

# Bank Owner

The magazine of the Bank Holding Company Association



*Season's Greetings*

from the **BHCA Board of Directors**

## **INSIDE:**

Leaders emerge after annual meeting, general election

In depth Fall Seminar report

Avoid common pitfalls in Fed applications

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## Our mission:

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

## Our organization:

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

## Our magazine:

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

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**ON THE COVER:** The BHCA 2014 Board of Directors, from left, standing, are: Managing Director Tom Bengtson; Bruce Ferden, Frandsen Financial Corp., Arden Hills, Minn.; Michael Vekich, HF Financial Corp., Sioux Falls, S.D.; James Kramer, Southeast Minnesota Bancshares, Inc., Altura, Minn.; Chad Bergan, Dacotah Banks, Inc., Aberdeen, S.D.; Robert Etter, Farmers & Merchants Agency, Inc., Pierz, Minn.; Randy Newman, Alerus Financial, Grand Forks, N.D. and Treasurer Larry Peterson, First Financial Services, Inc., Moose Lake, Minn. Seated from left, are: Vice President Erick Gandrud, Eagle Investment Company, Inc., Glenwood, Minn.; President William Rosacker, United Bankers' Bancorporation, Bloomington, Minn., and Immediate Past President Douglas Farmer, Golden Oak Bancshares, Inc., Holmen, Wis.

## It's been a good year; don't let up on industry advocacy

I can't believe how quickly 2014 has gone; with this column I am winding down my role as president of the Bank Holding Company Association. Officer terms for the association conclude on Dec. 31. At our annual meeting prior to the Fall Seminar in October, the membership elected new board members and the board designated a new slate of officers who begin their roles on Jan. 1.

Erick Gandrud of the Eagle Investment Company in Glenwood, Minn., will become the BHCA president. Michael Vekich of HF Financial Corp, based in Sioux Falls, S.D., will become vice president, and Larry Peterson of First Financial Services, Inc., in Moose Lake, Minn., will serve an additional year as Treasurer. I will have the privilege of serving as immediate past president.

Two bankers are joining our board, while two are concluding their service at the end of this year. The two new board members are Paul Means of Great River Holding Company in Baxter, Minn., and Sheila Jilek of Prairie Bancshares, Inc., in Lester Prairie, Minn. Leaving the board are Douglas Farmer of Golden Oak Bancshares, in Holmen, Wis., and Bob Etter of Farmers & Merchants Agency in Pierz, Minn. Doug was BHCA president in 2013.

2014 was an excellent year with two strong seminars and several webinars. I think there has never been a time of greater need for an organization like the Bank Holding Company Association, so I am grateful to the bankers who set this association up decades ago and all of you who have kept it vibrant to this day. There is so much going on in the banking world that it is wonderful to have an organization devoted exclusively to the education needs of bank owners and holding company professionals.

As you know, the community banking industry is the lifeblood of our economy. It is important that we keep telling our stories to the media and to our elected officials. Some still fail to make a distinction between the largest nation-wide banks and the locally-based organizations that make up the bulk of BHCA membership. It is up to each of us to continue to reach out to elected officials on both the state and national level and advocate for our industry. That typically starts with an introduction; once they know who you are, then you can begin to have meaningful conversations about industry issues. Letters and emails are good, but personal visits really make an impact. I encourage you to make it a goal for 2015 to visit with your elected representatives on both the state and national level.

It is exciting that across the Upper Midwest there are a number of bankers who won seats in their state legislatures last month. Here in Minnesota, Bob Vogel, chairman of New Market Bank, won a seat in the Minnesota House. Bob's holding company, Market Bancorporation, is a long-time BHCA member. Also winning a seat in the Minnesota House is Jon Koznick a mortgage lender with Provincial Bank in Lakeville.

In neighboring Wisconsin, Terry Katsma, the former president of the Oostburg State Bank, was elected to the state Assembly, representing an area that includes Sheboygan. I am sure there are other community bankers who serve in their state legislatures. It is very valuable for the industry to have people serving in government who know firsthand about the community banking industry. Congratulations to all bankers in positions of elected public service.

At the national level, there is much work to be done on banking issues. With Republicans winning control of the Senate bankers may have a better chance of staving off detrimental legislation during the next two years. But it will be difficult to move forward on legislative changes with the executive and legislative branches under the control of competing parties. We will all have to work that much harder to communicate the urgency of our issues.

Happy New Year! □



By William Rosacker  
United Bankers'  
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Bloomington, Minn.

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## Increasing compliance costs may justify revised tax treatment

Steven Kent's presentation at the Fall Seminar was eye-opening. Kent is president of River Branch Capital of Chicago and he provided an overview of bank performance and the M&A landscape. You can read about it beginning on page 6. His comments about investor expectations for return on equity were particularly interesting.

He said that in today's environment, the value of a bank is directly related to its investment return: The higher the ROE, the greater the value of the bank to potential investors.

The problem is regulators are making it harder to achieve traditional investment return; as regulatory obligations grow, so does the cost to comply. The Federal Reserve Bank of Minneapolis has conducted research that shows the impact of additional hiring on bank profitability. A bank with less than \$50 million in assets, for example, will see its return on assets decline by 13 basis points

As distressing as this situation is, it may have a silver lining. The banking industry may be able to use this situation to level the playing field with tax-exempt financial services providers.

Credit union advocates long have justified their federal income tax exemption by noting their inability to raise investment capital. Well, now community banks essentially are in the same boat. Bankers, therefore, should demand the same federal income tax exemption that credit unions enjoy.

The situation within the banking industry is particularly upsetting because federal regulators changed the rules on bankers in the middle of the game. The compliance burden has increased, therefore adding to the cost of running a bank. These costs are rising more rapidly than banks can identify new revenue streams. The realities associated with operating a profitable bank today are much different than they were a decade ago or more.

The cost of running a credit union has increased as well, but that increase has no effect on its ability to raise outside capital because it has never been able to seek outside capital. Credit union leaders who got into the business decades ago do not have to deal with diminishing investor interest. The capital position for a credit union always has been about retained earnings.

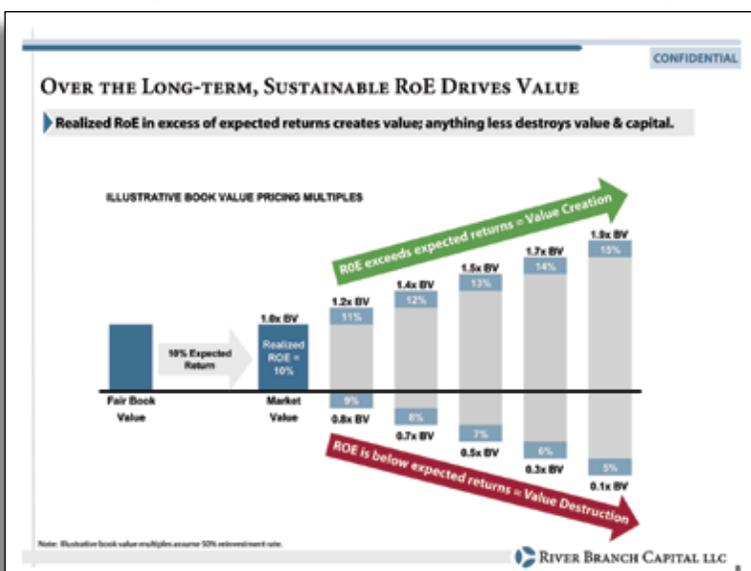
The government has essentially mandated industry restructuring that severs the community banking industry's access to capital. To add insult to injury, the increased regulatory demands come at the same time regulators are demanding (both implicitly and explicitly) that banks hold more capital.

This is a situation unique to community banks. The largest banks retain access to the capital markets; large bank ROE is higher than small bank ROE, and large banks still can raise capital as needed. Furthermore, FDIC Vice Chairman Thomas Hoenig argues compellingly that the nation's largest banks get away with maintaining significantly less capital than community banks.

Elected officials and regulators essentially are punishing community bankers for the financial crisis. This is a grave injustice. Perhaps the government-mandated suppressants to earnings are unintended but they are real and lawmakers should own up to them. The best way to make things right would be to offer an income tax exemption to all financial institutions dependent upon retained earnings for additional capital. This would breathe new life into the



By Tom Bengtson  
BHCA Managing Director



if it hires an additional full-time employee to handle compliance. That's based on a salary of around \$50,000 per year. The hit to earnings increases by 2.5 basis points for every additional \$7,000 in annual compensation.

In the meantime, low interest rates are making it difficult for banks to make money lending; furthermore, loan demand in many areas remains below pre-crisis levels.

Kent summarized all these factors by concluding that the cost of bank capital now exceeds average return on investment. He said the cost of capital is typically running around 12 percent while ROEs for community banks are averaging around 10 percent. That's not a good scenario for raising capital. That means that instead of being able to count on traditional investors for additional capital, bank owners are going to have to supply the capital themselves, typically by retaining more earnings.

