

Bank Owner

The magazine of the Bank Holding Company Association



Economics & Politics

Spring Seminar
themes inspire
discussion
about future



A glimpse into membership

Fed Notes: Accurate filings key

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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 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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Survey offers useful insight into BHCA membership interests

As Tom Bengtson explains in his column, I became president of the Bank Holding Company Association at a meeting of the board of directors on May 2, following the resignation of Michael Vekich. I am an avid supporter of the BHCA and am pleased to continue my board service to the organization as president.

I am chairman of the \$335 million RiverWood Bank which has 10 branches in Northern and Central Minnesota. I also am a founder and chairman of our holding company, which is based in Baxter, Minn. I joined the bank in 2003 initially serving as CEO until 2006 at which time I became chairman. Prior to that, I worked in Baxter, Minn., as president of Northern National Bank. In the early 1990s, I worked at Boatmen's Bank in Spencer, Iowa. Earlier in my career, I worked for First Bank offices in Duluth, Sioux Falls and Worthington. I have a Bachelor of Arts degree in Business Administration from Buena Vista College in Storm Lake, Iowa, and I am a graduate of the Graduate School of Banking at Madison, Wis.

I have been active in the Brainerd Lakes Area Economic Development Corporation, YMCA, Rotary Club and the Brainerd Basketball Association. My wife, Marcene, and I will be celebrating our 40th wedding anniversary this summer. We have two grown children. My oldest son, Matt, is a Business Banker at Bridgewater Bank and my youngest son, Mitchell, is a CPA with Grant Thornton in Minneapolis. We have three grandchildren. Hobbies include golfing, fishing, and snowmobiling.

I hope you had the opportunity to attend the Spring Seminar last month, as I believe it was one of the best seminars BHCA has hosted in years. The evaluation forms completed by many of the seminar participants affirm that sentiment. The speakers seemed to be particularly relevant, commenting on industry issues, the economy and our political environment. We also brought back our dinner-and-a-show event Tuesday evening. About 25 people enjoyed a great meal at SpoonRiver and then a delightful presentation of "Harvey" at the Guthrie Theater.

At the seminar, the BHCA launched a membership survey to gauge some of your interests. The goal is to take the information gleaned from these surveys and use them to improve our existing products and services, as well as add new ones as appropriate. About 50 people turned in surveys at the seminar and another 50 or so have returned electronic versions of the same survey we circulated about a week after the seminar.

Survey results show BHCA members highly value their membership with about 95 percent saying they find their dues to be a good value. About 93 percent feel so strongly about their membership that they said they would recommend the BHCA to a colleague in the industry who isn't currently a member. When asked to name the BHCA benefits they value most, survey respondents overwhelmingly identified our semi-annual seminars and networking opportunities. The *Bank Owner* magazine was named as the third-most valued benefit, followed by the membership directory, webinars and the BHCA website.

Regarding *Bank Owner*, more than 85 percent said the magazine is useful and interesting, and most want to see it continue to be published in paper format, although about a quarter of the membership said they also appreciate our electronic version. If you are not familiar with the electronic version of this magazine, I encourage you to visit our website at www.theBHCA.org and log in. Then, click on the BHCA "Members Access" icon on the left side of the home page for a complete library of every edition of *Bank Owner* the association has ever published. You might find it interesting to review some of the previously published editions.



By Paul Means
Great River Holding Company
Baxter, Minn.

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President's Observations, Continued on page 14

Board changes, events update, and a look at the four 'R's

Michael Vekich who has been on our board since 2014, has stepped down as BHCA president for personal reasons. He informed me of his decision in April, shortly after his wife, Susan Kay, passed away. Also a factor in the decision, he said, was the acquisition of his holding company, HF Financial Corp., of Sioux Falls, S.D., by Great Western Bancorp. Inc. That deal was completed on May 16. All of us on the BHCA board appreciate Mike's service and wish him well.

Paul Means of Great River Holding Company in Baxter, Minn., has moved into the president's role. He had been the BHCA vice president. Chad Bergan, who has been on the board since 2013, has been voted by the board to be vice president.

March Mini Seminar

The BHCA hosted a one-day seminar on March 15 at the Honey Creek Resort in Moravia, Iowa. The purpose of the event was to provide holding company education to a group of bankers who might not know about us. We had a group of about 15 bankers and about 10 associate members join us for the event. It featured presentations on sub S incorporation, a look at the M&A scene, issues for successful succession planning, and media management. The presentations were all excellent.

For lunch, we joined with another group of bankers meeting at the same venue that day and heard from Stevie Ray, an energetic and entertaining speaker on communication in the workplace. He had the group of more than 100 people interacting (and laughing). Ray is the founder of an improvisational comedy troupe which makes its home at the Chanhassen Dinner Theatre in the Minneapolis-St. Paul area. Ray will be our after-dinner speaker at the Fall Seminar in a few months.

While attendance at the mini seminar was modest, I was encouraged that we attracted so many bankers who said they had not previously heard of us. There are many bank holding companies in Iowa, Missouri and Illinois so I am confident that it makes sense for BHCA to continue to reach out to bankers in that part of the Midwest. I expect we will host another event in central Iowa in spring of 2017. We hope to get most of the 2016 attendees to come back; hopefully, they will tell their friends in the industry and we will multiply our numbers.

Webinars

We have a full slate of webinars scheduled for the latter half of 2016. Our Associate Members consistently step up to offer expertise in many areas that are of interest to bank owners and holding company officers. This year's slate of webinars consists of presentations on estate planning, succession planning, strategies for maximizing profitability and ID theft prevention strategies.

Furthermore, we will again be offering our Directors' Series in November, which will be made up of webinars presented in three successive weeks on capital planning, top legal issues and BSA training. We price these webinars very economically so they can truly be useful to you and your colleagues at the bank. Look for the ad on page 11 for details, and then go to our website to register.



By Tom Bengtson
BHCA Managing Director

Hold the Date

Be sure to mark your calendar now for our Fall Seminar, which will take place Monday and Tuesday, Oct. 3-4 at the Minneapolis Airport Marriott Hotel in Bloomington, Minn. We have several outstanding presenters lined up. I am especially excited about our lunch, when we will be hosting guests from the Minnesota Chapter of the Risk Management Association. Our speaker is Neel Kashkari, the president of the Federal Reserve Bank of Minneapolis. Watch for more information on the Fall Seminar, to be mailed out soon.

The four 'R's

I want to conclude by sharing with you something I learned recently in a class I took at a local university. It is the four "R's" for approaching a project. They are: Read, reflect, respond and relax. Let me explain.

Read – When you are about to do anything, you need to study the situation as much as you can. Gather data, talk to people who have done something similar, read all you can about it, so that you understand what you are getting into.

Reflect – Once you have gathered data and information, take time to reflect on what you have found. Do you have enough information to truly understand what you are undertaking? What else do you need to know before you can make an informed decision about how to proceed? What experience have others had trying something similar? How can you do better? There are a myriad of questions you can ask yourself, but the point is to take time to seriously consider what you are trying to do, based on the information you collected during the "read" phase.

Respond – Once you have gathered all the relevant information, and considered it thoroughly, then respond. This is where most projects fall apart. Many people have aspirations. They say they want to do things. Perhaps they even gather information about their potential project and make a plan for carrying through with

Down to Business, Continued on page 14

Bankers get various views on keys to growth, success in today's industry environment

There is no magic size for success in banking, said John Freechack, principal at Piper Jaffray's Financial Institutions Investment Banking Group. Freechack and Barack Ferrazzano attorney Joseph Ceithaml co-presented in the kick-off presentation to the 2016 BHCA Spring Seminar. The May 2-3 meeting was conducted at the Minneapolis Airport Marriott Hotel in Bloomington, Minn., and attracted some 220 bankers and guests.

Larger institutions do have scale and the market clearly values banks between \$1 billion and \$10 billion for their efficiency, Freechack said.

Community banks, however, do not need to view the market's opinion as the final word, Freechack said. "You do not need to be \$1 billion to survive," he said. "You can be successful at the smaller size. We know plenty of successful \$250 million banks that know their marketplace and have a strategy. There is no magic number."

A different approach

Bankers considered a strategy to increase profitability after separate presentations by Rich Berg, CEO of Performance Trust Capital Partners, and Josh Gutttau, CEO of TS Banking Group, which manages the \$595 million Treynor Bancshares, Inc.. The Treynor, Iowa-based company is the holding company for Treynor State Bank, known as TS Bank, and The Bank of Tioga, N.D. The company plans to close on its acquisition of the \$79 million Okey-Vernon First National Bank, Corning, Iowa, during the summer.

Bank balance sheets, Berg said, have three parts: liquidity, non-core relationships and core relationships. Liquidity has no risk and brings no gain. Non-core loans and deposits are price sensitive and have no long term relationship. Core loans and deposits are what make community banks special,

Berg said. "They are what give you your ROE," he said. "They are the most profitable part of your balance sheet."

Berg suggested banks remain receptive to buying investments instead of loans that do not come with a relationship. "You would like 95 percent of your balance sheet to be core relationships," he said. "But, until you have that, you need to consider investments as an alternative to non-core relationships. Be indifferent to loans or invest-

ments. If we are in the business of turning deposits into a higher value asset, do we really care whether it is a loan or an investment? Our bank does not, though we do lean in the direction of a local client where appropriate."

The strategy has transformed the company, Gutttau said. "When I came to the bank 12 years ago, TS Bank had 25 employees. We were a \$45 million bank and we had one location," he said. "Now we have 150 em-

ployees, two banks – each \$300 million in assets – and a wealth management/trust department with around \$300 million in assets under management. Through acquisitions we expect to grow to about \$1.3 billion by the end of 2016. I did not imagine 12 years ago that I would be standing here sharing about what we have built."



United Bankers' Bank's Bill Rosacker directs a discussion on bank stock loans. On the panel are Jerry Felicelli, Clifton Larson Allen; Ed Drentell, Winthrop & Weinstine, and Kevin Bostrom, United Bankers' Bank.

ments in non-core; take the one with the higher return for the risk."

