

# Bank Owner

The magazine of the Bank Holding Company Association

## PROSPER TO THE NEXT LEVEL

Join BHCA  
for Spring Seminar,  
May 5-6



### INSIDE:

Prepare for rising  
interest rates

Best Practices  
for board governance

Reg and IRS update

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the following holding company  
which recently joined the association:

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## Our mission:

The mission of the Bank Holding Company Association is to provide educational information through seminars, webinars, forums and publications useful to bank owners, directors 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 quarterly publication of the BHCA. 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.

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## Thoughts on CFPB, the U.S. Postal Service and data security

I am honored to have the opportunity during 2014 to serve as your Bank Holding Company Association president. Douglas Farmer did a great job last year, and I appreciate the heavy lifting he did to prepare the way for my service this year.

At United Bankers Bank, we find the BHCA to be a very useful membership and we look forward to supporting the organization in the coming year. I hope to see you at our seminars, which are scheduled for May 5-6 and Oct. 6-7. Both are set for the Minneapolis Airport Marriott Hotel in Bloomington, Minn.

There are three items in the industry news recently that I think deserve comment. The first has to do with the Consumer Financial Protection Bureau. The numerous rules and regulations to come out of that agency are troubling enough, but what really caught my attention was the amount of money the agency is spending to remodel a downtown Washington, D.C. building to serve as its headquarters. The CFPB plans to move into the old OTS building near the FDIC and the White House. During a January hearing, U.S. Rep. Jeb Hensarling (R-TX) asked Director Richard Cordray why the CFPB is spending \$483 per square foot to renovate the building. This compares to a typical renovation rate on a luxury commercial office building of about \$150 per square foot. Cordray said the renovation will prepare the building for many years of service.

The issue here is perception; spending that kind of money shows insensitivity to their surroundings. Most community bankers work hard to resist spending which puts them grossly out of step with their communities. I know many bankers who can afford to drive very nice cars but they choose to drive modest vehicles because they don't want to be insensitive to the people in their communities. At the CFPB, excessive spending is particularly repugnant given the insular way the bureau is funded. At least if the bureau's budget were approved by Congress, there could be a little more effective oversight. But with its funding coming directly from the Federal Reserve, the public doesn't really get any say in the matter. This is just one more example of why the CFPB needs additional oversight.

Another item that has got me shaking my head recently is the notion of the U.S. Postal Service getting into financial services. The idea has been suggested because it supposedly will generate income for a service that has been running in the red for years. Sen. Elizabeth Warren has called it a good idea and others are considering it. But let's be realistic. This is a terrible idea. This is just a backdoor way for the government to take further control of the country's financial system. The same way the government is taking over the health care system, it could take over the financial services system if we're not careful.

The U.S. Postal Service hasn't exactly demonstrated that they have cornered the market on good service. If they are having trouble delivering the mail profitably, I don't know why anyone thinks they will do better in financial services. The last thing we need is another government agency competing with banks. The taxes that bankers pay are already being used to fund the Farm Credit System and subsidize the credit union industry. Now they want to take those taxes to help create another competitor? That's a bad idea and we need to communicate that to our elected officials.

Finally, the security breach involving credit and debit cards from Target really shows the need for a new approach to sharing the responsibility on these kinds of things. The banking industry currently is shouldering most of the load, when clearly the retailers have a huge stake in this as well. The banking industry does a thorough job protecting and securing data; the less-regulated retailers should work to the same standards. And the cost of handling breaches when they occur should be fairly distributed among all the players. Interested parties should work with lawmakers to figure out a better approach. The retailers are getting off easy; the whole thing is falling on the banks.

There is not more to come, there is a lot more to come.

If you have ideas about how to make BHCA membership more meaningful for you and your organization, please send me an email at [Bill.Rosacker@Ubb.com](mailto:Bill.Rosacker@Ubb.com). □



By William Rosacker  
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## Make plans to attend the Spring Seminar, May 5-6

The Bank Holding Company Association Spring Seminar is going to be a fantastic event, so please plan to attend. The theme is “Prosper to the Next Level.” We have put together an event that will help you do just that. Mark your calendar for Monday and Tuesday, May 5-6, 2014 when the seminar will take place at the Minneapolis Airport Marriott Hotel in Bloomington, Minn., across from the Mall of America.

We will be presenting speakers who understand the issues community bank owners and holding company managers deal with every day. They have decades of experience and know how to share that experience in an informative and entertaining manner.

Sam Richter will open our seminar on Monday evening. Sam knows how to leverage the internet to get information that you can use to be more successful. He will share the secrets to making the most of LinkedIn, Google analytics, search tools and other web features. We’ve all heard a lot about the need to “mine our data” and Sam will show us that much of what we need is available at our fingertips from any computer terminal. I saw Sam’s presentation a couple of years ago and was blown away by some of the things anyone can do on the internet – once someone shows you how!

Tuesday morning opens with Lynn David, president of Community Bank Consulting Services, Inc., of St. Louis. Lynn is a KPMG Peat Marwick alum who has worked in hundreds of community banks. Drawing on the best of his experience, Lynn will share practical ideas for increasing the actual franchise value of your banking organization. His strategies help banks improve performance, increase profitability, and plan for the future.

Tom Mecredy, senior vice president with Vining Sparks Community Banking Advisory Group, will describe the mergers and acquisitions environment. Tom has years of experience bringing buyers and sellers together, raising capital and working with investors in the community banking arena. He will summarize the latest trends, including mergers of equals, and share his thoughts on the best opportunities for bank owners looking to participate in the M&A marketplace.

Our luncheon speaker will be Dr. Dileep Rao who will draw on years of immersion in the world of entrepreneurship to describe a prosperous future for community bankers. He says “old school” bankers are in danger of becoming extinct and will provide a roadmap for succeeding in the 21st century. Based on interviews with highly successful, billion-dollar entrepreneurs, Dr. Rao has identified trends which have made companies like Apple and UnitedHealth industry leaders. These are trends which bankers can put to work for their own success. Dr. Rao addressed the Bank Holding Company Association several years ago and I have found him to be one of the most thoughtful speakers we have ever invited in.

Our seminar will close with an entertaining look at the sports world by WCCO television personality Mark Rosen. Drawing on decades of experience as a sports reporter, Rosen will share stories

about leadership drawn from examples of both great leadership and poor leadership. After his presentation, we will give out free copies of Rosen’s recently published memoir, “Best Seat in the House,” to every full seminar registrant. If you are a sports fan, you will love this book. Rosen will stick around to sign your book, if you like.

As always, our seminar will include four break-out sessions on specialized topics. The breakout sessions are recorded so you can listen to them at your convenience when you get back to the office.

As valuable as any of our educational sessions is the opportunity to network with your peers. We have built in ample time during the seminar for you to visit with your colleagues. We understand that you can learn as much from your associates as you can from the experts.

The seminar will conclude midafternoon, but if you are coming in from out of town, I very strongly encourage you to consider sticking around for our informal night out for dinner and a show at the Guthrie Theater in downtown Minneapolis. For the fourth year in a row, we will take a group of bankers and their guests for dinner at the fabulous Sea Change restaurant, which is located in the Guthrie Theater building. We’ll get a backstage tour, which is amazingly interesting – even for someone who has done the tour several times! The show that evening is *Crimes of the Heart*. Imaginative and hilarious, unpredictable and moving, this play is a contemporary classic, honoring playwright Beth Henley with both a Pulitzer Prize and a New York Drama Critics Circle Award. Your separate fee covers the dinner, tour, show and transportation from the Marriott.

I want to take this opportunity in particular to thank our sponsors who make it possible for us to put together first rate seminars and keep the registration price at a reasonable level. Many of our Associate Members step up with very generous sponsorship support and we very much appreciate it!

In addition, I want to take this opportunity to thank you, our members, for making the Bank Holding Company Association what it is. For more than three decades community bank owners and holding company professionals from throughout the Upper Midwest have come together for networking and education; the industry is better off for your efforts over the years. As we move into 2014, I am pleased to report that nearly all of our members and Associate Members have renewed their memberships. This is significant as I understand there is no shortage of industry groups to join. You carefully consider how you spend every dollar and it is significant that you continue to invest in your Bank Holding Company Association membership. □



By Tom Bengtson  
BHCA Managing Director

# Top 10 Best Practices to Maximize Board Performance

**BOARD GOVERNANCE** is more important than ever before with increasingly complex regulatory requirements, pressure on earnings, and the search for profitable growth. In an environment of both great challenges and great opportunities, the need for engaged and informed directors governing the financial institution is critical.

Below are the Top 10 best practices that will ensure your board provides the right leadership and governance for your institution:

**1. Complete a robust strategic planning process with both board and senior management participating annually,** followed up with focused execution and monitoring by the board throughout the year. The board and senior management should participate in a strategic planning process to ensure alignment with each other and to chart the course for your financial institution.

**2. Conduct a board assessment.** Has your board evaluated its performance in the areas critical for governance, including board policies, board culture, board practices, and board composition? Knowing where your board needs to enhance governance practices can be a first step in taking your governance to the next level and meeting the needs of your financial institution. A board assessment is also a valuable tool to demonstrate to the regulators and auditors the engagement and commitment of the board.

**3. Ensure a thorough board succession planning process is in place.** In planning for future board members, your board needs to consider the composition of the board in terms of the skills, expertise, and experience needed to contribute effectively to the

success of your institution. Thought should be given to specific competencies and/or experience needed that are specific to your financial institution, such as industry focus, technical areas of expertise, community relationships, market knowledge, etc. Knowing what you are looking for can also make the recruiting process easier and more focused.

**4. Have a CEO succession plan in place and hold the CEO accountable for succession planning for key management positions.** A sound succession plan for the CEO is critical so there is a smooth transition when the current CEO retires or leaves. Many financial institutions are facing transitions with aging senior management teams and pending retirements, including the CEO position. Planning ahead for this transition is important to the future success of your financial institution. A well-thought-out succession plan should also lead to sound talent management. It is a key role for the board to ensure the right talent is in place to lead the institution in the future. In addition, there should always be an emergency succession plan in place for the CEO and key management positions.

