT PAUL, SAINT PAUL	\$414,901	\$413,334
<b>6. FRANDSEN FINANCIAL CORP., ARDEN HILLS</b> FRANDSEN B&T, LONSDALE STATE BANK OF BIRD ISLAND	\$1,489,787	\$1,439,611 \$44,806	<b>29. SECURITY BANCSHARES CO., GLENCOE</b> SECURITY B&T COMPANY OF GLENCOE SECURITY BANK WACONIA, WACONIA	\$413,514	\$237,216 \$170,825
<b>7. MARQUETTE FINANCIAL COS., MINNEAPOLIS</b> MERIDIAN BANK, N.A., PHOENIX MERIDIAN BANK TEXAS, FORT WORTH	\$1,367,456	\$971,866 \$271,018	<b>30. BRIDGEWATER BANCSHARES, INC., BLMGTN</b> BRIDGEWATER BANK, BLOOMINGTON	\$410,433	\$410,279
<b>8. STEARNS FINANCIAL SERVICES, INC., ST CLOUD</b> STEARNS BANK OF HOLDINGFORD, N.A. STEARNS BANK N.A., SAINT CLOUD STEARNS BANK OF UPSALA, N.A.	\$1,323,370	\$87,824 \$1,174,734 \$72,204	<b>31. WALKER BAN CO., WALKER</b> FIRST NATIONAL BANK OF WALKER LAKES STATE BANK, PEQUOT LAKES	\$395,510	\$293,316 \$102,194
<b>9. ANCHOR BANCORP, INC., WAYZATA</b> ANCHOR BANK, N.A., SAINT PAUL	\$1,291,584	\$1,290,635	<b>32. METRO NORTH BANCSHARES, INC., ELK RIVER</b> BANK OF ELK RIVER	\$388,001	\$377,351
<b>10. MERCHANTS FINANCIAL GROUP, INC., WINONA</b> MERCHANTS BANK, N.A., WINONA	\$1,249,170	\$1,241,069	<b>33. MCLEOD BANCSHARES, INC., SHOREWOOD</b> FIRST MINNESOTA BANK, MINNETONKA	\$387,506	\$385,795
<b>11. CENTRAL BANCSHARES, INC., GOLDEN VALLEY</b> CENTRAL BANK, STILLWATER	\$1,121,431	\$1,120,112	<b>34. WESTERN BANCSHARES, INC., SAINT PAUL</b> WESTERN BANK, SAINT PAUL	\$385,156	\$384,264
<b>12. UNIV. FIN' CORP, INC./DBA SUNRISE C.B., ST PAUL</b> FRANKLIN NATIONAL BANK OF MINNEAPOLIS PARK MIDWAY BANK N.A., SAINT PAUL UNIVERSITY NATIONAL BANK, SAINT PAUL	\$825,354	\$145,697 \$259,682 \$417,323	<b>35. VOYAGER FIN'L SERVICES CORP., EDEN PRAIRIE</b> VOYAGER BANK, EDEN PRAIRIE	\$380,288	\$378,873
<b>13. MESABA BANCSHARES, INC., GRAND RAPIDS</b> AMERICAN BANK OF THE NORTH, NASHWAUK LAKE BANK, TWO HARBORS	\$726,965	\$622,857 \$99,824	<b>36. CROSTOWN HOLDING COMPANY, BLAINE</b> 21ST CENTURY BANK, LORETTO	\$374,591	\$362,073
<b>14. 215 HOLDING CO., MINNEAPOLIS</b> FIRST F&M NATIONAL BANK, LE SUEUR FIRST F&M NATIONAL BANK, LUVERNE FIRST F&M NATIONAL BANK, FAIRMONT	\$610,297	\$106,651 \$154,111 \$87,508	<b>37. NORTHEAST SECURITIES CORP., MINNEAPOLIS</b> NORTHEAST BANK, MINNEAPOLIS	\$352,724	\$351,701
<b>15. FIRST F&amp;M STATE BANK OF GRAND MEADOW</b> FIRST F&M STATE BANK, BROWNSDALE WHITE ROCK BANK, CANNON FALLS	\$41,007	\$84,293 \$140,501	<b>38. BORDER BANCSHARES, INC., GREENBUSH</b> BORDER STATE BANK, GREENBUSH	\$343,356	\$341,584
<b>16. ALLIANCE FINANCIAL SERVICES, INC., ST. PAUL</b> ALLIANCE BANK, LAKE CITY	\$597,280	\$594,790	<b>39. TYSAN CORP., THE, MINNEAPOLIS</b> BLAINE STATE BANK, BLAINE LAKE COMMUNITY BANK, LONG LAKE PINE COUNTRY BANK, LITTLE FALLS	\$338,095	\$39,556 \$143,469 \$150,874
<b>17. DUKE FINANCIAL GROUP, INC., MINNEAPOLIS</b> FIRST NATIONAL BANK OF SO. CALIF., RIVERSIDE PEOPLES BANK OF COMMERCE, CAMBRIDGE STATE BANK OF NEW PRAGUE	\$589,681	\$167,629 \$296,033 \$123,817	<b>40. VENTURE BANCSHARES, INC., BLOOMINGTON</b> VENTURE BANK, BLOOMINGTON	\$320,052	\$319,923
<b>18. FARMERS STATE CORP., MANKATO</b> UNITED PRAIRIE BANK, MOUNTAIN LAKE	\$567,981	\$565,796	<b>41. REPUBLIC BANCSHARES, INC., DULUTH</b> REPUBLIC BANK, INCORPORATED, DULUTH	\$315,099	\$314,799
<b>19. UNITED BANKERS' BANCORP., INC., BLMGTN</b> UNITED BANKERS' BANK, BLOOMINGTON	\$564,157	\$563,707	<b>42. CITIZENS BANCORP. OF NEW ULM, INC.</b> CITIZENS BANK MINNESOTA, NEW ULM	\$314,182	\$314,182
<b>20. EASTWOOD FINANCIAL CORP., ROCHESTER</b> EASTWOOD BANK, KASSON	\$557,951	\$554,616	<b>43. PROFINIUM FIN'L HOLDINGS, INC., FAIRMONT</b> PROFINIUM FINANCIAL, INC., TRUMAN	\$313,325	\$312,857
<b>21. FIRST BEMIDJI HOLDING COMPANY, BEMIDJI</b> FIRST NATIONAL BANK OF BEMIDJI	\$555,629	\$555,629	<b>44. MIDWEST BANK GROUP, INC., DETROIT LAKES</b> MIDWEST BANK, DETROIT LAKES	\$310,793	\$299,802
<b>22. VERMILLION BANCSHARES, INC., VERMILLION</b> VERMILLION STATE BANK, VERMILLION	\$489,569	\$488,953	<b>45. FIRST NAT'L FIN'L. SERVICES INC., ELK RIVER</b> FIRST NATIONAL BANK OF ELK RIVER, MAPLE LAKE	\$310,292	\$309,833
<b>23. FORSTROM BANCORP., INC., CLARA CITY</b> CITIZENS ALLIANCE BANK, CLARA CITY FIRST VALLEY BANK, SEELEY LAKE	\$483,346	\$429,154 \$52,448	<b>46. EXCELSIOR FIN'L SERVICES, INC., SHOREWOOD</b> BEACON BANK, SHOREWOOD	\$308,663	\$307,624
			<b>47. STERLING FINANCIAL GROUP, INC., ROCHESTER</b> STERLING STATE BANK, AUSTIN	\$308,345	\$308,482
			<b>48. BAKKEN SECURITIES, INC., SAINT LOUIS PARK</b> CITIZENS INDEPENDENT BANK, SAINT LOUIS PARK	\$305,275	\$304,103
			<b>49. WASECA BANCSHARES, INC., WASECA</b> ROUNDBANK, WASECA	\$290,358	\$290,234
			<b>50. INDEPENDENT BANCSHARES, INC., CLARKFIELD</b> F&M BANK MINNESOTA, CLARKFIELD GRANITE FALLS BANK, GRANITE FALLS	\$290,227	\$96,773 \$193,599
			<b>51. AMERICAN BANCORP. OF MN, INC., BRAINERD</b> AMERICAN NATIONAL BANK OF MINNESOTA, BAXTER	\$285,123	\$278,809
			<b>52. CENTRAL TRUST COMPANY, EDINA</b> CENBANK, BUFFALO LAKE CENTRAL B&T, LANDER GRAND MARAIS STATE BANK, GRAND MARAIS	\$283,035	\$53,135 \$149,976 \$73,990
			<b>53. WINONA BANC HOLDING COMPANY, WINONA</b> WINONA NATIONAL BANK, WINONA	\$282,406	\$279,195
			<b>54. LAKE ELMO BANCSHARES, INC., LAKE ELMO</b> LAKE ELMO BANK, LAKE ELMO	\$276,682	\$276,681