# Opportunity remains in community banking

Even if bankers go to work in an industry where the four largest players control much of the market, there is still opportunity in community banking, said investment banker Steven Kent, president of River Branch Capital, Chicago. Kent spoke to the 219 bank owners, directors, and guests attending the Bank Holding Company Association's Fall Seminar held Oct. 6-7 at the Minneapolis Airport Marriott, Bloomington, Minn.

Kent was echoed by Jack Vonder Heide, president of Technology Briefing Centers, Inc., Chicago, who presented on opportunities offered to community banks by new technology. Vonder Heide said lenders like Kabbage, the largest online lender in the country, point to potential new business lines for banks. Kabbage, he said, has found a niche



*Jack Vonder Heide urges banks to offer person-to-person payment options, especially if they want to attract millennial customers.*

that neither large banks nor community banks serve well: small dollar lending to mom-and-pop businesses that sell online through sites such as Amazon or eBay.

Customers can get credit instantly from Kabbage. The business simply creates a Kabbage account, which then taps into the business's online transaction accounts. The lending decision is made electronically based on revenue and transaction volume coming through the business's Paypal and Amazon accounts. Kabbage customers can obtain up to \$100,000 in credit at an interest rate of 2 percent to 18 percent, depending on how long the business takes to repay the loan.

Kabbage knows its customers well, Vonder Heide said. "All their transactions can be verified. If you can view their Amazon and PayPal accounts, you can verify to a high degree what their sales and revenues are," he said. "You can easily make a credit decision with that information."

Community banks could setup a similar business with a banker who knows how to use PayPal and Amazon. "Small, home business customers could come to the banker, who will verify if they have the credentials to borrow based on their Amazon or PayPal information," he said. "Then the bank can make loans to mom and pop businesses. If you get 2 percent to 18 percent interest, you'd make a lot of money."

## Payments opportunity

Vonder Heide also said that banks will lose customers if they do not offer a mobile-enabled, person-to-person payments (p2p) product in 2015. "This is an absolutely essential service that you must have," he said. "P2p is the way

millennials pay each other."

P2p products allow customers to send each other money via direct transfer from one bank account to another. Customers can easily pay back a friend or buy a bike from their neighbor without having to carry cash or write a check. The transaction instead is completed via text or through an app on the customer's phone.

Banks offering p2p products have access to fee income, Vonder Heide said. Some p2p products offer different options for the availability of funds with different pricing. One option, the cheapest, makes funds available after two business days. Another offers immediate funds but for a larger fee. "For some platforms it cost \$8 to have access to funds instantly," he said.

"People look at a fee of \$8 for immediate access to the \$45.50 their friend just sent them and they ask 'who would ever pay that?'" Vonder Heide continued. "It seems illogical but go to a university town on a Friday night at 1 a.m. and you will see a line of people (in front of an ATM) glad to pay such a fee to get the funds now."

In terms of nonbank payment competitors, Vonder Heide said Apple is gaining ground as a payments player; the company launched Apple Pay in October. Apple Pay uses a technology called "near-field communication." NFC allows devices that are placed within a few inches of each other to exchange data; in the case of Apple Pay the data exchanged is payment credentials.

Vonder Heide showed a video of an Apple Pay transaction in which a customer checks out at a retailer by holding their iPhone near a point-of-sale device. The elapsed time between the cashier announcing the amount due

## When setting technology objectives for your bank, leaders need to distinguish between need-to-have and nice-to-have.

- Jack Vonder Heide

and the completion of the transaction is two seconds; no fumbling with a wallet, no swiping and no entering a PIN or signing a pad. "I have always said that if Apple endorses NFC, it will take off," he said.

Despite its convenience, Apple Pay has a long way to go, Vonder Heide said. "Very few merchants — about 200,000 — are set up to take Apple Pay so far," he said. "Apple Pay is cool but old habits die hard. People are comfortable swiping cards. Getting them over the NFC hump is going to require some juicy incentives and time."

Should Apple Pay gain market dominance, however, it will shift payments toward credit, Vonder Heide said. "Apple wants to increase credit and displace debit and cash," he said. "They are going to do it through iTunes. About 90 percent of those who set up an iTunes account with Apple give a credit card for the account. It is a one-click process for the customer to add the same card information for Apple Pay. Since adding another card is more difficult, they hope that consumers will continue to use the same card for Apple transactions."

### Improved marketing

Community banks also can gain an edge over competitors using data from customer accounts, Vonder Heide said. "You have a lot of data stored about how your customers interact with your bank," he said. "If they send a check for a car loan to another bank, for example, you can see the business they are doing with you competitors."

A bank could use DDA data to target advertising to its customers, Vonder Heide said. "You might be able to make an offering that's more attractive to

them," he said. "Let's say the customer is paying a car loan with your competitor using funds from their checking account at your bank. You know how much they pay, you know who your competitor is and you know your prices for a car loan. You can instantly figure out if you have an opportunity both for you and your customer.

"Then, if they are a mobile customer, you can display an ad for them that tells them on their phone, as they are paying your competitor, that they can save \$22 a month by transferring the car loan to your bank," Vonder Heide continued. The value of targeted advertising based on customer data far surpasses a billboard or radio ad, he said.

When setting technology objectives for your bank, leaders need to distinguish between need-to-have and nice-to-have, Vonder Heide said. "Buying pre-packaged software instead of hiring someone to create custom solutions is an example," he said. "Custom solutions are very expensive. I see a lot of boards get hung up on buying technology designed to exact specifications. You can get exact but it will cost much more. Look at prepackaged solutions first."

### ROEs face significant headwinds

A challenge facing community banks is their depressed return on equity, Kent said. The banking industry's return on equity is less than its cost to bring in new capital, he said. "If we were a public utility, we would be showing the regulator that we need a rate increase because the level at which we are generating capital is not covering our cost of capital," he said.

Bank ROEs have suffered from significant headwinds for net income and



*Steven Kent says cost of capital generally exceeds community bank earnings.*

from regulatory restrictions on using debt to grow the franchise, Kent said. "Extremely low interest rates are straining net interest margin, higher taxes are diminishing income, and operational and compliance expense have increased. Across the industry there is no revenue growth," he said. "The regulators also have taken away leverage from the equity side of the equation. With less leverage for any given ROA, the industry will have a lower ROE."

Kent said the banking industry, regardless of size, is struggling to make a 10 percent ROE. "That's a problem in a world where you need to make an ROE greater than the cost of the next dollar of equity capital," he said. "The cost of equity capital to the industry is around 12 percent."

Deficient ROEs are the underlying reason industry valuations are down, Kent said. "Whether you trade publicly, sell your franchise or infer the value of

**Opportunity remains,**  
*Continued on page 9*

# Bankers encouraged to avoid regulatory-inspired mediocrity

Shareholders and regulators often see eye-to-eye. Both groups want banks to avoid inappropriate risk. Regulators, however, have gone too far with policies for banks managing their securities portfolios, said Bart Smith of Performance Trust Capital Partners, Chicago. Smith spoke at the Bank Holding Company Association's Fall Seminar on Oct. 7.

Smith said regulation has taken such an oppressive turn because regulators believe they are doing the right thing for banks. He quoted C.S. Lewis, the well-known Christian apologist: "Of all tyrannies, a tyranny sincerely exercised for the good of its victims may be the most oppressive. It would be better to live under robber barons than under omnipotent moral busybodies. The robber baron's cruelty may sometimes sleep; but those who torment us for our own good will torment us without end, for they do so with the approval of their own conscience."

Smith, who worked for the FDIC for 25 years prior to joining Performance Trust, said community banks are missing out on revenue because of regulatory policy for asset and liability management. Regulators are too concerned about the negative effects of a rates-up environment, he said.

"You are told to stay short because you never know what will happen with rates," Smith said. "There is this idea that we will get a shock to interest rates and they will go up 200 basis points tomorrow. That's what regulators want you to model for and manage for. The idea is that

the industry is liability sensitive and you need to be so concerned that you forgo income. They give you the option to run it yourself but they also tell you how to run it."

Smith asked bankers in the room for their opinion. "How many of you think it would hurt your bank if rates rose?" he asked. Most bankers hope rates will increase substantially, he said.

An instantaneous jump in rates has never happened, Smith said. "Rates have never increased by 300 basis points in one day," he said. "The sharpest increases in history took place over a two-year period. And, even if rates did rise 300 basis points in one year, you could defend yourself against that."