**5. Make sure your financial institution has a sound risk management structure in place.** Given the heightened scrutiny of regulators on safety and soundness, the board needs to be confident adequate risk management processes are in place. Regulators evaluate the ability of the board and management to identify, measure, monitor, and control the risks to the financial institution from existing and planned activities. Note that a risk assessment of planned activities needs

to be included in risk management, such as new product or service introductions. Consideration also should be given to the adequacy of capital, stress tests, robust capital planning, liquidity planning, and heightened expectations regarding compliance. Are audit and internal control systems adequate? Are the management information and risk-monitoring systems appropriate for your institution's size, complexity, and risk profile?

**6. Examine your committee structure, committee charters, and election of board officers and committee chairs.** Make sure the board has an adequate committee structure with well-developed committee charters in place. It is equally important to be thoughtful about how the leadership structure of the board is created, how committee chairs and officers are selected, and how board members are assigned to committees.

**7. Be intentional about developing the culture of your board.** Do board members have sufficient in-depth discussions about strategic issues? Is information communicated to the board in advance of meetings and is it the right amount of information? Are board meetings too long, or too perfunctory? Are they covering the important challenges and opportunities facing your institution? If there are conflicts, are they managed appropriately? Is authority concentrated or is there a dominate influence?

**8. Evaluate the performance of the CEO.** The boards of well-run financial institutions typically conduct a written performance review of the CEO. This is an opportunity to discuss performance against measurable goals and

objectives accomplished during the year. In addition, it is a time to establish measurable goals and objectives for the coming year. A thorough performance review process is also a good time to discuss development opportunities and areas for improvement. Do you have a process for evaluating the performance of the CEO on an annual basis? Are there measurable goals and objectives tied to your financial institution's strategic plan? The performance review is typically conducted by the governance committee, executive committee, compensation committee, or by the board chair with input from the rest of the board.

**9. Put in place an adequate board orientation and education program to support the developmental needs of board members.** It is important to give board members adequate support and the opportunity to develop the necessary expertise to be an effective board member. It is the board member's responsibility to spend a sufficient amount of time each year staying current on financial industry trends, regulatory and compliance requirements, institution-specific information, and to come prepared to board meetings.

**10. Ensure your financial institution has an updated Code of Ethics policy** in place and a process for reviewing compliance on an annual basis. A whistleblower policy should also be in place. ■

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## Addressing Risk: Rising Interest Rates

From May 2, 2013 to June 25, 2013, the 10-year Treasury jumped 96 basis points with a 34 basis point increase the week of June 17. This grabbed the attention of nearly every community banker nationwide as their unrealized gain or loss was adversely impacted. Attention to interest rate changes and the impact to earnings and equity has always garnered regulatory and industry attention, but as the economy slowly improves and interest rate increases are realized, attention to potential rate impacts is amplified. In this environment, there are some questions community bankers should be addressing: What risks does your institution face related to interest rates, and what interest rate risk administration functions are needed to ensure senior management and the board are prepared?

### Yield curve risk gaining attention

Interest rate risk is comprised of four types of risk: basis, repricing, yield curve, and options risk. All risks are relevant to all institutions, but in recent years, yield curve risk is capturing the greatest attention from the FDIC. Yield curve risk involves the changes in relationship between interest rates on different maturities for the same index or market. In a 2009 edition of "Supervisory Insights," the FDIC referenced a general level of high yield curve risk exposure using a 40 percent trigger for long term assets to total assets. Recently, institutions found the farther out purchased assets were on the yield curve, the more volatility to rising interest rates could impact capital. This is not uncommon given the exceptionally low rate

environment and institutional need for returns as net interest margins tightened.

### Board members play critical role

Equally important to the quantification of interest rate risk are the interest rate risk management functions of the board of directors and senior management. Fundamentally, proper policies and procedures need to be in place to effectively articulate and execute the board's risk tolerance to changing interest rates. Quantification of this risk comes from stress test modeling. It is critical for all board members and senior management to fully understand the interest rate implications. In the past, the primary focus was how earnings would be impacted, but given the potential impact to capital, economic or market value of equity modeling becomes abundantly relevant. Stress testing of earnings and capital in rate shock scenarios up to 400 basis points is the common practice. But, the quality of the results are only as good as the assumptions management builds into the model and how well report results are understood and utilized.

### Good reasons to prepare

With the interest rate increases noted in May and June, and an additional 29 basis points since June 25, some speculate the momentum of increasing rates is just getting started. Another closely monitored rate index is U.S. Prime. This rate is currently at 3.25 percent – a level unprecedented

**Addressing Risk,**  
Continued on page 9

# Clarification on TDRs, IRS Simplifies OREO Deductions

Proper handling of troubled debt restructurings and accounting for other real estate owned have been clarified by recent separate developments with the regulatory agencies and the IRS.

On Oct. 24, 2013, the federal financial institution regulatory agencies jointly issued guidance (FIL 50-2013) stating the agencies generally will not challenge financial institutions for modifying problem loans if doing so is in the best interest of both the institution and the borrower. Carefully considered workout arrangements can lead to

should be evaluated for impairment using one of three methods: cash flow, collateral less costs to sell, or observable market value. GAAP broadly defines when to use each of the impairment methods. The interagency letter provides financial institutions with additional guidance on how TDR impairment should be evaluated from a regulatory reporting standpoint. Institutions will need to evaluate their current GAAP-based policies, procedures, and financial statement disclosures to make sure they are consistent with the regulatory accounting principles

the cash flow is expected to come solely from the rental income and there are no other available and reliable repayment sources, would be considered a collateral dependent loan.

Impairment is measured by determining the fair value of the collateral less costs to sell. If the repayment is dependent only on the operation of the collateral, the fair value would not be adjusted for estimated costs to sell.

The portion of the loan balance that exceeds the fair value (less costs to sell, when applicable) of the collateral should be charged off when it is deemed to be uncollectible. However, when the potential for loss may be mitigated by the outcomes of certain pending events (like a sale), or when the amount of loss cannot be reasonably determined, the institution may record a specific allowance against the loan.

**Carefully considered workout arrangements can lead to improved loan performance and reduced credit risk. Unfortunately, these benefits are accompanied by regulatory reporting and accounting treatment that can make troubled debt restructurings, or TDRs, challenging.**

improved loan performance and reduced credit risk. Unfortunately, these benefits are accompanied by regulatory reporting and accounting treatment that can make troubled debt restructurings, or TDRs, challenging.

A TDR designation means the loan is impaired for accounting purposes but does not automatically result in an adverse classification for regulatory reporting purposes. Under Generally Accepted Accounting Principles (ASC 310-10-35 Impairment Measurement), a TDR is always an impaired loan and

recently issued.

The new guidance also provides further clarification surrounding the definitions, measurement, and charge-off treatment of TDRs.

## Collateral-dependent TDRs

TDRs are “collateral dependent” when repayment is expected to be provided solely by the underlying collateral. This includes repayment from the proceeds from a sale, cash flow from the continued operations of the collateral, or both. For instance, a non-owner occupied loan, where

## TDRs that are not collateral dependent

If repayment is expected to be provided from anticipated cash flows from the borrower’s ongoing business operations, the impairment should be measured using the present value of future cash flows.

Expected cash flows should be based on a best estimate of reasonable and supportable assumptions. Contractual payments required under the terms of the loan may not be the best estimate of future cash flows. Be sure to take



into account other considerations such as payment default, prepayment assumptions, and other environmental factors that may impact the borrowers' ability to repay. You may also use the loan's observable market price; however, this information is not readily available to financial institutions.

In situations where a contractual balloon payment is required, uncertainty may exist about the borrower's ability to make the payment. When there are no sources of cash flow available to make the payment at maturity, an acceptable approach is to consider the fair value of the collateral at the time of maturity. If the fair value of the collateral is greater than the balloon payment, the balloon payment should be used in the impairment calculation. If the fair value of the collateral is less than the balloon payment, use that collateral value less the costs to sell.

Amounts should be charged-off when available information about future cash flow confirms that all or a portion of the loan is uncollectible.

### OREO property

On Jan. 24, 2014, the IRS issued new rules to help banks that have been required to capitalize holding costs (e.g., taxes, maintenance, and legal fees) for non-income producing other real estate owned property.

In Revenue Procedure 2014-16, the IRS simplified the process for banks to change accounting methods for acquisition and holding costs on foreclosed real property.

"This new rule means that with their next tax return — which for most banks is the year that ended December 31, 2013 — banks no

longer have to capitalize OREO holding costs, and can immediately deduct previously capitalized costs. For banks that have significant capitalized OREO costs, this will be extremely beneficial," says Rod MacLachlan, a financial institutions principal with CliftonLarsonAllen.

Historically, most banks deducted the holding costs of OREO property in their tax returns as they were incurred. Several years ago, however, the IRS decided that these costs should be capitalized, unless the OREO property was income producing, such as rental property.

Many banks and their tax advisors disagreed with this assertion, but the IRS position was written into its examination guide and IRS agents across the country were forcing banks to capitalize these holding costs under audit. As a result, many community banks have had significant deferred tax deductions associated with their OREO properties that were unavailable until the properties were sold.

In February 2013, the IRS issued a Legal Advice Memorandum which changed its position, and said that OREO holding costs could be expensed as incurred after all. This did not help many banks though, since by capitalizing those OREO costs the banks had adopted an accounting method which could not be changed without IRS approval. Getting such IRS approval is expensive and time consuming, so most banks did not pursue this.

Under the new rules, a bank can now receive free and automatic consent from the IRS to change its accounting method for capitalized OREO holding costs.

To do this, the bank must attach Form 3115, Application for Change in Accounting Method, to its next income tax return and send a copy of the application to the IRS at 1973 North Rulon White Blvd, Mail Stop 4917, Ogden, UT 84404.