Source: Regulatory financial reports filed by bank holding companies and banks, data as of Dec. 31, 2011. \*Dollar amounts in thousands

# MINNESOTA BANK HOLDING COMPANIES

HOLDING COMPANY, LOCATION Subsidiary Bank, Location	CONSOLIDATED ASSETS*	SUBSIDIARY ASSETS*	HOLDING COMPANY, LOCATION Subsidiary Bank, Location	CONSOLIDATED ASSETS*	SUBSIDIARY ASSETS*
55. FREEDOM BANCORP., INC., LINDSTROM LAKE AREA BANK, LINDSTROM	\$275,376	\$274,300	87. F&M AGENCY, INC., PIERZ FARMERS AND MERCHANTS STATE BANK OF PIERZ	\$177,173	\$177,173
56. CITIZENS BANK GROUP, INC., SAINT JAMES PIONEER BANK, MAPLETON	\$270,203	\$270,062	88. RUM RIVER BANCORP., INC., MILACA FIRST NATIONAL BANK OF MILACA	\$168,818	\$168,818
57. GATO HOLDINGS, INC., THIEF RIVER FALLS NORTHERN STATE BANK OF THIEF RIVER FALLS	\$267,952	\$267,688	89. PLAZA AGENCY, INC., WAITE PARK PLAZA PARK STATE BANK, WAITE PARK	\$166,709	\$166,709
58. N.A. CORP., ROSEVILLE NORTH AMERICAN BANKING COMPANY, ROSEVILLE	\$254,820	\$253,140	90. FNB BANCSHARES INC., BLUE EARTH FIRST BANK BLUE EARTH	\$162,030	\$162,026
59. CHEROKEE BANCSHARES, INC., SAINT PAUL BANKCHEROKEE, SAINT PAUL	\$242,088	\$241,141	91. HENNING BANCSHARES, INC., HENNING FIRST NATIONAL BANK OF BATTLE LAKE FIRST NATIONAL BANK OF HENNING, OTTERTAIL	\$160,591	\$65,842 \$94,327
60. WILCOX BANCSHARES, INC., GRAND RAPIDS GRAND RAPIDS STATE BANK, GRAND RAPIDS	\$239,530	\$238,734	92. PEOPLES BANCSHARES, INC., MORA PEOPLES NATIONAL BANK OF MORA	\$158,061	\$156,928
61. ZUMBROTA AGENCY, INC., ZUMBROTA BANK OF ZUMBROTA PINE ISLAND BANK, PINE ISLAND	\$235,091	\$136,619 \$70,824	93. SAINT PETER AGENCY, INC., SAINT PETER NICOLLET COUNTY BANK OF SAINT PETER	\$155,710	\$155,512
62. NORTHFIELD BANCSHARES, INC., NORTHFIELD COMMUNITY RESOURCE BANK, NORTHFIELD	\$234,772	\$234,363	94. PLAINVIEW BANCSHARES, INC., PLAINVIEW FIRST NATIONAL BANK OF PLAINVIEW	\$154,099	\$146,049
63. CROWN BANCSHARES, INC., EDINA CROWN BANK, EDINA	\$234,658	\$234,313	95. PRIVATE BANCORP., INC., MINNEAPOLIS PRIVATE BANK MINNESOTA, MINNEAPOLIS	\$153,109	\$152,919
64. DEERWOOD BANCSHARES, INC., DEERWOOD FIRST NATIONAL BANK OF DEERWOOD	\$230,230	\$230,075	96. WESTERN BANCORP., INC., DULUTH WESTERN NATIONAL BANK, DULUTH WESTERN NATIONAL BANK OF CASS LAKE	\$150,541	\$119,603 \$30,938
65. ST JOSEPH BANCSHARES ACQUISITIONS, INC. SENTRY BANK, SAINT JOSEPH SHERBURNE STATE BANK, BECKER	\$229,221	\$159,938 \$69,283	97. FLAGSHIP FIN'L GROUP, INC., EDEN PRAIRIE FLAGSHIP BANK MINNESOTA, WAYZATA FLAGSHIP BANK WINSTED	\$149,078	\$108,910 \$39,420
66. COMMERCIAL BANCSHARES, INC., BLMGTN FIRST COMMERCIAL BANK, BLOOMINGTON	\$227,776	\$227,194	98. COUNTRY BANKERS, INC., BLOOMING PRAIRIE CITIZENS STATE BANK OF HAYFIELD FARMERS AND MERCHANTS STATE BANK OF BLOOMING PRAIRIE	\$148,088	\$71,533 \$76,295
67. NORTH SHORE FINANCIAL CORP., DULUTH NORTH SHORE BANK OF COMMERCE, DULUTH	\$226,533	\$226,362	99. FERGUS FALLS BANCSHARES, INC., FGS FALLS SECURITY STATE BANK OF FERGUS FALLS	\$144,886	\$144,492
68. UNIVERSAL FIN'L SERVICES, INC., BAYPORT FIRST STATE B&T, BAYPORT	\$217,729	\$217,729	100. PROGRESSIVE GROWTH CORP., GAYLORD PROGROWTH BANK, NICOLLET	\$143,079	\$142,685
69. VILLAGE BANCSHARES, INC., SAINT FRANCIS VILLAGE BANK, SAINT FRANCIS	\$214,344	\$214,120	101. WYOMING BANCSHARES, INC., WYOMING FIRST STATE BANK OF WYOMING	\$142,737	\$142,737
