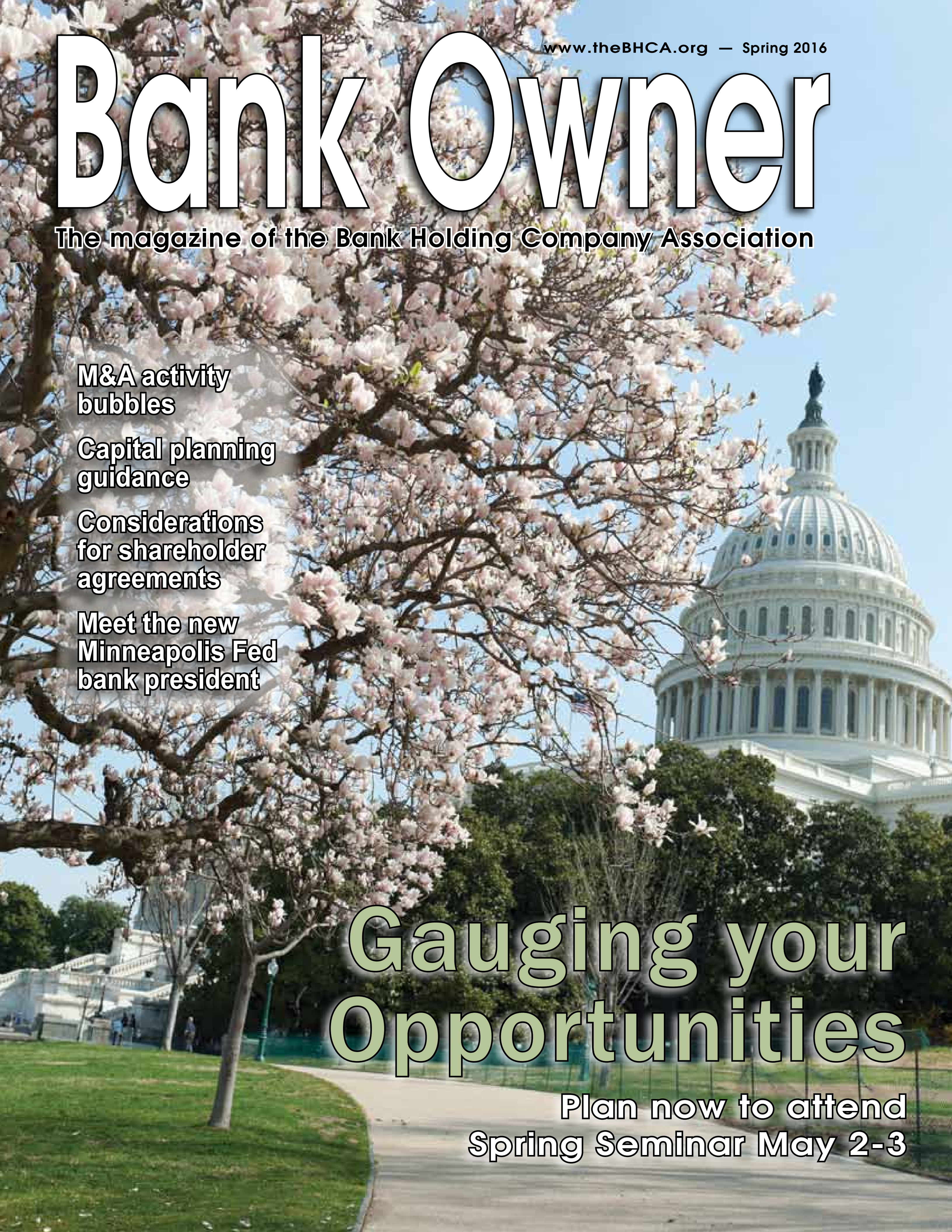

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Bank Owner

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Bank Owner

Spring 2016

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The Bank Holding Company Association

Mission Statement:
The Bank Holding Company Association, the premier national organization for bank holding company owners, directors and employees, provides education and networking opportunities to those who work in, or serve, the financial services industry. Through seminars, webinars, printed materials and other means, the association supports the vitality of bank holding companies.

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. The magazine also is distributed to bank owners and holding company professionals who are excellent candidates for membership.

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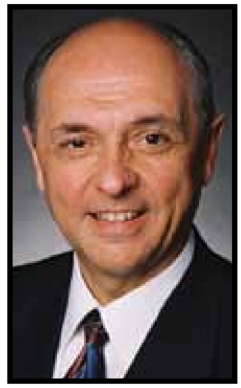
Bank Owner is published quarterly by the Bank Holding Company Association. Managing Director Tom Bengtson serves as editor. Contact him at (952) 835-2248 or 1-800-813-4754 or via e-mail at info@theBHCA.org.

BHCA making plans for a great year, and beyond



By Michael Vekich
HF Financial Corp.
Sioux Falls, S.D.

As we enter 2016, the Bank Holding Company Association is nearing its 35th anniversary. Perhaps some of you reading this have been members from the very beginning – my hat's off to you! But I suspect many of you are like me, having joined the association in the last few years. I am pleased to have the opportunity to serve as your BHCA president this year; I view it as an opportunity to build on a solid foundation and prepare for an exciting future.

I am the chairman of HF Financial Corporation, which is based in Sioux Falls, S.D. It is the largest publicly traded holding company for a savings bank headquartered in South Dakota, with assets of $1.2 billion. It is the parent company for Home Federal Bank, Mid-America Capital Services, Inc., dba Mid America Leasing Company, Hometown Investment Services, Inc., and HF Financial Group. Home Federal Bank operates 23 offices throughout eastern South Dakota, Minnesota and North Dakota. The company operates a branch in the Twin Cities market as Infinia Bank, a division of Home Federal Bank of South Dakota, and a loan production office in Fargo, N.D.

On Nov. 30, 2015, HF Financial Corp announced its entry into a merger agreement with Great Western Bancorp, Inc. The merger has been unanimously approved by the board of directors of both parties and is expected to close in the second quarter.

I am a Certified Public Accountant and I have had the opportunity over the years to serve on a number of boards with several organizations. About 10 years ago, I was involved in the founding of Tradition Capital Bank in Edina, Minn., and served as its lead director for several years, chairing many of the board committees. Most recently, I was appointed by Gov. Mark Dayton to serve as acting director of the Minnesota Lottery. Back in 2004, I served in a similar role for Gov. Tim Pawlenty.

The Bank Holding Company Association has several events planned for the coming year. In addition to our Spring Seminar (May 2-3) and Fall Seminar (Oct. 3-4), both at the Minneapolis Airport Marriott Hotel in Bloomington, Minn., we have a new Leader's Forum scheduled for March 15 in Moravia, Iowa. This "mini seminar" is a new event for us, as we bring our brand of industry education to new audiences. We have a lot of offer at the BHCA and this seminar is intended to showcase our product in a part of the Midwest where there still are a lot of bankers and bank owners who don't know about us. If the event is successful, we may try other one-day events in regional centers of the Upper Midwest.

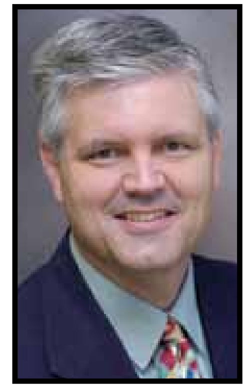
Over the course of the next several months, the BHCA board of directors will be considering new and additional ways to deliver our hallmark benefits – industry education and networking. The seminars are an effective venue, as are our webinars and this magazine, but we would like to identify additional means to help our members get the most out of their membership.

One of our first steps in this process will be a membership survey. Expect to receive a survey in the next few months that will ask you a number of questions designed to help us make the most of your association. For example, in addition to asking questions intended to help us plan better seminars , we will ask about product and service ideas that could make association membership more appealing to bankers all across the country. While people typically think of the BHCA as an Upper Midwest group, there is no reason we cannot serve bank owners and bankers throughout the United States. Watch for the survey and please participate. Your input is essential to our success.

The Spring Seminar, which is described in detail in this edition of Bank Owner, is going to be a great event and I sincerely hope you will attend. Please consider bringing along board colleagues and others from your bank. I have no doubt they will all benefit from participating in the event, which is coming up fast. Register today.

Once again, let me thank you for the privilege of serving as your BHCA president. With your support, I look forward to a great 2016!

Industry contemplates game-changing concepts: Negative interest rates, ending TBTF



By Tom Bengtson
BHCA Managing Director

A couple of game-changing ideas have been discussed quite a bit in the industry press lately.

The first is negative interest rates. It is amazing that people are talking about the prospect of negative interest rates, but what is really startling is that the buzz comes just a few weeks after everyone was predicting rising interest rates. After keeping rates at virtually zero for years, the Federal Open Market Committee on Dec. 16 raised the target range for the Fed Funds rate to 0.25 percent to 0.50 percent. There was talk of gradual continued increases – perhaps as many as four increases during 2016.

How quickly things change. Following the lead of Europe and Japan, a lot of people now are talking about negative interest rates coming to the United States. Most say it remains a remote possibility yet Federal Reserve Board Chair Janet Yellen has said the option remains on the table for addressing a serious economic downturn. Other Fed officials, including former president of the Minneapolis Federal Reserve Bank, Narayana Kocherlakota, have hinted at a willingness to consider utilizing negative rates.

In Europe, negative interest rate bonds already are a reality. That means the buyer gets less than their purchase price back when the bond matures. One source reports more than $2 trillion of the European bond market is made up of negative-rate bonds. The buyers apparently are folks just looking for a safe place to put their money.