The change will be automatically granted if the correct procedures are followed. ■

*Both the authors are with CliftonLarsonAllen. Laura Espeseth, Manager, Financial Institutions, can be reached at [laura.espeseth@CLAconnect.com](mailto:laura.espeseth@CLAconnect.com) and Rod MacLachlan, Principal, Financial Institutions can be reached at [rod.maclachlan@CLAconnect.com](mailto:rod.maclachlan@CLAconnect.com)*



### Addressing Risk, Continued from page 7

before 2008. Since 1960, U.S. Prime fell below 5 percent four times. In the previous three instances when rates reversed, the increases were 400 basis points in less than four years, 525 basis points in 18 months, and 350 basis points in 17 months. Past performance does not indicate future results, but community banks have reasons to prepare for these potential interest rate risk impacts. ■

*Toby Aeilts is a Compliance Senior Manager in the Financial Institutions practice of Eide Bailly. Reach him at [taeilts@eidebailly.com](mailto:taeilts@eidebailly.com)*





# BHCA Spring Seminar

Monday and Tuesday,  
May 5-6, 2014

Minneapolis Airport Marriott Hotel  
Bloomington, Minn.



## Prosper to the NEXT LEVEL

The Bank Holding Company Association's Spring Seminar offers education and networking that will help your organization *Prosper to the Next Level*.

Register online at [www.theBHCA.org](http://www.theBHCA.org)  
or call 1-800-813-4754

Watch your mail for additional information

### Speakers include:

**Sam Richter:** High-ROI and entertaining best-selling/award-winning author and presenter on sales intelligence, leveraging social media, and online branding will show us how to make the most of technology.



**Lynn David:** CEO of Community Bank Consulting Services, draws on 40 years of industry experience to offer insight into practical steps for enhancing the value of your franchise.

**Mark Rosen:** The WCCO television sports broadcaster will share observations from the winners and losers he has covered over the last four decades. Full seminar registrants will get a copy of Rosen's 2012 book "The Best Seat in the House."



**Dileep Rao, Ph.D.:** Is traditional banking going the way of the dinosaur? Entrepreneur, college professor, and nationally acclaimed author Dr. Rao draws on years of first-hand experience to show community banking does not have to be teetering on the verge of extinction.

**Tom Mecredy:** Senior vice president with Vining Sparks Community Banking Advisory Group, will survey the M&A landscape, identifying the latest trends on opportunities for buyers and sellers alike.



### BONUS EVENT:

*Dinner and show at the famed Guthrie Theater*

Join your BHCA friends, Tuesday, May 6 for dinner in downtown Minneapolis at Sea Change Restaurant and the Guthrie Theater performance of the Southern Gothic screwball comedy, **Crimes of the Heart**. The evening includes a backstage tour before the performance.

### REGISTRATION FEES:

**Members and guests:**  
Monday evening...\$75  
Tuesday seminar...\$225

**Outside Directors from member institutions:**  
Monday evening...\$50  
Tuesday seminar...\$125

**Non-members:**  
Monday evening...\$150  
Tuesday seminar...\$350

### Bank Holding Company Association

7400 Metro Blvd., No. 217  
Minneapolis, MN 55439  
Tel. 952-835-2248 or  
800-813-4754

### Minneapolis Airport Marriott Hotel

2020 East American Blvd.,  
Bloomington, Minn.  
Tel. 952-854-7441.

Call to reserve your discounted hotel room rate by April 14.

# Bank Holding Company Association Spring Seminar Registration ~ MAY 5-6, 2014

**Personal Information:**

Name \_\_\_\_\_  
 Company Name \_\_\_\_\_  
 Address \_\_\_\_\_  
 City \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_  
 Guest Name(s) \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

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

**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**

**REGISTRATION OPTIONS:**

**Monday, May 5 – 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:	\$150	_____	_____

**Tuesday, May 6 – Seminar**

Fee Schedule Per Person:		Number	Amount
Members, Associate Members and their Guests	\$225	_____	_____
Outside directors from member institutions	\$125	_____	_____
*Non-members	\$350	_____	_____

**Tuesday evening at the Guthrie Theater**

		Number	Amount
Includes transportation, dinner and one ticket to "Crimes of the Heart"	\$125	_____	_____

**Membership 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. The room rate is \$146 per night if you register before April 14.

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 \$95 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.

**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 2014 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**

## Basel III: Implications for Bank Holding Companies

By Daniel R. Hanger, Federal Reserve Bank of Minneapolis

*Fed Notes is provided through a partnership the Bank Holding Company Association shares with the Federal Reserve Bank of Minneapolis. If there are topics you would like to see addressed in this column, please contact Ron Feldman, senior vice president, Federal Reserve Bank of Minneapolis, at 612-204-5176 or ron.feldman@mpls.frb.org*

In July 2013, the federal banking agencies approved revised regulatory capital rules to help ensure that banking organizations of all sizes and risk profiles maintain strong levels of high-quality capital. In addition to applying to banks and savings associations, the rules apply to bank holding companies that are not subject to the Federal Reserve's Small BHC policy statement (generally, bank holding companies with more than \$500 million in consolidated assets, i.e., those that are required to file quarterly consolidated financial statements). This article focuses on changes from existing capital rules that could be of particular relevance to bank holding companies covered by the new rules. Minneapolis Federal Reserve Bank staff want to work with institutions to ensure full compliance with the new rules. We encourage companies with questions about how the new rules may affect them to contact us well in advance of the January 1, 2015, effective date.

**New Ratio:** The revised capital rule provides for a new minimum capital ratio — common equity tier 1 capital to total risk weighted assets of 4.5 percent. Subpart C, section .20(b) of the revised rule defines common equity tier 1 capital which is primarily comprised of common stock and retained earnings minus applicable regulatory capital deductions (e.g., goodwill and other intangible assets except mortgage servicing rights). Under the new rules common stock instruments must meet 13 criteria to qualify as common equity tier 1 capital. Holding companies whose capital structures include multiple classes of stock or that are comprised of “non-traditional” elements should review the instruments to ensure they satisfy these criteria. The rule also reaffirms the long standing Federal Reserve System position that voting common equity should be the dominant element within common equity tier 1 capital.

**Tier 1 Capital Definition:** The revised capital rule also raises the minimum tier 1 capital to risk based capital ratio from 6.0 percent to 8.0 percent. Tier 1 capital includes common equity tier 1 capital, noncumulative perpetual preferred stock, and grandfathered nonqualifying instruments. (Securities issued to the U.S. Treasury under the Troubled Asset Relief Program and the Small Business Lending Fund are included in tier 1 capital.) Subpart C, section .20(c) defines additional tier 1 capital elements which must meet 15 criteria described in the revised rule to qualify. Holding companies planning to issue noncumulative perpetual preferred stock should ensure that the terms of the new instrument meet these criteria.

Unless grandfathered as described below, cumulative preferred stock will no longer count as tier 1 capital. For holding companies with less than \$15 billion in total consolidated assets as of December 31, 2009, grandfathered instruments include capital instruments that were issued by these institutions prior to May 19, 2010, and that are currently included in tier 1 capital, such as trust preferred securities (TruPS) and cumulative perpetual preferred stock, subject to limits. One question that is not explicitly addressed in the rule concerns the status of TruPS issued by a holding company that is acquired by another bank holding company. If the TruPS were issued before May 19, 2010 and the buyer has less than \$15 billion in assets after the acquisition, the TruPS will continue to be counted as tier 1 capital.

**Tier 2 Capital Elements:** As under the existing rules, the principal elements of tier 2 capital under the revised rule include cumulative perpetual preferred stock, subordinated debt and the allowance for loan and lease losses (subject to limits). However, there are changes in the criteria for these instruments to qualify for inclusion in capital. Unlike, the grandfathered elements of tier 1 capital, existing tier 2 capital instruments must meet the requirements of the revised rule once the new rule becomes effective. Federal Reserve staff believes that most existing subordinated debt qualifying for tier 2 status under the current rule will also meet the requirements of the new rule. However, there are some differences between the current and new rules worth noting. For instance, the instrument must have a minimum original maturity of at least five years rather than a minimum average maturity of five years. Additionally, a holding company's ability to redeem subordinated debt prior to maturity is more restricted. Subpart C, section .20 (d) defines tier 2 capital elements which must meet 10 criteria described in the revised rule to qualify as tier 2 capital. Companies with outstanding subordinated debt instruments should review the terms closely to ensure they comply with the new rules. □

# Holding Company Transaction Report

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

▷ Main Street Bancshares, Inc., Benton, Ill., authorized to become a bank holding company by acquiring Grand Rivers Community Bank, Grand Chain, Ill.

▷ The Ardath K. Solsrud 2012 Irrevocable Trust and The Glenn A. Solsrud 2012 Irrevocable Trust filed to each acquire 25 percent or more of Augusta Financial Corporation, Augusta, Wis., and thereby gain control of Unity Bank, Augusta, and Unity Bank North, Red Lake Falls, Minn.

▷ Citizens Community Bancorp Inc., Eau Claire, Wis., filed to become a bank holding company by acquiring Citizens Community Federal N. A., Altoona, Wis. Citizens Community Federal intends to convert from a federal savings bank to a national charter and be renamed Citizens Community Federal National Association.

▷ Minnesota Community Bancshares, Inc., Minneapolis, filed to become a bank holding company by acquiring Hartland Bancshares, Inc., Hartland, Minn., which owns Farmers State Bank of Hartland.

▷ Stearns Financial Services, Inc., ESOP, Saint Cloud, Minn., filed to retain and acquire additional stock and increase its ownership interest up to a maximum of 26 percent of Stearns Financial Services, Inc., Saint Cloud, and thereby increase its control of Stearns Bank N.A.,

Saint Cloud; Stearns Bank of Upsala, N.A., Upsala, Minn., and Stearns Bank of Holdingford, N.A., Holdingford, Minn.

▷ Mid Illinois Bancorp, Inc., ESOP, Peoria, Ill., authorized to become a bank holding company by acquiring an interest in Mid Illinois Bancorp, Inc., Peoria, and thereby acquire control of South Side Trust and Savings Bank of Peoria and to engage in extending credit and servicing loans.