The strategy suggested by Berg is behind TS Bank's rise to become a top performer in Iowa, Gutttau said. Both TS Bank and The Bank of Tioga earned a 1.74 percent return on assets and a 21.3 percent return of equity in 2015, according to the FDIC.

TS Banking Group has developed the tools to compare assets – such as municipal bonds, corporate bonds, private mortgage-backed securities and loans – for risk and return. Its analysis has allowed it to go to capital markets when local options for loans do not meet the bank's risk/return standards.

"Think of the bank as a manufacturing company," Gutttau said. "We bring in raw material – deposits – and the value-added products we manufacture are loans or

TS Banking Group's growth has been funded by the capital earned from its capital management strategy, Gutttau said. "We are putting capital into capital markets to generate earnings that go back into our community banks to build them out in terms of technology and people," he said. "We cannot afford to do that if we do not have our balance sheet in capital markets."

In order to manage capital as TS Banking Group does, banks will need to take a long term approach, Gutttau said. "This is a multi-decade strategy," he said. "My experience is that you need the people, the knowledge, the policies, processes, models and risk management to do this. If you have those, it is pay day. If you do not, it is pay day to the regulators in pain."

Creating a future for community banking

requires a new strategy, Gutttau said. "Please rethink your business model," he said. "I do not stand here to say community banking is dead. It is surprising what can come from being willing to think differently than the dogmas of traditional community banking."

Growth via M&A

Another strategy considered at the meeting was growth through mergers and acquisitions using bank stock loans. With continued consoli-

dation expected in the years ahead, bank stock loans could open up opportunities for certain banks to grow through M&A, said Jerry Felicelli, principal at CliftonLarsenAllen.

"When trust-preferred securities went away, the number of organizations that could be a party to a transaction fell off and it dramatically impacted M&A," Felicelli said. "Now banks have to find alternative ways to use capital and leverage to make transactions work; there will be some real opportunities."

Financing acquisitions with debt, Felicelli said, has fewer downsides and is less expensive than equity. "Equity can dilute ownership and returns when you look at getting enough equity to make it worth the cost," he said. "Debt is also advantageous if you look at the after-tax implications of debt versus equity; interest is still deductible."

Using equity to finance an acquisition has other downsides, said Ceithaml.

"More often than not, transactions are between a privately-held buyer and seller," Ceithaml said. "As a private company, from a legal perspective, it is complicated to use your stock to acquire. Because there is no M&A exemption for federal securities laws, it gets tricky to find an exemption to issue shares for an acquisition."

Sellers often will look for liquid, freely tradable stock, Ceithaml said. "If the buyer



Joseph Ceithaml (left), Barack Farrazzano, teams with John Freehack, Piper Jaffray to provide an update on the mergers and acquisitions landscape.

is a privately held bank that issued a less-than-liquid stock through an exemption from securities laws, the stock is a less attractive option to a seller," he said.

M&A Update

Freehack and Ceithaml said the Midwest has been a hot bed for M&A because the region has the majority of the banks in the country. Of the 554 mergers and acquisition since 2014, some 218 took place in the Midwest.

Out of the total 554 deals, a bank between \$100 million and \$250 million in assets was the target in 179 cases; a bank with fewer than \$100 million in assets was the target in 164 cases, Freehack and Ceithaml said.

For the 69 deals completed thus far in 2016, banks fetched 129.6 percent of tangible book value on average. That's down from 140.7 percent of tangible book value for the 246 mergers and acquisitions in 2015.

Of the prices offered for banks, Freehack and Ceithaml said buyers are not offering what they did before 2008. "During the last 25 years, there have been two extraordinary pricing periods in M&A -- from 2004 to 2007 and from 1997 to 1998," Freehack said. "In 2004 through 2007, buyers could fund transactions with trust preferred

instruments, which were cheap tier 1 capital. Without those favorable catalysts, pricing on average was 1.55 times book value during the rest of the 25 years. We are really inching back to a normal environment that isn't affected by catalysts [like TruPS]."

While pricing is not disclosed for some deals, banks have reported sale prices and terms for 359 deals since the beginning of 2014. For 220 of those deals, the sellers received \$50 million or less for their banks. For 117 trans-

actions, the seller received between \$50 million and \$250 million. For some 22 deals, the seller received more than \$250 million, Freehack and Ceithaml said.

A new development in M&A is structuring deals to avoid a particular regulator, Ceithaml said. "We are seeing more bank level transactions to avoid an unpredictable process from the Federal Reserve," he said. "The Fed is the toughest regulator to deal with on applications. They issue multiple rounds of comments. They are cracking down on certain agreement provisions and they sometimes send applications off to Washington D.C., for approval, which can delay the process."

No recession signaled

Attendees received an economic update from John De Clue, chief investment officer for The Private Client Reserve of U.S. Bank. Despite softness in commodity prices and earnings for publicly-traded companies, economic indicators do no point to recession, De Clue said.

Recessions, De Clue said, are typically triggered by rising oil prices. "We have had an unbelievable decline in oil prices," he said.

Economic growth, while not as robust as

Key issues, Continued on page 9

FSR leader shares industry, political insights

Tim Pawlenty, CEO of the Financial Services Roundtable and former governor of the State of Minnesota, alerted bankers to several challenges facing the industry and the country during an after-dinner speech delivered May 2 at the BHCA Spring Seminar.

Pawlenty said the Dodd-Frank Act is in need of reform but that Congress is unlikely to make any changes to the 2010 law in the near future. Furthermore, he commented that the United States is heavily dependent upon debt, and its economy is growing only very meagerly.

“My group would say Dodd-Frank isn’t going to be repealed but there are probably some areas that need reform, but because Washington is so dysfunctional we haven’t been able to attain any meaningful changes,” Pawlenty said. “There is still hope that the day will come when reasonable adjustments to Dodd-Frank will come but that certainly is not what has happened in recent years.”

First quarter GDP growth for the country was 0.5 percent, Pawlenty noted. “By any historical measure, that is an anemic number,” he said. “Depending on whose numbers you look at, we have somewhere between 50 million and 80 million adult Americans of working age who are not working...These are signs that the economy, to put it most charitably, is barely growing.”

Pawlenty further noted that the annual U.S. government budget deficit “hovers between \$500 billion and \$1.5 trillion. Federal outlays are \$3.8 trillion per year,” he said. “Depending on the year, for every dollar Congress spends, they don’t have 30 to 40 cents of it. So that has pushed the cumulative debt to \$17 trillion or \$18 trillion...If you count what is off the books but still debt – pension obligations and entitlement obligations – the national debt is actually \$60 trillion to \$90 trillion. That’s 30-to-one

leverage. If they were a bank, the regulators would be knocking at the door. We have a government that is lurching toward insolvency.”

Technology presents many challenges to the industry, Pawlenty noted. Cyber security is a growing concern for all banks, and he urged the U.S. government

to mount a coordinated effort to fight against cyber attacks which are coming from places like China and elsewhere. “This is going to require a Team America response because China versus one company is not a fair fight. China versus the whole country may be a fair fight,” he said, noting that in the last year about a third of all Americans had their personal information exposed to computer hackers.

On another front, Pawlenty said a number of technology companies are trying to re-define the payments system. Traditional banks are trying to figure out how to respond. He said some bankers are saying those tech companies should be regulated like banks, and others are saying banks should partner with those companies or buy them.

Regulation related to technology is emerging as an even larger problem, Pawlenty said. “The regulatory challenges that we face may look like child’s play compared to the competitive pressures that are going to be coming in the form of the application of technology to financial services and it will be focused



“Every era of economic collapse if followed by an era of populism,” says former Minnesota Gov. Tim Pawlenty, CEO of the Financial Services Roundtable.

in particular on banking and payments,” he said.

Turning his comments to politics, Pawlenty said Hillary Clinton is the only thing keeping the Democratic Party from fully embracing socialism. He noted that polls now show Millennials say they prefer socialism to capitalism.

On the Republican side, Pawlenty said many people are disillusioned by promises made during the past two decades about reducing taxes, reducing deficits, improving immigration laws, rolling back federal regulations and re-establishing the U.S. as a global leader, “and none of it has happened.” Pawlenty said many Republicans are saying they are going to try something different, and that’s Donald Trump.

“Every era of economic collapse is followed by an era of populism,” Pawlenty said, explaining the rise of Trump and Bernie Sanders.

Pawlenty predicted Republicans would continue to hold the U.S. House of Representatives and he called control of the Senate a “toss-up.”

“We live in the freest and most

prosperous country in the history of the world," Pawlenty concluded. "There are no people anywhere who have experienced more freedom, more prosperity, than those of us fortunate enough to live at this time in the United States of America."

He said Americans sometimes take a little longer than others to figure things out, but "we always figure things out...When you are free, you can dream, you can envision, you can design, you can invest and you have the freedom to speak, to associate, worship or not as you see fit, and that brings out a certain quality you see in this country that you don't see in people in other countries around the world. So we do figure things out." ■

Key issues, Continued from page 7

banks would like, is steady, De Clue said. "We did come in at 0.5 percent for GDP growth in first quarter which is notoriously more pressurized. Usually there is a sharp recovery in the second quarter," he said. "We will run 2.5 percent GDP this year. While we would like 3 percent or better, a rate of 2.5 percent is not bad, all things being equal."

While there is some question about the quality of jobs created of late, the economy is adding more jobs, De Clue said. "Many people are re-entering the workforce, though in low-earning jobs," he said. "While [low-earning jobs] pull wage numbers down, wages are increasing by about 2.5 percent."

With unemployment headed downward, De Clue said the Fed is headed toward a rate increase again either in June or December. ■

Constituents, including bankers, suffer as lawmakers focus on campaigns, fundraising

A culture of political warfare and perpetual campaigning has taken away from lawmakers' time to understand and to develop good banking policy, said Robert Kaiser at the Bank Holding Company Association's Spring Seminar. Kaiser is a retired *Washington Post* editor and reporter; he is the author of "Act of Congress," which chronicles the passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Members of Congress have become fixated with winning the political war, Kaiser said. "It is all about winning, winning, winning, not finding or fixing problems but winning. It defines all," he said, quoting a Florida lawmaker.