70. TRADITION BANCSHARES, INC., EDINA TRADITION CAPITAL BANK, EDINA	\$207,142	\$206,754	102. MILLE LACS BANCORP., INC., ONAMIA WOODLANDS NATIONAL BANK, HINCKLEY	\$138,663	\$137,826
71. FIRST RUSHMORE BANCORP., INC., WRTHGTN FIRST STATE BANK SOUTHWEST, PIPESTONE	\$206,280	\$206,050	103. NORTHWESTERN BANCSHARES, INC., DILWORTH NORTHWESTERN BANK, N.A., DILWORTH	\$138,356	\$138,183
72. PERHAM STATE BANCSHARES, INC., PERHAM UNITED COMMUNITY BANK, PERHAM	\$205,347	\$204,842	104. PLATINUM BANCORP, INC., OAKDALE PLATINUM BANK, OAKDALE	\$133,823	\$133,815
73. COMMERCE BANCSHARES, INC., EDINA COMMERCE BANK, GENEVA	\$204,973	\$204,363	105. STONEBRIDGE BANCORP., MINNEAPOLIS CITIZENS STATE BANK OF SHAKOPEE STONEBRIDGE BANK, MINNEAPOLIS	\$129,913	\$20,369 \$109,548
74. PARK RAPIDS BANCSHARES, INC., PARK RAPIDS CITIZENS NATIONAL BANK OF PARK RAPIDS	\$203,615	\$203,561	106. CENTRA VENTURES, INC., FOLEY FALCON NATIONAL BANK, FOLEY	\$129,450	\$127,152
75. PIESCO, INC., SPRINGFIELD CITIZENS STATE BANK NORWOOD YOUNG AMERICA F&M STATE BANK OF SPRINGFIELD	\$203,368	\$87,648 \$114,497	107. KANDIYOHI BANCSHARES, INC., WILLMAR HOME STATE BANK, LITCHFIELD	\$128,509	\$128,385
76. CITIZENS BANCSHARES OF HUTCHINSON, INC. CITIZENS B&T CO., HUTCHINSON	\$197,363	\$197,169	108. HEYWOOD BANCSHARES, INC., NORTHFIELD FIRST NATIONAL BANK OF NORTHFIELD	\$126,476	\$126,219
77. SAUK CENTRE FIN'L SERVICES, INC., SAUK CENTRE MINNESOTA NATIONAL BANK, SAUK CENTRE	\$197,235	\$196,871	109. FINANCIAL SERVICES OF WINGER, INC. ULTIMA BANK MINNESOTA, WINGER	\$124,338	\$123,845
78. BUSINESS BANCORP., INC., MINNETONKA BUSINESS BANK, MINNETONKA	\$196,128	\$196,128	110. MIDWEST BANCSHARES, INC., CHANHASSEN AMERICANA COMMUNITY BANK, SLEEPY EYE	\$123,957	\$123,957
79. NORLO, INC., PRIOR LAKE PRIOR LAKE STATE BANK, PRIOR LAKE ROSEAU REALTY CO., INC., ROSEAU CITIZENS STATE BANK OF ROSEAU	\$195,222	\$191,474 \$192,221 \$191,678	111. LAKE CENTRAL FINANCIAL, INC., ANNANDALE ANNANDALE STATE BANK, ANNANDALE	\$123,554	\$123,554
80. FIRST MINNETONKA BANCORP., INC., MTKA FIRST MINNETONKA CITY BANK, MINNETONKA	\$190,388	\$190,368	112. WADENA BANCSHARES, INC., WADENA WADENA STATE BANK, WADENA	\$117,821	\$117,808
81. BANCOMMUNITY SERVICE CORP., SAINT PETER FIRST NATIONAL BANK MINNESOTA, SAINT PETER	\$190,226	\$190,145	113. CATTAIL BANCSHARES, INC., ATWATER ATWATER STATE BANK, ATWATER STATE BANK OF KIMBALL	\$117,356	\$42,302 \$74,872
82. CNB FINANCIAL CORP., LITCHFIELD CENTER NATIONAL BANK, LITCHFIELD	\$189,671	\$189,671	114. CORNERSTONE BANCORP., INC., LE SUEUR CORNERSTONE STATE BANK, MONTGOMERY	\$117,072	\$116,683
83. VERNON CENTER BANCSHARES, INC. COMMUNITY BANK MANKATO, VERNON CENTER	\$189,051	\$188,563	115. FRANKSON INVESTMENT CORP., WASECA FIRST NATIONAL BANK OF WASECA	\$115,561	\$115,207
84. FARIBAULT BANCSHARES, INC., FARIBAULT STATE BANK OF FARIBAULT	\$183,475	\$182,478	116. EAGLE INVESTMENT CO, INC., GLENWOOD EAGLE BANK, GLENWOOD	\$115,278	\$113,242
85. WRZ BANCSHARES, INC., PLAINVIEW PEOPLES STATE BANK OF PLAINVIEW	\$180,781	\$179,039	117. WABASHA HOLDING COMPANY, WABASHA FIRST STATE BANK OF WABASHA	\$114,853	\$114,822
86. SIGNATURE BANCSHARES, INC., MINNETONKA SIGNATURE BANK, MINNETONKA	\$177,192	\$177,191	118. LAKE CRYSTAL BANCORP., INC., LAKE CRYSTAL MINNSTAR BANK N.A., LAKE CRYSTAL	\$114,637	\$114,319