▷ Change in control notice filed by Robert Kruse, Saint Clair, Minn., and William Miller, Saint Peter, Minn., to each acquire control of 25 percent or more of Saint Clair Agency, Inc., Saint Clair, and thereby control Saint Clair State Bank.

▷ Van Buren Bancorporation ESOP, Keosauqua, Iowa, authorized to increase its ownership of Van Buren Bancorporation, Keosauqua, and thereby increase its ownership of First Iowa State Bank, Albia, Iowa, and Community First Bank, Keosauqua.

▷ Baylake Bank, Sturgeon Bay, Wis., authorized to acquire a branch of Community Bank & Trust, Sheboygan, Wis.

▷ Change in control notice filed by Mary Kathryn Fleming, Shorewood, Wis., to acquire control of 10 percent or more of Headwaters Bancorp, Inc., Land O' Lakes, Wis., and thereby control Headwaters Bank, Land O' Lakes. Also Jerry L. Olk, Land O' Lakes, and others filed to acquire or retain shares of Headwaters Bancorp, Inc., and thereby become or remain members of the Olk family control group, which controls 25 percent or more of Headwaters Bancorp, Inc.

▷ Central Bancshares, Inc., Golden Valley, Minn., filed to acquire First Financial Holdings, Golden Valley, Minn., and thereby acquire First National Bank and Trust, Barron, Wis.

▷ Citizens National Corporation, Wisner, Neb., authorized to acquire Cass County State Company, Plattsmouth, Neb., and its subsidiary, Cass County Bank, Inc.

▷ First Bancshares, Inc., Mountain Grove, Mo., authorized to become a bank holding company on conversion of its sub-

siidiary savings bank, First Home Savings Bank, Mountain Grove, to a state chartered bank.

▷ FSC Bancshares, Inc., Cameron, Mo., authorized to acquire St. Joseph Bancorp, Inc., St. Joseph, Mo., and its subsidiary, Midwest Federal Savings and Loan Association of St. Joseph, and thereby engage in operating a savings association.

▷ Lake Forest Bank & Trust Company, Lake Forest, Ill., filed to purchase a branch in Lake Bluff, Ill., from Baytree National Bank & Trust Company, Lake Forest.

▷ First Liberty Capital Corporation ESOP, Hugo, Colo., authorized to acquire additional shares of First Liberty Capital Corporation, Hugo, and its subsidiary, The First National Bank of Hugo.

▷ Ally Financial, Inc., Detroit, has elected to become a financial holding company.

▷ Mary Lou McChristy, Stonington, Ill., filed to acquire 25 percent or more of Blue Mound Bancshares, Inc., and thereby acquire control of The State Bank of Blue Mound, both of Blue Mound, Ill.

▷ Cornerstone Bank, York, Neb., filed to merge with The Bank of Marquette, Neb., and to establish a branch.

▷ Platte Valley Bank, Torrington, Wyo., authorized to merge with Tri-County Bank, Cheyenne, Wyo., and thereby establish two branches.

▷ LaPorte Bancorp, Inc., La Porte, Ind., has elected to become a financial holding company.

▷ The First National Bank of Logan, Iowa, authorized to retain membership in the Federal Reserve System upon conversion to a state-chartered bank, Logan State Bank.

▷ Duke Financial Group, Inc., Minneapolis, filed to engage, *de novo*, in extending credit and servicing loans.

▷ First State Bank Nebraska, Lincoln, Neb., filed to establish a mobile branch for Lancaster County and surrounding counties.

▷ Dawn Crane, Fosston, Minn.,

and Lorri Skeie-Campbell, Rio Rancho, N.M., filed to retain and acquire 25 percent or more of Financial Services of Winger, Inc., Winger, Minn., and thereby retain and acquire control of Ul-tima Bank Minnesota, Winger.

▷ Citizens National Corporation, Wisner, Neb., filed to acquire Cass County State Company, parent of Cass County Bank, Inc.

▷ Banner County Ban Corporation Employee Stock Plan and Trust, Harrisburg, Neb., authorized to acquire additional shares of Banner County Ban Corporation, Harrisburg, and Banner Capital Bank.

▷ Choice Financial Holdings, Inc., Grafton, N.D., authorized to acquire Great Plains National Bank, Belfield, N.D., and to acquire an interest in Great Plains National Insurance Agency, LLC, LaMoure, N.D.

▷ Geneva State Company, Geneva, Neb., authorized to acquire Riverdale Bancshares, Inc., Riverdale, Neb., and State Bank of Riverdale.

▷ Lake Shore III Corporation, Glenwood City, Wis., authorized to acquire Union Bank of Blair, Wis.

▷ Nebraska Bankshares, Inc., Farnam, Neb., authorized to acquire Stamford Banco, Inc., Stamford, Neb., and its subsidiary, Community Bank, Alma, Neb., and thereby engage in general insurance activities.

▷ Talmer Bancorp, Inc., Troy, Mich., filed to acquire Michigan Commerce Bank, Ann Arbor, Mich.

▷ Central Bank, Storm Lake, Iowa, authorized to purchase seven branches of Liberty Bank, FSB, West Des Moines, Iowa.

▷ The First National Bank of Wahoo, Neb., authorized to retain membership in the Federal Reserve System upon conversion from a national to a state charter.

▷ Ameritas Mutual Holding Company, Lincoln, Neb.; authorized to deregister as a savings and loan holding company.