Regulators' unrealistic expectations for rates pushes banks toward what Smith called "regulatory-inspired mediocrity." Smith said a symptom of regulatory-inspired mediocrity can be seen in the total return earned by banks. According to Performance Trust's data, as of second quarter of 2014, banks in the 80th percentile earn about 173 basis points or \$1.73 million in income more on their investments than banks in the 20th percentile per \$100 million in assets, when using a three-year horizon. "For a \$500 million institution, a 30-basis-point increase in earnings is \$1.5 million per year or \$15 million in added capital over 10 years," Smith said.

Missed revenue only increases the difficulty for banks as they navigate economic and industry headwinds,



*Bart Smith says bankers should not allow regulators to run their investment portfolios.*

Smith said. Not only do community banks shoulder the cost of a new regulatory regime under the Dodd-Frank Act, "we also have a 'not on my watch' mentality among regulators. Every agency wants to be toughest on compliance or safety and soundness," he said.

In 2013, the top 15 banks for asset size in the country had about 53 percent of the deposit market share. The top 15 banks had just 15 percent in 1995, Smith said. "Recapturing what was lost in terms of assets and deposits from large banks is where the future of community banks exists," he said. "In order to retake market share, however, community banks have to generate a comparable return. Right now, smaller banks do not generate a comparable return, in

terms of return on equity, to larger institutions. You can provide the best service, you can be the best in market, but somehow you also must find an ROE that brings shareholders value.”

Community bankers have not gotten the same understanding from the FDIC as large banks, Smith said, pointing to a recent lawsuit in which the FDIC sought more than \$30 million from the failed bank’s directors and owners. The suit was thrown out of court.

The FDIC argued “that the defendants were not only more prescient than the nation’s most trusted bank regulators and economists, but that they disregarded their own foresight of the coming crisis in favor of making risky loans,” Smith said, quoting the court’s opinion. “Such an assertion is wholly implausible...Taking the position that a big bank’s directors and officers should be forgiven due to its size and an unpredictable economic catastrophe while aggressively pursuing monetary compensation from a small bank’s directors and officers is unfortunate if not outright unjust. Community bankers pushed back and the court told them they were right.”

Since most well-managed community banks do not end up in court proceedings with the FDIC, they need to push back through the legislative process as well as through the rule making process, Smith said. “You have got to push back. You need to argue for your strategy as you manage your investment portfolio. That will require knowledge and good written policy,” he said. “Otherwise you will default to what the regulator wants you to do.” ■

### **Opportunity remains,**

*Continued from page 7*

your private stock, depressed ROEs are weighing down bank valuations,” he said.

### **Low ROEs are driving M&A**

Low ROEs also are causing consolidation, Kent said. “I hear people say M&A volume is low,” he said. “It is true, if you compare today to the late 1990s there were more transactions then. There also were 14,000 banks then. If you compare the number of transactions to the number of banks, the industry has been decaying at a consistent rate of 3 percent per year.”

The majority of banks purchased since 2013 have been between \$100 million and \$200 million in assets, Kent said. The Midwest is the region with the most M&A activity, he said. “States like Illinois and Minnesota had a lot of *de novo* activity from the mid-1990s to the mid-2000s,” he said. “With the increases in the number of banks in those states, you had a high statistical likelihood of failures. That is what happened.”

Kent said the top 20 percent of banks in the Midwest have returned two times book value. The median for Midwest

banks was one-and-a-third times book to one-and-a-half times book in 2013. “Sadly, the smallest public institutions, those with less than \$250 million in assets, are still trading at barely over book,” he said. “The rough median is nearly one-and-a-third times book.”

There has been a dramatic shift to negotiated sales and away from auctions since 2011, Kent said. In 2014, about 64 percent of transactions were negotiated deals. That’s up from 58 percent in 2012 and 17 percent in 2011.

The amount of time it takes to get regulatory approval for a transaction has gone down, Kent said. The average time to receive approval during the five-year period ending in 2013 was 4.6 months. For the five-year period ending in 2008, the average was 5.7 months, he said.

At the end of his presentation, a banker asked Kent for his expectations for ROE as banks hold more capital. “Headwinds for net income and regulatory policy for debt like trust preferred securities are unlikely to change for some time,” he said. “But am I saying every bank should sell? Hell no. The sky is not falling. The regulators are coming around. They see that community banks really are the life of this economy.” ■

**Extremely low interest rates are straining net interest margin, higher taxes are diminishing income, and operational and compliance expense have increased.**

- Steven Kent

### **SAVE THE DATE**

#### **BHCA Spring Seminar**

Monday-Tuesday, May 4-5, 2015

Minneapolis Airport Marriott Hotel

Bloomington, Minn.

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

# Scenes from the BHCA Fall Seminar



2014



*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*

## Avoiding Common Pitfalls in Applications

*By Daniel Hanger, Manager Applications/Surveillance, Federal Reserve Bank of Minneapolis*

This article identifies some of the common challenges that new filers of notices and applications to the Federal Reserve sometimes face. We also provide tips for managing these challenges. Following these suggestions should help you navigate the application process with greater ease. This article focuses on common issues we see related to Interagency Biographical and Financial Reports (“IBFRs”), the name check process, requests for confidential treatment of information submitted in applications, and public notices of applications published in local newspapers.

### “IBFRs”

Individuals complete IBFRs to provide personal financial background and employment data needed to evaluate the competence, experience and integrity of new management and ownership. IBFRs are most often required with notices of change in control, notices of change in director or senior executive officer, or bank holding company formation applications. Individuals frequently provide financial statements that:

- are out-of-date
- do not provide requested financial information on business interests representing significant portions of their net worth, or
- do not balance, or contain supporting schedules that do not balance, to the individual’s financial statement.

Providing incomplete or inconsistent information often results in delays in processing related notices and applications. The instructions for the IBFR provide that financial statements from individuals must have “as of” dates not more than 90 days prior to the date the IBFR is submitted. Schedule D of the financial statement portion of the IBFR directs individuals to submit year-end financial statements, including profit and loss, and cash flow statements for the last two years, for each business interest in which the individual has an interest equal to 10 percent or more of his/her net worth. Taking a few minutes to double check that your financial statements balance and you have thoroughly answered all questions in the IBFR can save processing time.

### Name Checks

Like other federal banking agencies, the Federal Reserve conducts name checks on new significant shareholders and key policymakers in connection with processing applications. Delays in completing this process can prevent an application from meeting anticipated processing time frames. Individuals must supply their fingerprints in order for the Federal Bureau of Investigation to perform a portion of this process. This may be done in one of two ways. First, we can provide a fingerprint card to you (with a postage-paid pre-addressed envelope) that you may take to a police station or other law enforcement location. There, law enforcement personnel will fill out the card and take the fingerprints. You should mail the fingerprint card in the pre-addressed envelope once it is completed. The fingerprint card we provide contains a code that facilitates sending the results of the name check to the Federal Reserve. Using a fingerprint card that does not contain this code generally delays the completion of the name check process.

A second method to provide fingerprints involves coming to the Reserve Bank to have fingerprints taken electronically through a device called a Live-Scan terminal. Use of the Live-Scan terminal significantly expedites the FBI name check process. You may contact staff in the Applications section to arrange for an appointment to be fingerprinted using a Live-Scan terminal.

We will notify you as early as possible if we will conduct a name check. Promptly mailing a completed fingerprint card using the pre-addressed envelope or having fingerprints taken electronically will expedite the completion of the name check process and reduce the likelihood of a delay in final action on an application.

**Fed Notes, Continued on page 15**

# 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.

▷ Eagle Bancorp Montana, Inc., Helena, Mont., authorized to become a bank holding company by acquiring Opportunity Bank of Montana, Helena; Opportunity Bank authorized to merge with Eagle Bancorp Montana's subsidiary, American Federal Savings Bank, Helena, and thereby establish branches; and Opportunity Bank authorized to become a member of the Federal Reserve System.

▷ First Midwest Bancorp, Inc., Itasca, Ill., filed to merge with Great Lakes Financial Resources, Bancorp, Inc., Blue Island, Ill., and thereby acquire Great Lakes Bank, N.A., Blue Island.

▷ NEB Corporation, Fond du Lac, Wis., filed to acquire the outstanding shares of InvestorsBank, Waukesha, Wis.

▷ Ottawa Savings Bancorp MHC, and Ottawa Savings Bancorp, Inc., both of Ottawa, Ill., filed to merge Twin Oaks Savings Bank, a mutual savings bank in Marseilles, Ill., into Ottawa Savings Bank FSB, Ottawa.

▷ Change in control authorized for the Douglas L. Jilek B Trust, Lester Prairie, Minn., (trustees Sheila K. Jilek and Norman C. Arlt) to acquire 25 percent or more of Prairie Bancshares, Inc., Lester Prairie, and thereby gain control of First Community Bank, Lester Prairie.

▷ ANB Bank, Denver, Colo., authorized to merge with Capital West Bank, Laramie, Wyo., and thereby establish branches.