In Japan and Sweden, the central banks charge banks to put money on deposit. In conventional scenarios, a central bank pays a bank for putting its money on deposit with them. Negative rates are meant to encourage banks to lend their money rather than deposit it with a central bank. This is a tactic for stimulating the economy.

In the United States, the Federal Reserve has paid interest on deposits since 2008. If the Fed were to stop paying interest, or actually go negative and charge the banks for depositing money, it would discourage banks from using the Fed as a depository. The Fed would be creating an incentive for banks to lend.

The question is, how good are the credit opportunities going to be in an environment where the economy is so slow that policy-makers are considering negative rates? One expert commented that negative rates would put most banks in an impossible position; with few good lending opportunities and only costly deposit opportunities, banks wouldn't have any attractive options for utilizing their funds. Banks would be better off not having the funds at all. This would be a disaster for the banking system and the economy.

A negative interest rate environment would affect the economy in all kinds of ways, perhaps some that are simply unforeseeable. There would be no incentive to save. Vendors might actually incentivize customers to take longer to pay a bill; consumers might buy things they don't need simply because those things might hold their value better than currency itself.

Negative interest rates turn everything upside down; it's an environment I can't imagine the United States entering willingly but depending on what happens around the world, our options may be limited. That's at least a scenario that some experts can imagine. The most recent round of stress tests applied to the nation's largest banks reportedly included planning for a negative interest rate scenario.

The other industry development that nearly shocked me out of my chair came Feb. 16 when the new president of the Federal Reserve Bank of Minneapolis, Neel Kashkari, suggested that breaking up the big banks and/or turning them into utilities should be considered as part of the solution to resolving Too Big To Fail. He made the comments in a speech at the Bookings Institution in Washington, D.C. (See story on page 7)

In this presidential election season I have come to expect those kinds of suggestions from some of the candidates, but I did not expect them to come from a president of a Federal Reserve Bank. And I especially did not expect it to come from the newest president in his very first public speech. Stories about the speech were all over the news, including the *Wall Street Journal* and the front page of the Minneapolis-based *Star Tribune* newspaper.

His comments came in the context of evaluating the aftermath of the 2008 financial crash. The Dodd-Frank Act, he said, has been successful in improving the financial condition of the banking sector, but that TBTF remains a problem. He said more work needs to be done to solve this problem and that the Federal Reserve Bank of Minneapolis is launching a year-long project to study the issue and come up with recommendations for solving it. He said that by the end of the year, the bank will make recommendations. He invited others to participate in the process, including industry groups. The BHCA will consider whether we have anything to offer to the process.

I commend Kashkari for thinking big, and for using his position as a Federal Reserve Bank president to tackle an important public policy issue. TBTF, of course, is a controversial issue. There are those who believe Dodd-Frank solved the

Down to Business, *Continued on page18*

By Karen Grandstrand

Capital Planning and Heightened Expectations

During the financial crisis, many banking organizations became subject to enforcement actions that required banks and bank holding companies to obtain approval from their regulators to pay dividends and redeem stock. At the same time, the Federal Reserve issued Supervision and Regulation Letter SR 09-4 (February 24, 2009, as revised March 27, 2009). This SR letter places ongoing restrictions on the payment of BHC dividends and the redemption of BHC stock even after enforcement actions are lifted.

According to the letter's introductory paragraph, the letter is intended to provide direction to supervisory staff and BHCs on the declaration and payment of dividends, capital redemptions, and capital repurchases by BHCs in the context of their capital planning processes. The letter goes on to state that it largely reiterates longstanding Fed policy and guidance but heightens expectations that a BHC will inform and consult with the Federal Reserve in advance of the following:

- Declaring and paying a dividend that could raise safety and soundness concerns (e.g., declaring and paying a dividend that exceeds earnings for the period for which the dividend is being paid);
- Redeeming or repurchasing regulatory capital instruments when the BHC is experiencing financial weaknesses; or
- Redeeming or repurchasing common stock or perpetual preferred stock that would result in a net reduction as of the end of a quarter in the amount of such equity instruments outstanding compared with the beginning of the quarter in which the redemption or repurchase occurred.

Capital Planning Process

The SR letter directs supervisory staff to evaluate the comprehensiveness and effectiveness of management's capital planning and states that a BHC board should take into account a number of factors when considering dividends and redemptions:

- Overall asset quality, potential need to increase reserves and write down assets, and concentrations of credit;
- Potential for unanticipated losses and declines in asset values;
- Implicit and explicit liquidity and credit commitments, including off-balance sheet and contingent liabilities;
- Quality and level of current and prospective earnings, including earnings capacity under a number of plausible economic scenarios;
- Current and prospective cash flow and liquidity;
- Ability to serve as an ongoing source of financial and managerial strength to depository institution subsidiaries insured by the FDIC, including the extent of double leverage and the condition of subsidiary depository institutions;
- Other risks that affect the BHC's financial condition and are not fully captured in regulatory capital calculations;
- Level, composition, and quality of capital; and
- Ability to raise additional equity capital in prevailing market and economic conditions.

Dividends

With respect to dividends, the letter states that the BHC board should strongly consider, after careful analysis of the above factors, reducing, deferring, or eliminating dividends when the quantity and quality of the BHC's earnings have declined or the BHC is experiencing other financial problems or when the macroeconomic outlook for the BHC's primary profit centers has deteriorated. Further, and significantly, the board should inform the Federal Reserve and should eliminate, defer, or significantly reduce dividends if:

1. The BHC's net income available to shareholders for the past four quarters, net of dividends previously paid during that period, is not sufficient to fully fund the dividends;
2. The BHC's prospective rate of earnings retention is not consistent with the BHC's capital needs and overall current and prospective financial condition; or
3. The BHC will not meet, or is in danger of not meeting, its minimum regulatory capital adequacy ratios.

In addition, the letter provides that a BHC should inform the Fed prior to declaring or paying a dividend that exceeds earnings for a period for which the dividend is being paid or that could result in a material adverse change to the capital structure.

Stock Redemptions

The SR letter acknowledges that there are express regulatory requirements governing stock redemptions contained in Regulation Y. However, in addition, BHCs experiencing financial weaknesses or that are at significant risk of developing financial weaknesses, as well as BHCs considering expansion through acquisitions or through new activities, generally should consult with the Fed before redeeming stock. Further, a BHC should inform the Fed of a redemption of common stock or perpetual preferred stock for cash or other value resulting in a net reduction of a BHC's outstanding amount of common stock or perpetual preferred stock below the amount of such capital instrument outstanding at the beginning of the quarter in which the redemption or repurchase occurs.

Takeaways and Observations

In my experience, this SR letter has become one of the key tools used by the Fed in its supervision and regulation of BHCs, particularly community banking organizations. Accordingly, while you may have

Minneapolis Fed announces TBTF research effort as bank transitions to new president

Neel Kashkari took office as president and chief executive officer of the Federal Reserve Bank of Minneapolis on Jan. 1. He replaced Nayarana Kocherlakota who had been president of the Ninth District Bank since 2010.

In his first speech in his new role, Kashkari said now's the time to fix too-big-to-fail and suggested that breaking up the big banks and/or turning large banks into utilities might be part of the solution. Kashkari gave the speech at the Brookings Institution in Washington, D.C., on Feb. 16.

Kashkari has a background with the U.S. Department of the Treasury and other organizations. From 2006 to 2009, Kashkari served in several senior positions at the U.S. Department of the Treasury. In 2008, he was confirmed as assistant secretary of the Treasury. In this role, he oversaw the Troubled Assets Relief Program (TARP) during the financial crisis. Kashkari received the Alexander Hamilton Award, the Treasury Department's highest honor for distinguished service.

Following his tenure in Washington, Kashkari joined PIMCO as managing director and member of the executive office. He left the firm in 2013 to explore returning to public service.

In January 2014, Kashkari was a California gubernatorial candidate, running on a platform focused on economic opportunity.

Kashkari began his career as an aerospace engineer at TRW in Redondo Beach, Calif., where he developed technology for NASA space science missions. Following graduate school, he joined Goldman Sachs in San Francisco, where he helped technology companies raise capital and pursue strategic transactions.

Kashkari earned his bachelor's and master's degrees in mechanical engineering at the University of Illinois at Urbana-Champaign and his MBA from the Wharton School at the University of Pennsylvania.

In his Feb. 16 speech, Kashkari announced the Minneapolis Federal Reserve Bank will produce a plan for eliminating TBTF by the end of the year. "Now is the right time for Congress to consider going further than Dodd-Frank with bold, transformational solutions to solve this problem once and for all," he said.

"I believe we must begin this work now and give serious consideration to a range of options, including the following:

• Breaking up large banks into smaller, less connected, less important entities

• Turning large banks into public utilities by forcing them to hold so much capital that they virtually can't fail (with regulation akin to that of a nuclear power plant).

• Taxing leverage throughout the financial system to reduce systemic risks wherever they lie."

He explained the process the bank would follow to develop its proposal: "Starting in the spring, we will hold a series of policy symposiums to explore various options from expert researchers around the country," he said. "We will consider the likely benefits, costs, risks and implementation challenges of these options. We will invite the media to these symposiums and livestream them so that the public can follow along and learn with us."

Following the symposiums, Kashkari said the Feb Bank will publish a series of policy briefs summarizing "our key take-aways on each issue." The Minneapolis Fed Bank already has set up a web site where people interested in the too-big-to-fail issue can follow progress and participate in the process: https://minneapolisfed.org/publications/special-studies/endingtbtf. ■

reviewed SR 09-4 back in 2009 when it was issued, go back and read it carefully in its entirety. This article covers only the high points.