Commitment to winning the partisan war has created the need for lawmakers to perpetually campaign, Kaiser said. "The need for money became the biggest single cloud over every member of Congress," he said. "The sad fact is that every member of the House and Senate spends two days to three days a week engaged on the telephone in the off-putting enterprise called 'dialing for dollars.' New members are told to get used to dedicating 25 percent to 40 percent of their waking hours to asking strangers for money."

Perpetual fundraising has had two unfortunate consequences, Kaiser said. "People do not have time to get to know each other," he said. "Most members of the House and Senate are strangers to each other, they do not make friends across the aisle."

Also, lawmakers do not have time to develop real expertise in banking policy, Kaiser said. "There were 535 members of the 111th Congress that passed the Dodd-Frank bill. Of those, there were perhaps 24 of whom it could be said that they really knew something about bank regulation," he said. "Members shy away from complex issues; it is the triumph of politics over policy."

Fixation with winning the political war and perpetual campaigning also resulted in a more onerous version of the Dodd-Frank Act for the banking industry, said Kaiser, who knew Barney Frank long before the financial crisis. Frank asked Kaiser to chronicle the creation of the Dodd-Frank Act and gave him access to key staff members.

"I know that Republicans had no input on Barney Frank's version of the bill," Kaiser said, "not on a single phrase or provision. The view of many in the Republican Party was that no regulation is a good idea. I know House Republicans who wanted to be involved but they were told by the leadership not to do it."

Republican leaders, who would likely have pared back certain elements of Dodd-Frank, saw political opportunity in refraining from participating in drafting the bill, Kaiser said. "They cast themselves vaguely but firmly as opponents of new regulation, particularly on Wall Street regulation, [so] they could use that posture to raise more money," Kaiser said. "They did not care about the substance of the issues; they cared about the political advantage, which now days is almost always a financial advantage."

By Matthew Doffing



Robert Kaiser, retired journalist and author, said partisan politics hampered the development of legislation intended to address the financial crisis.

Regulators are using guidance to regulate boards and consumer compliance

Regulators are blurring lines between management and boards, regulation and guidance, said Fredrikson & Byron attorneys Karen Grandstrand and Karla Reyerson. The duo presented on regulator's heightened expectations for bank boards at the BHCA's Spring Seminar.

The Office of the Comptroller of the Currency has more than 225 separate guidance statements that directly impose responsibilities on bank directors. The FDIC and Federal Reserve have 180 and 140 guidance statements, respectively, Grandstrand said, quoting a report from the American Association of Bank Directors. "Lines have blurred on what management does and what the board is responsible for," Grandstrand said. "Boards have very specific obligations now."

One example of heightened expectations for boards is guidance on credible challenge, Reyerson said. "Credible challenge is now a standard for board oversight of management," she

said. "They expect lively conversations about senior management's proposals and they expect you to oppose senior management when appropriate."

Traditionally directors were in charge of the big picture and focused on strategic planning and oversight; not so anymore, Reyerson said. "Now the board has additional roles that get in the minutia of managing a

bank," she said. "Regulators may say they are not assigning management obligations to the boards but the OCC 'recommends' in its handbook that the board 'ensure' compliance with laws and regulations. They also 'recommend' the board approve key agreements that the bank

managing the bank, they will have less time to look to the bank's future, Reyerson said. "With meetings

stretching longer and longer to accommodate all the requirements of regulators, you have a risk that the people who are supposed to be steering the ship are down in the minutia and are not focusing on strategic planning," she said.

Grandstrand and Reyerson noted regulators' shift to regulating with guidance and actions rather than with regulations. "We have a legal process in this country where new regulations are vetted," Grandstrand said. "Now

we have 'guidance,' which doesn't go through the [rulemaking] process and can evolve."

In consumer compliance and board oversight regulator expectations have gone beyond the statute, Reyerson said. "The FDIC wants your decisions to be compliant and also 'beyond reproach,'" she said, quoting FDIC guidance.

"Since the creation of the Consumer Financial Protection Bureau," Reyerson explained, "the conversation about consumer protection has been steered by the CFPB. The bureau has pushed [regulation] beyond compliance with the Real Estate Settlement Procedures Act and Truth in Lending Act, for example. You can be compliant with [RESPA or TILA] and still have a violation from the standpoint of



"Traditional lines between board and management responsibility are being blurred."
- Karen Grandstrand, Fredrikson & Byron



"Spending more time on immediate concerns, boards have less time for long-range planning." - Karla Reyerson, Fredrikson & Byron

enters into. The board is very much over the line and into management's responsibilities."

The atmosphere created by FDIC lawsuits against directors and officers

of failed banks also is pushing boards to manage the bank. Since 2009, the FDIC has filed 108 suits against 151 failed institutions naming 826 former directors and officers. The courts increasingly are looking for simple negligence [rather than gross negligence] as the standard in determining directors' fault in bank failures.

As regulators pressure boards into

unfair, deceptive, or abusive acts or practices as defined by the CFPB.”

“The CFPB is not issuing regulation or guidance,” Reyerson continued. “It instead takes a specific organization, under a specific set of circumstances, and it brings them up on charges. From that one fact pattern, banks are left to extrapolate what the problem was. Where is the CFPB drawing a line? It is a lot more difficult to identify what is acceptable to them and what is not.”

The CFPB’s actions are trickling down to community banks, even though the bureau does not examine community banks, Grandstrand said. “The other regulators really do have to follow the CFPB with regard to consumer regulations,” she said. “If they are not pursuing banks at the same level as the CFPB, they can look weak in front of Congress. They really are feeling forced to go lock step with the CFPB.”

Examiners at prudential regulators are now taking a more aggressive look at bank consumer compliance, Grandstrand said. “If you talk to examiners they will tell you that if your last compliance exam was five years ago, it may not be sufficient now. The benchmark as changed,” she said. “They will readily admit that the CFPB and UDAP are causing them to take a harder look at areas that were fine before.”

State attorneys general and the U.S. Department of Justice also are focusing on banks in the Midwest for fair lending issues, Grandstrand said. “You would be surprised how many cases Karla and I have had, and that we are currently working on, involving community banks in the Upper Midwest,” she said. “The University of Minnesota recently issued a report accusing banks here in the Upper Midwest of discriminating against minorities. Regulators read those reports and the DoJ is following up on them.” ■

BHCA WEBINARS FOR 2016



Fundamentals of Estate Planning

September 8

Presented by Ryan Laughlin of Wipfli.

Ryan is a senior manager with more than 12 years of experience helping clients make the most of the estate planning process. He utilizes a unique blend of accounting, tax and legal expertise to provide tax and transaction planning to business owners, bankers and others.

Strategies for Succession Planning

September 22

Presented by Don Johnson and Rhea Hemish of Eide Bailly.

Don has more than 28 years of public accounting experience with a focus on financial institutions, while Rhea has more than 20 years of experience in financial institution taxation and consulting. They will offer experience-based observations in response to questions no bank owner can avoid about their long-range plans.

Maximizing Profitability Through Cost Containment/Revenue Enhancement

October 20

Presented by Larry Pruss of Strategic Management Resources.

With a proven track record of developing new products, increasing revenues, and improving operating efficiency, Larry has helped numerous companies increase profitability by driving growth and negotiating deals. Larry offers significant expertise in analytics, consulting, payments, loyalty marketing, and more.

ID Theft Protection: Why it's Key to Your Cybersecurity

December 1

Presented by Sally King, co-founder and managing partner, NXG Strategies

This webinar will help you identify steps to protect customers from ID theft and your institution from cybersecurity threats. Presenter Sally King is a nationally recognized authority on data breach and identity theft. For the last eight years her company, NXG Strategies, has pioneered many of the innovations in the field of identity theft resolution for both consumers and businesses.

- Each webinar is just \$59 for members, \$99 for non-members.
- All webinars start at 10 a.m. central and run for 60 minutes.
- Webinars are recorded and available to registrants to listen again after initial presentation.

Register online at www.theBHCA.org

Questions? Call us at 952-835-2248 or 1-800-813-4754

These webinars are ideal for owners, senior officers, managers and others working with bank holding companies and banks. The Bank Holding Company Association is devoted exclusively to education related to bank ownership and holding company issues.

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.

▷ Warren E. Hansen Sr., Mukwonago, Wis., and several others filed to acquire control of Citizens Bank Holding, Inc., Mukwonago, and thereby acquire Citizens Bank, Mukwonago.

▷ Robert L. Chandonnet, Muskegon, Mich., filed to acquire 10 percent or more of the outstanding voting stock and thereby control Community Shores Bank Corporation and indirectly control Community Shores Bank both of Muskegon.

▷ James J. Dolan, Naples, Fla., as trustee of Voting Trust Agreement, and others filed to acquire control of Northwest Bancorporation of Illinois, Inc., and thereby indirectly acquire control of First Bank and Trust Company of Illinois, both of Palatine, Ill.

▷ Royal Financial, Inc., Chicago, has applied to acquire Park Bancorp, Inc., Chicago, and indirectly acquire Park Federal Savings Bank, Chicago, and thereby operate a savings association.

▷ Robert Greco, Wayne, Ill., and others filed to acquire more than 10 percent of STC Bancshares Corp., St. Charles, Ill., and thereby control of STC Capital Bank, St. Charles.

▷ Notification submitted by Andrew R. Clements and Aaron M. Clements, both of Elmwood,

Neb., to acquire 1 percent or more of American Exchange Company, parent of American Exchange Bank, both of Elmwood.

▷ Wintrust Financial Corporation, Rosemont, Ill., authorized to acquire Generations Bancorp, Inc., Pewaukee, Wis., and thereby acquire Foundations Bank; and for Town Bank, Hartland, Wis., to merge with Foundations Bank, Pewaukee, and thereby establish a branch.

▷ Notice by Venkateswararao Alla, Rock Island, Ill., individually and as trustee of the Revocable Trust Agreements known as Atlantic Financial Holdings I Trust, and others filed to increase and retain control of more than 25 percent of Ambank Holdings, Inc., Davenport, Iowa, and thereby control American Bank and Trust Company, N.A., Davenport.