▷ Notification submitted by the Jeffrey F. Whitham Revocable Trust, (Patricia M. Whitham and Tyler F. Whitham trustees) and others all of Garden City, Kan., to acquire control of Whitcorp Financial Company, Leoti, Kan., parent of Western State Bank, Garden City, and Frontier Bank, Lamar, Colo.

▷ Barlow Banking Corporation, Iowa Falls, Iowa, authorized to acquire shares of Northfield Bancshares, Inc., Northfield, Minn., and thereby acquire Community Resource Bank.

▷ First Midwest Bancorp, Inc., Itasca, Ill., authorized to merge with Great Lakes Financial Resources, Inc., Matteson, Ill., and thereby acquire Great Lakes Bank, N.A., Blue Island, Ill., and for First Midwest Bank, Itasca, to merge with Great Lakes Bank and thereby establish branches.

▷ Notification submitted by P. Mark Graff, McCook, Neb., and others to acquire control of Graff Family, Inc., parent of MNB Financial Group, Inc., which controls McCook National Bank, all of McCook.

▷ Notice filed by The Paulson 2014 Trust, Mason City, Iowa to control the Northwood Financial Services Corporation, Northwood, Iowa, and thereby acquire NSB Bank, Mason City.

▷ Talmer Bancorp, Inc., Troy, Mich., filed to acquire First Huron Corporation, Bad Axe, Mich., and thereby acquire Signature Bank, Bad Axe.

▷ Chemical Financial Corporation, Midland, Mich., authorized to acquire Northwestern Bancorp, Inc., Traverse City, Mich., and its subsidiary, Northwestern Bank, a state savings bank that has elected to be treated as a

savings association under the Home Owners' Loan Act; and for Chemical Financial's subsidiary, Chemical Bank, Midland, to merge with Northwestern Bank and establish branches.

▷ NEB Corporation, Fond du Lac, Wis., authorized to acquire InvestorsBank, Waukesha, Wis.

▷ Bank of Ash Grove, Mo., filed to become a member of the Federal Reserve System.

▷ Little London Bancorp, Colorado Springs, Colo., filed to become a bank holding company through the acquisition of 5Star Bank, Colorado Springs, Colo.

▷ Mackinac Financial Corporation, Manistique, Mich., authorized to acquire Peninsula Financial Corporation, Ishpeming, Mich., and thereby acquire Peninsula Bank.

▷ Centennial Bank, Centennial, Colo., authorized to purchase five Colorado branches of Mutual of Omaha Bank, Omaha, Neb., and thereby establish branches.

▷ Stifel Bank and Trust, St. Louis, Mo., authorized to become a member of the Federal Reserve System.

▷ Country Bancorporation, Crawfordsville, Iowa, filed to acquire Lone Tree Service Company, Lone Tree, Iowa, and thereby acquire Farmers and Merchants Savings Bank, Iowa City, Iowa.

▷ The 2011 Colis Delta Trust proposes to acquire 75.49 percent of Oxford Financial Corporation, Oak Brook, Ill., by acquiring the shares held by three separate Colis Family trusts.

▷ Notice filed by Louis Bernard Eckelkamp, Jr., and William Wood Eckelkamp, both of Washington, Mo., and Susan Ellen Eckelkamp, St. Albans, Mo., individually; and Robert Marvin Tobben and Judith Ann Tobben, husband and wife, Washington, Mo., to gain control of Cardinal Bancorp, Inc., Maplewood, Mo.

▷ Treynor Bancshares, Inc., Treynor, Iowa authorized to acquire shares of TS Contrarian Bancshares, Inc., Treynor, and thereby acquire The Bank of Tioga, N.D.; and for TS Contrarian Bancshares to become a bank

holding company by acquiring The Bank of Tioga.

▷ AMB Financial Corporation, Munster, Ind., filed to become a bank holding company through the acquisition of American Community Bank of Indiana, Munster, Ind., (formerly American Savings, FSB, Munster, a federal savings bank that proposes to convert to a commercial bank).

▷ Grand River Bank, Grandville, Mich., filed to become a member of the Federal Reserve System.

▷ Town Bank, Hartland, Wis., filed to merge with Community Bank CBD, Delavan, Wis. As a result of this merger, all offices of Community Bank CBD will become branches of Town Bank.

▷ Wintrust Financial Corporation, Rosemont, Ill., filed to merge with Delavan Bancshares, Inc., Delavan, Wis., and thereby acquire Community Bank CBD, Delavan.

▷ First National Bank of St. Louis, Clayton, Mo., filed to become a member of the Federal Reserve System.

▷ First Savings Financial Group, Inc., Clarksville, Ind., filed to become a bank holding company through the conversion of its wholly owned subsidiary, First Savings Bank, FSB, Clarksville, from a federal savings bank to a national bank. Also in a companion filing First Savings Financial Group, Inc., Clarksville, elects to become a financial holding company.

▷ Central Banccompany, Inc., Jefferson City, Mo., and First National Bancor, Inc., Lee's Summit, Mo., authorized to acquire Douglas County Bank, Lawrence, Kan.

▷ Metcalf Bank, Lees Summit, Mo., authorized to merge with Douglas County Bank, Lawrence, Kan., and thereby establish 7 branches in Lawrence and one branch in Eudora, Kan.

▷ Farmers & Merchants Savings Bank, Manchester, Iowa, filed to merge with its sister bank, Security Savings Bank, Eagle Grove, Iowa. As a result, all locations

## Subchapter S banks lead as small business lenders

Small business loans account for about 8.5 percent of the total loans held by Subchapter S banks. That's more than twice as much as those held by C Corporation banks, which have 3.5 percent of assets in small business loans, said Patrick Kennedy of the Kennedy Sutherland LLP law firm in San Antonio, Texas.

Kennedy is president of the Subchapter S Bank Association. He shared data during a breakout session at the Oct. 7 Fall Seminar of the Bank Holding Company Association in Bloomington, Minn.

Kennedy said that in terms of total assets, small business loans account for about 5 percent of subchapter S bank assets, whereas C-corp banks have less than 2 percent of assets in small business loans. Kennedy also said that about 91 percent of subchapter S banks are serving rural areas with populations of less than 1,000 people per square mile.

Subchapter S incorporation gives a bank's value a boost of about 15 percent by virtue of its S-election, Kennedy said. "That makes sense to me," he said. "They focus on long term shareholder value creation."

Kennedy said that because of their long term approach subchapter S banks have to watch out for a drift in objectives and must guard against complacency. "We encourage you to focus on the direction of your organization," he said. "We have many institutions where a longtime CEO is ready to retire. The board and shareholder group moved on by selling the bank, even though some didn't want to sell."

"If you have a 15-year group of investors that made the S-election," he continued, "you should revisit your objective and confirm your shareholder objects are still the same as your corporate objectives."

Kennedy also said finding young entrepreneurs to join the bank can stimulate its growth. "We have seen that people get complacent," he said. "You need to think about cultivating new blood. It is really important to have new ideas."

There are still opportunities for subchapter S banks, Kennedy said. "Banks have a tremendous amount of credibility," he said. "It is important to capitalize on it. ■"

### Transaction Report, *Continued from page 13*

of Security Savings Bank will become branches of Farmers & Merchants Savings Bank.

▷ First Busey Corporation, Champaign, Ill., filed to acquire Herget Financial Corporation, Pekin, Ill., and thereby acquire Herget Bank, National Association, Pekin.

▷ First Farmers Bank & Trust Company, Converse, Ind., filed to merge with United Community Bank, Oakwood, Ill., Community Bank, Hoopeston, Ill., and The First National Bank of Chrisman, Ill., and thereby establish 5 branches.

▷ Lake Financial Corporation, Baldwin, Mich., filed to become a bank holding company by acquiring Lake-Osceola State Bank, Baldwin, Mich. In addition, Lake Financial Corporation elects to become a financial holding company.

▷ Bank of Ash Grove, Mo., filed to merge with Old Missouri Bank, Springfield, Mo., and to retain the acquired facilities as branches.

▷ Change in Control notice filed by Wallenfelsz Revocable Trust for BHC Stock, North Oaks, Minn., to acquire 25 percent or more of N.A. Corporation, Roseville, Minn., and thereby gain control of North American Banking Company, Roseville, Minn.

▷ Cornerstone Holding Company, Inc., Fargo, N.D., authorized to merge with Lakeside Bank Holding Company, New Town, N.D., and thereby acquire McKenzie County Bank, Watford City, N.D., and Lakeside State Bank, New Town.

▷ First Belleville Bancshares, Inc., Abilene, Kan., has elected to become a financial holding company.

▷ Ben Franklin Financial MHC, Arlington Heights, Ill., authorized to convert from mutual to stock form and to merge with Ben Franklin Financial, Inc., Arlington Heights;

for Ben Franklin Financial, Inc., to merge into a new Maryland corporation also named Ben Franklin Financial, Inc.; and for that company to become a savings and loan holding company by acquiring Ben Franklin Bank of Illinois, Arlington Heights.