Second, while the language of the letter suggests that no Fed approvals are required, bankers should note that compliance with SR 09-4 is reviewed by the Fed and bankers are cited for failure to consult, inform and refrain from taking certain actions. Indeed, the letter provides that failure to follow the letter "could result in a supervisory finding that the organization is operating in an unsafe and unsound manner."

Third, while the focus is often on whether a bank can pay dividends, there is another hurdle in cases where the bank is owned by a BHC. Once the money is in the BHC, banking organizations cannot assume they can automatically use it.

Finally, this letter is a good example of the regulatory world post-crises. The letter speaks of heightened expectations, is in the form of guidance as opposed to new regulations, and is directed toward the board and management. ■

Karen Grandstrand is a partner with Fredrikson & Byron, Minneapolis. Fredrikson & Byron is an Associate Member of the Bank Holding Company Association.

Speaker summarizes M&A activity in sector

The annual Acquire or Be Acquired conference attracted a record crowd of more than 900 people to the Arizona Biltmore in Phoenix, Jan. 31-Feb. 2. This is the annual meeting that brings together bankers and investment bankers to talk about trends in merger and acquisition activity in the banking industry. It is hosted by *Bank Director* magazine.

The conference features dozens of interesting presentations. Following are some of the key facts and comments delivered by one of the presenters, Curtis Carpenter of Sheshunoff & Co Investment Banking.

• The banking industry holds a total of $17.3 trillion in assets, with the largest four banks (JP Morgan, Bank of America, Citigroup and Wells Fargo) holding $8.1 trillion combined, or 47.1 percent of the total.

• In addition to those banks, there are 93 bank holding companies or banks with assets exceeding $10 billion, making up 36.8 percent of the industry. There are 568 bank holding companies or banks with assets ranging from $1 billion to $10 billion making up 9 percent of the industry. There are 3,622 bank holding companies or banks with assets ranging from $100 million to $1 billion making up 6.5 percent of the industry, and there are 1,730 bank holding companies and banks with less than $100 million in assets making up 0.6 percent of the industry's total assets.

• In the last 15 years, the number of banks with assets between $50 million and $150 million has declined by 1,567 institutions, or 43.7 percent. The number of banks with assets ranging from $150 million to $500 million has increased by 159 institutions or 7.6 percent, and the number of institutions with assets from $500 million to $5 billion has increased by 455 institutions or 62.6 percent.

• In August of 2015, Sheshunoff & Co., surveyed 135 bank CEOs. The company asked "What is the minimum asset size you believe a community bank will need to be in order to produce satisfactory shareholder returns?" Forty-four percent said greater than $500 million. Seventeen percent said greater than $1 billion, while 16 percent said greater than $200 million, and the remainder said size is not a factor.

• Sheshunoff & Co., asked the survey participants if they believe there is "sufficient investor enthusiasm to start new banks." Eighty-four percent said "no."

• Looking at earnings, and adjusting for tax implications of incorporation status, the median bank in 2015 earned 0.16 percent less on average assets than in 2006. It held 0.90 percent more equity to assets. And it earned 2.11 percent less on average equity. Only 28 percent of banks across the country earn a return on assets higher than 1.0 percent.

• With respect to merger and acquisition activity, Carpenter reported that "Deal volume is steady and the median deal price is rising." There were 280 deals in 2015, with October being the most active month with 35 deals. Buyers in 57 percent of the 2015 deals had assets of less than $1 billion.

• The median price to tangible book value paid by acquirers has increased annually since 2012, when it was 1.15 percent. In 2013 it was 1.23 percent; in 2014 it was 1.35 percent and in 2015 it was 1.41 percent.

• In 2015, forty-four of the completed deals attracted prices at 1.25 percent to 1.5 percent tangible book value; 26 deals were 1.5 percent to 1.75 percent; and 16 deals were 1.75 percent to 2.0 percent.

• In 2007, it was common for banks to sell at 2 times tangible book value or greater; since then very few deals have garnered prices that high. In 2015 only 16 deals attracted prices higher than 2 times book.

Carpenter concluded with the following observations:

1. Most bankers are looking to address profitability challenges through some kind of M&A activity;

2. Deal pricing has a strong correlation to the size and location of the seller and the size of the buyer;

3. Buyers with a strong public currency have a decided advantage;

4. Sellers who can attract the eye of a buyer with a strong currency benefit greatly;

5. Pricing is based upon earnings, while book multiples vary greatly;

6. Sellers in metro areas are getting strong bids as buyers focus on growth markets;

7. An increasing number of buyers are first-time buyers; and

8. More than half of transactions done involve some amount of stock.■

Former Chicago Fed President Dies

Silas Keehn, former president of the Federal Reserve Bank of Chicago, died on Feb. 13. He was 85.

Keehn led the Chicago Fed as its seventh president from July 1, 1981, to Sep. 1, 1994, overseeing the bank during national and regional economic upheaval. He played a small part in the government bailout of Continental Bank in 1984. During his term he was a voting member of the Federal Open Market Committee, serving under Chairmen Paul Volcker and Alan Greenspan.

He had a bachelor's degree in economics from Hamilton College, Clinton, N.Y., and an MBA from the Harvard University Graduate School of Business Administration. Keehn also served in the U.S. Navy in the 1950s.

May 2-3, 2016
Minneapolis Airport Marriott Hotel, Bloomington, Minn.

Gauging Your Opportunities

at the BHCA Spring Seminar!

The Bank Holding Company's **Spring Seminar** will help you "gauge your opportunities!" With the right information, our presenters will help you find the path most likely to deliver success to your bottom line. Our 2016 Spring Seminar promises to be both engaging and informative. *Register now because we are expecting a record-setting seminar.*

Every bank in attendance will have the opportunity to visit with a **BankTrends** analyst who will provide a complimentary, first quarter **performance report** customized to your bank. This is a useful report **detailing key performance metrics**.

We will get perspective on the political and industry landscape from **Tim Pawlenty**, president and CEO of the Financial Services Roundtable. Pawlenty, who served as governor of Minnesota from 2003 to 2011 and ran for the Republican nomination for president in 2012, will share his observations on the banking industry, as well as on the political scene.

Washington Post writer **Robert Kaiser** will give us a behind-the-scenes view of how the Dodd-Frank Act came together. Kaiser, who wrote a book about the post-crisis legislation, will share insight into Congress, the political process and the industry players who are affected by it all.

In a presentation called "MoneyBall for Bankers," **Richard Berg**, president of Performance Trust, offers a statics-based approach to decision-making in banking modeling the evidence-based sabermetrics management Billy Beane used to turn around the Oakland A's in 2002. Using real-world case studies, Berg shows how the right decision-making framework can help your bank reach its goals.

What do economists say is going to happen with interest rates, spending and investments? **John DeClue**, Chief Investment Officer for the Private Client Reserve at U.S. Bank, will analyze the economic environment, noting the short-term, mid-range and long-term opportunities as well as pitfalls.

Bank Holding Company Association seminars consistently present need-to-know information for bankers and bank owners who like to roll up their sleeves and get to work. Our seminar opens Monday afternoon with back-to-back panels. In the first, M&A experts **John Freechack** of Piper Jaffray & Co., and **Joseph Ceithaml** of Barack Ferrazzano, explore the current conditions surrounding the mergers and acquisitions environment. Then, **Jerry Felicelli** of CliftonLarsonAllen, **Kevin Bostrom** of United Bankers' Bank, and **Ed Drentell** of Winthrop and Weinstine, team to provide an updated overview of the bank stock loan. Such loans are in demand and are available but borrowers need to prepare if they want to add this arrow to their quiver of industry tools.

Our breakout sessions address key industry topics in a rapid, no-nonsense format. Our menu of presentations:

- *Hedging Strategies to Make the Most of your Commercial Loan Portfolio,* by **Ed Kofman** of Center State Bank
- *Subdebt – What it Means for Your Capital Planning*, by **Adam Meier** of Stinson Leonard Street
- *Strategies for Success: One Bank's Approach,* by **Joshua Guttau** of TS Bank, Treynor, Iowa
- *Regulatory Hotbuttons – From the Boardroom to the Teller Line*, by **Karen Grandstrand** and **Karla Reyerson** of Fredrikson & Byron.

We have built in plenty of time for networking during this two-day event. We know one of the most valuable portions of our seminar is the time you get to spend with your industry peers from across the Upper Midwest.

Register today. **Bring a colleague – there is so much information being presented that it will take two of you to take it all in**! Directors are welcome. Register online at www.theBHCA.org or fill out the form on the following page and return with your check. If you are coming in from out of town, contact the Minneapolis Airport Marriott Hotel by April 18 to get the BHCA room rate of $146 per night.

The BHCA Spring Seminar: it's your best two days in banking!

2016 Spring Seminar Agenda

Get your customized First Quarter performance report! BankTrends, an industry analytics firm, will be on site to give registrants a bank-specific report detailing key performance metrics.

MONDAY, MAY 2

3:00 to 4:00 p.m.
"Why Every Bank Needs to Discuss M&A"
John K. Freechack, Principal, Piper Jaffray & Co.
Joseph T. Ceithaml, Partner, Barack Ferrazzano Financial Institutions Group
What role will your organization play in the current M&A environment? Can you be a buyer or a seller? Is it possible to simply tread water? More than ever, it's critical for holding company and bank boards to discuss these questions and to develop a strategic plan. This presentation will provide insight and guidance on the M&A environment.