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

▷ Minier Financial, Inc., ESOP with 401(k) Provisions, Minier, Ill., filed to increase its ownership of Minier Financial, Inc., Minier, to 51 percent from 38.84 percent and thereby increase its ownership of First Farmers State Bank, Minier.

▷ Change in Control Notice filed by Ernest E. Erickson, Page, N.D., to acquire 25 percent or more of Quality Bankshares, Inc., Page, and thereby gain control of Quality Bank, Fingal, N.D.

▷ First Wyoming BanCorporation, Laramie, Wyo., authorized to acquire by merger First Express of Nebraska, Inc., Gering, Neb., and thereby acquire Valley Bank and Trust Co., Scottsbluff, Neb.

▷ Notice filed by Thomas G. Kenney, Fennimore, Wis., to acquire more than 25 percent of Boscobel Bancorp, Inc., Boscobel, Wis., and thereby acquire control of Community First Bank, Boscobel, and Livingston State Bank, Livingston, Wis., upon consummation of the merger of Rural Bancshares of Wisconsin, Inc., Livingston, into Boscobel Bancorp, Inc.

▷ Change in Control Notice filed by James Poepl, Hastings, Minn., Jacob Poepl, Hastings, and Mat-

thew Poepl, St. Paul, Minn., to retain and acquire shares of Vermillion Bancshares, Inc., Vermillion, Minn., and thereby join the Poepl Family Group that controls 100 percent of Vermillion Bancshares, Inc., and thereby controls Vermillion State Bank.

▷ Notification submitted by Sharon Hall, Coon Rapids, Minn.; Reed Anderson, Columbus, Neb.; and other parties to retain control of Page Bancshares, Inc., Liberty, Mo., parent of Pony Express Bank, Braymer, Mo., and for approval as members of the Page family group that controls more than 25 percent and thereby controls Page Bancshares, Inc.

▷ Blackhawk Bancorporation, Inc., Milan, Ill., filed to merge with First Port Byron Bancorp, Inc., and thereby acquire Port Byron State Bank, both of Port Byron, Ill.

▷ Change in Control Notice filed by Mark Saliterman, Minnetonka, Minn., Michael Morton, Shorewood, Minn., Christopher Morton, Chanhassen, Minn., Lorilee Morton Wright, Shorewood, Minn., and Julianne Morton Samuelson, Chanhassen, Minn., to acquire Vision Bancshares, Inc., St. Louis Park, Minn., and thereby indirectly gain control of Vision Bank, St. Louis Park.

▷ F & M State Bancshares, Inc., Cawker City, Kan., filed to acquire F M Co., Kearney, Neb., and thereby acquire Farmers and Merchants Bank, Milligan, Neb.

▷ Calumet Bancorporation, Inc., Chilton, Wis., authorized to acquire via merger Calumet Bancshares, Inc., Brillion, Wis., and thereby acquire Calumet County Bank.

▷ Douglas M. Taylor Bemidji, Minn., individually and as trustee of Citizens State Bank Midwest 401(k) Profit Sharing Plan, Cavalier, N.D., and others filed to acquire 10 percent or more of Pembina County Bankshares, Ltd., Cavalier, and thereby gain control of Citizens State Bank Midwest, Cavalier.

▷ Bellwood Community Holding Company, Bellwood, Neb., filed to acquire Hassenstab Management Co., Inc., Humphrey, Neb., and thereby acquire Farmers State Bank, Humphrey.

▷ Peoples State Bank of Plainview, Minn., authorized to merge with Altura State Bank, Altura, Minn., and thereby establish a branch.

▷ Community Bancshares, Corp., Indianola, Iowa, filed to acquire IT&S of Iowa, Inc., Oskaloosa, Iowa, and thereby acquire TruBank, Oskaloosa, Iowa.

▷ Greenwoods Financial Group, Inc., Lake Mills, Wis.; KenBancorp, Kentland, Ind., and Southern Michigan Bancorp, Inc., Coldwater, Mich., have all elected to become financial holding companies.

▷ Sandhills Financial Services, LLC, Bassett, Neb., filed to acquire Keystone Investment, Inc., Keystone, Neb., parent of Bank of Keystone.

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

▷ First Newton National Bank, Newton, Iowa, filed to change name to FNNB Bank and retain its membership in the Federal Reserve System and its stock in the Federal Reserve Bank of Chicago following its conversion from a national banking association to a state chartered bank.

▷ Ascent Bancorp, Helena, Mont., filed to become a bank holding company by acquiring First Security Bank of Helena.

▷ First Interstate BancSystem, Inc., Billings, Mont., filed to acquire Flathead Bank of Bigfork, Mont. In addition, First Interstate Bank, Billings, filed to merge with Flathead Bank of Bigfork and incident thereto, establish a branch.

▷ Ameri Financial Group, Inc., Stillwater, Minn., authorized to become a bank holding company by acquiring Eagle Valley Bank, National Association, Saint Croix Falls, Wis.

▷ United Bankers' Bancorporation, Inc., Bloomington, Minn., authorized to merge with Bankers Bancshares, Inc., Worthington, Ohio, and thereby indirectly acquire Great Lakes Bankers Bank; for United Bankers' Bank, Bloomington, to merge with Great Lakes

Transaction Report,
Continued on page 14

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

Complete and accurate filings aid timely processing

By Zachary Lundquist

Applications or notices filed with the Federal Reserve often require an individual or representative to submit certain Federal Reserve forms specific to the type of filing. When an individual or representative takes time to ensure an FR Form is submitted to the Federal Reserve with complete and accurate information, it facilitates timely processing.

An FR Form that may be challenging to both new and experienced filers of applications or notices is the FR 2081c, “Interagency Biographical and Financial Report.” The IBFR is required for multiple types of applications and notices. The primary purpose of the IBFR is to provide information to the Federal Reserve that we use to evaluate the competence, experience, character, integrity and financial ability of an individual who is or will be a principal or controlling shareholder, key policymaker, director, or senior executive officer.

There are two sections within the IBFR where accurate and complete information is especially important with respect to processing time and that have tended to raise the most problems. These two sections are “Legal and Related Matters” and “Financial Reports.”

Legal and Related Matters

This section of the IBFR includes, but is not limited to, the disclosure of involvement in, whether personally or through a depository institution or company, a bankruptcy, default/lien/judgment, lawsuit, or criminal charge. There is no length of time since the event after which disclosure is not required. Events do not need to be related to banking or financial matters. The most common undisclosed event that delays processing of applications or notices are criminal charges related to driving while intoxicated.

If an individual was involved with any of the matters described in this section of the IBFR, the individual must disclose the event completely and accurately. Disclosure of such an event does not automatically raise significant issues, though we may ask for additional details. However, we also request background information from other regulatory and investigative agencies as outlined in Supervision and Regulation Letter 15-8, “Name Check Process for Domestic and International Applications.” This process often identifies undisclosed events. Failure to disclose the involvement completely and accurately requires additional clarification and consideration by staff of the Board of Governors of the Federal Reserve System. This frequently adds considerable time to process the application or notice.

Questions 5(f) and 5(g) of the IBFR provide general guidance on the details needed to ensure full disclosure. For example, details required for a criminal charge include:

- The nature of the offense (i.e, charge)
- The date of the offense
- The location of the offense
- The resolution or disposition of the charge (i.e., outcome in court)

Please be aware that all criminal charges are required to be disclosed in the IBFR, including misdemeanors and criminal convictions that were later expunged through court proceedings.

Financial Reports

This section of the IBFR requires disclosure of personal financial information and cash flow statements. The IBFR includes a balance sheet with several schedules for additional detail regarding assets and liabilities as well as a cash flow statement with space to disclose sources and uses of cash.

Listed below are reminders based on common oversights we see in the “Financial Reports” section of the IBFR.

Financial Statements

- An individual’s balance sheet must be dated no more than 90 days prior to the date the filing is submitted.

Fed Notes, Continued on page 14

Transaction Report, Continued from page 12

Bankers Bank and thereby establish a branch; and for United Bankers' Bancorporation, Inc., to acquire Great Lakes Banc Consulting, Inc., Worthington, and thereby engage in permissible non-banking activities.

▷ J&B Financial Holdings, Inc., Minneapolis, filed to acquire 1st United Bank, Faribault, Minn.

▷ First Gothenburg Bancshares, Inc., Gothenburg, Neb., filed to acquire Nebanco, Inc., Wallace, Neb., and thereby acquire Farmers State Bank, Wallace.

▷ Best Hometown Bancorp, Inc., Collinsville, Ill., authorized to become a savings and loan holding company by acquiring Home Federal Savings and Loan Association of Collinsville.

▷ WCF Financial, M.H.C., Webster City, Iowa, authorized to convert to stock form and to merge with and into Webster City Federal Bancorp, Webster City; and, through a series of transactions, for WCF Bancorp, Inc., to become a savings and loan holding company by acquiring WCF Financial Bank.

▷ Central Bancshares, Inc., Muscatine, Iowa, filed to acquire Brimfield Bank, Brimfield, Ill. Additionally, application has been filed to merge Brimfield Bank into The Farmers and Mechanics Bank, Galesburg, Ill.

▷ Lee County Bank & Trust, N.A., Fort Madison, Iowa, filed to change its name to Lee County Bank and retain its membership in the Federal Reserve System and its stock in the Federal Reserve Bank of Chicago following its conversion from a national banking association to a state chartered bank.

▷ Peoples Equity Corporation, Wells, Minn., filed to acquire Paragon Bank, Wells.

▷ Bellwood Community Holding Company, Bellwood, Neb., authorized to acquire Hassenstab Management Co., Inc., Humphrey, Neb., and thereby acquire Farmers State Bank.

▷ Blackhawk Bancorporation, Inc., Milan, Ill., authorized to merge with First Port Byron Bancorp, Inc., Port Byron, Ill., and thereby acquire Port Byron State Bank.