# 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, OH	<b>364,021,000</b>	360,478,278	<b>23.VERMILLION BANCSHARES, INC., VERMILLION</b> VERMILLION STATE BANK, VERMILLION	<b>493,186</b>	492,729
<b>2.TCF FINANCIAL CORP., WAYZATA</b>	<b>18,402,494</b>	18,396,839	<b>24.WALKER BAN CO., WALKER</b> FIRST NATIONAL BANK OF WALKER, WALKER LAKES STATE BANK, PEQUOT LAKES	<b>484,690</b>	365,910 118,780
BREMER FINANCIAL CORP. SAINT PAUL		8,650,905	<b>25.SECURITY BANCSHARES CO., GLENCOE</b> SECURITY BANK AND TRUST COMPANY OF GLENCOE SECURITY BANK WACONIA,	<b>455,809</b>	274,180 178,247
BREMER BANK, N.A., WILLMAR		725,556	<b>26.HIGHLAND BANCSHARES, INC., SAINT MICHAEL</b> HIGHLAND BANK, SAINT MICHAEL	<b>450,215</b>	450,435
BREMER BANK, N.A., ALEXANDRIA		652,573	<b>27.INDEPENDENT BANCSHARES, INC., CLARKFIELD</b> F&M BANK MINNESOTA, CLARKFIELD GRANITE FALLS BANK SECURITY STATE BANK OF FERGUS FALLS	<b>443,954</b>	104,307 209,550 132,831
BREMER BANK, N.A., BRAINERD		353,394	<b>28.HERITAGE BANCSHARES GROUP, INC., WILLMAR</b> HERITAGE BANK, N.A., SPICER	<b>426,642</b>	425,225
BREMER BANK, N.A., MENOMONIE, WI		712,285	<b>29.VENTURE BANCSHARES, INC., BLOOMINGTON</b> VENTURE BANK, BLOOMINGTON	<b>412,227</b>	412,093
BREMER BANK, N.A., SOUTH SAINT PAUL		2,794,680	<b>30.MCLEOD BANCSHARES, INC., SHOREWOOD</b> FIRST MINNESOTA BANK, MINNETONKA	<b>410,591</b>	404,644
BREMER BANK, N.A., SAINT CLOUD		718,204	<b>31.FIDELITY HOLDING COMPANY, MINNETONKA</b> FIDELITY BANK, EDINA	<b>403,660</b>	403,623
BREMER BANK, N.A., INTERNATIONAL FALLS		116,352	<b>32.CITIZENS BANK GROUP, INC., SAINT JAMES</b> PIONEER BANK, MAPLETON	<b>377,430</b>	376,995
BREMER BANK, N.A., GRAND FORKS, ND		978,709	<b>33.CROSTOWN HOLDING COMPANY, BLAINE</b> 21ST CENTURY BANK, LORETTO	<b>370,503</b>	358,425
BREMER BANK, N.A., FARGO, ND		1,653,993	<b>34.BORDER BANCSHARES, INC., GREENBUSH</b> BORDER STATE BANK, GREENBUSH	<b>360,725</b>	358,777
<b>3.STEARNS FINANCIAL SERVICES, INC., ST. CLOUD</b>	<b>1,649,573</b>	115,576	<b>35.METRO NORTH BANCSHARES, INC., ELK RIVER</b> THE BANK OF ELK RIVER MIDWEST BANK GROUP, INC., DETROIT LAKES MIDWEST BANK, DETROIT LAKES	<b>357,813</b>	355,437 354,292 343,790
STEARNS BANK OF HOLDINGFORD, N.A., HOLDINGFORD		1,481,962	<b>36.NORTHEAST SECURITIES CORP., MINNEAPOLIS</b> NORTHEAST BANK, MINNEAPOLIS	<b>347,092</b>	346,718
STEARNS BANK, N.A., SAINT CLOUD		90,705	<b>37.EXCELSIOR FIN'L. SERVICES, INC., SHOREWOOD</b> BEACON BANK, SHOREWOOD	<b>345,217</b>	344,364
<b>4.FRANSDEN FINANCIAL CORP., ARDEN HILLS</b>	<b>1,635,663</b>	1,630,992	<b>38.N.A. CORPORATION, ROSEVILLE</b> NORTH AMERICAN BANKING COMPANY, ROSEVILLE	<b>344,501</b>	342,135
FRANSDEN BANK & TRUST, LONSDALE			<b>39.CITIZENS BANCORP. OF NEW ULM, INC., NEW ULM</b> CITIZENS BANK MINNESOTA, NEW ULM	<b>344,353</b>	344,353
<b>5.KLEIN FINANCIAL, INC., CHASKA</b>	<b>1,584,942</b>	1,584,614	<b>40.VFSC, INC., EDEN PRAIRIE</b> VOYAGER BANK, EDEN PRAIRIE	<b>338,450</b>	336,941
KLEINBANK, BIG LAKE			<b>41.PROFINIUM FINANCIAL HOLDINGS, INC., FAIRMONT</b> PROFINIUM, INC., TRUMAN	<b>315,829</b>	315,578
<b>6.MINNWEST CORP., MINNETONKA</b>	<b>1,545,304</b>	302,139	<b>42.AMERICAN BANCORP., MENDOTA HEIGHTS</b> AMERICAN BANK OF SAINT PAUL,	<b>314,627</b>	312,984
MINNWEST BANK CENTRAL, MONTEVIDEO		170,934	<b>43.STERLING FINANCIAL GROUP, INC., ROCHESTER</b> STERLING STATE BANK, AUSTIN	<b>310,088</b>	310,191
MINNWEST BANK LUVERNE		212,621	<b>44.CENTRAL TRUST COMPANY, EDINA</b> CENBANK, BUFFALO LAKE CENTRAL BANK & TRUST COMPANY, LANDER, WY GRAND MARAIS STATE BANK, GRAND MARAIS	<b>309,671</b>	61,929 160,929 81,243
MINNWEST BANK METRO, EAGAN		507,879	<b>45.REPUBLIC BANCSHARES, INC., DULUTH</b> REPUBLIC BANK, INC., DULUTH	<b>306,185</b>	306,185
MINNWEST BANK, M.V., REDWOOD FALLS		110,697	<b>46.LAKE ELMO BANCSHARES, INC., LAKE ELMO</b> LAKE ELMO BANK, LAKE ELMO	<b>305,419</b>	304,867
MINNWEST BANK SIOUX FALLS, SD		216,964	<b>47.FIRST NATIONAL FINL. SERVICES, INC., ELK RIVER</b> FIRST NATIONAL BANK OF ELK RIVER, ELK RIVER	<b>302,278</b>	301,371
MINNWEST BANK SOUTH, TRACY			<b>48.BAKKEN SECURITIES, INC., SAINT LOUIS PARK</b> CITIZENS INDEPENDENT BANK, SAINT LOUIS PARK	<b>300,243</b>	299,070
<b>7.ANCHOR BANCORP, INC., WAYZATA,</b>	<b>1,432,870</b>	1,431,964	<b>49.WASECA BANCSHARES, INC., WASECA</b> ROUNDBANK, WASECA	<b>298,946</b>	298,904
ANCHOR BANK, N.A., SAINT PAUL			<b>50.GATO HOLDINGS, INC., THIEF RIVER FALLS</b> NORTHERN STATE BANK OF THIEF RIVER FALLS	<b>292,302</b>	292,314
<b>8.MERCHANTS FINANCIAL GROUP, INC., WINONA</b>	<b>1,366,017</b>	1,362,044	<b>51.TYSAN CORP., MINNEAPOLIS</b> LAKE COMMUNITY BANK, LONG LAKE PINE COUNTRY BANK, LITTLE FALLS	<b>285,057</b>	113,509 166,116
MERCHANTS BANK, N.A., WINONA			<b>52.CHEROKEE BANCSHARES, INC., SAINT PAUL</b> BANKCHEROKEE, SAINT PAUL	<b>263,868</b>	262,971
<b>9.MARQUETTE FIN'L. COMPANIES, MINNEAPOLIS</b>	<b>1,162,078</b>	701,231			
MERIDIAN BANK, N.A., PHOENIX, AZ		267,346			
MERIDIAN BANK TEXAS, FORT WORTH, TX					
<b>10.CENTRAL BANCSHARES, INC., GOLDEN VALLEY</b>	<b>1,153,128</b>	1,152,266			
CENTRAL BANK, GOLDEN VALLEY					
<b>11.UNIV. FIN'L. CORP. INC. DBA SUNRISE BANKS, ST PAUL</b>	<b>849,617</b>	847,415			
SUNRISE BANKS, N.A., SAINT PAUL					
<b>12.UNITED BANKERS' BANCORP., INC., BLOOMINGTON</b>	<b>715,384</b>	714,933			
UNITED BANKERS BANK, BLOOMINGTON					
<b>13.EASTWOOD FINANCIAL CORP., ROCHESTER</b>	<b>670,746</b>	669,013			
EASTWOOD BANK, ROCHESTER					
<b>14.215 HOLDING CO., MINNEAPOLIS</b>	<b>668,734</b>	165,187			
FIRST FARMERS & MERCHANTS NATIONAL BANK, LUVERNE		95,214			
FIRST FARMERS & MERCHANTS NATIONAL BANK, FAIRMONT		48,971			
FIRST FARMERS & MERCHANTS STATE BANK OF GRAND MEADOW		93,001			
FIRST FARMERS & MERCHANTS STATE BANK, BROWNSDALE		267,917			
FIRST FARMERS & MERCHANTS BANK, CANNON FALLS					
<b>15.MESABA BANCSHARES, INC., GRAND RAPIDS</b>	<b>642,830</b>	539,254			
AMERICAN BANK OF THE NORTH, NASHWAUK		101,132			
THE LAKE BANK, TWO HARBORS					
<b>16.ALLIANCE FINANCIAL SERVICES, INC., SAINT PAUL</b>	<b>598,661</b>	597,895			
ALLIANCE BANK, LAKE CITY					
<b>17.FIRST BEMIDJI HOLDING COMPANY, BEMIDJI</b>	<b>596,047</b>	596,047			
FIRST NATIONAL BANK OF BEMIDJI					
<b>18.BRIDGEWATER BANCSHARES, INC., BLOOMINGTON</b>	<b>576,266</b>	576,114			
BRIDGEWATER BANK, BLOOMINGTON					
<b>19.FARMERS STATE CORP., MANKATO</b>	<b>562,783</b>	560,803			
UNITED PRAIRIE BANK, MOUNTAIN LAKE					
<b>20.FORSTROM BANCORP., INC., CLARA CITY</b>	<b>556,193</b>	484,510			
CITIZENS ALLIANCE BANK, CLARA CITY		18,556			
FIRST BANK OF LINCOLN, LINCOLN, MT		52,331			
FIRST VALLEY BANK, SEELEY LAKE, MT					
<b>21.FINLAYSON BANCSHARES, INC., FINLAYSON</b>	<b>532,868</b>	289,997			
FIRST INDEPENDENT BANK, RUSSELL		242,416			
NORTHVIEW BANK, SANDSTONE					
<b>22.DUKE FINANCIAL GROUP, INC., MINNEAPOLIS</b>	<b>527,726</b>	141,042			
FIRST NATIONAL BANK OF SO. CALIFORNIA, RIVERSIDE		273,020			
PEOPLES BANK OF COMMERCE, CAMBRIDGE		111,206			
STATE BANK OF NEW PRAGUE					