4:00 to 5:00 p.m.
"The Bank Stock Loan – An Update on an Old Reliable"
Panel: Jerry Felicelli, Principle, CliftonLarsonAllen;
Kevin Bostrom, Senior Vice President, Chief Credit Officer, United Bankers' Bank; Ed Drentell, Principal, Winthrop & Weinstine
After slowing during the financial crisis and subsequent recession, bank stock loans are in demand again and there are several financial institutions offering them. But you have to prepare. This panel pulls together a lender, accountant and attorney who have each helped many bankers get bank stock loans. They will share their experience, including what works best, and what doesn't.

5:00 to 6:30 p.m.
Reception

6:30 to 7:30 p.m.
Dinner

7:30 to 8:30 p.m.
After dinner speaker
"A Midwesterner's View from Washington"
By Tim Pawlenty
Drawing on experiences he had as governor of Minnesota from 2003-2011, a candidate for the Republican nomination in 2012, and the leader of a trade group representing 100 of the largest financial services companies, Tim Pawlenty, President/CEO of the Financial Services Roundtable, will share his unique perspective of financial services and politics.

TUESDAY, MAY 3

7:30 to 8:30 a.m.
Registration/Buffett Breakfast

8:30 to 9:30 a.m.
"Making Sausage—A Behind the Scenes Look at the Passage of the Dodd-Frank Act,"
Robert Kaiser, *Washington Post*
Kaiser, author of "Act of Congress: How America's Essential Institution Works, and How it Doesn't," will open our Tuesday session with an eye-opening account of how Congress really works. Kaiser will share insights into how the financial reform legislation came about after the crash, leveraging his close relationships with both Representative Barney Frank and Senator Christopher Dodd.

9:30 to 10:30 a.m.
"MoneyBall for Bankers"
By Richard Berg, President, Performance Trust
When it comes to balance sheet management, having the right framework can make seemingly difficult decisions come sharply into focus. How does your institution view the world? What frameworks do you use to drive decision-making? From the wrong perspective, decisions often seem complicated and uncertain; from the right one, the answers are often painfully obvious. Using real-world case studies, learn how the right decision-making framework can help your institution reach its goals.

10:50 to 11:20 a.m.
Round 1 of breakout sessions

11:30 to noon
Round 2 of breakout sessions

Each breakout session will be presented twice:

"Credit & Profitability Issues Facing Holding Companies in 2016"
Presented by Ed Kofman, Center State Bank

"Subdebt—How it's Being Used to Finance Bank Deals"
By Adam Maier, Stinson, Leonard, Street

"Regulatory Hot Buttons—From the Boardroom to the Teller Line"
By Karen Grandstrand and Karla Reyerson, Fredrikson & Byron

"Strategies for Success: One Bank's Approach"
By Joshua Guttau, TS Bank, Treynor, Iowa

12:15 to 1 p.m.
Lunch

1:00 to 2:00 p.m.
"The Economic and Political Landscape: Looking Ahead"
By John M. De Clue, Chief Investment Officer,
The Private Client Reserve of U.S. Bank
With more than 30 years of investment and wealth management experience, De Clue surveys the landscape – globally, nationally and regionally.

2:00 p.m.
Adjourn

Tuesday evening
Dinner and Show

We are bringing back our popular dinner-and-show à la carte event for Tuesday night, May 3. We will have dinner at a top-rated downtown Minneapolis restaurant and then enjoy the Guthrie Theatre production of *Harvey*. This is a family-friendly Pulitzer prize-winning comedy that is certain to delight you and your guest!

Bank Holding Company Association
Spring Seminar Registration ~ May 2-3, 2016

Personal Information:

Name ______________________________

Company Name ______________________________

Address ______________________________

City ____________ State ____________ ZIP__________

Phone ______________________________

Email ______________________________

Guest Name(s) ______________________________

____

Are you a BHCA member or associate member? **Yes**____ **No**_____

REGISTRATION OPTIONS:

Monday, May 2 – Seminar, Reception, Dinner and Program

Fee Schedule Per Person:		Number	Amount
Members and Associate Members:	$100	______	_____
Outside directors from member institutions:	$75	______	_____
Non-members:	$175	______	_____

Tuesday, May 3 – Seminar

Fee Schedule Per Person:		Number	Amount
Members and Associate Members:	$250	______	_____
Outside directors from member institutions:	$150	______	_____
Non-members:	$375	______	_____

Tuesday evening at the Guthrie Theatre		Number	Amount
Includes transportation, dinner and one ticket to ***Harvey***	$125	______	_____

Membership dues, if applicable Amount

Annual dues for ***new members only***: _____

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 3 p.m., April 18. 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. By registering, you authorize the BHCA to use your photo and/or video image for promotional purposes. 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

ONLINE REGISTRATION AVAILABLE AT

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 2016 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**

Lenders Should Review Their Practices for Flagging Questionable Loan Transaction

A federal appeals court has just made it a bit riskier for banks to ignore red flags in loan transactions. Recently, the United States Court of Appeals for the Seventh Circuit issued a decision that essentially erased the value of $300 million in collateral two banks received to secure loans to the now bankrupt Sentinel Management Group.

In *In re Sentinel Management Group, Inc.* No. 15-1039 (7th Cir. Jan. 8, 2016), the Court of Appeals ruled Sentinel's posting of collateral with a value of more than 10 times the capital it had on hand was a red flag that obligated the banks to investigate. Had they done so, the banks would have learned the securities Sentinel posted as collateral did not belong to Sentinel, but rather to Sentinel's customers. Because the banks ignored the red flag, they lost their collateral. The decision by the appeals court based in Chicago has the most direct impact on banks with customers in Illinois, Indiana and Wisconsin, but the Seventh Circuit is influential, and its ruling will likely influence courts across the country.

Facts Behind the Ruling

Sentinel was a cash management firm that invested its customer' money in low-risk securities. In order to obtain cash to trade on its own account, Sentinel also borrowed money from the banks, pledging its customers' securities as collateral. That action violated both federal law and Sentinel's contracts with its customers. When Sentinel filed for bankruptcy in 2007, the banks filed a secured claim in the amount of $312 million, and notified the trustee in bankruptcy they intended to liquidate the collateral. The trustee asserted Sentinel's pledge of its customers' securities was a fraudulent transfer intended to defraud Sentinel's current and future creditors. A lengthy trial ensued, at the end of which the trial judge ruled that because the banks did not believe Sentinel had pledged the securities without their customers' permission, the banks were entitled to accept the securities without investigation.

The Court of Appeals reversed the trial court, focusing on a document showing that a bank officer had questioned how Sentinel could post over

Practices, *Continued on page 13*

What Banks Need to Know About the .BANK Domain Name

By Anton Moch and Martha Engel

As the internet continues to expand, there are new opportunities to use recently approved new domain name extensions similar to .COM, .EDU, .ORG, and .NET. One of these domain names of particular interest to financial institutions is the .BANK domain name.

All state, regional and provincial banks, savings associations, and national banks qualify to register the .BANK domain name with an approved domain name registrar. These institutions can only purchase domains with the .BANK extension that correspond to its own name or trademarks. Domain names can be purchased even if the institution does not have a federal trademark registration as long as it can show use and ownership of the trademark.

The .BANK domain names became generally available on a first-come, first-serve basis to all qualified banks on June 23, 2015 with an approved registrar.

To ensure that only legitimate members of the banking community are able to register a .BANK domain name and to provide a higher level of security to consumers, a strict verification process and security check is required. Part of the mandatory verification process includes email authentication and enhanced encryption. In addition, .BANK domain names must be hosted on .BANK name servers to ensure compliance. Re-verification is required every two years in order to retain the .BANK domain name. You may wish to discuss this process with your IT professional to ensure compliance. ■

Anton Moch and Martha Engel are attorneys with the Winthrop and Weinstine of Minneapolis. Winthrop and Weinstine is an Associate Member of the Bank Holding Company Association.

Pros and Cons of BHC Formation

Don't have a holding company? Considering forming one? Is someone asking you about the benefits and costs associated with forming a holding company? Following is a summary of some of the "pros" and "cons" of forming a holding company:

Pros

Increased access to capital markets is one of the primary advantages to the BHC structure. A BHC has the ability to raise capital in forms other than common stock, including considerable latitude in assuming or incurring debt. This might be done, for example, to fund a capital injection to the subsidiary bank or to pay for an acquisition. Debt is always limited, however, by the BHC's demonstrated debt servicing and retirement capability. Also, substantial levels of debt in a *de novo* organization are discouraged.

Structural flexibility is another reason to form a BHC. It is sometimes desirable to conduct an activity outside the insured depository. This strategy can be driven to take advantage of special legal provisions available to BHCs, or to protect the bank against liability concerns such as the potential for environmental damage associated with foreclosed properties.

BHCs also offer increased flexibility in regard to merging with or acquiring additional banks. In addition to merging a bank into a BHC's subsidiary bank, a BHC can acquire an additional bank and operate as a multibank BHC. In the case of multi-bank BHCs, these entities can be utilized to provide centralized services to its banks such as independent loan review or asset liability management. A BHC can also provide tax advantages through filing consolidated tax returns.

Finally, even if the organization has no immediate plans to use the BHC in any of the ways discussed above, forming a BHC can take time, so there is a school of thought that argues for establishing the BHC ahead of time to provide maximum flexibility going forward.

Cons

For a *de novo* organization, there are additional costs and more complexity in the start-up phase associated with the formation of a BHC. Also, there are ongoing costs related to Federal Reserve supervision and reporting requirements, despite the Federal Reserve's efforts to minimize these burdens. Additionally, a BHC may be subject to additional cost and regulation if it is required, or elects, to register its securities with the Security and Exchange Commission. Another con is that a *de novo* BHC would likely need to increase the organization's initial capital offering by at least several hundred thousand dollars in order to provide working capital for the BHC. (It is important to anticipate the BHC's funding needs because a *de novo* bank will not be able to pay dividends for the first few years.)