▷ Community Bancshares Corp., Indianapolis, Iowa, authorized to acquire IT&S of Iowa, Inc., Oskaloosa, and thereby acquire TruBank. ■

President's Observations, Continued from page 4

M&A activity in the industry has picked up in recent years, so we asked specifically whether members would like to see more presentations on M&A-related topics. The responses were split evenly three ways, with about one-third saying they want more such presentations, a third of respondents saying they would prefer fewer presentations on the topic and another third saying the number of presentations we offer presently on the topic should be kept about the same. In a separate question, BHCA asked whether members would attend a day-long seminar devoted exclusively to M&A issues. Thirty-seven respondents said "yes," and 54 said "no."

The surveys provide a lot of other interesting information and you can be assured that the BHCA board of directors will study the results closely as we plan for the future. □

Down to Business, Continued from page 5

it. But when it comes to execution, they don't get around to it. They let other things get in the way. They get distracted. They simply don't follow through. Obviously, if you are serious about anything, you need to respond. Take the information you have, and the plan you have developed and actually follow through.

Relax – After you have completed the project or endeavor, take some time to relax and savor your accomplishment. You might even want to celebrate. So often, people launch right into the next project without taking sufficient time to appreciate what's been accomplished. If you have worked for a long time on something, take a proportionate break upon completion. You will be setting yourself up for success on the next project. A little rejuvenation goes a long way.

This is a pretty simple formula but I think it succinctly summarizes a sound method for approaching just about anything you might attempt to do at the office, at home or elsewhere. There is a lot to do in banking, and I thank you for including the Bank Holding Company Association in your thoughts, plans and efforts. □

Fed Notes, Continued from page 13

- Each asset and liability reported on the balance sheet of an individual should be itemized within the appropriate schedule, with the exception of cash.
- Any balance sheet submitted must balance (i.e., total assets = total liability + net worth), and the totals from the appropriate asset and liability schedules must match the balance sheet.
- If an interest in a company other than a bank holding company or depository institution equals or exceeds 10 percent of an individual's net worth the individual must provide the company's year-end balance sheets, income statements, and cash flow statements for the last two years. Note that this does not include interest in publicly traded companies.

Cash Flow Statements

- The cash flow statement must include a cash flow for four years: two-years-prior, one-year-prior, current-year-projected and following-year-projected (e.g., 2014, 2015, 2016 and 2017).
- The net cash flow should equal the total cash received less the total cash outlay.

Following these reminders with respect to the "Legal and Related Matters" and "Financial Reports" sections of the IBFR will help reduce the potential for delays in the processing of an application or notice. ■

Zachary Lundquist is associate applications analyst with the Federal Reserve Bank of Minneapolis.

MINNESOTA BANK HOLDING COMPANIES

HOLDING COMPANY, LOCATION Subsidiary Bank, Location	CONSOLIDATED ASSETS*	SUBSIDIARY ASSETS*	HOLDING COMPANY, LOCATION Subsidiary Bank, Location	CONSOLIDATED ASSETS*	SUBSIDIARY ASSETS*
1.U.S. BANCORP, MINNEAPOLIS U.S. BANK N.A., CINCINNATI, OHIO	421,853,000	417,458,234	29.TRADITION BANCSHARES, INC., EDINA TRADITION CAPITAL BANK, EDINA	434,323	431,266
2.TCF FINANCIAL CORPORATION, WAYZATA TCF NATIONAL BANK, SIOUX FALLS, SD	20,703,190	20,703,184	30.DUKE FINANCIAL GROUP, INC., MINNEAPOLIS PEOPLES BANK OF COMMERCE, CAMBRIDGE STATE BANK OF NEW PRAGUE	414,726	298,466 113,908
3.BREMER FINANCIAL CORPORATION, ST. PAUL BREMER BANK, N.A., SAINT PAUL	10,723,184	10,643,549	31.MCLEOD BANCSHARES, INC., SHOREWOOD FIRST MINNESOTA BANK, MINNETONKA	408,699	405,960
4.STEARNS FINANCIAL SERVICES, INC., ST. CLOUD STEARNS BANK N.A., SAINT CLOUD STEARNS BANK OF HOLDINGFORD, N.A. STEARNS BANK OF UPSALA, N.A.	1,975,914	1,808,236 88,975 76,433	32.CITIZENS BANK GROUP, INC., SAINT JAMES PIONEER BANK, MAPLETON	400,246	400,207
5.ANCHOR BANCORP, INC., SAINT PAUL ANCHOR BANK, N.A., SAINT PAUL	1,963,421	1,962,279	33.NORTHEAST SECURITIES CORP., MINNEAPOLIS NORTHEAST BANK, MINNEAPOLIS	395,690	394,153
6.KLEIN FINANCIAL, INC., CHASKA KLEINBANK, BIG LAKE	1,908,010	1,906,975	34.HERITAGE BANCSHARES GROUP, INC., SPICER HERITAGE BANK, N.A., SPICER	395,268	389,767
7.MINNWEST CORPORATION, MINNETONKA MINNWEST BANK, REDWOOD FALLS	1,663,825	1,638,152	35.N.A. CORPORATION, ROSEVILLE NORTH AMERICAN BANKING COMPANY, ROSEVILLE	394,330	394,168
8.FRANSEN FINANCIAL CORP., ARDEN HILLS FRANSEN BANK & TRUST, LONSDALE PROVINCIAL BANK, LAKEVILLE ¹	1,601,177	1,597,914 84,105	36.CITIZENS BANCORPORATION OF NEW ULM, INC. CITIZENS BANK MINNESOTA, NEW ULM	378,714	378,714
9.MERCHANTS FINANCIAL GROUP, INC., WINONA MERCHANTS BANK, N.A., WINONA	1,589,417	1,587,008	37.CENTRA VENTURES, INC., FOLEY COMMUNITY PRIDE BANK, ISANTI FALCON NATIONAL BANK, FOLEY STATE BANK OF RICHMOND	375,859	98,906 189,845 86,991
10.BRIDGewater BANCSHARES, INC., BLMNGTN BRIDGewater BANK, BLOOMINGTON	929,586	925,016	38.MIDWEST BANK GROUP, INC., DETROIT LAKES MIDWEST BANK, DETROIT LAKES	374,054	369,293
11.UNIV. FIN'L CORP, GBC DBA SUNRISE BKS., ST. PAUL SUNRISE BANKS, N.A., SAINT PAUL	910,592	906,712	39.METRO NORTH BANCSHARES, INC., ELK RIVER BANK OF ELK RIVER	373,816	372,081
12.UNITED BANKERS' BANCORP., INC., BLOOMINGTON UNITED BANKERS BANK, BLOOMINGTON	804,271	803,683	40.SIGNATURE BANCSHARES, INC., MINNETONKA SIGNATURE BANK, MINNETONKA	370,323	369,425
13.MESABA BANCSHARES, INC., GRAND RAPIDS AMERICAN BANK OF THE NORTH, NASHWAUK THE LAKE BANK, TWO HARBORS	697,241	578,695 117,096	41.CROSSTOWN HOLDING COMPANY, BLAINE 21ST CENTURY BANK, LORETTO	368,685	358,390
14.215 HOLDING CO., MINNEAPOLIS FIRST FARMERS & MERCHANTS BANK, CANNON FALLS FIRST FARMERS & MERCHANTS NATIONAL BANK, LUVERNE FIRST FARMERS & MERCHANTS NATIONAL BANK, FAIRMONT FIRST FARMERS & MERCHANTS STATE BANK, BROWNSDALEN FIRST FARMERS & MERCHANTS STATE BANK OF GRAND MEADOW	694,129	274,765 168,464 103,372 87,494 59,742	42.PROFINIUM FINANCIAL HOLDINGS, INC., FAIRMONT PROFINIUM, INC., TRUMAN	358,554	358,317
15.FIRST BEMIDJI HOLDING COMPANY, BEMIDJI FIRST NATIONAL BANK OF BEMIDJI	655,754	655,754	43.REPUBLIC BANCSHARES, INC., DULUTH REPUBLIC BANK, INCORPORATED, DULUTH	345,469	345,469
16.FORSTROM BANCORPORATION, INC., CLARA CITY CITIZENS ALLIANCE BANK, CLARA CITY FIRST BANK OF LINCOLN, MT ²	639,240	614,852 22,005	44.STERLING FINANCIAL GROUP, INC., ROCHESTER STERLING STATE BANK, AUSTIN	329,762	329,760
17.FINLAYSON BANCSHARES, INC., FINLAYSON FIRST INDEPENDENT BANK, RUSSELL NORTHVIEW BANK, SANDSTONE	617,038	292,597 324,098	45.WILCOX BANCSHARES, INC., GRAND RAPIDS GRAND RAPIDS STATE BANK, GRAND RAPIDS MINNESOTA LAKES BANK, DELANO	324,379	231,734 91,915
18.ALLIANCE FINANCIAL SERVICES, INC., SAINT PAUL ALLIANCE BANK, LAKE CITY	596,541	595,776	46.LAKE ELMO BANCSHARES, INC., LAKE ELMO LAKE ELMO BANK	323,164	321,625
19.FARMERS STATE CORPORATION, MANKATO UNITED PRAIRIE BANK, MOUNTAIN LAKE	573,066	571,856	47.CENTRAL TRUST COMPANY, EDINA CENBANK, BUFFALO LAKE CENTRAL BANK AND TRUST, LANDER, WY GRAND MARAIS STATE BANK, GRAND MARAIS	307,778	58,455 158,375 86,498
20.VENTURE BANCSHARES, INC., BLOOMINGTON VENTURE BANK, BLOOMINGTON	559,875	559,751	48.BAKKEN SECURITIES, INC., SAINT LOUIS PARK CITIZENS INDEPENDENT BANK, SAINT LOUIS PARK	304,190	302,062
21.VERMILLION BANCSHARES, INC., VERMILLION VERMILLION STATE BANK, VERMILLION	538,145	537,822	49.ST JOSEPH BANCSHARES ACQUISITIONS, INC. SENTRY BANK, SAINT JOSEPH SHERBURNE STATE BANK, BECKER	298,487	204,559 93,928
22.DEERWOOD BANCSHARES, INC., DEERWOOD DEERWOOD BANK, DEERWOOD	523,847	523,692	50.GATO HOLDINGS, INC., THIEF RIVER FALLS NORTHERN STATE BANK OF THIEF RIVER FALLS	296,630	296,390
23.SECURITY BANCSHARES CO., GLENCOE SECURITY BANK AND TRUST COMPANY OF GLENCOE	495,409	492,426	51.WASECA BANCSHARES, INC., WASECA ROUNDBANK, WASECA	296,515	296,627
24.FIDELITY HOLDING COMPANY, MINNETONKA FIDELITY BANK, EDINA	494,608	494,573	52.FREEDOM BANCORPORATION, INC., LINDSTROM LAKE AREA BANK, LINDSTROM	289,104	287,252
25.WALKER BAN CO., WALKER FIRST NATIONAL BANK NORTH, WALKER	494,115	495,478	53.TYSAN CORPORATION, MINNEAPOLIS LAKE COMMUNITY BANK, LONG LAKE PINE COUNTRY BANK, LITTLE FALLS	281,816	115,389 164,448
26.INDEPENDENT BANCSHARES, INC., CLARKFIELD F&M BANK MINNESOTA, OLIVIA GRANITE FALLS BANK, GRANITE FALLS SECURITY STATE BANK OF FERGUS FALLS	490,931	120,934 241,778 128,219	54.PERHAM STATE BANCSHARES, INC., PERHAM UNITED COMMUNITY BANK, PERHAM	275,744	275,419
27.HIGHLAND BANCSHARES, INC., SAINT MICHAEL HIGHLAND BANK, SAINT MICHAEL	486,867	485,683	55.WINONA BANC HOLDING COMPANY, WINONA WINONA NATIONAL BANK, WINONA	275,565	272,884
28.BORDER BANCSHARES, INC., GREENBUSH BORDER STATE BANK, GREENBUSH FIRST ADVANTAGE BANK, COON RAPIDS	470,104	391,878 75,741	56.WELLS FINANCIAL CORP., WELLS WELLS FEDERAL BANK, WELLS	274,779	274,675
			57.FIRST NATIONAL FIN'L SERVICES INC., ELK RIVER FIRST NATIONAL BANK OF ELK RIVER	266,784	265,882
			58.FIRST RUSHMORE BANCORP., INC., WORTHINGTON FIRST STATE BANK SOUTHWEST, PIPESTONE	265,345	265,120