Source: Regulatory financial reports filed by bank holding companies and banks, data as of Dec. 31, 2011. \*Dollar amounts in thousands

# MINNESOTA BANK HOLDING COMPANIES

HOLDING COMPANY, LOCATION Subsidiary Bank, Location	CONSOLIDATED ASSETS*	SUBSIDIARY ASSETS*	HOLDING COMPANY, LOCATION Subsidiary Bank, Location	CONSOLIDATED ASSETS*	SUBSIDIARY ASSETS*
119. BANKWEST FINANCIAL, INC., ROCKFORD BANKWEST, ROCKFORD	\$112,988	\$104,160	153. DELANO STATE AGENCY, INC., DELANO STATE BANK OF DELANO	\$82,463	\$82,333
120. RIVERS RIDGE HOLDING COMPANY, EDINA BANKVISTA, SARTELL	\$111,487	\$111,487	154. CRSB BANCORP, INC., DELANO CROW RIVER STATE BANK, DELANO	\$81,810	\$81,810
121. REMER BANCORP., INC., REMER WOODLAND BANK, DEER RIVER	\$110,674	\$109,743	155. MENA HGA BANCSHARES, INC., MENA HGA FIRST NATIONAL BANK OF MENA HGA & SEBEKA	\$81,182	\$81,177
122. BW BANCORP, ELY BOUNDARY WATERS BANK, ELY	\$110,636	\$110,477	156. TRAXSHARES, INC., LE CENTER FIRST NATIONAL BANK OF LE CENTER	\$80,858	\$78,147
123. MARINE BANCSHARES, INC., MARINE ON ST CROIX SECURITY STATE BANK OF MARINE	\$110,282	\$110,273	157. FIRST NAT'L AGENCY OF BAGLEY, INC., FOSSTON FIRST NATIONAL BANK, BAGLEY	\$80,612	\$79,901
124. PSB FINANCIAL SHARES, INC., PRINSBURG PRINSBANK, PRINSBURG	\$110,000	\$108,487	158. PLATO HOLDINGS, INC., SAINT PAUL DRAKE BANK, SAINT PAUL	\$80,591	\$80,590
125. SECURITY STATE BANCSHARES OF BEMIDJI, INC. SECURITY BANK USA, BEMIDJI	\$108,481	\$106,333	159. EITZEN INDEPENDENTS, INC., EITZEN EITZEN STATE BANK, CALEDONIA	\$77,803	\$77,540
126. AVON BANCSHARES, INC., AVON AVON STATE BANK, AVON	\$105,654	\$105,470	160. FIRST BANCSHARES, INC., OF COLD SPRING FIRST NATIONAL BANK OF COLD SPRING	\$76,018	\$75,098
127. NASB SHARES, INC., BELGRADE NORTH AMERICAN STATE BANK, BELGRADE	\$105,547	\$105,165	161. PROVINCIAL CORP., LAKEVILLE PROVINCIAL BANK, LAKEVILLE	\$75,271	\$75,198
128. DUBOIS BANCSHARES, INC., SAUK CENTRE FIRST STATE BANK OF SAUK CENTRE	\$104,722	\$103,336	162. JAN-MAR CORP., COLERAINE FIRST NATIONAL BANK OF COLERAINE	\$74,226	\$74,226
129. KANDI BANCSHARES, INC., NEW LONDON LAKE REGION BANK, NEW LONDON	\$100,992	\$100,992	163. GREAT NORTHERN CORP., SAINT MICHAEL GREAT NORTHERN BANK, SAINT MICHAEL	\$74,101	\$74,101
130. SECURITY FINANCIAL SERVICES, INC., HIBBING SECURITY STATE BANK OF HIBBING	\$100,388	\$98,938	164. MAHNOMEN BANCSHARES, INC., MAHNOMEN FIRST NATIONAL BANK IN MAHNOMEN	\$72,383	\$72,456
131. BELLE PLAINE BANCORP., INC., BELLE PLAINE STATE BANK OF BELLE PLAINE	\$99,942	\$99,942	165. SAINT CLAIR AGENCY, INC., SAINT CLAIR SAINT CLAIR STATE BANK (INC), SAINT CLAIR	\$72,194	\$72,967
132. JOHNSON HOLDINGS, INC., RAMSEY LANDMARK COMMUNITY BANK, N.A., ISANTI	\$97,932	\$97,525	166. WANAMINGO BANCSHARES, INC., WANAMINGO SECURITY STATE BANK OF WANAMINGO, INC.	\$72,142	\$72,142
133. GATEWAY BANCORP., INC., MENDOTA HEIGHTS GATEWAY BANK, MENDOTA HEIGHTS	\$95,089	\$95,059	167. NOBLE BANK HOLDING CO., INC., RED WING FIRST STATE BANK OF RED WING	\$71,159	\$71,159
134. LAKE BANK SHARES, INC., ALBERT LEA SECURITY BANK MINNESOTA, ALBERT LEA	\$94,269	\$93,793	168. FIRST FIN'L SERVICES OF MOOSE LAKE, INC. FIRST NATIONAL BANK OF MOOSE LAKE	\$70,549	\$70,380
135. FIRST HAWLEY BANCSHARES, INC., HAWLEY FIRST NATIONAL BANK, HAWLEY	\$93,778	\$93,527	169. MAPLE BANC SHARES, INC., MAPLE PLAIN BANK OF MAPLE PLAIN	\$69,202	\$68,604
136. F & M FINANCIAL SERVICES, INC., PRESTON F & M COMMUNITY BANK, N.A., PRESTON	\$93,404	\$93,105	170. NORTH STATE BANCSHARES, INC., SHAKOPEE PRIME SECURITY BANK, KARLSTAD	\$68,837	\$68,835
137. WEB, INC., FAIRMONT STATE BANK OF FAIRMONT	\$92,905	\$92,905	171. FIRST STATE AGENCY OF LE CENTER, INC. FIRST STATE BANK OF LE CENTER	\$68,419	\$67,994
138. NEW RICHLAND BANCSHARES, INC. STATE BANK OF NEW RICHLAND	\$92,238	\$91,446	172. TRAVERSE CTY INVESTMENT CORP., WHEATON STATE BANK OF WHEATON	\$67,653	\$66,788
139. HARTLAND BANCSHARES, INC., HARTLAND FARMERS STATE BANK OF HARTLAND	\$92,011	\$91,930	173. CLINTON BANCSHARES, INC., CLINTON CLINTON STATE BANK, CLINTON	\$67,044	\$67,044
140. SECURITY STATE AGENCY OF AITKIN, INC. SECURITY STATE BANK OF AITKIN	\$90,799	\$85,433	174. FIRST LEROY BANCORP., INC., LE ROY FIRST STATE BANK MINNESOTA, LE ROY	\$65,899	\$65,780
141. BANCSHARES OF HAWLEY, INC., HAWLEY STATE BANK OF HAWLEY	\$90,624	\$90,619	175. FISCHER CORP., LEWISTON SECURITY STATE BANK OF LEWISTON	\$65,748	\$65,997
142. NORBANC GROUP INC., PINE RIVER PINE RIVER STATE BANK, PINE RIVER	\$89,926	\$89,352	176. ALLIANCE BANK SHARES CORP., ANDOVER 1ST REGENTS BANK, ANDOVER	\$65,230	\$62,804
143. COMMUNITY PRIDE BANK CORP., HAM LAKE COMMUNITY PRIDE BANK, ISANTI	\$89,183	\$89,104	177. GRAHAM SHARES OF WAVERLY, INC., WAVERLY CITIZENS STATE BANK OF WAVERLY (INCORPORATED)	\$64,875	\$64,778
144. FREEPORT BANCSHARES, INC., FREEPORT FREEPORT STATE BANK, FREEPORT	\$88,383	\$88,377	178. TAUNTON BANCSHARES, INC., TAUNTON STATE BANK OF TAUNTON	\$64,590	\$64,573
145. MARKET BANCORP., INC., ELKO NEW MARKET NEW MARKET BANK, ELKO NEW MARKET	\$87,581	\$84,175	179. HIGGINS BANCORP., INC., ROSEMOUNT FIRST STATE BANK OF ROSEMOUNT	\$63,859	\$64,044
146. RICHMOND BANK HOLDING CO., RICHMOND STATE BANK OF RICHMOND	\$86,750	\$86,335	180. FIRST ADVANTAGE BANCSHARES, INC., COON RAPIDS FIRST ADVANTAGE BANK, COON RAPIDS	\$63,102	\$62,923
147. HUBBARD BANCSHARES, INC., PARK RAPIDS STATE BANK OF PARK RAPIDS	\$86,397	\$86,367	181. BIGFORK BANCSHARES, INC., BIGFORK FIRST STATE BANK OF BIGFORK	\$62,843	\$62,395
148. FIRST SO.EASTERN BANC GROUP, INC., HARMONY FIRST SOUTHEAST BANK, HARMONY	\$86,207	\$85,738	182. OSAKIS BANCSHARES, OSAKIS FIRST NATIONAL BANK OF OSAKIS	\$62,296	\$62,244
149. PIONEER BANK SHARES, INC., DULUTH PIONEER NATIONAL BANK OF DULUTH	\$85,633	\$85,630	183. RELIANCE BANCORP., INC., FARIBAULT RELIANCE BANK, FARIBAULT	\$61,411	\$61,411
150. ADAMS BANCSHARES, INC., ADAMS FARMERS STATE BANK OF ADAMS	\$82,923	\$82,918	184. MADELIA BANCSHARES, INC., MADELIA FARMERS STATE BANK OF MADELIA, INC.	\$61,380	\$61,331
151. WARROAD BANCSHARES, INC., WARROAD SECURITY STATE BANK OF WARROAD	\$82,688	\$82,688	185. ORONO FINANCIAL, INC., NAVARRE FIRST NATIONAL BANK OF THE LAKES, NAVARRE	\$61,104	\$60,934
152. M.I.F. LIMITED, CHISHOLM FIRST NATIONAL BANK OF CHISHOLM	\$82,571	\$82,354	186. JOHNSON BANCSHARES, INC., CHATFIELD ROOT RIVER STATE BANK, CHATFIELD	\$60,903	\$60,851