▷ First Farmers Bank & Trust Company, Converse, Ind., filed to merge with Community Bank, Hoopeston, Ill., and thereby establish 2 branch offices.

▷ Lake Financial Corporation, Baldwin, Mich., filed to become a bank holding company by acquiring Lake Osceola State Bank, Baldwin, Mich. In addition, Lake Financial Corporation elects to become a financial holding company.

▷ First Savings Bank, FSB, Clarksville, Ind., filed to become a member of the Federal Reserve System.

▷ Deerwood Bancshares, Inc., Deerwood, Minn., through its subsidiary bank, Deerwood Bank, Deerwood, Minn., filed to acquire American Bank of Saint Paul, Minn.

▷ Change in Control Notice filed by Waldo Jon Ackerman and Susan Dawn Ackerman, both of Aurora, Colo., to acquire 10 percent or more of Olmsted Holding Corporation and thereby acquire Olmsted National Bank, both of Rochester, Minn.

▷ First American Bank Corporation, Elk Grove Village, Ill., authorized to acquire Bank of Coral Gables, Fla., in connection with its merger with First American Bank, Elk Grove Village.

▷ Sterling Bancshares, Inc., Poplar Bluff, Mo., authorized to acquire Bootheel Bancorp, Inc., Poplar Bluff, and thereby acquire First Community Bank.

▷ Southern Bank, Poplar Bluff, Mo., authorized to merge with Peoples Bank of the Ozarks, Nixa, Mo., and to retain the acquired facilities as branches. ■

## New to BHCA

The Bank Holding Company Association welcomes these Associate Members:

Anastasi Jellum, P.A.

**Nick Jellum**

President

Stillwater, Minn.

Anastasi Jellum is a banking and business law firm with a strong focus in banking law, commercial lending and banking litigation.

Dorsey & Whitney LLP

**Thomas O. Kelly III**

Partner

Minneapolis

Dorsey & Whitney LLP provides legal services to various financial institutions, including national and state chartered banks, credit unions, savings associations and bank holding companies.

Stein & Moore, P.A.

**Peter B. Stein**

Partner

St. Paul, Minn.

Our expertise is in the areas of commercial and real estate loan workouts and litigation, creditor's rights in bankruptcy, lender liability defense, business liquidations, real estate foreclosures, consumer collections, and appellate practice.

### Down to Business, Continued from page 5

community banking industry and eliminate the unfair advantage credit unions enjoy over banks.

Let me conclude this column by thanking all the members of the Bank Holding Company Association. As I conclude my fourth year in the role of Managing Director of this association, I have more admiration than ever for the men and women who run financial institutions in this part of the country. It is a great privilege to have a role in providing the education and networking opportunities you use run successful businesses. The members, associate members, officers and board members of the Bank Holding Company Association are a magnificent group of people, and I am thrilled to have the opportunity to serve you.

Best wishes to all as we close out 2014 and here's to looking forward to an even better year in 2015. □

### Fed Notes, Continued from page 12

#### Confidentiality Requests

Under the provisions of the Freedom of Information Act an application filed with the Federal Reserve is a public document. However, an applicant may request confidential treatment for information it believes is exempt from disclosure under FOIA. For example, if an applicant believes disclosure of commercial or financial information would likely result in substantial harm to its competitive position or that disclosure of information of a personal nature would result in a clearly unwarranted invasion of personal privacy it may request confidential treatment for such information. However, applicants often request confidential treatment for entire transaction related documents (such as purchase agreements) and shareholder information. Such requests often are not granted. Confidential treatment for certain items contained in purchase agreements such as the purchase price may be granted but standard "boilerplate" provisions are generally not excluded from disclosure. Applicants must disclose ownership percentages for officers, directors and shareholders controlling more than 10 percent of the applicant, although we can generally grant confidential treatment for information on other shareholders.

Information for which applicants request confidential treatment must be:

- specifically identified in the public portion of the application (by reference to the confidential section)
- separately bound, and
- labeled CONFIDENTIAL.

Further, the request should specifically describe the competitive harm or invasion of personal privacy that would result from public release of the information. Following these instructions will assist the Federal Reserve in making confidentiality determinations and reduce the likelihood of the Reserve Bank asking for clarification or further justification of confidential treatment requests.

#### Newspaper Notices

Notice of applications usually must be published in a newspaper of general circulation in the communities that will be affected to allow the general public an opportunity to comment. Failure to promptly publish such notice or an incorrect publication that must be corrected and re-published can cause a delay in the processing of an application. The Federal Reserve's applications filing information website contains instructions for publishing required public notices as well as sample notice forms.

Information for publishing newspaper notices for applications filed with the Federal Reserve Bank of Minneapolis can be found at [http://www.federalreserve.gov/bankinforeg/afi/res\\_news\\_minn.htm](http://www.federalreserve.gov/bankinforeg/afi/res_news_minn.htm).

Staff of the Applications section will gladly review a proposed newspaper publication to ensure it accurately reflects the proposal. Such a review reduces the likelihood that a notice may need to be re-published and thus delay processing of an application.

Following these simple guidelines should help you avoid some of the common delays in processing your application. If you have questions on this article or the applications process in general, contact staff of the Applications section. Contact information is available at <http://www.minneapolisfed.org/banking/apps/info/contacts.cfm>. □

Read past issues of *Bank Owner*  
online at: [www.theBHCA.org](http://www.theBHCA.org)