¹ACQUIRED BY FRANSEN FIN'L CORP. DURING 2016

²MERGED INTO CITIZENS ALLIANCE BANK DURING 2016

Source: Regulatory financial reports filed by bank holding companies and banks, data as of Dec. 31, 2015.
*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*
59.CHEROKEE BANCSHARES, INC., SAINT PAUL BANKCHEROKEE, SAINT PAUL	264,285	263,011	91.PLATINUM BANCORP, INC., OAKDALE PLATINUM BANK, OAKDALE	170,095	169,869
60.VERNON CTR BANCSHARES, INC., VERNON CTR COMMUNITY BANK MANKATO, VERNON CENTER	262,012	261,304	92.WYOMING BANCSHARES, INC., WYOMING FIRST STATE BANK OF WYOMING	169,769	169,769
61.NORTHFIELD BANCSHARES, INC., NORTHFIELD COMMUNITY RESOURCE BANK, NORTHFIELD	253,556	253,556	93.RIVERS RIDGE HOLDING COMPANY, EDINA BANKVISTA, SARTELL	169,264	168,964
62.NORTH SHORE FINANCIAL CORP., DULUTH NORTH SHORE BANK OF COMMERCE, DULUTH AMERICAN BANCORPORATION OF MINNESOTA, INC., BRAINERD AMERICAN NATIONAL BANK OF MINNESOTA, BAXTER	252,766	252,666 250,648 250,228	94.COUNTRY BANKERS, INC., BLOOMING PRAIRIE CITIZENS STATE BANK OF HAYFIELD FARMERS AND MERCHANTS STATE BANK OF BLOOMING PRAIRIE	167,557	89,094 78,463
63.AMERICAN HERITAGE HOLDING CO., ST. CLOUD AMERICAN HERITAGE NATIONAL BANK, LONG PRAIRIE	245,896	245,719	95.HAYWOOD BANCSHARES, INC., NORTHFIELD FIRST NATIONAL BANK OF NORTHFIELD	166,642	166,642
64.ZUMBROTA AGENCY, INC., ZUMBROTA BANK OF ZUMBROTA PINE ISLAND BANK, PINE ISLAND	243,989	154,120 86,733	96.FINANCIAL SERVICES OF WINGER, INC. ULTIMA BANK MINNESOTA, WINGER	163,201	163,084
65.PARK RAPIDS BANCSHARES, INC., PARK RAPIDS CITIZENS NATIONAL BANK OF PARK RAPIDS	243,205	243,205	97.MILLE LACS BANCORPORATION, INC., ONAMIA WOODLANDS NATIONAL BANK, HINCKLEY	161,123	159,686
66.MIDWEST BANCORPORATION, INC., EDEN PRAIRIE STAR BANK, MAPLE LAKE	241,711	241,528	98.KENSINGTON BANCORP, INC., KENSINGTON KENSINGTON BANK, KENSINGTON	155,798	155,811
67.PEOPLES BANKSHARES, INC., MORA NEIGHBORHOOD NATIONAL BANK, MORA	227,172	224,146	99.WESTERN BANCORPORATION, INC., DULUTH WESTERN NATIONAL BANK, DULUTH WESTERN NATIONAL BANK OF CASS LAKE	155,514	123,806 31,708
68.UNIVERSAL FINANCIAL SERVICES, INC., BAYPORT FIRST STATE BANK AND TRUST, BAYPORT	227,012	226,901	100.ADAMS BANCSHARES, INC., ADAMS UNITED FARMERS STATE BANK, ADAMS	146,751	146,448
69.SAUK CENTRE FIN'L SVCS, INC., SAUK CENTRE MINNESOTA NATIONAL BANK, SAUK CENTRE	225,066	225,006	101.CORNERSTONE BANCORP, INC., LE SUEUR CORNERSTONE STATE BANK, MONTGOMERY	143,385	142,782
70.CROWN BANKSHARES, INC., EDINA CROWN BANK, EDINA	216,523	216,211	102.NORTHWESTERN BANCSHARES, INC., DILWORTH NORTHWESTERN BANK, N.A., DILWORTH	143,352	143,215
71.STONEBRIDGE BANCORPORATION, MINNEAPOLIS STONEBRIDGE BANK, MINNEAPOLIS	216,402	216,370	103.KANDIYOHI BANCSHARES, INC., WILLMAR HOME STATE BANK, LITCHFIELD	143,221	142,925
72.ROSEAU REALTY CO., INC., ROSEAU CITIZENS STATE BANK OF ROSEAU	213,774	210,256	104.EAGLE INVESTMENT COMPANY, INC., GLENWOOD EAGLE BANK, GLENWOOD	143,187	141,335
73.CITIZENS BANCSHARES OF HUTCHINSON, INC. CITIZENS BANK & TRUST CO., HUTCHINSON	212,570	212,383	105.LAKE CENTRAL FINANCIAL, INC., ANNANDALE ANNANDALE STATE BANK, ANNANDALE	140,382	140,382
74.VILLAGE BANCSHARES, INC., SAINT FRANCIS VILLAGE BANK, SAINT FRANCIS	207,211	206,897	106.FARIBAUT FSL BANCORP, INC., FARIBAUT 1ST UNITED BANK, FARIBAUT	139,874	139,874
75.FNB BANCSHARES INC., BLUE EARTH FIRST BANK BLUE EARTH	206,835	206,831	107.GATEWAY BANCORP, INC., MENDOTA HEIGHTS GATEWAY BANK, MENDOTA HEIGHTS	138,598	138,596
76.BANCOMMUNITY SERVICE CORP, SAINT PETER FIRST NATIONAL BANK MINNESOTA, SAINT PETER	205,319	205,212	108.SECURITY STATE BANCSHARES OF BEMIDJI, INC. SECURITY BANK USA, BEMIDJI	137,524	134,966
77.WRZ BANKSHARES, INC., PLAINVIEW PEOPLES STATE BANK OF PLAINVIEW	203,160	199,301	109.LAKE CRYSTAL BANCORP, INC., LAKE CRYSTAL MINNSTAR BANK N.A., LAKE CRYSTAL	136,664	136,295
78.CATTAIL BANCSHARES, INC., ATWATER CITIZENS STATE BANK OF WAVERLY (INCORPORATED) HARVEST BANK, KIMBALL	201,816	68,531 133,199	110.BANKWEST FINANCIAL, INC., ROCKFORD BANKWEST, ROCKFORD	135,922	124,045
79.PLAINVIEW BANKSHARES, INC., PLAINVIEW FORESIGHT BANK, PLAINVIEW	199,920	190,909	111.WABASHA HOLDING COMPANY, WABASHA FIRST STATE BANK OF WABASHA	132,475	132,355
80.CNB FINANCIAL CORPORATION, LITCHFIELD CENTER NATIONAL BANK, LITCHFIELD	199,900	199,895	112.SECURITY FINANCIAL SERVICES, INC., HIBBING SECURITY STATE BANK OF HIBBING	129,718	128,991
81.FIRST MINNETONKA BANCORP, INC., MINNETONKA FIRST MINNETONKA CITY BANK, MINNETONKA	199,603	199,581	113.PSB FINANCIAL SHARES, INC., PRINSBURG PRINSBANK, PRINSBURG	128,897	128,897
82.PIESCO, INC., SPRINGFIELD CITIZENS STATE BANK NORWOOD YOUNG AMERICA FARMERS & MERCHANTS STATE BANK OF SPRINGFIELD	197,084	77,273 118,034	114.FRANKSON INVESTMENT CORP., WASECA FIRST NATIONAL BANK OF WASECA	126,994	127,073
83.RUM RIVER BANCORPORATION, INC., MILACA FIRST NATIONAL BANK OF MILACA	193,695	193,695	115.MARINE BANCSHARES, INC., MARINE ON ST CROIX SECURITY STATE BANK OF MARINE ON SAINT CROIX	123,940	123,933
84.PLAZA AGENCY, INC., WAITE PARK PLAZA PARK STATE BANK, WAITE PARK	189,369	189,369	116.WADENA BANKSHARES, INC., WADENA WADENA STATE BANK, WADENA	122,887	122,859
85.HENNING BANCSHARES, INC., HENNING FIRST NATIONAL BANK OF BATTLE LAKE FIRST NATIONAL BANK OF HENNING, OTTERTAIL	188,252	77,316 110,535	117.J & B FINANCIAL HOLDINGS, INC., MINNEAPOLIS FIRST STATE BANK OF SAUK CENTRE RED ROCK BANK, SANBORN	121,818	95,871 25,170
86.SAINT PETER AGENCY, INC., SAINT PETER NICOLLET COUNTY BANK OF SAINT PETER	185,632	185,632	118.MIDWEST BANCSHARES, INC., MINNETONKA AMERICANA COMMUNITY BANK, SLEEPY EYE	121,528	121,528
87.FARIBAUT BANCSHARES, INC., FARIBAUT STATE BANK OF FARIBAUT	184,404	183,189	119.MINNESOTA COMM. BANCSHARES, INC., ALBERT LEA FARMERS STATE BANK OF HARTLAND	118,487	118,415
88.PROGRESSIVE GROWTH CORP., GAYLORD PROGROWTH BANK, NICOLLET	184,272	183,941	120.F & M FINANCIAL SERVICES, INC., PRESTON F & M COMMUNITY BANK, N.A., PRESTON	116,224	115,994
89.FARMERS & MERCHANTS AGENCY, INC., PIERZ FARMERS AND MERCHANTS STATE BANK OF PIERZ	181,422	181,419	121.NORBANC GROUP INC., PINE RIVER PINE RIVER STATE BANK, PINE RIVER	112,130	112,130
90.COMMERCE BANCSHARES, INC., EDINA COMMERCE BANK, GENEVA	176,175	175,930	122.KANDI BANCSHARES, INC., NEW LONDON LAKE REGION BANK, NEW LONDON	111,316	110,682