Source: Regulatory financial reports filed by bank holding companies and banks, data as of Dec. 31, 2011. \*Dollar amounts in thousands



# MINNESOTA BANK HOLDING COMPANIES

HOLDING COMPANY, LOCATION Subsidiary Bank, Location	TOTAL BHC CONSOLIDATED ASSETS*	TOTAL BANK ASSETS*	HOLDING COMPANY, LOCATION Subsidiary Bank, Location	CONSOLIDATED ASSETS*	SUBSIDIARY ASSETS*
187. INVER GROVE BANCSHARES, INC., IG HEIGHTS KEY COMMUNITY BANK, INVER GROVE HEIGHTS	\$60,345	\$60,345	220. VERGAS BANCORP., INC., VERGAS VERGAS STATE BANK, VERGAS	\$46,586	\$46,287
188. KES BANCSHARES, INC., VIRGINIA NORTHERN STATE BANK OF VIRGINIA	\$60,167	\$60,064	221. MCGREGOR BANCO, INC., MCGREGOR GRAND TIMBER BANK, MCGREGOR	\$46,568	\$43,041
189. PALMER BANCSHARES, INC., KASSON KASSON STATE BANK, KASSON	\$59,570	\$59,570	222. CHANDLER BANCSHARES, INC., CHANDLER STATE BANK OF CHANDLER	\$45,247	\$45,226
190. DARWIN BANCSHARES, INC., DARWIN FARMERS AND MERCHANTS STATE BANK, PAYNESVILLE FARMERS STATE BANK OF DARWIN	\$59,242	\$25,136 \$34,091	223. UNDERWOOD BANCSHARES, INC., UNDERWOOD FARMERS STATE BANK OF UNDERWOOD	\$45,009	\$44,824
191. TRIMONT BANCORP., TRIMONT TRIUMPH STATE BANK, TRIMONT	\$59,014	\$58,957	224. KRAUSE FINANCIAL, INC., WINNEBAGO FIRST FINANCIAL BANK IN WINNEBAGO	\$43,898	\$43,882
192. FSB HOLDING COMPANY, INC., TRIMONT FARMERS STATE BANK OF TRIMONT	\$58,511	\$57,789	225. EMPIRE BANCSHARES, INC., COTTONWOOD UNITED SOUTHWEST BANK, COTTONWOOD	\$43,714	\$43,714
193. NEW YORK MILLS BANCSHARES, INC., NY MILLS F&M STATE BANK OF NEW YORK MILLS, INC.	\$58,435	\$54,192	226. WEST 12 BANCORP., INC., DANVERS STATE BANK OF DANVERS	\$43,010	\$43,010
194. MAPLE FINANCIAL HOLDING CO., CHAMPLIN MAPLE BANK, CHAMPLIN	\$58,020	\$57,936	227. MPS INVESTMENT COMPANY, APPLETON FARMERS AND MERCHANTS STATE BANK OF APPLETON	\$42,664	\$42,651
195. JANESVILLE HOLDING COMPANY, JANESVILLE JANESVILLE STATE BANK, JANESVILLE	\$58,004	\$55,410	228. BEARDSLEY BANCSHARES, INC., BEARDSLEY BUFFALO RIDGE BANK, BEARDSLEY	\$42,450	\$42,444
196. CROOKSTON FIN'L SERVICES, INC., CROOKSTON CROOKSTON NATIONAL BANK, CROOKSTON	\$56,828	\$56,686	229. LISMORE FINANCIAL SERVICES, INC., LISMORE STATE BANK OF LISMORE	\$41,340	\$41,048
197. RED RIVER FINANCIAL SERVICES, INC., HALSTAD RED RIVER STATE BANK, HALSTAD	\$55,751	\$55,617	230. ELYSIAN, INC., ELYSIAN ELYSIAN BANK, ELYSIAN	\$41,085	\$41,085
198. FNB ACQUISITION HOLDING CORP., WADENA FIRST NATIONAL BANK IN WADENA	\$55,467	\$54,643	231. MEDR BANCSHARES, INC., ERSKINE AMERICAN STATE BANK OF ERSKINE FIRST FINANCIAL BANK, TWIN VALLEY	\$40,898	\$25,092 \$16,095
199. ARLCO, INC., ARLINGTON ARLINGTON STATE BANK, ARLINGTON	\$54,274	\$53,846	232. FINANCIAL SERVICES OF LOWRY, INC. LOWRY STATE BANK, LOWRY	\$38,339	\$37,616
200. PRAIRIE BANCSHARES, INC., LESTER PRAIRIE FIRST COMMUNITY BANK, LESTER PRAIRIE FIRST COMMUNITY BANK SILVER LAKE	\$53,702	\$28,575 \$24,896	233. NEISEN BANCSHARES, INC., WATKINS FARMERS STATE BANK OF WATKINS	\$37,951	\$37,707
201. ELLINGSON CORP., KENYON SECURITY STATE BANK OF KENYON	\$53,228	\$53,214	234. CITIZENS INVESTMENT CO., INC., GLENVILLE CITIZENS STATE BANK OF GLENVILLE	\$37,749	\$38,374