Finally, forming a BHC will place an increased burden on management who must become familiar with BHC law and regulations and provide for distinct governance in the form of separate director and officer positions, policies and procedures, and risk management. Based on these considerations, BHC formation is often deferred until there is a clear purpose or need for it. ■

From the Partnership for Progress web site, a program of the Board of Governors of the Federal Reserve System.

Practices, *Continued from page 12*

$300 million in collateral when it had only $20 million in capital on hand, and also whether Sentinel had rights to the entire amount it pledged. The Seventh Circuit held this information was sufficient to cause a reasonable person to be suspicious of what they had been told by Sentinel, and to investigate. Because the banks failed to do so, they lost their security interest in the collateral and were left with an unsecured claim against the bankruptcy estate.

What the Ruling Means for Banks

Importantly, the Seventh Circuit did not limit its decision to the amount of the loan or the collateral at issue, i.e. pledged securities. Thus the Court's decision could be applied to smaller loans secured by other types of collateral that fluctuate in value and composition, such as receivables and inventory in an asset based or C&I loan. For example, a bank might be put on notice if a loan is secured by receivables or inventory that are out of proportion to the borrower's size and scope of operations. ■

This article is provided by Barack Ferrazzano, Chicago, which is an Associate Member of the Bank Holding Company Association.

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.

▷ Community Financial Corp., Edgewood, Iowa, authorized to acquire Linn County State Bank, Coggon, Iowa.

▷ First Illinois Corporation, Decatur, Ill., and HPB Holdings, Inc., authorized to become bank holding companies upon the conversion of Hickory Point Bank and Trust, FSB, Decatur, from a federal savings bank to a commercial bank.

▷ Fort Madison Financial Company, Fort Madison, Iowa, authorized to acquire Keokuk Savings Bank & Trust Company, Keokuk, Iowa.

▷ Town and Country Financial Corporation, Springfield, Ill., authorized to merge with West Plains Investors, Inc., Jacksonville, Ill., and thereby acquire Premier Bank of Jacksonville; and for Town and Country Bank, Springfield, to merge with Premier Bank of Jacksonville.

▷ Marquette National Corporation, Chicago, has elected to become a financial holding company.

▷ Nicolet Bankshares, Inc., Green Bay, Wis., filed to merge with Baylake Corp., and thereby acquire Baylake Bank, both in Sturgeon Bay, Wis.

▷ Tradition Bancshares, Inc., Edina, Minn., filed to acquire 22 percent of First Lawyers Trust Company, Rapid City, S.D.

▷ James N. Sanders, Plymouth, Minn., as managing member of Thanh Van LLC, Minneapolis, and others filed to acquire shares and join the Tychman/Sanders Group, which controls 25 percent or more of The Tysan Corporation, Minneapolis, and thereby gain control of Lake Community Bank, Long Lake, Minn., and Pine Country Bank, Little Falls, Minn.

▷ West End Financial Corp, Ironwood, Mich., filed to acquire Gresham Bancshares, Inc., Gresham, Wis., and thereby acquire State Bank, Gresham.

▷ First Citizens National Bank, Mason City, Iowa authorized to retain membership in the Federal Reserve System on conversion to a state-chartered institution, First Citizens Bank.

▷ Bank Forward ESOP and Trust, Fargo, N.D., filed to retroactively become a bank holding company, by retaining 25 percent or more of the shares of Security State Bank Holding Company, Fargo and thereby retain control of Bank Forward, Hannaford, N.D. In addition, retroactive filing by Bank Forward ESOP and Trust, indirectly, and by Security State Bank Holding Company, directly, to engage in extending credit and servicing loans.

▷ GNB Bank, Grundy Center, Iowa, authorized to merge with its sister bank, Ackley State Bank, Ackley, and thereby establish branches at the existing locations of Ackley State Bank.

▷ The American National Bank of Sidney, Neb., authorized to retain membership in the Federal Reserve System on conversion to a state-chartered institution, The American Bank of Sidney, Neb.

▷ Walter F. Healy, Oak Park, Ill., filed to acquire 15.5 percent of Oak Park River Forest Bankshares, Inc., Oak Park, and thereby acquire Community Bank Oak Park River Forest, Oak Park.

▷ Darwin Bancshares, Inc., Darwin, Minn., authorized to merge with Winthrop Bancshares, Inc., Winthrop, Minn., and thereby acquire Winthrop State Bank.

▷ Stockmens Financial Corporation, Rapid City, S.D., authorized to acquire shares of First Lawyers Trust Company, Rapid City, and to continue to engage in trust activities; and for Stockmens Financial Corporation's parent company, Stockmens Limited Partnership, Rapid City, to thereby engage indirectly in trust activities.

▷ State Bankshares, Inc., Fargo, N.D., authorized to acquire additional shares of Discovery Benefits, Inc., Fargo, and thereby continue to engage in providing consulting services to employee benefit, compensation, and insurance plans.

▷ First Midwest Bancorp, Inc., Itasca, Ill., authorized to merge with NI Bancshares Corporation, Sycamore, Ill., and thereby acquire The National Bank & Trust Company of Sycamore; and for First Midwest Bank, Itasca, to merge with The National Bank & Trust Company of Sycamore and thereby establish branches.

▷ First Busey Corporation, Champaign, Ill., filed to acquire Pulaski Financial Corp., St. Louis, Mo., and thereby acquire Pulaski Bank, National Association, Creve Coeur, Mo., and thereby operate a savings association.

▷ David L. Friedrichsen, Palm Harbor, Fla., and Robin R. Hanson, Farmington, Minn., filed to each acquire 25 percent or more of Citizens Investment Co., Inc., Glenville, Minn., and thereby gain control of Citizens State Bank of Glenville.

▷ Great Western Bancorp, Inc., Sioux Falls, S.D, authorized to merge with HF Financial Corp., Sioux Falls, and thereby indirectly acquire its subsidiary, Home Federal Bank.

▷ Notice filed by Michael D. Yingling, Mt. Sterling, Ill., to increase control to 25 percent or more of Mt. Sterling Bancorp, Inc., Mt.Sterling.

▷ Notification submitted by Phyllis J. Monke, Fremont, Neb., Thomas L. Monke, Arlington, Neb., Cynthia J. Lingren, Eryaman, Ankara in Turkey; and Jean M. Katt, Herman, Neb.; as members of the Monke Family Group, to collectively acquire control of Arlington State Banc Holding Company, parent of Two Rivers State Bank, both of Blair, Neb. Additionally, Theodore E. Dimmitt, Fremont, Neb., filed to retain control of Arlington State Banc Holding Company.

▷ Calumet Bancorporation, Inc., Chilton, Wis., intends to merge with Calumet Bancshares, Inc., Brillion, Wis., and thereby acquire Calumet County Bank, Brillion, Wis.

▷ County Bancorp, Inc., Manitowoc, Wis., filed to acquire Fox River Valley Bancorp, Inc., Appleton, Wis., and thereby acquire The Business Bank, Appleton, Wis.

▷ Change in Control Notice filed by the Irrevocable Trust Agreement of Robert Vogel, Elko New Market, Minn., to acquire 20 percent or more of Market Bancorporation, Elko New Market, and join the Vogel Family Group that controls 100 percent of Market Bancorporation, and thereby controls New Market Bank, Elko New Market.

▷ Wintrust Financial Corporation, Rosemont, Ill., filed to acquire via merger Generations Bancorp, Inc., and thereby acquire Foundations Bank, both of Pewaukee, Wis. In addition, Town Bank, Hartland, Wis., filed to merge with Foundations Bank.

▷ Allendale Bancorp, Inc., Allendale, Ill., authorized to acquire First State Bank of West Salem, Ill.

▷ Frandsen Financial Corporation, Arden Hills, Minn., authorized to acquire Provincial Bank, Lakeville.

▷ Mackinac Financial Corporation, Manistique, Mich., filed to acquire The First National Bank of Eagle River, Wis.

Fed Notes

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

Shareholder Agreement Considerations

By Julie Randall

Staff of the Federal Reserve Bank of Minneapolis often encounters agreements among the shareholders of a bank holding company and the BHC that govern the disposition of the BHC's stock. (Similar concerns may arise with savings and loan holding companies.) Shareholder agreements can include restrictions that raise supervisory or control issues. Also, shareholder agreements may be considered a BHC under section 3 of the Bank Holding Company Act of 1956, as amended. Shareholder agreements presenting any of these issues may delay the processing of applications filed with the Federal Reserve or require resolution during supervisory reviews. In this article I will discuss some of the issues we commonly identify in shareholder agreements, although the nature of the issues and their significance will vary.

Shareholder agreements including provisions that impair a BHC's ability to raise or maintain capital will receive supervisory scrutiny. Examples of such provisions include burdensome restrictions on the transfer of shares, particularly to third parties, or requirements that the BHC compensate existing shareholders if shares are sold to new investors at a lower price. BHCs must act as a source of strength to their subsidiary banks so limitations on their ability to grow or maintain capital are a significant safety and soundness concern. This is especially true when the organization is experiencing financial difficulties. Supervision and Regulation Letter 15-15, "Supervisory Concerns Related to Shareholder Protection Arrangements," discusses the types of provisions designed to protect existing shareholders that are of concern. Institutions may be tempted to include these provisions in order to attract investors now, but these provisions can make it difficult to attract new capital in the future. As such, supervisory review may require their elimination.