# WISCONSIN BANK HOLDING COMPANIES

HOLDING COMPANY, LOCATION Subsidiary Bank, Location	CONSOLIDATED ASSETS*	SUBSIDIARY ASSETS*	HOLDING COMPANY, LOCATION Subsidiary Bank, Location	CONSOLIDATED ASSETS*	SUBSIDIARY ASSETS*
<b>1.ASSOCIATED BANC-CORP, GREEN BAY</b> ASSOCIATED BANK, N.A., GREEN BAY	24,226,920	23,932,159	<b>32.RIVER HOLDING CO., STODDARD</b> RIVER BANK, STODDARD WISCONSIN RIVER BANK, SAUK CITY	444,227	437,433 77,357
<b>2.JOHNSON FINANCIAL GROUP, INC., RACINE</b> JOHNSON BANK, RACINE	3,951,607	3,913,622	<b>33.NORTHERN BANKSHARES, INC., MCFARLAND</b> MCFARLAND STATE BANK, MCFARLAND	416,804	414,512
<b>3.NEB CORP., FOND DU LAC</b> AMERICAN BANK, FOND DU LAC NATIONAL EXCHANGE BANK AND TRUST, FOND DU LAC	1,566,499	262,815 1,291,616	<b>34.BANKERS' BANCORP., INC., MADISON</b> BANKERS BANK, MADISON	403,354	403,236
<b>4.FIRST BUSINESS FIN'L SERVICES, INC., MADISON</b> FIRST BUSINESS BANK, MADISON FIRST BUSINESS BANK - MILWAUKEE, BROOKFIELD	1,268,655	1,053,303 215,019	<b>35.DELLS BANCSHARES, INC., WISCONSIN DELLS</b> BANK OF WISCONSIN DELLS	396,674	396,402
<b>5.NICOLET BANKSHARES, INC., GREEN BAY</b> NICOLET NATIONAL BANK, GREEN BAY	1,198,260	1,184,273	<b>36.RIDGESTONE FIN'L SERVICES, INC., BROOKFIELD</b> RIDGESTONE BANK, BROOKFIELD	389,656	388,729
<b>6.TRI CITY BANKSHARES CORP., OAK CREEK</b> TRI CITY NATIONAL BANK, OAK CREEK	1,181,066	1,179,797	<b>37.NW BANCSHARES, INC., CHIPPEWA FALLS</b> NORTHWESTERN BANK, CHIPPEWA FALLS	386,650	386,650
<b>7.BANK FIRST NATIONAL CORP., MANITOWOC</b> BANK FIRST NATIONAL, MANITOWOC	1,060,887	1,056,796	<b>38.BOSSHARD BANCO, LTD., LA CROSSE</b> FIRST NATIONAL BANK OF BANGOR INTERCITY STATE BANK, SCHOFIELD	384,926	222,812 162,221
<b>8.RIVER VALLEY BANCORP. INC., WAUSAU</b> RIVER VALLEY BANK, WAUSAU	1,006,541	1,006,768	<b>39.MONONA BANKSHARES, INC., MONONA</b> MONONA STATE BANK, MONONA	376,413	376,411
<b>9.BAYLAKE CORP., STURGEON BAY</b> BAYLAKE BANK, STURGEON BAY	997,275	996,595	<b>40.WOODTRUST FINANCIAL CORP., WIS. RAPIDS</b> WOODTRUST BANK, WISCONSIN RAPIDS	375,596	374,565
<b>10.BANKMANAGERS CORP., MILWAUKEE</b> PARK BANK, MILWAUKEE	858,786	855,915	<b>41.FIRST MENASHA BANCSHARES, INC., NEENAH</b> FIRST NATIONAL BANK - FOX VALLEY, NEENAH	360,163	360,163
<b>11.CENTRE 1 BANCORP, INC., BELOIT</b> FIRST NATIONAL BANK AND TRUST CO., BELOIT	857,326	849,861	<b>42.UNION BANCORP., INC., UNION GROVE</b> COMMUNITY STATE BANK, UNION GROVE	352,092	322,033
<b>12.OCONOMOWOC BANCSHARES, INC.</b> FIRST BANK FINANCIAL CENTRE, OCONOMOWOC	810,193	809,111	<b>43.PLOETZ INVESTMENTS L.P., PRAIRIE DU SAC</b> BANK OF PRAIRIE DU SAC	347,178	347,042
<b>13.WAUPACA BANCORP., INC., WAUPACA</b> FIRST NATIONAL BANK, WAUPACA	789,039	778,552	<b>44.FIRST BERLIN BANCORP, INC., BERLIN</b> FIRST NATIONAL BANK OF BERLIN	346,646	346,646
<b>14.COUNTY BANCORP, INC., MANITOWOC</b> INVESTORS COMMUNITY BANK, MANITOWOC	757,881	757,359	<b>45.ABBY BANCORP, INC., ABBOTSFORD</b> ABBYBANK, ABBOTSFORD	337,804	337,529
<b>15.S.B.C.P. BANCORP, INC., CROSS PLAINS</b> STATE BANK OF CROSS PLAINS	757,838	755,840	<b>46.ROYAL BANCSHARES, INC., ELROY</b> ROYAL BANK, ELROY	322,576	320,789
<b>16.CHARTER BANKSHARES, INC., EAU CLAIRE</b> CHARTER BANK EAU CLAIRE COMMUNITY BANK CORP., CHASKA, MN	725,052	559,219 165,225	<b>47.COMMERCE FIN'L HOLDINGS, INC., WEST BEND</b> COMMERCE STATE BANK, WEST BEND	319,192	319,192
<b>17.PARK BANCORP., INC., MADISON</b> PARK BANK, MADISON	716,993	715,081	<b>48.FIRST BANCORP., INC., LA CROSSE</b> STATE BANK FINANCIAL, LA CROSSE	318,720	317,998
<b>18.PSB HOLDINGS, INC., WAUSAU</b> PEOPLES STATE BANK, WAUSAU	711,787	710,674	<b>49.DMB CORP., INC., DE FOREST</b> DMB COMMUNITY BANK, DE FOREST	316,439	315,991
<b>19.CITIZENS BANK HOLDING, INC., MUKWONAGO</b> CITIZENS BANK OF MUKWONAGO	680,568	678,813	<b>50.STEPHENSON NAT'L BANCORP, INC., MARINETTE</b> STEPHENSON NATIONAL BANK AND TRUST, MARINETTE BANK NORTH, WAUSAUKEE	316,323	314,713 125,862
<b>20.UNITED BANCORP., OSSEO</b> FARMERS STATE BANK, STICKNEY, SD UNITED BANK, OSSEO CLARKE COUNTY STATE BANK, OSCEOLA BANK OF POYNETTE CAMBRIDGE STATE BANK, CAMBRIDGE LINCOLN COMMUNITY BANK, MERRILL	676,121	106,200 220,756 108,638 104,421 73,973 61,478	<b>51.BOSP BANCSHARES, INC., SUN PRAIRIE</b> BANK OF SUN PRAIRIE	314,626	314,267
<b>21.BARABOO BANCORP, INC., BARABOO</b> BARABOO NATIONAL BANK, BARABOO	632,567	632,159	<b>52.FIRST AMERICAN BNKSHRS, INC., FT. ATKINSON</b> PREMIERBANK, FORT ATKINSON	309,656	306,823
<b>22.BLACKHAWK BANCORP., INC., BELOIT</b> BLACKHAWK BANK, BELOIT	583,440	582,953	<b>53.WHITewater BANCORP, INC., WHITewater</b> FIRST CITIZENS STATE BANK, WHITewater PALMYRA STATE BANK, PALMYRA	306,816	264,513 40,043
<b>23.NATCOM BANCSHARES, INC., SUPERIOR</b> NATIONAL BANK OF COMMERCE, SUPERIOR	558,517	558,319	<b>54.CAPITOL BANKSHARES, INC., MADISON</b> CAPITOL BANK, MADISON	301,795	301,818
<b>24.CITIZENS COMM. BANCORP, INC., EAU CLAIRE</b> CITIZENS COMMUNITY FEDERAL, N.A., ALTOONA	552,204	552,204	<b>55.HAYWARD BANCSHARES, INC., EAU CLAIRE</b> PEOPLES BANK MIDWEST, HAYWARD	294,267	290,195
<b>25.SWORD FINANCIAL CORP., HORICON</b> HORICON BANK, HORICON	551,789	549,834	<b>56.SECURITY FINANCIAL SERVICES CORP., DURAND</b> SECURITY FINANCIAL BANK, DURAND PEOPLES STATE BANK OF BLOOMER	290,395	290,394 117,155
<b>26.PEOPLES BANCORP, INC., PRAIRIE DU CHIEN</b> PEOPLES STATE BANK, PRAIRIE DU CHIEN	549,515	549,515	<b>57.WEST POINTE BANCSHARES, INC., OSHKOSH</b> WEST POINTE BANK, OSHKOSH	288,271	288,271
<b>27.COMMUNITY BANC-CORP OF SHEBOYGAN, INC.</b> COMMUNITY BANK & TRUST, SHEBOYGAN	548,025	547,808	<b>58.COULEE BANCSHARES, INC., LA CROSSE</b> COULEE BANK, LA CROSSE	282,835	282,731
<b>28.PORT BANCSHARES, INC., PORT WASHINGTON</b> PORT WASHINGTON STATE BANK, PORT WASHINGTON	469,238	465,050	<b>59.MONTFORT BANCORP., INC., PLATTEVILLE</b> CLARE BANK, N.A., PLATTEVILLE	282,582	279,376
<b>29.CIB MARINE BANCSHARES, INC., WAUKESHA</b> CIBM BANK, CHAMPAIGN	460,153	454,468	<b>60.IXONIA BANCSHARES, INC., IXONIA</b> IXONIA BANK, IXONIA	280,096	278,919
<b>30.DAIRY STATE BANCORP, INC., RICE LAKE</b> DAIRY STATE BANK, RICE LAKE	456,214	452,692	<b>61.MOUND CITY FIN'L SERVICES, INC., PLATTEVILLE</b> MOUND CITY BANK, PLATTEVILLE	279,474	279,231
<b>31.DENMARK BANCSHARES, INC., DENMARK</b> DENMARK STATE BANK, DENMARK	449,555	414,437	<b>62.JEWEL BOX FIN'L SERVICES, INC., COLUMBUS</b> FARMERS & MERCHANTS UNION BANK, COLUMBUS	273,399	273,370
			<b>63.FIRST NATIONAL BANCORP OF RIVER FALLS, INC.</b> FIRST NATIONAL BANK OF RIVER FALLS	271,003	271,002