202. COKATO BANCSHARES, INC., COKATO STATE BANK OF COKATO	\$53,050	\$53,046	235. DONNELLY BANCSHARES, INC., MORRIS UNITED F&M STATE BANK, MORRIS	\$37,528	\$37,434
203. MATSON FINANCIAL, INC., BLOMKEST CONCORDE BANK, BLOMKEST	\$53,044	\$53,044	236. ADRIAN BUILDING CORP., ADRIAN ADRIAN STATE BANK, ADRIAN	\$37,521	\$37,427
204. WABASSO BANCSHARES, INC., WABASSO INTEGRITY BANK PLUS, WABASSO	\$52,832	\$52,725	237. KNOFF BANCSHARES, INC., COKATO FIRST NATIONAL BANK OF COKATO	\$37,362	\$37,362
205. COMMUNITY FINANCIAL CORP., OWATONNA COMMUNITY BANK OWATONNA	\$52,506	\$52,506	238. ODIN BANCSHARES, INC., ODIN ODIN STATE BANK, ODIN	\$37,309	\$36,683
206. EQUITY BANK HOLDING CO., INC., MINNETONKA EQUITY BANK, MINNETONKA	\$52,504	\$52,602	239. FERTILE BANCSHARES, INC., FERTILE FIRST STATE BANK OF FERTILE	\$34,853	\$35,002
207. KENSINGTON BANCORP., INC., KENSINGTON FIRST STATE BANK OF KENSINGTON	\$52,059	\$52,240	240. RANDALL BANCORP, INC., PINE RIVER RANDALL STATE BANK, RANDALL	\$34,135	\$34,135
208. LINDELL BANCSHARES, INC., COLD SPRING STATE BANK OF COLD SPRING	\$51,700	\$50,750	241. LAKE PARK BANCSHARES, INC., LAKE PARK STATE BANK OF LAKE PARK	\$33,932	\$33,665
209. OLMSTED BANCORP., INC., BYRON FIRST SECURITY BANK, BYRON	\$51,297	\$50,903	242. DENT BANCSHARES, INC., DENT FARMERS STATE BANK OF DENT	\$31,225	\$30,810
210. KERKHOVEN BANCSHARES, INC., KERKHOVEN FINANCIAL SECURITY BANK, KERKHOVEN	\$51,127	\$51,124	243. VISION BANCSHARES, INC., ST LOUIS PARK VISIONBANK, SAINT LOUIS PARK	\$31,184	\$31,262
211. OLMSTED HOLDING CORP., ROCHESTER OLMSTED NATIONAL BANK, ROCHESTER	\$50,100	\$51,118	244. MINNESOTA BANCSHARES, INC., HERON LAKE COMMERCIAL BANK OF MINNESOTA, HERON LAKE	\$31,154	\$34,974
212. LAKEVIEW BANCORP., INC., LAKEVILLE LAKEVIEW BANK, LAKEVILLE	\$50,027	\$50,023	245. ASHBY BANCSHARES, INC., ASHBY FIRST STATE BANK OF ASHBY	\$31,150	\$31,038
213. ELKTON BANCSHARES, INC., ELKTON FARMERS STATE BANK OF ELKTON	\$49,026	\$48,924	246. SO. MINNESOTA BANCSHARES, INC., WELLS PARAGON BANK, WELLS	\$31,045	\$31,045
214. WEST CONCORD BANCSHARES, INC., W. CONCORD FARMERS STATE BANK OF WEST CONCORD	\$47,414	\$47,414	247. NORTHERN STAR FINANCIAL, INC., MANKATO NORTHERN STAR BANK, MANKATO	\$29,965	\$29,965
215. DOUGLAS CTY BANCSHARES, INC., ALEXANDRIA NEIGHBORHOOD NATIONAL BANK, ALEXANDRIA	\$47,404	\$45,780	248. PARK BANK CORP. OF DULUTH, DULUTH PARK STATE BANK, DULUTH	\$29,488	\$29,488
216. FIRST FINANCIAL HOLDINGS, INC., GOLDEN VLY FIRST NATIONAL B&T, BARRON	\$47,024	\$46,820	249. FORT RIDGELY NAT'L BANCORP., INC., FAIRFAX FIRST NATIONAL BANK OF FAIRFAX	\$29,328	\$29,293
217. RUSHFORD STATE BANCORP, INC., RUSHFORD RUSHFORD STATE BANK (INCORPORATED), RUSHFORD	\$46,945	\$46,945	250. MILAN AGENCY, INC., MILAN PRAIRIE SUN BANK, MILAN	\$28,869	\$28,805
218. CURRIE BANCORP., INC., CURRIE CURRIE STATE BANK, CURRIE	\$46,769	\$46,722	251. EDEN VALLEY BANCSHARES, INC., EDEN VALLEY STATE BANK IN EDEN VALLEY	\$28,479	\$27,711
219. SOUTHEAST MN BANCSHARES, INC., ALTURA ALTURA STATE BANK, ALTURA	\$46,679	\$46,641	252. MORRISTOWN HOLDING COMPANY, EXCELSIOR LAKE COUNTRY COMMUNITY BANK, MORRISTOWN	\$28,330	\$28,330
			253. SO. CENTRAL FIN'L SERVICES, INC., BRICELYN STATE BANK OF BRICELYN	\$27,710	\$27,458