Shareholder agreements also can present control issues. Agreements that relate to acquisition, voting or transfer of shares generally raise a presumption that all signers are acting in concert to control the organization. This presumption subjects the shareholders to filing requirements under the Change in Bank Control Act. Some examples of situations where the System has found concerted action include certain "right of first refusal" (ROFR) provisions and requirements that all existing and future shareholders sign the agreement. The agreement raises a question of control when the ROFR allows a long period of time to elapse between the selling shareholder's offer to sell and the expiration of all refusal rights. Concerns most frequently arise where there are multiple, consecutive periods for shareholders and the BHC to consider exercising their purchase options (although a single very long period also can be problematic). Similarly, agreements that require subsequent purchasers to sign the agreement, absent a strong business reason, could result in a determination that the shareholders collectively control the BHC because they restrict transfer of shares.

Supervisory concerns also exist when shareholder agreements are structured so they are considered a company under the BHC Act. The Federal Reserve System has determined that shareholder agreements and other buy-sell agreements are generally not considered companies for the purposes of the BHC Act if they meet the following criteria:

- They relate only to the shares of a single BHC or bank,
- They terminate within 25 years, and
- They involve parties who are not participants in any similar or related agreement with respect to any other bank or nonbank business.

The lack of an appropriate termination provision most frequently causes a shareholder agreement to be deemed a company. Filings by shareholder agreements to become a BHC face significant challenges and we strongly discourage them. These entities struggle to demonstrate their ability to serve as a source of strength to their subsidiaries.

A final potential concern arises when a shareholder agreement requires every shareholder to sell their shares when a set number or percentage of shareholders agrees to sell. These are frequently

Fed Notes, *Continued on page 18*

NEBRASKA BANK HOLDING COMPANIES

HOLDING COMPANY, LOCATION Subsidiary Bank, Location	CONSOLIDATED ASSETS*	SUBSIDIARY ASSETS*
1.FIRST NATIONAL OF NEBRASKA, INC., OMAHA	**17,624,149**	
FIRST NATIONAL BANK OF OMAHA		17,539,989
2.PINNACLE BANCORP, INC., CENTRAL CITY	**8,531,399**	
BANK OF COLORADO, FORT COLLINS		2,879,032
PINNACLE BANK, KEENE, TX		649,218
PINNACLE BANK, LINCOLN		4,290,934
PINNACLE BANK - WYOMING, TORRINGTON, WY		698,119
WOODHAVEN NATIONAL BANK (ACQUIRED 2015), FORT WORTH, TX		461,211
3.FARMERS & MERCH. INVESTMENT, INC., LINCOLN	**3,238,927**	
UNION BANK AND TRUST CO., LINCOLN		3,191,997
4.AMERICAN NATIONAL CORP., OMAHA	**2,827,196**	
AMERICAN NATIONAL BANK, OMAHA		2,300,652
WESTERN BANK, N.A. (MERGED DURING 2015), SAINT PAUL, MN		525,710
5.FIRST YORK BAN CORP., YORK	**1,405,752**	
CORNERSTONE BANK, YORK		1,405,752
6.HOMETOWN BANC CORP, GRAND ISLAND	**1,194,119**	
FIVE POINTS BANK, GRAND ISLAND		916,288
FIVE POINTS BANK OF HASTINGS		278,032
7.PLATTE VAL. FIN'L. SVC COs., INC., SCOTTSBLUFF	**958,767**	
MOUNTAIN VALLEY BANK, WALDEN		148,588
PLATTE VALLEY BANK, TORRINGTON, WY		338,075
PLATTE VALLEY BANK, SCOTTSBLUFF		469,112
8.SECURITY NATIONAL CORP., OMAHA	**760,004**	
SECURITY NATIONAL BANK OF OMAHA		760,004
9.EXCHANGE CO., KEARNEY	**742,539**	
EXCHANGE BANK, GIBBON		725,093
10.FEO INVESTMENTS, INC., NORFOLK	**735,803**	
ELKHORN VALLEY BANK & TRUST, NORFOLK		735,518
11.ADBANC, INC., OGALLALA	**659,054**	
ADAMS BANK & TRUST, OGALLALA		647,977
12.FRONTIER HOLDINGS, LLC, OMAHA	**645,000**	
FRONTIER BANK, OMAHA		333,954
PENDER STATE BANK (MERGED DURING 2015), PENDER		167,456
RICHARDSON CTY B&T CO. (MERGED DURING 2015), FALLS CITY		136,406
13.NEBRASKALAND FIN'L. SVCS, INC., NO. PLATTE	**642,300**	
NEBRASKALAND NATIONAL BANK, NORTH PLATTE		641,487
14.MIDWEST BANC HOLDING CO., PIERCE	**636,743**	
MIDWEST BANK N.A., PIERCE		636,517
15.COUNTRY BANK SHARES, INC., MILFORD	**609,679**	
FARMERS AND MERCHANTS BANK, MILFORD		609,503
16.HERITAGE GROUP, INC., AURORA	**603,417**	
HERITAGE BANK, WOOD RIVER		603,006
17.FIRST NEBRASKA BANCS, INC., SIDNEY	**588,719**	
POINTS WEST COMMUNITY BANK, JULESBURG, CO		215,30
POINTS WEST COMMUNITY BANK, SIDNEY		369,446
18.CITIZENS NATIONAL CORP., WISNER	**455,369**	
CASS COUNTY BANK, INC., PLATTSMOUTH		66,146
CITIZENS STATE BANK, WISNER		338,498
19.CORNHUSKER GROWTH CORP., LINCOLN	**444,720**	
CORNHUSKER BANK, LINCOLN		444,396
20.FIRST STATE HOLDING CO., LINCOLN	**437,106**	
FIRST STATE BANK NEBRASKA, LINCOLN		432,664
21.WEST GATE BANSHARES, INC., LINCOLN	**414,068**	
WEST GATE BANK, LINCOLN		408,685
22.WEST POINT BANCORP, INC., WEST POINT	**400,460**	
F&M BANK, WEST POINT		264,505
TOWN & COUNTRY BANK, LAS VEGAS, NV		131,440
23.DS HOLDING CO., INC., OMAHA	**395,130**	
CORE BANK, OMAHA		393,570
24.FIRST STATE BANCSHARES, INC., SCOTTSBLUFF	**382,113**	
FIRST STATE BANK, SCOTTSBLUFF		252,066
SECURITY FIRST BANK, CHEYENNE, WY		71,712
25.GENEVA STATE CO., GENEVA	**381,831**	
HEARTLAND BANK, GENEVA		375,790
26.C.S.B. CO., COZAD	**370,480**	
FIRST NATIONAL BANK OF CHADRON		126,260
HOMESTEAD BANK, COZAD		243,298
27.FIRST EXPRESS OF NEBRASKA, INC., GERING	**369,278**	
VALLEY BANK AND TRUST CO., SCOTTSBLUFF		369,216
28.FIRST GOTHENBURG BANCSHARES, INC.	**343,661**	
FIRST STATE BANK, GOTHENBURG		343,372
29.BLAIR HOLDINGS, INC., OMAHA	**340,193**	
WASHINGTON COUNTY BANK, BLAIR		339,152
30.BRUNING BANCSHARES, INC., BRUNING	**330,044**	
BRUNING STATE BANK, BRUNING		328,200
31.GRAFF FAMILY, INC., MCCOOK	**326,740**	
MCCOOK NATIONAL BANK, MCCOOK		325,230
32.NORTH CENTRAL BANCORP, INC., NORFOLK	**320,097**	
BANKFIRST, NORFOLK		317,673
33.JONES NATIONAL CORP., SEWARD	**308,415**	
JONES NATIONAL BANK AND TRUST CO. OF SEWARD		225,352
OAK CREEK VALLEY BANK, VALPARAISO		79,910
34.FARM & HOME INSURANCE AGENCY, INC., LYONS	**277,015**	
FIRST NATIONAL BANK NORTHEAST, LYONS		274,610
35.VALLEY BANK SHARES, INC., VALLEY	**269,727**	
FIRST NEBRASKA BANK, VALLEY		268,976
36.MIDWEST BANCO CORP., COZAD	**265,188**	
FIRST BANK AND TRUST CO., COZAD		264,372
37.AMFIRST FINANCIAL SERVICES, INC., MCCOOK	**263,297**	
AMFIRST BANK, MCCOOK		261,729
38.AMERIWEST CORP., OMAHA	**262,517**	
FIRST WESTROADS BANK, INC., OMAHA		261,853
39.DANES HOLDINGS, INC., OMAHA	**247,960**	
SHELBY COUNTY STATE BANK, HARLAN		247,955
40.ENTERPRISE HOLDING CO., OMAHA	**240,966**	
ENTERPRISE BANK, OMAHA		240,182
41.3MV BANCORP, INC., OMAHA	**238,900**	
ACCESS BANK, OMAHA		238,864
42.CATTLE CROSSING, INC., SEWARD	**234,705**	
CATTLE NATIONAL BANK & TRUST CO., SEWARD		233,412
43.LAURITZEN INVESTMENTS, INC., OMAHA	**227,315**	
FARMERS AND MERCHANTS STATE BANK, BLOOMFIELD		121,778
44.HENDERSON STATE CO., HENDERSON	**227,264**	
HENDERSON STATE BANK, HENDERSON		227,260
45.BANK MANAGEMENT, INC., WAHOO	**219,617**	
FIRSTBANK OF NEBRASKA, WAHOO		218,845
FIRST STATE FREMONT, INC., FREMONT	217,928	
FIRST STATE BANK & TRUST CO., FREMONT		211,507
46.NATIONWIDE BANKSHARES, INC., WEST POINT	**214,057**	
CHARTER WEST BANK, WEST POINT		214,057
47.COMMFIRST BANCORP., INC., SOUTH SIOUX CITY	**212,052**	
IOWA-NEBRASKA STATE BANK, SOUTH SIOUX CITY		211,639
48.PREMIER BANCSHARES, INC., OMAHA	**210,123**	
PREMIER BANK, OMAHA		203,250
49.FIRST CENTRAL NEBRASKA CO., BROKEN BOW	**202,547**	
NEBRASKA STATE BANK AND TRUST CO., BROKEN BOW		202,547
50.VIKING CORP., OMAHA	**192,947**	
CRAWFORD COUNTY TRUST AND SAVINGS BANK, DENISON, IA		131,415
LANDMANDS BANK, AUDUBON, IA		61,224
51.CENTRAL BANCSHARES, INC., CAMBRIDGE	**190,456**	
FIRST CENTRAL BANK, CAMBRIDGE		93,319
FIRST CENTRAL BANK MCCOOK		95,336
52.FIRST LAUREL SECURITY CO., LAUREL	**184,031**	
SECURITY BANK, LAUREL		183,542
53.NBC BANCSHARES LLC, LINCOLN	**183,631**	
MOUNTAIN VIEW BANK OF COMMERCE, WESTMINSTER, CO		72,424
NEBRASKA BANK OF COMMERCE, LINCOLN		108,337
54.ISHAM MANAGEMENT CO., GORDON	**180,982**	
FIRST NATIONAL BANK OF GORDON		179,664
55.MACKEY BANCO, INC., ANSLEY	**179,415**	
SECURITY STATE BANK, ANSLEY		178,893
56.RED OAK FINANCIAL CORP., OMAHA	**173,221**	
HOUGHTON STATE BANK, RED OAK, IA		173,216
57.PLATTE VALLEY CATTLE CO., GRAND ISLAND	**167,279**	
TOWN & COUNTRY BANK, RAVENNA		166,856
58.FIRST KENESAW CO., KENESAW	**166,625**	
ADAMS COUNTY BANK, KENESAW		166,513