Source: Regulatory financial reports filed by bank holding companies and banks, data as of Dec. 31, 2015.
*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*
123.BELLE PLAINE BANCORP., INC., BELLE PLAINE STATE BANK OF BELLE PLAINE	111,105	111,105	157.ÖRONO FINANCIAL, INC., NAVARRE FIRST NATIONAL BANK OF THE LAKES, NAVARRE	79,035	78,913
124.LAKE BANK SHARES, INC., ALBERT LEA SECURITY BANK MINNESOTA, ALBERT LEA	110,976	110,715	158.NOBLE BANK HOLDING COMPANY, INC., RED WING FIRST STATE BANK OF RED WING	76,636	76,636
125.AVON BANCSHARES, INC., AVON AVON STATE BANK, AVON	108,262	107,562	159.KERKHOVEN BANCSHARES, INC., KERKHOVEN FINANCIAL SECURITY BANK, KERKHOVEN	76,423	76,422
126.WEB, INC., FAIRMONT STATE BANK OF FAIRMONT	108,050	108,050	160.JANESVILLE HOLDING COMPANY, JANESVILLE JANESVILLE STATE BANK, JANESVILLE	73,578	71,677
127.BANKSHARES OF HAWLEY VALLEY PREMIER BANK, HAWLEY	106,649	106,593	161.WANAMINGO BANCSHARES, INC., WANAMINGO SECURITY STATE BANK OF WANAMINGO, INC.	72,571	72,571
128.NEW RICHLAND BANCSHARES, INC. STATE BANK OF NEW RICHLAND	103,753	101,967	162.HIGGINS BANCORPORATION, INC., ROSEMOUNT FIRST STATE BANK OF ROSEMOUNT	70,929	70,860
129.FREEPORT BANCSHARES, INC., FREEPORT FREEPORT STATE BANK, FREEPORT	102,940	102,940	163.CURRIE BANCORPORATION, INC., CURRIE CURRIE STATE BANK, CURRIE	70,558	70,467
130.FLAGSHIP FIN'L GROUP, INC., EDEN PRAIRIE FLAGSHIP BANK MINNESOTA, WAYZATA	102,184	100,903	164.DARWIN BANCSHARES, INC., DARWIN FARMERS AND MERCHANTS STATE BANK, PAYNESVILLE ³ PERENNIAL BANK, DARWIN	70,327	29,026 41,301
131.NASB SHARES, INC., BELGRADE NORTH AMERICAN STATE BANK, BELGRADE	101,584	101,163	165.BIGFORK BANCSHARES, INC., BIGFORK FIRST STATE BANK OF BIGFORK	69,358	68,844
132.FIRST BANCSHARES, INC., OF COLD SPRING GRANITE COMMUNITY BANK, COLD SPRING	100,310	99,595	166.JOHNSON BANCSHARES, INC., CHATFIELD ROOT RIVER STATE BANK, CHATFIELD	69,025	69,025
133.SECURITY STATE AGENCY OF AITKIN, INC. SECURITY STATE BANK OF AITKIN	99,561	94,361	167.NEW YORK MILLS BANCSHARES, INC., NY MILLS FARMERS & MERCHANTS STATE BANK OF NEW YORK MILLS, INCORPORATED	67,549	63,723
134.RELIANCE BANCORPORATION, INC., FARIBAULT RELIANCE BANK, FARIBAULT	99,425	99,428	168.FIRST LEROY BANCORPORATION, INC., LE ROY FIRST STATE BANK MINNESOTA, LE ROY	66,992	66,873
135.MARKET BANCORP., INC., ELKO NEW MARKET NEW MARKET BANK, ELKO NEW MARKET	98,971	98,482	169.FISCHER CORPORATION, LEWISTON SECURITY STATE BANK OF LEWISTON	66,359	66,401
136.FIRST SOUTHEASTERN BANC GRP, INC., HARMONY FIRST SOUTHEAST BANK, HARMONY	98,899	98,430	170.ELLINGSON CORPORATION, KENYON SECURITY STATE BANK OF KENYON	66,196	60,273
137.MAPLE BANC SHARES, INC., MAPLE PLAIN BANK OF MAPLE PLAIN	95,826	94,499	171.NORTH STATE BANCSHARES, INC., SHAKOPEE PRIME SECURITY BANK, KARLSTAD	66,144	60,841
138.MAHNOMEN BANCSHARES, INC., MAHNOMEN FIRST NATIONAL BANK MAHNOMEN TWIN VALLEY	94,014	94,014	172.CROOKSTON FINANCIAL SERVICES, INC., CROOKSTON ^{65,632} CROOKSTON NATIONAL BANK, CROOKSTON	65,632	65,484
139.EITZEN INDEPENDENTS, INC., EITZEN EITZEN STATE BANK, CALEDONIA	93,729	93,373	173.LAKEVIEW BANCORPORATION, INC., LAKEVILLE LAKEVIEW BANK, LAKEVILLE	65,003	65,001
140.PLATO HOLDINGS, INC., SAINT PAUL DRAKE BANK, SAINT PAUL	91,615	91,614	174.TRIMONT BANCORPORATION, TRIMONT TRIUMPH STATE BANK, TRIMONT	64,244	64,219
141.WARROAD BANCSHARES, INC., WARROAD SECURITY STATE BANK OF WARROAD	91,333	91,334	175.FSB HOLDING COMPANY, INC., TRIMONT FARMERS STATE BANK OF TRIMONT	62,733	62,208
142.MENAHGA BANCSHARES, INC., MENAHGA FIRST NATIONAL BANK OF MENAHGA & SEBEKA	89,448	89,421	176.OSAKIS BANCSHARES, OSAKIS FIRST NATIONAL BANK OF OSAKIS	62,065	62,037
143.DELANO STATE AGENCY, INC., DELANO STATE BANK OF DELANO	88,616	88,616	177.UNDERWOOD BANCSHARES, INC., UNDERWOOD FARMERS STATE BANK OF UNDERWOOD	61,280	61,056
144.FIRST FINANCIAL SERVICES OF MOOSE LAKE, INC. FIRST NATIONAL BANK OF MOOSE LAKE	88,160	88,133	178.OLMSTED BANCORPORATION, INC., BYRON FIRST SECURITY BANK, BYRON	60,353	59,959
145.TRAXSHARES, INC., LE CENTER FIRST NATIONAL BANK OF LE CENTER	87,664	85,574	179.PRAIRIE BANCSHARES, INC., LESTER PRAIRIE FIRST COMMUNITY BANK, LESTER PRAIRIE	59,959	59,732
146.LANDMARK INVESTOR GROUP, INC., EDEN PRAIRIE LANDMARK COMMUNITY BANK, N.A., ISANTI	87,122	85,677	180.OLMSTED HOLDING CORPORATION, ROCHESTER OLMSTED NATIONAL BANK, ROCHESTER	59,102	59,098
147.SAINT CLAIR AGENCY, INC., SAINT CLAIR SAINT CLAIR STATE BANK (INCORPORATED), SAINT CLAIR	85,373	85,334	181.KES BANCSHARES, INC., VIRGINIA NORTHERN STATE BANK OF VIRGINIA	58,899	59,000
148.M.I.F. LIMITED, CHISHOLM FIRST NATIONAL BANK OF CHISHOLM	85,071	84,808	182.ARLCO, INC., ARLINGTON ARLINGTON STATE BANK, ARLINGTON	58,318	58,294
149.FIRST NATIONAL AGENCY OF BAGLEY, INC. FIRST NATIONAL BANK, BAGLEY	84,312	83,552	183.WABASSO BANCSHARES, INC., WABASSO INTEGRITY BANK PLUS, WABASSO	58,168	58,168
150.RED RIVER FINANCIAL SERVICES, INC., HALSTAD RED RIVER STATE BANK, HALSTAD	83,238	84,411	184.FNB ACQUISITION HOLDING CORP., WADENA FIRST NATIONAL BANK IN WADENA	57,534	56,674
151.JAN-MAR CORP., COLERAINE FIRST NATIONAL BANK OF COLERAINE	82,559	82,559	185.VISION BANCSHARES, INC., SAINT LOUIS PARK VISIONBANK, SAINT LOUIS PARK	57,169	57,140
152.FIRST STATE AGENCY OF LE CENTER, INC. FIRST STATE BANK OF LE CENTER	80,841	78,404	186.LISMORE FINANCIAL SERVICES, INC., LISMORE STATE BANK OF LISMORE	56,846	56,846
153.TRAVERSE CTY. INVESTMENT CORP., WHEATON STATE BANK OF WHEATON	80,481	79,457	187.LINDELL BANCSHARES, INC., COLD SPRING STATE BANK OF COLD SPRING	56,010	55,986
154.REMER BANCORPORATION, INC., GRAND RAPIDS WOODLAND BANK, DEER RIVER	80,311	79,388	188.COMMUNITY FINANCIAL CORPORATION, OWATONNA ^{55,161} COMMUNITY BANK OWATONNA	55,161	55,141
155.PIONEER BANK SHARES, INC., DULUTH PIONEER NATIONAL BANK OF DULUTH	79,796	79,796	189.MATSON FINANCIAL, INC., BLOMKEST CONCORDE BANK, BLOMKEST	54,977	54,966
156.RIVERLAND BANCORPORATION, JORDAN RIVERLAND BANK, JORDAN	79,150	79,150			