Source: Regulatory financial reports filed by bank holding companies and banks, data as of Dec. 31, 2011. \*Dollar amounts in thousands

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## The Bank Holding Company Association welcomes the following holding companies which recently have joined the association:

**Roger Beuning**, secretary  
**Loren Beste**, vice president, treasurer  
 Dubois BankShares, Inc., Sauk Centre, Minn.

**James L. Talen**, Chairman  
**Paul R. Tieskoetter**, President, CEO  
 Eastwood Financial Corp., Rochester, Minn.

## In addition, we are pleased to welcome the following new Associate Members:

**Douglas Winn**, president  
 Wilary Winn LLC, St. Paul, Minn.  
 Wilary Winn LLC and its sister company Wilary Winn Risk Management LLC serve more than 350 financial institution clients in 42 states, including 26 publicly traded banks. The company is one of the country's leading providers of fair value estimates for illiquid financial instru-

ments. Services include the determination of fair value and potential impairment of loan servicing portfolios, as well as the determination of OTTI and estimation of fair value of non-agency mortgage backed securities and pooled trust preferred CDS.

**Jim Loomis**, account executive  
 CBC Innovis, Sioux Falls, S.D.

CBC Innovis provides a full suite of turnkey lending solutions to help streamline processing, provide decision-making, reduce risk and improve profits.

**Blake Martin**, vice president  
 Hays Companies, Minneapolis

Hays Companies, a privately held corporation that provides property and casualty, and employee benefits insurance services to employers, works with several banks on their insurance needs. The company has a Financial Institutions Practice Group that solely focuses on the risks and insurance needs of banks, credit unions, insurance companies and other financial institutions. The practice group is comprised of former financial services underwriters from a major insurance carrier.

## MINNESOTA BANK HOLDING COMPANIES

*Next edition to feature holding company lists for North Dakota and South Dakota*

HOLDING COMPANY, LOCATION Subsidiary Bank, Location	CONSOLIDATED ASSETS*	SUBSIDIARY ASSETS*	HOLDING COMPANY, LOCATION Subsidiary Bank, Location	CONSOLIDATED ASSETS*	SUBSIDIARY ASSETS*
254. HOFFMAN BANCSHARES, INC., HOFFMAN FARMERS STATE BANK OF HOFFMAN	\$27,596	\$27,472	AMERICAN STATE BANK OF GRYGLA		\$23,787
255. PEOPLES EQUITY CORP., WELLS PEOPLES STATE BANK OF WELLS	\$27,202	\$27,202	270. WINTHROP BANCSHARES, INC., WINTHROP WINTHROP STATE BANK, WINTHROP	\$22,659	\$22,658
256. HERMAN BANCSHARES, INC., HERMAN FIRST NATIONAL BANK OF HERMAN	\$27,105	\$26,927	271. VAN DEUSEN BANCORP, INC., MADISON LAKE PEOPLES STATE BANK OF MADISON LAKE	\$21,989	\$21,913
257. FIRST NATIONAL AGENCY AT SAINT JAMES, INC FIRST NATIONAL BANK AT SAINT JAMES	\$26,648	\$26,832	272. EAGLE COMM. BANCSHARES, INC., BRKLYN PARK EAGLE COMMUNITY BANK, MAPLE GROVE	\$21,767	\$21,248
258. RIVERLAND BANCORP., JORDAN RIVERLAND BANK, JORDAN	\$26,559	\$26,558	273. BROWNS VALLEY BANCSHARES, INC., BRWNS VLY UNION STATE BANK OF BROWNS VALLEY	\$21,682	\$21,682
259. SWANVILLE BANCSHARES, INC., SWANVILLE FIRST STATE BANK OF SWANVILLE	\$26,338	\$26,338	274. EASTON BANCSHARES, INC., EASTON STATE BANK OF EASTON, EASTON	\$21,290	\$21,290
260. POE INVESTMENT COMPANY, EXCELSIOR F&M STATE BANK OF SACRED HEART	\$26,182	\$25,992	275. HAMBURG FINANCIAL, INC., EXCELSIOR STATE BANK OF HAMBURG	\$20,754	\$20,558
261. ORMSBY BANCSHARES, INC., ORMSBY ORMSBY STATE BANK, ORMSBY	\$26,057	\$25,812	276. FOLDEN FINANCIAL CORP., HENDRICKS FIRST SECURITY BANK - HENDRICKS	\$19,183	\$18,981
262. KIRCHER BANK SHARES, INC., OLIVIA CITIZENS STATE BANK OF OLIVIA	\$25,589	\$25,589	277. KIESTER INVESTMENTS, INC., KIESTER FIRST STATE BANK OF KIESTER	\$18,467	\$18,449
263. GIBBON BANCSHARES, INC., GIBBON STATE BANK OF GIBBON	\$25,468	\$25,468	278. HARTMAN BANCSHARES, INC., OKABENA FIRST STATE BANK OF OKABENA (INCORPORATED)	\$17,847	\$17,847
264. CYRUS BANCSHARES, INC., CYRUS HOMETOWN COMMUNITY BANK, CYRUS	\$25,312	\$25,374	279. CITIZENS STATE AGENCY OF TYLER, INC. CITIZENS STATE BANK OF TYLER, INCORPORATED	\$17,025	\$18,655
265. CARLSON BANCSHARES, INC., NEW LONDON UNITED MINNESOTA BANK, NEW LONDON	\$24,625	\$24,671	280. DAKOTA FINANCIAL, INC., MARIETTA STATE BANK OF MARIETTA	\$12,109	\$12,109
266. WELCOME BANCSHARES, INC., WELCOME WELCOME STATE BANK, WELCOME	\$24,419	\$24,419	281. CEYLON BANCORP., INC., CEYLON STATE BANK OF CEYLON	\$11,062	\$11,062
267. MILLS FINANCIAL SERVICES, INC., BRAINERD MILLS RESOLUTE BANK, SANBORN	\$24,197	\$24,183	282. MURDOCK BANCOR, INC., MENDOTA HEIGHTS FIRST STATE BANK OF MURDOCK	\$9,510	\$9,509
268. TIMBERLAND BANCORP, BAXTER FIRST NATIONAL BANK OF BUHL	\$24,005	\$24,005	283. KENT BANCSHARES, INC., KENT KENT STATE BANK, KENT	\$7,120	\$7,120
269. GRYGLA FINANCIAL CORP., GRYGLA	\$23,787				