*Source: Regulatory financial reports filed by bank holding companies and banks, data as of June 30, 2015. *Dollar amounts in thousands*

NEBRASKA BANK HOLDING COMPANIES

HOLDING COMPANY, LOCATION Subsidiary Bank, Location	CONSOLIDATED ASSETS*	SUBSIDIARY ASSETS*
59.TCM CO., CRETE	**162,495**	
CITY BANK & TRUST CO., LINCOLN		162,362
60.BELLWOOD COMM. HOLDING CO., BELLWOOD	**160,624**	
BANK OF THE VALLEY, BELLWOOD		160,624
61.SANDHILLS FINANCIAL SERVICES, LLC, BASSETT	**158,536**	
SANDHILLS STATE BANK, BASSETT		158,406
62.ARMSTRONG FINANCIAL CO., MINDEN	**148,145**	
MINDEN EXCHANGE BANK & TRUST CO., MINDEN		148,145
63.WILLIAMS FINANCIAL CORP., GOTHENBURG	**145,021**	
GOTHENBURG STATE BANK AND TRUST CO., GOTHENBURG		144,607
64.YORK HOLDINGS, INC., OMAHA	**143,918**	
YORK STATE BANK, YORK		143,913
65.FIRST NATIONAL FAIRBURY CORP., FAIRBURY	**143,794**	
FIRST NATIONAL BANK OF FAIRBURY		143,682
66.REPUBLIC CORP., OMAHA	**142,818**	
UNITED REPUBLIC BANK, OMAHA		142,818
67.STATE NATIONAL BANCSHARES, INC., WAYN	**142,520**	
STATE NEBRASKA BANK & TRUST, WAYNE		142,520
68.ARLINGTON STATE BANC HOLDING CO., BLAIR	**141,347**	
TWO RIVERS STATE BANK, BLAIR		141,347
69.FINANCIAL BANCSHARES, INC., LA VISTA	**138,888**	
BANK OF NEBRASKA, LA VISTA		138,887
70.LOOMIS CO., OMAHA	**138,580**	
FIRST STATE BANK, LOOMIS		136,472
71.BBJ INC., ORD	**135,838**	
FIRST NATIONAL BANK IN ORD		135,742
72.PATHWAY BANCORP, CAIRO	**133,775**	
PATHWAY BANK, CAIRO		133,724
73.FIRST BEEMER CORP., BEEMER	**132,673**	
FIRST COMMUNITY BANK, BEEMER		131,892
74.UNIBANC CORP., MAYWOOD	**130,445**	
BANK OF STAPLETON (MERGED DURING 2015)		25,467
COMMUNITY FIRST BANK, MAYWOOD		101,997
75.FARMERS STATE BANCSHARES, INC., DODGE	**128,156**	
FARMERS STATE BANK, DODGE		116,552
76.AMBAGE, INC., WEST POINT	**126,827**	
F&M BANK, FALLS CITY		126,700
77.BANNER COUNTY BAN CORP., HARRISBURG	**114,336**	
BANNER CAPITAL BANK, HARRISBURG		114,336
OREGON TRAIL BANK (ACQUIRED DURING 2015,GUERNSEY, WY)		34,121
78.COLBANK BANCORP, COLUMBUS	**113,890**	
COLUMBUS BANK AND TRUST CO., COLUMBUS		113,857
79.CAMPBELL STATE CO., LINCOLN	**113,659**	
SOUTH CENTRAL STATE BANK, CAMPBELL		113,652
80.AMERICAN INTERSTATE BANCORP., OMAHA	**108,846**	
AMERICAN INTERSTATE BANK, ELKHORN		102,814
81.NEBRASKA BANKSHARES, INC., FARNAM	**108,258**	
COMMUNITY BANK (MERGED DURING 2015), ALMA		50,973
FIRST STATE BANK, FARNAM		56,821
82.TRI-COUNTY CO., STUART	**104,354**	
TRI-COUNTY BANK, STUART		104,287
83.COMMERCIAL INVESTMENT CO., INC., AINSWORTH	**104,211**	
WEST PLAINS BANK, AINSWORTH		104,044
84.DONIPHAN BANCSHARES, INC., DONIPHAN	**101,578**	
BANK OF DONIPHAN		100,548
85.SCHNEIDER BANCORP., PLATTSMOUTH	**97,284**	
PLATTSMOUTH STATE BANK, PLATTSMOUTH		96,160
86.BSB BANCSHARES, INC., BRUNSWICK	**96,712**	
BRUNSWICK STATE BANK, BRUNSWICK		96,712
87.WAUSA BANSHARES, INC., WAUSA	**94,149**	
COMMERCIAL STATE BANK, WAUSA		92,426
88.BANCOOK CORP., COOK	**93,591**	
FARMERS BANK OF COOK		89,554
89.AMERICAN NATIONAL SIDNEY CORP., SIDNEY	**92,200**	
AMERICAN NATIONAL BANK OF SIDNEY		86,297
90.HILLTOP BANCSHARES, INC., BENNINGTON	**85,926**	
BANK OF BENNINGTON		84,412

HOLDING COMPANY, LOCATION Subsidiary Bank, Location	CONSOLIDATED ASSETS*	SUBSIDIARY ASSETS*
91.KINGSBURY BDC FIN'L. SERVICES, INC., PONCA	**85,437**	
BANK OF DIXON COUNTY, PONCA		85,436
92.TILDEN BANCSHARES, INC., TILDEN	**85,315**	
TILDEN BANK, TILDEN		84,912
93.CYPRESS CORP., OMAHA	**80,571**	
SIBLEY STATE BANK, SIBLEY		80,433
94.WHEELER COUNTY BANCSHARES, INC., ERICSON	**80,402**	
ERICSON STATE BANK, ERICSON		80,373
95.FOUNDATION FIRST CORP., OMAHA	**78,640**	
FOUNDATION ONE BANK, WATERLOO		78,299
96.CEDAR BANCORP, HARTINGTON	**78,225**	
BANK OF HARTINGTON		78,182
97.WESTERN BANCSHARES, INC., CURTIS	**77,975**	
WESTERN NEBRASKA BANK, CURTIS		77,938
98.FIRST NATIONAL HOLDING CO., INC., FULLERTON	**77,930**	
FIRST BANK AND TRUST OF FULLERTON		77,270
99.SUMMERFIELD FINANCIAL SERVICES, LLC, LINCOLN	**76,010**	
WESTERN NATIONAL BANK, CHESTER		75,884
100.FIRST NAT'L. JOHNSON BANCSHARES, INC.	**75,515**	
FIRST NATIONAL BANK OF JOHNSON		71,748
101.FIRST OF MINDEN FINANCIAL CORP., MINDEN	**75,206**	
FIRST BANK AND TRUST CO., MINDEN		73,132
102.AMERIGROUP, INC., HERSHEY	**75,028**	
HERSHEY STATE BANK, HERSHEY		74,989
103.UB, INC., UNADILLA	**74,824**	
COUNTRYSIDE BANK, UNADILLA		74,824
104.NEBANCO, INC., WALLACE	**72,243**	
FARMERS STATE BANK, WALLACE		49,288
105.FARMERS & MERCHANTS FIN'L. CORP., ASHLAND	**72,026**	
FARMERS AND MERCHANTS BANK OF ASHLAND		72,014
106.SCRIBNER BANSHARES, INC., SCRIBNER	**70,959**	
SCRIBNER BANK, SCRIBNER		70,752
107.PLATTE VALLEY BANCORP, INC., NORTH BEND	**69,426**	
PLATTE VALLEY BANK, NORTH BEND		69,424
108.HOHL FINANCIAL, INC., WAHOO	**69,034**	
WAHOO STATE BANK, WAHOO		68,620
109.KEYSTONE INVESTMENT, INC., KEYSTONE	**66,404**	
BANK OF KEYSTONE		66,288
110.CHAMBANCO, INC., CHAMBERS	**66,313**	
CHAMBERS STATE BANK, CHAMBERS		42,988
FARMERS STATE BANK, EWING		21,991
111.F M CO., KEARNEY	**65,493**	
FARMERS AND MERCHANTS BANK, MILLIGAN		64,962
112.FIRST NATIONAL UTICA CO., UTICA	**64,779**	
FIRST BANK OF UTICA		64,164
113.COMMERCIAL STATE HLDG. CO., INC., REPUB. CITY	**63,434**	
COMMERCIAL STATE BANK, REPUBLICAN CITY		63,222
114.FIRST STATE BANCORP, INC., RANDOLPH	**62,624**	
FIRST STATE BANK, RANDOLPH		62,604
115.DUROC INVESTMENT CO., TABLE ROCK	**62,517**	
STATE BANK OF TABLE ROCK		62,414
116.THAYER AGENCY, INC., HEBRON	**62,102**	
THAYER COUNTY BANK, HEBRON		56,228
117.ANTELOPE BANCSHARES, INC., ELGIN	**59,785**	
BANK OF ELGIN		59,753
118.CLARKSON MANAGEMENT CO., CLARKSON	**58,850**	
CLARKSON BANK, CLARKSON		58,832
119.SWANTON AGENCY, INC., SWANTON	**56,030**	
FIRST TRI-COUNTY BANK, SWANTON		56,012
120.SIOUXLAND NATIONAL CORP., SOUTH SIOUX CITY	**51,914**	
SIOUXLAND NATIONAL BANK, SOUTH SIOUX CITY		51,908
121.CERESCO BANCORP, INC., CERESCO	**51,529**	
CERESCOBANK, CERESCO		44,448
122.LINDSAY STATE CO., LINDSAY	**51,523**	
BANK OF LINDSAY		51,410
123.CEDAR FINANCIAL HOLDING, INC., FORDYCE	**49,985**	
CEDAR SECURITY BANK, FORDYCE		50,218