Source: Regulatory financial reports filed by bank holding companies and banks, data as of Dec. 31, 2013. \*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*
53. WINONA BANC HOLDING CO., WINONA WINONA NATIONAL BANK, WINONA	263,223	259,943	85. RUM RIVER BANCORP., INC., MILACA FIRST NATIONAL BANK OF MILACA	181,705	181,704
54. SAINT JOSEPH BANCSHARES ACQUISITIONS, INC. SENTRY BANK, SAINT JOSEPH SHERBURNE STATE BANK, BECKER	262,512	180,989 81,523	86. FARIBAULT BANCSHARES, INC., FARIBAULT STATE BANK OF FARIBAULT FARMERS & MERCHANTS AGENCY, INC., PIERZ FARMERS AND MERCHANTS STATE BANK OF PIERZ	177,041	175,941 175,384 175,379
55. TRADITION BANCSHARES, INC., EDINA TRADITION CAPITAL BANK, EDINA	261,655	258,577	87. PLAZA AGENCY, INC., WAITE PARK PLAZA PARK STATE BANK, WAITE PARK	174,939	174,939
56. FREEDOM BANCORP, INC., LINDSTROM LAKE AREA BANK, LINDSTROM	260,309	259,270	88. HENNING BANCSHARES, INC., HENNING FIRST NATIONAL BANK OF BATTLE LAKE FIRST NATIONAL BANK OF HENNING, OTTERTAIL	173,096	69,460 103,287
57. DEERWOOD BANCSHARES, INC., DEERWOOD FIRST NATIONAL BANK OF DEERWOOD	260,016	259,861	89. SAINT PETER AGENCY, INC., SAINT PETER NICOLLET COUNTY BANK OF SAINT PETER	172,647	172,615
58. AMERICAN BANCORP. OF MINN., INC., BRAINERD AMERICAN NATIONAL BANK OF MINNESOTA, BAXTER	253,356	252,559	90. PLAINVIEW BANKSHARES, INC., PLAINVIEW FORESIGHT BANK, PLAINVIEW	169,149	159,659
59. PERHAM STATE BANCSHARES, INC., PERHAM UNITED COMMUNITY BANK, PERHAM	251,018	249,430	91. VILLAGE BANCSHARES, INC., SAINT FRANCIS VILLAGE BANK, SAINT FRANCIS	165,625	165,398
60. CENTRA VENTURES, INC., FOLEY FALCON NATIONAL BANK, FOLEY STATE BANK OF RICHMOND	244,089	156,245 86,936	92. PROGRESSIVE GROWTH CORP., GAYLORD PROGROWTH BANK, NICOLLET	160,994	159,591
61. WELLS FINANCIAL CORP., WELLS WELLS FEDERAL BANK, WELLS	243,801	243,660	93. PEOPLES BANKSHARES, INC., MORA PEOPLES NATIONAL BANK OF MORA	160,931	160,511
62. SIGNATURE BANCSHARES, INC., MINNETONKA SIGNATURE BANK, MINNETONKA	240,530	240,633	94. STONEBRIDGE BANCORP, MINNEAPOLIS STONEBRIDGE BANK, MINNEAPOLIS	157,663	157,638
63. AMERICAN HERITAGE HOLDING CO., ST. CLOUD AMERICAN HERITAGE NATIONAL BANK, LONG PRAIRIE	238,780	238,646	95. COMMERCE BANCSHARES, INC., EDINA COMMERCE BANK, GENEVA	156,823	156,160
64. WILCOX BANCSHARES, INC., GRAND RAPIDS GRAND RAPIDS STATE BANK, GRAND RAPIDS	237,503	236,568	96. COUNTRY BANKERS, INC., BLOOMING PRAIRIE CITIZENS STATE BANK OF HAYFIELD FARMERS AND MERCHANTS STATE BANK OF BLOOMING PRAIRIE	155,896	82,813 72,824
65. NORTH SHORE FINANCIAL CORP., DULUTH NORTH SHORE BANK OF COMMERCE, DULUTH	236,094	236,094	97. HEYWOOD BANCSHARES, INC., NORTHFIELD FIRST NATIONAL BANK OF NORTHFIELD	152,983	152,733
66. NORTHFIELD BANCSHARES, INC., NORTHFIELD COMMUNITY RESOURCE BANK, NORTHFIELD	235,088	237,069	98. WYOMING BANCSHARES, INC., WYOMING FIRST STATE BANK OF WYOMING	152,458	152,458
67. SAUK CENTRE FIN'L. SERVICES, INC. MINNESOTA NATIONAL BANK, SAUK CENTRE	231,470	231,410	99. FINANCIAL SERVICES OF WINGER, INC., WINGER ULTIMA BANK MINNESOTA, WINGER	147,296	147,147
68. FIRST RUSHMORE BANCORP, INC., WORTHINGTON FIRST STATE BANK SOUTHWEST, PIPESTONE	228,464	228,244	100. KANDIYOHI BANCSHARES, INC., WILLMAR HOME STATE BANK, LITCHFIELD	144,100	143,410
69. ZUMBROTA AGENCY, INC., ZUMBROTA BANK OF ZUMBROTA, ZUMBROTA PINE ISLAND BANK, PINE ISLAND	226,488	146,258 77,726	101. WESTERN BANCORP., INC., DULUTH WESTERN NATIONAL BANK, DULUTH WESTERN NATIONAL BANK OF CASS LAKE	143,380	112,784 30,596
70. MIDWEST BANCORP., INC., EDEN PRAIRIE STAR BANK, MAPLE LAKE	222,527	222,321	102. FARIBAULT FSL BANCORP., INC., FARIBAULT 1ST UNITED BANK, FARIBAULT	142,789	142,789
71. UNIVERSAL FINANCIAL SERVICES, INC., BAYPORT FIRST STATE BANK AND TRUST, BAYPORT	214,899	214,529	103. PRIVATE BANCORP., INC., MINNEAPOLIS PRIVATE BANK MINNESOTA, MINNEAPOLIS	142,522	142,257
72. PARK RAPIDS BANCSHARES, INC., PARK RAPIDS CITIZENS NATIONAL BANK OF PARK RAPIDS	212,841	212,862	104. MILLE LACS BANCORP., INC., ONAMIA WOODLANDS NATIONAL BANK, HINCKLEY	138,740	137,502
73. VERNON CENTER BANCSHARES, INC. COMMUNITY BANK MANKATO, VERNON CENTER	212,165	211,553	105. ADAMS BANCSHARES, INC., ADAMS UNITED FARMERS STATE BANK, ADAMS FARMERS STATE BANK OF ELKTON	137,381	84,235 53,146
74. NORLO, INC., PRIOR LAKE PRIOR LAKE STATE BANK, PRIOR LAKE	208,425	205,759	106. NORTHWESTERN BANCSHARES, INC., DILWORTH NORTHWESTERN BANK, N.A., DILWORTH	136,076	135,861
75. PIESCO, INC., SPRINGFIELD CITIZENS STATE BANK, NORWOOD YOUNG AMERICA FARMERS & MERCHANTS STATE BANK OF SPRINGFIELD	206,711	85,420 119,494	107. LAKE CENTRAL FINANCIAL, INC., ANNANDALE ANNANDALE STATE BANK, ANNANDALE	132,504	132,504
76. ROSEAU REALTY CO., INC., ROSEAU CITIZENS STATE BANK OF ROSEAU	206,407	204,120	108. PLATINUM BANCORP, INC., OAKDALE PLATINUM BANK, OAKDALE	132,490	132,481
77. FIRST MINNETONKA BANCORP., INC., MINNETONKA FIRST MINNETONKA CITY BANK, MINNETONKA	201,561	201,539	109. CORNERSTONE BANCORP., INC., LE SUEUR CORNERSTONE STATE BANK, MONTGOMERY	130,683	130,185
78. CATTAIL BANCSHARES, INC., ATWATER CITIZENS STATE BANK OF WAVERLY, INC. HARVEST BANK, KIMBALL	196,609	62,876 133,535	110. SECURITY STATE BANCSHARES OF BEMIDJI, INC. SECURITY BANK USA, BEMIDJI	125,523	123,430
79. CITIZENS BANCSHARES OF HUTCHINSON, INC. CITIZENS BANK & TRUST COMPANY, HUTCHINSON	193,927	193,692	111. SECURITY FINANCIAL SERVICES, INC., HIBBING SECURITY STATE BANK OF HIBBING	124,648	123,833
80. WRZ BANKSHARES, INC., PLAINVIEW PEOPLES STATE BANK OF PLAINVIEW	193,535	191,049	112. WADENA BANKSHARES, INC., WADENA WADENA STATE BANK, WADENA	122,193	122,184
81. CNB FINANCIAL CORP., LITCHFIELD CENTER NATIONAL BANK, LITCHFIELD	191,781	191,781	113. EAGLE INVESTMENT COMPANY, INC., GLENWOOD EAGLE BANK, GLENWOOD	121,888	119,694
82. CROWN BANKSHARES, INC., EDINA CROWN BANK, EDINA	191,293	190,898	114. BANKWEST FINANCIAL, INC., ROCKFORD BANKWEST, ROCKFORD	121,855	111,886
83. BANCOMMUNITY SERVICE CORP., SAINT PETER FIRST NATIONAL BANK MINNESOTA, SAINT PETER	188,790	188,710	115. WABASHA HOLDING CO., WABASHA FIRST STATE BANK OF WABASHA	120,750	120,692
84. FNB BANCSHARES, INC., BLUE EARTH FIRST BANK BLUE EARTH	186,542	186,538	116. FRANKSON INVESTMENT CORP., WASECA FIRST NATIONAL BANK OF WASECA	120,066	120,123