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

# WISCONSIN BANK HOLDING COMPANIES

HOLDING COMPANY, LOCATION Subsidiary Bank, Location	CONSOLIDATED ASSETS*	SUBSIDIARY ASSETS*	HOLDING COMPANY, LOCATION Subsidiary Bank, Location	CONSOLIDATED ASSETS*	SUBSIDIARY ASSETS*
64.M.S.B. BANCORPORATION, INC., MARION PREMIER COMMUNITY BANK, MARION	270,663	270,663	97.CAPITAL COMMERCE BANCORP, INC., MILWAUKEE SECURANT BANK & TRUST, MILWAUKEE	186,198	186,566
65.FIRST STATE BANCSHARES, INC., NEW LONDON FIRST STATE BANK, NEW LONDON	269,540	268,539	98.CITIZENS BANCSHARES OF LOYAL, INC., LOYAL CITIZENS STATE BANK OF LOYAL	184,377	184,377
66.FOX RIVER VALLEY BANCORP, INC., APPLETON BUSINESS BANK, APPLETON	267,240	266,741	99.FARMERS STATE BANCORP., INC., WAUPACA FARMERS STATE BANK OF WAUPACA	180,989	180,989
67.CHIPPEWA VALLEY AGENCY, LTD, BRUCE CHIPPEWA VALLEY BANK, WINTER	267,230	267,102	100.WOODFORD BANCSHARES, INC., MONROE WOODFORD STATE BANK, WOODFORD	178,758	178,758
68.LUXEMBURG BANCSHARES, INC., LUXEMBURG BANK OF LUXEMBURG	265,393	264,948	101.PESHTIGO NATIONAL BANCORP., INC., PESHTIGO PESHTIGO NATIONAL BANK, PESHTIGO	177,640	177,640
69.SOUTHPORT FINANCIAL CORP., KENOSHA SOUTHPORT BANK, KENOSHA	262,307	262,076	102.OREGON BANCORP, INC., OREGON OREGON COMMUNITY BANK & TRUST, OREGON	177,232	176,743
70.MAUSTON BANCORP, INC., LA CROSSE BANK OF MAUSTON	257,349	255,223	103.INDEPENDENT BANCORP, LTD, LITTLE CHUTE BLC COMMUNITY BANK, LITTLE CHUTE	176,401	176,401
71.MCB BANKSHARES, INC., MIDDLETON MIDDLETON COMMUNITY BANK, MIDDLETON	254,372	254,372	104.FNB HARTFORD BANCORP, INC., HARTFORD FIRST NATIONAL BANK OF HARTFORD	172,133	172,117
72.COUNTRYSIDE FIN'L SERVICES, INC., WALWORTH WALWORTH STATE BANK, WALWORTH	249,324	249,324	105.TOMAH BANCSHARES, INC., TOMAH TIMBERWOOD BANK, TOMAH	170,950	169,845
73.AMERICAN NATIONAL BANCORP, INC., APPLETON AMERICAN NATIONAL BANK - FOX CITIES, APPLETON	249,208	249,075	106.MAUNESHA BANCSHARES, INC., WATERLOO FARMERS & MERCHANTS STATE BANK, WATERLOO	170,413	170,132
74.PEOPLES COMM. BNCSTRS, INC., MAZOMANIE PEOPLES COMMUNITY BANK, MAZOMANIE	245,338	246,453	107.B & E INVESTMENTS, INC., ARCADIA STATE BANK OF ARCADIA	170,389	127,490
75.BOSCOBEL BANCORP, INC., BOSCOBEL COMMUNITY FIRST BANK, BOSCOBEL	242,544	219,799	108.SBN COMMUNITY BANCORP, INC., NEWBURG STATE BANK OF NEWBURG	167,480	167,480
76.BOSSHARD FINANCIAL GROUP, INC., LA CROSSE FARMERS STATE BANK - HILLSBORO GRAND MARSH STATE BANK, GRAND MARSH	242,422	104,610 138,087	109.ONE CORPO., NEW RICHMOND FIRST NATIONAL COMMUNITY BANK, NEW RICHMOND	167,114	165,535
77.DAIRYLAND BANK HOLDING CORP., LA CROSSE BANK OF ALMA	241,834	193,812	110.BALDWIN BANCSHARES, INC., BALDWIN FIRST BANK OF BALDWIN	166,196	165,255
78.BAY AREA BANKING SHARES, INC., ASHLAND NORTHERN STATE BANK, ASHLAND	239,654	239,654	111.FIRSNABANCO, INC., VIROQUA CITIZENS FIRST BANK, VIROQUA	162,864	162,864
79.OAK FINANCIAL, INC., FITCHBURG OAK BANK, FITCHBURG	233,729	233,012	112.WAUMANDEE BANCSHARES, LTD., WAUMANDEE WAUMANDEE STATE BANK, WAUMANDEE	162,485	162,458
80.LAKE SHORE III CORP., GLENWOOD CITY HIAWATHA NATIONAL BANK, HAGER CITY UNION BANK OF BLAIR	223,472	129,605 93,575	113.RURAL BANCSHARES OF WIS., INC., LIVINGSTON LIVINGSTON STATE BANK, LIVINGSTON	162,168	161,816
81.BANCORP OF NEW GLARUS, INC., NEW GLARUS BANK OF NEW GLARUS	220,552	220,272	114.MARKESAN BANCSHARES, INC., MARKESAN MARKESAN STATE BANK, MARKESAN	161,499	161,499
82.HOMETOWN BANCORP, LTD., FOND DU LAC HOMETOWN BANK, FOND DU LAC	216,495	215,549	115.SHELL LAKE BANCORP, INC., SHELL LAKE SHELL LAKE STATE BANK, SHELL LAKE	160,431	160,405
83.UNION BANCORP OF EVANSVILLE, INC. UNION BANK & TRUST CO., EVANSVILLE	213,874	213,835	116.NO. WIS. BANK HOLDING CO., INC., LAONA LAONA STATE BANK, LAONA	160,429	160,429
84.NORTHWEST WIS. BANCORP, INC., EAU CLAIRE STERLING BANK, BARRON	212,982	213,034	117.F & M BANKSHARES, INC., MARINETTE FARMERS & MERCHANTS BANK & TRUST, MARINETTE	159,801	156,141
85.CHOICE BANCORP, INC., OSHKOSH CHOICE BANK, OSHKOSH	212,843	212,771	118.CALUMET BANCORP., INC., CHILTON STATE BANK OF CHILTON	158,661	158,661
86.PARTNERSHIP COMM. BNCSTRS, INC., CEDARBURG FIRST BANK, TOMAH TOWN AND COUNTRY BANK, WATERTOWN	212,833	153,174 57,387	119.SECURITY BANK SHARES, INC., IRON RIVER SECURITY BANK, NEW AUBURN SECURITY STATE BANK, IRON RIVER	157,623	74,478 81,137
87.KUJAWA FAMILY HOLDINGS, INC., BERLIN FARMERS & MERCHANTS BANK, BERLIN	212,488	210,693	120.OLD MURRY BANCORP, RICE LAKE COMMUNITY BANK OF NORTHERN WIS., RICE LAKE	157,480	157,170
88.NEKOOSA PORT EDWARDS BANCORP., INC., NEKOOSA PORT EDWARDS STATE BANK, NEKOOSA	210,883	210,883	121.GEBSCO, INC., MONDOVI ALLIANCE BANK, MONDOVI	155,448	155,448
89.INVESTORSBANCORP, INC., WAUKESHA INVESTORSBANK, WAUKESHA	208,638	208,536	122.AMBANC FIN'L SERVICES, INC., BEAVER DAM AMERICAN NATIONAL BANK OF BEAVER DAM NECEDAH BANK, NECEDAH	149,554	117,807 31,747
90.PEOPLES BANCSHARES, INC., ELKHORN PEOPLES BANK, ELKHORN	204,959	204,679	123.CITIZENS BNCSTRS OF WOODVILLE, INC., HUDSON CITIZENS STATE BANK, HUDSON	146,901	146,479
91.DELAVAN BANCSHARES, INC., DELAVAN COMMUNITY BANK CBD, DELAVAN	204,797	204,752	124.LAYTON PARK FIN'L GROUP, INC., WEST ALLIS LAYTON STATE BANK, WEST ALLIS	146,894	146,740
92.WIS. BANK SERVICES, INC., BLACK RIVER FALLS JACKSON COUNTY BANK, BLACK RIVER FALLS	203,137	201,758	125.ELLIS BANKSHARES, INC., EAGLE RIVER FIRST NATIONAL BANK OF EAGLE RIVER	145,372	145,372
93.F & M. BANCORP OF TOMAH, INC., TOMAH FARMERS & MERCHANTS BANK, TOMAH	202,779	203,846	126.GREENWOODS FIN'L GROUP, INC., LAKE MILLS GREENWOODS STATE BANK, LAKE MILLS	144,381	144,320
94.RIVER CITIES BANCSHARES, INC., WIS. RAPIDS RIVER CITIES BANK, WISCONSIN RAPIDS	200,661	200,436	127.COMM. BANCSHARES OF WIS., INC., GRAFTON CORNERSTONE COMMUNITY BANK, GRAFTON	141,228	141,087
95.OOSTBURG BANCORP, INC., OOSTBURG OOSTBURG STATE BANK, OOSTBURG	190,608	189,357	128.CLAYTON BANKSHARES, INC., LA CROSSE CITIZENS STATE BANK - LA CROSSE	140,984	141,020
96.KIMBERLY LEASING CORP., AUGUSTA UNITY BANK, RUSH CITY, MN	187,265	186,787	129.NATIONAL BANCSHARES WAUPUN, INC. NATIONAL BANK OF WAUPUN	139,000	139,000