*Source: Regulatory financial reports filed by bank holding companies and banks, data as of June 30, 2015. *Dollar amounts in thousands*

NEBRASKA BANK HOLDING COMPANIES

HOLDING COMPANY, LOCATION Subsidiary Bank, Location	CONSOLIDATED ASSETS*	SUBSIDIARY ASSETS*
124.O & F CATTLE CO., OSHKOSH	49,792	
NEBRASKA STATE BANK, OSHKOSH		49,756
125.AMERICAN EXCHANGE CO., ELMWOOD	48,740	
AMERICAN EXCHANGE BANK, ELMWOOD		42,326
126.WOODSTOCK LAND AND CATTLE CO., FULLERTON	48,516	
FULLERTON NATIONAL BANK, FULLERTON		43,743
127.FRANKLIN STATE BANCSHARES, INC., FRANKLIN	47,794	
FRANKLIN STATE BANK, FRANKLIN		47,794
128.BUTTE STATE CO., BUTTE	47,483	
BUTTE STATE BANK, BUTTE		42,136
129.EBERLY INVESTMENT CO., STANTON	46,032	
STANTON STATE BANK, STANTON		45,725
130.JEFFERSON COUNTY BANCSHARES, INC., DAYKIN	45,218	
JEFFERSON COUNTY BANK, DAYKIN		45,209
131.BYRON STATE, INC., BYRON	44,449	
BYRON STATE BANK, BYRON		44,459
132.C L C ENTERPRISES, INC., NELSON	44,390	
COMMERCIAL BANK OF NELSON		38,550
133.SPRINGFIELD BANK CO., INC., SPRINGFIELD	43,980	
SPRINGFIELD STATE BANK, SPRINGFIELD		43,958
134.SWEDLUND MANAGEMENT CO., MURRAY	42,813	
MURRAY STATE BANK, MURRAY		45,559
135.TRI VALLEY BANCSHARES, INC., TALMAGE	41,916	
TRI VALLEY BANK, TALMAGE		41,916
136.FIRSTAND CO., HORDVILLE	41,015	
FIRST STATE BANK, HORDVILLE		40,960
137.CEDAR RAPIDS STATE CO., CEDAR RAPIDS	40,715	
CEDAR RAPIDS STATE BANK, CEDAR RAPIDS		40,806
138.MALMO BANCORP, INC., MALMO	40,489	
SECURITY HOME BANK, MALMO		40,758
139.ENEVOLDSEN MANAGEMENT CO., POTTER	38,547	
POTTER STATE BANK OF POTTER		38,544
140.EMSWATER FINANCIAL, LLC, EXETER	38,403	
GENERATIONS BANK, EXETER		37,488
141.CLARK BANCSHARES, INC., CLARKS	38,195	
BANK OF CLARKS		37,493
142.RAE VALLEY FINANCIALS, INC., PETERSBURG	37,910	
GREAT PLAINS STATE BANK, PETERSBURG		37,871
143.FARMERS STATE BANCSHARES II, INC., SPENCER	36,923	
FARMERS STATE BANK, SPENCER		32,379
144.BATTLE CREEK STATE CO., INC., BATTLE CREEK	35,222	
BATTLE CREEK STATE BANK, BATTLE CREEK		34,890
145.FIRST NEWMAN GROVE BANKSHARES CORP.	34,408	
BANK OF NEWMAN GROVE		34,408
146.HILDRETH STATE CO., INC., HILDRETH	30,534	
STATE BANK OF HILDRETH		30,542
147.HASSENSTAB MANAGEMENT CO., INC., HUMPHREY	29,516	
FARMERS STATE BANK, HUMPHREY		29,392
148.CARROLL BANCORP., CARROL	27,878	
FARMERS STATE BANK, CARROLL		27,787
149.SELKO BANCO, INC., MEAD	27,519	
BANK OF MEAD		27,519
150.S. & S. INVESTMENT CO., ODELL	26,165	
STATE BANK OF ODELL		26,165
151.MCHUGH INVESTMENT CO., MURDOCK	25,334	
CORN GROWERS STATE BANK, MURDOCK		25,921
152.ORCHARD BANCORP., ORCHARD	25,200	
BANK OF ORCHARD		25,362
153.LEWELLEN NATIONAL CORP., LEWELLEN	25,100	
BANK OF LEWELLEN		25,099
154.PRAGUE CO., VALLEY	23,783	
BANK OF PRAGUE		23,753
155.EAGLE BANCSHARES, INC., EAGLE	23,499	
EAGLE STATE BANK, EAGL		23,498
156.CARLETON AGENCY, INC., CARLETON	18,828	
CITIZENS STATE BANK, CARLETON		18,788
157.WALLCO, INC., NEHAWKA	16,756	
NEHAWKA BANK, NEHAWKA		16,580
158.JDJ BANCO, INC., LYNCH	15,188	
NEBRASKA STATE BANK, LYNCH		15,188
159.STEINAUER BANCORP, STEINAUER	11,953	
BANK OF STEINAUER		11,951

*Source: Regulatory financial reports filed by bank holding companies and banks, data as of June 30, 2015. *Dollar amounts in thousands*

Down to Business, *Continued from page 5*

problem; others say no bank should be allowed to grow beyond a certain size. Others say size is not the issue, risks arise more as a result of extensive interconnectedness and complexity. I am sure all of these scenarios will be discussed throughout the Fed's study of this issue.

Kashkari is a logical person to take on this challenge, considering his experience with the Treasury Department where he ran the Troubled Asset Relief Program. Also, the Minneapolis Fed has a history of working on TBTF. Senior Vice President Ron Feldman and former President Gary Stern wrote a book on the topic twelve years ago.

But TBTF is a complicated, political problem. Policy-makers have been working on this for years. It's a gutsy move for Kashkari to take this on as his first project in a new job. The Bank Holding Company Association has a long-established partnership with the Federal Reserve Bank of Minneapolis and we hope to have Kashkari as a speaker at one of our seminars as soon as possible. I look forward to seeing this process play out with anticipation of real progress being made toward a workable solution.

Negative interest rates, resolving TBTF – these are not times for the faint of heart. We have big issues to address in this industry and if we work together I am confident we can manage these challenges in a win-win manner. ▯

Fed Notes, *Continued from page 15*

referred to as "drag-along" provisions. In these cases, shareholders who are not natural persons (or testamentary trusts) could be considered to control all shares subject to the agreement. These entities (e.g., LLCs, corporations) would likely be considered BHCs and be required to file under section 3 of the BHC Act.

This article highlights some issues common to BHC shareholder agreements. The determination if a particular shareholder agreement raises supervisory concerns is based on a facts-and-circumstances analysis. If you have questions about shareholder agreements, please contact Reserve Bank staff.

Julie Randall is Applications Analyst at the Federal Reserve Bank of Minneapolis.

The BHCA:
A unique value

- ✓ **Bank owners**
- ✓ **Presidents & Senior Officers**
- ✓ **Directors**

If you are a bank owner, or expect to be one down the road, 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 unbeatable value.

SEMINARS

Members receive discounted registration rates 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, such as succession planning, tax issues, merger and acquisition preparation, legal/accounting issues and more.

INSIGHT

Appreciate our regional focus.
With holding company members from Minnesota, Wisconsin, the Dakotas, Iowa, Illinois and Nebraska, 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.

NETWORKING

Get access to other owners, decision-makers.
One of the most valuable features of our 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 and decision-makers from across the Upper Midwest.

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.*

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.

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.*

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**

BANK OWNER
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