Source: Regulatory financial reports filed by bank holding companies and banks, data as of Dec. 31, 2013. \*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*
117. LAKE CRYSTAL BANCORP., INC., LAKE CRYSTAL MINNSTAR BANK, N.A., LAKE CRYSTAL	119,939	119,602	151. M.I.F. LIMITED, CHISHOLM FIRST NATIONAL BANK OF CHISHOLM	82,495	82,257
118. MIDWEST BANCSHARES, INC., CHANHASSEN AMERICANA COMMUNITY BANK, SLEEPY EYE	119,531	119,531	152. SAINT CLAIR AGENCY, INC., SAINT CLAIR SAINT CLAIR STATE BANK, INC., SAINT CLAIR	82,280	82,181
119. PSB FINANCIAL SHARES, INC., PRINSBURG PRINSBANK, PRINSBURG	119,000	119,380	153. FIRST NAT'L. AGENCY OF BAGLEY, INC., FOSSTON FIRST NATIONAL BANK, BAGLEY	80,591	79,940
120. GATEWAY BANCORP., INC., MENDOTA HEIGHTS GATEWAY BANK, MENDOTA HEIGHTS	115,772	115,289	154. PIONEER BANK SHARES, INC., DULUTH PIONEER NATIONAL BANK OF DULUTH	79,866	79,866
121. RIVERS RIDGE HOLDING CO., EDINA BANKVISTA, SARTELL	114,994	115,346	155. MAPLE BANC SHARES, INC., MAPLE PLAIN BANK OF MAPLE PLAIN	79,681	78,874
122. KENSINGTON BANCORP., INC., KENSINGTON KENSINGTON BANK, KENSINGTON	111,834	111,658	156. JAN-MAR CORP., COLERAINE FIRST NATIONAL BANK OF COLERAINE	77,665	77,665
123. MARINE BANCSHARES, INC., MARINE ON ST CROIX SECURITY STATE BANK OF MARINE, MARINE ON SAINT CROIX	110,220	110,211	157. DELANO STATE AGENCY, INC., DELANO STATE BANK OF DELANO	75,567	75,567
124. NASB SHARES, INC., BELGRADE NORTH AMERICAN STATE BANK, BELGRADE	108,896	108,385	158. PLATO HOLDINGS, INC., SAINT PAUL DRAKE BANK, SAINT PAUL	75,267	75,267
125. KANDI BANCSHARES, INC., NEW LONDON LAKE REGION BANK, NEW LONDON	108,050	108,050	159. PROVINCIAL CORP., LAKEVILLE PROVINCIAL BANK, LAKEVILLE	74,679	74,609
126. AVON BANCSHARES, INC., AVON AVON STATE BANK, AVON	105,961	105,653	160. RELIANCE BANCORP., INC., FARIBAULT RELIANCE BANK, FARIBAULT	74,623	74,623
127. NORBANC GROUP, INC., PINE RIVER PINE RIVER STATE BANK, PINE RIVER	105,499	105,506	161. WANAMINGO BANCSHARES, INC., WANAMINGO SECURITY STATE BANK OF WANAMINGO	74,123	74,123
128. BELLE PLAINE BANCORP., INC., BELLE PLAINE STATE BANK OF BELLE PLAINE	104,763	104,763	162. FIRST FINANCIAL SERVICES OF MOOSE LAKE, INC. FIRST NATIONAL BANK OF MOOSE LAKE	74,017	73,911
129. WEB, INC., FAIRMONT STATE BANK OF FAIRMONT	103,726	103,726	163. NOBLE BANK HOLDING COMPANY, INC., RED WING FIRST STATE BANK OF RED WING	73,927	73,927
130. DUBOIS BANKSHARES, INC., SAUK CENTRE FIRST STATE BANK OF SAUK CENTRE	103,590	102,127	164. FSB HOLDING COMPANY, INC., TRIMONT FARMERS STATE BANK OF TRIMONT	73,638	72,729
131. F & M FINANCIAL SERVICES, INC., PRESTON F&M COMMUNITY BANK, N.A., PRESTON	102,441	102,397	165. TRAVERSE CTY INVESTMENT CORP., WHEATON STATE BANK OF WHEATON	73,620	72,720
132. HUBBARD BANCSHARES, INC., PARK RAPIDS STATE BANK OF PARK RAPIDS	101,968	101,918	166. FIRST STATE AGENCY OF LE CENTER, INC. FIRST STATE BANK OF LE CENTER	73,036	70,966
133. SECURITY STATE AGENCY OF AITKIN, INC. SECURITY STATE BANK OF AITKIN	96,994	91,692	167. THE FISCHER CORP., LEWISTON SECURITY STATE BANK OF LEWISTON	71,976	65,394
134. LAKE BANK SHARES, INC., ALBERT LEA SECURITY BANK MINNESOTA, ALBERT LEA	96,399	96,124	168. GREAT NORTHERN CORP., SAINT MICHAEL GREAT NORTHERN BANK, SAINT MICHAEL	71,230	71,230
135. FREEPORT BANCSHARES, INC., FREEPORT FREEPORT STATE BANK, FREEPORT	95,985	95,984	169. ORONO FINANCIAL, INC., NAVARRE FIRST NATIONAL BANK OF THE LAKES, NAVARRE	69,889	69,706
136. COMMUNITY PRIDE BANK CORP., HAM LAKE COMMUNITY PRIDE BANK, ISANTI	95,855	95,855	170. KERKHOVEN BANCSHARES, INC., KERKHOVEN FINANCIAL SECURITY BANK, KERKHOVEN	68,575	68,573
137. JOHNSON HOLDINGS, INC., ISANTI LANDMARK COMMUNITY BANK, N.A., ISANTI	95,477	95,247	171. JOHNSON BANCSHARES, INC., CHATFIELD ROOT RIVER STATE BANK, CHATFIELD	68,309	68,309
138. BANKSHARES OF HAWLEY, HAWLEY STATE BANK OF HAWLEY	95,093	95,068	172. REMER BANCORP., INC., GRAND RAPIDS WOODLAND BANK, DEER RIVER	67,505	67,221
139. NEW RICHLAND BANCSHARES, INC. STATE BANK OF NEW RICHLAND	94,827	93,876	173. FIRST ADVANTAGE BNC SHRS., INC., COON RPDS FIRST ADVANTAGE BANK, COON RAPIDS	66,788	66,609
140. HARTLAND BANCSHARES, INC., HARTLAND FARMERS STATE BANK OF HARTLAND	94,815	94,735	174. HIGGINS BANCORP., INC., ROSEMOUNT FIRST STATE BANK OF ROSEMOUNT	66,754	66,671
141. FIRST BANCSHARES, INC. OF COLD SPRING GRANITE COMMUNITY BANK, COLD SPRING	92,063	91,404	175. FIRST LEROY BANCORP., INC., LE ROY FIRST STATE BANK MINNESOTA, LE ROY	66,366	66,246
142. FLAGSHIP FINANCIAL GROUP, INC., EDEN PRAIRIE FLAGSHIP BANK MINNESOTA, WAYZATA	91,651	90,636	176. DARWIN BANCSHARES, INC., DARWIN FARMERS AND MERCHANTS STATE BANK, PAYNESVILLE FARMERS STATE BANK OF DARWIN	66,024	26,885 39,124
143. EITZEN INDEPENDENTS, INC., EITZEN EITZEN STATE BANK, CALEDONIA	91,099	90,830	177. BIGFORK BANCSHARES, INC., BIGFORK FIRST STATE BANK OF BIGFORK	65,565	65,565
144. WARROAD BANCSHARES, INC., WARROAD SECURITY STATE BANK OF WARROAD	90,805	90,806	178. TAUNTON BANCSHARES, INC., TAUNTON STATE BANK OF TAUNTON	65,327	65,313
145. MARKET BANCORP., INC., ELKO NEW MARKET NEW MARKET BANK, ELKO NEW MARKET	90,582	89,468	179. OSAKIS BANCSHARES, OSAKIS FIRST NATIONAL BANK OF OSAKIS	64,621	64,571
146. FIRST SO. EASTERN BANC GROUP, INC., HARMONY FIRST SOUTHEAST BANK, HARMONY	90,145	89,676	180. TRIMONT BANCORP., TRIMONT TRIUMPH STATE BANK, TRIMONT	63,809	63,777
147. MAHNOMEN BANCSHARES, INC., MAHNOMEN FIRST NATIONAL BANK MAHNOMEN TWIN VALLEY	88,108	88,105	181. JANESVILLE HOLDING COMPANY, JANESVILLE JANESVILLE STATE BANK, JANESVILLE	63,671	61,363
148. MENA HGA BANCSHARES, INC., MENA HGA FIRST NATIONAL BANK OF MENA HGA & SEBEKA	87,938	87,936	182. CROOKSTON FIN'L. SERVICES, INC., CROOKSTON CROOKSTON NATIONAL BANK, CROOKSTON	62,981	62,842
149. TRAXSHARES, INC., LE CENTER FIRST NATIONAL BANK OF LE CENTER	87,538	85,156	183. CURRIE BANCORP., INC., CURRIE CURRIE STATE BANK, CURRIE	61,584	61,565
150. CRSB BANCORP., INC., DELANO CROW RIVER STATE BANK, DELANO	85,846	85,846			

Source: Regulatory financial reports filed by bank holding companies and banks, data as of Dec. 31, 2013. \*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*
184. NEW YORK MILLS BANCSHARES, INC. FARMERS & MERCHANTS STATE BANK OF NEW YORK MILLS, INC.	61,218	57,600	218. ADRIAN BUILDING CORP., ADRIAN ADRIAN ST BANK, ADRIAN	42,413	43,343
185. PALMER BANCSHARES, INC., KASSON KASSON STATE BANK, KASSON	60,644	60,644	219. INVER GROVE BANCSHARES, INC. KEY COMMUNITY BANK, INVER GROVE HEIGHTS	41,890	41,889
186. WABASSO BANCSHARES, INC., WABASSO INTEGRITY BANK PLUS, WABASSO	60,410	60,410	220. FINANCIAL SERVICES OF LOWRY, INC. LOWRY STATE BANK, LOWRY	41,792	41,786
187. NORTH STATE BANCSHARES, INC., SHAKOPEE PRIME SECURITY BANK, KARLSTAD	60,376	60,235	221. ODIN BANCSHARES, INC., ODIN ODIN STATE BANK, ODIN	41,701	41,026
188. KES BANCSHARES, INC., VIRGINIA NORTHERN STATE BANK OF VIRGINIA	58,875	58,775	222. ELYSIAN, INC., ELYSIAN ELYSIAN BANK, ELYSIAN	41,071	41,071
189. FNB ACQUISITION HOLDING CO., WADENA FIRST NATIONAL BANK IN WADENA	57,716	56,538	223. NEISEN BANCSHARES, INC., WATKINS FARMERS STATE BANK OF WATKINS	40,991	40,712
190. RUSHFORD STATE BANCORP, INC., RUSHFORD RUSHFORD STATE BANK, INC., RUSHFORD	57,588	57,588	224. RIVERLAND BANCORP., JORDAN RIVERLAND BANK, JORDAN	39,120	39,120
191. MATSON FINANCIAL, INC., BLOMKEST CONCORDE BANK, BLOMKEST	55,103	55,092	225. LAKE PARK BANCSHARES, INC., LAKE PARK STATE BANK OF LAKE PARK	37,716	37,614
192. OLMSTED BANCORP., INC., BYRON FIRST SECURITY BANK, BYRON	54,541	54,147	226. FERTILE BANCSHARES, INC., FERTIL FIRST STATE BANK OF FERTILE	37,484	36,672
193. LAKEVIEW BANCORP., INC., LAKEVILLE LAKEVIEW BANK, LAKEVILLE	54,532	54,529	227. MILAN AGENCY, INC., MILAN PRAIRIE SUN BANK, MILAN	36,317	36,302
194. MAPLE FINANCIAL HOLDING CO., CHAMPLIN MAPLE BANK, CHAMPLIN	54,045	54,126	228. VISION BANCSHARES, INC., SAINT LOUIS PARK VISIONBANK, SAINT LOUIS PARK	35,824	35,784
195. PRAIRIE BANCSHARES, INC., LESTER PRAIRIE FIRST COMMUNITY BANK, LESTER PRAIRIE	53,838	53,589	229. RANDALL BANCORP, INC., PINE RIVER RANDALL STATE BANK, RANDALL	34,491	34,491
196. UNDERWOOD BANCSHARES, INC., UNDERWOOD FARMERS STATE BANK OF UNDERWOOD	53,592	53,389	230. HERMAN BANCSHARES, INC., HERMAN FIRST NATIONAL BANK OF HERMAN	33,927	33,759
197. ARLCO, INC., ARLINGTON ARLINGTON STATE BANK, ARLINGTON	53,569	53,538	231. HOFFMAN BANCSHARES, INC., HOFFMAN FARMERS STATE BANK OF HOFFMAN	32,664	32,559
198. LINDELL BANCSHARES, INC., COLD SPRING STATE BANK OF COLD SPRING	53,356	53,332	232. PARK BANK CORP. OF DULUTH PARK STATE BANK, DULUTH	32,609	32,585
199. COMMUNITY FINANCIAL CORP., OWATONNA COMMUNITY BANK OWATONNA,	53,124	53,122	233. SO. MINNESOTA BANCSHARES, INC., WELLS PARAGON BANK, WELLS	32,346	32,346
200. ELLINGSON CORP., KENYON SECURITY STATE BANK OF KENYON	51,792	51,782	234. ASHBY BANCSHARES, INC., ASHBY FIRST STATE BANK OF ASHBY	32,102	31,938
201. VERGAS BANCORP., INC., VERGAS VERGAS STATE BANK, VERGAS	49,665	49,664	235. EDEN VALLEY BANCSHARES, INC., EDEN VALLEY STATE BANK IN EDEN VALLEY	30,687	30,685
202. OLMSTED HOLDING CORP., ROCHESTER OLMSTED NATIONAL BANK, ROCHESTER	49,662	49,538	236. MORRISTOWN HOLDING CO., EXCELSIOR LAKE COUNTRY COMMUNITY BANK, MORRISTOWN	29,888	29,888
203. MPS INVESTMENT COMPANY, APPLETON FARMERS AND MERCHANTS STATE BANK OF APPLETON	49,356	49,351	237. SWANVILLE BANCSHARES, INC., SWANVILLE FIRST STATE BANK OF SWANVILLE	29,682	29,682
204. WEST 12 BANCORP., INC., BENSON STATE BANK OF DANVERS, BENSON	49,246	49,246	238. FIRST NATIONAL AGENCY AT SAINT JAMES, INC. FIRST NATIONAL BANK AT SAINT JAMES	29,082	29,082
205. DOUGLAS CTY. BANCSHARES, INC., ALEXANDRIA NEIGHBORHOOD NATIONAL BANK, ALEXANDRIA	48,637	47,101	239. PEOPLES EQUITY CORP., WELLS PEOPLES STATE BANK OF WELLS	28,930	28,930
206. LISMORE FINANCIAL SERVICES, INC., LISMORE STATE BANK OF LISMORE	48,599	48,308	240. FORT RIDGELY NAT'L. BANCORP., INC., FAIRFAX FIRST NATIONAL BANK OF FAIRFAX	28,620	28,620
207. SE MINNESOTA BANCSHARES, INC., ALTURA ALTURA STATE BANK, ALTURA	48,147	48,036	241. ORMSBY BANCSHARES, INC., ORMSBY ORMSBY STATE BANK, ORMSBY	28,200	28,179
208. EMPIRE BANCSHARES, INC., COTTONWOOD UNITED SOUTHWEST BANK, COTTONWOOD	47,896	47,896	242. CARLSON BANCSHARES, INC., NEW LONDON UNITED MINNESOTA BANK, NEW LONDON	27,603	27,716
209. EQUITY BANK HOLDING CO., INC., MINNETONKA EQUITY BANK, MINNETONKA	47,661	47,661	243. GIBBON BANCSHARES, INC., GIBBON STATE BANK OF GIBBON	26,792	26,538
210. WEST CONCORD BANCSHARES, INC., W. CONCORD FARMERS STATE BANK OF WEST CONCORD	47,522	47,522	244. POE INVESTMENT CO., EXCELSIOR FARMERS & MERCHANTS STATE BANK OF SACRED HEART	26,556	26,082
211. RED RIVER FINANCIAL SERVICES, INC., HALSTAD RED RIVER STATE BANK, HALSTAD	47,339	47,171	245. MEDR BANCSHARES, INC., ERSKINE AMERICAN STATE BANK OF ERSKINE	26,339	23,874
212. KNOFF BANCSHARES, INC., COKATO FIRST NATIONAL BANK OF COKATO	45,570	45,569	246. CYRUS BANCSHARES, INC., CYRUS HOMETOWN COMMUNITY BANK, CYRUS	25,558	25,749
213. FIRST FIN'L. HOLDINGS, INC., GOLDEN VALLEY FIRST NATIONAL BANK AND TRUST, BARRON	45,413	45,209	247. WELCOME BANCSHARES, INC., WELCOME WELCOME STATE BANK, WELCOME	25,539	25,407
214. CITIZENS INVESTMENT CO., INC., GLENVILLE CITIZENS STATE BANK OF GLENVILLE	44,396	43,371	248. GRYGLA FINANCIAL CORP., GRYGLA AMERICAN STATE BANK OF GRYGLA	24,753	24,753
215. CHANDLER BANCSHARES, INC., CHANDLER STATE BANK OF CHANDLER	44,036	44,019	249. BROWNS VALLEY BANCSHARES, INC. UNION STATE BANK OF BROWNS VALLEY	24,326	24,326
216. MCGREGOR BANCO, INC., MCGREGOR GRAND TIMBER BANK, MCGREGOR	43,703	40,107	250. TIMBERLAND BANCORP., BAXTER FIRST NATIONAL BANK OF BUHL-MOUNTAIN IRON	23,958	23,958
217. KRAUSE FINANCIAL, INC., WINNEBAGO FIRST FINANCIAL BANK IN WINNEBAGO	43,099	43,115	251. VAN DEUSEN BANCORP, INC., MADISON LAKE PEOPLES STATE BANK OF MADISON LAKE	23,541	23,497