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

# WISCONSIN BANK HOLDING COMPANIES

HOLDING COMPANY, LOCATION Subsidiary Bank, Location	CONSOLIDATED ASSETS*	SUBSIDIARY ASSETS*	HOLDING COMPANY, LOCATION Subsidiary Bank, Location	CONSOLIDATED ASSETS*	SUBSIDIARY ASSETS*
130.WOLF RIVER BANCORP, INC., HORTONVILLE WOLF RIVER COMMUNITY BANK, HORTONVILLE	138,29	138,243	164.NORTH MILWAUKEE BANCSHARES, INC. NORTH MILWAUKEE STATE BANK, MILWAUKEE	80,196	79,988
131.SB BANCORP, INC., DE FOREST SETTLERS BANK, DE FOREST	136,657	136,409	165.G. W. BANCORP, INC., GREENLEAF GREENLEAF WAYSIDE BANK, GREENLEAF	78,421	77,599
132.WAUKESHA BANCSHARES, INC., WAUKESHA SUNSET BANK & SAVINGS, WAUKESHA	134,075	131,830	166.BANCROFT STATE BANCSHARES, INC., BANCROFT BANCROFT STATE BANK, BANCROFT	78,399	72,195
133.ADVANTAGE COMM. BANCSHARES, INC., WAUSAU ADVANTAGE COMMUNITY BANK, DORCHESTER	133,648	133,420	167.FS BANCSHARES, INC., MARKESAN FARMERS STATE BANK, MARKESAN	78,003	76,909
134.PB HOLDINGS OF MARSHFIELD, LLC, WAUSAU PIONEER BANK, AUBURNDALE	124,911	124,911	168.INTEGRITY FIRST BANCORP. INC., WAUSAU INTEGRITY FIRST BANK, WAUSAU	75,635	75,538
135.GENERATIONS BANCORP, INC., PEWAUKEE FOUNDATIONS BANK, PEWAUKEE	119,431	119,423	169.CAPRICE CORP., AUGUSTA UNITY BANK NORTH, RED LAKE FALLS, MN	75,591	75,586
136.PARK FALLS AGENCY, INC., PARK FALLS FIRST NATIONAL BANK OF PARK FALLS	118,269	118,444	170.NIAGARA BANCORP., INC., NIAGARA FIRST NATIONAL BANK OF NIAGARA	74,110	74,110
137.CITIZENS FINANCIAL CORP., FORT ATKINSON BADGER BANK, FORT ATKINSON	117,555	117,398	171.PFSB BANCORP., INC., PIGEON FALLS PIGEON FALLS STATE BANK, PIGEON FALLS	74,075	74,033
138.SPARTA UNION BANCSHARES, INC., SPARTA UNION NATIONAL BANK & TRUST CO., SPARTA	116,663	116,660	172.EAGLE BANCSHARES, INC., CASHTON BANK OF CASHTON	73,959	73,959
139.WISCUB, INC., PEWAUKEE CLEVELAND STATE BANK, CLEVELAND	116,633	106,928	173.PINERIES BANCSHARES, INC., STEVENS POINT PINERIES BANK, STEVENS POINT	69,202	69,202
140.DEERFIELD FINANCIAL CORP., MADISON BANK OF DEERFIELD	116,534	115,252	174.ROSHOLT BANCORPORATION, INC., ROSHOLT COMMUNITY FIRST BANK, ROSHOLT	68,284	68,284
141.SPENCER BANCORP, INC., SPENCER HERITAGE BANK, SPENCER	109,953	109,953	175.HEADWATERS BANCORP, INC., LAND O'LAKES HEADWATERS STATE BANK, LAND O'LAKES	67,819	67,819
142.CITIZENS BANCORP, INC., CADOTT CITIZENS STATE BANK, CADOTT	109,599	109,208	176.PIONEER ACQUISITION CORP., LADYSMITH PIONEER BANK OF WISCONSIN, LADYSMITH	67,679	67,286
143.MILTON BANCSHARES, INC., MILTON BANK OF MILTON	105,312	104,787	177.BRAD, INC., BLACK RIVER FALLS BLACK RIVER COUNTRY BANK, BLACK RIVER FALLS	67,546	67,546
144.RICHLAND CTY. BNCSHRS, INC., RICHLAND CTR RICHLAND COUNTY BANK, RICHLAND CENTER	103,861	103,857	178.NORTHERN FINANCIAL CORP., INDEPENDENCE INDEPENDENCE STATE BANK, INDEPENDENCE	65,589	65,527
145.STRATFORD BANCSHARES, INC., STRATFORD STRATFORD STATE BANK, STRATFORD	103,429	103,429	179.BSB COMMUNITY BANCORP, INC., BENTON BENTON STATE BANK	62,259	61,206
146.CAMERON BANCORP, INC., CAMERON COMMUNITY BANK OF CAMERON	101,102	100,883	180.RW BANCORP, LTD., REESEVILLE STATE BANK OF REESEVILLE	60,063	60,063
147.COMMERCIAL BANCSHARES, INC., WHITEWATER COMMERCIAL BANK, WHITEWATER	100,396	100,838	181.M.S. INVESTMENT CO., NEW BERLIN MITCHELL BANK, MILWAUKEE	59,319	53,260
148.PORTAGE COUNTY BANCSHARES, INC., ALMOND PORTAGE COUNTY BANK, ALMOND	98,834	98,832	182.FEB BANCSHARES, INC., NESHKORO FARMERS EXCHANGE BANK, NESHKORO	58,940	58,940
149.BANNER BANCORP, LTD, BIRNAMWOOD BANNER BANKS, BIRNAMWOOD	96,136	94,527	183.HUSTISFORD COMM. BANCORP, INC., HUSTISFORD HUSTISFORD STATE BANK, HUSTISFORD	57,895	57,146
150.WISCONSIN BANCORP, INC., JANESVILLE MID AMERICA BANK, JANESVILLE	94,566	94,029	184.COLLINS BANCORP, INC., COLLINS COLLINS STATE BANK, COLLINS	56,838	56,266
151.FIRST AMERICAN INVESTMENT, INC., HUDSON FIRST AMERICAN BANK, N.A., HUDSON	93,615	93,616	185.BONDUEL BANCORP, INC., BONDUEL BONDUEL STATE BANK, BONDUEL	52,512	52,512
152.GALE BANK HOLDING CO., INC., GALESVILLE BANK OF GALESVILLE	90,850	90,850	186.ITAM COMPANIES, INC., BROOKFIELD KENNEY BANK AND TRUST, KENNEY, IL	51,920	46,070
153.BROGAN BANCSHARES, INC., KAUKAUNA BANK OF KAUKAUNA	89,832	89,500	187.GOLDEN OAK BANCSHARES, INC., SPARTA PARK BANK, HOLMEN	49,527	49,307
154.CALUMET BANCSHARES, INC., BRILLION CALUMET COUNTY BANK, BRILLION	89,385	89,357	188.DRUMMOND BANCSHARES, INC., DRUMMOND STATE BANK OF DRUMMOND	41,708	41,708
155.AUGUSTA FINANCAL CORP., AUGUSTA UNITY BANK, AUGUSTA	85,775	85,752	189.ONTARIO BANCORP., INC., ONTARIO BANK OF ONTARIO	36,290	36,229
156.OAKFIELD BANCORP, INC., OAKFIELD BANK OF OAKFIELD	85,388	85,080	190.SOUTHWESTERN WIS. BNCSHRS, INC., HIGHLAND HIGHLAND STATE BANK, HIGHLAND	30,714	30,542
157.NEW BANCSHARES, INC., KEWAUNEE UNION STATE BANK, KEWAUNEE	85,195	84,158	191.RUDOLPH BANCSHARES, INC., RUDOLPH FARMERS AND MERCHANTS BANK, RUDOLPH	28,001	28,001
158.FLORENCE BANCORP., INC., FLORENCE STATE BANK OF FLORENCE	84,900	84,552	192.GRESHAM BANCSHARES, INC., GRESHAM STATE BANK, GRESHAM	24,266	24,236
159.FIDELITY BANCORP, INC., MEDFORD FIDELITY NATIONAL BANK, MEDFORD	84,324	84,043	193.TIGERTON BANCORP., INC., TIGERTON FIRST NATIONAL BANK IN TIGERTON	21,943	21,937
160.BAY BANCORP., GREEN BAY BAY BANK, GREEN BAY	83,239	83,239			
161.FOX RIVER FINANCIAL CORP., BURLINGTON FOX RIVER STATE BANK, BURLINGTON	83,164	73,012			
162.RIVER FALLS BANCSHARES, INC., RIVER FALLS RIVER FALLS STATE BANK, RIVER FALLS	80,975	80,975			
163.DAIRYLAND BANCORP, INC., BRUCE DAIRYLAND STATE BANK, BRUCE	80,967	80,597			

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

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

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

## Seminars

**Members receive discounted registration fees on BHCA's annual Spring and Fall Seminars.**

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

## Networking

**Get access to other bank owners.**

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

## Insight

**Appreciate our regional focus.**

With holding company members from Minnesota, Wisconsin, 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.

## Access

**Gain access to regulators.**

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

**Gain access to experts.**

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



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

### **Serious, useful education...**

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

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

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

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

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

## **Membership:**

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

**For more information, please call us at  
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# **BANK OWNER**

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