Source: Regulatory financial reports filed by bank holding companies and banks, data as of Dec. 31, 2011.  
 \*Dollar amounts in thousands

# The BHCA: A UNIQUE VALUE for bank owners, officers and directors

If you are a bank owner, the Bank Holding Company Association is the *right* organization for you. Whether your ownership consists of a few shares or 100 percent, you will find BHCA membership delivers unique value to bank owners like you.

## Seminars

Members receive discounted registration fees on BHCA's annual Spring and Fall Seminars. The BHCA seminars consistently deliver informative presentations from industry experts, consultants and analysts. They educate as well as entertain. Break-out sessions give seminar participants the opportunity to go in-depth on very specific topics to bank owners, such as succession planning, tax issues, merger and acquisition preparation, legal/accounting issues and more.

## Networking

**Get access to other bank owners.** One of the most valuable features of our twice-a-year seminars is the opportunity to visit with other bank owners between scheduled presentations. It has been said that more merger and acquisition deals have been initiated at BHCA seminars than almost anywhere else. No other group brings together so many bank owners from across the Upper Midwest.

## Insight

**Appreciate our regional focus.** With holding company members from Minnesota, Wisconsin, North Dakota, South Dakota, Iowa and Illinois, the BHCA brings together bank owners, directors and officers with common regional interests, but if you don't want to talk to a competitor, you can always find similarly-situated members from outside your holding company's trade area.

## Access

**Gain access to regulators.** BHCA frequently hosts events featuring representatives from the Federal Reserve, Federal Deposit Insurance Corp., Office of the Comptroller of the Currency, and state regulatory agencies. Forums permit anonymous questions, as well as opportunities for you to visit directly with regulators.

**Gain access to experts.** The BHCA features a healthy associate membership sector, providing bank owners with access to attorneys, accountants, investment professionals, consultants and others who can address virtually any need a bank owner may have.



## Read what some long-time BHCA members have to say:

### Serious, useful education...

"We chose to join BHCA in about 1990, shortly after we formed a new holding company to purchase a divested First Bank System bank in 1987. We were new at the process and thought that joining BHCA would be a great educational experience. Since that time several of us have managed to attend nearly every seminar.

Ideas we implemented from the seminars include mandatory retirement of both bank and holding company directors, general director responsibilities, audit and compliance committee ideas, and excellent presentations by economists over the years to assist us in funds management. And, of course, there is always the exchange of ideas with fellow bankers." - Gary Paulson, First Holding Company, Park River, N.D.

### Building relationships...

"I have been a member of the Bank Holding Company Association for more than 20 years, during which I have attended Spring and Fall Seminars regularly. The value of this association is the great contacts and speakers who inevitably become business relationships. The BHCA brings together bank owners who have the same problems and concerns within their own organization. I challenge bankers to find a better value for an annual membership which is as little as \$400." - Douglas Jilek, Prairie Bancshares, Inc., Lester Prairie, Minn.

### A great value...

"Our holding company is a charter member of the BHCA. The association provides excellent value as evidenced by the networking opportunities, top-notch speakers, and the wide range of educational opportunities available through the concurrent breakout sessions. In this day of aggressive cost-cutting, our BHCA membership is a certain renewal!" - Pat Gates, Security Financial Services, Inc., Hibbing, Minn.

## Membership:

Annual dues to the Bank Holding Company Association range from \$400 to \$1,000 per year, depending on the size of your organization.

For more information, please call us at  
952-835-2248 or 1-800-813-4754

[www.theBHCA.org](http://www.theBHCA.org)

WEBINAR



The Bank Holding Company Association presents...

## ***Tax and Estate Planning for Bank Owners***

With bank stock values at historical lows and the lifetime gifting exemption at a historical high, many bankers are looking at estate planning and gifting strategies. These strategies often utilize grantor trusts, installment sales and redemption. During this 60-minute webinar, the pros and cons of these strategies will be discussed. Comprehensive examples will be offered and actual case studies will illustrate key concepts.

Our presenters are from McGladrey, led by **Jerry Kissell**, managing director/tax partner, Depository Institutions Group. Having worked with hundreds of community bank holding companies and bankers over a long career, Kissell is well-versed in the details of estate and tax planning as they pertain to bank owners.

This webinar is ideal for owners, whether they own 100 percent of the bank or only a single share. Anyone who expects to include bank stock in their estate plan will benefit from this webinar.

Thursday, May 24, 2012 ~ 10:00 a.m. to 11:00 a.m. CDT  
\$99 per computer (\$59 for BHCA members)

**Register today at [www.theBHCA.org](http://www.theBHCA.org)**

This event is included in the 2012 BHCA webinar season pass.