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# MINNESOTA BANK HOLDING COMPANIES

HOLDING COMPANY, LOCATION Subsidiary Bank, Location	CONSOLIDATED ASSETS*	SUBSIDIARY ASSETS*	HOLDING COMPANY, LOCATION Subsidiary Bank, Location	CONSOLIDATED ASSETS*	SUBSIDIARY ASSETS*
252. WINTHROP BANCSHARES, INC., WINTHROP WINTHROP STATE BANK, WINTHROP	23,406	23,406	259. CITIZENS STATE AGENCY OF TYLER, INC. CITIZENS STATE BANK OF TYLER, INC.	19,686	19,708
253. J&B FINANCIAL HOLDINGS, INC., MINNEAPOLIS RED ROCK BANK, SANBORN	23,004	22,815	260. KIESTER INVESTMENTS, INC., KIESTER FIRST STATE BANK OF KIESTER	19,559	19,541
254. HAMBURG FINANCIAL, INC., EXCELSIOR STATE BANK OF HAMBURG	22,279	22,104	261. HARTMAN BANCSHARES, INC., OKABENA FIRST STATE BANK OF OKABENA (INC.)	18,063	18,063
255. FOLDEN FINANCIAL CORP., HENDRICKS FIRST SECURITY BANK - HENDRICKS	21,783	21,588	262. DAKOTA FINANCIAL, INC., MARIETTA STATE BANK OF MARIETTA	14,121	14,120
256. EAGLE COMM. BANCSHARES, INC., BRKLYN PARK EAGLE COMMUNITY BANK, MAPLE GROVE	21,756	20,638	263. CEYLON BANCORP., INC., CEYLON STATE BANK OF CEYLON	11,686	11,685
257. NORTHERN STAR FINANCIAL, INC., MANKATO NORTHERN STAR BANK, MANKATO	20,709	20,709	264. MINNDAK BANCSHARES, INC., KENT VANTAGE BANK, KENT	11,649	11,649
258. EASTON BANCSHARES, INC., EASTON STATE BANK OF EASTON	20,277	20,277			

Source: Regulatory financial reports filed by bank holding companies and banks, data as of Dec. 31, 2013. \*Dollar amounts in thousands

The Bank Holding Company Association presents...



## Legal Considerations for Bank Mergers & Acquisitions

Are you thinking about buying or selling a bank branch or charter? A myriad of legal issues need to be considered long before you get to the negotiating table. The more thoroughly you have considered the issues, the better chance you have of getting a deal that works for you and your fellow shareholders.

This **one-hour webinar** will consider the different types of agreements applicable to different merger and acquisition situations, and the important provisions common in each type of agreement. What are the legal implications of a merger of equals? What kinds of regulatory issues should you pay particular attention to in any M&A scenario? What shareholder issues are trickiest?

The attorneys at the Minneapolis law firm of **Fredrikson & Byron's Bank & Finance Group**, led by shareholder **Karen Grandstrand**, will walk webinar participants through the issues in this informative, fast-paced webinar.

This webinar is set for Thursday, May 22, and it takes place at your desk. The cost is just \$59 for members and \$99 for non-members.

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

**REGISTER TODAY:**

**Thursday, May 22, 2014**

**10:00 a.m. to 11:00 a.m. CDT**

**\$59 for BHCA members**

**\$99 for Non-BHCA members**

This webinar is the first of four webinars making up the 2014 BHCA series of webinars. *For best value, buy a series pass.* BHCA members are invited to register for all four webinars by purchasing a series pass for \$175.

Visit the BHCA web site for topics and dates of other webinars.

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

### Transaction Report, Continued from page 13

▷ Sugar Creek MHC, a federally chartered mutual holding company, filed to convert to stock form and merge with Sugar Creek Financial Corp., a federal corporation, both of Trenton, Ill. Sugar Creek Financial Corp. will be merged into a newly formed Maryland corporation also named Sugar Creek Financial Corp., which proposes to become a savings and loan holding company by acquiring Tempo Bank, a federal savings bank, Trenton.

▷ The James M. and Devon J. Goetz Family Trust Five, Mandan, N.D., filed to acquire 25 percent or more of Oliver Bancorporation, Inc., Center, N.D., and thereby gain control of Security First Bank of North Dakota, New Salem, N.D.

▷ Bill J. Gotch, Myrna F. Gotch, Jennifer L. Gotch, and Brett J. Gotch, all of South Sioux City, Neb., filed to acquire voting shares of Siouxland National Corporation, and thereby acquire voting shares of Siouxland National Bank, both in South Sioux City, Neb.

▷ Abdo Investments, Inc., Edina, Minn., authorized to increase its ownership in Rivers Ridge Holding Company, Edina, and its subsidiary, BankVista, Sartell, Minn.

▷ Independent Bancshares, Inc., Clarkfield, Minn., authorized to acquire The Citizens State Bank of Olivia, Minn.

▷ Hinsdale Bank & Trust Company, Hinsdale, Ill., authorized to purchase a branch in Elmhurst, Ill., from North Shore Community Bank & Trust Company, Wilmette, Ill.

# 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.

### **Bottom-line Impact...**

"At the October 2008 seminar, one of the breakout speakers showed that Municipals were under-valued relative to Treasuries. Realizing the Fed would be lowering rates to zero sooner or later, we moved ALL our Fed Funds into Municipals — not longer than five years, and Midwest only. That locked in \$70,000 of income per year. For a \$40 million bank, that has made a difference." - Douglas Farmer, Golden Oak Bancshares, Inc., Holmen, Wis.

### **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)

# **BANK OWNER**

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