³MERGED INTO PERENNIAL BANK DURING 2016

Source: Regulatory financial reports filed by bank holding companies and banks, data as of Dec. 31, 2015.
*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*
190.RUSHFORD STATE BANCORP, INC., RUSHFORD RUSHFORD STATE BANK (INCORPORATED), RUSHFORD	53,840	53,840	217.ASHBY BANCSHARES, INC., ASHBY FIRST STATE BANK OF ASHBY	33,336	33,174
191.KNOFF BANCSHARES, INC., COKATO FIRST NATIONAL BANK OF COKATO	53,715	53,714	218.PEOPLES EQUITY CORPORATION, WELLS PEOPLES STATE BANK OF WELLS	31,202	31,167
192.TAUNTON BANCSHARES, INC., TAUNTON STATE BANK OF TAUNTON	52,118	52,107	219.FIRST NATIONAL AGENCY AT SAINT JAMES, INC. FIRST NATIONAL BANK AT SAINT JAMES	30,944	30,944
193.EQUITY BANK HOLDING CO., INC., MINNETONKA EQUITY BANK, MINNETONKA	50,687	50,687	220.CARLSON BANCSHARES, INC., NEW LONDON UNITED MINNESOTA BANK, NEW LONDON	30,566	30,592
194.VERGAS BANCORPORATION, INC., VERGAS VERGAS STATE BANK, VERGAS	50,416	50,416	221.HOFFMAN BANCSHARES, INC., HOFFMAN FARMERS STATE BANK OF HOFFMAN	29,993	29,914
195.WEST 12 BANCORPORATION, INC., BENSON STATE BANK OF DANVERS, BENSON	48,796	48,796	222.MORRISTOWN HOLDING COMPANY, EXCELSIOR LAKE COUNTRY COMMUNITY BANK, MORRISTOWN	29,806	29,806
196.SOUTHEAST MINN. BANCSHARES, INC., ALTURA ALTURA STATE BANK, ALTURA	48,455	48,330	223.FORT RIDGELY NAT'L BANCORP., INC., FAIRFAX FIRST NATIONAL BANK OF FAIRFAX	29,503	29,468
197.WEST CONCORD BANCSHARES, INC., W. CONCORD FARMERS STATE BANK OF WEST CONCORD	47,871	47,871	224.SOUTHERN MINNESOTA BANCSHARES, INC., WELLS PARAGON BANK, WELLS	29,320	29,320
198.GRYGLA FINANCIAL CORPORATION, GRYGLA AMERICAN STATE BANK OF GRYGLA	47,374	47,374	225.CYRUS BANCSHARES, INC., CYRUS HOMETOWN COMMUNITY BANK, CYRUS	28,413	28,414
199.MAPLE FINANCIAL HOLDING COMPANY, CHAMPLIN MAPLE BANK, CHAMPLIN	47,072	47,072	226.WELCOME BANCSHARES, INC., WELCOME WELCOME STATE BANK, WELCOME	28,367	28,247
200.EMPIRE BANCSHARES, INC., COTTONWOOD UNITED SOUTHWEST BANK, COTTONWOOD	46,832	46,829	227.ORMSBY BANCSHARES, INC., ORMSBY ORMSBY STATE BANK, ORMSBY	27,046	26,794
201.INVER GROVE BNCSTRS, INC., INV. GROVE HGHTS KEY COMMUNITY BANK, INVER GROVE HEIGHTS	46,495	46,495	228.POE INVESTMENT COMPANY, EXCELSIOR FARMERS & MERCHANTS STATE BANK OF SACRED HEART	26,947	26,517
202.ADRIAN BUILDING CORPORATION, ADRIAN ADRIAN STATE BANK, ADRIAN	46,483	46,206	229.FOLDEN FINANCIAL CORPORATION, HENDRICKS FIRST SECURITY BANK - HENDRICKS	26,080	25,518
203.KRAUSE FINANCIAL, INC., WINNEBAGO FIRST FINANCIAL BANK IN WINNEBAGO	46,153	46,133	230.SWANVILLE BANCSHARES, INC., SWANVILLE FIRST STATE BANK OF SWANVILLE	25,479	25,479
204.MPS INVESTMENT COMPANY, APPLETON FARMERS AND MERCHANTS STATE BANK OF APPLETON	45,697	45,691	231.BROWNS VLY BANCSHARES, INC., BROWNS VLY UNION STATE BANK OF BROWNS VALLEY	24,374	24,374
205.MCGREGOR BANCO, INC., MCGREGOR GRAND TIMBER BANK, MCGREGOR	44,630	42,815	232.HAMBURG FINANCIAL, INC., EXCELSIOR STATE BANK OF HAMBURG	24,237	24,146
206.CHANDLER BANCSHARES, INC., CHANDLER STATE BANK OF CHANDLER	44,560	44,546	233.EASTON BANCSHARES, INCORPORATED, EASTON STATE BANK OF EASTON	23,642	23,642
207.FINANCIAL SERVICES OF LOWRY, INC., LOWRY LOWRY STATE BANK, LOWRY	44,179	44,056	234.CITIZENS STATE AGENCY OF TYLER, INC., TYLER CITIZENS STATE BANK OF TYLER, INCORPORATED	23,502	23,538
208.ODIN BANCSHARES, INC., ODIN ODIN STATE BANK, ODIN	43,865	43,556	235.TIMBERLAND BANCORP, BAXTER FIRST NATIONAL BANK OF BUHL, MOUNTAIN IRON	22,817	22,817
209.PARK FINANCIAL GROUP, INC., MINNEAPOLIS PARK STATE BANK, DULUTH	42,319	42,319	236.EAGLE COMM. BANCSHARES, INC., BRKLYN PARK EAGLE COMMUNITY BANK, MAPLE GROVE	22,122	20,875
210.NEISEN BANCSHARES, INC., WATKINS FARMERS STATE BANK OF WATKINS	42,047	42,047	237.KIESTER INVESTMENTS, INC., KIESTER FIRST STATE BANK OF KIESTER	19,155	19,138
211.CITIZENS INVESTMENT CO., INC., GLENVILLE CITIZENS STATE BANK OF GLENVILLE	41,976	40,215	238.MINNDAK BANCSHARES, INC., ALEXANDRIA VANTAGE BANK, KENT	18,707	18,707
212.ELYSIAN, INC., ELYSIAN ELYSIAN BANK, ELYSIAN	40,172	40,172	239.HARTMAN BANCSHARES, INC., OKABENA FIRST STATE BANK OF OKABENA (INCORPORATED)	17,988	18,374
213.RANDALL BANCORP, INC., PINE RIVER RANDALL STATE BANK, RANDALL	39,045	39,045	240.DAKOTA FINANCIAL, INC., MARIETTA STATE BANK OF MARIETTA	14,199	14,199
214.LAKE PARK BANCSHARES, INC., LAKE PARK STATE BANK OF LAKE PARK	37,412	37,412	241.CEYLON BANCORPORATION, INC., CEYLON STATE BANK OF CEYLON	13,997	13,997
215.MILAN AGENCY, INC., MILAN PRAIRIE SUN BANK, MILAN	35,447	35,447			
216.EDEN VALLEY BANCSHARES, INC., EDEN VALLEY STATE BANK IN EDEN VALLEY	34,518	34,517			

Source: Regulatory financial reports filed by bank holding companies and banks, data as of Dec. 31, 2015.
*Dollar amounts in thousands

New to BHCA

The Bank Holding Company Association welcomes these new members:

Michael R. Segner, President/CEO
Green Circle Investments Company,
Clive, Iowa
Peoples Trust & Savings Bank

Scott Page, President
Tom Page, Executive Vice President
Page Bancshares, Inc.
Liberty, Mo.
Pony Express Bank

Daniel Miller, Chairman
Mark Bragelman, President/CEO
Liberty Financial Services of St. Cloud,
Inc., St. Cloud, Minn.
Liberty Bank Minnesota

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 break-out 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

BHCA presents: **Director's Series WEBINARS** November 2016

Insights into Capital Planning

November 3

Presented by CliftonLarsonAllen

Top Legal Issues Affecting Banks and How to Prepare

November 10

Presented by Lindquist & Vennum

Bank Secrecy Act Training

November 17

Presented by RSM

**BHCA members can
purchase a Series Pass
for all three of the
Directors' Series
presentations for \$139!**

- Each webinar is just \$59 for members, \$99 for non-members.
- All webinars are on Thursdays; they all start at 10 a.m. central time and run for 60 minutes.
- Webinars are recorded and available to registrants to listen again after initial presentation.

These webinars are ideal for owners, senior officers, managers and others working with bank holding companies and banks. The Bank Holding Company Association is devoted exclusively to education related to bank ownership and holding company issues.

Register online at www.theBHCA.org

Questions? Call us at 952-835-2248 or 1-800-813-4754

